



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles **CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER**

**DATE:** January 7, 2016  
**TIME:** 1:00 p.m.  
**LOCATION:** Kenneth Hahn Hall of Administration, Room 830

### **AGENDA**

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.  
Three (3) minutes are allowed for each item.

1. Call to order – James Blunt - Gevork Simdjian
  - A) **Board Letter – APPROVAL OF AN ORDINANCE REVISING THE TREASURER AND TAX COLLECTOR’S TITLE SEARCH, PARTY OF INTEREST NOTIFICATION AND PERSONAL CONTACT FEES FOR THE SALE OF TAX-DEFAULTED SECURED PROPERTY**  
TTC – Joseph Kelly or designee
2. Public Comment
3. Adjournment



**JOSEPH KELLY**  
TREASURER AND TAX COLLECTOR

# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION  
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DATE

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AN ORDINANCE REVISING  
THE TREASURER AND TAX COLLECTOR'S TITLE SEARCH,  
PARTY OF INTEREST NOTIFICATION AND PERSONAL CONTACT FEES  
FOR THE SALE OF TAX-DEFAULTED SECURED PROPERTY  
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

**SUBJECT**

Approval to adopt an ordinance revising the Treasurer and Tax Collector (TTC)'s fees to allow cost recovery related to conducting title search, statutorily-required party of interest notification and statutorily required personal contact for tax-defaulted secured property subject to the Tax Collector's power to sell (STPTS).

**IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING:**

Approve and adopt the attached ordinance, amending the County Code Section 4.64.150 - Title Search and Party of Interest Notification fees, and add a personal contact fee to allow the TTC to recover actual costs of processes associated with the sale of tax-defaulted property: 1) title searches under a Board-approved contract, 2) notice to parties of interest, and 3) personal contact with the owner(s) for all owner-occupied properties as required by the California Revenue and Taxation Code (R&TC) Sections 3701 and 3704.7.

**PURPOSE/JUSTIFICATION OF RECOMMENDATION**

State law mandates that the TTC offer at auction, residential and agricultural properties that are tax defaulted for five or more years, and non-residential commercial properties and vacant land that are tax defaulted for three or more years. Prior to offering property at auction, the TTC must notify all parties of interest per R&TC Section 3701 and attempt

personal contact with the owner(s) of any owner-occupied property per R&TC Section 3704.7.

In order to comply with the party of interest notification process, the TTC utilizes title investigation and reporting services to identify any person or entity with a recorded interest to all or any portion of a given property. Once the TTC identifies the property owner(s) and/or parties of interest for each parcel, the TTC mails a notice to each, through the United States Postal Service, return receipt requested, at least 45 days prior to the auction of the tax-defaulted property.

In order to comply with the personal contact notification process, the TTC identifies all owner-occupied property and utilizes Sheriff's Department personnel to attempt to serve notification materials.

Since the most recent revision to these fees in 2010, Board-approved salaries and employee benefits have increased, as have the costs associated with contracted title service fees and other services and supplies. Therefore, the TTC conducted new fee studies, which the Auditor-Controller reviewed and approved, and is recommending the following:

- **Title Search**

This fee covers the costs of ordering title searches to obtain the recorded documents connected to properties scheduled for auction. The TTC is recommending a fee increase for Title Search from the current rate of \$95, to \$145 per parcel. This will align with the costs awarded in the September 1, 2015 Board-approved Contract with First Corporate Solutions, Inc. for title investigation and reporting services.

- **Party of Interest Notification**

This fee covers the costs of notifying parties of interest of the impending auction. The TTC is recommending a fee increase from the current rate of \$645, to \$887 per parcel. The fee increase is a result of increases in employee salaries and benefits as well as the increase cost for supplies (e.g. postage and mailing services).

It is critical that the TTC notify all parties of interest to mitigate the risk of auctioning property improperly. Since the most recent revision to these fees in 2010, the TTC has implemented processes to enhance the quality and thoroughness of the notification process to ensure staff identifies all potential parties of interest, which has also increased labor costs. For example, the TTC now utilizes a process to review properties via the County's Geographic Information System or eGIS. This gives the TTC a "visual" of the property, which may lead to notifying parties of interest not previously identified (e.g., the property appears to be the backyard of an adjacent

property or a parking lot of an adjacent commercial building). In addition, the TTC now obtains and reviews updated recording information just prior to the actual auction date. This information helps to identify any late filed bankruptcies, which may require we remove the property from the auction, or newly recorded deeds, which may require we send additional notifications.

Prior to a parcel becoming STPTS, the TTC mails multiple bills and notices to property owner(s) informing them of the amounts due and the ability to enter into a formal repayment agreement.

In recent years, the TTC has collected approximately 98 percent of the total dollar value of the secured property tax roll in the year billed; therefore, only a small number of the 2.6 million parcels billed (approximately 5,000, or less than 0.2 percent) eventually become STPTS.

- **Personal Contact**

This fee covers the actual costs of the Sheriff's Department notification, TTC employee salaries and benefits, and necessary supplies. The TTC is recommending a fee increase for the Personal Contact Notification from the current rate of \$100 to \$269 per parcel. Although our costs have historically exceeded \$100, State law limited counties to this amount. This law changed in 2012 to allow for the collection of actual and reasonable costs incurred for providing personal contact notification.

This particular fee applies to a very small subset of the STPTS properties (approximately 250-350).

In addition, to the fees listed above, the TTC also charges the following statutorily-required fees to the same population (see Attachment A):

- **Recording Fee**

Pursuant to R&TC Section 4112 and GC Section 27361.3., the TTC shall charge a fee to recover the costs of recording. This fee is currently set at \$27.

