

**2019**

**CANDIDATE ORIENTATION**



**City of Palos Verdes Estates  
340 Palos Verdes Dr. West  
Palos Verdes Estates, CA 90274  
Phone: (310) 378-0383  
Web site: [www.pvestates.org](http://www.pvestates.org)  
City Manager, Anton Dahlerbruch  
Email: [adahlerbruch@pvestates.org](mailto:adahlerbruch@pvestates.org)**

# AGENDA

*Purpose: To provide all candidates with background and information about the City and for the election process*

- |   |                    |  |
|---|--------------------|--|
| <b>1. Welcome and Introductions</b>   | <b>9:00-9:05</b>   | <b>Anton (Tony) Dahlerbruch</b><br><i>City Manager</i>   |
| <b>2. Role/Responsibilities and Information pertaining to serving as a Council Member</b>   | <b>9:05-9:20</b>   | <b>Christi Hogin</b><br><i>City Attorney</i>   |
| <b>3. Review of City Organization</b>   | <b>9:20-9:30</b>   | <b>Anton (Tony) Dahlerbruch</b><br><i>City Manager</i>   |
| <b>4. Law Enforcement, Crime, and Public Safety Programs</b>  | <b>9:30-9:45</b>   | <b>Mark Velez</b><br><i>Police Chief</i>   |
| <b>5. Fire Prevention and Protection and, City/Fire Relationship</b>  | <b>9:45-10:00</b>  | <b>Asst. Fire Chief Scott Hale</b><br><i>Los Angeles County Fire Dept.</i>                     |
| <b>6. City Finances</b>   | <b>10:00-10:15</b> | <b>Sharon Del Rosario</b><br><i>Finance Director</i>   |
| <b>7. Overview of City Engineer Function and Current Public Works Projects; Overview of Planning Function and Current Planning Projects</b> | <b>10:15-10:45</b> | <b>Ken Rukavina</b><br><i>Community Development &amp; Public Works Director/ City Engineer</i> |
| <b>8. City Clerk Responsibilities and Election Information</b>  | <b>10:45-11:00</b> | <b>Lauren Pettit</b><br><i>City Clerk</i>  |
| <b>9. Introduction of staff team and other City highlights</b>  | <b>11:00-11:07</b> | <b>Anton (Tony) Dahlerbruch</b><br><i>City Manager</i>   |
| <b>10. City Communications regarding Topics that relate to the City</b>   | <b>11:07-11:15</b> | <b>Anton (Tony) Dahlerbruch</b><br><i>City Manager</i>   |
| <b>11. Question &amp; Answer</b>  | <b>11:15-11:30</b> | <b>All</b>   |

## TABLE OF CONTENTS

<b>SECTION 1: Introduction to the Organization</b>	<b>Pages 6-13</b>
• Role of Local Government.....	6
• PVE History and Characteristics .....	6
• Statistical Information.....	7
• 2016 Community Survey Results .....	7
• Budget Constraints.....	8
• Organizational Work Plan.....	11
<b>SECTION 2: Role of the City Council .....</b>	<b>Pages 14-25</b>
• Role of the City Council .....	14
• City Council Actions.....	15
• City Council Liaisons .....	15
• Ralph M. Brown Act.....	18
• City Council Meetings .....	20
• City Council Agenda and Weekly Packet.....	22
• Resolutions, Ordinances and Contracts / Agreements.....	23
• Political Reform Act of 1974.....	25
<b>SECTION 3: City Committees .....</b>	<b>Pages 27-31</b>
• Planning Commission .....	27
• Parklands Committee .....	28
• Traffic Safety Committee .....	28
• Investment Policy Advisory Committee.....	29
• Finance Advisory Committee .....	29
• Technology Advisory Committee.....	30
• Law Enforcement Services Special Tax Oversight Committee.....	30
• Other City Committees .....	31
<b>SECTION 4: City Departments &amp; City Staff .....</b>	<b>Pages 32-30</b>
• City Departments .....	32
• Organizational Chart.....	34
• Council/Manager Form of Government.....	35
• Executive City Staff .....	36
• Staff’s Service Philosophy .....	38
<b>SECTION 5: City Map and Facilities .....</b>	<b>Pages 39-41</b>
• Map of the City .....	39
• City-Owned Property .....	40
• City Concessions.....	41
<b>SECTION 6: Financial Information.....</b>	<b>Pages 43-50</b>
• City Treasurer .....	43
• Budget Highlights .....	43

- Projected Fund Balances .....44
- Revenues .....47
- Expenditures .....48
- Capital Projects .....49

**SECTION 7: Public Safety and Contract Services Pages 51-58**

- Police Priorities .....51
- Supplemental Public Safety Service .....51
- Animal Control Services .....52
- Peafowl Management .....52
- Coyote Management .....53
- PVE-CARES .....53
- VIPs & Parkland Rangers .....53
- Neighborhood Watch .....54
- Emergency Preparedness .....55
- Fire Protection Contract Service .....56
- Landscape and Open Space Service .....56
- Trash Collection and Street Sweeping Service .....56
- Building and Engineering Service .....57
- Code Enforcement .....57

**SECTION 8: Miscellaneous Topics Pages 59-50**

- Palos Verdes Homes Association .....59
- La Venta Inn .....59
- Current Topics Being Addressed by the City .....59

**SECTION 9: Stand Out City Accomplishments Since 2013 Page 60**

**ATTACHMENTS:**

1. General Plan
2. FY 2018/20 Budget
3. FY 2017/18 Annual Financial Report
4. Western City’s “A Primer on California City Revenues, Part One: Revenue Basics”
5. Institute for Local Government’s “Understanding the Basics of Municipal Revenue in California: Cities, Counties and Special Districts”
6. Sign Policy for Political Signs

## **PREFACE**

This orientation has been prepared to provide general background information about the City of Palos Verdes Estates including City services and information; it is also intended as an informational and factual reference for publically addressing City matters during and post candidacy for a position on the City Council. Supplemental to this handbook is a guide that will be provided to each Councilmember-Elect after the election that details the role and responsibilities for serving as a member of the City Council, effective strategies for working as a member of the City Council, how work as a Councilmember is accomplished, and information for serving in the position. This supplemental information will be distributed and reviewed in individual meetings with each newly elected Councilmember. The City Manager and City Attorney will conduct the individual meetings in mid- to late-March based on the availability of each new Councilmember.

## **SECTION 1** **INTRODUCTION TO THE ORGANIZATION**

### **Role of Local Government**

Cities are a political subdivision that exist to provide the specific services desired by the population within a defined area. Cities serve to address the community's defined, unique health and welfare interests of its residents and business community, provide local control and leadership over the community, locally determine the vision and destiny of the community, and maintain the community's character through local laws.

Generally, cities provide basic services not available from the private sector, best provided locally or not provided by other levels of government including, for example, services such as law enforcement, fire protection, traffic control, recreation and refuse collection. Cities also exercise their constitutional police powers and statutory authority to enact laws that regulate activities and develop, maintain and protect the community character. Such regulatory authority is embodied in zoning and building codes as well as other municipal ordinances that address public safety, animal control, etc. In contrast, cities rely on County government to, for example, coordinate and handle regional services such as public health, public assistance / welfare, and regional transportation, or the State provides laws and programs that necessitate consistency among jurisdictions (such as the vehicle code) and facilitate the statewide interests such as recycling and affordable housing.

The City of Palos Verdes Estates like most cities in the State is a "general law" city. This means that the City's powers are limited to the authority granted to it by the State Legislature and California Constitution. As a general law city, Palos Verdes Estates provides services to the public mandated by and under the provisions of State of California statutes.

### **PVE History and Characteristics**

The City of Palos Verdes Estates, incorporated December 20, 1939, is the oldest of the four cities on the Palos Verdes Peninsula. In 1913, New York financier Frank A. Vanderlip, Sr. purchased the land from the Bixby family with the idea of building a residential community. The new community was laid out and landscaped by the famous Olmsted Brothers, sons of Frederick Law Olmsted, Sr., who designed Central Park in New York City. Gently winding roadways, green hillsides, paths, stands of eucalyptus, pepper, and coral trees were established, and a full 28% of the land area was dedicated to be permanent open space. This early planning and dedication of parklands gives the City its unique rural character and has resulted in its international reputation for scenic beauty. In 1923, deed restrictions were imposed, when the Bank of America, as trustee for Vanderlip's Palos Verdes Project, drafted a trust indenture and outlined provisions for development. The area was then unincorporated and governed by the Palos Verdes Homes Association, which was liable for taxes on all parkland. After the economic crash in 1929, the Association owed taxes to Los Angeles County and residents, concerned that the parklands might be sold for payment, in 1939 voted for City incorporation. In 1940, the parklands were deeded by the Homes Association to the new City.

Over the years, the City’s governance has been guided by the vision of the original founders with an emphasis on preserving, protecting and enhancing the quality of life and natural assets that make Palos Verdes Estates unique. One key and deliberate element of the City’s special character, that distinguishes Palos Verdes Estates from the other cities on the Peninsula, is its local, long-standing and independent Police Department dating back to the first Police Chief in 1924. Another is the coastline, hillside and neighborhood open space and Parklands that the City maintains for the public’s access and enjoyment.

### Statistical information<sup>1</sup> :

<b>Incorporation</b>	December 20, 1939
<b>Square Miles</b>	4.79 miles
<b>Miles of Paved Streets</b>	87.9 miles
<b>Miles of Coastline</b>	4.5 miles
<b>Population (2017)</b>	13,544
<b>Median Age of Residents</b>	50.9 years
<b>Residents Educational Attainment</b>	72.5% bachelors or higher
<b>Median Household Income</b>	\$200,766
<b>Median Value of Owner-Occupied Homes</b>	\$1,609,500
<b>Open Space Parkland Acres</b>	382 acres
<b>Shoreline Preserve</b>	130 acres
<b>Equestrian Trail</b>	3 mile length

### 2016 Community Survey Results

A community-wide survey to assess resident priorities, opinions and satisfaction levels with the City was administered to a statistically significant sample of residents between the dates of September 12 to September 22, 2016. The sample was based on the Los Angeles County Registrar of Voters’ list of residents who are registered to vote in Palos Verdes Estates. Residents were notified of the community wide survey in advance through the Fall Newsletter that was mailed to every residence in Palos Verdes Estates, the City website, the City’s e-Notification system, and through the City’s use of the social media platforms NextDoor, Facebook, and Twitter. The survey was first launched online with email invitations to randomly selected residents whose email addresses were available from the voter registration database. After exhausting the list of respondents with email addresses, phone surveys were conducted to ensure the surveyed residents were demographically representative of the overall voter population in the City.

The survey results have an overall margin of error of +/- 5.4% at the 95% confidence interval.

---

<sup>1</sup> Source: City-data.com and U.S. Census

### Summary of Key Findings

- ✓ The vast majority of Palos Verdes Estates residents think the City offers a high quality of life, in particular local schools, a safe community and good neighborhoods were identified as key reasons for their satisfaction.
- ✓ More than eight in ten are satisfied with the quality of services the City provides, and a majority rated City government as doing an “excellent” or “good” job.
- ✓ Public safety is clearly residents’ top priority, the PVE Police Department is rated very highly, and residents are highly satisfied with local police protection services.
- ✓ However, two-thirds believe “crime in general” has increased in the City, and more than seven in ten say home burglaries are on the rise.
- ✓ Issues related to traffic/street safety, including the interaction of motorists, pedestrians and cyclists on local roads was the top concern of residents’, but fewer than half regard it be an “extremely” or “very” serious problem.
- ✓ Underscoring this mindset was the finding that among City services tested, traffic safety scored higher than average on importance but lower than average on satisfaction.
- ✓ About half of PVE residents have contacted City staff within the past 12 months, and most have had positive interactions and rate staff highly.
- ✓ Two-thirds are satisfied with the City’s outreach to keep residents informed; most get information about local issues through friends/neighbors or the *Peninsula News*.

A summary presentation of results from the survey was provided by FM3 at the City Council meeting on October 25, 2016. The presentation material and raw data collected from the can be viewed on the City’s website at: <http://www.pvestates.org/community/2016-community-survey>

### Budget Constraints

The City of Palos Verdes Estates contracts with Los Angeles County for fire suppression, enforcement of the Fire Code, and paramedic services. The City’s contract with Los Angeles County for fire service started in 1986 following voter approval of Proposition 13 (in 1978). Prior to 1986, the City provided fire services. Proposition 13 significantly limited the growth of property taxes and in turn created a structural fiscal imbalance for maintaining the basic services of the City as well as the services desired by the community. The loss of property tax funding made necessary to reduce costs and ultimately contract for fire protection. The Los Angeles County Fire Departments staffs Station 2, located at City Hall, with a total complement of 15 personnel (3 Captains, 3 Fire Fighter Specialists, and 9 Fire Fighters) consisting of 5 individuals per shift. This is the lowest level of service available from the County and the staff level serving Palos Verdes Estates has not changed since 1986. As of January 2019, the City of Palos Verdes Estates is one of 11 cities in Los Angeles County that contracts with the County for fire protection.

During the 1980's, voter-approved parcel taxes for police/fire/paramedic and parklands maintenance covered a portion of the lost revenue for sustaining City services. Then, in 1991 and



then again in 1996, local property owners voted their approval of a Fire Suppression Benefit Assessment District (FSBAD) that covered 100% of the cost of the contract with Los Angeles County Fire through 2001 for keeping the budget balanced and maintaining City services. However, with statewide voters approving Proposition 218 in 1996, the FSBAD could only be used to fund fire protection, not paramedic service. Paramedic service represents 40% of the cost of the fire contract, and it was deemed an essential service to continue providing. Therefore, in 2001, after examining long-term financing options for having a balanced budget and providing City services, the City placed before voters a ballot measure to fund fire and paramedic services for 10-years through a special parcel tax. Local voters approved the tax, and again renewed it for 10-years in 2007. In March 2017, local voters did not approve an extension of this special parcel tax, so beginning in fiscal year 2017-2018, fire protection costs were paid from the City's General Fund. The loss of the tax revenue caused a significant (25%, approximately \$5 million) shortfall for funding for regular municipal services that subsequently necessitated budget reductions, Fund transfers, and the use of the City's fiscal reserves. As such, the 2017-2018 fiscal year budget included reductions of \$1,271,733, fund transfers of \$1,529,246, and use of fiscal reserves in the amount of \$1,471,078. The budget reductions continue to the present day and subsequent reductions have been made. In reference to personnel, with is approximately 60% of the City's costs (excluding the contract for Fire services), the following represents the changes:

General Fund Staffing Changes (in no particular order)

Before 2013	Generally 2014 – 2017	Currently
Part-time Permit Tech	Full-time Permit Tech	Full-Time Permit Tech
City paid all employee costs of PERS (pension)	Employees paid a portion of PERS with salary offset (so not to penalize (take away) employee salaries; note: employee salaries are below average in the region.)	Employees pay full employee portion of PERS
Part-time contract Forester	Full-time in-house Forester	Full-time in-house Forester
No code enforcement	1 Code Enforcement Officer	Part-time Code Enforcement Officer
1 Administrative Analyst	1 Administrative Analyst	Consultant for communications support
2 part-time receptionists	2-part-time receptionists	1 part-time receptionist
1 Planning Dir/Pub Works Dir 1 City Planner	1 Planning Director 1 City Engineer/Pub Works Director 1 City Planner	1 Com Dev & PW Director 1 Planning Manager Part-Time City Planner
25 sworn police officers inclusive of K-9 program	25 sworn police officers inclusive of K-9 program	23 sworn police officers and elimination of K-9 program
10 police service officers	10 police service officers	8 police service officers

Before 2013	Generally 2014 – 2017	Currently
Part-time unpaid Volunteer Coordinator	Part-time paid Volunteer Coordinator	Part-time paid Volunteer Coordinator with reduced hours
City Manager serving with additional titles of Finance Director and City Clerk (supported by Deputy City Clerk)	Add Finance Director Promote Deputy City Clerk to City Clerk (1 net position increase)	Finance Director (1 net position increase)
2 part-time Police Aides (interns/cadets)	4 part-time Police Aides (interns/cadets)	2 part-time Police Aides (interns/cadets)
Assistant to the City Manager	Administrative Analyst	Assistant to the City Manager
Financial Services Manager	Financial Services Manager	Senior Accountant
Part-time Office Specialist	Part-time Office Specialist	Position eliminated

To restore the loss of funding for providing City services and restore the structural fiscal imbalance caused by the 2017 loss in special parcel tax revenue, the City placed a new 9-year special parcel tax ballot measure before voters in April 2018. Because County fire protection services are at the lowest level available by contract and fire services cannot be eliminated, the special parcel tax was designated to fund the local Police Department where the City has an option to reduce services, abdicate control over management, staffing and disaster response, and lower costs by contracting with the County Sheriff’s Department. The special parcel tax placed before voters was designated only to cover the \$5 million structural imbalance and shortfall caused by the 2017 ballot measure failure. The measure was approved by voters. Now, the City’s contract with the Los Angeles County Fire Department is paid from the City’s General Fund, while a portion of police services is now paid from funds received from the special parcel tax.

With the failure of the 2017 ballot measure, the City’s efforts to address its long-term fiscal needs was delayed and impaired. Efforts to address uncontrollable cost increases were put on hold to address the immediate fiscal operating costs, and efforts to move forward for long-term financial planning were impaired due to limitations of staff (reductions and transitions).

Irrespective that the City through staff and its’ Finance Advisory Committee are now working toward presenting the City Council with a 5-year forecast and 10-year projection of the City’s fiscal position, the future presents the City with a revenue “issue.” This is because of uncontrollable increases in costs and the fact that the City is a service business reliant on in-house and contract personnel.

The City is facing significant cost increases in the short and long term f due to the combination of:

- healthcare
- pension (annual payments and long term liability),
- insurance,

- contract costs for planning & building services, tree maintenance, weed abatement, and technology support and services,
- technology – software subscriptions, software platforms, accounting system, and hardware
- communication needs
- storm water compliance
- ADA improvements
- capital improvements citywide
- equipment replacement
- City Hall functionality and condition
- responding to the public’s requests and expectations for more service and services
- police services after FY 2026-2027

A City can usually reduce costs primarily by reducing service levels, delaying equipment and technology upgrades and replacement and limiting employee costs (affecting moral, the retention/recruiting of quality staff, and service delivery); moreover, Palos Verdes Estates has already reduced the budget by over \$1.2 million over the past two years. However, cost reductions will not solve the structural fiscal imbalance; with property tax being the primary revenue source, there is not a path for the City to cut its way out of the cost issues for operations and capital improvement needs, costly legal mandates, maintaining service levels and achieving the constant demand for new, higher or different services.

The issue of costs is not new to the City. However, the City is over two years behind in its efforts to address revenue needs and have a strategy in place to address future fiscal challenges. Initial, very basic efforts are now underway to create a foundation for moving forward. There will be substantially more work to do beyond current activities that will require City Council vision, leadership, important decisions, and a commitment of resources. For the immediate outlook, the unrestricted Fund Balance projected for fiscal year 2018-19 is approximately \$1.6 million and \$2.8 for FY 2019-20; this is a representation that the City has sufficient discretionary funds for the near future. (Please note that the General Fund unrestricted Fund Balance will actually be less after known and future budget adjustments (appropriations) that regularly occur during the year for unanticipated expenditures, transfers into the Equipment Replacement Fund and the Capital Improvement Project Fund, paying down the CalPERS unfunded liability (UAL), and / or necessary expenditures that were not included in the adopted budget.)

### **Organizational Work Plan**

Through the process of adopting the budget (bi-annual budget), the City Council establishes priorities and goals through the allocation of City resources. The allocation of resources represents the City Council’s policies, objectives, and direction to the City Manager. Accomplishing the priorities within the resources provided is the responsibility of the City Manager through directing and managing City staff. Department Heads are in turn responsible and accountable to the City Manager for project assignments, maintaining routine operations, and providing public services. Periodic amendments to the City Council’s goals and department’s supporting work plans are made and reviewed during mid-year review of the budget.

In reference to supporting and achieving the City Council's goals, the following represents the staff's long-standing mission and goals

**Mission Statement: Guided by the highest principles of public policy and law, our mission is to provide exemplary service to the Community, City Council and our fellow Employees with a commitment to integrity, efficiency, professionalism and cooperation.**

**Goal 1: Service Delivery**

Sustain and improve the delivery of cost effective and efficient services, including to the residents and visitors of Palos Verdes Estates.

**Goal 2: Infrastructure and Facilities**

Sustain and improve the City's physical assets, including streets, storm drains, sewers and buildings

**Goal 3: Livability & Quality of Life.**

Sustain and improve the City's livability and quality of life for Palos Verdes Estates residents and visitors.

**Goal 4: Communication & Trust**

Sustain and improve the City's communication program, civic engagement and strengthen citizen trust.

**Goal 5: Financial & Organizational Sustainability**

Sustain and improve the City's financial position, Citywide policies, and the infrastructure networks to support current and future needs.

**Goal 6: Maintaining Public Safety**

Sustain and improve our police, fire and public works response to calls for service, protecting our infrastructure and engaging in emergency preparedness activities.

For the 2018-2020 fiscal year, several very specific priorities and goals have been established including:

- Enhance and strengthen communications, informational transparency, and public engagement. Strategies include: implementation of OpenGov (financial data) platform, implementation of Questys (records) platform, establishing a public engagement manual, increased messaging through social media and website.
- Lunada Bay Plaza improvements. Strategies include: ADA improvements, sidewalk widening, crossing and pavement improvements.
- Financial management. Strategies include: developing a fiscal forecast, updating the inventory of assets, updating the asset depreciation schedule, developing a plan for paying the CalPERS unfunded liability, replacing the financial management (accounting) software, developing a long-range capital needs assessment, creating a policy formalizing the City's cost recovery practices, supplementing the mid-year and year-end budget status reports with quarterly budget reports, and evaluating the fiscal reserve policy.

- Completing a tree inventory and establishing a long-range management and maintenance plan.
- Studying and developing a plan for traffic management through the triangle at Palos Verdes Drive West and Palos Verdes Drive North, and through the intersection of Palos Verdes Drive West and Via Corta.
- Landscaping the entry triangle at Palos Verdes Drive West and Palos Verdes Drive North.
- Disaster Preparedness. Strategies include: implementing an emergency call-back system, improving the emergency operations center (EOC), and furthering staff training.
- Public safety and traffic enforcement. Strategies include: implementing an effective plan for addressing bicycle compliance with traffic laws, addressing shared bicycle/vehicular use of the road, implementing a motor officer, ensuring safe use and access in parklands and along the coastline, enhancing the Police Departments connectivity to residents.
- Support a Police Foundation.
- Provide code enforcement for maintaining the quality of life attributes of the City and for removing illegal, private encroachments in Parklands.
- Support the efforts and product of the City/PHVA ad hoc committee addressing Planning matters that cross jurisdictional boundaries.
- Protecting City interests. Strategies include: responding to proposed Butcher Solana development project in Torrance, adopting an ordinance for Accessory Dwelling Units in conformance with State requirements, proactively addressing wireless telecommunications, and providing advocacy letters on statewide matters affecting the City.
- Implementing and supporting new City Council appointed committees.

## **SECTION 2:** **ROLE OF THE CITY COUNCIL**

### **Role of the City Council**

Members of the City Council wear several “hats” in the performance of their duties. Similar to a Board of Directors, the City Council’s primary role is to set policy, provide legislative direction and make business decisions on municipal matters, and through the bi-annual budget process and Investment Policies, approve the allocation and use of municipal resources. The City Council receives professional advice and recommendations, and reports and information, from City staff along with advice from its advisory committees and public input for making policy and business decisions. Serving as a City Councilmember is a volunteer position and intended to be part-time in nature, involving meetings of the City Council with residents, the City Manager, and City Attorney. While there are no benefits and compensation, there are often costs personally covered by City Councilmembers for attending programs and events and for supporting City functions. Serving as Mayor typically requires additional time and has added responsibilities associated with representing the City Council and in communication with the City Manager (including, for example, discussing upcoming Council meeting agendas). The position of Mayor is determined by the City Council annually and is typically rotated among City Councilmembers based on the number of votes received in the election.

Members of the City Council also serve as ambassadors of the community in local affairs and activities, and service as “eyes and ears” for matters in the public interest. In a disaster, the City Council serves in the role of policy advisers to the Emergency Management Director (City Manager) (please see Municipal Code Section 2.28.030). And, the City Council, through its connection to local, regional and State organizations, protects and promotes municipal interests.

The City Council retains a City Manager as a professional administrator to implement its direction and decisions; the City Manager is the City Council’s “Chief Executive Officer” to whom all City staff report. The City Council directs the City Manager, not staff within the organization, to maintain a separation between politics and administration (known as the Council-Manager form of government that was established to implement the professional management of cities and eliminate political patronage). The City Council also retains a City Attorney to advise the City Council on legal matters and provide legal representation.

The City Council’s business is conducted in public under the rules established by the Ralph M. Brown Act (Brown Act), under the guidance of AB 1234, and following both the Municipal Code and the City Council’s self-established policies and procedures. (The City Council’s adopted policies can be found at <http://www.pvestates.org/government/open-government-portal/city-adopted-policies>.) City Councilmembers are required to participate in AB1234 (ethics) training every two years. For public accountability in relation to conducting the public’s business, City Councilmembers are annually required to submit a Statement of Economic Interest form (Form 700) to the Fair Political Practices Commission (FPPC).

The City Council holds two regular meetings each month on the second and fourth Tuesday at 7:30 p.m. to conduct its business (with the exception of the first meeting in January that is held on

the second Wednesday - please see Municipal Code Section 2.04.010). In addition, Special Meetings, Joint Meetings and Adjourned Meetings are scheduled as needed. All meetings, with the exception of “Closed Sessions” that are held for specific purposes according to State law, are noticed and open to the public. Notice of regular meetings and the agenda materials are available 72 hours in advance of the meetings and are posted at City Hall, Malaga Cove Library, Palos Verdes Golf Club and City website.

### **City Council Actions**

The three forms of action that City Council may take involve ordinances, resolutions and minute orders.

- An *ordinance* is the most binding form of action taken by the City Council. It is the legislative enactment of City law that requires votes at two separate Council meetings and usually effective 30 days after it is adopted.
- A *resolution* establishes Council policy or directs certain types of administrative action. It is usually effective after a majority vote at the meeting.
- A *minute order* is considered the most informal action taken by the Council. It requires majority approval of procedural actions such as filing a report or instructing the administrative staff to take certain actions.

### **City Council Liaisons**

The Mayor and City Council are the representatives of the City on local and regional matters. Annually, following the recommendation of the Mayor, the City Council approves the designation of individual Councilmembers to serve as liaisons of the Council to committees and organizations to provide input, perspective and feedback on matters that affect Palos Verdes Estates. In turn, information received by City representatives at meetings is to be shared with the full City Council to keep the City apprised and so informed decisions can be made by the City Council. City Council liaisons do not speak for the Council without the Council’s concurrence and direction and as such, cannot provide direction, make decisions or represent the City’s position.

Annual assignments encompass the following:

### **Standing Committee Assignments**

#### *Audit Committee*

The Audit Committee discusses the “Comprehensive Annual Financial Report” (CAFR) prepared by and with the City’s external auditor. The Committee also examines the Management Letter prepared by the auditor. The Mayor and Mayor Pro-Tem serve as the Council representatives. The Committee generally meets one time a year corresponding to completion of the annual audit.

#### *Public Employees Retirement System Determination Committee*

This is a Council Committee that makes the determination if a local safety member (police officer or service officer) who has filed for disability retirement is physically or mentally incapacitated for the performance of his or her duties and is eligible to retire for disability

purposes. The Mayor, Mayor Pro-Tem and City Manager serve as the Committee members. The Committee meets on an as-needed basis.

### **Ad Hoc Liaison Assignments**

(Note: Councilmembers must avoid a conflict of interest with organizations they are involved in. Thus, a Councilmember cannot serve as a liaison if they are a member or have a financial interest in that organization.)

#### *Palos Verdes Beach and Athletic Club*

In accordance with the Concession Agreement, two liaisons will meet with representatives of the Club's Board of Directors to review its operations, rates and dues, waiting list, services, the proposed Operating and Capital Improvement Budgets, any proposed modifications, and Concession Agreement, and report back to the City Council. The liaisons generally meet two to four times a year.

#### *Palos Verdes Golf Club*

In accordance with the Concession Agreement, two liaisons will meet with representatives of the Club's Board of Directors to review its operations, rates and dues, waiting list, services, the proposed Operating and Capital Improvement Budgets, any proposed modifications, and Concession Agreement, and report back to the City Council. The liaisons generally meet two to four times a year.

#### *Palos Verdes Tennis Club*

In accordance with the Concession Agreement, two liaisons will meet with representatives of the Club's Board of Directors to review its operations, rates and dues, waiting list, services, the proposed Operating and Capital Improvement Budgets, any proposed modifications, and Concession Agreement, and report back to the City Council. The liaisons generally meet two to four times a year.

#### *Palos Verdes Stable*

In accordance with the Concession Agreement, the two liaisons will meet with the Concessionaire to review its operations, the proposed Operating and Capital Improvement Budgets, rates, and any proposed modifications, and Concession Agreement, and report back to the City. The liaisons generally meet two to four times a year.

#### *Palos Verdes Peninsula Transit Authority*

In February 1992, the City of Palos Verdes Estates, Rancho Palos Verdes and Rolling Hills Estates entered into a Joint Exercise of Powers Agreement to form the Palos Verdes Peninsula Transit Authority. The PVPTA oversees the transit service through a contract with a transit provider consisting of: PV Transit (a fixed-route bus system traversing the entire Peninsula), and Peninsula Dial-A-Ride (for seniors and the disabled). The liaisons (2) meet four times a year.



*California Joint Powers Insurance Authority*

The CJPIA is a consortium of ~120 California cities and other public agencies which provide risk coverage for its members through the pooling of risks and purchased insurance. The coverage extends to workers compensation, general and vehicle liability, and property insurance. The CJPIA is governed by an Executive Board consisting of one Board Member appointed by each member agency. The liaison attends a minimum of one meeting a year in La Palma at the CJPIA offices.

*League of California Cities, Los Angeles County Division*

The League of California Cities is divided into several geographical divisions. The Los Angeles County Division encompasses the 88 cities of Los Angeles County. The League and the Los Angeles Division provide legislative advocacy on behalf of cities specifically on matters of good government and maintaining local control. The liaison(s) typically attends one evening meeting in the Los Angeles metropolitan area on the second Thursday of the month beginning at 6:00 p.m. and the annual conference meeting that rotates between northern and southern California.

*City Selection Committee*

The City Selection Committee is comprised of the Mayor of each city within Los Angeles County, although the position may be delegated to another City Councilmember. The Committee meets three or four times a year, at the call of the Chairman. Their duties are to appoint City representatives to such Boards, Commissions and Agencies as may be required by law, i.e., LAFCO, South Coast Air Quality Management District, Los Angeles County Metropolitan Transportation Authority, Los Angeles County Hazardous Waste Management Advisory Committee; and to nominate for appointment Members to the California Coastal Commission.

*Los Angeles County Sanitation District #5 and South Bay Cities Sanitation District*

The Mayors of each of the South Bay Cities located in the L.A. County Sanitation District #5 serve as the governing body of the District. They meet during the day on the third Wednesday of every month to conduct the business of the District. The Board meeting follows a Peninsula “Mayor’s” lunch attended by the Peninsula city Mayor’s, School Board President and Library District President.

*South Bay Cities Council of Governments*

This is a sub-regional organization encompassing the 15 cities in the South Bay area. It is a membership organization that seeks to engender and further cooperation between municipalities in the South Bay area on area-wide issues of mutual interest and concern as well as provide a means to address appropriate matters regionally. The COG is the recipient of monies from the Southern California Association of Governments (SCAG) to foster “bottom-up” sub-regional plans mandated by the State. The City liaison(s) attends at least one meeting a month on the fourth Thursday at 6:00 p.m..

*LAX Expansion and LAX/Community Noise Roundtable*

The LAX Community Noise Roundtable is convened to address the adverse noise impacts of the Los Angeles airport on the surrounding communities. Membership of the Roundtable

consists of city and congressional representatives, members of recognized community groups, the FAA, the ATA and LAWA Management. Palos Verdes Estates' current and past practice has been to appoint a resident to service on this roundtable. This forum provides a mechanism for cooperation between the Airport and local impacted communities in achieving noise impact reduction wherever possible. The Roundtable meets the second Wednesday at 7:00 p.m. of every odd numbered month at LAX.

*Santa Monica Bay Restoration Commission*

The Santa Monica Bay Restoration Commission (SMBRC) is a non-regulatory, locally-based state entity established by an act of the California Legislature in 2002 (Pub. Res. Code §30988(d)). The SMBRC is charged with coordinating activities of federal, state, local, and other entities to restore and enhance the Santa Monica Bay, including identifying and leveraging funding to put solutions into action, encouraging public-private partnerships, promoting cutting-edge research and technology, facilitating stakeholder-driven consensus processes, and raising public awareness ([www.smbrc.ca.gov](http://www.smbrc.ca.gov)). The Commission is composed of the Watershed Advisory Council, the Governing Board, the Executive Committee and the Technical Advisory Committee.

*Southern California Association of Governments*

The Southern California Association of Governments (SCAG) is a Joint Powers Authority under California state law, established as an association of local governments and agencies that voluntarily convene as a forum to address regional issues. The SCAG region encompasses six counties (Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura) and 191 cities in an area covering more than 38,000 square miles. The agency develops long-range regional transportation plans including sustainable communities, strategy and growth forecast components, regional transportation improvement programs, regional housing needs allocations and a portion of the South Coast Air Quality management plans.

*Palos Verdes Peninsula Chamber of Commerce*

The Palos Verdes Peninsula Chamber of Commerce and Visitors' Center, serving the cities of Rolling Hills Estates, Palos Verdes Estates, Rancho Palos Verdes and Rolling Hills since 1956, is a non-profit, non-governmental, volunteer organization comprised of local businesses and leaders interested in enhancing the Peninsula communities. The highly visible Chamber of Commerce serves as a Visitors' Center and community resource for residents, businesses and visitors to obtain referrals for products and services, information on local events and activities, and to get community statistics and demographics. The Chamber is a valuable link between businesses, local government, community organizations and the general public. City liaison(s) attend the Executive Meeting which are scheduled on the last Tuesday at 4:30 p.m. of every month.

**Ralph M. Brown Act**

The Ralph M. Brown Act, often referred to simply as the “Brown Act,” is found in the California Government Code beginning at Section 54950. The Brown Act was first enacted in the early 1950’s following a hard-hitting series of newspaper articles revealing widespread abuses involving

secret meetings and secret “deals” being made by some local governments. The Brown Act has been amended and strengthened many times since its original enactment, and the process continues. Every year, new bills are proposed in the State Legislature to amend the Act with further provisions and clarifications.

As originally adopted, the Brown Act begins with a statement of legislative intent that reads as follows:

- In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in the State exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.
- The people of this State do not yield their sovereignty to the agencies that serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for the people to know. The people insist on remaining informed so that they may retain control over the instruments they have created.

In addition to requiring that all “meetings” of the legislative body be “open and public,” the Brown Act carves out certain exceptions to this general requirement, allowing legislative bodies to meet in “Closed Session” for certain purposes. These exceptions include conferring with legal counsel on existing or pending litigation, labor negotiations, real property transaction, personnel matters involving the hiring, firing, disciplining or evaluating employees, and for other specified reasons. However, these exceptions are subject to certain conditions regarding the disclosure of the nature of the matters being discussed, the parties involved, and other pertinent information.

The Brown Act also requires that an agenda for all “meetings” of the City Council must be prepared to include all matters to be discussed and this agenda must be published and posted at least 72 hours prior to the meeting. Following publication, additions to the agenda may be made only under certain circumstances. Matters not appearing on the agenda may not be discussed by the City Council. However, at every regular meeting, the public has the right to address the City Council on any matter not appearing on the agenda.

“Meetings” of the City Council are defined to include “any congregation of a majority of the members of the legislative body at the same time and place to hear, discuss, or deliberate upon an item that is within the subject matter jurisdiction of the legislative body or the local agency to which it pertains.” Thus, a meeting of the City Council may occur any time or any place where three or more members of the City Council are together and a subject within the City’s jurisdiction is raised. Meetings may also occur as the result of a series of discussions or communications of any sort, including e-mail or telephonic communications, by which three or more members of the City Council eventually become involved, either directly or through a third-party intermediary, on the subject of City business. These are sometimes referred to as *seriatim* meetings.

Failure to comply with the “open meetings” requirements of the Brown Act, including the preparation and publication of an agenda, access of the public, and other requirements, may result

in a violation of the Brown Act. Anyone, including the District Attorney, may file an action alleging that a violation of the Brown Act has occurred. Before filing any such action, the party must first give notice to the public agency, and the agency then has thirty (30) days in which to “cure” such violations by rescinding any actions taken during the meeting held in violation of the Brown Act. Upon a finding by the court that an “uncured” violation has occurred, the remedy available to the court is to nullify or void the decisions made. In the event the court finds the violation was “knowing and willful,” and with the intent to *deprive the public* of its right to know, all those who are found to have had such intent may be subject to misdemeanor criminal penalties.

Any questions or advice concerning requirements of the Brown Act should be referred to the City Attorney. Publications on the matter are also available from the League of California Cities at [www.cacaties.org](http://www.cacaties.org). A more detailed overview of the Brown Act is provided to the Councilmember-elect.

### **City Council Meetings**

Agendas for City Council meetings generally fall into 8 sections:

#### *Closed Session*

Closed Sessions are for discussion of specific matters or conferences as prescribed by law with City Council’s legal advisors and appropriate staff. They are noticed and conducted in accordance with the Brown Act. Generally speaking, Closed Sessions are permitted for litigation, real estate negotiations and personnel matters.

#### *Public Hearings*

Items on the City Council agenda, such as the approval of the budget or new Ordinances and appeals of Planning Commission decisions or Parkland Committee recommendations. Typically, as with receiving public input on other agenda matters, each member of the public is provided three (3) minutes to comment. The applicant and appellant are provided five (5) minutes to present their position.

Depending on the type or purpose of public hearing, public notice of the hearing is published in the Peninsula News or Daily Breeze; this is according to statutory requirements and includes the time, place and subject of the Public Hearings. If the City Council is not prepared to take final action on Public Hearing items, the City Council will continue the hearing to a day and time certain. If the City Council is prepared to take final action, the motion will include closing the Public Hearing. After the Public Hearing has been closed, no further testimony is permitted.

#### *Consent Agenda*

Items that are considered routine, non-controversial, past practice, and / or formalities for City business and continuance of operations or not contested that can be approved based on information contained within the agenda materials. Staff recommendations for all Consent Calendar items may be approved in a single motion. If any Member of the City Council or the public has a question on any item on the Consent Agenda, that item may be responded to with the item(s) remaining on the Consent Agenda or “pulled” from the

Consent Agenda and discussed individually.

#### *Commission/Committee Items*

Items referred to the City Council by its advisory Commissions for review and approval. The City Council may “receive and file” the items which acknowledges approval of the Commission’s recommendations.

#### *New Business*

Items presented to the City Council for the first time that are not Commission items or Public Hearing items are considered “new business.” These are generally items introduced by staff relating to the regular business of the City such as a contract, policy or project for consideration.

#### *Old Business*

Items returning to the City Council for continued discussion. These are items introduced at a prior meeting that were unresolved and continued for additional discussion.

#### *Communications from the Public*

At every regular meeting, opportunities are provided for members of the public to address the City Council on matters not listed on the agenda. Due to State law (Brown Act), no action can be taken by the Council on matters presented under this section because they are not posted on the agenda. This is an opportunity to hear from the public but not the appropriate time to engage in conversation about the item because other people, with interest in the matter, do not have the opportunity to participate for not knowing it was going to be discussed. If the Council determines discussion or action is warranted on any item mentioned during Communications from the Public, the item may be referred to staff or placed on a future Council agenda. Members of the public are generally provided three (3) minutes to speak or at the discretion of the Mayor under certain circumstances.

From time to time, the Mayor or by request of a majority of the City Council, a *Special Meeting* of the City Council may be held to discuss or take action on a matter that cannot be postponed until a regular meeting. The agenda for the special meeting is posted 24 hours before the meeting time and distributed to the City Council, City Manager, and City Attorney. During a special meeting, the Brown Act prohibits discussion of any item that is not listed on the Agenda. Members of the public are permitted to speak on any schedule agenda item(s).

During the course of any type of Council meeting, decisions by the City Council are typically made by a vote. Direction to staff may also be given by consensus as ordered by the Mayor.

#### *Motions*

The City Council votes on motions to formalize its actions. A Councilmember will “move” and another Councilmember will “second” a motion to accomplish either the recommendation on the staff report or an alternative action. The motion is then voted on by all five City Councilmembers.

Successful motions require a majority approval of the City Council, or a majority of a quorum (3 members of the City Council). A few items will require four affirmative votes

to carry the motion. Two examples that require four affirmative votes are the adoption of an urgency ordinance and adding an item to a posted agenda. The requirement for a 4/5 vote is set forth in state law for specified matters. The City Attorney will assist in determining if a recommended action requires a 4/5 vote or a simple majority vote.

#### *Consensus*

On some issues, the City Council may reach consensus during a discussion, and no vote is taken. Consensus decisions are not binding, but may serve as direction to staff or follow-up action.

City Council meetings are not on live television but they are recorded for replay and live-streamed online, on the City's website. A video recording of the meeting is posted on the City's website and serves as the minutes for recording the Council's actions. Based on the subject matter(s) on an agenda, the meetings may have significant attendance. For meetings where there is a large audience, the following is offered as tips to assist in making a good impression before an audience and for the recording:

#### *Microphones*

For clear audio, when the microphones are used, speak directly into the front of the microphone, from three to five inches away. Make sure your microphone is turned on. Do not lean back or turn your face away from the microphone. Comments or sidebar conversations may be heard if the microphone is on.

#### *On the dais...*

Be aware that the audio and video recorder is always "on" and Councilmembers are in front of an audience at all times. Gestures and facial expressions are easily visible. In addition, the public testimony portion of a Public Hearing is to hear input from interested individuals, not necessarily engage in dialogue or debate.

## **City Council Agenda and Weekly Packet**

### *Agenda*

Items are scheduled on the City Council agenda by the City Manager in coordination with the Mayor. The Mayor Pro Tem participates in conversations on the agendaing of items for continuity, input and preparation for the subsequent year. Councilmembers and members of the public who wish to have an item placed on the agenda are directed to address their request to the City Council. Technically, a majority of the City Council must concur to have an item on an agenda that is not scheduled, routine, necessary for business operations, etc. such as a request from the public or an item of special interest to an individual Councilmember. As a courtesy, if one Councilmember is interested in having an item on a Council agenda and the Mayor is supportive of it, the item is agendaed. Mindful of the Brown Act, the City Manager will facilitate the agendaing of items.

For most items scheduled on the City Council agenda, an agenda report is prepared and its preparation may involve a variety of staff. For example, if the recommended City Council action has a fiscal impact, the report generally includes the source of funds and whether or not the funds

were budgeted. It is also reviewed by the Finance Director. If a staff reports recommends approval of a contract, the City Attorney reviews the agreement prior to its presentation to the City Council. Planning-related reports are prepared by the Planning Manager. The final agenda report is reviewed by the City Manager.

Exhibits are attached to staff reports to clarify and provide details to supplement the staff report. Exhibits to staff reports are listed at the conclusion of each report. Occasionally, an exhibit consists of a large map or item that is not easily reproducible. These items have a limited distribution to the City Council, City Manager, City Attorney and appropriate staff. Exhibits that are not fully distributed are made available for public inspection at City Hall during regular business hours.

The City Council meeting agenda and agenda reports (with exhibits) are generally finalized by 10:00 a.m. the Wednesday prior to the City Council meeting to achieve publishing, posting and distributing the agenda material on the following Friday. On the Thursday around noon prior to the City Council meeting, all materials are consolidated and copied. The City Council's complete agenda packet, inclusive of the meeting agenda and staff reports, is posted on the City's website and in the Granicus platform the Friday before the Council meeting; the goal is to accomplish this by 5:00 p.m.. For the term of the City Councilmember, the City's loans an iPad with "iLegislate" software to view the agenda and staff reports. Closed Session materials in the agenda packet in a sealed envelope for the Councilmember's eyes only.

#### *Weekly Packet*

At the end of each week, the City Councilmembers will receive a packet of the mail that has been received by the City for each Councilmember. The mail is delivered by a member of the Police Department. In recognition that the mail is being received by the City in reference to City business, the mail is opened by City staff, as appropriate and particularly for the Mayor. The mail is provided to the recipient while staff is made aware in order to address it as necessary. Please also be aware that all emails and communications are considered public records and subject to disclosure in response to a request for public records (PRA).

In addition, the City Council receives from the City Clerk a weekly email with clippings of newspaper articles that pertain to Palos Verdes Estates and a calendar of events. From time to time, the City Council is also provided a listing of Tentative Upcoming Agenda Items. This list is maintained by the City (City Manager and City Clerk) for planning purposes; it is reviewed on an as-needed basis with the Mayor and Mayor Pro Tem for scheduling with upcoming City Council meetings.

## **Resolutions, Ordinances and Contracts / Agreements**

### *Resolutions*

A resolution is a formal expression of the "will" or "resolve" of the City Council. Resolutions normally are used to formally record the expression of an opinion or a decision made by the City Council. City Council resolutions require a majority for adoption.

The adoption of a resolution does not carry the same weight as the enactment of a law with punitive consequences attached to its violation, as in the case of an ordinance. However, the

adoption of a resolution represents the expression of the will of the entire City Council, not merely one member.

Although atypical for Palos Verdes Estates, Resolutions may be adopted by the City's commissions or committees. Resolutions can be an appropriate means for these bodies to express their views, actions or recommendations.

Resolutions are effective immediately upon adoption unless otherwise stated. Notable exceptions include resolutions setting tax rates or fixing fees, which require a period of notice and publication prior to the effective date.

Resolutions are vital documents by State law. Vital documents are retained permanently in paper form, even after electronically imaging. Original resolutions, ordinances and minutes are retained in the City Clerk archives in perpetuity.

### *Ordinances*

An ordinance is a legislative action of the City Council but, in many ways, is different than a resolution. An ordinance approved by the City Council has the same effect and force within the jurisdiction of the City as does a statute enacted by the State Legislature has throughout the State. Only the City Council may adopt an ordinance. The power to adopt ordinances may not be delegated to subordinate commissions or committees of the City or to administrative officers of the City.

Essentially, an ordinance involves a command or prohibition of given conduct or behavior by individuals. Ordinances sometimes are referred to as "regulations" or a local law. Depending on its purpose or nature, the provisions of an ordinance may be enforced against a person who has violated its requirements either by prosecution for criminal penalties, as an "infraction" or as a "misdemeanor," or by a civil action against the violator, bringing to bear a variety of possible remedies. An ordinance is the only means by which the City Council can impose a fine and / or a jail sentence as a penalty for its violation.

If a subject is regulated by an ordinance, the ordinance is controlling. An ordinance may not be amended or repealed except by adoption of another ordinance. The requirements of an existing ordinance may not be "overruled" or "set aside" by an administrative action of the City Manager, or other City officer, unless the ordinance expressly delegates such authority to that officer. The City Manager is expressly charged with the responsibility of enforcing all ordinances within the City. Under this authority however, the City Manager has some limited discretion with respect to the priorities and methods of enforcement.

Article 11, Section 7 of the California Constitution grants authority to each city and county to "make and enforce within its limits all local, police, sanitary and other ordinances and regulations not in conflict with general laws of the State." California Government Code Section 37100 further authorizes that a "legislative body may pass ordinances not in conflict with the Constitution and the laws of the State or the United States." As a matter of law, ordinances adopted by a City Council that are found by a court to be in conflict with a State law, or with a provision of either the State or Federal constitution, are deemed void and



“unenforceable.”

There are two basic procedures for adopting an ordinance. Under regular procedures, unless the “reading” of an ordinance is requested by a City Councilmember, ordinances are approved without reading the text during the meeting; only the title must be read. A regular ordinance requires two readings, at least five days’ apart, and goes into effect 30 days following the City Council meeting where it was approved. If circumstances warrant, the City Council has the authority to adopt an urgency ordinance for the immediate preservation of the public peace, health or safety. An urgency ordinance must contain a declaration stating valid, constitutional and persuasive facts justifying the necessity of immediate action. If such facts are determined by a court not to be sufficient to justify the urgency enactment provisions, the ordinance may be invalid. Adoption of an urgency ordinance requires four-fifths vote of the entire City Council. An urgency ordinance may be adopted at a regular, adjourned regular or special meeting of the City Council and it goes into effect immediately. The City Council may also adopt by reference an ordinance or law adopted by another jurisdiction, or a “code,” such as the Uniform Building Code. The City of Palos Verdes Estates has adopted, by reference, the Los Angeles County fire and the Los Angeles County building and plumbing codes with modifications. There are procedures for accomplishing this.

Upon adoption, an ordinance is posted at City Hall (two public bulletin boards), at the Malaga Cove Library, Palos Verdes Golf Club and the City’s website for a specified period of time.

### *Contracts / Agreements*

A contract is a binding agreement between two parties for the supply of goods and services at a determined price. There are two types of contracts that may be awarded: public works or general services. Prior to awarding a contract, a public agency may obtain quotes or request bids from qualified contractors, vendors or professional service providers, either through the informal or formal procedures. The City’s purchasing system in Chapter 3.24 of the Municipal Code specifies the conditions under which staff is required to obtain quotes or bids, the authority under which staff can approve an agreement or an agreement necessitates City Council approval. Purchases and contracts for supplies and equipment of estimated value greater than twenty-five thousand dollars shall be by written contract with the lowest responsible bidder.

### **Political Reform Act of 1974 and Records Retention**

In June 1974, California voters approved a statewide initiative, Proposition 9, adopting one of the most comprehensive and complex laws affecting conflicts of interest and campaign financing. This law, now known as the Political Reform Act of 1974, or the PRA, remains in effect with few changes since its passage. The Public Reform Act maintains currency through the efforts of the Fair Political Practices Commission (FPPC), an agency created by the PRA and charged with the responsibilities for interpretation of the law, preparation of regulations and guidelines, and enforcement.

The PRA, found in the California Government Code beginning at Section 81000, is a complex law, encompassing such issues as campaign finance reform, lobbying, conflicts of interest, voter information on ballot measures, and ethics in government. Not all of the provisions of the PRA

apply to local elected or appointed officials. The provisions that are of most concern to local officials include the campaign finance disclosure requirements, the disclosure of financial interests and the disqualification requirements. The following summarizes the obligations of the PRA for local officials:

*Campaign Finance Disclosure* - All candidates for election to the City Council are subject to the Campaign Finance reporting requirements found in Chapter 4 of the PRA beginning at Section 84100 of the Government Code. Candidates running for City Council and members of City Council should be thoroughly familiar with these campaign finance reporting requirements.

*Conflicts of Interest* – The provisions of Chapter 7 of the PRA apply both to elected and appointed officials. As required under Chapter 7, by resolution, the City of Palos Verdes Estates has adopted a Conflict of Interest Code. The resolution is reviewed (updated if necessary) every two years. There are two essential obligations under the resolution:

*Financial Disclosure Obligation* – All employees designated as “local officials” under either the PRA or the City’s Conflict of Interest Code must file financial disclosure statements once each year and additionally upon assuming office or leaving office.

*Disqualification from Participation in Governmental Decisions* – Section 87100 of the PRA sets forth the general prohibition regarding conflicts of interest; which reads as follows:

No public official at any level of state or local government shall make, participate in making or in any way attempt to use his (or her) official position to influence a governmental decision in which he (or she) knows or has reason to know he (or she) has a financial interest.

This seemingly simple general rule presents perhaps the most challenging area for local officials who are seeking to comply with the PRA. The FPPC is continually involved with interpreting the law, establishing and revising the regulations and guidelines for compliance, and with the enforcement of the law. The regulations and guidelines for compliance are quite complex and difficult to interpret or apply to any set of facts or circumstances.

The FPPC aggressively enforces the Conflicts of Interest provisions. State and local officials who are found to have violated these provisions are subject to substantial civil fines for unintended violations. Intentional violators may be subject to criminal prosecutions. All City officials should have at least a general working knowledge or familiarity with the Conflict of Interest provisions. Moreover, because of the complexity and difficulty in interpreting these laws and regulations, and the severity of penalties for violations, whenever a question or concern regarding a possible conflict of interest arises under the PRA, City officials are urged to seek advice either from the FPPC directly or from the City Attorney.

### **SECTION 3** **CITY COMMITTEES**

The City's Commission and Committees meet independent of the City Council to develop decisions, conclusions and recommendations without Council and Council member influence that may prejudice or affect subsequent City Council consideration of the Commission/Committee action.

Recognizing that Commission and Committee member's terms are staggered, the City Council meets annually at a specifically scheduled meeting, generally in May, to publically interview incumbent and new applicants for each Commission and Committee. Appointment decisions are made by agreement among the full Council.

#### **Planning Commission**

Planning Commissioners are volunteer positions that are appointed by the City Council and serve two-year overlapping terms. Commissioners are required to comply with the FPPC requirement to annually submit a Statement of Economic Interest form (Form 700). The Commission reviews and makes decisions on most construction projects, zoning changes, grading and neighborhood compatibility applications, utility projects and right-of-way encroachments in the City. Staff



support of the commission is provided by and under the leadership of the Planning Manager. The Planning Commission meets on the third Tuesday of each month at 6:30 p.m. in the council chambers at City Hall. Once a year the City Council, Planning Commission and Palos Verdes Homes Association (PVHA) meet together for the purpose of facilitating issues with the coordination of the plan review process. The Planning Commission also partners with the PVHA if an update is made to the City's General Plan.

<i><b>Commissioners</b></i>	<i><b>Term Expiration</b></i>
<i>Michael Thomas, Chair</i>	June 30, 2019
<i>Winston Chang, Vice-Chair</i>	June 30, 2019
<i>Derek Lazzaro</i>	June 30, 2020
<i>Stuart Criley</i>	June 30, 2020
<i>Wendy Walker</i>	June 30, 2020

## Parklands Committee

The Parklands Committee is an advisory body to the City Council Members. Committee members are volunteers appointed by the Council to two-year overlapping terms. The Committee has knowledge of local plants and trees and an appreciation of the City's Parklands and rights-of-way plantings. The Committee advises residents concerning designated street trees, tree management procedures, and right-of-way planting. It reviews and makes



recommendations on homeowner proposals for right-of-way and parkland planting, and tree pruning, removals and maintenance. It administers the Tree Management Policy - a process whereby residents may request the removal or reduction of public trees, primarily for view enhancement. Staff support of the commission is provided with support from the City's forester, as service provided by a consultant. The Parklands Committee meets on the second Thursday on alternating odd-numbered months at 7:30 p.m. in the City Hall council chambers.

### *Committee Members*

*Robert Wade, Chair*

*Caroline Leach, Vice-Chair*

*Amir Kaviani*

*Deborah Richie-Bray*

*Paul McCabe*

### *Term Expiration*

June 30, 2019

June 30, 2020

June 30, 2020

June 30, 2019

June 30, 2020

## Traffic Safety Committee

The Traffic Safety Committee is an advisory body to the City Council. Its volunteer members are appointed by the Mayor and Council to overlapping two-year terms. The Committee suggests the means for coordinating and administering traffic calming, assists in the publication of traffic reports, receives traffic matter complaints, and recommends the means of improving traffic conditions and the administration and enforcement of traffic regulations. Staff support of the Committee is provided by and under the leadership of the City's Traffic Engineer, a service provided by a consultant. The Traffic Safety Committee meets quarterly on the first Wednesday of the month at 7:30 p.m. in the City Hall council chambers.



### *Traffic Safety Members*

*Frank Adams, Chair*

*Kevin McCarthy, Vice-Chair*

*Clark Margoff*

*Richard Phillips*

*Zoe Unno*

### *Term Expiration*

June 30, 2019

June 30, 2020

June 30, 2020

June 30, 2019

June 30, 2019

## Investment Policy Advisory Committee

The Investment Policy Advisory Committee, established in 2017, works with the City Treasurer to advise the City Council on policy matters associated with City investments. The Committee acts in an advisory capacity to the City Council in all matters of investments and banking, including all matters affecting policy and procedures related to investments and banking; initiates studies, evaluations and reviews of matters of investment and banking and report its findings and make recommendations to the City Council and city treasurer; and advises the city council and city treasurer on any issue or matter pending before the City Council or City Treasurer which relates to investment and banking matters and which is referred to the Investment Policy Advisory Committee by the City Council. The Investment Policy Advisory Committee consists of 4 individuals, the City Treasurer, two residents and the former City Treasurer as an ex-officio member, and meets as necessary. Staff support is provided by the Finance Director.

<i>Investment Policy Advisory Members</i>	<i>Term Expiration</i>
<i>Victoria Lozzi, City Treasurer, Chair</i>	N/A
<i>Brad Boyd</i>	June 30, 2020
<i>Jeff DeLarme</i>	June 30, 2020
<i>Joe Sherwood, Ex Officio</i>	Designated by City Manager



## Finance Advisory Committee

Established in 2018, the purpose of the Finance Advisory Committee is to provide input and recommendations to the City Council regarding budget reconciliation, including actual revenues and expenses at the departmental level; consult and work with staff in the preparation of long-range financial planning forecasts; and advise and assist the City Council on fiscal liability matters facing the city and other fiscal matters referred to the Finance Advisory Committee. The Finance Advisory Committee is calendared to meet quarterly on the last Thursday of the month at 6:00 p.m.. The Committee consists of 5 residents and the City Treasurer as an ex-officio member. Staff support is provided by the Finance Director.

<i>Finance Advisory Members</i>	<i>Term Expiration</i>
<i>Amy Forte, Chair</i>	June 30, 2020
<i>Mark Young, Vice-Chair</i>	June 30, 2020
<i>David McGowan</i>	June 30, 2020
<i>Ela Jhaveri</i>	June 30, 2019
<i>Don Culler</i>	June 30, 2019
<i>Victoria Lozzi, City Treasurer, Ex Officio</i>	N/A



## Technology Advisory Committee

The Technology Advisory Committee shall advise the City Council and recommend on matters of:

1. Resident engagement involving the evaluation and identification of means, methods and systems of electronic communications for enhancing open discussion about resident concerns.
2. Government transparency through providing solutions that align with best practices for government transparency.
3. Future technologies on the broad range of developing and evolving technologies that will affect the city and enhance resident services, connectivity, homes, and lives including citywide wireless and wireless master planning.
4. Standards for dealing with technology-related suppliers, specifically for protecting resident privacy and security, and for developing quality accountability guidelines and metrics in service contracts.
5. Wireless tower siting applications at such time formally directed by the city council.

The Technology Advisory Committee meets quarterly on the 2<sup>nd</sup> Wednesday of the quarter at 6:30 p.m.. The Committee consists of five residents. Staff support is provided by the Community Development and Public Works Director.



### *Technology Advisory Members*

*Jim Roos, Chair*  
*Steve Friedrich, Vice-Chair*  
*Bernardo Buelga*  
*Tim Massey*  
*Vacant*

### *Term Expiration*

June 30, 2020  
 June 30, 2019  
 June 30, 2020  
 June 30, 2020  
 June 30, 2019

## Law Enforcement Services Special Tax Oversight Committee

The Law Enforcement Citizen Advisory Committee is established, in accordance with voter approval of Measure E, to ensure that the parcel tax for funding the police Department is accurately and appropriately allocated to the Police Department. The Committee will meet at least twice a year concurrent at a date and time to be determined concurrent with the City's receipt of parcel tax revenue and consists of five residents. Staff support of this Committee is provided by the Police Chief.



### *Law Enforcement Services Special Tax Oversight Members*

*Wayne Windman, Chair*  
*Philip Solomita, Vice-Chair*  
*Sean Armstrong*  
*Gibson Cooper*  
*Michael Mangano*

### *Term Expiration*

June 30, 2020  
 June 30, 2020  
 June 30, 2019  
 June 30, 2019  
 June 30, 2020

## **Other City Committees**

Residents of Palos Verdes Estates have a history of active involvement in the City and a strong commitment to volunteer community service. Accordingly, the City Council appoints interested and qualified residents to both standing and ad hoc committees as necessary from time to time. Each committee reviews matters under its purview and advises the Council. Interested residents who would like to serve on a committee may submit resumes to the City Clerk when there are openings. Openings are announced in the City Newsletter and through the City's noticing procedures and practices.

Ad hoc committees in past years have included the Technology Task Force, Financial Advisory, Fire and Paramedic Tax, Cable, Insurance, PVE 75<sup>th</sup> and 60<sup>th</sup> Celebration, and Roessler Pool Restoration (culminating in the Palos Verdes Beach & Athletic Club) Committees.

## **SECTION 4:**

### **CITY DEPARTMENTS & CITY STAFF**

#### **CITY DEPARTMENTS**

##### **City Manager's Department**

The City Manager's Department supports the administrative functions of the City. Both the City Clerk's Office, and Assistant to the City Manager work within the City Manager's Department. Functions and duties that are within the City Manager Department include: Human Resources involving personnel and benefit administration, risk management, labor relations and organizational development; Community Relations including special events & film permits, citizen engagement programs and intergovernmental relations; City Clerk functions including records retention and management, City Council support including meeting agendas and minutes preparation, webcasting, elections; Concession agreement matters; Special Projects; and City Hall reception.

##### **Community Development and Public Works Department**

The Community Development and Public Works Department is comprised of the Planning, Building & Safety and Public Works Departments, all overseen by one Director. The Planning Department is responsible for reviewing project proposals for compliance with the General Plan, Zoning Code, and the Local Coastal Plan. Planning Department staff provide reports and analyses on all projects for which discretionary approval is required to the Planning Commission. The Department of Building and Safety is responsible for the enforcement of building code regulations, which provide minimum standards to safeguard public health, safety, and welfare by regulating materials, use, and occupancy. The Public Works Department oversees Traffic and Civil Engineering, Urban Forestry, Parklands management, code enforcement, special projects, rights-of-way permits, utility coordination, project management, capital improvement planning, street maintenance, tree and Parklands maintenance, building maintenance and fire & weed abatement.

##### **Finance Department**

The Finance Department is responsible for a broad range of core financial duties, operational and capital budgeting, long-term forecasting and planning, fiscal policy development, banking and investments support, financial system administration; maintaining internal controls; compliance with regulatory reporting, annual audits, State Controller's filings, Gas Tax reporting, state and federal grant tracking as well as numerous other county, state and federal government fiscal requirements. The department also handles general tax filings and debt administration and guides the City's Information Technology initiatives. Core duties include: collection and recording of all revenue, posting expenditures to accounting records, preparation of interim financial reports to the City Council and staff; bank monitoring, reconciliation and treasury reporting; business licensing, animal licenses; preparing payroll; biweekly processing of all obligations and



invoices for payment for review and approval by City administration and City Council; ensuring payment and filing of demands and compliance with City purchasing procedures; preparing and distributing financial management reports; and reviewing staff report fiscal impacts.

### **Police Department**

The mission of the Palos Verdes Estates Police Department is to provide an assurance of safety, comfort and tranquility to the community; while in this endeavor maintaining the utmost in professionalism, competence, integrity, and discipline. Core duties include: patrol, traffic, special enforcement, Reserves, Community Relations, disaster preparedness, PVE-CARES, Neighborhood Watch, professional standards, investigations, parking, jail/communications.

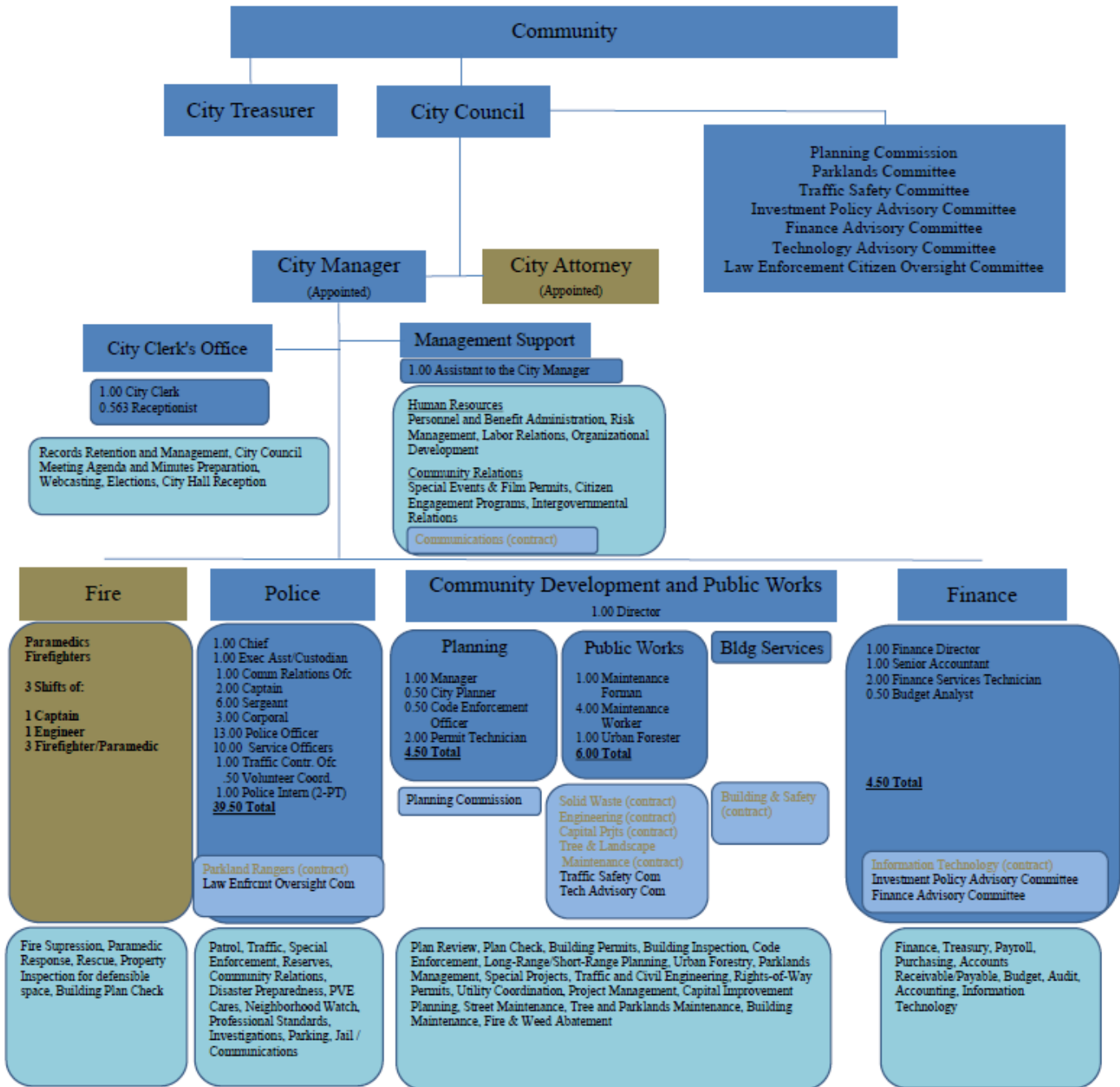
### **LA County Fire Department**

The City of Palos Verdes Estates contracts with Los Angeles County for fire suppression, enforcement of the Fire Code, and paramedic services. Concurrently, Los Angeles County also provides emergency ambulance services, rescue, property inspection for defensible space and building plan check.

# City of Palos Verdes Estates Organizational Chart

## Palos Verdes Estates Organizational Structure

6/12/2018



Legend:  
Contract Service

## **Council/Manager Form of Government**

There are two basic forms of City government. Most large cities in the country are the Mayor/Council form (like Los Angeles, San Francisco, New York, and Philadelphia). This form mirrors the State and Federal government in that the Mayor services as the president and Chief Executive Officer of the City Council and City, and the City Council services in the capacity of the legislature. There are some exceptions to this, notably Long Beach, Sacramento, and Phoenix to name a few. Most cities in the Country are the Council/Manager form of government.

The Council/Manager form of government was developed in the 1930s as a result of political corruption and patronage in cities. Boss Tweed and the Teapot Dome Scandal were illustrative and motivating factors in the creation of the Council/Manager form during the “Progressive Era.” In the Progressive Era, a model City Charter was created that separated the politics and administration of cities and introduced the concept of professional City Management.

In the Council/Manager form of government, the Mayor and Council have equal authority and an equal vote on the City Council in directing the City Manager, providing policy direction, and allocating City resources. It takes a majority of the Council to make decisions and direct the City Manager. No one Council member can direct an action or staff, nor do Council members have a direct connection to staff below the City Manager. The Mayor and Council together serve as a “Board of Directors” setting policy in the form of creating laws, allocating resources (the budget), and making land use decisions.

The Council appoints two positions – the City Manager and the City Attorney. City personnel report to the City Manager. The separation precludes an individual’s political or personal interests from influencing the administration and delivery of services to the public. As such, the City Council must work together in a collaborative and collegial manner to build a consensus at providing policy and legislative direction to the City Manager. It is not necessary that individual City Council members agree on everything before them, however, it is important and valuable to be thoughtful and respectful of different perspectives and respect the decision of the majority.

In Palos Verdes Estates, the City Council is not paid and receives no benefits. The position is a volunteer position to provide the public with representation and input into the services and direction of the City.

In the Council-Manager form of government, the position of Mayor is typically rotated among the members of the City Council on an annual basis. In Palos Verdes Estates, the rotation (reorganization) typically occurs at a meeting in March (also concurrent with the certification of the election, if there is one). The Mayor is the ceremonial head of the City and Council, represents the City Council, serves as the spokesperson of the City Council, and leads City Council meetings. In the absence of the Mayor, these responsibilities are fulfilled by the Mayor Pro Tem (Vice Mayor). The City Manager implements the Council’s policies, oversees all City personnel and day-to-day operations, and presents an annual budget. The City Manager will meet and/or talk with the Mayor and Mayor Pro Tem from time to time to review upcoming City Council agendas and discuss matters to come before the City Council.

It is currently common for a City Manager to have a Master's degree in Public Administration and have worked in various capacities in City government over many years. In the 1930's, the City Manager often had an Engineering degree because most of the City's functions were related to public works. Today, with policy, human resources, finance, parks, infrastructure, social media, and much more addressed by cities, City Managers are in a human relations and technical role necessitating a wide variety of skills and attributes as a "jack of all trades." City Managers have knowledge of many City functions but hire Department Heads and staff with specific expertise, knowledge and specialties.

The City Attorney provides legal counsel to the Council and handles the City's defense in courts of law.

### **Executive City Staff**



*Anton (Tony) Dahlerbruch* (City Manager) started with the City of Palos Verdes Estates in June 2013. Prior to coming to the City, Tony served as the Interim City Manager for the City of Rolling Hills in October 2006 until being appointed as the City Manager in January 2007. Tony completed his Master's Degree in Public Administration from American University in Washington, D.C. in 1985 and has served full-time in local government since graduation. From 1985 to 1990, Tony worked in the Arizona cities of Phoenix and Scottsdale and, from 1990 to 2007, in the City of Beverly Hills, California. He has served and currently serves in a variety of appointed and elected leadership positions of local government professional organizations including the City Managers Department of the League of California Cities and International City/County Management Association. For 2014-2015, Tony served in the elected position of President of the City Manager's Department of the League of California Cities, and from 2016-2017 to the present, as the sole City Manager / City Manager's Department representative on the Executive Board of the League of California Cities.



*Christi Hogin* (City Attorney) is with the firm of Best, Best and Krieger that provides legal services to Palos Verdes Estates among other South Bay cities. Christi received her B.A. degree in 1985 from the University of California at Los Angeles before pursuing her J.D. from Washington College of Law. Prior to establishing Jenkins & Hogin with Mike Jenkins, Christi viewed municipal law from a number of perspectives: two large firms, an in-house office and even a tour of duty as an Interim City Manager. She worked for Malibu from its incorporation in 1991, including 5 years as in house city attorney from 1994 until June 1999. Christi specializes in land use, rent control, coastal and election law. In 2014, Christi was named among California's Top 25 Municipal Lawyers in a special insert of the Daily Journal, the largest newspaper serving the legal profession and covering the California courts and she is active in professional organizations including the League of California Cities having served as President of the City Attorney's Department in 2015-2016.



*Mark Velez* (Chief of Police) was appointed as Police Chief for the City of Palos Verdes Estates in January 2018. Chief Velez started with Palos Verdes Estates Police Department as a Dispatcher-Jailer in 1989 while concurrently serving as a Reserve Officer in 1990-1991. Soon thereafter, and through the ensuing years, in recognition of his skills, education, and knowledge, Velez promoted through a variety of Police Department position to Captain. Chief Velez has earned his PhD in Public Administration from the University of Southern California and also holds a Juris Doctor degree from Southwestern Law School. As Chief of Police for Palos Verdes Estates, Chief Velez is focused on strengthening public trust and confidence in the Police Department, enhancing community safety and crime prevention programs, and providing the support and training of Police personnel. This includes enhancing connections between the community and the Police Department, implementing smart innovations and technology to prevent crime and improve service, representing the City and achieving City goals of community policing.



*Ken Rukavina* (Community Development & Public Works Director/City Engineer) joined the City in late March 2016 having previously served as the City's consulting Engineer under contract with HR Green. Prior to working with HR Green, Ken served as a Manager and Vice President with Huitt-Zollars, and Willdan Engineering and as a Civil Engineer with the Los Angeles County Department of Public Works. Ken oversees the City's municipal planning and zoning, code enforcement, parklands management, building and safety permitting and inspection functions, engineering, capital projects, and public works maintenance that include, for example, street maintenance, storm water, drainage, facility maintenance, refuse collection, fleet maintenance, traffic engineering, and capital improvement planning and management. The function is supported by a variety of staff and consultant services.



*Sharon Del Rosario* (Finance Director) joined the City of Palos Verdes Estates in early 2018; she joins the team having previously served in senior accounting positions in school districts and the private sector. As the Finance Director for Palos Verdes Estates, Sharon is responsible for financial services including accounting, business licenses, budgeting, payroll, purchasing and revenue collection.



*Karina Bañales* (Assistant to the City Manager/Human Resources) began her service with the City of PVE in 2015; she joins the team having previously served in the Human Resources Management Assistant position for the City of San Gabriel. She oversees Human Resources functions which include personnel systems, training and development, benefits, recruitments, employee relations, and class and compensation. As Assistant to the City Manager, she develops and implements new and revised programs, processes and procedures, has oversight of the City Manager's budget and the City's liability and worker's compensation insurance, serves as the Risk Manager and the Americans with Disability Act (ADA)/504 Coordinator, and provides staff support to the City Manager and Council.



*Lauren Pettit* (City Clerk/Executive Assistant) began her service with the City in 2017 as an Office Specialist. Prior to Palos Verdes Estates, Lauren worked in the private sector and for the City of Redondo Beach. As City Clerk for Palos Verdes Estates, Lauren serves as the City's elections official and FPPC filing compliance officer, and is responsible for the preparation and distribution of City Council agendas; maintaining accurate minutes, records and legislative history of City Council actions; providing safe keeping and storage of the City's official records and archives; and providing records retrieval and legislative research for City departments and the public.

### **Staff's Service Philosophy**

In 2012, City staff developed the following:

#### *Mission Statement*

Guided by the highest principles of public policy and law, our mission is to provide exemplary services to the Community, City Council and our fellow Employees with a commitment to integrity, efficiency, professionalism and cooperation.

#### *Vision Statement*

To achieve the highest quality of life in Palos Verdes Estates by honoring the principles of our City's founders, while adapting to future needs and challenges.

#### *Values*

As City of Palos Verdes Estates employees, we are proud of our organization and the community we serve. As City employees, we value:

- Honesty and Integrity
- Respect for Those We Service and Each Other
- Teamwork
- Exceptional and Responsive Service
- Effective Communication
- A Safe Community and Work Environment
- Responsible Use of Resources – Natural, Fiscal and Human

**SECTION 5:  
CITY MAP AND FACILITIES**

## Palos Verdes Estates



City-owned properties include the following:

- City Hall campus area that consists of City Hall, PV Homes Association offices, and parking area.
- Palos Verdes Golf Club (PVGK); 214 acre golf course
- Palos Verdes Tennis Club (PVTC); 10 lighted and 2 unlighted courts and a clubhouse
- Palos Verdes Stables
- Palos Verdes Beach and Athletic Club (PVBAC)
  - Two pools, clubhouse, aerobics classes, weight facilities, training and full social program
- 4420 Via Valmonte (Mirlo Tower building)

**City Hall**



**Mirlo Tower**



**Palos Verdes Golf Club**



**Palos Verdes Estates Stables**



**Palos Verdes Beach and Athletic Club**



**Palos Verdes Tennis Club**





## City Concessions

The City of Palos Verdes Estates owns certain parklands that host recreational facilities, operated and maintained by private entities pursuant to concession agreements. The City is unique in that four recreational facilities operate under these concession agreements: the Palos Verdes Golf Club, the Palos Verdes Tennis Club, the Palos Verdes Beach and Athletic Club, and the Palos Verdes Stable.

While City staff members periodically meet with representatives of the Clubs and Stables to address any issues that may arise, City involvement is typically limited to an annual review and approval of the facilities' operating and capital budgets by the City Council, and evaluation of the concessionaires' compliance with their obligations under the respective concession agreements. The City does not operate or maintain these facilities on a day-to-day basis.

- The Stable is operated by a private for-profit concessionaire who oversees and manages the facility.
- The Palos Verdes Golf Club, Inc., Palos Verdes Tennis Foundation, and the Palos Verdes Beach and Athletic Foundation are nonprofit mutual benefit corporations which are responsible for the operation and maintenance of their respective facilities. Club members are therefore members of the nonprofit corporations, not the facilities, and have no ownership or equity interest in the City property.
- Each Club has its own separate Board of Directors and facility manager to oversee the operations of these facilities.
- Staff at the facilities are retained by the individual Clubs and Stable – not by the City.
- Onetime initiation fees are charged to new members of the Clubs; thereafter, members pay monthly dues. Initiation fees generally fund capital expenditures, and monthly dues generally pay for operating expenses at the facilities.

The Palos Verdes Golf Club concession agreement is effective for 20 years to December 31, 2038. The Palos Verdes Stable concession agreement is effective (with a new concessionaire effective March 1, 2019) for 10 years to March 1, 2029. The Palos Verdes Tennis Foundation concession agreement expires on June 30, 2023. The Palos Verdes Beach and Athletic Foundation concession agreement expires June 30, 2026. For both the Palos Verdes Tennis Club and Palos Verdes Beach and Athletic Club, no extensions are provided within the existing agreements, and as such, the City will go through a process for selecting concessionaires for each facility and establishing new agreements.

Each of the four facilities offers fee-based programs available to non-member PVE residents. For instance:

- The Palos Verdes Golf Club is open to the public for breakfast, lunch, and dinner. While the Club is closed on Mondays, breakfast and brunch is served Saturday and Sunday; lunch is served Tuesday through Sunday; and dinner is served Wednesday through Friday. Reservations are recommended for dinner.

- For a daily fee, non-member City residents may play at the Tennis Club and Golf Club (and may have access to certain Golf Club facilities); and may use the Beach and Athletic Club's pool, Jacuzzi and locker areas. The Tennis Club offers lessons and junior tennis programs, while the Beach and Athletic Club offers summer swim programs.
- The Stable offers summer youth camps available to children ages 4 to 14, has riding instructors for all ages, and makes referrals for trail rides for more experienced riders.

Each of the Clubs and Stable pays a concession fee to the City for the use of the facilities<sup>2</sup>. The City also benefits from the expertise of residents who contribute many hours of volunteer time serving on the concessionaire boards and committees. In short, this concession agreement model helps ensure continuing high quality facilities and levels of service to City residents now and into the future.

---

<sup>2</sup> The Stable has a waiver for 8 years in support of covering the partial cost of physical improvements being made at the site.

## **SECTION 6:** **FINANCIAL INFORMATION**

### **City Treasurer**

The City Treasurer is a part-time position elected at the City's General Municipal Election. Victoria Lozzi, who was elected in the March 2017 municipal election, will serve until November 2020; thereafter the term will be four years and elections will occur in November concurrent with State and National elections. The position is not subject to term limits.

The Palos Verdes Estates City Treasurer, as an elected official, maintains an autonomous role for oversight and decisions relating to the investment and safe keeping of City funds. The position is independent of the City Council who has the role and responsibility for City government including establishing City policies. The City Treasurer's function is defined by California Government Code Section 41001-41007 and guided by the Palos Verdes Estates Investment Policy and other policies that are adopted by the City Council. The City Treasurer, working closely with City staff, has the specific function to (1) assure the availability of funds for meeting the City's daily cash flow needs, (2) manage and recommend City banking and custody service agreements in conformance with City policy and best practices, (3) work with authorized investment brokers and invest responsibly for maintaining the security and accessibility of City funds, (4) prepare monthly portfolio statements and quarterly portfolio reports that present investments, results, conformance to the City's policies and best practices and appropriate liquidity, and (5) annually review and recommend updates to the City's Investment Policy. The City Treasurer is supported in his/her duties by an Investment Policy Advisory Committee that includes the City Treasurer, who serves as Chairperson, and two residents appointed by the City Council. The City Manager or designee serve as an ex-officio members. The City Treasurer also is responsible for providing a signature on approved checks, drafts and warrants.

### **Budget Highlights**

#### **Budget Process & Structure**

The Palos Verdes Estates City Council, as a comprehensive fiscal strategy, adopts a two-year (bi-annual) budget. By State law, however, the second year of the biennial budget must be individually approved. Year two of the two-year budget is presented with updates for formal adoption and approval to allow for adjustments. By policy, within any-one year, increases to appropriations, and /or transfers, between funds or capital projects, beyond a defined dollar limit, are approved by City Council.

The City's fiscal plan is made up of both an operating budget and capital improvement plan. The operating budget includes all general resources outlays and revenue streams in effecting the day-to-day functions of the City. The operating budget is program based, meaning that it is structured by operating department and division. This assists in assigning responsibility and service area. The

Capital improvement plan (CIP) deals specifically with the resources used to maintain, update or replace City infrastructure and facilities (i.e. – roadways, curbs and gutters, landscaping, storm systems, etc.).

### FY (fiscal year) 2018-2020 Budget Summary

The biennial FY 2018-2020 budget maintains a hybrid balance of in-house staff and contract services. Contract based services are deployed in all key functions including Safety (Fire and Paramedic Services contract), Maintenance (waste hauling, landscaping contracts), Administration (legal, technology, professional service contracts), and Planning, Building & Public Works (building and engineering support contracts). The fiscal plan is also conservatively built based on full costing levels and revenue projections that do not overreach. Revenue estimates are attentive primarily to property taxes. Within these parameters, projections are sustainable and allow for steady operations for the two-year period. In summary:

- The General (operating) Fund is balanced for both FY 2018-2019 and FY 2019-2020.
- A six-month (rainy day) operating reserve has been maintained at established levels.
- Revenues are forecasted to increase moderately in the two-year term (2.7-6.0% growth each year).
- Property tax, the primary revenue source, is projected to be 3.5-6.5% each year.
- Full Time Equivalent positions (full and part-time) are projected to be at 57 each year.
- CalPERS Safety and Miscellaneous pension rate and unfunded accrued liability (UAL) increases have been included.
- Increases in estimated contractual obligations for healthcare, workers' compensation, general liability, and service contract costs are included.
- Preliminary funding is budgeted to comply with MS4 (storm water) monitoring.
- The accumulated buildup of funds in the Equipment Replacement Fund is being utilized to fund vehicle and technology equipment.
- The commitment of funding towards Parklands and open space enhancements is maintained.

With the economic reality of limited revenue growth in relation to mounting capital needs and pension expenses, the City has been anticipating – and projecting for many years – the need for critical decisions to address future infrastructure maintenance and improvements, and for increasing pension costs. Discussions were postponed and delayed since 2015 for not distracting from the March 2017 municipal election and subsequently, until the April 2018 municipal election.

### General Fund – Fund Balance

The General Fund is the operating Fund of the City. It provides for, and serves as, the clearing house for meeting day-to-day obligations and responsibilities of the City. For FY 2018-2019 and FY 2019-2020, the General Fund is balanced. The proposed General Fund Balance as of June 30, 2019, is budgeted to be \$879,874 higher than the Projected June 30, 2018, General Fund Balance. The FY 2019-2020 General Fund Balance is also planned to increase by \$1,395,747. Thus, allowing a fiscal reserve balance at 50% of expenditures and proposed FY 2018-2019 and planned FY 2019-2020 undesignated fund balance of \$1,613,606 and \$2,856,377 respectively.

<b>General Fund Balance</b>	<b>Projected Fund Balance FY17-18</b>	<b>Proposed Fund Balance FY18-19</b>	<b>Planned Fund Balance FY19-20</b>
<b>Beginning Fund Balance</b>	<b>11,138,731</b>	<b>9,796,091</b>	<b>10,675,965</b>
Revenues	13,637,968	14,461,039	14,853,416
Expenditures	12,258,495	18,124,717	18,430,669
Net Revenue over Expenditures (before transfers)	1,379,472	(3,663,678)	(3,577,253)
Transfers In (Out)	(2,722,112)	4,543,552	4,973,000
<b>Net Revenue over Expenditures (after transfers)</b>	<b>(1,342,640)</b>	<b>879,874</b>	<b>1,395,747</b>
<b>Ending Fund Balance</b>	<b>9,796,091</b>	<b>10,675,965</b>	<b>12,071,712</b>
Reserved Fund Balance	7,200,000	9,062,359	9,215,335
Undesignated Fund Balance	2,596,091	1,613,606	2,856,377

#### Capital Project Funds – Fund Balance

The Capital Project Funds receive revenue from a variety of sources that are “transferred-in” when such sources have revenues to transfer-in. Revenue may consist of Undesignated Fund Balance from the General Fund, Special Revenue Funds such as Gas Tax, and Proposition C (transportation), or a dedicated tax source such as the Sewer Tax that previously existed. As revenue is collected in the Capital Project Funds, it is banked until enough has accumulated for large infrastructure improvement or maintenance projects. As such, the annual project expenses reduce the Fund Balance each year until transfers-in re-accumulate in the Fund for future projects. Most of the projects are one-time events, but it is necessary to continually transfer-in for future infrastructure needs.

#### Special Revenue Funds- Fund Balance

Special Revenue Funds hold revenue and include expenses that can be used only for specific, legally defined purposes. Similar to Capital Project Funds, as revenue is collected in Special Revenue Funds, it is banked until enough has been accumulated to spend for the specific purpose. The Fund Balance represents the result of having spent the accumulated funds for the dedicated purpose of the Special Revenue.

#### Internal Service Funds – Fund Balance

Internal Service Funds receive “transfers-in” (also known as “allocations”) from the General Fund Departments for expenses that are for a specific, defined purpose as defined by the City. Similar to Capital Project Funds, as the transfers-in are collected in the Internal Service Funds, it is banked until it is appropriate time to spend the funds for the specific purpose. The Fund Balance represents the result of having accumulated funds for the dedicated purpose of the Internal Service expenditures. In the upcoming biannual period, the Fund Balance for Equipment Replacement will be evaluated through an inventory and asset valuation process to determine if the appropriate level of funds are being maintained for the future replacement of equipment.

### Fund Balance – Summary

The following chart presents a summary overview of the projected Fund Balance for all Funds. While recognizing the decreases in the Special Revenue Fund Balance and Capital Projects Fund Balance represent spending the accumulated funds for projects, it is also important to recognize that concurrently maintaining a 50% operating (General Fund) reserve (Fund Balance) exceeds the minimum two-month reserve recommended by the Government Finance Officers Association.

<b>Funds</b>	<b>Projected Fund Balance June 30, 2018</b>	<b>Adopted Fund Balance June 30, 2019</b>	<b>Approved Fund Balance June 30, 2020</b>
Fiscal Policy Reserve ***	7,200,000	9,062,359	9,215,335
Undesignated	2,596,091	1,613,606	2,856,377
<b>Total General Fund **</b>	<b>9,796,091</b>	<b>10,675,965</b>	<b>12,071,712</b>
Special Projects	961,688	994,688	1,023,688
Fire/Paramedic Parcel Tax	122,552	-	-
PVE Law Enforcement Fund	-	-	-
Transit Proposition A	38,737	69,867	90,268
<b>Total Special Revenue Funds</b>	<b>1,122,977</b>	<b>1,064,555</b>	<b>1,113,956</b>
Capital Improvement Fund	5,060,913	1,609,278	587,528
Sewer Capital Projects Fund	3,687,835	2,925,645	2,590,328
<b>Total Capital Projects Funds</b>	<b>8,748,748</b>	<b>4,534,924</b>	<b>3,177,857</b>
<b>Total Other Governmental Funds *</b>	<b>2,018,697</b>	<b>2,763,508</b>	<b>3,689,852</b>
<b>Total Governmental Funds</b>	<b>21,686,513</b>	<b>19,038,952</b>	<b>20,053,376</b>
Equipment Replacement	2,382,091	2,180,131	2,042,781
Insurance	1,051,064	1,056,064	1,060,064
<b>Total Internal Service Funds</b>	<b>3,433,155</b>	<b>3,236,195</b>	<b>3,102,845</b>
<b>Total Governmental including Internal Service Funds</b>	<b>25,119,669</b>	<b>22,275,147</b>	<b>23,156,222</b>

\* *Other Governmental Funds include - Gas Tax, Drug Intervention, Police Grants, Corrections, Measure R, Prop C, Parklands, RMRA and Measure M.*

\*\* *Projected FY 2018-2019 General Fund Revenue (\$14,423,639) - General Fund Revenues (\$14,461,039) before transfers by the Stable Fund revenues of \$37,400. Planned FY 2019-2020 is different by the same Planned Stable revenues of \$37,400.*

\*\*\* *Fiscal Reserve Balance is budgeted at 50% of Expenditures for FY 2018-2019 & FY 2019-2020.*

## Revenues

FY 2018-2019 General Fund revenues (excluding transfers) are higher than projected FY 2017-2018 revenues by 6.04% and 7.73% higher than FY 2017-2018 Adjusted Budget. Property tax remains the key driver with an increase projected to be 6.43% from projected FY 2017-18. In addition, the new development fee structure contributes to the increase in revenues. FY 2019-2020 revenues continue this trend and are planned to be 2.72% higher than proposed FY 2018-2019 revenues mostly due to property tax revenues.

Overall, FY 2018-2019 net General Fund revenues (inclusive of proposed transfers from the Law Enforcement Fund and return balance of prior year transferred monies from the Fire/Paramedic Parcel Tax Fund) are \$879,874 over proposed expenditures (inclusive of proposed transfers to the Capital Improvement and Parklands funds). FY 2019-2020 net General Fund revenues (inclusive of planned transfers from the Law Enforcement Fund) are also over planned expenditures by \$1,395,747.

<b>General Fund Revenue Sources</b>	<b>Projection FY 2017-18</b>	<b>Adopted FY 2018- 19</b>	<b>Approved FY 2019- 20</b>
Property Tax	7,795,302	8,296,297	8,591,564
Property Tax-In Lieu	1,391,098	1,514,992	1,570,592
Sales Tax	339,840	354,000	356,000
Real Estates Transfer Tax	192,000	200,000	200,000
Business License Tax	208,600	221,250	225,000
Franchise Fees	572,788	578,500	587,060
Development Fees	1,449,265	1,532,500	1,532,500
Interest Income	29,140	133,500	144,500
<b>Key Revenues</b>	<b>11,978,033</b>	<b>12,831,039</b>	<b>13,207,216</b>
Concessions and Rent	1,354,832	1,308,600	1,333,800
Licenses & Permits	14,515	30,500	30,500
Safety Fines	127,048	150,000	150,000
Services Charges	92,952	49,000	47,000
Other Fees*	34,157	54,500	47,500
<b>Other Revenues</b>	<b>1,623,503</b>	<b>1,592,600</b>	<b>1,608,800</b>
<b>Revenues Before Transfers</b>	<b>13,601,537</b>	<b>14,423,639</b>	<b>14,816,016</b>
<b>Transfers In</b>	<b>1,623,746</b>	<b>5,095,552</b>	<b>4,973,000</b>
<b>Total Revenues Including Transfers</b>	<b>15,225,283</b>	<b>19,519,191</b>	<b>19,789,016</b>

## Expenditures

### Highlights

- As approved by the City Council in the June 12 meeting, the Administration Department expenditures have been adjusted for defunding of the Administrative Analyst position. The position duties will be covered by an outside contractor. These adjustments are reflected as a FY 2018-19 \$101,788 reduction in Salaries and Benefits and a \$79,200 increase in professional services (supplies and services line item). For FY 2019-20, Salaries and Benefits is reduced by \$103,119 and professional services is increased by \$79,200.
- Includes Base budget expenditures have been updated for two new recent items NBS – property tax roll administration services in the Police Department (\$4,500). And Videographer projected expenses for Technology Advisory Committee in Public Works Department (\$1,400).
- Prioritizes public safety, community infrastructure, equipment, and facility repairs and it includes funding for staff training.
- Includes CalPERS Safety and Miscellaneous pension rate increases and Unfunded Accrued Liability (UAL) annual payment, as identified in the 2017 actuarial report from CalPERS, have been anticipated. The annual discounted UAL amounts for each year are FY 2018-2019 \$694,491 and FY 2019-2020 \$889,077 (projected).
- Includes a 10% increase in medical insurance costs is included (\$21,800).
- Worker’s compensation and liability annual cost allocations and payment to the California Joint Powers Insurance Authority (CJPIA) are included (\$978,951).
- Accounts for supplies and services cover current and mandated programs and requirements.
- Los Angeles County Fire Services are budgeted with a 3% increase (\$5,275,615).
- Capital Improvement transfer of \$552,000 based on City Council approved decision packages.
- Designated contractual services from the budgeted contingency in Non-Departmental for a physical inventory count and software management of capital assets - approximately \$15,000.


<b>General Fund Department/Division Expenditures</b>	<b>Projection FY 2017-18</b>	<b>Proposed FY 2018-19</b>	<b>Planned FY 2019-20</b>
City Manager	668,875	626,905	643,370
City Attorney	233,054	213,000	203,000
City Clerk	276,321	280,197	238,539
Non-Departmental	172,090	297,227	158,861
<b>Administration</b>	<b>1,350,340</b>	<b>1,417,329</b>	<b>1,243,769</b>
Finance	796,178	796,437	701,188
City Treasurer	38,416	44,963	47,517
<b>Finance</b>	<b>834,594</b>	<b>841,400</b>	<b>748,705</b>
Police	6,586,586	6,896,226	7,137,129
Fire	-	5,121,957	5,275,615
<b>Safety</b>	<b>6,586,586</b>	<b>12,018,183</b>	<b>12,412,744</b>
Building	801,167	874,471	897,798
Planning	403,585	371,269	398,377
Parklands	1,249,116	1,318,683	1,363,136



<b>General Fund Department/Division Expenditures</b>	<b>Projection FY 2017-18</b>	<b>Proposed FY 2018-19</b>	<b>Planned FY 2019-20</b>
<b>Planning &amp; Building</b>	<b>2,453,868</b>	<b>2,564,423</b>	<b>2,659,310</b>
City Properties	165,363	206,403	193,449
Public Works Administration	775,066	883,429	909,830
Streets	92,678	193,551	262,862
<b>Public Works</b>	<b>1,033,107</b>	<b>1,283,382</b>	<b>1,366,141</b>
<b>General Fund Expenditures Before Transfers</b>	<b>12,258,495</b>	<b>18,124,717</b>	<b>18,430,669</b>
<b>Transfers Out</b>	<b>4,345,858</b>	<b>552,000</b>	
<b>General Fund Expenditures Including Transfers</b>	<b>16,604,353</b>	<b>18,676,717</b>	<b>18,430,669</b>

### Capital Projects

The total Capital Improvement Program for FY 2018-2019 and FY 2019-2020 is \$3,924,635 and \$1,073,750 respectively (included transfers). The budget presents the base budget and City Council approved decision packages, including FY 2018-2019 transfers from the General Fund of \$552,000, Special Projects fund of \$68,900 and Measure R fund of \$168,368.

