

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:

Prepared on: 03/05/04
Department: Clerk-Recorder-Assessor
Budget Unit: 062
Agenda Date: 03/23/04
Placement: Administrative
Estimate Time: NA
Continued Item: NO
If Yes, date from:
Document File Name: F:\group\mgmt\contract\ab818bl10.doc

TO: Board of Supervisors

FROM: Joseph E. Holland
Clerk, Recorder and Assessor

STAFF CONTACT: Dana R. Bentley, Departmental Analyst
Extension 2214

SUBJECT: Authorization to Participate in 2003-2004 State-County Property Tax Administration Program.

Recommendation(s):

That the Board of Supervisors:

- a) Authorize the Chairperson of the Board of Supervisors to sign an Agreement for 2003/04 State-County Property Tax Administration Grant Program with the State of California (Attachment 1);
- b) Authorize the Clerk-Recorder-Assessor, and County Administrator, to notify the State Department of Finance of Santa Barbara County's election to begin a new grant contract with the State providing for the State-County Property Tax Administration Grant Program in the amount of \$926,817.

Alignment with Board Strategic Plan:

This program is consistent Board Goal Number 1 -- Reanalyze, reform, and respond to the changing nature of County resources and responsibilities.

Executive Summary and Discussion:

Assembly Bill 818 (Vasconcellos) was signed into law by Governor Wilson on October 21, 1995 and it established the State-County Property Tax Administration Program. AB719 (Torlakson) continued the Property Tax Administration Program through the 99-00 fiscal year, AB1036 added a final year to the loan program. Effective for the 02-03 fiscal year, the program became a grant program under AB589.

Approval of the current contract will provide our County with another \$926,817, for a nine-year funding total of \$8.3 - million.

Adoption of staff's recommendation will mean that the State will provide the County with \$926,817 in funding for one year.

Mandates and Service Levels:

In accordance with the Agreement for State-County Property Tax Administration Program (attached), the Clerk-Recorder-Assessor has agreed to satisfactorily meet performance requirements where the result of the following is equal to or exceeds the grant amount received by the County:

- New Construction Appraisal
- Re-appraisable Transfers
- Assessment Appeals
- Mandatory Business Audits
- Proposition 8 Assessment Reviews
- Supplemental value added (estimated at 50% of the transfer and new construction values)

With the increased staff funding provided by the Property Tax Administration Program, the Clerk-Recorder-Assessor has been able to meet the past goals and will continue to meet the new the agreed upon goals as stated in the attached Agreement.

Fiscal and Facilities Impacts:

There is no increase in net county cost resulting from participation in this program. As all Property Tax Administration positions are currently allocated to the Clerk-Recorder-Assessor, there are no facility impacts.

Approval of the recommendations will provide that the Clerk-Recorder-Assessor property assessment functions receive a maintenance of effort funding level to at least cover the expenses of the maintenance of effort with budgeted FTE's of no less than 67.8 full-time positions (comprising the Department's Assessor Division staff, Assessor, Administrative and Information Systems Divisions). Adoption of maintenance of effort funding and staffing levels is required in order for our County to participate in the Property Tax Administration Program.

Special Instructions:

That the Clerk of the Board forward Santa Barbara Property Tax Administration Grant Program contract to Mary Ann McMullin, California State Department of Finance by April 30, 2004. Also, send two copies of the signed Board Letter to Dana Bentley, Departmental Analyst of the Clerk-Recorder-Assessor's office.

Concurrence:

County Administrator

Attachments:

Agreement for State-County Property Tax Administration Grant Program
Estimated Eight Year Loan Allocation - Exhibit A
02-03 Actual Dollars Spent
Whole Office Approach – Effective July, 2003
Whole Office Approach – Forecast for June, 2004

**AGREEMENT FOR STATE-COUNTY
PROPERTY TAX ADMINISTRATION GRANT PROGRAM**

This Agreement is entered into this ____ day of _____, 2004 by and between the County of Santa Barbara (County) and the State Department of Finance (State).

WITNESSETH:

WHEREAS, Revenue and Taxation Code Section 95.35 provides that upon recommendation of the Assessor, and by resolution of the Board of Supervisors, the County may elect to participate in the State-County Property Tax Administration Grant Program, administered by the State; and

WHEREAS, the Assessor has consulted with the County Tax Collector and the County Auditor-Controller to discuss the needs of the Property Tax Administration Grant Program during the term of this agreement; and

WHEREAS, in order to participate in the State-County Property Tax Administration Grant Program, the County must enter into an agreement with the State;

NOW, THEREFORE, the parties agree as follows:

1. PERIOD OF AGREEMENT

This Agreement shall commence upon the date of execution by both parties and shall expire one year from that date.

