

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Board of Supervisors
FROM: Holly Heinzen, Interim County Executive Officer
DATE: June 5, 2012
SUBJECT: Adoption of a \$35 Fee for Filing an *Application for Changed Assessment*

ACTION:

Hold a public hearing to consider adoption of an ordinance phasing in a new, non refundable Application for Changed Assessment Fee of \$35 per parcel effective July 5, 2012 and increasing to \$40 in July 2014, and approve addition of clarifying language related to the Assessment Appeals Board's duties.

BACKGROUND:

The Assessor is responsible for completing all statutorily mandated property tax assessments and is responsible for completing annual and supplemental assessment rolls for all property in the county that is subject to local assessment. The Assessor is also charged with performing business property audits to ensure compliance and equalization of business property assessments.

If a property owner disagrees with an assessed property value, he or she, within certain prescribed statutory timeframes, may formally appeal the value of the property by filing an *Application for Changed Assessment* with the Clerk of the Board for hearing by the Assessment Appeals Board (AAB) within statutorily-prescribed timeframes (the timeframes for filing periods are dependent on the type of assessment made by the Assessor). The AAB is charged with equalizing the assessment of property on the local roll by determining the full taxable value of an individual property on a case-by-case basis after a property owner has filed an Application for Changed Assessment with the Clerk of the Board.

The Clerk of the Board provides administrative services to the Assessment Appeals Board. As can be seen in the following table, over the last several years the number of *Applications for Changed Assessment* filed with the Clerk has increased significantly. While many other jurisdictions currently charge a fee to offset the cost to process these applications, Placer County does not, and the General Fund absorbs the cost.

Placer County Assessment Appeal Applications

Year	Number Received	Number + / -	% ^
FY 2006-07	597	-	-
FY 2007-08	2,140	1,543	258%
FY 2008-09	4,177	2,037	95%
FY 2009-10	4,152	(25)	-1%
FY 2010-11	3,408	(744)	-18%

The Assessment Appeals Processing Fee:

A. Fee Calculation Methodology

As required by Government Code Section 54985, the recommended fee structure has been based on the average cost of providing the service including indirect costs. In Placer County, the Clerk of the Board's staff receives and processes all *Applications for Changed Assessment* (application). Two staff, the Supervising Board Clerk and the Senior Board Commission Clerk dedicate the majority of their working hours to application processing: review the application for accuracy and completeness, enter the appeal into the Megabyte Property Tax System, respond to inquiries from applicants, and notice the applicant with a hearing date and rules of attendance. Additional services performed by staff not included in this fee analysis include development of an Audit Report after each meeting to record AAB actions, creating the hearing agenda, and providing follow up notification to the applicant regarding their AAB appeal decision. The Clerk of the Board supervises these employees and provides oversight to the program and the Administrative Secretary provides staff support as needed to backup application processing functions.

Clerk of the Board employees recorded the time they spent to process an application during the period from July 1, 2011 to October 31, 2011 in order to establish the average direct time spent to process an application. In addition, the Clerk of the Board tracked time spent in a supervisory capacity and identified other general service and supply costs to determine the average overhead cost per application. Finally, the cost of direct materials and supplies were added to calculate the total cost. The total number of applications received during this filing period was 3,168. To calculate the average total cost per Application, the total cost was divided by the total number of applications. This method resulted in an average processing cost of \$49.43 per Application (Attachment 1). In keeping with activity seen over the last few years, large numbers of *Applications for Changed Assessment* are expected to be received over each of the next few years.

B. Assessment Appeal Application Fees Charged by Other Jurisdictions

As of the 2011 Filing Period, 29 of the 58 California counties had adopted application fees, with an average fee collected of \$37.30 per application (Attachment 2). Statewide the assessment appeal processing fees range from a low of \$26.75 per application in Mono County to a high of \$65.00 in Santa Barbara County. The neighboring counties of El Dorado (population 181,653), Nevada (98,155) and Sacramento (1.4 million) have all adopted fees of \$30 per application. Over the last decade, prior to the economic downturn, Placer County was one of the fastest growing California counties in population as well as property assessment roll value. When grouped with counties of similar sized populations, the average fee is closer to \$40 per application.

County	Population	Fee
Yolo	201,645	\$ 45
Marin	254,144	\$ 50
Merced	258,678	\$ 30
Santa Cruz	264,824	\$ 30
San Luis Obispo	270,739	\$ 45
Placer	355,687	\$ 35 *
Solano	413,635	\$ 35
Monterey	419,710	\$ 40
Santa Barbara	425,840	\$ 65
Tulare	448,965	\$ 30
Sonoma	486,479	\$ 30

* Proposed Fee

Placer County's analysis of the cost to process an Application supports a fee in excess of \$49.43. Staff is recommending approval of a fee amount similar to other jurisdictions and, further, that this fee be phased in over a two year period with the fee set at \$35 per application effective July 2, 2012 and then increasing to \$40 per application on July 1, 2014. It should be noted that neither of these rates will achieve full cost recovery for Placer County to process an application. When fully implemented at \$40 per application, the fee would be the equivalent of the average charged by ten counties of similar population.

