



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

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

DATE: September 12, 2011

SUBJECT: **Agenda Item VI(d): Consideration of resolution authorizing the use of In-Lieu Mitigation Fees to acquire properties at the Los Angeles County Tax Collector 2011A public auction, or through the sealed bid process, in the Los Angeles River, Malibu Creek, Antelope Valley, and Santa Clara River watersheds.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing the use of up to \$500,000 of In-Lieu Mitigation Fees to acquire properties at the Los Angeles County Tax Collector 2011A public auction, or through the sealed bid process, in the Los Angeles River, Malibu Creek, Antelope Valley, and Santa Clara River watersheds.

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.

Staff is investigating available qualifying parcels in the Los Angeles River, Malibu Creek, Antelope Valley, and Santa Clara River watersheds. 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 won. The remaining 90 percent needs to be paid within 30 days after the auction. This account will be funded using advanced In-Lieu fees.

The proposed action would constitute the Authority's approval to use qualifying In-Lieu Mitigation Fees to purchase properties that are integral to the protection of riparian resources in the Los Angeles River, Malibu Creek, Antelope Valley, and Santa Clara River watersheds. Those In-Lieu fees are often watershed and habitat type specific.

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 \$500,000 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.