



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Assessor-County Clerk-Recorder



DATE: May 2, 2012

BOARD MEETING DATE: May 22, 2012

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Mark Church, Assessor-County Clerk-Recorder &
Chief Elections Officer

SUBJECT: Revenues for the Elections Equipment Trust Fund Account

RECOMMENDATION:

Adopt a Resolution authorizing:

A) The Assessor-County Clerk-Recorder, as Chief Elections Officer, to continue to collect a Voting Equipment Charge and a Voter Registration Software System (Computer) charge from local jurisdictions that receive County election services to reimburse actual costs for the identified equipment in amounts determined and adjusted as needed by said official; and

B) The Assessor-County Clerk-Recorder to account for said revenues in the separate Election Equipment Trust Fund Account approved by the County Manager, to be used exclusively for fixed asset equipment costs for voting, ballot processing, and election administration.

BACKGROUND:

A county's board of supervisors may provide for the payment of the cost of the county's voting system equipment in the manner and method it deems best for local interests. (Cal. Elections Code §19212) Each city or district involved in an election is required to reimburse the actual costs incurred in conducting the election for that city or district (*id.* §§ 10002, 10520), and the Chief Elections Officer is required to determine the amount due from each jurisdiction and bill accordingly (*id.* § 10520). When the Elections Division conducts an election for a city or district, it enters into a service agreement that provides for reimbursement of actual costs incurred.

To comply with new federal and state standards in 2002, we replaced our 1992-era optical scanner voting system with the Hart *eSlate* direct recording electronic system for \$10.454M, paid with state and federal grants and a Net County Cost of \$1.314M. In 2007, to efficiently process the surging volume of Vote by Mail ballots, we made a five-

year lease-purchase of a mail sorter-scanner system for \$588,455 and no Net County Cost. Associated computers, servers, and peripherals incur additional ongoing costs.

To recoup these equipment costs, the service invoices issued to participating jurisdictions by the Elections Division include two line item charges, calculated per registered voter in each jurisdiction. The Voting Equipment line item, now \$0.22, is derived by dividing total registered voters into total voting system and mail sort-scanner system costs over ten years. The Computer Charge, now \$0.06, is derived in a similar manner. Associated revenues have historically been deposited into the Election Revenue Account. In this year's Year-End Fund Balance activity, the County Manager authorized a new Elections Equipment Trust Fund Account to segregate and accumulate these revenues in anticipation of future capital expenditure and related election administration needs.

Because the current voting system has a useful life of about ten years, we want to be in a position to replace it in FY 2016-17 at an anticipated cost of \$3M to \$12M, using the Elections Equipment Trust Fund as the primary source of funding.

DISCUSSION:

To ensure transparency, we seek your authorization to continue this cost reimbursement method, in an amount determined each year by the Chief Elections Officer reflecting the actual annual costs per voter based on the capitalized cost of such equipment and related administration. We also ask you to authorize the Chief Elections Officer to account for these revenues in the new Elections Equipment Trust Fund Account, which will structure and clarify our long-term procurement plan for mission-critical systems.

The proposed Resolution has been reviewed and approved as to form by County Counsel.

Adoption of this Resolution will contribute to the Shared Vision 2025 outcome of a Collaborative Community by enabling equitable cost sharing among local jurisdictions and prudent fiscal planning in the administration of county elections that serve them.

Performance Measure(s):

Measure	FY 2008-2009 Actual	FY 2009-2010 Actual	FY 2010-2011 Actual	FY 2011-2012 Projected	FY 2012-2017 Projected
Equipment contract costs	\$333,729	\$491,418	\$630,020	\$632,625	\$1,466,189
Equipment Charge Revenues	\$311,905	\$311,953	\$350,296	\$276,097*	\$1,608,030*

* Includes regularly scheduled November election, not potential special elections.

FISCAL IMPACT:

These two charges provide a relatively stable revenue stream, well suited to long-term planning for the large infrastructure costs we see ahead. The trust account will collect funds relating to the targeted assets over time and will protect those funds from being expended for other purposes, thereby reducing the need to seek lump sums from the County for replacement of such equipment at the end of its useful life.

