



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Assessor
Department No.: 062
For Agenda Of: 5/11/2010
Placement: Set Hearing
Estimated Tme: 30 minutes on
05/25/2010
Continued Item: No
If Yes, date from:
Vote Required: Select_Vote

TO: Board of Supervisors
FROM: Department Joseph E. Holland, Clerk-Recorder-Assessor
805 568-2258
Staff Contact Brian Richard, IS Division Manager
Info: 805 568-2258
**SUBJECT: Set hearing to consider and authorize a new integrated property assessment
administration and valuation system.**

County Counsel Concurrence

As to form: n/a

Other Concurrence: Select_Other

As to form: n/a

Auditor-Controller Concurrence

As to form: n/a

Recommended Actions:

That the Board of Supervisors set a hearing for May 25, 2010 to consider and authorize the County Clerk, Recorder and Assessor to procure and pay for the implementation and development of new integrated property assessment administration and valuation system from Colorado Customware Inc.

Summary Text:

The current property tax assessment and appraisal system maintains and tracks approximately 160,000 secured and unsecured properties valued at \$63 billion that is used to bill \$675 million in property taxes annually for the County, school districts and special districts. The life-cycle of the current system, functional inadequacies, technological advancement and the ever increasing workload has driven the need for a replacement system. Purchasing a vendor developed integrated administration and valuation property assessment system versus in-house development has been determined to be the best solution.

Background:

By law, the Assessor must locate, identify ownership, and describe all taxable property in the County of Santa Barbara. In total, the Department is currently responsible for the assessment of over 130,000 residential, commercial, industrial, agricultural, oil and gas, and vacant secured properties. Additionally over 30,000 personal property assessments account for business personal property and boat and plane

assessments. In 2009, the assessed value of property on the “gross” Local Roll exceeded \$63 billion dollars.

The appraisal of real property is event-driven based upon lien date or specifically mandated reappraisal events. Under a state constitutional amendment passed in 1978 (Proposition 13), real property can only be reassessed when a change-of-ownership occurs or when new construction takes place. Generally, a change-of-ownership is a sale or transfer of property while new construction is any improvement to property that is not considered normal maintenance. Except in certain instances, the value of real property that is not reappraised is adjusted for inflation by no more than 2% annually. This value, factored for inflation, is called the “factored base year value” and is enrolled to the annual Assessment Roll.

Proposition 8 (R&T Code section 51), which involves lien date appraisal, requires the Assessor to annually enroll the lesser of either a real property’s base year value (factored for inflation to no more than 2 % annually) or the current market value. These reductions of enrolled value may be initiated by the taxpayer or triggered by internal review of sales data. Property values that have been reduced (called a “Prop 8 Reduction”) must be reviewed annually and the Prop 8 value will be retained, returned to factored base year value or adjusted to the current market value.

The current assessment system used in Santa Barbara County was developed in-house and originally deployed in 2000. The current system is in need of an upgrade to a more contemporary and up-to-date software platform. Additionally the current system does not incorporate any computer assisted mass appraisal (CAMA) tools necessary to assist with the 20,000 properties that currently must be reassessed each year under Prop 8.

The Assessor has determined that it is no longer optimal to continue to internally maintain the current assessment system. Additionally the Assessor does not have the resources necessary to continually upgrade the already outdated software that the system was originally developed with. The design and development of a CAMA component for the existing system would be a costly and time consuming effort and ultimately would not be an efficient use of resources.

In the fall of 2009 the Assessor’s office issued a Request For Information (RFI) for an Integrated Property Tax Assessment System. The objective of the RFI was to determine if there was a cost effective assessment system, potentially integrated with a CAMA solution, that was available from a secure and reliable vendor. Seven firms responded to the RFI by the November 9, 2009 submission deadline. Upon review of these seven firms it was determined that Colorado CustomWare, Inc. (CCI) provided a cost effective product, and support services, that will allow Santa Barbara County to utilize the most modern and efficient property assessment technologies.

Colorado Customware provides a fully integrated property tax assessment administration and CAMA product. The system delivered will use the latest Microsoft SQL Server and .NET technologies. Additionally future CCI software upgrades are provided at no cost to the County. CCI currently has its property assessment product (Realware) deployed in 71 jurisdictions across 15 states. With 99 employees at its Fort Collins Colorado headquarters devoted solely to providing property tax assessment services the County can be assured it will continually be on the forefront of assessment technologies. As part of the contract CCI provides a complete (un-escrowed) copy of the source code to the County. If at any time the County is not satisfied with the service provided by CCI it can discontinue the service agreement and retain and maintain the system on its own.

Performance Measure:

Fiscal and Facilities Impacts:

New system costs of \$1,023,800 expended over a 22 month installation period will not require General Fund expenditures. Detailed fiscal analysis will be included in the May 25, 2010 Board Letter and discussed at the hearing.

Special Instructions:

Attachments:

Authored by:

Brian Richard, CRA Information Systems Division Manager

cc: