



November 25, 2020

Board of County Commissioner
 Clackamas County

Members of the Board:

A Board Order Approving Property Disposition Procedures Amendment and Property Control Transfer of Korner Park Property from Business and Community Services (BCS) to Clackamas County Department of Transportation and Development (DTD)

Purpose/Outcome	Government transfer of property for a public purpose and amended operating procedures.
Dollar Amount and Fiscal Impact	N/A
Funding Source	N/A
Duration	Management and disbursement of tax foreclosed and surplus properties are ongoing.
Previous Board Action/Review	A Study Session with the Board of County Commissioners was held on June 9, 2020 to discuss these parcels as well as the amendment of the current procedures. The Board approved these parcel transfers to DTD for a public benefit and the amendment of operating procedures.
Strategic Plan Alignment	<ol style="list-style-type: none"> 1. Transferring control of property to DTD supports the Board of County Commissioners' goal of Building a Strong Infrastructure by providing property to support a masterplan project that will enhance road safety in the County. 2. Updating Property Disposition Procedures and making a property control transfer to DTD contributes to assets managed by BCS being repurposed for public benefit or returned to the tax rolls. The public will benefit by Department procedures being current and efficient; they will also benefit from the property control transfer as it supports a DTD masterplan project that will enhance the safety of county roads.
Counsel Review	<p>The staff report and Board Order has been reviewed and approved:</p> <ol style="list-style-type: none"> 1. Date of Counsel review: 10/28/20 2. Initials of County Counsel performing review. KR
Procurement Review	<ol style="list-style-type: none"> 1. Was the item processed through Procurement? No 2. If no, provide brief explanation: Neither item has a monetary value.
Contact Person	Lindsey Wilde, Property Agent Specialist, Property Disposition 503-742-4384
Contract No.	N/A

BACKGROUND: Clackamas County's Department of Assessment and Taxation annually forecloses on tax-delinquent properties. Following the recording of the deed in the County's name, the management and disposition is then transferred to the Property Disposition Division of the Department of Business and Community Services. Property Disposition Division is tasked with managing, administering and dispersing tax foreclosed real property assets in a cost effective manner that will provide a County public benefit. No General Fund resources are allocated to this program.

RECOMMENDATION: Staff recommends the Board of County Commissioners approve the property control transfer of 32E23C 00700 and 32E23C 00800 and the amendment of Property Disposition Procedures.

ATTACHMENTS:

1. Board Order
2. Policy Session Materials from June 9, 2020

Respectfully Submitted,

Laura Zentner

Laura Zentner, Director
Business & Community Services

In the Matter of Approving the Property Disposition Procedures
Amendment and Property Control Transfer of Korner Park
from Business and Community Services (BCS) to Clackamas
County Department of Transportation and Development (DTD)

ORDER NO.
Page 1 of 1

This matter coming before the Board of County Commissioners at this time, and it appearing to the Board that the real property parcels listed below, having been acquired by Clackamas County by tax deed, are going to remain in use for County purposes; and

IT FURTHER APPEARING that amended procedures for the Property Disposition Division within Business and Community Services are needed.

IT FURTHER APPEARING to the Board that the following parcels will be have property control transferred for a public benefit applicable of those portions of ORS Chapter 271.330;

NOW, THEREFORE, the Board finds that the real property parcels listed below will have control transferred, the procedures will be amended, and both are in the best interest of the citizens of Clackamas County.

IT IS HEREBY ORDERED that the following properties will have control transferred in compliance with the applicable portions of ORS Chapter 271.300 and the amended procedures are accepted.

Description
32E23C 00700 <ul style="list-style-type: none">Approximately .39 acresZoning- Rural CommercialForeclosure date: 10/12/2004
32E23C 00800 <ul style="list-style-type: none">Approximately .50 acresZoning- Rural CommercialForeclosure date: 10/12/2004

IT IS FURTHER ORDERED that the Director or Deputy Director of Business and Community Services, is hereby authorized to act as representative of the Board of County Commissioners in the acceptance and execution of all documents necessary for the sales and transfers of tax foreclosed property.

