



# COUNTY OF SANTA CRUZ

## AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, ROOM 100  
SANTA CRUZ, CA 95060

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GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers

Pam Silbaugh, Accounting

Suzanne Young, Audit and Systems

Kathleen Hammons, Budget and Tax

August 3, 1998

AGENDA: August 18, 1998

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### REFUND OF 1997-98 PROPERTY TAXES TO SILICON SYSTEMS, INC.

Attached is the claim from Silicon Systems, Inc. for a property tax refund for 1997-98 taxes. The amount of the calculated refund is \$88,590. The claim is in accordance with the December, 1994 agreement with the County of Santa Cruz with reference to ¶5108 of the revenue and taxation code.

Also attached is the calculation of the tax refunds due from the County of Santa Cruz and the City of Santa Cruz Redevelopment Agency (Table 1) and a summary of new full-time manufacturing jobs added according to the conditions set forth in the agreement (Table 2).

The Auditor-Controller's Office has verified the assessed valuation of special equipment with the Assessor's Office, confirmed the taxes have been paid and checked the rebate calculation for accuracy.

It is therefore RECOMMENDED that your Board of Supervisors

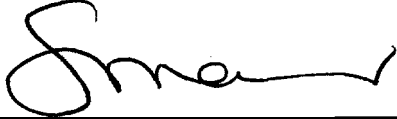
1. Approve the abatement of General Fund property tax revenue to Silicon Systems, Inc. in the amount of \$88,590,
- and
2. Authorize the Auditor-Controller to make the payment and adjust the budgeted property tax accordingly.

Respectfully submitted,

Gary A. Knutson

AUDITOR-CONTROLLER

RECOMMENDED



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Susan A. Mauriello  
County Administrative Officer

Attachment

cc:     CAO  
          County Counsel  
          Assessor  
          Auditor-Controller  
          Silicon Systems, Inc.

July 23, 1998

Gary Knutson  
County Auditor  
70 1 Ocean Street  
Santa Cruz, CA 95060

Dear Gary,

Silicon Systems, Inc. is requesting that the County rebate a portion of the 1997/1998 property taxes paid by SSi in accordance with the Agreement between the County of Santa Cruz and Silicon Systems, Inc. for the Rebate of Property Taxes.

The amount to be rebated is \$88,590 which represents 50% of the \$177,180 amount calculated by an independent consultant hired by the Redevelopment Agency based on our request to the Agency for the rebate payment due under a related agreement signed with the Agency (see attached Table 1). Also attached (Table 2) is the summary of new full-time manufacturing jobs added at salary levels of greater than \$10.00 per hour per the condition set forth in the agreement.

Please note that Silicon Systems, Inc. has paid in full both installments of the 1997/1998 bill which totals \$1,728,576.98. We would greatly appreciate it if payment was received before the end of September, 1998.

Call me if you have any questions.

Regards,



John E. Janzen  
Director of Plant Services

JEJ:sc

cc: Robert C. Peterson, County Assessor  
Joe Hall, Redevelopment Agency of City of Santa Cruz  
Bill Bendush, Sr. V.P. Finance & C.F.O, SSi  
Jerry Dworkin, Corporate Counsel, SSi  
Jim Jensen, Director of Santa Cruz Operations, SSi

**TABLE 1  
SANTA CRUZ REDEVELOPMENT AGENCY  
CALCULATION OF SSI'S TAX REIMBURSEMENT AMOUNT  
199711998**

**A. CALCULATION OF REIMBURSEMENT**

Assessed Valuation of Special Equipment (1)	\$	67,617,709
Gross Tax Increment Revenues (1.002% rate)		677,529
- County Share (26.203149% of 1% revenues)		177,180
Agency's Gross Share		500,350
- Housing Set-Aside Funds (20% of Gross T.I. Revenues)		135,506
Agency's Adjusted Share		364,844
Agency's Net Share (50%)		182,422
Silicon System's Share (50%)	\$	182,422

(1) Based on audit figures from Santa Cruz County Assessor's Office,

**B. SUMMARY OF SSI TAX BILL AND TAX PAYMENTS**

Total ad valorem tax	\$	1,725,569.94
Special assessments		3,007.04
Total	\$	1,728,576.98

Date Paid	Amount Paid
12/5/97	864,288.49
3/19/98	864,288.49
Total	\$ 1,728,576.98

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Sources: Vernau Wolfe Associates, Inc.; Santa Cruz County Auditor-Controller's Office; Santa Cruz County Assessor's Office

TABLE 2  
SUMMARY OF NEW JOB CONDITION

Total full-time Santa Cruz headcount - 3/3/95	457
Number of full-time “ <b>Manufacturing Jobs</b> ” - 3/3/95	243
Current total full-time Santa Cruz headcount - 7/17/98	628
Current number of full-time “ <b>Manufacturing Jobs</b> ” - 7/17/98	421
Total additional full-time ‘ <b>Manufacturing Jobs</b> ’	187
Total additional full-time “ <b>Manufacturing Jobs</b> ” >\$10.00/hour	180
Assembly Operator II	2
Fabrication Technician I	16
Fabrication Technician II	24
Fabrication Technician III	<b>18</b>
Wafer Fabrication Operator II	62
Wafer Fabrication Specialist	22
Electra-Mechanical Maintenance Tech I	16
Electra-Mechanical Maintenance Tech II	11
Equipment Engineer II	2
Senior Equipment Engineer	1
Senior Staff Equipment Engineer	4
Manager, <b>Manufacturing</b> Section	2
<b>TOTAL</b>	<b>180</b>