



**Marin Emergency Radio Authority**

**Parcel Tax Study Report**

*Revised July 24, 2013*

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## **EXECUTIVE SUMMARY**

The Marin Emergency Radio Authority (MERA) is a Joint Powers Authority in Marin County, California, formed in 1998 to plan, implement and manage a countywide public safety and emergency radio system for the use of all member agencies. This system helps unify public safety response and ensures communication among individual agencies and departments within Marin County. The system of 17 base station radio and receiver sites provides regional or countywide radio communications among dispatch centers and mobile units throughout the county. MERA is governed by a Governing Board comprised of representatives from the County of Marin, all cities, towns, and fire districts in Marin, and other special districts such as the Marin Municipal Water District.

NBS was hired as a consultant to MERA to develop and refine a parcel tax model as a means of funding to support MERA's infrastructure. The following report provides a preliminary basis for the levy of a proposed Parcel Tax currently under consideration by MERA. Included within the report is a summary of the relevant property-related data for all parcels within Marin County, as well as a discussion of the parcel tax methodology considered for the parcel tax.

Given the parameters of MERA's funding needs and Marin County characteristics, the goal of the funding analysis was to construct a fair, equitable, and logical parcel tax method that was within the norms of recent practices in Marin County and the State of California. Recent examples of parcel taxes in Marin County are the library tax (Measure A, 2012) which has a uniform per parcel tax rate of \$49 and the Twin Cities Police Authority Community Facilities District special tax, which uses a graduated scale, including a \$109 tax per single family home (or per unit, in case of multi-unit buildings), and a per square footage charge for non-residential parcels (there is no cap to this rate, and some non-residential parcels are charged many thousands of dollars).

The assumption for MERA's potential parcel tax for purposes of this report was that such a parcel tax would be promulgated under California Government Code Section 50075, as allowed for cities and counties. Given MERA's status with the County of Marin, the use of this parcel tax mechanism should be reviewed and confirmed to be appropriate by agency counsel.

Projected gross revenue of this Parcel Tax is approximately \$3.6MM based on Marin County Assessor data available, assuming no exemptions are contemplated except for certain non-taxable parcels: this equates to a parcel tax of \$29 for a single-family residential unit and an average tax of less than \$40 per parcel for all parcel types. Please note that there are some annual expenses for the administration and collection of such a parcel tax, likely in the range of \$100K. The current Marin County tax collection fees are as follows: \$2.00 per parcel for the first 10,000 parcels, \$1.00 per parcel for the next 10,000 parcels, and \$0.50 per parcel for every parcel over 20,000. This would equate to almost \$65K. Additional tax roll administration, auditing costs, and other professional services could be in the range of \$25K. This equates to a net revenue amount closer to \$3.5 million.

Additionally, should MERA choose to include an exemption for owner-occupant (single family residences) senior citizens meeting a low income threshold, as defined annually by the Housing Authority of the County of Marin ("Marin Housing"), preliminary estimates show the total amount exempted may range from as low as 0.5% to as high as 5% of the revenue generated by the proposed parcel tax, roughly between \$12,000 to \$120,000, respectively, not including additional administrative and advertising costs required to process exemption applications. Those costs associated with processing of exemptions would depend on the level of advertising the exemption program as well as the level of effort involved in processing exemptions on an annual basis.

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# **1. PROPOSED PARCEL TAX DISTRICT**

A Parcel Tax Measure can be created pursuant to Article XIII C of the California Constitution and California Government Code Section 50075. Such a parcel tax, or special tax, can be levied against all taxable property within the County. It provides great flexibility in the formula used to levy the parcels within the district.

A “parcel of taxable real property” is defined as any unit of real property within MERA’s boundary that receives a separate tax bill for ad valorem property taxes from the County Tax Collector. All property that is otherwise exempt from or upon which no ad valorem property taxes are levied in any year will also be exempt from the parcel tax in such year.

Successful creation of a special tax requires approval of 2/3 of the registered voters voting in the election. Each voter has one vote regardless of their weighted share of the proposed special tax levy.

