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**INTERLOCAL COOPERATION AGREEMENT
FOR THE COLLECTION OF TAXES
BETWEEN DURHAM COUNTY
AND THE TOWN OF CHAPEL HILL**

This contract made and entered into between Durham County, a political subdivision of the State of North Carolina, hereinafter referred to as the "County" and the Town of Chapel Hill, a North Carolina municipal corporation, hereinafter referred to as the "Town";

WITNESSETH:

WHEREAS, the governing bodies of the County and the Town have found and determined that it is in the public benefit and interest to provide for the collection by the County of real and personal property taxes levied by the Town as well as certain motor vehicle taxes and fees; and

WHEREAS, the North Carolina General Statutes in Chapter 160A, Article 20, Part 1, provide that units of local government may enter into an agreement in order to execute an undertaking providing for the contractual exercise by one unit of any power, function and right, including the collection of taxes, of another unit; and

WHEREAS, a portion of the Town is within Durham County; and

WHEREAS, the governing bodies of the County and Town have ratified this agreement by resolutions being recorded in their respective minutes;

NOW THEREFORE, for and in consideration of mutual covenants contained herein and the mutual benefits to result therefrom, the parties hereby agree as follows:

1. **DEFINITIONS:**

- A. **Tax Bill**: A tax bill for the Town prepared by the County.
- B. **Direct Costs**: Those costs incurred for salaries and benefits, operational expenses, rents and capital outlay, plus those costs charged by the County for direct services necessary to the operation of the office or department which shall be equal to one and one-half percent (1 ½%) of the amount of taxes collected which is the maximum amount allowed by N.C.G.S. 105-330.5(b).
- C. **Revenues**: Any current or delinquent real estate, personal property and motor vehicle taxes and motor vehicle fees levied by the Town for those Town residents residing in Durham County including interest, penalties or costs, which are collectable by the Tax Collector within the scope of this agreement and Article 22A.
- D. **Tax Attorney**: The person licensed to practice law designated and assigned by the Durham County Attorney to advise the Tax Collector and to represent the Tax

Collector in all legal matters relating to the collection of revenues pursuant to law and this Agreement, regardless of whether such attorney is an employee of the County or under contract to provide such services for the County.

E. Tax Collector: The person charged with the duty of collecting Revenues for the County pursuant to law and this Agreement.

2. PURPOSE: The purpose of this Agreement is to establish the undertakings, as provided in N.C.G.S., Chapter 160A, Part 1, whereby the County collects for the Town all current and delinquent Revenues, as defined in Section 1(c), of this Agreement.

3. METHODS AND PROCEDURES: The methods and procedures which shall be followed by the County and the Town to implement this undertaking shall be as follows:

A. The Tax Collector shall perform, on behalf of the Town, those duties specified in N.C.G.S., Section 105-330.5 and other duties specified herein.

B. The County shall provide the Tax Collector with such assistants and employees as are necessary for said Tax Collector to accomplish his duties to collect the Town Revenues as set forth herein.

C. The County shall cause to be performed all actions pertaining to or ancillary to collection of real estate, personal property and motor vehicle revenues for the Town, including but not limited to the following:

1. Listing, appraising and assessing of property as required by N.C.G.S., Chapter 105, Subchapter II, Article 22A;
2. Delivery of tax receipts to the Tax Collector as required by N.C.G.S., Section 105-330.5;
3. Execution of settlements as required by N.C.G.S., Section 105-373;
4. Collection of Town Vehicle Fees;
5. Release and refund of taxes pursuant to N.C.G.S. Section 105-330.6(c), said releases or refunds to be apportioned between the County and Town pro rata in proportion to each taxing unit's share of the release or refund.

D. The Tax Collector shall follow the tax collection and settlement procedures set forth in N.C.G.S., Chapter 105, Subchapter II, and the administrative and accounting practices of Durham County, except that the following special procedures shall apply to the extent that they are not inconsistent with said General Statutes:

1. The County shall remit to the Town all Revenues collected for the Town under this Agreement on a monthly basis. The Office of the Tax Collector

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shall close the day's work by 1:00 p.m. on the last business day of each month in order to deposit collections into the bank by 2:00 p.m. The Tax Collector shall advise the Town Finance Department by 9:00 a.m. of the first business day of each month the amount of Town Revenues collected and deposited during the previous monthly period. The County shall be responsible for the safeguarding of all Revenues due the Town until such time as said Revenues are remitted to the Town via bank wire or deposit.