DATED this 25th day of November, 2020

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 9, 2020 Time: 2:30 PM Length: 30 min.

Presentation Title: Property Disposition Procedures Amendment and Property Control Transfer of Korner Park Property from Business and Community Services (BCS) to Clackamas County Department of Transportation and Development (DTD)

Department: BCS

Presenters: Rick Gruen, Property Disposition Manager; Lindsey Wilde, Property Agent Specialist

Other Invitees: Laura Zentner, Director, Business and Community Services; Sarah Eckman, Deputy Director, Business and Community Services

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

- BCC approval for the following actions:
1. Amend BCS Property Disposition Procedures regarding the sale, transfer and administration of tax foreclosed properties within Clackamas County.
 2. Transfer control of Korner Park Property from BCS to DTD for Road Right of Way (ROW) project

EXECUTIVE SUMMARY:

Clackamas County DTD, is requesting the transfer of control of a tax foreclosed piece of property located on the corner of Leland Road and Beaver creek Road, also known as Korner Park, from BCS to DTD. The tax foreclosed parcel would be used to house equipment and set up materials for a future Road ROW project that will develop the corner of Leland and Beaver creek for road safety. The project is part of the DTD masterplan.

BCS Property Disposition Procedures must be amended to accommodate the transfer of control of the Korner Park property from BCS to DTD.

BCS supports the amendment and the transfer of control request.

FINANCIAL IMPLICATIONS:

Is this item in your current budget? YES NO

What is the cost? N/A What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?
Updating Property Disposition Procedures and making a property control transfer to the DTD contributes to assets managed by BCS being repurposed for public benefit or returned to the tax rolls. The public will benefit by Department procedures being current and efficient; they will also benefit from the property control transfer as it supports a DTD masterplan project that will enhance the safety of county roads.
- How does this item align with the County’s Performance Clackamas goals?
Transferring control of property to the DTD supports the Board of County Commissioners’ goal of **Building a Strong Infrastructure** by providing property to support a masterplan project that will enhance road safety in the County.

LEGAL/POLICY REQUIREMENTS:

Oregon Revised Statute prescribes the process of transferring or selling tax foreclosed properties. County policies and procedures provide the necessary means for the Director/Deputy Director of BCS to ensure the operational requirements of the property tax foreclosure program are consistent with all applicable Oregon laws.

PUBLIC/GOVERNMENTAL PARTICIPATION:

BCS staff has met on a number of occasions with staff from Public and Government Affairs (PGA), DTD, and County Administration, as well as members of the Beavercreek Hamlet to consider the current and long term uses/needs for this tax foreclosed property.

OPTIONS:

BCS requests that the BCC consider the recommended revisions to Property Disposition Procedures as well as consider the request for transfer of control to the Clackamas County DTD.

Options include:

1. Approve the revisions of the BCS Property Disposition Procedures as presented.
2. Approve the transfer of control of the Korner Park property to DTD.
3. Modify the BCS Property Disposition Procedures revisions.
4. Decline the Korner Park property transfer to DTD.

RECOMMENDATIONS:

Staff respectfully recommends the BCC accept Options 1 and 2. Approving these options will allow BCS staff to move forward with the amendment to Property Disposition Procedures and the transfer of control of the subject tax foreclosed Korner Park property to DTD.

ATTACHMENTS:

Attachment A – Amended Property Disposition Procedures

Attachment B - Transfer of control of property to Clackamas County Department of Transportation and Development

SUBMITTED BY:

Division Director/Head Approval _____
 Department Director/Head Approval Laura Zentner
 County Administrator Approval _____

For information on this issue or copies of attachments, please contact Rick Gruen, Manager, BCS Property Disposition, @ x4345



Business & Community Services Department

TITLE: PROPERTY DISPOSITION PROCEDURES

PURPOSE:

Establish procedures for the Sale, Transfer and Administration of Tax Foreclosed and Surplus County Property consistent with adopted Policy.

