

Property Tax Systems

Briefing to the Board of Supervisors

April 15th, 2008



Briefing Objective

Provide the Board of Supervisors a progress update on the Assessment Tax System (ATS) and Property Tax Management System (PTMS) development projects

(Prior updates presented Nov. 2005 and April 2007)



Property Tax Systems Outputs and Impact

Orange County Taxpayers

Over 1 million properties assessed
Over \$5 billion in taxes billed



Cities, Schools, County & Special Districts

Almost \$6 billion taxes, special assessments,
penalties and interest distributed

389 individual distributions to County, Cities &
Districts

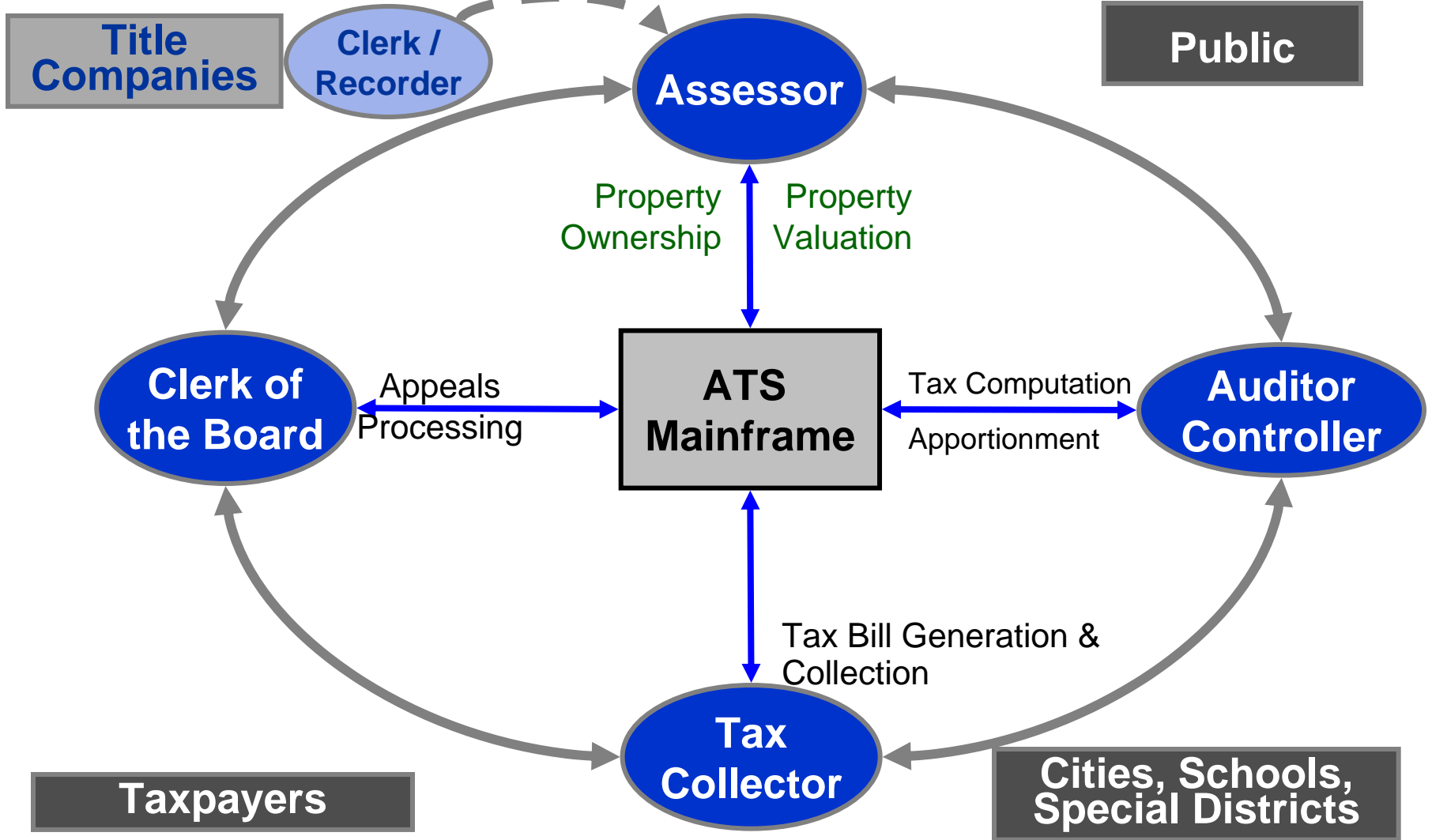


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Overview



Why Replace Property Tax Systems ?

