



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** Auditor-Controller-Treasurer-Tax-Collector

**Subject:** Approve Note to Fund the Teeter Plan and Take Related Actions

**Meeting Date:** June 24, 2025

**Formal Title:** Approve note to fund the Teeter Plan, and take related actions

### **Recommended Actions**

1. Approve and authorize execution of the attached note to secure the proceeds from the County Treasury to fund the Teeter Plan; and
2. Direct the Clerk of the Board to route the attached note for signatures.

### **Executive Summary**

To fund the Teeter plan, we annually borrow funds from the County Treasury in the approximate amount of countywide property tax delinquencies for the few days before and after June 30, to bridge the gap before the new Tax and Revenue Anticipation Note proceeds are received in July.

### **Discussion**

In October 1993, the Board adopted Resolution Number 541-93 authorizing the Alternative Method of Tax Distribution (the "Teeter" plan). The Teeter plan allows the County to distribute taxes to cities and special districts based on their calculated share of the property tax roll. This allows cities and special districts to rely on a definite amount of property tax revenue, with the County absorbing the risk of delinquencies along with retaining the late penalties and delinquent assessments.

We have estimated using current delinquencies and fund balances that we will need to borrow \$10,000,000.

### **Financial Impact**

The County will incur short-term interest costs paid to the Treasury at an interest rate of 4.33%, based on the Federal Funds rate. The cost assuming only a one-day loan period is estimated up to \$1,250.00 and is included in the Approved 2025-26 Budget.

### **Strategic Initiatives**

Operational Plan - Operational Excellence

### **Submitted By:**

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

### **Recommended By:**

Carlos J. Palacios, County Executive Officer

### **Artificial Intelligence Acknowledgment:**

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.