

# Mendocino Coast District Hospital

## Measure "C" Parcel Tax Update

January 2019



**EASTSHORE CONSULTING**

FINANCIAL ADVISORY & FACILITIES PLANNING · FISCAL CONSULTING · ELECTION STRATEGIES & PUBLIC RELATIONS

# Overview

- Congratulations! More than two-thirds (66.8%) of MCDH voters approved Measure “C” to provide a secure, local source of additional funding to help the Hospital continue serving our community and providing high quality healthcare to our community
- To update the Board and community on Measure “C”, this presentation contains:
  - Information on the process (well underway) to levy the first year of the parcel tax
  - Information on Exemptions
  - Estimates of Measure “C” revenues



# Initial Levy of Measure “C”

- Parcel Taxes are constrained by California law
  - Law contemplates the complexities of the initial levy of a new parcel tax
  - Somewhat recent court cases require parcel taxes to be levied in a “uniform” matter
  - Parcel tax is levied only within area which voted on Measure “C” (legal boundaries of Mendocino Coast Health Care District)
- First year levy of a parcel tax can present challenges
  - Limited time between certification of election results and levy deadline
  - Measure “C” recount further delayed certification
  - Law provides 90 days after tax bills for exemption requests in the initial year
  - Parcel rolls do not always clearly identify certain types of exempt property
  - New charges bring old parcel configurations to light
- Uniform process and procedures are important
- Parcel Tax is applied to all parcels in the first year with exemptions and corrections to follow, per State law



# Measure “C” Exemptions

- Exemptions fall into two broad categories
- Certain parcels can seek exemption based upon provisions of Measure “C”
  - Contiguous Residential Parcel Exemption
- Certain parcels are legally exempt
  - Some non-profit organizations can be legally exempted from taxation in general
  - Assessor Parcels created for mapping purposes which are actually a single legal parcel
- Process for addressing exemptions and consolidations should be applied in the same way to all parcels (i.e. uniform)
- District has opted to allow more than 90 days for receipt of exemption and consolidation requests in the initial year
- Exemption and consolidation requests will be allowed until end of fiscal year (June 30, 2019)
- As is typical in the initial year of a parcel tax, refunds for parcels determined to be exempt or consolidated will be provided
- Best efforts were made to process exemption applications prior to County roll deadline of August 10, 2018 – but limited time allowed for only a handful to be received and addressed



# Exemptions

- 12,915 assessor parcels were identified by Mendocino County as being within MCDH legal boundaries and eligible for parcel tax levy
- 89 formal applications were received requesting contiguous residential parcel exemptions
- 80 contiguous parcel exemption requests were approved
  - Requests received and processed prior to August 10, 2018 were removed from tax roll
  - Requests received or processed after roll deadline were provided with a refund
- To establish and maintain the exemption listing (and provide maximum time for applicants), refunds will be provided by MCDH directly to taxpayers for the initial year
- Four contiguous parcel exemption requests were denied (three out of area and one not contiguous)
- To date, approved contiguous residential parcel exemptions resulted in a \$37,872 reduction in total projected Measure “C” revenues
- Remaining contiguous residential parcel exemption applicants include one also seeking a legal parcel consolidation which is still under review and four new applicants
- One additional exemption for a parcel legally exempt from taxation is still under review
- Typically, highest volume of exemption applications are received in the first year of a new parcel tax



# Consolidations

- The “Map Act” – which dictates the requirements for Assessor Parcel Maps – created unique Assessor Parcels from legal parcels
- Per State Law, Assessor Parcels created from a single legal parcel (usually meaning under a single deed) can be consolidated to receive only a single parcel tax charge
- Legal parcels are not currently readily identifiable in the County tax roll
- Eight mostly larger land owners within the MCDH boundaries have applied for consolidation of their parcels
- Of the eight, three have been processed and approved
- It is anticipated that the balance will be addressed in the next 30 days – although some feedback from such owners may still be required
- In total, the requests are for consolidation of 1,095 Assessor Parcels to 89 legal parcels
- Approved exemptions and consolidations will be continued (without the need for taxpayers to reapply unless property is sold)



# Projected Revenues

	<u>Parcel Count</u>	<u>Levy Amount</u>
<b>Total Assessor Parcels</b>	<b>12,915</b>	<b>\$ 1,859,760</b>
<b>Contiguous Residential Parcel Exemptions</b>		
Exemptions Granted	80	\$ 11,520.00
Remaining Potential Exemptions	5	720
Applications not yet received	TBD	TBD
<b>Projected Contiguous Residential Parcel Exemptions</b>	<b>85</b>	<b>\$ 12,240.00</b>
<b>Legal Parcel Consolidations</b>		
Consolidations Granted	5	\$ 720
Additional Requested	1,001	144,144
<b>Projected Legal Parcel Consolidations</b>	<b>1,006</b>	<b>\$ 144,864</b>
<b>Roll Corrections</b>	<b>3</b>	<b>\$ 432</b>
<b>Legally Exempted Parcels</b>	<b>2</b>	<b>\$ 288</b>
<b>Projected Total Parcel Consolidated or Exempted</b>	<b><u>1,096</u></b>	<b><u>\$ 157,824</u></b>
<b>Net Parcel Tax Levy</b>	<b><u>11,819</u></b>	<b><u>\$ 1,701,936</u></b>

- Based upon applications received to date, 1,096 parcels will likely be exempted or consolidated, reducing parcel tax revenues by \$157,824
- It is believed that the vast majority of all potential exemptions and consolidations have now been requested
- In total, \$1.7 million in parcel tax revenues is anticipated for the current fiscal year



# The Full Text of Measure “C”

- Measure “C” parcel tax revenues will be utilized in alignment with the ballot language and the Introduction and Purpose of Measure “C” in the Full Text of the Measure (included below and in election information materials provided to all local voters by the County)

*“To provide funding for maintaining emergency room services, attracting and retaining high quality doctors and nurses, maintaining ambulance and related 911 services and providing essential healthcare to residents of Mendocino County, with no proceeds used for administrators’ salaries, benefits and pensions, the Mendocino Coast Health Care District (“District”) proposes a healthcare parcel tax for a period of twelve years starting on July 1, 2018 at a rate of \$144 per parcel per year, and to implement accountability measures, including independent taxpayer oversight, to ensure the funds are used to help:*

- *Maintain local emergency room services;*
- *Attract and retain high quality doctors and nurses;*
- *Maintain local ambulance and related 911 services;*
- *Make critical repairs and upgrades to medical equipment and facilities;*
- *Maintain local surgical services; and*
- *Maintain local obstetric services.*

*The proceeds of the healthcare parcel tax shall be deposited into a separate account created by the District.”*



# Measure “C” Oversight Committee

- The independent Taxpayer Oversight Committee also specified in the Full Text of the Measure and the ballot language has been seated and includes the following members:

## Measure C Oversight Committee

**Steven Antler**

**Myra Beals**

**Robert Becker**

**Lea Christensen**

**Kathe Charter**

**Jim Hurst**

**Kitty Bruning**

- The Committee anticipates conducting its initial meeting in the near future, and will schedule future meetings thereafter per its bylaws