 <b>City of Palos Verdes Estates</b> <b>Budget to Projected Expenditures - CIP Status Report</b> <b>Fiscal Year 2017 - 2018 Year-end Projections</b> <b>2018 - 2020 Budgets</b>									
FUND	ACCOUNT	PROJECT #	CAPITAL PROJECT	17-18 ADOPTED BUDGET	17-18 ADJUSTED BUDGET	17-18 PROJECTION	18-19 PROPOSED BUDGET	19-20 PLANNED BUDGET	
	30-7500-5	80047	TRAFFIC CALMING	26,200	26,200	13,945	27,500	28,750	
	30-7500-5	80050	SLURRY SEAL	-	-	580	242,800	240,000	
	30-7500-5	80100	REPAIRS STORM	50,600	50,600	2,812	400,000	50,000	
	30-7500-5	80102	CATCH BASIN REPLACEMENT	1,815	1,815	-	375,000	-	
	30-7500-5	80103	CROSS GUTTER	-	-	-	35,000	35,000	
	30-7500-5	80159	MS4: FULL CAPTURE SM BAY	210,000	210,000	51,145	210,000	-	
	30-7500-5	80800	STREET CONST. & MAINT.	-	-	-	364,000	360,000	
	30-7500-5	80806	PINALE LANE EMERGENCT RP	-	97,775	70,889	-	-	
	30-7500-5	80849	CITY HALL SAFETY PROJECT	-	-	-	110,000	-	
	30-7500-5	80855	CITY HALL ADA IMPROVEMEN	187,969	187,969	-	188,000	-	
	30-7500-5	80891	ON-CALL ROADWAY MAINT/REPAIR	354,400	354,400	139,525	412,580	180,000	
	30-7500-5	80892	PAVEMENT MGMT SYSTEM	60,000	60,000	60,000	-	-	
	30-7500-5	80895	LIGHT CRS WLK PVDW VIA C	-	-	1,200	-	-	
	30-7500-5	80896	ADA UPGRADES CITYWIDE	202,500	202,500	-	302,500	105,000	
	30-7500-5	80898	EOC CONVERSION	-	-	-	47,000	-	
	30-7500-5	80899	SERVER RM UPGRADE/RELOCATION	-	-	-	150,000	-	
	30-7500-5	80900	ADA UPGRADES FOR CITY HALL & POLICE STATION ENTRANCE	-	-	-	200,000	-	
	30-7500-5	80904	CTY STM DRN #3 REPAIR	288,920	288,920	-	300,000	-	
	30-7500-5	80906	TREE MGMT PLAN	50,000	50,000	-	50,000	-	
	30-7500-5	80909	PVDW TRIANGLE STUDY	102,471	102,471	2,700	100,000	-	
	30-7500-5	80910	FARNHAM MARTIN PK FNTN UPGRADE	-	-	-	23,500	-	
	30-7500-5	80911	ROSSLER FOUNTAIN UPGRADE	10,000	10,000	-	1,500	-	
	30-7500-5	80913	LNDA BY PLZA ENHANCEMENT	150,000	150,000	-	150,000	-	
	30-7500-5	80916	TREE INVENTORY	50,000	50,000	-	50,000	-	
	30-7500-5	80917	PARKLAND MGMT PLAN	-	-	-	-	-	
	30-7500-5	80919	AUTOMOBILE LICENSE PLATE READER	24,000	24,000	19,787	-	-	
	30-7500-5	81300	CURB & GUTTERS	76,900	76,900	25,377	126,523	75,000	
	30-7500-5	81310	GUARDRAIL PROJECT	25,000	25,000	15,000	253,000	-	
	30-7500-5	81315	REFLECT ROAD REG SIGNS	100,000	100,000	-	100,000	-	
<b>30 - CAPITAL IMPROVEMENT</b>				<b>1,970,775</b>	<b>2,068,550</b>	<b>402,960</b>	<b>4,218,903</b>	<b>1,073,750</b>	
	30-7500-5		CIP - NET OPERATING TRANSFERS **	1,029,246	1,029,246	1,029,246	(719,268)	-	
<b>30 - CAPITAL IMPROVEMENT</b>				<b>3,000,021</b>	<b>3,097,796</b>	<b>1,432,206</b>	<b>3,499,635</b>	<b>1,073,750</b>	
	31-7500-5	80920	PARKLANDS PROJECTS	100,000	100,000	-	70,000	-	
	31-7500-5		NET OPERATING TRANSFERS ***	-	50,000	50,000	(70,000)	-	
<b>31 - PARKLANDS</b>				<b>100,000</b>	<b>150,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	
	62-7200-3	80101	SEWER REPAIR	361,635	361,635	9,727	-	-	
	62-7200-3	80155	VIA CORONEL/ZURITA UPGRA	343,940	343,940	26,130	325,000	-	
	62-7200-3	80158	SEWER COND ASSESSMENT	58,420	58,420	6,502	100,000	-	
<b>62 - SEWER</b>				<b>763,995</b>	<b>763,995</b>	<b>42,359</b>	<b>425,000</b>	<b>-</b>	
	50-7500-5	80886	STABLE MANURE PLATFORM	-	35,000	-	-	-	
<b>50 - PV STABLES</b>				<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>GRAND TOTAL</b>				<b>3,864,016</b>	<b>4,046,791</b>	<b>1,524,565</b>	<b>3,924,635</b>	<b>1,073,750</b>	
<i>* Year-end expenditures include encumbered amounts</i>									
<i>** Proposed FY18-19 net transfers include transfers in from Special Projects fund of \$68,900, Measure R of \$168,368, and General Fund of \$482,000</i>									
<i>*** Proposed FY18-19 net transfers include transfer in from General Fund of \$70,000</i>									
				Total, less transfers	2,967,545	445,319			
				Total from Pentamaton	2,975,045	445,319			
			Fund 62 - 64425 Professional Services (not part of a capital improvement project)		(7,500)	-			

## Equipment Replacement and Depreciation of Assets

The total Equipment Replacement expenditures for FY 2018-2019 and FY 2019-2020 are \$222,960 and \$159,350 respectively. The annual allocation was suspended for this fund based on current needs and resources. It has been identified that a long-range replacement assessment is necessary by staff. The annual depreciation expense calculation is prepared during the year-end financial audit process and is not included in this budget presentation. Mindful of maintaining and replacing the City's assets, both an inventory of assets and an evaluation of the Depreciation Schedule has been identified by staff as a project goal over the next 24-month budget cycle.

**SECTION 7:**  
**PUBLIC SAFETY AND CONTRACT SERVICES**

**Police Priorities**

The mission of the Palos Verdes Estates Police Department is to provide an assurance of safety, comfort and tranquility to the community; while in this endeavor maintaining the utmost in professionalism, competence, integrity, and discipline.

The priorities of the Palos Verdes Estates Police Department include:

- Community & Traffic Safety
- Community Relations & Outreach
- Crime Prevention
- Disaster Preparedness
- Staff & Organizational Development
- Prompt Response & Professional Service

With the passage of Measure E, the projected Law Enforcement Fund revenue is projected to be \$4,973,000 in FY 2018-2019 and is expected to be relatively flat during the life of the levy; an increase in revenue will be minimal base on redevelopment of property. These funds will be 100% fully expended each year during the life of levy as the Police Department expenditures will exceed annual revenues.

The budget presents Police Department expenditures in the General Fund. As such, all Police operating costs are together for reporting, presentation and accounting; Department costs and the General Fund expenditures for services are therefore fully represented in one place. The parcel tax revenue, on the other hand, will be collected and contained in a special Law Enforcement Fund. In this scenario, it is expected that the Citizen Oversight Committee will review the detailed expenditures to-date of the Police Department at least twice a year and upon being satisfied that expenses are equal to or exceed parcel tax revenue, a recommendation will be made to the City Council to “transfer in” to the General Fund for Department expenditures. This method of accounting will ensure the community and Citizen Oversight Committee and the City Council full review of the Police Department budget to validate appropriate use of parcel tax revenue. From an accounting perspective, this eliminates line-item account adjustments (“transfers out”) from the General Fund into the Law Enforcement Fund, which would be time consuming and new work for staff that may also seem arbitrary as decisions are made to determine each expense line to transfer.

**Supplemental Public Safety Service**

During the past two years, alleged, potential violations of law within the City's coastal zone have been brought to the City's attention. The Police Department has taken all reports alleging criminal activity and localism very serious and been responsive to maintain a safe, peaceful environment for the public's enjoyment of the coastline. The City is highly focused on public safety and in doing so, polices the surfing areas bluff tops through extra patrol checks by officers, intermittent increased patrol staffing on overtime, broadcasting of anti-localism messages, and using police

volunteers to support the officers in monitoring the surf areas, etc., amongst other measures when there is increased activity.

As the Police Department's size and equipment resources are limited, staff has determined to supplement the City's Police Department response and presence by contracting with the Santa Monica Mountains Recreation and Conservation Authority. The MRCA provides sworn peace officer park rangers to provide extended foot patrol coverage within Lunada Bay and other remote city areas of concern that our uniformed officers cannot cover due to other demands on their time and talent elsewhere in the City.

### **Animal Control Services**

Animal control services are managed by the City's Police Department. The Department oversees the City's response to all requests for pickup of aggressive, sick, injured or stray animals in distress, barking complaints, and animals causing a hazardous situation. The City contracts with Los Angeles County Animal Control for some of these services, which include dog licensing, housing of animals, and as needed after hours dead animal pickup. In support, the City's Streets and Parks Department facilitates the trapping of peacocks if/when necessary.

Dogs four months old and over must be licensed. Once a year during the summer, a clinic is held at City Hall where residents can receive low cost vaccinations for their dogs and cats. Information on future clinics are announced in the City's Newsletter.

### **Peafowl Management**

Peafowl were introduced to the Palos Verdes Peninsula by community founder Frank Vanderlip in 1924. Peafowl can be a wonderful aspect of living on the Peninsula, but at times can be seen as disruptive and destructive. In order to minimize the negative aspect, while still preserving the enrichment the birds provide to our community, the City enacted a Management Program that establishes two distinct and protected zones: the Malaga Cove Zone and the Espinosa Circle Zone. Twice a year, the City contracts for a census of its peafowl population in each zone. For peacocks outside the zone and upon request, the City traps and relocates peafowl.



#### ***Peafowl Management Contact Information***

##### ***Contact***

<i>Capt. Tony Best</i>	(310) 378-4211
------------------------	----------------

**Coyote Management**

Urban Coyote sightings have increased significantly in the South Bay area of Los Angeles within the past two years. The incidents of missing pets has also increased along with the number of missing pet notices and signs posted throughout the region. Coyotes are found throughout the Southern California and Los Angeles area, and thrive in the urban environment. They survive because the urban environment, though it poses some risks to coyotes, actually provides food, water, shelter, and space.



The Police Department has a Coyote Management Strategy that focuses on four key elements: tracking data, education, behavior modification, and a response plan.

***Coyote Management Contact Information***

***Contact***

<i>Captain Tony Best</i>	(310) 378-4211
--------------------------	----------------

**PVE-CARES**



PVE-CARES (Care, Assistance, Resources Education and Socials) is a special program created by the Police Department in 2004 to assist in "Caring for Those Who Cared for Us." PVE-Cares provides resources to help senior residents prepare for and successfully stay safe, independent and self-sufficient in their homes. The program is unique, innovative and takes the approach of being proactive rather than reactive. Any PVE resident age 65 and older or any dependent adult age 18 – 64 may register to participate in PVE-CARES' free program. The program is supported in large part by donations.

***PVE Cares Contact***

***Contact Information***

<i>Community Relations Officer Marcelle Herrera</i>	(310) 378-4211
---	----------------

**VIPS & Parkland Rangers**

Volunteers In Patrol Support (VIPS) and Parkland Rangers (PRs) are individual volunteers who provide a minimum of 12 hours of their time per month to assist the Palos Verdes Estates Police Department by performing non-hazardous duties that do not require the exercise of peace officer powers, such as report vandalism, patrol parklands and bluffs, home vacation checks, report safety hazards, etc.

***Parkland Rangers Contact Information***

<b><i>Community Relations Assistant Sandy Marchese</i></b>	(310) 378-4211
--	----------------

***VIPS Contact Information***

<b><i>Community Relations Assistant Sandy Marchese</i></b>	(310) 378-4211
--	----------------

**Neighborhood Watch**

Palos Verdes Estates Neighborhood Watch (NWP) is a non-profit community participation program committed to educating our residents on crime prevention and disaster preparedness. The Palos Verdes Estates Police Department maintains a strong partnership with the Neighborhood Watch program working together to increase the quality of life and safety within our neighborhoods. Join as a general member, Block Captain or Board Member.

<http://www.pvenw.org/>



The Neighborhood Watch program is divided into the following six areas: Malaga Cove, Valmonte, Montemalaga, Lunada Bay West, Lunada Bay South and Lunada Bay East.

The organization is directed and managed by a member elected Board of Directors independent of the City.

Neighborhood Watch objectives:

- To assist in the education of crime prevention by reducing the opportunities for crime.
- To enhance police/community partnerships by promoting effective two-way communication (prompt reporting of suspicious and criminal activity).
- To educate and assist the community in emergency preparedness in how to survive in a disaster.
- To encourage all residences to have emergency survival kits on hand at home, school, work and in the car.

***Neighborhood Watch Contact Information***

<b><i>Community Relations Officer Marcelle Herrera</i></b>	(310) 378-4211 or <a href="http://www.PVENW.org">www.PVENW.org</a>
--	---

**Emergency Preparedness**

**PVE Disaster District Program (DDP)** The City of PVE has developed a comprehensive community based disaster preparedness and response program. With a select group of volunteers the program is designed to increase disaster readiness and survivability at the neighborhood level during a disaster. The program divides the City into 6 Disaster Districts, each equipped with a cache of equipment and supplies to support community responders. Managed by sworn Disaster Service Worker Volunteers under the City's Disaster Services Coordinator, the program integrates the resources of PVE's disaster services including area CERT members, Neighborhood Amateur Radio Team (NART), Disaster Service Workers (DSW) and the PVE Police Dept. Reserve Officer Corps.



**Neighbor Amateur Radio Team (NART)**



In an emergency, the ability for first responders and the Emergency Operations Center to communicate is vital. The telephone and cell phone system will quickly become overwhelmed in a large-scale emergency. As such, the City is coordinated with a group of



Amateur Radio Operators who have been trained and are committed to serving the City's communication needs. With over 40 members, NART teams will work in partnership with the police department and DDP to provide vital radio communications.

<i><b>NART Contact</b></i>	<i><b>Contact Information</b></i>
<i>Community Relations Officer Marcelle Herrera</i>	(310) 378-4211

**Community Emergency Response Team (CERT)** is funded by the Los Angeles County Fire Department, and offered free to residents. CERT training is comprised of 21 hours of personal safety, fire suppression, and medical first aid to teach you to become your own first responder in the event of an emergency. Classes are offered several times throughout the year at various locations and varied time slots. Go online at [www.cert-la.com](http://www.cert-la.com). For more information. Classes are free.

<i><b>CERT Contact</b></i>	<i><b>Contact Information</b></i>
<i>Community Relations Officer Marcelle Herrera</i>	(310) 378-4211

## **Fire Protection Contract Service**

The Consolidated Fire Protection District of Los Angeles County provides fire protection and paramedic services to the City of Palos Verdes Estates through a contract with the City. In addition, the County Fire Department also conducts fire prevention inspections in open space and canyon areas throughout the city and reviews construction plans for compliance with the Building Code.

Fire Station 2 at City Hall (340 Palos Verdes Drive West) is the City's main station. However, emergency services are additionally received from other stations on the Peninsula as needed depending on the location and size of the incident. The second primary station is Fire Station 106. Fire Station 2 includes a 3-Person Engine and 2 -Person Paramedic Squad. Fire Station 106 includes a 4-Person Quint, 3-Person Engine, and 2-Person Paramedic Squad. Emergency Medical (paramedic) calls annually total approximately 525 or 76% of all calls.

Until March 2017, the City's paramedic and fire services contract with LA County was solely funded through the voter approved Special Parcel Tax. The parcel tax was before voters for an extension in March, 2017 but failed to receive 2/3 approval. As such, fire and paramedic services are covered through the General Fund. For fiscal year 2018-2019, the cost of service is approximately \$5 million.

## **Landscape and Open Space Service**

Given that more than quarter of the City is comprised of parklands and open space, the City contracts with several contractors for basic landscape and open space/grounds services. These services include tree maintenance; landscape maintenance of parks, paths, medians, open space parklands, and rights-of-way; and fire safety and weed abatement services. Landscape maintenance is provided by Venco Western. Travers Tree Service provides tree trimming, pruning, hazard mitigation, and emergency tree removal. Currently, fire safety and weed abatement services are provided under a separate public works contract awarded annually.

## **Trash Collection and Street Sweeping Service**

Single family residential refuse collection and recycling services are provided by Athens Services under a franchise agreement awarded by the City Council in 2012. To maximize recycling and reduce disposal at the landfill, consistent with the State recycling requirement to reduce disposal by 50%, Athens collects comingled recyclable and non-recyclable trash in the same trash container. Athens transports the comingled waste to their material recovery facility where the material is sorted. As a result, the City's recycling rate is approximately 75%. The service is billed directly to the resident by Athens. The agreement expires on June 30, 2022.

Athens also provides residents with a shred day, an annual Christmas tree pick-up and e-waste and used dead battery pick-up.

The current franchise agreement with Athens Services also provides for street sweeping services, whereby residential streets are swept monthly, and commercial areas and arterial streets are swept weekly.



Commercial and multi-family refuse collection is currently performed by under contract between business/property owners under private contract directly with trash haulers of choice. State law requires commercial recycling for property owners that have 4 cubic yards of waste a week and multi-family housing with 5 or more units. To date, compliance with this requirement has been achieved through independent, voluntary commitments of commercial property owners. In 2018, the City provided state prescribed 5-year notice to the commercial and multi-family waste haulers advising that the City will be considering establishing a franchise agreement for the service.

### **Building and Engineering Service**

The City of Palos Verdes Estates contracts for building plan check, civil engineering, and traffic engineering and inspection services with the firm of HR Green, an independent consulting firm. HR Green provides professional staff for the functions of Building Official, Building Plan Checker, Building Inspector, Traffic Manager and Associate Engineer. Additional support is provided on an as needed basis for specialty engineering and construction inspection services. HR Green has a 5-year agreement expiring on July 13, 2020 with a three-year option for the City to extend their services.

### **Code Enforcement**

The City's Municipal Code addresses public nuisances and nonstandard construction / encroachments to maintain and protect resident's quality of life. "Code enforcement" is the mechanism by which the City achieves compliance with provisions of the Municipal Code. The City enforces the Municipal Code violations with the resources it has available as they come to the City's attention. The first priority for code enforcement is public health and safety.

The City established a full time position for Code Enforcement Officer in fiscal year (FY) 2016-2017. The position was eliminated for cost containment in FY 2017-2018 due to the loss of the special parcel tax that funded fire services. Subsequently, in FY 2018-19 with voter approval of the special parcel tax that support police services, the City established a part-time position. The position addresses Code violations including nuisance violations and encroachments in the public rights-of-way and parklands.

The Code Enforcement process begins when the Code Enforcement Officer receives notice or a complaint. All complaints are investigated and verified. If a violation exists, the Officer will begin working to achieve voluntary compliance. If voluntary compliance over a reasonable amount of time is not successful, more aggressive measures, including legal action or an administrative citation, are taken to achieve compliance.

#### **Common Municipal Code Violations**

- Nonstandard construction / encroachments
- Non-permitted posting of real estate, yard sale, political, and various advertising signs on parklands and medians



- Overgrown and/or dead vegetation
- Public nuisances on public or private property such as trash containers, old appliances, junk, abandoned or inoperable vehicles or other visual nuisances.
- The illegal placement of fences, walls, and other structures in side yard setbacks, public right-of-ways and parklands.
- Non-permitted Recreational Vehicle Parking or storage
- Unmaintained Swimming Pools

**SECTION 8:**  
**MISCELLANEOUS TOPICS**

**Palos Verdes Homes Association**

The Palos Verdes Homes Association (PVHA) and Art Jury operates separate and apart from the City of Palos Verdes Estates. They enforce the deed restrictions (Covenants, Conditions and Restrictions – CC&Rs) established in the early planning and development of the City. The CC&Rs, for example, establish building setbacks on each property as well as the allowable architecture. The PVHA is governed by an elected board of officers who, in turn, retain a manager for the day-to-day operations of the organization.

The Art Jury, comprised of local architects and engineers appointed by the PVHA Board, reviews all construction projects within Palos Verdes Estates and other areas within its jurisdiction to determine if the design meets the criteria set forth in the CC&Rs. Any project that modifies the exterior of a building (i.e. additional square footage, window/door changes, roof material change, paint color, etc.), or modifies the landscaping, requires Art Jury review and approval.

The PVHA has a lease with the City for its use of the building that houses their office. Revenue to the City is approximately \$25,000 per year.

**La Venta Inn**

La Venta Inn, located at 796 Via Del Monte, is a point of historical significance on the Palos Verdes Peninsula. Originally, the facility served as the sales office for properties in Palos Verdes Estates. The property is privately owned and operated as a venue for special events.



**Current Topics being addressed by the City**

- Selecting a caretaker for the Mirlo Gate Tower House (4420 Via Valmonte)
- Responding to the proposed Butcher Solana development in the City of Torrance at Via Valmonte and Hawthorne Blvd.

**SECTION 9**  
**STAND OUT CITY ACCOMPLISHMENTS SINCE 2013**

- Bluff Cove residence demolition and remediation into open space
- Solano Canyon brush clearance
- PV Blvd Eucalyptus grove clearance
- Lunada Bay patio demolition
- Telephone system replacement
- Website upgrade
- Modest and Band-Aid City Hall improvements (plumbing, wiring, office improvements, etc.)
- Radon mitigation in Police Department
- Montemalaga gateway entrance
- Granvia/Via Cerritos gateway entrance
- Lunada Bay plaza gateway entrance
- Triangle gateway entrance
- Irrigation of trees on Palos Verdes Drive West
- 3 comprehensive organizational reviews/assessments (Matrix 2x and McCrary studies)
- User Fee Study
- Comprehensive budget analysis and corresponding implementation of budget reductions
- Policy development and change
  - Change in Parklands Use
  - Tree Management
  - Neighborhood Compatibility Guidelines
- Update / create several policies (legislative, gift/donation, council and committee guidelines, investment, social media, unclaimed check and capital asset)
- Malaga Cove Plaza parking changes
- ADA transition plan
- Responding to bicycle matters
- Working with Davenport Institute for implementation of public engagement strategies and development of a public engagement manual
- CalCard implementation
- Implementation of Citizen Academy and Teen Police Academy
- Prepare for 2015 election and conduct elections in 2017, 2018, 2019
- Enhanced budget and financial reporting, and documentation on website (OpenGov, reports)
- Trained and deployed a motorcycle officer

- Trained police officers on advanced medical treatment
- Held active shooter training at all the school in PVE
- Instituted a Community Lead Officer program
- Managing staff hiring and transitions (implications for continuity, maintaining services)
- Citywide resident satisfaction survey
- Lunada Bay patio removal and enforcement
- Response to extraordinary crime sprees
- Development and implementation of multiple new Police volunteer programs and intern program
- Implementation and support of multiple new resident committees and task forces (Technology Task Force, Technology Advisory Committee, Finance Advisory Committee, Investment Policy Advisory Committee, Citizen Law Enforcement Oversight Committee, and PVHA/City Ad Hoc Committee)
- Certification of Comprehensive Annual Financial Report and Investment Policy
- Coyote Management Plan
- Police vehicle replacements
- Public Works front loader replacement
- Sewer force main design and construction
- Computer desktop and service replacements
- Police 911 server and dispatch replacement
- Emergency generator replacement
- Via Pinale sinkhole repair (emergency item)
- Implementation of ADP payroll system, HdL business license processing services, HR Green building and safety services, Comcate system for tracking code enforcement, Questys for public access to records, Granicus for meetings, and ALPR cameras
- Adoption of short-term rental ordinance, Hazardous Mitigation Plan, wireless telecommunications ordinance, and Housing Element
- Presence on social media
- Independent audit of Agreed Upon Procedures of City's financial controls



INCORPORATED 1939

CALIFORNIA

GENERAL PLAN



## GENERAL PLAN

### Introduction

The City of Palos Verdes Estates represents one of the few cities in the Los Angeles metropolitan area which was totally planned from its inception. The beauty of the natural setting of the City has been maintained even while experiencing the rapid growth common to all areas of Southern California since World War II. This City is a good example of the benefits of Planning and the necessary firm commitment of the residents to adhere to the plan.

California Planning Law states that the General Plan shall be comprehensive, long term, and general. These provisions are certainly accomplished by the Master Plan developed in 1924 and zoning regulations adopted by the City in 1948, which have satisfactorily served as a guide to quality development to the present. The plan under which the City grew can be more precise than the normal general plan in most of its elements, because the original plan is essentially a completed fact.

This General Plan is a commitment to the foresight, interest, and effort of the community in the past, and a reaffirmation of these guides applied to the present. This plan provides a sound program for the future by establishing developmental objective guidelines for those areas of interest which are necessary to provide the quality of life desired in an increasingly complex society.

### History

Recorded history of the Palos Verdes Peninsula began more than 400 years ago when the Spanish explorer, Cabrillo, claimed the land for the Crown of Spain.

From the time the land was settled, the green hills supported the huge cattle herds of the Dominguez and Sepulveda Ranchos. Title disputes between the factions were finally settled in the early 1800's by the grant to the Sepulveda family of 30,000 acres comprising Rancho Los Palos Verdes.

The Peninsula entered the 20th century with the purchase of 16,000 acres by Mr. Frank Vanderlip in 1913. An ambitious estate development in the Portuguese Bend area was brought to an abrupt halt by the advent of World War I.

A real estate firm, headed by Mr. E. G. Lewis purchased 3200 acres of the Vanderlip Ranch in 1921. The "Palos Verdes Project" was initially established to provide planning and development for the entire Peninsula. The first development increment included the communities of Palos Verdes Estates and Miraleste.

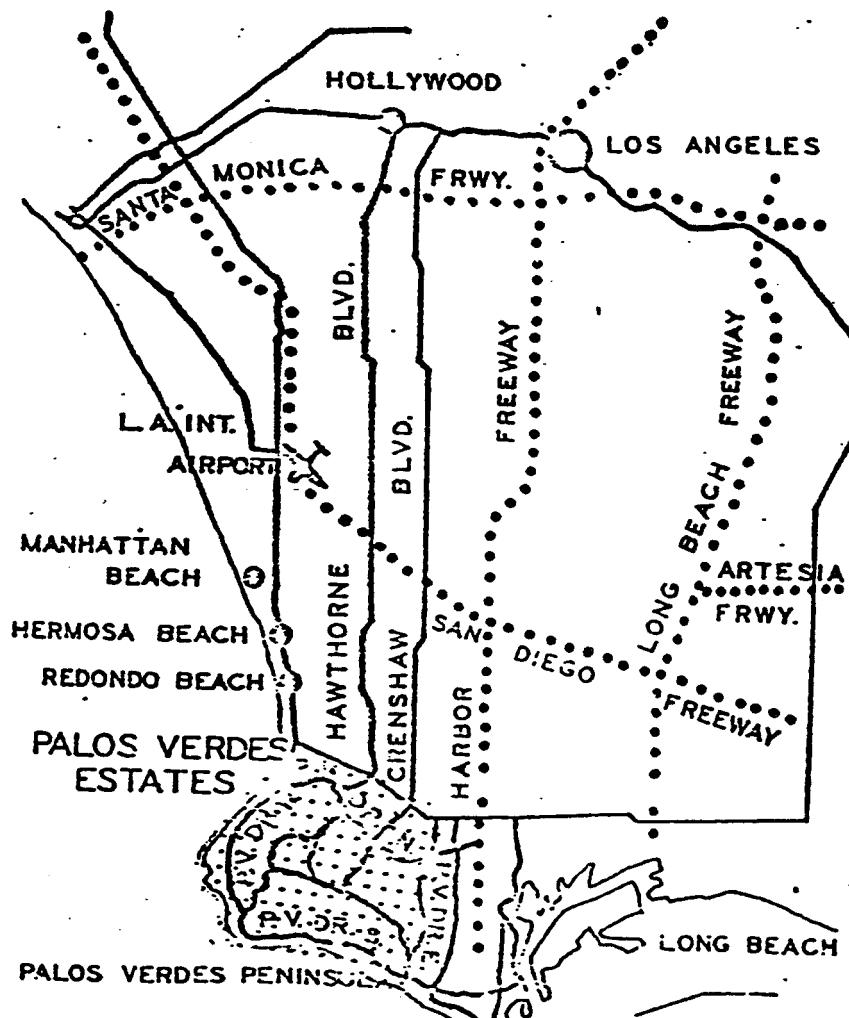


Deed restrictions were established for each parcel of land to insure conformity of use to the Master Plan and to provide features which guaranteed quality development. The Palos Verdes Homes Association was instituted to administer the Master Plan, protective restrictions, and maintenance of streets and public areas.

Palos Verdes Estates was the first increment of the "Project" consisting of over 3,000 acres of the initial purchase. The community was fortunately well established before the depression forced the abandonment of the Master Plan and development of the rest of the Peninsula. The City was incorporated on December 20, 1939 to take over the normal governmental functions. The Homes Association's Board of Directors and Art Jury have continued to provide guidance to the development of the community through administration of the protective restrictions.

### Setting

The City of Palos Verdes Estates is within the Los Angeles, Long Beach metropolitan area approximately 30 miles southwest of downtown Los Angeles. The City is a coastal community advantageously sited on the beautiful rugged shoreline of the Palos Verdes Peninsula. Elevations range from sea level to 1154 feet above sea level. The City is a part of the Palos Verdes Peninsula Planning Area.



### Planning Area

The entire Palos Verdes Peninsula is considered to be the Planning Area. It has developed as a prime residential community out of the mainstream of the metropolitan core but readily accessible to the advantages of the diversified goods and services it has to offer.

The Peninsula has access to rail, freeway, highway and air facilities which provide access to the major business, industrial and recreational areas available to Southern California.

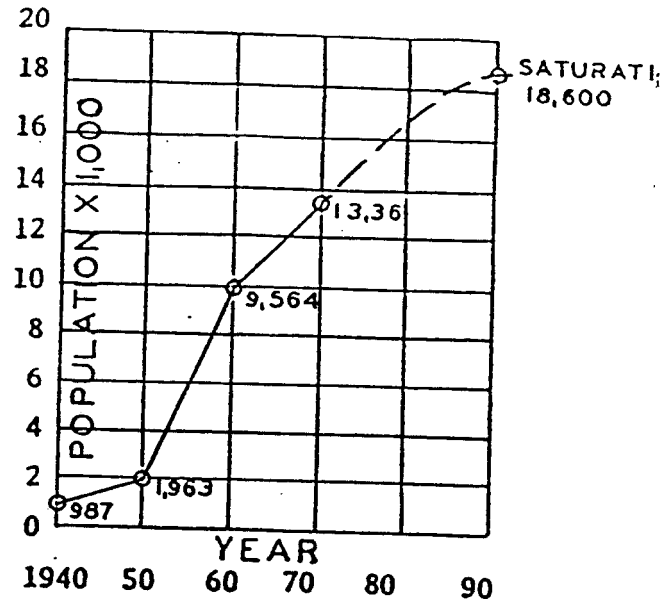
A prime characteristic of the Planning Area is the rugged terrain which has generally limited development to residential use. This pattern is still predominant; although a major change within the pattern is the constant pressure for higher density residential development which will directly affect the City by ever increasing population and resultant problems.

### Considerations Basic to the General Plan

Palos Verdes Estates is an established, low density, residential City within the Peninsula Planning Area. Basic planning considerations for the needs of the people must be considered within the framework of the part the City plays in the Planning Area and the Los Angeles Region.

1. The Area is undergoing a basic change in the density and types of residential development.
2. Employment opportunities for the great majority of Peninsula residents will continue to be outside the Planning Area in the neighboring industrial-commercial center.
3. The City will continue to fulfill its role in the area as a low-density residential, bedroom community.

4. The changing character and increasing number of residents in the City, while committed to maintaining the quality of past development, may require new streets in undeveloped areas and minor modification of streets in developed areas, and may require additions to or changes in recreational facilities and in City services. The projected saturation population within the existing City boundaries is 18,600.



5. Development of properties within the City is governed by deed restrictions on every parcel. Consideration of these restrictions must be recognized in the General Plan.

These basic considerations are reflected in the General Plan to give proper direction to the development of the City, provide for the basic needs of the community, and to retain those elements which will insure the quality of the community for future residents.

#### OBJECTIVES AND GOALS

The objectives and goals which serve to define the direction of specific elements of the General Plan of the City of Palos Verdes Estates are as follows:

1. Residential Community

To maintain a low density, predominately single-family, resident pattern of land use that will provide basic needs for housing, recreation, education, and services,

2. Economic Needs

To draw on the facilities in the Peninsula and Los Angeles region to fulfill the needs for employment, industry and major commercial enterprise.

3. Quality Development

To foster those practices which encourage high quality development and prevent deterioration of established residential areas.

4. Traffic Network

To develop a traffic network within the area for the convenient and safe access of pedestrians and vehicles while not sacrificing the quality and appearance of the community to the needs of any mode of transportation.

5. Community Appearance

To emphasize the natural beauty of hills, canyons, and seashore and diminish the impact of man made things on the natural landscape.

6. Regional Needs

To provide for that need in the Los Angeles Region for the segment of the economy which requires low density, high quality residential use.

7. Planning Area Influence

To promote those factors which influence development of the Planning Area for the qualitative benefit of man.

8. Community Facilities

To be aware of the changing needs of education, recreation, safety, and services and take appropriate action for timely development of these facilities.

9. Open Space

To continue the pattern of open-space and parkland reservations in new developments.

The establishment of the above goals serves to define the object of the General Plan - to provide pleasant surroundings, for living, working and playing to promote the health, safety and well being of the residents.

Objectives and goals as any other segment of the Plan are subject to change. All statements in the Plan should be reviewed periodically to insure that they are compatible with changing conditions and concepts.

## LAND USE ELEMENT

Palos Verdes Estates originated as the first unit of a Master Plan for development which encompassed the entire Peninsula. Economic conditions of the late 1920's forced the abandonment of most of the original Plan; however, the "Estates" was already established and well on its way to becoming a viable community. The City was incorporated in 1939 to provide required services.

To define the goal of the original planners and the attitude of the residents in preserving the objectives of the community, it may be well to quote from a summary of the Protective Restrictions:

"The restrictions have been most carefully worked out for every part of Palos Verdes Estates, to accomplish the following results:

First: To preserve the fine views of ocean, mountains and park;

Second: To increase with the years the wonderful natural beauty of the property, enhanced with fine plantings; and

Third: That every purchaser in Palos Verdes may be sure when building his home there that his neighbor will have to build an equally attractive type of building. In other words, he will feel secure in knowing that his home can never be damaged by an unsightly or undesirable structure either upon adjoining lots or in any part of Palos Verdes Estates."

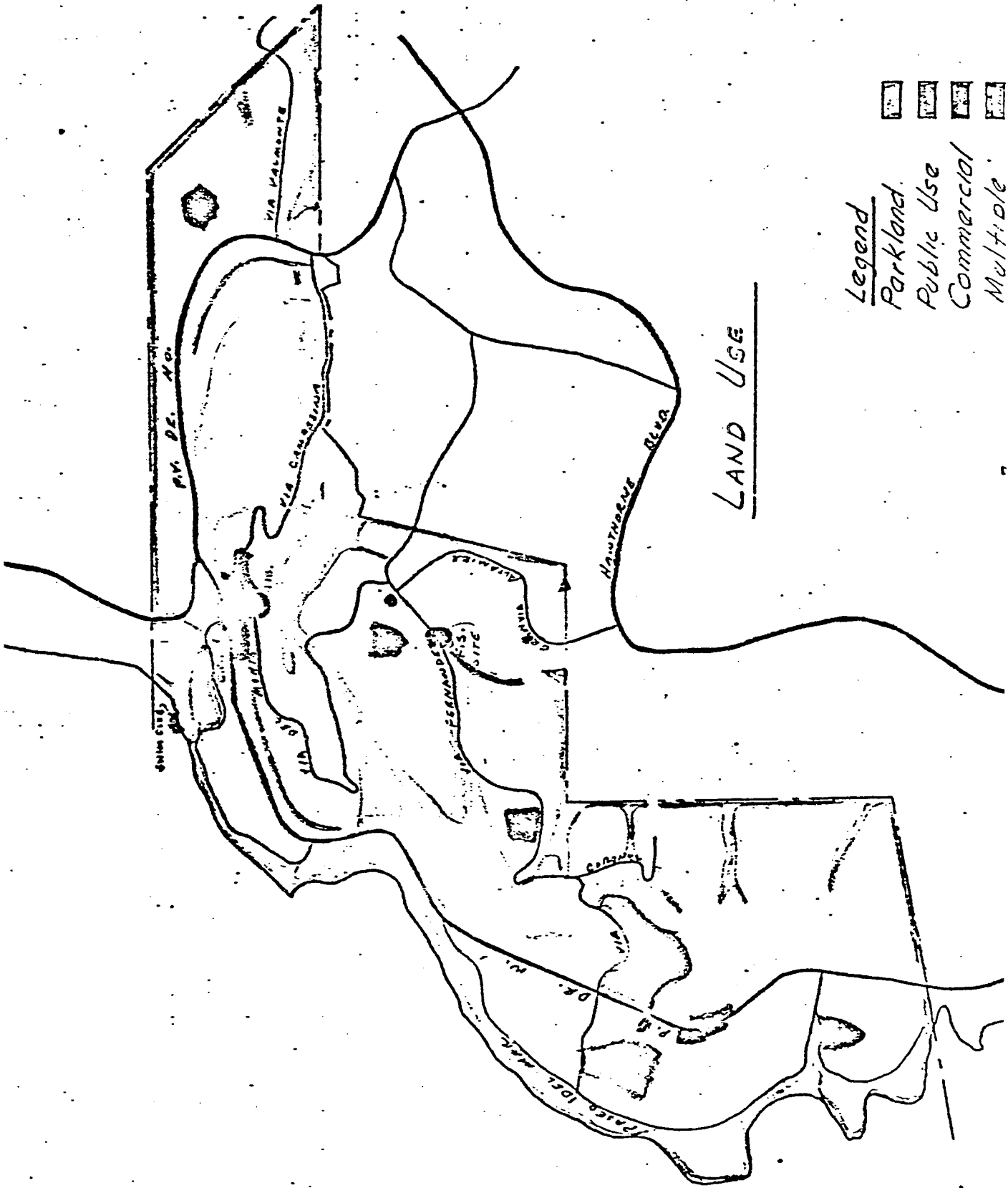
The above quote more than anything else, sums up the objectives and development goals of the community to the present and into the future.

### Existing Land Use

The existing pattern was basically established by the zoning incorporated in the Protective Restrictions established for each parcel in 1924. The Zoning Ordinance adopted by the City in 1948 conformed to the original plan; however it was even more restrictive in that many lots in commercial and multiple dwelling zones were rezoned to single family residential use.

Commercial Centers: The City is served by two small business centers which provide some of the basic needs of the residents.

The Lunada Bay commercial area provides space for banking, retail grocery, pharmacy, professional services, minor retail convenience centers and two automobile service stations. The commercial area is almost totally developed.



- Legend
- Parkland.
  - Public Use
  - Commercial
  - Multiple

LAND USE

Malaga Cove is the larger of the two commercial areas and provides banking, postal service, professional service offices, retail grocery, pharmacy, and automotive and miscellaneous services. This area is also almost fully developed.

The residents rely on the surrounding community to provide most major commercial services. Large commercial centers on the Peninsula and in adjacent cities provide convenient, readily accessible shopping areas to fulfill the needs of the people. Additional commercial area is not considered essential to the needs of the City.

Multiple Family Residential: Zones for this use are established in the areas surrounding the two commercial centers. Present development generally provides high quality units with a relatively stable population. The existing 262 units now developed combined with the potential of the vacant lots would total about 350 dwelling units with an average density of approximately 23 units per gross acre.

Single Family Residential: The major portion of the City is devoted to this use. All but about 200 acres of residential land in the City has been subdivided with lots established. This zoning classification encompasses all single family residential use and is not further broken down into zoning classes related to minimum lot size groupings which is common in most jurisdictions.

Densities in specific areas range from less than 1 to 7 units per gross acre (including streets and parklands). The average density when considering the total number of potential dwelling units (4,950) related to the net acreage zoned for single family residential (1482A.) is 3.3 units per acre. When the total area of the City is considered including parkland and streets, the average density is 1.7 units per gross acre. The 200 acres of undeveloped residential land is under the current requirement of 15,000 s.f. minimum lot size. This coupled with the parkland and open space requirement of approximately 50% of the area in private ownership restricts density to less than 2 units per gross acre in new subdivisions.

Considering all residences on a population basis, with projected saturation population of 18,600 persons, the average population intensity is 6.12 persons per gross acre. Current average intensity is 3.48 occupants per dwelling unit which is slightly above average for suburban areas.

Industrial: The industrial areas surrounding the Peninsula provide the needed space for this use. There is no land designated for industrial use in the City. The terrain and characteristics of the City presently preclude any necessity for industrial zoned property.

Flood Hazards: The areas of the City subject to flood or mudslides are generally located in the canyons and hillsides reserved as parkland. Those areas zoned for habitation are subject only to minor local flooding. Plans for new construction are required to provide facilities for minimizing those hazards.

The City with its own resources and through participation with Los Angeles County Flood Control District has constructed storm drains to minimize flood hazards. Additional storm drains will be constructed as the need arises and funds become available.

## Public Buildings

Since these facilities play an important part in the Plan, this is considered as a portion of the Land Use Element. These buildings provide the required services to meet the physical, cultural, educational and recreational needs of the community. The location of required public services should provide for maximum benefit to the residents.

**Civic Center:** The Civic Center provides the focal point for city activities. The present building constructed in 1960, currently houses the Administrative offices, Council Chambers, Police Department, Fire Department and adjacent City Services building and accomodates, through leased space, the Palos Verdes Homes Association.

**City Hall:** Space for City administrative functions and the Homes Association is considered adequate for the foreseeable future.

Existing Police facilities are adequate; however, future expansion, if required, will be accomodated within the confines of the existing civic center property.

Fire Department facilities for a single-station department are adequate. To provide adequate fire protection for ultimate City growth and reasonable response time, a second station may be required..

**City Service Building:** Any need for replacement or expansion of this facility will be confined to the existing civic center area.

## Schools and Recreation

The City is served by the Palos Verdes Peninsula Unified School District. Schools combined with recreational sites are developed within the City. Existing school sites will probably serve future population growth. Active recreational activities are available on the school grounds.

The City will advise the District of activity in any subdivision which could result in significant impact on school enrollment. It is assumed that the school grounds will continue to be available for active recreational pursuits. The 123 acres of land reserved for schools combined with 678 acres of open space lands provide over 800 acres of land for recreational use throughout the City.



<u>Elementary Schools</u>	<u>Site Area (Acres)</u>	<u>Attendance (1972-73)</u>
Valmonte	11.2	475
Montemalaga	9.7	612
Lunada Bay	10.6	564
Zurita (School Site)	10.2	
<u>Intermediate Schools</u>		
Margate (with adjacent undeveloped site)	28.6	1,151
Malaga Cove	7.2	973
<u>High School</u>		
Palos Verdes High School	45.8	2,355

#### Library

The City is served by a branch of the Palos Verdes Library District. The main library is in the Peninsula Center with a branch in Malaga Cove. The Malaga Cove library has a collection of 26,000 volumes and current circulation of 100,000 books annually.

#### Recreational Facilities

The City owns and operates the Swim Club in Malaga Cove. The Palos Verdes Country Club facilities and Golf course, the Palos Verdes Tennis Club facilities and the horse stables in Valmonte Canyon are owned by the City and operated under concession agreements for public use.

#### Summary

Community appearance is the outward manifestation of past and future planning efforts. Physical development must provide more than just what is correct by technical standards. Streets, shops and homes must not only fulfill their basic function, but also have an obligation to provide beauty and charm to the area they serve. It is this extra effort which must predominate in the future as in the past. Standards cannot be compromised by convenience, expediency or short term benefit.

#### Goals and Objectives

To continue the land use pattern established by the zoning ordinance adopted in 1948, and in addition:

1. Encourage and develop programs eliminating all overhead utilities within the City. Limited funds are available for this purpose and should be utilized where possible in conjunction with highway reconstruction. Assessment districts, if required, for local undergrounding should be encouraged.
2. Establish a long range plan for additional plantings, replacement, preservation and maintenance of existing plantings in parkland and rights-of-way.
3. Maintain the openness of the shoreline by preserving the adjacent parkland in its natural-state as part of the established Shoreline Preserve.
4. Fulfill the objectives of the Planning Commission in establishing the Planting Regulations to encourage uniform and suitable street trees, and parkway and parkland planting.
5. Continue rigid controls over building site grading, roadway development and other improvements to insure conformity with the requirement to maintain as much as reasonably practical the natural contour of the hillsides.
6. Develop standards for "roadside hardware" to combine utility with appearance.



## CIRCULATION ELEMENT

The street system is a vital element in urban areas. The development of the automobile and reliance on it has created problems unforeseen 30 years ago. The residents of the City are automobile oriented and will continue to rely on it to provide the mobility required for employment and services.

Although the original City was planned with an extensive rail rapid transit system, the idea was abandoned and there does not appear to be a reasonable replacement for the automobile in the foreseeable future. Development of rapid transit in the Los Angeles area will have no effect on traffic volumes within the City, although patterns may change depending on terminal locations.

The street pattern developed in 1924 may not in all cases meet the needs of today and the future. Adequate right-of-way widths are available in the existing system to provide most of the traffic patterns necessary to serve future demand.

The ready accessibility of freeways and highways to Peninsula residents and the availability of Los Angeles International Airport, Long Beach Airport, Los Angeles-Long Beach Harbor facilities and rail depots meet the needs of the residents for mobility and travel service. The Rapid Transit District provides limited bus service to the Peninsula with one stop in the City at Malaga Cove Plaza. The City must be aware of rapid transit developments and remain receptive to proposals which are economically feasible and of benefit to the Community.

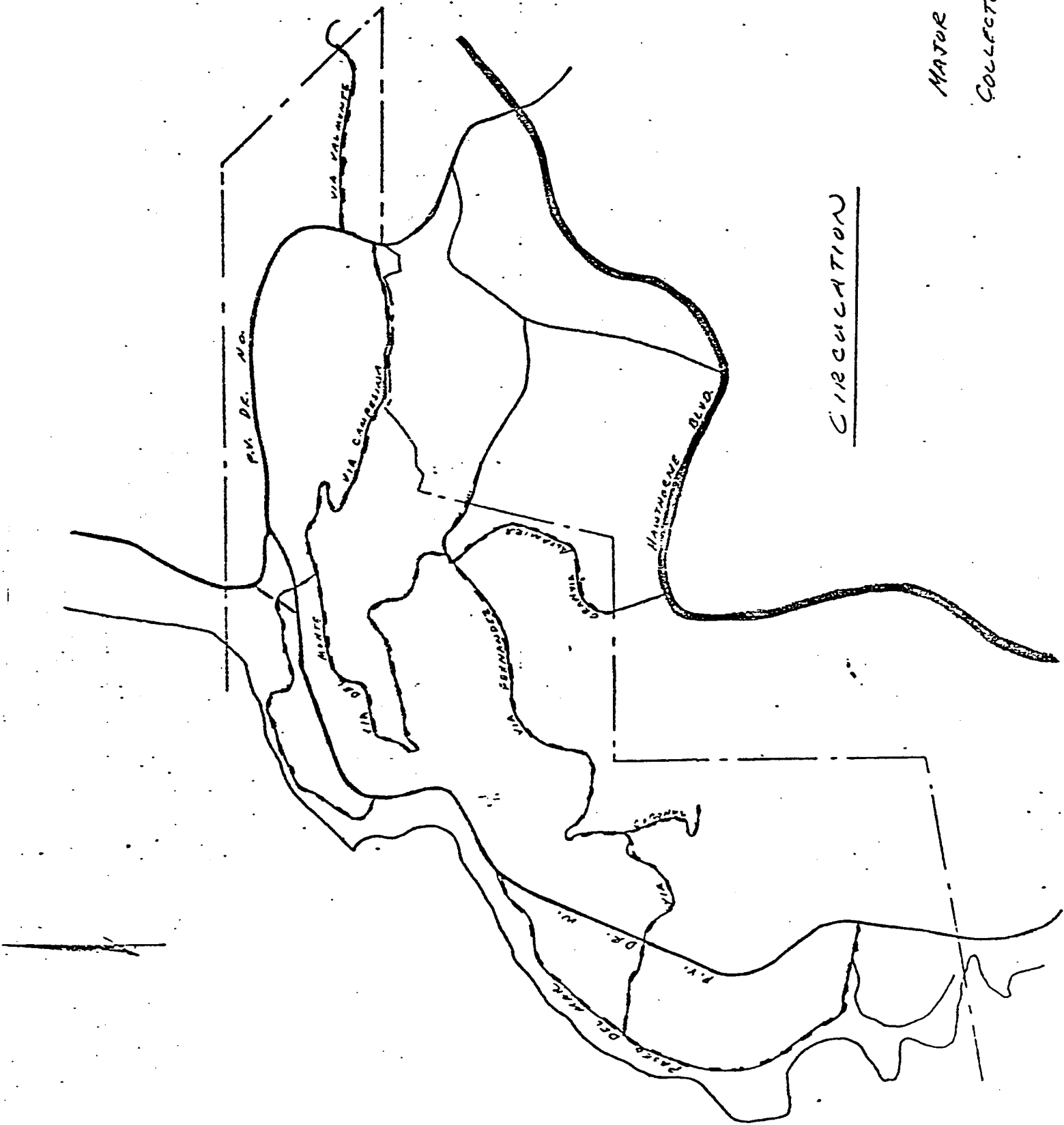
Bicycling is being promoted as a means of local transportation and recreation. The number of cyclists has increased sharply over a brief period and provisions are being made to incorporate a safe system of bike routes into the existing street system.

### Objectives and Goals

1. Provide an efficient network of streets for intra City mobility without sacrificing community quality to the needs of any mode of transportation.
2. Continually review existing developed local streets to provide plans for improving circulation and correcting any safety deficiencies, always considering the wishes of the residents on matters affecting the general character of the City.
3. Develop and adopt construction guidelines and standards for future street modifications.

#### 4. Bicycle Routes

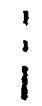
- a. Install delineated bike lanes on existing streets where there is a demonstrated need and existing conditions are safe.
- b. Provide bike lanes where needed in new construction and reconstruction.

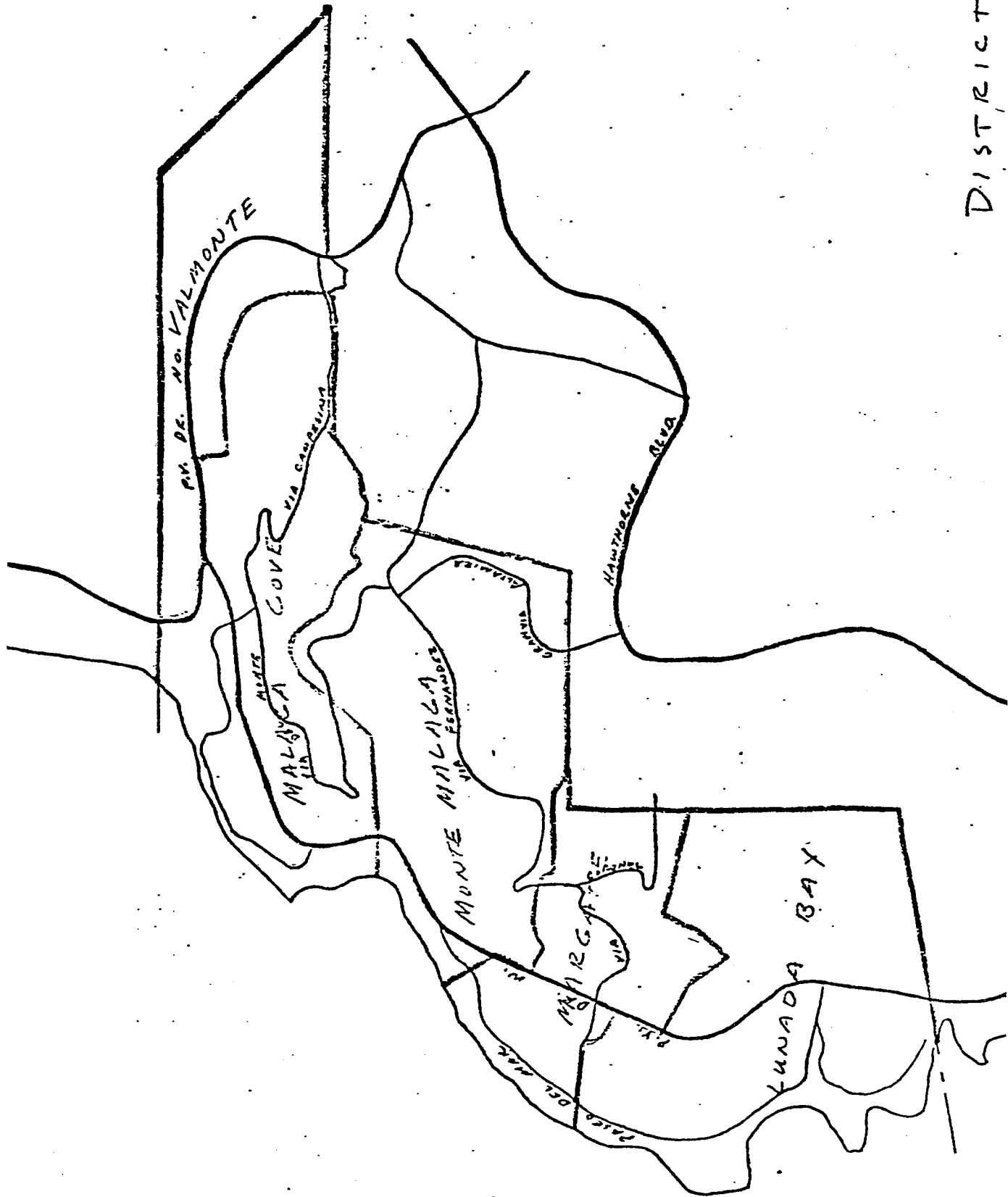


CIRCULATION

MAJOR STREETS

COLLECTOR STREETS





DISTRICTS

## CONSERVATION ELEMENT

The most valuable resource in the City is the natural beauty of hillsides, canyons and seashore. The preservation of over 678 acres of parkland and seashore in essentially native state has always been of vital interest to the residents. These open space areas and the Shoreline Preserve encompass those resources of the City which are amenable to conservation practices within the intent of the State Planning Act.

The only mineral resources known within the City include small pockets of Palos Verdes stone and diatomaceous earth. Commercial development of any natural resource whether by mining, quarrying or drilling, onshore or offshore, is not in the interest of the residents and is considered unacceptable as a developmental goal of the Plan. Commercial development of such natural resources is also prohibited by the Protective Deed Restrictions applicable to all land within the City.

### Objectives and Goals

1. Conserve the natural parkland canyons and hillsides for drainage control, for watershed, and to afford protection for natural flora and fauna.
2. Encourage proper planting and forestation of the parkland areas to inhibit erosion, prevent fires and improve habitation for wildlife.
3. Require connection to public sewers to prevent contamination and pollution of underground waters, streams, and intertidal waters.
4. Participate, on a regional basis, in the Water and Waste Management program of Los Angeles County for water conservation, liquid and solid waste management and flood control.\*
5. Conserve and maintain the shoreline in its natural state, restricting physical improvements to limited pedestrian access for enjoyment and education.
6. Provide corrective devices to retard the erosion of the bluffs where accelerated by existing physical development.

### Standards

Planting of parklands is to conform to regulations adopted by the City, June 1968 and subsequent amendments. All plantings for which the City will have maintenance responsibility are to be approved by the Planning Commission.

Development of private property along the bluffs requires geologic studies, positive drainage control and landscaping plans which will prevent deterioration of the adjacent parkland.

\* See Interim Technical Report - Water and Waste Management Program the Regional Planning Commission of Los Angeles County July 1, 1971.



All drainage outlets to the ocean are to provide design and construction features which will maintain the aesthetic qualities of the bluffs and canyons, and not affect the stability of the natural slopes.

The standards and requirements of the Shoreline Preserve Master Plan adopted March, 1970 are incorporated in this element of the General Plan.

## RECREATION ELEMENT

The original design of the City provided generous space for various types of recreational activities. The canyons, hillsides, seashore and many small parks provide areas for passive recreation. The large play yards adjacent to the school sites, the golf course, tennis club, swim club, riding stables and accessibility to the ocean furnish developed facilities for active recreational needs.

To retain the rural residential character of the City, the undeveloped parkland areas are reserved for primarily passive recreation providing places of solitude and natural beauty for the resident and visual pleasure for the passerby.

The basic philosophy of the City in furnishing developed recreational facilities is to provide encouragement to groups proposing special projects which are determined to be of benefit to the residents of the City for general recreational use. Financing for construction is provided by the group making the proposal and adequate user fees are charged to maintain the facility on a "pay as you go" basis. City revenues are not considered appropriate for financing special activity facilities.

Developers of unsubdivided land are required to dedicate an amount of land equal to 50% of the area of land in private use for parks and open space. Fees paid in lieu of parkland dedication, are used to develop park areas in the vicinity of the new subdivision for generally passive recreational pursuits of the residents.

### Recreational Facilities

Palos Verdes Golf and Country Club: This City owned facility provides an 18 hole golf course on 213 acres of parkland. The club house provides dining and space for adult group activities. The Country Club and Golf Course are operated under concession agreements with the City. Membership in the Golf Club is available to residents. The golf course provides the dual benefit of active recreational facilities and open space for passive recreation.

Palos Verdes Tennis Club: This City owned facility is located on City parkland and provides a clubhouse and 10 regulation courts. It is operated under a concession agreement with the City, with membership and lessons available to the residents.

Palos Verdes Stables and Riding Trails: The stables are owned by the City and operated under a concession agreement. Riding horses and boarding spaces are available on a rental basis. Located in Valmonte Canyon, they are immediately adjacent to almost 2 miles of riding trails through the canyon and along the median of Palos Verdes Drive North. These trails tie into riding trails developed in areas outside the City.

Swimming Facilities: The Roessler Memorial Swimming Pool located along the shore in Malaga Cove is owned and operated by the City. The pool facilities at Palos Verdes High School were constructed by private subscription in conjunction with the School District and are available to the residents of the City and the District. These olympic sized pools and game room facilities provide swimming and activities during the summer months. Fees charged for use of the facilities pay for the maintenance and operation.

School Sites: The 123 acres of land incorporated in the school sites within the City provide adequate space for most active recreational needs of the residents. The City and School District provide joint recreational programs at various times throughout the year utilizing school facilities. Dual use of these facilities for active recreation is considered essential for efficient utilization of public resources.

The Elementary school sites generally provide grass play areas, hard surface game areas and playground equipment. The intermediate schools have grass and hard surface game areas which provide facilities for the normal field sports. The high school is equipped with a swimming pool, and facilities for track, football, baseball and a variety of team and individual sport activities. The School District has made space available on the school sites for construction of baseball diamonds for various league participants.

Natural Reservation: These areas of parkland generally comprise the hillsides and canyons preserved in natural state. They provide scenic beauty and the opportunity for random hiking and nature observation.

Parks: The many small parks and plazas throughout the City were originally dedicated to provide pleasant settings for commercial areas. The change in many commercial lots to residential use by the zoning ordinance, retained these areas to be incorporated into neighborhood residential park areas.

These areas will generally be developed with formal landscaping in keeping with the surrounding neighborhood. The burden of financing construction will normally be incurred by the properties in the vicinity of the park in accordance with plans approved by the City. Development standards are contained in Planting Regulations adopted by the City in 1968. Once landscaping is established, the City will normally assume maintenance responsibility for landscaping of general benefit.

Parkways: The broad parkways developed in the City provide pleasant avenues for walking and for horseback and bike riding. The street tree program and adjacent private landscaping serve to beautify the public ways throughout the City.

Shoreline: Over 4.5 miles of shoreline in the City provide ready access for many forms of water oriented recreation. The ruggedness of the beach and limited access combined with the intent of the City to preserve the shoreline in its natural state, limits water recreation to those sports requiring pedestrian access only. The ready availability of adequate marinas, boating facilities and sandy beaches in areas immediately adjacent to the City make it unnecessary to consider these types of development along the coastline of the City.

#### Goals and Objectives

1. The undeveloped parklands are to be reserved for primarily passive recreational activities.
2. Formal landscaping of neighborhood park areas is encouraged through participation of the property owners benefiting from the development.
3. Dedication of parks and open space and/or appropriate development is mandatory in new subdivisions.
4. Utilize school recreational facilities to provide for the active recreation needs of the community.
5. New and existing special activity facilities are to be user financed and maintained in so far as practical.
6. Shoreline recreational activities are confined to those uses envisioned within the guidelines of the "Shoreline Preserve"
7. Preserve the integrity of residential areas by confining development of active recreational facilities to those areas of parkland, unused street rights-of-way and school sites appropriate to the proposed use.



## OPEN SPACE ELEMENT

Palos Verdes Estates is fortunate in being endowed with over 678 acres of parkland set aside by the original developers for open space use. The preservation of open areas has become an important consideration in the quality of urban living. These lands are reserved for this purpose by deed restrictions, the intent of the residents and the policy of the City. The charge to the City in the deed restrictions is quite clear and provides the basis for the use of these lands.

"...said realty is to be used and administered forever for park and/or recreations purposes..."

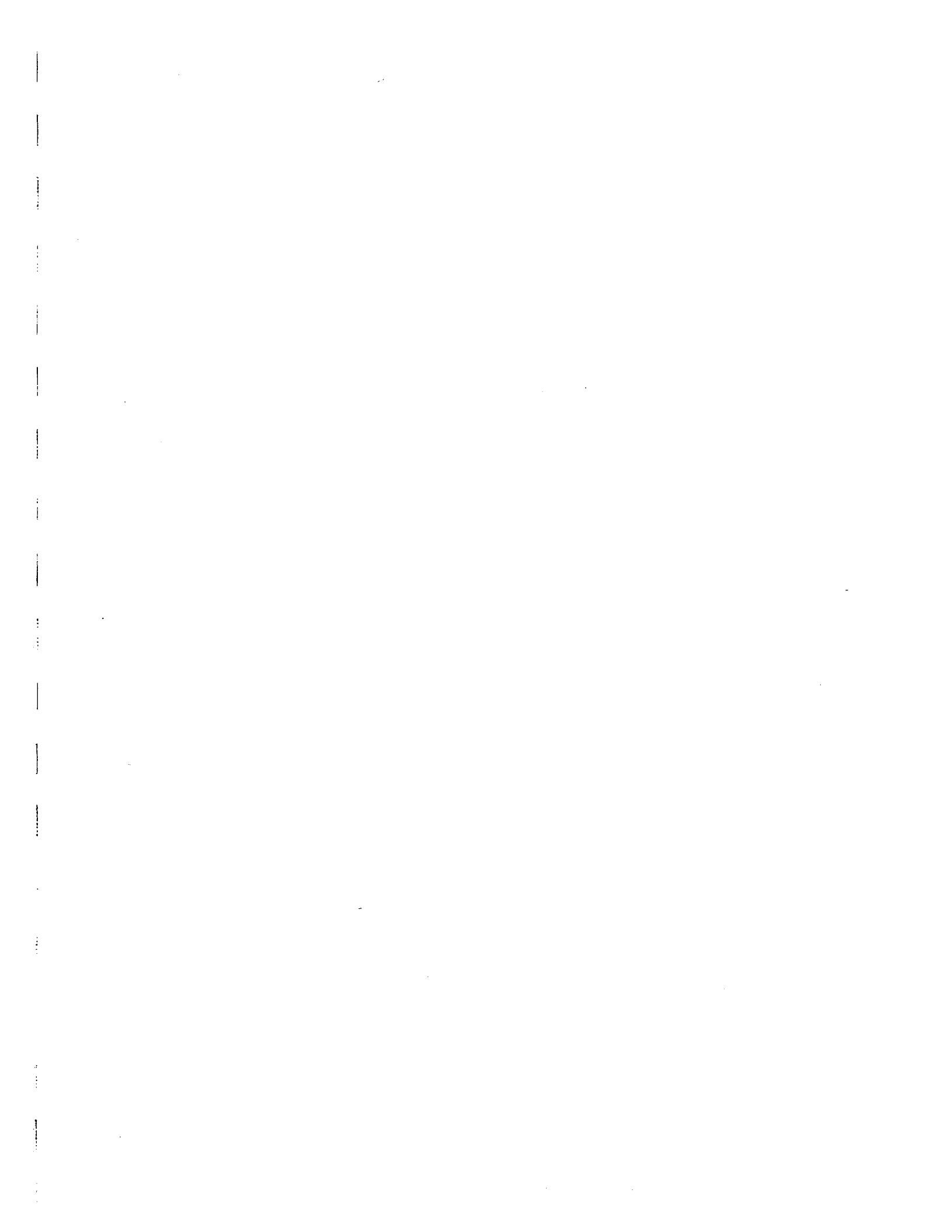
The intent of the deed restrictions and City policy allows construction of roadways, utilities, and recreation oriented facilities on suitable parkland areas after due consideration of environmental impact.

The Shoreline Preserve, combining the coastal parkland with the Tideland Grant, is a significant portion of the open space reserves in the City. The open shoreline, bluffs and coastal canyons are to be preserved for scenic value.

Appendix A of the Plan describes those lots reserved for parkland.

### Goals and Objectives

1. Reserve parkland canyons and hillside areas primarily for passive recreation purposes. Limit development to natural landscaping and walking trails.
2. Develop small park lots and plazas with formal landscaping in keeping with the neighborhood and the desires of the residents.
3. Establish a Marine Refuge within the City Shoreline Preserve.
4. Require dedication (or in-lieu fees) of land in an amount equal to 50% of land area in private use in new subdivisions or land divisions to be used for parks and open space.



## HOUSING ELEMENT

The Housing Element of the General Plan has been required by State Code since 1969 and must comply with guidelines established by the State Department of Housing and Community Development. The guidelines promulgated and housing plans developed by the State, SCAG and Los Angeles County concentrate primarily on the provision of adequate housing for low and moderate income groups. This is appropriate to fulfill the national and state goal of providing "a decent home and suitable living environment for every American family" and is supported fully by the residents of Palos Verdes Estates. It is difficult to incorporate these provisions in many areas of the Los Angeles Region, the Peninsula Planning Area and particularly Palos Verdes Estates.

Housing for this segment of the economy (low to moderate income) must achieve many things. The most important is low cost. Along with this must be considered relationship to the job market, access to recreational facilities, shopping, transportation and other things which are necessary to fulfill basic needs. The cost of housing, operating in a relatively free market, is dependent on land, development, material and labor costs and the continuing costs of maintenance. The rugged terrain of Palos Verdes Estates, soil conditions and fairly remote location provide for high costs in all categories. The fragile coastal environment is not capable of supporting high density development without totally revising the natural setting. The remote coastline setting with low density development has also served to increase the cost of land and housing at a faster rate than other properties in the region as a larger percentage of the population is able to afford more affluent accommodations. This is the basic situation which must be accommodated in the Housing Element for the City of Palos Verdes Estates.



## PRESENT SITUATION

Every parcel in the City, in addition to zoning requirements, is also regulated by deed restrictions administered by the Palos Verdes Homes Association, a private corporation. Restrictions pertaining to housing determine minimum size, height, type of construction and minimum cost which currently ranges from \$16,000 to \$80,000. The low end of the cost range is too low to support construction of a unit on lots which currently start at \$20,000. Housing costs usually average 2 to 3 times lot cost to enable an economical venture and satisfy housing requirements in this price range. Grading regulations do not permit mass grading to provide more economical development costs.

The City does provide housing for a broad range of economic groups. Existing housing is currently available ranging from \$50,000 to over \$300,000. Of course this is well out of consideration for low and moderate income groups with requirements in the \$20,000 or less range. Apartment units available also reflect an average monthly rental rate of over \$300 per month.

Appendix H-1 shows the average density of development throughout the City. The data is extracted from the Masterplan developed by the Palos Verdes Peninsula Unified School District in 1968. Information is also included showing total number of residential units in the City and projected ultimate development based on the adopted land use plan.

Over 90% of the residents find employment outside of the City and and in fact outside of the Peninsula Planning Area. The majority of employment is located to the north of the City in the areas of Aerospace industry concentrations and central Los Angeles business district.

Single Family Residential: Current data (March 1, 1973) shows 3,852 single family units developed in the City at an average market value (based on assessed valuation) of \$60,000. Average size is determined to be about 2000 s.f. with 6 rooms. Minimum size is 1200 s.f. 88% of the single family units, which comprises 94% of unit availability, are owner occupied. Because of the relatively small size of the City and the housing market served, an individual unit by unit inventory was not considered necessary.

Housing construction was started in the City in the mid 1920's with relatively few units constructed until after World War II. Over 90% of the housing units in the City were constructed since 1946. Those constructed prior to that time were generally large expensive homes of high quality construction. All homes constructed are custom designed and must be designed by an architect. This feature, along with the deed restrictions and building code enforcement has maintained a relatively high quality of construction in the City. While economic life of an average home may be considered to be 35-40 years, most construction in the City would tend to support a useful life of over 50 years. A summary of number of units constructed by year is attached as Appendix H-2.

Except in isolated instances, there are no substandard dwellings in the City. The value of homes in the area has tended to keep most structures well maintained and updated. A significant factor which has enabled the City to maintain standards for high quality is the stability of the land use plan adopted by the Zoning Ordinance in 1948 and reaffirmed in the Adoption of the Land Use Element of the General Plan.

Multiple Residential: The City currently has an inventory of 262 multiple dwelling units averaging 2 bedrooms each. These are generally what might be classified as luxury apartments with rents averaging well over \$300 per month. The two areas in the City zoned for multiple dwelling use are adjacent to the small commercial centers and are located to provide easy access to the main streets in the City.

Most of the units were constructed in the 1955 to 1965 period with another boom in apartment construction being experienced now. Another trend which may affect the availability of rental units is the current marketing of new and existing apartments as condominiums. Because of inadequate parking facilities of most units constructed prior to the 1961 ordinance increasing parking requirements, conversion to condominium uses will not be feasible without extensive reconstruction. Since the older units are of good construction and demand for rentals will remain at a high level, it is not anticipated that any of these units will be redeveloped in the foreseeable future. None of the existing units is considered to be in dilapidated condition.

Public Facilities: Water and sewer facilities are available to serve all existing and future development in the City. Connection to public sewers has been required since November 17, 1967. All areas with soil problems compounded by use of private disposal systems have been connected to the sewerage system. One small area in the vicinity of Rosita Place consisting of four lots has not as yet been connected. The "sand dune" area of the City which generally comprises the Valmonte area in the northerly portion of the City has not been required to be connected unless percolation problems develop. Over 90% of the residences in that area have been connected.

Adequate school sites are provided in the City to serve projected populations as specified in the Palos Verdes Peninsula Unified School District's Master Plan. Some of the schools in the City are currently operating over capacity because of lack of construction funds. Since the District's boundaries are not coincident with the City limits, the existing schools in the City also accommodate children from the more rapidly growing areas outside of the City. The rapid development on the Peninsula combined with failure of construction bond issues has seriously hampered the ability of the School District to accommodate the school population in permanent facilities. The School District is currently updating their Masterplan as a base for determining what measures can be taken to provide required space.

While the City is primarily a "bedroom" community dependent on property tax to provide required services, the relatively slow orderly growth has enabled the City to provide essential safety and public services. It is anticipated that the projected growth can be accommodated within the existing framework of the established City departments and administration.

Relation to General Plan: A City exists only to serve a common interest of the residents. Housing is the key element in the Plan for Palos Verdes Estates as a primarily residential community. All elements of the Plan are directed toward supporting a high quality residential environment. The small commercial areas designated in the Land Use Element are established to serve minimum basic needs of residents. The Circulation Element provides a transportation and utility network to serve low density residential development. Open Space, Recreation and Conservation goals serve a dual purpose of preserving the natural setting and provide the amenities and outlets necessary for a high quality of life. Any alteration in the Housing Plan which would tend to increase density would have a serious affect on all of the Elements of the General Plan and its goals.

### FUTURE DEVELOPMENT

The City is presently over 80% developed. The remaining large land areas that could be developed and current status is tabulated below:

Portion Lot H, Tract 4400 - 160 acres - Tentative Map approved for 220 single family residences.

Lot 1, Block 1, Tract 7334 - 30 acres - Tentative Map filed for 30 single family residences.

Portion of Lot H of Rancho Palos Verdes - 19 acres (Annexation No.2 - Ordinance 219). No activity at present.

Portions Tract 8043 and 7334 - 135 lots - Individually owned R-1 - Lots to be developed by owners.

All of the above parcels are suitable for low density single family development. The fairly rugged terrain and limited access routes precludes high intensity uses. While much of the undeveloped land could be developed as low density multiple housing, the developed street system including plans for future improvement is designed only to accommodate the low density single family residential uses contemplated by the zoning ordinance.

The type and kinds of construction existing in the City and the lifestyle goals of the residents, preclude consideration of re-development projects. There may be a possibility of reconstructing improvements on developed lots in some areas of the City where the land value has exceeded the value of improvements. As this disparity increases it may promote reconstruction by the owner, however, with the deed restrictions on the lots this will only be on a lot by lot basis.

The 11 lots remaining in the City zoned for multiple residences are fast being depleted during the current condominium "boom". There are units planned or proposed involving at least 7 of these lots. These lots are adjacent to main streets capable of handling increased traffic intensities. These would also not qualify for low or moderate income housing as the condominium units will be in the \$30,000 to \$50,000 range with relatively high monthly maintenance assessments. The remote location, high cost, traffic problems, disruption of community goals and deed restrictions effectively preclude development of the type of units which can materially affect any housing problem which may exist in the Los Angeles region.

#### ENVIRONMENTAL CONSIDERATIONS

The entire Land Use Plan of the City along with the Conservation and Open Space Elements focuses the primary thrust of development of the City toward preserving as much as practical the natural coastal environment. The vast areas of parkland (over 25%) reserved for open space use provides for retaining the shoreline, coastal canyons and rugged hillsides in a near natural condition enhanced by additional plantings. These areas provide refuge for varieties of wildlife and plantings which would be eliminated by intensive land use.

Probably the greatest benefit that the City of Palos Verdes Estates can provide in the Regional Plan is to make available the beautiful scenery and unrestricted views available to the entire region. It is one of the few areas in the Los Angeles area where a "Sunday drive" can still offer economical recreation.

## POPULATION CHARACTERISTICS AND HOUSING NEEDS

Statistical data developed in the 1970 census provides the best current information. Extracts of pertinent data are attached as Appendix H-3. A review of this data can provide an insight into the segment of the economy seeking housing in Palos Verdes Estates.

The housing needs demanded in the community can best be shown by tabulating the real estate activity over the last few years.

<u>Planning Area (P.V. Peninsula)</u>	<u>Palos Verdes Estates</u>
1970 Avg. House sold - \$58,486	\$64,385
1971 " " " - 60,640	69,328
1972 " " " - 65,769	74,785

Current demand for this community indicates a 4 bedroom home with family room in the vicinity of 2500 s.f. is most desired. This reflects the greater affluence among a younger population group with school age children.

## THE HOUSING PROGRAM

The program will remain essentially the same as determined in the deed restrictions established in the original development of Palos Verdes Estates in 1924. There is also a need in any community for quality low density residential uses. These areas contribute to the total region the character and open space needed by all. The Peninsula does not provide an area for suitable development of moderate cost high density housing. Access routes to the area are limited and construction difficult. It is remote from the major industrial and commercial centers offering mass employment opportunities. The coastal environment is particularly sensitive to intense use. A balanced regional housing program must provide for the needs of all groups. The natural setting of Palos Verdes Estates restricts usage to low density high cost development.

As a basic City philosophy, land development or redevelopment is not encouraged or discouraged by the City. Land has historically been developed at the rate determined by the owners and in accordance with City requirements. This policy has provided a relatively stable growth rate based on economic conditions.

#### Review

The City Statistical Summary prepared annually by the City Manager's office shall be appended to this Element to provide a running update of information relative to housing. This is to be accomplished during the annual review of the General Plan by the Planning Commission.

#### Objectives

1. To support workable programs which will provide adequate housing for all segments of the economy in the Los Angeles Region.
2. As a specific City objective, to provide for that segment of the economy which requires low density, high quality residential use.





HOUSING ELEMENT

APPENDIX H-2

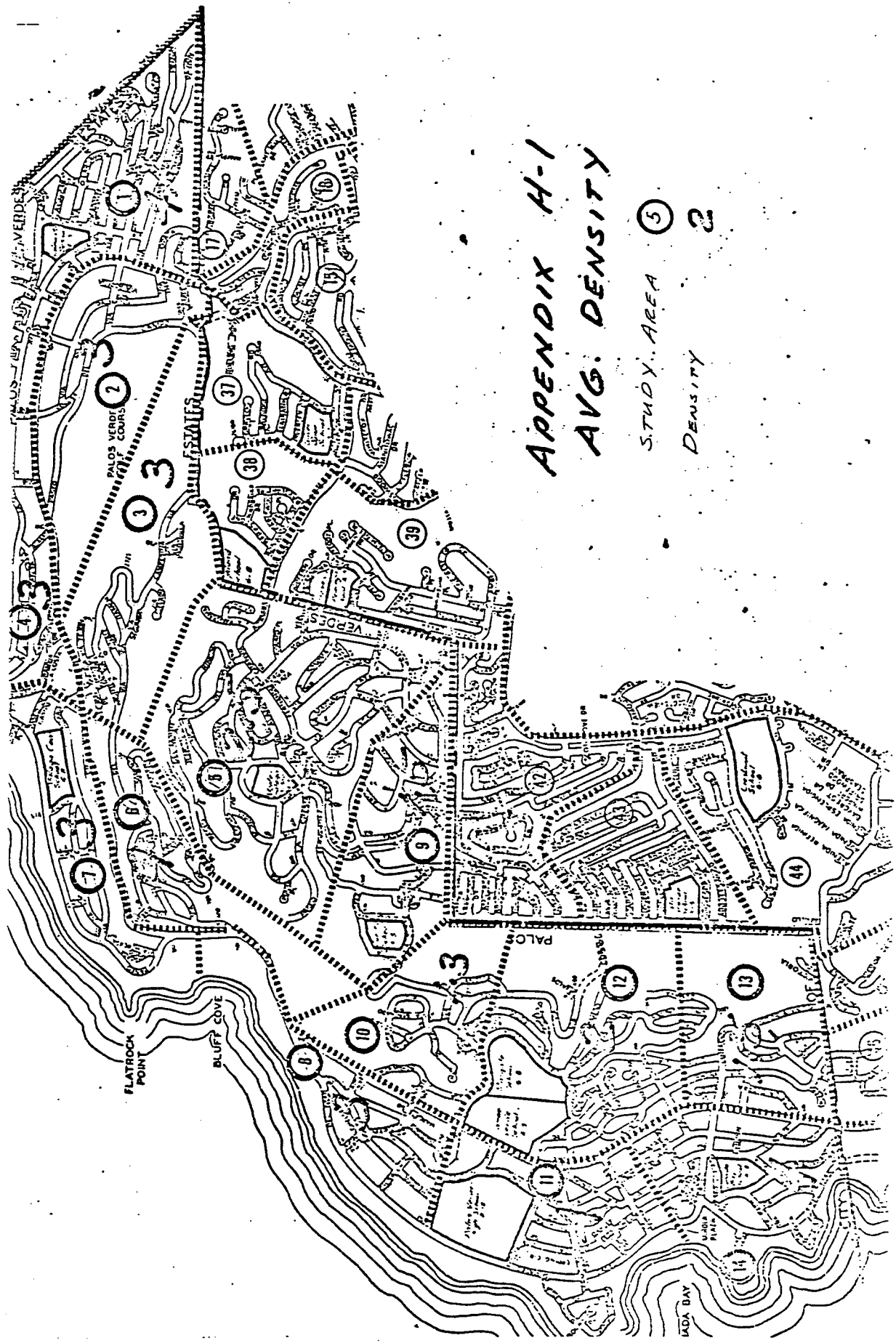
SUMMARY OF CONSTRUCTION SINCE INCORPORATION (Dec. 1939)

<u>Year</u>	<u>Units Constructed</u>	<u>Year</u>	<u>Units Constructed</u>
1940	unk.	1956	253
*1941	16	1957	156
1942	12	1958	132
1943	0	1959	129
1944	0	1960	127
1945	6	1961	122
*1946	30	1962	187
*1947	65	1963	135
*1948	80	1964	88
1949	73	1965	82
1950	124	1966	65
1951	196	1967	72
1952	169	1968	61
1953	257	1969	61
1954	281	1970	45
1955	346	1971	64
		1972	86
		1973	39 (a/o April 30)

\* Estimated

<u>Dwelling Units as of March 1, 1973</u>	<u>Existing</u>	<u>Projected</u>	<u>Total</u>
Single Family	3,852	1,098	4,950
Multiple	262	88	350





APPENDIX H-1  
 AVG. DENSITY

STUDY AREA ⑤  
 DENSITY 2



**A. FAMILY INCOME NUMBER PCT**

Income Category	1-999	1000 TO 1999	2000 TO 2999	3000 TO 3999	4000 TO 4999	5000 TO 5999	6000 TO 6999	7000 TO 7999	8000 TO 8999	9000 TO 9999	10000 TO 11999	12000 TO 14999	15000 TO 19999	20000 TO 24999	25000 TO 49999	50000 AND OVER
1-999	0	26	0	11	0	0	0	21	0	49	0	227	0	1342	0	
NONE & LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1000 TO 1999	0	6	0	0	0	0	0	0	0	0	0	0	0	0	0	
2000 TO 2999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3000 TO 3999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4000 TO 4999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5000 TO 5999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6000 TO 6999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7000 TO 7999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8000 TO 8999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9000 TO 9999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10000 TO 11999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12000 TO 14999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15000 TO 19999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20000 TO 24999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25000 TO 49999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
50000 AND OVER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

**B. TYPE OF INCOME PCT**

Income Type	1-999	1000 TO 1999	2000 TO 2999	3000 TO 3999	4000 TO 4999	5000 TO 5999	6000 TO 6999	7000 TO 7999	8000 TO 8999	9000 TO 9999	10000 TO 11999	12000 TO 14999	15000 TO 19999	20000 TO 24999	25000 TO 49999	50000 AND OVER
WAGE AND SALARY	3230	50	0	48	0	0	0	14	6	12	0	0	0	2	0	0
NONFARM SELF-EMPLOY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FARM SELF-EMPLOY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOC SEC OR RR RET	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PUB ASST. OR WELFARE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ALL OTHER INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**C. RATIO OF FAMILY INCOME TO POVERTY LEVEL**

Ratio Level	1-999	1000 TO 1999	2000 TO 2999	3000 TO 3999	4000 TO 4999	5000 TO 5999	6000 TO 6999	7000 TO 7999	8000 TO 8999	9000 TO 9999	10000 TO 11999	12000 TO 14999	15000 TO 19999	20000 TO 24999	25000 TO 49999	50000 AND OVER
UNDER 0.50	14	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.50 TO 0.74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.75 TO 0.99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.00 TO 1.24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.25 TO 1.49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.50 TO 1.99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.00 TO 3.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MORE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MEDIAN FAMILY INCOME TOTAL 23760 NEGRO 24250



DATA ITEM	COUNT	PERCENT	RECORDS SUPPRESSED	DATA ITEM	COUNT	PERCENT	RECORDS SUPPRESSED
WHITE POPULATION	13539	99.3	0	1-UNIT STRUCTURES	3733	93.9	0
NEGRO POPULATION	13	0.1	0	2 OR MORE UNIT STRUCTURES	241	6.1	0
INDIAN POPULATION	4	0.0	0	MOBILE HOMES	1	0.0	0
OTHER SPECIFIED RACES	79	0.6	0	OVER CROWDED UNITS	36	0.9	0
REPORTED OTHER RACE	6	0.0	0	UNITS LACKING PLUMBING FACILITIES	8	0.2	0
OWNER OCCUPIED DWELLING UNITS	3483	87.6	0	UNITS LACKING KITCHEN FACILITIES	4	0.1	0
RENTER OCCUPIED DWELLING UNITS	429	10.8	0	POPULATION IN OVERCROWDED UNITS LACKING PLUMBING FACILITIES			
VACANT DWELLING UNITS	63	1.6	0				

VALUE OF OWNER OCCUPIED UNITS

VALUE OF OWNER OCCUPIED UNITS	COUNT	PERCENT	RENT OF RENTER OCCUPIED UNITS	COUNT	PERCENT
LESS THAN 5000	0	0.0	LESS THAN 40	3	0.7
5000-9999	1	0.0	40-59	0	0.0
10000-14999	0	0.0	60-79	2	0.5
15000-19999	3	0.1	80-99	4	1.0
20000-24999	9	0.3	100-119	5	1.2
25000-34999	136	4.0	120-149	11	2.7
35000-49999	1018	29.6	150-199	78	19.3
50000 +	2276	66.1	200-299	133	32.9
			300 +	168	41.6
MEDIAN	50001		MEDIAN	274	

Appendix H-3

RECORDS SUPPRESSED 0

TOTAL RECORDS 1





### D. LABOR FORCE STATUS

NUMBER	PCT	10	20	30	40	50	60	70	80	90
IN CIV LABOR FORCE	5195	55	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT
EMPLOYED	5065	97	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT	TTTTTTTTTTTTTTTTTTTTTTTT
UNEHP	130	100	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS	SSSSSSSSSSSSSSSSSSSSSSSS

### E. OCCUPATION OF EMPLOYED POPULATION

PROF. & TECH.	1959	39	TTTTTTTTTTTTTTTTTTTT
MGR ADM	1282	25	TTTTTTTTTTTT
FARM WORKER	604	12	TTTT
CLERICAL & KINDRED	518	10	TTTT
CRAFTS & OPER.	228	5	TT
TRANSP & EQUIPT	43	1	T
LADRER EXCEPT FARM	106	2	T
FARMERS & MGRS	7	0	T
LABOR & FRMN	0	0	T
VC WKR EXCEPT PVT HH	189	4	T
RIVATE HSEND WORKER	63	1	T

### F. EXPERIENCED UNEMPLOYED PERSONS

NUMBER	PCT	10	20	30	40	50	60	70	80	90
PROF. & TECH	45	36	TTTTTTTTTTTTTTTT							
SALES WORKER	17	14	TTTT							
CLERICAL & KINDRED	17	14	TTTT							
CRAFTSMAN & FRMN	5	4	T							
UPERA-TIVES	10	8	TTT							
LADRER EXCEPT FARM	17	14	TTTT							
FARM WORKER	0	0	T							
SVC WKR EXCEPT HSEHD	13	10	TTTT							
LAST WORKED IN 1959	0	0	T							

### G. YEARS OF SCHOOL COMPLETED (POPULATION 25 YEARS OLD AND OVER)

ELEM:	8 YRS	OR LESS	HI SCH: 1 TO 3 YEARS	HI SCH: 4 YRS	COLL: 1 TO 3 YEARS	COLL: 4 YRS OR MORE
191	0	10	349	0	40	1985
2	0	11	0	0	0	25
1	0	4	0	0	0	25
0	0	0	0	0	36	23
0	0	0	0	0	3789	49
0	0	0	0	0	0	0
0	0	0	0	0	64	41

Appendix H-4

MEDIAN EDUCATION TOTAL 16 NEGRD 0 SP AH 15



**CITY OF PALOS VERDES ESTATES**

**SCENIC HIGHWAYS ELEMENT**

# CITY OF PALOS VERDES ESTATES

DEPARTMENT OF  
PUBLIC WORKS  
(213) 378-0283



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

## NEGATIVE DECLARATION

CITY OF PALOS VERDES ESTATES, CALIFORNIA

GENERAL PLAN SCENIC HIGHWAYS ELEMENT

### Project Description

This project consists of the adoption of the scenic Highways Element of the General Plan of the City of Palos Verdes Estates, California as required by the State of California Government Code Section 65302.

### FINDINGS

In view of the fact that the conclusions of the Scenic Highways Element do not propose any adverse alterations to the environment as defined under the California Environmental Quality Act it is hereby determined that this project will not have a significant effect on the environment.

### INITIAL STUDY

The initial study for this project is the second draft of the proposed Scenic Highway Element, prepared by George Taylor, Director of Public Works/Planning Director of the City of Palos Verdes Estates. Copies of the initial study can be obtained from the office of the Director of Public Works, 340 Palos Verdes Drive West, Palos Verdes Estates, California 90274.

Posted: P.V. Secretary  
7/31/75 City Hall  
P.V. Country Club

## SCENIC HIGHWAYS ELEMENT

### INTRODUCTION

#### Authority for Scenic Highways Element

The State of California Government Code Section 65302 (h) requires a scenic highways element of all city general plans as follows:

The plan shall include a "scenic highway element for the development, establishment, and protection of scenic highways pursuant to the provisions of Article 2.5 (commencing with Section 260) of Chapter 2 of Division 1 of the Streets and Highways Code."

#### Scope

The General Plan Guidelines of the California Council on Intergovernmental Relations give the following direction in the development by cities of the Scenic Highways Element:

This element provides for the local planning for official and unofficial scenic highways. Official scenic highways are so designated by the State Scenic Highway Advisory Committee after plans have been adopted and submitted by the local jurisdiction. Highways eligible for such designation are listed in the Streets and Highways Code Section 263. Official County Scenic Highways are also designated by the State Scenic Highway Advisory Committee upon application from the local jurisdiction.

Standards for official designation of scenic highway rest on the analysis, planning and protection of the scenic corridor through which the highway traverses. The Department of Transportation has prepared a guide on official scenic highway designation which is available at their local district offices.

SCENIC HIGHWAYS ELEMENT

TABLE OF CONTENTS

INTRODUCTION

Authority for Scenic Highways Element. . . . . 1  
Scope. . . . . 1

GENERAL INFORMATION FOR ELEMENT

History of City's Development. . . . . 3  
Existing Highway System. . . . . 4  
Scenic Highway Potential Area. . . . . 4  
Palos Verdes Estates. . . . . 4  
Highway Beautification. . . . . 5  
Shoreline Preserve. . . . . 5

IMPLEMENTATION OF ELEMENT

General Comments. . . . . 6  
Conclusions. . . . . 7

BIBLIOGRAPHY

Selected Bibliography. . . . . 8

The scenic highways element is the initial step leading toward the official designation as a scenic highway. As such, the element provides the basis for the preparation of specific scenic corridor plans. The element is not a scenic highway corridor study, but rather provides the basis for scenic corridor studies by the Department of Transportation or by the local jurisdiction. For cities and counties in which a scenic corridor study has been completed, the element may be a more specific plan or set of policies to protect and enhance the scenic corridor.

Although the emphasis of the scenic highway element is on the designation of state highway routes as "scenic" routes, this does not preclude local agencies from developing and adopting local scenic routes, for example:

- A. Identification and evaluation of scenic corridors in the planning area, consideration of special features such as entryways, river or bay front highways, park drives, and similar important natural or landscaped and beautified arterials. Inclusion of a bikeway system with the scenic highway corridor may be considered.
- B. Statement of policy with diagram-map indicating the communities scenic highway system and the routes therein.
- C. Guide to implementation measures.



## GENERAL INFORMATION FOR ELEMENT

### History of City's Development

The City of Palos Verdes Estates developed as a residential community starting in the 1920's and was incorporated in 1939. The City is part of the master development plan for the entire Palos Verdes Peninsula prepared by the initial developers, the Vanderlip Syndicate, in 1924. Although the original master development plan has been modified extensively outside the Palos Verdes Estates City limits, the City has retained the characteristics conceived in the original plan.

Inherent in the development of the City has been the retention of strong aesthetic control of development and the parkways and parklands. This has resulted in extremely pleasant street corridors. This control is exercised by both the City and the Art Jury of the Homes Association.

Evidence of the City's concern for providing pleasant street corridors is contained in the Rules and Regulations for the Planting, Pruning and Removal of Trees and Shrubs in Streets and Public Places adopted by the City Council in June of 1968.

These rules require that the abutting property owner maintain the parkways adjacent to his property in a safe condition free from weeds, trash and other debris.

### Existing Highway System

The City has no state or interstate highways within its limits. The only "through city" streets are Palos Verdes Drive North and Palos Verdes Drive West. This arterial carries approximately 27,000 vehicles daily and provides access from the community to the commercial and industrial areas of the greater Los Angeles area.

### Scenic Highway Potential Area

The entire community of Palos Verdes Estates offers the potential for scenic drives. The County of Los Angeles has designated a circle system in the Peninsula area including portions of Palos Verdes Drive North as second priority scenic highways. The full length of Palos Verdes Drive West represents part of the Malibu to Long Beach scenic route under the County system.

### Palos Verdes Estates' Actions

Palos Verdes Estates has acted to complement projected scenic ~~highways~~ drives in the area by regulating land use along its portion of Palos Verdes Drive North and West as well as all other streets. This control was accomplished through long standing City and Homes Association actions, including regulations on architecture, landscaping, building setbacks and parkway and parkland use controls. The City has also caused the undergrounding of utilities along portions of Palos Verdes Drive West and hopes to complete all undergrounding in the near future. The City prohibits advertising signs of all kinds along Palos Verdes Drive North and Palos Verdes Drive West, except on a controlled and extremely limited basis.

### Highway Beautification

Palos Verdes Estates has committed itself to maintaining the existing scenic corridors on all of its streets. In addition, the Homes Association has exercised exemplary taste in regulating the architecture and landscaping of all developments within the City.

Existing zoning regulations limit the size, location and type of on-site signs to a maximum of 35 square feet per business.

### Shoreline Preserve

Palos Verdes Estates has obtained from the State of California a Tideland Grant for the protection, preservation, and conservation of the Tideland areas along its boundaries. In addition the City has created a Shoreline Preserve on the City owned property consisting of approximately 130 acres adjacent to the Tidelands. The prime objective of the masterplan for this preserve is to preserve and maintain its natural state: favor current limited recreational uses: and support expanded educational and scientific activities.

This preserve has thereby created a very pleasing area and the view of this area from the surrounding streets is a definite asset.

## Conclusions

In order to implement the Scenic Highways Element of the General Plan of the City of Palos Verdes Estates the following steps or actions should be taken:

1. Work with neighboring jurisdictions to upgrade and beautify all highways.
2. Underground all utility systems within the City as monies become available and as approved by adjacent property owners.
3. Provide for the planting of street trees along all roadways in the City.
4. Regulate all on-site signs and prohibit off-site signs in all residential and commercial areas.
5. Consider views from the highways in all commercial developments, and require landscaped areas in all parking lots.
6. Limit the height of all construction to two and one half stories where view may be unfavorably affected.
7. Enforce the City's zoning requirements relative to outdoor signs.
8. Work with the commercial community to emphasize the positive factors in a program of highway beautification.
9. Study and evaluate the possible affect on highways from a scenic standpoint during the course of preparation of environmental impact reports for major projects in Palos Verdes Estates.

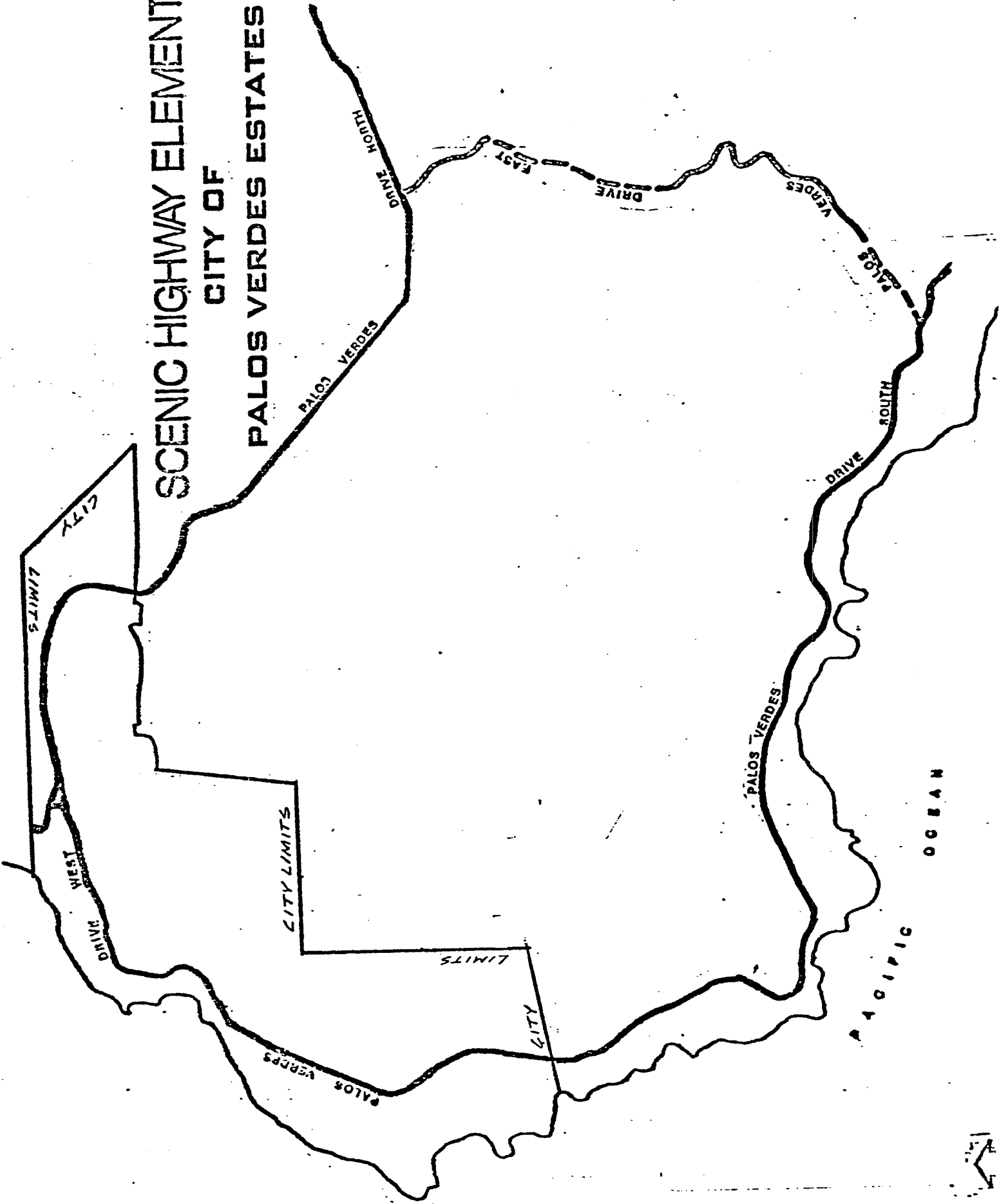
## IMPLEMENTATION OF ELEMENT

### General Comments

The City of Palos Verdes Estates has, since its inception, maintained the highest degree of scenic corridors on all of its streets, parkways and parklands. The Homes Association in turn has maintained the same degree of control on development of private property throughout the City. This policy of development and maintenance will undoubtedly be continued in the years to come.

The generally hilly terrain of the area does not lend itself to extensive widening of scenic corridors without adverse effects on private properties, parkways and parklands.

