



Legislation Text

File #: 2022-862, Version: 1

Report to Mayor and City Council

Tuesday, December 06, 2022

Consent

SUBJECT:

CONSIDER AWARDING CONTRACT TO NATIONWIDE COST RECOVERY SERVICES (NCRS) FOR CONSULTING AND ADMINISTRATION SERVICES FOR THE FORECLOSURE REGISTRATION PROGRAM (CITY COUNCIL)

I. SUMMARY

In 2013, the Carson City Council passed the Foreclosure Registration Program Ordinance (Ordinance No. 13-1510), which was subsequently incorporated into Chapter 7 and Chapter 9 of the Carson Municipal Code (Exhibit No. 1). The Foreclosure Registration Program (“FRP”) establishes a mechanism to protect neighborhoods from blight resulting from the foreclosures and unmaintained properties. Owners of foreclosed residential properties (primarily financial institutions; or “Real Estate Owned”) are required by the City to register their vacant foreclosed properties until the property is occupied. Due to the specialized nature of the program, cities that have a foreclosure registration program equivalent, typically contract with specialized consultants to facilitate the tracking, billing and compliance of Real Estate Owned (REO) properties through the foreclosure process.

Since the program’s inception, the City has utilized Nationwide Cost Recovery Services (“NCRS”) to administer and implement the City’s Foreclosure Registration Program. Other cities with municipal foreclosure registration programs either utilize NCRS or, in a few cases, provide these services in-house. The current contract provides NCRS with 40% of fees collected under the FRP, while the City receives the remaining 60%.

Staff issued a Request for Proposals earlier this summer for Foreclosure Registration Program consulting and administration services. However, no bids were received. Pursuant to the City of Carson’s Municipal Code, if no bids are received and with approval of the Purchasing Manager (City Manager), procurement may proceed without further compliance with competitive bidding requirements.

II. RECOMMENDATION

- 1. APPROVE** the Contract Services Agreement with NCRS for a total not to exceed amount of \$240,000 through June 30, 2027; and

2. AUTHORIZE the Mayor to execute the Agreement, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action(s) deemed appropriate by the City Council.

IV. BACKGROUND

The City Council adopted Foreclosure Registration Program Ordinance No. 13-1510 ("Ordinance") on February 19, 2013. The FRP includes a cost recovery component wherein a registration fee and annual re-registration fee are to be paid to cover the registration effort and addressing issues arising from foreclosed properties. The FRP also includes the City's ability to establish and assess penalties for violations with the Ordinance. The fees would be used to offset City staff and consultant time for tasks including researching beneficiaries, trustees and/or other agents' beneficiaries maintaining the database, mailing and notification, collection of fees, initiating the fines process, and addressing other related issues from foreclosed properties in accordance to the Ordinance.

Since 2013 (data as of October 2022), the FRP has registered 3,342 properties (including annual re-registrations) for \$1,503,900 in registration fees. The FRP has also collected \$394,795 in penalty fees. Overall, the program has collected a total of \$1,898,695. Last year (2021), 129 registrations/re-registrations and penalties filings were received. The City collects \$450 per filing. Therefore, based on the 60/40 split, the City received \$34,830 last year from this program as its 60% share. This calendar year the City has received 134 filings to date.

Properties going through foreclosure often end up vacant, neglected, and abandoned for prolonged periods of time. The lack of security and maintenance of abandoned residential properties can result in many detrimental effects for the community, including unsightly appearance, blighted residential neighborhoods, increased crime, and reduction in local tax base and property values for surrounding residences. The City's FRP provides a mechanism to protect residential neighborhoods from becoming blighted through the lack of maintenance and security of abandoned properties. Specifically, the program allows staff to track properties before they enter foreclosure to proactively identify potential nuisance areas. REO foreclosed properties would be immediately informed that they must register their property with the City and maintain them in good condition. The specialized nature of this program, which requires early access to reliable foreclosure information, necessitates the use of a qualified consultant.

Nationwide Cost Recovery Services

The City Council is being asked to approve the award of the Contract Services Agreement ("Agreement") to NCRS. NCRS is a recognized expert in municipal foreclosure registration programs. NCRS uses proprietary technologies to provide integrated registration, monitoring, and compliance (including collections) services. The jurisdictions that

administer similar foreclosure registration programs (Azusa, Eastvale, El Monte, Pico Rivera, El Monte, and South El Monte) use NCRS. Staff is not aware of another service provider.

NCRS began providing services to the City in July 2015. Approval of agreement would allow the continued use of NCRS to track and monitor fee collections of foreclosed REO properties in accordance with the adopted Ordinance. Benefits of the services provided by NCRS include:

- Minimized neighborhood blight by requiring foreclosed REO properties to prevent the condition of the property from becoming a burden or blight to the neighborhood.
- Increased property value and quality of life for residents.
- No upfront cost to the City - NCRS is paid based on percentage collected.
- Reduce staff administrative burden
- Specialized knowledge and expertise in foreclosure programs and processes.
- Access to integrated technology for registration, monitoring, and compliance.

V. FISCAL IMPACT

The Agreement term is for approximately 4.5 years and will end on June 30, 2027. The Agreement can cost up to \$240,000, paid only if registration fees and penalties are collected by the City. NCRS receives 40% of the fees from owners of foreclosed properties, while the City receives the remaining 60%. The funds have been allocated in the proposed budget for FY 2022-2023 in account number: 101-70-720-964-6004 (Housing Division Professional Services Contract).

VI. EXHIBITS

1. Foreclosure Registration Program Ordinance No. 13-1510 (pgs. 4-11)
2. Proposed NCRS Contract Services Agreement (pgs. 12-39)

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