

MANDATORY NOTICE PURSUANT TO TEXAS GOVERNMENT CODE SEC. 2254.1036

WHEREAS, the City of Fair Oaks Ranch, 7286 Dietz Elkhorn, Fair Oaks Ranch, Texas 78015 (hereinafter "CITY"), will consider entering into a contingent fee contract with the law firm of Perdue, Brandon, Fielder, Collins & Mott, L.L.P. (hereinafter "FIRM") and hereby posts this notice pursuant to Sec. 2254.1036 of the Government Code.

WHEREAS, this notice shall be posted before or at the time of giving the written notice required by Government Code Sec. 551.041 for a meeting described by Sec. 2254.1036(a)(2) of the Government Code and shall announce the following:

A. CITY is pursuing a contract with the FIRM for the collection of delinquent utility accounts owed to CITY and through this contract CITY to increase recovery of delinquent debts in as expeditious a manner as possible. GOVT. CODE § 2254.1036(a)(1)(A).

B. CITY believes FIRM has the competency, qualifications, and experience necessary to fulfill this contract. GOVT. CODE § 2254.1036(a)(1)(B). The FIRM has collected delinquent government receivables for over 50 years, including the collection of delinquent utility accounts. The FIRM currently has 14 primary offices and multiple satellite offices throughout Texas, Oklahoma and Florida. It employs more than 350 individuals, including more than 50 attorneys. It uses a multi-office, fully integrated team approach allowing CITY access to all its offices and resources. Its collection team consists of long-term FIRM employees, including attorneys, call center associates, paralegals, law clerks, legal secretaries, collection support personnel and information technology experts. The FIRM utilizes proprietary collection software that can be tailored to meet any special need CITY may have. This proprietary software also automates many aspects of the collection process, such as: account/debtor research, mailings and phone calls, return mail and address updates, payment notification and processing and workflow.

C. The nature of any relationship between CITY and the FIRM is as follows. GOVT. CODE § 2254.1036(a)(1)(C).

The FIRM has represented taxing entities in Bexar County since 2001. The firm has represented the CITY in the collection of its delinquent ad valorem taxes for over 20 years.

D. The CITY does not have adequate support staff, computer software/programming, or experience to internally conduct delinquent utility account collection services and acquiring these will result in substantial expense to the CITY. GOVT. CODE § 2254.1036(a)(1)(D).

E. Delinquent utility account collection services cannot be provided for an hourly fee. GOVT. CODE § 2254.1036(a)(1)(E). The Texas Local Government Code allows the assessment of a percentage-based fee to recover the costs of collecting delinquent utility accounts. This percentage-based fee is assessed only against the delinquent account holder and not the CITY. The collection of delinquent utility accounts is a high-volume practice, requiring a significant amount of research, mailing, and handling of outbound/inbound calls. An hourly fee for such work will likely exceed the amount of delinquent utility accounts due. Moreover, the CITY would have to bear the cost of the hourly fees, because State law does not expressly authorize the CITY to be reimbursed for collection services based on an hourly fee.

F. CITY believes this contingent fee contract is in its best interest. GOVT. CODE § 2254.1036(a)(1)(F). Under the contingent fee contract, the Firm will be paid the amount of the percentage-based collection fee, regardless of the number of hours the Firm spends researching, contacting, and mailing to collect the delinquent debt. Additionally, the percentage-based collection penalty is a pass-through expense to the delinquent account holder and not an expense to the CITY.

Effective the 8th day of April, 2025

City of Fair Oaks Ranch

By 
Scott M. Huizenga, City Manager