



Board Agenda Item 26

DATE: April 13, 2021

TO: Board of Supervisors

SUBMITTED BY: Paul Dictos, CPA, Assessor-Recorder

SUBJECT: Retroactive Agreement for Participation in Multi-County Petroleum and Geothermal Property Sales Study

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute a retroactive Agreement with the California Assessors' Association, participating assessors from 13 other counties, and Harold W. Bertholf, Incorporated, for a multi-county study of sales data for oil, gas, and geothermal energy-producing properties, effective November 1, 2020, through October 31, 2022, total not to exceed \$4,463; and,**
- 2. Ratify the previous execution and performance by the Assessor-Recorder's office and the County of previous agreements for the same services for the periods from November 1, 2014, through October 31, 2016, November 1, 2016, through October 31, 2018, and November 1, 2018, through October 31, 2020, which were signed by the Assessor-Recorder.**

Approval of the first recommended action will allow the Assessor-Recorder to participate with 13 other counties where oil, gas, and geothermal energy-producing properties are located to gather and exchange relevant valuation information. The recommended agreement, between the California Assessors' Association (CAA), 14 participating counties, and Harold W. Bertolf, Inc. (Bertolf) a petroleum engineer, is the means used to gather, coordinate and analyze sales and property information throughout California. The Assessor-Recorder, as a participant uses this data to properly assess oil, gas and geothermal energy-producing properties in the County. Approval of the second recommended action will ratify three previous agreements for the same services, which were signed by the Assessor-Recorder, but not brought to your Board for approval. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved by your Board, the Assessor-Recorder would not participate in the CAA cost sharing arrangement and not have available the comparative sales information on petroleum properties resulting in an inaccurate appraisal of property.

RETROACTIVE AGREEMENT:

The recommended agreement is retroactive to November 1, 2020 because it was received by the Assessor-Recorder, with the signatures of the CAA President and petroleum consultant, in January 2021.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The maximum compensation for FY 2020-21 is \$2,231; \$4,463 for the term. The cost is the County's proportionate annual

share of the cost; 2.3% of \$97,020. The multi-county study of sales data for oil, gas, and geothermal energy-producing properties will be funded with Net County Cost. Sufficient appropriations and estimated revenues are included in Assessor-Recorder Org, 0420 FY 2020-21 Adopted Budget and will be included in subsequent budget requests.

DISCUSSION:

Revenue and Taxation (R&T) Code, sections 441-454 and 480-484 authorize the Assessor-Recorder to gather confidential information from property owners that is necessary and relevant to the determination of the fair market value of property for purposes of property taxation within the County. Under R&T Code, section 408, subdivision (b), upon request, the Assessor-Recorder may disclose confidential appraisal data received from taxpayers to other county assessors if they deem such information relevant and necessary for the accurate appraisal of property.

The county assessors in 14 counties containing oil, gas and geothermal energy-producing properties including Contra Costa, Fresno, Humboldt, Kern, Kings, Los Angeles, Monterey, Orange, Sacramento, San Luis Obispo, Santa Barbara, Sutter, Ventura and Yolo ("the participating assessors") regularly exchange relevant valuation information. The participating assessors need a means to gather, coordinate and analyze sales and property information data from oil, gas and geothermal energy producing property sales throughout California. The CAA will serve as the coordinator.

Each of the participating assessors is seeking the approval of its respective governing body to participate in the agreement between the CAA and Bertholf, a consultant whose expertise in the valuation of petroleum properties has long been recognized in an industry where there are few such specialists. Bertolf has a long-term association with the CAA in preparing this study and maintaining the database over many years. Thus, Bertolf can provide this service where it would be cost prohibitive for another contractor to develop anew.

The proposed agreement divides the cost of the contractor's compensation proportionately among the participating counties. Under the recommended agreement, the County's annual share of the cost is 2.3%. Bertholf submits monthly invoices to the CAA through the Kern County Assessor, who then invoices the participating assessors, including the Assessor-Recorder. This cost sharing arrangement provides significant savings for Fresno County.

The County has participated in similar prior agreements with CAA and the participating assessors for many years. In 2014, 2016, and 2018, the Assessor-Recorder signed previous agreements for the same services, for the periods November 1, 2014, through October 31, 2016, November 1, 2016, through October 31, 2018, and November 1, 2018, through October 31, 2020. Included with this item is a copy of an agreement signed by Assessor-Recorder's office for the period covering November 1, 2014, through October 31, 2016. The Department was unable to find copies of agreements covering November 1, 2016, through October 31, 2018, and November 1, 2018, through October 31, 2020. In order to obtain copies of signed agreements, the Department contacted CAA and Bertholf. The CAA has not responded to the Department's inquiry. The representative from Bertholf stated that copies of the signed agreements are not available but confirmed that services were provided. The County paid all amounts due under those agreements, and the Assessor's office received the studies under those agreements. The total amount paid by the County for those agreements was \$10,478.

The proposed agreement was drafted by County of Kern. The most recent contract expired October 31, 2020.

REFERENCE MATERIAL:

BAI #18, December 4, 2012

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with CAA, 14 participating counties, and Bertolf
On file with Clerk - Previous Agreement to Ratify

CAO ANALYST:

Ronald Alexander