**SCENIC HIGHWAY ELEMENT  
CITY OF  
PALOS VERDES ESTATES**



BIBLIOGRAPHY

California Council in Intergovernmental Relations, General Plan

Guidelines, September 1973

County of Los Angeles, Preliminary Scenic Highway Element, General Plan,

Plan, July 17, 1974

City of Palos Verdes Estates Master Plan for Palos Verdes Estates

Shoreline Preserve - March 10, 1970

**CITY OF PALOS VERDES ESTATES**

**SEISMIC SAFETY ELEMENT**

**OF THE GENERAL PLAN**

Prepared and Submitted by: **George C. Taylor**  
**City Engineer and**  
**Planning Director**

**in conjunction with**

**Dr. Bernard W. Pipkin**  
**Associate Professor**  
**Department of Geological**  
**Sciences**  
**University of Southern Calif**

**Approved by Planning Commission November 4, 1975**

**Approved by City Council December 9, 1975**



# CITY OF PALOS VERDES ESTATES

DEPARTMENT OF  
PUBLIC WORKS  
(213) 378-0383



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

## NEGATIVE DECLARATION

CITY OF PALOS VERDES ESTATES, CALIFORNIA

GENERAL PLAN SEISMIC SAFETY ELEMENT

### Project Description

This project consists of the adoption of the Seismic Safety Element of the General Plan of the City of Palos Verdes Estates, California as required by the State of California Government Code Section 65302

### FINDINGS

In view of the fact that the conclusions of the Seismic Safety Element do not propose any adverse alterations to the environment as defined under the California Environmental Quality Act it is hereby determined that this project will not have a significant effect on the environment.

### INITIAL STUDY

The initial study for this project is the first draft of the proposed Seismic Safety Element, prepared by George Taylor, Director of Public Works/ Planning Director of the City of Palos Verdes Estates in conjunction with Dr. Bernard W. Pipkin, Associate Professor Department of Geological Sciences, University of Southern California. Copies of the initial study can be obtained from the office of the Director of Public Works, 340 Palos Verdes Drive West, Palos Verdes Estates, California 90274.

## TABLE OF CONTENTS

	<u>Page</u>
PREFACE. . . . .	i
INTRODUCTION	
Authority for Seismic Safety Element. . . . .	1
Background for the Element. . . . .	2
OBJECTIVES AND POLICIES	
Goals and Objectives. . . . .	5
General Policies. . . . .	5
Emergency Operations for Earthquakes. . . . .	7
GENERAL INFORMATION ON EARTHQUAKES	
Faults and Seismicity. . . . .	9
Geological Processes of Earthquakes. . . . .	10
Surface Faulting. . . . .	11
Ground Shaking. . . . .	12
Ground Failure. . . . .	13
Results of Ground Failure. . . . .	14
Tsunami and Seiche. . . . .	14
How Earthquakes are Measured. . . . .	15
Richter Magnitude Scale . . . . .	16
Modified Mercalli Intensity Scale of 1931. . . . .	18
TECHNICAL FINDINGS OF THE SEISMIC SAFETY ELEMENT	
Geologic Setting. . . . .	20
Geologic Materials. . . . .	23
Seismic History. . . . .	23
Ground Rupture. . . . .	25
Shaking. . . . .	27
Tsunami. . . . .	27
Ground Failure. . . . .	28
Associated Geologic Hazards. . . . .	28
Landslides. . . . .	28
Assessment. . . . .	30
Mitigating Measures. . . . .	32

# CITY OF PALOS VERDES ESTATES

DEPARTMENT OF  
PUBLIC WORKS  
(213) 378-0383



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

October 17, 1975

TO: Planning Commission  
FROM: George Taylor, Public Works Director/City Engineer  
SUBJECT: Seismic Safety Element

Enclosed is a copy of the subject element for your review.

Please note a public hearing on this element will be held at your meeting of November 4, 1975.

Should you have any questions please contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "George Taylor".

George Taylor  
Public Works Director/  
City Engineer

GT/mm

cc: Dr. Pipkin w/copy  
Public Works Director w/copy  
Hee  
Graf  
File

## PREFACE

Shortly after six o'clock on the morning of February 9, 1971, between five and ten million residents of Southern California were awakened by the sudden and frightening shock of an earthquake. In ten seconds extensive damage was done to structures, mainly in the northern San Fernando Valley. Some of these structures collapsed, causing deaths and injuries, others were damaged to the verge of collapse, and many suffered costly, though non-hazardous, damage.

The earthquake centered near Pacoima Dam just northeast of the San Fernando Veterans Administration Hospital. In the northern San Fernando Valley the shaking was very intense; in central Los Angeles the shaking was strong, attenuating to rather weak shaking in Long Beach. It was fortunate that the earthquake was not of greater magnitude, for in that case a much greater area would have experienced very strong ground shaking and there would have been a much greater loss in life and property damage.

The earthquake had a Richter magnitude of 6.6, and the area deformed by the fault slip was about twelve to fifteen miles on a side. The effect was that an area of approximately 200 square miles in the San Gabriel Mountains moved southward and rose permanently several feet. In doing so it caused very strong ground shaking over this area and propagated ground-shaking waves, whose intensity decreased with distance, over a substantially larger area.

Fortunately, the San Fernando earthquake was not a great shock in geological terms. It released only one hundredth as much energy as the 1964 Alaska earthquake. In fact, shocks of energy-release comparable to the San Fernando earthquake occur about once every five years in Southern California, but they are seldom close to developed areas. The San Fernando earthquake caused a greater financial loss than the much larger Alaska earthquake because it occurred on the edge of a large metropolitan area instead of in a sparsely populated region.

Still, it was mainly good fortune that the fatalities were relatively few. Had the earthquake centered twenty miles farther south, close to the center of population in metropolitan Los Angeles, it would have done much more damage and caused the collapse of many more old buildings. Had it occurred three hours later in the day there would have been many more occupants in the buildings that did collapse. Had the freeways been crowded, the bridges that collapsed would have caused many more deaths and injuries, and other casualties would have resulted from automobile accidents caused by the sudden disruption of the thoroughfare. Had the earthquake occurred when more people were on downtown streets there would have been many more casualties from falling debris. Finally, the lower San Fernando Dam had only four feet of freeboard after its partial failure; had it then failed completely - or even after emptying was well along - an area inhabited by 80,000 people would have been inundated.

There is reasonable expectation that before the end of the century an earthquake of much greater magnitude will occur in Southern California. It can be expected to produce very strong shaking over the entire Los Angeles metropolitan area. This ground shaking probably will not exceed the intensity experienced in northern San Fernando Valley, but it may be almost as strong.

Most modern construction withstood strong ground shaking satisfactorily during the San Fernando earthquake, which shows that the metropolitan area can be made to survive a truly great earthquake if certain necessary improvements are made.

Table of Contents (Contd.)	<u>Page</u>
LAND USE AND CIRCULATION. . . . .	34
SEISMIC SAFETY ELEMENT RELATIONSHIPS	
Relationship to the General Plan. . . . .	35
Environmental Impact Report Procedures. . . . .	35
IMPLEMENTATION AND REVIEW	
Building Inspection Program. . . . .	36
Contingency Plans for Major Disasters and Emergencies. . . . .	36
Seismic and Emergency Information Programs. . . . .	37
Building Code Update. . . . .	38
CONCLUSIONS AND RECOMMENDATIONS. . . . .	39
SELECTED BIBLIOGRAPHY AND APPENDICES. . . . .	44
Selected Bibliography. . . . .	45
Definitions of Terms - Appendix A. . . . .	46
Map Exhibit A Geologic Earth Materials - Appendix B	
Map Exhibit B Generalized Slope Map - Appendix C	
Table I - List of earthquakes compiled from U.S.Coast & Geodetic Survey "Earthquake History of the United States, Part II, Stronger Earthquakes of California and Western Nevada". . . . .	50
Table I - A - List of earthquakes recorded at the Seismological Laboratory, Pasadena California and its auxiliary stations. . . . .	53

## SEISMIC SAFETY ELEMENT

### CITY OF PALOS VERDES ESTATES

#### INTRODUCTION

##### Authority of Seismic Safety Element

Section 65302 (f) of the Government Code of the State of California requires that each city prepare and adopt a seismic safety element of the city's general plan as follows:

A seismic safety element consisting of an identification and appraisal of seismic hazards such as susceptibility to surface ruptures from faulting, to ground shaking, to ground failures, or to effects of seismically induced waves such as tsunamis and seiches.

The seismic safety element shall also include an appraisal of mudslides, landslides, and slope stability as necessary geologic hazards that must be considered simultaneously with other hazards such as possible surface ruptures from faulting, ground shaking, ground failure and seismically induced waves.

In accordance with that section of the Government Code, the City of Palos Verdes Estates has prepared a seismic safety element which takes into consideration the specific geological and physical characteristics of Palos Verdes Estates, as well as the general characteristics from a seismological standpoint of the geographical area in which the city is located.

The earthquake did reveal certain weaknesses in engineering and construction practices, and in institutional and organizational arrangements. The Commission believes that these weaknesses can be corrected by appropriate improvements in safety regulations, in building codes and in preparations for an emergency. Even though the earthquake brought tragedy to some, if it leads to the correction of these weaknesses it will have brought a long-term benefit to all Southern Californians.

-- Report of the Los Angeles County  
Earthquake Commission  
SAN FERNANDO EARTHQUAKE  
February 9, 1971

## Background For The Element

The Urban Geology Master Plan prepared by the California Division of Mines and Geology in 1973 states that, if given a continuation of present conditions, it is estimated that losses due to earthquake shaking will total \$21 billion in California between 1970 and the year 2000. That report also states that losses, especially life losses, due to shaking from future earthquakes can and should be reduced through a combination of measures involving geologic and seismic research, engineering practices, building codes, urban planning and zoning, fiscal and taxation policies, and preparedness planning. Estimates of potential loss of life for this period range well up into the thousands.

The General Plan Guidelines of the California Council on Intergovernmental Relations issued in September 1973 points out the following information about earthquakes:

The most widespread effect of an earthquake is ground shaking. This is usually (but not always) the greatest cause of damage. Structures of all types, including engineered structures and public utility facilities, if inadequately constructed or designed to withstand the shaking force, may suffer severe damage or collapse. The vast majority of deaths during earthquakes are the result of structural failure due to ground shaking. Most such deaths are preventable, even with present knowledge. New construction can and should be designed and built to withstand probable shaking without collapse. The greatest existing hazard in the State is the continued use of tens of thousands of older structures incapable of withstanding earthquake forces. Knowledge of earthquake-resistant design and construction has increased greatly in recent years, though much remains to be learned.



A second effect of earthquakes is ground failure in the form of landslides, rock falls, subsidence and other surface and near-surface ground movements. This is often the result of complete loss of strength of water-saturated sub-surface foundation soils ("Liquefaction"), such as occurred near the Juvenile Hall in the 1971 San Fernando earthquake, and in the massive Turnagain Arm landslide in Anchorage, during the 1964 Alaska earthquake. Most such hazardous sites can be either avoided or stabilized if adequate geologic and soil investigations are utilized.

Another damaging effect of earthquakes is ground displacement (surface rupture) along faults. Such displacement of the earth's crust may be vertical, horizontal or both and may offset the ground by as much as 30 feet (as in 1857 in Southern California). It is not economically feasible to design and build foundations of structures (dams, buildings, bridges, etc.) to remain intact across such zones. Fault zones subject to displacement are best avoided in construction. In addition to regional investigations necessary to the basic understanding of faults and their histories, detailed site investigations are needed prior to the approval of construction in any suspected active fault zone. Utilities, roads, canals and other linear features are particularly vulnerable to damage as the result of ground displacement.

Other damaging effects of earthquakes include tsunamis (seismic sea waves, often called "tidal waves"), such as the one which struck Crescent City and other coastal areas in 1964; and seiches (waves in lakes and reservoirs due to tilting or displacement of the bottom or margin). The failure of dams due to shaking, fault displacement or overtopping (from seiches or massive landsliding into the reservoir) can be particularly disastrous. Most modern dams are designed and constructed to be earthquake-resistant; some older dams were not. In addition to man-made dams, temporary dams may be created by earthquake-triggered landslides. Such inadvertently created dams are certain to fail within a relatively short time.

Injury, loss of life, and property damage resulting from earthquakes are not only caused by structural deficiencies but also by equipment, machinery, furniture, and other installations which happen to be located within a structure.

It should be recognized that the building of structures in the area of known geologic hazards involves an element of risk and that future construction must be in accordance with that risk. Consequently, Palos Verdes Estate's policies should be geared to the following definitions:

Acceptable Risk - The level of risk below which no specific action by local government is deemed to be necessary.

Unacceptable Risk - Level of risk above which specific action by government is deemed to be necessary to protect life and property.

Avoidable Risk - Risk not necessary to take because individual or public goals can be achieved at the same or less total "cost" by other means without taking the risk.

## OBJECTIVES AND POLICIES

### Goals and Objectives

The seismic safety goals and objectives of the City of Palos Verdes Estates are to develop and implement programs that will help to protect the lives and property of city residents by reducing seismic hazards.

The potential dangers created by seismic activity requires that it should be the basic goal of the City to:

1. Minimize injuries and the possible loss of life, disruption of public services, and damage to or destruction of property associated with major earthquakes.
2. Aid in the restoring of services to a level that enables the residents and businesses to return to normal activity as soon as possible after an earthquake.
3. Reduce the economic and social dislocations resulting from a major seismic event.

### General Policies

In carrying out the general goals of Palos Verdes Estates and reaching the objectives for seismic safety it will be necessary for the City to:

1. Provide a base of seismic information that will require consideration of geologic hazards at the earliest possible point in the further development of the city.

2. Support a realistic disaster plan which would quickly become operational should the area be affected by a major earthquake or other type of disaster.
3. Minimize the number of existing structures and conditions that represent seismic hazards through enforcement of building codes.
4. Require geologic reports as a pre-requisite to the issuance of building permits for major structures.
5. Use geologic and seismic data to guide the placement and development of essential public structures such as schools, police and fire facilities, hospitals, and other types of critical installations.
6. Require consideration of geologic and seismic data in the preparation of environmental impact reports.
7. Inform the public of potential seismic hazards as they affect buildings and structures.

From the standpoint of man-made structures, exposure to earthquake hazards involves several factors:

1. Seismic nature of the site on which a structure is located.
2. Ability of a structure to resist earthquakes.
3. Use or occupancy of a structure, both as to number of occupants and amount of time occupied.

4. Effective life of a structure from a physical standpoint.

#### Emergency Operations for Earthquakes

After the San Fernando Earthquake of 1971, various governmental agencies the American Red Cross, and non-governmental groups took effective measures to minimize the disastrous effects of the earthquake. Recovery was relatively rapid. However, weaknesses were noted in emergency operations. Some agencies performed independently at a time when team effort would have been of greater benefit. The need was shown for local agencies to provide emergency operating centers where information could be pooled and coordination achieved from a single, central location. Since disasters usually affect many local governments, provision should be made for interjurisdictional coordination and exchange of information in the event of an emergency.

Providing for seismic safety includes the development of a major earthquake response plan. Such a plan should:

1. Outline actions to be taken in earthquake situations.
2. Be coordinated with emergency plans of other governmental organizations - both local and county-wide.
3. Contain descriptive elements based upon local conditions such as:

- a. Organization and training
- b. Communications control
- c. Fire protection
- d. Water and other utility systems
- e. Medical and hospital services
- f. Transportation (if necessary)

The emergency plan should provide an organizational structure for dealing with any type of local emergency. It is a tool for use in case of a major earthquake, but it must be geared to function in any disaster. In preparing the EOP, the following response priorities should be considered:

1. Provide medical aid to the injured, protect the uninjured from hazards created by the earthquake, and provide for those people who are left homeless.
2. Restore community services as soon as possible, including utility services and the reopening of essential businesses.
3. Protect public and private property from further damage due to aftershocks, fire and looting.
4. Provide services to neighboring communities that also have been damaged and need assistance.
5. Facilitate post-disaster recovery throughout the community.

The City of Palos Verdes Estates Emergency Operations Plan as revised in February of 1974 provides such a plan.

## GENERAL INFORMATION ON EARTHQUAKES

### Faults and Seismicity

Seismic movements of the earth or earthquakes are caused by the sudden rupturing and displacement of the earth along faults (weak portions of the earth's crust). This rupturing relieves stress that has been building up in the earth's crust. It also is generally believed that this stress is caused by the movement of large plates that constitute the earth's crust. As these crustal plates move against or past one another, stress develops which causes the crust on the edge of each plate to become deformed. When too much deformation (elastic strain) builds up, the rocks snap along a fault. This relieves the strain by allowing each side of the fault to move to a position of lower stress, and transmits elastic waves in all directions.

A fault which separates two plates is not always perceivable on the earth's surface, but there are land forms and geologic criteria and instrumentation which can be used to map its location. The fault is not one solid, continuous line, but is composed of a system of splinter faults which appear periodically on the earth's surface. The term fault trace is used to describe a line on the surface of the earth formed by the intersection of the fault with the earth's surface.

Rupture and cracking of the ground are surface expressions of earthquakes which originate on subsurface faults. Earthquakes occur at various depths within the earth's crust. The point below the surface where the rupture first occurs is known as the focus and can be located with the help of seismic instruments. The term "epicenter" is usually used to describe the point of initial rupture directly over the focus. The instrumental epicenter is that point on the earth's surface directly above the focus but may not be the area of maximum damage.

There are two kinds of faults: active faults which have experienced displacement in recent geologic time, suggesting that future displacement can be expected on these faults; and inactive faults that have shown no evidence of movement in recent geologic time, suggesting that these faults are dormant. However, some faults labeled as inactive are so termed due to lack of historic data knowledge.

#### Geological Processes of Earthquakes

Earthquakes commonly give rise to various geological processes that may cause severe damage to structures and loss of life to people in them. These processes include surface rupture ground shaking, associated ground failure, generation of large waves in bodies of water, and regional subsidence. These seismic hazards vary widely from area to area, and the level of these hazards depends on both geologic conditions and the extent and type of land use. They are described below:



Surface Faulting. The earth's crust is laced with faults - - planes or surfaces in earth materials along which failure has occurred and materials on opposite sides have moved relative to one another in response to the accumulation of stress. Most of these faults have not moved for <sup>tens-of</sup> thousands of years and thus can be considered inactive. Others, however, show evidence of current activity or have moved sufficiently recently to be considered active, i.e., capable of displacement in the near future. A fault movement beneath a building in excess of an inch or two could have catastrophic effects on the structure, depending upon its design and construction and the shaking stresses it experiences at the same time.

Generally, faults are regarded as active and of concern to land-use planning when there is evidence that they have moved during historic time; or through geologic evidence, there may be a significant likelihood that they will move during the projected use of a particular structure or piece of land. Because geologic evidence may be lacking as to the times of past movement, geologists may be able to estimate relative degree of activity only after a regional analysis that may extend far beyond the locality under consideration. Such analysis may be based on historic evidence of fault movement, seismic activity (occurrence of small to moderate earthquakes along the fault trace even though not accompanied by obvious fault movement), displacement of

"recent earth layers (those deposited during the past 10,000 years), and presence of topographical fault-produced features (scarps, sag ponds, offset stream courses and disruption of man-made features such as fences and curbs.)

Movement seldom is limited to a single fault surface throughout the lifetime of a fault system such as the San Andreas. In many places individual fault surfaces make up the San Andreas in a zone varying in width from a few hundreds to thousands of feet. Faults that commonly produce significant displacement (more than several inches at a time) often have related branches that diverge from the main fault but usually have less movement along them. They also may have secondary faults that are not directly or obviously connected physically to the main fault trace. Secondary faults are usually nearby (within hundreds of feet) of the main rupture, but they may extend as much as several miles away. As with branch faults, displacement along secondary faults is usually only a fraction of that along a main fault.

Ground Shaking. Probably the most difficult task today, in terms of the predictive capability of the geologist and seismologist, is devising a reasonably reliable method of predicting "ground shaking" effects -- what most people and structures react to during an earthquake. Examination of damage from numerous past earthquakes, in lieu of conclusive strong-motion seismograph records, has suggested to

geologists and engineers that the greatest damage to tall structures results where they are built over thick, relatively soft, water-saturated sediments and that the least damage occurs where they are built on very firm bedrock.

Ground Failure. Earth materials in a natural condition tend to reach equilibrium over a long period of time. In geologically active areas such as California and Alaska, there are many regions where earth materials have not yet reached a natural state of stability. For example, most of the valleys and bay margins are underlain by recent loose materials that have not been compacted and hardened by long-term natural processes. Landslides are common on most of the hills and mountains as loose material moves downslope. In addition, many activities of man tend to make the earth materials less stable and hence to increase the chance of ground failure. Some of the natural causes of instability are earthquakes, weak materials, stream and coastal erosion, and heavy rainfall. Human activities that contribute to instability include oversteepening of slopes by undercutting them or overloading them with artificial fill, extensive irrigation, poor drainage, resulting in subsidence, and removal of stabilizing vegetation. These causes of failure, which normally produce landslides and differential settlement, are augmented during earthquakes by strong ground motions that result in rapid changes in the state of earth materials. It is these changes, by means of liquefaction and loss of

strength in fine-grained materials, that result in so many landslides during earthquakes.

Results of Ground Failure. Although the basic causes of ground instability are simple in concept, the consequences are often complex and highly variable. They include numerous varieties of landslides, ground cracking, lurching, subsidence, and differential settlement. Moreover, these types of ground failure occur on a wide variety of ground conditions. Landslides, for example, do not necessarily require a steep slope on which to form, particularly during earthquakes. Many occur on slopes that are virtually flat, and the surface on which they fail may be very shallow (1 to 2 feet deep) or as much as hundreds of feet below the ground surface. The type of ground failure that develops in a given area is determined by the nature of the natural or man-made disturbance that occurs and partly by the topographic, geologic, hydrologic, and geotechnical characteristics of the ground.

Tsunami and Seiche Effects. Tsunami are large ocean waves which are generated by rapid changes in elevation of large masses of earth and water. Such rapid movement may generate huge waves of destructive force that can travel thousands of miles. During the 1964 Alaskan earthquake, for example, faulting and crustal warping created tsunami, or sea waves, tens of feet high that spread more than 1,500 miles from the source area and caused devastation to coastal communities within

their reach. The effects of tsunami can be greatly amplified by the configuration of the local shoreline and the sea bottom. Seiches are earthquake-generated waves within enclosed or restricted bodies of water (lakes, reservoirs, and bays).

#### How Earthquakes Are Measured

Vibrations produced by earthquakes are detected, recorded, and measured by instruments called seismographs. The zig-zag trace recorded by a seismograph - called a "seismogram" - reflects the varying amplitude of the vibrations by responding to the motion of the ground beneath the instrument. From the data expressed in seismograms, the time, epicenter and focal depth of an earthquake can be determined, and estimates can be made of the amount of energy that was released.

The severity of an earthquake can be expressed in several ways. The magnitude of an earthquake, as expressed by the Richter magnitude scale, is measured by the amplitude of the seismic wave. The amplitude is measured on a seismogram of a standard seismograph. When the earth quakes, the amplitude of the wave recorded on the seismograph is measured and then is corrected mathematically to what the amplitude would have been if it had been recorded at a distance of 100 kilometers from the epicenter. The Richter magnitude derived from these corrected seismograph recordings indicates the amount of energy released as if it had been recorded at this standard 100-kilometer distance from the epicenter of the quake.

The intensity as expressed by the Modified Mercalli Intensity Scale, is mostly a subjective measure which depends on the effects of a quake such as damage at a particular location.

Richter Magnitude Scale. The Richter magnitude scale, named after Dr. Charles F. Richter, Professor Emeritus of the California Institute of Technology, measures the energy of an earthquake at its source, and is the scale most commonly used. On this scale, the earthquake's magnitude is expressed in whole numbers and decimals. However, Richter magnitudes can be confusing and misleading unless the mathematical basis for the scale is understood. It is important to recognize that magnitude varies logarithmically with the wave amplitude of the quake recorded by the seismograph. Each whole number step of magnitude on the scale represents an increase of 10 times in the measured wave amplitude of an earthquake, and an increase of 31 times in the amount of energy released by the quake. Thus, the amplitude of an 8.0 magnitude earthquake is not twice as large as a shock of magnitude 4.0, but 10,000 times as large. Correspondingly, a magnitude 8.0 earthquake releases almost one million times more energy than one of magnitude 4.0.

A quake of magnitude 2 on the Richter scale is the smallest quake normally felt by humans. Earthquakes with a Richter magnitude of 7 or more are commonly considered to be major. The Richter magnitude scale

has no fixed maximum or minimum; observations have placed the largest recorded earthquake in the world at about 8.9, and the smallest at about -3. Earthquakes with magnitudes smaller than 2 are called "micro-earthquakes." Richter magnitudes are not used to estimate damage. An earthquake in a densely populated area, which results in many deaths and considerable damage, may have the same magnitude as an earthquake that occurs in a barren, remote area, that may do nothing more than frighten the wildlife.

Modified Mercalli Intensity Scale of 1931 - The first scale to reflect earthquake intensities was developed by de Rossi of Italy and Forel of Switzerland in the 1880's. This scale, with values from I to X, was used for about two decades. A need for a more refined scale increased with the advancement of the science of seismology, and in 1902, the Italian seismologist, Mercalli, devised a new scale on a I to XII range. The Mercalli Scale was modified in 1931 by American seismologists Harry O. Wood and Frank Neumann to take into account modern structural features, and modified by Charles F. Richter in 1956 and rearranged:

- I. Earthquake shaking not felt. But people may observe marginal effects of large distance earthquakes without identifying these effects as earthquake-caused. Among them: trees, structures, liquids, bodies of water sway slowly, or doors swing slowly.
- II. Shaking felt by those at rest, especially if they are indoors, and by those on upper floors.
- III. Felt by most people indoors. Some can estimate duration of shaking. But many may not recognize shaking of building as caused by an earthquake; the shaking is like that caused by the passing of light trucks.
- IV. Hanging objects swing. Windows or doors rattle. Wooden walls and frames creak.
- V. Felt by everyone indoors. Many estimate duration of shaking. But they still may not recognize it as caused by an earthquake. The shaking is like that caused by the passing of heavy trucks, though sometimes, instead, people may feel the sensation of a jolt, as if a heavy ball had struck the walls. Hanging objects swing. Standing autos rock. Crockery clashes, dishes rattle or glasses clink. Doors close, open or swing. Windows rattle.
- VI. Felt by everyone indoors and by most people outdoors. Many now estimate not only the duration of shaking but also its direction and have no doubt as to its cause. Sleepers wakened. Hanging objects swing. Shutters or pictures move. Pendulum clocks stop, start or change rate. Standing autos rock. Crockery clashes, dishes rattle or glasses clink. Liquids disturbed, some spilled. Small unstable objects displaced or upset. Weak plaster and Masonry D\* crack. Windows break. Doors close, open or swing.
- VII. Felt by everyone. Many are frightened and run outdoors. People walk unsteadily. Small church or school bells ring. Pictures thrown off walls, knickknacks and books off shelves. Dishes or glasses broken. Furniture moved or overturned. Trees, bushes shaken visibly, or heard to rustle. Masonry D\* damaged; some cracks in Masonry C\*. Weak chimneys break at roof line. Plaster, loose bricks, stones, tiles, cornices, unbraced parapets and architectural ornaments fall. Concrete irrigation ditches damaged.



Modified Mercalli Intensity Scale of 1931 (Continued)

- VIII. Difficult to stand. Shaking noticed by auto drivers. Waves on ponds; water turbid with mud. Small slides and caving in along sand or gravel banks. Large bells ring. Furniture broken. Hanging objects quiver. Masonry D\* heavily damaged; Masonry C\* damaged, partially collapses in some cases; some damage to Masonry B\*, none to Masonry A\*. Stucco and some masonry walls fall. Chimneys, factory stacks, monuments, towers, elevated tanks twist or fall. Frame houses moved on foundations if not bolted down; loose panel walls thrown out. Decayed piling broken off.
- IX. General fright. People thrown to ground. Changes in flow or temperature of springs and wells. Cracks in wet ground and on steep slopes. Steering of autos affected. Branches broken from trees. Masonry D\* destroyed; Masonry C\* heavily damaged, sometimes with complete collapse; Masonry B\* is seriously damaged. General damage to foundations. Frame structures, if not bolted, shifted off foundations. Frames racked. Reservoirs seriously damaged. Underground pipes broken.
- X. General panic. Conspicuous cracks in ground. In areas of soft ground, sand is ejected through holes and piles up into a small crater, and, in muddy areas, water fountains are formed. Most masonry and frame structures destroyed along with their foundations. Some well-built wooden structures and bridges destroyed. Serious damage to dams, dikes and embankments. Railroads bent slightly.
- XI. General panic. Large landslides. Water thrown on banks of canals, rivers, lakes, etc. Sand and mud shifted horizontally on beaches and flat land. General destruction of buildings. Underground pipelines completely out of service. Railroads bent greatly.
- XII. General panic. Conspicuous cracks in ground. In areas of soft ground, sand is ejected through holes and piles up into a small crater, and, in muddy areas, water fountains are formed. Damage nearly total, the ultimate catastrophe. Large rock masses displaced. Lines of sight and level distorted. Objects thrown into air.

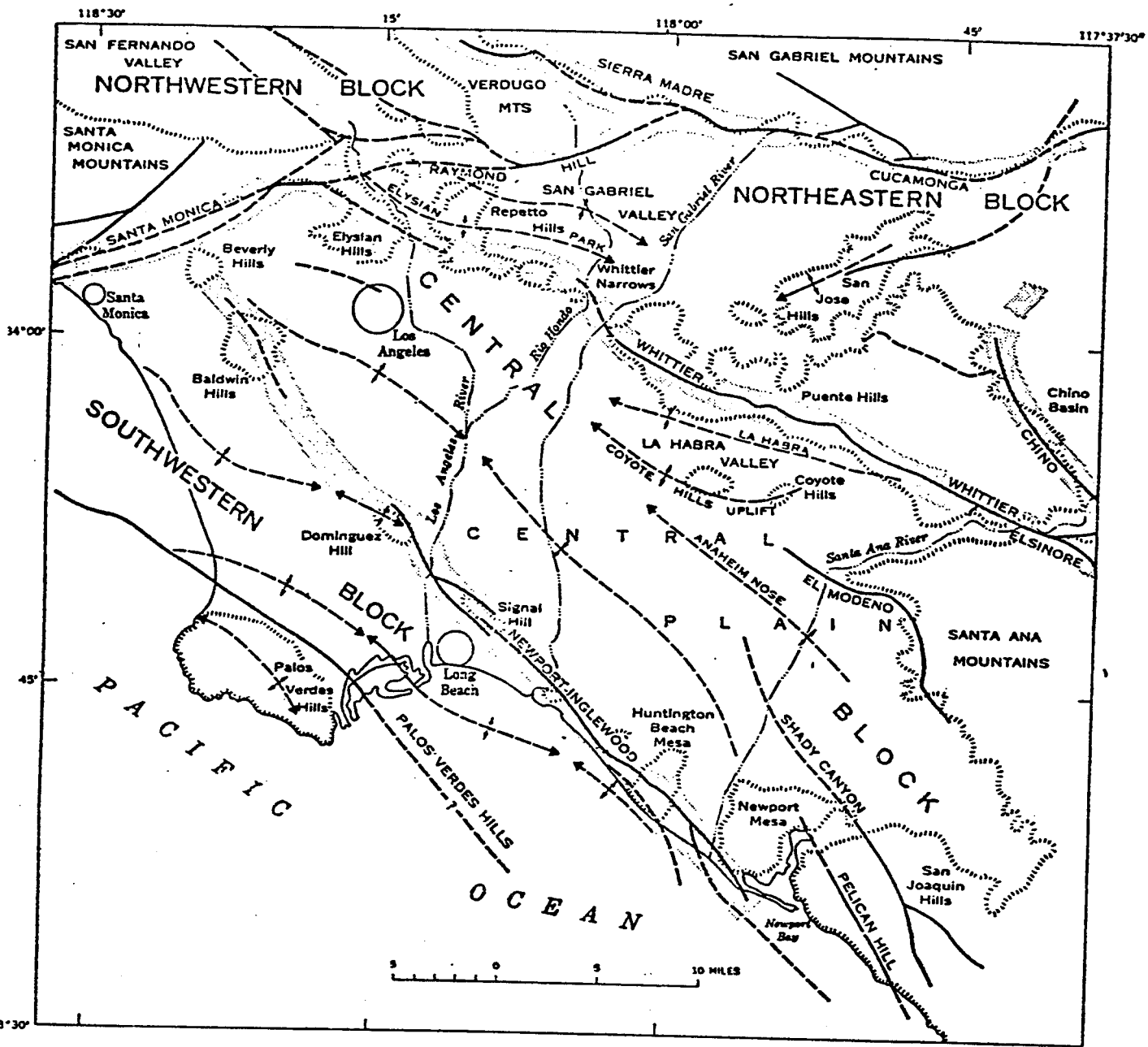
- \*Masonry A: Good workmanship and mortar, reinforced, designed to resist lateral forces.  
Masonry B: Good workmanship and mortar, reinforced.  
Masonry C: Good workmanship and mortar, unreinforced.  
Masonry D: Poor workmanship and mortar and weak materials, like adobe.

Source: Urban Geology Master Plan

## TECHNICAL FINDINGS OF THE SEISMIC SAFETY ELEMENT

### Geologic Setting.

The Palos Verdes Hills are within the greater geological province known as the Los Angeles Basin. The entire southern California area is seismically active and there are several active faults in the Basin in close proximity to Palos Verdes Estates (Fig.1). The Newport-Inglewood fault is the closest major active fault and was the one responsible for the damaging Long Beach earthquake of 1933. The peninsula proper is bounded by two active faults on the north and south sides (Fig.2). The Palos Verdes Fault on the north side does not break through to the ground surface and is manifest by steeply dipping upper Pleistocene sands and gravels. The fault on the south side lies offshore and is inferred to exist along the steep slopes of the San Pedro Escarpment that leads down into the depths of the San Pedro Basin at 3,000 feet below sea level. Most of the active faults of the L. A. Basin exist in deeply buried granitic or metamorphic basement rocks and movement at depth has caused anticlines or domal structures to form in the thick overlying pile of sedimentary rock. Within the basin the overlying rocks attain a thickness of up to 16,000 feet, whereas on the Palos Verdes Peninsula they are much thinner and estimated to be about 2,000 feet thick. In contrast, the San Andreas fault 50 miles to the east, and the San Gabriel frontal fault system that caused the disastrous Sylmar earthquake of 1971, are known to have surface rupture.

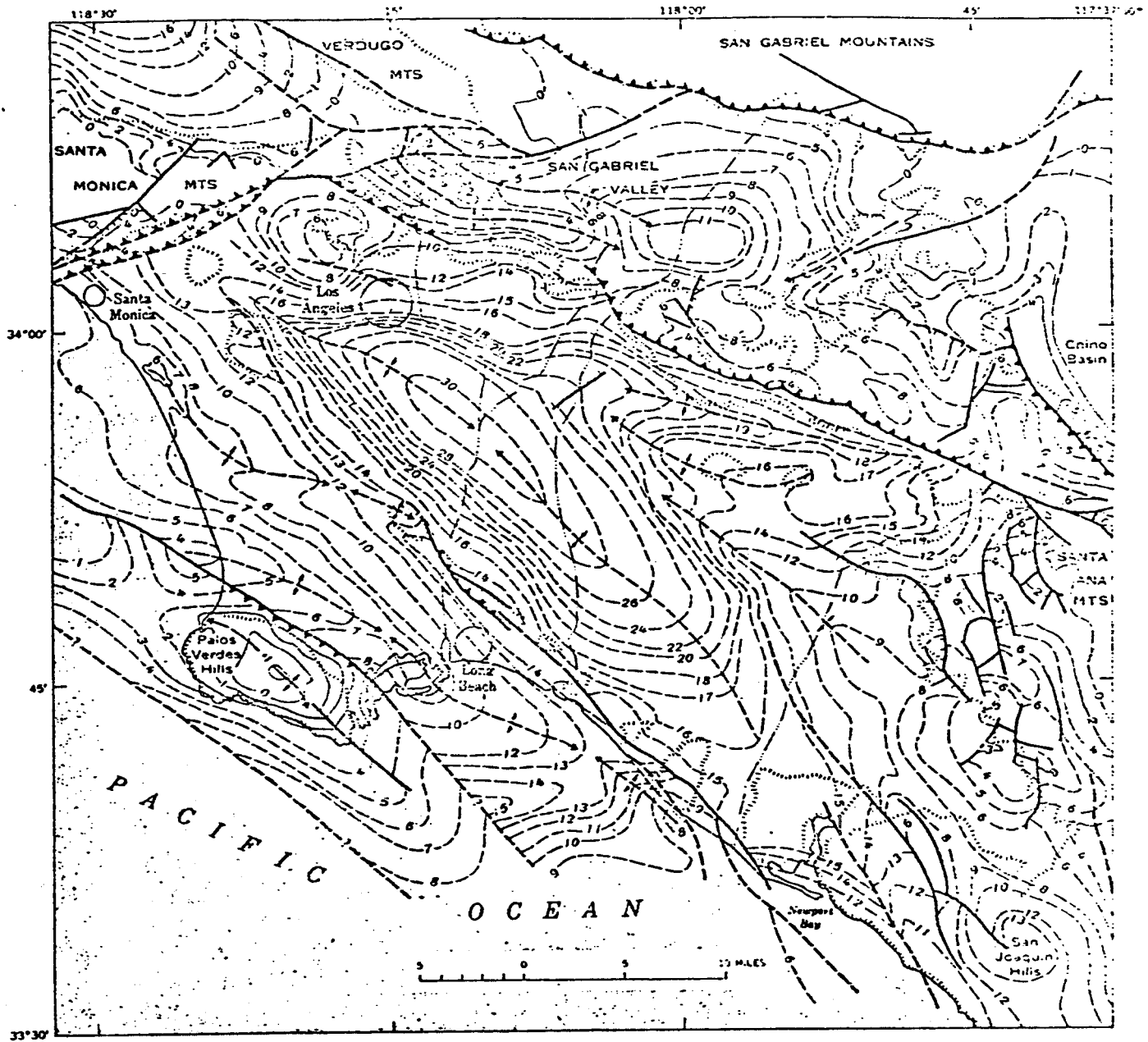


**EXPLANATION**

- WHITTIER**

Fault or fault zone  
Dashed where approximately located;  
questioned where doubtful
- Anticline  
Dashed where approximately located
- Syncline  
Dashed where approximately located
- Boundary of structural block

Figure 1. Major geographic and structural features of basement rock in the Los Angeles Basin (after Yerkes and others, 1965)



### EXPLANATION

**Structure contours**  
 Drawn on basement rock surfaces. Dashed where inferred. Contour interval is 100 feet except where odd-numbered contours dropped for clarity; numbers are zero or minus except at crest of Potos Verdes Hills. Datum is mean sea level

**Fault**  
 Dashed where approximately located; queried where doubtful

**Reverse fault**  
 Dashed where approximately located; teeth on upthrown side

**Normal fault**  
 Hochores on downthrown side

**Anticline**  
 Showing direction of plunge

**Syncline**  
 Showing direction of plunge

Figure 2. Major faults, structural features, and contours on basement rock, L.A. Basin (after Yerkes and others, 1965)

This fact has far-reaching consequence on the accelerations and surface intensity to be expected from movements along these faults. Much greater damage can be expected where surface rupture occurs than where movement is at depth and the overlying rocks subjected to bending and lesser fracturing.

#### Geological Materials.

The Palos Verdes Hills consist of a basement or foundation rock of Jurassic to Cretaceous age known as the Catalina Schist. Draped over these ancient rocks are found up to 2,000 feet of marine sedimentary rocks that vary from Miocene to Pleistocene in age. The greatest area of Palos Verdes Estates is underlain by Miocene shales of the Monterey Formation. Smaller areas are supported by Pleistocene marine terrace deposits and sand dune material (Fig. 3).

#### Seismic History.

Table I contains a listing of earthquakes of magnitude 4.0 and over within a 50 kilometer (30 mile) radius of Palos Verdes Estates, 33°45'N, 118°20'W) as provided by the Seismological Laboratory at the California Institute of Technology. It is quite obvious that with the exception of the primary shock of the Long Beach earthquake of 1933 (Richter Magnitude 6.3) and a few aftershocks of that event, there have been no major events in the region. The 1933 event caused damage to a significant degree (VII+ on the Modified Mercalli Scale) in a region of 450 square miles from Manhattan Beach to Laguna Beach, California



(Wood, 1933). No accurate estimate of ground shaking was possible for the Palos Verdes Estates area as it was sparsely populated, however, according to Wood (1933), "...Inside the area mentioned there are many places where significant damage was not conspicuous--on hilly ground or where underground conditions were not unfavorable and construction not too bad or unsuitable. This was noticeably the case on the compact sedimentary rocks of the San Pedro Hills west of Long Beach. In fact, a considerable part of the area appeared to be characterized by intensity lower than grade VII of the 1931 scale." Richter (1959) notes "On the principally Tertiary block of the San Pedro Hills intensity was barely VI, contrasting sharply with serious damage nearby in San Pedro and Long Beach."

An intensity of VI was assigned to the Palos Verdes Estates area as a result of the Sylmar shock of February 9, 1971 that had a Richter Magnitude of 6.4 (U.S. Geological Survey, 1971). In other words, the two major earthquakes in the area in the last half century have produced only minor (slight) damage.

#### Seismic Hazards

Ground rupture. The Palos Verdes fault trends in a northwesterly direction and lies several hundred yards northeast of Palos Verdes Estates (Fig. 2). The fault does not displace surface rocks, rather, it is manifest by a sharp downbending of Pleistocene deposits along the northeast edge of the hills. Subsurface data from deep wells and gravity profiles indicate the fault lies outside the study area and displaces older base --

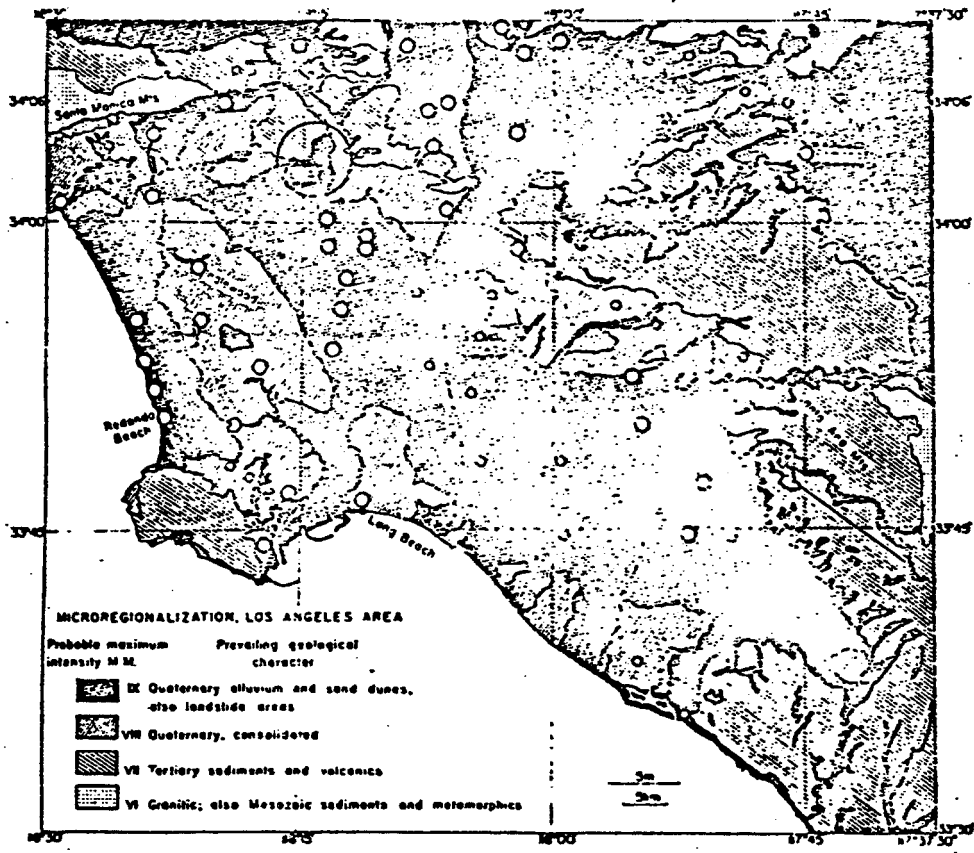


Fig. 4. Microregionalization map of Los Angeles Basin and vicinity (after Richter, 1959)



ment rock at depth, however, it only arches the younger overlying sedimentary rocks. Many low-magnitude earthquakes have been centered along the fault, yet no surface rupture has ever been reported.

Shaking. In his attempt to characterize ground response to the greatest expectable earthquake throughout southern California and the state, Richter (1959) has assigned an intensity of VII (modified Mercalli Scale) to most of the City of Palos Verdes Estates (Fig. 4). He assigned these ratings as follows: Intensity VII, Tertiary sediments and volcanics as are found over most of the Peninsula (Fig. 3); Intensity VIII, to consolidated Quaternary deposits; and an Intensity IX, to Quaternary stream deposits, sand dunes, and landslide areas. On the north side of Palos Verdes Estates there is a small area underlain by consolidated Quaternary deposits (Figs. 3 and 4), whereas the remainder of the city is underlain by Tertiary sedimentary rocks. In Palos Verdes Estates the younger Quaternary deposits are so thin that it is anticipated that only a slight additional response to seismic waves will be felt in these areas. Drill data and surface exposures indicate that the younger sands attain a thickness of 30 feet along the cliffs near the Pacific Ocean, and that they thin toward the north and east from there.

Tsunami. The only record of a local earthquake having caused a sea wave of large magnitude was in connection with the earthquake of December 21, 1812. This is to be found in mission records and it was reported that a ship was carried up the canyon at Refugio Beach north of Santa Barbara, then back out to sea (Byerly, in

State of California, 1964). The entire shoreline of the City of Palos Verdes Estates is backed by sea cliffs from 100 to 200 feet high, and even if a tsunami were generated no seismic sea wave could ever top these heights. There is no tsunami risk in the area.

Ground failure. Permanent disruption or settlement of foundation materials may be caused by liquefaction of poorly consolidated sand or clay soils. Liquefaction of unconsolidated sands may occur where they are of a critical grain size and water saturated. Quaternary sands (ancient dune sands) underlying the northern part of the study area are coarse-grained and cohesive. Where exposed along seacliffs at Malaga Cove they stand in near-vertical slopes. Minor seepage has been noted locally at the contact of the sands and underlying diatomaceous shale. However, this flow is intermittent and not indicative of a saturated sand body as is required for liquefaction.

So-called "quick" clays collapse when subject to artificial or natural vibrations. These deposits are characteristically of glacial-marine sedimentary origin and not known to exist at the surface or subsurface on the Peninsula.

#### Associated Geologic Hazards.

Landslides. Mass wasting, that is, the downslope movement of rock and soil must be considered simultaneously with direct seismic effects. Falls and slides can be triggered by earthquake motion on steep slopes, as a rule those greater than 2:1 (about 28°). On the Palos Verdes Peninsula large slides have occurred along bedding planes in the Altamira Shale and are strictly a local phenomenon.

Slump or rotational failures are restricted to shallow depths within the soil profile and are not considered serious hazards. Rock falls have been reported along the seacliffs in the study area and could be a problem under seismic loads where adverse geologic structures exist. Large Translational failures (block glides) along bedding planes are known on the Peninsula but have not occurred in the study area.

In order to assess the risk from these hazards maps were prepared derivative from the U.S. Geological survey topographic and geologic ones. The derivative maps (see appendices) show slope angles and earth materials in the study area. Shown on the maps are slopes steeper than 2:1 (greatest susceptibility to failure during a quake), 2:1 to 5:1 (low susceptibility), and slopes less than 5:1 (essentially no risk). Rock and soil types at or just beneath the surface are also shown. The relative susceptibility of each to ground shaking and sliding is as follows:

Quaternary Terrace Cover (Qt<sub>c</sub>) - - deposits on raised marine terrace surfaces. Usually a thin or non-existent sand layer covered by adobe soil. The adobe cover varies in thickness from a foot to as much as twenty feet. Where the terrace cover is thick, a greater response to seismic waves may be expected. Slopes are less than 5:1 therefore no landslide risk.

Quaternary Sand Dunes (Q<sub>s</sub>) - - Consolidated and cohesive sand of variable thickness, but at least 30-feet thick in the northwest part of the study area. Terrain underlain by this soil would be most responsive to seismic waves. Occurs in areas of low slope angles thus little landslide potential.

Valmonte Diatomite (Tv) - - Small outcrop area of diatomaceous shale along seacliffs in the northwest portion of the city.

This rock has a high resistance to downslope movement, however, along cliffed areas some failures have occurred due to groundwater seepage. Some lurching effects can be expected during a strong earthquake.

Altamira Shale (Ta) - - Usually thin adobe soils overlying competent siliceous and diatomaceous shales with relatively low response to seismic shaking. Where local adverse geologic conditions exist it may be slide prone.

Tertiary Basalt (Tb) - - Resistant bedrock type not prone to sliding and with a low response to seismic waves. This material acts to buttress slopes and the cliffed points along the Peninsula shoreline.

Along seacliff areas, where there is a thick terrace or sand-dune cover, lurching effects would be the greatest hazard due to ground motion. This could result in ground cracking and slumping along the cliffs during shaking. Such sites are delineated on the map (Exhibit A) most notably the Malga Cove-Bluff Cove section.

Bedrock along the cliffs is expected to perform well during an earthquake. Some falling of loose joint blocks and detached rocks will occur, but gross failure is not anticipated. Preliminary geotechnical investigation is required for each building site along the cliffs reducing risks to a minimum. A few sites have already been designated as marginal and would require extensive ground modification before approval for building.

#### Assessment.

Palos Verdes Estates is a small suburban residential community

with an area of 4.75 square miles. It is bounded on the northeast by the Palos Verdes fault and lies in a region of high seismicity in Southern California. The largest local quake in historic times was a Magnitude 6.2 on March 10, 1933, centered near Long Beach. Shaking effects on the Peninsula ranged from Intensity VII (modified Mercalli Scale) in areas underlain by Tertiary sedimentary rocks, to Intensity VIII where consolidated younger terrace and dune-sand deposits occur. No surface rupture due to faulting has ever occurred on the Peninsula, and the known active faults in the region lie outside the study area.

Shaking will cause slight damage to well-built structures, whereas considerable damage may be expected in older and/or poorly built structures. Inasmuch as 98+ percent of the buildings in the city are one and two-story single-family dwellings of modern construction, little serious damage due to shaking is expected. Older structures may sustain considerable damage. There are 34 one, two, and three-story multiple dwellings clustered about the Malaga Cove and Lunada Bay commercial centers. These are modern wood, stucco, and brick construction and would sustain damage similar to well built single-family dwellings.

Surficial slumps of soil and weathered bedrock can be expected on slopes steeper than 2:1 during strong motion. Dwellings founded on piers or caissons in bedrock will not be affected by slumping, however, older structures with shallow continuous footings on steep slopes may sustain considerable structural damage. Large translation failures (block glides) are not known in Palos Verdes

Estates, although massive failures of this type have occurred at Portuguese Bend (Merriam, 1960 ) and Point Fermin. The adverse geologic conditions and rock types leading to this type of failure have not been found within the city, but they may exist in currently undeveloped land or city-owned parklands.

Damage or loss of life from seiche, tsunami, and mudslide is considered negligible, although access to city-owned beaches should be restricted should an earthquake centered offshore occur.

#### Mitigating Measures.

The City of Palos Verdes Estates has implemented the following plans and regulations which individually and collectively provide for control of the level of risk that may occur due to seismic related hazards.

1. An emergency operations plan.
2. A two and one half story building height restriction.
3. A Grading Ordinance which requires individual review and preparation of an environmental impact analysis on any development that:
  - a. Requires removal of major native vegetation.
  - b. Results in a combined cut and fill grading in excess of 250 cubic yards.
  - c. The Building Official believes there is need for an Engineering Geology Report or Soils Engineering Report .
4. A requirement that all building plans be signed by a licensed architect unless the value of a new building is less than \$8,000.00 or the value of an addition, alteration or repair is less than \$4,000.00 or the project does not involve any architectural

4. (cont.)

design or structural engineering.

5. An Ordinance which adopts the 1973 addition of the Uniform Building Code prepared and published by the International Conference of Building Officials.

## LAND USE AND CIRCULATION

The land use and related circulation development in Palos Verdes Estates is single family residential except in the Lunada Bay and Malaga Cove commercial centers. These patterns are set by deed restriction in addition to the City's land use and zoning regulations. In view of this, future development of the City is limited to single family residents and upgrading or replacement of existing multi-family and commercial buildings.

By normal processing of new building permits and remodeling and reconstruction permits, building code requirements are met and structures are required to comply with current design standards for seismic occurrences.



## SEISMIC SAFETY ELEMENT RELATIONSHIPS

### Relationship to the General Plan

This mandatory element of the Palos Verdes Estates General Plan reflects the statewide concern for seismic safety planning. Palos Verdes Estates General Plan is two years old, and it is considered as complete and in need of no revisions. The Circulation Element and the Land Use Element are parts of the original document adopted in 1973. The City also has adopted the Housing Element, Safety Element, Noise Element and the Open Space-Conservation Element of the General Plan as required by State law. This Seismic Safety Element is closely related to the Safety Element and forms the basis for all building permit evaluations.

The City-wide limitation of a two and one half story building height acts as a positive factor in reducing the percentage of casualties in the event of a major quake along the Newport-Inglewood system or great quake along the San Andreas system.

### Environmental Impact Report Procedures

It is appropriate and desirable that the City require that a comprehensive environmental impact report be prepared on all significant projects that deal with new buildings or zone changes that provide for intensification of land use. A development's ability to withstand potential natural disaster should play an important part in the findings in such a report.

## IMPLEMENTATION AND REVIEW

### Building Inspection Program

A continuing building inspection program has been followed throughout the years of Palos Verdes Estates' existence. Due to the nature of the improvements within the City, it has not been necessary to follow an extensive building inspection program with particular reference to seismic safety. However, in the future, major construction or developments should be required to conform to seismic safety in accordance with contemporary standards. It has been found that pre-1933 buildings used lime mortar for joints, poor quality bricks, inadequate structural ties connecting roofs and walls, and no reinforcing steel in the walls. Any high risk structure in Palos Verdes Estates should be located and identified. If it is economically feasible to do so, such a structure should be strengthened and modernized. In some cases, it may be more appropriate to reduce the load level or occupancy of the structure. As a last resort, any building which cannot be rehabilitated and is literally unsafe should be demolished.

### Contingency Plans for Major Disasters and Emergencies

In cooperation with Civil Defense Area G of Region I (Los Angeles County) of the California Office of Emergency Services, the City of Palos Verdes Estates has prepared an Emergency Operation Plan (EOP). This plan provides for preparing, mobilizing and employing public and private resources to meet essential needs in serious emergencies. This plan can be placed in effect when a state of war emergency exists in the State of California, when a state of emergency affecting Palos Verdes Estates is

declared by the Governor, or in case of local emergency by action of the City Government.

The City of Palos Verdes Estates also has a Mutual Aid and Joint Powers Agreement with the twelve other cities located within operational Area G of Civil Defense Region I of California. This agreement provides that it is necessary and desirable that the resources, personnel, equipment and facilities of any one part to the agreement be made available to any other party to prevent, combat, or eliminate a probable imminent, or actual threat to life or property resulting from a local peril, local emergency, local disaster, or civil disturbance, in the absence of a duly proclaimed "state of extreme emergency" or "state of disaster", and to render mutual and supplementary police protection one to the other as the need may arise.

#### Seismic and Emergency Information Programs

Study and experience have shown that the public generally does not know what to do before, during, or after a major earthquake. Due to the unpredictability of earthquakes and the potential violence and destruction in their wake, some individuals fail to prepare properly, and therefore react irrationally.

The public should be made aware of the relative seismic safety hazards of Palos Verdes Estates and its geographical area. Consequently, the City should develop and implement an emergency information and education program to provide the public with timely instructions that will enable the residents to prepare for and safely respond to the effects of a major earthquake or other type of disaster or emergency. This should include information about the nature of earthquakes and why Southern California is subject to seismic occurrences.

The local schools, churches and civic organizations should be encouraged and aided to the extent practicable, to provide disaster training for school children and others. This should include information and advice on how to protect themselves, their families, and their homes during and after a major earthquake or other emergency.

#### Building Code Update

The City of Palos Verdes Estates operates under the International Conference of Building Officials Building Code which has been adopted by reference with some local modifications. Prior to adoption by the City Council, the Building Code and its amendments are submitted for thorough review by the construction industry and various professional organizations.

In cooperation with the ICBO, steps should be taken to provide the necessary building regulations to insure the stability of major new buildings in case of significant seismic events. Conversely, the

City should be aware of the changes made by the ICBO in the Uniform Building Code to increase the seismic safety of various kinds of structures, and they should be adopted for appropriate use in Palos Verdes Estates.

#### CONCLUSIONS AND RECOMMENDATIONS

Based upon the data developed during this study for the Seismic Safety Element of the General Plan of the City of Palos Verdes Estates, the following comments, conclusions and recommendations are submitted for consideration and action:

1. No earthquake faults are known to directly underlie the City of Palos Verdes Estates,

However, some branches of the Palos Verdes Fault may not have been located and geologic surveillance should continue as areas near the zone are more fully developed.

2. Palos Verdes Estates is generally free of any possible damage due to the following phenomena: Ground rupture, Tsunami, liquefaction, large translational failures (Block Glides), Seiche and mudslides.
3. The greatest predictable earthquake through Southern California could result in an intensity of VIII on the modified mercalli scale in a limited area of Palos Verdes Estates with the

majority of the City having an intensity of VII.

4. 4. The only areas that could expect major damage due to ground shaking are the older structures.
5. In the areas of the City where Altamira Shale or Valmonte Diatomite outcroppings occur along the seacliffs, special efforts should be made to eliminate and prevent groundwater seepage.
6. Preliminary geotechnical investigations should continue to be required on any building site located along the seacliffs, and in addition on any lot with a slope equal to or steeper than two feet horizontal to one foot vertical.
7. The upgrading of building and safety codes for new construction from a seismic safety standpoint should be aimed at lessening loss of life or serious injury. Any increased protection above this level should be at the option of the owner of the property. However, property owners should be encouraged to take the steps necessary to protect their properties against the economic risks of seismic hazards.
8. Pre-1933 buildings in Southern California constitute the most serious threat to public safety because of the probability of their collapse during strong earthquakes in the future. By normal remodeling and reconstruction permits, building code requirements are met and structures are required to comply with current design standards for seismic occurrences.

9. Structures and facilities which are particularly important in post-disaster operations, such as emergency power installations, emergency operating centers, public safety facilities and essential elements of key communications systems, should be designed and constructed to withstand strong earthquake shaking and to continue to function.
  
10. All public schools are required by state law to conform to very rigid seismic safety design. In addition the Field Act requires that any non-complying structure be brought up to standard. The schools in Palos Verdes Estates are all subject to these requirements and have complied with them.
  
11. Most typical, modern, one-story, wood-frame houses perform well during earthquake ground shaking in that no severe hazards are created nor are major economic losses widespread in such structures.
  
12. Utility companies serving or within Palos Verdes Estates should consider the effects of significant seismic events in the planning, design, construction and operations of their installations. To the extent practicable, they should provide spares or redundancies in separated locations, and they should develop repair and recovery ability for emergencies including standby capability. In general, the features of the various systems which are the most vulnerable to

12. seismic disturbances should be identified, and steps should be taken to have the utility companies minimize potential adverse effects. For example valves should be installed at strategic locations for shutoff and isolation of a section of a system. Interconnections of systems for safety are desirable even though they may be limited in capacity.
13. Public safety and welfare depend greatly on the functioning of public utility systems, such as water supply, sewers, gas, electricity, communications and transportation. Consequently, continuing attention should be given to insure that these facilities will not be seriously disrupted during an earthquake. Public utilities are, in general, such complicated systems that special studies should be made on how adequate earthquake resistance can best be achieved at an economical cost. The State of California probably should take the lead in initiating and sponsoring such research.
14. There are no major highway structures, overpasses, bridges, or tunnels within the City of Palos Verdes Estates, which would be vulnerable to landslides, liquefaction or other geologic hazards.
15. Adequate fire protection should be an integral part of the planning for seismic safety. This includes provisions for an adequate water supply, both from the standpoint of an effective distribution system and a standby source of water on an emergency basis. Also, zoning practices should insure that future developments



adequately provide for the manipulation and deployment of firefighting equipment, particularly in the residential areas of the City.

SELECTED BIBLIOGRAPHY

TABLES

AND

APPENDICES

Selected Bibliography

Appendix A - Definitions of Terms

Appendix B. Map Exhibit A Geologic Earth Materials

Appendix C. Map Exhibit B Generalized Slope Map

Table I - Earthquake Activity

## REFERENCES CITED

- Byerly, Perry, 1964, California's earthquake history, in State of California, Resources Agency, Earthquake and Geologic Hazards Conference; San Francisco, p. 16
- Merriam, Richard, 1960, Portuguese Bend Landslide, Palos Verdes Hills, California; Jour. Geology, v. 68, no. 2, p. 140-153
- Richter, C.F., 1959, Seismic regionalization; Bull. Seismological Soc. Amer., v. 49, no. 2, 123-162
- U.S. Geological Survey, 1971, The San Fernando, California, earthquake of February 9, 1971, U.S. Geol. Survey Prof. Paper 733, 253 p.
- Wood, Harry O., 1933, Preliminary report on the Long Beach earthquake; Bull. Seismological Soc. Amer., v. 23, no. 2, p. 43-56
- Woodring, W.P., Bramlette, M.N., and Kleinpell, R.M., 1936, Miocene stratigraphy and paleontology of Palos Verdes Hills, California: Bull. Amer. Assoc. Petroleum Geol., v. 20, no. 2, p. 125-149
- Yerkes, R.F., McCulloh, T.H., Schoellhamer, J.E., and Vedder, J.G., 1965, Geology of the Los Angeles Basin, California--An Introduction: U.S. Geol. Survey Prof. Paper 420-A, 57 p.

City of Lomita 's Seismic and Safety Element

DEFINITIONS OF TERMS

Accelerograph

An instrument for measuring accelerations or for detecting and measuring vibrations.

Aftershock

Aftershocks are a part of the release of accumulated elastic strain. When a significant earthquake occurs, it not only relieves the pressure along its particular section of fault but also changes the stress patterns for miles around. These changes, in turn, create adjustments of their own.

California Emergency Services Act

The California Emergency Services Act, Chapter 7 of Division 1 of Title 2 of the Government Code, is that portion of the State Code that provides the legal basis for the preparation of emergency plans and the conduct of emergency operations by the State of California and its political subdivisions.

Emergency Operating Center (EOC)

An emergency operating center is a facility designed and equipped to provide a site for local government executives and key officials to direct and control emergency operations. When constructed to Federal criteria, it provides protection against fallout radiation (100 protection factor) and includes a communications center, emergency power, fuel, food and water for a fourteen-day period.

Emergency Operations

Emergency operations refer to those measures and actions taken by local governments and their departments and agencies to minimize loss of life and property and to mitigate hardship resulting from disaster and to expedite recovery.

### Epicenter

The part of the earth's surface directly above the point where the fault slip began.

### Fault

A fracture of the earth's crust accompanied by a displacement of one side of the fracture with respect to the other.

### Active Fault

A fault that has moved in recent geologic time and which is likely to move again in the relatively near future. (For geologic purposes, there are no precise limits to recency of movement or probable future movement that define an "active fault". Definitions for planning purposes extend on the order of 10,000 years or more back and 100 years or more forward. The exact time limits for planning purposes are usually defined in relation to contemplated uses and structures.)

### Inactive Fault

A fault which shows no evidence of movement in recent geologic time and no evidence of potential movement in the relatively near future.

### Field Act

A statute (Education Code, Sections 15451-15465), enacted following the Long Beach earthquake of 1933, that gave the State Division of Architecture authority and responsibility for approving design and supervising construction of public schools and establishing severe penalties for violations.

### Foreshock

Minor movements along faults that sometimes precede and may even provide part of the triggering device for a main earthquake shock. They can occur weeks or months in advance, and their foci or hypocenters may be somewhat removed from that of the main movement.

### Ground Deformation

Visible manifestation of earth movement along a fault, or earth cracking. Such movement may have been vertical or horizontal, or both.

### Modified Mercalli Scale

A system that describes the effects (intensity) of an earthquake at specified points in terms of a series of levels ranging from I to XII. These intensities tend to be highest near the epicenter of the earthquake, decreasing with increasing distance from a central area; but often this is much modified by the nature of the ground.

### Richter Scale

The Richter Magnitude Scale measures the magnitude of an earthquake. Earthquake magnitude numbers are used to compare different earthquakes independently of the locations of their epicenters or points of observations. They are calculated from measurements of seismograph records.

### Riley Act

Health and Safety Code, Division 13, Part 3, Chapter 2, (Sections 19100-19170, which was enacted in 1933 following the Long Beach earthquake. The act established minimum State standards for construction and exempted farm buildings and dwellings occupied by not more than two families outside the limits of incorporated areas.

### Scarp

A line of cliffs produced by faulting or erosion.

### Seiches

Earthquake-induced standing waves in lakes or ponds.

### Seismic Sea Waves (Tsunami)

Ocean waves, created by submarine earthquakes, that travel great distances at high speeds (average 450 mph) and have a high destructive potential depending on a number of factors such as shoreline configuration and depth of water. They are commonly referred to as tidal waves.

### Seismograph

An instrument that writes a continuous record of the successive earth waves generated by an earthquake.

### Soil Liquefaction

Change of water saturated cohesionless soil to liquid, usually from intense ground shaking; soil loses all strength.

### Strong Shaking

That degree of shaking produced by the earth waves that are generated by an earthquake and radiate out from the hypocenter which is sufficient to cause substantial damage to structures of any size.

### Tectonic

Of or relating to the deformation of the earth's crust; the forces involved in or producing such deformation, and the resulting forms. Movement may be rapid resulting in an earthquake, or slow (tectonic creep).

### Uniform Building Code

The Uniform Building Code of the International Conference of Building Officials, which was written and adopted initially by the members of the conference in 1926 and as repeatedly amended. Though "uniform" in appearance, it recognizes special requirements of individual areas and so provides.

TABLE I

**CALIFORNIA INSTITUTE OF TECHNOLOGY**

SEISMOLOGICAL LABORATORY, 295 NORTH SAN RAFAEL AVENUE, PASADENA, CALIFORNIA

MAILING ADDRESS  
P.O. BIN 2 - ARROYO ANNEX  
PASADENA, CALIFORNIA 91109

TELEPHONE (213) 795-8606

The accompanying list is compiled from the USCoast and Geodetic Survey "Earthquake History of the United States, Part II, Stronger Earthquakes of California and Western Nevada," and yearly publications, "United States Earthquakes;" Gutenberg and Richter, "Seismicity of the Earth," and the publications of Caltech Seismological Laboratory.

Where the month is blank, the time of year is known only roughly, and the day is of no significance.

Time of day ( 24 hours, midnight to midnight) is given where known. PST

LAT and LONG are the latitude and longitude of the epicenter where it is known or inferred from the available reports of distribution of intensity; otherwise, the coordinates of the area of highest reported intensity.

Q indicates the presumed accuracy of LAT and LONG:

- 3 instrumental location good within 15 km.
- 4 listed to the nearest  $\frac{1}{4}$  or 0.1 degree
- 5 listed to the nearest  $\frac{1}{2}$  degree
- 6 listed to the nearest degree

MAG is magnitude on the Richter scale

I is maximum reported intensity on the Modified Mercalli Scale of 1931

A indicates estimated area of perceptibility:

- 1 1,000 - 2,999 square miles
- 2 3,000 - 9,999
- 3 10,000 - 29,999
- 4 30,000 - 99,999
- 5 100,000 - 299,999
- 6 300,000 or over

special reports take precedence over the above:

- 8 seismic sea wave
- 9 surface faulting is indicated or confirmed by descriptions of ground fissures

D distance in kilometers from the point designated by LAT and LONG to  $33^{\circ} 45' N, 118^{\circ} 20' W$



STRONG EARTHQUAKES NEAR 33°45'N 118°20'W (PALOS VERDES REGION)

YEAR	MO	DA	H	M	LAT	LONG	Q	MAG	I	A	D
1812	12	8	.07	.00	33.30.00	117.40.00	4.0.0.	8.5.			68
1855	7	10	.20	.15	34.00.00	118.30.00	5.0.0.	8.0.	.8		32
1878		1	.00	.00	34.00.00	118.30.00	5.0.0.	7.2.			32
1889	8	27	.18	.15	34.00.00	118.00.00	6.0.0.	6.0.			41
1890	2	9	.04	.06	34.00.00	117.30.00	5.0.0.	6.0.			82
1893	4	4	.11	.40	34.30.00	118.30.00	5.0.0.	8.5.	.9		85
1903	12	25	.09	.45	34.00.00	118.00.00	5.0.0.	6.0.			41
1910	5	15	.07	.47	33.30.00	117.30.00	5.6.0.	7.0.			82
1912	12	14	.00	.00	34.00.00	119.00.00	5.0.0.	6.5.			67
1918	4	22	.13	.15	34.00.00	117.30.00	5.0.0.	6.0.			82
1918	11	19	.12	.18	34.00.00	118.30.00	4.0.0.	6.0.			32
1920	6	21	.18	.48	34.00.00	118.30.00	5.4.9.	8.0.	.3		32
1920	7	16	.10	.08	34.00.00	118.30.00	5.0.0.	6.0.			32
1927	8	4	.04	.24	34.00.00	118.30.00	5.0.0.	6.0.			32
1929	7	8	.08	.46	34.00.00	118.00.00	4.4.7.	8.0.			41
1930	8	30	.16	.40	33.00.00	118.00.00	5.5.2.	7.0.	.3		89
1933	3	10	.17	.54	33.36.00	118.00.00	4.6.2.	9.0.	.5		35
1933	10	2	.01	.10	33.48.00	118.06.00	3.5.4.	6.0.	.2		22
1938	5	31	.00	.33	33.42.00	117.30.00	4.5.5.	6.0.	.4		77
1939	12	27	.11	.28	33.48.00	118.06.00	4.4.5.	6.0.			22
1940	10	10	.21	.57	33.48.00	118.24.00	4.5.0.	6.0.	.3		8
1941	11	14	.00	.41	33.48.00	118.12.00	4.5.4.	7.5.	.2		13
1944	6	18	.16	.03	33.54.00	118.12.00	4.4.5.	6.0.	.3		21
1952	8	23	.02	.09	34.30.00	118.12.00	4.5.0.	6.0.	.4		84
1956	1	2	.16	.25	33.48.00	117.30.00	4.4.7.	6.0.	.2		77
1956	2	6	.18	.17	34.36.00	118.36.00	.4.2.	6.0.	.2		97
1956	2	6	.19	.16	34.36.00	118.36.00	.4.6.	6.0.	.2		97
1957	3	18	.10	.56	34.06.00	119.12.00	4.4.7.	6.0.	.2		89
1961	10	20	.11	.49	33.39.00	118.00.00	3.4.3.	6.0.	.1		33
1965	1	1	.00	.04	34.00.00	117.36.00	3.4.5.	6.0.	.2		73
1965	4	15	.12	.08	34.06.00	117.30.00	3.4.5.	6.0.	.2		86
1965	7	15	.23	.46	34.24.00	118.36.00	3.4.5.	6.0.	.2		76
1965	11	12	.15	.55	34.00.00	118.12.00	3.3.0.	6.0.			30
1966	10	1	.21	.12	33.58.00	118.19.00	3.3.5.	6.0.			24
1967	6	14	.20	.58	34.00.00	117.58.00	3.4.1.	6.0.			44

TABLE I - A

CALIFORNIA INSTITUTE OF TECHNOLOGY

SEISMOLOGICAL LABORATORY, 295 NORTH SAN RAFAEL AVENUE, PASADENA, CALIFORNIA

MAILING ADDRESS:  
P.O. BIN 2 - ARROYO ANNEX  
PASADENA, CALIFORNIA 91109

The accompanying list is extracted from a catalog of earthquakes recorded at the Seismological Laboratory, Pasadena, California, and its auxiliary stations.

Double periods replace colons in origin times, latitude and longitude; and separate quality from magnitude, and depth of focus from list identifiers.

Q -- quality of epicenter location

- 1 unusually accurate
- 2 accurate within 5 km.
- 3 accurate within 15 km.
- 4 rough

MAG -- magnitude on the Richter scale

DEPTH -- depth of focus in kilometers below sea level,  
If LIST is 8 or 9, depth was assumed to be 15 km. in solving for epicenter

LIST -- identifies source of epicenter determination:

- 9 Local Earthquake Bulletin 1934-1957, issued by the Seismological Laboratory and edited and revised by Clarence Allen and Pierre St. Amant
- 8 Local Earthquake Bulletin 1957 -- June, 1961, and later shocks not located by the method of least squares
- 7 locations determined by the U.S. Coast and Geodetic Survey: origin time reported to the nearest second, coordinates to the nearest tenth of a degree
- 1 locations obtained at the Seismological Laboratory, Pasadena, using the method of least squares on an electronic computer.

D -- distance in kilometers from a specified point in the region; given only if the list is confined to shocks within a circle about that point.

For further details, see Nordquist, "A catalog of Southern California earthquakes, and associated data processing programs" Bulletin of the Seismological Society of America, vol. 54, pp 1003-1011 (reprint 480).

T; me is Greenwich Mean Time -- for Pacific Standard Time, subtract 8 hours, for Pacific Daylight Time, subtract 7 hours.

EARTHQUAKES MAGNITUDE 4.0 AND OVER WITHIN 50 KILOMETERS OF 33°45'N 118°20'W  
(PALOS VERDES AREA)

YEAR	MO	DA	H	M	S	°	' N	°	' W	Q	MAG	DEPTH	LIST	D
1933	3	11	.01	.54	.07	33	.37	117	.58	1	.6.3	.0	.8	77
1933	3	11	.02	.04	.00	33	.45	118	.05	3	.4.9	.0	.8	23
1933	3	11	.02	.05	.00	33	.45	118	.05	3	.4.3	.0	.8	23
1933	3	11	.02	.09	.00	33	.45	118	.05	3	.5.0	.0	.8	23
1933	3	11	.02	.10	.00	33	.45	118	.05	3	.4.6	.0	.8	23
1933	3	11	.02	.11	.00	33	.45	118	.05	3	.4.4	.0	.8	23
1933	3	11	.02	.16	.00	33	.45	118	.05	3	.4.8	.0	.8	23
1933	3	11	.02	.17	.00	33	.36	118	.00	5	.4.5	.0	.8	35
1933	3	11	.02	.22	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.02	.27	.00	33	.45	118	.05	3	.4.6	.0	.8	23
1933	3	11	.02	.30	.00	33	.45	118	.05	3	.5.1	.0	.8	23
1933	3	11	.02	.31	.00	33	.36	118	.00	5	.4.4	.0	.8	35
1933	3	11	.02	.52	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.02	.57	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.02	.58	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.02	.59	.00	33	.45	118	.05	3	.4.6	.0	.8	23
1933	3	11	.03	.05	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.03	.09	.00	33	.45	118	.05	3	.4.4	.0	.8	23
1933	3	11	.03	.11	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.03	.23	.00	33	.36	118	.00	5	.4.2	.0	.8	35
1933	3	11	.03	.23	.00	33	.45	118	.05	3	.5.0	.0	.8	23
1933	3	11	.03	.36	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.03	.39	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.03	.47	.00	33	.45	118	.05	3	.4.1	.0	.8	23
1933	3	11	.04	.36	.00	33	.45	118	.05	3	.4.6	.0	.8	23
1933	3	11	.04	.39	.00	33	.45	118	.05	3	.4.9	.0	.8	23
1933	3	11	.04	.40	.00	33	.45	118	.05	3	.4.7	.0	.8	23
1933	3	11	.05	.10	.22	33	.42	118	.04	3	.5.1	.0	.8	25
1933	3	11	.05	.13	.00	33	.45	118	.05	3	.4.7	.0	.8	23
1933	3	11	.05	.15	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.05	.18	.04	33	.34	117	.59	3	.5.2	.0	.8	38
1933	3	11	.05	.21	.00	33	.45	118	.05	3	.4.4	.0	.8	23
1933	3	11	.05	.24	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.05	.53	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.05	.55	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.06	.11	.00	33	.45	118	.05	3	.4.4	.0	.8	23
1933	3	11	.06	.18	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.06	.29	.00	33	.51	118	.16	3	.4.4	.0	.8	13
1933	3	11	.06	.35	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.06	.58	.03	33	.41	118	.03	3	.5.5	.0	.8	27
1933	3	11	.07	.51	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.07	.59	.00	33	.45	118	.05	3	.4.1	.0	.8	23
1933	3	11	.08	.08	.00	33	.45	118	.05	3	.4.5	.0	.8	23
1933	3	11	.08	.32	.00	33	.45	118	.05	3	.4.2	.0	.8	23
1933	3	11	.08	.37	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.08	.54	.57	33	.42	118	.04	3	.5.1	.0	.8	25
1933	3	11	.09	.10	.00	33	.45	118	.05	3	.5.1	.0	.8	23
1933	3	11	.09	.11	.00	33	.45	118	.05	3	.4.4	.0	.8	23
1933	3	11	.09	.26	.00	33	.45	118	.05	3	.4.1	.0	.8	23
1933	3	11	.10	.25	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.10	.45	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.11	.00	.00	33	.45	118	.05	3	.4.0	.0	.8	23
1933	3	11	.11	.04	.00	33	.45	118	.08	3	.4.6	.0	.8	18
1933	3	11	.11	.29	.00	33	.45	118	.05	3	.4.0	.0	.8	23

YEAR	MO	DA	H	M	S	N	W	Q	MAG	DEPTH	LIST	D
1933	3	11	.11	.38	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	11	.11	.41	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	11	.11	.47	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	11	.12	.50	.00	33..41.00	118..03.00	3..4.4..	.0..8			27
1933	3	11	.13	.50	.00	33..44.00	118..06.00	3..4.4..	.0..8			22
1933	3	11	.13	.57	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	11	.14	.25	.00	33..51.00	118..16.00	3..5.0..	.0..8			13
1933	3	11	.14	.47	.00	33..44.00	118..06.00	3..4.4..	.0..8			22
1933	3	11	.14	.57	.00	33..53.00	118..19.00	3..4.9..	.0..8			15
1933	3	11	.15	.09	.00	33..44.00	118..06.00	3..4.4..	.0..8			22
1933	3	11	.15	.47	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	11	.16	.53	.00	33..45.00	118..05.00	3..4.8..	.0..8			23
1933	3	11	.19	.44	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	11	.19	.56	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	11	.22	.00	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	11	.22	.31	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	11	.22	.32	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	11	.22	.40	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	11	.23	.05	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	12	.00	.27	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	12	.00	.34	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	12	.04	.48	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	12	.05	.46	.00	33..45.00	118..05.00	3..4.4..	.0..8			23
1933	3	12	.06	.01	.00	33..45.00	118..05.00	3..4.2..	.0..6			23
1933	3	12	.06	.16	.00	33..45.00	118..05.00	3..4.6..	.0..8			23
1933	3	12	.07	.40	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	12	.08	.35	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	12	.15	.02	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	12	.16	.51	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	12	.17	.38	.00	33..45.00	118..05.00	3..4.5..	.0..8			23
1933	3	12	.18	.25	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	12	.21	.28	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	12	.23	.54	.00	33..45.00	118..05.00	3..4.5..	.0..8			23
1933	3	13	.03	.43	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	13	.04	.32	.00	33..45.00	118..05.00	3..4.7..	.0..8			23
1933	3	13	.06	.17	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	13	.13	.18	.28	33..45.00	118..05.00	3..5.3..	.0..8			23
1933	3	13	.15	.32	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	13	.19	.29	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	14	.00	.36	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	14	.12	.19	.00	33..45.00	118..05.00	3..4.5..	.0..8			23
1933	3	14	.19	.01	.50	33..37.00	118..01.00	3..5.1..	.0..8			33
1933	3	14	.22	.42	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	15	.02	.08	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	15	.04	.32	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	15	.05	.40	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	15	.11	.13	.32	33..37.00	118..01.00	3..4.9..	.0..8			33
1933	3	16	.14	.56	.00	33..45.00	118..05.00	3..4.0..	.0..8			23
1933	3	16	.15	.29	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	16	.15	.30	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	17	.16	.51	.00	33..45.00	118..05.00	3..4.1..	.0..8			23
1933	3	18	.20	.52	.00	33..45.00	118..05.00	3..4.2..	.0..8			23
1933	3	19	.21	.23	.00	33..45.00	118..05.00	3..4.2..	.0..8			23

YEAR	MO	DA	H	M	S	°	'	N	°	'	W	Q	MAG	DEPTH	LIST	D
1933	3	20	.13	.58	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	3	21	.03	.26	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	3	23	.08	.40	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	3	23	.18	.31	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	3	25	.13	.46	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	3	30	.12	.25	.00.00	33	.45	.00	118	.05	.00	3	.4.4	.0	.8	23
1933	3	31	.10	.49	.00.00	33	.45	.00	118	.05	.00	3	.4.1	.0	.8	23
1933	4	1	.06	.42	.00.00	33	.45	.00	118	.05	.00	3	.4.2	.0	.8	23
1933	4	2	.08	.00	.00.00	33	.45	.00	118	.05	.00	3	.4.0	.0	.8	23
1933	4	2	.15	.36	.00.00	33	.45	.00	118	.05	.00	3	.4.0	.0	.8	23
1933	5	16	.20	.58	.55.00	33	.45	.00	118	.10	.00	3	.4.0	.0	.8	15
1933	8	4	.04	.17	.48.00	33	.45	.00	118	.11	.00	3	.4.0	.0	.8	14
1933	10	2	.09	.10	.17.60	33	.47	.00	118	.08	.00	1	.5.4	.0	.8	19
1933	10	2	.13	.26	.01.00	33	.37	.00	118	.01	.00	3	.4.0	.0	.8	33
1933	10	25	.07	.00	.46.00	33	.57	.00	118	.08	.00	3	.4.3	.0	.8	29
1933	11	13	.21	.28	.00.00	33	.52	.00	118	.12	.00	3	.4.0	.0	.8	18
1933	11	20	.10	.32	.00.00	33	.47	.00	118	.08	.00	2	.4.0	.0	.8	19
1934	1	20	.21	.17	.00.00	33	.37	.00	118	.07	.00	2	.4.5	.0	.9	25
1934	4	17	.18	.33	.00.00	33	.34	.00	117	.59	.00	3	.4.0	.0	.9	38
1934	10	17	.09	.38	.00.00	33	.38	.00	118	.24	.00	2	.4.0	.0	.9	14
1934	11	16	.21	.26	.00.00	33	.45	.00	118	.00	.00	2	.4.0	.0	.9	31
1935	12	25	.17	.15	.00.00	33	.36	.00	118	.01	.00	2	.4.5	.0	.9	34
1936	8	22	.05	.21	.00.00	33	.46	.00	117	.49	.00	2	.4.0	.0	.9	48
1936	10	29	.22	.35	.00.00	33	.43	.00	118	.42	.00	3	.4.0	.0	.9	34
1937	1	15	.18	.35	.00.00	33	.30	.00	118	.15	.00	2	.4.0	.0	.9	29
1937	7	7	.11	.12	.00.00	33	.34	.00	117	.59	.00	2	.4.0	.0	.9	38
1938	5	21	.09	.44	.00.00	33	.37	.00	118	.02	.00	2	.4.0	.0	.9	31
1938	8	31	.03	.18	.00.00	33	.48	.00	118	.14	.00	2	.4.5	.0	.9	11
1938	11	29	.19	.21	.00.00	33	.53	.00	118	.28	.00	2	.4.0	.0	.9	19
1938	12	7	.03	.38	.00.00	34	.00	.00	118	.25	.00	2	.4.0	.0	.9	29
1939	11	4	.21	.41	.00.00	33	.46	.00	118	.07	.00	2	.4.0	.0	.9	20
1939	12	27	.19	.28	.49.00	33	.47	.00	118	.08	.00	2	.4.5	.0	.9	19
1940	1	13	.07	.49	.00.00	33	.47	.00	118	.08	.00	2	.4.0	.0	.9	19
1940	2	8	.16	.56	.17.00	33	.42	.00	118	.04	.00	2	.4.0	.0	.9	25
1940	2	11	.19	.24	.10.00	33	.59	.00	118	.18	.00	2	.4.0	.0	.9	26
1940	7	18	.04	.01	.13.00	33	.42	.00	118	.04	.00	2	.4.0	.0	.9	25
1940	10	11	.05	.57	.13.00	33	.47	.00	118	.25	.00	2	.5.0	.0	.9	9
1940	10	12	.00	.24	.00.00	33	.47	.00	118	.25	.00	2	.4.0	.0	.9	9
1940	10	14	.20	.51	.11.00	33	.47	.00	118	.25	.00	2	.4.0	.0	.9	9
1940	11	1	.07	.25	.03.00	33	.47	.00	118	.25	.00	2	.4.0	.0	.9	9
1940	11	1	.20	.00	.46.00	33	.38	.00	118	.12	.00	2	.4.0	.0	.9	18
1940	11	2	.02	.58	.26.00	33	.47	.00	118	.25	.00	2	.4.0	.0	.9	9
1941	1	30	.01	.34	.47.00	33	.58	.00	118	.03	.00	1	.4.0	.0	.9	35
1941	3	22	.08	.22	.40.00	33	.31	.00	118	.06	.00	2	.4.0	.0	.9	34
1941	10	22	.06	.57	.18.00	33	.49	.00	118	.13	.00	1	.5.0	.0	.9	13
1941	10	22	.10	.32	.20.00	33	.47	.00	118	.12	.00	2	.4.0	.0	.9	13
1941	11	14	.08	.41	.36.00	33	.47	.00	118	.15	.00	1	.5.5	.0	.9	9
1942	4	16	.07	.28	.00.00	33	.22	.00	118	.09	.00	3	.4.0	.0	.9	46
1944	6	19	.00	.03	.33.00	33	.52	.00	118	.13	.00	2	.4.5	.0	.9	17
1944	6	19	.03	.06	.07.00	33	.52	.00	118	.13	.00	3	.4.4	.0	.9	17
1950	1	11	.21	.41	.35.00	33	.57	.00	118	.12	.00	2	.4.1	.0	.9	25
1961	10	20	.19	.49	.50.50	33	.39.24		117	.59.65		2	.4.3	4.6	.1	33
1961	10	20	.20	.07	.14.46	33	.39.57		117	.58.84		2	.4.0	6.1	.1	34

YEAR	MO	DA	H	M	S	'	N	'	W	Q	MAG	DEPTH	LIST	D					
1961	10	20	.21	..42	..40	.74	33	..39	.91	117	..58	.77	2	..4	..0	..7	2..1	34	
1961	10	20	.22	..35	..34	.21	33	..40	.29	118	..00	.75	2	..4	..1	..5	6..1	31	
1961	11	20	.08	..53	..34	.66	33	..40	.83	117	..59	.57	2	..4	..0	..4	..1	32	
1963	9	14	.03	..51	..16	.24	33	..32	.56	118	..20	.41	2	..4	..2	..2	..1	23	
1967	1	8	.07	..37	..30	.40	33	..37	.93	118	..28	.03	2	..4	..0	..11	..4	..1	18
1967	1	8	.07	..38	..05	.34	33	..39	.79	118	..24	.80	3	..4	..0	..17	..7	..1	12
1967	6	15	.04	..58	..05	.52	33	..59	.79	117	..58	.49	2	..4	..1	..10	..0	..1	43



CITY OF PALOS VERDES ESTATES, CALIFORNIA

SAFETY ELEMENT

OF THE GENERAL PLAN

SEPTEMBER

1 9 7 5



# CITY OF PALOS VERDES ESTATES

DEPARTMENT OF  
PUBLIC WORKS  
(213) 378-0383



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

## NEGATIVE DECLARATION

CITY OF PALOS VERDES ESTATES, CALIFORNIA

GENERAL PLAN SAFETY ELEMENT

### Project Description

This project consists of the adoption of the Safety Element of the General Plan of the City of Palos Verdes Estates, California as required by the State of California Government Code Section 65302.

### Findings

In view of the fact that the conclusions of the Safety Element do not propose any adverse alterations to the environment as defined under the California Environmental Quality Act it is hereby determined that this project will not have a significant effect on the environment.

### Initial Study

The initial study for this project is the second draft of the proposed Safety Element prepared by George Taylor, Director of Public Works/Planning Director of the City of Palos Verdes Estates. Copies of the initial study can be obtained from the office of the Director of Public Works, 340 Palos Verdes Estates, California 90274.

*Posted: July 25, 1975  
P.O. Library  
City Hall  
P.O. Country Club*

## SAFETY ELEMENT

### CITY OF PALOS VERDES ESTATES, CALIFORNIA

#### INTRODUCTION

##### Authority for Safety Element

The Government Code of the State of California requires that each City prepare and adopt a Safety Element for the City's General Plan. Section 65302.1 reads in part as follows:

A Safety Element for the protection of the community from fires and geologic hazards including features necessary for such protection as evacuation routes, peak load water supply requirements, minimum road widths, clearance around structures, and geologic hazard mapping in areas of known geologic hazard.

#### DEFINITIONS

The State of California Guidelines for preparation of the safety element contain the following definitions:

**Acceptable Risk:** The level of risk below which no specific action by local government is deemed to be necessary.

**Unacceptable Risk:** Level of risk above which specific action by government is deemed to be necessary to protect life and property.

**Avoidable Risk:** Risk not necessary to take because individual or public goals can be achieved at the same or less total "cost" by other means without taking the risk.

SAFETY ELEMENT

TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTION</b>	
Authority For Safety Element.....	1
<b>DEFINITIONS</b>	
<b>SCOPE AND NATURE OF THE SAFETY ELEMENT</b>	
General Policy .....	2
<b>GEOLOGIC HAZARDS</b>	
<b>LAND USE AND CIRCULATION RELATIONSHIPS</b>	
<b>EVACUATION ROUTES</b>	
<b>SAFETY ELEMENT RELATIONSHIPS</b>	
Relationship With Other Elements Of The General Plan .....	5
Relationship With Other Agencies.....	5
Relationship With Environmental Impact Report Procedures ...	6
<b>IMPLEMENTATION</b>	
General Comments.....	7
Conclusions .....	7
<b>APPENDICES</b>	
Appendix A - Fire Chiefs Comments and Recommendations.....	8
Appendix B - Police Chiefs Comments and Recommendations.....	13

Additional efforts to control safety hazards from fire together with identification of these hazards are set forth in appendix A attached hereto. This appendix, prepared by the Fire Chief is supported by the City Council and they will continue to update the fire fighting ability of the City within its realistic ability to do so. The Council will also continue to review the water supply systems with California Water Company to assure proper fire fighting capacity.

In relation to the individual property owners protection, the Council encourages the implementation of smoke detection alarms and sprinkler systems for existing properties where appropriate.

## SCOPE AND NATURE OF SAFETY ELEMENT

Palos Verdes Estates has prepared a safety element which takes into consideration the unique characteristics of the city and the adjoining environment.

### General Policy

The City Council has voted that in order to retain the unique rural natural environment of the City, such as its large natural parkland areas with their heavy growth of natural brush and trees together with large stands of trees and foliage in the residential areas, and the unique ocean bluffs and beaches <sup>comprising a marine reserve,</sup> that the level of related risks from fire and accidental injury are higher than in normal communities, but are considered acceptable. In addition, development of the city's streets and water supply due to the extremely steep terrain of the area does not permit street widths grades, and water pressure that are normally expected in other communities. Again these "deficiencies" together with their related hazards have in general been accepted by the community as acceptable risks.

Major disaster flood hazards for the community have been controlled by construction of storm drain systems both by the Los Angeles County Flood Control District and the City. Additional improvements are programmed and all developments, including single family construction are reviewed for potential flood problems.

Generally speaking the degree of review for each new development takes into consideration the possible safety hazards involved and where unacceptable safety risks are found specific action is taken to reduce the risk to acceptable levels.

## SAFETY ELEMENT RELATIONSHIPS

### Relationship With Other Elements of the General Plan

The safety element is closely related to the seismic safety element, the land use and circulation element, and the open space and conservation element.

Safety hazards can be a decisive factor in consideration of proposed development type and location.

The City's building code also provides basic guidelines for safe construction as does the City's fire code. In addition, the City has adopted a resolution of intention to update its grading ordinance which places strong emphasis on geologic protection.

### Relationships With Other Agencies

The safety element and its implementation should be coordinated closely with the surrounding communities particularly in the area of disaster preparedness, mutual aid and fire response.

Other agencies of aid to the City include, but are not limited to:

1. The American Red Cross
2. The Federal Disaster Assistance Administration
3. California Office of Emergency Services
4. The California Division of Industrial Safety
5. State and County Health Departments

### GEOLOGIC HAZARDS

Geologic hazards are defined in the Seismic Safety Element of the General Plan.

The community is free of known active faults and major slide areas. There have been in the past and probably will occur again in the future ocean bluff erosion and rock falls. All of the bluff areas are subject to this hazard and therefore prior to development in this area detailed geologic studies are required. If these studies indicate unacceptable risks are avoidable, it is required that the necessary steps be taken to eliminate the unacceptable risk.

### LAND USE AND CIRCULATION RELATIONSHIP

The City's land use and circulation elements of the general plan have taken into account the concern for development of the City.

These elements together with the City Code limit remaining development of the City to residential uses and provide for control of fire and geologic hazards.

No additional controls are deemed necessary at this time.

### EVACUATION ROUTES

The City, due to its terrain, has only three routes of total evacuation. These routes are Palos Verdes Drive West, Palos Verdes Drive North and Granvia Altamira. Depending on the type and location of the disaster, these routes should serve adequately<sup>\*\*</sup> Concern for organized evacuation has been expressed by the Chief of Police as shown in the attached Appendix B.

<sup>\*\*</sup> In addition, 4 1/2 miles of undeveloped ocean front provides a secondary evacuation potential.

## IMPLEMENTATION

### General Comments

The implementation of the policies of the City of Palos Verdes Estates with respect to safety hazards can be accomplished by adherence to the existing regulation of the City relating to Environmental Impact Procedures, and Building and Fire Codes together with implementation of the Seismic Safety Element.

Periodic review and updating of the City's ordinances relating to safety should be made.

### Conclusions

To provide for the protection of life and property the City should:

1. Support to the best of its ability the recommendations contained in Appendix A & B.
2. Continue the City's existing Building, Fire, and Environmental Ordinance restrictions on potential safety hazards.
3. Provide for the implementation of the City's Seismic Safety Element.
4. Work with all recognized safety agencies to develop and implement reasonable safety standards.



### Relationship With Environmental Impact Report Procedures

The federal, state and local environmental impact regulations provide a key instrument for implementation of safety protection when any development within the City or surrounding areas is proposed.

It is therefore imperative that appropriate environmental impact reports be required for any project development or activity which might create a safety hazard or reduce present safety standards.

**B. Evaluation of Existing and Potential Fire and Life Hazards**

1. Well started brush fires may quickly overwhelm the city's fire suppression forces leading to loss of exposed homes. Particularly those homes having wood shingle roofs or situated on canyon rims and steep hillsides. Where heavy brush extends up to homes, those homes are also directly exposed to the flames. Mutual aid assistance from South Bay cities and the L. A. County Fire Protection District limits somewhat the hazards to destruction of homes, under normal climatic conditions. Unusual weather conditions such as Santa Ana winds blowing increase the destruction potential immensely. The canyons, hillsides and some other undeveloped areas are covered with heavy growths of the fastest burning, most dangerous vegetation in the world. Embers picked up by the wind may travel hundreds of feet and still remain capable of igniting wood shingle roofs and unburned brush.

Green belts of fire resistant plantings and fire retardant coatings for wood shingle roofs are vital to provide an acceptable level of fire risk for the brush and tree areas. This will give our fire suppression forces a reasonable chance to control and extinguish such fast moving fires under normal conditions. Brush clearance from structures to a minimum of 30 feet, maintaining ornamental trees and shrubbery free of dead limbs and branches, maintaining a ten-foot clearance between trees and fireplace chimneys with no branches overhanging chimneys are essential to an acceptable level of risk.

2. Large undivided, unprotected and in many cases hidden attic spaces within commercial and institutional buildings in particular, allow fire to spread quickly and undetected. This characteristic may allow fire to involve more than one business within a building. Ventilating the fire through holes cut in the roof allows smoke and superheated gases (over 1,000° F), to escape vertically, tending to concentrate the fire towards the openings and generally reducing the lateral spread of the fire below. In turn, this permits firefighters to enter from below, locate, confine and extinguish the fire with the least possible damage to the building due to water use and flame spread.

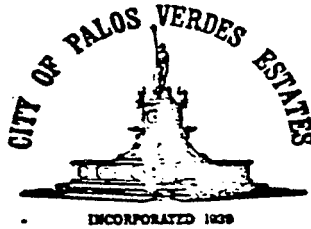
A moderate size fire in one of those buildings may quickly overtax the fire department's control of the fire, due to our inability to ventilate quickly and to the drain on manpower required to attack fires in more than one business occupancy, simultaneously. Even small diameter hoselines inside buildings require an absolute minimum of two men to handle. Mutual aid assistance will provide manpower sufficient to control the fire after perhaps a fifteen-minute delay in response time.

The best solution to this fire problem would be installation of automatic sprinklers on a supervised system within all commercial buildings. Many years of experience shows that ninety-seven percent

APPENDIX A

**CITY OF PALOS VERDES ESTATES**

OFFICE OF  
FIRE CHIEF  
(213) 378-4275



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

CALIFORNIA

August 11, 1975

TO: George C. Taylor, Public Works Director/City Engineer  
FROM: John S. Christopher, Fire Chief  
SUBJECT: Safety Element Comments

**A. Identify Existing Fire and Life Hazards**

1. Large unbroken brush areas generally throughout the city, essentially in canyons and on steep hillsides. See map. Many homes on rims.
2. Large area of city is heavily grown with eucalyptus trees. Homes generally have wood shingle roofs, Valmonte/La Selva tree area. Generally in northern portion of city.
3. Many homes located throughout the city are over 2500 square feet in area, are multi-story with very high value contents and no smoke or fire detection warning devices.
4. Several four story equivalent buildings in commercial zones of city.
5. Large undivided and unprotected attic spaces, in older commercial buildings with multiple occupancies.
6. Large undivided and unprotected spaces within commercial and institutional occupancies throughout the city.
7. Ceramic tile roofs on commercial, institutional and many residences make ventilation of fires difficult.
8. Many areas in city are more than five minute response time from fire station.
9. Palos Verdes Players Theater, large groups of people, quantities of combustibles in Malaga Plaza.
10. Several miles of steep cliffs 200 ft. in height dropping to the ocean below, cover generally the westerly portions of the city.

