

COUNTY ADMINISTRATOR'S OFFICE

BIRGITTA E. CORSELLO
COUNTY ADMINISTRATOR
COUNTY OF SOLANO

COUNTY ADMINISTRATOR'S OFFICE
675 TEXAS STREET, SUITE 6500
FAIRFIELD, CA 94533-6342
(707) 784-6100



To: Board of Supervisors
From: Birgitta Corsello, County Administrator
Date: March 4, 2013
Subject: Biweekly Update of Significant Issues

1. County Administrator's Update on Contracts

The County Administrator did not sign any contracts of significance since the last Significant Issues update.

2. Workforce Investment Board Hosts Regional Career Fair April 4, 2013

The Workforce Investment Board (WIB) of Solano County is set to host the Spring WIB Regional Career Fair from 10 a.m. to 2 p.m. Thursday, April 4, 2013 at the University of Phoenix, 5253 Business Center Drive in Fairfield. The WIB has been hosting biannual Career Fairs for the past eight years.

This is a free event open to the general public. More than 1,100 job seekers attended the Fall Career Fair, held in October 2012. Currently, more than 60 employers have confirmed that they will participate. One of the important characteristics of this Career Fair is that employers must be actively recruiting for open positions in order to participate.

The event is co-hosted by the University of Phoenix, and the Premier Sponsor is Coast Radio Co. Inc, 95.3 KUIQ, 101.7 KKIQ, Diablo Valley 92.1 KKDV. There are several other sponsors who make this event possible.

For more information and a complete list of the employers that will be at the Career Fair, log on to www.solanowib.org.

- Contact: Robert Bloom, Workforce Investment Board, 863-3501

3. More Departments Go Live with Automated Time & Attendance System

On the February 22, 2013 payday, the following departments successfully implemented the IntelliTime Time and Attendance System: Board of Supervisors, County Administrator, County Counsel, Veterans Services, Agriculture Commissioner, Human Resources, Sheriff's Administration Bureau, Information Technology, and Registrar of Voters. Staff used the IntelliTime System to electronically report time worked, leave taken, overtime worked/taken and the system correctly applied the various Memorandum of Understanding rules of the employee groups.

The Treasurer/Tax Collector/County Clerk's Office was trained the week of February 25 and will "go live" on IntelliTime for the April 5 payday. The next group of departments include the District Attorney's Office, Public Defender, Conflict Defender, and Office of Family Violence Prevention. This group will be trained the week of March 25 and is expected to go live the payday of May 3.

- Contact: Simona Padilla-Scholten, Auditor-Controller, 784-6287

4. FY2010/11 Unaccounted Fixed Assets Report

Pursuant to Government Code Section 24051 and in accordance with the County's Fixed Assets Accountability and Control Policy, each County department head, elected or appointed, is responsible for all property purchased for, assigned to, or otherwise provided to his/her department. Each respective department is responsible for conducting an annual physical inventory of the fixed assets as of June 30 and is required to submit a signed copy of the inventory list to the Auditor-Controller by September 30.

On February 5, 2008, the Board of Supervisors delegated the authority to release a department head from accountability of unaccounted fixed assets to the County Administrator under the following conditions: a) Unaccounted Fixed Asset has a Fair Market Value of less than \$5,000; or b) Fixed Asset is stolen and has a Fair market Value of less than \$5,000, department has provided a copy of a police report and the CAO has determined no negligence.

The Fixed Asset Inventory for FY2011/12 identified two unaccounted items for a historical cost of \$4,211.82; all of the items are more than five years old. Unaccounted items were reported in the Department of Information Technology and Health & Social Services. The Auditor-Controller's Office has reminded the departments of the County's Fixed Asset Policy specifically as it relates to disposition of assets.

The fair market value of the unaccounted items is \$188 and meets the requirements of the authority delegated by the Board. The County Administrator's Office is evaluating the report and working with the affected departments to determine final disposition.

