

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Vacant Property Tax Administration &
Management Agreement

DATE: January 12, 2025

City Administrator Approval


Jestin Johnson (Jan 31, 2025 09:39 PST)

Date: Jan 31, 2025

RECOMMENDATION

Staff Recommends The City Council

- 1. Adopt A Resolution Authorizing The City Administrator To Enter The Professional Services Agreement With SCI Consulting Group For The Administration And Management Of The Vacant Property Tax For A Five-Year Term With An Option To Extend For Two-Years Without Returning To Council For A Total Contract Amount Not To Exceed Two Million Two Hundred Eighty-Three Thousand And Nine Hundred Dollars (\$2,283,900); And**
- 2. Appropriate Seventy-Six Thousand Seven Hundred Twenty-Five Dollars (\$76,725) from the Vacant Property Tax Fund Balance For The Funding Of The First Year Of The Proposed Contract**

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt the proposed resolution authorizing the City Administrator to enter a professional services agreement with SCI Consulting Group (“SCI”) for the administration and management of the Vacant Property Tax. The requested authority to enter the agreement will allow for the continued administration of the collection of the Vacant Property Tax in accordance with the Oakland Municipal Code Chapter 4.56.

The contract scope includes the application of the 2018 Measure W, laws and regulations governing environmental, water, geotechnical, engineering, encroachment, easement, right-of-way, and other pertinent information related to the use of property/parcel to properly and equitably determine the application of the Vacant Property Tax. Requires the vendor to serve as the point of contact for property owners to answer questions, inquiries, tax registration process and handling all administrative related tasks such as noticing, reviewing, processing and analyzing exemptions; and to coordinate with the Alameda County Auditor/Controller office for the placement and/or correction of the annual assessment by the deadline.

The proposed term of the agreement is a fixed five-year term through December 31, 2029, and a one two-year option, to be exercised at the City Administrator’s discretion without returning to

Finance & Management Committee
February 11, 2025

the City Council for further approval, to extend the agreement through December 31, 2031, for a total contract amount not to exceed \$2,283,900 for all years, including the one 2-year extension option.

BACKGROUND / LEGISLATIVE HISTORY

On July 24, 2018, the Oakland City Council adopted Resolution [87319 C.M.S](#) calling and giving notice, on its own motion, for a voter consideration of the ballot measure to adopt a Special Parcel Tax on vacant properties to fund solutions for homelessness, illegal dumping remediation, and specified program.

On November 6, 2018, Oakland voters approved Measure W, the Vacant Property Tax Act, by a margin of 70.04 percent, which established an annual tax on vacant property for 20 years to raise revenue necessary to support and fund homelessness programs and services, affordable housing, Code Enforcement, and clean-up of blighted properties and illegal dumping. Measure W authorized the City Council, by ordinance, to establish a method for identifying and determining the use of and vacancy status of real property and to provide supplemental definitions for the categories of exemptions.

On December 7, 2018, the Finance Department released a Request for Qualifications (“RFQ”) seeking individuals or firms experienced in providing technical and policy recommendations for the development and implementation of rules, procedures, standards, and criteria focusing on vacant property/parcel/land assessment and salient considerations to achieve a fair, consistent and equitable application of the voter-approved Measure W, Vacant Property Tax Act.

On March 15, 2019, following the review of three proposals submitted by the deadline, the City Administrator, as duty authorized, entered an agreement with SCI Consulting Group for providing technical and policy recommendations on the development and implementation of rules, regulations, procedures, standards, and criteria focusing on Measure W. The agreement capped the compensation at \$120,000 and expired on December 31, 2019.

On November 5, 2019, the Oakland City Council adopted Resolution [87917 C.M.S](#), authorizing the City Administrator to amend the March 15, 2019 agreement with SCI Consulting Group to provided revenue administration and management services related to the Vacant Property Tax for a three-calendar-year term (2020 – 2022) with two one-year (2023 – 2024) options, without returning to the City Council for approval, in an amount no to exceed \$1,270,000 for all five years.

On November 19, 2019, the Oakland City Council adopted Ordinance [13571 C.M.S](#) amending Oakland Municipal Code, Chapter 4.56, to clarify and further define various functions and operations of a parcel or permanent improvement that constitute “use” for purposes of Vacant Property Tax and various exemptions. The Ordinance also described an administrative process for the City to determine whether a parcel is vacant in any given calendar and established a process for the parcel owner to appeal the City’s determination.

ANALYSIS AND POLICY ALTERNATIVES

In October 2024, the Finance Department put forth a request to the Department of Workplace & Employments Standards (“DWES”) to conduct an availability analysis and to determine the minimum participation requirement under the Local and Small Local Business Enterprise Program (“L/SLBE Program) for the administration and management of the Vacant Property Tax. To determine the availability of the City’s certified firms, DWES sent an email to 16 certified businesses. Three certified firms responded and indicated they do not provide the work associated with the scope of services. Based on the “Rule of Three,” DWES concluded the L/SLBE Program is set at zero percent (0%) for the project.

In November 2024, the Finance Department released a new RFQ seeking proposals from independent, experienced, and qualified individuals or firms interested in the administration and management of the Vacant Property Tax with the following specialized scope.

- Administer and manage the Vacant Property Tax from the City perspective, including
 - creating forms and notices
 - holding informational outreach sessions, if necessary
 - serving as the point of contact for the property owner to answer questions, inquiries, tax registration process
 - managing all administrative related tasks associated with identifying likely vacant parcels/properties, noticing, reviewing, processing, and analyzing exemption requests
 - identifying in parcels where ground floor commercial activities are allowed if all of the ground floor commercial space is in use less than 50 days in a calendar year.
 - auditing of property/parcel/land for tax compliance purposes
 - resolving issues related to the tax
 - coordinating with the Alameda County Auditor-Controller for the inclusion of Vacant Property Tax assessments on Annual/Supplemental Secured Property Tax bills.
 - Assisting the City in handling administrative appeals and/or court proceedings.