Finally, it is requested that your Board approve clarifying language in Section 2.44.060 of the Placer County Code relative to the statutory duties of the AAB.

FISCAL IMPACT:

The Assessment Appeals application processing fee of \$35 or \$40 would generate cost recovery of approximately \$105,000 (years one and two) to \$120,000 (each fiscal year thereafter) based on the receipt of an estimated 3,000 applications. The cost to process 3,000 Assessment Appeal applications is currently estimated at \$150,000 per year, or \$30,000 to \$45,000 more than the proposed fee will cover. Board approval of the *Application for Changed Assessment Fee* will provide partial cost recovery for the County to process assessment appeal applications of approximately 70-80% in the first few years, and less in later years as labor costs increase and the fee remains static.

Attachments:

1. Fee Worksheet
2. County Assessment Appeals Filing Periods for 2011
3. Ordinance

FEE WORKSHEET

**A Filing Fee: Application for Assessment Appeal
Clerk of the Board**

B Department Overhead

1	Annual salary and benefit cost for the overhead employee which is the Clerk of the Board. The percentage of her time spent annually on assessment appeal filings is 6.3%. Overhead employees are those that provide direction or support.	\$5,927
2	Annual general service and supply costs for the department (Megabyte maintenance contract, telephone, maintenance computer equipment, office supplies)	\$20,900
3	Total Overhead Costs (B1 + B2)	\$26,827

C Direct Costs

1	Productive hourly rate for each direct employee (Annual salary and benefit cost for each employee providing direct services divided by 1638 productive hours)*	
	a employee name: Gina Fleming	\$31.15
	b employee name__Melinda Harrell_____	\$34.34
	c employee name__Megan Ciafardoni_____	\$31.15
2	Average amount of time in hours that each above corresponding employee spends annually providing this service	
	a employee name: Gina Fleming	1,556.1 hours
	b employee name__Melinda Harrell_____	1,621.6 hours
	c employee name__Megan Ciafardoni_____	327.6 hours
3	Direct payroll: Productive Hourly Rate x Time	\$114,364
4	Direct service and supply costs for the service at two pages per application*	
	paper	\$0.0066
	photocopy	\$0.0650
	envelope	\$0.0950
	postage	\$0.5440
		\$ 0.0131
		\$ 0.1300
		\$ 0.0950
		\$ 0.5440
		\$ 0.78
	*Per Unit Costs per Central Services	\$ 0.71

FEE WORKSHEET

D Total Number of Applications for Changed Assessment Received **3,168**

E Total Single Application Overhead and Direct Charges

1 overhead (B3/D)	\$8.47
2 direct payroll (C3/D)	\$36.10
3 direct service and supply (C4 Total)	\$ 0.78
Total direct and overhead	\$ 45.35

F Indirect {A-87} Overhead

Rate based on the Cost Allocation Plan for Use in FY
2011/2012

Total indirect overhead (Total E x percentage)	9.0%
	\$4.08

G Average Cost per Application for Changed Assessment (Total E + F)

\$49.43

* Productive Hours	
Total hours available	Hours
Less:	2,080
12 holidays + 1 floating holiday	104
15 vacation days	120
12 sick days	96
training hours	10
daily breaks	112
Total	442
Total Productive Hours	1,638

FEE WORKSHEET

Total Cost to Process FY 2011-12 Applications		
Overhead	\$	26,826.90
Direct Labor	\$	114,364.00
Service and Supply Costs	\$	2,477.82
Total Direct and Indirect Costs	\$	143,668.72
A 87 Cost @ 9% Rate	\$	12,930.18
Total Cost	\$	156,598.90

<p>Note: A87 for FY 2011-12 is \$66,272. The gross budget for FY 2011-12 is \$751,792. Therefore A87 is proportionately 8.82% of the gross budget.</p>	8.82%
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COUNTY ASSESSMENT APPEALS FILING PERIODS FOR 2011

The clerks of county assessment appeals boards and county boards of equalization have certified the assessment appeals filing period for their counties pursuant to the requirements of Revenue and Taxation Code section 1603. The regular appeals filing period will begin on July 2, 2011 in each county and will end either on September 15 or November 30, depending on whether the county assessor has elected to mail assessment notices, by August 1, 2011, to all taxpayers with property on the secured roll. Following is the filing deadline and applicable filing/processing fees for each county.