- **County Fee**

Pursuant to R&TC Section 4112, the TTC shall charge a fee to reimburse the County for preparing parcels for auction. By statute, this fee is currently \$150.

- **Publication Costs**

Pursuant to R&TC Section 4112, the TTC charges an estimated fee to recover the costs of publishing. This fee is currently set at \$58.00.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness/Fiscal Sustainability.

**FISCAL IMPACT/FINANCING**

Increasing the Title Search fee to \$145 per parcel, the Party of Interest Notification fee to \$887 per parcel, and the Personal Contact Notification fee to \$269 per parcel, will allow the TTC to recover the costs associated with conducting these mandated processes prior to auctioning tax-defaulted property.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to R&TC Section 3692, the TTC is required to auction tax-defaulted property that is STPTS.

Pursuant to R&TC sections 3701 and 3704.7, the TTC must mail notices to all parties of interest and attempt personal contact with the owners of any owner-occupied property scheduled for auction.

Pursuant to R&TC Section 4112, the TTC shall recover the costs associated with these processes whenever defaulted property scheduled for auction, is redeemed prior to being offered at auction.

GC Section 54985(a) authorizes your Board to increase statutory fees, if not otherwise prohibited, in an amount reasonably necessary to recover the costs incurred in performing these services and/or enforcing these provisions.

Pursuant to GC Section 66018, a public hearing is required prior to the approval of a change to an existing fee. The County must publish a notice of Public Hearing in accordance with GC Section 6062(a) and subsequent to this action, notify the public of these ordinance changes as required by GC Section 25124.

Pursuant to Proposition 26, local governments bear the burden of proving that a charge is not a tax which requires a vote of the electorate, that the charge is no more than necessary to cover the reasonable costs of the governmental activity, and that the amount of the fee allocated to the payor is fairly related to the benefits received by that payor. As noted above,

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the Title Search fee aligns with the cost First Corporate Solutions, Inc. charges under the Board-approved contract for title reporting services. Both the Party of Interest Notification and the Title Search fees cover the estimated costs related to the notification and personal contact processes, as determined by fee studies, which the Auditor-Controller reviewed and approved. Thus, all three fees are no more than necessary to cover the reasonable costs of these activities. In addition, the payor of these fees is typically the successful bidder at the TTC's tax auction. As the payor, the successful bidder receives the benefit of a tax sale properly noticed in accordance with the requirements of State law.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed fee revisions will not impact current services.

Respectfully submitted,

JOSEPH KELLY  
Treasurer and Tax Collector

JK:KK:KG:KP:ms

Attachment

c: Assessor  
Sheriff  
Chief Executive Officer  
Auditor-Controller  
County Counsel  
Acting Executive Officer, Board of Supervisors

## ANALYSIS

This ordinance amends Title 4 – Revenue and Finance, of the Los Angeles County Code, related to the fees charged and collected by the Treasurer and Tax Collector for costs associated with the sale of tax-defaulted property.

Section 4.64.150 is amended so that fees charged by the Treasurer and Tax Collector associated with the sale of tax-defaulted property reflect the actual costs incurred for title searches under a Board approved contract, for personal contact by the Treasurer and Tax Collector, and in providing notice to parties of interest, as required by the California Revenue and Taxation Code and California Government Code.

MARY C. WICKHAM  
County Counsel

By   
SAYUJ PANICKER  
Deputy County Counsel  
Government Services Division

SP:mv

Requested: 8/20/2015  
Revised: 12/16/2015

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 4 – Revenue and Finance, of the Los Angeles County Code, relating to the fees charged and collected by the Treasurer and Tax Collector for costs associated with the sale of tax-defaulted property.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 4.64.150 is hereby amended to read as follows:

**4.64.150 Title sSearch, Personal Contact, and party of interest  
notification fees.**

The fee charged for title searches as specified under §ection 4112 of the Revenue and Taxation Code, and in accordance with Government Code §ection 54985(a), shall be \$95145.00. This fee is imposed to recover costs incurred by the Treasurer and Tax Collector.

The fee charged for personal contact, if applicable, as specified under sections 3704.7 and 4672.3 of the Revenue and Taxation Code, shall be \$269.00. This fee is imposed to recover costs incurred by the Treasurer and Tax Collector as specified under section 3704.7 of the Revenue and Taxation Code and in accordance with Government Code section 54985(a).

The fee charged for providing notice by mail to any parties of interest entitled to receive a notice of auction, required by §ection 3701 of the Revenue and Taxation Code, of any tax defaulted parcel which is subject to sale to collect defaulted secured property taxes, pursuant to §ection 3691 of the Revenue and Taxation Code, shall total \$645887.00 per parcel. This fee is imposed to recover costs incurred by the

Treasurer and Tax Collector as specified under Section 4112 of the Revenue and Taxation Code and in accordance with Government Code section 54985(a).

[464150SPCC]

STPTS Parcel Fee Chart

<b>Purpose</b>	<b>Existing</b>	<b>Proposed</b>	<b>Authority</b>
Title Search	\$95	\$145	R&TC 3701 and 4112
Parties of Interest	\$645	\$887	R&TC 3701 and 4112
Personal Contact	\$100	\$269	R&TC 3704.7 and 4112
Recording	\$27	No change	R&TC Section 4112 and GC Section 27361
Publication	\$58	No change	R&TC 4112
County	\$150	No change	R&TC Section 4112
<b>Total</b>	<b>\$1,075</b>	<b>\$1,536</b>	