August 11, 1975

at 20 pounds per square inch residual pressure should be the goal. These minimums should be graduated upwards in accordance with the ISO Grading Schedule required fire flows for more hazardous locations.

7. Narrow winding roads make response times excessive to much of the city. Forty percent of the homes are more than five minutes response time from the existing fire station. Almost all individuals will die within six minutes after breathing stops. Permanent brain damage can occur after four minutes without breathing.

Flashover is a term used to describe the condition where the entire surface of a room bursts into flames at one time. Flashover can occur in a room when the temperature reaches 1,000° F. Results of many test fires conducted by the National Fire Association (NFPA), in ordinary combustibles and in typical residential type rooms indicate that that temperature may be reached within six minutes after ignition.

Complete protection is impossible, of course, but a response time of five minutes or less can reasonably be assured if a second fire station and manpower are provided. In addition, smoke detectors in each home will make earliest detection of fire possible and give occupants time to escape.

8. Many homes and other buildings do not display street numbers that are easily visible from any position on the street. After dark, when a small fire occurs or on a rescue response and where no one is waiting to direct the fire department to the emergency, much additional time is wasted searching for the emergency location. This unnecessary delay in service could be eliminated if all lots were required to post street numbers in a position easily seen from the street, numbers at least four inches high, either lighted or in colors sharply contrasting with the background.
9. Efforts should be directed toward strengthening of mutual aid commitments. Automatic first alarm mutual aid agreements should be sought out with South Bay cities and the Los Angeles County Fire Protection District. Our fire department capability should be strengthened wherever needed to make such automatic aid beneficial to all parties involved. In any case, a reciprocal capability to provide mutual aid out is a reasonable and absolutely essential goal. A second fire station and small increase in manpower will permit this city to participate fully in such plans without a serious temporary decrease in fire suppression capability for Palos Verdes Estates.
10. Mobile Intensive Care Paramedic Service is not now available to our residents. Efforts should continue to be directed toward providing such service as soon as possible consistent with good planning.

*Jack Christoph*

August 11, 1975

of all fires occurring in sprinklered buildings are extinguished or controlled by the automatic sprinklers. In this way only those buildings that cause unusual fire problems will have to pay for the above average costs for their own protection by installing and maintaining automatic sprinkler systems. In most cases, the money spent is recoverable in lower fire insurance premiums.

A secondary solution would include installation of a supervised smoke or heat detection warning system. Almost all fires if detected early enough, may be extinguished with a cup of water. A warning system that will alert the fire department immediately after a fire is detected will go a long way toward assuring control and extinguishment of the fire quickly, with the least amount of damage.

3. Large undivided and unprotected spaces within commercial, institutional and residential structures may permit undetected fires to extend quickly. The circumstances and solutions for this problem will be the same as in Item 2 on the preceding page.
4. The "tree area" in the northern part of the city is a potential conflagration breeder perhaps as dangerous as that of the brush areas. The solution to this problem will be the same as for Item 1 on the preceding page.
5. The Insurance Services Office (ISO), formerly the National Board of Fire Underwriters, schedule for grading a city's fire defenses, recommends that numbers of fire companies needed are directly related to the largest fire flow required within that city. For Palos Verdes Estates, our largest fire flow required is 3500 gallons per minute, for the Malaga Cove Plaza. The grading schedule recommends a minimum of three (3) engine companies and one (1) ladder truck company where the required fire flow is 3500 GPM. Properly located, two fire stations should reasonably meet that ISO recommendation, in this city. For fires occurring in single family residences minimum protection should be two engine companies and a truck company.
6. Several areas throughout the city do not have water distribution systems adequate for the large fire flows they may be called upon to deliver. Small diameter mains, poor gridding of mains, long dead end mains of small diameter all contribute to this problem. The California Water Services Company has for the last three years been successfully working to correct the worst of these areas. Efforts directed toward eliminating these deficiencies should be vigorously continued. Where the system is well gridded, six inch (6) diameter mains are the minimum size acceptable for fire hydrants. On dead end mains, eight inch (8) diameter is the minimum acceptable. Minimum fire hydrant flow capability of 1500 G

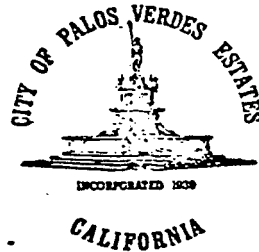
APPENDIX B

CITY OF PALOS VERDES ESTATES  
POLICE DEPARTMENT

KMH704



JOHN E. DOLLARHIDE  
CHIEF OF POLICE  
(213) 378-5211



340 PALOS VERDES DRIVE WEST  
PALOS VERDES ESTATES, CALIF. 90274

May 28, 1975

TO: George Taylor, Public Works Director

SUBJ: Preliminary Recommendations for General Plan Safety  
Element Report.

The main concern of the Police Department in the event of fires and Geologic Hazards appears to be the generalized systematic organizational evacuation of the immediate area of the catastrophe.

Being unique, in that no police personnel live in the city, and assuming that telephone lines would be either out completely, or at best strangled, general mobilization of police personnel would be next to impossible. A possible alternate might be the installation of a "Plectron" type system to alert personnel to report for duty.

Parallel digital capability, would help, however this is probably impractical at this time due to budgetary limitations. A balanced policy contingency plan may be required in order to show a responsive reciprocal capability.

Systematized organizational management policies, may in the long run, prove to be the responsive third-generation time-phase projections required for this program.

I hope this preliminary report will assist in preparing the final draft, which I understand, is required by September 1975. Your comments will be appreciated.

Sincerely,

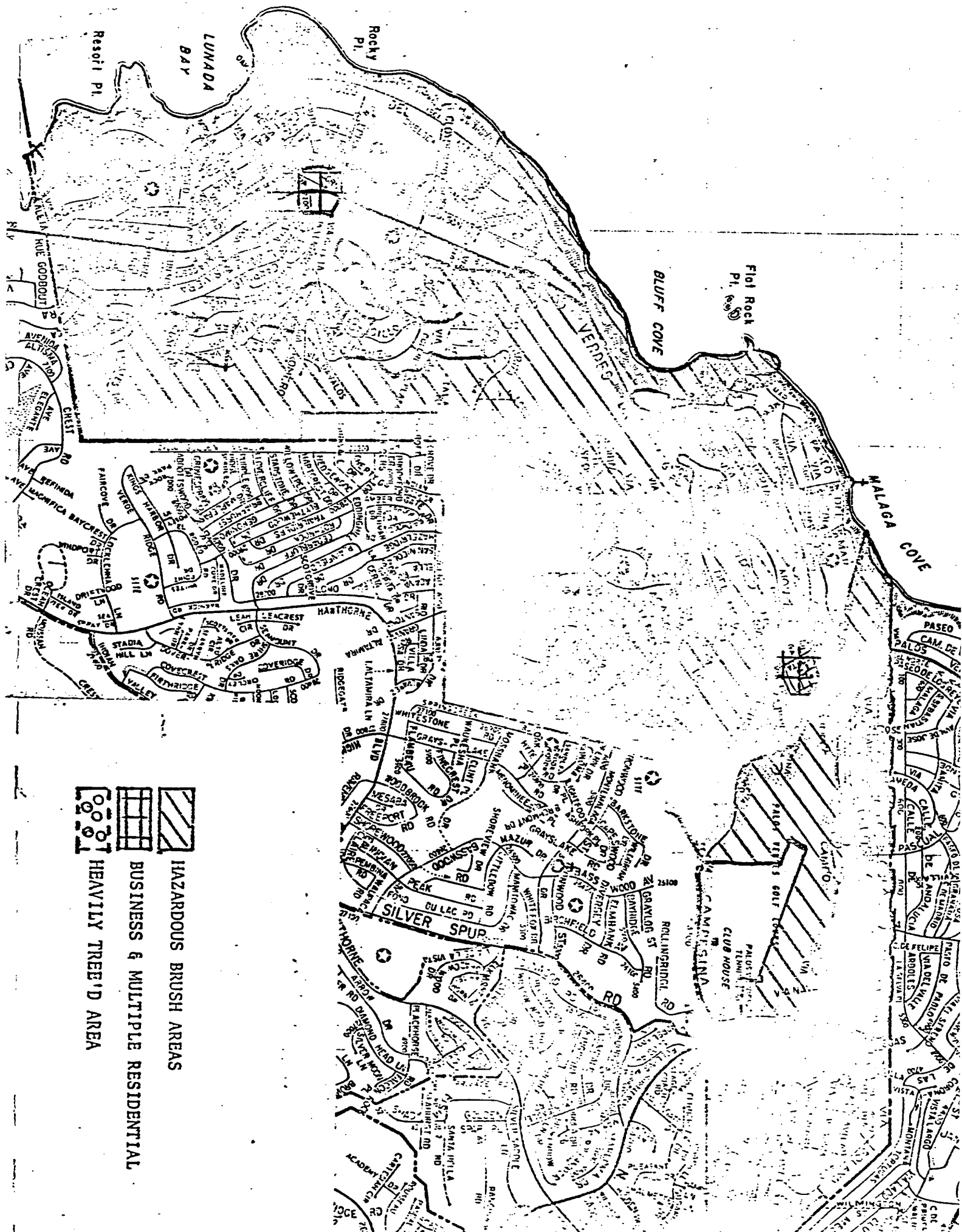
A handwritten signature in cursive script, appearing to read "John E. Dollarhide".




JOHN E. DOLLARHIDE

Chief of Police

JED:dc

cc: City Manager



- 
 HAZARDOUS BRUSH AREAS
- 
 BUSINESS & MULTIPLE RESIDENTIAL
- 
 HEAVILY TREED AREA

CITY OF PALOS VERDES ESTATES, CALIFORNIA

NOISE ELEMENT

OF THE GENERAL PLAN



# CITY OF PALOS VERDES ESTATES

DEPARTMENT OF  
PUBLIC WORKS  
(213) 378-0383



CITY HALL  
PALOS VERDES ESTATES  
CALIFORNIA 90274

## NEGATIVE DECLARATION

CITY OF PALOS VERDES ESTATES, CALIFORNIA

GENERAL PLAN NOISE ELEMENT

### Project Description

This project consists of the adoption of the Noise Element of the General Plan of the City of Palos Verdes Estates, California as required by the State of California Government Code Section 65302.

### FINDINGS

In view of the fact that the conclusions of the Noise Element do not propose any adverse alterations to the environment as defined under the California Environmental Quality Act it is hereby determined that this project will not have a significant effect on the environment.

### INITIAL STUDY

The initial study of this project is the second draft of the proposed Noise Element prepared by George Taylor, Director of Public Works/Planning Director of the City of Palos Verdes Estates. Copies of the initial study can be obtained from the office of the Director of Public Works, 340 Palos Verdes Drive West, Palos Verdes Estates, California 90274.

*Posted: P.V. Library  
7/21/75 City Hall  
P.V. Country Club*

## NOISE ELEMENT

### CITY OF PALOS VERDES ESTATES, CALIFORNIA

#### INTRODUCTION

##### Authority for Noise Element

The Government Code of the State of California requires that each city prepare and adopt a noise element of the city's general plan. Section 65302 (g) of the Code reads as follows:

A noise element in quantitative, numerical terms, showing contours of present and projected noise levels associated with all existing and proposed major transportation elements. These include but are not limited to the following:

1. Highways and freeways,
2. Ground rapid transit systems,
3. Ground facilities associated with all airports

operating under a permit from the State Department of Aeronautics.

These noise contours may be expressed in any standard acoustical scale which includes both the magnitude of noise and frequency of its occurrence. The recommended scale is sound level A, as measured with A-weighting network of a standard sound level meter, with corrections added for the time duration per event and the total number of events per 24-hour period.

Noise contours shall be shown in minimum increments of five decibels and shall be continued down to 65 dB(A). For regions involving hospitals, rest homes, long-term medical or mental care, or outdoor recreational areas, the contours shall be continued down to 45 dB(A).

NOISE ELEMENT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	
Authority for Noise Element. . . . .	1
SCOPE AND NATURE OF THE NOISE ELEMENT	
Noise Policies of Palos Verdes Estates. . . . .	3
Noise Restrictions and Limitations. . . . .	4
Maximum Noise Levels. . . . .	5
Noise Emissions from Transportation Facilities. . . . .	6
Fixed Point Noise Sources. . . . .	7
Neighborhood Noises. . . . .	7
NOISE ELEMENT RELATIONSHIPS	
Relationships with Other Elements of the General Plan. . . . .	8
With Other Agencies. . . . .	8
Environmental Impact Report Procedures. . . . .	9
IMPLEMENTATION	
General Comments. . . . .	10
Conclusions. . . . .	10
APPENDICES	
Appendix A - Acoustical Scale. . . . .	12
Appendix B - Residential Noise Levels Provided by City of Lomita, CA. . . . .	13
Appendix C - Present & projected CNEL estimated by City of Inglewood for major traffic arterials . . . . .	14

## SCOPE AND NATURE OF THE NOISE ELEMENT

### Noise Policies of Palos Verdes Estates

It is the policy of the City of Palos Verdes Estates to prohibit unnecessary, excessive, and annoying noises from all sources subject to its police power. At certain levels noises are detrimental to the health and welfare of the citizenry. Therefore, in the public interests, such noise levels shall be systematically proscribed.

Ordinance No. 287 and 203 of the City of Palos Verdes Estates provides noise regulations with respect to time of day and land use, and the ordinance provides for penalties to be imposed for exceeding the limits as given.

Conclusions regarding appropriate site or route selection alternatives or noise impact upon compatible land uses shall be included in the general plan.

The federal, state, local, or private agency responsible for the construction or maintenance of such transportation facilities shall provide to the local agency producing the general plan, a statement of the present and projected noise levels of the facility, and any information which was used in the development of such levels.

Palos Verdes Estates has prepared a noise element which takes into consideration the characteristics of Palos Verdes Estates, as well as the characteristics of the geographical area in which the city is located.

The City Council has noted that there are adverse noise effects beyond the control of the City Council by scheduled commercial flights from Los Angeles International Airport and to a lesser frequency of private flights from the Torrance Airport.

As there are no existing or projected state highways or freeways through or within close proximity of the city there are no foreseeable effects on the community from these types of facilities. This also holds true for ground rapid transit facilities. In addition, the city has enacted ordinances which prohibit trucks in excess of 3 tons from using streets other than designated truck routes except for local delivery or pickup.

The major traffic arterials within the city are Palos Verdes Drive West and Palos Verdes Drive North. This arterial at its peak traffic location presently carries an average daily traffic volume of 25,100 vehicles with an estimated volume of 36,300 in 1990. This traffic volume is primarily resident-commuter traffic. In addition, at the location of the peak volume, residential uses are remote from the travel way. Due to these conditions the City Council believes that no adverse noise effects exist or will develop from normal vehicular traffic along the city's major streets. (See Appendix C for present and projected noise levels).

#### MAXIMUM NOISE LEVELS

The maximum noise levels anticipated within and in the adjoining areas of Palos Verdes Estates are normal residential development and use related noise. This is based on the fact that existing land use in the city is restricted by zoning and deed restrictions to residential use except for limited neighborhood shopping areas at Malaga Cove and Lunada Bay.

The adjoining areas are also predominantly developed in residential use and no changes are foreseeable.

The ordinance also provides that it shall be unlawful for any person to willfully make or continue, or cause to be made and continued, any loud, unnecessary, and unusual noise which disturbs the peace or quiet of any neighborhood, or which causes discomfort or annoyance to residents of the area.

The standards which are considered in determining whether a violation of the provisions of these ordinances exists, may include, but not be limited to, the following:

- (a) The level of the noise;
- (b) Whether the nature of the noise is usual or unusual;
- (c) Whether the noise carries beyond the premises to any other premises.

#### Noise Restrictions and Limitations

It may be stated that the City of Palos Verdes Estates desires to restrict objectionable noises from sources over which it has control to as great an extent as is possible within the framework of other city goals (as enumerated by other elements in the General Plan). Also, the city wishes to restrict objectionable noises from sources over which it has no direct control by having mutual agreements with the controlling agencies.

The Council feels that none of the local schools are affected by adverse external noise. There are, however, non - recurring activities such as football games, field and track events, baseball games and similar activities which generate additional traffic and noise that may be annoying to surrounding properties. The school district administration works closely with the community and the city to minimize these annoyances and it is felt that no adverse effects are generated by these activities.

NOISE EMISSION FROM TRANSPORTATION FACILITIES

As discussed above there are no existing transportation facilities which emit noise of adverse effect on the City of Palos Verdes Estates environs.

To avoid future problems in this area the city will request notification of any proposed modifications of operations at Los Angeles International and Torrance Airports. The city will also review any proposed highway or freeway routing and mass transit programs.



### Fixed Point Noise Sources

The Zoning Ordinance of the City of Palos Verdes Estates does not provide for any industrial use within the city. It also does not permit any type of use which could result in adverse noise effects in the commercially zoned districts. As an example, gasoline service stations are not permitted to do garage, mechanical, or battery repair work or tire rebuilding. Noise problems were a prime consideration in the establishment of these zoning regulations. Undoubtedly, the Planning Commission and City Council will continue to consider potential noise aspects in the review of any proposed changes to the zoning ordinance.

### Neighborhood Noises

It has been found that the prime sources of noise in most residential neighborhoods within the city are children playing and the chattering or calls of birds. Noise levels are generally lower at sites removed from playgrounds and parks or in newer subdivisions where street trees and other vegetation have not matured to the point of drawing song birds. Measured noise levels taken by the City of Lomita, a city located approximately one mile east, in their residential areas ranged from 43 to 65 decibels. They note, however, "intermittent construction and street maintenance projects were the principal noise sources in the upper range." It is felt that these results would apply in Palos Verdes Estates and that these levels are considered acceptable for residential areas.

## NOISE ELEMENT RELATIONSHIPS

### Relationships with Other Elements of the General Plan

The noise element is related closely to the circulation, land use and housing elements of the general plan which have already been adopted by Palos Verdes Estates. Noise level standards can be a decisive factor in locating or designing transportation facilities and construction projects in relation to existing or planned land use. Consideration has been given in Palos Verdes Estates's noise ordinance to the adverse effects of noise on activities taking place both in the out-of-doors and in structures not insulated against sound. The noise element also is closely related to the previously adopted open space element since noise can adversely affect the enjoyment of open space. Additionally, open space may be effectively used as a buffer against noise sources through distance and extensive tree planting.

### With Other Agencies

The law requires that state, local or private agencies responsible for the construction and maintenance of major transportation facilities, provide present and projected noise levels for their facilities. This includes (but is not limited to):

State Department of Transportation

Transit Agencies

Airport Facilities

Private Air Carriers

Private Freight Carriers

Railroad Companies

Commercial Air Carriers

### Environmental Impact Report Procedures

Loud or excessive noise is socially disruptive, and may be physically and psychologically damaging. Also, excessive noise adversely affects property values and levels of productivity. Generally, the costs of excessive noise from manufacturing, commercial and transportation facilities have been passed on in the past to those in the vicinity rather than being borne by the producer of the noise. However, environmental controls are now in order.

It is desirable, therefore, that an appropriate environmental impact report be required for any project, development or activity which might have a significant impact on noise levels in Palos Verdes Estates.

(This should include the general environmental aspects of commercial and private aircraft flights.)

## IMPLEMENTATION

### General Comments

The implementation of the policies of the City of Palos Verdes Estates with respect to noise abatement can be accomplished only through an awareness of and use of technological advances, and the willingness to act in an advisory capacity to other jurisdictions where appropriate authority has been preempted.

A periodic review and updating of the ordinance on noise regulations should be made.

### Conclusions

Except for preempted regulations for motor vehicles and aircraft, the city's noise ordinances provide the legal background for controlling unnecessary noise in the City of Palos Verdes Estates. To supplement the provisions of these ordinances, the city should:

1. Continue the city's commitment to a residential community of limited density.
2. Require landscaping and design controls for noise on proposed commercial developments.
3. Continue the city's active open space program.
4. Work with adjacent jurisdictions to limit noise and noise producing sources affecting Palos Verdes Estates.
5. Continue the city's zoning ordinance restrictions on potential noise sources.

6. Work with transportation agencies to minimize the noise affects of their operations, both from an equipment standpoint and a location standpoint.
7. Require environmental impact reports to cover potential adverse effects from any proposed project or activity in the City of Palos Verdes Estates.
- \*8. Review, toward corrective action, preempting regulations for aircraft and motor vehicles which have a general significant deviation from the local acceptable noise element patterns.
- \* FAA (Federal Aviation Authority) has established flight patterns over Palos Verdes Estates and the general area. These FAA guidelines include limitations as to height proximity to the ground level to minimize ground level noise. If possible readings should be developed on these noise sources.

Appendix B

RESIDENTIAL NOISE LEVELS

Provided by City of Lomita, California

Eleven equally spaced residential noise level monitoring stations were selected in Lomita, and the ambient noise measured and recorded at different times of day and different weather conditions over a period of three months. The average readings obtained at these selected stations were as follows:

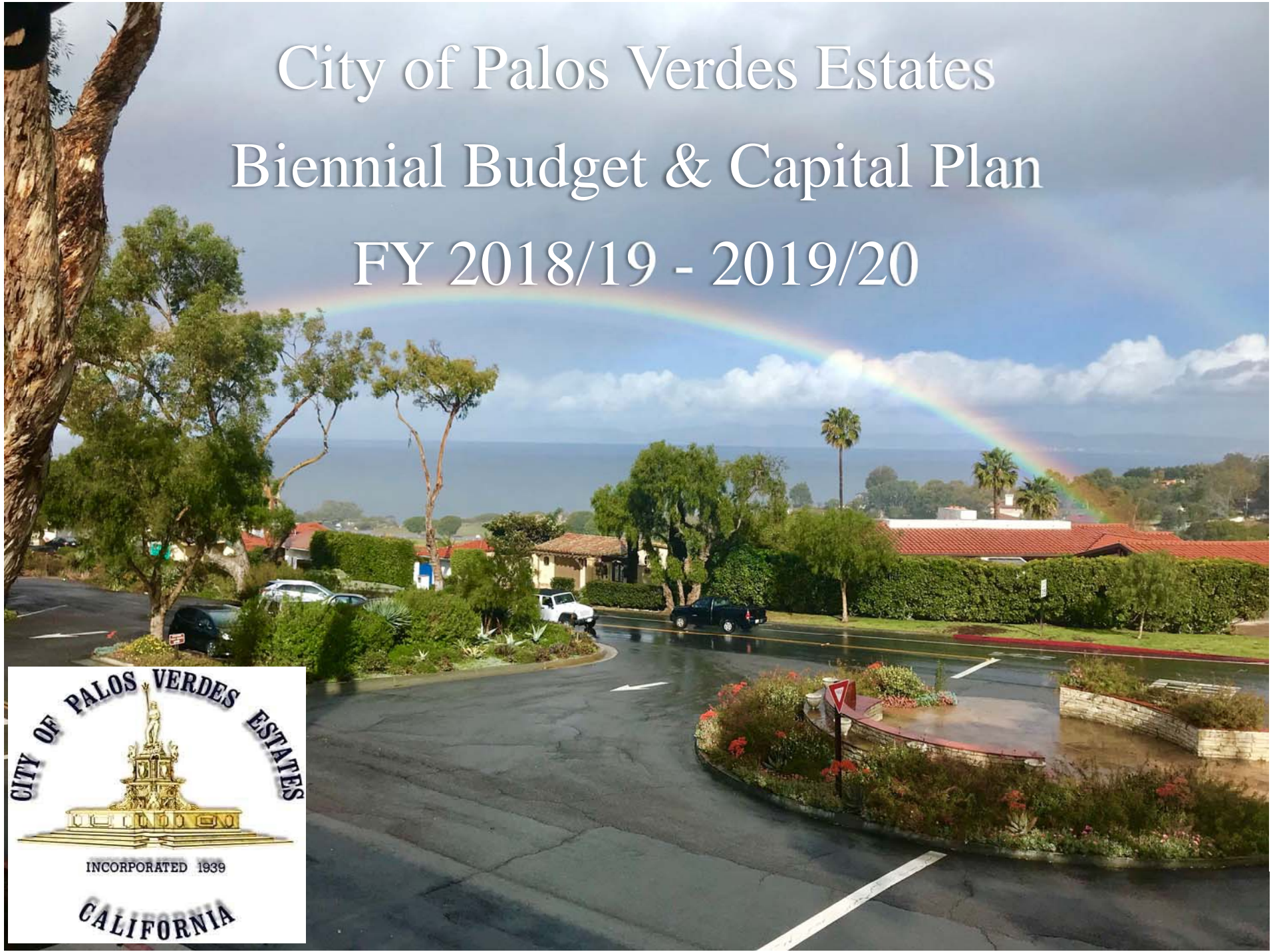
<u>Location</u>	<u>Average Reading</u>
1937 Via Solano	Less than 40 dB
26006 Pennsylvania Avenue	49.2 dB
26005 Oak Street	48.0 dB
25849 Appian Way	48.0 dB
2247 255th Street	48.6 dB
2442 251st Street	47.5 dB
25046 Woodward Avenue	48.5 dB
24308 Hendricks Avenue	46.8 dB
1903 247th Street	48.8 dB
2353 246th Street	46.3 dB
25429 Eshelman Avenue	49.5 dB

ACOUSTICAL SCALE

	dB
	-180-
	-175-
	-170-
	-165-
	-160-
	-155-
	-150-
	-145-
Sonic Boom	-140-
	-135-
	-130-
Jet Takeoff at 200'	-125-
	-120-
	-115-Discotheque
Motorcycle at 20'	-110-
	-105-Power Mower
Subway train at 20'	-100-
Freight train at 50'	95-Newspaper Press
Propeller plane fly-over at 1,000'	90-Food Blender
	- 85-Electric Mixer
Freeway traffic at 50'	80-Washing Machine; Alarm Clock, Garbage
	- 75-Disposal; Electric Can Opener
	- Office with tabulating machines
Average traffic at 100'	70-Vacuum Cleaner; Portable Fan
	- 65-Electric Typewriter at 10'
	- 60-Dishwasher rinse at 10'; air conditioning
	- 55-Unit
	- 50-Normal conversation at 12'
Light traffic at 100'	45-Refrigerator
	- 40-
	- 35-Library
	- 30-
	- 25-
	- 20-Motion Picture Studio
	- 15-
	- 10-Leaves Rustling
	- 5-
	- 0-

Source: County of Los Angeles  
Department of Regional  
Planning

# City of Palos Verdes Estates Biennial Budget & Capital Plan FY 2018/19 - 2019/20







# City of Palos Verdes Estates Biennial Budget & Capital Plan FY 2018/19 - 2019/20



# TABLE OF CONTENTS

<b>Budget Message</b> .....	i
<b>Summaries</b>	
<b>Fiscal Highlights</b> .....	1
<b>What We Have</b>	
Fund Balances .....	4
Fund Availabilities.....	6
Fund Transfers .....	8
<b>What We Take In</b>	
Revenue by Category .....	12
Revenue by Fund .....	13
General Fund Revenue Sources .....	15
General Fund Revenue by Type .....	16
Other Key Breakouts.....	17
<b>What We Use</b>	
Expenditures by Category .....	20
Expenditures by Fund .....	21
Expenditures by Function .....	23
Expenditures by Program.....	24
Capital Projects Summary.....	26
<b>Department Budgets</b>	
Administration .....	30
Finance .....	40
Police .....	46
Fire & Paramedic Services .....	52
Planning & Building .....	56
Public Works .....	64
<b>Other Funds</b> .....	72
<b>Capital Improvement Program</b> .....	76
<b>Appendix</b>	
Authorized Staff Positions .....	84
Cash Flow & Monthly Roll-Forward .....	88
Assessed Value Data .....	90
Glossary of Terms.....	95
Description of Funds & Fund Types.....	101
Authorized Resolutions.....	106



# City of Palos Verdes Estates

---



**Councilmember Sanford S. Davidson**



**Mayor Betty Lin Peterson**



**Mayor Pro Tem Kenneth J. Kao**



**Councilmember Jennifer L. King**



**Councilmember James D. Vandever**



**City Treasurer Victoria Lozzi**

# Elected Officials & Executive Team

---

## ELECTED OFFICIALS

Mayor	Betty Lin Peterson
Mayor Pro Tem	Kenneth J. Kao
Council Members	Sanford S. Davidson
	Jennifer L. King
	James D. Vandever
City Treasurer	Victoria Lozzi

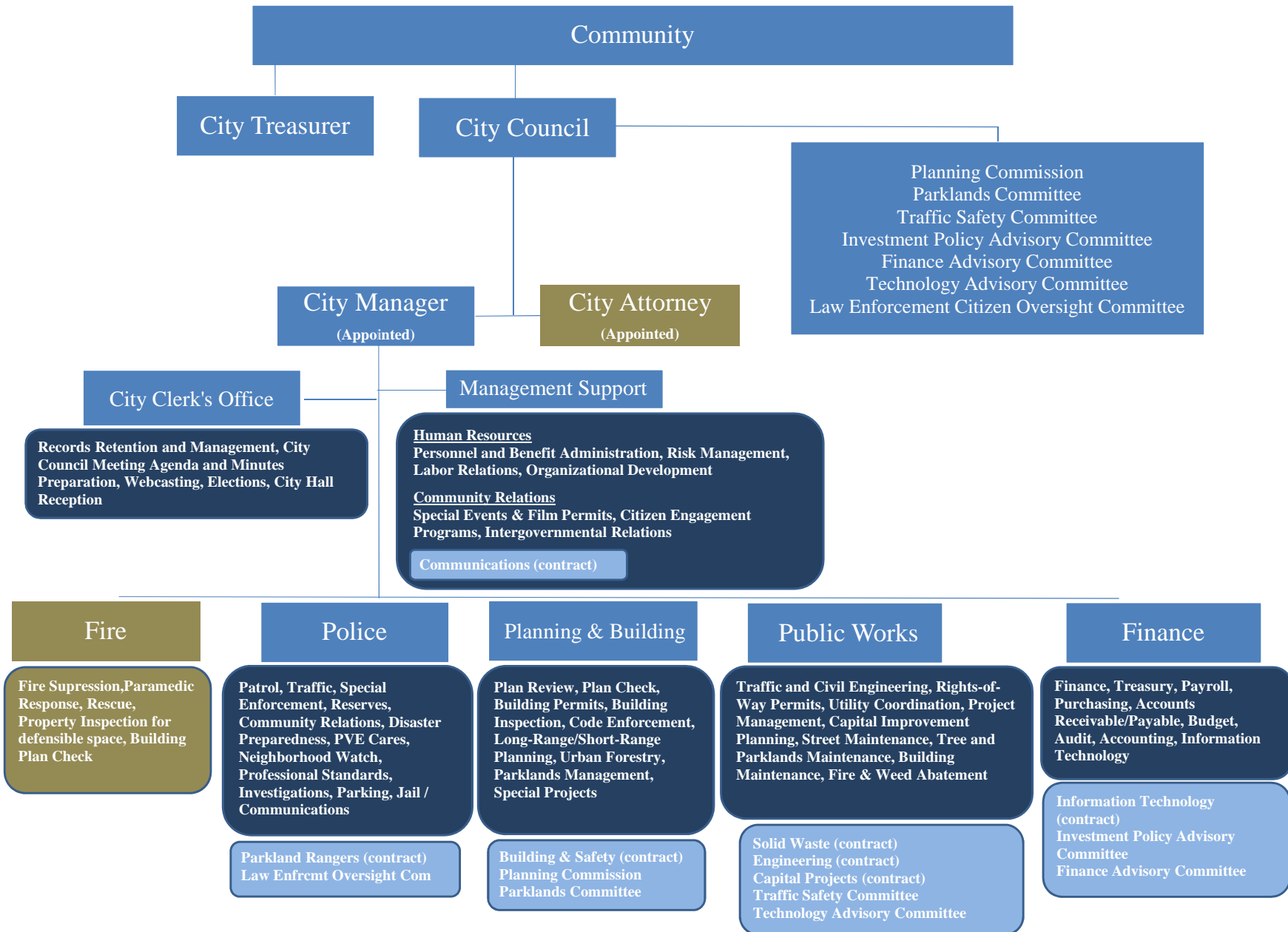
## EXECUTIVE TEAM

City Manager	Anton Dahlerbruch
City Attorney	Christi Hogin
Finance Director	Sharon Del Rosario
Chief of Police	Mark Velez
City Clerk	Lauren Pettit
Director of Public Works / City Engineer	Ken Rukavina
Assistant to the City Manager	Karina Bañales

---

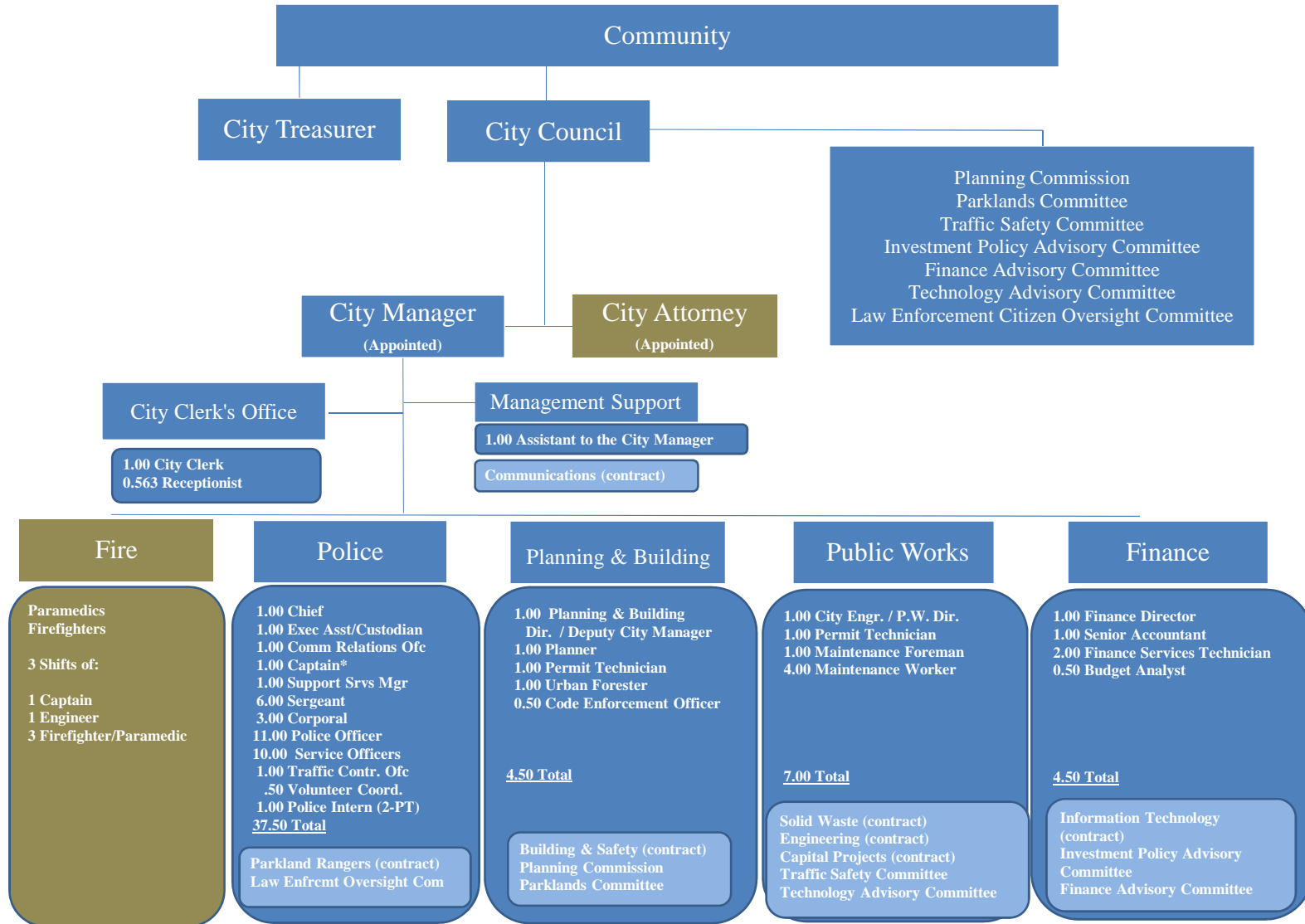
# City of Palos Verdes Estates Organizational Structure

Legend:  
Contract Service



# City of Palos Verdes Estates Organizational Staffing

Legend:  
Contract Service



# Budget Message

# Thank You

*I would like to take this opportunity to express my sincere appreciation for the hard work, effort and team-play that went into the creation of the biennial FY 2018/20 budget and capital plan.*

*I want to thank the City elected officials for their leadership and support without which the directions being pursued herein could not be advanced. My deep gratitude is extended to the entire executive team including Mark Velez, Karina Banales, Lauren Pettit, Ken Rukavina and Sharon del Rosario – a team that has been remarkably resilient, responsive and fast-moving in the creation of this foundational document. Also, a special thank you to the Finance team, Jim Walker and Chris Weals for their time, energy and attention to detail in preparing this financial plan.*

*Finally, I want to thank all staff citywide for sharpening their pencils resulting in a sustainable and responsible fiscal plan.*

*Anton Dahlerbruch, City Manager*



# FY 2018-2020 BUDGET MESSAGE



The City of Palos Verdes Estates is pleased to provide this fiscal year (FY) 2018-2020 biannual budget. This budget has been thoughtfully prepared by an outstanding team of interdepartmental City staff, who held seven public meetings with the City Council and Finance Advisory Committee – including five meetings that followed the all-important election on April 10, 2018. This budget is not only balanced, but also includes a transfer of more than \$500,000 into the Capital Improvement Fund for infrastructure, an impressive reserve comprising 50% of operating expenses (\$9.1 million), and an undesignated operating Fund Balance (over \$1 million) for future designation.

This budget is significant because it includes Measure E funds that are secured for nine years, providing approximately \$5 million for our local, community based Palos Verdes Estates Police Department. Measure E reinstated 25% of the City’s revenue for maintaining the quality and level of services that define Palos Verdes Estates, essential funding for sustaining the vitality of the City, and resources to meet the service needs of our residents, businesses and public visitors. While this budget does not represent a solution to all of the City’s fiscal challenges in upcoming years, it is a very strong foundation for considering options and provides the opportunity to being important and necessary to planning, to address the increasing infrastructure, storm water, growing maintenance, ADA, pension, facility and urban forest obligations in the future. All of these financial matters have been predicted and discussed for years, and now with the City Council’s appointment of a newly-created Finance Advisory Committee in particular, we look forward to identifying and advancing solutions.

Since the mid-1980s voter-approved Proposition 13, Palos Verdes Estates has relied on supplemental parcel tax revenue to maintain services desired by residents. Specifically, for 20 years from 1997 to 2017, the parcel tax directly paid the City’s contract with Los Angeles County for Fire and Paramedic Services. In 2017, when voters elected not to renew the parcel tax – representing approximately \$5 million – the City was in the extreme position of reducing the budget and services, delaying projects and long-term financial decisions that had been planned, utilizing its fiscal reserve, and relying on the personal dedication, commitment and motivation of staff to stay with the organization and work hard. In 2018, Measure E re-established the \$5 million revenue stream for nine years, and dedicated funding for our own local Police protection. During FY 2017-2018, after a comprehensive study of the Police operations, general discussion of the alternatives, public input and operational cost savings, the Police Department budget for FY 2018-2019 is approximately \$7 million. A new Citizen Oversight Committee, the Law Enforcement Services Special Tax Oversight Committee, will ensure that Measure E revenue is appropriately spent in accordance with Measure E requirements.

A budget represents a “resource allocation plan” for how the City’s revenue (consisting of taxes, fees, grants, etc.) will be allocated toward community priorities, goals and services. Through the budget preparation process, and ultimately its adoption, the budget embodies priorities for projects, services, service levels, contract services, the allocation of staff time, and employee compensation balanced with paying the costs for obligations associated with business activities. The budget will change during the year, as unanticipated fiscal and work-related matters arise. In this regard, it is particularly important to note that this budget is created on actual and historical funding needs without Departmental contingencies and budgeting for “what ifs.” The budget relies on a realistic projection of costs to meet demands; it comprises a plan for “how” monies will be spent, but not “when” expenditures will be made. Unlike a business, the City is unable to prepare or completely operate its budget based on cash flow because a significant percentage of City’s costs are associated with personnel and the contract for Fire and Paramedic Services. Laws, regulations, agreements and processes preclude a City from being nimble with staffing and contracting for services. However, while cash flow is not part of planning a budget, it is significant for two reasons. First, in Palos Verdes Estates, as a residential community with revenue substantially based on property taxes that are received twice a year in November/December and March/April, the City always has a negative cash flow for at least the first two quarters. Second, and more importantly, the first half of Measure E revenue will not be received until November/December 2018. Therefore, the City will have had approximately 18 months from March/April 2017 to November/December 2018 without any of its historical supplemental revenue and still, in November/December, will only receive half of property taxes. As such, the City relies on its Finance Department and Department Heads to closely manage and limit non-personnel related expenses, and the City Treasurer to monitor investments to maintain the City’s liquidity for regular, ongoing and required expenses such as payroll, utilities, and contract services. In this biannual plan, large project expenses will not be made until the third and fourth quarters of the year, although the public expects services and the budget to be implemented regardless of a City’s cash flow.

Our goals in preparing this budget encompassed (1) continuing conservative fiscal planning that is prudent, sustainable and compliant with accounting best practices, (2) sustaining a 50% operating reserve for any emergency or disaster that may arise, (3) maintaining current service levels with little, if any, service, programming or personnel enhancements, (4) preparing an operating plan to strengthen the organization’s efficiency, effectiveness and responsiveness, (5) building the operational, capital, technological and human-resource foundation to begin focusing on the City’s long-term future infrastructure, operations and liabilities, and (6) renewing the investment into the City’s infrastructure to maintain the quality of life characteristics that residents cherish. As such, this two-year plan provides no disruption to the high standards of service provided to the community. It is realistic, practical, and forward planning, positioning the City to move forward under the constraints of our one primary and limited revenue source, property tax.

Mindful of the budget and service reductions in FY 2017-2018, the FY 2018-2020 fiscal plan restores and invests in community enhancements, connectivity and communications, staff development, service delivery, infrastructure improvements, and technology. The operational portion of the budget has been shaped based on a programmatic, or functional, structure emphasizing the City’s various service delivery centers. These service centers, more commonly known by their department names – Administration – Finance - Police – Fire and

Paramedic Services – Planning and Building Safety - Public Works - are those units responsible for specific services and performing the City’s core duties. The budget document has been crafted to highlight each of the named service delivery centers.

In reference to the projects, services and programs planned during FY 2018-2020, the budget document strives to answer these three essential questions:

**What We Have** - How much does the City have available to use now and within the two-year term?

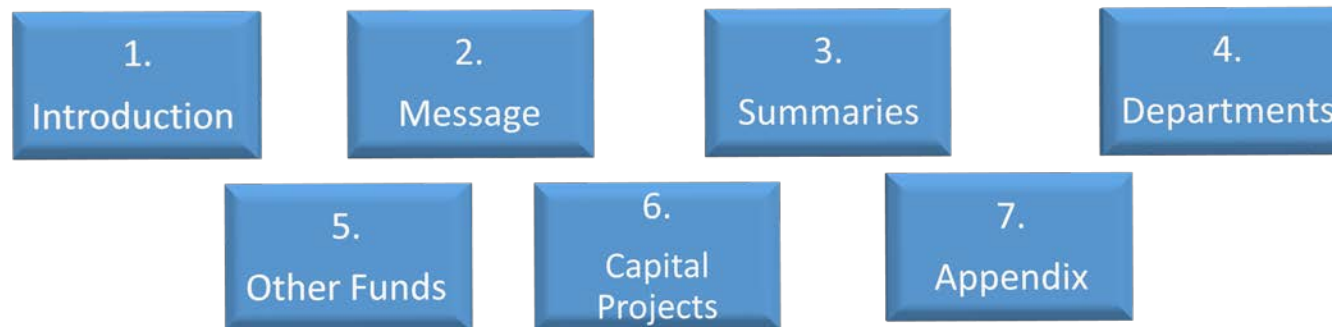
**What We Take In** - What are the City’s revenue sources?

**What We Spend** - How taxes, fees and grants are allocated for the delivery of community services?

Capital (infrastructure) improvements are a key focus of the City’s budget. More than cost, capital improvement projects (CIPs) represent a very important investment into the physical environment that is necessary to maintain and improve the facilities, character and quality of life attributes of Palos Verdes Estates. The City’s infrastructure, maintained through capital improvements, maintenance and enhancements serve to preserve, enhance and nurture the foundational qualities of Palos Verdes Estates.

## STRUCTURE OF THE DOCUMENT

This document, as a financial plan, includes a two-year retrospective view of financial results with the budget for the upcoming two years. Revenues are presented by Fund (tantamount to a private-industry subsidiary or division), Category and Source while expenditures are divided into Fund – Department – Program and Category. These are organized in summary and more detailed layouts. Service centers also include a description of mission, accomplishments and future goals; each Departmental budget section presents this information under the headings “What we do?”, “What we have accomplished” and “Goals.” In summary, the document’s overall structure is as follows:



Following this introduction and message, the *Summaries* section consolidates the numbers from all the various sources and uses and organizes them into a comprehensive and meaningful presentation. The section essentially “telescopes” the financial data from high level to detail to provide a snapshot of key information.

*Department Budgets and Other Funds* provide a platform from which each Department defines the resource levels necessary for service delivery. The Capital Projects section quantifies large scale improvement projects (hardscape brick and mortar items or plans thereof) designed to maintain City infrastructure, open spaces, streets and roadways, sewer lines, storm drain system and facilities.

The *Appendix* is a collection of added information. It also includes important information such as a detailed and comparative listing of City staffing and a schedule of items requested and proposed in the budget process above the base budget. In this budget document, we have included a new, estimated, projected cash flow to illustrate the trends for receiving revenue and the expenditure of funds. This is based on modified accrual accounting and historical experience to be as representative and realistic of expected results. Lastly, the appendix includes some key performance measures and a listing of authorized positions.

## **BUDGET HIGHLIGHTS**

The FY 2018-2020 budget recognizes and prioritizes, at the City Council’s direction, several items:

- Creating a more vibrant sense of place in the community, as well as supporting our local business needs, the budget includes improvements to Lunada Bay Plaza.
- Enhancing a key City entry, a comprehensive traffic study and plans will be developed for traffic improvements for the Triangle at Palos Verdes Drive West and Palos Verdes Drive North to Via Corta. In addition, landscaping will be added to beautify the Triangle median until traffic improvements are constructed.
- Improving community engagement, the City will:
  - Continue to collaborate with the Davenport Institute,
  - Deploy new tools and platforms for the public’s direct access to information,
  - Expand efforts to be communicative and timely with the dissemination of information,
  - Work with the Finance Advisory Committee and Technology Advisory Committee to transmit information, and
  - Replace the pews in the Council Chambers with chairs to create a flexible community meeting place.
- Focusing on maintaining and strengthening community character through compliance with existing codes and requirements, the City will hire a part-time Code Enforcement Officer.

The biennial FY 2018-2020 budget maintains a hybrid balance of in-house staff and contract services. Contract based services are deployed in all key functions including Safety (Fire and Paramedic Services contract), Maintenance (waste hauling, landscaping contracts), Administration (legal, technology, professional service contracts), and Planning, Building & Public Works (building and engineering support contracts). The fiscal plan is also conservatively built based on full costing levels and revenue projections that do not overreach. Revenue estimates are attentive primarily to property taxes. Within these parameters, projections are sustainable and allow for steady operations for the two-year period. In summary:

- The General (operating) Fund is balanced for both FY 2018/19 and FY 2019/20.
- A six-month (rainy day) operating reserve has been maintained at established levels.
- Revenues are forecasted to increase moderately in the two-year term (2.7-6.0% growth each year).
- Property tax, the primary revenue source, is projected to be 3.5-6.5% each year.
- Full Time Equivalent positions (full and part-time) are projected to be at 57 each year.
- CalPERS Safety and Miscellaneous pension rate and unfunded accrued liability (UAL) increases have been included.
- Increases in estimated contractual obligations for healthcare, workers' compensation, general liability, and service contract costs are included.
- Preliminary funding is budgeted to comply with MS4 (storm water) monitoring.
- The accumulated buildup of funds in the Equipment Replacement Fund is being utilized to fund vehicle and technology equipment.
- The commitment of funding towards Parklands and open space enhancements is maintained.

With the economic reality of limited revenue growth in relation to mounting capital needs and pension expenses, the City has been anticipating – and projecting for many years – the need for critical decisions to address future infrastructure maintenance and improvements, and for increasing pension costs. Discussions were postponed and delayed since 2015 for not distracting from the March 2017 municipal election and subsequently, until the April 2018 municipal election. Both are currently a primary focus of the City and encompassed within the scope and goals of City's new Finance Advisory Committee.

## **PROJECTED FUND BALANCES & RESERVES**

Governmental accounting categorizes dollars (i.e. –places them in Funds) based upon their source of origin and the degree of discretion that can be applied to their use. For the most part, General Fund dollars and Capital dollars that remain uncommitted, beyond set policy reserve levels, assume the highest degree of availability while other “special revenue” funds, originating from state, federal, special tax or grant dollars are restricted. In the end result – only about 15% of City Funds remain discretionary.

### *How to View Fund Balance*

The Fund Balance for each Fund should be viewed individually, as a discrete figure, as each Fund has a specific purpose and unique expenses and revenues.

#### General Fund – Fund Balance

The General Fund is the operating Fund of the City. It provides for, and serves as, the clearing house for meeting day-to-day obligations and responsibilities of the City. For FY 2018-2019 and FY 2019-2020, the General Fund is balanced and maintains a 50% reserve of \$9,062,359 and \$9,215,355, respectively. The unrestricted General Fund Balance as of June 30, 2019, is budgeted to be \$1,613,606. The FY 2019-2020 unrestricted General Fund Balance is planned to be \$2,856,377.

#### Capital Project Funds – Fund Balance

The Capital Project Funds receive revenue from a variety of sources that are “transferred-in” when such sources have revenues to transfer-in. Revenue may consist of Undesignated Fund Balance from the General Fund, Special Revenue Funds such as Gas Tax and Proposition C (transportation), or a dedicated tax source such as the Sewer Tax that previously existed. As revenue is collected in the Capital Project Funds, it is banked until enough has accumulated for large infrastructure improvement or maintenance projects. As such, the annual project expenses reduce the Fund Balance each year until transfers-in re-accumulate in the Funds for future projects. Most of the projects are one-time events, but it is necessary to continually transfer-in for future infrastructure needs.

#### Special Revenue Funds- Fund Balance

Special Revenue Funds hold revenue and include expenses that can be used only for specific, legally defined purposes. Similar to Capital Project Funds, as revenue is collected in Special Revenue Funds, it is banked until enough has been accumulated to spend for the specific purpose. The Fund Balance represents the result of having spent the accumulated funds for the dedicated purpose of the Special Revenue.

#### Internal Service Funds – Fund Balance

Internal Service Funds receive “transfers-in” (also known as “allocations”) from the General Fund Departments for expenses that are for a specific, defined purpose as defined by the City. Similar to Capital Project Funds, as the transfers-in are collected in the Internal Service

Funds, and are banked until the appropriate time to spend the funds for the specific purpose. The Fund Balance represents the result of having accumulated funds for the dedicated purpose of the Internal Service expenditures. In the upcoming biannual period, the Fund Balance for Equipment Replacement will be evaluated through an inventory and asset valuation process to determine if the appropriate level of funds are being maintained for the future replacement of equipment.

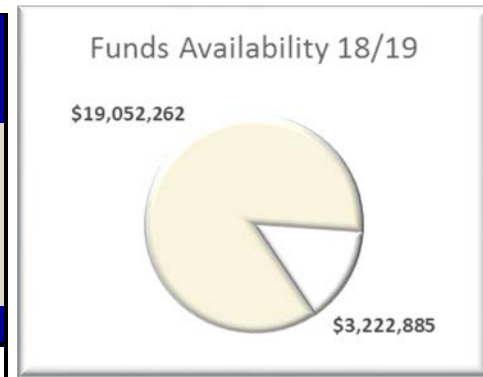
Fund Balance – Summary

The following chart presents a summary overview of the projected Fund Balance for all Funds. The decrease in the Capital Projects Fund Balance represents spending the accumulated funds for projects.

<b>FUND</b>	<b>JUNE 2018</b>	<b>JUNE 2019</b>	<b>JUNE 2020</b>
<b>GENERAL FUND</b>	<b>9,796,091</b>	<b>10,675,965</b>	<b>12,071,712</b>
<b>FIRE TAX FUND</b>	<b>122,552</b>	<b>-</b>	<b>-</b>
<b>SPECIAL REVENUE FUNDS</b>	<b>1,000,425</b>	<b>1,064,555</b>	<b>1,113,956</b>
<b>OTHER GOVERNMENTAL FUNDS</b>	<b>2,018,697</b>	<b>2,763,508</b>	<b>3,689,852</b>
<b>CAPITAL PROJECTS FUNDS</b>	<b>8,748,748</b>	<b>4,534,924</b>	<b>3,177,857</b>
<b>INTERNAL SERVICE FUNDS</b>	<b>3,433,155</b>	<b>3,236,195</b>	<b>3,102,845</b>
<b>TOTAL</b>	<b>25,119,669</b>	<b>22,275,147</b>	<b>23,156,222</b>

Another important analysis and component of Fund reserves relates to the availability of funding given policy restrictions and/or the proceeds they contain. To that end, this budget projects Fund availabilities as listed below. It is important to recognize that maintaining a 50% operating (General Fund) reserve (Fund Balance) exceeds the minimum two-month reserve recommended by the Government Finance Officers Association.

FUND	June 30, 2019		June 30, 2020	
	AVAILABLE	RESTRICTED	AVAILABLE	RESTRICTED
GENERAL FUND	1,613,606	9,062,359	2,856,377	9,215,335
SPECIAL REVENUE FUNDS		1,064,555		1,113,956
OTHER GOVERNMENTAL FUNDS		2,763,508		3,689,852
CAPITAL PROJECTS FUNDS	1,609,278	2,925,645	587,528	2,590,328
INTERNAL SERVICE FUNDS		3,236,195		3,102,845
<b>TOTAL</b>	<b>3,222,885</b>	<b>19,052,262</b>	<b>3,443,906</b>	<b>19,712,316</b>
		<b>22,275,147</b>		<b>23,156,222</b>



## ESTIMATED REVENUES

All of the City's Funds are listed in summary and detail within the budget document. For purposes of the budget message, it is most significant and instructive to focus on the General Fund, which provides the resources that represent core City services. The General Fund makes up 65% of all City revenue, and when combined with the City's special PVE Law Enforcement Parcel Tax, operations make up 88% of all City incoming resources. To that end, most of the City's capital projects are also seeded via transfers of available dollars that flow through the General Fund.

In the biennial term, the City is projecting 6.04% growth in FY 2018-2019 General Fund revenue streams over FY 2017-2018 projected results, followed by 8.93% growth for FY 2019-2020 as compared to FY 2017-2018.

When viewing the detail and major elements of General Fund revenues, it is clear that property tax represents the major driver in the anticipated growth of revenue. Property tax growth assumptions are conservatively founded based upon near term trends, available market forecasts tempered with inherent uncertainties that exist in the state economy.



SOURCE	PROJECTED	ADOPTED	PLANNED	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
	2017/18	2018/19	2019/20	One Yr	One Yr	Two Yr	Two Yr
PROPERTY TAX	7,795,302	8,296,297	8,591,564	500,995	6.43%	796,262	10.21%
PROPERTY TAX - IN LIEU	1,391,098	1,514,992	1,570,592	123,894	8.91%	179,494	12.90%
SALES TAX	339,840	354,000	356,000	14,160	4.17%	16,160	4.76%
REAL ESTATE TRANSFER TAX	192,000	200,000	200,000	8,000	4.17%	8,000	4.17%
BUSINESS LICENSE TAX	208,600	221,250	225,000	12,650	6.06%	16,400	7.86%
FRANCHISE FEES	572,788	578,500	587,060	5,712	1.00%	14,272	2.49%
DEVELOPMENT FEES	1,449,265	1,532,500	1,532,500	83,235	5.74%	83,235	5.74%
INTEREST INCOME	29,140	133,500	144,500	104,360	358.13%	115,360	395.88%
CONCESSIONS AND RENT	1,391,263	1,346,000	1,371,200	(45,263)	-3.25%	(20,063)	-1.44%
LICENSES & PERMITS	14,515	30,500	30,500	15,986	110.13%	15,986	110.13%
SAFETY FINES	127,048	150,000	150,000	22,952	18.07%	22,952	18.07%
SERVICE CHARGES	92,952	49,000	47,000	(43,952)	-47.28%	(45,952)	-49.44%
OTHER FEES	34,157	54,500	47,500	20,343	59.56%	13,343	39.06%
<b>TOTAL</b>	<b>13,637,968</b>	<b>14,461,039</b>	<b>14,853,416</b>	<b>823,071</b>	<b>6.04%</b>	<b>1,215,448</b>	<b>8.91%</b>

During the past several years, Palos Verdes Estates has had the opportunity to exchange with other agencies our accumulated Proposition A (transportation) funds that we could not use. An important assumption factored into the budget is that our excess funds have now been depleted; in this upcoming two-year period, Palos Verdes Estates will be accumulating and expending our Proposition A funds.

## EXPENDITURES

Expenditures reflect operations and capital investments. In the biennial term, for FY 2018-2019, the City is projecting a 47.9% increase in General Fund expenditures over FY 2017-2018 projections, mostly due to the transfer of Fire and Paramedic Service costs into the General Fund. Also, the increase in capital improvement addresses deferred functional needs of the organization and community. FY 2019-2020 shows growth of 50.4% in General Fund expenditures (in comparison to FY 2017-2018), largely due to increasing pension and insurance obligations, on top of the transfer of Fire and Paramedic Services to the General Fund.

A look at the expenditure numbers by area of service delivery follows:

SERVICE AREA	PROJECTED	PROPOSED	PLANNED	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
	2017/18	2018/19	2019/20	One Yr	One Yr	Two Yr	Two Yr
ADMINISTRATION	1,350,339	1,417,329	1,243,769	66,990	4.96%	(106,570)	-7.89%
FINANCE	834,594	841,400	748,705	6,806	0.82%	(85,889)	-10.29%
POLICE	6,586,586	6,896,226	7,137,129	309,640	4.70%	550,542	8.36%
FIRE SERVICES	-	5,121,957	5,275,615	5,121,957	0.00%	5,275,615	0.00%
PLANNING & BUILDING	2,453,868	2,564,423	2,659,310	110,555	4.51%	205,442	8.37%
PUBLIC WORKS	1,033,107	1,283,382	1,366,141	250,275	24.23%	333,034	32.24%
<b>GENERAL FUND</b>	<b>12,258,494</b>	<b>18,124,717</b>	<b>18,430,669</b>	<b>5,866,223</b>	<b>47.85%</b>	<b>6,172,175</b>	<b>50.35%</b>
FIRE SERVICES	4,972,773	-	-	(4,972,773)	-100.00%	(4,972,773)	-100.00%
SPECIAL REVENUE	221,217	271,293	290,545	50,076	22.64%	69,328	31.34%
OTHER GOVERNMENTAL	319,380	380,907	320,682	61,528	19.26%	1,302	0.41%
CAPITAL IMPROVEMENT	402,960	4,218,903	1,073,750	3,815,943	946.98%	670,790	166.47%
SEWER PROJECTS	42,359	791,189	366,317	748,830	1767.80%	323,958	764.78%
EQUIPMENT REPLACEMENT	181,591	222,960	159,350	41,369	22.78%	(22,241)	-12.25%
INSURANCE	978,496	993,267	1,091,426	14,771	1.51%	112,930	11.54%
<b>OTHER FUNDS</b>	<b>7,118,776</b>	<b>6,878,520</b>	<b>3,302,070</b>	<b>(240,256)</b>	<b>-3.37%</b>	<b>(3,816,706)</b>	<b>-53.61%</b>
<b>TOTAL</b>	<b>19,377,270</b>	<b>25,003,237</b>	<b>21,732,739</b>	<b>5,625,967</b>	<b>29.03%</b>	<b>2,355,468</b>	<b>12.16%</b>

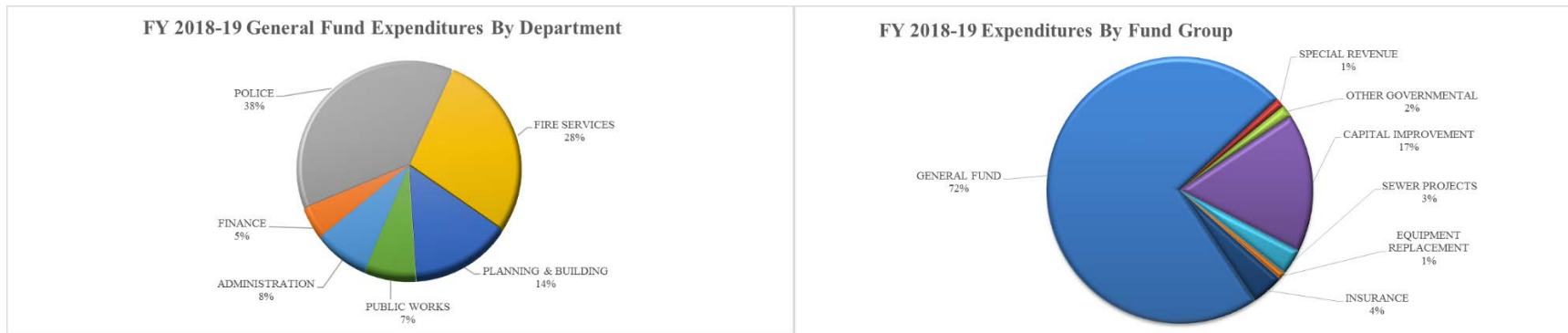
The numbers above are discussed in detail throughout this fiscal plan. However, it is important to note a few key facts:

- Citywide personnel expenditures include full staffing levels as a conservative approach “as if” there are no position vacancies.
- Labor costs include the existing Memorandum of Understandings with employee groups and the increases in pension expenditures due to the CalPERS unfunded accrued liability.
- Both the Capital Improvement Project (CIP) Fund and the Sewer Fund reflect the advancement of projects.
- Allocations from the General Fund to the Equipment Replacement Fund are being suspended for FY 2018-2019 and FY 2019-2020, as the Equipment Replacement Fund has a surplus from several prior-year allocations.

## DEPARTMENT BUDGETS

The budget document has been layered in a manner that highlights departmental areas and includes a discussion of “what has changed.” With the General Fund making up 72% of the budget followed by capital improvements at 17%, a breakout of total General Fund and Citywide expenditures is as follows:

A review of each department and service area budget will reveal the following highlights:

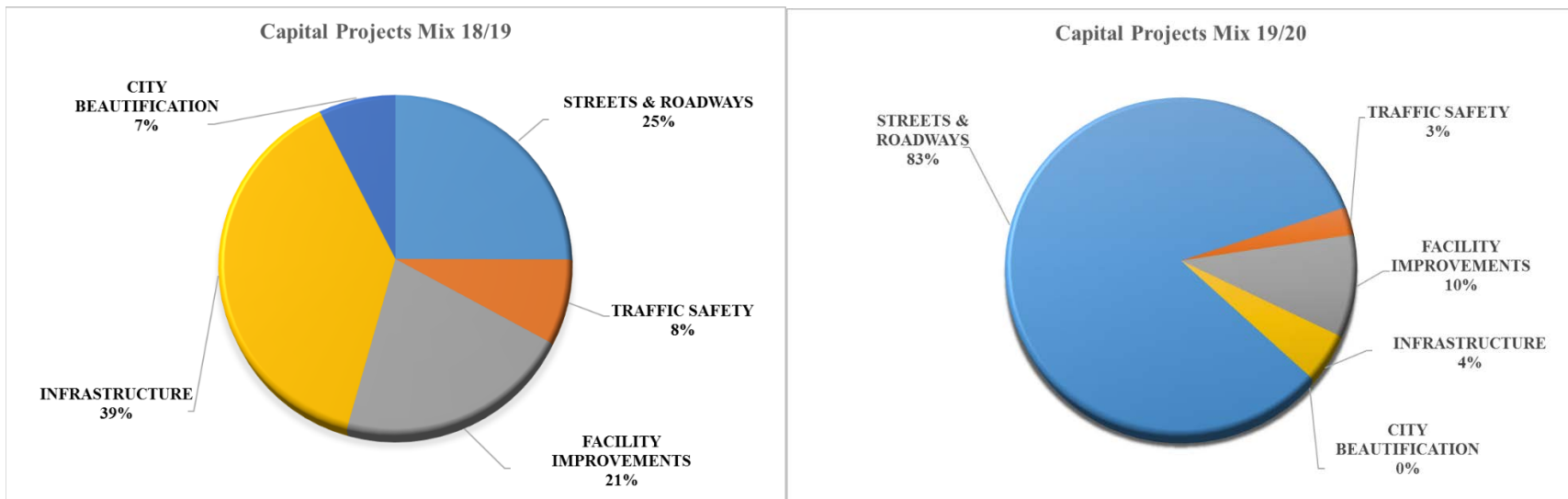


- Funding for Parkland beautification.
- Increased insurance costs (pension, health, workers’ compensation and general liability).
- County Paramedic and Fire contract increase of 149,184 (and transferred to the General Fund).
- Reduction of one in-house Administrative Analyst (replaced with contractual services).
- Hiring of a part-time Budget Analyst (for FY 2018-2019) and a part-time Code Enforcement Officer.
- Funding for capital improvements to Lunada Bay Plaza.
- Allocation for the training and professional development of staff has been increased.

## CAPITAL IMPROVEMENT PROJECTS

The section included herein titled Capital Improvements serves to communicate all existing and active projects and identify all future projects within the two-year term. Concurrent with adoption of this budget, a five-year preview of the CIP is being prepared for the discussion of longer-term capital projections.

A review of this document reveals a significant investment in the community infrastructure as detailed by project within the CIP section:



## **TRANSFERS**

In accounting terms, transfers do not flow through the expenditure categories but are certainly important elements of the financial picture and results. Key transfers are explicitly defined within the budget document summary section and are summarized below:

### FY 2018-2019

- \$168,368 of available Measure R dollars to the Capital Improvement Fund for road reconstruction projects.
- \$68,900 from the Special Projects Funds for future transit related capital improvement projects.
- \$552,000 from the General Fund to cover a portion of the one-time capital improvement and parklands projects.
- \$122,552 from the Fire Parcel Tax Fund to reimburse the General Fund for funds transferred, from the General Fund to the Fire Parcel Tax Fund in FY 2017-2018, in excess of Fire Parcel Tax Fund expenditures.
- \$4,973,000 from the Palos Verdes Estates Law Enforcement Fund to reimburse the General Fund for FY 2018-2019 Police Department expenditures.

### FY 2019-2020

- \$4,973,000 from the Palos Verdes Estates Law Enforcement Fund to reimburse the General Fund for FY 19/20 Police Department expenditures.

## **CONCLUSION**

Preparing the biennial FY 2018-2020 budget was a collaborative and inclusive process, and all Departments were asked to document and define needs based on experience and realities. They were asked to undergo a quasi-zero-based budgeting approach designed to provide a valuable audit trail, cross-train staff in the budgeting process, and participate in meaningful budget deliberations. In doing so, we believe this budget ensures that community services are maintained by providing an appropriate balance of resources. Staff's efforts were enhanced, deliberated and refined through a cumulative total of seven public meetings that ultimately resulted in its adoption on June 26, 2018, in advance of the fiscal year beginning on July 1, 2018.

A City's budget is a plan for revenues and expenditures; it is a tool for projecting incoming revenue and allocating anticipated income toward expenses. The accuracy of the budget as a plan is ultimately and definitively determined at the end of the year through the external auditor's

completion of the Comprehensive Annual Financial Report (CAFR). Palos Verdes Estates has received decades of awards recognizing its accounting, internal control and management practices for accurately and responsibly managing and implementing the budget. In turn, and consistent with historical practices to achieve CAFR recognition, this budget continues to advance community enhancements and service delivery over the next two years through a conservative and cost-conscious plan. It represents maintaining service levels with an investment into the community, equipment and technology, and personnel for enhancing customer service, practices, capital improvements and efficiencies. The work plan behind this budget represents our commitment to continually achieving the community's expectations and doing the best for the City of Palos Verdes Estates.

In conclusion, with the presentation of this budget, we provide a fiscal plan that is doable, fiscally sound and moves our great City forward. Our thanks and appreciation to the City Council for their direction and guidance toward the future and to the Finance Department team for assembling this fiscal plan.

Thank you.

Sincerely,

Anton Dahlerbruch  
City Manager  
July 1, 2018

# Summaries



This Page Left  
Intentionally  
Blank



# FY 18/20 Fiscal Plan Overview

## GENERAL FUND

Balanced  
Services Maintained  
Needs Evaluated  
Reserves Preserved

## PEOPLE

57 Authorized Positions  
Updated Pension Rates Included  
Updated Insurance Rates Included  
Full Staffing Levels  
Reserves Maintained

## CAPITAL

\$4.2M Capital Improvements  
\$223K Replaced Equipment  
Infrastructure Investment  
5 year preview in progress  
Focus - Quality of Life -Safety -  
Technology

## HIGHLIGHTS

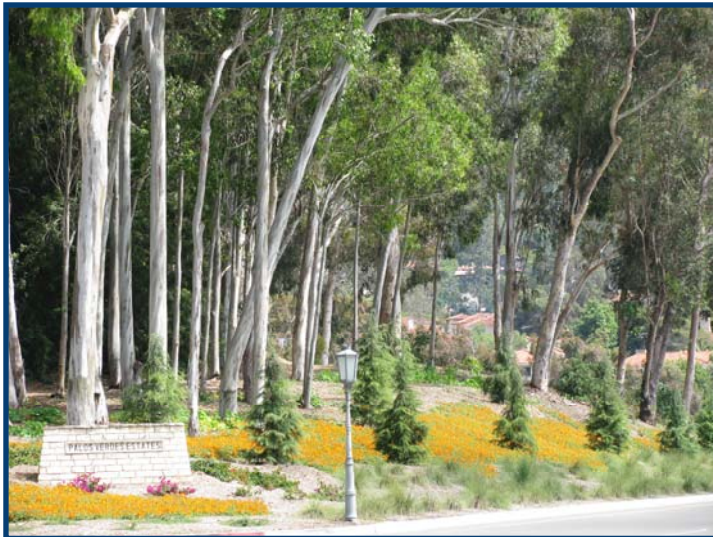
Fire and Paramedic Services contract included in General Fund  
Balanced Biennial Financial Plan & Multi-Year Forecast  
Increase in unrestricted General Fund balance  
Maintains Fiscal Year 2017/2018 budget reductions  
Advances: Training- Organizational Continuity - Best Practices  
Focus on Infrastructure and Capital Improvements  
Investment in Equipment & Technology Priorities



This Page Left  
Intentionally  
Blank



# What We Have



# FUND BALANCES 18/19

FUND	PROJECTED JUNE 30, 2018	ADOPTED REVENUE	OPERATIONS	REV / EXP	CAPITAL	TRANSFERS	JUNE 30, 2019	Available	Restricted
<b>GENERAL FUND</b>									
UNDESIGNATED	2,596,091	14,461,039	18,124,717	(3,663,678)		4,543,552	1,613,606	1,613,606	
FISCAL POLICY RESERVE	7,200,000						9,062,359		9,062,359
	<b>9,796,091</b>	<b>14,461,039</b>	<b>18,124,717</b>	<b>(3,663,678)</b>	<b>-</b>	<b>4,543,552</b>	<b>10,675,965</b>	<b>1,613,606</b>	<b>9,062,359</b>
<b>SPECIAL REVENUE FUNDS</b>									
SPECIAL PROJECTS	961,688	135,900	34,000	101,900		(68,900)	994,688		994,688
FIRE PARCEL TAX	122,552	-	-	-		(122,552)	-		-
PVE LAW ENFORCEMENT	-	4,973,000	-	4,973,000		(4,973,000)	-		-
TRANSIT PROP A	38,737	268,423	237,293	31,130		-	69,867		69,867
	<b>1,122,977</b>	<b>5,377,323</b>	<b>271,293</b>	<b>5,106,030</b>	<b>-</b>	<b>(5,164,452)</b>	<b>1,064,555</b>	<b>-</b>	<b>1,064,555</b>
<b>CAPITAL PROJECTS FUNDS</b>									
CAPITAL IMPROVEMENT	5,060,913	48,000		48,000	4,218,903	719,268	1,609,278	1,609,278	
SEWER	3,687,835	29,000	366,189	(337,189)	425,000	-	2,925,645		2,925,645
	<b>8,748,748</b>	<b>77,000</b>	<b>366,189</b>	<b>(289,189)</b>	<b>4,643,903</b>	<b>719,268</b>	<b>4,534,924</b>	<b>1,609,278</b>	<b>2,925,645</b>
<b>OTHER GOVERNMENTAL FUNDS</b>									
GAS TAX	71,150	302,163	306,207	(4,044)		-	67,105		67,105
DRUG INTERVENTION	512,823	1,700	-	1,700		-	514,523		514,523
POLICE GRANTS (SLESF)	360,354	102,200	-	102,200		-	462,554		462,554
CORRECTIONS	6,092	6,000	4,700	1,300		-	7,392		7,392
RMRA	78,423	227,888	-	227,888		-	306,311		306,311
MEASURE M	164,783	189,447	-	189,447		-	354,230		354,230
MEASURE R	173,468	168,368	-	168,368		(168,368)	173,468		173,468
TRANSIT PROP C	600,646	225,820	-	225,820		-	826,466		826,466
PARKLANDS	50,959	500	-	500	70,000	70,000	51,459		51,459
	<b>2,018,697</b>	<b>1,224,086</b>	<b>310,907</b>	<b>913,179</b>	<b>70,000</b>	<b>(98,368)</b>	<b>2,763,508</b>	<b>-</b>	<b>2,763,508</b>
<b>INTERNAL SERVICE FUNDS</b>									
EQUIP REPLACEMENT	2,382,091	21,000	222,960	(201,960)		-	2,180,131		2,180,131
INSURANCE	1,051,064	998,267	993,267	5,000		-	1,056,064		1,056,064
	<b>3,433,155</b>	<b>1,019,267</b>	<b>1,216,227</b>	<b>(196,960)</b>	<b>-</b>	<b>-</b>	<b>3,236,195</b>	<b>-</b>	<b>3,236,195</b>
<b>TOTAL</b>	<b>25,119,669</b>	<b>22,158,715</b>	<b>20,289,334</b>	<b>1,869,381</b>	<b>4,713,903</b>	<b>0</b>	<b>22,275,147</b>	<b>3,222,885</b>	<b>19,052,262</b>

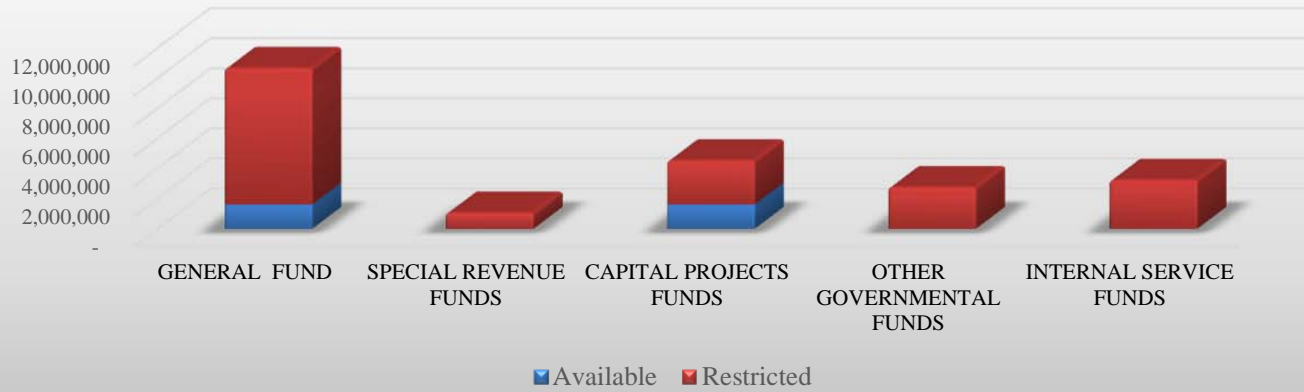
## FUND BALANCES 19/20

FUND	PROJECTED JUNE 30, 2019	ADOPTED REVENUE	OPERATIONS	REV / EXP	CAPITAL	TRANSFERS	JUNE 30, 2020	Available	Restricted
<b>GENERAL FUND</b>									
UNDESIGNATED	1,613,606	14,853,416	18,430,669	(3,577,253)		4,973,000	2,856,377	2,856,377	
FISCAL POLICY RESERVE	9,062,359						9,215,335		9,215,335
	<b>10,675,965</b>	<b>14,853,416</b>	<b>18,430,669</b>	<b>(3,577,253)</b>	<b>-</b>	<b>4,973,000</b>	<b>12,071,712</b>	<b>2,856,377</b>	<b>9,215,335</b>
<b>SPECIAL REVENUE FUNDS</b>									
SPECIAL PROJECTS	994,688	63,000	34,000	29,000		-	1,023,688		1,023,688
FIRE PARCEL TAX	-	-	-	-		-	-		-
PVE LAW ENFORCEMENT	-	4,973,000	-	4,973,000		(4,973,000)	-		-
TRANSIT PROP A	69,867	276,946	256,545	20,401		-	90,268		90,268
	<b>1,064,555</b>	<b>5,312,946</b>	<b>290,545</b>	<b>5,022,401</b>	<b>-</b>	<b>(4,973,000)</b>	<b>1,113,956</b>	<b>-</b>	<b>1,113,956</b>
<b>CAPITAL PROJECTS FUNDS</b>									
CAPITAL IMPROVEMENT	1,609,278	52,000		52,000	1,073,750	-	587,528	587,528	
SEWER	2,925,645	31,000	366,317	(335,317)	-	-	2,590,328		2,590,328
	<b>4,534,924</b>	<b>83,000</b>	<b>366,317</b>	<b>(283,317)</b>	<b>1,073,750</b>	<b>-</b>	<b>3,177,857</b>	<b>587,528</b>	<b>2,590,328</b>
<b>OTHER GOVERNMENTAL FUNDS</b>									
GAS TAX	67,105	302,363	315,982	(13,619)		-	53,486		53,486
DRUG INTERVENTION	514,523	1,100	-	1,100		-	515,623		515,623
POLICE GRANTS (SLESF)	462,554	102,500	-	102,500		-	565,054		565,054
CORRECTIONS	7,392	6,000	4,700	1,300		-	8,692		8,692
RMRA	306,311	232,426	-	232,426		-	538,737		538,737
MEASURE M	354,230	195,303	-	195,303		-	549,534		549,534
MEASURE R	173,468	173,859	-	173,859		-	347,327		347,327
TRANSIT PROP C	826,466	232,975	-	232,975		-	1,059,441		1,059,441
PARKLANDS	51,459	500	-	500		-	51,959		51,959
	<b>2,763,508</b>	<b>1,247,026</b>	<b>320,682</b>	<b>926,344</b>	<b>-</b>	<b>-</b>	<b>3,689,852</b>	<b>-</b>	<b>3,689,852</b>
<b>INTERNAL SERVICE FUNDS</b>									
EQUIP REPLACEMENT	2,180,131	22,000	159,350	(137,350)		-	2,042,781		2,042,781
INSURANCE	1,056,064	1,095,426	1,091,426	4,000		-	1,060,064		1,060,064
	<b>3,236,195</b>	<b>1,117,426</b>	<b>1,250,776</b>	<b>(133,350)</b>	<b>-</b>	<b>-</b>	<b>3,102,845</b>	<b>-</b>	<b>3,102,845</b>
<b>TOTAL</b>	<b>22,275,147</b>	<b>22,613,814</b>	<b>20,658,989</b>	<b>1,954,825</b>	<b>1,073,750</b>	<b>-</b>	<b>23,156,222</b>	<b>3,443,906</b>	<b>19,712,316</b>

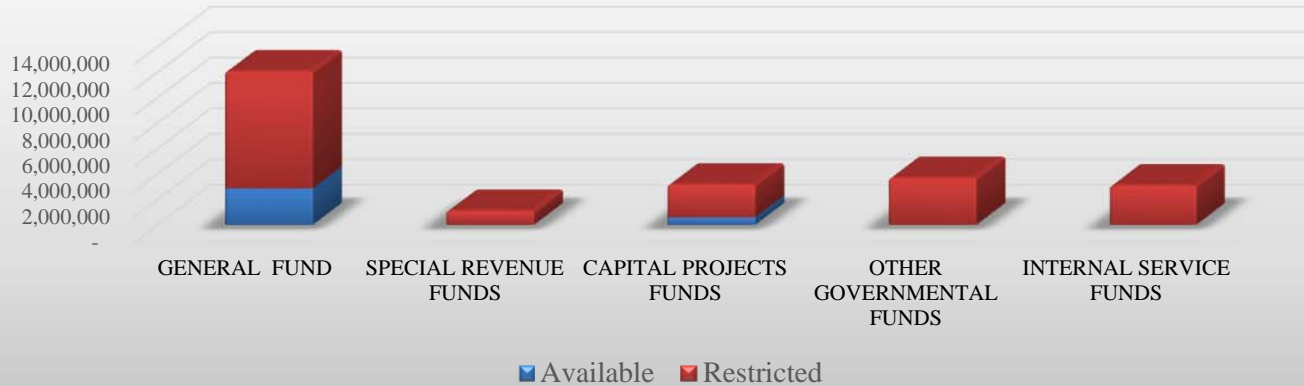
# FUND AVAILABILITIES

FUND	June 30, 2019		June 30, 2020	
	AVAILABLE	RESTRICTED	AVAILABLE	RESTRICTED
UNDESIGNATED	1,613,606		2,856,377	
FISCAL POLICY RESERVE		9,062,359		9,215,335
<b>GENERAL FUND</b>	<b>1,613,606</b>	<b>9,062,359</b>	<b>2,856,377</b>	<b>9,215,335</b>
SPECIAL PROJECTS		994,688		1,023,688
FIRE PARCEL TAX		-		-
PVE LAW ENFORCEMENT		-		-
TRANSIT PROP A		69,867		90,268
<b>SPECIAL REVENUE FUNDS</b>	<b>-</b>	<b>1,064,555</b>	<b>-</b>	<b>1,113,956</b>
CAPITAL IMPROVEMENT	1,609,278		587,528	
SEWER		2,925,645		2,590,328
<b>CAPITAL PROJECTS FUNDS</b>	<b>1,609,278</b>	<b>2,925,645</b>	<b>587,528</b>	<b>2,590,328</b>
GAS TAX		67,105		53,486
DRUG INTERVENTION		514,523		515,623
POLICE GRANTS (SLESF)		462,554		565,054
CORRECTIONS		7,392		8,692
RMRA		306,311		538,737
MEASURE M		354,230		549,534
MEASURE R		173,468		347,327
TRANSIT PROP C		826,466		1,059,441
PARKLANDS		51,459		51,959
<b>OTHER GOVERNMENTAL FUNDS</b>	<b>-</b>	<b>2,763,508</b>	<b>-</b>	<b>3,689,852</b>
EQUIP REPLACEMENT		2,180,131		2,042,781
INSURANCE		1,056,064		1,060,064
<b>INTERNAL SERVICE FUNDS</b>	<b>-</b>	<b>3,236,195</b>	<b>-</b>	<b>3,102,845</b>
<b>TOTAL</b>	<b>3,222,885</b>	<b>19,052,262</b>	<b>3,443,906</b>	<b>19,712,316</b>

### FY 18/19 Funds Availability



### FY 19/20 Funds Availability



# ADOPTED FUND TRANSFERS 18/19

(FROM) / TO	GEN FUND UNRESERVED	SPECIAL PROJECTS	FIRE TAX	PVE LAW ENFORCEMENT	CAPITAL IMPROVEMENT	MEASURE R	PARKLANDS	Purpose
<b>GENERAL FUND</b>								
UNRESERVED	4,973,000	-	(4,973,000)					To reimburse for Police Department expenditures
UNRESERVED	122,552	(122,552)						To refund excess funds transferred to Fire Tax Fund
UNRESERVED	(552,000)			482,000		70,000		To fund future capital projects
FISCAL POLICY RESERVE								
<b>SPECIAL REVENUE FUNDS</b>								
SPECIAL PROJECTS		(68,900)		68,900				To fund future road repairs & street projects
FIRE PARCEL TAX								
PVE LAW ENFORCEMENT								
TRANSIT PROP A								
<b>CAPITAL PROJECTS FUNDS</b>								
CAPITAL IMPROVEMENT				168,368	(168,368)			To apply to road reconstruction
SEWER								
<b>OTHER GOVERNMENTAL FUNDS</b>								
GAS TAX								
DRUG INTERVENTION								
POLICE GRANTS (SLESF)								
CORRECTIONS								
RMRA								
MEASURE M								
MEASURE R								
TRANSIT PROP C								
PARKLANDS								
<b>INTERNAL SERVICE FUNDS</b>								
EQUIP REPLACEMENT								
INSURANCE								
<b>TOTAL</b>	<b>4,543,552</b>	<b>(68,900)</b>	<b>(122,552)</b>	<b>(4,973,000)</b>	<b>719,268</b>	<b>(168,368)</b>	<b>70,000</b>	<b>-</b>
<b>TOTAL TRANSFERS OUT</b>								<b>(5,884,820)</b>
<b>TOTAL TRANSFERS IN</b>								<b>5,884,820</b>
								<b>-</b>



# PLANNED FUND TRANSFERS 19/20

(FROM) / TO	GEN FUND UNRESERVED	SPECIAL PROJECTS	FIRE TAX	PVE LAW ENFORCEMENT	CAPITAL IMPROVEMENT	MEASURE R	PARKLANDS	Purpose
<b>GENERAL FUND</b>								
UNRESERVED	4,973,000	-		(4,973,000)				To reimburse for Police Department expenditures
UNRESERVED								
FISCAL POLICY RESERVE								
<b>SPECIAL REVENUE FUNDS</b>								
SPECIAL PROJECTS								
FIRE PARCEL TAX								
PVE LAW ENFORCEMENT								
TRANSIT PROP A								
<b>CAPITAL PROJECTS FUNDS</b>								
CAPITAL IMPROVEMENT								
SEWER								
<b>OTHER GOVERNMENTAL FUNDS</b>								
GAS TAX								
DRUG INTERVENTION								
POLICE GRANTS (SLESF)								
CORRECTIONS								
RMRA								
MEASURE M								
MEASURE R								
TRANSIT PROP C								
PARKLANDS								
<b>INTERNAL SERVICE FUNDS</b>								
EQUIP REPLACEMENT								
INSURANCE								
<b>TOTAL</b>	<b>4,973,000</b>	-	-	<b>(4,973,000)</b>	-	-	-	
<b>TOTAL TRANSFERS OUT</b>				<b>(4,973,000)</b>				
<b>TOTAL TRANSFERS IN</b>								<b>4,973,000</b>
								-



This Page Left  
Intentionally  
Blank



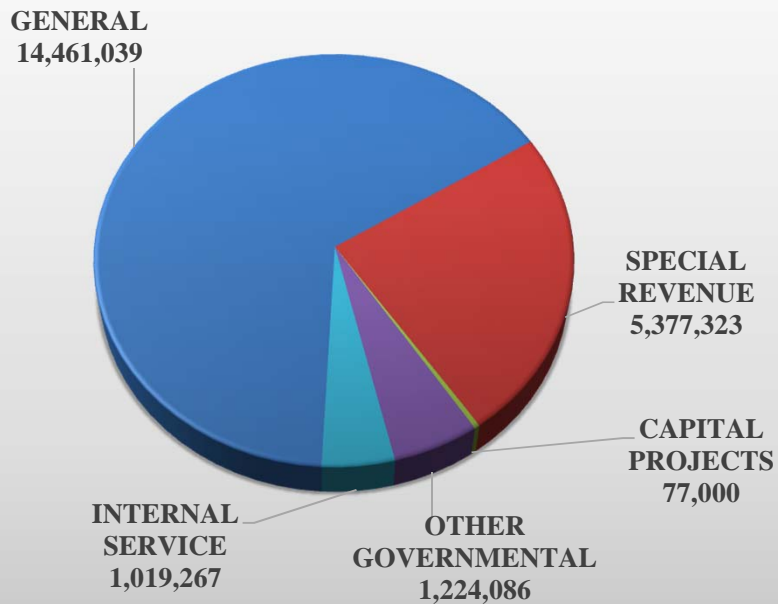
# What We Take In



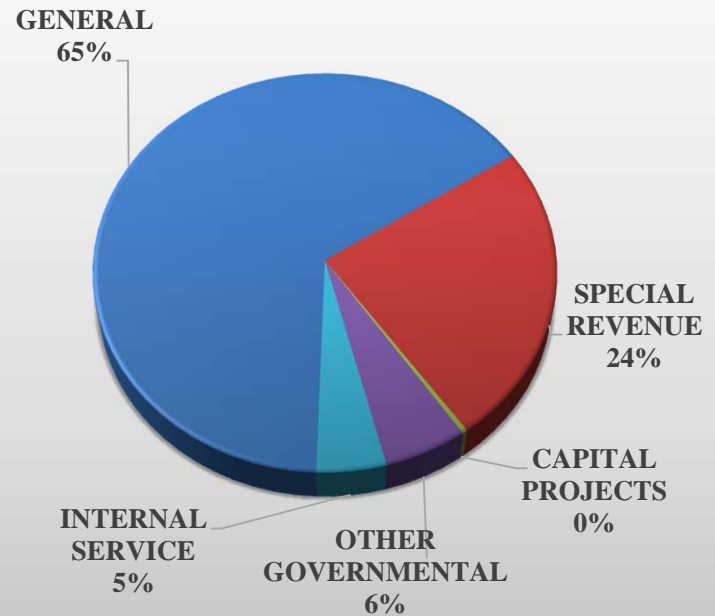
# REVENUE BY CATEGORY

FUND GROUP	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
GENERAL	13,748,780	13,423,339	13,637,968	14,461,039	14,853,416
SPECIAL REVENUE	5,274,881	359,096	351,522	5,377,323	5,312,946
CAPITAL PROJECTS	86,632	30,000	84,000	77,000	83,000
OTHER GOVERNMENTAL	768,587	1,653,867	1,483,780	1,224,086	1,247,026
INTERNAL SERVICE	1,308,267	1,002,498	1,023,106	1,019,267	1,117,426
<b>TOTAL</b>	<b>21,187,148</b>	<b>16,468,800</b>	<b>16,580,376</b>	<b>22,158,715</b>	<b>22,613,814</b>

**FY 2018-19 Revenue \$ By Fund Group**



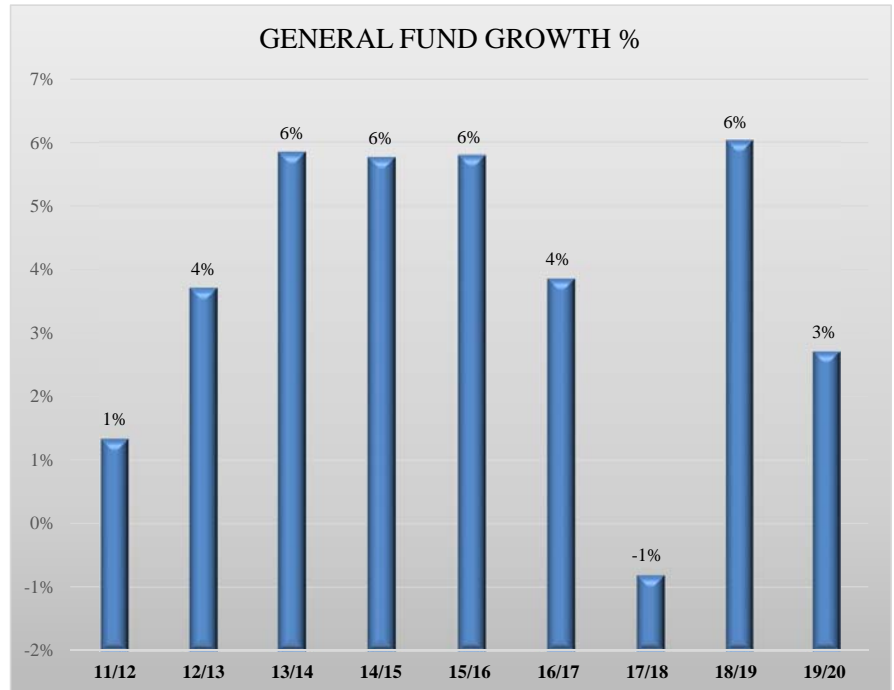
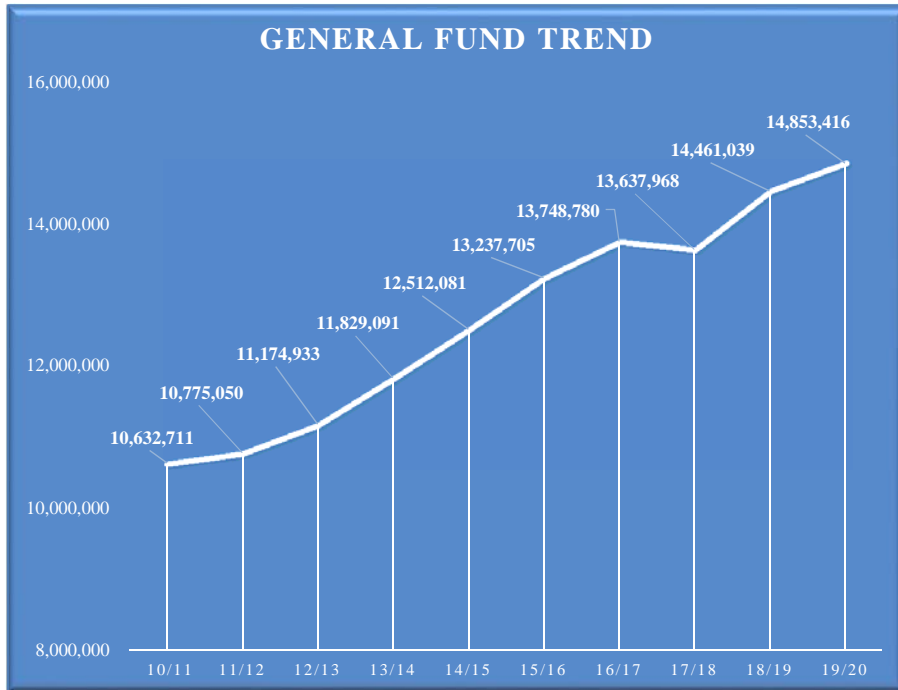
**FY 2018-19 Revenue % By Fund Group**



# REVENUE BY FUND

FUND NAME	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20	PERCENT OF TOTAL
<b>GENERAL FUND</b>						
GENERAL	13,748,780	13,423,339	13,637,968	14,461,039	14,853,416	
	<b>13,748,780</b>	<b>13,423,339</b>	<b>13,637,968</b>	<b>14,461,039</b>	<b>14,853,416</b>	<b>65.26%</b>
<b>SPECIAL REVENUE FUNDS</b>						
SPECIAL PROJECTS	293,473	99,000	56,272	135,900	63,000	
FIRE PARCEL TAX	4,725,323	-	45,852	-	-	
PVE LAW ENFORCEMENT	-	-	-	4,973,000	4,973,000	
TRANSIT PROP A	256,086	260,096	249,398	268,423	276,946	
	<b>5,274,881</b>	<b>359,096</b>	<b>351,522</b>	<b>5,377,323</b>	<b>5,312,946</b>	<b>24.27%</b>
<b>CAPITAL PROJECTS FUNDS</b>						
CAPITAL IMPROVEMENT	58,199	-	52,000	48,000	52,000	
SEWER	28,433	30,000	32,000	29,000	31,000	
	<b>86,632</b>	<b>30,000</b>	<b>84,000</b>	<b>77,000</b>	<b>83,000</b>	<b>0.35%</b>
<b>OTHER GOVERNMENTAL FUNDS</b>						
GAS TAX	265,284	361,192	304,360	302,163	302,363	
DRUG INTERVENTION	679	556,800	429,142	1,700	1,100	
POLICE GRANTS (SLESF)	131,804	100,500	132,559	102,200	102,500	
CORRECTIONS	1,964	6,000	3,207	6,000	6,000	
RMRA	-	78,500	78,423	227,888	232,426	
MEASURE M	-	173,816	164,783	189,447	195,303	
MEASURE R	158,393	161,969	158,640	168,368	173,859	
TRANSIT PROP C	210,004	215,090	212,167	225,820	232,975	
PARKLANDS	459	-	500	500	500	
	<b>768,587</b>	<b>1,653,867</b>	<b>1,483,780</b>	<b>1,224,086</b>	<b>1,247,026</b>	<b>5.52%</b>
<b>INTERNAL SERVICE FUNDS</b>						
EQUIP REPLACEMENT	440,865	21,000	38,610	21,000	22,000	
INSURANCE	867,402	981,498	984,496	998,267	1,095,426	
	<b>1,308,267</b>	<b>1,002,498</b>	<b>1,023,106</b>	<b>1,019,267</b>	<b>1,117,426</b>	<b>4.60%</b>
<b>TOTAL</b>	<b>21,187,148</b>	<b>16,468,800</b>	<b>16,580,376</b>	<b>22,158,715</b>	<b>22,613,814</b>	<b>100%</b>