Obsolescence of a **Mission Critical System**

- *21 year old* system in obsolete language
- Application support is *scarce* and *expensive*
- Not supportive of proposed business requirements



Additional Benefits of Re-Engineering

- Approximately **40%** reduction in hardware operating cost
- Faster access to information for management, taxpayers, cities and districts
- Match up with skills of the current work force



Property Tax Systems



Description	Amount (Millions)
"Rough Order of Magnitude" Estimate - 2001	15.7
2001 - 2005 Inflation	5.7
Approved Strategic Priority - 2005	21.4
Hardware Acquisition and Support cost (add) (Not Included in Original Estimate)	2.0
PTMS Personnel Cost (Not Included in Original Estimate)	1.6
2005-2008 Inflation (add)	1.5
Accurate scope due to Completed PTMS Needs Assessment & Assessor Requirements definition	6.2
Subtotal	32.7
Recover Property Tax Admin Fees (39%)	(12.7)
Total	20.0
10% Contingency	2.0
County Cost	22.0



Reasons for Increased Cost

- Strategic Financial Plan numbers were estimates
- Hardware acquisition & support costs were not included
- Personnel costs were not included
- Initial cost estimates were prior to completion of Needs Assessment and Requirement Definition Analysis
- Inflation (Since 2005)
 - 11% CPI, 33% .Net programming cost increase



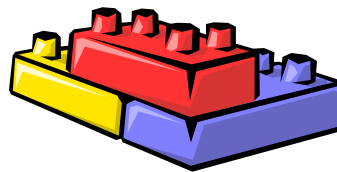
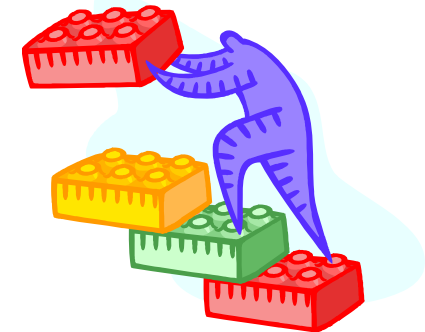
Why Now?

- Faster Realization of Cost Savings
- Technical Obsolescence of Existing Software
- Vanishing Human Capital
- Sunk Cost & Effort
- PTMS development vendor has very competitive offer
- Cost Escalation

Phase 4 Implementation:

- Final Phase of Rewrite Project

- ATS Re-Engineering projected completion – FY 2009-2010
- PTMS projected completion – FY 2011-2012
- Modular Development
- Minimum “Bridges” to Legacy System
- Implement System into Production as Developed

