

## **BUDGET REMARKS FOR FY 2009–2011**

Mr. President and Honorable Board Members, Mr. Boesch, Mr. Murphy and all others gathered here today, I am privileged this afternoon to present the Assessor-County Clerk-Recorder budget and I am proud to tell you that shortly I will celebrate my 30<sup>th</sup> year with this county. I have served with three outstanding county managers, many distinguished board members and countless men and women who are dedicated to public service.

Please allow me to introduce the CARE management team here today: first is Jackie Chen our new Fiscal area manager who took over for the Willy Padilla. This was Jackie's first budget preparation in our department and she did an outstanding job. And, Angelina Hunter, Theresa Rabe, David Tom, Andrew Wright and Carol Marks are here as well.

Collectively, they are an amazing group and they do a super job. I am grateful for their service.

During my tenure there have been difficult budget years but perhaps none as bad as the current situation and as we all know, things may get worse next year.

Like other departments, the story of the 2009-10 CARE budget year is this: a greater demand for services than ever before and fewer people to meet those service requests.

I am concerned about our ability to complete work. Like you – and the elected department heads, I took an oath to carry out the constitutional duties of my office.

With the current and future budget cuts we must ensure that there are enough people to accomplish those responsibilities.

I fully appreciate the county's current fiscal situation and the difficult choices you must render. But also, I have a responsibility to offer my perspectives on the risks and consequences of these current and future budget reductions.

By way of illustration, let me share a couple of points with your honorable board – I respectfully ask that you consider the following.

Each appraiser position generates approximately \$742,000 in revenue to the county budget while the approximate cost is \$110,000. That's a significant return on investment. In the elections area, due to the small number of people, each position is vital to the successful achievement of our mission.

The current cut in the Election Division may affect our ability to continue to deliver multiple, overlapping

elections. We have fewer staff per registered voter than any other Bay Area County and most counties in the state. And, approximately 22% of the cost of each election position is recovered through charges for services to the agencies participating in an election. Losing the Elections Specialist III that is eliminated in this budget may destabilize us to the point where a serious mistake could take place and potentially affect voter confidence for years to come.

As county Assessor, a loss of staff means that some of the work we handle may be subject to multi-year delays. This happened in the 1990s – and the backlog became so great that a future Board of Supervisors hired 35 people to get the office caught up. The revenue stream supporting the county, cities, special districts and schools was negatively affected. In part, our work contributes to the county's fiscal health. If that work was not completed or not

completed in a timely manner, libraries would suffer reduced funding because they count on property tax revenue – our schools may face the loss of more teachers and our cities may have to reduce police and fire protection services.

Additionally, when assessment appeals are not calendared in a timely fashion or not defended by knowledgeable, prepared staff, it places significant tax dollars at risk. If an Assessor's Office is ineffectual, all local agencies suffer financial losses. Please remember the cities and special districts that share in the revenue also pay, on average, about 45% of the Assessor budget. And as co-funders, they have a right to expect an adequate budget and effective management to ensure both product and risk avoidance.

So, let me talk about some of our key initiatives and projects we want to tackle in the future.

Our work is done by people, people who have excellent skills, training, are thoughtful and exercise sound judgment. People like Kaylene Keller, Narda Barrientos, Clara Rosado, Donna Bomgardner, Marge Haley, Greg Randich, Bob Innes and many others are central to the quality of the work we undertake.

The mission of the County Clerk, Assessor, Recorder and Elections Office (CARE) is to:

- maintain an accurate public record of recorded transactions relating to people, businesses and property within San Mateo County,
- ensure equitable treatment of County property owners by providing accurate, timely and fair valuation of land, improvements, businesses and personal property,
- maintain accurate voter registration files, and conduct accurate and secure elections on behalf of the citizens of San Mateo County.

Our departmental budget for FY 09-10 is \$21,420,000.

Two years ago, we had 124 positions; this year, we have 119 positions and starting in July 2009, we will have 113 positions. That translates to a loss of 11 positions. We balanced our budget primarily by eliminating six positions, receiving a "bridge loan," and deferring needed technology upgrades. Overall we have 24 OBM goals – we met all but three.

### **ASSESSOR'S OFFICE**

In the Assessor area, our year was shaped by the continuing decline in the housing market. As a result, we experienced not only a workload increase but a significant shift of workload.

