



Agenda Date: 10/10/2006  
Agenda Placement: 6J

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** John Tuteur - Registrar of Voters  
Elections  
**REPORT BY:** John Tuteur, Assessor-Recorder-County Clerk, 253-4459  
**SUBJECT:** Registrar of Voters requests approval of Budget Transfer

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### **RECOMMENDATION**

Assessor-Recorder-County Clerk requests approval of Budget Transfer No. 15 appropriating \$352,943 in the Primary-General Elections budget with offsetting revenues from State Voting Modernization Board Act (Proposition 41) funds for reimbursement of remaining county costs for State-mandated Voter Verified Paper Audit Trail equipment already in use. (4/5 vote required)

### **EXECUTIVE SUMMARY**

The California Legislature mandated that all electronic voting systems have a Voter Verified Paper Audit Trail (VVPAT) by January 1, 2006. Napa County has successfully deployed this system for the June 6, 2006 Direct Primary Election and will be using the system again for the November 7, 2006 General Election and in future elections. As this was a State-mandated requirement, Napa County needs to obtain State reimbursement from the Voting Modernization Board (VMB) Act Funds approved by the voters as Proposition 41 in March 2002.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	\$352,942.40 from State Voting Modernization Board Act (Proposition 41) funds and additional \$352,942.40 from Federal Help America Vote Act (HAVA) section 301 funds (total of \$705,884.80).
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Napa County currently has \$352,942.40 of General Fund monies invested in the state-mandated Voter Verified Paper Audit Trail (VVPAT) component of our

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	electronic voting system. This action will reimburse the county for these already expended funds.
Is the general fund affected?	Yes
Future fiscal impact:	There will be no future fiscal impact other than maintenance costs which are already budgeted and are in part offset by revenues from other local entities for which the Napa County Elections Division conducts elections.
Consequences if not approved:	The Napa County General Fund will not receive reimbursement for \$352,942.40 already expended.
Additional Information:	None

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

The California Legislature mandated that all electronic voting systems have a Voter Verified Paper Audit Trail (VVPAT) by January 1, 2006. Napa County has successfully deployed this system for the June 6, 2006 Direct Primary Election and will be using the system again for the November 7, 2006 General Election and in future elections. The cost of the system to Napa County was \$405,937.50. Napa County received part of reimbursement for this purchase since the Secretary of State with the concurrence of the Federal Election Assistance Commission (EAC) released \$52,995.10 to Napa County under the discretionary funding provisions of HAVA 301, leaving the balance of \$352,942.40 which were paid from Napa County general funds. EAC guidance has advised that the costs, other than the discretionary funding mentioned above, associated with retrofitting voting systems with the VVPAT do not qualify for HAVA funds because VVPAT is a state, not a federal requirement. However, the costs associated with State-mandated VVPAT are eligible for reimbursement through the Voting Modernization Board Act (Proposition 41) funds. The Voter Modernization Board (VMB) controls Proposition 41 fund disbursements.

Napa County is seeking to exercise the retrofit funding option identified by the Secretary of State to receive reimbursement for the \$352,942.40 of local funds spent on complying with the state mandated VVPAT. The Secretary of State has approved a process by which Napa County will return \$352,942.40 of its original allocation of \$891,111.44 received through the Voting Modernization Board Act (Proposition 41) funds, which is a portion of the VMB award that was used to help purchase the HAVA-compliant Sequoia Voting Systems Edge AVC I Direct Record Electronic voting system. Upon receiving the \$352,942.40, the VMB will forward a confirmation of receipt of the funds from Napa County to the County and to the HAVA Coordinator for the Secretary of State. The VMB will then issue a new funding award letter to Napa County which will make Napa County eligible to receive the amended award from the VMB in the amount of \$352,942.40. The County will forward an acknowledgement letter to the VMB accepting the new funding award. This award will then be forwarded to Napa County for deposit in the Napa County General Fund as reimbursement for the VVPAT retrofit.

At this point, Napa County will be eligible for further funding for its original acquisition of a HAVA compliant voting system because the County has remitted to the VMB \$352,942.40 of its original Proposition 41 award of \$891,111.40. Napa County will now have unreimbursed costs for the HAVA compliant voting system in the amount of \$352,942.40, which the County will be eligible to receive a retroactive payment pursuant to HAVA section 251 (c) (1). Napa County will pursue the retroactive payment through the Secretary of State HAVA Coordinator as soon as

a copy of the VMB confirmation of receipt of funds is received by Napa County and the Secretary of State HAVA coordinator.

The Voting Modernization Board (VMB) will approve receipt of the return of the funds and consider and approve Napa County's revised application for those same funds at its meeting on October 18, 2006. This funding mechanism is essential for Napa County to receive full reimbursement from both sources, VMB and HAVA.

Revenues are being increase by \$705,884.80 to recognize that the appropriation of \$352,942.40 will be reimbursed by the VMB for the State-mandated VVPAT requirement. An additional \$352,942.50 will be reimbursed from the allocated HAVA section 301 funds that are not eligible for VVPAT reimbursement.

This funding mechanism process was reviewed by the Auditor-Controller and also by the County's outside Auditor, Bartig, Basler & Ray. They did not see any problem in proceeding with the process.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Maiko Klieman