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#1591

September 1, 2004

SEP 28 REC'D

The Honorable Allan Hardcastle  
Presiding Judge, Sonoma County Superior Court  
600 Administration Drive, Dept. 3  
Santa Rosa, CA 95403

**Re: Palm Drive Health Care District Board of Directors  
Response to Final Report of the 2003-2004 Grand Jury**

Dear Judge Hardcastle:

We would like to thank the Grand Jury for its thoughtful review and considered analysis of the Palm Drive Health Care District parcel tax exemption process. We value the input on how we can better serve our community. The District Board has reviewed the recommendations of the Grand Jury carefully, and the following response will address each recommendation.

**Parcel Tax Exemption Process**

Recommendations: Pg. 3

***R1:** The Palm Drive Health Care District must reevaluate the procedure it has been following in the granting of exemptions to its parcel tax program. This must be accomplished prior to issuing the next regular tax billing.*

**Response:** This recommendation has been implemented.

The Palm Drive Health Care District (the "District") has reevaluated its parcel tax program and the exemptions to such program in the context of a new parcel tax measure to be presented to the voters for approval on November 2, 2004. Pursuant to California Government Code §50077, the adoption of the new parcel tax measure was proposed by resolution of the Board of Directors (the "Board") at the duly noticed and regularly held public meeting on August 4, 2004.

***R2:** Prior to the next regular tax billing, the district must reexamine the exemptions granted, and determine if these parcels were correctly exempted. Those parcels not correctly exempted must have their parcel tax immediately reinstated and the prior exempted amount collected.*

**Response:** The District does not presently have the resources nor is it feasible to reexamine the nearly 500 exemptions granted under the current tax. The new parcel tax measure provides that the District will establish an administrative review process to grant exemptions and consider appeals.

***R3:** The district is urged to appoint an independent resource to audit the exemptions granted, and determine if these parcels were correctly exempted. The details of the exemption process must be studied and reapplied by the district where applicable.*

**Response:** The language of the proposed new parcel tax includes clarification and definition of contiguous parcels of real property. This definition will significantly reduce any ambiguity associated with the current tax. For purposes of the parcel tax measure the term "Parcel of Real Property" is defined to specifically exclude low value parcels. In addition, contiguous parcels are specifically addressed in the measure such that multiple parcels of real property under the same name and ownership, which are contiguous and part of one economic unit, may be charged as one parcel of real property. The new parcel tax measure provides that the District will establish an administrative review process to grant exemptions and consider appeals with respect to contiguous parcels of real property. The District's publicly elected Board of Directors provides oversight to the administrative review process, which includes grievance and appeals procedures.

*R4: The district must publish a tax exemption procedure, if one is to be in effect, to be sent to the voters together with a description of the proposed new parcel tax measure so that there will be no ambiguity when applying a tax exemption in the future.*

**Response:** The recommendation is being implemented in part in connection with the new parcel tax measure.

The new parcel tax measure to be submitted to the voters in November 2004 includes specific exemptions for certain property that will not be subject to the parcel tax. As stated above, for purposes of the parcel tax measure the term "Parcel of Real Property" is defined to specifically exclude low value parcels, and contiguous parcels are specifically addressed in the measure such that multiple parcels of real property under the same name and ownership, which are contiguous and part of one economic unit may, be charged as one parcel of real property.

Pursuant to the new measure, the District will establish an administrative review process to grant exemptions and consider appeals with respect to contiguous parcels of real property. Once the new measure is enacted, an exemption procedure will be published.

*R5: All requests for Hardship Exemption must be denied. The applicant must be referred to the program entitled: "Property Tax Postponement for Senior Citizens, Blind or Disabled Citizens", to determine if they are eligible. Prior Hardship Exemptions must be immediately reinstated and the prior exempted amount collected.*

**Response:** The recommendation will be implemented in part in connection with the new parcel tax measure.

The new parcel tax does not include an exemption for undue hardship on the taxpayer, and no such exemptions will be granted under the new parcel tax. Those taxpayers unable to pay will be referred to the "Property Tax Postponement for Senior Citizens, Blind or Disabled Citizens" program, to determine if they are eligible for exemption under that program.

Respectfully submitted,



Naomi Fuchs, President  
Board of Directors  
Palm Drive Health Care District