



Agenda Submittal

Agenda #: 20 **Status:** Approved
Type: Contract **Department:** Assessor/Recorder
File #: 18-858 **Contact:** Marc Tonnesen, 784-6210
Agenda date: 12/11/2018 **Final action:** 12/11/2018
Title: Approve a 3 year contract with Harold W. Bertholf, Inc. to provide mineral appraisal services, for a cost not to exceed \$490,920, effective January 1, 2019 to December 31, 2021; and Authorize the County Administrator to execute the contract and any subsequent amendments that do not increase the cost of the contract
Governing body: Board of Supervisors
District: All
Attachments: 1. A - Contract, 2. B - Fiscal Year Impact, 3. Executed Contract, 4. Minute Order

| Date | Ver. | Action By | Action | Result |
|------------|------|----------------------|----------|--------|
| 12/11/2018 | 1 | Board of Supervisors | Approved | |

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Department of the Assessor/Recorder recommends that the Board of Supervisors approve a 3 year contract with Harold W. Bertholf, Inc. to provide mineral appraisal services, for a cost not to exceed \$490,920, effective January 1, 2019 to December 31, 2021; and Authorize the County Administrator to execute the contract and any subsequent amendments that do not increase the cost of the contract.

SUMMARY:

The County of Solano has approximately 155 mineral properties on its tax roll with total assessed values of approximately \$57 million. These properties must be appraised each year. Appraisal of mineral properties requires specialized training and skills. Larger counties usually have a geologist - appraiser on staff to perform this task; however, the small number of mineral properties in the county does not warrant a full-time staff for this specialized work. Contracting the appraisal has proven to be the most cost-effective method. Harold W. Bertholf, Inc. is an extremely well-qualified firm that has provided this specialized service to Solano County for the last 11 years, as well as several California counties for many years.

FINANCIAL IMPACT:

The proposed three-year agreement calls for a base compensation of \$111,600 for the first calendar year, \$113,820 for the second and \$116,100 for the third year for regular tax roll services or \$341,520 total over the term of the contract. Additional fees for supplemental assessment roll services will be billed at \$240 per hour for the first year calendar year, \$245 for the second year and \$250 per hour for the third year at up to 60 hours each year, not to exceed \$44,100 total over the life of the contract. Time expended beyond the 60 hours allowed per year for appraisal defense included in the base compensation will be billed at \$330 per hour for the first year calendar year, \$340 for the second year and \$350 per hour for the third year, not to exceed \$61,200 total over the term of the contract.

Additional valuation services other than cited above may be requested to be billed at \$240 per hour for the first year calendar year, \$245 for the second year and \$250 per hour for the third year at up to 60 hours each year, not to exceed \$44,100 total over the life of the contract. The maximum cost of this contract is \$490,920.

Refer to Attachment B for cost by fiscal year. The Department's FY2018/19 budget includes appropriations of \$80,100 for costs associated with this contract. The cost to the General Fund is estimated at 63%; the balance is primarily reimbursed through property tax administration fees. The Department's succeeding fiscal years requested budgets will include appropriations for the firm's services as outlined in Attachment B.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

DISCUSSION:

Mineral rights valuation is a highly specialized field requiring an expert understanding of geology, specific knowledge and experience with gas and minerals extraction, and expertise and experience as an appraiser for California property tax assessment purposes. Recruiting in house would be difficult because the candidate pool is small and retention could prove difficult because the private sector offers pay and incentives that the County cannot match.

In November 2006, a Request for Proposal (RFP) was issued for mineral appraisal services and a three-year contract was subsequently awarded to another bidder based on cost; however the contractor terminated the contract on January 9, 2008 after only one year. Harold W. Bertholf, Inc. was the only other qualified bidder during that competitive bid process and was awarded the successor contract. The RFP prior to 2006 had only two bidders with one being Bertholf, the other was the prior contractor.

The Department recommends a three-year renewal of the current contract with Harold W. Bertholf, Inc. Since assuming the contract, the company has provided Solano County excellent mineral rights valuation services, consistently producing well documented, accurate and timely appraisals. Furthermore, Bertholf is the only company that currently provides mineral rights appraisal services to California counties that outsource these services. The company has earned a good reputation for its work with other California counties.

The proposed contract is exempt from the competitive bid process under Section 1.1.11 of the County Purchasing Policy for expert and professional services. In accordance with the County purchasing policies, the following information is provided to justify Harold W. Bertholf, Inc. as an expert:

- a) Mineral services appraisal is a very specialized field with a very limited number of companies providing this service. Harold W. Bertholf, Inc. remains the only company that provides mineral appraisals in California and has been operating for over 40 years.
- b) Harold Bertholf, Inc. provides trusted appraisals and assessments of oil, gas, and mineral producing properties for a number of California counties, including but not limited to Kern County, King County, Santa Barbara, Sonoma County, and Sacramento County.

ALTERNATIVES:

The Board could choose not to approve this agreement and require the Assessor/Recorder to hire a geologist appraiser on staff. This alternative is not recommended because it would result in a loss in quality of the mineral rights assessments. It also does not guarantee a successful recruitment due to the limited availability of qualified geologist appraisers.

OTHER AGENCY INVOLVEMENT:

County Counsel and Department of Human Resources - Risk Management reviewed and approved the attached contract as to form. The Department of General Services Central Services concur with the recommendation.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION