

**MEMORANDUM OF AGREEMENT  
BETWEEN LOUDOUN COUNTY TREASURER AND TOWN OF PURCELLVILLE, VIRGINIA**

This Memorandum of Agreement ("MOA") is made and entered into this 22<sup>nd</sup> day of JUNE, 2021 (the "Effective Date"), by the County of Loudoun Treasurer, ("Treasurer") and the Town of Purcellville, Virginia ("Town"), a municipal corporation located within the County of Loudoun ("County"), collectively referred to herein as "the Parties", and each one as a "Party".

**WHEREAS**, currently, the Town sends bills to and collects current and delinquent *ad valorem* taxes on real and tangible personal property, including business tangible personal property, ("Real and Personal Property Taxes", "Tax" or "Taxes") and motor vehicle license fees ("Vehicle License Fees" or "Fees") for Town taxpayers; and

**WHEREAS**, currently, the Treasurer mails, bills and collects current and delinquent Real and Personal Property Taxes to County taxpayers, who are also liable for Real and Personal Property Taxes and Vehicle License Fees to the Town; and

**WHEREAS**, Va. Code §58.1-3912(D) authorizes the Treasurer, with the approval of the County's Board of Supervisors ("BOS") and the Town Council, to mail a single bill for current Real and Personal Property Taxes to County and Town taxpayers; and

**WHEREAS**, Va. Code §46.2-752(M) authorizes the Town and the Treasurer, with the approval of their respective local governing bodies, to enter into an agreement to authorize the Treasurer to collect any current and delinquent Vehicle License Fees due to the Town; and

**WHEREAS**, pursuant to Code of Virginia §58.1-3910.1, the Loudoun County Board of Supervisors may authorize the Treasurer to enter into an agreement with any town located partially or wholly within the County, for the Treasurer to collect and enforce delinquent or non-delinquent Real and Personal Property Taxes owed to such town; and

**WHEREAS**, on March 22, 2018 the Loudoun County Board of Supervisors authorized the Treasurer to sign Taxes and Fees collection agreements with the Towns of Leesburg, Lovettsville, Middleburg, Round Hill and Hillsboro (the "Participating Towns"), for the Treasurer to send bills and collect current and delinquent Real and Personal Property Taxes and Vehicle License Fees from the Participating Towns taxpayers; and

**WHEREAS**, on February 9, 2021 and JUNE 15, 2021, the Town of Purcellville Council and the Loudoun ~~County~~ Board of Supervisors, respectively, authorized the Town Manager and the County Treasurer to enter into this MOA, and for the Town to be included as another of the Participating Towns; and

**WHEREAS**, it is the goal of this MOA to centralize the process of the mailing of bills and collection of current and delinquent Real and Personal Property Taxes and Vehicle License Fees to Town taxpayers, with the mailing of bills and the collection of current and delinquent Real and Personal Property Taxes and Vehicle License Fees to County taxpayers into a single process; and

**WHEREAS**, the centralization of the Treasurer sending a single bill, and collecting current and delinquent Taxes and Fees in both the Town and the County will be economical and will improve

customer service to the taxpayers. The process to achieve these goals will be referred to as the "Program;" and

**WHEREAS**, in order to establish the centralized collection of Taxes and Fees Program with the Participating Towns, the County installed, at a total cost of \$ 123,006.76, a centralized billing and operating system ("Operating System"), which allows the Treasurer to bill and collect Taxes and Fees for the Participating Towns; and

**WHEREAS**, of the total cost of the Operating System, the County bore 50%, and each of the Participating Towns paid a pro-rata share of the balance based in their respective population; and

**WHEREAS**, in order for the Town to join the Operating System, the Town would owe to the County its prorated share of the total cost of the Operating System as stated in this Agreement.