2. GRANT AMOUNT

The State agrees to make available to the County a grant in the amount of \$926,817 for fiscal year 2003-04.

3. COUNTY REQUIREMENTS

The County agrees to use the funds received from the State to enhance the property tax administration system. The County agrees not to use the funds to supplant the Assessor's base year level of funding. The County understands and agrees that in order for the County to be eligible to participate in this State-County Property Tax Administration Grant Program, it must maintain a base staffing, including contract staff, and total funding level in the Assessor's Office, independent of the grant proceeds provided pursuant to this Act, equal to the levels in the 1994-95 fiscal year exclusive of the amounts provided to the Assessor's Office pursuant to item 9100-102-001 of the Budget Act of 1994. In a county in which the 1994-95 fiscal year funding level for the assessor's office was higher than the 1993-94 fiscal year level, the 1993-94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section.

The 1994/1995 fiscal year base funding and staffing levels, as determined by the Assessor's Office and the Chief Administrative Office of the County, which shall be deemed to satisfy this requirement are as follows:

Gross Appropriation	\$4,211,001
Total Budgeted Positions	67.8

4. RECEIPT OF FUNDING

In fiscal year 2003/2004, the County shall receive payment of \$926,817 within thirty (30) days after the approval of this agreement by both parties. To participate in the program in fiscal years 2002/2003 through 2006/2007 the County is required to provide annual written notice to the State. The annual notice will specify the amount of the grant request and shall be signed by the County's Project Director and Chief Administrative Officer.

The State shall make payment of the approved grant amount within thirty (30) days after receipt of the Auditor-Controller's verified calculations establishing that the County has satisfied its prior year performance requirements as specified in Section 5.

5. SATISFACTORY PERFORMANCE

The County is deemed to have satisfactorily met its performance requirements where the result of the following computations is equal to or exceeds the grant amount received by the County:

- (a) Beginning with the fiscal year 2002-03 roll closure and annually thereafter, the County shall (1) compute, to the extent possible, the total value change in the following categories and (2) add all secured and unsecured personal property and fixture values (attachment 2)
 - Transfers
 - New Construction
 - Supplemental value added (estimated at 50% of the transfer and new construction values)
 - Mandatory and non-mandatory audits
 - Proposition 8 Restorations
 - Assessment Appeals values (the difference between the taxpayers' opinion of value and the Assessment Appeals Boards' determinations of values finalized during that fiscal year)
- (b) The total of 5(a) shall be multiplied by a tax rate of 1% to estimate the total property

tax revenue impact of these components.

- (c) This revenue amount shall be factored by the percentage which is derived when dividing the grant amount by the Assessor's annual total budget.
- (d) This amount is then factored by the percentage of the schools' share of added revenue.

Where this final result, the schools' share of added revenue, is equal to or greater than the grant amount to the County, the County's performance under this contract shall be deemed met.

6. RENEGOTIATION OF THE DEFINITION OF SATISFACTORY PERFORMANCE

At the request of the County, the State agrees to renegotiate in good faith the definition of satisfactory performance as specified in Section 5, if there is any major misfortune or calamity occurring in the County affecting 1% of the assessable parcels in the County.

7. PROPOSED USE OF GRANT

The County agrees to use the funds received from the State to fund appraisal, clerical and support positions, overtime as needed, and to enhance its property tax administration system, as specified in Exhibit A.

It is understood and agreed that funds received by the County, including accrued interest, pursuant to this program shall be deposited into the Property Tax Administration Program trust fund to be used as required by Revenue and Taxation Code Section 95.35. Any funds remaining in the account at the end of each annual term may be rolled over to the next fiscal year for authorized uses consistent with the provisions of Section 95.35.

It is also understood that upon satisfaction of the terms set forth in Section 5 for each annual grant, the State will have no further claim on these funds provided the County continues to meet the requirements stipulated in Section 3.

However, in the event that the County has not expended all of the grant proceeds, the County may, at its option, return to the State all or a portion of any unspent grant proceeds.

8. FAILURE TO MEET SATISFACTORY PERFORMANCE REQUIREMENTS

The State is not obligated to make the grant in fiscal years 2003-04 through 2006-07 if the County has not satisfied its performance requirements as established in Section 5, or renegotiated the definition of satisfactory performance.

The State may make a grant in any year of this program in a lesser amount than that requested by the County if the State determines that the County would be unable to fully meet its

performance requirements as established in Section 5.

9. REPORTING CRITERIA

The County will also provide to the State, by April of the following fiscal year, a report showing the schools' share of added revenue as calculated in Section 5.

