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**Date:** January 27, 2017

**To:** San Francisco Bay Restoration Authority Board and Staff c/o Karen McDowell

**From:** Tim Seufert, Managing Director, NBS  
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**Subject:** Measure AA Setup and Administration – Progress Update

The San Francisco Bay Restoration Authority (the “Authority”) retained NBS to provide administration and setup services for the Authority’s Measure AA Parcel Tax. The purpose of this Memorandum is to provide a status update and introduce items that may need action, in the future, by the Board.

**Progress Update:**

Since Measure AA (the “Parcel Tax”) was approved by 70% of voters, numerous administrative measures have been executed to ensure everything is in place to educate interested property owners and ensure the Parcel Tax is enrolled on the Fiscal Year 2017/18 tax bills in all nine counties.

Property Owner Education

NBS worked with the Authority to add a link to the Authority’s website that would direct property owners to an additional website, set up by NBS, [myparceltax.com/SFBay](http://myparceltax.com/SFBay). This website is an additional means of getting information to property owners and directs them to a toll-free telephone number, with a phone message containing detailed information about the Parcel Tax. At the end of the phone message, the property owner is given NBS’s 800 number to speak with someone directly should they have more questions. All of these forms of communication are intended to get as much information to the property owner (and other interested parties) as possible.

County Submittal Requirements

In order to accept the submittal of the Parcel Tax for inclusion on the Fiscal Year 2017/18 tax roll, each of the nine Bay Area counties require that certain administrative actions be met. These actions include, but are not limited to, resolutions, contracts, compensation agreements, remittance information, etc. NBS is compiling the list of requirements for each county and will provide a list to the Authority and will detail those items that will require Board action at a subsequent meeting.

County Collection Fee

As a service for placing the Parcel Tax on the county tax roll, each county charges a collection fee. This fee is different for each county and ranges from 0.85% of the total dollar amount placed on the tax roll to a fee structure of \$2 for the first 10,000 parcels, \$1 for the next 10,000, and \$0.50 for all parcels over 20,000. NBS has contacted those counties with a collection fee considerably

higher than the others, to inquire about a reduction in the fee. To date, one county, San Francisco, agreed to lower their collection fee. This reduction resulted in a savings of \$100,000.

Procedures Manual

NBS prepared a draft procedures manual to provide a clear and transparent process for taxpayers and other interested parties. Though the Parcel Tax is a flat uniform rate of \$12, there are certain exemptions, exceptions, and administrative matters to take into account in the levying of the Parcel Tax. The manual provides an annual timeline, potential exemptions/exceptions, appeals procedure, and information about the Teeter Plan (an alternative method of distributing tax proceeds). The draft procedure manual has been provided for the Board’s review and will be approved at a subsequent meeting.

Teeter Plan

Each county collects and disburses property tax payments and direct charges, such as this Parcel Tax, to participating agencies within their respective county. The actual disbursements are performed based on actual collections of the tax from the property owners, or via the Teeter Plan. Actual collections will reflect any delinquencies, and later will include penalties and interest. The Teeter Plan essentially provides the taxing agency with 100% of their direct tax during the tax year with no delays in collection, but no penalties and interest later.

The Teeter Plan provides counties with an optional alternative method for allocating delinquent property tax revenues. Using the accrual method of accounting under the Teeter Plan, counties allocate property tax revenues based on the total amount of property taxes billed out, but not yet collected. The Teeter Plan allows counties to finance property tax receipts for local agencies by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year’s delinquent property taxes. In exchange, the counties themselves retain the penalties and interest on the delinquent taxes when collected. For counties not under the Teeter Plan, interest and penalty are allocated to all agencies based on their pro rata share of the delinquent property tax. However, the county retains the penalty on delinquent property taxes if the delinquency is cleared up within the same fiscal year.

The following table shows a breakdown of each county. Each County utilizes the Teeter Plan in some manner overall. However, only five counties have qualified the Authority’s Parcel Tax for their Teeter Plan, and four have declined to offer the Teeter Plan at this time. The Authority typically does not have the option to choose whether to have the Parcel Tax on the Teeter Plan. The counties that qualify the Parcel Tax require it to be teetered.

<b>County</b>	<b>Qualify for Teeter Plan</b>
Alameda	Does not Qualify
Contra Costa	Qualifies
Marin	Qualifies
Napa	Does not Qualify
San Francisco	Does not Qualify
San Mateo	Qualifies
Santa Clara	Qualifies
Solano	Qualifies
Sonoma	Does not Qualify

Regardless of the above, the nine counties typically pursue the entire tax bill, and initiate foreclosure after five years of delinquency. We anticipate that the Authority will not need to pursue delinquencies for such a relatively small dollar amount per parcel, but rather ensure collections and disbursements are received and reconciled.

Summary

The information above has been provided to inform the Board of the progress of the setup and administration of the Parcel Tax. NBS will continue to work with the Authority to ensure all requirements are met to get the Parcel Tax on the Fiscal Year 2017/18 tax roll in each of the nine counties.