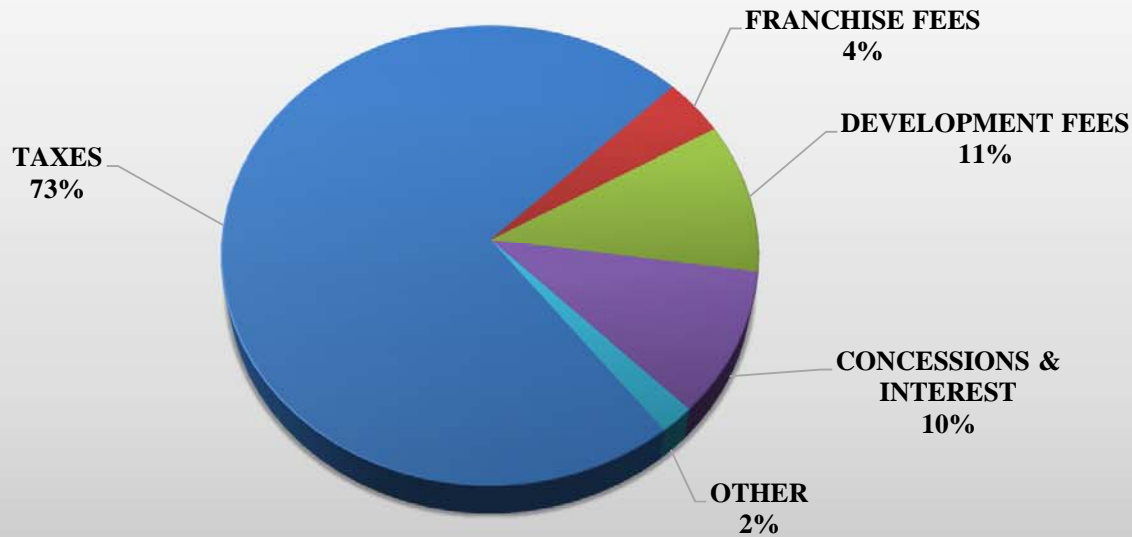
# REVENUE BY FUND



# GENERAL FUND REVENUE SOURCES

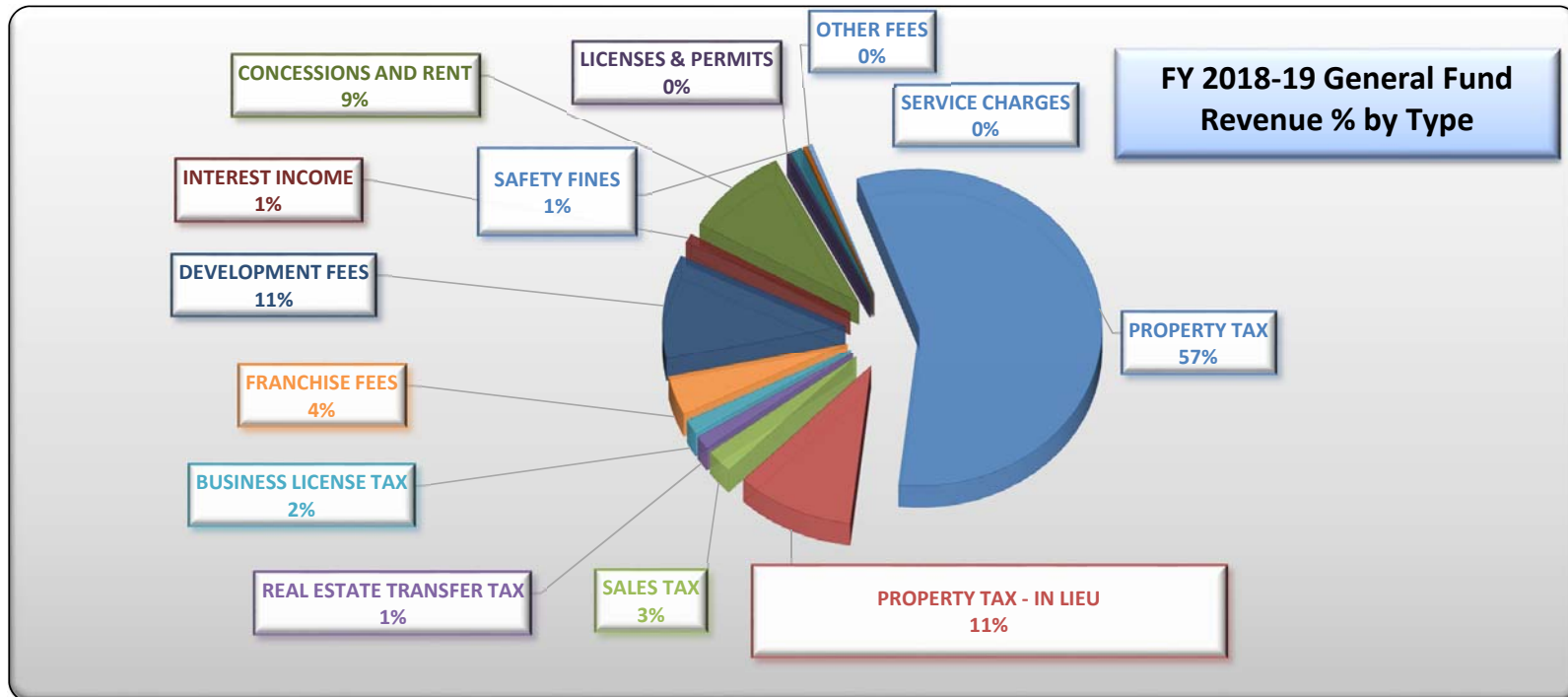
SOURCE	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
TAXES	10,015,612	10,154,084	9,926,840	10,586,539	10,943,156
FRANCHISE FEES	540,772	569,206	572,788	578,500	587,060
DEVELOPMENT FEES	1,155,284	1,031,000	1,449,265	1,532,500	1,532,500
CONCESSIONS & INTEREST	1,256,702	1,393,100	1,420,404	1,479,500	1,515,700
OTHER	780,411	275,949	268,671	284,000	275,000
<b>TOTAL</b>	<b>13,748,780</b>	<b>13,423,339</b>	<b>13,637,968</b>	<b>14,461,039</b>	<b>14,853,416</b>

**FY 2018-19 General Fund Revenue % by Source**



# GENERAL FUND REVENUE BY TYPE

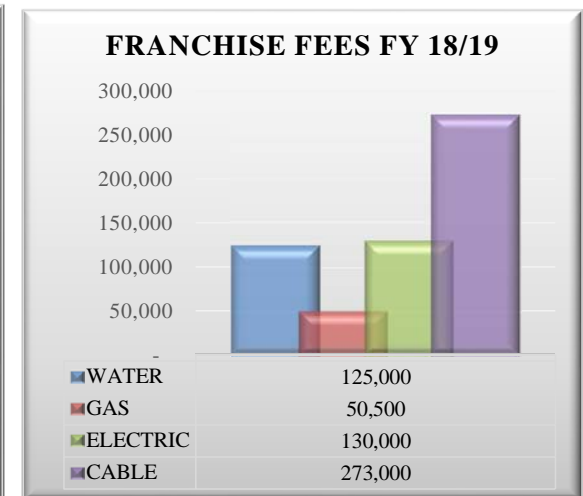
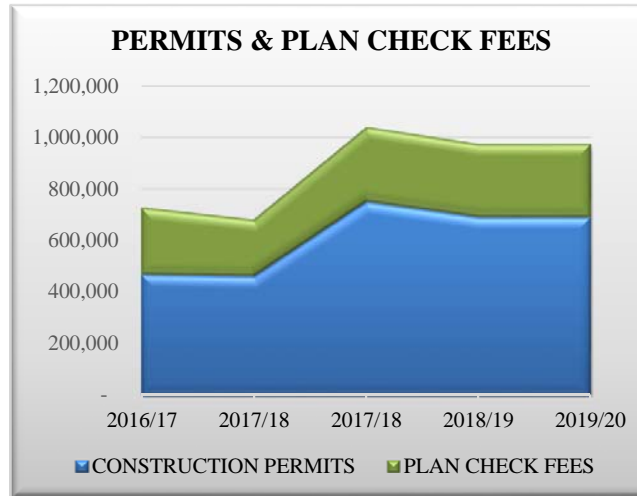
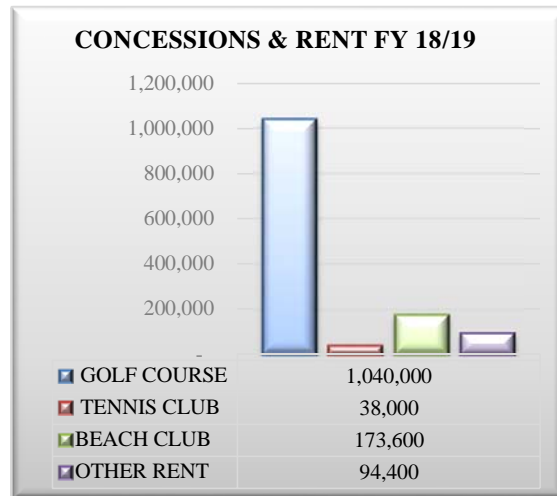
SOURCE	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
PROPERTY TAX	7,701,524	7,981,689	7,795,302	8,296,297	8,591,564
PROPERTY TAX - IN LIEU	1,388,090	1,375,395	1,391,098	1,514,992	1,570,592
SALES TAX	426,147	379,000	339,840	354,000	356,000
REAL ESTATE TRANSFER TAX	287,068	200,000	192,000	200,000	200,000
BUSINESS LICENSE TAX	212,783	218,000	208,600	221,250	225,000
FRANCHISE FEES	540,772	569,206	572,788	578,500	587,060
DEVELOPMENT FEES	1,155,284	1,031,000	1,449,265	1,532,500	1,532,500
INTEREST INCOME	(54,177)	70,000	29,141	133,500	144,500
CONCESSIONS AND RENT	1,310,878	1,323,100	1,391,263	1,346,000	1,371,200
LICENSES & PERMITS	18,010	30,500	14,515	30,500	30,500
SAFETY FINES	135,200	150,000	127,048	150,000	150,000
SERVICE CHARGES	72,696	58,000	92,952	49,000	47,000
OTHER FEES	554,506	37,449	34,157	54,500	47,500
<b>TOTAL</b>	<b>13,748,780</b>	<b>13,423,339</b>	<b>13,637,968</b>	<b>14,461,039</b>	<b>14,853,416</b>





# OTHER KEY BREAKOUTS

SOURCE	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CONCESSIONS & RENT	1,310,878	1,323,100	1,391,263	1,346,000	1,371,200
FRANCHISE TAX WATER	118,040	115,000	138,087	125,000	125,000
FRANCHISE TAX GAS	39,179	50,000	47,000	50,500	51,000
FRANCHISE TAX ELECTRIC	120,038	130,560	125,000	130,000	132,600
FRANCHISE TAX CABLE	263,515	273,646	262,701	273,000	278,460
CONSTRUCTION PERMITS	469,226	462,000	750,000	690,000	690,000
PLAN CHECK FEES	259,623	220,000	290,000	283,000	283,000
VEHICLE CODE FINES	56,242	50,000	47,048	50,000	50,000
PARKING FINES	78,958	100,000	79,999	100,000	100,000
<b>TOTAL</b>	<b>2,715,699</b>	<b>2,724,306</b>	<b>3,131,099</b>	<b>3,047,500</b>	<b>3,081,260</b>





This Page Left  
Intentionally  
Blank



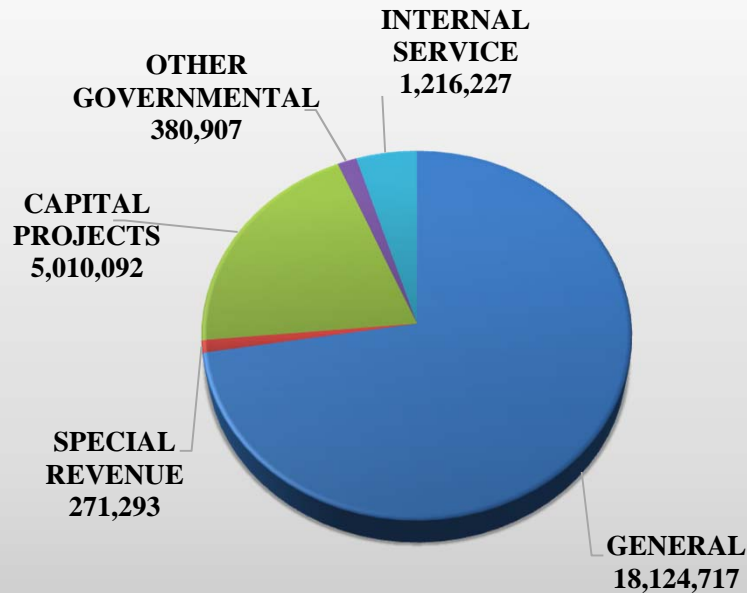
# What We Use



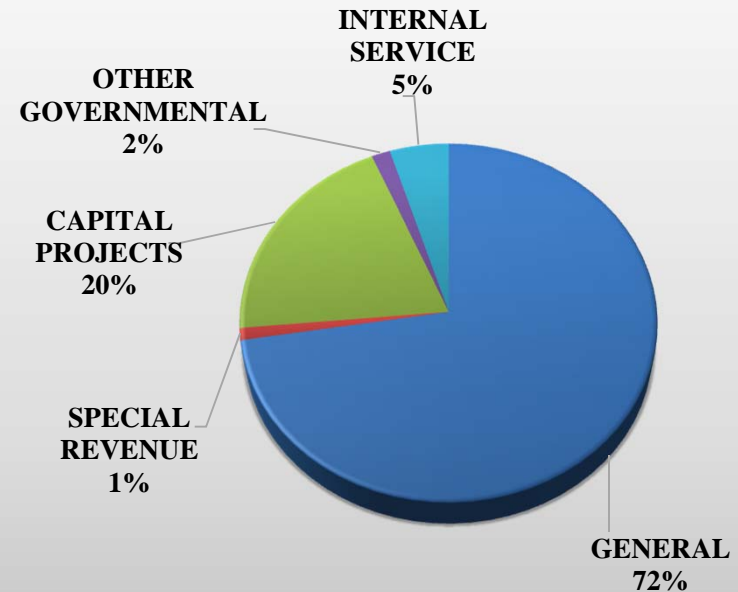
# EXPENDITURES BY CATEGORY

FUND GROUP	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
GENERAL	13,184,895	12,797,244	12,258,494	18,124,717	18,430,669
SPECIAL REVENUE	5,585,137	5,279,054	5,193,990	271,293	290,545
CAPITAL PROJECTS	1,081,286	2,840,045	445,319	5,010,092	1,440,067
OTHER GOVERNMENTAL	356,220	677,091	319,380	380,907	320,682
INTERNAL SERVICE	1,142,446	1,438,305	1,160,087	1,216,227	1,250,776
<b>TOTAL</b>	<b>21,349,984</b>	<b>23,031,740</b>	<b>19,377,270</b>	<b>25,003,237</b>	<b>21,732,739</b>

**FY 2018-19 Expenditure \$ By Fund Group**



**FY 2018-19 Expenditure % By Fund Group**



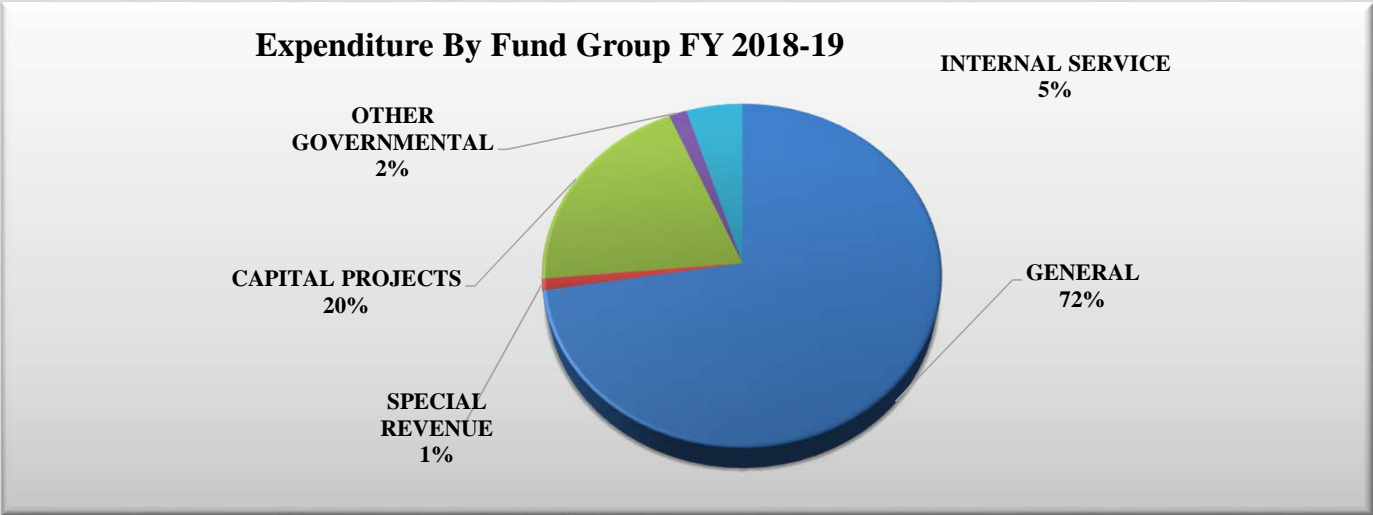
*please note: the Internal Service Fund - Insurance Expenditures are also included as department allocations in the General Fund.*

# EXPENDITURES BY FUND

FUND NAME	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
<b>GENERAL FUND</b>					
GENERAL	13,184,895	12,762,244	12,258,494	18,124,717	18,430,669
STABLE	-	35,000	-	-	-
	<b>13,184,895</b>	<b>12,797,244</b>	<b>12,258,494</b>	<b>18,124,717</b>	<b>18,430,669</b>
<b>SPECIAL REVENUE FUNDS</b>					
SPECIAL PROJECTS	11,295	10,160	8,432	34,000	34,000
FIRE PARCEL TAX	4,688,663	5,006,988	4,972,773	-	-
PVE LAW ENFORCEMENT	-	-	-	-	-
TRANSIT PROP A	885,179	261,906	212,785	237,293	256,545
	<b>5,585,137</b>	<b>5,279,054</b>	<b>5,193,990</b>	<b>271,293</b>	<b>290,545</b>
<b>CAPITAL PROJECT FUNDS</b>					
CAPITAL IMPROVEMENT	1,066,462	2,068,550	402,960	4,218,903	1,073,750
SEWER	14,824	771,495	42,359	791,189	366,317
	<b>1,081,286</b>	<b>2,840,045</b>	<b>445,319</b>	<b>5,010,092</b>	<b>1,440,067</b>
<b>OTHER GOVERNMENTAL FUNDS</b>					
GAS TAX	339,071	363,724	317,913	306,207	315,982
DRUG INTERVENTION	-	-	-	-	-
POLICE GRANTS	14,145	-	-	-	-
CORRECTIONS	3,004	4,700	1,467	4,700	4,700
RMRA	-	-	-	-	-
MEASURE M	-	-	-	-	-
MEASURE R	-	-	-	-	-
TRANSIT PROP C	-	208,667	-	-	-
PARKLANDS	-	100,000	-	70,000	-
	<b>356,220</b>	<b>677,091</b>	<b>319,380</b>	<b>380,907</b>	<b>320,682</b>
<b>INTERNAL SERVICE FUNDS</b>					
EQUIP REPLACEMENT	64,269	459,807	181,591	222,960	159,350
INSURANCE	813,625	978,498	978,496	993,267	1,091,426
FIXED ASSET DEPRECIATION	264,552	-	-	-	-
	<b>1,142,446</b>	<b>1,438,305</b>	<b>1,160,087</b>	<b>1,216,227</b>	<b>1,250,776</b>
<b>TOTAL</b>	<b>21,349,984</b>	<b>23,031,740</b>	<b>19,377,270</b>	<b>25,003,237</b>	<b>21,732,739</b>

*please note: the Internal Service Fund - Insurance Expenditures are also included as department allocations in the General Fund.*

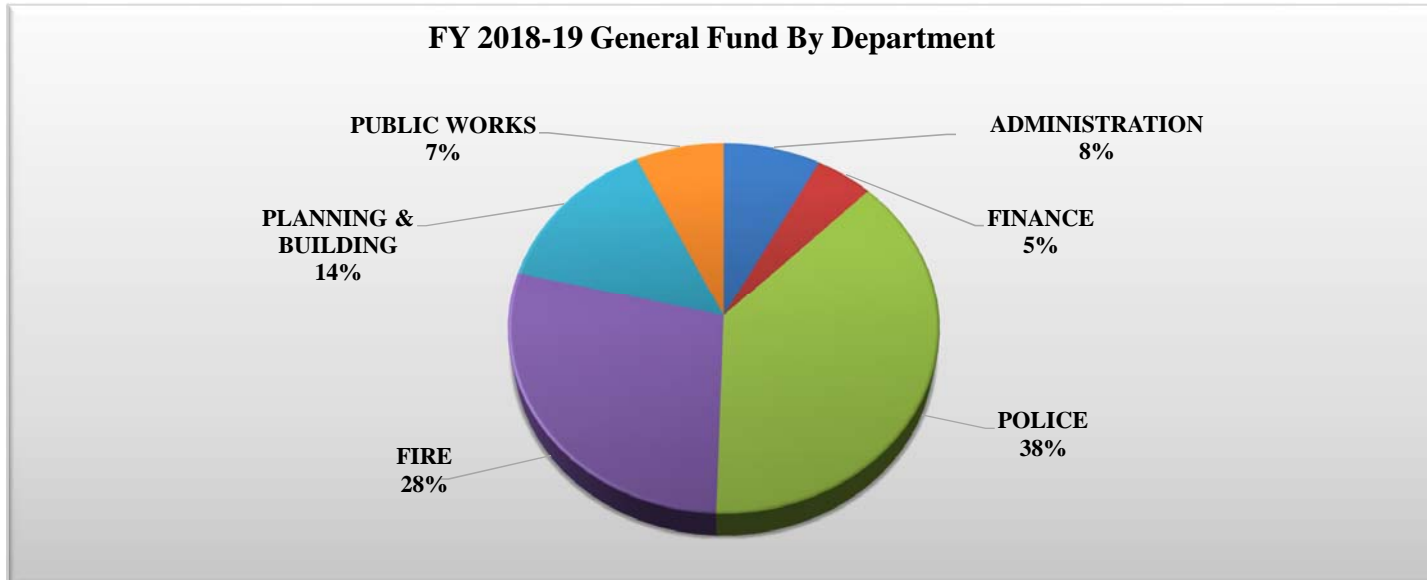
# EXPENDITURES BY FUND



# EXPENDITURES BY DEPT - FUNCTION

SERVICE AREA	ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
	2016/17	2017/18	2017/18	2018/19	2019/20
ADMINISTRATION	1,460,701	1,416,739	1,350,339	1,417,329	1,243,769
FINANCE	686,829	744,891	834,594	841,400	748,705
POLICE	7,148,618	7,133,988	6,586,586	6,896,226	7,137,129
FIRE	-	-	-	5,121,957	5,275,615
PLANNING & BUILDING	2,618,002	2,357,477	2,453,868	2,564,423	2,659,310
PUBLIC WORKS	1,270,744	1,109,149	1,033,107	1,283,382	1,366,141
STABLE	-	35,000	-	-	-
<b>SUBTOTAL GENERAL FUND</b>	<b>13,184,895</b>	<b>12,797,244</b>	<b>12,258,494</b>	<b>18,124,717</b>	<b>18,430,669</b>
SPECIAL REVENUE	5,585,137	5,279,054	5,193,990	271,293	290,545
CAPITAL PROJECTS	1,066,462	2,068,550	402,960	4,218,903	1,073,750
SEWER PROJECTS	14,824	771,495	42,359	791,189	366,317
OTHER GOVERNMENTAL	356,220	677,091	319,380	380,907	320,682
EQUIPMENT REPLACEMENT	64,269	459,807	181,591	222,960	159,350
INSURANCE	813,625	978,498	978,496	993,267	1,091,426
ISF - FIXED ASSET DEPRECIATION	264,552	-	-	-	-
<b>SUBTOTAL OTHER FUNDS</b>	<b>8,165,089</b>	<b>10,234,496</b>	<b>7,118,776</b>	<b>6,878,520</b>	<b>3,302,070</b>
<b>TOTAL</b>	<b>21,349,984</b>	<b>23,031,740</b>	<b>19,377,270</b>	<b>25,003,237</b>	<b>21,732,739</b>

*please note: the Internal Service Fund - Insurance Expenditures are also included as department allocations in the General Fund.*



# EXPENDITURES BY PROGRAM

PROGRAM	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CITY MANAGER	761,325	782,514	668,875	626,905	643,370
CITY ATTORNEY	191,137	191,900	233,054	213,000	203,000
CITY CLERK	221,622	296,892	276,321	280,197	238,539
NON-DEPARTMENTAL ADMINISTRATION	286,617	145,432	172,090	297,227	158,861
<b>ADMINISTRATION</b>	<b>1,460,701</b>	<b>1,416,739</b>	<b>1,350,339</b>	<b>1,417,329</b>	<b>1,243,769</b>
FINANCE	647,854	699,493	796,178	796,437	701,188
TREASURER	38,976	45,398	38,416	44,963	47,517
<b>FINANCE</b>	<b>686,829</b>	<b>744,891</b>	<b>834,594</b>	<b>841,400</b>	<b>748,705</b>
POLICE SERVICES	7,148,618	7,133,988	6,586,586	6,896,226	7,137,129
<b>POLICE</b>	<b>7,148,618</b>	<b>7,133,988</b>	<b>6,586,586</b>	<b>6,896,226</b>	<b>7,137,129</b>
FIRE SERVICES	-	-	-	5,121,957	5,275,615
<b>FIRE</b>	-	-	-	<b>5,121,957</b>	<b>5,275,615</b>
BUILDING	757,408	738,671	801,167	874,471	897,798
PLANNING	497,674	367,021	403,585	371,269	398,377
PARKLANDS	1,362,919	1,251,785	1,249,116	1,318,683	1,363,136
<b>PLANNING &amp; BUILDING</b>	<b>2,618,002</b>	<b>2,357,477</b>	<b>2,453,868</b>	<b>2,564,423</b>	<b>2,659,310</b>
CITY PROPERTIES	209,063	177,501	165,363	206,403	193,449
PUBLIC WORKS	963,232	829,263	775,066	883,429	909,830
STREETS	98,449	102,385	92,678	193,551	262,862
<b>PUBLIC WORKS</b>	<b>1,270,744</b>	<b>1,109,149</b>	<b>1,033,107</b>	<b>1,283,382</b>	<b>1,366,141</b>
STABLE IMPROVEMENTS	-	35,000	-	-	-
<b>STABLE FUND</b>	-	<b>35,000</b>	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>13,184,895</b>	<b>12,797,244</b>	<b>12,258,494</b>	<b>18,124,717</b>	<b>18,430,669</b>
PUBLIC WORKS	10,406	10,160	8,432	34,000	34,000
SPECIAL PROJECTS - DIRECT	890	-	-	-	-
<b>SPECIAL PROJECTS</b>	<b>11,295</b>	<b>10,160</b>	<b>8,432</b>	<b>34,000</b>	<b>34,000</b>
FIRE SERVICES	4,688,663	5,006,988	4,972,773	-	-
<b>FIRE PARCEL TAX</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	-	-
NON-DEPARTMENTAL	6,016	5,310	-	6,740	6,740
PROP A EXCHANGE	879,163	256,596	212,785	230,553	249,805
<b>TRANSIT PROP A</b>	<b>885,179</b>	<b>261,906</b>	<b>212,785</b>	<b>237,293</b>	<b>256,545</b>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>5,585,137</b>	<b>5,279,054</b>	<b>5,193,990</b>	<b>271,293</b>	<b>290,545</b>
CAPITAL IMPROVEMENTS	1,066,462	2,068,550	402,960	4,218,903	1,073,750
<b>CAPITAL IMPROVEMENTS FUND</b>	<b>1,066,462</b>	<b>2,068,550</b>	<b>402,960</b>	<b>4,218,903</b>	<b>1,073,750</b>
SALARIES & BENEFITS	-	-	-	7,189	7,242



# EXPENDITURES BY PROGRAM

PROGRAM	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SUPPLIES & SERVICES	-	7,500	-	359,000	359,075
CAPITAL IMPROVEMENTS	14,824	763,995	42,359	425,000	-
<b>SEWER FUND</b>	<b>14,824</b>	<b>771,495</b>	<b>42,359</b>	<b>791,189</b>	<b>366,317</b>
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>1,081,286</b>	<b>2,840,045</b>	<b>445,319</b>	<b>5,010,092</b>	<b>1,440,067</b>
STREETS	339,071	363,724	317,913	306,207	315,982
<b>GAS TAX FUND</b>	<b>339,071</b>	<b>363,724</b>	<b>317,913</b>	<b>306,207</b>	<b>315,982</b>
POLICE SERVICES	14,145	-	-	-	-
<b>POLICE GRANTS (SLES) FUND</b>	<b>14,145</b>	-	-	-	-
POLICE SERVICES	3,004	4,700	1,467	4,700	4,700
<b>CORRECTIONS FUND</b>	<b>3,004</b>	<b>4,700</b>	<b>1,467</b>	<b>4,700</b>	<b>4,700</b>
PROP C TRANSIT	-	208,667	-	-	-
<b>TRANSIT PROP C</b>	-	<b>208,667</b>	-	-	-
PARKLANDS	-	100,000	-	70,000	-
<b>PARKLANDS</b>	-	<b>100,000</b>	-	<b>70,000</b>	-
<b>TOTAL OTHER GOVERNMENTAL FUNDS</b>	<b>356,220</b>	<b>677,091</b>	<b>319,380</b>	<b>380,907</b>	<b>320,682</b>
EQUIPMENT REPLACEMENT	64,269	459,807	181,591	222,960	159,350
<b>EQUIP REPLACEMENT FUND</b>	<b>64,269</b>	<b>459,807</b>	<b>181,591</b>	<b>222,960</b>	<b>159,350</b>
CITY INSURANCE	813,625	978,498	978,496	993,267	1,091,426
<b>INSURANCE FUND</b>	<b>813,625</b>	<b>978,498</b>	<b>978,496</b>	<b>993,267</b>	<b>1,091,426</b>
ISF - FIXED ASSET DEPRECIATION	264,552	-	-	-	-
<b>TOTAL INTERNAL SERVICE FUNDS</b>	<b>1,142,446</b>	<b>1,438,305</b>	<b>1,160,087</b>	<b>1,216,227</b>	<b>1,250,776</b>
<b>TOTAL</b>	<b>21,349,984</b>	<b>23,031,740</b>	<b>19,377,270</b>	<b>25,003,237</b>	<b>21,732,739</b>
<b>Less Capital Expenditures</b>				<b>(4,713,903)</b>	<b>(1,073,750)</b>
<b>Operational Expenditures</b>				<b>20,289,334</b>	<b>20,658,989</b>

*please note: the Internal Service Fund - Insurance Expenditures are also included as department allocations in the General Fund.*

# Capital Projects

PROJECTS	Fund	PROJECT NUMBER	TYPE	FUNDING	ADOPTED 2018/19	PLANNED 2019/20
<b>STREETS &amp; ROADWAYS</b>						
Street Construction & Maintenance	30	80800	Annual	CIP/Meas R	364,000	360,000
On-Call Roadway Maintenance/Repairs	30	80891	Annual	CIP/Meas R	412,580	180,000
Slurry Seal	30	80050	Annual	CIP	242,800	240,000
Curb & Gutter	30	81300	Annual	CIP	126,523	75,000
ADA Upgrades Citywide	30	80896	Ongoing	CIP	302,500	105,000
Cross Gutter	30	80103	Annual	CIP	35,000	35,000
PVDW (Triangle and Civic Center) Roadway Geometric Study	30	80909	One Time	CALTRANS	100,000	-
<b>TRAFFIC SAFETY</b>						
Traffic Calming Projects	30	80047	Annual	CIP	27,500	28,750
Guardrail Project	30	81310	One Time	HSIP Grant	253,000	-
Reflective Roadway Regulatory Signs	30	81315	Ongoing	CIP	100,000	-
<b>FACILITY IMPROVEMENTS</b>						
City Hall Safety Project	30	80849	One Time	CIP	110,000	-
City Hall ADA Improvement	30	80855	Ongoing	CIP	188,000	-
EOC Conversion	30	80898	One Time	CIP	47,000	-
Server Room Upgrade/Relocation	30	80899	One Time	CIP	150,000	-
ADA Upgrades for City Hall & Police Station Entrance	30	80900	One Time	CIP	200,000	-
<b>INFRASTRUCTURE</b>						
Repair Storm Drains	30	80100	Annual	CIP	400,000	50,000
Catch Basin Replacements	30	80102	Annual	CIP	375,000	-
City Storm Drain #3 Outfall Repair (Christmas Tree Cove)	30	80904	One Time	CIP	300,000	-
Sewer Conditions Assessment	62	80158	One Time	SEWER	100,000	-
Via Coronel / Via Zurita Upgrades	62	80155	One Time	SEWER	325,000	-
MS4: Full Capture Trash Devices: Santa Monica Bay	30	80159	One Time	CIP/Prop 84 Grant	210,000	-
<b>CITY BEAUTIFICATION</b>						
Farnham Martin Park Fountain Upgrades	30	80910	One Time	CIP	23,500	-
Rosslar Fountain Upgrade	30	80911	One Time	CIP	1,500	-
Lunada Bay Plaza Enhancements	30	80913	One Time	CIP	150,000	-
Street Tree Inventory	30	80916	One Time	CIP	50,000	-
Tree Management Plan	30	80906	One Time	CIP	50,000	-
Parklands Projects	31	80920	Ongoing	PARKLANDS	70,000	-
<b>TOTAL</b>					<b>4,713,903</b>	<b>1,073,750</b>
<b>CIP</b>	30				4,218,903	1,073,750
<b>PARKLANDS</b>	31				70,000	-
<b>SEWER</b>	62				425,000	-
					<b>4,713,903</b>	<b>1,073,750</b>



# Department Budgets

Administration

Finance

Police

Fire & Paramedic Services

Planning & Building

Public Works



This Page Left  
Intentionally  
Blank

# Administration

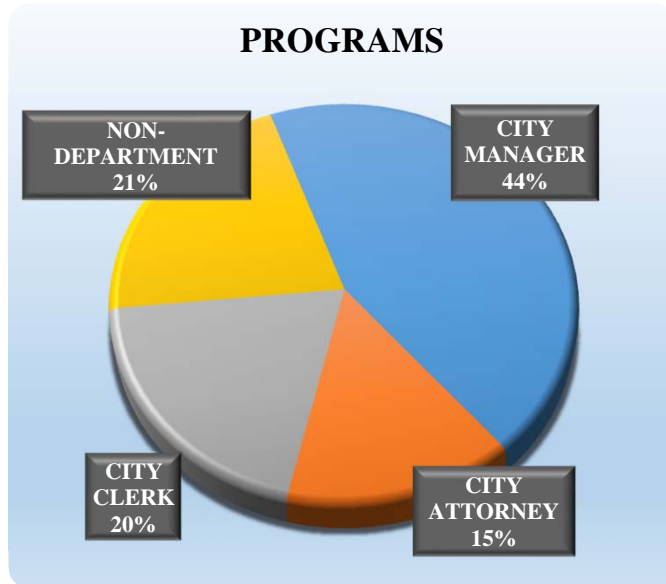
# ADMINISTRATION

Guided by the highest principles of public policy and law, our mission is to provide exemplary service to the Community, City Council and our fellow Employees with a commitment to integrity, efficiency, professionalism and cooperation.

## RESOURCES

Service Area	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CITY MANAGER	761,325	782,514	668,875	626,905	643,370
CITY ATTORNEY	191,137	191,900	233,054	213,000	203,000
CITY CLERK	221,622	296,892	276,321	280,197	238,539
NON-DEPARTMENTAL	286,617	145,432	172,090	297,227	158,861
NON-DEPARTMENTAL (26 Prop A)	6,016	5,310	-	6,740	6,740
<b>TOTAL FUND EXPENDITURES</b>	<b>1,466,717</b>	<b>1,422,049</b>	<b>1,350,339</b>	<b>1,424,069</b>	<b>1,250,509</b>

## PROGRAMS



### Key Budget Changes/Comments

Overall, changes include increases in fixed and mandated costs.

Training has been provided for cross-training, implementation of 'best management practices' and professional development.

Tuition reimbursement is consistent with the Memorandum of Understanding with labor unions and encompasses funds that had previously been distributed within individual Departments.

Labor Counsel services have increased in FY 2018-19 for labor negotiations.

The City Clerk Department includes upcoming elections.

# City Manager

## RESOURCES

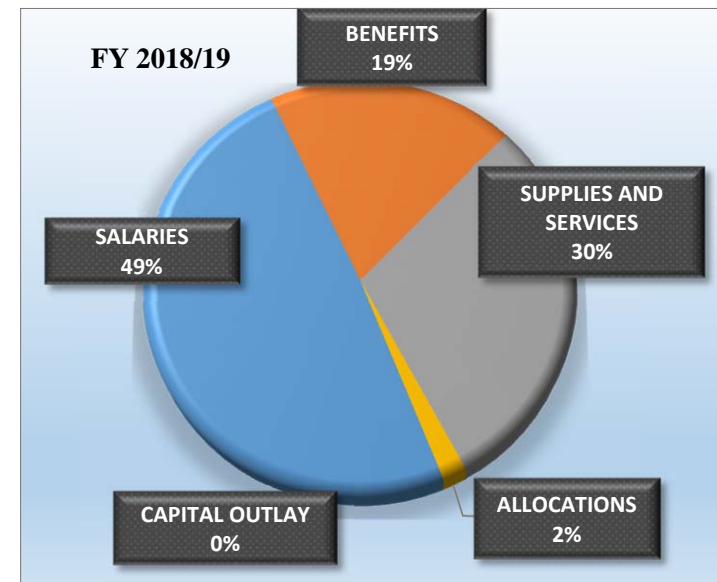
Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	426,473	452,952	386,495	307,740	307,740
BENEFITS	124,937	122,780	117,447	120,675	139,974
SUPPLIES AND SERVICES	198,371	194,802	152,952	187,402	182,518
ALLOCATIONS	9,998	11,981	11,981	11,088	13,138
CAPITAL OUTLAY	1,546	-	-	-	-
<b>TOTAL</b>	<b>761,325</b>	<b>782,514</b>	<b>668,875</b>	<b>626,905</b>	<b>643,370</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	3.000	3.000	3.000	2.000	2.000
PART TIME	0.500	0.500	0.500	0.500	0.500
<b>TOTAL</b>	<b>3.500</b>	<b>3.500</b>	<b>3.500</b>	<b>2.500</b>	<b>2.500</b>

### What We Do:

The City Manager is appointed by the City Council and serves as the City's Chief Administrative Officer. Responsibilities include the implementation of City Council policies. Specific duties include, for example, implementing the City Council's priorities; providing policy recommendations to the City Council; meeting with the public; attending City Council meetings and representing the City; administrative oversight of the day-to-day operations of the City and all personnel, directly and through department heads; presenting, implementing and insuring a balanced budget and adherence to fiscal policies; and addressing any and all issues and projects.

The City Manager also maintains a close working relationship with other governmental agencies on topics facing the City and serves as the primary liaison between City administration, community groups and citizens. The City Manager's Department also oversees Personnel and Risk Management.



# The Sharper Pencil

<b>CITY MANAGER</b>					
<b>2000</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005 Salaries	421,377	447,732	381,275	302,520	302,520
40007 Car Allowance	4,393	4,500	4,500	4,500	4,500
40008 Phone Allowance	703	720	720	720	720
41055 Overtime	-	-	-	-	-
<b>SALARIES</b>	<b>426,473</b>	<b>452,952</b>	<b>386,495</b>	<b>307,740</b>	<b>307,740</b>
50080 Retirement	43,106	45,022	45,591	53,343	67,221
50085 Workers' Compensation	2,488	2,828	2,828	3,279	3,241
50090 Health Insurance	65,976	66,129	61,360	58,199	63,657
50091 Disability Insur	1,035	2,309	1,392	1,392	1,392
50094 Social Security	-	-	764	-	-
50095 Medicare	6,165	6,492	5,512	4,462	4,462
50097 Unemployment Insurance	6,168	-	-	-	-
<b>BENEFITS</b>	<b>124,937</b>	<b>122,780</b>	<b>117,447</b>	<b>120,675</b>	<b>139,974</b>
61105 Dues & Memberships	5,035	3,725	3,500	5,030	5,220
61115 Mileage	-	-	-	-	-
61120 Training	47,729	27,500	7,439	49,507	48,400
61125 Subscriptions	-	225	-	-	-
61130 Travel & Meetings	3,605	3,575	2,566	5,350	3,575
62215 Printing & Binding	-	-	-	-	-
62290 General Service	1,373	1,377	969	1,500	1,530
64425 Professional Services	69,155	137,100	122,622	87,200	87,200
64430 Contractual Service	25,000	-	6,000	24,000	24,000
62244 Legal Services	33,191	8,000	1,925	-	-
64599 Hiring	5,044	4,300	4,545	6,865	6,993
64680 Employee Recognition	8,240	9,000	3,387	7,950	5,600
<b>SUPPLIES &amp; SERVICES</b>	<b>198,371</b>	<b>194,802</b>	<b>152,952</b>	<b>187,402</b>	<b>182,518</b>
66605 Insurance Allocation	9,998	11,981	11,981	11,088	13,138
<b>ALLOCATIONS</b>	<b>9,998</b>	<b>11,981</b>	<b>11,981</b>	<b>11,088</b>	<b>13,138</b>
70770 Computer Equipment	1,546	-	-	-	-
<b>CAPITAL OUTLAY</b>	<b>1,546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>761,325</b>	<b>782,514</b>	<b>668,875</b>	<b>626,905</b>	<b>643,370</b>

## Achievements/Performance Outputs:

- **Human Resources**
  - Filled vacancies of Police Services Officer, Police Officer, City Clerk, Police Chief, Senior Accountant, Financial Services Technician, Elections Assistant, and Administrative Analyst
- **Palos Verdes Estates Internship Program**
  - Summer/Fall 2017 - 4 students
  - Spring 2018 - 6 students
  - Summer 2018 - 17 students
- **Community Outreach Efforts**
  - Collaborated with Davenport Institute for community engagement
  - Commenced 2nd annual Citizens Academy
  - Published quarterly City newsletters
  - Facilitated annual City Council/Planning Commission/Homes Association Meeting
  - Business Community meetings
  - Conducted meetings and strengthened relations with Concessionaires
  - Facilitated Ad Hoc meetings among Chairs and Vice-Chairs of the Planning Commission, Parklands Committee and Traffic Safety Committee
  - Processed Special Event Applications and Film Permits
  - Initiated and maintained social media platforms
  - Established the Technology Task Force, Technology Advisory Committee, Investment Policy Advisory Committee, Finance Advisory Committee, and Law Enforcement Services Special Tax Oversight Committee
- **Intergovernmental Relations**
  - Participated in South Bay Cities Council of Governments
  - Participated in the Los Angeles Division of the League of California Cities
  - Participated in League of California Cities
- **Established Workers' Compensation Return to Work Program**
- **Labor Negotiations**
- **Employee Relations**

## Goals/Performance Standards:

- Increase and expand citywide, community communications
- Implement infrastructure improvements including traffic flow enhancements in the vicinity of City Hall and Lunada Bay Plaza improvements
- Professional Development and Skills Training
- Labor Negotiations & Employee Relations
- Enhanced Connectivity with Community through social media outlets
- Utilize Davenport Institute to increase civic engagement/participation and develop engagement manual
- Technology Enhancements
- Inter-governmental relations with other agencies
- Inventory and depreciation schedule of fixed assets and equipment



# City Attorney

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SUPPLIES AND SERVICES	191,137	191,900	233,054	213,000	203,000
<b>TOTAL</b>	<b>191,137</b>	<b>191,900</b>	<b>233,054</b>	<b>213,000</b>	<b>203,000</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.00	0.00	0.00	0.00	0.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

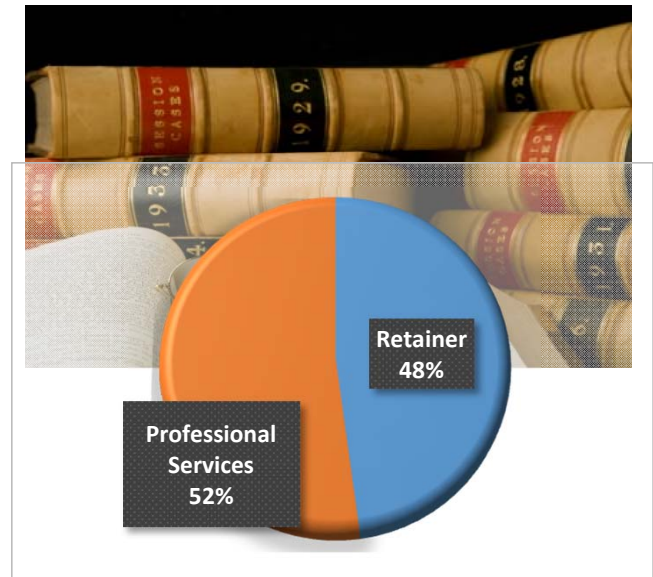
### What We Do:

This function's objective is to practice “preventative law” in connection with advisory matters to minimize the potential for litigation.

The City Attorney is retained by the City Council on a part-time basis to advise the Council, City Manager, staff, and Commissions on matters of law as they relate to City activities. The City Attorney represents the City in litigation and drafts ordinances, resolutions, contracts, agreements, and other legal documents. Regular attendance at City Council, Planning Commission and other meetings as necessary.

Since April 2010, Christi Hogin of the law firm Jenkins & Hogin LLP has served as the City Attorney and has since assigned the agreement to Best, Best & Kreiger LLP. The contract with Best, Best & Krieger LLP provides a flat retainer for general legal services with no cap on hours. Hourly rates are applied for other services, including litigation.

Professional Services reflects costs associated with Municipal Code revisions and recodification.



# The Sharper Pencil



## CITY ATTORNEY

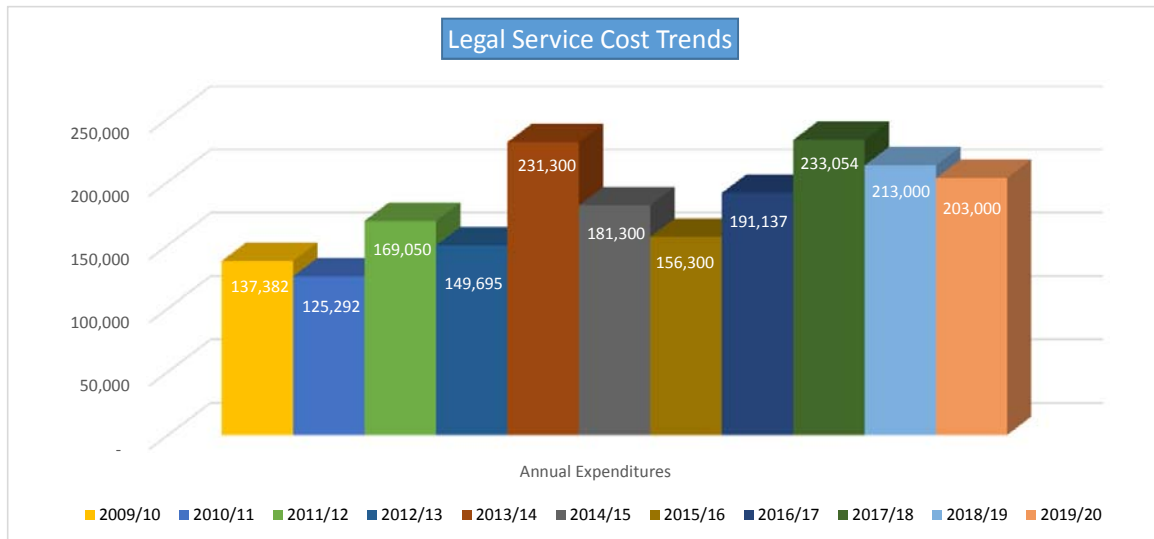
3040		ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
Line Items		2016/17	2017/18	2017/18	2018/19	2019/20
62244	Legal Services	3,552	-	-	-	-
64418	Retainer	93,500	102,000	93,500	102,000	102,000
64425	Professional Services	94,085	89,900	139,554	111,000	101,000
	<b>SUPPLIES AND SERVICES</b>	<b>191,137</b>	<b>191,900</b>	<b>233,054</b>	<b>213,000</b>	<b>203,000</b>
	<b>TOTAL</b>	<b>191,137</b>	<b>191,900</b>	<b>233,054</b>	<b>213,000</b>	<b>203,000</b>

### Goals:

Practice "preventative law" in connection with advisory matters to minimize the potential for litigation and protect the City.

Provides legal guidance and direction in the following areas:

- City Attorney/General Counsel
- Election Law
- Brown Act
- Conflict of Interest/Ethics
- CEQA
- Water Quality (NPDES)
- Coastal Act
- Land use
- Ordinance and resolution
- Litigation



# City Clerk

## Resources

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	114,253	128,197	104,784	106,180	106,180
BENEFITS	20,313	17,996	15,542	19,978	24,170
SUPPLIES AND SERVICES	82,304	133,801	134,893	145,908	98,915
ALLOCATIONS	4,752	5,949	5,949	5,506	6,524
CAPITAL OUTLAY	-	10,949	15,152	2,625	2,750
<b>TOTAL</b>	<b>221,622</b>	<b>296,892</b>	<b>276,321</b>	<b>280,197</b>	<b>238,539</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.500	0.500	0.500	0.500	0.500
PART TIME	1.686	1.686	1.686	0.563	0.563
<b>TOTAL</b>	<b>2.186</b>	<b>2.186</b>	<b>2.186</b>	<b>1.063</b>	<b>1.063</b>

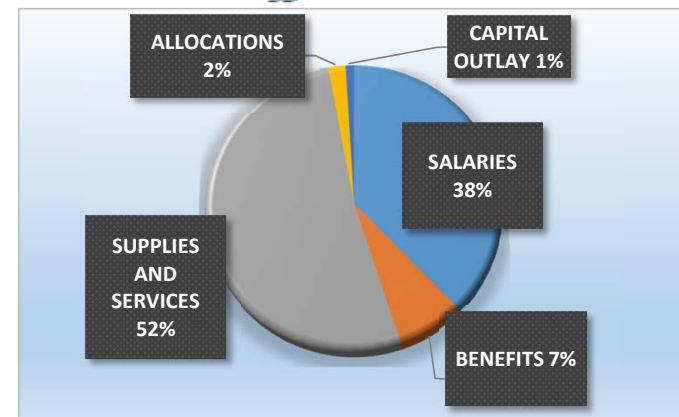
### What We Do:

This function works with the City Manager's office to ensure that legislative processes are open and accessible and serves as a link between residents, public and government through the dissemination of information, and to ensure the preservation, access and integrity of records required to be stored for legal and business purposes.

The City Clerk's office is responsible for the preparation and distribution of City Council agendas; maintains Action Minutes, records and legislative history of City Council actions; provides safe keeping and storage of the City's official records and archives; provides records retrieval and legislative research for City departments and the public.

This office performs centralized processing of all legal notices; maintains campaign and economic interest statement filings; administers municipal elections; updates and maintains the City's Municipal Code; maintains custody of the City Seal; administers the City's centralized Records Management Program and record keeping system.

Welcome to the  
*City Clerk's  
Office*



# The Sharper Pencil

<b>CITY CLERK</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>3010</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005	Salaries City	108,357	125,497	101,104	103,680	103,680
40010	Temporary Salaries / OT	5,874	2,700	2,500	2,500	2,500
41055	Regular Overtime	22	-	1,180	-	-
	<b>SALARIES</b>	<b>114,253</b>	<b>128,197</b>	<b>104,784</b>	<b>106,180</b>	<b>106,180</b>
50080	Retirement	11,706	14,343	12,295	16,468	20,674
50085	Workers' Compensation	929	1,058	1,058	1,226	1,212
50090	Health Insurance	6,062	128	64	100	100
50091	Disability Insur	60	647	365	365	365
50094	Social Security	-	-	301	-	-
50095	Medicare	1,557	1,820	1,460	1,819	1,819
50097	Unemployment	-	-	-	-	-
	<b>BENEFITS</b>	<b>20,313</b>	<b>17,996</b>	<b>15,542</b>	<b>19,978</b>	<b>24,170</b>
61105	Dues & Memberships	215	325	130	175	200
61120	Training	1,450	-	1,600	3,200	-
61130	Travel & Meetings	(150)	565	900	900	925
62225	Public Information	21,911	19,525	20,628	23,306	24,700
62245	Legal Publishing	2,628	2,000	5,679	8,000	9,000
62265	Elections	26,875	74,566	71,884	80,400	31,500
62290	General Service	7,120	8,262	2,705	2,700	2,700
64425	Professional Services	11,633	20,450	16,381	17,370	19,390
64430	Contractual Service	10,623	8,108	14,985	9,857	10,500
	<b>SUPPLIES &amp; SERVICES</b>	<b>82,304</b>	<b>133,801</b>	<b>134,893</b>	<b>145,908</b>	<b>98,915</b>
66605	Insurance Allocation	4,752	5,949	5,949	5,506	6,524
	<b>ALLOCATIONS</b>	<b>4,752</b>	<b>5,949</b>	<b>5,949</b>	<b>5,506</b>	<b>6,524</b>
70740	Office Equipment	-	2,500	6,703	2,625	2,750
70770	Computer Equipment	-	8,449	8,449	-	-
	<b>CAPITAL OUTLAY</b>	<b>-</b>	<b>10,949</b>	<b>15,152</b>	<b>2,625</b>	<b>2,750</b>
	<b>TOTAL CITY CLERK</b>	<b>221,622</b>	<b>296,892</b>	<b>276,321</b>	<b>280,197</b>	<b>238,539</b>



## Achievements/Performance Outputs:

- **April 10, 2018 Special Municipal Election** – the City Clerk's office successfully implemented a stand-alone election in full compliance with the provisions of the Elections Code.
- **Records Management** – Enabling the City Clerk's office to apply efficient and cost-effective methods for utilization, maintenance, retention, preservation and destruction of records retained by the City.
- **Conflict of Interest Code** – Facilitated the review and update the City's Conflict of Interest Code to reflect all officers, employees, Commission/Committee members or consultants for appropriate disclosure of economic interests in accordance with the Government Code.
- **On-going Operations** – Maintained on-going department functions including agenda preparation and publishing of 44 City Council Agendas, City Council Action Minutes, legal noticing, responses to 60 Public Records Act requests, contract management, website updates, codified and posted Municipal Code updates, and coordination of annual financial disclosure filings of public officials.

## Goals/Performance Standards:

- **Municipal Election** - Conduct the March 2019 General Municipal Election.
- **Records Management** – Fully implement the public-facing portal of Questys to make digital records of the City available and searchable through the City's website, allowing for more transparency and accessibility to residents, and in turn reducing the number of Public Records Act requests received by the City Clerk's office. Continue to digitalize future and historical City records to be uploaded into the Questys database.
- **City Website** – Participate and play an integral role in the update of the City's website to enhance the City's online presence to the public. Implement strategies to enhance website readership and subscriptions for e-notification. Facilitate web posting of all digitally recorded video of City Committee meetings, Action Minutes for all Commissions and Committees, financial reports etc.
- **Public Records Act requests** - Continue to efficiently and successfully fill all incoming Public Records Act requests for the City.

# Non-Departmental

## NON-DEPARTMENTAL

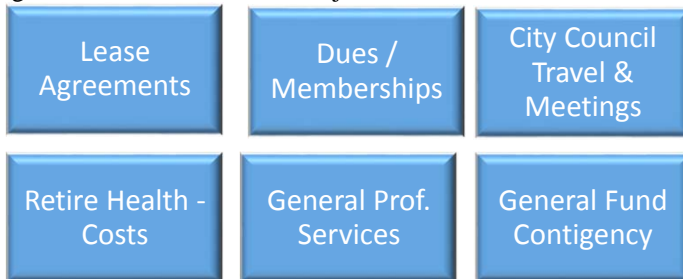
Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	-	-	-	-	-
BENEFITS	21,287	43,000	73,002	20,400	23,700
SUPPLIES AND SERVICES	228,607	54,235	45,581	234,048	83,226
ALLOCATIONS	42,739	53,507	53,507	49,519	58,675
<b>TOTAL</b>	<b>292,633</b>	<b>150,742</b>	<b>172,090</b>	<b>303,967</b>	<b>165,601</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.00	0.00	0.00	0.00	0.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

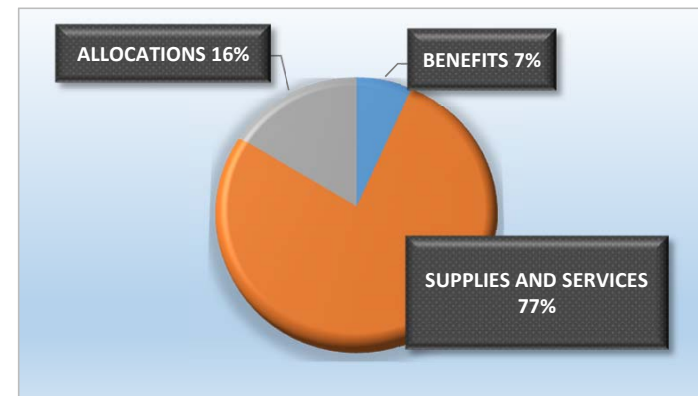
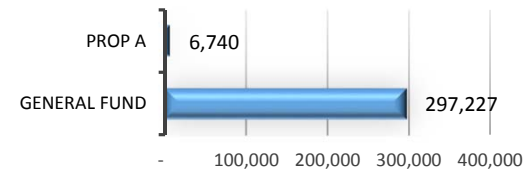
### What We Do:

The Non-Departmental budget contains funding for citywide obligations, which are not specifically attributable to any one department. Costs for City professional memberships and business meetings are provided for here.

This is often thought of as a "Shared Services" cost center that provides for a sundry of generic costs that are most efficiently managed on a centralized basis. Major dollars include:



### FY 18/19 FUNDING



# The Sharper Pencil



<b>NON-DEPARTMENTAL</b>					
<b>3160</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
50090 Health Insurance - Cobra	558	18,300	49,302	-	-
50092 Flexible Spending Accounts	900	600	600	600	600
50093 Employee Wellness	29	1,000	-	-	-
50096 Retiree Health Stipend	19,800	23,100	23,100	19,800	23,100
<b>BENEFITS</b>	<b>21,287</b>	<b>43,000</b>	<b>73,002</b>	<b>20,400</b>	<b>23,700</b>
61105 Dues & Memberships	9,440	9,590	18,783	12,491	12,591
61105 Dues & Memberships (26)	6,016	5,310	-	6,740	6,740
61125 Subscriptions	470	435	712	695	695
61130 Travel & Meetings	3,759	3,500	2,752	5,885	5,950
62290 General Services	132	1,000	278	-	-
64419 LA County Processing Fee	98,845	-	-	-	-
64425 Professional Service	279	-	286	-	-
64430 Contractual Services	1,465	1,900	1,951	2,050	2,150
64520 SB Juv. Diversion	-	-	-	-	-
65090 Lease Agreement	18,401	19,600	12,517	25,100	25,100
66601 Contingency Reserve	89,801	12,900	8,302	181,087	30,000
<b>SUPPLIES AND SERVICES</b>	<b>228,607</b>	<b>54,235</b>	<b>45,581</b>	<b>234,048</b>	<b>83,226</b>
66605 Insurance Allocation	42,739	53,507	53,507	49,519	58,675
<b>ALLOCATIONS</b>	<b>42,739</b>	<b>53,507</b>	<b>53,507</b>	<b>49,519</b>	<b>58,675</b>
<b>TOTAL NON-DEPARTMENTAL</b>	<b>292,633</b>	<b>150,742</b>	<b>172,090</b>	<b>303,967</b>	<b>165,601</b>
<b>GENERAL FUND</b>	<b>286,617</b>	<b>145,432</b>	<b>172,090</b>	<b>297,227</b>	<b>158,861</b>
<b>OTHER FUNDS</b>	<b>6,016</b>	<b>5,310</b>	<b>-</b>	<b>6,740</b>	<b>6,740</b>
<b>TOTAL</b>	<b>292,633</b>	<b>150,742</b>	<b>172,090</b>	<b>303,967</b>	<b>165,601</b>

# Finance

# FINANCE

To safeguard the assets of the City, maintain regulatory compliance, promote long-term fiscal and technology strategic planning, provide exceptional customer service with timely, relevant and accessible information sharing.

## RESOURCES

Service Area	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
FINANCE	647,854	699,493	796,178	796,437	701,188
CITY TREASURER	38,976	45,398	38,416	44,963	47,517
<b>TOTAL EXPENDITURES</b>	<b>686,829</b>	<b>744,891</b>	<b>834,594</b>	<b>841,400</b>	<b>748,705</b>

Budgeting	Forecasting
Audit	Fiscal Policy
Banking	Payroll
Purchasing	Payments
Revenue Collection	Regulatory Compliance
Management Info Systems	Citywide Technology

### Key Budget Changes/Comments

FY 18/19 salaries and benefits reflect a fully staffed department by year end, a part-time budget analyst and partial reduction in use of consultant support services. FY19-20 does not include the part-time budget analyst position and further reduction in use of consultant support services. Benefits reflect increases in CalPERS pension rates and medical coverage.

The City Treasurer budget reflects a full time accounting staffing FTE allocation of 20% of one Financial Services Technician.

Professional services includes reduction in use of consultant support services. FY 18-19 includes fees to study, analyze and develop strategy alternatives for CalPERS unfunded accrued liability.

Contract services reflect annual fee increases for HdI Business License contract and new IT related charges.



# Finance

## RESOURCES

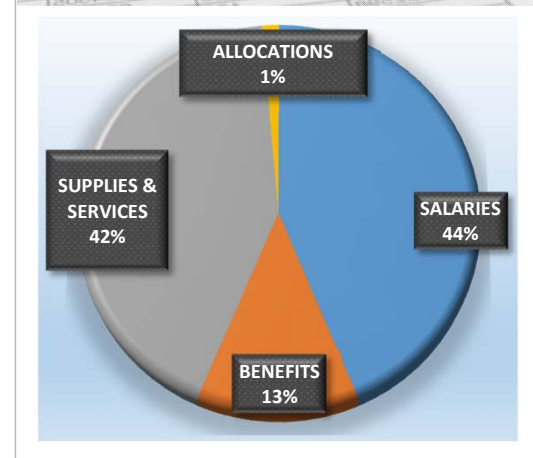
Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	298,493	301,620	277,238	348,448	308,047
BENEFITS	86,386	83,555	70,654	100,320	123,579
SUPPLIES & SERVICES	253,409	298,341	436,310	336,585	256,430
ALLOCATIONS	9,566	11,976	11,976	11,084	13,133
CAPITAL OUTLAY	-	4,000	-	-	-
<b>TOTAL</b>	<b>647,854</b>	<b>699,493</b>	<b>796,178</b>	<b>796,437</b>	<b>701,188</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	4.00	4.00	4.00	4.00	4.00
PART TIME	0.00	0.00	0.00	0.50	0.00
<b>TOTAL</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.50</b>	<b>4.00</b>

### What We Do:

Finance is responsible for a broad range of core financial duties, operational and capital budgeting, long-term forecasting and planning, fiscal policy development, banking and investments support, financial system administration; maintaining internal controls; compliance with regulatory reporting, annual audits, State Controller's filings, Gas Tax reporting, state and federal grant tracking as well as numerous other county, state and federal government fiscal requirements. The department also handles general tax filings and debt administration and guides the City's Information Technology initiatives.

Core duties include: collection and recording of all revenue, posting expenditures to accounting records, preparation of interim financial reports to the City Council and staff; bank monitoring, reconciliation and treasury reporting; monitoring of business licensing and animal licenses; preparing payroll; biweekly processing of all obligations and invoices for payment for review and approval by City administration and City Council; ensuring payment and filing of demands and compliance with City purchasing procedures; preparing and distributing monthly financial management reports to staff; and reviewing staff report fiscal impacts.



# The Sharper Pencil

## FINANCE

3000 Line Items	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
40005 Salaries	293,350	293,900	273,583	341,728	301,327
40007 Car Allowance	4,393	4,500	2,250	4,500	4,500
40008 Phone Allowance	703	720	360	720	720
41055 Regular Overtime	47	2,500	1,045	1,500	1,500
<b>SALARIES</b>	<b>298,493</b>	<b>301,620</b>	<b>277,238</b>	<b>348,448</b>	<b>308,047</b>
50080 Retirement	29,089	25,696	22,152	39,995	50,986
50085 Workers' Compensation	1,526	1,741	1,760	2,018	1,994
50090 Health Insurance	50,799	50,341	38,531	51,002	64,344
50091 Disability Insur	749	1,515	791	1,690	1,539
50094 Social Security	-	-	3,442	1,500	-
50095 Medicare	4,222	4,262	3,978	4,115	4,716
<b>BENEFITS</b>	<b>86,386</b>	<b>83,555</b>	<b>70,654</b>	<b>100,320</b>	<b>123,579</b>
61105 Dues & Memberships	795	955	740	795	795
61120 Training	2,897	5,055	835	5,830	5,830
61125 Subscriptions	-	-	-	-	-
61130 Travel & Meetings	247	400	-	-	-
62215 Printing & Binding	2,218	3,100	1,479	2,094	2,094
62225 Public Information	-	-	1,400	1,400	1,400
62290 General Service	3,462	4,365	1,823	3,500	3,500
64425 Professional Services	109,938	122,409	249,418	116,393	41,641
64599 Hiring	(63)	-	-	-	-
64430 Contractual Services	133,915	162,057	180,615	206,573	201,169
<b>SUPPLIES &amp; SERVICES</b>	<b>253,409</b>	<b>298,341</b>	<b>436,310</b>	<b>336,585</b>	<b>256,430</b>
66605 Insurance Allocation	9,566	11,976	11,976	11,084	13,133
66606 Services Allocation	-	-	-	-	-
<b>ALLOCATIONS</b>	<b>9,566</b>	<b>11,976</b>	<b>11,976</b>	<b>11,084</b>	<b>13,133</b>
70770 Computer Equipment	-	4,000	-	-	-
70730 Furniture & Fixtures	-	-	-	-	-
<b>CAPITAL OUTLAY</b>	<b>-</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FINANCE</b>	<b>647,854</b>	<b>699,493</b>	<b>796,178</b>	<b>796,437</b>	<b>701,188</b>

### Achievements/Performance Outputs:

- Completed the Bi-Annual FY18-19 and FY19-20 budget.
- Completed the FY 16/17 Comprehensive Annual Financial Report (CAFR)
- Received the GFOA national excellence award for the 2016 CAFR. The City has been recognized with this award each year since 1991.
- Arranged for audit of City's Beach Club and Palos Verdes Stables (6-30-18) and Tennis Club (12-31-17).
- Utilizing the OpenGov Portal to access information of City disbursements and working on full implementation of City's financials.
- Continued to enhance budget model strengthening the department's ability to respond quickly to various budget requests.
- Implemented several new banking processes -
  - Remote Deposit Capture - streamlining bank deposit process.
  - ACH Payroll Deduction Payments - streamlining ICMA deposits.
  - Check Positive Pay - check verification to eliminate potential fraud.

### Goals/Performance Standards:

- Complete another "clean" fiscal audit in a timely basis and filed all state regulatory reports.
- Support planning for upcoming capital improvements and funding strategies.
- Upgrade existing financial systems and related server software specifications. Research options for cloud based upgrade.
- Complete implementation of a integrated payroll timekeeping system.
- Update the citywide purchasing and fiscal policy.
- Implement an integrated cash register.
- Review and enhance performance measures.
- Submit City investment policy for CMTA certification program in concert with the City Treasurer.
- Complete a contract tracking mechanism so user departments can know the portion of their budget already committed to active contracts.
- Support City Management through FY18/19 labor negotiations.
- Complete Implementation of OpenGov portal and reporting.
- Streamline SmartGov development fee revenue accounting reporting.
- Complete monthly cash-flow schedule.
- Facilitate review of Reserve Policy.

# City Treasurer

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	13,300	10,585	7,005	11,222	12,372
BENEFITS	4,971	4,463	2,898	5,150	5,625
SUPPLIES & SERVICES	15,822	24,238	22,399	22,932	22,816
ALLOCATIONS	4,883	6,114	6,114	5,658	6,704
CAPITAL OUTLAY	-	-	-	-	-
<b>TOTAL</b>	<b>38,976</b>	<b>45,398</b>	<b>38,416</b>	<b>44,963</b>	<b>47,517</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
ELECTED	1.00	1.00	1.00	1.00	1.00
FULL TIME	0.20	0.20	0.20	0.20	0.20
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>

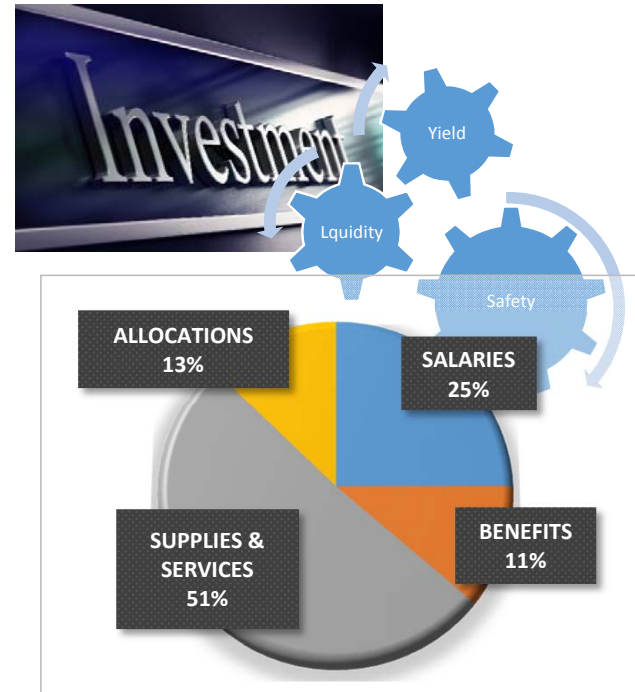
### What We Do:

The Treasury function is comprised of the City's elected treasurer position and allocated finance support staff. Its key role is to monitor banking relationships, cash balances and investment activities to ensure proper governing body reporting and oversight.

The City participates both in Statewide liquid investment pools and highly rated US government securities and bank securities of deposits.

The City Treasurer serves a four-year term and is voted upon at the City's General Municipal Election (March; odd-numbered years). The City Treasurer is responsible for investment of City funds and with assistance of staff, manages the City's daily cash flow needs.

The Treasurer is responsible for banking and custody service agreements and ensuring that investments conform to the City's adopted investment policy. Information on the City's investments can be found in the Notes to the City's Comprehensive Annual Financial Report.



# The Sharper Pencil



## Achievements/Performance Outputs:

- Provided quarterly interest earnings updates to Council.
- Updated the annual investment policies.
- Maintained a safe and diversified investment portfolio.
- Incurred no realized investment principal losses.
- Received daily banking reporting.

## Goals/Performance Standards:

- Maintain a reasonable investment yield benchmark.
- Continue to build and diversify the City's investment ladder.
- Maintain periodic reporting to City Council:
  - Quarterly investment reports
  - Annual investment reports
- Continue to review City disbursements and check reviews.
- Coordinate bank balance activity with finance staff.

<b>CITY TREASURER</b>					
<b>3020</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005 Salaries	13,300	10,585	7,005	11,222	12,372
41055 Regular Overtime	-	-	-	-	-
<b>SALARIES</b>	<b>13,300</b>	<b>10,585</b>	<b>7,005</b>	<b>11,222</b>	<b>12,372</b>
50080 Retirement	1,202	703	679	1,192	1,467
50085 Workers' Compensation	100	120	120	139	138
50090 Health Insurance	3,396	3,431	1,964	3,601	3,781
50091 Disability Insur	80	55	34	55	60
50095 Medicare	193	153	101	163	179
50097 Unemployment Insurance	-	-	-	-	-
<b>BENEFITS</b>	<b>4,971</b>	<b>4,463</b>	<b>2,898</b>	<b>5,150</b>	<b>5,625</b>
61105 Dues & Memberships	65	200	155	155	155
61120 Training	-	500	-	-	-
61125 Subscriptions	-	-	-	-	-
61130 Travel & Meetings	(32)	2,000	-	-	-
62215 Printing & Binding	-	-	-	-	-
62290 General Service	282	140	235	235	235
63320 Misc. Equip. Supplies	-	-	-	-	-
64480 Banking Services	15,507	21,398	22,009	22,542	22,426
<b>SUPPLIES &amp; SERVICES</b>	<b>15,822</b>	<b>24,238</b>	<b>22,399</b>	<b>22,932</b>	<b>22,816</b>
66605 Insurance Allocations	4,883	6,114	6,114	5,658	6,704
<b>ALLOCATIONS</b>	<b>4,883</b>	<b>6,114</b>	<b>6,114</b>	<b>5,658</b>	<b>6,704</b>
<b>TOTAL CITY TREASURER</b>	<b>38,976</b>	<b>45,398</b>	<b>38,416</b>	<b>44,963</b>	<b>47,517</b>

# Police

# Police

The mission of the Palos Verdes Estates Police Department is to provide an assurance of safety, comfort and tranquility to the community; while in this endeavor maintaining the utmost in professionalism, competence, integrity, and discipline.

## RESOURCES

Service Area	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
POLICE	7,165,767	7,138,688	6,588,053	6,900,926	7,141,829
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,165,767</b>	<b>\$ 7,138,688</b>	<b>\$ 6,588,053</b>	<b>\$ 6,900,926</b>	<b>\$ 7,141,829</b>
POLICE - GENERAL FUND	7,148,618	7,133,988	6,586,586	6,896,226	7,137,129
- SLESF FUND	14,145	-	-	-	-
- CORRECTIONS FUND	3,004	4,700	1,467	4,700	4,700
- PVE LAW ENFORCEMENT FUND	-	-	-	-	-
<b>TOTAL</b>	<b>7,165,767</b>	<b>7,138,688</b>	<b>6,588,053</b>	<b>6,900,926</b>	<b>7,141,829</b>

### Key Budget Changes/Comments

- The FY18/19 adopted budget salary savings as compared to the FY17/18 adjusted budget is \$172,284. The long range salary savings in comparison to the FY16/17 actuals amounts to \$307,776. These savings are due to vacancies and reduction of positions.
- The above dollars equate to a 4.2% savings as compared to the FY17/18 adjusted budget and a 7.2% savings as compared to FY16/17 actuals.
- FY18/19 regular overtime and sick leave replacement overtime budgets were increased by a total of 45% or \$86,000 as compared to the FY17/18 adjusted budget to establish a more realistic budget based on prior year-end actuals. Overtime is strictly monitored to ensure needs-based use and accountability.
- A reduction in Supplies and Services in FY17/18 (Budget vs Projected) of 19% (\$113,888) will carry into FY18/19 (8%) & 19/20 (9%).
- Benefit costs (primarily due to CalPERS and Medical Insurance) increase each year: FY18/19: \$225,102 and FY19/20: \$199,295.
- Even with the impact of increasing benefit costs, the overall FY19/20 budget remains lower than the FY16/17 actuals.

# POLICE

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	4,235,029	4,099,537	3,892,305	3,927,253	3,944,421
BENEFITS	2,021,694	2,260,837	2,029,863	2,254,964	2,454,223
SUPPLIES & SERVICES	480,677	602,414	488,526	555,921	550,298
ALLOCATIONS	414,223	175,900	175,900	162,787	192,886
CAPITAL OUTLAY	14,145	-	1,460	-	-
<b>TOTAL</b>	<b>7,165,767</b>	<b>7,138,688</b>	<b>6,588,053</b>	<b>6,900,926</b>	<b>7,141,829</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME - SWORN	25.00	25.00	25.00	24.00	24.00
FULL TIME - NON-SWORN	13.00	13.00	13.00	12.00	12.00
PART TIME	2.90	1.30	1.50	1.50	1.50
<b>TOTAL</b>	<b>40.90</b>	<b>39.30</b>	<b>39.50</b>	<b>37.50</b>	<b>37.50</b>

### What We Do:

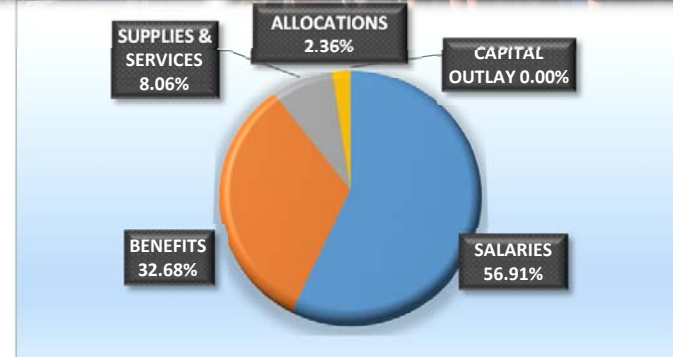
Police is responsible for a variety of services designed to keep the community safe and in a state of emergency readiness. These include:

### Administration

- Community Relations
- Disaster Prep
- PVE CARES
- Professional Standards
- Investigations
- Budget
- Parking
- Jail/Communications
- Animal Control

### Operations

- Patrol
- Traffic
- Special Enforcement
- Reserves
- Volunteers



# The Sharper Pencil



<b>POLICE</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>4000</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005	Salaries	3,665,528	3,789,837	3,444,496	3,520,705	3,543,109
40005	Salaries (05)	-	-	-	-	-
40008	Phone Allowance	703	720	120	-	-
40010	Temporary Salaries	5,818	24,250	26,812	31,068	32,832
40020	Shooting Pay	6,240	5,880	5,480	5,480	5,480
40030	Acting Pay	253	-	-	-	-
41055	Regular Overtime	280,875	146,000	220,243	182,000	175,000
41055	Regular Overtime (05)	-	-	-	-	-
41056	Special Enforcement OT	31,001	-	16,682	16,500	16,500
41057	Sick Leave Replacement	174,243	45,000	95,997	95,000	95,000
41058	Training Overtime	16,006	46,800	38,421	35,000	35,000
41060	Outside Overtime (100% Reimb -	(453)	5,000	2,733	2,000	2,000
41065	Call Back O/T	-	500	-	-	-
41070	Court Overtime	46,354	25,000	31,405	30,000	30,000
41059	Student & the Law	1,928	-	-	-	-
41090	Detective O/T Pay	4,082	10,000	9,369	9,500	9,500
41095	K-9 Pay	2,453	550	547	-	-
	<b>SALARIES</b>	<b>4,235,029</b>	<b>4,099,537</b>	<b>3,892,305</b>	<b>3,927,253</b>	<b>3,944,421</b>
50075	Uniform Allowance	27,765	31,350	28,943	27,225	27,225
50075	Uniform Allowance (05)	-	-	-	-	-
50080	Retirement	1,091,654	1,262,905	1,062,364	1,182,916	1,350,720
50080	Retirement Lump Sum PERS	-	-	-	-	-
50080	All benefits (05)	-	-	-	-	-
50085	Workers' Compensation	294,865	333,740	333,740	386,898	382,371
50090	Health Insurance	535,621	557,847	529,547	586,972	622,896
50091	Disability Insurance	9,146	19,503	22,270	17,155	16,862
50094	Social Security	1,487	-	1,766	1,766	1,766
50095	Medicare	59,161	55,492	52,632	52,032	52,383
50097	Unemployment	1,994	-	(1,400)	-	-
	<b>BENEFITS</b>	<b>2,021,694</b>	<b>2,260,837</b>	<b>2,029,863</b>	<b>2,254,964</b>	<b>2,454,223</b>

## Achievements/Performance Outputs:

### Community Engagement

- Developed Smart Phone Application.
- Hosted Senior Health Fair.
- Instituted area Street Meets.
- Conducted Civilian Gun Safety Course.
- Established Student Chief Leadership Council at PVHS.
- National Night Out, LE Special Olympics Torch Run, July 4th, Santa, Little league opening day Concerts in the Park.
- Social Media footprint- Facebook, Twitter, Instagram, Snapchat.
- Established Wildlife Watch Program (First on the Peninsula).

### Training

- Conducted Active Shooter Training at Intermediate and High School.
- Command Staff Member completed POST Command College.
- In addition to required- SWAT School, Advanced Incident Command System, Mental Health Awareness, Disaster, Motor, Volunteer training.

### Safety and Service

- First quarter of 2018- response time for Priority 1 calls of 2:44 minutes.
- FY 17-18 (YTD) issues 2,603 citations, and made 409 arrests.
- Established Social Host Ordinance.
- Motor Officer trained and deployed- focusing on stop signs and speed.
- Implemented Text 911 system at Dispatch.
- Participated in interagency Mutual Aid Taskforce Training and operations including Montecito Mud Slide.



# The Sharper Pencil



<b>POLICE</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>4000</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
61105	Dues & Memberships	2,534	2,315	2,284	2,530	2,530
61110	Uniform Supplies	3,994	5,500	4,844	4,800	4,800
61120	Training	28,527	34,000	31,596	35,000	34,000
61125	Subscriptions	896	1,300	900	1,000	1,000
61130	Travel & Meetings	1,197	1,200	1,300	1,200	1,200
61135	Reserve Officer	1,933	2,300	2,088	2,050	2,050
61140	Prisoner Expenses	11,384	11,800	10,474	10,500	10,500
62215	Printing & Binding	1,079	3,800	3,765	3,800	3,800
62220	Photography	97	500	-	500	-
62255	Utilities	56,716	55,094	51,611	55,000	55,000
62260	Canine Maintenance + K9	2,500	-	-	-	-
62290	General Service	29,958	29,380	26,277	26,100	26,100
63000	Cleaning Supplies	1,028	1,300	813	800	800
63305	Auto Supplies	82,849	123,550	95,360	107,300	107,300
63310	Safety Equipment	7,902	4,000	4,009	3,500	3,500
63315	Computer Maintenance Contract	60,663	60,280	60,280	84,167	75,294
62292	PVE CARES	10,762	3,240	9,545	7,850	7,850
62293	Volunteer Program	6,875	1,600	1,541	1,550	1,550
62294	Community Support	7,320	12,000	9,000	9,000	9,000
63330	Radio Communications	-	-	-	-	-
63345	Comm. Services Officer Equip.	1,142	1,400	1,394	1,350	1,350
62244	Legal Services	5,377	15,000	-	-	-
64425	Professional Services	770	-	-	-	-
64430	Contractual Services	86,488	143,550	109,250	125,570	128,270
64475	Vaccinations	-	-	-	-	-
64500	Criminal Justice	18,568	30,000	18,485	18,500	18,500
64599	Hiring	10,212	15,300	8,035	8,100	8,100
64640	Animal Control	11,887	11,500	11,500	18,000	20,000
64641	Peafowl Management	5,012	6,000	5,261	5,250	5,250
64650	Jail & Correction (01)	-	250	39	-	-
64650	Jail & Correction (07)	3,004	4,700	1,467	4,700	4,700
65090	Copier Lease	8,299	11,000	7,963	8,000	8,000
64750	Discretionary (01)	-	-	-	-	-
65000	Emergency Preparedness	10,706	8,055	7,243	9,805	9,855
65005	Emerg Backpacks	1,000	2,500	2,204	-	-
	<b>SUPPLIES &amp; SERVICES</b>	<b>480,677</b>	<b>602,414</b>	<b>488,526</b>	<b>555,921</b>	<b>550,298</b>
66602	Equipment Repl. Allocation	273,723	-	-	-	-
66605	Insurance Allocation	140,500	175,900	175,900	162,787	192,886
	<b>ALLOCATIONS</b>	<b>414,223</b>	<b>175,900</b>	<b>175,900</b>	<b>162,787</b>	<b>192,886</b>
70723	Body Armour	-	-	1,460	-	-

## Goals/Performance Standards:

- Maintaining a smart and healthy department.
- Maintain Priority 1 response times of 2-3 minutes.
- Hold 2 Weapon Safety Courses.
- Provide advanced medical training to employees.
- Increase community engagement.
- Increase Volunteer Corps.
- Increase Traffic Enforcement.
- Increase police presence at the schools.
- Reduce thefts from motor vehicles.
- Reduce traffic related collisions.

# The Sharper Pencil



<b>POLICE</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>4000</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
70720	Communication Equipment (05)	-	-	-	-	-
70730	Furniture Fixtures (05)	14,145	-	-	-	-
70750	Automotive (05)	-	-	-	-	-
70765	Weapons (05)	-	-	-	-	-
70766	Disaster Prep Supplies (05)	-	-	-	-	-
70770	Computer Equipment (05)	-	-	-	-	-
xxxxx	COPS Fund Expenditures (05)	-	-	-	-	-
	<b>CAPITAL OUTLAY</b>	<b>14,145</b>	<b>-</b>	<b>1,460</b>	<b>-</b>	<b>-</b>
	<b>TOTAL POLICE</b>	<b>7,165,767</b>	<b>7,138,688</b>	<b>6,588,053</b>	<b>6,900,926</b>	<b>7,141,829</b>
	<b>GENERAL FUND</b>	<b>7,148,618</b>	<b>7,133,988</b>	<b>6,586,586</b>	<b>6,896,226</b>	<b>7,137,129</b>
	<b>OTHER FUNDS</b>	<b>17,149</b>	<b>4,700</b>	<b>1,467</b>	<b>4,700</b>	<b>4,700</b>
	<b>TOTAL</b>	<b>7,165,767</b>	<b>7,138,688</b>	<b>6,588,053</b>	<b>6,900,926</b>	<b>7,141,829</b>

# Fire & Paramedic

# FIRE & PARAMEDIC SERVICES

The mission of Palos Verdes Estates Fire and Paramedic Services is to provide timely, proficient, and cost-effective fire suppression and prevention, rescue, pre-hospital and hazardous materials response services to protect the lives and

## RESOURCES

Service Program	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
FIRE	4,688,663	5,006,988	4,972,773	5,121,957	5,275,615
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,688,663</b>	<b>\$ 5,006,988</b>	<b>\$ 4,972,773</b>	<b>\$ 5,121,957</b>	<b>\$ 5,275,615</b>
- GENERAL FUND	-	-	-	5,121,957	5,275,615
- SPECIAL FIRE TAX	4,688,663	5,006,988	4,972,773	-	-
<b>TOTAL</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	<b>5,121,957</b>	<b>5,275,615</b>

### Key Budget Changes/Comments

FY 18/20 budget reflects the new contract presented by Los Angeles (LA) County in recent months.

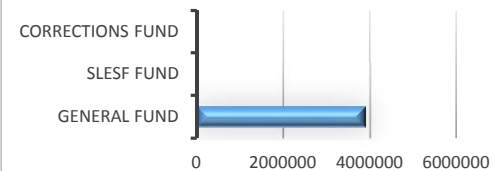
Components of the 18/20 projected contract year costing include:

- When the budget was being prepared, the County of Los Angeles is in negotiations with the Firefighters' Union. Therefore, the budget includes estimated increases of 3% for the next two years.
- Included in the 3% increase are estimated increases for changes in pension rates and health insurance.
- The LA County annual fee limitation excess rollover is capped at 4.78% for FY18/19.
- As of FY18/19, the Fire and Paramedic services expenditures are now recorded in the General Fund as a result of the loss of Measure D.

Contract Paramedics & Firefighters  
3 Shifts of:

- 1 Captain
- 1 Engineer
- 3 Firefighter/Paramedics

### SAFETY FUNDING



# FIRE & PARAMEDIC SERVICES

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SUPPLIES & SERVICES	4,688,663	5,006,988	4,972,773	5,121,957	5,275,615
<b>TOTAL</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	<b>5,121,957</b>	<b>5,275,615</b>



### What We Do:

Since 1986, the City has contracted with Los Angeles County Fire to provide fire protection, paramedic services and enforcement of the fire codes and other appropriate ordinances. The contract was necessitated by budget constraints which forced the closure of the City's department, which was consolidated with the County. The contract includes other support services such as supervision, dispatching, training, equipment maintenance and procurement. The City's contract with the County covered a 10-year period. The current admendment agrees to continued services on a year to year basis with an option to terminate by either party with a one year written notice.



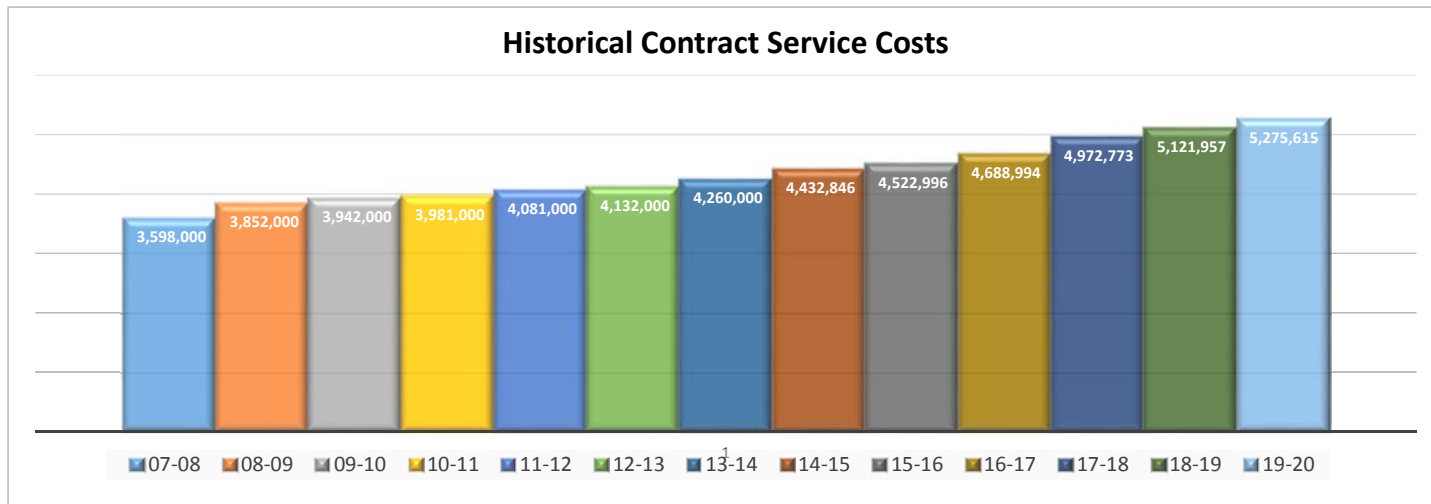
# The Sharper Pencil

PARAMEDIC & FIRE SERVICES					
4100	ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
Line Items	2016/17	2017/18	2017/18	2018/19	2019/20
62255	Utilities	-	9,551	-	-
64425	Professional Services	9,021	5,571	-	-
64430	Contractual Services (01)	-	-	5,121,957	5,275,615
64430	Contractual Services (22)	4,679,642	4,991,866	4,972,773	-
	<b>SUPPLIES &amp; SERVICES</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	<b>5,121,957</b>
	<b>TOTAL FIRE</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	<b>5,275,615</b>
	<b>GENERAL FUND</b>	-	-	5,121,957	5,275,615
	<b>OTHER FUNDS</b>	4,688,663	5,006,988	4,972,773	-
	<b>TOTAL</b>	<b>4,688,663</b>	<b>5,006,988</b>	<b>4,972,773</b>	<b>5,275,615</b>



## Goals/Performance Standards:

The Fire department is tasked with continuing to provide timely, proficient, and cost-effective fire suppression and prevention, rescue, pre-hospital and hazardous materials response services to protect the lives and property in the City.

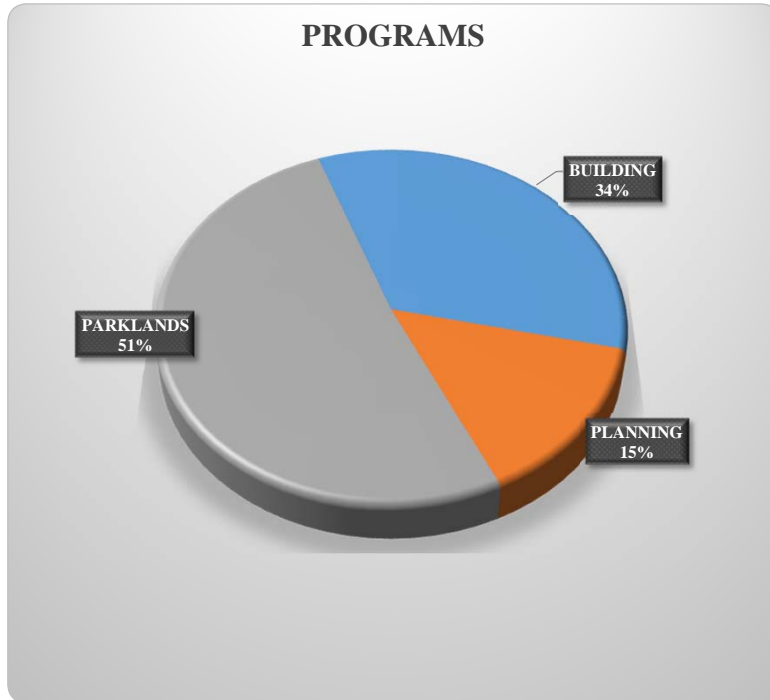


# Planning & Building

# PLANNING & BUILDING

To serve the public by providing courteous, effective, efficient and accurate planning and development services to ensure a safe community that preserves and enhances the quality of life for all residents of the City of Palos Verdes Estates. The Department supports the Planning Commission, Parklands Committee and Traffic Safety Committee.

Service Area	FUND	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
BUILDING	Gen	757,408	738,671	801,167	874,471	897,798
PLANNING	Gen	497,674	367,021	403,585	371,269	398,377
PARKLANDS	*	1,362,919	1,251,785	1,249,116	1,318,683	1,363,136
<b>TOTAL EXPENDITURES</b>		<b>2,618,002</b>	<b>2,357,477</b>	<b>2,453,868</b>	<b>2,564,423</b>	<b>2,659,310</b>
<b>Funding Sources *</b>						
Building	Gen	757,408	738,671	801,167	874,471	897,798
Planning	Gen	497,674	367,021	403,585	371,269	398,377
Parklands	Gen	1,362,919	1,251,785	1,249,116	1,318,683	1,363,136
<b>TOTAL GENERAL FUND</b>	<b>GEN</b>	<b>2,618,002</b>	<b>2,357,477</b>	<b>2,453,868</b>	<b>2,564,423</b>	<b>2,659,310</b>
Parklands	SPEC	-	-	-	-	-
<b>TOTAL SPECIAL PROJECTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### Key Budget Changes/Comments

The Planning & Building budget utilizes FTE in-house positions and consultant services to effectively provide core functions.

The mission of the Planning & Building Department is to work collaboratively with other departments to provide citizens, business owners, developers, and applicants reliable and predictable expectations in the review, permitting, and inspection of development projects that meet the minimum municipal and building code requirements to ensure the health, safety, and welfare of the public.

The City's urban forest remains an important focus. The Parklands Division prioritizes the preservation, maintenance and establishment of trees and landscape to promote a safe and attractive environment.

Salary and benefits costs for Streets and Parks Foreman and Crew are shared 50/50 between Streets and Parklands Divisions

Benefits have increased in FY 2018-19 and FY 2019-20 primarily due to CalPER's pension rate and Unfunded Accrued Liability annual increases and an estimated 10% increase in medical premiums.

Supplies and services budget increases are due to contracts anticipated to have increased expenses due to CPI and other adjustments; Increases in technology enhancements in Building (offset by permit activity), and increase water utility costs for landscape irrigation.



# Building

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	166,083	118,621	114,589	127,039	131,664
BENEFITS	44,191	40,053	41,096	39,599	45,094
SUPPLIES AND SERVICES	490,151	508,656	574,142	641,810	642,810
ALLOCATIONS	56,983	71,341	71,341	66,023	78,230
<b>TOTAL</b>	<b>757,408</b>	<b>738,671</b>	<b>801,167</b>	<b>874,471</b>	<b>897,798</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	1.000	1.000	1.000	1.000	1.000
PART TIME	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

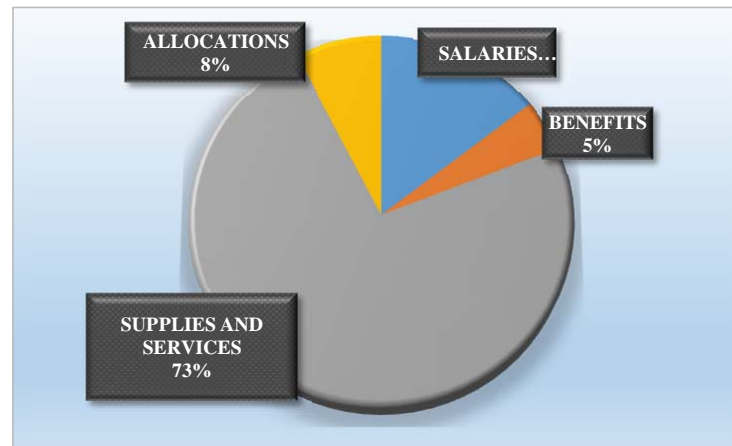
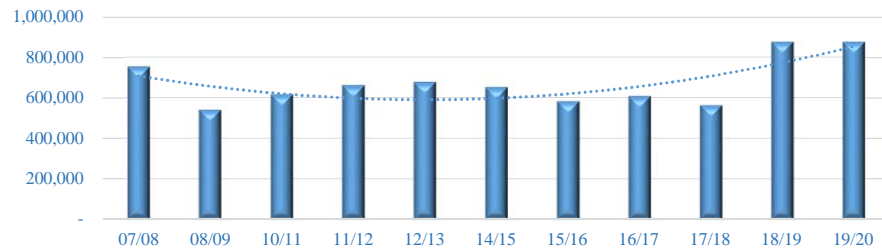
### What We Do:

To ensure that all construction projects within the City are designed and built to appropriate code standards. Construction activity is a key indicator of the economic vitality of the City. In conjunction with the number of permits issued, the value of the work is an important indicator of economic activity as well.

Protects the public's health, safety, and general welfare as they relate to the construction and occupancy of buildings and structures by enforcing laws and regulations that govern the design, construction, use and occupancy of buildings. The Building Division also provides timely and professional review of plans and documents for all building permit applications to ensure that the proposed work complies with all state and local code requirements. Following permit issuance, building inspectors ensure that construction complies with the approved plans and adopted codes.