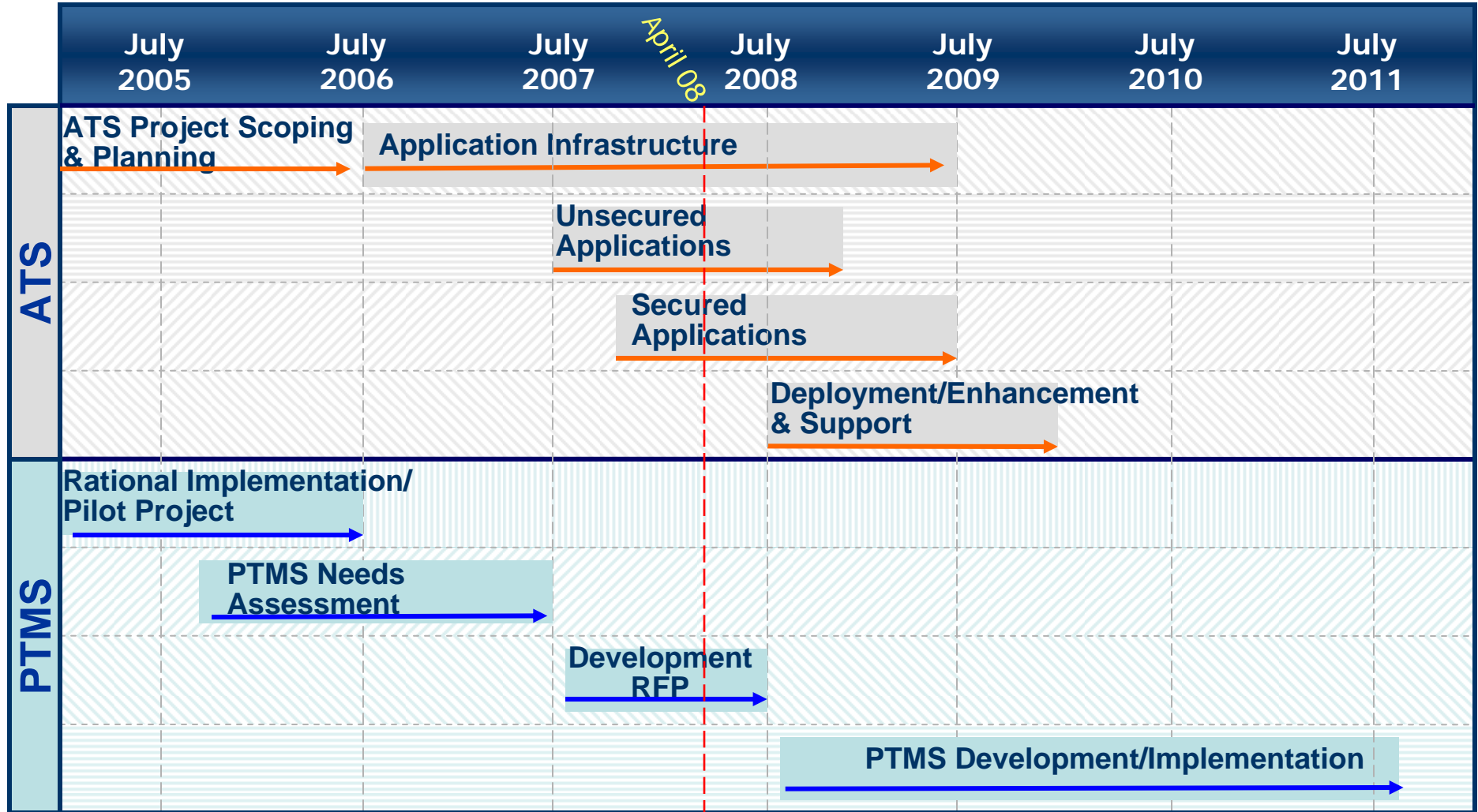


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Project Timeline





Risk of Non-Implementation

- Unable to produce and deliver mandated roll information in timely manner
- Impact on over \$6 billion collection and disbursement in timely manner
- Unable to automate new mandated changes due to loss of technical resource
- System reliability and functionality will continue to decrease over time

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❖ Project Cost (Estimated in Millions)

Fiscal Year	2005-2006*	2006-2007*	2007-2008	2008-2009	2009-2010	2010-2011	2012-2019	Total
ATS Estimated Expenditure		1.2	2.6	7.6	3.7			15.1
PTMS Estimated Expenditure	1.6	1.2	1.1	6.4	5.7	1.6		17.6
Total	1.6	2.4	3.7	14.0	9.4	1.6		32.7
Property Tax Admin. Fee		(0.1)	(0.3)	(0.6)	(1.7)	(2.4)	(7.6)	(12.7)
Hardware Platform savings							(4.9)	(4.9)
County Cost	1.6	2.3	3.4	13.4	7.7	(0.8)	(12.5)	15.1



❖ Sample Project Financing

(Estimated in Millions)



Requirement	2009-2010	2010-2011	2011-2012	2012-2013	2013-2016
Total Debt Payment	5.0	8.0	8.0	3.0	
Additional PTAC Recovery	1.0	1.0	1.0	1.0	1.5
Funding Requirements	4.0	7.0	7.0	2.0	(1.5)
SFP Balance Remaining	(4.0)	(7.0)	(2.5)		
Additional Requirements	0	0	4.5	2.0	(1.5)



Questions?



Thank you