

COUNTY OF SAN MATEO

INTERDEPARTMENTAL CORRESPONDENCE

To: Honorable Board of Supervisors
From: Thomas F. Casey III, County Counsel
Subject: Late payment penalty and fees imposed on PG&E for 2000-2001 tax year.
Date: July 24, 2001

RECOMMENDATION

Adopt a resolution agreeing to accept \$142,030.90, as offered by PG&E, as full payment for penalty and fees associated with late payment of a portion of 2000-2001 secured real property taxes.

DISCUSSION

After timely payment of their first installment of real property taxes in December 2000, PG&E filed for bankruptcy protection on April 6, 2001.

On April 10, 2001, PG&E paid a post petition portion of its taxes in the amount of \$1,284,589.28. The time frame for that amount was April 6, 2001, through June 30, 2001. It did not pay the \$1,419,809.21 it owed in pre-petition property taxes, thus accruing a 10% penalty and cost of \$142,030.90. PG&E subsequently paid the full amount of property taxes it owed, reserving the issue of whether it owed a penalty on the amount paid on April 10, 2001. PG&E utilized this same payment method with all counties in California where it owed taxes.

Pursuant to an order of the bankruptcy court, PG&E and the affected California counties entered into negotiations in an attempt to compromise on the payment of taxes, fees, penalties and other charges. An "agreement" on these issues has been attained for any county which desires to participate therein. In essence, if a county wished to take advantage of this agreement, it need only cash the check which, in our case, was received by the Tax Collector on June 30, 2001 and in the amount of \$142,030.90.

Accordingly, we recommend that San Mateo County participate in the aforementioned agreement and, direct the Tax Collector to cash the check previously sent to the County by PG&E.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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Resolution Agreeing to Accept \$142,030.90, as offered by PG&E, as full payment for penalty and fees associated with late payment of a portion of 2000-2001 secured real property taxes.

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, PG&E filed for bankruptcy protection on April 6, 2001; and

WHEREAS, PG&E on April 10, 2001 paid only a portion of its secured real property taxes due on that date; and

WHEREAS, PG&E has offered to San Mateo County and all other counties in the State where it owns real property, an agreement whereby PG&E will pay penalties and a fee on the amount of real property taxes not paid on April 10, 2001 in exchange for a commitment by the County not to pursue further penalties associated with said delinquent tax payment; and

WHEREAS, PG&E has subsequently paid all secured real property taxes due to the County for the 2000-2001 tax year; and

WHEREAS, PG&E sent a check in the amount of \$142,030.90 to the Tax Collector which was received on June 30, 2001, the check only to be cashed if the County agrees to the aforementioned commitment ; and

WHEREAS, the amount of the check represents an accurate amount for the penalty and fees for the taxes left unpaid by PG&E on April 10, 2001 and under the circumstances appears to be a fair, accurate and reasonable "settlement" of the matter:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that:

1. The County of San Mateo hereby agrees to accept the offer proposed by PG&E on July 5, 2001 and accepts the amount of \$142,030.90 as full payment of penalties and costs associated with PG&E's late payment of secured real property taxes for tax year 2000-2001.
2. The Tax Collector is hereby instructed to cash the aforementioned check in the amount of \$142,030.90.
