



Board Agenda Item 8

DATE: March 28, 2023

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Amendment to Master Schedule of Fees, Charges and Recovered Costs - Auditor-Controller/Treasurer-Tax Collector

RECOMMENDED ACTION(S):

- 1. Conduct first hearing to amend the County of Fresno Master Schedule of Fees, Charges and Recovered Costs Ordinance by amending Subsection 3003.4 of Section 3000 - Tax Collector, waive the reading of the Ordinance, and set the second hearing for April 11, 2023;**
- 2. Designate County Counsel to prepare a fair and adequate summary of the proposed Ordinance; and,**
- 3. Direct the Clerk of the Board to post and publish the required summary in accordance with Government Code, Section 25124 (b)(1).**

Approval of the recommended actions will set a second hearing to enable your Board to amend the existing service fee ("Fee") in the Master Schedule of Fees, Charges, and Recovered Costs (MSF) Subsection 3003.4, Parties of Interest Search, of Section 3000 - Tax Collector, to change the fee from \$161 to "Actual Cost". The Fee is used to recover Department costs for title searches to discover parties of interest for purposes of giving notices of the County's annual sale of tax-defaulted properties

ALTERNATIVE ACTION(S):

Your Board may choose not to amend the MSF Ordinance and direct staff to use current Fee or propose alternative Fee, which may not recover 100% of Department costs.

FISCAL IMPACT:

There is no increase in Net County Costs (NCC) associated with the recommended actions. It is anticipated that with the proposed amendment, the Department will ensure that actual cost will be recovered.

DISCUSSION:

When the County conducts a sale of tax-defaulted properties, the County is obligated by law to make reasonable efforts to locate parties of interest to notify them regarding the sale and the opportunity to claim excess proceeds. By statute, parties of interest include persons who have record lienholder interests and persons who have record title interests in each tax-defaulted property. That means a title search must be conducted for each tax-defaulted property. The Auditor-Controller/Treasurer-Tax Collector does not have adequate internal staffing to perform those title searches.

On January 24, 2023, your Board approved an Agreement with Harmony Research to provide services for title searches to discover parties of interest for purposes of giving notices of the County's annual sale of

tax-defaulted properties, effective January 24, 2023, through January 24, 2026. The Agreement with Harmony Research establishes the County's cost to conduct the Parties of Interest Search for the Tax Sale. That amount exceeds the current fee of \$161, established in the MSF Subsection 3003.4.

Under the Agreement with Harmony Research, the base cost for a party of interest search is \$215.14 per parcel, \$25 for an updated search if the parcel must be reoffered within 90 days after the sale, or \$97 to update a search from a prior year (for parcels that were previously offered, but which did not sell). The actual cost for party of interest searches may ultimately include all of those amounts. For example, the base amount of \$215.14 may be incurred when a property is first offered, the additional amount of \$25 may then be incurred if the property does not sell but is reoffered within 90 days, and then a further \$97 may be incurred if the property still does not sell but must be reoffered the next year.

The Auditor-Controller/Treasurer-Tax Collector is proposing a revision of the MSF to amend the current Fee for section 3003.04, Parties of Interest Search, from the flat amount \$161.00 to "Actual Cost" to allow the department to fully recover costs for party of interest searches by the County's vendor, which is currently Harmony Research. Actual costs will be as provided in the Agreement with Harmony Research, or any other vendor contracted for these services, and will be added to the minimum bid to purchase tax-defaulted properties.

Attachment A is a Summary of Proposed Fee and illustrates a comparison between the proposed Fee and the current Fee for Subsection 3003.4 - Parties of Interest Search

If the recommended actions are approved by your Board, the second hearing and adoption will be scheduled for April 11, 2023, and the new Fee will be effective on May 11, 2023.

REFERENCE MATERIAL:

BAI #19, January 24, 2023
BAI #22, October 25, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

Ordinance
Summary of Ordinance
Attachment A

CAO ANALYST:

Paige Benavides