- Contact: Sheila Turgo, Deputy Auditor-Controller, 784-2956

5. County Vacancy Rate Report as of February 16, 2013

There were 2,608.4 allocated positions in the County as of the February 16, 2013 pay period, of which 217.825 or 8.35% were vacant. Departments obtained authorization to fill 156 of those vacant positions, which represents a vacancy rate of 6.13% for requested positions. A spreadsheet detailing the vacancies by department is attached.

- Contact: Marc Fox, Human Resources Director, 784-2552

6. Status Update on Appraisal Activities

At the February 19, 2013 Board of Supervisors meeting, several comments and questions regarding assessments and the status of assessment appeals were discussed. The following information updates and clarifies the information discussed.

Appeals Process: An assessment appeal is the due process guaranteed in statute that a taxpayer may initiate if the assessed value of his or her property cannot be agreed upon with the county assessor. The appeal is considered by the local Assessment Appeals Board, a

quasi-judicial body consisting of three impartial persons appointed by the Board of Supervisors as a local board of equalization. The Assessment Appeals Board hears evidence from both parties before deciding upon the value of the property in question. The assessment appeal process provides for the “equalization” or the fairness of the assessment of a property's value. The law allows up to two years for an Application for Changed Assessment to be resolved, unless both parties agree to waive the two-year limitation.

Property Tax Collection and Distribution: The appeals process is separate from the payment of property taxes. The appellant is required to pay all taxes due based on the assessed value of the property. If the Assessment Appeals Board decides in favor of the appellant, the County refunds any over payment in taxes collected. Taxes collected by the County are distributed in accordance with the countywide property tax distribution. In cases where a significant amount of assessed value is at dispute, the Auditor-Controller may impound a portion of the at-risk property tax revenues pending resolution of the assessment appeal.

Significant Appeals: The Assessor's Office is able to resolve a majority of the appeals well within the two-year limitation using in-house staff. However, there are a few large complex rather unique properties that Assessor seeks outside expert consultant to assist in the defense of appeals before the Assessment Appeals Board, such as the Genentech example discussed at the February 19 Board meeting.

Genentech currently has appeals for the assessed values issued in years 2002 through 2012. This translates to a cumulative \$5 billion in “at-risk” assessments, which is the difference between the assessed value established by the Assessor and the applicant's estimated value listed on the Application for Changed Assessment (the appeals form).

In 2009 the Assessor's Office settled appeals with Genentech for appeals from 1997 through 2001. The cumulative assessed value for those years was \$1.4 billion. The applicant's opinion of the value was \$635 million, leaving \$773 million or 55% “at risk.” The ultimate settlement over those years was reached via stipulation and approved by the Assessment Appeals Board at \$1.1 billion for a reduction in the assessed value of \$275 million or 20% below the original assessed value. The cumulative assessed value for Genentech appeals from years 2002 through 2012 is \$8.8 billion. The applicant's opinion of the value for those same ten years is \$3.8 billion, leaving \$5 billion or 57% at-risk. To date, the County Auditor Controller has impounded \$20.7 million in property taxes, which equates to \$2.07 billion in assessed value, which reduces the net “at-risk” amount to less than \$3 billion or 34% of assessed value.

In October 2012, the Assessor's Office hired the appraisal firm that successfully defended the Genentech Assessment Appeal in San Mateo County. As stated at the February 19 meeting, Genentech has the reputation of consistently appealing assessed values. In San Mateo, Genentech began appealing the assessed value of properties in 1990. In 2010, appeals for years 1990 through 1999 were settled. The appeals for 2000 and forward are anticipated to go before the San Mateo Assessment Appeals Board.

New Construction Review/Outstanding Permits: The Assessor's Office prioritizes its work based on the resources and time limitations to ensure assessed values are appropriately enrolled. Changes of ownership, annual Proposition 8 assessments, appeals and new construction permits are the four major processes for the Assessor. New construction permits are worked as time and resources allow. The Revenue and Taxation Code allows the Assessor to use the “roll correction process” that is, adding assessments from prior years, if those prior assessments are not enrolled in the year of completion. This process also works for changes of ownership.