## 2. COUNTY PARCEL DATA

### 2.1. Land Use Summary

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In terms of parcel count, the County is largely residential in use. Of the roughly 96,000 parcels in the County, 89 percent have a residential use assignment according to the County Assessor. Four percent of the parcels in the County have a commercial, industrial, or utility use assignment and the balance represents parcels of a rural or recreational nature, and those owned by public agencies.

There are approximately 24,000 multi-family dwelling units, and 75,000 single family dwelling units in the County.

### 2.2. Summary of Assessed Value by Use Classification

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The following table summarizes assessed valuations by property type and includes the total assessed value of land, improvements, exemptions, and net taxable value.

Use Type	Land Value	Improved Value	Exemptions	Net Taxable Value	Percent Of Total
Agricultural, Open Space, or Rural	189,261,009	194,619,436	816,200	383,064,245	0.7%
Commercial and Industrial	2,492,448,696	3,799,448,847	759,680	6,291,137,863	11.5%
Exempt	360,484,703	1,084,038,325	1,407,922,025	36,601,003	0.1%
Multi-Family Residential	1,772,325,188	2,291,083,163	12,847,800	4,050,560,551	7.4%
Single-Family Residential	22,473,937,484	21,780,894,253	365,101,720	43,889,730,017	80.3%
<b>Grand Total</b>	<b>27,288,457,080</b>	<b>29,150,084,024</b>	<b>1,787,447,425</b>	<b>54,651,093,679</b>	<b>100.0%</b>

Source: Marin County January 2012 secured roll.

### **3. RECOMMENDED BILLING METHODOLOGY**

Based on results of the various methods and rates considered for the MERA Parcel Tax, the following is the recommended billing methodology for the district, including property classifications and maximum rates by property class.

#### **3.1. Parcel Tax Categories**

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Category 1 - Single family residential parcels: This includes single family homes, condominiums, townhomes, floating homes, and mobile homes on an individual lot (having a unique assessor parcel number). In general, most historically significant properties (Mills Act; private homes) will be included here as well.

Category 2 - Multifamily residential parcels: This category includes all multifamily residential complexes including apartment buildings.

Category 3 – Agricultural and farm parcels: This category includes all agricultural and farming uses, as well as any open space parcels not otherwise exempt.

Category 4 – Commercial and Industrial parcels: This includes all commercial and industrial uses throughout the County as well as public utility uses.

Category 5 – Exempt parcels: This typically includes other governmental properties and those not subject to general property taxes.

Below is a summary of the classification of parcels into the above-stated categories, based on Use Codes assigned by the County Assessor.

<b>Category</b>	<b>Description</b>	<b>Current Use Codes*</b>
1	Single Family Residential (SFR)	10, 11, 12, 13, 14, 38
2	Multi-Family Residential (MFR)	20, 21
3	Agricultural, Open Space, or Rural	30, 31, 32, 33, 34, 35, 36, 37
4	Commercial, Industrial and Utility	40, 41, 50, 51, 90
5	Exempt	15, 60, 61, 80, 81, 91

\* Parcel classifications are based on currently assigned County Use Codes and their corresponding descriptions. These may be subject to change or interpretations made by MERA or the designated District administrator.

Among parcels normally classified as exempt in Marin County, there are 90 Utility properties, or those properties considered to be public utilities and valued by the State Board of Equalization (SBE). These properties will be billed under the Commercial/Industrial category and placed on the County's separate utility property tax roll.

If the parcel tax is approved, the MERA Board of Directors or the appropriate County officials may make interpretations as to the application of the parcel tax, and adopt such additional clarifications or supplemental procedures as it deems necessary or convenient for the administration of the parcel tax. A property owner may submit an appeal if he/she feels the parcel tax was calculated in error. However, any Board decisions on such an appeal or interpretation issue shall be considered final.

### 3.2. Proposed Rates

The following table summarizes the proposed rates for the district, beginning with the first year the district is billed (Base Year).