At the counter the City provides permitting services and thrives on providing excellent customer service to our residents, business owners and construction community. The bulk of permitting activities is provided through contract professional services provided by HR Green.

Building Permits Revenue



# The Sharper Pencil



<b>BUILDING</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>4200</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005	Salaries	161,865	115,611	111,287	123,829	128,454
40007	Car Allowance	2,196	2,250	2,250	2,250	2,250
40008	Phone Allowance	351	360	360	360	360
40010	Temporary Salaries	-	-	-	-	-
41055	Regular Overtime	1,670	400	692	600	600
	<b>SALARIES</b>	<b>166,083</b>	<b>118,621</b>	<b>114,589</b>	<b>127,039</b>	<b>131,664</b>
50080	Retirement	17,578	13,893	21,259	18,730	23,241
50085	Workers' Compensation	332	375	375	435	430
50090	Health Insurance	23,381	23,513	17,388	18,005	18,906
50091	Disability Insur	586	596	497	595	617
50095	Medicare	2,314	1,676	1,577	1,833	1,900
50097	Unemployment	-	-	-	-	-
	<b>BENEFITS</b>	<b>44,191</b>	<b>40,053</b>	<b>41,096</b>	<b>39,599</b>	<b>45,094</b>
62215	Printing & Binding	-	-	1,346	500	1,500
62290	General Services	1,011	1,656	299	400	400
64423	Professional Services Fee Related	442,553	454,000	519,863	579,710	579,710
64425	Professional Services	-	-	-	-	-
64430	Contractual Svcs (Tech Enhance)	-	-	-	14,700	14,700
64530	Geotechnical & Geological	46,586	50,000	46,355	46,500	46,500
64660	Strong Motion	-	2,000	4,800	-	-
64665	Strong Motion /SB 1473	-	1,000	1,480	-	-
	<b>SUPPLIES &amp; SERVICES</b>	<b>490,151</b>	<b>508,656</b>	<b>574,142</b>	<b>641,810</b>	<b>642,810</b>
66605	Insurance Allocations	56,983	71,341	71,341	66,023	78,230
	<b>ALLOCATIONS</b>	<b>56,983</b>	<b>71,341</b>	<b>71,341</b>	<b>66,023</b>	<b>78,230</b>
	<b>TOTAL BUILDING</b>	<b>757,408</b>	<b>738,671</b>	<b>801,167</b>	<b>874,471</b>	<b>897,798</b>

## Achievements/Performance Outputs:

- A new SmartGov permit tracking system was implemented in 2018 to provide enhanced project review and case management with all City departments.
- Updated building code to provide an expedited permitting process for vehicle charging stations.
- Achieved a record high in FY17/18 for plan check and building permits:
- Provided 123 plan check services.
- Issued 2,030 building permits.
- Projected to provide 120 plan check services and issue 2250 building permits in FY 17/18.

## Goals/Performance Standards:

- Provide enhanced opportunities for on-line plan check services.
- Work with Finance Department to provide cashing process and streamline development fee revenue accounting associated with SmartGov system.
- Update forms and applications.

# Planning

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	291,247	216,818	212,174	219,721	224,346
BENEFITS	69,467	59,027	57,130	71,138	81,572
SUPPLIES AND SERVICES	76,314	25,785	68,889	19,893	20,753
ALLOCATIONS	60,646	65,391	65,391	60,517	71,706
<b>TOTAL</b>	<b>497,674</b>	<b>367,021</b>	<b>403,585</b>	<b>371,269</b>	<b>398,377</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	3.000	2.500	2.000	2.000	2.000
PART TIME	0.000	0.000	0.000	0.500	0.500
<b>TOTAL</b>	<b>3.00</b>	<b>2.50</b>	<b>2.00</b>	<b>2.50</b>	<b>2.50</b>

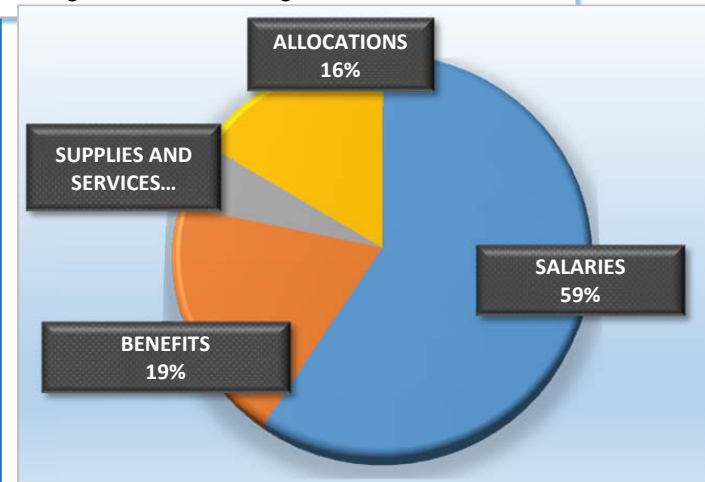
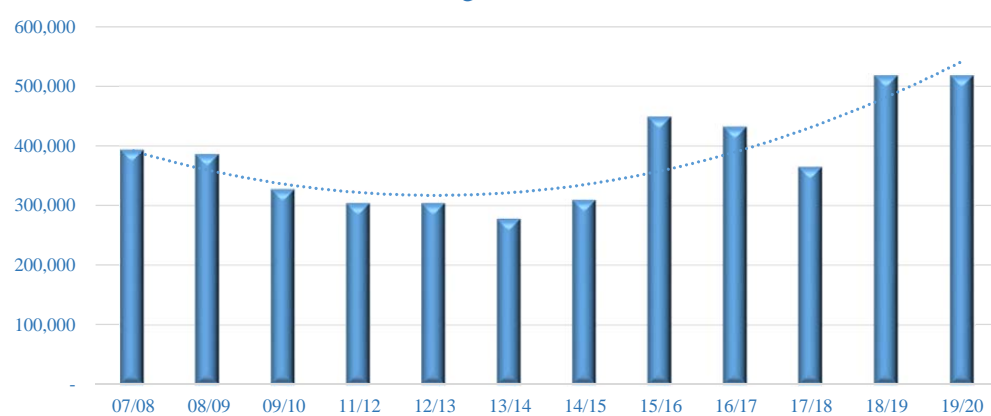
### What We Do:

The Planning Department is responsible for managing and implementing the land use and development policies of the City, administering the zoning and environmental regulations and managing the long range planning projects including all elements of the City General Plan.

The City Planning staff also provides public information, processes neighborhood compatibility applications, conditional use permits and grading permits, suggests zoning ordinance amendments and policy analysis, and studies a broad range of community issues. This department provides staff support to the Planning Commission and the City Council.

With the re-instatement of a part-time Code Enforcement position, the City will be able to respond more quickly to an increased number of code enforcement cases. Code Enforcement is responsible for identifying violations and responding to complaints and assisting citizens with abating the violations.

Planning Fees Revenue



# The Sharper Pencil

<b>PLANNING</b>						
<b>4800</b>	<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>	
<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	
40005	Salaries	277,689	207,458	203,858	210,361	214,986
40007	Car Allowance	2,196	2,250	2,250	2,250	2,250
40008	Phone Allowance	351	360	360	360	360
41055	Regular Overtime	9,986	6,750	5,706	6,750	6,750
40045	Minutes	1,025	-	-	-	-
	<b>SALARIES</b>	<b>291,247</b>	<b>216,818</b>	<b>212,174</b>	<b>219,721</b>	<b>224,346</b>
50075	Uniform Allowance	180	500	-	-	-
50080	Retirement	26,607	24,929	21,663	33,533	41,624
50085	Workers' Compensation	663	750	750	870	860
50090	Health Insurance	34,173	30,102	30,807	32,634	34,898
50091	Disability Insurance	449	1,070	888	1,013	1,034
50094	Social Security	3,261	-	43	-	-
50095	Medicare	4,134	1,676	2,979	3,088	3,155
50097	Unemployment	-	-	-	-	-
	<b>BENEFITS</b>	<b>69,467</b>	<b>59,027</b>	<b>57,130</b>	<b>71,138</b>	<b>81,572</b>
61105	Dues and Membership	2,578	-	-	-	-
61120	Training	-	-	182	-	-
61130	Travel & Meeting	2,616	1,250	-	1,250	1,250
62291	Code Enforcement Supplies	1,046	200	-	-	-
62215	Printing & Binding	-	200	-	200	200
62245	Legal Publishing/Public Info	2,101	5,000	2,644	3,327	4,187
62225	Legal Publishing	11,226	7,500	6,101	8,266	8,266
62290	General Services	5,350	7,635	2,484	2,850	2,850
64423	Professional Services Fee Related	-	-	-	-	-
64425	Professional Services & Green Prgm	45,638	-	52,198	-	-
64430	Contractual Services	5,760	4,000	5,280	4,000	4,000
	<b>SUPPLIES &amp; SERVICES</b>	<b>76,314</b>	<b>25,785</b>	<b>68,889</b>	<b>19,893</b>	<b>20,753</b>
66605	Insurance Allocation	52,231	65,391	65,391	60,517	71,706
66602	Equipment Allocation	8,415	-	-	-	-
	<b>ALLOCATIONS</b>	<b>60,646</b>	<b>65,391</b>	<b>65,391</b>	<b>60,517</b>	<b>71,706</b>
	<b>TOTAL PLANNING</b>	<b>497,674</b>	<b>367,021</b>	<b>403,585</b>	<b>371,269</b>	<b>398,377</b>



## Achievements/Performance Outputs:

- Updated the Zoning Ordinance to regulate expressly ban commercial marijuana, regulate indoor cultivation and ban outdoor cultivation of marijuana.
- Implemented new ordinance regulating wireless communication facilities.
- Facilitated meetings of the PVE/PVHA Ad Hoc Committee to address development review processes.
- Provided code enforcement services by utilizing existing staff.
- Prepared a Climate Action Plan to serve as the City's roadmap for reducing greenhouse gas (GHG) emissions in City operations and the community at large.
- Conducted the annual Coastal Cleanup with Heal the Bay in September.
- Prepared agreement to allow Palos Verdes Little League use of George Allen Field.
- Number of planning cases filed: 197 in FY 17/18 (est.).
- Processed nine appeals before the City Council.
- Provided support to City Council, Planning Commission, and PVE/PVHA Ad Hoc Committee, including annual joint meeting.

## Goals/Performance Standards:

- To educate residents, architects, and contractors regarding planning and zoning policies; review procedures to determine if changes can be made to enhance efficiency and effectiveness and ensure that current information on processes and applications are accessible.
- To continue to administer Neighborhood Compatibility and zoning compliance.
- To assure that all proposed projects are designed to the City's planning and zoning code standards; assure compliance with all conditions of approval at the completion of construction and continually communicate with Building and Public Works to assure consistent and clear processing of projects.
- To evaluate and update the fee schedule to ensure adequate cost recovery for delivery of services.
- To update the City website to improve the understanding of the City's process and procedures.
- Continue to support the PVE/PVHA Ad Hoc Committee efforts to identify more effective and efficient means of conducting development review.
- Improve records management by providing more electronic storage of plans and documents.
- Promote economic development opportunities within Lunada Bay Plaza and Malaga Cove Plaza by addressing signage, parking and shop locally marketing.

# PARKLANDS

## RESOURCES

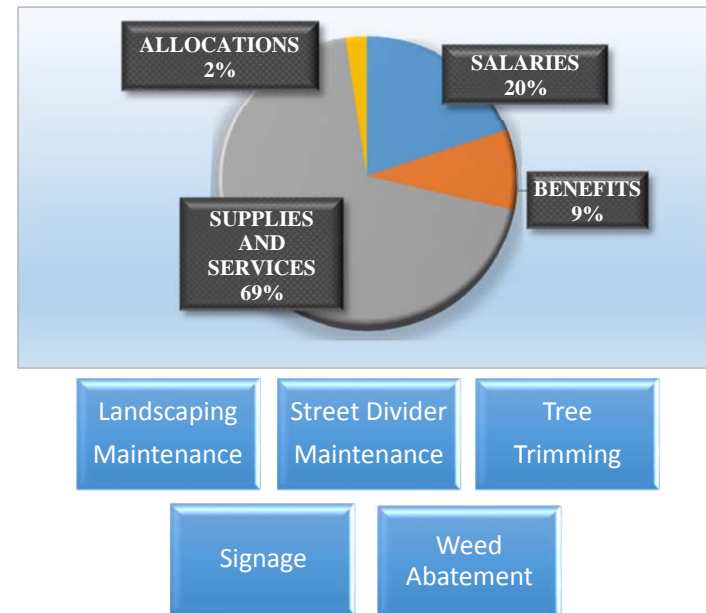
Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	278,104	277,319	268,007	260,402	260,402
BENEFITS	98,423	89,084	105,485	119,250	131,268
SUPPLIES AND SERVICES	938,284	851,522	841,764	907,695	934,335
ALLOCATIONS	48,109	33,860	33,860	31,336	37,130
<b>TOTAL</b>	<b>1,362,919</b>	<b>1,251,785</b>	<b>1,249,116</b>	<b>1,318,683</b>	<b>1,363,136</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	3.500	3.500	3.500	3.500	3.500
PART TIME	0.250	0.250	0.250	0.000	0.000
<b>TOTAL</b>	<b>3.750</b>	<b>3.750</b>	<b>3.750</b>	<b>3.500</b>	<b>3.500</b>

### What We Do:

The Parklands Division of Public Works is responsible for the maintenance of the City's 500 acres of parklands and shoreline preserve, 4.5 miles of coastal frontage, approximately 10,700 trees and five City fountains. The Division is responsible for the landscaping and maintenance of street dividers and strips, tree trimming and maintenance in parklands and city rights-of-way, signing of coastal areas and weed abatement. The majority of work is performed by private firms under contract with other work performed by City staff.

The Department continues to emphasize clearing of areas for visual impacts and fire safety. Low-cost, minor impact landscape improvement projects, consisting mainly of traffic median islands, are financed with a combination of City and privately donated funds.



# The Sharper Pencil



<b>PARKLANDS</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>6000</b>	<b>Line Items</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
40005	6000 Salaries	260,854	268,319	257,171	258,402	258,402
40010	6000 Temporary Salaries	2,754	8,000	9,302	-	-
40030	6000 Acting Pay	291	-	143	-	-
40045	6000 Minutes	-	-	-	-	-
41055	6000 Overtime	2,339	1,000	1,327	2,000	2,000
41065	6000 Call Back Overtime	11,865	-	64	-	-
	<b>SALARIES</b>	<b>278,104</b>	<b>277,319</b>	<b>268,007</b>	<b>260,402</b>	<b>260,402</b>
50075	6000 Uniform Allowance	750	-	750	750	750
50080	6000 Retirement	26,825	27,581	30,824	37,878	46,544
50085	6000 Workers' Compensation	15,257	17,256	17,256	20,004	19,770
50090	6000 Health Insurance	51,759	38,974	52,482	55,601	59,187
50091	6000 Disability	423	1,383	1,105	1,253	1,253
50094	6000 Social Security	1,095	-	740	-	-
50095	6000 Medicare	2,315	3,891	2,328	3,764	3,764
50097	6000 Unemployment	-	-	-	-	-
	<b>BENEFITS</b>	<b>98,423</b>	<b>89,084</b>	<b>105,485</b>	<b>119,250</b>	<b>131,268</b>
61110	6000 Uniform Supplies	150	250	94	250	250
61130	6000 Travel & Meetings /Training	(46)	500	75	500	500
62255	6000 Utilities	180,600	182,000	148,303	188,500	193,500
62290	6000 General Services	421	689	124	-	-
63305	6000 Auto Supplies	1,200	-	-	-	-
63330	6000 Radio Communications	319	-	-	-	-
64415	6000 Parklands Supplies/Maintenance	17,131	17,722	19,843	21,000	21,000
64425	6000 Professional Services	-	-	-	-	-
64435	6000 Weed Abatement	169,711	200,000	200,000	205,000	210,000
64436	6000 Parklands Maint Cont.	190,309	185,000	178,087	185,000	192,000
64440	6000 Tree Maintenance Contract	356,623	265,361	265,361	275,445	285,085
64430	6000 Contract Svcs - Irrigation	-	-	-	-	-
64444	6000 Tree Bank Expense	21,865	-	29,876	32,000	32,000
	<b>SUPPLIES &amp; SERVICES</b>	<b>938,284</b>	<b>851,522</b>	<b>841,764</b>	<b>907,695</b>	<b>934,335</b>
66602	6000 Equipment Repl. Allocation	21,063	-	-	-	-
66605	6000 Insurance Allocation	27,046	33,860	33,860	31,336	37,130
	<b>ALLOCATIONS</b>	<b>48,109</b>	<b>33,860</b>	<b>33,860</b>	<b>31,336</b>	<b>37,130</b>
	<b>TOTAL PARKLANDS</b>	<b>1,362,919</b>	<b>1,251,785</b>	<b>1,249,116</b>	<b>1,318,683</b>	<b>1,363,136</b>

## Achievements/Performance Outputs:

- Designed and initiated re-landscaping of City entrance median at Granvia Altamira.
- Planted 51 street trees as part of the inaugural Arbor Day Tree Planting program.
- Updated the Tree Management Policy.
- Assisted Eagle Scout project to provide upgrades to peafowl pen.
- Provided seating rocks in the Bluff Cove open space area
- Updated policy for code enforcement activities associated with parklands.
- Number of Parklands Committee applications processed: 39 in FY 17/18.
- Assisted Public Works Department in the review and management of tree trimming, strategic trimming of older trees, maintenance of trees and landscape and consideration of water efficient landscape refurbishment projects.

## Goals/Performance Standards:

- Assist in the preparation of community newsletters and educational materials to facilitate the implementation of the updated policy for removal of unpermitted encroachments in the parklands.
- To trim and maintain City street trees per the established schedule on an average of 5-year cycle.
- To develop a policy for addressing street trees planted without authorization to determine under what circumstances such trees are allowed to remain.
- To encourage community sponsorship of projects to enhance the parklands and open space.

# Public Works

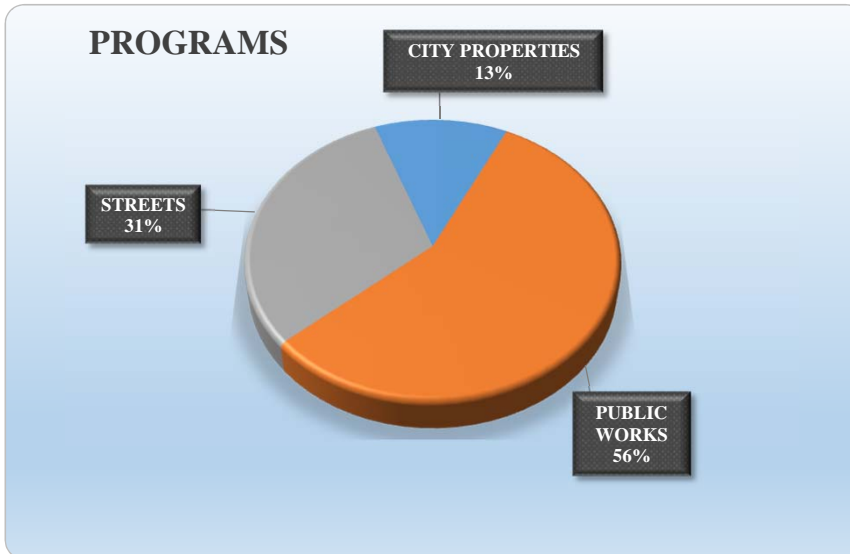
# PUBLIC WORKS

To serve the public by providing courteous, effective, efficient and accurate planning and development services to ensure a safe community that preserves and enhances the quality of life for all residents of the City of Palos Verdes Estates. The Department supports the Planning Commission, Parklands Committee and Traffic Safety Committee.

Service Area	FUND	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CITY PROPERTIES	Gen	209,063	177,501	165,363	206,403	193,449
PUBLIC WORKS	*	973,638	839,423	783,498	917,429	943,830
STREETS	*	437,520	466,109	410,591	499,758	578,844
<b>TOTAL EXPENDITURES</b>		<b>1,620,221</b>	<b>1,483,033</b>	<b>1,359,452</b>	<b>1,623,590</b>	<b>1,716,123</b>

### Funding Sources \*

City Properties	Gen	209,063	177,501	165,363	206,403	193,449
Public Works	Gen	963,232	829,263	775,066	883,429	909,830
Streets	Gen	98,449	102,385	92,678	193,551	262,862
	GEN	<b>1,270,744</b>	<b>1,109,149</b>	<b>1,033,107</b>	<b>1,283,382</b>	<b>1,366,141</b>
Public Works	SPEC	10,406	10,160	8,432	34,000	34,000
		<b>10,406</b>	<b>10,160</b>	<b>8,432</b>	<b>34,000</b>	<b>34,000</b>
Streets	GAS TX	339,071	363,724	317,913	306,207	315,982
		<b>339,071</b>	<b>363,724</b>	<b>317,913</b>	<b>306,207</b>	<b>315,982</b>



### Key Budget Changes/Comments

Maintenance of our high standards for streets, buildings, parks, and the urban forest continues to be a challenge as costs for materials, utilities and contracted services continue to increase.

Salary and benefits costs for S&P Foreman and Crew are shared 50/50 with Parklands Division.

Benefit increases over past years are due to increases in CalPER's pension rate, unfunded accrued liability and medical coverage.

Supplies and services budget increases are due to:

- All building related utilities now funded exclusively through Department 3080 (previously partially funding in PD).
- Repairs to City Hall sewer lateral along PVDW; replacement of the green waste transfer yard gate.
- Increased engineering consultant costs (engineering, stormwater and solid waste).
- Shoreline stormwater monitoring; more frequent catch basin cleaning



# City Properties

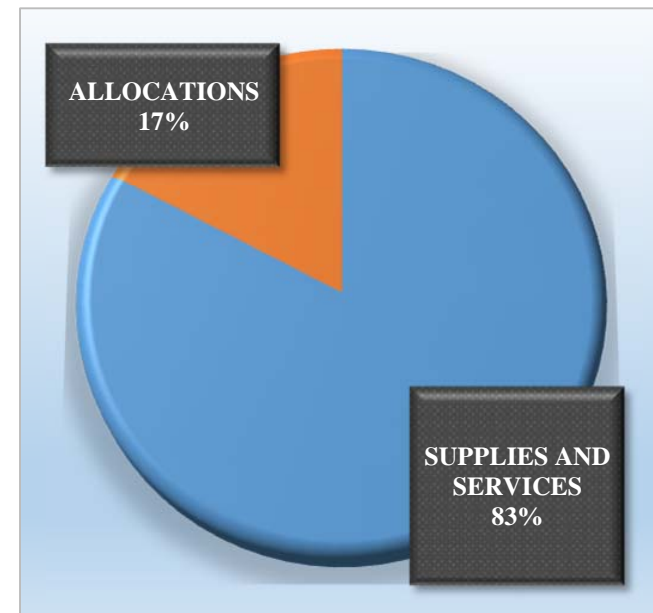
## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SUPPLIES AND SERVICES	132,210	139,132	126,994	170,894	151,375
ALLOCATIONS	76,853	38,369	38,369	35,509	42,074
<b>TOTAL</b>	<b>209,063</b>	<b>177,501</b>	<b>165,363</b>	<b>206,403</b>	<b>193,449</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.00	0.00	0.00	0.00	0.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### What We Do:

The City Properties function serves as a holding place for citywide shared support, supplies and service costs. It was created to simplify and consolidate the costing process and includes the following budget categories.



# The Sharper Pencil

## CITY PROPERTIES

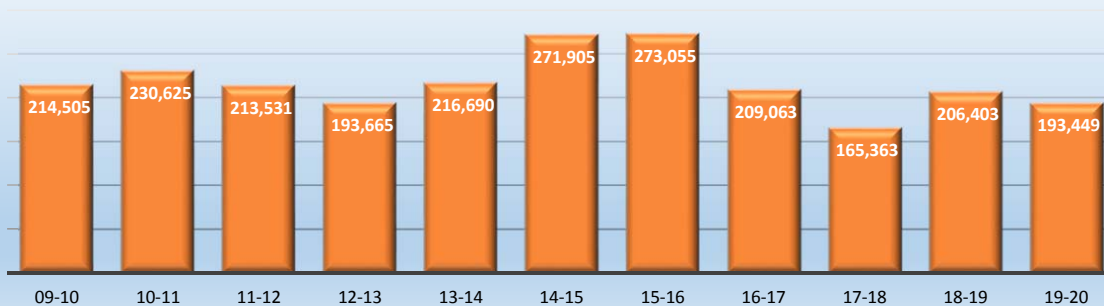
3080		ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
Line Items		2016/17	2017/18	2017/18	2018/19	2019/20
62255	Utilities City	69,272	70,000	65,345	84,004	87,470
63325	Building Supplies	26,415	28,500	27,762	54,080	30,984
64425	Professional Services	6,095	3,500	-	-	-
64430	Contractual Services	30,428	37,132	33,886	32,809	32,921
<b>SUPPLIES AND SERVICES</b>		<b>132,210</b>	<b>139,132</b>	<b>126,994</b>	<b>170,894</b>	<b>151,375</b>
66602	Equipment Repl. Allocation	46,206	-	-	-	-
66605	Insurance Allocation	30,647	38,369	38,369	35,509	42,074
<b>ALLOCATIONS</b>		<b>76,853</b>	<b>38,369</b>	<b>38,369</b>	<b>35,509</b>	<b>42,074</b>
<b>TOTAL CITY PROPERTIES</b>		<b>209,063</b>	<b>177,501</b>	<b>165,363</b>	<b>206,403</b>	<b>193,449</b>



### Achievements/Performance Outputs:

- Implemented and completed City Hall telephone replacement and upgrades.
- Replaced sections of rusted and failing sanitary sewer piping.
- Provided quick response to address any building or facility repairs.

### Historical Costs



### Goals/Performance Standards:

- To continue to maintain all buildings and facilities in a manner that is safe, efficient and provides for the delivery of City services.
- To address City Hall seismic condition and remodel to determine how best to address seismic retrofit, energy efficiency, technology enhancements, delivery of services, ADA accessibility requirements, building, plumbing and firescode compliance and adequate meeting spaces for routine and emergency operations.

# PUBLIC WORKS ADMINISTRATION

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	199,869	227,305	217,033	213,242	213,242
BENEFITS	51,633	57,365	60,559	66,969	74,258
SUPPLIES AND SERVICES	646,157	459,630	410,783	549,186	552,019
ALLOCATIONS	75,980	95,123	95,123	88,032	104,310
<b>TOTAL</b>	<b>973,638</b>	<b>839,423</b>	<b>783,498</b>	<b>917,429</b>	<b>943,830</b>

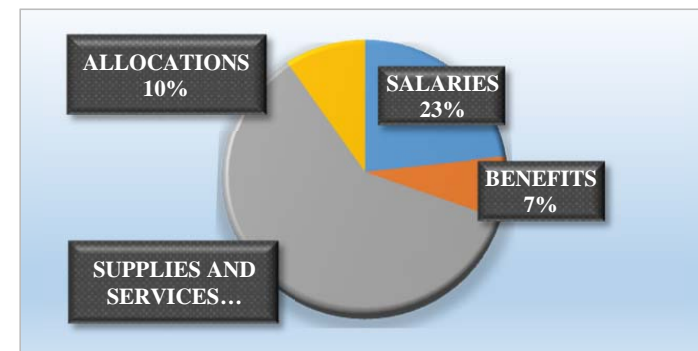
POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	2.00	2.00	2.00	2.00	2.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

### What We Do:

The primary role of the Public Works Division is improving and maintaining the physical environment of the City, which includes streets, alleys, storm drains, parklands, street trees, public parking lots, and coastal shoreline.

The Public Works Division oversees preparation and review of plans, specifications for all public improvements; surveying and inspection of construction; maintenance of streets, parklands, drainage and other improvements; and the provision of needed services and consultation with others interested in public improvements including engineering firms, utility companies, private developers and the general public.

The Public Works Director/City Engineer also provides staff support for the Traffic Safety Committee and the newly appointed Technology Advisory Committee.



Public Works -  
Engineering  
Administration

Regional  
Storm Water  
Permit Costs

Recycling AB  
939

Insurance  
Allocations

# The Sharper Pencil

PUBLIC WORKS ADMINISTRATION					
5000	ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
Line Items	2016/17	2017/18	2017/18	2018/19	2019/20
40005 Salaries	194,703	222,085	211,813	208,153	208,153
40007 Auto Allowance	4,393	4,500	4,500	4,388	4,388
40008 Phone Allowance	703	720	720	702	702
40045 Minutes	-	-	-	-	-
40006 Housing Allowance	-	-	-	-	-
41055 Regular Overtime	70	-	-	-	-
<b>SALARIES</b>	<b>199,869</b>	<b>227,305</b>	<b>217,033</b>	<b>213,242</b>	<b>213,242</b>
50080 Retirement	18,083	18,389	21,756	26,975	32,490
50085 Workers' Compensation	265	300	300	348	344
50090 Health Insurance	30,031	34,310	34,552	35,561	37,339
50091 Disability Insurance	461	1,145	938	1,000	1,000
50094 Social Security	-	-	-	-	-
50095 Medicare	2,792	3,220	3,013	3,085	3,085
<b>BENEFITS</b>	<b>51,633</b>	<b>57,365</b>	<b>60,559</b>	<b>66,969</b>	<b>74,258</b>
70800 Refuse Containers (06)	-	-	-	-	-
61105 Dues and Memberships	230	604	449	490	740
61120 Training	-	-	-	2,500	2,600
61130 Travel/Meetings	1,742	3,795	195	3,610	3,710
62225 Public Information	-	-	-	2,440	2,440
62245 Legal Publications	473	916	526	-	-
62290 General Services	1,963	2,856	1,357	1,950	1,975
63322 NPDES-MOU City Contribution	69,318	110,700	79,945	97,970	99,318
64425 Profes Servs	422,435	253,349	253,349	290,020	296,030
64429 Prof Servs. NPDES	58,909	60,000	49,531	80,500	82,500
64430 Contractual Services GIS	80,681	17,250	17,000	35,706	28,706
64428 Recycling AB969 (06)	10,406	10,160	8,432	29,000	29,000
XXXX> Recycle Containers (06)	-	-	-	5,000	5,000
<b>SUPPLIES &amp; SERVICES</b>	<b>646,157</b>	<b>459,630</b>	<b>410,783</b>	<b>549,186</b>	<b>552,019</b>
66605 Insurance Allocation	75,980	95,123	95,123	88,032	104,310
<b>ALLOCATIONS</b>	<b>75,980</b>	<b>95,123</b>	<b>95,123</b>	<b>88,032</b>	<b>104,310</b>
<b>TOTAL PUBLIC WORKS ADMIN.</b>	<b>973,638</b>	<b>839,423</b>	<b>783,498</b>	<b>917,429</b>	<b>943,830</b>
<b>GENERAL FUND</b>	<b>963,232</b>	<b>829,263</b>	<b>775,066</b>	<b>883,429</b>	<b>909,830</b>
<b>OTHER FUNDS</b>	<b>10,406</b>	<b>10,160</b>	<b>8,432</b>	<b>34,000</b>	<b>34,000</b>
<b>TOTAL</b>	<b>973,638</b>	<b>839,423</b>	<b>783,498</b>	<b>917,429</b>	<b>943,830</b>

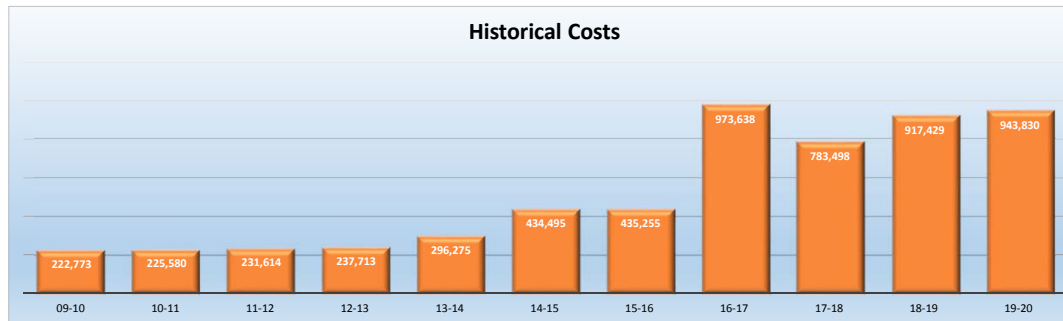


## Achievements/Performance Outputs:

- MOU approved for implementation of Santa Monica TMDL Project to install full capture devices in catch basins.
- PW staff completed Incident Command Training.
- Performed Pavement Management System Update.
- Updated Municipal Code to include Solid Waste and C&D Recycling.
- Installed ALPR infrastructure and cameras on PVDW and Via Valmonte at Torrance Boundary.
- Issued 170 public works permits.
- Initiated new software system for public works permit, plan check and inspection services in SmartGov.
- Implemented PVDW/Via Corta Afternoon Traffic Control Study.
- Implemented three-year contract for Fire Safety & Weed Abatement (FY 17-20).

## Goals/Performance Standards:

- Implement and/or complete CIP projects.
- Update sewer assessment report.
- To improve street identification signs and addressing on mailboxes/curbs to increase public safety.
- To revise and update public works standards.
- To continue development of GIS database of City's infrastructure.
- Perform geometric analysis and study of PVDW.
- Complete Santa Monica Bay Trash TMDL compliance project.
- Implement Lunada Bay enhancements and ADA pedestrian upgrades.
- Support the newly formed Technology Advisory Committee.
- Continue to explore grants funding sources.
- Implement a computerized maintenance management system and establish Asset Management Plan in conjunction with Finance Dept.



# STREETS

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	192,682	198,424	178,290	206,635	206,635
BENEFITS	72,965	81,300	81,835	92,947	101,957
SUPPLIES AND SERVICES	123,764	152,525	116,606	168,840	233,122
ALLOCATIONS	48,109	33,860	33,860	31,336	37,130
<b>TOTAL</b>	<b>437,520</b>	<b>466,109</b>	<b>410,591</b>	<b>499,758</b>	<b>578,844</b>

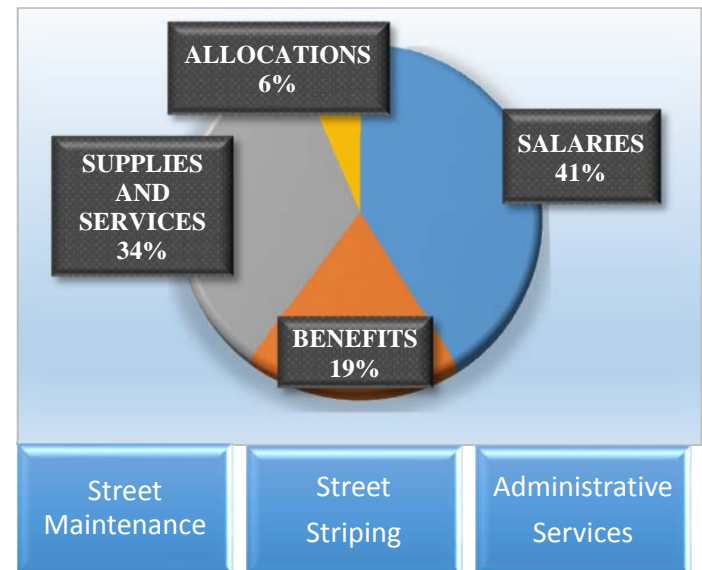
## POSITIONS

	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	2.50	2.50	2.50	2.50	2.50
PART TIME	0.25	0.25	0.25	0.00	0.00
<b>TOTAL</b>	<b>2.75</b>	<b>2.75</b>	<b>2.75</b>	<b>2.50</b>	<b>2.50</b>

### What We Do:

The Streets Division of the Public Works Department is charged with the responsibility for the maintenance and repair of the 144 miles of road, 59 acres of medians and parks, 10,000 trees, 1,300 signs, and 20 miles of storm drains within the City including curbs, sidewalks, bridges, guardrails, drainage structures, traffic and street signs and street markings. Activities include asphalt and concrete repairs, sealing and filling of potholes, slurry sealing, the replacement of worn or vandalized signs and the painting and striping of street lanes. Work is performed with City employees and through contract service with private firms through a competitive bidding process with the work performed under maintenance purchase orders.

Services in this area are fully provided both on a full time staffing and contract basis.



# The Sharper Pencil



		STREETS				
5100		ACTUAL	BUDGET	PROJECTED	ADOPTED	PLANNED
Line Items		2016/17	2017/18	2017/18	2018/19	2019/20
40005	01-5100-40005	-	-	-	-	-
40005	02-5100-40005	178,478	181,424	170,205	164,635	164,635
40007	02-5100-40007	-	-	-	-	-
40008	02-5100-40008	-	-	-	-	-
40010	01-5100-40010	-	-	-	25,000	25,000
40030	02-5100-40030	291	-	143	-	-
41055	01-5100-41055	-	-	-	-	-
41055	02-5100-41055	-	-	-	-	-
41065	01-5100-41065	896	17,000	8,158	17,000	17,000
41065	02-5100-41065	13,017	-	(216)	-	-
41066	01-5100-41066	-	-	-	-	-
<b>SALARIES</b>		<b>192,682</b>	<b>198,424</b>	<b>178,290</b>	<b>206,635</b>	<b>206,635</b>
50075	01-5100-50075	-	-	-	-	-
50075	02-5100-50075	750	-	750	750	750
50080	01-5100-50080	-	-	-	-	-
50080	02-5100-50080	21,168	21,805	23,604	28,608	35,647
50085	01-5100-50085	-	-	-	-	-
50085	02-5100-50085	15,257	16,956	16,956	19,656	19,426
50090	01-5100-50090	483	-	-	-	-
50090	02-5100-50090	33,362	38,974	38,981	40,733	42,933
50091	01-5100-50091	432	-	-	-	-
50091	02-5100-50091	211	935	740	796	796
50094	02-5100-50094	265	-	-	-	-
50095	02-5100-50095	1,037	2,631	804	2,405	2,405
50097	01-5100-50097	-	-	-	-	-
<b>BENEFITS</b>		<b>72,965</b>	<b>81,300</b>	<b>81,835</b>	<b>92,947</b>	<b>101,957</b>
61110	01-5100-61110	6,162	5,700	12,646	7,500	5,050
61130	01-5100-61130	183	500	-	500	500
62255	01-5100-62255	1,273	-	1,276	1,340	1,407
62290	01-5100-62290	543	900	439	750	750
63305	01-5100-63305	23,168	23,625	23,625	23,625	23,625
63310	01-5100-63310	1,316	3,000	3,000	3,000	3,200
63330	01-5100-63330	8,259	12,000	8,210	8,500	8,700
63350	02-5100-63350	17,323	20,000	3,182	20,000	20,500
63360	01-5100-63360	-	-	-	30,000	30,000
63360	02-5100-63360	10,981	30,000	9,892	-	-
64425	01-5100-64425	-	-	-	-	-
64425	02-5100-64425	-	3,000	3,000	3,000	2,640
64430	01-5100-64430	-	2,800	-	2,000	2,000
64432	02-5100-64432	23,898	25,000	25,000	25,625	26,250
64433	01-5100-64433	-	-	-	40,000	105,500
64433	02-5100-64433	23,033	23,000	24,873	-	-
64434	01-5100-64434	-	-	-	-	-
64460	01-5100-64460	7,625	3,000	1,463	3,000	3,000
<b>SUPPLIES &amp; SERVICES</b>		<b>123,764</b>	<b>152,525</b>	<b>116,606</b>	<b>168,840</b>	<b>233,122</b>
66602	01-5100-66602	21,063	-	-	-	-
66605	01-5100-66605	27,046	33,860	33,860	31,336	37,130
<b>ALLOCATIONS</b>		<b>48,109</b>	<b>33,860</b>	<b>33,860</b>	<b>31,336</b>	<b>37,130</b>
<b>TOTAL STREETS</b>		<b>437,520</b>	<b>466,109</b>	<b>410,591</b>	<b>499,758</b>	<b>578,844</b>
<b>GENERAL FUND</b>		<b>98,449</b>	<b>102,385</b>	<b>92,678</b>	<b>193,551</b>	<b>262,862</b>
<b>OTHER FUNDS</b>		<b>339,071</b>	<b>363,724</b>	<b>317,913</b>	<b>306,207</b>	<b>315,982</b>
<b>TOTAL</b>		<b>437,520</b>	<b>466,109</b>	<b>410,591</b>	<b>499,758</b>	<b>578,844</b>

## Achievements/Performance Outputs:

- Maintained 144 miles of road, 59 acres of medians and parks, 10,000 trees and 1,300 signs.
- Performed continuous maintenance and required support during and after rainstorms including: maintaining filled sandbags; inspecting and cleaning catch basins and storm drain grates; cleaning of asphalt drain swale on the Torrance boundary twice during the rainfall season; cleaning storm drain outfalls on the shoreline at the end of the rainfall season.
- Maintained peafowl until relocation under the supervision of the Police Department and removed dead animals from the streets on a continuing basis.
- Supervised the annual Coast Cleanup Day at Malaga Cove beach; provided set-up and takedown for Independence Day celebration and Lunada Bay Harvest Festival; installed holiday lighting in Malaga Cove Plaza, Lunada Bay Park and adjacent median; provided traffic control and other special events as required.
- Removed graffiti on signs, sidewalks, stone boulders, trees, utility poles, or wherever else found within 24 hours and maintained all rights-of-way, parking areas, medians and shoreline free of litter and debris.

## Goals/Performance Standards:

- To provide street right-of-way cleanup and litter control for safety and appearance .
- To provide minor asphalt repair and patch potholes on a continuing basis and replace traffic and street name signs as required.
- To provide trash container and litter pick-up three times weekly.
- To inspect and clean catch basins to ensure proper functioning before the rainy season and to make sandbags available for use by residents to protect private property during periods of heavy rain.
- To provide a high level of emergency response for downed trees, traffic hazards, fires, accidents and natural disasters.
- Continue implementation of landscape refurbishment and smart irrigation projects for medians and parks.

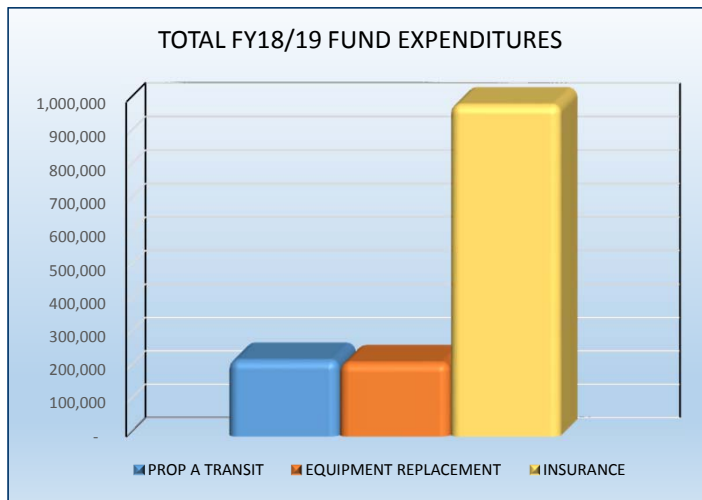
# Other Operations

# Other Funds

The funds below represent important internal service, facility or other governmental funds that receive allocated or special/restricted revenues for designated expenditures.

## RESOURCES

Service Area	FUND	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SPECIAL PROJECTS	Sp Proj	890				
RMRA	RMRA					
MEASURE M	Meas M	-	-			
PROP A TRANSIT	Prop A	879,163	256,596	212,785	230,553	249,805
MEASURE R	Meas R					
PROP C TRANSIT	Prop C		208,667			
EQUIPMENT REPLACEMENT	Equip	64,269	459,807	181,591	222,960	159,350
INSURANCE	Ins	813,625	978,498	978,496	993,267	1,091,426
INT SRVS FIXED ASSET	ISFA	264,552				
<b>TOTAL FUND EXPENDITURES</b>		<b>2,022,498</b>	<b>1,903,568</b>	<b>1,372,872</b>	<b>1,446,780</b>	<b>1,500,581</b>



### Key Budget Changes/Comments

- Insurance costs reflect increases in insurance rates. The above amounts include a retrospective premium adjustment reported by the joint Powers Authority in the year past.
- Prop A funds support the P.V. Transit system via the City's share of the allocation.
- Prop C, Measures M and R, and RMRA funds support street improvements, repairs, maintenance and Americans with Disability Act improvements.
- Equipment Replacement reflect council approved equipment and technology requests.



# Equip & Technology Requests

Description			Funding Source	Projected FY 17-18	Adopted FY 18-19	Planned FY 19-20
<b>EQUIPMENT REPLACEMENT FUND</b>						
Financial Software Upgrade	Finance	60-7000-70770	EQPRPL		13,110	
HDL Sales Business License reporting & audit	Finance	60-7000-70770	EQPRPL	22,408		
Regular Workstation	Technology	60-7000-70770	EQPRPL		2,100	21,750
Dispatch Workstation (1)	Technology	60-7000-70770	EQPRPL		2,000	
Regular Laptop (3)	Technology	60-7000-70770	EQPRPL		3,000	
Advanced Laptop (2)	Technology	60-7000-70770	EQPRPL		4,000	
Monitors (5)	Technology	60-7000-70770	EQPRPL		1,000	
Professional Services	Technology	60-7000-70770	EQPRPL		2,700	9,600
Add'l 4GB RAM for remaining workstations (30)	Technology	60-7000-70770	EQPRPL		1,050	
Hyper-V Server - Hardware	Technology	60-7000-70770	EQPRPL		13,000	
Hyper-V Server - Software	Technology	60-7000-70770	EQPRPL		8,000	
Hyper-V Server - Professional Services	Technology	60-7000-70770	EQPRPL		15,000	
City Hall Phone System Upgrade	Technology	60-7000-70720	EQPRPL	153,695		
City Hall Needs Assessment	Technology	60-7000-70720	EQPRPL		75,000	
Vehicle Replacement Patrol Cars	Police	60-7000-70750	EQPRPL	5,488	83,000	128,000
<b>TOTAL</b>				<b>\$ 181,591</b>	<b>\$ 222,960</b>	<b>\$ 159,350</b>



This Page Left  
Intentionally  
Blank



# Capital Projects



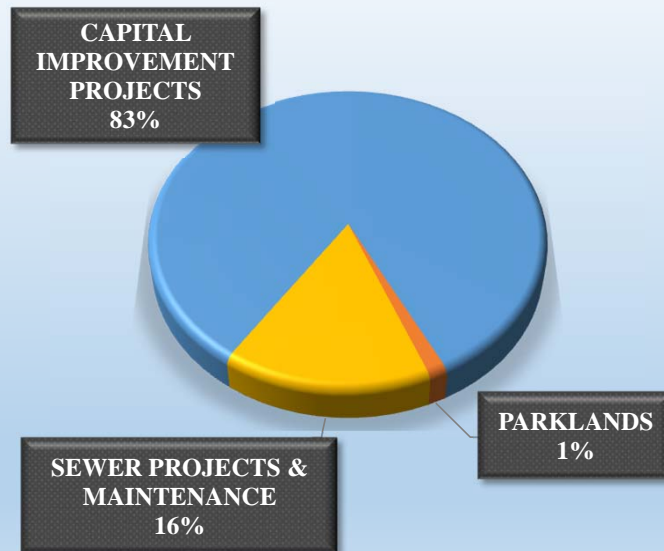
# Capital Improvement Program

To provide and account for the capital and infrastructure needs of the City in support of overall health & wellness, safety and quality of life standards.

## RESOURCES

Service Area	FUND	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CAPITAL IMPROVEMENT PROJECTS	CIP	1,066,462	2,068,550	402,960	4,218,903	1,073,750
PARKLANDS	Parklands	-	100,000	-	70,000	-
STABLES	Stables	-	35,000	-	-	-
SEWER PROJECTS & MAINTENANCE	Sewer	14,824	771,495	42,359	791,189	366,317
<b>TOTAL FUND EXPENDITURES</b>		<b>1,081,286</b>	<b>2,975,045</b>	<b>445,319</b>	<b>5,080,092</b>	<b>1,440,067</b>

### FY 2018/19 FUNDS



#### Key Budget Changes/Comments

The FY 18/20 Biennial budget reflects a significant investment in the community needs. While it continues to provide funding for basic and ongoing street, roadway and traffic calming projects; this plan addresses additional community-wide and infrastructure projects. These include - stormwater projects to comply with mandatory stormwater programs, geometric study and analysis of PVDW from the Triangle to City Hall, guard-rail replacements, storm drain improvements, City Hall needs assessment, ADA upgrades to City Hall and at Malaga Cove and Lunada Bay commercial centers, continued enhancements to the City's technology and civic engagement systems, enhanced fire safety and weed abatement, and advancing sewer projects at Via Zurita & Via Coronel locations.

# Capital Improvement Fund

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
CAPITAL OUTLAY	1,066,462	2,068,550	402,960	4,218,903	1,073,750
<b>TOTAL FUND EXPENDITURES</b>	<b>1,066,462</b>	<b>2,068,550</b>	<b>402,960</b>	<b>4,218,903</b>	<b>1,073,750</b>

## POSITIONS

	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.00	0.00	0.00	0.00	0.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### What We Do:

The Capital Fund includes all non-sewer capital improvement projects. The City uses a Pavement Management System (PMS) to guide the program of rehabilitation and capital improvements for streets. The City continues its investment in infrastructure including street improvements, curb & gutter, pedestrian ADA improvements, parkland enhancements, City Hall Seismic upgrades/improvements as well as implementing storm drain improvements to comply with Federally mandated stormwater pollution compliance.

Funding for CIPs comes primarily from General Fund transfers, sewer proceeds and/or supporting grant proceeds in the absence of an on-going, dedicated revenue source for capital projects. Since the expiration of a 10% utility user tax in June 2003, funding is available only through various restricted funds (gas tax, Mesasure R and M, Prop C, RMRA) and transfer of any monies available after maintaining the policy general fund reserves.



# Sewer Improvement Fund

## RESOURCES

Cost Category	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ADOPTED 2018/19	PLANNED 2019/20
SALARIES	-	-	-	5,926	5,926
BENEFITS	-	-	-	1,264	1,316
SUPPLIES & SERVICES	-	7,500	-	359,000	359,075
CAPITAL PROJECTS	14,824	763,995	42,359	425,000	-
<b>TOTAL FUND EXPENDITURES</b>	<b>14,824</b>	<b>771,495</b>	<b>42,359</b>	<b>791,189</b>	<b>366,317</b>

POSITIONS	16/17	BUDG 17/18	PROJ 17/18	18/19	19/20
FULL TIME	0.00	0.00	0.00	0.00	0.00
PART TIME	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### What We Do:

The City's sewer system consists of approximately 76 miles of pipe and 2,000 manholes and cleanouts. The majority of the gravity sewers are constructed of vitrified clay pipe with sizes ranging from 6 to 15 inches in diameter. The City is a member of the County of Los Angeles Consolidated Sewer Maintenance District (CSMD), which maintains approximately 74.17 miles of the City's sewer system. The remaining 1.83 miles of sewer are 6-inch pipes maintained by the City, and are generally located at the upstream ends of the sewer system.

The City has \$3.7 Million in projected fund balance at the end of FY 17-18 for capital improvements and capacity enhancing projects in the future. The funds were raised through collection of a sewer user fee from approximately 2004-2013. The fee expired in 2013 and left these reserve funds that can be used for capital improvements or to maintain and repair the portion of six-inch sewer lines that are not part of the CSMD.

In the FY 18-20 biennial budget, the Via Zurita and Via Coronel sewer upgrade projects will be completed and a sewer condition assessment will be performed to identify options to mitigate capacity constraints, install backflow devices and/or prioritize the upgrading of 6-inch lines to 8-inch mains for inclusion in the CSMD. Funds will also be used to maintain and repair the City's sewer system as needed. Projects are planned and managed on a contract service basis.

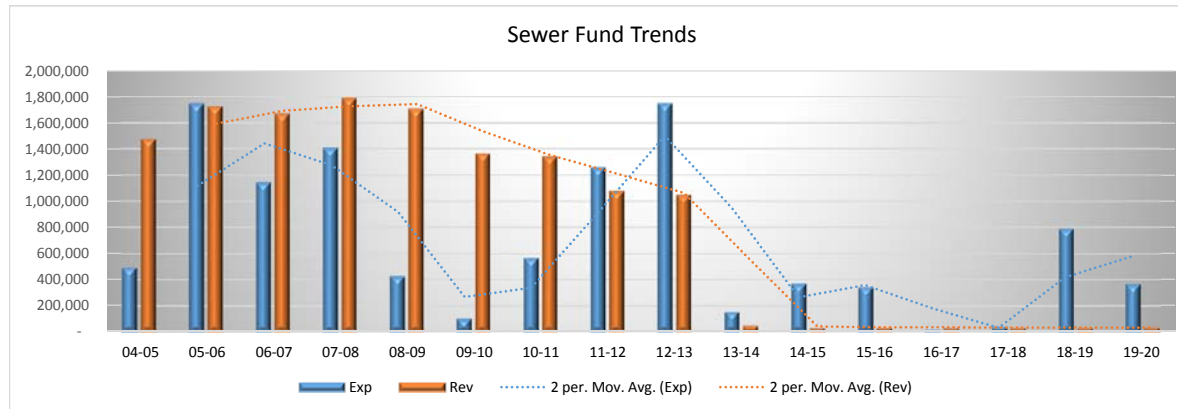
Sewer  
Maintenance

System  
Repairs

# The Sharper Pencil



<b>SEWER FUND</b>						
<b>7200</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>PROJECTED</b>	<b>ADOPTED</b>	<b>PLANNED</b>
<b>Line Items</b>		<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
40005	Salaries	-	-	-	5,795	5,795
40007	Auto Allowance	-	-	-	113	113
40008	Phone Allowance	-	-	-	18	18
	<b>SALARIES</b>	-	-	-	<b>5,926</b>	<b>5,926</b>
50080	Retirement	-	-	-	451	460
50090	Health Insurance	-	-	-	699	742
50091	Disability Insurance	-	-	-	28	28
50095	Medicare	-	-	-	86	86
	<b>BENEFITS</b>	-	-	-	<b>1,264</b>	<b>1,316</b>
64425	Prof Servs	-	7,500	-	7,500	7,500
64426	Sanitary Sewer Prof. Servs	-	-	-	-	-
64430	Contractual Services	-	-	-	1,500	1,575
xxxxx	Citywide Sewer Repairs	-	-	-	350,000	350,000
	<b>SUPPLIES &amp; SERVICES</b>	-	<b>7,500</b>	-	<b>359,000</b>	<b>359,075</b>
80101	Citywide Sewer Repairs	2,944	361,635	9,727	-	-
80155	Via Coronel/Zurita Upgrade	7,538	343,940	26,130	325,000	-
80156	Backflow Devices	-	-	-	-	-
80157	Sewer Upgrades (6" to 8")	-	-	-	-	-
80158	Sewer Conditions Assessment	4,343	58,420	6,502	100,000	-
87000	Capital Projects/sewer repair	-	-	-	-	-
	<b>CAPITAL PROJECTS</b>	<b>14,824</b>	<b>763,995</b>	<b>42,359</b>	<b>425,000</b>	<b>-</b>
	<b>TOTAL SEWER</b>	<b>14,824</b>	<b>771,495</b>	<b>42,359</b>	<b>791,189</b>	<b>366,317</b>



# Active, Adopted & Planned Capital Projects



PROJECTS	FUNDING	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ESTIMATED BALANCE	ESTIMATED CARRYOVER	ADOPTED 2018/19	PLANNED 2019/20
<b>STREETS &amp; ROADWAYS</b>								
Street Construction Maintenance	CIP/Meas R	687,524	-	-	-	-	364,000	360,000
On-Call Roadway Maintenance/Repairs	CIP/Meas R	-	354,400	139,525	214,875	214,875	412,580	180,000
Slurry Seal	CIP	254,900	-	580	-	-	242,800	240,000
Curb & Gutter	CIP	-	76,900	25,377	51,523	51,523	126,523	75,000
ADA Upgrades Citywide	CIP	-	202,500	-	202,500	202,500	302,500	105,000
Cross Gutter	CIP	-	-	-	-	-	35,000	35,000
Pavement Management System	CIP	4,778	60,000	60,000	-	-	-	-
PVDW (Triangle and Civic Center) Roadway Geometric Study	CALTRANS	21,989	102,471	2,700	99,771	99,771	100,000	-
<b>TRAFFIC SAFETY</b>								
Traffic Calming Projects	CIP	1,278	26,200	13,945	12,255	12,255	27,500	28,750
Guardrail Project	HSIP Grant *	155	25,000	15,000	10,000	10,000	253,000	-
Reflective Roadway Regulatory Signs	CIP	-	100,000	-	100,000	100,000	100,000	-
Pinale Lane Emergency RP	CIP	-	97,775	70,889	26,886	-	-	-
Auto License Reader	CIP	7,664	24,000	19,787	4,213	-	-	-
Lighted Crosswalk Restoration (PVDW/Via Carrillo)	CIP	473	-	1,200	-	-	-	-
<b>FACILITY IMPROVEMENTS</b>								
City Hall Safety Project	CIP	8,805	-	-	-	-	110,000	-
City Hall ADA Improvement	CIP	12,031	187,969	-	187,969	187,969	188,000	-
City Hall Phone System Upgrade	EQ Replace	2,595	-	-	-	-	-	-
EOC Conversion	CIP	-	-	-	-	-	47,000	-
PVStables Manure Loading Platform (post asset study)	STABLES	-	35,000	-	35,000	35,000	-	-
Server Room Upgrade/Relocation	CIP	-	-	-	-	-	150,000	-
ADA Upgrades for City Hall & Police Station Entrance	CIP	-	-	-	-	-	200,000	-
<b>INFRASTRUCTURE</b>								
Repair Storm Drains	CIP	18,832	50,600	2,812	47,788	47,788	400,000	50,000
Catch Basin Replacements	CIP	778	1,815	-	1,815	1,815	375,000	-
City Storm Drain #3 Outfall Repair (Christmas Tree Cove)	CIP	4,370	288,920	-	288,920	288,920	300,000	-
Citywide Sewer Repairs (now included in department budget)	SEWER	2,944	361,635	9,727	351,908	351,908	-	-
Sewer Conditions Assessment	SEWER	4,343	58,420	6,502	51,918	51,918	100,000	-
Via Coronel / Via Zurita Upgrades	SEWER	7,538	343,940	26,130	317,810	317,810	325,000	-
MS4: Full Capture Trash Devices: Santa Monica Bay	CIP	2,331	210,000	51,145	158,855	158,855	210,000	-

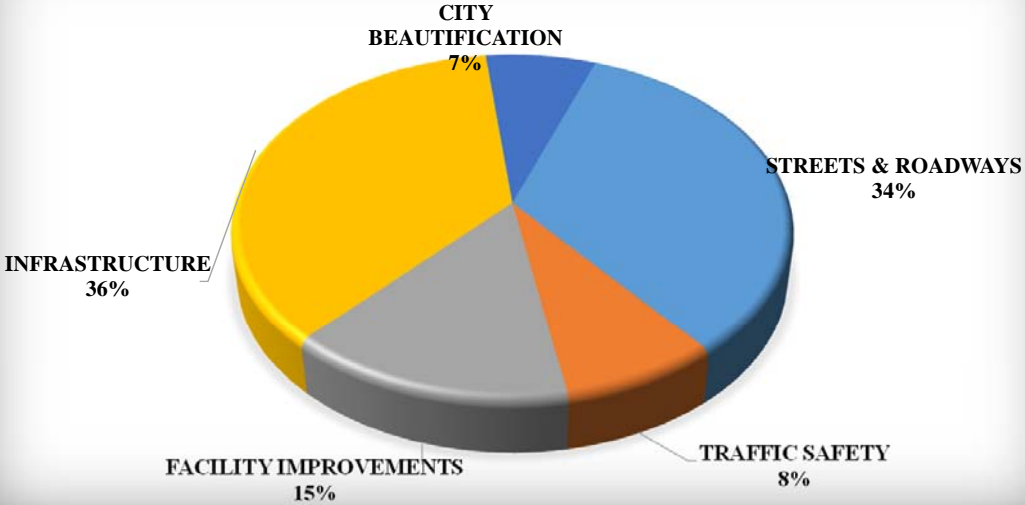


# Active, Adopted & Planned Capital Projects

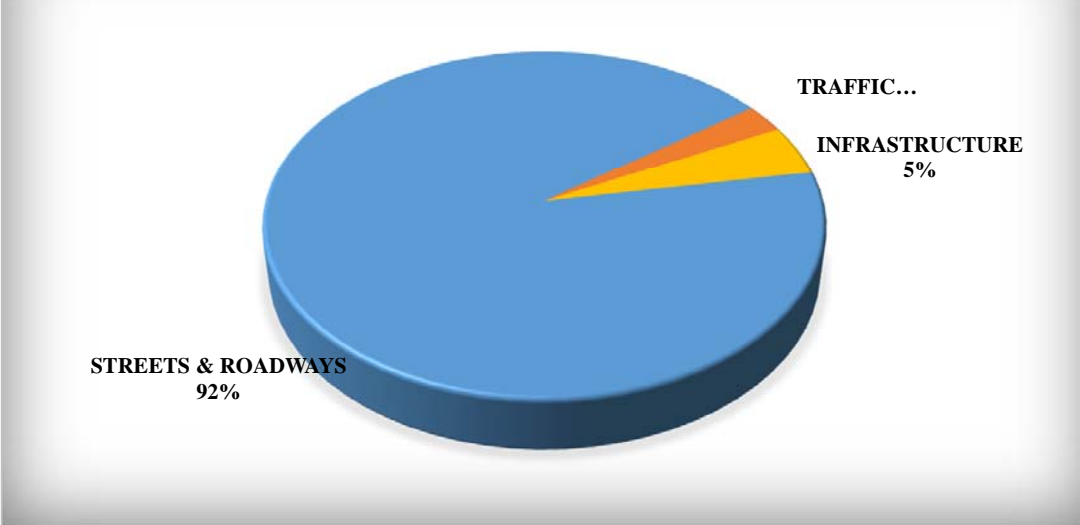


PROJECTS	FUNDING	ACTUAL 2016/17	BUDGET 2017/18	PROJECTED 2017/18	ESTIMATED BALANCE	ESTIMATED CARRYOVER	ADOPTED 2018/19	PLANNED 2019/20
<b>CITY BEAUTIFICATION</b>								
Malaga Cove Beautification	CIP	5,340	-	-	-	-	-	-
Citywide Irrigation Upgrades	CIP	22,593	-	(0)	0	0	-	-
Farnham Martin Park Fountain Upgrades	CIP	-	-	-	-	-	23,500	-
Rossler Fountain Upgrade	CIP	-	10,000	-	10,000	-	1,500	-
Lunada Bay Plaza Enhancements	CIP	-	150,000	-	150,000	150,000	150,000	-
Triangle Landscape at PVDW and PVDN	CIP	4,776	-	-	-	-	-	-
Street Tree Inventory	CIP	-	50,000	-	50,000	50,000	50,000	-
Tree Management Plan	CIP	-	50,000	-	50,000	50,000	50,000	-
Malaga Cove Plaza Land Use Study - City Match	CIP	5,250	-	-	-	-	-	-
Parklands Projects	Parklands	-	100,000	-	100,000	100,000	70,000	-
<b>TOTAL</b>		<b>1,081,286</b>	<b>2,967,545</b>	<b>445,319</b>	<b>2,524,006</b>	<b>2,482,908</b>	<b>4,713,903</b>	<b>1,073,750</b>
<b>CIP</b>		1,066,462	2,068,550	402,960	1,667,371	1,626,272	4,218,903	1,073,750
<b>PARKLANDS</b>		-	100,000	-	100,000	100,000	70,000	-
<b>STABLES</b>		-	35,000	-	35,000	35,000	-	-
<b>SEWER</b>		14,824	763,995	42,359	721,636	721,636	425,000	-
		<b>1,081,286</b>	<b>2,967,545</b>	<b>445,319</b>	<b>2,524,006</b>	<b>2,482,908</b>	<b>4,713,903</b>	<b>1,073,750</b>

**Capital Projects Mix 18/19**



**Capital Projects Mix 19/20**



# Appendix

- ⇒ Staffing
- ⇒ Cash Flow & Monthly Roll-Forward
- ⇒ Assessed Value Data
- ⇒ Glossary of Terms
- ⇒ Description of Funds & Fund Types
- ⇒ Resolutions

# STAFF POSITIONS

Function	2015/16	2016/17	2017/18	2018/19	2019/20
<b>City Manager</b>					
City Manager	1.000	1.000	1.000	1.000	1.000
Asst. to the City Manager	1.000	-	1.000	1.000	1.000
City Clerk/ Exec Asst. to CM	0.500	0.500	0.500	0.500	0.500
Deputy City Clerk/ Exec Asst.	-	-	-	-	-
Administrative Analyst	0.500	2.000	1.000	0.000	0.000
Receptionist	0.563	-	-	-	-
Senior Receptionist	0.563	-	-	-	-
	<b>4.126</b>	<b>3.500</b>	<b>3.500</b>	<b>2.500</b>	<b>2.500</b>
<b>City Clerk</b>					
City Clerk/ Exec Asst. to CM	0.500	0.500	0.500	0.500	0.500
Deputy City Clerk/ Exec Asst.	-	-	-	-	-
Office Specialist	0.563	0.560	0.560	-	-
Receptionist	-	0.563	0.563	-	-
Senior Receptionist	-	0.563	0.563	0.563	0.563
	<b>1.063</b>	<b>2.186</b>	<b>2.186</b>	<b>1.063</b>	<b>1.063</b>
<b>Administration Total</b>	<b>5.189</b>	<b>5.686</b>	<b>5.686</b>	<b>3.563</b>	<b>3.563</b>
<b>Finance &amp; Treasury</b>					
Finance Director	1.000	1.000	1.000	1.000	1.000
Administrative Analyst	-	-	-	-	-
Budget Analyst	-	-	-	0.500	0.000
Financial Services Manager	1.000	1.000	1.000	-	-
Senior Accountant	-	-	-	1.000	1.000
Financial Services Technician	2.000	2.000	2.000	2.000	2.000
	<b>4.000</b>	<b>4.000</b>	<b>4.000</b>	<b>4.500</b>	<b>4.000</b>

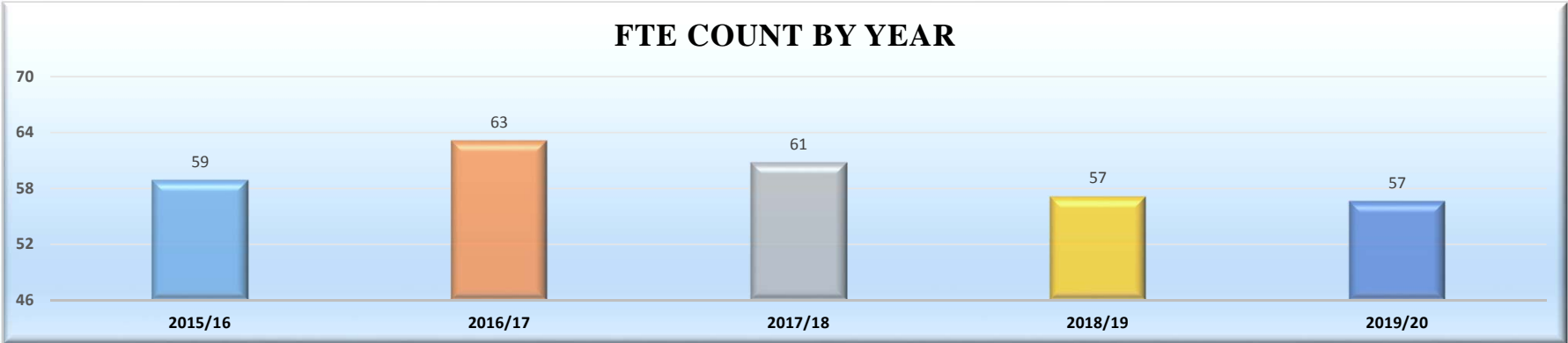
# STAFF POSITIONS

Function	2015/16	2016/17	2017/18	2018/19	2019/20
<b>POLICE</b>					
Police Chief	1.000	1.000	1.000	1.000	1.000
Police Captain	2.000	2.000	2.000	1.000	1.000
Support Services Manager	-	-	-	1.000	1.000
Exec. Asst./Custodian of Records	1.000	1.000	1.000	1.000	1.000
Police Officer	13.000	13.000	13.000	11.000	11.000
Police Corporal (Sr. Police Officer)	3.000	3.000	3.000	4.000	4.000
Police Sergeant	6.000	6.000	6.000	6.000	6.000
Services Officer	9.000	9.000	9.000	9.000	9.000
Lead Services Officer	1.000	1.000	1.000	-	-
Community Relations Officer	1.000	1.000	1.000	1.000	1.000
Traffic Control Officer	1.000	1.000	1.000	1.000	1.000
Data Entry Clerk	0.300	0.300	-	-	-
Police Service Aide	1.500	2.000	1.000	1.000	1.000
PVE Cares Coordinator	0.300	-	-	-	-
Police Volunteer Coordinator	-	0.600	0.500	0.500	0.500
	<b>40.100</b>	<b>40.900</b>	<b>39.500</b>	<b>37.500</b>	<b>37.500</b>

# STAFF POSITIONS

Function	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Planning &amp; Building</b>					
Planning & Building Director	1.000	1.000	1.000	1.000	1.000
Planner	1.000	1.000	1.000	1.000	1.000
Code Enforcement Officer	-	1.000	0.000	0.500	0.500
Permit Technician	1.500	1.000	1.000	1.000	1.000
Admin Analyst/Code Enf.	0.500	-	-	-	-
Maintenance Foreman	1.000	0.500	0.500	0.500	0.500
Equipment Mechanic	0.500	0.250	0.250	0.000	0.000
Maintenance Worker	4.000	2.000	2.000	2.000	2.000
Forester	-	1.000	1.000	1.000	1.000
	<b>9.500</b>	<b>7.750</b>	<b>6.750</b>	<b>7.000</b>	<b>7.000</b>
<b>Public Works</b>					
City Engineer	-	1.000	1.000	1.000	1.000
Permit Technician	-	1.000	1.000	1.000	1.000
Maintenance Foreman	-	0.500	0.500	0.500	0.500
Equipment Mechanic	-	0.250	0.250	0.000	0.000
Maintenance Worker	-	2.000	2.000	2.000	2.000
	-	<b>4.750</b>	<b>4.750</b>	<b>4.500</b>	<b>4.500</b>
<b>Planning and Public Works Total</b>	<b>9.500</b>	<b>12.500</b>	<b>11.500</b>	<b>11.500</b>	<b>11.500</b>
<b>Citywide</b>	<b>59</b>	<b>63</b>	<b>61</b>	<b>57</b>	<b>57</b>
<b>Contract Fire</b>					
Captain	3.000	3.000	3.000	3.000	3.000
Engineer	3.000	3.000	3.000	3.000	3.000
Paramedics/FireFighters	9.000	9.000	9.000	9.000	9.000
<b>(3 Shifts 24/7)</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

# ADOPTED STAFF POSITIONS



**CITY OF PALOS VERDES ESTATES  
MONTHLY BUDGETED CASH FLOW  
GENERAL FUND (FUND 01)/ LAW ENFORCEMENT FUND (FUND 23)  
BUDGET YEAR 2018-2019**

	July	August	September	October	November	December	January	February	March	April	May	June	FY Totals
<i>Union Bank checking Account</i>													
BEGINNING CASH BALANCE	\$1,080,836	\$84,171	(\$912,493)	(\$1,909,158)	(\$2,905,823)	(\$3,902,487)	(\$254,898)	\$738,832	(\$257,833)	(\$1,254,498)	\$2,393,092	\$3,386,822	\$1,080,836
<b>Cash Receipts</b>													
Property Tax						\$2,903,704	\$1,244,445			\$2,903,704	\$1,244,445		\$8,296,297
Parcel Tax (Fund 23)						\$1,740,550	\$745,950			\$1,740,550	\$745,950		\$4,973,000
Property Tax In Lieu (VLF)	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$126,249	\$1,514,992
Sales Tax	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$29,500	\$354,000
Real Estate Transfer Tax	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
Business License Tax	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$18,438	\$221,250
Franchise Fees	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$48,208	\$578,500
Development Fees	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$127,708	\$1,532,500
Interest Income	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$11,125	\$133,500
Concessions and Rent	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$112,167	\$1,346,000
Licenses and Permits	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$30,500
Safety Fines	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$150,000
Service Charges	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$4,083	\$49,000
Other Fees	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$4,542	\$54,500
<b>Total Receipts</b>	<b>\$513,729</b>	<b>\$513,729</b>	<b>\$513,729</b>	<b>\$513,729</b>	<b>\$513,729</b>	<b>\$5,157,982</b>	<b>\$2,504,123</b>	<b>\$513,729</b>	<b>\$513,729</b>	<b>\$5,157,982</b>	<b>\$2,504,123</b>	<b>\$513,729</b>	<b>\$19,434,039</b>
<b>Cash Disbursements</b>													
City Manager	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$52,242	\$626,905
City Attorney	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750	\$213,000
City Clerk	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$23,350	\$280,197
Non-Departmental	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$24,769	\$297,227
<b>Administration</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$118,111</b>	<b>\$1,417,329</b>
Finance	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$66,370	\$796,437
City Treasurer	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$3,747	\$44,963
<b>Finance</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$70,117</b>	<b>\$841,400</b>
Police Services	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$574,686	\$6,896,226
Fire Services	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$426,830	\$5,121,957
<b>Police &amp; Fire</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$1,001,515</b>	<b>\$12,018,183</b>
Building	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$72,873	\$874,471
Planning	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$30,939	\$371,269
City Properties	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$109,890	\$1,318,683
Public Works	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$17,200	\$206,403
Streets	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$73,619	\$883,429
Parklands	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$16,129	\$193,551
<b>Planning, Bldg &amp; Public Works</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$320,651</b>	<b>\$3,847,806</b>
<b>Total Disbursements</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$1,510,393</b>	<b>\$18,124,718</b>
<b>Net Cash Flow</b>	<b>(\$996,665)</b>	<b>(\$996,665)</b>	<b>(\$996,665)</b>	<b>(\$996,665)</b>	<b>(\$996,665)</b>	<b>\$3,647,589</b>	<b>\$993,730</b>	<b>(\$996,665)</b>	<b>(\$996,665)</b>	<b>\$3,647,589</b>	<b>\$993,730</b>	<b>(\$996,665)</b>	<b>\$1,309,321</b>
Ending Balance	\$84,171	(\$912,493)	(\$1,909,158)	(\$2,905,823)	(\$3,902,487)	(\$254,898)	\$738,832	(\$257,833)	(\$1,254,498)	\$2,393,092	\$3,386,822	\$2,390,157	\$2,390,157

Year to Date RECAP	
Beginning Balance	\$1,080,836.00
Plus/Less YTD Net Cash Flow	\$1,309,321.00
Ending Cash Balance	\$2,390,157.00

Notes: Methodology used to calculate monthly -  
Property Tax and Parcel Tax - Annual FY18-19 Adopted Budgeted amount split % based on Finance Advisory Committee Cashflow  
All other line items - Annual FY18-19 Adopted Budgeted amount divided by 12 - recommended per Finance Advisory Committee  
Presentation format recommended by Finance Advisory Committee



**CITY OF PALOS VERDES ESTATES**  
**MONTHLY ROLL-FORWARD - BUDGETED**  
**GENERAL FUND (FUND 01)/ LAW ENFORCEMENT FUND (FUND 23)**  
**BUDGET YEAR 2018-2019**

	July	August	September	October	November	December	January	February	March	April	May	June	FY Totals
<b>GENERAL FUND</b>													
BEGINNING BALANCE	\$9,796,091.00	\$8,799,426.33	\$7,802,761.67	\$6,806,097.00	\$5,809,432.33	\$4,812,767.67	\$8,460,356.95	\$9,454,086.83	\$8,457,422.17	\$7,460,757.50	\$11,108,346.78	\$12,102,076.67	\$9,796,091.00
<b>REVENUES (RECEIPTS)</b>													
Property Tax						\$2,903,703.95	\$1,244,444.55			\$2,903,703.95	\$1,244,444.55		\$8,296,297.00
Parcel Tax (Fund 23)						\$1,740,550.00	\$745,950.00			\$1,740,550.00	\$745,950.00		\$4,973,000.00
Property Tax In Lieu (VLF)	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$126,249.33	\$1,514,992.00
Sales Tax	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$29,500.00	\$354,000.00
Real Estate Transfer Tax	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$16,666.67	\$200,000.00
Business License Tax	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$18,437.50	\$221,250.00
Franchise Fees	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$48,208.33	\$578,500.00
Development Fees	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$127,708.33	\$1,532,500.00
Interest Income	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$11,125.00	\$133,500.00
Concessions and Rent	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$112,166.67	\$1,346,000.00
Licenses and Permits	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$2,541.67	\$30,500.00
Safety Fines	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$150,000.00
Service Charges	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$4,083.33	\$49,000.00
Other Fees	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$4,541.67	\$54,500.00
<b>Total Revenues</b>	<b>\$513,728.50</b>	<b>\$513,728.50</b>	<b>\$513,728.50</b>	<b>\$513,728.50</b>	<b>\$513,728.50</b>	<b>\$5,157,982.45</b>	<b>\$2,504,123.05</b>	<b>\$513,728.50</b>	<b>\$513,728.50</b>	<b>\$5,157,982.45</b>	<b>\$2,504,123.05</b>	<b>\$513,728.50</b>	<b>\$19,434,039.00</b>
<b>EXPENDITURES (DISBURSEMENTS)</b>													
City Manager	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$52,242.08	\$626,905.00
City Attorney	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$17,750.00	\$213,000.00
City Clerk	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$23,349.75	\$280,197.00
Non-Departmental	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$24,768.92	\$297,227.00
<b>Administration</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$118,110.75</b>	<b>\$1,417,329.00</b>
Finance	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$66,369.75	\$796,437.00
City Treasurer	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$3,746.92	\$44,963.00
<b>Finance</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$70,116.67</b>	<b>\$841,400.00</b>
Police Services	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$574,685.50	\$6,896,226.00
Fire Services	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$426,829.75	\$5,121,957.00
<b>Police &amp; Fire</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$1,001,515.25</b>	<b>\$12,018,183.00</b>
Building	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$72,872.58	\$874,471.00
Planning	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$30,939.08	\$371,269.00
City Properties	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$109,890.25	\$1,318,683.00
Public Works	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$17,200.25	\$206,403.00
Streets	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$73,619.08	\$883,429.00
Parklands	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$16,129.25	\$193,551.00
<b>Planning, Bldg &amp; PW</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$320,650.50</b>	<b>\$3,847,806.00</b>
<b>Total Expenditures</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$1,510,393.17</b>	<b>\$18,124,718.00</b>
<b>Net Revenues over Expenditures</b>	<b>(\$996,664.67)</b>	<b>(\$996,664.67)</b>	<b>(\$996,664.67)</b>	<b>(\$996,664.67)</b>	<b>(\$996,664.67)</b>	<b>\$3,647,589.28</b>	<b>\$993,729.88</b>	<b>(\$996,664.67)</b>	<b>(\$996,664.67)</b>	<b>\$3,647,589.28</b>	<b>\$993,729.88</b>	<b>(\$996,664.67)</b>	<b>\$1,309,321.00</b>
Ending Balance	\$8,799,426.33	\$7,802,761.67	\$6,806,097.00	\$5,809,432.33	\$4,812,767.67	\$8,460,356.95	\$9,454,086.83	\$8,457,422.17	\$7,460,757.50	\$11,108,346.78	\$12,102,076.67	\$11,105,412.00	\$11,105,412.00

<b>REVENUES (RECEIPTS) RECAP</b>	
GENERAL FUND (including stable)	\$14,461,039
PVE LAW ENFORCEMENT FUND	\$4,973,000
<b>TOTAL REVENUES</b>	<b>\$19,434,039</b>

<b>EXPENDITURES (DISBURSEMENTS) RECAP</b>	
GENERAL FUND (including stable)	\$18,124,718
<b>TOTAL DISBURSEMENTS(EXPENDTRS)</b>	<b>\$18,124,718</b>

<b>YEAR TO DATE RECAP</b>	
Beginning Balance	\$9,796,091.00
Plus: Revenues (Receipts) - General Fund	\$14,461,039.00
Less: Expenditures (Disbursements) - General Fund	\$18,124,718.00
<b>Net Revenues over Expenditures - General Fund</b>	<b>(\$3,663,679.00)</b>
Plus: Revenues (Receipts) - PVE Law Enforcement Fd	\$4,973,000.00
<b>Net Revenues over Expenditures - Both Funds</b>	<b>\$1,309,321.00</b>
Ending Balance	\$11,105,412.00

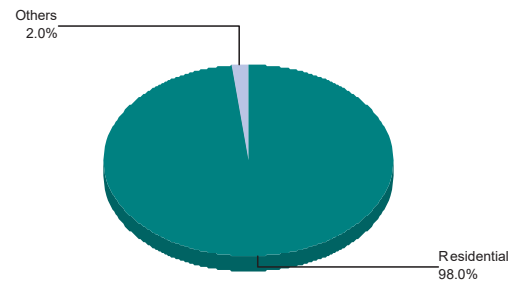
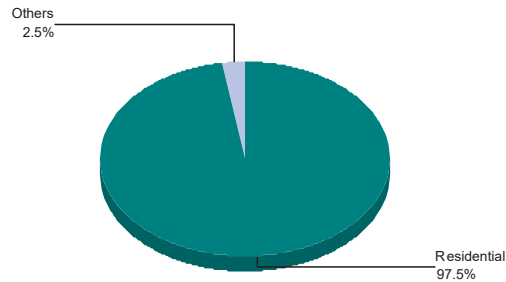
Notes: The above presentation is a monthly roll-forward of the General Fund Balance, including the PVE Law Enforcement Fund before transfers in/out. These numbers are based on the annual Adopted Budget included in the staff report, agenda item #5, presented to council on June 26, 2018, page 4. Methodology used to calculate monthly - Property Tax and Parcel Tax - Annual FY18-19 Adopted Budgeted amount split % based on Finance Advisory Committee Cashflow All other line items - Annual FY18-19 Adopted Budgeted amount divided by 12 - recommended per Finance Advisory Committee

## BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	5,093	\$6,935,084,105 (97.5%)	\$6,934,299,059 (98.0%)
Commercial	28	\$37,629,755 (0.5%)	\$37,629,755 (0.5%)
Institutional	5	\$7,940,589 (0.1%)	\$4,034,902 (0.1%)
Miscellaneous	3	\$9,791 (0.0%)	\$9,791 (0.0%)
Vacant	95	\$75,141,887 (1.1%)	\$75,141,703 (1.1%)
Exempt	206	\$33,854,895 (0.5%)	\$0 (0.0%)
Cross Reference	[12]	\$19,340,231 (0.3%)	\$19,340,231 (0.3%)
Unsecured	[113]	\$5,420,484 (0.1%)	\$5,410,484 (0.1%)
<b>TOTALS</b>	<b>5,430</b>	<b>\$7,114,421,737</b>	<b>\$7,075,865,925</b>

**ASSESSED VALUE**

**NET TAXABLE VALUE**

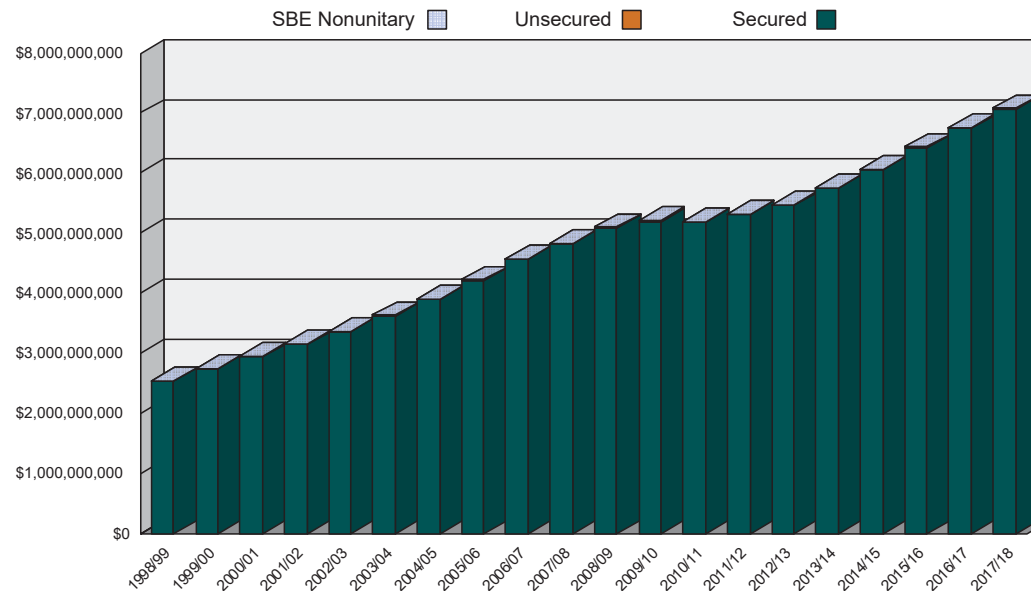


# THE CITY OF PALOS VERDES ESTATES

## NET TAXABLE ASSESSED VALUE HISTORY

1998/99 - 2017/18 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
1998/99	\$2,534,248,313	\$5,181,041	\$0	2,539,429,354	
1999/00	\$2,738,565,623	\$7,937,227	\$0	2,746,502,850	8.15%
2000/01	\$2,937,125,998	\$4,727,691	\$0	2,941,853,689	7.11%
2001/02	\$3,144,372,888	\$5,991,435	\$0	3,150,364,323	7.09%
2002/03	\$3,357,847,220	\$5,798,009	\$0	3,363,645,229	6.77%
2003/04	\$3,623,833,584	\$6,661,372	\$0	3,630,494,956	7.93%
2004/05	\$3,903,203,303	\$7,224,344	\$0	3,910,427,647	7.71%
2005/06	\$4,218,880,929	\$5,496,778	\$0	4,224,377,707	8.03%
2006/07	\$4,573,891,747	\$4,666,649	\$0	4,578,558,396	8.38%
2007/08	\$4,822,553,599	\$5,851,013	\$0	4,828,404,612	5.46%
2008/09	\$5,089,863,826	\$6,117,545	\$0	5,095,981,371	5.54%
2009/10	\$5,196,088,642	\$6,615,233	\$0	5,202,703,875	2.09%
2010/11	\$5,177,444,700	\$6,046,469	\$0	5,183,491,169	-0.37%
2011/12	\$5,318,089,948	\$6,144,415	\$0	5,324,234,363	2.72%
2012/13	\$5,459,340,107	\$5,683,705	\$0	5,465,023,812	2.64%
2013/14	\$5,745,707,104	\$6,176,596	\$0	5,751,883,700	5.25%
2014/15	\$6,059,750,797	\$7,021,633	\$0	6,066,772,430	5.47%
2015/16	\$6,426,743,210	\$6,965,669	\$0	6,433,708,879	6.05%
2016/17	\$6,742,382,802	\$5,764,559	\$0	6,748,147,361	4.89%
2017/18	\$7,070,455,441	\$5,410,484	\$0	7,075,865,925	4.86%



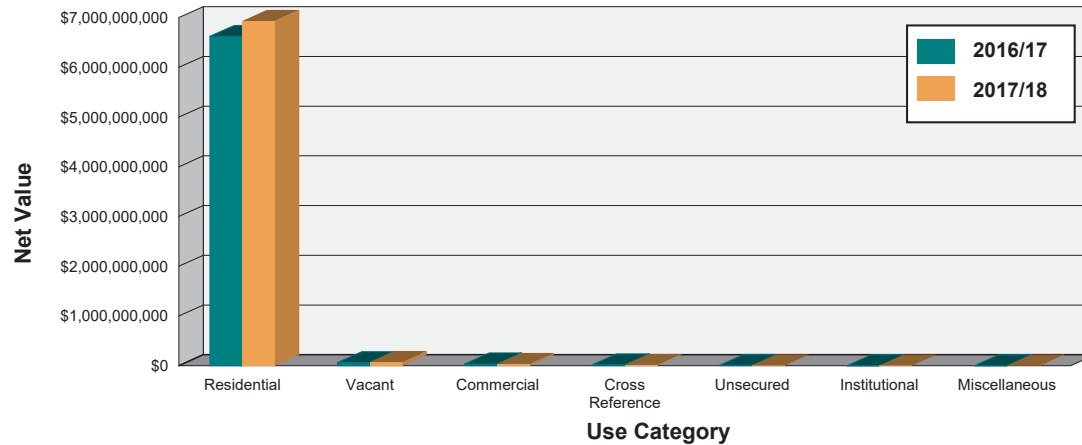
# THE CITY OF PALOS VERDES ESTATES 2017/18 GROWTH BY USE CATEGORY

## 2016/17 to 2017/18 Value Growth by Use Category

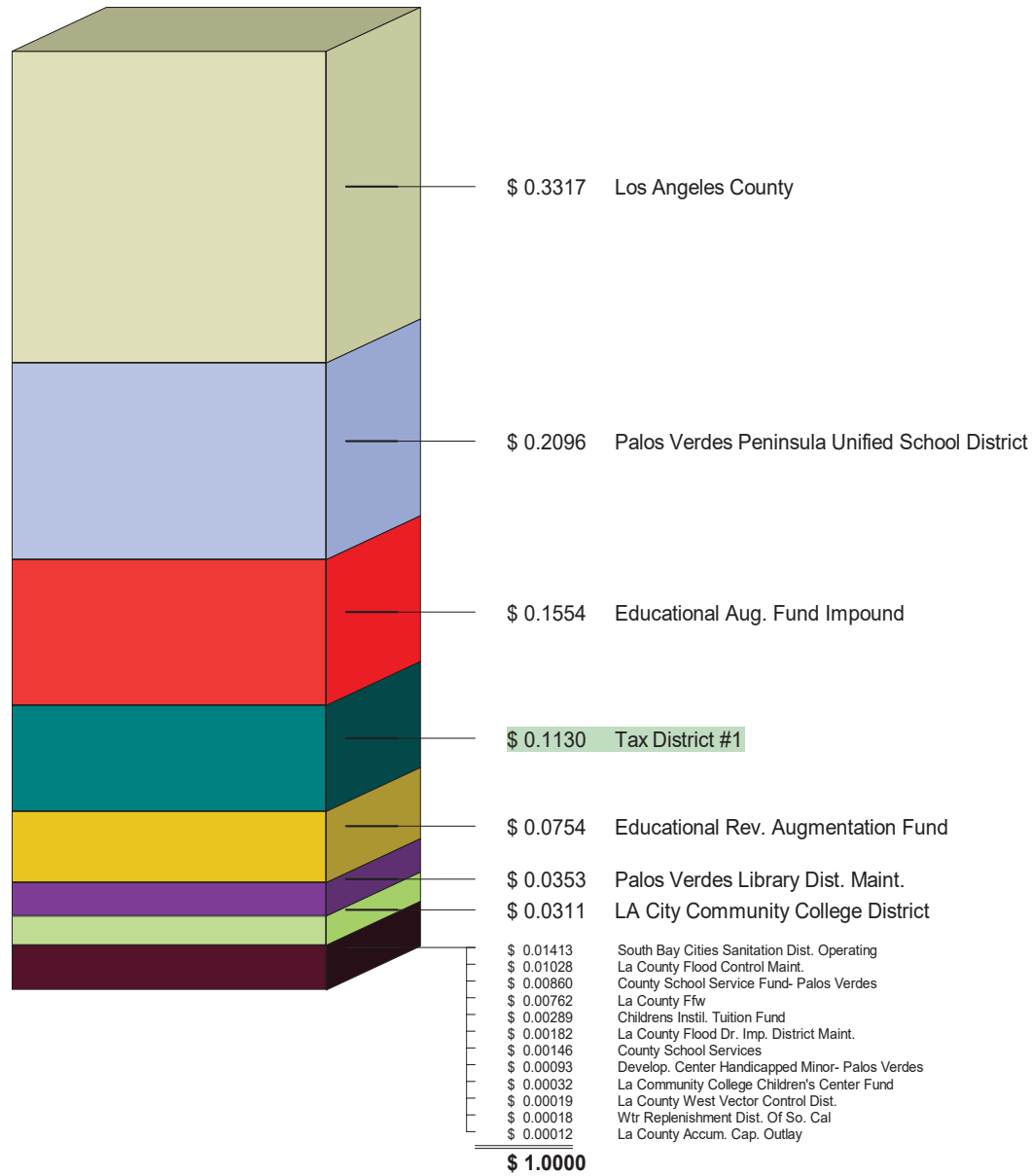
Category	2016/17 Net Taxable Value		2017/18 Net Taxable Value			\$ Change	% Change
Residential	5,091	\$6,624,095,460	5,093	\$6,934,299,059	(98.0%)	\$310,203,599	4.7%
Vacant	97	\$63,997,254	95	\$75,141,703	(1.1%)	\$11,144,449	17.4%
Commercial	28	\$35,318,521	28	\$37,629,755	(0.5%)	\$2,311,234	6.5%
Cross Reference	[12]	\$18,797,402	[12]	\$19,340,231	(0.3%)	\$542,829	2.9%
Unsecured	[219]	\$5,764,559	[113]	\$5,410,484	(0.1%)	-\$354,075	-6.1%
Institutional	5	\$164,284	5	\$4,034,902	(0.1%)	\$3,870,618	> 999.9%
Miscellaneous	3	\$9,881	3	\$9,791	(0.0%)	-\$90	-0.9%
Exempt	206	\$0	206	\$0	(0.0%)	\$0	0.0%
<b>TOTALS</b>	<b>5,430</b>	<b>\$6,748,147,361</b>	<b>5,430</b>	<b>\$7,075,865,925</b>	<b>(100.0%)</b>	<b>\$327,718,564</b>	<b>4.9%</b>

Numbers in blue are parcel/assessment counts

## Assessed Value by Major Use Category



# THE CITY OF PALOS VERDES ESTATES PROPERTY TAX DOLLAR BREAKDOWN



**ATI (Annual Tax Increment) Ratios for Tax Rate Area 07112, Excluding Redevelopment Factors & Additional Debt Service**

Data Source: Los Angeles County Assessor 2017/18 Annual Tax Increment Tables

Prepared On 8/13/2018 By PC

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone



# LOS ANGELES COUNTY - 2017/18

## REPRESENTATIVE GENERAL LEVY SHARE ESTIMATE

Estimate of City Representative Share of the General Levy

City	City Rate*	Other Rates*	Total	City	City Rate*	Other Rates*	Total
Los Angeles	0.2629		0.2629	Arcadia	0.0960		0.0960
South Pasadena	0.2400		0.2400	Hawthorne	0.0948		0.0948
San Marino	0.2364		0.2364	La Mirada	0.0671	0.0276	0.0947
Pomona	0.2335		0.2335	Rosemead	0.0668	0.0271	0.0939
Sierra Madre	0.2191		0.2191	Temple City	0.0666	0.0271	0.0937
Long Beach	0.2166		0.2166	Norwalk	0.0663	0.0263	0.0925
Pasadena	0.2109		0.2109	Duarte	0.0689	0.0233	0.0922
Hermosa Beach	0.2030		0.2030	Bell Gardens	0.0920		0.0920
Burbank	0.1847		0.1847	Pico Rivera	0.0667	0.0225	0.0892
La Verne	0.1816		0.1816	Westlake Village	0.0639	0.0240	0.0879
West Hollywood	0.1639	0.0148	0.1787	Cerritos	0.0680	0.0193	0.0873
Monrovia	0.1744		0.1744	Hidden Hills	0.0588	0.0220	0.0808
Beverly Hills	0.1742		0.1742	Industry	0.0794		0.0794
Avalon	0.1665		0.1665	Huntington Park	0.0735		0.0735
Redondo Beach	0.1654		0.1654	Vernon	0.0728		0.0728
Alhambra	0.1443	0.0199	0.1643	Whittier	0.0717		0.0717
Monterey Park	0.1578		0.1578	Malibu	0.0704		0.0704
Covina	0.1541		0.1541	Commerce	0.0679		0.0679
Azusa	0.1492		0.1492	Signal Hill	0.0678		0.0678
Manhattan Beach	0.1462		0.1462	Carson	0.0674		0.0674
San Fernando	0.1456		0.1456	Paramount	0.0672		0.0672
Inglewood	0.1409		0.1409	La Cañada Flintridge	0.0670		0.0670
Downey	0.1397		0.1397	Rolling Hills Estates	0.0669		0.0669
Santa Monica	0.1393		0.1393	South El Monte	0.0667		0.0667
West Covina	0.1351	0.0031	0.1382	Bellflower	0.0666		0.0666
Glendale	0.1357		0.1357	Artesia	0.0665		0.0665
Calabasas	0.0472	0.0820	0.1292	Lawndale	0.0662		0.0662
Santa Clarita	0.0573	0.0654	0.1228	Lancaster	0.0661		0.0661
Torrance	0.1220		0.1220	Cudahy	0.0659		0.0659
Baldwin Park	0.0952	0.0254	0.1206	Rolling Hills	0.0649		0.0649
Claremont	0.1142		0.1142	Maywood	0.0639		0.0639
Palos Verdes Estates	0.1130		0.1130	Rancho Palos Verdes	0.0637		0.0637
Lynwood	0.1130		0.1130	El Segundo	0.0632		0.0632
Gardena	0.1116		0.1116	Santa Fe Springs	0.0625		0.0625
San Gabriel	0.1064		0.1064	South Gate	0.0615		0.0615
Culver City	0.1043		0.1043	Bradbury	0.0614		0.0614
Palmdale	0.0663	0.0374	0.1037	Agoura Hills	0.0585		0.0585
Lomita	0.0666	0.0361	0.1026	Lakewood	0.0584		0.0584
Irwindale	0.1009		0.1009	Hawaiian Gardens	0.0560		0.0560
La Puente	0.0658	0.0349	0.1007	Bell	0.0537		0.0537
Compton	0.1004		0.1004	Walnut	0.0520		0.0520
La Habra Heights	0.1004		0.1004	Diamond Bar	0.0519		0.0519
San Dimas	0.0658	0.0335	0.0993	<b>County Average:</b>	<b>0.1055</b>	<b>0.0065</b>	<b>0.1120</b>
Montebello	0.0986		0.0986				
El Monte	0.0984		0.0984				
Glendora	0.0982		0.0982				

\*The City tax rate is based on the largest non-redevelopment Tax Rate Area in each city; other rates include city-governed overlaying districts such as lighting or maintenance districts.

