

Priority: Accountability **Lead Agency:** County Management
Program Offer Type: Innovative/New Program **Program Contact:** Kathy Tuneberg
Related Programs: 72026, 72027, 72028, 72029, 72030, 72031, 72032, 72033, 72034, 72035, 72036, 72037
Program Characteristics: One-Time-Only Request

Executive Summary

The systems currently used by the division are based on programs over 20 years old - becoming obsolete and unable to meet the increasing demands of business and technology standards. Replacing the Assessment & Taxation & Recording systems (A&T&R) at this time will avoid escalating maintenance costs. When the software vendor quits supporting the systems altogether(possibly as early as 2010)the county will not be able to maintain the software, putting the \$1 billion property tax revenue stream at risk. Upgrading the systems and related information technology (IT) will improve operational productivity and efficiency, as well as employ an IT infrastructure that meets County standards. The upgraded systems will support access to A&T&R information, by users inside and outside the county, as well as play a key role in e-government for the public.

Program Description

If #72038 is purchased, do not purchase #72039 System Enhancements. A&T&R Systems Upgrade would replace the existing systems and IT infrastructure. The new systems utilize browser based software, run on Windows based computers, and use a County standard database platform. From this IT infrastructure, the systems will be able to integrate a geographical information system (GIS), document recording, records imaging, field data collection devices, and greater on-line public access. The systems will be more flexible to meet County needs, including greater accessibility for the public and other County departments. The program has the following milestones: FY 2008 – Application selection and contract execution; FY 2009 – Application preparation and implementation; FY 2010 – Use of the new systems.

Program Justification

Our systems will have to be replaced before support costs escalate markedly, or stops altogether. When the vendor quits supporting the current systems, the county will not be able to meet the requirements of legislation like Measures 5 or 50, putting the \$1 billion property tax revenue stream at risk. The County IT Division does not have staff that could maintain these systems nor is it likely that qualified resources could be found even if we had access to the current proprietary systems. The program contributes to the Accountability Priority by: providing collection and reporting of program performance measures for budgeting and program management; improving financial controls and audit capabilities; addressing the findings of the 2005 County audit of personal property; collaborating with Washington County on joint preparation of a RFP for a new system; reducing the cost of government by adopting a system that is consistent with County IT standards(more efficient for IT to operate); supporting efficiencies in A&T&R operations by integrating information from a GIS, recording, images, and field devices with A&T data for easy access by staff; enabling the capture of more taxable value and tax revenue by providing better tools for appraisers (NOTE: this requires the coordinated use of all parts of the system, including GIS); and by upgrading the collections case management system to improve collection of delinquent property taxes. The new systems will upgrade support for e-government by expanding access to property, tax, and records data, and increasing the opportunity to do business with the County electronically.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	% of Project Milestones Completed on Time and within Budget	0.0%	0.0%	0.0%	100.0%
Outcome	County Tax Revenue Added Cumulatively by New Sys. in 10 Yrs From 2011 thru 2020	0	0	0	7,720,341

Performance Measure - Description

The project to select, develop/modify, and implement new systems have the following major milestones: FY 2008–Application selection and contract execution; FY 2009–Application preparation and implementation; FY 2010–Use of the new systems. Using the new systems will result in increased tax revenue, while staying with the old system will have increasing costs, as well as negative opportunity costs from staying on the old systems with declining support. This measures the cumulative effect of the difference of a 10 year period (estimated life of the system).

Legal/Contractual Obligation

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2007	2007	2008	2008
Contracts	\$0	\$0	\$0	\$1,450,000
Materials & Supplies	\$0	\$0	\$0	\$170,000
Capital Outlay	\$0	\$0	\$0	\$2,480,000
Cash Transfer	\$0	\$0	\$0	\$200,000
Unappropriated & Contingency	\$0	\$0	\$0	\$4,850,000
Subtotal: Direct Exps:	\$0	\$0	\$0	\$9,150,000
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$0	\$0	\$0	\$9,150,000
Program Total:	\$0		\$9,150,000	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Other / Miscellaneous	\$0	\$0	\$0	\$8,950,000
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$0	\$0	\$8,950,000

Explanation of Revenues

The increase in property tax revenue due to the new system is the result of productivity improvements of appraisers as well as a phased-in realignment of personnel from office support to field work finding taxable value, starting with implementation of the system in FY 2011. When new value is put on the tax roll, the corresponding tax growth is carried forward every year, and is compounded by the Measure 50 maximum 3% growth. The 10-year total increase in property tax revenue for Multnomah County of \$7.7 million is based on a rate of increase in new taxable value of 4% per year. The 10 year total increase for all taxing districts will be \$32.1 million.

Project Funding proposed: \$200K Cash Transfer from Technology Investment Fund (DP Fund) to Fund 2504 as shown in offer 72068. Carryover \$300K in Fund 2504 for systems projects; \$8.45 million loan - Full Faith & Credit Borrowing-paid back over 10 years. Annual loan payments will be approximately \$1.136 Million. Program revenues from recording fees dedicated to Records Storage & Retrieval Systems over 10 years of \$1.6 million to be utilized for annual loan payments.

Estimate a 10-year total increase in County Assessment Function Funding Acct (CAFFA) Grant revenue of \$644,000. Capital expenditures for Systems upgrades are an allowable expenditure in the annual CAFFA grant application, up to a defined cap amount per year. For financed systems, the base loan amount is a qualifying expenditure, and by including it in the annual capital expense each year over ten years, the full base amount is within the capital cap amount, thereby maximizing the CAFFA grant revenues. The increase in budgeted allowable expenditures in the CAFFA Grant application increases the county's share (% distribution) of the available statewide CAFFA funding pool.

Significant Program Changes

Last year this program was: