



## COUNTY OF SANTA CRUZ

ROBERT C. PETERSEN, ASSESSOR  
 701 OCEAN STREET  
 SANTA CRUZ, CA 95060  
 (831) 454-2002 FAX: (831) 454-2495

January 11, 2002

Agenda: January 29, 2002

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

**RE: AB818/AB719 Property Tax Loan Agreement**

Dear Members of the Board:

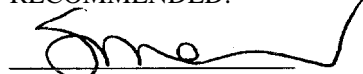
On November 21, 1995 your Board passed Resolution No. 448-95 directing the County Administrative Officer, with the advice and assistance of the Assessor, to enter into negotiations for the purposes of producing a contractual agreement with the State Department of Finance. The Agreement for participation in the State-County Property Tax Administration Program, for the seventh year in an amount of \$565,000, is attached to this letter for your approval. These loan funds will be used to continue the effort begun with the 1996 loan proceeds to make improvements to the property tax system administered by the Assessor, Auditor-Controller and the Treasurer-Tax Collector which could not be otherwise accomplished with the current level of funding to these offices. The loan will be repaid by the attainment of project goals as specified in the Agreement. We will return to your Board after approval by the State to take other actions necessary to implement the programs as specified in the attached Agreement.

It is therefore RECOMMENDED that your Board approve the Agreement with the State Department of Finance to borrow \$565,000 from the State-County Property Tax Administration Program for calendar year 2002; and authorize the Assessor and the County Administrative Officer to make minor administrative changes as may be requested by the State Department of Finance.

Very truly yours,

  
 ROBERT C. PETERSEN  
 Assessor

RECOMMENDED:

  
 SUSAN A. MAURIELLO  
 County Administrative Officer

EXCELLENCE

INTEGRITY

SERVICE

**2002 LOAN AGREEMENT**  
**January 29,2002**

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

THIS AGREEMENT is entered into the 29th day of January 2002 by and between the County of Santa Cruz (County) and the State Department of Finance (State).

**WITNESSETH:**

**WHEREAS**, Revenue and Taxation Code Section 95.3 1 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 Program, administered by the State; and

**WHEREAS**, the County elects to participate in the State-County Property Tax Administration Program and to apply for a loan of \$565,000 for calendar year 2002 and the County may make a similar election for calendar year 2003 for a grant not to exceed \$565,000; and

**WHEREAS**, the County finds it necessary to apply for this loan to enhance its property tax administration system; reduce backlogs of new construction, changes in ownership and Proposition 8 declines in value; restore misfortune and calamity property values; and prepare a defense for each appeals case that is scheduled by the Assessment Appeals Board; and maximize value enrollment capabilities; and

**WHEREAS**, in order to participate in the State-County Property Tax Administration 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 on June 30,2003.

## 2. LOAN AMOUNT

The State agrees to make available to the County a loan in the amount of \$565,000 for Calendar year 2002. If the County has met the terms and conditions of this agreement and the requirements of Section 95.31 of the Revenue and Taxation Code, the State further agrees to make available to the County an additional grant of up to \$565,000 for the calendar year 2003.

## 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 this loan to supplant the Assessor's current 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 Program, it must maintain a base staffing, including contract staff, and total funding level in the Assessor's Office, independent of the loan proceeds provided pursuant to this Act, equal to the levels in the 1994-95 fiscal year exclusive of the amount provided to the Assessor's Office pursuant to item 9100-102-001 of the Budgets Act of 1994.

The 1994-95 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 is as follows:

Gross Appropriation	\$1,789,692
Total Budgeted Positions	<b>31</b>
Additional Contract Positions	0

## 4. OPTION TO PARTICIPATE

The County may elect to participate in the grant program in calendar year 2003. The County is required to provide written notice to the State in each year of its election to receive the loan and the notice shall be signed by the County's Project Director and Chief Administrative Officer. The notice will also specify the amount of the loan which may be less than \$565,000.

The State is not obligated to make the grant in calendar year 2003 if the County has not repaid the prior year's loan as established in Section 6, or renegotiated the repayment definition.

The State may make a grant in calendar year 2003 in a lesser amount than that requested by the County if the State determines that the County would be unable to repay the full amount of the requested grant.

## 5. RECEIPT OF FUNDING

The State shall make payment of loan amounts after receipt of the notice from the County required in Section 4 and within 60 days after receipt of the Auditor-Controller verified workload and assessed value change data required in Section 10.

## 6. DEFINITION OF REPAYMENT

Repayment of the loan shall be evaluated based upon the Assessor's performance under the following criteria:

**PROJECT ONE (A & B)** - The project goals is work in excess of the MOE

### Mandatory Audits (Project 1-A)

Complete the scheduled mandatory audits by December 31, 2002 as stated below:

	<b>Audit Workload</b>	<b>Audits To Be Completed</b>
2002	40	40

### Non-Mandatory Audits (Project 1-B)

Continue a non-mandatory audit program to address problem accounts discovered during the yearly roll processing.

	<b>Estimated Workload</b>	<b>Audits To Be Completed</b>
2002	20	20

**PROJECT TWO - New Construction Reassessment**

The Project Two goal is the work increment in excess of the MOE.

	<b>Estimated Workload</b>	<b>New Construction To Be Completed</b>
2002	1,300	1,300

**PROJECT THREE - Assessment Appeals - Clerk of the Board Support**

Budgetary support for the Clerk of the Board personnel administrating the assessment appeals hearings

**PROJECT FOUR - GIS Parcel Layer Development and Maintenance**

Continue development and maintenance of electronic vector parcel map applications for inclusion in the County GIS

**PROJECT Five - GIS Based Field Valuation Applications**

Develop a portable PC/PDA based application(s) for field personnel to access and update parcel maps, building property characteristics, digital photos, electronic building sheets, cost tables and assessee correspondence.