10. PROJECT RESPONSIBILITY - COUNTY

County will provide a Project Director who will be responsible for ensuring the objectives under this agreement are met. The Project Director will monitor County performance.

County's Project Director will serve as liaison with the State's Project Director on an as needed basis.

County's Project Director shall provide direction to the State in the areas relating to County policy, and information and procedural requirements.

County's Project Director for this agreement shall be:

Dana R. Bentley
Santa Barbara County
Clerk-Recorder-Assessor
105 E. Anapamu Rm. 204
Santa Barbara, Ca, 93101

805-568-2214

County shall notify the State in writing of any change in the name or address of County's Project Director.

11. PROJECT RESPONSIBILITY - STATE

The State will provide a Project Director who will be responsible for State performance under this agreement. The Project Director shall be a full-time employee of the State.

The State's Project Director for this agreement will be:

Connie Squires
Project Budget Manager
State of California
Department of Finance - Local Government Unit
915 L. Street
Sacramento, CA 95814

The State's Project Director will serve as liaison with County's Project Director on an as needed basis.

The State shall notify the County in writing of any changes in the name or address of the State's Project Director.

12. EXCLUSIVE AGREEMENT

This agreement constitutes the complete and exclusive statement of understanding between the parties which supersedes all previous agreements, written or oral, and all other communications between the parties relating to the subject matter of this agreement.

13. CHANGES AND AMENDMENTS

The County and the State reserve the right to change any portion of the work required under this agreement or to amend such other items and conditions as it may become necessary. Any such revisions shall be accomplished only with the written approval of the Assessor, the County and the State.

14. NOTICES

All notices or demands required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been given if made by hand delivery with signed receipt, or as shown on the receipt when mailed by first-class, registered or certified mail, postage prepaid, addressed to the County and State at their respective addresses designated below or at such other address as County or State shall have furnished in writing to the other.

The designated addresses of respective parties for the purpose of notice are as follows:

COUNTY:

Santa Barbara County
Office of the Assessor
105 E. Anapamu Rm. 204
Santa Barbara, CA 93101

Attn: Dana R. Bentley
Departmental Analyst

Santa Barbara County
Chief Administrative Office
105 E. Anapamu Rm. 406
Santa Barbara, CA 93101

Attn: Michael F. Brown
County Administrator

STATE:

State of California
Department of Finance – Local Government Unit
915 L. Street
Sacramento, CA 95814

Attn: Connie Squires
Project Budget Manager

IN WITNESS WHEREOF:

The County of Santa Barbara Board of Supervisors has caused this agreement to be subscribed by the _____ and the seal of said Board to be hereto affixed and attested by the Executive Officer and Clerk hereof, and the State has caused this agreement to be signed by its duly authorized officer this _____ day of _____, 2004.

COUNTY OF SANTA BARBARA

By _____
Title, Board of Supervisors

ATTEST: Name
Title - Clerk of
the Board of Supervisors

State: State Department of Finance

By _____

By _____

APPROVED AS TO FORM
BY COUNTY COUNSEL:

By _____

**SANTA BARBARA COUNTY
PROPERTY TAX ADMINISTRATION LOAN PROGRAM
ESTIMATED **NINTH** YEAR LOAN ALLOCATION
FY 2003/2004**

FY 03/04 Grant:	\$926,817.00
Carry Over Balance (07/01/03):	<u>\$161,937.00</u>
Total:	\$1,088,754.00

STAFFING DETAIL:

	FTE
Appraiser I/II/III (Assessor)	3
Legal Document Specialist	3
Office Assistant Principal	1
Auditor-Appraiser I/II/III (Assessor)	1
Account Tech (Assessor)	1
Mapping Tech I/II	1
Project Manager (Assessor)	1
TOTAL POSITIONS:	<u><u>11</u></u>

SALARIES & BENEFITS:

Regular Employees Salaries & Benefits:	\$708,049
Extra Help Salaries	\$54,000
Overtime Salaries	\$6,670
Total Salaries & Benefits:	<u><u>\$768,719</u></u>

OTHER EXPENDITURES:

Services & Supplies	\$112,179
Other Charges	\$12,395
Fixed Assets	\$76,000
Intrafund Expenditure Transfers (Deputy County Counsel/PTAGP Audit)	\$115,000
Total Other Expenditures:	<u><u>\$315,574</u></u>
Total PTAGP Expenditures:	<u><u>\$1,084,293</u></u>

Santa Barbara County
Property Tax Administration Grant Program
Actual Dollars Spent
02-03 Fiscal Year

