



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 95060-4073

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

November 16, 2001

Agenda: December 11, 2001

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

TENANT'S INTEREST ON SECURITY DEPOSITS

Dear Members of the Board:

As set forth in Section 8.42 of the County Code, your Board is required to annually set the rate for tenant's interest on security deposits. The Code specifies that the County Treasurer-Tax Collector determine the average interest rate paid on savings passbook accounts in November of each year for use by the Board in setting the rate. This is done by contacting a minimum of three major banks or savings and loan institutions to find the average interest rate that banks paid on savings passbook accounts. Based on this review, the rate in 2002 should be set at 1.0%.

In order to establish the annual interest rate your Board must adopt a resolution setting the particular rate on interest to be credited on tenant security deposits. Additionally, your Board has historically requested the District Attorney's Consumer Affairs Division to include the new rate information along with a history of prior rates in the material distributed by their office to consumers throughout the County. It is therefore RECOMMENDED that your Board:

1. Adopt the attached resolution to establish a 1.0 % per annum simple interest rate on tenant's rental security deposits effective January 1, 2002; and
2. Request the District Attorney's Consumer Affairs Division to include information concerning current and prior interest rates on tenant security deposits in the materials distributed by their office.

Very truly yours,

SUSANA. MAURIELLO,
County Administrative Officer

Attachment

SAM: SP:s:\treastax\bltensec02.wpd

cc: District Attorney; Treasurer-Tax Collector; Each City Manager, Santa Cruz & Watsonville Boards of Realtors

SERVING THE COMMUNITY - WORKING FOR THE FUTURE

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

Resolution No. _____

On the motion of Supervisor
Duly Seconded by Supervisor
The following resolution is adopted

RESOLUTION SETTING INTEREST RATE FOR TENANT'S SECURITY DEPOSITS

WHEREAS, Santa Cruz County Code Section 8.24.010 requires the Board of Supervisors to establish the rate of simple interest payable by landlords to tenants on residential rental security deposits;

WHEREAS, the current rate of interest for residential rental security deposits is 2.0 percent;

WHEREAS, the County's Treasurer has conducted a survey in November 2001 of annual simple interest rates paid on passbook savings, and the survey recorded a range of .75% to 1%;

NOW, THEREFORE BE IT RESOLVED that the rate of simple interest payable annually on residential rental security deposits by landlords shall be 1.0 percent effective January 1, 2002.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 11th day of December 2001, by the following vote:

AYES: SUPERVISORS
NOES: SUPERVISORS
ABSENT: SUPERVISORS

Chair, Board of Supervisors

ATTEST:

Clerk of the Board

APPROVED AS TO FORM:

Harry A. Oberhelman III 11/19/01
County Counsel

Distribution: Auditor-Controller, District Attorney Consumer Affairs, Treasurer Tax Collector, Each City Manager, Watsonville and Santa Cruz Boards of Realtors

Survey of Annual Simple Interest on Passbook Savings

Tenant's Interest on Security Deposits
Subsection B of Section 842.010

Rate Quote Date 11/14/00

Bank of the West	1.00
World Savings	0.76
Washington Mutual	0.75
Bank of America	0.75
Comerica	<u>0.75</u>
AVERAGE:	0.80

Based on Savings Accounts less than \$5000 Term of 1 year