

**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: 9/17/03
Department Name: CAO
Department No.: 12
Agenda Date: 10/28/03
Placement: Departmental
Estimate Time: 15 Min.
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Assessment Appeals Boards Nos. 1 and 2
Wendy Tillman, Vice-Chair, AA Board #2 - Patricia Jones, Chair, AA Board #1

STAFF CONTACT: Jim Laponis, Deputy County Administrator
Michael Allen, Chief Deputy Clerk of the Board

SUBJECT: Increase in Compensation for Assessment Appeals Board Members

Recommendation(s):

That the Board of Supervisors:

- a) Consider a request from the Assessment Appeals Boards to consider the introduction (first reading) of an ordinance increasing the compensation paid to Assessment Appeal Board Members as follows:

Eliminate the half-day stipend of \$125.00

Increase single day compensation, for non-complex cases – from \$200.00 (current) to \$250.00

Establish single day compensation rate for “complex” cases (As defined per Board of Supervisors Resolution No. 02-228) of \$300.00

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 3. A Strong, Professionally Managed County Organization.

Executive Summary and Discussion:

Background

The Santa Barbara County Assessment Appeals Boards (Nos. 1 and 2) each consists of five members appointed by the Board of Supervisors. The Assessment Appeals Boards (AAB’s) constitute the boards of equalization for the County and consider applications pursuant to the Revenue and Taxation Code for reductions in tax assessment based upon tax-payer requests for such hearings.

During the mid 90s, the case-load of the one existing AAB expanded primarily due to a slowdown in the housing market that resulted in an increase in assessment appeals from single family residential applicants as well as assessment appeals filed by several of the multinational companies and other large commercial interests doing business in Santa Barbara County. The increase in the number of cases filed as well as the complex and time-consuming nature of some of the appeals placed an unprecedented burden on the existing AAB. In response to this, the Board of Supervisors established a second five member AAB in November of 1997.

Since 1997, the AAB's have considered 2,894 applications for changed assessment filed by or on behalf of Santa Barbara County taxpayers. Prior to going forward with a hearing before the AAB, some taxpayers choose not to proceed and withdraw from the process. The majority of assessment appeals are settled through a stipulated agreement between the Assessor and the property owner that must be ratified by the AAB. The balance of the appeals proceed to a hearing in which the AAB considers evidence presented by the applicant in support of the appeal and from county staff in support of the assessed value of the property as determined by County Assessor.

Through the adoption of local rules for the conduct of assessment appeals proceedings, the Assessment Appeals Boards have determined that there are two basic categories of cases depending on the total assessed value of the property in question. Per the requirements set forth in Board of Supervisors Resolution No. 02-228 (Procedural Rules for Assessment Appeals Boards), properties with current assessed values of \$30 million or greater are defined as "complex cases" subject to additional procedural elements. In addition to having potentially significant budgetary implications, these cases often involve multiple day and even multiple week hearings including extensive discovery proceedings, multiple witnesses and closed sessions. For example, the 2002 Bacara Hotel assessment appeal case involved 15 hearing days over a four-month period. In 2002, 497 assessment appeals were filed in Santa Barbara County. Of these, 5 applications are categorized as "complex cases" (Biltmore, McDonald-Douglas, Raytheon, Bacara & POPCO.)

Appeals Board Composition

The membership of the Assessment Appeals Board is differentiated from many other appointed Boards due to specific categorical requirements. Revenue & Taxation Code Section 1624.05 specifies as follows:

1624.05. (a) A person shall not be eligible for nomination for membership on an assessment appeals board unless he or she has a minimum of five years' professional experience in this state as one of the following: certified public accountant or public accountant, licensed real estate broker, attorney, or property appraiser accredited by a nationally recognized professional organization, or property appraiser certified by the Office of Real Estate Appraisers. (b) Notwithstanding the provisions of subdivision (a), a person shall be eligible for nomination for membership on an assessment appeals board if, at the time of the nomination, he or she is a current member of an assessment appeals board. (c) This section shall apply only to an assessment appeals board in a county with a population of 200,000 or more. (d) County population estimates conducted by the Department of Finance pursuant to Section 13073.5 of the Government Code shall be used in determining the population of a county for purposes of this section.