Description	2002/2003 Actuals
Loan Amount	\$926,817
Carry Over 2001/2002	\$201,743
Total Available Funds 2002/2003	\$1,128,560
Staffing:	
Appraisers - 3	
Auditor Appraisers - 1	
Legal Document Specialist - 3	
Office Assistant Principal - 1	
Mapping Tech - 1	
Project Manager Tax System-1	
Account Tech - 1	
Extra Help - 4	
Actual Assessor Salaries	\$608,361
Intrafund Expenditures:	
Deputy County Counsel	\$111,210
Auditor Controller Services	\$3,600
Subtotal	\$114,810
Services and Supplies:	
Computers/Software<\$5,000	\$113,609
Computers/Software>\$5,000	\$40,295
Training	\$1,498
Other	\$76,868
Subtotal	\$232,271
Other Charges:	
Computer Mainframe Support	\$0
Other Charges	\$11,181
Subtotal	\$11,181
Total Spent	\$966,623
Carry Over Amount for 2003/2004	\$161,937

AB 589
Prepared February 2004

SANTA BARBARA COUNTY

PROPERTY TAX ADMINISTRATION PROGRAM

WHOLE OFFICE APPROACH--ALL CATEGORIES

June-03

ALL CATEGORIES OF CHANGE:

ADDED VALUE

Transfers of Ownership	\$ 1,627,520,188
New Construction	\$ 542,506,730
Prop 8	\$ 164,113,833
Supplemental Increase	\$ 1,136,568,252
Appeals	\$ 973,095,524
UNX Audit Increase	\$ 30,652,995
Unsecured Properties Change	\$ (53,602,877)
Total Increase	<u>\$ 4,420,854,645</u>
Tax Rate	0.01000
Tax Revenue	<u>\$ 44,208,546</u>
Assessor PTAP %	0.1254
Taxes	<u>\$ 5,545,318</u>
School's Share	0.6
School's Revenue	<u>\$ 3,327,191</u>

SUMMARY

School's Share of Added Value	\$ 3,327,191
PTAP Grant Amount	<u>\$ (926,817)</u>
State General Fund Gain Resulting from PTAP	<u>\$ 2,400,374</u>

PTAP Grant Amount	\$ 926,817
Assessor Budget	\$ 7,388,797
Assessor PTAP %	0.1254

AB 589
Prepared February 2004

SANTA BARBARA COUNTY

PROPERTY TAX ADMINISTRATION PROGRAM

WHOLE OFFICE APPROACH--ALL CATEGORIES

June-03

ALL CATEGORIES OF CHANGE:

ADDED VALUE

Transfers of Ownership	\$ 1,627,520,188
New Construction	\$ 542,506,730
Prop 8	\$ 164,113,833
Supplemental Increase	\$ 1,136,568,252
Appeals	\$ 973,095,524
UNX Audit Increase	\$ 30,652,995
Unsecured Properties Change	\$ (53,602,877)
Total Increase	<u>\$ 4,420,854,645</u>
Tax Rate	<u>0.01000</u>
Tax Revenue	\$ 44,208,546
Assessor PTAP %	<u>0.1254</u>
Taxes	\$ 5,545,318
School's Share	<u>0.6</u>
School's Revenue	\$ 3,327,191

SUMMARY

School's Share of Added Value	\$ 3,327,191
PTAP Grant Amount	\$ (926,817)
State General Fund Gain Resulting from PTAP	<u>\$ 2,400,374</u>

PTAP Grant Amount	\$ 926,817
Assessor Budget	\$ 7,388,797
Assessor PTAP %	0.1254

**AB 589
Forecast for June 2004
Prepared February 2004**

SANTA BARBARA COUNTY

PROPERTY TAX ADMINISTRATION PROGRAM

WHOLE OFFICE APPROACH--ALL CATEGORIES

June-04

ALL CATEGORIES OF CHANGE:

ADDED VALUE

Transfers of Ownership	\$ 1,700,000,000
New Construction	\$ 570,000,000
Prop 8	\$ 150,000,000
Supplemental Increase	\$ 1,190,000,000
Appeals	\$ 275,300,000
UNX Audit Increase	\$ 30,000,000
Unsecured Properties Change	\$ 25,000,000
Total Increase	<u>\$ 3,940,300,000</u>
Tax Rate	<u>0.01000</u>
Tax Revenue	\$ 39,403,000
Assessor PTAP %	<u>0.1254</u>
Taxes	\$ 4,941,136
School's Share	<u>0.6</u>
School's Revenue	\$ 2,964,682

SUMMARY

School's Share of Added Value	\$ 2,964,682
PTAP Grant Amount	<u>\$ (926,817)</u>
State General Fund Gain Resulting from PTAP	\$ 2,037,865

PTAP Grant Amount	\$ 926,817
Assessor Budget	\$ 7,388,797
Assessor PTAP %	0.1254