**NOW, THEREFORE**, the Recitals set forth above being incorporated herein by reference, and in consideration and exchange for the mutual promises contained herein, the Parties agree as follows:

## **I. COST SHARING AND IMPLEMENTATION OF THE OPERATING SYSTEM**

### **1. Prorated Payment of the Operating System:**

(i) On the Effective Date, the Town will pay the County a one-time fee in the amount of \$ 12,649.75 as its pro-rata share of the cost of the Operating System calculated based on a population of 9,332 in the Town plus a one-time late fee of 10% or \$1,264.97, plus a one-time charge of approximately \$1,900 to reimburse the County for its actual vendor costs to incorporate the Town into its centralized billing program. The Town acknowledges that for execution of this MOA, the Treasurer will use the Operating System. If the Town requests additional services or a material change in the billing or collection process beyond the scope of this MOA or the current technical capabilities of the Operating System, and the additional service or material change will result in an additional charge or will increase the County's cost of the Treasurer billing or collecting current or delinquent Taxes and Vehicle License Fees of the Participating Towns, the Parties may modify this MOA in writing. If the Parties cannot agree on the proposed additional services or the requested changes and charges, the Parties shall continue to operate under this MOA, as written.

### **2. Additional Collection Services Required by the Town:**

a) The Parties agree that all current and delinquent Town Taxes and Fees to be invoiced and collected by the County on behalf of the Town are listed in this MOA.

b) The Parties agree that all requests by the Town to upload Town data, or update or modify the Operating System must be made through the Treasurer, and that only the Treasurer may work with the outside vendors who provide those technological services.

c) The Town has no special tax districts in existence at the time of the execution of this MOA other than the town-wide tax district for Fireman's Field. However, if the Town decides to create or implement a special tax district after the execution of this MOA, the Town will request that the Treasurer obtain a quote for the costs to update the Operating System to include such a special tax district of the Town. The Town agrees to provide clear requirements and a definition of the special tax

district to the Treasurer and to pay all costs for the setup and changes to the Operating System to implement billing and collection for the special tax district.

## **II. TAX BILLING AND COLLECTION**

### **1. Cooperation Between the Parties:**

- (a) The Town agrees to provide all information and documents requested by the Treasurer to enable the Treasurer to comply with this MOA, as the Treasurer deems necessary. The Treasurer shall notify the Town within ten (10) business days if he discovers missing or required information necessary for the Treasurer to perform his obligations. If the Town fails to provide such information/documents within 10 business days after timely notification, then the Treasurer shall have no obligation to perform its obligations under this MOA for the applicable calendar year. On a case-by-case basis, the Treasurer may agree to extend the 10-business day period if doing so does not impede the Treasurer from complying with this MOA.
- (b) Except as provided in Section I (Cost Sharing and Implementation of the Operating System), this MOA is contingent upon the enactment of amendments to the Town Code as well as to the Town's tax policies and procedures, in order to conform Town law to the tax billing and collection ordinances and business processes of the County, including: the deadline for setting the Town's Real and Personal Property Taxes rates, the deadline for setting the Vehicle License Fees, tax due dates, non-payment penalties, rates of interest, minimum billing amounts, tax exemptions, tax refunds, Personal Property Tax Relief ("PPTR") percentages, and any other tax billing ordinance or processes of the Town that could not be reasonably accommodated within the Operating System and County's tax processes.

If the Town does not amend the necessary provisions of its Town Code in a timely manner sufficient to permit the Treasurer to perform its obligations under this MOA for the tax year 2022 by October 15, 2021, then the Treasurer's obligations under this MOA shall not accrue until the subsequent tax year. If the Town does not amend the necessary provisions of the Town Code in the subsequent tax year to conform to the County Codified Ordinances and processes, then the Treasurer shall have no obligations under this MOA.