After appointment, assessment appeal board members are required to complete mandatory training conducted by the County and/or the State Board of Equalization.

Compensation

The members of Santa Barbara County AAB's are paid a stipend for each half or full day hearing. Currently, members of the AAB's are paid \$125 for each Half Day hearing and \$200 for each full day hearing. In addition, mileage reimbursement and lodging are provided to the AAB members as appropriate. The current rate was established in October of 1997 when the Board of Supervisors increased the daily stipend from \$100 to \$200 per day and established the half-day rate.

On July 16, 2003, the AAB's conducted their annual organizational meeting. Among other issues on the agenda related to current assessment appeals practices, the compensation of AAB members was discussed. While acknowledging the Counties' current fiscal challenges, the assessment appeals board members determined it appropriate to discuss the current compensation structure.

Given the current assessment appeals procedural structure and case load coupled with the time commitment (including homework) and pressure inherent in some of the large "complex" cases, members of the assessment appeals boards raised concerns about burnout as well as their continued ability to remain away from professional practices for days at a time. These factors, combined with the fact that the compensation had not been reviewed for 6 years, defined the discussion

Subsequent to this discussion, the AAB members voted unanimously to request an increase in compensation and directed the Clerk to prepare a report making such request of the Board of Supervisors. In response to that direction, staff has prepared this report and recommends that the Board consider a two-tiered compensation structure reflecting an increase in compensation as reflected below.

Recommended Action Requested by the Assessment Appeals Boards

That the Board:

- * Eliminate the half-day stipend of \$125.00
- * Increase single day compensation, for non-complex cases – from \$200.00 (current) to \$250.00
- * Establish single day compensation rate for "complex" cases (As defined per Board of Supervisors Resolution No. 02-228) of \$300.00

Note: The current rate for mileage reimbursement, as well as for appropriate lodging and training would be unaffected by this ordinance. The rates are the same for all Board, Commission and Committee members as for County employees.

The above recommendation reflects an increase in compensation in recognition of both the complex nature of the appeals process and the substantial time commitment required in the current assessment appeals environment. In addition, this would be the first increase in compensation considered for the Assessment Appeals Boards in six years (since 1997), a time frame which has seen significant procedural changes in the disposition of assessment appeals cases.

As noted above, the recommended action would eliminate the ½ day stipend. The ½ day stipend has proved to be unfair to Assessment Appeal Board members when it becomes necessary to travel to hearings, be it

from North County to South County or vice-versa. Given the nearly three hours of total round-trip travel time, the reality is that each hearing day is nearly a full day even if the proceedings only last four hours.

As such, it is recommended that your Board consider the above referenced increase in compensation for Assessment Appeals Boards Nos. 1 and 2, approve the introduction of the attached ordinance on first reading and continue the matter to November 4, 2003 for adoption (second reading) of the ordinance.

Mandates and Service Levels:

Assessment Appeals Boards are mandated by State Statute, specifically – Revenue and Taxation Code, Division 1. Property Taxation. Part 3. Equalization. The number of assessment appeals boards and the compensation paid to its members is discretionary, however, the level of service must ensure comprehensive, fair and timely hearings.

Fiscal and Facilities Impacts:

The anticipated fiscal impact for the remainder of FY 03-04 is approximately \$5,000. Sufficient appropriations exist in the current Clerk of the Board Division budget to cover the estimated cost increase. Although the annual impact would depend to a significant extent, on the number of cases (particularly complex cases) heard by the Assessment Appeals Boards, a reasonable estimate would be an increase of \$9,000 to \$10,000 for the year.

Special Instructions:

Clerk of the Board to provide published legal notice for the adoption of the ordinance increasing the compensation of the AABs (Nos. 1 and 2).