**PROJECT Six - Assessor Work Flow Automation**

Design, purchase and install one integrated software system that can manage all work processes, employing open third party tools compatible with all information technology platforms, all data types and all program file types

**PROJECT Seven - Auditor-Controller Records Automation**

Design, purchase and install electronic records management software that will process, store, retrieve, share and distribute forms and reports generated from mainframe, midrange, and PC software applications.

**PROJECT EIGHT - Analysis of the system and functional requirements to transition the Fiscal Offices from a mainframe environment to a PC-Client Server computer environment.**

Complete the analysis of vender based integrated property tax systems and determine the most appropriate migration path from existing County mainframe technology.

**In measuring payment, the following formula shall be used where the goal is stated numerically ( Projects 1 and 2).**

$$\begin{aligned} A/B \quad A &= \text{Units actually completed} \\ B &= \text{Units projected to be completed} \end{aligned}$$

For example:

If the actual units completed in Project 1-A are 25, the above formula will produce the following result:

$$A = 25; B = 20 \text{ therefore } 25/20 = 125\%$$

The percentage of success, including percentages over 100, for each of the following projects will be weighted at 2.5% each for Projects 1A & 1B; 95% for Project 2. If this total is 95% or greater, the loan shall be considered to have been repaid. If the percentage is less than 95%, that percentage multiplied by the loan amount shall be considered the amount that has been repaid.

If the workload increases for Projects 1 and 2 of Section Six by 10% or more, the target backlogs for each year will be automatically increased by the numeric amount of the workload increase. Projects 3,4, 5, 6, 7, and 8 are not to be used in measuring the terms of repayment. These projects are listed to indicate the additional application of loan funds.

**7. RENEGOTIATION OF THE REPAYMENT DEFINITION**

At the request of the County, the State agrees to renegotiate in good faith the definition of repayment specified in Section 6, if there is any major misfortune or

calamity occurring in the County proclaimed by the Governor to be in a state of disaster and affecting 1% of the assessable parcels in the County. If an agreement is not reached, the provisions of Section 6 will apply; however, the repayment date will be extended to December 31 of the calendar year following the year in which the loan is made and, upon request, the County will be granted a repayment extension as provided in Section 95.31 of the Revenue and Taxation Code.

## **8. PROPOSED USE OF LOAN**

The County plans 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. County has the right to transfer funds between projects and between the categories within projects listed in Exhibit A, however all loan funds must be directed toward Exhibit A projects only.

It is understood and agreed that funds received by the County pursuant to this program shall be deposited into a trust account to be used as required by Revenue and Taxation Code Section 95.31. Any funds remaining in the account at the end of each annual term may be rolled over to the next calendar year for authorized uses consistent with the provisions of Section 95.31.

It is also understood that upon satisfaction of the terms set forth in Section 6 as repayment for annual loan, 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 loan proceeds, the County may, at its option, return to the State all or a portion of any unspent loan proceeds to reduce the amount of the loan.

## **9. FAILURE TO REPAY LOAN AMOUNT**

If the County fails to repay the loan as specified in Section 6 and 7 the State shall, before notifying the Controller, provide 90 days written advanced notice to the County with adequate opportunity to resolve disputes. The Controller shall make an apportionment to the General Fund on behalf of the County in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which the County is entitled at the time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of

the Revenue and Taxation Code, and shall thereupon reduce, by the payment, the subsequent allocation or allocations to which the County would otherwise be entitled under that chapter. It is understood and agreed that partial payment of the loan will be accepted by the State in accordance with the formula established by Section 6. The State shall be entitled to recover only that portion of the loan considered unpaid as established by Section 6.

## **10. REPORTING CRITERIA**

The County agrees to provide to the State, by September 30th of the calendar year, an Interim Report listing the projected impact of the increased funding in the current calendar year regarding the number of audits completed and new construction reassessed and the percentage of completion for Projects 1 and 2.

The County will also provide to the State by January 15th of the following calendar year a report listing the actual workload number of audits, ownership changes and new construction completed and the average increment of assessed value change associated with Projects 1 and 2 of Section 6 of this contract. This report will be verified by the County's Auditor-Controller.

## **11. 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 Project Director shall provide direction to the State in areas relating to County policy, and information and procedural requirements.

County's Project Director for this agreement shall be:

Robert C. Petersen - Assessor  
 County Governmental Center  
 701 Ocean St., Room 130  
 Santa Cruz, Ca. 95060  
 (831) 454-2002



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

## **12. 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:

State of California  
 Department of Finance - Local Government Unit  
 915 L. Street  
 Sacramento, Ca. 95814  
 (916) 322-2263

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.

## **13. 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.

## **14. 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 Santa Cruz County Board of Supervisors and the State.

**15. 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:**

**STATE:**

Santa Cruz County  
Robert C. Petersen  
701 Ocean St., Rm 130  
Santa Cruz, Ca. 95060

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

Santa Cruz County  
Chief Administrative Office  
701 Ocean St., Room 520  
Santa Cruz, Ca. 95060

Attn: Susan A. Mauriello  
Chief Administrative Officer

**IN WITNESS WHEREOF:**

The County of Santa **Cruz** Board of Supervisors has caused this agreement to be subscribed by the chairman 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 29th day of January, 2002.

**COUNTY OF SANTA CRUZ**

By \_\_\_\_\_  
Chair, Board of Supervisors

**ATTEST:**

Clerk of the Board of Supervisors

State: State Department of Finance

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_

**APPROVED AS TO FORM BY COUNTY COUNSEL:**

By Kim Baskett  
Kim Baskett 1.18.02  
Assistant County Counsel