



Board Agenda Item 28

DATE: January 23, 2018

TO: Board of Supervisors

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

SUBJECT: Agreement with Bid4Assets, Inc. to Conduct Online Auctions of Tax Defaulted Property

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an agreement with Bid4Assets, Inc. to conduct online auctions of tax defaulted property effective January 29, 2018 through January 28, 2021 with two optional one-year extensions, total not to exceed \$325,000.

Approval of the recommended action would authorize Bid4Assets, Inc. to conduct online auctions of tax defaulted property in accordance with the provisions of the Revenue & Taxation code for a three-year period and provide the option for two one-year extensions upon the written consent of both parties. Sufficient appropriations for the current year are included in the FY 2017-18 budget of the Auditor-Controller/Treasurer-Tax Collector. The maximum amount of the contract, including the two one-year extensions, will not exceed \$325,000, or \$65,000 per year, at no increase in Net County Cost. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the department would be required to perform this work internally as the Tax Collector has no option but to conduct a tax sale this fiscal year. The department does not have adequate internal staffing to perform the work. The Tax Collector conducts a tax sale on average once a year and it has not been feasible in the past 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 associated with the recommended action. The FY 2017-18 Adopted Budget of the Auditor-Controller/Treasurer-Tax Collector Org 0410 includes sufficient appropriations necessary for online property tax sale services.

DISCUSSION:

Revenue and Taxation code 3691 requires the County to conduct a sale of tax defaulted properties. The County has contracted with Bid4Assets to conduct online auctions of tax defaulted property related to the County's sale of tax-defaulted property for the past 10 years. The existing contract with Bid4Assets will expire on January 28, 2018.

On behalf of the Auditor-Controller/Treasurer-Tax Collector, the ISD-Purchasing Division issued a Request

for Quotation from qualified vendors for Online Auction of Tax Defaulted Properties on October 9, 2017.

All three proposals received met the Tax Collector's qualifications. Bid4Assets, Inc was selected due to a lower cost per parcel than the other bidders. In addition Bid4Assets, Inc has provided this service for The County for the past 10 years and has proven to have a good understanding of the Tax Collector defaulted-properties tax sales process.

A successful tax sale deprives a person of property ownership, therefore; specific procedural requirements have been legislated to ensure that individuals are afforded consistent and appropriate opportunities to retain their property. Before the sale, 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 Parties of Interest reports must be completed by mid-December so the County can conduct a tax sale in March 2018. The March 2018 tax sale will cover two years of tax-defaulted properties as no tax sale was held in March 2017.

Upon completion of the sale, the Tax Collector must file reports with the County Assessor-Recorder to address the transfer of title and the distribution of sale proceeds. The Tax Collector must also be prepared to submit, upon request, a report to the State Controller's office on the disposition of all parcels. Additionally, for one year following the date of the execution of the tax deed to the purchaser, the Tax Collector must respond to challenges concerning the validity of the sale and excess proceeds claims.

The Agreement with Bid4Assets, Inc will be effective January 29, 2018 through January 28, 2021, with an option to renew for two additional one-year periods at a maximum cost of \$65,000 per year. The Tax Collector will monitor the performance of the vendor to ensure the vendor is performing satisfactory prior to implementing the renewal options.

REFERENCE MATERIAL:

BAI # 14, January 29, 2013 - Agreement No. 13-052

ATTACHMENTS INCLUDED AND/OR ON FILE:

On File with Clerk - Bid4Assets Agreement

CAO ANALYST:

Juan Lopez