### **2. Treasurer's Scope of Services and Compensation:**

The Parties agree that included in Treasurer's scope of the services will be the billing and collection of current and delinquent Real and Personal Property Taxes and Vehicle License Fees owed to the Town, including late penalties, interest, collection fees, and other cost and expenses authorized under the law. Specifically, the Parties agree as follows:

- a) The Treasurer shall bill and collect current and delinquent Real and Personal Property Taxes and Vehicle License Fees owed to the Town beginning in tax year 2022, so long as the Town has enacted the necessary amendments to the Town Code no later than October 15, 2021. The Treasurer shall not intervene in the legislative process of the Town to update its Town Code, unless the Town requests technical assistance from the Treasurer. If the necessary amendments to the Town Code are not enacted by October 15, 2021, then the Treasurer shall be under no obligation to bill or collect for tax year 2022, and it shall instead bill and collect current and delinquent Real and Personal Property Taxes and Vehicle License Fees owed to the Town

beginning in tax year 2023 so long as the Town has enacted the necessary amendments to the Town Code no later than September 15, 2022.

- b) As reasonable compensation for the Treasurer's billing and collection efforts, the County will retain one and fifteen one-hundredths percent (1.15%) of the Real and Personal Property Taxes, Vehicle License Fees, and penalty and interest collected (not billed) for the Town. All revenue collected by the Treasurer related to collection fees and costs and expenses for collecting delinquent Town bills, including attorney's fees, collected by the Treasurer as authorized by law, shall belong to the County. The Town shall not be liable for any other payment or compensation to the County or the Treasurer for its billing and collection activities under this MOA.
- c) The Treasurer agrees that it will pay the cost of paper, printing, postage, systems maintenance, staff costs, outsourced collections, lockbox and other costs associated with the production of bills and all current and delinquent collections, except as provided in Section II ("Tax Billing"), paragraph 4(a).
- d) The Parties agree that for all Tax and Vehicle License Fees bills sent by the Town prior to January 1, 2022, which become delinquent, the collection of those delinquent Taxes and Fees will remain the responsibility of the Town. There will be no data conversion of historical records from the Town to the County. Additionally, the Treasurer is not responsible for the billing and collection of any Town special tax district (except for the Town- wide tax district for Fireman's Field), Town Meals Taxes, Business Professional and Occupational License Taxes, Transient Occupancy Taxes, Public Service Corporation Taxes (excluding Real and Personal Property Taxes), Franchise Taxes, parking fees/tickets, or any other Town tax or general invoice not authorized by this MOA.

### 3. Revenues Collected, Application of Payments, Tax Refunds, and Distribution to the Town:

- a) The Treasurer will collect all revenue due to the Town and perform an accurate and timely reconciliation of the revenue collected. By the last business day of each month, the Treasurer agrees to distribute to the Town the revenue collected the preceding month. The revenue to be distributed to the Town shall be the net amount after the Treasurer's reasonable compensation, as set out in Section II, paragraph 2(b), above, is deducted and any refunds to taxpayers, as set out in Section II, paragraph 3(e), below, are deducted. If, for any reason, the Treasurer cannot precisely reconcile the revenue due to the Town, the Treasurer must estimate the total amount due and distribute 98% of that amount to the Town by the last business day of the following month. The Treasurer shall distribute to the Town the remaining exact amount no later than the 10th day of the subsequent month. If the Treasurer fails to pay all funds due by the 10th day of the subsequent month, he shall send an explanation to the Town and the County Administrator by the last day of that month.
- b) Unless a taxpayer expressly and unequivocally directs the Treasurer to apply a payment to either the Town or the County, the Treasurer shall apply payments received against the most delinquent account first. The Parties agree that, for the application of partial payments, the Treasurer shall prorate such partial payment between the County's and the Town's Real and Personal Property Taxes based upon the percentage of the tax of each Party on the original amount billed.
- c) For all Tax and Vehicle License Fees bills sent by the Treasurer, he shall pursue collection of those Taxes and Fees should they become delinquent. The Treasurer will utilize his established procedures

authorized under the law, and without Town involvement. The Treasurer shall utilize the collection tools authorized under the law, including, but not limited to: Treasurer's Summons, liens, distraint, motor vehicle stops, state and federal (if available) refund set-off debt collection, litigation and payment plans.

