



Board Agenda Item 19

DATE: January 24, 2023

TO: Board of Supervisors

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

SUBJECT: Agreement with Harmony Research for Parties of Interest Searches on Tax-Defaulted Property

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with Harmony Research 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, with no more than two optional one-year extensions, total not to exceed \$650,000.

Approval of the recommended action would authorize Harmony Research to provide party of interest reports related to the County's annual sale of tax-defaulted property pursuant to California Revenue and Taxation Code, Division 1, Part 6, Chapter 7. The maximum amount of the contract, including the two one-year renewals upon written approval of both parties at least 30 days before the first day of the next one-year extension period, will not exceed \$650,000, or \$130,000 per year, at no increase in Net County Cost. The item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the department would be required to perform this work internally. The Auditor-Controller/Treasurer-Tax Collector (Tax Collector) is required by law to conduct a tax sale, and to give notices to parties of interest in the properties to be sold. Parties of interest include lienholders of record and titleholders of record for each property to be sold. The department does not have adequate internal staffing to perform the title search work to discover parties of interest for all of the tax-defaulted properties in the County. The Tax Collector conducts a tax sale on average once a year, and it has not been feasible for the department to maintain dedicated staff with the expertise needed to perform this work.

FISCAL IMPACT:

There is no increase in Net County Cost related to this agreement. The FY 2022-23 Adopted Budget of the Auditor-Controller/Treasurer-Tax Collector Org 0410 includes appropriations necessary for vendor title searches. In addition, the Auditor-Controller/Treasurer-Tax Collector will be recommending a revision of the Master Schedule of Fees to increase the current rate for section 3003.04, Parties of Interest Search, from \$161.00 to actual cost. This will allow the County to recover the actual title search cost. Costs for services provided under this agreement will be added to tax-defaulted properties and included in the minimum bid. The cost of this contract will be completely offset from the proceeds of the tax-defaulted property sale. The recommended resolution will facilitate the collection of unpaid taxes and the return of the property to a revenue-generating status by conveying the property to another owner.

DISCUSSION:

A successful tax sale deprives lienholders and titleholders of property ownership. Specific procedural requirements have been legislated to ensure that lienholders and titleholders are afforded consistent and appropriate opportunities to retain their property interests. Not less than 45 days nor more than 120 days before a proposed sale of tax-defaulted properties, the Tax Collector is required to notify the assessee and any other parties of interest of the Tax Collector's power and intent to sell the property for nonpayment of taxes. All party of interest reports must be completed sufficiently before the deadline so the County can timely send notices to all parties of interest before conducting a proposed tax sale.

The Tax Collector does not have adequate internal staffing to perform the title searches that are necessary to discover parties of interest for all of the tax-defaulted properties in the County. For many years, the Tax Collector has contracted with a vendor to perform title search services.

The previous contract with Title Runners, another vendor that provides similar services, expired on September 30, 2022.

On behalf of the Tax Collector a Request for Quotation was issued for Title Searches-Parties of Interest on August 25, 2022, from qualified vendors.

One proposal was received. The proposal met the Tax Collector's qualifications. Harmony Research was selected due to a reasonable cost per search based on the comparison to the previous contractor.

The proposed Agreement would be effective January 24, 2023, through January 24, 2026, with an option to renew for two additional one-year periods at a cost not exceeding \$130,000 per year. The Tax Collector will monitor to ensure satisfactory contractor performance prior to implementing the renewal options.

REFERENCE MATERIAL:

BAI #27.1, September 26, 2017

ATTACHMENTS INCLUDED AND/OR ON FILE:

On File with Clerk - Agreement with Harmony Research

CAO ANALYST:

Paige Benavides