The Director of Business and Community Services has directed the Property Disposition Division to manage tax foreclosed properties to secure the Highest Permanent Value benefitting the citizens of Clackamas County. Highest Permanent Value is defined as managing, administering and dispersing of tax foreclosed and surplus real property assets in a timely and cost effective manner that can provide a full range of social, economic and environmental benefits for the citizens of Clackamas County.

PROCEDURES:

A. General

1. Property Disposition Division shall annually:
 - a. Review its real property inventory of assets and identify tax foreclosed properties to consider for sale or transfer.
 - b. Review its budget and reserve requirements to determine available net real property revenue for distribution to the taxing districts within Clackamas County.
2. The sale or transfer of tax foreclosed properties shall be made by the Property Resources Division in accordance with ORS 275.000 to ORS 275.340 and ORS 271.300 to 271.360 and the following Highest Permanent Value criteria:
 - a. Transfer of property to taxing districts and other eligible entities – to meet local resource and public benefit needs (i.e. parks, open space, Brownfield sites)
 - b. Return property to tax rolls
 - c. Board of County Commissioners, or those with delegated authority, shall have final approval of those properties considered for transfer or sale.
 - d. At the discretion of the County, and with extenuating circumstances, the record owner or contract purchaser may be given the opportunity to repurchase the property pursuant to ORS 275.180. Said repurchase shall be in the amount of the total back taxes, interest, penalties and County administrative fee. Such repurchase or agreement to repurchase must occur within six (6) months following the expiration of the statutory redemption period commencing with the filing of the foreclosure deed.

B. Transfer Objective

Property Disposition Management Team will consider the tax foreclosed property assets to be declared as surplus and develop a list of available properties which will be distributed to County Departments, local Municipalities, County agencies and Special Districts.

1. Should any of the eligible entities above request a transfer of a property, transfers will be based on the following conditions:
 - a. Subject to final approval of the Board of County Commissioners.
 - b. Property will be used for a ~~(perpetual)~~ public use benefit (i.e. park, open space, greenway, trail, easement, Brownfield sites, etc.) consistent with an adopted strategic plan, master plan or other long term management plan of the requesting entity.
 - c. Property ~~(shall)~~ may be conveyed for the Transfer Value as calculated on the back taxes, interest, penalties owed, plus associated costs (title report, deed recording, etc.) and Property Disposition administrative fee ^{3 of 6} as determined

under Section E. In certain cases, the set value of the property will be based on an appraised value (i.e. public benefit value) in consideration of its limited use under ORS 271.310 to 271.330.

- d. Brownfield sites transferred to Land Bank Authority subject to ORS 271.310 and 271.335 and:
 - i. Transfer Value is paid in the amount of back taxes, penalties, interest, and administration fee in compliance with ORS 275.275 and as determined in Section E below.

- 2. Properties in excess of \$15,000 (Assessor's Estimate of Real Market Value – ARMV) are assigned to public auction; properties with an ARMV of less than \$15,000 will be considered for private marketing or assigned to public auction under ORS 275.225 (a)

C. Tax Roll Objective

Board of County Commissioners will declare tax foreclosed property assets as surplus and the Property Disposition Management Team will put them up for public auction. Public Oral Auction considerations include:

- 1. Value will be based on the Assessor's estimate of Real Market Value (ARMV) and/or Independent Appraised Value (IAV) at the discretion of Property Resources Division.
- 2. Minimum bid amounts will generally be set, but not limited to, the following criteria:
 - a. 25% of ARMV:
 - i. Property is not buildable
 - ii. Property is constrained by one or more of the following:
 - Identified wetlands or riparian overlays
 - Identified septic limitations
 - iii. Review of adjacent parcels show no existing improvements
 - iv. No public access or deeded easement for access
 - b. 50% of ARMV:
 - i. Property may be buildable
 - ii. Property is constrained by one or more of the following:
 - Identified wetlands or riparian overlays
 - Identified septic limitations
 - iii. Review of adjacent parcels show no, or minimal existing improvements
 - iv. Limited public access or deeded easement.
 - c. 75% of ARMV:
 - i. Property is buildable or has existing improvements
 - ii. Review of adjacent parcels show existing improvements
 - iii. Public access or deeded easements are identified
 - d. 100% of Appraised Value
 - i. Property is of high value and has considerable interest
 - ii. Independent Third Party Verification will be obtained. The Property Resources Manager will obtain an Opinion of Value/Salability or Appraisal from qualified professionals on high value or significant parcels, in order to validate setting minimum bid price.
 - iii. Third party verification may be considered for all properties at the Property Resources Manager's discretion.

