



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/16/2023

To: Board of Supervisors

Department or Agency Name(s): Clerk-Recorder-Assessor-Registrar of Voters

Staff Name and Phone Number: Kim Barrett x3471

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Geothermal Appraisal Services Agreement

Recommended Action:

Authorize the Clerk-Recorder-Assessor to execute an agreement with Harold W. Bertholf, Inc. for geothermal and power plant property appraisal services for the period of July 1, 2023 to June 30, 2026, in an amount not to exceed \$573,000.

Executive Summary:

The Assessor's office is responsible for assessing geothermal properties located in Sonoma County. Geothermal assessments are complex and require expertise in the geothermal industry as well as California property tax laws. Harold W. Bertholf, Inc. has over 30 years of experience in this field and will enable the Assessor's office to determine the values of geothermal properties for the annual and supplemental tax rolls.

Discussion:

In 1999, the California State Board of Equalization amended Property Tax Rule 905 which moved the responsibility of assessing investor owned utilities from the State Board of Equalization jurisdiction to local assessors. Sonoma County currently has 15 investor-owned power plant facilities at the Geysers.

Harold W. Bertholf and his associates have the necessary expertise in geology and appraisal services that allow them to provide reliable evaluations of geothermal properties and related facilities. All professional employees of the company are certified by the State Board of Equalization for property tax appraisal work. Bertholf, Inc. has been providing geothermal property appraisal services to the Sonoma County Assessor's Office since 1997. The Assessor does not have in-house staff with the necessary technical expertise in the geothermal field to accurately appraise geothermal properties and successfully defend assessment appeals on these properties.

Each year, Bertholf and his associates will provide a list of all geothermal and power plant properties located in Sonoma County and will appraise each power plant and steam well according to its fair market value. Supplemental assessment services will be provided in order to determine the market value of any changes in ownership or newly constructed power plants, geothermal wells and facilities. In addition, any questions or disputes that arise with regards to assessed values of geothermal properties, Bertholf and associates will provide auxiliary services which include working with the Assessor and/or legal counsel to resolve questions or disputes and representing the Assessor in defense of challenged assessed values and administrative appeal before the Sonoma County Assessment Appeals Board or the State Board of Equalization.

The proposed Agreement would allow Mr. Bertholf and associates to continue to provide economic and financial analysis services and assessment appeals support with respect to complex geothermal properties located in Sonoma County for the next three years. The Assessor's office released Request for Proposals in 2008, 2009, and 2010. In 2008 & 2009, only Harold Bertholf submitted a proposal. In 2010, only 2 proposals were submitted and Bertholf was selected due to his extensive experience in appraisal of geothermal properties. Due to the unique qualifications of Harold W. Bertholf, Inc. and the Assessor's prior unsuccessful efforts to locate another individual or firm to provide these services, the Purchasing Division has approved a single source waiver in lieu of completing a Request for Proposals.

The agreement is for a three year term with total costs not to exceed \$573,000. \$423,000 is allocated for basic assessment and supplemental assessment services, and \$150,000 is allocated for any necessary auxiliary services that may be required during the contract term of July 1, 2023 to June 30, 2026.

Due to state requirements to appraise power plant facilities at the Geysers in Sonoma County, and the technical expertise needed in geology, appraisal of plant facilities, and economics of energy production in order to establish accurate and fair property values, the Assessor requests the Board authorize the Clerk-Recorder-Assessor to execute an agreement with Harold W. Bertholf, Inc.

Strategic Plan:

N/A

Prior Board Actions:

5/19/2020 - Authorized Clerk-Recorder-Assessor to execute an agreement for July 1, 2020 to June 30, 2023 in an amount not to exceed \$568,200.

6/13/2017 - Authorized Clerk-Recorder-Assessor to execute an agreement for July 1, 2017 to June 30, 2020 in an amount not to exceed \$544,200.

9/23/2014 - Authorized Clerk-Recorder-Assessor to execute an agreement for September 23, 2017 to June 30, 2017 in an amount not to exceed \$499,525.

6/24/2014 - Authorized the Clerk-Recorder-Assessor to execute a first amendment to the agreement dated July 1, 2011 to June 30, 2014, increasing amount by \$12,645 and extending term to July 31, 2014.

7/12/2011 - Authorized the County Clerk-Recorder-Assessor to execute a three year agreement for fiscal years 2011-12 through 2013-14, in the amount of \$304,957.

FISCAL SUMMARY

Expenditures	FY 23-24 Projected	FY24-25 Projected	FY 25-26 Projected
Budgeted Expenses	138,000	141,000	144,000
Additional Appropriation Requested			
Total Expenditures	138,000	141,000	144,000
Funding Sources			
General Fund/WA GF	138,000	141,000	144,000
State/Federal			
Fees/Other			

Agenda Date: 5/16/2023

Use of Fund Balance			
Contingencies			
Total Sources	138,000	141,000	144,000

Narrative Explanation of Fiscal Impacts:

Funding for basic and supplemental assessment services for FY 23-24 is included in the recommended budget for the Assessor division. If auxiliary services are required due to assessment appeal activities, further appropriations will be identified at that time.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Contract, Exhibit A, Exhibit B, Exhibit C, Exhibit D, Single/Sole Source Waiver

Related Items "On File" with the Clerk of the Board:

N/A