2. Where the Town's share of collected Revenues cannot be readily ascertained, The Tax Collector shall initially apportion such Revenues between the County and the Town pre rata in proportion to each unit's share of the estimated total Revenues owed as of July 1st of the then-current fiscal year and cause such funds to be remitted to the Town via bank wire or deposit as set forth in subsection (1) above.
3. Any adjustments that need to be made as a result of the apportionment as set forth in subsection (2) above, or as a result of an uncollectable payment by check or other reason shall be made by the Tax Collector on the fifth working day of each month.
4. Records maintained by the Tax Collector shall show separately the amount collected on behalf of the Town and such records shall be available for inspection at any time to the Town, either in written form or on computer tapes.
5. The Tax Collector shall prepare and mail one tax bill per taxpayer for each real estate, personal property and motor vehicle on which Town taxes and fees are owed. In the event of a partial payment on such a consolidated tax bill, the amount of such payment shall be pro rated to each taxing unit in proportion to that unit's share of the total tax owed.
6. For the years 1993 and all subsequent years, the Tax Collector shall refer all taxes delinquent for a period of one (1) year or more to the Tax Attorney. The Tax Collector may refer delinquencies to the Tax Attorney more often when more prompt action is required.
7. The Tax Collector shall collect Revenues due the Town in the same manner as the Tax Collector collects revenues due the County. The Tax Collector shall report delinquent Revenues due the Town in the same manner as the Tax Collector reports delinquent revenues due the County.
 - a. Where both County and Town Revenues are delinquent, any action to collect such Revenues shall be brought in the names of both taxing units.

b. The costs of such actions will be borne by each taxing unit pro rata in proportion to its share of the total Revenues due, until such costs are recovered from the person owing such Revenues or some other source.

8. Penalties and interest collected, proceeds recovered from tax foreclosures and sales pursuant thereto, and discounts, settlements, or compromises allowed shall be apportioned between the County and the Town pro rata in proportion to each taxing unit's share of the principal amount which was the basis of said collections, recoveries or allowances.

9. The Tax Collector shall make an Annual Report to the Town which shall include:

- a. Current real estate, personal property and motor vehicle tax collection on behalf of the Town, stated in dollars and as a percentage of the levy;
- b. Delinquent real estate, personal property and motor vehicle tax collections on behalf of the Town, stated in dollars and as a percentage of outstanding levies;
- c. Significant policy changes and recommendations pertaining to the Office of the Tax Collector; and
- d. Significant operational changes and recommendations pertaining to the Office of the Tax Collector.

4. DURATION:

- A. This Contract will take effect on the 1st day of July 2002.
- B. This Contract shall endure for a term of four (4) years unless terminated sooner as set forth in Section 7(e), of this Agreement.
- C. This Contract may be renewed for additional four (4) year terms by the County and the Town, after review of the funding formula to determine the Town's reimbursement to the County as provided in Section 5(a), of this Agreement, the other terms of this Agreement, and the parties' performance thereunder. Any renewal shall be made in writing by both parties at least ninety (90) days prior to the end of the then current term.

5. FINANCES:

- A. The County shall retain one and one-half percent (1½%) of the actual collections of Revenue collected for the Town as consideration for this contract. These monies shall be deducted from the amounts remitted to the Town.

- B. The annual budget for the Tax Collector, and all significant amendments thereto, will be prepared by the County Manager prior to submission to the Board of County Commissioners for approval. The funding formula to determine the Town's reimbursement to the County will be reviewed at least once every four (4) years in the event that this Agreement is renewed pursuant to section 4(c), above. It is the express desire of the County to provide collection services for the Town on an actual Direct Cost basis.

6. APPOINTMENTS:

The Tax Collector shall be appointed by the Durham County Board of Commissioners for a term not to exceed four (4) years on the recommendation of the County Manager.

- A. The appointment of the Tax Collector shall be made by the governing board of the County in accordance with the provisions of N.C.G.S., Section 105-349. The appointment, approval, and acknowledgment thereof will be entered into the minutes of the appropriate proceedings of the governing body of the County. A certified copy of such minutes shall be provided to the governing body of the Town.
- B. Appointments of all assistants, consultants, attorneys or employees provided by the County to implement this undertaking shall be made by the appropriate County officials and shall not be subject to the approval of the Town. Such appointees shall be employees, agents, consultants or contractors, as the case may be, of the County and not of the Town.

