

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GAYLA R. CHAPMAN, ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: CONVERSION TO THE TEETER PLAN FOR THE COLLECTION OF PROPERTY TAXES

BACKGROUND

The County of San Luis Obispo adopted Resolution 93-262 which allows for an alternative procedure for the distribution of property tax levies beginning July 1, 1993. Each public district making a timely official request to participate in the alternative procedure shall be included. A timely request is one in which the agency adopts a resolution to opt into the Teeter Plan on or before June 30th of each year.

On June 28, 1993 the City considered the alternative method of collecting Property Taxes. The Teeter Plan allows participating cities to receive their delinquent property taxes as well as the full levied amount of Property Taxes. The City adopted Resolution No. 93-26 on July 6, 1993, approving the alternative method of distribution of Property Taxes and was subsequently rescinded on September 16, 1993.

The discussion at the time centered on the one-time payment being received. The September 16, 1993 staff report states that the county would charge a 5% discount to receive the one-time payment of all past due delinquent secured property taxes. It was determined at that time that the trade-off of changing to the Teeter Plan was the loss of Penalties and interests which would not be received in future years.

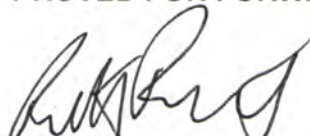
On September 20, 1993, the City rescinded Resolution No. 93-26, and chose not to receive Property Taxes based on the Teeter Plan. Since that time the City has received Property Taxes as received and all of the penalties and delinquencies.

All of the Cities in the County, with the exception of Grover Beach, are on the Teeter Plan.

DISCUSSION

Staff has recently been researching opting into the Teeter Plan. With the proposed sale of bonds for street improvements, the City would be in a better position with potential bond purchasers by being on the Teeter Plan, due to the guaranteed receipt of the property tax proceeds. If the City were to have a high number of delinquent accounts, there is the potential to not have enough funds collected to make debt service payments.

APPROVED FOR FORWARDING



ROBERT PERRAULT
CITY MANAGER

Please Review for the Possibility of a Potential Conflict of Interest:

- None Identified by Staff
- Shoals
- Lee
- Bright
- Nicolls
- Shah

Staff recently met with the County of San Luis Obispo to discuss moving to the Teeter Plan. Delinquencies last year for the City were 1.3% compared to the County average of 1.1%. The County agreed to complete a delinquency analysis. Preliminary delinquency numbers show the City would receive approximately \$53,000 of Secured Property Taxes and other delinquencies of \$13,000. These amounts could change. We would continue to receive delinquencies paid up to June 30th, including the penalties and interest.

The total penalties and delinquencies received over the past five years are as follows:

2014	\$30,947
2013	\$40,670
2012	\$56,338
2011	\$57,417
2010	\$61,012

The amount of delinquencies over the years has varied. The lowest delinquency collections occurred in FY 2006 at \$10,227 and the highest was in 2010 at \$61,012. Currently based on collection of revenues to date, it is estimated the City will receive \$22,750 in delinquent Property Tax collections this year.

Currently to opt into the Teeter Plan, the City would need to adopt a Resolution agreeing that the alternative method of distribution of property tax levies and assessments be applicable to tax levies made by the County on behalf of the City of Grover Beach. This resolution would need to be adopted prior to June 30, 2015. No further action would be required by the City unless, at some point in the future, the City chooses not to remain on the Teeter Plan.

ALTERNATIVES

The Council has the following alternatives to consider:

1. The Council is requested to adopt the Resolution agreeing that the alternative method of distribution of Property Tax levies and assessments be applicable to tax levies made by the County of San Luis Obispo on Behalf of the City of Grover Beach, or
2. Provide staff with additional direction.

RECOMMENDED ACTION

Staff recommends, that the City adopt the Resolution agreeing that the alternative method of distribution of Property Tax levies and assessments be applicable to tax levies made by the County of San Luis Obispo on Behalf of the City of Grover Beach

FISCAL IMPACT

Over the long term the budget will be impacted by not receiving the penalties and interest on delinquent accounts. Alternatively, the City will receive Property Tax revenues as billed and the revenues should be more stable into the future.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

Attachments

1. Draft Resolution – Agreeing that the Alternative Method of Distribution of Property Tax levies and assessments be applicable to tax levies made by the County of San Luis Obispo on behalf of Grover Beach.

RESOLUTION NO. 15-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH
AGREEING THAT THE ALTERNATIVE METHOD OF DISTRIBUTION OF
PROPERTY TAX LEVIES AND ASSESSMENTS BE APPLICABLE TO
TAX LEVIES MADE BY THE COUNTY OF SAN LUIS OBISPO
ON BEHALF OF GROVER BEACH**

WHEREAS, on June 22, 1993, the County of San Luis Obispo adopted Resolution 93-262 making the election provided in Chapter 3 (Commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code which authorizes an alternative method for the distribution of property tax levies and assessments on the secured roll for the 1993/94 fiscal year and years thereafter, as well as for delinquencies for prior fiscal years; and

WHEREAS, the County is prohibited from using such alternative method for any public district for which the County treasury is not the legal depository unless such district agrees thereto by resolution of the public district's governing body adopted not later than July 15 of the fiscal year for which it is to first apply; and

WHEREAS, the City of Grover Beach desires to have the provisions of said alternative method made applicable to distributions made to the City of Grover Beach.

NOW, THEREFORE, BE IT RESOLVED that upon the County's election to implement the alternative method of distribution authorized by Chapter 3, Part 8 of Division 1 of the Revenue and Taxation Code, the governing body hereby agrees that said alternative method of distribution of property tax levies and assessments adopted by the County of San Luis Obispo shall be applicable to the City of Grover Beach.

BE IT FUTHER RESOLVED that the City Clerk is hereby directed to transmit a copy of this resolution to the Auditor-Controller of the County of San Luis Obispo forthwith.

Upon motion by Council Member, and second by Council Member, and on the following roll call vote:

AYES:	Council Members –
NOES:	Council Members –
ABSENT:	Council Members –
ABSTAIN:	Council Members –

Resolution No 15-
Converting to Teeter Plan

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the foregoing Resolution was **PASSED, APPROVED, AND ADOPTED** at the Regular Meeting by the City Council of the City of Grover Beach, California, this 17th day of February, 2015.

DRAFT

JOHN P. SHOALS, MAYOR

ATTEST:

DONNA L. McMAHON, CITY CLERK