Data Source: Los Angeles County Assessor 2017/18 Combined Tax Rolls

Prepared On 8/13/2018 By PC

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

## GLOSSARY OF TERMS

**Administrative Charge:** A transfer of monies to the General Fund to reimburse the General Fund for work performed in other funds by an employee whose salary is budgeted in the General Fund.

**Adopted Budget:** A plan of financial operations and capital improvements approved by the City Council for fiscal year. The Adopted Budget reflects estimates of revenues, expenditures, transfers, City's goals, objectives and performance data.

**Approved Budget:** The second year of a two year (Biennial) budget, where the City Council only adopts the upcoming fiscal year and approves the budget plan for the second fiscal year.

**Appropriation:** Legal authorization by the City Council to make expenditures and to incur obligations for specific purposes.

**Appropriations Limit:** Article XIII B of the California Constitution was amended by Proposition 4, "The Gann Initiative," in 1979. This Article limits growth in government spending to changes in population and inflation, by multiplying the limit for the prior year, by the percentage change in the cost of living (or per capita personal income, whichever is lower); then multiplying the figure resulting from the first step, by the percentage change in population. The base year limit (FY1978-1979) amount consists of all tax proceeds appropriated in that year. The Appropriations Limit calculation worksheet can be found in the Appendix of the budget.

**Assessed Valuation:** The dollar value assigned to real estate or other property, by Los Angeles for the purpose of levying property taxes.

**Beginning Fund Balance:** The balance of a fund including restricted, assigned, committed and unassigned values carrying over into the following year.

**Bond:** A city may raise capital by issuing a written promise to pay a specified sum of money called the face value, or principal amount, at a specified date or dates in the future, together with periodic interest, at a special rate.

**Budget:** The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the proposed means of financing those expenditures.

## GLOSSARY OF TERMS

**Budget Message:** A general outline of the budget which includes comments regarding the City's financial status at the time of the message and recommendations regarding the financial policies for the coming period.

**CalPERS:** A short name for the California Employee Public Retirement System.

**Capital Improvement Plan (CIP):** A financial plan of proposed capital improvement projects. CIP projects typically improve City-owned assets such as buildings, parks, streets and other infrastructure components. Capital projects often span more than one fiscal year.

**Capital Outlay:** A budget category which budgets major equipment purchases and capital improvement projects.

**Capital Improvement Projects:** Significant infrastructure improvements that have a useful life of one year or more and selected studies related to such activities that are expected to lead to a capital project. Examples include constructing a new park, street resurfacing, building remodels/repairs and construction of water mains.

**Debt Service:** Annual principal and interest payments owed on money the City has borrowed.

**Department:** An organizational unit comprised of divisions or programs. The City of Palos Verdes Estates has four departments: Administration, Finance, Police and Community Development. Fire Services are provided on a contract basis.

**Division/Program:** A common purpose combination of programs or activities within a department, which furthers the objectives of the City Council by providing services or a product.

**Encumbrances:** Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. Encumbrances end when the obligations are paid or otherwise terminated.

**Enterprise Funds:** Funds established to account for the total costs of those governmental facilities and services that are operated in a manner similar to private enterprise. These programs are mainly self-supporting.

**Expenditure:** The cost of goods received or services rendered for the government unit.



## GLOSSARY OF TERMS

**Fiscal Year:** A 12-month period of time to which an annual operating budget applies. The City's fiscal year is July 1 through June 30.

**Fund:** A self-balancing set of accounts. Governmental accounting information is organized into funds, each with separate revenues, expenditures and fund balances. The major types of funds include: General, Proprietary, Special Revenue, Capital, Debt Service, Permanent and Trust & Agency.

**Fund Balance/Reserve:** The difference between a fund's assets and its liabilities. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

### Funds Definitions:

**General Fund:** The primary fund of the City used to account for all revenues and expenditures of the City not legally required to be accounted for in another fund.

**Gas Tax Fund** - to account for state and county gas taxes, funds that may be used for street maintenance, right-of-way acquisition and street construction.

**Special Projects** - to account for funds received from other governmental agencies that are earmarked for specific projects.

**Police/Fire/Paramedic** - to account for funds received from City Proposition A for police and paramedic services.

**Drug Intervention** - to account for funds received from L.A. IMPACT, an association of local governmental agencies, related to drug enforcement activities. The funds are earmarked for the City's drug intervention programs.

**CLEEP** - California Law Enforcement Equipment Program (CLEEP) - to account for funds received from the State of California for law enforcement technology equipment.

## GLOSSARY OF TERMS

**SLESF** - Supplemental Law Enforcement Services Fund - to account for Community Oriented Policing Services (COPS) police U.S. Department of Justice grant funds received through the State of California.

**Corrections** - to account for funds received from the State Department of Corrections.

**Proposition A** - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition A to finance transit projects within the City.

**Proposition C** - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition C to finance transit projects within the City.

**Grants:** Contributions, or gifts of cash or other assets from another entity. Grants are typically to be used or expended for a specific purpose.

**Infrastructure:** The underlying foundation or basic framework of a system or organization, such as the roads, sewers and storm drains, etc.

**Internal Service Fund:** Internal Service Funds are used to account for the financing of equipment and services of the City on a cost-reimbursement basis. The City uses the following Internal Service Funds:

**Equipment Replacement** – to account for the purchase and maintenance of vehicular equipment on behalf of all City departments.

**Insurance** - to account for the City's insurance activities.

**Line-item:** Refers to any individual expenditure object or appropriation detailed in the department's budget.

**Materials & Services:** This budget category accounts for all non-personnel and non-capital expenses. Such expenditures include building maintenance, contract services, equipment maintenance, office supplies and utility costs.

## GLOSSARY OF TERMS

**Municipal Code:** The collection of City Council approved ordinances currently in effect. The Municipal Code defines City policy in various categories (i.e. building regulations, planning and zoning regulations, sanitation and health standards, and traffic regulations).

**Operating Budget:** The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the estimated means of financing those expenditures.

**Ordinance:** A formal legislative enactment by the City Council. An ordinance has the full force and effect of law within the City boundaries, unless it is in conflict with any higher form of law, such as a State statute or constitutional provision. An ordinance has a higher legal standing than a resolution.

**Overhire:** An authorized position without monies budgeted for salary and fringe benefits. The overhire concept assumes that a department (particularly Public Safety) experiences several position vacancies during a fiscal year, and that the salary and fringe benefit savings from these vacancies will off-set the cost of the overhire personnel. The overhire personnel in-turn ensures that the department will not be forced to limit operations because of staffing shortages and can better control overtime expenditures.

**Program:** An activity or division, within a department, which furthers the objectives of the City Council, by providing services or a product.

**Reserve:** Used to earmark a portion of the fund balance as segregated for a specific use.

**Resolution:** A special order of the City Council, which requires less legal formality than an ordinance in terms of public notice and the number of public readings prior to approval. A resolution has lower legal standing than an ordinance. The Operating Budget is approved by resolution and requires a majority vote of the Council Members present.

**Restricted Funds:** As used in the budget presentation, restricted fund dollars are those that are qualified as to use by either a council set policy and or an external agency/contract requirement. A fund restriction can also apply to internal service funds that have accumulated dollars earmarked for future use i.e. – Equipment Replacement / Insurance Funds.

**Salaries:** A budget category, which accounts for full-time and part-time employees, salary and benefits, overtime expenses, and fringe benefits.

## GLOSSARY OF TERMS

**Special Revenue Funds:** Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Special Projects Fund:** See City fund definitions above

**Supplies & Services:** A budget category, which accounts for the materials, goods and contract services necessary to run a city program and function.

**Transfer:** Monies appropriated from one fund to another, in order to reimburse the fund for expenses or to finance the operation of the other fund. Transfers between a Proprietary Fund and a Governmental Fund are budgeted as revenues and expenditures in the various funds, to comply with governmental accounting principles.

**CITY OF PALOS VERDES ESTATES  
DESCRIPTION OF FUNDS & FUND TYPES**

***GOVERNMENTAL FUNDS***

*Are typically used to account for tax-supported (governmental) activities. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.*

**GENERAL FUND (01)**

The General fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

**SPECIAL REVENUE FUNDS:**

*Are used to account for proceeds of specific sources (other than for major capital projects) that are legally restricted for specific purposes. The following funds are considered Special Revenue Funds:*

**State Gas Tax Fund (02):** Accounts for a share of revenues derived from the State Highway Users' Tax under Sections 2103, 2105, 2106, 2107, and 2107.5. The revenue is derived from a share of the gasoline taxes and is restricted to be used for the construction and maintenance of the road network system of the City.

**Drug Intervention Fund (03):** Accounts for receipt and disbursement of narcotic forfeitures received from the County, State, and Federal agencies pursuant to Section 11470 of State Health & Safety Code and Federal Statute 21USC Section 881.

**SLESF (COPS) Fund (05):** Account for receipt and disbursement of funds received under the State Citizens' Option for Public Safety (COPS) program allocated pursuant to Government Code Section 30061 enacted by AB 3229, Chapter 134 of the 1996 Statutes. This fund, also known as the Supplemental Law Enforcement Services Fund (SLESF), is allocated based on population and can only be spent for "front line municipal police services" such as local crime prevention and community-oriented policing, per Government Code Section 30061 (c)(2).

**Special Projects Fund (06):** Account for revenue for grants or disbursements from Federal, State, County, and special agencies and districts, including but not limited to monies received from Transportation Development Act Article 3, AB 2766, AB 939, CalRecycle Rubberized Pavement and Container Grants, STP-L Fund Exchange.

**Corrections Fund (07):** Account for revenue received from the State Department of Corrections.

**RMRA Fund (08):** Account for receipt of funds received from the State Controller’s Road Maintenance and Rehabilitation Account (RMRA). RMRA funds can be used for basic road maintenance, rehabilitation, and critical safety projects on the local streets and road system. The City currently uses these funds for certain capital projects such as street rehabilitation.

**Special Fire Parcel Tax Special Revenue Fund (22):** Account for funds received from a voter approved direct assessment levied by the City for the purpose of funding contract fire suppression services through Los Angeles County. This assessment sunset after FY 16-17 and is no longer funded.

**Measure M Fund (25):** Account for a share of the revenues received under Measure M, a portion of a ½ cent sales tax levied in Los Angeles County in November 2016 to provide transportation related projects and programs. These are restricted funds. Eligible projects include street and road repair and maintenance, green streets, complete streets, storm drains, traffic control measures, bicycle and pedestrian transportation improvements, transit services and vehicles, transportation marketing, and transportation demand management. The City currently uses Measure M Funds for certain capital projects or transportation projects such as street rehabilitation and reconstruction.

**Prop “C” Transportation Fund (26):** Account for a share of the revenues received under Proposition C, a portion of a ½ cent of sales tax levied in Los Angeles County in November 1990 to provide transportation-related programs and projects. These are restricted funds, eligible to be used to improve transit services and operations; reduce traffic congestion; improve air quality; operate and improve the condition of the streets and freeways utilized by public transit; and reduce foreign oil dependence. The City currently uses these funds for certain capital projects or transportation projects such as street rehabilitation and reconstruction on fixed transit routes.

**Measure R Fund (27):** Account for a share of the revenues received under Measure R, a portion of a ½ cent sales tax levied in Los Angeles County in November 2008 to provide for transportation related projects and programs. Revenues are funneled to the City through the Los Angeles County Metropolitan Transportation Authority. These are restricted funds. Eligible projects include street and road repair, traffic signal improvements, bicycle and pedestrian transportation improvements, transit services and vehicles, transportation marketing, and transportation demand management. The City currently uses Measure R Funds for certain capital projects or transportation projects such as street rehabilitation and reconstruction.

**Prop “A” Transportation Fund (28):** Account for a share of the revenues received under Proposition A, a portion of a ½ cent of sales tax levied in Los Angeles County in November 1980 to provide transportation-related programs and projects. These are restricted funds, eligible to be used for transit and bus stop improvements and maintenance only. The City uses these funds to pay the City’s annual funding obligation to Palos Verdes Peninsula Transit Authority (PVPTA) as a member of the Palos Verdes Peninsula Joint Powers Authority. Unused accumulated balance is sold to the PVPTA or other cities in exchange for non-restricted General Fund dollars.

**Parklands (31):** Account for the improvements to/in the City’s parklands. The primary source of general capital funds is an annual transfer of General Fund Operating surplus. The actual amount of the transfer, if any, is determined each year by the City Council after review of

the annual audit report.

**PVE Law Enforcement Fund (XX):** Account for funds received from a voter approved (by Measure E in April 2018) direct assessment levied by the City for the purpose of funding the Palos Verdes Estates Police Department. This levy will be for fiscal years 2018-19 through 2026-27.

### **CAPITAL PROJECTS FUNDS:**

*Account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The following is considered Capital Projects Fund:*

**Capital Improvement Fund (30):** Account for the construction of capital facilities typically financed by the City’s General Fund, transfers from Special Revenue Funds, and any grant not accounted for in a special revenue fund. The primary source of general capital funds is an annual transfer of General Fund Operating surplus. The actual amount of the transfer, if any, is determined each year by the City Council after review of the annual audit report. Capital projects typically improve City-owned assets such as buildings, parks, streets, and other infrastructure components.

**Sewer Fund (62):** Account for accumulated fund balance and expenses for the City’s wastewater collection system, including replacement and maintenance of sewer facilities. As authorization for the property-owner approved sewer user fee expired in FY 12/13, these operations will become General Fund dependent once available resources are used towards capital and maintenance as outlined in prospective budget plans.

### **PROPRIETARY FUNDS**

*Proprietary funds are used to account for a government’s “business” type activities. Enterprise Funds and Internal Service Funds are considered proprietary funds. The City of Palos Verdes Estates does not currently have any enterprise funds.*

### **INTERNAL SERVICE FUNDS**

The following are the City’s Internal Service Funds:

**Equipment Replacement Fund (60):** Account for the financing of equipment on a cost reimbursement basis from charges to City departments and from proceeds from the sale of surplus equipment, which are used to purchase replacement of office furniture and equipment; vehicles; and other capital equipment.

**Insurance Fund (65):** Account to fund the City's annual contribution to the California Joint Powers Insurance Authority (CJPIA). The total funding requirement for self-insurance programs is estimated using actuarial models, with costs allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. CJPIA provides for both liability and worker's compensation coverage.



# Resolutions

RESOLUTION R18-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES  
ESTATES, CALIFORNIA, ADOPTING THE ANNUAL BUDGET  
FOR FISCAL YEAR 2018-2019 AND FIXING THE LIMITATION OF EXPENDITURES  
FOR THE SEVERAL PURPOSES, FUNCTIONS, FUNDS AND ACTIVITIES

THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA DOES  
RESOLVE AS FOLLOWS:

Section 1. Year one of the biennial budget of expenditures duly submitted and considered, is hereby approved, adopted and fixed as the annual budget of the City of Palos Verdes Estates for the fiscal year commencing July 1, 2018 and ending June 30, 2019 and in the amount, and for the purposes, functions, funds, transfers and activities set forth in Exhibits A thru L, copies of which shall be permanently attached to this resolution.

Section 2. The fund appropriations herein set forth shall constitute the maximum expenditures authorized for those funds. The City Manager is hereby authorized to make budgetary revisions between budget categories and departments within fund level appropriations if such a revision is necessary and proper. Council is to be updated of such revisions within the fiscal-year budget update and reporting process.

Section 3. The City Manager may transfer an amount not to exceed \$10,000 between budget categories and departments within fund level appropriations. Council is to be updated of such revisions within the fiscal-year budget update and reporting process.

Section 4. The City Manager does hereby submit the number and classifications of employees in the respective functions, departments, and or activities for the fiscal year 2018-2019 budget as set forth in Exhibit M.

Section 5. The City Clerk shall certify to the passage and adoption of Resolution R18-32.

PASSED, APPROVED AND ADOPTED on this 26<sup>th</sup> day of June, 2018.

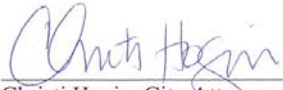
  
Betty Lin Peterson, Mayor

ATTEST:

  
Lauren Pettit, City Clerk

RESOLUTION R18-32

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Christi Hogin, City Attorney

RESOLUTION R18-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PALOS VERDES ESTATES, CALIFORNIA  
ESTABLISHING THE FISCAL YEAR 2018-2019 APPROPRIATIONS LIMIT  
FOR THE CITY OF PALOS VERDES ESTATES

WHEREAS, the voters of California on November 6, 1979, added Article XIII B to the State Constitution placing various limitations on the appropriations of the state and local governments; and

WHEREAS, Article XIII B, as modified in June 1990, provides that the appropriations limit for fiscal year 2018-2019 is hereby amended by properly calculating the adjustment to the base year appropriations of fiscal year 1978-79 for changes in certain permitted factors; and

WHEREAS, to the best of the City's knowledge and belief, the State Department of Finance figures reflect the following statistics relevant to the calculation of the City's 2018-2019 Fiscal Year Appropriations Limit:

California per capita income, +3.67% (plus three and 67/100 percent).

Population Adjustment for the County of Los Angeles, +0.51% (plus 51/100 percent).

NOW THEREFORE, the City Council of the City of Palos Verdes Estates DOES RESOLVE AS FOLLOWS:


Section 1. That the following factors shown above shall be the basis of computing the 2018-2019 Fiscal Year Appropriations Limit and based on the foregoing figures (attached herein as EXHIBIT A) and the provisions of Article XIII B of the Constitution of the State of California, that the City of Palos Verdes Estates appropriations subject to limitation for the 2018-19 Fiscal Year shall be \$23,293,868.

Section 2. The City Clerk shall certify to the passage and adoption of Resolution R18-33. PASSED, APPROVED AND ADOPTED on this 26<sup>th</sup> day of June, 2018.

  
Betty Lin Peterson, Mayor

ATTEST:  
  
Lauren Pettit, City Clerk

APPROVED AS TO FORM:

  
Christi Hogin, City Attorney



INCORPORATED 1939

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
year ended June 30, 2018



**CITY OF PALOS VERDES ESTATES  
PALOS VERDES ESTATES, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED JUNE 30, 2018**

**THIS PAGE INTENTIONALLY LEFT BLANK**



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

---

	<u>Page Number</u>
<b>INTRODUCTORY SECTION:</b>	
Letter of Transmittal	i
Organization Chart	vii
Officials of the City of Palos Verdes Estates	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	28
Notes to Financial Statements	29

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

	<u>Page Number</u>
<b>FINANCIAL SECTION (CONTINUED):</b>	
<b>Required Supplementary Information:</b>	
Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous	60
Schedule of Contributions - Miscellaneous	61
Schedule of Proportionate Share of the Net Pension Liability - Safety	62
Schedule of Contributions - Safety	63
Schedule of Changes in Total Pension Liability and Related Ratios - Special Retirement Income Plan	64
Budgetary Comparison Schedules:	
General Fund	65
Special Fire Parcel Tax Special Revenue Fund	66
 Note to Required Supplementary Information	 67
<b>Supplementary Information:</b>	
Nonmajor Governmental Funds:	69
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72
Budgetary Comparison Schedules - Special Revenue Funds:	
Gas Tax	74
Drug Intervention	75
SLESF	76
Special Projects	77
Corrections	78
RMRA	79
Measure M	80
Proposition A	81
Measure R	82
Proposition C	83
 Budgetary Comparison Schedules - Capital Projects Funds:	
General Capital Improvement - Major Fund	84
Sewer - Major Fund	85
Parklands - Nonmajor Fund	86
 Internal Service Funds:	 87
Combining Statement of Net Position	88
Combining Statement of Revenues, Expenses, and Changes in Net Position	89
Combining Statement of Cash Flows	90
 Agency Funds:	 91
Combining Statement of Assets and Liabilities	92
Combining Statement of Changes in Assets and Liabilities	93

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

	<u>Page Number</u>
<b>STATISTICAL SECTION:</b>	
Description of Statistical Section	95
Financial Trends:	
Net Position by Component	96
Changes in Net Position	97
Fund Balances of Governmental Funds	98
Changes in Fund Balances of Governmental Funds	99
Revenue Capacity:	
Selected Governmental Activities Tax Revenues by Source	100
Assessed Value and Estimated Actual Value of Taxable Property	101
Direct and Overlapping Governments	102
Principal Property Taxpayers	103
Property Tax Levies and Collections	104
Taxable Property Subject to Fire Tax	105
Principal Special Fire Taxpayers	106
Fire Tax Rates	108
Debt Capacity:	
Direct and Overlapping Governmental Activities Debt	109
Legal Debt Margin Information	110
Demographic and Economic Information:	
Demographic and Economic Statistics	111
Principal Employers	112
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program	113
Operating Indicators by Function/Program	114
Capital Asset Statistics by Function/Program	115

**THIS PAGE INTENTIONALLY LEFT BLANK**



December 11, 2018

Honorable Mayor and Members of the City Council,

With receipt of the Governmental Finance Officers Association (GFOA) “Certificate of Achievement for Excellence in Financial Reporting Program” for the City’s Comprehensive Annual Financial Report (CAFR) ending June 30, 2017, it has now been 26 consecutive years that the City of Palos Verdes Estates (“the City”) has demonstrated and been recognized for its accuracy, integrity, disclosure, management and reporting of City finances. To accomplish this, our practices and procedures in financial management are routinely updated for representing the City’s financial records in a consistent manner with best practices in governmental accounting and we have, and have had, excellence in the Finance Department consisting of staff who are committed to responsibly managing the City’s fiscal resources.

Consistent with this successful legacy, we are now pleased to present the Comprehensive Annual Financial Report (CAFR) ending June 30, 2018. It is prepared following the same standards of financial reporting and fiscal integrity to continue our history of excellence in financial reporting and management. The CAFR represents a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) that has been audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

The CAFR consists of City management’s representations of the City’s finances. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in the CAFR. To provide a reasonable basis for making these representations, the City has instituted a comprehensive framework of internal controls that are designed to protect the City’s assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. In principle, because the cost of internal controls should not outweigh their benefits, the City’s comprehensive internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. In turn, we assert that to the best of our knowledge, the financial statements are complete and reliable in all material aspects.

The City’s financial statements have been audited by White Nelson Diehl Evans, LLP, an independent public accountancy firm. The firm was retained by the Palos Verdes Estates City Council beginning with the fiscal year 2015-2016 audit. The presentation of this report completes their third year of a five year engagement with the City. The intent with having an external auditor is to provide reasonable, independent and unbiased assurance that the City’s financial statements

are free of material misstatement. In turn, White Nelson Diehl Evans, LLP has again rendered an unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended June 30, 2018 were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal should be read in conjunction with the MD&A.

### **Profile of the Government**

The City of Palos Verdes Estates, as a planned community designed by Frederick Olmsted, Jr. in 1910, is comprised primarily of residential properties with panoramic views overlooking the Pacific Ocean and Los Angeles metropolitan area; along with large areas of parklands that are maintained as permanent open space. The City was incorporated in 1939 and is the oldest of the four cities on the Palos Verdes Peninsula. The City’s population is approximately 13,500 within an area of 4.75 square miles. As a residential community with almost no commercial tax base, the City had depended significantly on property taxes and a special parcel tax to provide services to residents and the public.

The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in five City Council members. City Council members are elected on a non-partisan basis. Elections have been held in March of odd-numbered years, although in accordance with State law, elections are transitioning to November in even-numbered years beginning in 2020. City Council members serve four-year staggered terms and receive no compensation. One member of the City Council is designated as Mayor; the Mayor’s position rotates annually among the City Council members. The City Council is responsible for a variety of functions including passing ordinances, establishing policies, allocating resources, appointing Commission and Committee members and hiring both the City Manager and City Attorney. The City operates on a July 1 – June 30 fiscal year, and in even-numbered years, the City Council approves a bi-annual operating and capital improvement budget. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for all hiring decisions. Voters also elect, every four years, a City Treasurer who is responsible for the City’s investment and banking decisions.

City employees provide the following public services: public safety; planning and building services; public works, maintenance of City buildings, parkways, medians and streets; and general administrative services. The City contracts with the Los Angeles County Fire Department for fire suppression and paramedic services. The City also contracts with private firms for professional engineering and capital project management; building plan check, permitting and inspection; business license tax management and collection, information technology services; refuse collection; and grounds maintenance. The City has a franchise agreement with a private firm for residential refuse collection. The City also has concession agreements for use of City property that collectively provide recreational venues consisting of public golf, tennis, swimming and stables for residents and the public.

## Financial Policies

**Budget Policy and Practice** - The City Council adopts a two-year budget document. In the intervening year of the two-year budget, the City Council reviews and affirms the budget appropriations. The budget serves as the foundation and resource allocation multi-year plan for the City's financial planning and control and for the delivery of services. The City Manager presents a balanced bi-annual budget to the City Council in mid-May after an intensive, multi-month internal process of reviewing and presenting year-end and future year revenue projections, expenditure status, and Department budget requests. A public hearing on the proposed budget is held at the first City Council meeting of June and the final budget is adopted prior to June 30. The budget is controlled at the Fund level and the City Manager is authorized to make transfers between Departments within policy defined levels. The budget has also been designed to present fiscal information at the Department and program level to communicate how key services are delivered. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

**Fund Balance Policy and Practice** – In accordance with GASB Statement No. 54, the City Council has formally adopted a Fund Balance Policy, which includes a committed General Fund balance of \$7.2 million for emergency contingencies, that may be used in the event of a declared federal, state or local emergency or in the event the City suffers a loss of a major General Fund revenue source in the amount of \$500,000 or more, either through state actions to divert or change the City's allocation or a local condition affecting a major revenue source. Other fund balances that are non-spendable; restricted; assigned and unassigned, are established in conformance with the adopted City Council policy and GASB 54.

**Government Accounting Standards Board (GASB) 68** – The valuable impact of this accounting standard, which became effective in the in fiscal year 2014-2015 reporting year, cannot be understated. It effectively calls for the full-accrual recording of actuarially determined employee pension obligations as of the date of this report. As such, cities across the country prepare financial reports that include these material liabilities. For Palos Verdes Estates, a pension liability impact of \$11.4 million is identified herein. With GASB 68, some points of clarification are important. It is notable that the pension liability should not be interpreted to have direct/near term budgetary impact; which is to say, the budget includes the current annual payments required for pension obligations. The long-term liability is a future, multi-year obligation that fluctuates based on many factors that are solely under the authority of CalPERS. The inclusion of pension liabilities properly communicates the long term cost of such benefits and underscores the challenges, as discussed in current and past budgets, faced by cities in managing the rising costs in a limited revenue source environment. The City is actively working to manage and ultimately minimize the unfunded liability.

**Investment Policy and Practice** - The elected City Treasurer is responsible for the custody and investment of surplus City funds. The Treasurer's activities are guided by the City's adopted Investment Policy, last updated in 2018. The Investment Policy defines the objectives and priorities of the investment program; it is centered on the safety and liquidity of funds as the highest two priorities, as per California government code. The policy's third priority is to achieve the maximum yield possible within the constraints of the two primary objectives. For the year ending

June 30, 2018, the City uses three main investment mechanisms for idle funds: the State Treasurer's Local Agency Investment Fund (LAIF), Los Angeles County Investment Pool, and U.S. Government securities.

### **Major Initiatives and Achievements**

The following list highlights the City's accomplishments in fiscal year 2017-2018. These accomplishments are accountable to the entire organization. It is not intended to be a comprehensive list but rather, it is a representation of the organization's collective efforts to serve the community.

- **Public Safety:** Along with the appointment of a new Police Chief, the Department maintained an average emergency response time of 3 minutes, conducted "street meets" with the Fire Department to broaden its connection to residents, expanded the participation its volunteer programs, conducted active shooter training at local schools, enhanced communications with the community, and expanded its use of social media presence to increase community outreach and connections.
- **Capital Improvements and Equipment Replacement:** Construction projects were few in recognition of budget constraints resulting from the loss of Measure D parcel tax revenue. One significant project was the implementation of new telephony to provide automated features in the absence of staff, direct connectivity by the public to staff desks, and a reliable network.
- **Public Works:** The Public Works Department was proactive in preparing for the rainy season; storm drains were inspected and cleaned; sandbags were placed in poor drainage areas; runoff was monitored during heavy rain events; debris was picked up and drains were cleared subsequent to rain events; and crews were on duty during forecasted extremely severe weather to ensure public safety. The Public Works Department also facilitated the removal of unpermitted structures and miscellaneous debris from Lunada Bay, provided support for community events, and re-landscaped the entry median on Granvia Altamira and Via Cerritos.
- **Local Hazard Mitigation:** Approximately 220 acres of open space adjacent to private property was again cleared for fire safety. The Local Hazard Mitigation Plan to address the community's susceptibility to various natural hazards and identifying activities to minimize potential impacts was also approved.
- **Community Development:** Over 1,800 building permits were issued for additions and new construction of homes. Total value of building permits issued was approximately \$34.6 million. There was increased interest in remodeling or building new homes with the submittal of 24.5 new Neighborhood Compatibility applications.
- **Forestry:** The City's urban forest has over 10,000 trees. Over 950 trees were trimmed to improve strong growth, remove damaged limbs, enhance aesthetics and as a preventative measure to reduce risk. Approximately 56 trees were removed due to damage, disease or safety concerns.
- **Fiscal Plan and Management:** The City Council completed the year consistent with, and somewhat better than, budgeted projections. The adopted budget represented a balanced resource allocation plan to achieve the priorities and budget savings consistent with budget reductions and policy directives. Again, the City received an award for excellence in



financial reporting. The City also entered into a contract with HdL for business license tax processing and enforcement. The contract with HdL provides efficiency through contracting, and a paperless and automated application process over the internet.

- **Organization Leadership and Management:** The City reduced the number of positions and associated services cognizant of budget constraints. Positions were eliminated in the City Manager's office, Code Enforcement and Police Department.
- **Organizational Professional Training & Development:** City staff participated in over 35 mandated training/webinars specific to their position providing required certification for employees and providing for the knowledge and tools necessary for maintaining customer service. The City of Palos Verdes Estates also expanded participation in the internship program for High School and College Students that teaches civic engagement through hands-on work experience.
- **Treasury:** The City Council approved a new, updated Investment Policy prepared by its Investment Policy Advisory Committee that received recognition and certification by the California Municipal Treasurers Association.

### **Factors Affecting Financial Condition**

The information presented in the financial statements may be best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local Economy.** The City of Palos Verdes Estates is overwhelmingly residential; predominately comprised of single family homes. The City is fully developed and has few vacant parcels. Commercial activity in the City is primarily real estate firms with other business that support real estate activity, including mortgage and title companies, or provide local services. Property Tax is the primary component of the City's revenue stream. In this respect, although the City is not diversified in its mix of revenue sources, the City is also not subject to widespread, consumer-driven, economic fluctuations - except to the extent that the real estate market is affected by property sales and valuations. This is because sales tax revenue accounts for less than 3% of total General Fund revenue. Within the City's two small commercial areas at Malaga Cove and Lunada Bay Plazas, there are minor retail and small, locally owned restaurants and food markets. Given this condition, continuing to maintain operating efficiency while adhering to staunch fiscal prudence and long-term planning has served the City well.

In a larger regional point-of-view, the City of Palos Verdes Estates exists among the larger South-Bay region of Los Angeles County, consisting of 16 incorporated cities and 20 communities. The South Bay is home to many aerospace and defense-related industries including the Los Angeles Air Force Base, as well as manufacturing, software development, entertainment, travel and tourism. Located near Los Angeles International Airport and the ports of Los Angeles and Long Beach, the South Bay is an essential component of the Los Angeles County economy and the area is home to many firms dealing in international markets.

**Long-term Financial Planning.** Infrastructure maintenance, replacement, and upgrade are critical components of the City's financial planning and fiscal needs. Like other cities, long-term planning is also necessary for meeting the obligations of state mandates, pension, insurance,

healthcare and contract increases. However, because the City must rely on voter approved taxes for balancing the budget, infrastructure enhancement, and on-going maintenance, options for future needs must be critically evaluated. Revenues must be evaluated for having the fiscal resources to affect necessary infrastructure maintenance, replacement and upgrade and to meet operating obligations. The City Council established a Finance Advisory Committee to provide recommendations for sustaining the long-term viability of the City, and specifically preparing a financial forecast for anticipating the revenue needs of the City. Finances for infrastructure and pensions will remain a key need as both a challenge and opportunity for long-term financial planning. The major assets for which long-term financial planning is necessary includes: sewer and storm water systems; City buildings & equipment; technology equipment and infrastructure; the urban forest and open space/parklands; and roadways, curbs & gutters; and general Citywide equipment. Developing a long range model that both anticipates and funds the maintenance, replacement and upgrade of City assets and the other operating cost increases is necessary, as it will provide the forecast necessary for maintaining the quality of life and services that residents expect and desire.

### **Awards and Acknowledgments**

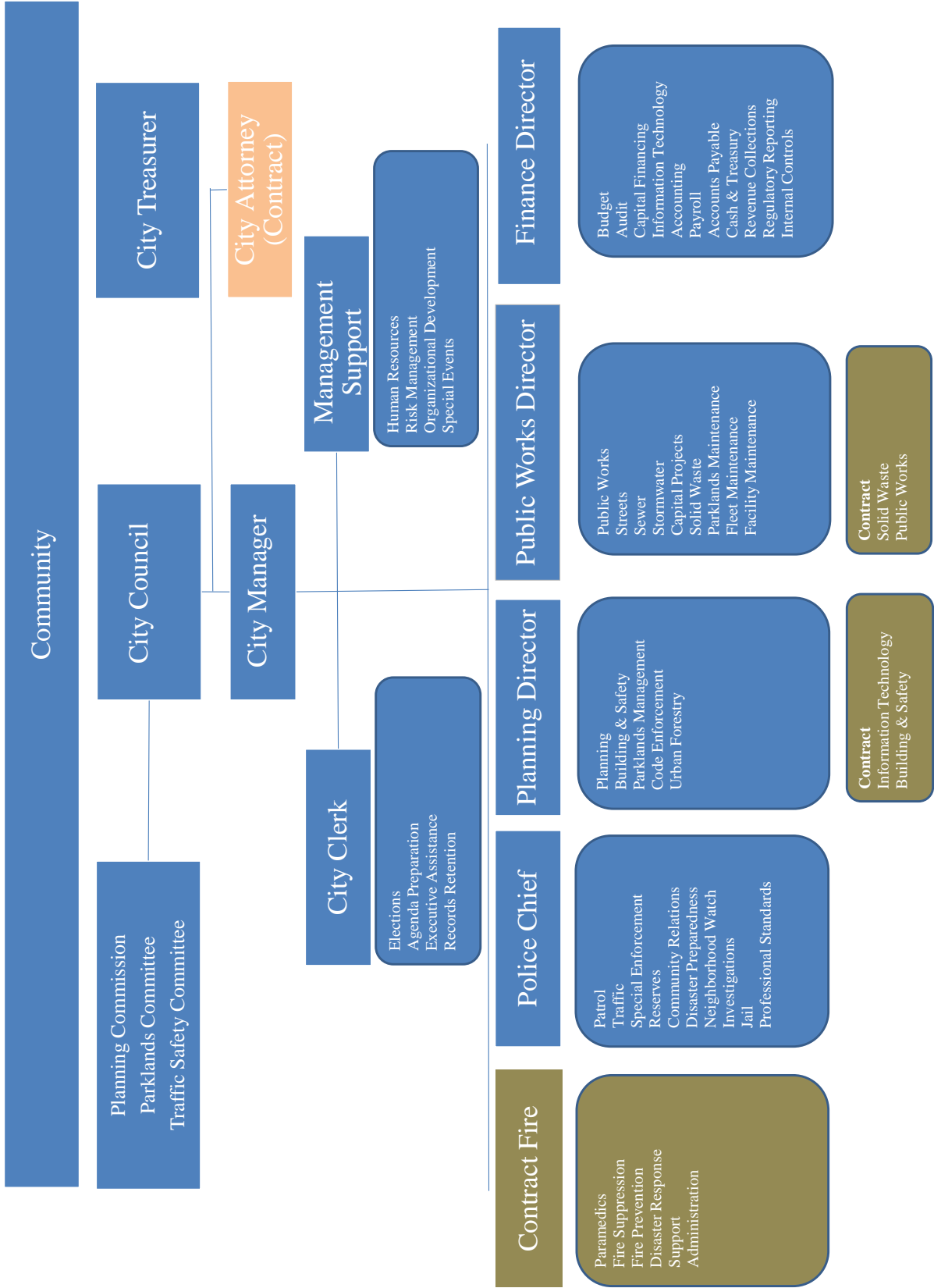
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. This was the 26th year that the city has achieved this prestigious award. In order to receive a Certificate of Achievement, the City published an easily readable and an efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We sincerely thank the City Council for your support and expectations of the highest standards of professionalism, professional ethics, and conservative financial posture in the management of the City's finances. We also thank all the staff of the Finance Department for their vision, integrity, attention to detail, thoroughness, management, and service in achieving the City's excellent financial success during the year.



Anton Dahlerbruch  
City Manager

# City of Palos Verdes Estates - Organizational Structure



# Elected Officials & Executive Team

---

## ELECTED OFFICIALS

Mayor  
Mayor Pro Tem  
Council Members

Betty Lin Peterson  
Kenneth J. Kao  
Sanford S. Davidson  
Jennifer L. King  
James D. Vandever

City Treasurer

Victoria Lozzi

## EXECUTIVE TEAM

City Manager  
City Attorney  
Finance Director  
Chief of Police  
City Clerk  
Director of Public Works / City Engineer  
Assistant to the City Manager

Anton Dahlerbruch  
Christi Hogin  
Sharon Del Rosario  
Mark Velez  
Lauren Pettit  
Ken Rukavina  
Karina Bañales

---



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Palos Verdes Estates  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of the City Council  
of the City of Palos Verdes Estates  
Palos Verdes Estates, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Palos Verdes Estates, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palos Verdes Estates, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability for the miscellaneous and safety plans, the schedules of plan contributions for the miscellaneous and safety plans, the schedule of changes in total pension liability and related ratios for the special retirement income plan, and the budgetary comparison schedules for the General Fund and major Special Revenue Funds, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules (supplementary information), as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance.



**Other Matters (Continued)**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Nick Evans LLP*

Irvine, California  
December 5, 2018

**THIS PAGE INTENTIONALLY LEFT BLANK**

## MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Palos Verdes Estates' financial performance provides an overview of the financial activities of the City for the fiscal year ended June 30, 2018. It is suggested that this overview be read in conjunction with the letter of transmittal (pages i-vi) and the accompanying financial statements.

### **Overview of the Financial Statements**

The City of Palos Verdes Estates' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Palos Verdes Estates' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Palos Verdes Estates' assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Palos Verdes Estates is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or disbursed.

The government-wide financial statements reflect functions of the City of Palos Verdes Estates that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The City does not maintain or report *business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Palos Verdes Estates include general government, public safety, public works, parks and recreation. Capital projects are reported as governmental activities according to the nature of the project. The government-wide financial statements can be found on pages 15-17 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palos Verdes Estates, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Palos Verdes Estates can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Palos Verdes Estates maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special fire parcel tax special revenue fund and the two capital improvement funds; general capital and sewer. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* on pages 69-73 of this report.

The City of Palos Verdes Estates adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-28 of this report.

**Proprietary funds.** The City of Palos Verdes Estates maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Palos Verdes Estates' various governmental functions. The City of Palos Verdes Estates uses internal service funds to account for equipment replacement (vehicles, computer systems and furniture) and insurance activities. Because these services benefit governmental functions, the net revenue (expenses) have been included within *governmental activities* in the government-wide financial statements. The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Palos Verdes Estates' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 28 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 29-64 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 69-93.

## **Financial Highlights**

### **Government-wide / Full Accrual Basis**

- In FY 2014-15 the City implemented Government Accounting Standards Board (GASB) Statement Number 68 and during the last year, Statement Number 73. This fundamentally new reporting standards, a continued move in the industry to calibrate local government with private reporting, requires the full recording of pension liabilities and their fiscal sensitivities. Based upon CalPERS provided actuarial studies, this financial report quantifies the City's pension liability at June 30, 2018 at \$15,040,247. Although this recently stated liability has no near term budgetary cash impact, as is the case for all government agencies nationwide, this adjustment

decrements the full-accrual equity presentation substantially illustrating the current costs and projections and obligations of defined benefit plans.

- The City's net position at the end of fiscal year 2017-18 totaled \$53,694,628. Including the impact of reporting pension liabilities (GASB 68), depreciation and investment in capital assets, this is a decrease of \$4,539,724 or 7.8%. The City's net investment in capital assets at June 30, 2018 totaled \$41,014,128, which is \$1,673,759 less than the prior year, and primarily attributable to the annual depreciation of \$3,161,639, net of additions \$1,556,504, and deletions and adjustments of \$68,624. The decline in net position is typical and consistent with historical trends now that GASB 68 requires the reporting of pension liabilities and is affected when annual depreciation expense outpaces annual capital asset additions.
- Unrestricted net position, which may be used to meet the government's ongoing obligations, totaled \$5,683,578 net of the impact of the pension liabilities noted above.
- Net position restricted for special purposes, including public works and public safety, totaled \$6,996,922. Of this total, \$3,718,492 represents assets restricted for sanitary sewer improvements as part of the sewer capital fund and \$3,278,430 restricted special revenue dollars.

### **Governmental Funds / Budgetary Basis**

- The General Fund ended the year in a lower position as compared to FY 2016-17. As of June 30, 2018, the General Fund balance was \$10,255,152, a decrease of \$883,579 (or 7.93%). The lower fund balance resulted from the loss of Measure D to cover operating costs and the reliance upon reserves to maintain basic services. General Fund revenues exceeded expenditures by \$1,835,483 which is greater than the prior year and above the budget projections set in the annual updated plan. Mostly due to the loss of Measure D, the City achieved these operating surpluses with moderate growth in its revenue base, anchored by residential property values, by reducing the budget, delaying projects and continued cost conscious delivery of core municipal services. FY 2017-18 results include General Fund revenue of \$14,206,383 and expenditures of \$12,370,900. Revenues available for appropriation were \$783,044 more than budgeted while actual expenditures were \$426,344 below budget.
- During the year, the City's governmental revenues totaled \$16,372,539, a decrease of \$3,506,347, or 17.6%, from the prior year. General governmental expenditures totaled \$18,342,497 for the fiscal year end, a decrease in expenditures of \$1,865,050, or 9.2% from the prior year. Revenue decreases were also primarily due to the loss of Measure D, representing approximately \$5 million in revenues in the prior year and expenditure decreases mostly due to a reduction in public safety expenditures and a lower level of activity related to capital improvements outlay in the public works arena. In accordance with the budget appropriations at the outset of the year and during the year, overall governmental expenditures exceeded revenues by \$1,969,958 or 12.03%. These expenditures were made from unrestricted and unobligated funds, that were paid with available funds not set aside as the City's policy-established reserves.
- The City has maintained its prudent reserve posture. The City Council's current adopted Fund Balance Policy provides for a committed General Fund minimum balance of \$7,200,000 for emergency contingencies, which may be used in the event of a declared federal, state or local emergency affecting the City or in the event the City suffers a loss of a major general fund revenue source representing \$500,000 or greater. The committed fund balance meets 32% of the City's total operating budget, and it exceeds 58% of the General Fund operating expenditures. Restricted balances include \$3,718,492 of sewer capital funds, which must be used for sanitary sewer upgrades.

### Government-wide / Full Accrual Analysis

The City presents its financial statements using the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management’s Discussion and Analysis (MD & A) – for State and Local Government. GASB 34, in its own right, was quite a significant shift in reporting. As mentioned above, with the introduction of GASB 68, the reporting model and the Government-wide financial statements have made yet another material shift as it relates to pension liabilities.

As noted earlier, net position can, over time, contribute, as one of many factors, to an understanding of a government’s financial position as presented on a full-accrual basis. The City’s net position for fiscal years 2017-18 and 2016-17 are shown in Table 1. For fiscal year 2017-18, assets and deferred outflows of resources exceeded liabilities and deferred outflows of resources by \$53,694,628.

Net Position	2018	2017	Change (in dollars)
Current and other assets	26,321,087	28,978,936	(2,657,849)
Capital assets	41,014,128	42,687,887	(1,673,759)
Total Assets	<b>67,335,215</b>	<b>71,666,823</b>	<b>(4,331,608)</b>
Deferred Outflows	<b>4,265,430</b>	<b>3,385,017</b>	<b>880,413</b>
Non Current liabilities	(1,046,056)	(1,060,520)	14,464
Pension Liabilities	(15,040,247)	(13,020,874)	(2,019,373)
Other liabilities	(1,214,497)	(1,744,770)	530,273
Total liabilities	<b>(17,300,800)</b>	<b>(15,826,164)</b>	<b>(1,474,636)</b>
Deferred Inflows	<b>(605,217)</b>	<b>(991,324)</b>	<b>386,107</b>
Net Invested in capital assets	41,014,128	42,687,887	(1,673,759)
Restricted	6,996,922	6,587,821	409,101
Unrestricted	5,683,578	8,958,644	(3,275,066)
<b>Total net position</b>	<b>53,694,628</b>	<b>58,234,352</b>	<b>(4,539,724)</b>

The largest portion of the City’s net position (76.38 %) reflects its net investment in capital assets (land, buildings, infrastructure, machinery and equipment). It is important to note that, given their infrastructure nature, these assets are not available for future spending. The decrease of \$1,673,759 is attributable to the annual depreciation of \$3,161,639 net of additions/deletions/adjustments totaling \$1,487,880.

An additional portion of the City’s net position (13.03%) represent resources that are subject to legal restrictions on how they may be used. The increase is attributable to current year revenues exceeding current expenditures for restricted funds.

The remaining balance of unrestricted net position (10.59%) may be used to meet the government's ongoing obligations. The unrestricted net position decreased by \$3,275,066, mostly due to the use of unrestricted general funds to pay for fire and paramedic services due to the loss of Measure D. Included as part of the unrestricted net position is the general capital project fund balance, which totals \$5,120,706 or 90.10% of the unrestricted net position, this amount is designated for future capital projects.

**Governmental activities.** During FY 2017-18, the City's net position, including depreciation and capital spending, decreased \$4,539,724 considering all governmental activity, which is attributable to expenses in excess of program and general revenues. Charges for services decreased by \$5.6 million from prior year due to the ending of the fire parcel tax. Prior year charges for services included approximately \$4.7 million of assessments for fire parcel tax, while current year includes only approximately \$44,000. In addition, prior year charges for services included approximately \$1.2 million charges for services representing charges by Internal Service funds to other funds. In current year, the treatment was changed and the net loss was added to expenditures.

Table 2 below displays the changes by activity area followed by a revenue and expenses breakdown.

**Table 2**

Changes in Net Position

<b>Activities</b>	<b>2018</b>	<b>2017</b>	<b>Change (in dollars)</b>
<b>Program revenues:</b>			
Charges for services	3,335,725	8,912,227	(5,576,502)
Operating grants and contributions	1,702,865	1,021,983	680,882
Capital grants and contributions	916,285	380,084	536,201
<b>General revenues:</b>			
Property taxes	9,466,159	9,088,751	377,408
Other taxes	1,595,596	1,483,396	112,200
Other	<u>295,956</u>	<u>628,092</u>	<u>(332,136)</u>
<b>Total revenues</b>	<b><u>17,312,586</u></b>	<b><u>21,514,533</u></b>	<b><u>(4,201,947)</u></b>
Expenses:			
General government	2,686,355	3,519,766	(833,411)
Public safety	12,119,524	12,044,602	74,922
Public works	5,110,975	5,797,999	(687,024)
Parks and recreation	<u>1,935,456</u>	<u>3,243,230</u>	<u>(1,307,774)</u>
<b>Total expenses</b>	<b><u>21,852,310</u></b>	<b><u>24,605,597</u></b>	<b><u>(2,753,287)</u></b>
Change in net position	(4,539,724)	(3,091,064)	(1,448,660)
Net position beginning	<b><u>58,234,352</u></b>	<b><u>61,325,416</u></b>	<b><u>(3,091,064)</u></b>
Net position June 30, 2018	<b><u>53,694,628</u></b>	<b><u>58,234,352</u></b>	<b><u>(4,539,724)</u></b>

Figure 1 - Revenues - Governmental Activities FY2017-2018

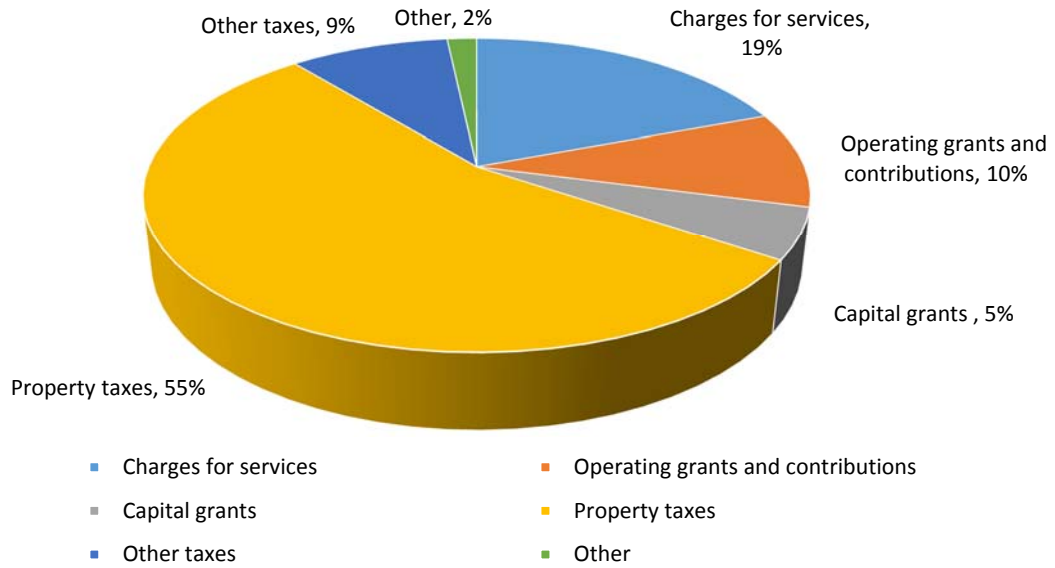
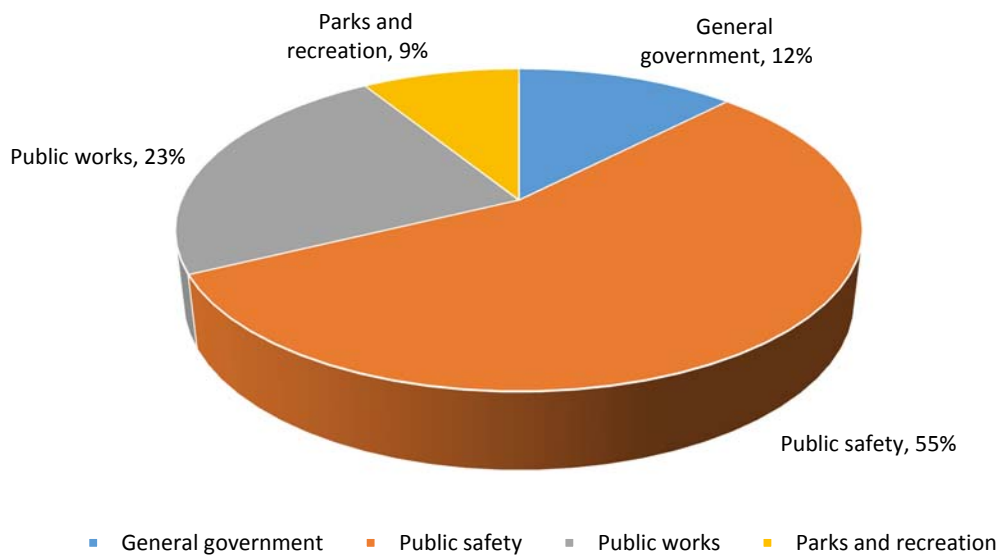


Figure 2 - Expenses - Governmental Activities FY2017-2018





## **Fund Financial Statements / Budgetary Basis**

### ***Governmental Funds***

The City of Palos Verdes Estates' governmental funds ending fund balances totaled \$22,379,520, a decrease of \$1,529,155 or 6.4% compared to the prior year. For the fiscal year ending June 30, 2018, the governmental funds restricted fund balances totaled \$6,996,922, including \$3,718,492 (53.1%) for sanitary sewer capital improvements. The General Fund committed fund balance was maintained at \$7,200,000 as required by City policy. The assigned fund balance for the governmental funds totaled \$5,120,706 and consists primarily of capital fund reserves. The unassigned fund balance of the General Fund totaled \$2,596,521, \$1,326,967 below last year's number.

The funds that qualified as major Funds under the GASB 34 reporting criteria: the General Fund, Special Fire Parcel Tax Special Revenue Fund, Sewer Fund and General Capital Improvements Funds. The General Fund is the chief operating fund of the City. Its balance totaled \$10,255,152, a decrease of \$883,579, or 7.9%, below the prior. In the end result the General Fund attained an unfavorable operating deficit of \$883,579 with revenues exceeding budget by 5.83% and expenditures under budget by 3.33%.

The only revenue recorded in the Special Fire Parcel Tax Special Revenue Fund was the remaining balance of parcel tax due from the prior year of \$43,912. Fire contract services through Los Angeles County totaled \$4,960,171, an increase of \$271,507 (5.79%) compared to the prior year. A transfer of \$4,345,858 from the general fund was recorded to pay for the contract service expenditures due to the loss of Measure D and ending of the fire parcel tax.

The General Capital Improvement Fund's fund balance decreased by \$1,061,417 and ended the year with a balance of \$5,120,706. Capital expenditures totaled \$421,355, a lower amount of capital expenditures than the prior year. Operating revenue is primarily made up of interest earnings and other ancillary income which totaled \$130,188. The primary source of general capital funds is an annual transfer of General Fund Operating surplus. The actual amount of the transfer, if any, is determined each year by the City Council after review of the annual audit report. In fiscal year 2017-18, the City Council approved a one-time transfer from the Capital Improvement fund to the General Fund due to the loss of Measure D.; this also affected the annual capital expenditures. The City's capital improvement program includes the annual street maintenance program, which is being completed in accordance with an adopted multi-year, master pavement management plan. The vast majority of capital expenditures are for street-related projects.

The Sewer Capital Projects Fund balance totals \$3,718,492. Other ancillary revenue totaled \$51,666 while infrastructure improvements totaled \$31,368. As authorization for the property-owner approved sewer user fee expired in FY 2012-13, these operations will become General Fund dependent once available resources are used towards capital and maintenance as outlined in prospective budget plans.

***Proprietary funds.*** The only proprietary funds of the City of Palos Verdes Estates are two internal service funds for equipment replacement and insurance activities. At year-end, net position invested in capital assets of the funds amounted to \$565,417, a decrease of \$131,650 from the prior year. Total Net Position, including capital values, in the Equipment Replacement and Insurance Funds at year end equaled \$2,231,019 and \$1,051,968 respectively for a total of \$3,282,987. This reflects an overall decrease of \$724,902.

### **General Fund Budgetary Highlights**

The difference between the original General Fund budget and the final amended budget expenditures was an increase of \$299,297. The final amended General Fund budget totaled \$13,423,339 for revenue and \$12,797,244 for expenditures. Net transfers of \$2,719,062 were estimated in the updated

FY 17/18 budget, mostly to fund fire contract expenditures in the Special Fire Parcel Tax Special Revenue fund due to the loss of Measure D.

At year end, budget results were favorable on both sides of the equation. General Fund revenues came in \$783,044 (5.83%) above estimates while General fund expenditures were \$426,344 (3.33%) less than budget. The savings occurred within Public safety services and were mostly associated with salary and related savings.

### Capital Asset and Debt Administration

**Capital Assets.** The City of Palos Verdes Estates’ investment in capital assets for its governmental activities as of June 30, 2018, totals \$41,014,128 (net of accumulated depreciation). This is a decrease of \$1,673,759 compared to the prior year. This investment in capital assets includes land, buildings, improvements, machinery/equipment, vehicles, furniture, streets, sewers and storm drains. During the year, governmental fund capital additions totaled \$1,487,880 and construction in progress expenditures of \$112,755 were brought to completion. The most significant change in balances have to do with annual depreciation cost incurred. Major capital expenditures incurred during the year include the following:

- Building Improvements totaling \$440,580 primarily at the Palos Verdes Golf Club.
- Machinery & Equipment purchases totaling \$456,480 primarily at the Palos Verdes Golf Club and Palos Verdes Beach and Athletic Club.
- Infrastructure construction projects totaling \$93,758.
- Purchase of Automobile License Plate Reader equipment within the Equipment Replacement Fund & Capital Improvements fund for the Police Department totaling \$95,744.
- Upgrade City-wide phone system within the Equipment Replacement Fund totaling \$122,272.

**Figure 3 – Capital Assets (net of Depreciation)**

Capital Assets	2018	2017
Land	4,487,892	4,487,892
Construction in progress	253,591	18,774
Building and improvements	6,012,512	6,177,685
Machinery and equipment	952,615	548,160
Furniture and fixtures	41,952	19,516
Vehicles	270,958	463,904
Infrastructure	28,994,608	30,971,956
Total	<u>41,014,128</u>	<u>42,687,887</u>

Additional information on the City’s capital assets can be found in note 3 beginning on page 43 of this report.

**Long-term debt.** The City has no debt instruments outstanding but does record exiting liabilities in the area of vested employee benefits. At the end of the current fiscal year, the City of Palos Verdes Estates’ outstanding liability is \$1,046,056, a decrease of \$14,464 (1.36%) composed of \$428,883 due within one year and \$617,173 due in more than one year for vested or accumulated employee compensated absences. Additional information on long-term debt can be found in note 5 beginning on page 45 of the report.

## **Economic Factors and Next Year's Budget**

The City approves a two-year budget document for planning purposes, but will appropriate funds for expenditures on an annual basis. FY 2018-19 represents the first year of a two-year budget cycle. The City Council adopted the FY 2018-20 biennial budget on June 26, 2018 and the following factors were considered in preparing the budget:

- With passage of Measure E funds that are secured for nine years, providing approximately \$5 million for our local, community based Palos Verdes Police Department. Measure E reinstated 25% of the City's revenue for maintaining the quality and level of services that have historically defined and represented Palos Verdes Estates.
- The General Fund is projected to be balanced for FY 2018-20 and maintains a 50% reserve of \$9,062,359 in FY 2018-19. The unrestricted General Fund Balance as of June 30, 2019 is budgeted to be \$1,613,606.
- The City is projecting a moderate 2.7 to 6.0 % growth in revenue sources that exceed FY 2017-18 projections.
- When parsing out the major elements of the General Fund revenues, property tax remains as the major driver in the anticipated growth patterns when considering sheer incoming dollar revenue streams. Property tax growth assumptions are projected at a conservative 3.5% to 6.5% growth rate.
- In terms of other key revenue streams, Planning and Building activity is consistent with prior year levels. Concession rent and investment earnings are trending level with recent years.
- Los Angeles County Fire and Paramedic service costs are expected to increase by 3%. With the loss of Measure D, these services will be funded by the General Fund of \$5,121,957.
- In terms of labor costs, the budget includes a decrease in full time equivalent positions (full and part-time) from 61 to 57. Normal and sustainable salary and benefit growth assumptions were factored into the budget including known, and estimated, CalPERS pension rate increases. Increases in regional healthcare and insurance costs have also been factored-in.
- Capital improvement projects are anticipated totaling \$4.7 million, including \$1.6 million in various street improvement projects, \$380,500 in traffic projects, \$695,000 in facility improvements, \$1,710,000 for infrastructure and \$345,000 for City beautification projects. Prior year carryforward projects, yet to be completed, are included within these appropriations.
- The sanitary sewer budget includes \$325,000 towards upgrades on Via Coronel/Zurita and \$100,000 for Sewer condition assessment costs.
- Overall and continued challenges include, common to all cities, rising pension, health care and insurance costs and the dedication of enhanced revenue sources to pay for aging citywide facilities and long term infrastructure needs.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 340 Palos Verdes Drive West, Palos Verdes Estates, California 90274.

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF PALOS VERDES ESTATES

STATEMENT OF NET POSITION

JUNE 30, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 24,047,919
Receivables:	
Accounts	722,672
Accrued interest	99,121
Prepaid costs	1,426,219
Due from other governments	5,955
Inventories	19,201
Capital assets not being depreciated	4,741,483
Capital assets, net of accumulated depreciation	36,272,645
	<hr/>
<b>Total Assets</b>	<b>67,335,215</b>
	<hr/>
<b>Deferred Outflows of Resources:</b>	
Deferred pension-related items	4,265,430
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>4,265,430</b>
	<hr/>
<b>Liabilities:</b>	
Accounts payable	816,951
Accrued liabilities	299,055
Unearned revenues	98,491
Noncurrent liabilities:	
Due within one year	428,883
Due in more than one year	617,173
Net pension liability	15,040,247
	<hr/>
<b>Total Liabilities</b>	<b>17,300,800</b>
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Deferred pension-related items	605,217
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>605,217</b>
	<hr/>
<b>Net Position:</b>	
Net investment in capital assets	41,014,128
Restricted for:	
Public safety	1,163,722
Public works	5,833,200
Unrestricted	5,683,578
	<hr/>
<b>Total Net Position</b>	<b>\$ 53,694,628</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF PALOS VERDES ESTATES

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 2,686,355	\$ 91,927	\$ -	\$ -	\$ (2,594,428)
Public safety	12,119,524	198,985	704,700	21,820	(11,194,019)
Parks and recreation	1,935,456	1,394,235	-	894,465	353,244
Public works	5,110,975	1,650,578	998,165	-	(2,462,232)
<b>Total Governmental Activities</b>	<b>\$ 21,852,310</b>	<b>\$ 3,335,725</b>	<b>\$ 1,702,865</b>	<b>\$ 916,285</b>	<b>(15,897,435)</b>

General Revenues:

Taxes:

Property taxes	9,466,159
Sales and use taxes	532,761
Franchise taxes	589,616
Business licenses taxes	209,938
Other taxes	263,281
Investment income	117,976
Gain on sale of property	15,350
Miscellaneous	162,630

**Total General Revenues**

11,357,711

Change in Net Position

(4,539,724)

Net Position at Beginning of Year

58,234,352

**Net Position at End of Year**

**\$ 53,694,628**

See accompanying notes to financial statements.

CITY OF PALOS VERDES ESTATES

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General	Special Revenue Fund	Capital Projects Funds	
		Special Fire Parcel Tax	General Capital Improvements	Sewer
<b>Assets:</b>				
Cash and investments	\$ 9,930,705	\$ 140,982	\$ 5,375,500	\$ 3,730,755
Accounts receivable	688,852	-	-	-
Interest receivable	99,121	-	-	-
Prepaid costs	439,430	-	-	-
Due from other governments	-	1,190	-	-
Due from other funds	-	-	-	-
Inventory - materials	19,201	-	-	-
<b>Total Assets</b>	<b>\$ 11,177,309</b>	<b>\$ 142,172</b>	<b>\$ 5,375,500</b>	<b>\$ 3,730,755</b>
<b>Liabilities:</b>				
Accounts payable	\$ 524,251	\$ -	\$ 254,794	\$ 12,263
Accrued salaries and benefits	289,915	-	-	-
Unearned revenue	98,491	-	-	-
<b>Total Liabilities</b>	<b>912,657</b>	<b>-</b>	<b>254,794</b>	<b>12,263</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	9,500	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>9,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	439,430	-	-	-
Inventory - materials	19,201	-	-	-
<b>Restricted for:</b>				
Public safety	-	142,172	-	-
Public works	-	-	-	3,718,492
<b>Committed to:</b>				
Emergency contingencies	7,200,000	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	5,120,706	-
<b>Unassigned</b>	<b>2,596,521</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>10,255,152</b>	<b>142,172</b>	<b>5,120,706</b>	<b>3,718,492</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,177,309</b>	<b>\$ 142,172</b>	<b>\$ 5,375,500</b>	<b>\$ 3,730,755</b>

See accompanying notes to financial statements.



<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,129,221	\$ 22,307,163
28,959	717,811
-	99,121
6,740	446,170
4,765	5,955
-	-
-	19,201
<b>\$ 3,169,685</b>	<b>\$ 23,595,421</b>
\$ 17,547	\$ 808,855
9,140	299,055
-	98,491
<b>26,687</b>	<b>1,206,401</b>
-	9,500
-	<b>9,500</b>
6,740	446,170
-	19,201
1,021,550	1,163,722
2,114,708	5,833,200
-	7,200,000
-	5,120,706
-	2,596,521
<b>3,142,998</b>	<b>22,379,520</b>
<b>\$ 3,169,685</b>	<b>\$ 23,595,421</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF PALOS VERDES ESTATES

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

---

Fund balances - total governmental funds		\$ 22,379,520
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation have not been included as financial resources in governmental fund activity.		
Capital assets	\$ 114,619,341	
Less accumulated depreciation	<u>(74,170,630)</u>	40,448,711
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Compensated absences		(1,046,056)
Pension-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred outflows of resources	4,265,430	
Deferred inflows of resources	(605,217)	
Pension liability	<u>(15,040,247)</u>	(11,380,034)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		9,500
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>3,282,987</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 53,694,628</u></u></b>

See accompanying notes to financial statements.

CITY OF PALOS VERDES ESTATES

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	General	Special Revenue Fund	Capital Projects Funds	
		Special Fire Parcel Tax	General Capital Improvements	Sewer
<b>Revenues:</b>				
Property taxes	\$ 8,116,414	\$ -	\$ -	\$ -
Special assessments	-	43,912	-	-
Other taxes	1,345,086	-	-	-
Licenses and permits	898,334	-	-	-
Revenue from other agencies	1,460,872	8,958	-	-
Charges for services	807,356	-	-	-
Use of money and property	1,292,437	-	77,902	51,666
Fines and forfeitures	128,610	-	-	-
Miscellaneous	157,274	-	52,286	-
<b>Total Revenues</b>	<b>14,206,383</b>	<b>52,870</b>	<b>130,188</b>	<b>51,666</b>
<b>Expenditures:</b>				
Current:				
General government	2,340,994	-	-	-
Public safety	6,539,156	4,960,171	-	-
Parks and recreation	1,268,726	-	-	-
Public works	2,222,024	-	421,355	31,368
<b>Total Expenditures</b>	<b>12,370,900</b>	<b>4,960,171</b>	<b>421,355</b>	<b>31,368</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,835,483	(4,907,301)	(291,167)	20,298
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,626,796	4,345,858	258,996	-
Transfers out	(4,345,858)	-	(1,029,246)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,719,062)</b>	<b>4,345,858</b>	<b>(770,250)</b>	<b>-</b>
Net Change in Fund Balances	(883,579)	(561,443)	(1,061,417)	20,298
Fund Balances at Beginning of Year	11,138,731	703,615	6,182,123	3,698,194
<b>Fund Balances at End of Year</b>	<b>\$ 10,255,152</b>	<b>\$ 142,172</b>	<b>\$ 5,120,706</b>	<b>\$ 3,718,492</b>

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 8,116,414
-	43,912
-	1,345,086
-	898,334
1,893,717	3,363,547
-	807,356
37,715	1,459,720
-	128,610
-	209,560
<b>1,931,432</b>	<b>16,372,539</b>
6,378	2,347,372
4,234	11,503,561
-	1,268,726
548,091	3,222,838
<b>558,703</b>	<b>18,342,497</b>
1,372,729	(1,969,958)
-	6,231,650
(415,743)	(5,790,847)
<b>(415,743)</b>	<b>440,803</b>
956,986	(1,529,155)
2,186,012	23,908,675
<b>\$ 3,142,998</b>	<b>\$ 22,379,520</b>

See accompanying notes to financial statements.

CITY OF PALOS VERDES ESTATES

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

---

Net change in fund balances - total governmental funds \$ (1,529,155)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over the  
the estimated useful lives as depreciation expense. This is the amount  
by which capital outlays and contributions exceeded depreciation in  
the current period.

Capital outlays	\$ 426,915	
Contributed assets	894,465	
Depreciation	<u>(2,863,489)</u>	(1,542,109)

Compensated absences expenses reported in the statement of activities  
do not require the use of current financial resources and, therefore, are  
not reported as expenditures in the governmental funds.

14,464

Pension obligation expenses reported in the statement of activities  
do not require the use of current financial resources and, therefore, are  
not reported as expenditures in the governmental funds.

(752,853)

Revenues reported as unavailable revenue in the governmental funds  
and recognized in the statement of activities. These are included in  
the intergovernmental revenues in the governmental fund activity.

(5,169)

Internal service funds are used by management to charge the costs of certain  
activities, such as equipment management and self-insurance, to individual  
funds. The net revenues (expenses) of the internal service fund are reported  
with governmental activities.

(724,902)

**Change in net position of governmental activities**

**\$ (4,539,724)**

CITY OF PALOS VERDES ESTATES

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	<u>Governmental Activities Internal Service Funds</u>
<b>Assets:</b>	
Current Assets:	
Cash and investments	\$ 1,740,756
Accounts receivable	4,861
Prepaid costs	<u>980,049</u>
<b>Total Current Assets</b>	<b><u>2,725,666</u></b>
Capital Assets:	
Machinery and equipment	3,495,335
Furniture and fixtures	306,694
Vehicles	1,280,946
Less accumulated depreciation	<u>(4,517,558)</u>
<b>Net Capital Assets</b>	<b><u>565,417</u></b>
<b>Total Assets</b>	<b><u>3,291,083</u></b>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts payable	<u>8,096</u>
<b>Total Current Liabilities</b>	<b><u>8,096</u></b>
<b>Total Liabilities</b>	<b><u>8,096</u></b>
<b>Net Position:</b>	
Net investment in capital assets	565,417
Unrestricted	<u>2,717,570</u>
<b>Total Net Position</b>	<b><u>\$ 3,282,987</u></b>

See accompanying notes to financial statements.

CITY OF PALOS VERDES ESTATES

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities Internal Service Funds</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 974,066
<b>Total Operating Revenues</b>	<u>974,066</u>
<b>Operating Expenses:</b>	
Material and supplies	80,618
General liability insurance	571,354
Property and vehicle insurance	43,904
Workers' compensation	358,891
Depreciation expense	254,149
<b>Total Operating Expenses</b>	<u>1,308,916</u>
Operating Loss	<u>(334,850)</u>
<b>Nonoperating Revenues:</b>	
Interest revenue	35,401
Gain on disposal of capital assets	15,350
<b>Total Nonoperating Revenues</b>	<u>50,751</u>
Loss before Transfers	<u>(284,099)</u>
<b>Other Financing Sources (Uses):</b>	
Transfers in	106,747
Transfers out	(547,550)
<b>Total Other Financing Sources (Uses)</b>	<u>(440,803)</u>
Changes in Net Position	(724,902)
Net Position at Beginning of Year	<u>4,007,889</u>
<b>Net Position at End of Year</b>	<u><u>\$ 3,282,987</u></u>

See accompanying notes to financial statements.



CITY OF PALOS VERDES ESTATES

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities Internal Service Funds</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from user departments	\$ 1,029,906
Cash paid to suppliers for goods and services	<u>(2,149,873)</u>
<b>Net Cash Used in Operating Activities</b>	<b><u>(1,119,967)</u></b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from other funds	106,747
Transfers to other funds	<u>(547,550)</u>
<b>Net Cash Used in Noncapital Financing Activities</b>	<b><u>(440,803)</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(127,759)
Proceeds from sales of capital assets	<u>20,610</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b><u>(107,149)</u></b>
<b>Cash Flows from Investing Activities:</b>	
Interest received	<u>35,401</u>
<b>Net Cash Provided by Investing Activities</b>	<b><u>35,401</u></b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,632,518)</b>
Cash and Cash Equivalents at Beginning of Year	<u>3,373,274</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 1,740,756</u></b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating loss	<u>\$ (334,850)</u>
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>	
Depreciation expense	254,149
(Increase) decrease in accounts receivable	55,840
(Increase) decrease in prepaid costs	(980,049)
Increase (decrease) in accounts payable	<u>(115,057)</u>
<b>Total Adjustments</b>	<b><u>(785,117)</u></b>
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (1,119,967)</u></b>

See accompanying notes to financial statements.

CITY OF PALOS VERDES ESTATES

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2018

---

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 217,897
Accounts receivable	<u>15</u>
<b>Total Assets</b>	<b><u>\$ 217,912</u></b>
<b>Liabilities:</b>	
Deposits payable	<u>\$ 217,912</u>
<b>Total Liabilities</b>	<b><u>\$ 217,912</u></b>

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2018**

---

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Palos Verdes Estates, California (the City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**a. Reporting Entity**

The City of Palos Verdes Estates (the City), California was incorporated under the General Laws of the State of California on December 20, 1939. The City operates under a Council - City Manager form of government. The financial statements of the City of Palos Verdes Estates include the financial activities of the City.

**b. Basis of Accounting and Measurement Focus**

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. Government-wide financial statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). The City of Palos Verdes Estates has no business-type activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. *Measurement focus* indicates the type of resources being measured. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b. **Basis of Accounting and Measurement Focus (Continued)**

Government-wide Financial Statements (Continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary Funds

The City’s internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Amounts paid to acquire capital assets are capitalized as assets in the internal service fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the internal service fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the internal service fund are reported as a reduction of the related liability, rather than as an expenditure.

Fiduciary Funds

The City’s fiduciary funds are agency funds. Agency funds are custodial in nature. Assets equal liabilities. Agency funds use the accrual basis of accounting.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c. Major Funds, Internal Service Funds, and Fiduciary Fund Types**

Given their materiality and significance, the City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Special Fire Parcel Tax Special Revenue Fund is used to account for funds received from a voter approved direct assessment levied by the City for the purpose of funding contract fire suppression services through Los Angeles County.

The General Capital Improvements Capital Projects Fund is used to account for funds received from the General Fund and other government sources for purposes of funding major capital projects.

The Sewer Capital Projects Fund is used to account for funds received from a retired direct assessment levied by the City for the purpose of funding major sewer projects. Residual assessment funds that remain are to be used exclusively for sewer maintenance, repairs, and projects.

Additionally, the City reports the following fund types:

Special Revenue Funds - The special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Capital Projects Funds - The capital projects funds are used to account for resources intended to be used primarily for major capital facilities.

Internal Service Funds - The internal service funds are used to account for the financing of equipment and insurance services of the City on a cost reimbursement basis. Specific funds included herein are the Equipment Replacement and Insurance Funds.

Agency Funds - The agency funds are used to account for the resources held by the City in a fiduciary capacity to record special deposits. Specific funds included herein are the Special Deposits and Police Property Evidence Funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. New Accounting Pronouncements**

**GASB Current-Year Standards**

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

**e. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of Palos Verdes Estates. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined statement of net position for the internal service fund is considered cash and cash equivalents.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2018**

---

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**f. Investments**

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair value and the carrying amount is material. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

**g. Prepaid Costs and Inventory**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Inventories are valued at cost using first in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

**h. Property Taxes**

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January proceeding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1.

All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year, and are delinquent, if unpaid, on August 31. At June 30, 2018, there were no material delinquent, unsecured property taxes. Property taxes receivable are included with due from other governments in the financial statements. At June 30, 2018, the total property taxes receivable of \$327,345 is included in accounts receivable in the accompanying financial statements.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i. Capital Assets**

Capital assets, which include all infrastructure assets acquired prior to the implementation of GASB 34 are reported in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value on the date donated.

Depreciation of all exhaustible capital assets used by the governmental activities is charged as an expense against their operations. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method over the following estimated useful lives:

Building and improvements, including park improvements	7 to 35 years
Machinery, vehicles, and equipment	2 to 18 years
Furniture and fixtures	3 to 13 years
Infrastructure	15 to 100 years

The following represent the minimum threshold in which assets are capitalized:

Buildings and improvements, including park improvements	\$	5,000
Machinery, vehicles, and equipment		5,000
Furniture and fixtures		5,000
Infrastructure:		
Sewer:		
Pipes		20,000
Streets:		
Pavement		50,000
Sidewalks		10,000
Storm drains:		
Pipes		50,000
Outlet structures		10,000

**j. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Deferred Outflows/Inflows of Resources (Continued)**

- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

**k. Pension Plans**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**l. Compensated Absences**

City employees receive from 12 to 20 days' vacation each year, depending upon length of service. An employee may not accumulate earned vacation time beyond the year following the year in which it is earned. Upon termination, employees with more than one year of service are paid the full value of their unused vacation time.

City employees also receive 12 personal necessity/sick leave days each year. An employee may accumulate earned personal necessity/sick leave time until termination. Upon termination, employees are entitled to receive 75% of their unused accumulated personal necessity/sick leave time above 650 hours for safety employees and above 960 hours for miscellaneous employees.

Vested or accumulated compensated absences that are expected to be liquidated currently are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated compensated absences that are not expected to be currently liquidated are reported only in the statement of net position. No expenditure has been reported for these long-term amounts. Compensated absences are reported in governmental funds only if they have matured.

**m. Fund Balance**

The City Council adopted resolution R11-09 in conformity with GASB 54. In the fund financial statements, government funds report the following fund balance classifications:

- Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind fund balance commitment is a resolution.
- Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager or Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body through resolution.
- Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes in the General Fund. In other funds, the unassigned classification is used only to report a deficit balance.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m. Fund Balance (Continued)**

Stabilization Arrangements

A stabilization arrangement has been established through resolution R11-09. The City's general fund balance committed for emergency contingencies is established at \$7.2 million. The specific permitted uses of the committed fund balance are:

Declaration of a state or federal state of emergency or declaration of a local emergency as provided in the Palos Verdes Estates Municipal Code Section 2.28.060.

Loss of general fund revenue in the amount of \$500,000 or more either through state action to divert or change general fund allocations or local conditions affecting a major revenue source.

The City also monitors its unassigned fund balances in achieving policy established target reserve levels. Unassigned General Fund balance as of June 30, 2018, totaled \$2,596,521.

**n. Net Position**

In the government-wide financial statements and proprietary fund financial statements, net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined and are described below:

- Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**o. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments as of June 30, 2018, were classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 24,047,919
Statement of Fiduciary Net Position:	
Cash and investments	217,897
Total cash and investments	<u>\$ 24,265,816</u>

Cash and investments as of June 30, 2018, consisted of the following:

Cash on hand	\$ 1,500
Deposits with financial institutions	1,450,325
Investments	22,813,991
Total cash and investments	<u>\$ 24,265,816</u>

**Investments Authorized by the California Government Code and the City’s Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code and the City’s investment policy. The table also identifies certain provisions of the California Government Code (or the City’s investment policy, if more restrictive) that address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	*Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Agency Securities	None	None	None
Banker's Acceptances	180 days	15%	10%
Commercial Paper	270 days	15%	10%
Non-Negotiable Certificates of Deposit	5 years	30%	N/A
Negotiable Certificates of Deposit	5 years	30%	N/A
Repurchase Agreements	180 days	15%	10%
Medium-Term Notes	2 years	15%	10%
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

\*\* Prohibited by City policy over \$250,000.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**2. CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates might affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
LAIF	\$ 4,511,066	\$ 4,511,066	\$ -	\$ -
Negotiable Certificates of Deposit	6,537,116	1,489,873	3,628,873	1,418,370
Los Angeles County Pooled Investment Funds	3,005,299	3,005,299	-	-
US Agency Securities:				
Federal Home Loan Mortgage Corporation	987,730	-	-	987,730
Federal Home Loan Bank	3,880,930	-	1,949,230	1,931,700
Federal National Mortgage Association	3,891,850	-	1,972,400	1,919,450
<b>Total</b>	<b>\$ 22,813,991</b>	<b>\$ 9,006,238</b>	<b>\$ 7,550,503</b>	<b>\$ 6,257,250</b>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment might not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, and the actual rating by Standard and Poor's as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year-End	
			AA+	Not Rated
LAIF	\$ 4,511,066	N/A	\$ -	\$ 4,511,066
Negotiable Certificates of Deposit	6,537,116	N/A	-	6,537,116
Los Angeles County Pooled Investment Funds	3,005,299	N/A	-	3,005,299
US Agency Securities:				
Federal Home Loan Mortgage Corporation	987,730	N/A	987,730	-
Federal Home Loan Bank	3,880,930	N/A	3,880,930	-
Federal National Mortgage Association	3,891,850	N/A	3,891,850	-
<b>Total</b>	<b>\$ 22,813,991</b>		<b>\$ 8,760,510</b>	<b>\$ 14,053,481</b>

**2. CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of the total City’s investments are as follows:

Issuer	Amount Invested
Federal Home Loan Bank	\$ 3,880,930
Federal National Mortgage Association	3,891,850

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to Custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. At June 30, 2018, all of the City’s deposits are covered by FDIC or collateralized as required by law.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investment in County Investment Pool**

The City is a voluntary participant in the Los Angeles County Investment Pool (LACIP) that is regulated by the California Government Code and the Los Angeles County Board of Supervisors under the oversight of the Los Angeles County Treasurer-Tax Collector. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro rata share of the fair value provided by LACIP for the entire LACIP portfolio. The balance available for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs quoted market prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Government Agency Securities:				
Federal Home Loan				
Mortgage Corporation	\$ -	\$ 987,730	\$ -	\$ 987,730
Federal Home Loan Bank	-	3,880,930	-	3,880,930
Federal National Mortgage Association	-	3,891,850	-	3,891,850
Negotiable Certificates of Deposit	-	6,537,116	-	6,537,116
	<u>\$ -</u>	<u>\$ 15,297,626</u>	<u>\$ -</u>	15,297,626
Investments not Subject to Fair Value Hierarchy:				
LAIF				4,511,066
Los Angeles County Pooled Investment Fund				<u>3,005,299</u>
				<u>\$ 22,813,991</u>



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**3. CAPITAL ASSETS**

A summary of changes in capital asset activity for the year ended June 30, 2018, is as follows:

	Balance at July 1, 2017	Transfers/ Adjustments	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 4,487,892	\$ -	\$ -	\$ -	\$ 4,487,892
Construction in progress	18,774	(112,755)	454,936	(107,364)	253,591
Total capital assets, not being depreciated	<u>4,506,666</u>	<u>(112,755)</u>	<u>454,936</u>	<u>(107,364)</u>	<u>4,741,483</u>
Capital assets, being depreciated:					
Buildings and improvements	28,423,283	-	440,580	-	28,863,863
Machinery	4,477,658	-	578,753	(78,814)	4,977,597
Furniture and fixtures	667,981	-	-	-	667,981
Vehicles	1,310,961	-	5,488	(35,503)	1,280,946
Infrastructure	78,980,944	112,755	76,747	-	79,170,446
Total capital assets, being depreciated	<u>113,860,827</u>	<u>112,755</u>	<u>1,101,568</u>	<u>(114,317)</u>	<u>114,960,833</u>
Less accumulated depreciation for:					
Buildings and improvements	(22,245,598)	-	(605,753)	-	(22,851,351)
Machinery	(3,929,498)	-	(174,298)	78,814	(4,024,982)
Furniture and fixtures	(648,465)	44,000	(21,564)	-	(626,029)
Vehicles	(847,057)	-	(193,174)	30,243	(1,009,988)
Infrastructure	(48,008,988)	-	(2,166,850)	-	(50,175,838)
Total accumulated depreciation	<u>(75,679,606)</u>	<u>44,000</u>	<u>(3,161,639)</u>	<u>109,057</u>	<u>(78,688,188)</u>
Total capital assets, being depreciated, net	<u>38,181,221</u>	<u>156,755</u>	<u>(2,060,071)</u>	<u>(5,260)</u>	<u>36,272,645</u>
Governmental activities capital assets, net	<u>\$ 42,687,887</u>	<u>\$ 44,000</u>	<u>\$ (1,605,135)</u>	<u>\$ (112,624)</u>	<u>\$ 41,014,128</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 41,061
Public safety	2,375
Public works	2,166,846
Parks and recreation	697,208
Internal service funds	<u>254,149</u>
Total depreciation expense - governmental activities	<u>\$ 3,161,639</u>

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Transfers In and Out**

Transfers in and out for the fiscal year ended June 30, 2018, are as follows:

Transfers In	Transfers Out	Amount
General Fund	General Capital Improvements Capital Projects Fund Other Governmental Funds Equipment Replacement Internal Service Fund	\$ 1,029,246 50,000 547,550
Special Fire Parcel Tax Special Revenue Fund	General Fund	4,345,858
General Capital Improvements Capital Projects Fund	Other Governmental Funds	258,996
Equipment Replacement Internal Service Funds	Other Governmental Funds	106,747
		\$ 6,338,397

The General Capital Improvements Capital Projects Fund, Other Governmental Funds and Equipment Replacement Internal Service Fund transferred \$1,029,246, \$50,000, and \$547,550 to General Fund, respectively, for covering one-time project costs approved in the General Fund budget.

Transfer to General Capital Improvements Capital Projects Fund is for capital improvement projects.

The General Fund transferred \$4,345,858 to Special Fire Parcel Tax Special Revenue Fund to fund the fire and emergency services contract.

The Other Governmental Funds transferred \$106,747 to Equipment Replacement Internal Service Fund to fund several equipment purchases.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**5. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 1,060,520	\$ 506,628	\$ (521,092)	\$ 1,046,056	\$ 428,883	\$ 617,173

**Compensated Absences**

General fund has been used in prior years to liquidate the liability of compensated absences and plan benefits.

**6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**

**a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of Palos Verdes Estates is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**b. Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward and not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Primary Liability Program

In the primary liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2018**

---

---

**6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE  
(CONTINUED)**

**b. Self-Insurance Programs of the Authority (Continued)**

For 2017-18, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority. The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sublimit of \$30 million per occurrence.

Workers' Compensation Program

The City of Palos Verdes Estates also participates in the workers' compensation program administered by the Authority. In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**c. Purchased Insurance**

Pollution Legal Liability Insurance

The City of Palos Verdes Estates participates in the pollution legal liability insurance program, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Palos Verdes Estates. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million. Each member of the Authority has a \$10 million sublimit during the three-year term of the policy.

**6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**  
**(CONTINUED)**

**c. Purchased Insurance (Continued)**

Property Insurance

The City of Palos Verdes Estates participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Palos Verdes Estates property is currently insured according to a schedule of covered property submitted by the City of Palos Verdes Estates to the Authority. City of Palos Verdes Estates property currently has all-risk property insurance protection in the amount of \$500,000,000. There is a \$10,000 deductible per occurrence except for nonemergency vehicle insurance, which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Palos Verdes Estates purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Palos Verdes Estates property currently has earthquake protection in the amount of \$150,000,000. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Palos Verdes Estates purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance

The City of Palos Verdes Estates further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Palos Verdes Estates according to a schedule. The City of Palos Verdes Estates then pays for the insurance. The insurance is facilitated by the Authority.

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**7. DEFINED BENEFITS PENSION PLANS**

The following is a summary of pension-related items for the year ended June 30, 2018:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 3,486,675	\$ 1,123,479	\$ (299,921)	\$ 541,977
CalPERS Safety	11,062,935	3,141,951	(286,399)	1,404,166
Special Retirement Income Plan	490,637	-	(18,897)	31,887
	<u>\$ 15,040,247</u>	<u>\$ 4,265,430</u>	<u>\$ (605,217)</u>	<u>\$ 1,978,030</u>

- a. Public Employees' Retirement System (CalPERS)

**General Information about the Pension Plans**

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City of Palos Verdes Estates' four separate cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

a. Public Employees' Retirement System (CalPERS) (Continued)

**General Information about the Pension Plans (Continued)**

Benefits Provided (Continued)

Below is a summary of the plans' provisions and benefits in effect at June 30, 2018, for which the City of Palos Verdes Estates has contracted:

Major Benefit Options	Miscellaneous	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit provision/benefit formula	2.0%@55	2%@62
Social security	No	No
Full/modified	Full	Full
Benefit vesting schedule	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50	Minimum 52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.896%	6.250%
Required employee contribution rates:		
Normal cost rate	8.921%	6.533%
Payment of unfunded liability	\$ 67,966	\$ 187

Major Benefit Options	Safety	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit provision/benefit formula	3.0%@50	2.7%@57
Social security	No	No
Full/modified	Full	Full
Benefit vesting schedule	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50	Minimum 50
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	8.988%	11.500%
Required employee contribution rates:		
Normal cost rate	19.723%	11.990%
Payment of unfunded liability	\$ 456,145	\$ 29

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

- a. Public Employees' Retirement System (CalPERS) (Continued)

**General Information about the Pension Plans (Continued)**

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2018, the City of Palos Verdes Estates reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 3,486,675
Safety	11,062,935
Total Net Pension Liability	<u>\$ 14,549,610</u>

The City of Palos Verdes Estates' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2016 and 2017, were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2016	0.08251%	0.18639%
Proportion - June 30, 2017	0.08845%	0.18515%
Change - Increase (Decrease)	0.00594%	-0.00124%



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

a. Public Employees' Retirement System (CalPERS) (Continued)

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2018, the City of Palos Verdes Estates recognized pension expense of \$541,977 and \$1,404,166 for the Miscellaneous and Safety Plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 264,132	\$ -	\$ 937,914	\$ -
Differences between expected and actual experience	3,372	(79,247)	116,056	(27,101)
Change in assumptions	685,913	(31,904)	1,683,093	(114,309)
Net differences between projected and actual earnings on plan investments	165,795	-	399,738	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	4,267	(188,770)	5,150	(144,989)
<b>Total</b>	<b>\$ 1,123,479</b>	<b>\$ (299,921)</b>	<b>\$ 3,141,951</b>	<b>\$ (286,399)</b>

Amounts of \$264,132 and \$937,914 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2019	\$ 43,009	\$ 426,704
2020	359,926	1,040,285
2021	252,746	666,638
2022	(96,255)	(215,989)

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

a. Public Employees' Retirement System (CalPERS) (Continued)

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service.
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

- a. Public Employees' Retirement System (CalPERS) (Continued)

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

a. Public Employees' Retirement System (CalPERS) (Continued)

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 5,747,640	\$ 16,623,174
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 3,486,675	\$ 11,062,935
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 1,614,102	\$ 6,517,716

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

- a. Public Employees' Retirement System (CalPERS) (Continued)

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

**Payable to the Pension Plan**

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

- b. Special Retirement Income Plan for Health Insurance:

**Description of Plan**

The City provides a Special Retirement Income Plan, a single employer defined benefit plan, which covers eligible City employees to assist qualified retirees in purchasing health insurance. The plan was established and is administered by the City to provide a fixed monthly cash payment (\$275 per month for general, management and police employees) to qualifying retirees until they reach the age of 65 as required under various memoranda of understanding (MOU) with the City's employee groups. A separate report is not prepared by the plan.

**Benefits Provided**

The following summarizes the primary characteristics of the benefit:

	General Employees	Management	Police
Benefit Types Provided	Retirement Income	Retirement Income	Retirement Income
Duration of Benefits	Until Medicare Eligible	Until Medicare Eligible	Until Medicare Eligible
Required Service	20 years	20 years	20 years
Minimum Age	50	50	50
Dependent Coverage	No	No	No
City Contribution %	100%	100%	100%
Benefit Amount	\$275 per month	\$275 per month	\$275 per month

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

b. Special Retirement Income Plan for Health Insurance (Continued)

**Employees Covered**

At June 30, 2018, the following employees were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	6
Participating active employees	<u>52</u>
Total	<u><u>58</u></u>

**Funding Policy and Contribution Rates**

Currently, contributions are not required from plan members. The funding policy provides for employer contributions on a pay-as-you-go basis. Retirement income benefits cannot be increased unless new labor agreements (MOU) are entered into. Plan assets have not been accumulated in a separately established trust fund.

**Net Pension Liability**

The City’s net pension liability for the plan is measured as the total pension liability. There are no fiduciary plan net assets. The net pension liability of the Plan is measured as of June 30, 2018, using an actuarial valuation as of June 30, 2017 rolled forward using standard update procedures. As summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions**

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.80%
Inflation	2.75%
Salary Increase	2.75%
Mortality Rate Table	(1)

- (1) 2014 CalPERS Mortality for Active Safety Employees  
2014 CalPERS Active Mortality for Miscellaneous  
Employees

**Change of Assumptions**

In fiscal year 2017-2018, the financial reporting discount rate changed from 3.5% to 3.8%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

b. Special Retirement Income Plan for Health Insurance (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.8% for the plan and was based on the Bond Buyer 20 Bond Index.

**Changes in the Net Pension Liability**

Balance at June 30, 2017	<u>\$ 500,779</u>
Changes in the year:	
Service cost	14,047
Interest on the total pension liability	18,867
Change in assumptions	(20,434)
Benefit payments	<u>(22,622)</u>
Current-year changes	<u>(10,142)</u>
Balance at June 30, 2018	<u><u>\$ 490,637</u></u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	2.80%
Net Pension Liability	\$ 528,502
Current Discount Rate	3.80%
Net Pension Liability	\$ 490,637
1% Increase	3.80%
Net Pension Liability	\$ 438,553

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

b. Special Retirement Income Plan for Health Insurance (Continued)

**Pension Expenses and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2018, the City recognized pension expense of \$31,887. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ (18,897)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Year Ending June 30,	
2019	\$ (1,537)
2020	(1,537)
2021	(1,537)
2022	(1,537)
2023	(1,537)
Thereafter	(11,212)

**Payable to the Pension Plan**

At June 30, 2018, there was no outstanding amount of contributions payable to the pension plans for the year ended June 30, 2018.



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

---

**8. JOINT VENTURES**

**Palos Verdes Peninsula Transit Joint Powers Authority**

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority. The Transit Authority is comprised of three member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Each member City provides an annually determined contribution towards the ongoing operation. The City does not have a specified equity interest; however, in the event of dissolution of the Authority, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each member agency during the entire term of the agreement. The purpose of the Authority is to study, implement, and provide a public transit system within and around the Palos Verdes Peninsula. These transit services include Palos Verdes Transit, Dial-A-Ride, and a fixed route shuttle service.

The Palos Verdes Peninsula Transit Authority's fiscal year ends on June 30. As of June 30, 2017 (the most recent information available), audited financial statements indicated the following:

Total assets	\$ 3,153,801
Total liabilities	127,798
Total equity (net position)	3,026,003
Revenues	3,049,535
Expenditures	2,927,498
Net change in net position	122,037

Separate financial statements are available from the Authority office at 38 Crest Road West, Rolling Hills, CA 90274-7400.

**9. CONTINGENCIES**

There are several pending lawsuits in which the City is involved. Legal counsel estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 5, 2018, the date the financial statements were available to be issued.

**CITY OF PALOS VERDES ESTATES**

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

<b>Fiscal Year Ended</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.35160%	0.03313%	0.02771%	0.02858%
Proportionate share of the net pension liability	\$ 3,486,675	\$ 2,866,438	\$ 1,902,144	\$ 1,778,540
Covered payroll	\$ 2,615,522	\$ 2,631,865	\$ 2,236,354	\$ 2,114,922
Proportionate share of the net pension liability as a percentage of covered payroll	133.31%	108.91%	85.06%	84.09%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	87.59%
Plan's proportionate share of aggregate employer contributions	\$ 490,023	\$ 457,711	\$ 429,477	\$ 339,407

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

**CITY OF PALOS VERDES ESTATES**

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

<b>Fiscal Year Ended</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Contractually required contribution (actuarially determined)	\$ 264,132	\$ 262,115	\$ 216,861	\$ 235,683
Contributions in relation to the actuarially determined contributions	(264,132)	(262,115)	(216,861)	(235,683)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,292,800	\$ 2,615,522	\$ 2,631,865	\$ 2,236,354
Contributions as a percentage of covered payroll	11.52%	10.02%	8.24%	10.54%

**Notes to Schedule:**

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
----------------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percent of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	Minimum 50 years
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

\*\* The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively).

**CITY OF PALOS VERDES ESTATES**

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

<b>Fiscal Year Ended</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.11155%	0.11156%	0.10844%	0.10264%
Proportionate share of the net pension liability	\$ 11,062,935	\$ 9,653,657	\$ 7,443,296	\$ 6,386,937
Covered payroll	\$ 2,701,490	\$ 2,560,208	\$ 2,387,823	\$ 2,256,104
Proportionate share of the net pension liability as a percentage of covered payroll	409.51%	377.07%	311.72%	283.10%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	81.42%
Plan's proportionate share of aggregate employer contribution	\$ 989,631	\$ 935,561	\$ 948,325	\$ 792,313

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

**CITY OF PALOS VERDES ESTATES**

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

<b>Fiscal Year Ended</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Contractually required contribution (actuarially determined)	\$ 937,914	\$ 893,364	\$ 778,083	\$ 878,354
Contributions in relation to the actuarially determined contributions	(937,914)	(893,364)	(778,083)	(878,354)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,563,821	\$ 2,701,490	\$ 2,560,208	\$ 2,387,823
Contributions as a percentage of covered payroll	36.58%	33.07%	30.39%	36.78%

**Notes to Schedule:**

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
----------------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	Minimum 50 years
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

\*\* The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively).

**CITY OF PALOS VERDES**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS  
SPECIAL RETIREMENT INCOME PLAN**

**Last Ten Fiscal Years\***

<b>Fiscal Year Ended</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Measurement Date	6/30/2018	6/30/2017
Total Pension Liability:		
Service cost	\$ 17,087	\$ 13,671
Interest on total pension liability	18,867	17,080
Differences between expected and actual experience	-	-
Changes in assumptions	(20,434)	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	<u>(22,622)</u>	<u>(22,622)</u>
Net Change in Total Pension Liability	(7,102)	8,129
Total Pension Liability - Beginning of Year	<u>500,779</u>	<u>492,650</u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 493,677</u></u>	<u><u>\$ 500,779</u></u>
Covered payroll	\$ 4,856,621	\$ 5,192,073
Net pension liability as percentage of covered payroll	10.17%	9.65%

Notes to Schedule:

There are no assets accumulated in a trust fund that meet the criteria in GASB Statement No. 73, paragraph 4 to pay related benefits.