We conducted 50,000 residential decline in assessed value property reviews. (last year, we conducted about 10,000)- This state program provides property owners temporary relief when their property value is lower than its assessed value. County properties purchased between 2002-2008 were automatically reviewed; and properties purchased in East Palo Alto since 1999, as well. Of those reviewed, 27,893 or 56 percent were approved for a decline. This resulted in a loss of \$25 Million in property tax revenue during the FY 2009-10. These properties will have to be reviewed on an annual basis until the property is restored in value which means this workload will continue for the foreseeable future until the economy completely rebounds.

Here are the 2009-10 Roll results:

<b>Secured Roll</b>	<b>\$133.8 Billion</b>	<b>1.12%</b>
	<i>\$133,860,541,389</i>	
<b>Unsecured Roll</b>	<b>\$ 9.1 Billion</b>	<b>- 5.13%</b>
	<i>\$ 9,061,251,193</i>	
<b>TOTAL ROLL</b>	<b>\$142.9 Billion</b>	<b>0.70%</b>
	<i>\$142,921,792,582</i>	

The staff of the Assessor's office is commended for their productivity and flexibility during this past year.

We expect the current market conditions to continue and spill over into the commercial areas during the coming year; companies will be seeking property tax relief through the decline program. This more complex workload demands a seasoned, professional workforce. Unfortunately, the outcome will ultimately continue to erode the property tax base in the county.

As an effort to become more efficient and reduce our carbon footprint we outreached to companies and encouraged them to file their Annual Business Personal Property Statements electronically. The number who filed electronically doubled over the prior year's enrollment. And for the first time, we held two seminars on "**How to File a Business Personal Property Statement**" and gave a free gift from the RecycleWorks Program – a how to "green" your business packet.

And finally, in a step toward more transparent, open government, we created an online software application called the Assessment Roll Tracker. This application allows any city, special district, school district or county budget officer to access the Assessment Roll Data in real time.

Given the difficult budget year we are all facing, providing this service has helped financial managers throughout the county – cities, schools and others - to access the latest assessment roll information and, therefore, better plan for the future.

I am very proud to say that at a San Mateo County Fiscal Officers meeting that group expressed its appreciation for this unique Internet application by giving a standing ovation.

#### **CLERK-RECORDER'S OFFICE**

In the Clerk-Recorder area new legislation shaped our year.

The Recorder's Office is in the midst of the Social Security Truncation Program – a privacy program aimed at correcting some of the harmful past practices

of government agencies – specifically putting social security numbers on legal documents that got recorded. Fees were increased by \$1 per document recorded to help defray the cost of this program. When completed, this program will help protect people from identity theft.

During the coming year we anticipate bringing online an electronic recording system which will reduce our carbon footprint and provide for the electronic submission of certain legal documents. As you may recall, we started this journey by asking for your legislative support for an electronic recording statute in 2003.

## **ELECTIONS OFFICE**

In the Election area our year was shaped by our workload.

We experienced one of our busiest years ever. The state budget crisis, the losses on Wall Street and the drop in the local economy, have cities and special districts going to their voters for financial support in the form of parcel taxes, bond measures and sales tax increases.

During the 2009-10 fiscal year, we conducted five separate elections, including the November 2008 Presidential General.

This year we secured a \$142,500 in Help America Vote Act grant funding to improve the accessibility of our polling places and our poll worker training. This work has just begun and eventually will allow all disabled voters to enter any polling place and vote in secret.

During the coming fiscal year we hope to upgrade of our aging Voter Registration System; we expect it to pay for itself within a few years –but the real benefit will come in increased productivity and connectivity to the anticipated new statewide voter registration database.

Overall, CARE’s major challenges for the next 3 - 5 years will be how to get required work completed in a timely and accurate manner with reduced resources.

To that end, we are considering these ideas:

- consolidate more precincts
- work with city managers and mayors to encourage the consolidation of elections
- expand the use of electronic filing in the Recorder and Assessor areas
- acquire and use electronic valuation models in the Assessor area

- seek legislation to allow us to print and mail one sample ballot per household, (except in a primary election with a split party household)

I would like to thank all the outstanding members of the CARE community who work so hard to conduct elections, access property and create a public record of the community's most important legal records. Their work is recognized and valued.

And I would like to thank the board for your continued support and leadership.