Property Description	Method	Maximum Rate
Single-Family Residential	Per Parcel	\$29.00
Multi-Family Residential	Per Unit	26.10
Agricultural		
Up to 5 Acres - Small	Per Parcel	29.00
Greater than 5 Acres – Large	Per Parcel	58.00
Commercial, Industrial and Utility		
Up to ½ Acre	Per Parcel	87.00
Greater than ½ and up to 1 Acre	Per Parcel	174.00
Greater than 1 Acre	\$174 Per Parcel + Rate per each acre over 1*	Up to \$2,500

\* for the rate component of the Commercial, Industrial and Utility parcels greater than one acre in size, the SFR rate of \$29 is applied to each additional acre, or portion thereof, greater than one acre, up to a maximum of \$2,500 per parcel.

It is recommended that the proposed maximum rates include an inflationary escalation factor that would increase the maximum rates by the greater of: I) the percentage change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U): San Francisco-Oakland-San Jose Region, for April of each fiscal year, OR II) 1.50%, subsequent to the previous fiscal year. The Annual Rate may be less than, but would not exceed the Maximum Rate for a given fiscal year, unless appropriate proceedings (vote) are conducted by the Agency to authorize any increase beyond the Maximum Rate for a given fiscal year.

### 3.3. Parcel Tax General Summary

The following table summarizes, by parcel tax category, the number of parcels, number of taxable units, total parcel tax levied, average amount levied by parcel, and median levy of the proposed parcel tax.

Parcel Tax Categories	No of Parcels	Tax Units	Total Parcel Tax	Average Per Parcel	Median
1 – SFRs	81,107	81,107	\$2,352,103	\$29	\$29
2 – MFRs	4,986	24,551	640,781	129	52
3 - Agricultural	715	1,361	39,469	55	58
4 - Commercial/Industrial	4,015	10,360	585,193	145	87
5 – Exempt	5,432	-	-	-	-
<b>Total</b>	<b>96,255</b>	<b>117,379</b>	<b>\$3,617,546</b>	<b>\$39</b>	<b>\$29</b>

