

COUNTY ADMINISTRATOR'S OFFICE

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To: Board of Supervisors
From: Birgitta Corsello, County Administrator
Date: January 26, 2012
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. AB 1090 Review Committee Recommends Against Implementing Program

In the December 5, 2011 edition of Significant Issues, the Board received an outline of AB 1090, known as the Senior and Disabled Property Tax Postponement Law. The information is provided as background below. Since that time the County Administrator's Office has assembled a team of the impacted departments to evaluate the merits and risks of pursuing a local program as outlined by AB 1090.

The committee was composed of Birgitta Corsello, Nancy Huston, Dennis Bunting, Simona Padilla-Scholtens, Mark Tonnesen, and Chuck Lomeli and met twice to discuss the implications of a program in Solano County. Based on concerns raised during the discussions, the committee recommends that the County not establish this program at this time.

The primary concern is that each deferred property tax payment (essentially a loan) would be funded from the General Fund and secured by a judgment lien against the parcel. Counsel has determined that a judgment lien falls in line behind all other existing liens on the property, exposing the program to losses should the loan not be repaid.

Other concerns about the law include the eligibility constraints, one of which requires at least 20 percent equity in the property, and the fact that the availability of commercial alternatives to the homeowner would place the County in the position of competing with private lenders for business.

The committee also had concerns that the relatively high start-up and operational costs of the program, both for the County and the constituent, would make the program infeasible. To establish and staff a program that reviews applications, originates loans and tracks the repayment of principal and interest until the money is recovered would be cost prohibitive. This is especially true when in some cases repayment would not begin until many years later when the property changes hands. Many of these costs would become structurally unavoidable once the program was established, even if a subsequent decision was made to discontinue the

program. This structural problem stems from the nature of lending where once a loan is made, accounting and operational costs related to the loan are unavoidable until the loan is repaid. To mitigate this risk, the constituent would have to pay an application fee high enough to cover the cost of the program and pay interest at a variable rate with a floor of seven percent. Existing commercial alternatives are more cost effective in today's market.

A survey was sent out to County Tax Collectors to determine how many counties were planning to implement such a program. Out of 28 responding counties, only Santa Cruz has any plans to make a recommendation to their Board to move forward with the program. This was somewhat expected as Santa Cruz County took a lead role in championing the legislation in the State Legislature. The remaining 27 counties have all raised similar concerns regarding the high cost and low expected viability of an AB 1090 program.

Background: On September 30, 2011 Governor Brown signed into law AB 1090, which allows counties if they so choose to establish, fund and administer a program that enables qualifying seniors and disabled residents to defer their property tax payments. The law reinstates a similar program operated by the State Controller, which ended in 2009, as an optional county-funded and managed program. Under the former State program, the County received subvention dollars to offset the loss in local property tax revenues.

Procedurally, AB 1090 requires a county to adopt a resolution stating its intent to administer and to participate in the program. Upon adoption of the resolution, a participating county may establish a fund in the Treasury Pool to provide loans to qualified homeowners to pay property taxes. The County would be responsible for providing funding to administer the program. The loan is secured by a judgment lien on the associated property. Repayment of these loans is deferred until a specified time in the future, such as the affected property changes ownership. The law enables a county to loan/defer property taxes of qualifying participants retroactively, for property taxes due on or before February 20, 2011, and prospectively going forward.

The program is intended to provide property tax assistance to qualifying senior and disabled residents. At the time the program was suspended, the County had about 60 parcels with loans outstanding of approximately \$500,000.

- Contact: Charles Lomeli, Treasurer-Tax Collector-County Clerk, 784-3419

3. Unaccounted Fixed Assets Inventory Completed for FY2010/11

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 FY2010/11 identified four unaccounted items for a historical cost of \$16,515. Of this inventory, \$12,972 is for items more than five years old and \$3,543 is for

one item less than five years. Unaccounted items were reported in General Services, District Attorney, and Sheriff. 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 \$2,975 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

4. Black Infant Health Program Transitioning Back to Community Provider in FY2012/13

Since 1991, Health & Social Services has operated a Black Infant Health (BIH) Program, providing perinatal services to pregnant and parenting women in Solano County. From 1993 to 1994, a community agency operated the program that served primarily the Vallejo area. In June 1994 the contract was dissolved and the program was back in house to be administered by County staff. Since that time H&SS has provided BIH services in the community and expanded the program to Fairfield and Vacaville. Currently the program serves more than 200 women annually.

The Solano County BIH program has developed into a model program that has been recognized by the California Department of Public Health, due in part to the program developing measurable outcomes, policies and procedures. The BIH program is well established in the community and represents a collaborative effort with community partners to provide services to the target population. In recent years, community organizations have increased their capacity to operate the BIH Program at a community, grassroots level. H&SS seeks to transition the program back into the community and increase clients' access to vital services.

H&SS has identified job placements within the Department for all BIH staff. The Department will issue a solicitation for proposals later this year to start services in the community early FY 2012/13.

- Contact: Nancy Calvo, H&SS Maternal, Child & Adolescent Health Director, 784-8610.

5. In-Home Supportive Services Uses New System for Provider Enrollment

IHSS provides help for disabled individuals of all ages with low income. In-home care providers provide assistance for those who would otherwise require placement in board and care or skilled-nursing facilities. Providers provide help with light housework, meal preparation, grocery shopping, laundry and non-medical personal care.

REVA is a Registration Enrollment Video Application, a new online computer system for IHSS provider enrollment that Solano County started using on December 19, 2011. Instead of taking 60 days or more, provider enrollment can now be done in as little as two weeks. The number of phone calls from providers asking about the status of their enrollment has been reduced dramatically. Comments recently heard were: "Is this all there is to it?" "This is so easy."

IHSS uses REVA to show an orientation video that provides instructions in how to register as a provider and what are the responsibilities of being a provider. The video can be viewed in English or Spanish. Watching the video is one of the prerequisites providers must complete before they can begin working for an IHSS recipient. Other prerequisites include presenting government-issued photo identification, a Social Security card and submitting for fingerprinting.

The results of the criminal background check from the Department of Justice are received in just a few days.

- Contact: Natasha Hamilton, Older and Disabled Adult Services Administrator, H&SS Child and Adult Resources and Services, 784-8270