d) The *situs* of the motor vehicle as of January 1<sup>st</sup> of any given year shall dictate to which jurisdiction, either the County or the Town, the taxpayer shall pay the Vehicle License Fees.

e) Tax refunds of the Town resulting from Taxes billed and collected by the Treasurer pursuant to this MOA will be processed by the Treasurer against the Town's Tax and Fees revenue collected by the Treasurer. Refunds will be deducted from the Taxes and Fees collected by the Treasurer on behalf of the Town on a monthly basis. The Treasurer shall send to the Town a monthly report detailing the refunds. If the total refunds in any particular month exceed the Taxes and Fees collected for the Town in that same month, the Treasurer will deduct the amount refunded, including penalties and interest and costs, if any, from the following month's Tax and Fees revenue of the Town, until paid in full.

#### 4. Tax Rates, Due Dates and Other Common Tax Procedures and Terms:

a) This MOA is contingent upon the Town setting its Tax rate, rate of interest, Vehicle License Fees, and Personal Property Tax Relief ("PPTR") percentages on the same schedule as the County, so long as the County publishes its schedule to the Town in a reasonable amount of time to allow for the Town's compliance. Should the Town fail to set its real estate tax rate, personal property tax rate or PPTR on the same schedule as the County, then the Town, in addition to the compensation in Section II, paragraph 2(b) of this MOA, will also be responsible to the County for all costs and expenses of any supplemental billing of Real and Personal Property Taxes owed to the Town. The Town's PPTR percentages must be independently calculated by the Town unless the Town and the Treasurer agree to a method that allows the Treasurer to calculate the PPTR percentage for vehicles within the Town. The Vehicle License Fees of the Town must be adopted at the same rate as the County.

b) This MOA is also contingent upon the Town amending its ordinances, practices and procedures for the non-payment penalty, minimum bill amounts, tax exemptions, tax refunds, and payment due dates in accordance with the County's ordinances, practices, and procedures. The Treasurer shall have no obligations under this MOA until the Town makes such necessary amendments.

#### 5. The Fireman's Field Special District:

The Town currently has a Town-wide tax district for Fireman's Field. As long as the Fireman's Field tax district continues to be applicable to the entire Town, the Treasurer shall collect on behalf of the Town the Taxes related to this special district.

#### 6. Auditing Requirements:

The Treasurer agrees to complete and send monthly, detailed reconciliations of the Town's accounts to the Town. Additionally, the Treasurer agrees to include in the duties of his external auditors, the task of auditing a sufficient sample of the Town's accounts to ensure that the Treasurer is properly and accurately sending bills and collecting current and delinquent Real and Personal Property Taxes and Vehicle License Fees on behalf of the Town. The Treasurer will direct his external auditors to supply the Town's external auditors with a letter certifying their findings. At the Town's expense, the Town's external auditors shall have the right to review the Treasurer's records concerning billing and collection of Town Taxes. The Treasurer shall cooperate with any such review. The Town will have 60 days from

the receipt of the Treasurer's monthly reconciliation report to question or challenge the allocations or the processing of revenues. Any such inquiries or challenges must be directed, in writing, to the Treasurer and shall be resolved through a mutually agreed-upon process. If the Town fails to question or challenge a reconciliation within 60 days from its receipt, then the reconciliation will be considered final.