Concurrence:

County Counsel

Attachments:

Attachment A provides comparison costs for selected AAB's throughout California and for other Santa Barbara County appointed Boards, Commissions and Committees.

cc: Assessment Appeals Board Members

Attachment A

What Assessment Appeals Board Members are Paid in Other Selected California Counties

Santa Barbara County (Current):

Full Day: \$200.00

½ Day: \$125.00

Marin County:

Full Day: \$262.50

½ Day: \$131.25

Merced County:

Full Day: \$150.00

½ Day: \$100.00

Santa Cruz County:

Full & ½ Day: \$75.00

Kern County:

Full Day: \$200.00

Travel Expenses as necessary

Stanislaus County:

Full day: \$150.00

½ Day: \$75.00

Yuba County:

\$20.00 per hour w a minimum of \$50.00 and a max of \$200.00

San Luis Obispo County:

Full & ½ Day: \$150

San Bernardino County

\$50.00 per each ½ Day of Hearing

Ventura County:

Full Day: \$200.00

½ Day: \$100.00

Los Angeles County:

1-4 Hr Session (1/2 Day): \$150.00

4-6 Hr Session: \$225.00

6 Hr + Session: \$300.00

Compensation of Santa Barbara County Appointed Board, Commission and Committee Members

BAR (BOARD OF ARCHITECTURAL REVIEW)
\$150.00 per meeting

RETIREMENT BOARD OF THE SANTA BARBARA COUNTY EMPLOYEES RETIREMENT SYSTEM
\$100.00 per meeting

ASSESSMENT APPEALS BOARD
\$200.00 per meeting
\$125.00 per ½ Day meeting

CIVIL SERVICE COMMISSION
\$100.00 per meeting

VETERAN'S SERVICES ADVISORY COMMITTEE
\$15.00 per meeting

PARK COMMISSION
\$50.00 per meeting

SANTA BARBARA REGIONAL HEALTH AUTHORITY
\$100.00 per meeting

LAFCO (LOCAL AGENCY FORMATION COMMISSION)
\$100.00 per meeting (City, Public and Special District Members only)

PLANNING COMMISSION
\$250.00 per meeting (Base)
\$300.00 per meeting (w/homework & reading materials)

APCD HEARING BOARD (AIR POLLUTION CONTROL DISTRICT - INDEPENDENT DISTRICT)
\$50.00 per meeting

ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF SUPERVISORS
AMENDING ARTICLE 1V, CHAPTER 32, SECTION 32-54
OF THE COUNTY CODE TO INCREASE THE COMPENSATION
OF THE MEMBERS OF THE ASSESSMENT APPEALS BOARDS

The Board of Supervisors of the County of Santa Barbara ordains as follows:

SECTION 1.

Section 32-54 entitled Compensation is hereby amended to read as follows:

Section 32-54. **Compensation**

Each member and each alternate member of the assessment appeals boards shall receive the sum of Two Hundred and Fifty Dollars (\$250.00) for each day, or portion thereof, they are called to serve and do serve, except that each member and each alternate member of the assessment appeals boards shall receive the sum of Three Hundred Dollars (\$300.00) for each day, or portion thereof, they are called to serve and do serve on cases subject to Board of Supervisors Resolution No. 02-0228 that prescribes procedural rules for the assessment appeals boards for Complex Cases. Members and alternate members shall be entitled to their reasonable, actual and necessary traveling expenses in connection with actual service on the assessment appeals boards in the manner and to the extent provided by law and by the board of supervisors of the county for county officers and employees insofar as is applicable. All claims for expenses, except meals, shall be itemized and verified as to each item. Members and alternate members are authorized to use private vehicles for necessary travel in connection with service on the assessment appeals boards.

Section 2.

This ordinance shall take effect and be in force thirty (30) days from the date of its passage; and before the expiration of fifteen (15) days after its passage it, or a summary of it, shall be published once, with the names of the members of the Board of Supervisors voting for

and against the same, in the _____, a newspaper of general circulation published in the County of Santa Barbara.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2003, by the following votes:

AYES:

NOES:

ABSTAIN:

Chairperson, Board of Supervisors

ATTEST:

MICHAEL F. BROWN
CLERK OF THE BOARD

By _____
Deputy

APPROVED AS TO FORM:

STEPHEN SHANE STARK
COUNTY COUNSEL

By _____
Deputy

APPROVED AS TO ACCOUNTING FORM:

ROBERT W. GEIS
AUDITOR-CONTROLLER

By _____