



# Board Agenda Item 23

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DATE: June 20, 2023

TO: Board of Supervisors

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

SUBJECT: Agreement with Realauction.com LLC for conducting online auction of tax defaulted property

RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute an agreement with Realauction.com LLC for online auction for purposes of conducting the County's annual sale of tax-defaulted properties, effective June 20, 2023 through June 19, 2026, with no more than two optional one-year extensions, total not to exceed \$325,000.**

Approval of the recommended action would authorize Realauction.com LLC to provide online tax sale auction services including advertising and hosting of tax-defaulted parcels and all e-commerce transaction 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 \$325,000.00, or \$65,000.00 per year, at no increase in Net County Cost.

ALTERNATIVE ACTION(S):

By law the Tax Collector is required to attempt to sell tax-defaulted properties within four years of the time the property becomes subject to sale for nonpayment of taxes. The purpose of the Tax Sale is to redeem any unpaid taxes, penalties and costs along with returning the tax-defaulted property to a revenue-generating status. If the recommended action is not approved, the department would have no vendor to provide internet auction services. If the department were required to perform this work internally, the department does not have adequate internal staffing to perform the auction in the County. In addition, 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 to conduct online auction. Costs for services provided under this agreement will be included in the minimum bid pursuant to Revenue and Taxation Code sections 3698.5(a)(2) and 4672.1. Although the county initially pays for the cost of services, the cost of this contract for tax-defaulted property sold at auction will be offset from the proceeds of the sale price.

DISCUSSION:

Revenue and Taxation Code section 3691 requires the County to conduct tax sale for tax-defaulted

properties. The contract with the previous vendor expired on January 28, 2023.

On behalf of the Tax Collector, the ISD-Purchasing Division issued a request for Quotation from qualified vendors for online auction of tax-defaulted properties on April 10, 2023 from qualified vendors.

Four proposals were received. The proposals met the Tax Collector's qualifications. Realauction.com LLC was selected due to having the lowest cost per parcel advertised and redeemed prior to auction or sold at auction and based on comparison to the other proposers.

The proposed Agreement would be effective June 20, 2023, through January 19, 2026, with an option to renew for two additional one-year periods at a cost not exceeding \$65,000.00 per year. The Tax Collector will monitor to ensure satisfactory contractor performance prior to implementing the renewal options.

REFERENCE MATERIAL:

BAI #28, January 23, 2018

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Service Agreement with Realauction.com LLC

CAO ANALYST:

Greg Reinke