- Operate a secured web portal/platform that serves as a single point of access for users to retrieve information, materials, and forms and to submit the forms and materials electronically.
- Register new taxpayers and perform all data entry necessary to establish and maintain a current and accurate taxpayer database.
- Identify critical decisions and develop decision-making strategies (i.e. issues and escalations) for approvals.
- Prepare and provide all required program, analytical, and statistical reports to the City.
- Put forth policy recommendations for the purpose of taxation and/or exemptions.
- Provide technical assistance to the City as requested.

The Finance Department placed an advertisement in the Oakland Tribune announcing this contracting opportunity. The RFQ was posted on iSupplier, an online portal, for the public to view, download, print and submit responses to this contracting opportunity. The deadline for the submission of the proposals was December 11, 2024. There were 99 businesses that received direct notifications through iSupplier. The RFQ yielded one proposal. The proposal was from the City's current vendor SCI Consulting Group.

Based on the direct outreach notification to over 100 businesses and an advertisement placed on the Oakland Tribune, the Finance Department concluded that extending the submission deadline or releasing the RFQ a second time would likely yield the same result. Staff reviewed the qualifications, experience, and cost proposal and made the determination that the proposal met the specialized requirements, and the cost proposal was acceptable.

SCI Consulting Group was selected based on its expertise and experience directly related to the work required and outlined in the RFQ. Its prior performance in providing services to the City and other public agencies across California bolstered its experience. SCI Consulting Group's deep understanding of the VPT program's operational, legal, and procedural complexities makes it unique in the overall administration of the tax measure. Of note, SCI was the first business partner to the City of Oakland to assist with implementation of Measure W, the City of Oakland was the first¹ to enact a measure such as this.

This proposed professional service agreement supports the Citywide Priority of **Housing, Economic, and Cultural Security** as the revenue raised from the imposition and collection of the Vacant Property Tax is used to support and fund homelessness programs and services, affordable housing, code enforcement, and the clean-up of blighted properties and illegal dumping.

¹ Farida Jhabvala Romero, "Oakland Voters Appear to Favor State's First Vacant Property Tax...", KQED, November 7, 2018, <https://www.kqed.org/news/11702378/oakland-voters-appear-to-favor-states-first-vacant-property-tax-richmond-poised-to-defeat-similar-measure>

FISCAL IMPACT

The professional services agreement with SCI Consulting Group is for the administration and management of the Vacant Property Tax. The 2018 Measure W, Vacant Property Tax Act, included a provision authorizing the use of VPT fund toward paying for the costs, up to fifteen percent (15%), for the administration and management of this special tax program. Adding an additional \$76,725 to the existing administrative costs in the current fiscal year, the total spending stands at 14.63%.

The proposed contract spending plan and funding sources are outlined in **Table 3**.

Table 3: Contract Spending Plan & Funding Sources For 7 Year Term

Purpose	Fund	Organization	Project	Account	Program	Amount
Scope of Work	2270 Vacant Property Tax Act	08411 Revenue Administration	1000007 Admin Project	54919 Services: Miscellaneous Contract	IP59 Financial Management	\$2,267,900
As – Needed Services	2270 Vacant Property Tax Act	08411 Revenue Administration	1000007 Admin Project	54919 Services: Miscellaneous Contract	IP59 Financial Management	\$16,000
	Total Funding					\$2,283,900

Funding for the first year (FY 2024-25) of the proposed contract (\$76,725) will be appropriated from the Vacant Property Tax Fund Balance. Funding for future years will be requested as part of budget proposals for the corresponding fiscal years. These requests will depend on the availability of funds, the calculation of the administrative cost cap, and require Council approval.

Table 4: FY 2024-25 Funding Sources & Future Budget Requests

Fiscal Year	Fund	Org	Project	Account	Program	Amount
FY 2024-25	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$76,725
FY 2025-26	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$303,150
FY 2026-27	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$312,200
FY 2027-28	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$320,700
FY 2028-29	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$327,150
FY 2029-30	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$334,600
FY 2030-31	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$344,650
FY 2031-32	2270 – Vacant Property Tax Act	08411 – Revenue Admin	1000007 – Admin Project	54919 – Services: Miscellaneous Contract	IP59 – Financial Management	\$264,725
	Total Funding					\$2,283,900

PUBLIC OUTREACH / INTEREST

A formal RFQ was released in December 2024 seeking qualified individuals or firms interested in providing the services discussed in this report. SCI Consulting Group was selected based on its expertise and experience directly related to the work required and outlined in the RFQ. This item will be posted on the City's website for the February 11, 2025, Finance & Management Committee meeting.

COORDINATION

This report has been coordinated with the Finance Department, Budget Bureau and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: The special tax provides a dedicated source of revenue to provide services and programs to unhoused people, to reduce homelessness, and to support the protection of existing and production of new affordable housing to lower income households, with minimal impact to the General Purpose Fund.

Environmental: The special tax will help maintain neighborhoods free from vacant and abandoned properties that could become public nuisances that affect health and the environment.

Race and Equity: The Department did not conduct a study on the impact.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends The City Council

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2. Appropriate Seventy-Six Thousand Seven Hundred Twenty-Five Dollars (\$76,725) from the Vacant Property Tax Fund Balance For The Funding Of The First Year Of The Proposed Contract

For questions regarding this report, please contact Sarah Herbelin, Acting Revenue & Tax Administrator, (510) 238-4491.

Respectfully submitted,



[Erin Roseman \(Jan 31, 2025 09:10 PST\)](#)

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Director of Finance
Finance Department

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