

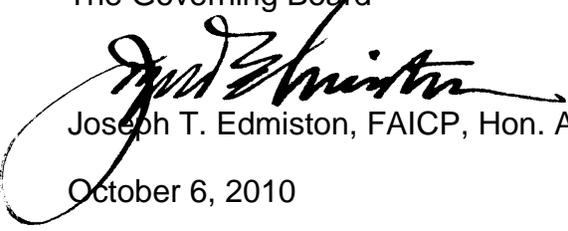


# MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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## MEMORANDUM

TO: The Governing Board

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

DATE: October 6, 2010

SUBJECT: **Agenda Item V(k): Consideration of resolution authorizing the acquisition of properties at the Los Angeles County Tax Collector 2010A public auction, or through the sealed bid process, using Coastal Habitat Impact Mitigation Fund fees, Santa Monica Mountains coastal zone.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing the use of up to \$395,000 for acquisition of properties at the Los Angeles County Tax Collector 2010A public auction, or through the sealed bid process, using Coastal Habitat Impact Mitigation Fund fees, Santa Monica Mountains coastal zone.

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 Los Angeles County public auction is scheduled for mid-October this year.

The MRCA is the entity that receives, holds, and expends the Coastal Habitat Impact Mitigation Fund. The proposed action would constitute the Authority's approval to purchase or restore properties that are integral to the protection of the Coastal Zone portion of the Santa Monica Mountains.

Presently, the Coastal Habitat Impact Mitigation Fund has over \$500,000 accumulated to date. Any selected properties would have significant habitat value and be connected to a core habitat of the Santa Monica Mountains.

Staff is investigating available parcels in the Coastal Zone. The list of available parcels shrinks as the auction approaches, due to the payment of back taxes by the property owner. For any parcel where staff is the final bidder, a 10 percent deposit is immediately required. Funds from the MRCA's Auction Trust Account will be used to secure this 10 percent deposit for each parcel for which MRCA is the successful bidder. The remaining 90 percent needs to be paid within 30 days after the auction.

Fair market value of properties is essentially established at the auction with the bidding process or by sale for just the minimum bid (back taxes). Title is cleared by the auction process. The proposed \$395,000 cap could acquire one parcel or maybe even ten. The pool of available parcels is not set until a couple of days before the auction.

Because of cash flow consideration it is doubtful that anywhere close to the full cap amount would be committed. The cash flow conditions will depend on what the total auction property commitment is among the various funding sources addressed at this October 6, 2010 meeting.