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Date: September 10, 2020

To: Hannah Lee and Gerhard Epke, Marin County Flood Control and Water Conservation District

From: Sara Mares, Director, NBS

Subject: Parcel Tax Analysis for Various Scenarios

The Marin County Flood Control and Water Conservation District (the “District”) retained NBS to provide an estimate of potential parcel tax rate scenarios for Zone 7. This Memorandum summarizes several potential tax rate scenarios that allocate the parcel tax utilizing various criteria over multiple terms.

The first phase of analysis included retrieving parcel data used to model various tax rates. Based on the revised Zone 7 boundary, NBS identified a total of 677 parcels. Seventeen parcels are classified as “Non-Taxable”, mainly due to public, church, or association ownership. The remaining 660 parcels are further classified by land use.

According to Marin County use code data, there are six different land uses within the District. For purposes of this analysis, NBS identified five land use categories. It was determined the parcels assigned to Attached Single Family Residential and the Multi-Family Residential use codes were not materially different than those assigned to Single Family Residential, therefore those categories were combined. Additionally, two apartment parcels were identified and put into a separate land use category. The five land use categories utilized for this analysis are as follows:

NBS Land Use Category	Total Parcels
SFR	656
Vacant	1
Apartment	2
Commercial	1
Non-Taxable	17
TOTAL:	677

The Non-Taxable parcels would not be subject to the parcel tax; therefore, the 17 Non-Taxable parcels have been removed, for a total of 660 taxable parcels.

NBS was requested to model tax rates over based upon construction costs of \$1 million, funded via bond proceeds or other debt instrument over a period of seven years. The total annual special tax requirement of \$251,000 was determined, as follows:

Debt Service Assumptions ¹	Interest Rate	Term (Years)	Annual Payment	Principal Payment	Interest
Scenario 1	4.5%	7	\$206,018	\$151,388	\$54,630
Scenario 2	5.0%	7	209,803	149,103	60,700
Scenario 3	5.5%	7	213,621	146,851	66,770
AVERAGES:		7	\$209,814	\$149,114	\$60,700

Item	Amount
Average Annual Payment	\$209,814
10% Debt Service Coverage	20,981
Annual Administration	20,000
Annual Special Tax Requirement (rounded to \$1K)	\$251,000

Possible Tax Rate Scenarios

Scenario #1: Levy a flat tax per parcel

This scenario is the simplest way to calculate the tax. Each parcel is taxed equally, irrespective of the size, development status or land use. Although easy to explain, this may not be perceived as the most equitable approach as the commercial parcel and apartment parcels would pay the same tax amount as the smallest single-family residential home.

Assuming 660 taxable parcels:

Land Use Class	Total Parcels	Rate per Parcel (7 yr. term)
SFR	656	\$381
Vacant	1	381
Apartment	2	381
Commercial	1	381
ANNUAL REVENUES:		\$251,460

¹ Assumes a total amount to bond of \$1,214,000, including: \$1,000,000 Construction Costs, \$31,000 Capitalized Interest, \$122,000 Reserve Fund, and \$61,000 Cost of Issuance

Scenario #2: Levy based upon Land Use Class

This scenario assigns a weight factor based upon the land use class to determine the estimated annual tax amount. The parcels are grouped based upon similar use and the tax is allocated per parcel with different weights assigned to each land use. Properties with different land uses are taxed at different rates as illustrated in the table below.

Land Use Class	Total Parcels	Weight Factor	Rate per Parcel (7 yr. term)
SFR	656	1.0	\$378
Vacant	1	0.5	189
Apartment	2	3.0	1,134
Commercial	1	2.0	756
ANNUAL REVENUES:			\$251,181

Scenario #3: Levy based upon Building Square Footage

This scenario levies an equal rate per building square foot for each land use class. The estimated SFR special tax ranges from \$188 on the smallest home to \$850 on the largest home.

Land Use Class	Total Parcels	Building Square Footage	Rate per Building Square Foot (7 yr. term)	Annual Revenues
SFR	656	912,674	\$0.258	\$235,470
Vacant	1	0	0.258	0.00
Apartment	2	57,264	0.258	14,774
Commercial	1	6,271	0.258	1,618
TOTALS:		976,209	\$0.258	\$251,862

Scenario #4: Levy based upon Elevation Categories (Two Options)

This scenario assigns a special tax based upon six elevation categories based on the mean elevation of a parcel, instead of land use class, as parcels located at lower elevations are at a greater risk of flooding and flood damage than those parcels located at higher elevations. The first option below has different rates for each mean elevation range, while the second option below has the same rate for parcels with a mean elevation range of 0-9 feet and a lower rate for parcels with a mean elevation above 9 feet.

Mean Elevation	Elevation Tax (Option 1)	Elevation Tax (Option 2)
Less than 6 Feet	\$420	\$382
6 to 7 Feet	395	382
7 to 8 Feet	370	382
8 to 9 Feet	345	382
9 to 10 Feet	320	351
10 to 11 Feet	295	351
ANNUAL REVENUES:	\$253,850	\$251,004

Summary

Looking at the different scenarios for calculating the annual parcel tax, the goal is to select a tax rate calculation that is fair and equitable to all parcels, while also being within the range and for a term that voters are willing to approve.

The District must determine which of the above parcel tax methodologies is the most equitable while also be likely to gain voter approval. I look forward to discussing the options with you and assisting with that determination.

Please contact me with any questions or comments. I can be reached via phone at (800) 676-7516 or via email at smares@nbsgov.com.

Sincerely,



Sara Mares
Director