D. Properties not selling at the Oral Public Auction

The Property Disposition Management Team will review and consider the tax foreclosed property assets and consider the following options:

- 1. Property may be placed with a private real estate broker (market value)
- 2. Property may be considered for transfer to a qualifying special district or non-profit organization per ORS 271.330
 - a. Properties being transferred will be conveyed for a minimum of back taxes, interest, penalties owed, plus associated costs (title report, deed recording) and a Property Disposition administrative fee as set by Property Resources Manager.
 - b. A property list may be made available and distributed to qualifying nonprofit organizations.
- 3. Property may be removed from the current surplus inventory list at any time by the Property Disposition Management Team and/or Board of County Commissioners.

E. Property Disposition Division - Cost Recovery and Administrative Fee Schedule

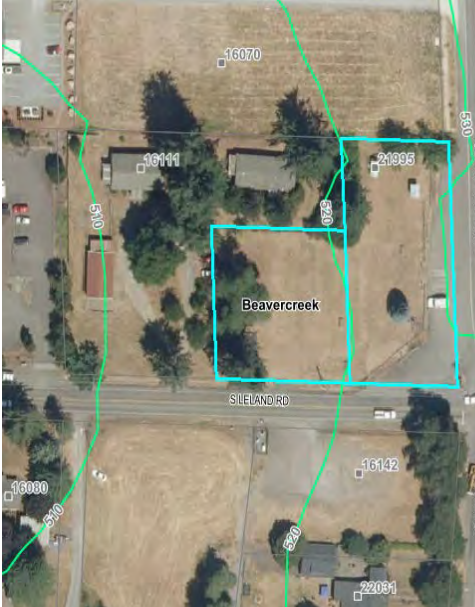
Oregon Revised Statutes (ORS275.275) provides for Property Disposition Division to recover annual operational expenses. As Property Disposition Division is not general fund supported, Property Disposition Division ~~(may be)~~ is entitled

to recover the direct and indirect costs associated with managing, selling, and transferring tax foreclosed and surplus real properties in accordance with applicable Oregon Revised Statutes

1. Properties available for a government transfer and/or non-profit donation may be limited or not available due to inventory constraints.
2. Direct costs include such services related to property inspections, title and property history searches, document and legal review, document preparation, accounting, sale/transfer preparation, deed recording, property liability mitigation, and other property management services as needed. The property account (~~will~~) may be charged for the direct costs for title reports, property appraisals, deed recording and for those direct property management services performed at the established billable rates set by the Business and Community Services Department.
3. Indirect costs will be assessed to the sale or transfer of properties for administration of Property Disposition allocated cost services (reporting, accounting, legal, liability, etc.) using the following fee schedule (based on property sale or transfer value):
 - a. \$1 to \$15,000 – 15% (minimum \$150.00)
 - b. \$15,001 to \$50,000 – 12%
 - c. \$50,001 to \$100,000 – 10%
 - d. \$100,001 to \$500,000 – 8%
 - e. \$500,001 to \$1,000,000 – 5%
 - f. > \$1,000,001 – 3%
4. Former Record Owner or Contract Purchaser Repurchase fee – no less than 2% of property assessed value plus back taxes, interest, and penalties.

RELATED RULE:

The Board of County Commissioners further delegates under Board Order 2015-27 its authority to authorize final sales to the Director or Deputy Director of the Business and Community Services Department and Clackamas County Administration.

Item	Aerial View	Description	Assessed Real Market Value	Transfer Value
1		<p>32E23C 00700 and 32E23C 00800</p> <ul style="list-style-type: none"> • Approximately 1.02 Acres • Zoning RC- Rural Commercial 	\$318,744	\$0.00