



County of Milwaukee
Office of the Sheriff

Richard R. Schmidt
Sheriff

DATE: November 15, 2018

TO: Theodore Lipscomb, Sr., Chairman, and the Milwaukee County Board of Supervisors; Anthony Staskunas, Milwaukee County Board of Supervisors, Judiciary, Safety, and General Services Committee

FROM: Tobie Weberg, Undersheriff, Office of the Sheriff
Laurie Panella, Chief Information Officer, DAS - IMSD

SUBJECT: Sheriff Sales Online Auction Update – Requested Informational Report

REQUEST

On September 6, 2018, the Office of the Sheriff and Department of Administrative Services – IMSD received a request to provide an informational report updating the Milwaukee County Board of Supervisors, Judiciary, Safety, and General Services Committee on the steps necessary to modernize the Sheriff’s sale process and to help eliminate the ability of landlords who are tax-delinquent and/or have existing building code violations to obtain additional properties.

BACKGROUND

County Board Resolution File Number 18-694 recognized 2017 Wisconsin Acts 208 (Internet Sheriff Sales) and 339 (Third-Party Bidder Eligibility Requirements) and the problems associated with the pre-law situation of problem buyers buying real estate at Sheriff Sales of whom many have been featured in *Milwaukee Journal Sentinel* Watchdog Report Series “Landlord Games” and further that the Milwaukee County Board supported the implementation of an internet-based auction system with minimum bidder requirements for the handling of foreclosure sales by the Sheriff. The Milwaukee County Board further requested that the Office of the Sheriff and Department of Administrative Services – IMSD work in conjunction to develop an internet-based auction system for foreclosure sales which shall be subject to the review and approval of the County Board of Supervisors and, ultimately, passage of an authorizing ordinance.

UPDATE ON ACT 339 (THIRD-PARTY BIDDER ELIGIBILITY REQUIREMENTS)

Act 339 creates new minimum bidder eligibility requirements for 3rd party bidders to be able to bid at a sheriff sale in a mortgage foreclosure auction in all counties in the State of Wisconsin. This Act took effect October 1, 2018. It created new Wis. Stat. 846.16 and 846.155. The Milwaukee County Sheriff's Office is now operating under this law and **is requiring** 3rd party bidders to sign a verification form in order to be able to bid and also to sign an affidavit if they are the winning bidder, as the new law requires. The verification and affidavit forms are attached. Third-party bidder eligibility requirements at a Sheriff's Sale include:

- Cannot be more than 120-day property-tax delinquent on any property in the State of Wisconsin and cannot have outstanding judgment regarding non-compliance with building codes (these are true for the bidder and for the entities they own or control, like their LLC's).
- Third-party bidder must have in-state agent for service of process.

UPDATE ON ACT 208 (INTERNET SHERIFF SALES)

Act 208 (Internet Sheriff Sales) allows Wisconsin counties to adopt an ordinance to opt-in to having Sheriff sales be conducted online through internet-based 3rd party auction service providers. The County Board of Supervisors passed Resolution 18-694 supporting an internet-action.

On October 2, 2018, the Office of the Sheriff, Department of Administrative Services – Procurement Division, Department of Administrative Services – IMSD, Chief Judge White, Clerk of Circuit Court John Barrett, and other executive stakeholders met to discuss the process Internet-based Sheriff Sales. There was unanimous support amongst this group of stakeholders to pursue these efforts in a thoughtful manner. It was further agreed upon that a Request for Information (“RFI”) would be sought in order to gain market research on the available options and best practices. RFI 98180034 was issued on October 10, 2018 with the input of key stakeholders. The RFI closed on October 26, 2018. The RFI project description was as follows:

“This Request for Information (“RFI”) is being issued to solicit information from interested vendors with respect to Online Auction Services for the Milwaukee County Office of the Sheriff (hereinafter, “MCSO”) as further described in this RFI. The MCSO will use the information generated by this RFI in conjunction with other information available to the County to determine the type of solution and necessary functionality required by, and in best interests of, the MCSO to fulfill its needs. The RFI method is not intended to result in a contract award, but is designed to allow for the collection of industry information that may be used to assist the MCSO in developing a subsequent Request for Proposal.”

On November 6, 2018, the Office of the Sheriff, Department of Administrative Services – Procurement Division, Department of Administrative Services – IMSD, and additional

stakeholders met with two leading online auction providers for in-person presentations to evaluate services/technologies available and how these options may assist in modernizing the current auction system in Milwaukee County by providing valuable information that will assist with issuing a Request for Proposal (“RFP”). Additionally, the same key stakeholders participated in a virtual teleconference with another online auction provider who was not previously available on November 6, 2018.

Next Steps:

1. The adoption of Milwaukee County Ordinance to implement internet-based Sheriff Sale auctions through authority provided by Wisconsin Statute 846.16 (1g)(b), which states:

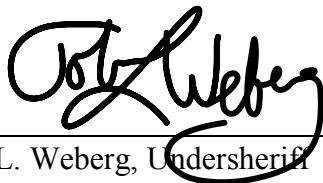
“A county may enact an ordinance requiring the Sheriff to conduct, or engage an auctioneer registered under Wis. Stat. Ch. 480 to conduct, sales of mortgaged premises in the county by internet-based auction.”

2. Issuance of a Request for Proposal (“RFP”). This RFP will include extensive evaluation of current and ideal workflow by all involved parties in the Sheriff Sale process. The process evaluation phase in preparation for the RFP to be issued is expected to take until early January 2019. Collaboration with all Milwaukee County parties involved in the Sheriff Sales process will occur during this evaluation process to ensure a detailed RFP is issued and to further assist in the effective/efficient implementation of the eventual contract being awarded.

RECOMMENDATION

It is requested that the Milwaukee County Board of Supervisors adopts a resolution (see attached draft resolution) that authorizes and directs the Office of the Sheriff and Department of Administrative Services – IMSD to issue a Request for Proposals for online auction services and request to report back to the County Board of Supervisors after the RFP process is completed at which time the County Board will take up consideration of adoption of an ordinance under Wis. Stat. 846.16 (1g)(b) regarding internet-based auctions.

As an additional note, I have been in personal contact with Sheriff-Elect Earnell Lucas and he has expressed his support of these efforts (see attached letter affirming his position).



Tobie L. Weberg, Undersheriff
Milwaukee County Sheriff's Office