Based on a request by Supervisor Thomson, the Assessor's commercial appraisal team reviewed a portion of the larger outstanding permits for assessment purposes. The Assessor's Office receives copies of all building permits issued by the seven cities and the County. The permit application includes a "permit amount," which is a value established by the agency to calculate the cost of the permit but is not related to or connected in any way to the assessable value of the permitted activity. The Assessor determines what is assessable and its assessed value is calculated using recognized appraisal methodology.

A query of the larger outstanding permits resulted in a permit count of 161 with a total permit value of \$312,632,123. Again, this number does not represent assessed value. Staff reviewed 85 of the 161 permits using a criteria of date of permit, type of work to be done (new work vs tenant improvements) and assessability of permitted activity (government property is generally not assessed). The total permit value of those reviewed totaled \$173,200,121 and resulted in an assessed value of \$16,583,000, all of which has been or will be enrolled.

The reasons for the wide disparity are many, including:

- the permit amount is not based on an appraisal or assessment;
- some of the permits were cleared but not yet removed from Solano County Integrated Property System (SCIPS);
- some of the permits were for remodel or replacement that added no value but must be reviewed to confirm work is not assessable;
- some permits were used as place holders or reminders of work in progress, which the owner has stopped or experienced delays.

The Assessor's Office will address the remainder of the permits and future permits consistent with its priority of work referenced above.

Legislative Options: Questions were raised as to whether a legislative remedy should be pursued to help manage the appeals process. Broad restrictions on a property owner's right to appeal are not likely to gain legislative support. More targeted approaches would require the Board of Equalization to agree to limit or restrict appeal rights based upon assessee and/or property type. This is problematic because this could create scenarios of not equal treatment.

In Solano County, waivers are not routinely sought or agreed to unless the case is complex and requires an outside consultant or more time to assist with the defense, such as the Genentech appeal. Less than 10% of appeals applications are granted waivers. Waivers can be a useful tool for both the County and the appellant. It allows both parties to span several appeal years, address multiple issues and data collection all in the pursuit of a resolution (stipulation/withdrawal) and avoids the cost of full appeals hearing.

Mandatory Audits/BOE Survey: The Assessor's Office is behind on mandatory audits of personal property due to staffing reductions; however, this problem has been chronic for this office for nearly 30 years. The Government Code requires the State Board of Equalization (BOE) to survey each county assessor's office at least once each five years. The purpose of the survey is to determine the adequacy of the procedures and practices the county assessor uses in valuing property and to evaluate the assessor's performance of mandated duties. The survey concentrates on statutory mandates and revenue-related issues. In addition, each year the BOE staff perform appraisal samples of five county assessment rolls. Two of the 10 largest counties are sampled each year. Three smaller counties are selected for sample based on serious problems noted in the assessment practices survey report or by random selection. In each case, a statistically representative sample is drawn from the county assessment roll. BOE staff audits and appraises each property in the sample and compares the results to the

assessor's values. Staff then expands the results to determine whether the total assessment roll complies with statutory standards. The Assessor's office reviewed past BOE surveys of the Solano County Assessor's office dating back 29 years for a total of five Surveys beginning with 1984. In all five, the Business Property Audit (or its predecessor) program was criticized in the Survey.

The BOE conducted field work in the Solano County Assessor's Office during July and August 2012. By law the BOE has up to two years to issue its final report. The Assessor's Office anticipates the BOE will criticize the audit program in that upcoming survey. No records were found that indicate the BOE has placed sanctions on the Solano County Assessor's office based on the findings of past surveys. The Assessor does not anticipate sanctions as a result of the field work of the yet-to-be-released survey.

Exploring Remedies: The Assessor's Office is working with the County Administrator's Office to explore options that can be included in the FY2013/14 Recommended Budget that will address current workload issues and position the Assessor's Office for anticipated Solano County real estate market recovery and growth.