### 3.4. Parcel Tax by Detailed Property Descriptions

Property Descriptions	Parcel Count	Assessed Land Value	Assessed Improvement Value	Total Assessed Value	Total Exemptions	Total Acreage	Equivalent Units	Estimated Revenue
<b>Agricultural</b>								
Agricultural Pres. Farmland Security Zone - improved	34	4,692,334	10,624,894	15,150,628	166,600	11,642	68	1,972
Agricultural Pres. Farmland Security Zone - vacant	32	832,603	-	832,603	-	6,789	64	1,856
Agricultural preserve contract - improved	219	47,577,473	81,089,936	128,157,809	509,600	53,114	430	12,470
Agricultural preserve contract - vacant	193	7,903,509	-	7,903,509	-	27,790	372	10,788
<b>Subtotal</b>	<b>478</b>	<b>61,005,919</b>	<b>91,714,830</b>	<b>152,044,549</b>	<b>676,200</b>	<b>99,336</b>	<b>934</b>	<b>27,086</b>
<b>Commercial</b>								
Commercial - improved	2,878	2,081,738,631	3,436,721,412	5,517,707,363	752,680	5,183	7,207	398,554
Commercial - vacant	393	140,770,244	2,716,216	143,486,460	-	812	1,088	66,091
<b>Subtotal</b>	<b>3,271</b>	<b>2,222,508,875</b>	<b>3,439,437,628</b>	<b>5,661,193,823</b>	<b>752,680</b>	<b>5,996</b>	<b>8,295</b>	<b>464,645</b>
<b>Common Area</b>								
Common area parcel (residential and commercial)	414	142,486	40	142,526	-	1,140	-	-
<b>Subtotal</b>	<b>414</b>	<b>142,486</b>	<b>40</b>	<b>142,526</b>	<b>-</b>	<b>1,140</b>	<b>-</b>	<b>-</b>
<b>Exempt</b>								
Subject to exemption - improved	701	335,988,258	1,083,030,600	29,804,462	1,389,214,396	5,085	-	-
Subject to exemption - vacant	156	23,757,591	-	5,063,962	18,693,629	1,862	-	-
Tax exempt - vacant and improved	4,161	596,368	1,007,685	1,590,053	14,000	191,208	-	-
<b>Subtotal</b>	<b>5,018</b>	<b>360,342,217</b>	<b>1,084,038,285</b>	<b>36,458,477</b>	<b>1,407,922,025</b>	<b>198,156</b>	<b>-</b>	<b>-</b>
<b>Historical Landmarks</b>								
Historical Property (Mills Act)	9	11,223,500	12,198,500	23,373,000	49,000	4	9	261
<b>Subtotal</b>	<b>9</b>	<b>11,223,500</b>	<b>12,198,500</b>	<b>23,373,000</b>	<b>49,000</b>	<b>4</b>	<b>9</b>	<b>261</b>
<b>Industrial</b>								
Industrial - improved	545	253,996,032	360,011,219	614,000,251	7,000	680	1,046	72,158
Industrial - vacant	109	15,943,789	-	15,943,789	-	804	877	30,874
<b>Subtotal</b>	<b>654</b>	<b>269,939,821</b>	<b>360,011,219</b>	<b>629,944,040</b>	<b>7,000</b>	<b>1,484</b>	<b>1,923</b>	<b>103,032</b>
<b>Open Space</b>								
Open space contracts - improved	4	1,600,890	2,650,736	4,244,626	7,000	372	8	232
Open space contracts - vacant	20	4,493,359	-	4,493,359	-	4,278	33	957
<b>Subtotal</b>	<b>24</b>	<b>6,094,249</b>	<b>2,650,736</b>	<b>8,737,985</b>	<b>7,000</b>	<b>4,650</b>	<b>41</b>	<b>1,189</b>
<b>Residential</b>								
Attached Single Family Residential - improved	13,461	1,765,479,350	2,722,409,428	4,434,996,897	52,891,881	346	13,461	390,369
Detached Single Family Residential - improved	61,804	20,224,110,293	18,960,139,850	38,874,685,810	309,564,333	27,256	61,804	1,792,316
House Boat	376	-	72,531,442	71,019,442	1,512,000	5	376	10,904
Mobile home - improved	267	-	8,982,809	7,917,303	1,065,506	2	267	7,743
Multiple family residential - vacant	148	14,946,527	-	14,946,527	-	109	296	7,726
multiple family residential (2 or more units) -improved	4,838	1,757,378,661	2,291,083,163	4,035,614,024	12,847,800	2,465	24,255	633,056
Single family residential - vacant	5,190	473,124,341	4,632,224	477,737,565	19,000	7,052	5,190	150,510
<b>Subtotal</b>	<b>86,084</b>	<b>24,235,039,172</b>	<b>24,059,778,916</b>	<b>47,916,917,568</b>	<b>377,900,520</b>	<b>37,233</b>	<b>105,649</b>	<b>2,992,623</b>
<b>Rural</b>								
Rural - improved	85	80,168,215	100,253,870	180,289,085	133,000	12,056	165	4,785
Rural - vacant	128	41,992,626	-	41,992,626	-	11,629	221	6,409
<b>Subtotal</b>	<b>213</b>	<b>122,160,841</b>	<b>100,253,870</b>	<b>222,281,711</b>	<b>133,000</b>	<b>23,685</b>	<b>386</b>	<b>11,194</b>
<b>Utility</b>								
Valued by State Board of Equalization (SBE) - vacant and improved	90	-	-	-	-	212	142	17,516
<b>Subtotal</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>142</b>	<b>17,516</b>
<b>Grand Total</b>	<b>96,255</b>	<b>27,288,457,080</b>	<b>29,150,084,024</b>	<b>54,651,093,679</b>	<b>1,787,447,425</b>	<b>371,896</b>	<b>117,379</b>	<b>3,617,546</b>



### 3.5. Map of Proposed District by Property Type

