

Table 1. Projections of Regional Revenue

Pending advice to the Restoration Authority from special outside counsel and other municipal finance professionals, the comparisons in Table 1 below may assist in evaluating the benefits and challenges of a parcel tax measure and a bond measure.

	\$12 Parcel Tax	\$18 Parcel Tax	\$500 million G.O. Bond	\$750 million G.O. Bond
Term	20 year	20 year	30 year	30 year
Regional Revenue	\$500M	\$750M	\$500M	\$750M
Annual Tax	\$12 per parcel	\$18 per parcel	\$3.22 per \$100K of assessed value	\$4.83 per \$100K of assessed value

Table 1 Notes:

- a. General obligation bonds would need to mature prior to the sunset date of the Restoration Authority, and the proceeds of each bond issue would need to be spent within three years. Thus, if the sunset date of the Restoration Authority becomes January 1, 2049 as proposed in AB 746, any 30-year bonds would need to be sold by January 1, 2019 and the proceeds spent by December 2021. Shorter-term bonds could be issued later—for example, 20 year bonds could be sold as late as January 1, 2029 with proceeds required to be spent by December 2033--but *ad valorem* tax rates for shorter term G.O. bonds would be higher than for 30-year G.O. bonds.
- b. In the parcel tax measure, the Restoration Authority could reserve the option to issue special revenue bonds in order to help accelerate work on large projects ready for construction early in the life of the measure. Special revenue bonds would be subject to similar to those for G.O. bonds. The assistance of outside financial advice would be needed to help structure any issuance of special revenue bonds.
- c. All “Regional Revenue” figures in Table 1 are based on 2015 NBS estimates of the total number of taxable parcels throughout the nine-county Bay Area and their total assessed value, as derived from county assessors’ data. These figures were provided to the Restoration Authority by Save The Bay.
- d. *Ad valorem* taxes associated with potential 30-year bond measures are based additionally upon current interest rates for public agencies with average bond ratings.

See Table 2 on next page.

Table 2. Further Comparison of Parcel Tax Measure and G.O. Bond Measure

Pending advice to the Restoration Authority from special outside counsel and other municipal finance professionals, the comparisons in Table 2 below may assist in evaluating the benefits and challenges of a parcel tax measure and a bond measure.

Issue	Parcel Tax Measure	G.O. Bond Measure
Total funding generated	\$500m - \$750m plus earnings, minus county administrative costs; if special revenue bonds are sold, additional costs and restrictions would apply.	\$500m - \$750m, minus county and bond-administration costs.
Higher taxes for higher-value parcels?	Limited latitude for imposing higher taxes on higher-value property.	Yes
Schedule for availability of funding following passage of June 2016 revenue measure	At \$12/parcel: ~\$25.2m per year for 20 years beginning in FY 2017 (total \$500m); if special revenue bonds are sold, additional funding would be assembled in bond-sale years. ^a	Bond funds available beginning FY 2017. Amounts available annually depend upon size of bond issues. ^{b, c}
Schedule for disbursement of funds	As needed for Bay restoration. If special revenue bonds are sold: To maintain tax exempt status of bonds, must spend 85% of amount of proceeds within 3 years of given bond sale.	To maintain tax exempt status of bonds, must spend 85% of amount of proceeds within 3 years of given bond sale.
Eligible uses of funds	Acquisition and improvement of real property; operation, maintenance and monitoring; Restoration Authority administration.	Acquisition and improvement of real property; significant deferred maintenance of qualified improvements; bond-related costs.
Need additional source of funding for Restoration Authority administration?	No	Yes ^d
Need amendment of enabling legislation per AB 746?	Yes: For extension of Restoration Authority sunset to 2037 to enable collecting 20 years of parcel tax receipts or for extension of Restoration Authority sunset to 2049 to enable issuance of 30-year bonds until 2019, with shorter-term bonds thereafter. ^e	Yes: For authority to issue G.O. bonds, to ease limit on amount of bonding authority, and for extension of SFBRA sunset to 2049 to enable issuance of 30-year bonds until 2019, with shorter-term bonds thereafter. ^e
Need to update Draft Expenditure Plan?	Yes: Update associated list and map of potentially eligible projects to reflect completion of some projects and addition of others; additional revisions needed if and when bonds to be sold.	Yes: Revise to comport with G.O. bond measure provisions, eliminate ineligible activities, and update associated list and map of potentially eligible projects to reflect completion of some projects and addition of others.

Table 2 Notes: See next page

Table 2 Notes:

- a. Assumes that 2016-17 property tax bills reflect parcel tax measure.
- b. Assumes that 2016-17 property tax bills reflect G.O. bond measure.
- c. Interval between passage of measure and first G.O. bond sale is based upon the experience and projected schedule of the Midpeninsula Open Space District for its first bond sale following June 2014 passage of its Measure AA.
- d. The advice of bond professionals will be needed to determine the types of Restoration Authority administrative costs that would be eligible for payment from the proceeds of Restoration Authority G.O. bond sales. Informal consultation to-date strongly indicates that an additional source of funding would be needed for RA support other than bond administration.
- e. If AB 647 is enacted with the necessary provisions and signed by the Governor by October 2015, then the Restoration Authority will be in a position to adopt either parcel tax or bond measure resolutions in time to qualify for the June 2016 ballot.