- Contact: Marc Tonnesen, Assessor-Recorder, 784-6203



COUNTYWIDE VACANCY REPORT

Department	Current # Allocations	Current # Filled	Current # Vacant	Current # Req's	Current % Requested to Fill	Pay Period of 02/16/13		Pay Period of 12/22/12		Pay Period of 07/07/12		Pay Period of 12/24/11		Pay Period of 07/09/11		Pay Period of 12/25/10		Pay Period of 07/10/10	
						Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate	Vacancy Rate for Requested Positions	Vacancy Rate
Agriculture	18	17	1	0	N/A	0.00%	5.56%	0.00%	5.56%	0.00%	2.86%	5.71%	5.71%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Assessor/Recorder	48	48	0	1	200.00%	2.04%	0.00%	0.00%	0.00%	2.11%	3.13%	2.13%	2.13%	2.22%	10.20%	7.69%	9.43%	2.00%	5.77%
Auditor/Controller	32	30	2	2	100.00%	6.25%	6.25%	9.09%	6.25%	0.00%	0.00%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	3.13%
Board of Supervisors	10	8.75	1.25	1	80.00%	10.26%	12.50%	0.00%	2.50%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cooperative Extension-UC	2	2	0	0	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Administrator's Office	23	21	2	1	50.00%	4.55%	8.70%	4.35%	4.35%	4.35%	8.33%	0.00%	4.17%	4.00%	7.69%	4.00%	7.69%	11.54%	14.81%
- CAO - Administration	14	12	2	1	50.00%	7.69%	14.29%	7.14%	7.14%	7.14%	7.14%	0.00%	0.00%	7.14%	13.33%	7.14%	13.33%	20.00%	25.00%
- CAO - Clerk of the BOS	2	2	0	0	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- CAO - 1st 5	7	7	0	0	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	0.00%	0.00%	0.00%	0.00%	0.00%	
County Counsel	17.55	16.55	1	1	100.00%	5.70%	5.70%	10.78%	5.70%	0.00%	0.00%	0.00%	0.00%	0.00%	6.76%	0.00%	2.11%	0.00%	2.96%
Child Support Services	106	106	0	0	N/A	0.00%	0.00%	4.72%	4.72%	0.94%	0.94%	0.00%	0.95%	3.85%	4.76%	7.41%	5.66%	1.90%	3.27%
Information Technology	52	51	1	0	N/A	0.00%	1.92%	1.96%	3.85%	3.85%	3.85%	0.00%	0.00%	0.00%	1.92%	0.00%	1.75%	0.00%	0.00%
District Attorney	117	109	8	7	87.50%	6.03%	6.84%	8.51%	8.12%	0.00%	3.67%	1.89%	4.39%	1.91%	10.15%	0.00%	6.81%	0.85%	6.30%
General Services	90.6	85.6	5	2	40.00%	2.28%	5.52%	1.15%	5.52%	0.00%	4.44%	0.00%	2.25%	1.07%	1.07%	0.86%	2.53%	0.00%	3.20%
Health & Social Services	1097.25	963.425	133.825	108	80.70%	10.08%	12.20%	9.09%	12.48%	7.77%	12.59%	5.12%	9.60%	4.42%	10.83%	3.13%	7.20%	4.62%	8.14%
- H&SS - Admin	69	65	4	3	75.00%	4.41%	5.80%	4.41%	5.80%	2.94%	7.04%	2.99%	10.96%	9.66%	12.08%	0.00%	2.58%	0.00%	5.56%
- H&SS - CWS	114	108.5	5.5	6	109.09%	5.24%	4.82%	6.11%	5.70%	3.70%	4.59%	3.00%	3.00%	6.00%	9.62%	0.00%	1.90%	7.62%	8.49%