COUNTY	FILING DEADLINE	FILING/ PROCESSING FEES	COUNTY	FILING DEADLINE	FILING/ PROCESSING FEES
Alameda	September 15	\$50	Orange	September 15	
Alpine	November 30	\$30	Placer	September 15	
Amador	November 30	\$30	Plumas	November 30	\$35
Butte	November 30		Riverside	November 30	\$30
Calaveras	November 30		Sacramento	November 30	\$30
Colusa	November 30		San Benito	November 30	
Contra Costa	November 30	\$40	San Bernardino	November 30	\$45
Del Norte	November 30		San Diego	November 30	
El Dorado	November 30	\$30	San Francisco	September 15	\$60
Fresno	November 30		San Joaquin	November 30	\$30
Glenn	November 30		San Luis Obispo	September 15	\$45
Humboldt	November 30		San Mateo	November 30	\$30
Imperial	November 30	\$35	Santa Barbara	November 30	\$65 or \$1,000
Inyo	September 15		Santa Clara	September 15	\$35
Kern	November 30		Santa Cruz	November 30	\$30
Kings	September 15	Deposit	Shasta	November 30	
Lake	November 30		Sierra	November 30	
Lassen	November 30		Siskiyou	November 30	
Los Angeles	November 30		Solano	November 30	\$35
Madera	November 30		Sonoma	November 30	\$30
Marin	November 30	\$50	Stanislaus	November 30	\$30
Mariposa	November 30		Sutter	November 30	
Mendocino	November 30	\$55	Tehama	November 30	
Merced	November 30	\$30	Trinity	November 30	
Modoc	November 30	\$30	Tulare	November 30	\$30
Mono	November 30	\$26.75	Tuolumne	November 30	
Monterey	November 30	\$40	Ventura	September 15	
Napa	November 30		Yolo	November 30	\$45
Nevada	November 30	\$30	Yuba	November 30	

Before the Board of Supervisors
County of Placer, State of California

In the matter of: AN ORDINANCE ADDING
SECTION 2.116.175 OF THE PLACER COUNTY
CODE TO ADD A FEE FOR PROCESSING
APPLICATIONS FOR CHANGED ASSESSMENT
AND CLARIFYING THE ROLE OF THE ASSESSMENT
APPEALS BOARD

Ord. No. _____

First Reading: _____

The following ORDINANCE was duly passed by the Board of Supervisors of the
County of Placer at a regular meeting held _____, by the
following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest: Clerk of said Board

Chair, Board of Supervisors

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF
CALIFORNIA, DOES HEREBY ORDAIN as follows:

Section 1: Section 2.116.175 of the Placer County Code is hereby added to read as
follows:

SEC. 2.116.175 Fee for Filing Application for Changed Assessment

The Clerk of the Board of Placer County shall charge and collect an application fee from anyone filing an application for changed assessment with the Placer County Assessment Appeals Board. An application for changed assessment will not be accepted as complete until and unless payment is received in full.

The fee shall be charged for each parcel being appealed. Each Assessor's Parcel number shall be considered to be a separate parcel for the purposes of this fee.

The application fee shall be in the following amounts:

<u>July 5, 2012 through June 30, 2013:</u>	<u>\$35.00 per parcel</u>
<u>July 1, 2013 and thereafter:</u>	<u>\$40.00 per parcel</u>

Section 2: Section 2.44.060 of the Placer County Code is hereby amended to read as follows:

SEC. 2.44.060 Meetings and Function.

A. The assessment appeals board equalizes the assessment of property on the local tax roll by determining the full value of individual properties on a case-by-case basis. This is accomplished by lowering, sustaining, or increasing upon application, or increasing after giving notice when no application has been filed, individual assessments.

AB. The assessment appeals board shall meet on the third Monday of July of each year to equalize the roll and shall thereafter meet until the business of equalization is disposed of. Generally, said meetings shall be held at the Administration Building, board of supervisors' hearing room, 175 Fulweiler Avenue, Auburn, California, 95603, unless otherwise noticed. At the meeting held on the third Monday of July, the board shall elect its chairs and review its rules and procedures for any needed amendments. As part of its responsibility to meet and equalize the roll the board shall determine and set its regular meetings. The Board may set special meetings at such time and place as may be necessary.

BC. The meetings of the assessment appeals board shall be open and public and shall be subject to the Ralph M. Brown Act, Government Code Sections 54950, et seq. (Prior code § 2.3270) to the extent allowed by the Revenue and Taxation Code. In the event a provision of the Revenue and Taxation Code conflicts, that provision of the Revenue and Taxation Code shall prevail.