#### 7. Reporting Requirements:

The Treasurer agrees to provide the Town with monthly and fiscal year-to-date summary reports (in a mutually agreeable electronic form via secure electronic transmission) for the Town's review. The form and content of such reports is to be mutually agreed upon by the Town and the Treasurer. At a minimum, the Parties agree that the form and content shall include the categories of amounts billed, amounts collected and amounts not collected, listed by taxpayer, to the extent the Operating System permits. The Parties agree that the Town's reporting demands shall be reasonable, and that the Treasurer shall not unreasonably withhold reporting information required by the Town. The Treasurer and the Town agree to protect personal identifying information of the taxpayers. The Parties shall exchange confidential tax information through secure channels. This confidential tax information and other information provided by the Treasurer will be utilized for local tax administration and budget purposes and shall not be subsequently disclosed, redistributed or made available to any other person or entity that is not authorized to receive confidential tax information unless authorized or required by law. Confidential tax information, to include electronic files, reports, hard-copy documents, print outs, etc., cannot be shared with any governmental agency or local official (e.g., law enforcement, the local governing body, city/county/town managers, budget officers, economic development officials, etc.) unless specifically authorized by law. In the event of a data breach or disclosure incident concerning the confidential tax information, the Party discovering the breach or disclosure shall notify the other Party, and both Parties shall take appropriate steps for mitigation and remediation of the breach or disclosure. Each Party shall be responsible for the security of its own information technology infrastructure.

#### 8. Liability:

Each Party's liability will be limited to their respective obligations under this MOA.

#### 9. Venue:

The Parties agree that this MOA will be governed by the laws of the Commonwealth of Virginia. The Parties further agree that any dispute that may occur as a result of the terms of this MOA will be resolved in the Loudoun County Circuit Court. In the event of such dispute, each Party shall be responsible for its own attorney's fees and costs incurred as a result of such dispute.

#### 10. Force Majeure:

Neither Party shall be held responsible for the failure or the delay of performance caused by an act of war, hostility, or sabotage; government restrictions; act of God; pandemic, electrical, weather related disasters, internet or telecommunication outage. Both Parties will use reasonable efforts to mitigate the effect of a force majeure event.

#### 11. Notice:

For purposes of communication and written notice between the County, the Treasurer and the Town, the contact persons and their contact information is below:

**For the Town:**

Elizabeth Krens  
Director of Finance  
Town of Purcellville  
221 South Nursery Ave.  
Purcellville, Virginia 20132  
540-751-2315  
[ekrens@purcellvilleva.gov](mailto:ekrens@purcellvilleva.gov)

**With a copy to:**

David A. Mekarski  
Town Manager  
Town of Purcellville  
221 South Nursery Ave.  
Purcellville, Virginia 20132  
540-751-2316  
[dmekarski@purcellvilleva.gov](mailto:dmekarski@purcellvilleva.gov)

**For the County:**

Phyllis Randall  
Chair, Board of Supervisors  
Loudoun County  
1 Harrison St. SE, 1<sup>st</sup> Floor  
Leesburg, VA 20175

**For the Treasurer:**

H. Roger Zurn, Jr.,  
Treasurer of Loudoun County  
Treasurer's Office-Leesburg  
1 Harrison St. SE, 1<sup>st</sup> Floor Leesburg, VA 20175  
703-777-0280; 703-777-0641 (fax)  
[Roger.Zurn@loudoun.gov](mailto:Roger.Zurn@loudoun.gov)

**12. Termination of Treasurer's Tax Billing and Collection:**

The term of this MOA shall be five (5) years from the Effective Date, with automatic renewal periods of 5 years, unless either Party terminates by written notice. Such written notice shall be given to the other Party at least 15 months prior to the termination date and must be approved by the Party's governing body. By the end of the Year Three (3) of each five-year term, the Treasurer will provide the Town with a revenue-expense analysis report. Based on such report, the Treasurer may propose a change to the compensation set out in Section II, paragraph 2(b) of this MOA. The Town shall have six (6) months to accept the proposed change. Any change in the compensation shall be effective beginning the first year of the next renewal period.

IN WITNESS WHEREOF, the Parties herein have caused this document to be executed as of the date of the last signature shown below.

BY:

  
H. Roger Zurn, Jr.  
Treasurer of Loudoun County

Date:

6.22.21

Approved as to Form:

by   
Leo P. Rogers, County Attorney

  
TOWN OF Purcellville, VIRGINIA  
BY: David A. Mekarski, Town Manager  
Town of Purcellville

Date:

6-2-21

Approved as to Form:

  
Sally Hankins  
Town Attorney