



AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE Consider approving a software license agreement for \$285,000 with Tyler Technologies, Inc. to acquire two automated property valuation modules for residential property transfers and assessment appeals; and Approving Appropriation Transfer Request of \$285,000 to transfer appropriations from the General Expenditures' budget, and to increase appropriations in the Assessor's budget (4/5 vote required)		BOARD MEETING DATE December 7, 2010	AGENDA NUMBER 20
Dept: Contact: Extension:	Assessor/Recorder Kathy Dossa, Assistant Assessor-Recorder X 6231	Supervisorial District Number ALL	
	Published Notice Required?	Yes _____	No <u> X </u>
	Public Hearing Required?	Yes _____	No <u> X </u>

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board of Supervisors consider:

1. Approving a software license agreement for \$285,000 with Tyler Technologies, Inc. (Tyler) to acquire two automated property valuation modules for residential property transfers and assessment appeals; and
2. Approving Appropriation Transfer Request of \$285,000 to transfer appropriations from the General Expenditures' budget, and to increase appropriations in the Assessor's budget (4/5 vote required)

SUMMARY

In 2009, the Assessor acquired a Computer-Aided Mass Appraisal ("CAMA") system that has enabled the Department to process 55,000 Proposition 8 reassessments using existing staff. Savings have been estimated at \$1.2 million annually.

The declining real estate market and sliding property values have resulted in a continuing increase in the Assessor's workload. Currently, the Department is estimating that it will receive approximately 10,000 changes in ownerships and 450 residential assessment appeals this year. With work from last year still not completed, these would be added to the backlogs that have accumulated.

Based on the success of the automated valuation system for Prop 8 reassessments it previously acquired, the Assessor is recommending the purchase of the following additional modules from Tyler that will automate the processing of changes in ownership and residential assessment appeals:

- Direct Sales entry and enrollment module for the processing of changes in ownership @ \$165,000
- Appeals preparation module for the processing of residential assessment appeals @ \$120,000
- Ongoing Support and maintenance fees of \$65,000 annually after the first year

The Department estimates annualized savings of \$33,300 the first year after implementation and \$229,394 each year thereafter.

FINANCING:

The acquisition costs for the automated evaluation systems were not included in the Assessor's FY2010/11 budget. Funding will be provided through an ATR of \$285,000 from General Expenditures to the Assessor's budget. The Board approved FY2010/11 appropriations of \$1,000,000 for Countywide Information Technology (IT) Initiatives in General Expenditures.

Commencing FY2011/12, Tyler will charge the Assessor an annual fee of \$65,000 for ongoing support and maintenance. Funding for this fee will be included in the Assessor's annual appropriations request.

DISCUSSION:

In 2009, the Assessor purchased from Tyler, a Computer-Aided Mass Appraisal ("CAMA") system for processing Prop 8 reassessments. Using this automated system, the Assessor has been able to leverage existing staff to appraise the 55,000 residential parcels which have qualified for Prop 8 reassessments. All parcels under Prop 8 have to be reassessed each year. At a cost of \$95,000 plus \$25,000 in annual maintenance fee, the system has allowed the Assessor to forego a request for 10 additional appraisers, resulting in costs savings of \$1.2 million per year.

While the Assessor's office has been able to handle the Prop 8 reviews, the Department has started to accumulate backlogs in other areas, such as the processing of changes in ownerships and assessment appeals. Historically, there has always been a minimum waiting period of six months for processing change of ownership valuations that occur after lien date (Jan 1) because these valuations can not be entered into the system until the current roll is closed on June 30 of each year. Today, the waiting period has increased to ten months primarily due to increased workload and limited resources. In an environment where assessed values generally decrease with each change of ownership, taxpayers are finding that they have to wait an additional four months to receive their property tax refunds.

Each year, the Assessor's office screens approximately 23,000 recorded documents for changes in ownership involving residential properties. On the average, 10,000 changes in ownership of residential properties are identified through this process. Processing a change in ownership involves a series of transactions undertaken, starting with the preparation of parcel record by a clerical staff and culminating with the determination and enrollment of assessed value by an appraiser. Based on time study, the Assessor estimates that this manual, labor-intensive process requires 45 minutes to complete, or 7,500 hours each year by a team of Office Assistants, Appraiser Techs/Appraisers, and the Assistant Assessor-Recorder.

In addition, the continuing decline of property values is generating an increase in the number of residential assessment appeals. Even with Prop 8 reductions in their assessed values, it is

common for property owners to believe that their assessed value has not been lowered enough. This year, the Assessor estimates that 450 residential appeals will be filed, compared to a historical average of 100 residential appeals each year. Each appeal has to be reviewed and an appeal report is prepared and presented before the Assessment Appeals Board. When an appeal is resolved, a full agreement or stipulation is prepared along with the valuation report. All appeals involve a valuation analysis; therefore, each and every appeal must be handled by a certificated appraiser per revenue and taxation code. On average, an appeal consumes 4.5 hours to resolve.

While additional position allocations may be a "quick fix" to this dilemma, the County's sharply diminished fiscal resources and high labor costs require alternative solutions that are more cost effective. With the Department's success in mitigating its heavy Prop 8 reassessment workload using the CAMA system, the Assessor's office has again looked at automation as an alternate resource to address the Department's backlogs. Working with the Department of Information Technology and the County's Process Improvement Committee, the Assessor has identified and is recommending the acquisition of two additional automated evaluation modules from Tyler.

TASK	TOTAL TRANSACTIONS	TIME REQUIRED	BLENDED HOURLY RATE	COSTS Year 1	COSTS Year 2 +
Changes in Ownership	6,375*	45 minutes	\$47.23	\$225,818	\$225,818
Residential Assessment Appeals	450	4.5 hours	\$45.67	\$92,482	\$92,482
TOTAL CURRENT COSTS				\$294,394	\$294,394
Cost of Automated Systems				\$285,000	\$65,000
SAVINGS				\$33,300	\$229,394

* 85% of total transactions eligible for automation

By reducing the labor-intensive manual processing of changes in ownership and assessment appeals, the Assessor will be able to redirect the time and effort of the existing staff towards eliminating the current backlog.

ALTERNATIVES:

The Board could choose to not approve the software license agreement with Tyler. However, this is not recommended because the Assessor is currently not able to adequately address the existing residential valuation and assessment appeals workload.

OTHER AGENCY INVOLVEMENT:

The Assessor's office has worked with the Department of Information Technology and the Process Improvement Committee in evaluating the benefits of this automation initiative. The CAO has reviewed and concurs with the recommendation.

CAO RECOMMENDATION:

APPROVE DEPARTMENT
RECOMMENDATION

DEPARTMENT HEAD SIGNATURE:

A handwritten signature in black ink, appearing to read "Marc G. Tonnesen", written over a horizontal line.

Marc G. Tonnesen, Assessor Recorder

ATTACHMENTS

Attachment A – Software License Agreement with Tyler Technologies, Inc.