- H&SS - E&ES	343.15	317.15	26	23	88.46%	6.76%	7.58%	6.43%	6.70%	12.15%	13.66%	7.80%	8.10%	5.50%	10.43%	2.33%	6.67%	3.56%	5.19%
- H&SS - FHS	170.5	110.675	59.825	42	70.20%	27.51%	35.09%	25.07%	37.27%	11.54%	21.94%	13.79%	26.04%	10.61%	13.81%	4.72%	8.50%	14.00%	14.55%
- H&SS - IHSS	4	4	0	0	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	25.00%
- H&SS - MH Managed Care	9	8.75	0.25	0	N/A	0.00%	2.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	25.00%	0.00%	12.50%
- H&SS - MH	134	115.5	18.5	18	97.30%	13.48%	13.81%	9.28%	13.15%	6.26%	10.97%	0.79%	7.13%	0.68%	15.32%	4.20%	10.90%	4.50%	11.61%
- H&SS - ODAS	56	54	2	2	100.00%	3.57%	3.57%	5.41%	6.25%	1.83%	3.60%	1.83%	3.60%	3.60%	10.08%	3.48%	9.76%	0.00%	2.06%
- H&SS - PHAS	130.1	115.35	14.75	11	74.58%	8.71%	11.34%	8.04%	11.43%	5.89%	20.17%	1.71%	9.28%	8.87%	8.80%	6.69%	8.72%	3.72%	8.33%
- H&SS - Substance Abuse	17.5	17.5	0	0	N/A	0.00%	0.00%	0.00%	2.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.13%	7.50%
- H&SS - Welfare Admin	50	47	3	3	100.00%	6.00%	6.00%	6.00%	6.00%	0.00%	3.77%	5.56%	2.96%	8.39%	0.00%	4.20%	4.32%	5.67%	8.14%
Human Resources	26	24	2	2	100.00%	7.69%	7.69%	20.00%	23.08%	15.38%	15.38%	0.00%	3.85%	0.00%	5.66%	3.64%	3.64%	3.85%	10.71%
Library	111.5	104.75	6.75	2	29.63%	1.87%	6.05%	1.86%	5.16%	1.80%	2.02%	0.00%	1.10%	0.00%	3.22%	0.00%	5.86%	0.00%	5.26%
Probation	201.5	183.5	18	7	38.89%	3.67%	8.93%	6.65%	9.43%	5.26%	10.89%	7.35%	8.60%	2.11%	9.49%	0.92%	1.83%	0.00%	2.44%
Public Defender	72	72	0	1	200.00%	1.37%	0.00%	1.40%	2.08%	0.00%	0.00%	4.17%	2.82%	4.35%	4.35%	2.70%	4.35%	4.35%	4.35%
Resources Management	111	107	4	1	N/A	0.93%	3.60%	0.00%	2.70%	1.83%	3.17%	2.74%	4.48%	0.90%	2.64%	2.74%	2.71%	0.00%	2.72%
- Delta Water Act Division	1	0	1	0	N/A	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Public Works	61	59	2	1	50.00%	1.67%	3.28%	0.00%	1.64%	1.64%	0.83%	5.04%	6.61%	1.65%	3.25%	4.72%	4.72%	0.00%	1.57%
- Resource Management	49	48	1	0	N/A	0.00%	2.04%	0.00%	2.04%	2.08%	4.08%	0.00%	2.00%	0.00%	1.96%	0.00%	2.17%	0.00%	4.35%
Sheriff's Office	456	424	32	20	62.50%	4.50%	7.02%	6.59%	6.80%	5.09%	4.87%	6.37%	6.35%	2.22%	2.45%	0.99%	1.47%	2.92%	3.27%
Treasurer-Tax Collector-County Clerk	13	13	0	0	N/A	0.00%	0.00%	0.00%	0.00%	7.14%	0.00%	8.33%	15.38%	7.69%	7.69%	0.00%	0.00%	0.00%	6.67%
Veterans Services	4	4	0	0	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	16.67%	0.00%	0.00%
Countywide Total	2608.400	2390.575	217.825	156.00	71.62%	6.13%	8.35%	6.67%	8.81%	5.02%	7.87%	4.18%	6.60%	2.93%	7.27%	2.32%	4.93%	2.79%	5.56%