



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: August 23, 2010

SUBJECT: **Agenda Item IV(d): Consideration of resolution authorizing the use of public, private, and in-lieu mitigation fees to open an Auction Trust Account with the Los Angeles County Treasurer and Tax Collectors office, to purchase parcels at the 2010A public auction.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing the use of public, private, and in-lieu mitigation fees to open an Auction Trust Account with the Los Angeles County Treasurer and Tax Collectors office, to purchase parcels at the 2010A public auction.

Background: The Mountains Recreation and Conservation Authority (MRCA) historically has reserved parcels from the public auction lists, prior to the actual auction. This method results in Chapter 8 Agreements with the Los Angeles County Treasurer and Tax Collectors office. The fruition of the Chapter 8 process at a minimum takes over fifteen months. Often the final purchase price is 25-35 percent greater than the back taxes owed at the auction date. An alternative method for the MRCA to secure tax defaulted properties is to compete for the parcels at the open public auction. The advantage of this method is that staff can avoid the case where parcel costs exceed available funding and know the actual date that funding is due. A public auction is scheduled for mid-October this year.

Item IV(c) on this August 23, 2010 agenda addresses registering as a bidder at the October 2010A public auction. Once a bidder has been registered with the County Treasurer and Tax Collectors Office, there are two options for the bidder to purchase parcels at the auction. The first option is to provide the bidder with multiple cashiers checks in \$1,000 and \$5,000 denominations. These would be used in combination to provide the auction cashiers with the mandatory deposit (described below) immediately after the item bidding closes on each parcel.

The second option is for the MRCA to open an Auction Trust Account with the Los Angeles County Treasurer and Tax Collectors office. This account would be opened with a cashiers check in the full amount which the MRCA will provide for auction purchases. This method allows staff to concentrate on the auction rather than repeatedly going to the cashier.

Last year, an Auction Trust Account was opened with \$45,000 of available funds from a variety of sources. These funds were not completely depleted in the purchase of the auction parcels. The unused remainder of these funds were returned to the MRCA.

Each open auction parcel purchase requires the full payment for parcels under \$5,000; a \$5,000 deposit on all parcels between \$5,001 and \$50,000; or a 10 percent down payment on all parcels above \$50,000. An Auction Trust Account allows the flexibility to provide the cashiers with the minimum deposit amounts immediately after the bidding ends, without having to deal with multiple cashiers checks.

The attached resolution authorizes the use of Santa Monica Mountains Open Space Preservation Assessment District No. 1 funds, private funds, and in-lieu mitigation fees to be used for the Auction Trust Account. Any funds in the account which are not used for parcel purchase will be 100 percent refunded to the MRCA within 30 days after the sale. To keep this resolution simple for the purposes of opening a trust account, no actual funding sources are identified in this report or resolution. Between now and the September Governing Board meeting, staff will develop a strategy for potential parcels to bid on. At the September meeting, staff will seek authority to use various funds for various parcels or for general areas so as not to totally telegraph the agency's intent.