7. GENERAL PROVISIONS:

- A. The participation of the Office of the Tax Collector in this undertaking, except as otherwise provided by law or this Agreement, shall be under the supervision of the Board of Commissioners of Durham County and the County Manager, which officials shall have exclusive authority as provided by law to regulate and control the administration of said Office. Any problems experienced by the Town with regard to this undertaking shall be communicated to the County Manager to be resolved as the County Manager deems appropriate.
- B. A bond shall be given by the Tax Collector, in his official capacity pursuant to N.C.G.S. §105-349(c) in an amount set by the Board of County Commissioners. Bonds shall also be given by such of said Tax Collector's Assistants and Clerks as may be designated by the Board of County Commissioners. Such bonds shall be subject to the approval of the Board of County Commissioners for the County's protection and the County shall pay the premiums required therefore.
- C. The governing body of the Town may, at its own expense, provide for an audit of the records relating to taxes owed the Town and collected on its behalf by the Tax Collector in addition to any audit required by law. The Tax Collector shall cooperate in any audit provided by the Town pursuant to this subsection.

- D. Tax settlements shall be made annually by the Tax Collector to the Board of County Commissioners pursuant to N.C.G.S., Section 105-373 before tax records are delivered to him for the subsequent tax year. Copies of all tax settlement reports of the Tax Collector shall be provided to the governing body of the Town.
- E. TERMINATION: This agreement may be terminated by either of the parties with at least six month's prior written notice; however, termination shall be effective only at the end of a fiscal year.
- F. This Agreement shall be recorded in the Office of the Clerk of both the Town and County.
- G. AMENDMENTS: Amendments to this Agreement shall be effective only when reduced to writing and duly executed by parties.
- H. With respect to all revenues collected by County under the terms of this Agreement, County shall have sole and absolute authority upon compliance with and subject to applicable law:
 - 1. To set discount schedules after consultation with the Town Manager;
 - 2. To determine the situs and taxability of all property;
 - 3. To prescribe the minimum amount or percentage of tax liability that may be accepted as a partial payment;
 - 4. To designate the method or methods of collection to be employed, whether by garnishment, levy, foreclosure, or such other remedy or remedies, against any taxpayer, his real or personal property, as may be provided by law;
 - 5. To employ such professional services, (legal, accounting, etc.) as may be required for the efficient collection of revenues; and
 - 6. To make any and all elections, decisions and determinations available to Town and County under the Machinery Act of 1971, (as now in existence or hereafter amended) with respect to the listing, appraisal, assessment of property, refunds and releases, and collection of taxes, except for establishment of Town's tax rate, which shall remain Town's sole responsibility.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed on the day and year first above written, in their respective names by their proper officials by authority of resolutions duly adopted by the governing bodies of each of the taxing units.

ATTEST

TOWN OF CHAPEL HILL

TOWN MANAGER

NORTH CAROLINA
COUNTY OF _____

I, _____, a Notary Public for _____ County, certify that _____ personally came before me this day and acknowledged that he is Clerk to the Town Council of the Town of Chapel Hill, and that by authority duly given and as the act of the Town, the foregoing instrument was signed in its name by its Chair of the Town Council, sealed with its seal, and attested by himself as its Clerk to the Council.

Witness my hand and notarial seal, this the _____ day of _____, 2002.

Notary Public

My commission expires: _____

ATTEST:

COUNTY OF DURHAM

GARRY E. UMSTEAD
CLERK TO THE BOARD

BY: _____
MARYANN E. BLACK
CHAIRMAN OF THE BOARD

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

I, _____, a Notary Public for _____ County, certify that Garry E. Umstead personally came before me this day and acknowledged that he is Clerk to the Board of the County of Durham, and that by authority duly given and as the act of the County, the foregoing instrument was signed in its name by its Chairman of the Board of County Commissioners, sealed with its seal, and attested by himself as its Clerk to the Board.

Witness my hand and official seal, this the _____ day of _____, 2002.

(SEAL)

Notary Public

My commission expires: _____