Benefit Changes:

There were not changes in benefits.

Changes in Assumptions:

The discount rate was changed from 3.5% to 3.8%

\* Fiscal year 2017 was the first year of implementation; therefore, two years are shown.

CITY OF PALOS VERDES ESTATES

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 7,981,689	\$ 7,981,689	\$ 8,116,414	\$ 134,725
Other taxes	1,356,206	1,366,206	1,345,086	(21,120)
Licenses and permits	567,500	604,500	898,334	293,834
Revenue from other agencies	1,390,895	1,390,895	1,460,872	69,977
Charges for services	515,000	515,000	807,356	292,356
Use of money and property	1,393,100	1,393,100	1,292,437	(100,663)
Fines and forfeitures	150,000	150,000	128,610	(21,390)
Miscellaneous	524,091	21,949	157,274	135,325
<b>Total Revenues</b>	<b>13,878,481</b>	<b>13,423,339</b>	<b>14,206,383</b>	<b>783,044</b>
<b>Expenditures:</b>				
Current:				
General government	2,116,484	2,339,131	2,340,994	(1,863)
Public safety	7,142,338	7,133,988	6,539,156	594,832
Parks and recreation	1,201,785	1,251,785	1,268,726	(16,941)
Public works	2,037,340	2,072,340	2,222,024	(149,684)
<b>Total Expenditures</b>	<b>12,497,947</b>	<b>12,797,244</b>	<b>12,370,900</b>	<b>426,344</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,380,534	626,095	1,835,483	1,209,388
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,529,246	1,626,796	1,626,796	-
Transfers out	(4,345,858)	(4,345,858)	(4,345,858)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,816,612)</b>	<b>(2,719,062)</b>	<b>(2,719,062)</b>	<b>-</b>
Net Change in Fund Balance	(1,436,078)	(2,092,967)	(883,579)	1,209,388
Fund Balance at Beginning of Year	11,138,731	11,138,731	11,138,731	-
<b>Fund Balance at End of Year</b>	<b>\$ 9,702,653</b>	<b>\$ 9,045,764</b>	<b>\$ 10,255,152</b>	<b>\$ 1,209,388</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL FIRE PARCEL TAX SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Special assessments	\$ -	\$ -	\$ 43,912	\$ 43,912
Revenue from other agencies	-	-	8,958	8,958
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>52,870</b>	<b>52,870</b>
<b>Expenditures:</b>				
Current:				
Public safety	5,006,988	5,006,988	4,960,171	46,817
<b>Total Expenditures</b>	<b>5,006,988</b>	<b>5,006,988</b>	<b>4,960,171</b>	<b>46,817</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,006,988)	(5,006,988)	(4,907,301)	99,687
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,345,858	4,345,858	4,345,858	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,345,858</b>	<b>4,345,858</b>	<b>4,345,858</b>	<b>-</b>
Net Change in Fund Balance	(661,130)	(661,130)	(561,443)	99,687
Fund Balance at Beginning of Year	703,615	703,615	703,615	-
<b>Fund Balance at End of Year</b>	<b>\$ 42,485</b>	<b>\$ 42,485</b>	<b>\$ 142,172</b>	<b>\$ 99,687</b>



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Note to Required Supplementary Information Financial**  
**June 30, 2018**

---

---

***1. BUDGETARY DATA***

Budgets are reported on the same basis as the funds and are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, and Capital Projects Funds consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations at the fund level. The City Manager is authorized to transfer amounts within individual fund budgets and between departments based on policy based dollar limits. Budgetary revisions that alter the total appropriations of a fund and/or a capital project must be approved by the City Council. Unexpended budgetary appropriations lapse at year-end. Budgeted amounts, as shown, include the originally adopted budget, reappropriated prior-year obligations, as well as any amendments authorized by the City Council.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes. The City uses the following Nonmajor Special Revenue Funds:

Gas Tax - to account for state and county gas taxes, which funds may be used for street maintenance, right-of-way acquisition, and street construction.

Drug Intervention - to account for funds received from the L.A. IMPACT, an association of local governmental agencies, related to drug enforcement activities. The funds are earmarked for the City's drug intervention programs.

SLESF - to account for COPS funds received from the State of California.

Special Projects - to account for funds received from other governmental agencies that are earmarked for separate projects.

Corrections - to account for funds received from the State Department of Corrections.

Road Maintenance and Rehabilitation Account (RMRA) - To account for the City's share of gas tax monies for the purpose of construction, reconstruction, maintenance, and right-of-way acquisition relating to streets and highways.

Measure M - to account for the City's share of funds collected and distributed by the County of Los Angeles under Measure M for transportation purposes within the City.

Proposition A - to account for funds collected and distributed by the County of Los Angeles and under Proposition A to finance transit projects within the City.

Measure R - to account for the City's share of funds collected and distributed by the County of Los Angeles under Measure R for transportation purposes within the City.

Proposition C - to account for City's share of funds collected and distributed by the County of Los Angeles under Measure R for transportation purposes within the City.

### CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for resources intended to be used primarily for major capital facilities.

Parklands - is used to make improvements to/in the City's parklands.

CITY OF PALOS VERDES ESTATES

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

	Special Revenue Funds				
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections
<b>Assets:</b>					
Cash and investments	\$ 80,807	\$ 643,727	\$ 372,133	\$ 962,165	\$ 5,974
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other governments	-	-	-	4,765	-
<b>Total Assets</b>	<b>\$ 80,807</b>	<b>\$ 643,727</b>	<b>\$ 372,133</b>	<b>\$ 966,930</b>	<b>\$ 5,974</b>
<b>Liabilities:</b>					
Accounts payable	\$ 7,162	\$ -	\$ -	\$ 10,101	\$ 284
Accrued salaries and benefits	9,140	-	-	-	-
<b>Total Liabilities</b>	<b>16,302</b>	<b>-</b>	<b>-</b>	<b>10,101</b>	<b>284</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid costs	-	-	-	-	-
<b>Restricted for:</b>					
Public safety	-	643,727	372,133	-	5,690
Public works	64,505	-	-	956,829	-
<b>Total Fund Balances</b>	<b>64,505</b>	<b>643,727</b>	<b>372,133</b>	<b>956,829</b>	<b>5,690</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 80,807</b>	<b>\$ 643,727</b>	<b>\$ 372,133</b>	<b>\$ 966,930</b>	<b>\$ 5,974</b>

Special Revenue Funds (Continued)					Capital Projects Fund	Total Nonmajor Governmental Funds
RMRA	Measure M	Proposition A	Measure R	Proposition C	Parklands	
\$ 51,180	\$ 145,245	\$ 32,127	\$ 176,677	\$ 608,020	\$ 51,166	\$ 3,129,221
28,959	-	-	-	-	-	28,959
-	-	-	-	-	-	-
-	-	6,740	-	-	-	6,740
-	-	-	-	-	-	4,765
<b>\$ 80,139</b>	<b>\$ 145,245</b>	<b>\$ 38,867</b>	<b>\$ 176,677</b>	<b>\$ 608,020</b>	<b>\$ 51,166</b>	<b>\$ 3,169,685</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,547
-	-	-	-	-	-	9,140
-	-	-	-	-	-	<b>26,687</b>
-	-	6,740	-	-	-	6,740
-	-	-	-	-	-	1,021,550
80,139	145,245	32,127	176,677	608,020	51,166	2,114,708
<b>80,139</b>	<b>145,245</b>	<b>38,867</b>	<b>176,677</b>	<b>608,020</b>	<b>51,166</b>	<b>3,142,998</b>
<b>\$ 80,139</b>	<b>\$ 145,245</b>	<b>\$ 38,867</b>	<b>\$ 176,677</b>	<b>\$ 608,020</b>	<b>\$ 51,166</b>	<b>\$ 3,169,685</b>

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections
<b>Revenues:</b>					
Revenue from other agencies	\$ 291,709	\$ 555,092	\$ 139,416	\$ 51,469	\$ 5,572
Use of money and property	1,344	4,954	4,922	13,567	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>293,053</b>	<b>560,046</b>	<b>144,338</b>	<b>65,036</b>	<b>5,572</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	4,234
Public works	313,251	-	-	22,055	-
<b>Total Expenditures</b>	<b>313,251</b>	<b>-</b>	<b>-</b>	<b>22,055</b>	<b>4,234</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,198)	560,046	144,338	42,981	1,338
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(76,747)	(30,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(76,747)</b>	<b>(30,000)</b>	<b>-</b>
Net Change in Fund Balances	(20,198)	560,046	67,591	12,981	1,338
Fund Balances at Beginning of Year	84,703	83,681	304,542	943,848	4,352
<b>Fund Balances at End of Year</b>	<b>\$ 64,505</b>	<b>\$ 643,727</b>	<b>\$ 372,133</b>	<b>\$ 956,829</b>	<b>\$ 5,690</b>

Special Revenue Funds (Continued)					Capital Projects Fund	Total Nonmajor Governmental Funds
RMRA	Measure M	Proposition A	Measure R	Proposition C	Parklands	
\$ 80,059	\$ 144,003	\$ 255,774	\$ 158,904	\$ 211,719	\$ -	\$ 1,893,717
80	1,242	132	2,945	7,822	707	37,715
-	-	-	-	-	-	-
<b>80,139</b>	<b>145,245</b>	<b>255,906</b>	<b>161,849</b>	<b>219,541</b>	<b>707</b>	<b>1,931,432</b>
-	-	6,378	-	-	-	6,378
-	-	-	-	-	-	4,234
-	-	212,785	-	-	-	548,091
-	-	<b>219,163</b>	-	-	-	<b>558,703</b>
80,139	145,245	36,743	161,849	219,541	707	1,372,729
-	-	-	-	-	-	-
-	-	-	(258,996)	-	(50,000)	(415,743)
-	-	-	<b>(258,996)</b>	-	<b>(50,000)</b>	<b>(415,743)</b>
80,139	145,245	36,743	(97,147)	219,541	(49,293)	956,986
-	-	2,124	273,824	388,479	100,459	2,186,012
<b>\$ 80,139</b>	<b>\$ 145,245</b>	<b>\$ 38,867</b>	<b>\$ 176,677</b>	<b>\$ 608,020</b>	<b>\$ 51,166</b>	<b>\$ 3,142,998</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

---

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 360,192	\$ 360,192	\$ 291,709	\$ (68,483)
Use of money and property	1,000	1,000	1,344	344
<b>Total Revenues</b>	<b>361,192</b>	<b>361,192</b>	<b>293,053</b>	<b>(68,139)</b>
<b>Expenditures:</b>				
Current:				
Public works	363,724	363,724	313,251	50,473
<b>Total Expenditures</b>	<b>363,724</b>	<b>363,724</b>	<b>313,251</b>	<b>50,473</b>
Net Change in Fund Balance	(2,532)	(2,532)	(20,198)	(17,666)
Fund Balance at Beginning of Year	84,703	84,703	84,703	-
<b>Fund Balance at End of Year</b>	<b>\$ 82,171</b>	<b>\$ 82,171</b>	<b>\$ 64,505</b>	<b>\$ (17,666)</b>



CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
 DRUG INTERVENTION SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2018**

---

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ 555,100	\$ 555,092	\$ (8)
Use of money and property	500	1,700	4,954	3,254
<b>Total Revenues</b>	<b>500</b>	<b>556,800</b>	<b>560,046</b>	<b>3,246</b>
Fund Balance at Beginning of Year	83,681	83,681	83,681	-
<b>Fund Balance at End of Year</b>	<b>\$ 84,181</b>	<b>\$ 640,481</b>	<b>\$ 643,727</b>	<b>\$ 3,246</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
SLESF SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 139,416	\$ 39,416
Use of money and property	500	500	4,922	4,422
<b>Total Revenues</b>	<b>100,500</b>	<b>100,500</b>	<b>144,338</b>	<b>43,838</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(76,747)	(76,747)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(76,747)</b>	<b>(76,747)</b>	<b>-</b>
Net Change in Fund Balance	100,500	23,753	67,591	43,838
Fund Balance at Beginning of Year	304,542	304,542	304,542	-
<b>Fund Balance at End of Year</b>	<b>\$ 405,042</b>	<b>\$ 328,295</b>	<b>\$ 372,133</b>	<b>\$ 43,838</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL PROJECTS SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 99,000	\$ 99,000	\$ 51,469	\$ (47,531)
Use of money and property	-	-	13,567	13,567
<b>Total Revenues</b>	<b>99,000</b>	<b>99,000</b>	<b>65,036</b>	<b>(33,964)</b>
<b>Expenditures:</b>				
Current:				
Public works	10,160	10,160	22,055	(11,895)
<b>Total Expenditures</b>	<b>10,160</b>	<b>10,160</b>	<b>22,055</b>	<b>(11,895)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,840	88,840	42,981	(45,859)
<b>Other Financing Uses:</b>				
Transfers out	(30,000)	(30,000)	(30,000)	-
<b>Total Other Financing Uses</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>-</b>
Net Change in Fund Balance	58,840	58,840	12,981	(45,859)
Fund Balance at Beginning of Year	943,848	943,848	943,848	-
<b>Fund Balance at End of Year</b>	<b>\$ 1,002,688</b>	<b>\$ 1,002,688</b>	<b>\$ 956,829</b>	<b>\$ (45,859)</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
CORRECTIONS SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

---

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 6,000	\$ 6,000	\$ 5,572	\$ (428)
<b>Total Revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>5,572</b>	<b>(428)</b>
<b>Expenditures:</b>				
Current:				
Public safety	4,700	4,700	4,234	466
<b>Total Expenditures</b>	<b>4,700</b>	<b>4,700</b>	<b>4,234</b>	<b>466</b>
Net Change in Fund Balance	1,300	1,300	1,338	38
Fund Balance at Beginning of Year	4,352	4,352	4,352	-
<b>Fund Balance at End of Year</b>	<b>\$ 5,652</b>	<b>\$ 5,652</b>	<b>\$ 5,690</b>	<b>\$ 38</b>

CITY OF PALOS VERDES ESTATES

BUDGETARY COMPARISON SCHEDULE

ROAD MAINTENANCE AND REHABILITATION ACCOUNT SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ 78,000	\$ 80,059	\$ 2,059
Use of money and property	-	500	80	(420)
<b>Total Revenues</b>	<b>-</b>	<b>78,500</b>	<b>80,139</b>	<b>1,639</b>
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ 78,500</b>	<b>\$ 80,139</b>	<b>\$ 1,639</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
 MEASURE M SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2018**

---

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ 170,816	\$ 144,003	\$ (26,813)
Use of money and property	-	3,000	1,242	(1,758)
<b>Total Revenues</b>	<b>-</b>	<b>173,816</b>	<b>145,245</b>	<b>(28,571)</b>
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ 173,816</b>	<b>\$ 145,245</b>	<b>\$ (28,571)</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION A SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 256,596	\$ 256,596	\$ 255,774	\$ (822)
Use of money and property	3,500	3,500	132	(3,368)
<b>Total Revenues</b>	<b>260,096</b>	<b>260,096</b>	<b>255,906</b>	<b>(4,190)</b>
<b>Expenditures:</b>				
Current:				
General government	5,310	5,310	6,378	(1,068)
Public works	926,118	256,596	212,785	43,811
<b>Total Expenditures</b>	<b>931,428</b>	<b>261,906</b>	<b>219,163</b>	<b>42,743</b>
Net Change in Fund Balance	(671,332)	(1,810)	36,743	38,553
Fund Balance at Beginning of Year	2,124	2,124	2,124	-
<b>Fund Balance at End of Year</b>	<b>\$ (669,208)</b>	<b>\$ 314</b>	<b>\$ 38,867</b>	<b>\$ 38,553</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
MEASURE R SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2018**

---

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 160,969	\$ 160,969	\$ 158,904	\$ (2,065)
Use of money and property	1,000	1,000	2,945	1,945
<b>Total Revenues</b>	<b>161,969</b>	<b>161,969</b>	<b>161,849</b>	<b>(120)</b>
<b>Other Financing Uses:</b>				
Transfers out	(258,996)	(258,996)	(258,996)	-
<b>Total Other Financing Uses</b>	<b>(258,996)</b>	<b>(258,996)</b>	<b>(258,996)</b>	<b>-</b>
Net Change in Fund Balance	(97,027)	(97,027)	(97,147)	(120)
Fund Balance at Beginning of Year	273,824	273,824	273,824	-
<b>Fund Balance at End of Year</b>	<b>\$ 176,797</b>	<b>\$ 176,797</b>	<b>\$ 176,677</b>	<b>\$ (120)</b>



CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C SPECIAL REVENUE FUND  
 YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 214,090	\$ 214,090	\$ 211,719	\$ (2,371)
Use of money and property	1,000	1,000	7,822	6,822
<b>Total Revenues</b>	<b>215,090</b>	<b>215,090</b>	<b>219,541</b>	<b>4,451</b>
<b>Expenditures:</b>				
Current:				
Public works	208,667	208,667	-	208,667
<b>Total Expenditures</b>	<b>208,667</b>	<b>208,667</b>	<b>-</b>	<b>208,667</b>
Net Change in Fund Balance	6,423	6,423	219,541	213,118
Fund Balance at Beginning of Year	388,479	388,479	388,479	-
<b>Fund Balance at End of Year</b>	<b>\$ 394,902</b>	<b>\$ 394,902</b>	<b>\$ 608,020</b>	<b>\$ 213,118</b>

CITY OF PALOS VERDES ESTATES

BUDGETARY COMPARISON SCHEDULE

GENERAL CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND - MAJOR FUND

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 77,902	\$ 77,902
Miscellaneous	-	-	52,286	52,286
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>130,188</b>	<b>130,188</b>
<b>Expenditures:</b>				
Current:				
Public works	1,970,775	2,074,665	421,355	1,653,310
<b>Total Expenditures</b>	<b>1,970,775</b>	<b>2,074,665</b>	<b>421,355</b>	<b>1,653,310</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,970,775)	(2,074,665)	(291,167)	1,783,498
<b>Other Financing Sources (Uses):</b>				
Transfers in	258,996	258,996	258,996	-
Transfers out	(1,029,246)	(1,029,246)	(1,029,246)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(770,250)</b>	<b>(770,250)</b>	<b>(770,250)</b>	<b>-</b>
Net Change in Fund Balance	(2,741,025)	(2,844,915)	(1,061,417)	1,783,498
Fund Balance at Beginning of Year	6,182,123	6,182,123	6,182,123	-
<b>Fund Balance at End of Year</b>	<b>\$ 3,441,098</b>	<b>\$ 3,337,208</b>	<b>\$ 5,120,706</b>	<b>\$ 1,783,498</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
SEWER CAPITAL PROJECTS FUND - MAJOR FUND  
YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of money and property	\$ 30,000	\$ 30,000	\$ 51,666	\$ 21,666
<b>Total Revenues</b>	<b>30,000</b>	<b>30,000</b>	<b>51,666</b>	<b>21,666</b>
<b>Expenditures:</b>				
Current:				
Public works	771,495	771,495	31,368	740,127
<b>Total Expenditures</b>	<b>771,495</b>	<b>771,495</b>	<b>31,368</b>	<b>740,127</b>
Net Change in Fund Balance	(741,495)	(741,495)	20,298	761,793
Fund Balance at Beginning of Year	3,698,194	3,698,194	3,698,194	-
<b>Fund Balance at End of Year</b>	<b>\$ 2,956,699</b>	<b>\$ 2,956,699</b>	<b>\$ 3,718,492</b>	<b>\$ 761,793</b>

CITY OF PALOS VERDES ESTATES

**BUDGETARY COMPARISON SCHEDULE  
 PARKLANDS CAPITAL PROJECTS FUND - NONMAJOR FUND  
 YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 707	\$ 707
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>707</b>	<b>707</b>
<b>Expenditures:</b>				
Current:				
Public works	-	100,000	-	100,000
<b>Total Expenditures</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
Excess (Deficiency) of Revenues	-	(100,000)	707	100,707
<b>Other Financing Sources:</b>				
Transfers out	-	(50,000)	(50,000)	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>
Net Change in Fund Balance	-	(150,000)	(49,293)	100,707
Fund Balance at Beginning of Year	100,459	100,459	100,459	-
<b>Fund Balance at End of Year</b>	<b>\$ 100,459</b>	<b>\$ (49,541)</b>	<b>\$ 51,166</b>	<b>\$ 100,707</b>

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of equipment and services of the City on a cost-reimbursement basis. The City uses the following Internal Service Funds:

Equipment Replacement - to account for the purchase and maintenance of vehicular equipment on behalf of all City departments.

Insurance - to account for the City's insurance activities.

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Insurance	Total
<b>Assets:</b>			
Current Assets:			
Cash and investments	\$ 1,673,615	\$ 67,141	\$ 1,740,756
Accounts receivable	-	4,861	4,861
Prepaid costs	-	980,049	980,049
<b>Total Current Assets</b>	<b>1,673,615</b>	<b>1,052,051</b>	<b>2,725,666</b>
Capital Assets:			
Machinery and equipment	3,495,335	-	3,495,335
Furniture and fixtures	306,694	-	306,694
Vehicles	1,280,946	-	1,280,946
Less accumulated depreciation	(4,517,558)	-	(4,517,558)
<b>Net Capital Assets</b>	<b>565,417</b>	<b>-</b>	<b>565,417</b>
<b>Total Assets</b>	<b>2,239,032</b>	<b>1,052,051</b>	<b>3,291,083</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	8,013	83	8,096
<b>Total Current Liabilities</b>	<b>8,013</b>	<b>83</b>	<b>8,096</b>
<b>Total Liabilities</b>	<b>8,013</b>	<b>83</b>	<b>8,096</b>
<b>Net Position:</b>			
Net investment in capital assets	565,417	-	565,417
Unrestricted	1,665,602	1,051,968	2,717,570
<b>Total Net Position</b>	<b>\$ 2,231,019</b>	<b>\$ 1,051,968</b>	<b>\$ 3,282,987</b>

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Insurance	Total
<b>Operating Revenues:</b>			
Charges for services	\$ -	\$ 974,066	\$ 974,066
<b>Operating Expenses:</b>			
Material and supplies	80,618	-	80,618
General liability insurance	-	571,354	571,354
Property and vehicle insurance	-	43,904	43,904
Workers' compensation	-	358,891	358,891
Depreciation expense	254,149	-	254,149
<b>Total Operating Expenses</b>	<b>334,767</b>	<b>974,149</b>	<b>1,308,916</b>
Operating Loss	(334,767)	(83)	(334,850)
<b>Nonoperating Revenues:</b>			
Interest revenue	28,414	6,987	35,401
Gain on disposal of capital assets	15,350	-	15,350
<b>Total Nonoperating Revenues</b>	<b>43,764</b>	<b>6,987</b>	<b>50,751</b>
Loss before Transfers	(291,003)	6,904	(284,099)
<b>Other Financing Sources (Uses):</b>			
Transfers in	106,747	-	106,747
Transfers out	(547,550)	-	(547,550)
Changes in Net Position	(731,806)	6,904	(724,902)
Net Position at Beginning of Year	2,962,825	1,045,064	4,007,889
<b>Net Position at End of Year</b>	<b>\$ 2,231,019</b>	<b>\$ 1,051,968</b>	<b>\$ 3,282,987</b>

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Insurance	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from user departments	\$ 44,614	\$ 985,292	\$ 1,029,906
Cash paid to suppliers for goods and services	(195,758)	(1,954,115)	(2,149,873)
<b>Net Cash Used in Operating Activities</b>	<b>(151,144)</b>	<b>(968,823)</b>	<b>(1,119,967)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from other funds	106,747	-	106,747
Transfers to other funds	(547,550)	-	(547,550)
<b>Net Cash Used in Noncapital Financing Activities</b>	<b>(440,803)</b>	<b>-</b>	<b>(440,803)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(127,759)	-	(127,759)
Proceeds from sales of capital assets	20,610	-	20,610
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(107,149)</b>	<b>-</b>	<b>(107,149)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	28,414	6,987	35,401
<b>Net Cash Provided by Investing Activities</b>	<b>28,414</b>	<b>6,987</b>	<b>35,401</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(670,682)</b>	<b>(961,836)</b>	<b>(1,632,518)</b>
Cash and Cash Equivalents at Beginning of Year	2,344,297	1,028,977	3,373,274
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,673,615</b>	<b>\$ 67,141</b>	<b>\$ 1,740,756</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>			
Operating loss	\$ (334,767)	\$ (83)	\$ (334,850)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>			
Depreciation expense	254,149	-	254,149
(Increase) decrease in accounts receivable	44,614	11,226	55,840
(Increase) decrease in prepaid costs	-	(980,049)	(980,049)
Increase (decrease) in accounts payable	(115,140)	83	(115,057)
<b>Total Adjustments</b>	<b>183,623</b>	<b>(968,740)</b>	<b>(785,117)</b>
<b>Net Cash Used in Operating Activities</b>	<b>\$ (151,144)</b>	<b>\$ (968,823)</b>	<b>\$ (1,119,967)</b>



## **AGENCY FUNDS**

Agency Funds are used to account for assets held by the government as an agent for individuals, other governments, and/or other funds. The City uses the following Agency Funds:

Special Deposits Fund - to account for monies held by the City for various special deposits.

Police Property/Evidence Fund - to account for monies seized mostly from drug sales and from unclaimed property held by the City.

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF ASSETS AND LIABILITIES

ALL AGENCY FUNDS

JUNE 30, 2018

---

	<u>Special Deposits</u>	<u>Police Property Evidence</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ 203,302	\$ 14,595	\$ 217,897
Accounts receivable	15	-	15
<b>Total Assets</b>	<b><u>\$ 203,317</u></b>	<b><u>\$ 14,595</u></b>	<b><u>\$ 217,912</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable	203,317	14,595	217,912
<b>Total Liabilities</b>	<b><u>\$ 203,317</u></b>	<b><u>\$ 14,595</u></b>	<b><u>\$ 217,912</u></b>

CITY OF PALOS VERDES ESTATES

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>SPECIAL DEPOSITS</b>				
<b>Assets:</b>				
Cash and investments	\$ 189,285	\$ 53,924	\$ (39,907)	\$ 203,302
Accounts receivables	-	15	-	15
<b>Total Assets</b>	<b><u>\$ 189,285</u></b>	<b><u>\$ 53,939</u></b>	<b><u>\$ (39,907)</u></b>	<b><u>\$ 203,317</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 238	\$ -	\$ (238)	\$ -
Deposits payable	189,047	57,241	(42,971)	203,317
<b>Total Liabilities</b>	<b><u>\$ 189,285</u></b>	<b><u>\$ 57,241</u></b>	<b><u>\$ (43,209)</u></b>	<b><u>\$ 203,317</u></b>
<b>POLICE PROPERTY EVIDENCE</b>				
<b>Assets:</b>				
Cash and investments	\$ 14,393	\$ 207	\$ (5)	\$ 14,595
<b>Total Assets</b>	<b><u>\$ 14,393</u></b>	<b><u>\$ 207</u></b>	<b><u>\$ (5)</u></b>	<b><u>\$ 14,595</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 14,393	\$ 207	\$ (5)	\$ 14,595
<b>Total Liabilities</b>	<b><u>\$ 14,393</u></b>	<b><u>\$ 207</u></b>	<b><u>\$ (5)</u></b>	<b><u>\$ 14,595</u></b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and investments	\$ 203,678	\$ 54,131	\$ (39,912)	\$ 217,897
Accounts receivables	-	15	-	15
<b>Total Assets</b>	<b><u>\$ 203,678</u></b>	<b><u>\$ 54,146</u></b>	<b><u>\$ (39,912)</u></b>	<b><u>\$ 217,912</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 238	\$ -	\$ (238)	\$ -
Deposits payable	203,440	57,448	(42,976)	217,912
<b>Total Liabilities</b>	<b><u>\$ 203,678</u></b>	<b><u>\$ 57,448</u></b>	<b><u>\$ (43,214)</u></b>	<b><u>\$ 217,912</u></b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

## STATISTICAL SECTION

This part of the City of Palos Verdes Estates' comprehensive annual financial report presents detailed information as a contest for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b><u>Pages</u></b>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	96 - 99
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	100 - 108
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's financial activities take place.	109 - 110
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	111 - 112
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	113 - 115

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PALOS VERDE STATES  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital										
assets	\$ 59,719	\$ 56,687	\$ 54,677	\$ 53,240	\$ 51,728	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014
Restricted	1,720	2,050	8,254	8,461	7,996	7,970	7,773	6,417	6,588	6,997
Unrestricted	<u>27,067</u>	<u>28,931</u>	<u>23,738</u>	<u>20,531</u>	<u>20,244</u>	<u>20,813</u>	<u>10,747</u>	<u>9,210</u>	<u>8,958</u>	<u>5,684</u>
<b>Total governmental activities</b>										
net position	<u>\$ 88,506</u>	<u>\$ 87,668</u>	<u>\$ 86,669</u>	<u>\$ 82,232</u>	<u>\$ 79,968</u>	<u>\$ 77,458</u>	<u>\$ 64,526</u>	<u>\$ 60,985</u>	<u>\$ 58,234</u>	<u>\$ 53,695</u>
Primary government										
Net investment in capital										
assets	\$ 59,719	\$ 56,687	\$ 54,677	\$ 53,240	\$ 53,240	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014
Restricted	1,720	2,050	8,254	8,461	8,461	7,970	7,773	6,417	6,588	6,997
Unrestricted	<u>27,067</u>	<u>28,931</u>	<u>23,738</u>	<u>20,531</u>	<u>20,531</u>	<u>20,813</u>	<u>10,747</u>	<u>9,210</u>	<u>8,958</u>	<u>5,684</u>
<b>Total primary government</b>										
net position	<u>\$ 88,506</u>	<u>\$ 87,668</u>	<u>\$ 86,669</u>	<u>\$ 82,232</u>	<u>\$ 82,232</u>	<u>\$ 77,458</u>	<u>\$ 64,526</u>	<u>\$ 60,985</u>	<u>\$ 58,234</u>	<u>\$ 53,695</u>

The City implemented GASB 68 in 2014-15 year having a significant impact on net equity given the first time recording of citywide pension liability. This is the first year of establishing this new base of comparison

CITY OF PALOS VERDE ESTATES

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 1,693	\$ 1,592	\$ 1,699	\$ 1,573	\$ 2,157	\$ 1,542	\$ 2,244	\$ 2,911	\$ 3,520	\$ 2,686
Public safety	9,554	9,536	9,770	10,281	9,969	10,299	10,476	11,555	12,045	12,120
Public works	4,327	4,887	4,299	4,250	2,980	2,970	3,013	6,891	5,798	5,111
Parks and recreation	2,808	2,821	2,892	3,166	4,692	5,257	5,703	3,092	3,243	1,935
<b>Total governmental activities expenses</b>	<b>\$18,382</b>	<b>\$18,836</b>	<b>\$18,660</b>	<b>\$19,270</b>	<b>\$19,798</b>	<b>\$20,068</b>	<b>\$21,436</b>	<b>\$24,449</b>	<b>\$24,606</b>	<b>\$21,852</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 63	\$ 68	\$ 66	\$ 56	\$ 85	\$ 50	\$ 56	\$ 472	\$ 1,278	\$ 92
Public safety	3,902	4,071	4,291	4,260	4,416	4,548	4,675	4,765	4,890	199
Public works	852	978	1,477	1,129	1,153	957	1,154	1,283	1,422	1,651
Parks and recreation	1,008	987	992	1,066	1,109	1,190	1,261	-	1,322	-
Operating grants and contributions	1,113	1,291	1,021	1,077	1,036	1,177	1,353	2,013	1,022	3,097
Capital grants and contributions	3,656	2,012	1,377	1,212	1,070	48	20	1,756	380	916
<b>Total governmental activities program revenues</b>	<b>10,594</b>	<b>9,407</b>	<b>9,224</b>	<b>8,800</b>	<b>8,869</b>	<b>7,970</b>	<b>8,519</b>	<b>10,289</b>	<b>10,314</b>	<b>5,955</b>
<b>Net (expense)/revenue</b>	<b>\$(7,788)</b>	<b>\$(9,429)</b>	<b>\$(9,436)</b>	<b>\$(10,470)</b>	<b>\$(10,929)</b>	<b>\$(12,098)</b>	<b>\$(12,917)</b>	<b>\$(14,160)</b>	<b>\$(14,292)</b>	<b>\$(15,897)</b>
<b>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	\$ 5,661	\$ 5,695	\$ 5,743	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 9,089	\$ 9,466
Utility users tax	-	-	-	-	-	-	-	-	-	-
Sales and use taxes	340	309	319	318	349	384	427	435	426	533
Franchise taxes and other taxes	850	813	961	897	925	985	1,042	1,009	1,058	1,063
Motor vehicle in lieu tax (unrestricted)	1,092	1,107	1,127	1,097	1,126	1,184	1,248	1,323	-	-
Investment income	241	97	208	186	(12)	256	215	320	76	118
Miscellaneous	80	491	79	143	178	285	343	361	552	178
<b>Total General Revenue and Extraordinary Item</b>	<b>8,264</b>	<b>8,512</b>	<b>8,437</b>	<b>8,483</b>	<b>8,665</b>	<b>9,588</b>	<b>10,134</b>	<b>10,695</b>	<b>11,201</b>	<b>11,358</b>
<b>Change in Net Position</b>	<b>\$ 476</b>	<b>\$ (917)</b>	<b>\$ (999)</b>	<b>\$ (1,987)</b>	<b>\$ (2,264)</b>	<b>\$ (2,510)</b>	<b>\$ (2,783)</b>	<b>\$ (3,465)</b>	<b>\$ (3,091)</b>	<b>\$ (4,539)</b>

\* The City implemented GASB 68 in 2014-15 which significantly impacted net equity and resulted in the restatement of net position by \$10,148,73 on the statement of net position

CITY OF PALOS VERDES ESTATES  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2009	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*
<b>General fund:</b>										
Reserved	\$ 4	\$ 57								
Unreserved	8,472	8,472								
<b>Total general fund</b>	<u>\$ 8,476</u>	<u>\$ 8,529</u>								
<b>All other governmental funds:</b>										
Reserved	\$ 328	\$ 335								
Unreserved, reported in:										
Designated for capital projects	1,857	291								
Special revenue funds	2,064	1,716								
Capital projects funds	14,901	17,099								
<b>Total all other governmental funds</b>	<u>19,150</u>	<u>19,441</u>								
<b>Total</b>	<u>\$ 27,626</u>	<u>\$ 27,970</u>								
<b>General fund:</b>										
Nonspendable			\$ 65	\$ 86	\$ 98	\$ 99	\$ 31	\$ 15	\$ 15	\$ 458
Restricted			-	-	-	-	-	-	-	-
Committed			7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Assigned			957	-	-	-	-	-	-	-
Unassigned			1,111	1,605	2,097	2,521	3,219	4,114	3,924	2,597
<b>Total general fund</b>			<u>\$ 9,333</u>	<u>\$ 8,891</u>	<u>\$ 9,395</u>	<u>\$ 9,820</u>	<u>\$ 10,450</u>	<u>\$ 11,329</u>	<u>\$ 11,139</u>	<u>\$ 10,255</u>
<b>All other governmental funds:</b>										
Nonspendable			\$ 331	\$ 3	\$ 358	\$ 373	\$ -	\$ 395	\$ -	\$ 7
Restricted			7,861	8,308	7,487	7,598	7,773	6,417	6,588	6,997
Committed			-	-	-	-	-	-	-	-
Assigned			-	9,611	9,052	8,375	7,132	5,096	6,182	5,121
Unassigned			10,106	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>			<u>18,298</u>	<u>17,922</u>	<u>16,897</u>	<u>16,346</u>	<u>14,905</u>	<u>11,908</u>	<u>12,770</u>	<u>12,125</u>
<b>Total</b>			<u>\$27,631</u>	<u>\$26,813</u>	<u>\$26,292</u>	<u>\$26,166</u>	<u>\$25,355</u>	<u>\$23,237</u>	<u>\$23,909</u>	<u>\$22,380</u>

\* GASB 54 has been implemented in fiscal year 2011 resulting in a change of definition of reserve categories.



CITY OF PALOS VERDES ESTATES  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property Tax	\$ 5,661	\$ 5,695	\$ 5,693	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 7,701	\$ 8,116
Special assessment	5,140	5,098	5,316	5,044	5,221	4,316	4,464	4,582	4,715	44
Utility user tax	-	-	-	-	-	-	-	-	-	-
Other taxes	1,385	1,378	1,574	1,214	1,274	1,369	1,469	1,445	1,468	1,345
Licenses and permits	545	514	625	675	701	606	598	590	590	898
Fines and forfeitures	190	181	210	212	206	2,416	2,591	2,543	135	129
Use of money and agencies	1,639	1,300	1,175	1,228	1,089	407	447	602	1,368	1,460
Revenues from other agencies	3,088	2,155	2,051	2,278	2,218	1,412	1,423	1,612	2,694	3,364
Charges for services	410	549	501	454	475	207	176	147	656	807
Miscellaneous	89	975	79	144	176	288	326	361	552	210
Total revenues	<u>18,147</u>	<u>17,845</u>	<u>17,224</u>	<u>17,091</u>	<u>17,459</u>	<u>17,515</u>	<u>18,353</u>	<u>19,129</u>	<u>19,879</u>	<u>16,373</u>
Expenditures										
General government	1,561	1,536	1,595	1,437	1,503	1,853	2,069	2,164	2,363	2,347
Public safety	9,504	10,877	10,805	10,368	9,851	10,298	10,803	11,412	11,854	11,504
Public works	4,514	4,014	3,913	4,938	4,971	3,786	4,801	6,450	4,628	3,223
Parks and recreation	1,113	1,074	1,091	1,166	1,078	1,141	1,190	1,221	1,363	1,269
Total expenditures	<u>16,692</u>	<u>17,501</u>	<u>17,404</u>	<u>17,909</u>	<u>17,403</u>	<u>17,078</u>	<u>18,863</u>	<u>21,247</u>	<u>20,208</u>	<u>18,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,455</u>	<u>344</u>	<u>(180)</u>	<u>(818)</u>	<u>56</u>	<u>437</u>	<u>(510)</u>	<u>(2,118)</u>	<u>(329)</u>	<u>(1,970)</u>
Other financing sources (uses):										
Transfers in	541	563	5,357	1,162	883	700	1,015		2,658	6,232
Transfers out	(541)	(563)	(5,515)	(1,162)	(1,461)	(1,263)	(1,317)		(1,658)	(5,791)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>(578)</u>	<u>(563)</u>	<u>(302)</u>	<u>-</u>	<u>1,000</u>	<u>441</u>
Net change in fund balances	<u>\$ 1,455</u>	<u>\$ 344</u>	<u>\$ (338)</u>	<u>\$ (818)</u>	<u>\$ (522)</u>	<u>\$ (126)</u>	<u>\$ (812)</u>	<u>\$ (2,118)</u>	<u>\$ 671</u>	<u>\$ (1,529)</u>

CITY OF PALOS VERDES ESTATES  
 Selected Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Users Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise and Other Taxes</u>	<u>Motor Vehicle in Lieu Tax</u>	<u>Total</u>
2009	5,661,511	-	339,894	850,419	1,091,887	7,943,711
2010	5,694,990	-	309,252	813,086	1,107,133	7,924,461
2011	5,742,916	-	319,346	961,648	1,126,570	8,150,480
2012	5,841,800	-	317,694	896,566	1,097,377	8,153,437
2013	6,098,958	-	348,653	925,656	1,126,463	8,499,730
2014	6,494,062	-	383,800	984,904	1,183,953	9,046,719
2015	6,858,942	-	426,727	1,042,439	1,248,033	9,576,141
2016	7,247,897	-	435,005	1,009,002	1,323,094	10,014,998
2017	7,700,661	-	426,147	1,040,622	1,388,090	10,555,520
2018	8,009,908	-	388,757	1,062,835	1,456,252	10,917,752

CITY OF PALOS VERDES ESTATES  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (in thousands of dollars)

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			
2009	5,057,668	40,784	5,015	7,487	5,095,981	0.1130%
2010	5,159,361	44,987	5,492	7,136	5,202,704	0.1130%
2011	5,135,015	50,147	4,540	6,211	5,183,491	0.1130%
2012	5,279,303	47,759	4,732	7,560	5,324,234	0.1130%
2013	5,419,878	48,191	4,344	7,389	5,465,024	0.1130%
2014	5,696,771	48,936	4,285	8,128	5,741,864	0.1130%
2015	6,009,062	50,686	4,768	8,225	6,056,291	0.1130%
2016	6,373,721	53,021	4,539	8,067	6,423,214	0.1109%
2017	6,698,291	54,279	4,132	8,555	6,748,147	0.1110%
2018	6,934,299	61,003	3,624	4,701	6,994,225	0.1130%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: Los Angeles County Assessor Combined Tax Rolls

CITY OF PALOS VERDES ESTATES  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Per \$100 of Assessed Value)

Fiscal Year	Direct Rates				Overlapping Rates					
	City Direct Rate	LA County ERAF/Palos Verdes Library District/Palos Verdes Unified School District	Total General Levy	Palos Verdes Peninsula Unified School District	LA County Flood Control District	Metropolitan Water District	Palos Verdes Library District	Los Angeles County	Comm. College	Total Direct Overlapping Rates
2009	0.1130	0.8870	1.00000	0.0201	-	0.0043	0.0068	-	0.0221	1.05330
2010	0.1130	0.8870	1.00000	0.0216	-	0.0043	0.0068	-	0.0231	1.05560
2011	0.1130	0.8870	1.00000	0.0225	-	0.0037	0.0067	-	0.0403	1.07320
2012	0.1130	0.8870	1.00000	0.0225	-	0.0037	0.0064	-	0.0353	1.06786
2013	0.1130	0.8870	1.00000	0.0241	-	0.0035	0.0064	-	0.0488	1.08279
2014	0.1130	0.8870	1.00000	0.0231	-	0.0035	0.0061	-	0.0445	1.07727
2015	0.1130	0.8870	1.00000	0.0233	-	0.0035	0.0059	-	0.0402	1.07281
2016	0.1130	0.8870	1.00000	0.0234	-	0.0035	0.0056	-	0.0358	1.06830
2017	0.1130	0.8870	1.00000	0.0232	-	0.0035	-	-	0.0359	1.06260
2018	0.1130	0.8870	1.00000	0.0231	-	0.0035	-	-	0.0460	1.07260

Source: Los Angeles County Auditor Controller's Office.

CITY OF PALOS VERDES ESTATES

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	2018			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Tei Fu Chen Trust	\$ 34,106,619	1	0.48%	\$ 29,544,631	1	0.62%
Lowell W and Lisa B. Hill	33,151,828	2	0.47%			
Masafumi Miyamoto	15,394,803	3	0.22%	13,335,664	4	0.28%
Jose A. and Brigitte Collazo Trust	14,955,000	4	0.21%	16,174,079	2	0.34%
Tatiana Von Furstenberg Trust	14,629,391	5	0.21%			
Yi Lin	13,979,992	5	0.20%			
Jackson and Julie Yang	13,747,391	6	0.19%	10,702,102	7	0.22%
Winstep Int'l Holdings USA LLC	13,462,215	7	0.19%			
Timothy D Armour Trust	12,062,743	9	0.17%			
Richard C Lundquist Company Trust	11,800,288	10	0.17%	10,221,928	9	0.21%
Bernadette Chao Trust				8,866,151	10	0.18%
Jason and Wendy Moskowitz Trust				11,291,827	5	0.23%
Goon G Kim Living Trust				11,050,000	6	0.23%
Hussain M Shaikh				10,291,870	8	0.21%
Albert Centofante Trust				13,742,134	3	0.28%
	<u>\$ 177,290,270</u>		<u>2.51%</u>	<u>\$ 135,220,386</u>		<u>2.80%</u>

Source: Los Angeles County Assessor

CITY OF PALOS VERDES ESTATES  
Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Year Ended June 30</u>	<u>Taxes Levied for the Fiscal</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent (1)</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2009	5,332,363	5,081,257	95.29%	-	5,081,257	95.29%
2010	5,430,923	5,243,610	96.55%	-	5,243,610	96.55%
2011	5,435,360	5,304,265	97.59%	-	5,304,265	97.59%
2012	5,611,918	5,494,212	97.90%	-	5,494,212	97.90%
2013	5,793,667	5,689,018	98.19%	-	5,689,018	98.19%
2014	6,121,791	6,031,018	98.52%	-	6,031,018	98.52%
2015	6,458,489	6,390,201	98.94%	-	6,390,201	98.94%
2016	7,134,756	6,960,188	97.55%	-	6,960,188	97.55%
2017	7,241,298	7,154,824	98.81%	-	7,154,824	98.81%
2018	7,860,750	7,556,360	96.13%	-	7,556,360	96.13%

Note: 1- The County of Los Angeles does not provide this information. Inclusion of amounts paid of prior year taxes would result in reporting amounts above 100% in some years.

Source: Los Angeles County Auditor Controller's Office.

CITY OF PALOS VERDES ESTATES

Taxable Property Subject to Fire Tax

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Assessable		Real Property Square Footage			Special Tax		Total	Total Direct Tax Rate
	Parcels w/ Bldg - Improvement	Vacant	Residential Property	Commercial Property	Total Square Footage	Residential Property	Commercial Property		
2009	5,106		15,116,737	246,593	15,363,330	3,583,877	44,419	3,628,296	\$260.93/parcel plus \$0.149446/sq.ft
2009	0	83	0	0	0	21,657	0	21,657	\$260.93/parcel
2010	5,120		15,230,913	246,593	15,477,506	3,755,995	46,285	3,802,280	\$271.89/parcel plus \$0.155723/sq.ft
2010	0	72	0	0	0	19,576	0	19,576	\$271.89/parcel
2011	5,121		15,299,417	246,890	15,546,307	3,924,997	48,276	3,973,273	\$283.30/parcel plus \$0.16226/sq.ft
2011	0	71	0	0	0	20,114	0	20,114	
2012	5,124		15,361,156	242,466	15,603,622	3,936,148	47,275	3,983,423	\$283.30/parcel plus \$0.16226/sq.ft
2012	0	68	0	0	0	19,264	0	19,264	\$0.16226/sq.ft
2013	5,125		15,376,945	242,466	15,619,411	4,076,952	48,930	4,125,882	\$293.22/parcel plus \$0.16794/sq.ft
2013	-	67	-	-	-	19,646	-	19,646	
2014	5,124		15,407,685	242,466	15,650,151	4,213,652	50,511	4,264,162	\$302.69/parcel plus \$0.173366/sq.ft
2014	-	67	-	-	-	20,280	-	20,280	
2015	5,125		15,560,524	242,466	15,802,990	4,374,002	52,101	4,426,103	\$320.62/parcel plus \$0.183637/sq.ft
2015	-	67	-	-	-	20,919	-	20,919	
2016	5,125		15,619,985	223,749	15,843,737	4,503,223	49,425	4,552,648	\$320.62/parcel plus \$0.183637/sq. ft
2016	-	67	-	-	-	21,482	-	21,482	
2017	5,192		15,744,671	242,466	15,987,137	4,653,836	54,760	4,708,596	\$328.16/parcel plus \$0.187952/sq. ft
2017	-	68	-	-	-	22,315	-	22,315	

Note:

The City annually levies on each eligible property a "special fire tax" to finance the cost of fire and paramedic services provided under contract by Los Angeles County. There are two components of the tax 1.) a flat rate per parcel and 2.) a cost per square foot of building improvement.

The Fire and Paramedic Special Parcel Tax expired in 2017 and no further data is presented after this date.

Source: Fire and Paramedic Services Special Tax Report prepared by NBS.

CITY OF PALOS VERDES ESTATES

Principal Special Fire Taxpayers

June 30, 2018

Current Year and Prior Year

Property Owners	2017		
	Building Square Footage Value	Special Fire Tax Assessed	Percentage of Building Square Footage
Barnett, Rita C	36,753	\$ 9,533	0.23%
Lunada Bay Investment Co.	36,478	7,184	0.23%
Chen Tei Fu Co. Trust	29,678	5,906	0.18%
Peninsula Investment Co.	29,502	6,201	0.18%
79 parcels (special fire tax paid over \$2,000)	963,053	206,932	6.02%
1235 parcels (special fire tax paid between \$1,000-\$1,999)	5,942,604	1,522,196	37.17%
3878 parcels (special fire tax paid less than \$1,000 each)	<u>9,081,480</u>	<u>2,979,468</u>	<u>56.80%</u>
Total	<u>15,987,137</u>	<u>\$ 4,708,596</u>	<u>100.00%</u>

Notes:

The Fire and Paramedic Special Parcel Tax expired in 2017 and therefore no changes to the prior year table have been presented.



CITY OF PALOS VERDES ESTATES

Principal Special Fire Taxpayers

June 30, 2018

Current Year and Prior Year

Property Owners	2016		
	Building Square Footage Value	Special Fire Tax Assessed	Percentage of Building Square Footage
Lunada Bay Investment Co.	36,478	\$ 7,020	0.23%
Barnett, Rita C	34,257	8,535	0.22%
Peninsula Investment Co.	29,502	6,059	0.19%
Chen Tei Fu Co. Trust	29,678	5,771	0.19%
67 parcels (special fire tax paid over \$2,000)	845,402	176,728	5.34%
1094 parcels (special fire tax paid between \$1,000-\$1,999)	5,430,979	1,348,076	34.29%
4031 parcels (special fire tax paid less than \$1,000 each)	9,563,617	3,048,613	60.38%
Total	<u>15,839,998</u>	<u>\$ 4,573,417</u>	<u>100.00%</u>

CITY OF PALOS VERDES ESTATES

Fire Tax Rates

Direct Government

Last Ten Fiscal Years

	<u>City Direct Tax Rate</u>
2009	0.23760
2010	0.24690
2011	0.25690
2012	0.25650
2013	0.26540
2014	0.27380
2015	0.28140
2016	0.28870
2017	0.29450
2018	-

Note: Fire Tax Rate: The direct tax rate is computed by dividing the total tax levy by total square feet of building area subject to the tax. There are no overlapping rates applicable to this revenue.

The Fire and Paramedic Special Parcel Tax expired in 2017 and no further data is presented after this date.

CITY OF PALOS VERDES ESTATES  
Direct and Overlapping Governmental Activities Debt  
June 30, 2018

2017-2018 Assessed Valuation: \$7,075,865,925

Governmental Unit	Outstanding Debt 6/30/18	Estimated Percentage Applicable	Estimated Share of
<b>Overlapping General Fund Debt (Note 1)</b>			
Los Angeles County General Fund Obligations	\$ 1,921,992,404	0.497%	\$ 9,552,302
Los Angeles County Superindendant of Schools COP'S	6,500,306	0.497%	\$ 32,307
Los Angeles County Sanitation District-			
South Bay Authorities	3,205,696	15.630%	\$ 501,050
Los Angeles County Sanitation District #5	18,807,503	0.560%	\$ 105,322
<b>Direct &amp; Overlapping Tax &amp; Assessment Debt (Note 2)</b>			
Los Angeles Community College District	4,165,830,000	0.891%	37,117,545
Palos Verdes Peninsula Unified School District	62,104,101	29.943%	18,595,831
Los Angeles Regional Park & Open Space			
Assessment District	26,575,000	0.497%	132,078
Palos Verdes Library District	-	0.000%	-
Metropolitan Water District	60,600,000	0.258%	<u>156,348</u>
Subtotal, overlapping debt			66,192,783
City direct debt			(0)
Less: Los Angeles County General Fund Obligations supported by landfill revenues			<u>-</u>
Net Total direct and overlapping debt			<u><u>\$ 66,192,783</u></u>

Sources: Callifornia Municipal Statistics and HDL.

**Note (1):** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments, that is borne by the residents and businesses of the City of Palos Verdes Estates. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this doe not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the country's taxable assessed value that is within the boundaries of the city and dividing it by the district's total taxable assessed value.

**Note (2):** Paid with voter-approved direct assessment.

CITY OF PALOS VERDES ESTATES

Legal Debt Margin Information

June 30, 2018

(dollars in thousands)

Assessed value before homeowners exemption	<u>\$ 7,075,866</u>
Debt limit- 15% of assessed value	\$ 1,061,380
Amount of debt applicable to debt limit	<u>-</u>
	<u>\$ 1,061,380</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 764,297	\$ 780,406	\$ 777,524	\$ 798,635	\$ 819,753	\$ 862,783	\$ 908,444	\$ 965,056	\$ 1,012,222	\$ 1,061,380
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 764,297</u>	<u>\$ 780,406</u>	<u>\$ 777,524</u>	<u>\$ 798,635</u>	<u>\$ 819,753</u>	<u>\$ 862,783</u>	<u>\$ 908,444</u>	<u>\$ 965,056</u>	<u>\$ 1,012,222</u>	<u>\$ 1,061,380</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel).

CITY OF PALOS VERDES ESTATES  
Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	City Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (%)
2009	14,046	1,052,984	75,245	2.6
2010	14,085	1,303,144	92,520	2.9
2011	13,480	1,225,469	90,668	2.8
2012	13,516	1,246,247	91,710	2.1
2013	13,589	1,211,307	88,643	1.7
2014	13,665	1,206,227	88,239	1.4
2015	13,665	1,185,951	86,490	1.1
2016	13,712	1,220,847	89,035	0.8
2017	13,663	1,257,471	91,706	0.8
2018*	13,519	1,031,827	54,917	1.0

- Sources:
- (1) Population - California Department of Finance
  - (2) Income - Last available Census - \* Los Angeles, Anaheim Metropolitan Statistical Area
  - (3) Employment - State of California Employment Development Department (City Data)

\* Using a new data source from the Bureau of Economic Analysis, MSA data is no longer available.

CITY OF PALOS VERDES ESTATES

Principal Employers

Current Year

<u>Type of Business (1)</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City</u>
Unified School District	1156	1	85.06%
Concession Clubs			
Palos Verdes Golf Club	97	2	7.14%
Palos Verdes Beach & Athletic Club	15		
Palos Verdes Tennis Club	6		
Palos Verdes Stables	6		
City Government			
City of Palos Verdes Estates	61	3	4.49%
Restaurants	16	4	1.18%
Real Estate and Escrow Companies	<u>2</u>	5	0.15%
Total	<u>1359</u>		100.00%

Source: City Finance Department

Note (1): The City is a residential community with two small commercial areas - Malaga Cove Plaza and Lunada Bay Plaza. The school district's administrative offices, as well as four schools are located in Palos Verdes Estates. The district employs administrative staff, teachers and other school employees. The most common businesses registered with the City and reporting employees are real estate/escrow companies and restaurants. The City has classified employers by type of business.

(2) "Total Employment" as used above represents the total employment of all employers located within City limits, not just those businesses listed.

CITY OF PALOS VERDES ESTATES  
 Full-time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Administration	5.520	5.520	5.520	5.125	5.125	5.125	5.188	5.686	5.686	5.686
Finance	3.600	3.600	3.600	3.000	3.000	4.000	4.000	4.000	4.000	4.000
Building and Planning	2.500	2.500	2.500	2.000	2.000	3.000	4.000	6.000	4.500	4.500
Police:										
Sworn officers	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Service officers (2)	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	12.000	13.000
Other	2.500	1.500	2.500	2.500	2.800	2.800	2.600	3.100	3.900	1.500
Street and Parks	5.000	5.500	5.500	5.500	5.500	5.500	5.500	5.500	7.500	7.000
<b>Total</b>	<b>56.120</b>	<b>55.620</b>	<b>56.620</b>	<b>55.125</b>	<b>55.425</b>	<b>57.425</b>	<b>58.288</b>	<b>61.286</b>	<b>62.586</b>	<b>60.686</b>

Source: City Finance Department

Notes:

- (1) The City contracts with the following:
  - a) Los Angeles County for fire and paramedic services
  - b) HR. Green for building, planning and public works administrative services.
- (2) Includes 1 Community Relations Officer and 1 Traffic Control Officer.

CITY OF PALOS VERDES ESTATES  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police:</b>										
Physical arrests	594	419	237	503	590	679	521	562	580	516
Parking violations	3,010	3,002	3,029	2,917	2,705	2,580	1,619	1,697	1,476	1,462
Moving violations	553	798	1,102	1,191	1,552	1,068	639	1,039	1,004	1,430
<b>Building &amp; Planning:</b>										
Building permits issues	1,614	1,650	1,843	1,994	2,025	2,064	2,087	2,130	2,030	1,813
Total number of inspections	2,763	220	2,507	2,565	2,442	2,336	2,197	2,618	2,916	2,957
Grading applications	20	17	17.5	11.5	18.0	20.5	21.0	23	28	17
Neighborhood compatibility applications	35	32.5	33	23	27	29	29	32	42	27
Miscellaneous applications	44	53	38.50	57.00	50.00	46.00	62.00	74	96	71
<b>Public Works:</b>										
Public works permits	322	200	178	227	191	219	219	278	418	372
Street resurfacing (miles)	9.9	3.55	3.28	3.35	3.62	0.78	0.78	4.00	3.36	0.00

Source: City Departments

Note: Indicators are not available for the general government function.



CITY OF PALOS VERDES ESTATES  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	4	4	4	4
Streets (miles)	78	78	78	78	78	78	78	78	78	78
Sanitary sewers (miles)	76	76	76	76	76	76	76	76	76	76
Storm drains (miles)	28.8	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5
Recreation facilities: (2)										
Golf	1	1	1	1	1	1	1	1	1	1
Stables	1	1	1	1	1	1	1	1	1	1
Tennis club	1	1	1	1	1	1	1	1	1	1
Beach club	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes

- (1) No capital asset indicators are available for the general government function.
- (2) Managed under individual concession agreements (property and equipment owned by City).

**THIS PAGE INTENTIONALLY LEFT BLANK**

# A Primer on California City Revenues, Part One: Revenue Basics

B Y M I C H A E L C O L E M A N



BILL RAGAN/SHUTTERSTOCK.COM; COLOR TREATMENT, TABER CREATIVE GROUP

---

Michael Coleman is principal fiscal policy advisor to the League and can be reached at [coleman@muniwest.com](mailto:coleman@muniwest.com). More information on city finance is available at [www.californiacityfinance.com](http://www.californiacityfinance.com). Coleman comments on local government finance topics on Twitter ([@MuniAlmanac](https://twitter.com/MuniAlmanac)) and Facebook ([www.facebook.com/MuniAlmanac](http://www.facebook.com/MuniAlmanac)).

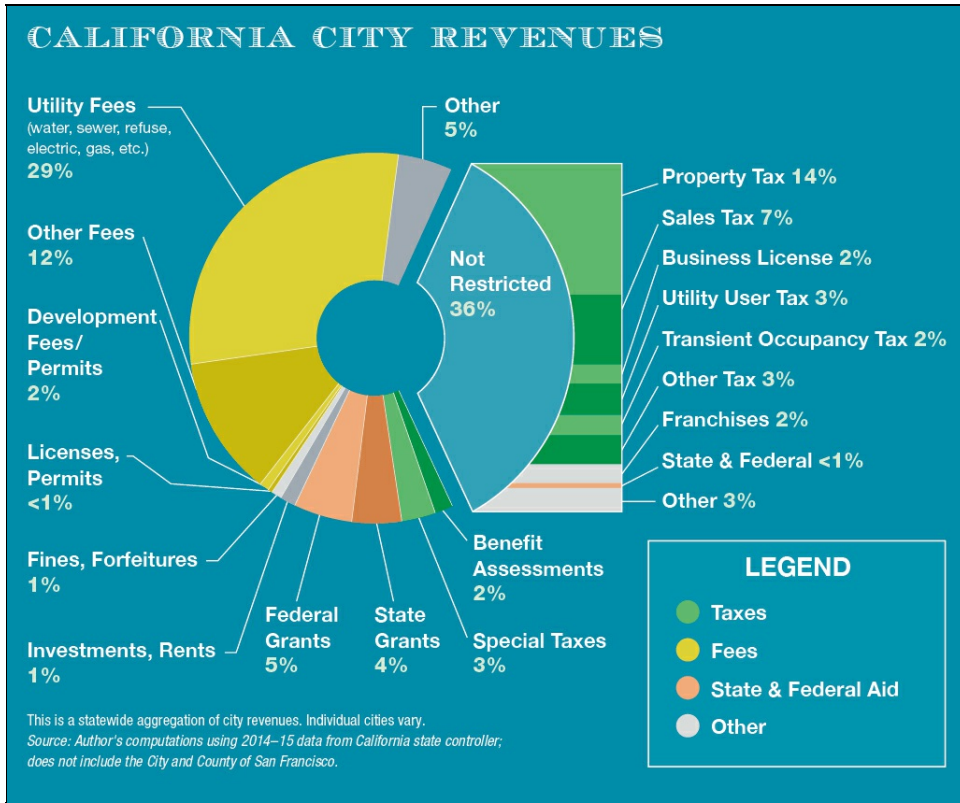
---

You don't have to scratch any local government issue very deeply to find the question of money: What's this going to cost? What are we going to get for that price? Is this project worth it?

How does your city pay its bills? What does the future hold for city service costs and funding? Though every city is different — each with its own needs, local economy, expectations, protocols, responsibilities and finances — some essential elements of city revenues and spending are common to cities throughout California.

## An Overview of City Revenue Sources

Revenue, the bread and butter of city budgets, comes from a variety of sources. Some revenue is restricted by law to certain uses; some revenue is payment from customers for a specific service. Other revenue requires voter approval for rate increases. Still other revenue comes from state and federal agencies, almost all of it with strings attached.



## Taxes

A tax is a charge for public services and facilities. There need not be a direct relationship between the services and facilities used by an individual taxpayer and the tax paid. Cities may impose any tax not otherwise prohibited by state law (Gov't. Code Section 37100.5). The state prohibits local governments from taxing certain items, including cigarettes, alcohol and personal income; the state taxes these for its own purposes.

The California Constitution distinguishes between a general tax and a special tax. General tax revenues may be used for any purpose. A majority of voters must approve a new general tax, its increase or extension in the same election in which city council members are elected. Special tax revenues must be used for a specific purpose, and two-thirds of voters must approve a new special tax, its increase or extension.

Overview of General Tax and Special Tax Requirements		
	GENERAL TAX	SPECIAL TAX
<b>Use of Revenues</b>	Unrestricted	Specific purpose
<b>Governing Body Approval Required</b>	<ul style="list-style-type: none"> <li>General-law cities: two-thirds approval is required.</li> <li>Charter cities: majority approval is required.</li> <li>Transactions and use taxes: two-thirds approval is required.</li> </ul>	Majority
<b>Voter Approval Required</b>	Majority	Two-thirds
<b>Other Rules</b>	A general tax election must be consolidated with a regularly scheduled general election of members of the governing body, unless an emergency is declared by unanimous vote (among those present) of the governing body.	Special tax funds must be deposited in a separate account. The taxing agency must publish an annual report including the tax rate, the amounts of revenues collected and expended and the status of any project funded by the special tax.

## Fees, Charges and Assessments

A fee is a charge imposed on an individual for a service that the person chooses to receive. A fee may not exceed the estimated reasonable cost of providing the particular service or product for which the fee is charged, plus overhead. Examples of city fees include water service, sewer service connection, building permits, recreational classes and development impact fees.

Cities have the general authority to impose fees (as charges and rates) under the cities' police powers granted by the state Constitution (Article XI, Sections 7 and 9).

State law sets specific procedures for fee and rate adoption. Proposition 218 provides special rules for property-related fees used to fund property-related services.

Special benefit assessments are charges levied to pay for public improvements or services within a predetermined district or area, according to the benefit the parcel receives from the improvement or services. The state Constitution requires property-owner approval to impose a benefit assessment. Other locally raised revenues include licenses and permits; franchises and rents; royalties and concessions, fines, forfeitures and penalties; and investment earnings.

## Intergovernmental Revenue

Cities also receive revenue from other government agencies, principally the state and federal governments. These revenues include general or categorical support monies called subventions, as well as grants for specific projects and reimbursements for the costs of some state mandates. Intergovernmental revenues provide 10 percent of city revenues statewide.

## Other City Revenues

Other sources of revenue to cities include rents, franchises, concessions and royalties; investment earnings; revenue from the sale of property, proceeds from debt financing; revenues from licenses and permits; and fines and penalties. Each type of revenue has legal limitations on what may be charged and collected as well as how the money may be spent.

## Putting Money in its Proper Place

The law restricts many types of city revenues to certain uses. As explained earlier, a special tax is levied for a specific program. Some subventions are designated by law for specific activities. Fees are charged for specific services, and fee revenue may fund only those services and related expenses. To comply with these laws and standards, finance departments segregate revenues and expenditures into separate accounts or funds. The three most important types of city funds are special revenue funds, enterprise funds and the General Fund.

Special revenue funds are used to account for activities paid for by taxes or other designated revenue sources that have specific limitations on use according to law. For example, the state levies gasoline taxes and allocates some of these funds to cities and counties. A local government deposits gasoline tax revenue in a special fund and spends the money for streets and road-related programs, according to law.

Enterprise funds are used to account for self-supporting activities that provide services on a user-charge basis. For example, many cities provide water treatment and distribution services to their residents. Users of these services pay utility fees, which the city deposits in a water enterprise fund. Expenditures for water services are charged to this fund.

The General Fund is used to account for money that is not required legally or by sound financial management to be accounted for in another fund. Major sources of city General Fund revenue include sales and use tax, property tax and locally adopted business license tax, hotel tax and utility user taxes.

---

## Local Tax and Revenue Limitations: Proposition 13 and Its Siblings

Local officials have limited choices in governing, managing their finances and raising revenues to provide services needed by their communities. Voters have placed restrictions as well as protections in the state Constitution. The Legislature has acted in various ways both to support and provide and to limit and withdraw financial powers and resources from cities, counties and special districts.

Significant limitations on local revenue-raising include:

- Property taxes may not be increased except with a two-thirds vote to fund a general obligation bond (most local school bonds can now be passed with 55 percent voter approval);
- The Legislature controls the allocation of local property tax among the county, cities, special districts and school districts within each county;
- Voter approval is required to enact, increase or extend any type of local tax;
- Assessments to pay for public facilities that benefit real property require property-owner approval;
- Fees for services and the use of local agency facilities may not exceed the reasonable cost of providing those services and facilities; and
- Fees for services such as water, sewer and trash collection are subject to property-owner majority protest.

---

## Local Revenue Protections

The Legislature has enacted many complicated changes in state and local revenues over the past 30 years, which at times have had significant negative fiscal impacts on city budgets. In response, local governments and their allies drafted — and voters approved — state constitutional protections limiting many of these actions. At times, these protections have resulted in the Legislature undertaking even more complex maneuvers in efforts to solve the financial problems and protect the interests of the state budget.

In response to actions of the Legislature and the deterioration of local control of fiscal matters, local governments placed on the ballot and voters approved Proposition 1A in 2004 and Prop. 22 in 2010. Together, these measures prohibit the state from:

- Enacting most local government mandates without fully funding the costs (the definition of a state mandate includes the transfer of responsibility for a program for which the state was previously fully or partially responsible);
- Reducing the local portion of the sales and use tax rate or altering its method of allocation, except to comply with federal law or an interstate compact;
- Reducing the combined share of property tax revenues going to the cities, county and special districts in any county; and
- Borrowing, delaying or taking motor vehicle fuel tax allocations, gasoline sales tax allocations or public transportation account funds.

---

## Coming Next Month in *Western City*

Part Two of "A Primer on California City Revenues" will address major city revenues.

---

## Related Resources

California Local Government Finance Almanac, [www.californiacityfinance.com](http://www.californiacityfinance.com)

*Financial Management for Elected Officials*, Institute for Local Government, [www.ca-ilg.org/financialmanagement](http://www.ca-ilg.org/financialmanagement)

*Public Engagement in Budgeting*, Institute for Local Government, [www.ca-ilg.org/PEbudgeting](http://www.ca-ilg.org/PEbudgeting)

*The California Municipal Revenue Sources Handbook*, League of California Cities, [www.cacities.org/Resources/Publications](http://www.cacities.org/Resources/Publications)

*Guide to Local Government Finance in California* by Multari, Coleman, Hampian and Statler, Solano Press

A Public Official's Guide to Financial Literacy

Government Finance Officers Association (GFOA) [www.gfoa.org/](http://www.gfoa.org/)

# Understanding the Basics of Municipal Revenues in California: Cities, Counties and Special Districts

2016 Update



## Table of Contents

Overview.....	2
City Revenues In California .....	4
County Revenues In California .....	5
Special District Revenues In California .....	6
The Players: The State Legislature, Local Governments And The Voters.....	7
Taxes.....	8
Property Taxes.....	10
Sales And Use Taxes.....	12
Service Charges, Assessments, And Fees .....	15
Revenues From Other Government Agencies .....	17
Rent For Use Of Public Property .....	18
Fines, Forfeitures And Penalties.....	18
Other Revenues .....	19
Acknowledgements .....	20



# OVERVIEW

Each one of California's 39 million residents lives within the boundaries of one of the state's 58 counties. Nearly 33 million people also live in one of California's 482 cities.<sup>i</sup> Californians are also served by 2,156 independent special districts.

Counties, cities and special districts provide a vast array of municipal services to residents and businesses. These services include public safety (police, fire and emergency services), parks and recreation, roads, flood protection, sewers, water, electricity, refuse disposal, recycling and other utilities. Counties have an additional role as a provider for many state-mandated services, such as foster care, public health care, jails, criminal justice and elections.<sup>ii</sup>

These municipal local governments rely on a variety of revenues to pay for the services and facilities they provide. The amount and composition of revenues:

- Differ between cities, counties and special districts largely because of differences in responsibilities; and
- Vary among cities, among counties and among special districts depending in part on differences in governance responsibilities.

There is a complex web of legal rules for collecting and using the variety of revenues available to municipal governments in California. These rules derive from the state constitution, state statute and court cases further interpreting those laws.

This guide provides an overview of the sources of county, city and special district revenues in California. It is an introduction to a complex topic. You can find further information in the resources listed on the last page.

## How To Use This Information

These materials are not technical or legal advice. You should consult technical experts, attorneys and/or relevant regulatory authorities for up-to-date information and advice on specific situations.

# CITY REVENUES IN CALIFORNIA

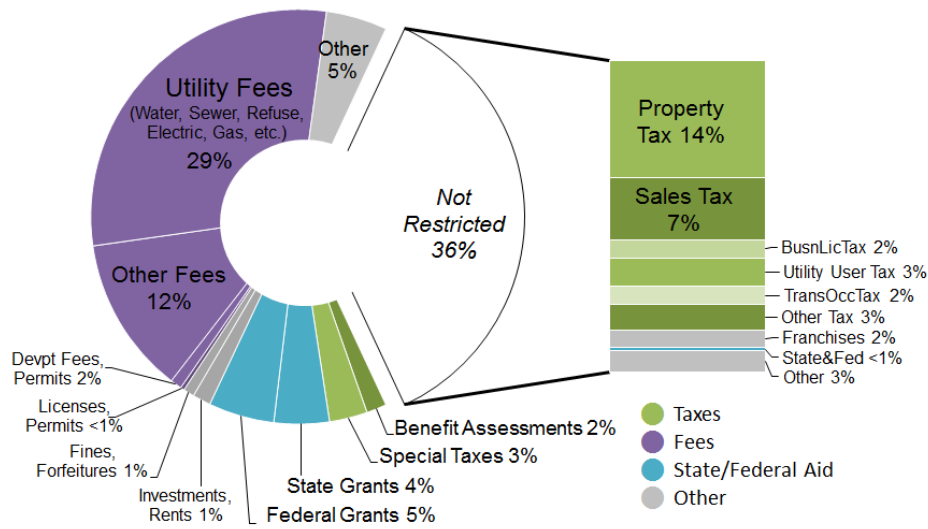
Incorporated cities (including those that refer to themselves as “towns”) are responsible for a broad array of essential frontline services tailored to the needs of their communities. These include:

- Law enforcement and crime prevention,
- Fire suppression and prevention, natural disaster planning and response, emergency medical response and transport,
- Land use planning and zoning, building safety,
- Local parks and open spaces, recreation,
- Water supply, treatment and delivery,
- Sewage collection, treatment and disposal,
- Storm water collection and drainage,
- Solid waste collection, recycling and disposal,
- Local streets, sidewalks, bikeways, street lighting and traffic controls, and
- Public transit.

Cities that are responsible for providing all or most of these functions are called “full service” - the services can be provided in-house or contracted through a private entity or another public agency. In other cities, some of these functions are the financial responsibility of other local agencies such as the county or special districts. For example, in about thirty percent of California cities, a special district provides and funds fire services. In sixty percent, library services are provided and funded by another public agency such as the county or a special district.

The mix of service responsibilities and local choice regarding service levels affects the amount and composition of revenues of each city.

California City Revenues



This is a statewide mash-up of city revenues. Individual cities vary.  
 Source: Author's computations from data from California State Controller 2014-15.  
 Does not include the City/County of San Francisco.

# COUNTY REVENUES IN CALIFORNIA

California counties are responsible for three general areas of municipal services: 1) delegated state and federal programs, 2) countywide public services and 3) essential frontline services for residents not receiving those services from a city or special district, often in unincorporated areas (outside city boundaries).

In unincorporated areas, counties provide the essential frontline services that cities provide that are not provided by a special district. These can include police protection (through a county sheriff), roads, planning and building safety.

Counties also provide public services to all county residents, whether they live in or outside of cities. These countywide functions include:

- Public assistance (notably welfare programs and aid to the indigent),
- Public health services (including mental health and drug/alcohol services),
- Local elections,
- Local corrections, detention and probation facilities and programs (including juvenile detention), and
- Property tax collection and allocation for all local agencies, including school districts.

Funding from the federal and state government, primarily for health and human services, is the largest source of county revenues. Property taxes and sales and use taxes are the primary funding sources for many county services that do not have a dedicated state or federal funding source.

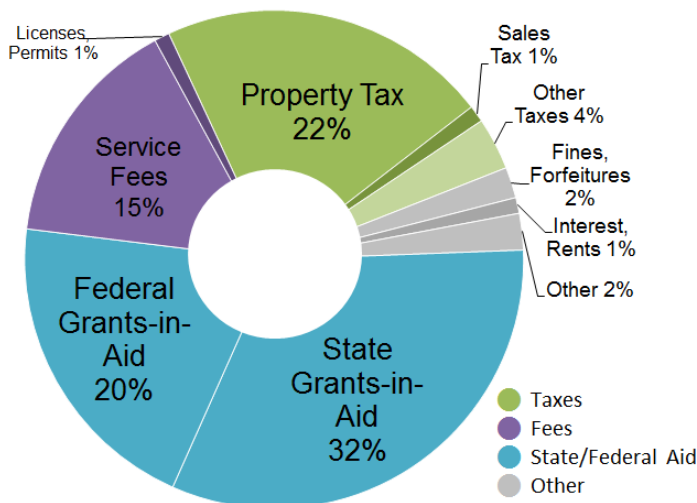
## General and Functional Revenues

Municipal revenues may be viewed as falling into two broad categories: general revenues and functional revenues.

**General revenues** can be used for any legitimate public purpose. General purpose taxes, especially property and sales taxes, account for most general city revenues statewide.

**Functional revenues** are restricted by law to a particular use. These include funds derived from fees or rates that the local agency charges for public services, including municipal utilities such as water, sewer, and garbage collection, airports, marinas, harbors and water ports. Functional revenues also include most state or federal grants as they are usually restricted for particular programs.

California County Revenues



Source: Author's computations from data from California State Controller 2014-15. Includes the County/City of San Francisco.

# SPECIAL DISTRICT REVENUES IN CALIFORNIA

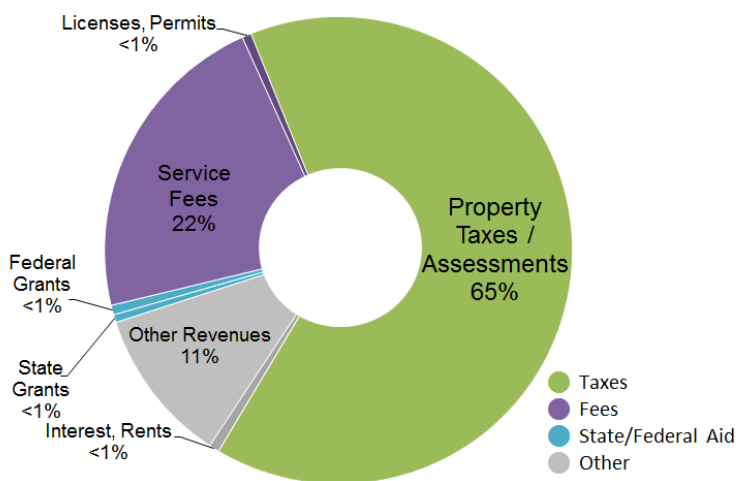
Most special districts provide one or a few municipal services to a particular geographic area. These include both enterprise and non-enterprise services. Enterprise services are funded primarily through charging a fee for service. For example, water and irrigation districts charge utility rates and fees from consumers of those services. Non-enterprise services generally do not lend themselves to fees and are primarily funded by property taxes, with relatively small amounts of fee and state and federal grant revenue. Library and fire protection services are examples of non-enterprise services.

Other districts are multifunction, providing a number of municipal services. Community services districts (CSDs) can provide as many as 32 different types of services, approximating the scope of some cities. Multifunction districts have both enterprise and non-enterprise elements and may, like cities or counties, use an array of different revenue sources.

## Types of Special Districts

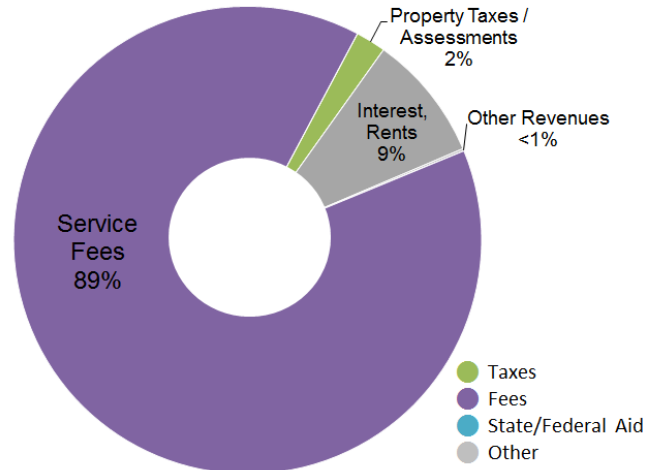
- Air Quality Management / Air Pollution Districts
- Airport Districts
- Cemetery Districts
- Community Services Districts
- Flood/Drainage Districts
- Fire Districts
- Harbor Districts
- Healthcare Districts
- Irrigation Districts
- Library Districts
- Memorial Districts
- Municipal / Resort Improvement Districts
- Open Space Districts
- Parks and Recreation Districts
- Police Protection / Ambulance Districts
- Public Utility Districts
- Reclamation Districts
- Resource Conservation Districts
- Sanitary Districts
- Waste Management Districts
- Water Districts

California Special District Revenues  
Typical District (fire) Providing Non-Enterprise Services



Source: Author's computations from data from California State Controller 2014-15.

California Special District Revenues  
Typical District (water) Providing Enterprise Services



Source: Author's computations from data from California State Controller 2014-15.

# THE STATE LEGISLATURE, LOCAL GOVERNMENTS AND THE VOTERS

The options available to local officials in governing, managing their finances and raising revenues to provide services needed by their communities are limited. Voters have placed restrictions as well as protections in the state constitution. The state's voters and the California Legislature have acted in various ways, to support and provide, and to limit and withdraw financial powers and resources from cities, counties and special districts.

Some of the most significant limitations on the local revenue-raising include:

- Property taxes may not be increased except with a two-thirds vote to fund a general obligation bond.
- The allocation of local property tax among a county, and cities, special districts and school districts within each county is controlled by the Legislature.
- Voter approval is required prior to enacting, increasing or extending any type of local tax.
- Assessments to pay for public facilities that benefit real property require property owner approval.
- Fees for the use of local agency facilities and for services may not exceed the reasonable cost of providing those facilities and services.
- Fees for services such as water, sewer and trash collection are subject to property owner majority protest.

The Legislature has enacted many complicated changes in state and local revenues over the past 30 years. Voters have approved state constitutional protections limiting many of these actions at times followed by even more complicated maneuvers by the Legislature in efforts to solve the financial troubles and interests of the state budget.

Reacting to actions of the Legislature and the deterioration of local control of fiscal matters, local government interests placed on the ballot, and voters approved, Proposition 1A in 2004 and Proposition 22 in 2010. Together, these measures prohibit the state from:

- Enacting most local government mandates without fully funding their costs. The definition of state mandate includes a transfer of responsibility or funding of a program for which the state previously had full or partial responsibility.
- Reducing the local portion of the sales and use tax rate or altering its method of allocation, except to comply with federal law or an interstate compact.
- Reducing the combined share of property tax revenues going to the county as well as cities and special districts in a county.
- Borrowing, delaying or taking motor vehicle fuel tax allocations, gasoline sales tax allocations, or public transportation account funds.

# TAXES

According to the California Constitution, every local agency charge is a “tax,” unless it falls into a list of specified exceptions:<sup>iii</sup>

- User fees for a specific benefit, privilege, service or product provided to the payor. Items include: fees for parks and recreation classes, some utilities, public records copying fees, DUI emergency response fees, emergency medical and ambulance transport service fees.
- Regulatory fees for reasonable regulatory costs of issuing licenses and permits, and performing inspections and enforcement such as health and safety permits, building permits, police background checks, pet licenses, bicycle licenses and permits for regulated commercial activities.
- Rental fees imposed for entrance to or use of government property. These include: facility room rentals, equipment rentals, park, museum and zoo entrance fees, golf greens fees, on and off-street parking and tolls.
- Fines or penalties such as parking fines, code enforcement fees and penalties, late payment fees, interest charges and other charges for violation of the law.
- A charge imposed as a condition of property development such as building permit fees, construction and grading permits, development impact fees and fees for California Environmental Quality Act requirements.
- Benefit assessments and property related fees imposed in accordance with the provisions of Article XIII D (Proposition 218) such as a lighting and landscape assessment and fees for property related services such as many retail water and sewer fees.<sup>iv</sup>

In contrast to an assessment or a fee, a tax need not be levied in proportion to specific benefit to a person or property. Tax revenues are an important source of funding for both county and city services and for many special districts. In addition to local taxes, counties rely significantly on tax dollars allocated from the state and federal governments.

	TAX- General	TAX- Parcel or Special (earmarked)	G.O. BOND (w/tax)	Fee / fine / rent
City / County	Majority voter approval	Two-thirds voter approval	Two-thirds voter approval	Majority of the governing board*
Special District	n/a	Two-thirds voter approval	Two-thirds voter approval	Majority of the governing board*
K-14 School	n/a	Two-thirds voter approval (parcel tax)	55% voter approval**	Majority of the governing board*
State	For any law that will increase the taxes of any taxpayer, two-thirds of each house of the Legislature - or approval of majority of statewide voters.		Statewide majority voter approval	Majority of each house
* Additional procedures apply for property related fees. ** Per Proposition 39 (2000), maximum tax rate limits and other conditions apply for a 55% threshold school bond or threshold is two-thirds.				

Counties and cities may impose a variety of taxes. Taxes fall into one of two categories: general or special.

A general tax is imposed to raise general-purpose revenues. Counties and cities may use revenues from a general tax for any lawful public purpose. A majority of voters must approve the decision to impose, increase or extend a general tax. A general tax may only be submitted for voter approval at an election for city council or board of supervisors unless a unanimous vote of the governing board declares an emergency.

A special tax is a tax imposed for a specific purpose. For example, a city may increase the sales and use tax by adding a special use tax for public safety, the acquisition of open space or transportation projects. All taxes imposed by special districts are considered special taxes. Since the tax is for a specific purpose, the revenues may only be used for that purpose. Two-thirds of voters must agree to enact, increase or extend a special tax.

## County Property Tax Administration

### County Assessor.

The assessor sets values on property and produces an annual property tax assessment roll.

### County Auditor-Controller.

The auditor-controller receives the assessed values from the assessor and calculates the amount of property tax due.

**County Treasurer-Tax Collector.** The treasurer-tax collector administers the billing, collection, and reporting of property tax revenues levied annually throughout California for not only the county, but also cities, schools and special districts.

	General Tax	Special Tax
Use of Revenues	Unrestricted	Specific purpose
Governing Body Approval	<ul style="list-style-type: none"> <li>Counties and general law cities: two-thirds</li> <li>Charter cities: majority</li> <li>Transactions and use taxes: two-thirds</li> <li>Special districts may not adopt general taxes.</li> </ul>	Majority
Voter Approval	Majority	Two-thirds
Other Rules	A general tax election must be consolidated with a regularly scheduled general election of members of the governing body, unless an emergency is declared by unanimous vote (among those present) of the governing body.	Special tax funds must be deposited in a separate account. The taxing agency must publish an annual report including: 1) the tax rate; 2) the amounts of revenues collected and expended; and 3) the status of any project funded by the special tax.

# PROPERTY TAXES

All counties and cities in California receive property tax revenues. Many special districts do too. For all counties and most cities and non-enterprise special districts, property taxes are the largest source of discretionary revenues.

## How Property Taxes Are Calculated in California

The property tax is imposed on “real property” (land and permanently attached improvements such as buildings) and tangible personal property (movable property such as boats, aircraft and business equipment).

The maximum tax rate permitted on real property for general purposes is one percent of the property's assessed value plus voter approved rates to fund indebtedness (general obligation bonds, requiring two-thirds voter approval).

The tax rate is applied to the assessed value (AV) of the property. The assessed value of real property is the “full cash value” of the property in 1975-76 or at change of ownership, whichever is more recent, adjusted annually by the change in the Consumer Price Index (CPI), not to exceed an annual increase of two percent. The value of new construction is additional. If a property changes hands, then the assessed value becomes the full cash value upon change in ownership.

If a property's market value falls below its factored base year value, it may be temporarily reassessed to its lower actual value but in future years may be reassessed at the lesser of its actual value or its factored base year value. This can result in increases of more than two percent as a property's actual value returns to its earlier value, as when the housing market rebounds from a slump.

## Property Tax Revenue Distribution

Counties allocate property taxes to the county as well as cities, special districts and school districts within the county according to state law. Allocations among local agencies vary from place to place due to differences in the service responsibilities among agencies serving different areas and differences in the tax rates enacted by those agencies prior to Proposition 13 in 1978. Full-service cities generally receive higher shares than those that do not provide the complete range of municipal services. For example, in a city where fire services are provided by a special district, the city will get a lower share, with a portion of the property tax revenues going instead to the special district.



Property tax revenues among local governments are, of course, also dramatically affected by differences in the assessed value of properties among jurisdictions. A ten percent share in a community of average property values will result in less revenue than in a similar size wealthy bedroom community, or a community that also has a sizable business/industrial area.

### **Property Tax in Lieu of Vehicle License Fee**

In addition to their regular apportionment of property taxes, cities and counties receive property tax revenues in lieu of Vehicle License Fees (VLF). In 2004, the Legislature permanently reduced the VLF rate from two percent to 0.65 percent and compensated cities and counties for their revenue loss with a like amount of property taxes, dollar-for-dollar. Each agency's property tax in lieu of VLF allocation increases annually in proportion to the growth in gross assessed valuation in that city or county.

### **What is "ERAF?"**

The property tax revenues received by school districts in each county include amounts from the county "Educational Revenue Augmentation Fund" (ERAF) created by the California Legislature in 1991 as a way to reduce state general fund spending on schools. These funds receive some property tax that was previously allocated to counties, cities and special districts.

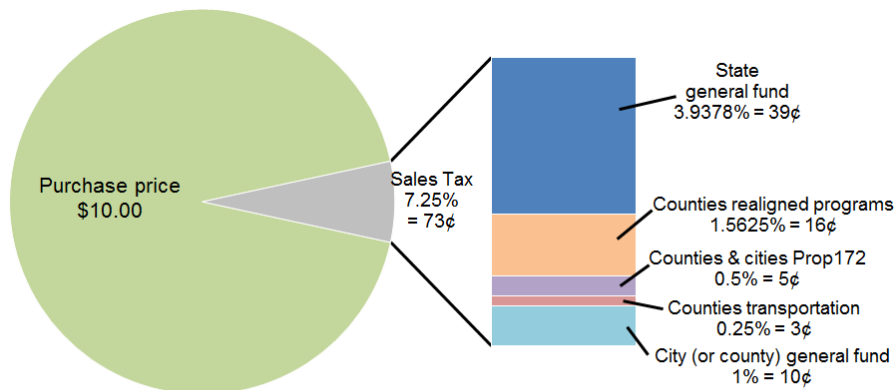
Since 2004, California's Constitution has prohibited the Legislature from increasing the amount of property tax shifted from counties, cities and special districts to ERAF or similar schemes. The state Constitution requires a two-thirds vote of the Legislature to change the allocation of property tax among the county, cities and special districts within a county.

# SALES AND USE TAXES

Consumers are familiar with the experience of going to a store, buying something and having an amount added for sales tax. Services are generally exempt from the sales tax as well as certain items, like most groceries and medicine. The sales tax is assessed as a percentage of the amount purchased.

The “base” statewide sales tax rate of 7.25 percent includes amounts to:

- The state general fund (3.9375 percent),<sup>v</sup>
- County realignment programs (state health/ welfare and corrections / law enforcement programs shifted from the state, 1.5625 percent),
- Supplemental local law enforcement grants (0.50 percent),<sup>vi</sup>
- Transportation programs in the county where the transaction occurs (0.25 percent), and
- The city where the transaction occurs (1.00 percent).<sup>vii</sup> If the transaction occurs in an unincorporated area, the 1.00 percent amount goes to the county.



*Rates effective January 1, 2017 after the expiration of the 0.25% Proposition 30 temporary rate.*

*In addition to the base, statewide rate of 7.25 percent, local voters may authorize additional “transactions and use tax” rates. These additional rates raise the total effective rate to as much as 9.75% in some locations.*

Cities, counties and countywide transportation agencies may impose sales tax rates to be added on to the “base” statewide sales and use tax rate. The add-on rates are actually “transactions and use taxes” and are allocated to the jurisdiction where the taxed product is received or registered (as in the case of a motor vehicle purchase). Over 120 cities have enacted transaction and use taxes of up to one percent, most commonly with majority voter approval for general purposes. Many counties and county transportation agencies have enacted rates, most commonly with two-thirds vote for specific purposes. Under current state law, the maximum combination of transactions and use tax rates in any location may not exceed two percent.<sup>viii</sup>

## State Sales and Use Tax Administration

The State Board of Equalization collects local sales and use tax revenues from the retailer and sends revenue from local rates and allocations back to cities and counties. In addition to administering the sales and use tax system, the State Board of Equalization collects and allocates other state taxes including fuel, tobacco and alcohol taxes.

## The “Use Tax” Part of the Sales and Use Tax

California’s sales tax has a relative called the “use tax.” While the sales tax is imposed on the seller, the use tax is imposed on the purchaser and at the same rate as the sales tax. The most common example of use tax is for the purchase of goods from an out-of-state retailer for use in California.

Out-of-state retailers doing business in California are required to report to the State Board of Equalization the jurisdiction to which sold items are delivered. If the retailer has a physical presence (nexus) in California, they must collect use tax when goods are delivered to purchasers in this state. If the seller does not collect and remit the use tax, the purchaser is legally obligated to report and pay.

## **Business License Tax (BLT)**

Most cities and a few counties have enacted business license taxes. Business license tax rates are set individually by each city and county most commonly based on gross receipts (overall business revenue) or levied at a flat rate, but may be based on the quantity of goods produced, number of employees, number of vehicles, square footage of the business or some combination of factors.

If a business operates in more than one city, a city may only tax that portion of the business's activities conducted within the city. In most cases, business license taxes are not imposed for regulatory purposes (as the term "license" might imply) but to raise revenues for general municipal purposes (i.e. a tax). If imposed as a fee to pay for the cost of regulating the business, the fee may not exceed the reasonable cost of regulating the business. (See "regulatory fees.")

## **Transient Occupancy Tax (TOT) or Hotel Bed Tax**

Most cities and some counties impose a transient occupancy tax or hotel bed tax on persons staying thirty days or less in hotels, motels and similar lodgings, including mobile homes. A county may impose a transient occupancy taxes only in the county area outside city limits. Typically, the lodging provider collects the tax from guests and turns the funds over to the county or city.

Transient occupancy taxes are imposed by most cities and counties and range from three and a half percent to 15 percent. For cities with a transient occupancy tax, it provides seven percent of general revenues on average, and as much as 17 percent in some cities. Any increase or extension of a local tax requires voter approval.

## **Utility User Tax (UUT)**

Many cities impose utility user taxes on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including mobile phone and long distance), sanitation and cable television. Counties may levy utility user taxes in county area outside city limits. Any increase or extension of a local tax requires voter approval.

Utility companies usually collect utility user's taxes from their customers as part of their regular billing procedures and remit the funds collected to the city or county which imposed the tax.

Over 150 cities and a few counties levy utility user rates varying from one to 11 percent. For those jurisdictions with utility user taxes, it provides an average of 15 percent of general revenue and often as much as 22 percent.

## **Parcel Tax**

A parcel tax is a special tax on a parcel – or unit – of real property. Unlike the property tax, a parcel tax may not be based on the value of property. Instead, parcel taxes are generally based on a flat per-parcel rate.

A parcel tax may be enacted, increased or extended by a city, county, special district or school district only with two-thirds voter approval, even for general purposes.

## **Documentary Transfer Taxes and Property Transfer Taxes**

A documentary transfer tax is a tax imposed on the transfer of interests in real estate. Counties tax at a rate of 55 cents per \$500 of the property's value. Cities may impose the tax at up to one half of that amount, which is credited to the payment of the county tax. The Constitution allows charter cities<sup>ix</sup> to

enact a property transfer tax, with voter approval, on the value of real estate that is sold. In these cases, the entire county documentary transfer tax rate goes to the county. All cities and counties in California have documentary transfer taxes or property transfer taxes.

### **Other Taxes**

A city or county may impose other types of taxes within the limitations of and if not prohibited by state law. These include: admissions taxes, parking taxes, construction/development taxes, local vehicle registration taxes.

# SERVICE CHARGES, ASSESSMENTS AND FEES

## Utility Rates

Utility rates are fees for utility services charged to users who pay for special district, county or city provided water, sewer, electric or other utility services. Utility rates cover some or all of the cost of providing the service, which may include operations, maintenance, overhead, capital improvements and debt service.

Utility rates for water, sewer services and certain other utilities belong to a special category of fees called a “property-related fees.” A local government must follow certain specific procedures to impose, extend or increase a property-related fee.

To impose a property-related fee, the agency must first hold a public hearing. At the hearing, a majority of affected property owners can prevent the fee’s adoption by filing written protests. If a majority of affected property owners do not protest the fee and the fees pays for sewer, water or refuse collection, then an election is not required and the governing body may approve the fee. Other property-related fees require approval, either of two-thirds of the electorate residing in the affected area or of a majority of the owners of the property who would pay the fee.

## Benefit Assessments

Assessments are charges by cities, counties or special districts on real property to pay for public facilities or services within an area which benefit either real property or businesses. A common type of assessment is one used to pay for landscaping and lighting in a neighborhood. The amount of the assessment must reflect the special benefit to the property that results from the improvements. Assessments on property are typically collected through the owner’s annual property tax bill.

A local government must follow certain specific procedures to impose benefit assessments. When a local agency considers an assessment, a majority of property owners may defeat the assessment in a public hearing procedure. If the proposed assessment is not defeated in a public hearing procedure, then a majority of the property owners subject to the charge must approve the assessment by a mailed ballot. The property owners’ votes are weighted according to how much their property will be charged.

## User Fees

A city, county or special district may impose fees, charges and rates for services and facilities it provides. Examples include fees for checking plans for new construction or for recreation classes. The amount of a fee may not exceed the cost of providing the service or granting a benefit or privilege. This cost may include overhead, capital improvements and debt service.

## Regulatory Fees

Regulatory fees pay for the cost of issuing licenses and permits, performing investigations, inspections and audits and the administrative enforcement of these activities. Examples include a fee to pay for the cost of processing pesticide license applications or a fee to inspect restaurants for health and safety compliance.

## Development Impact Fees

Development impact fees are imposed on new construction (like new houses, apartments, shopping centers or industrial plants). They pay for improvements and facilities required to serve new development and to reduce the impacts of new development on a community.

Development impact fees (also known as “AB 1600 fees” after legislation adopted that governs such fees) pay for community amenities such as streets, sewers, parks and schools. They may not be used for day-to-day operating expenses.

The ordinance or resolution establishing the fee must explain the connection between the development project and fee. For example, a library impact fee must be connected to the demand for library services created by the construction of the development project.

The amount of the fee must not exceed the cost of providing the service or improvement that the fee pays for.

---

## Local Debt Financing Tools

Local governments borrow money to pay for land, facilities and equipment that may require more funding than current revenues provide. Not a revenue source, but a way to leverage the timing of revenues, debt financing methods are important tools in government finance. Local governments may issue bonds and other debt instruments to finance improvements and services. These loans are paid off through taxes, assessments or fees. A variety of debt financing tools are available:

- **General Obligation Bonds.** General obligation bonds are essentially IOUs issued by public entities to finance large projects. General obligation bonds are backed by property tax revenue, which is used to repay the bond over a twenty- to thirty-year period. Increasing the property tax to repay the debt requires two-thirds voter approval and may only be done to acquire or improve real property.
- **Lease-Purchase Agreements.** In a lease-purchase agreement, sometimes called “certificates of participation,” the agency leases an asset for a period of years with the option to purchase the land or improvement at the end of the lease. The amount of the lease is equivalent to the principal and interest that would be paid if the transaction were financed as a loan.
- **Benefit Assessment and Special Tax Financing.** Benefit assessment financing is supported by benefit assessments on the property to fund acquisition of property and improvement of infrastructure and additional facilities of benefit to the property that is charged. Similarly special taxes, such as Mello-Roos taxes, may be financed with bonds to provide public improvements.
- **Revenue Bonds.** Revenue bonds are issued to acquire, construct or expand public projects for which fees, charges or admissions are charged. Because the debt service is paid from income generated by the facility or related service, such debt is considered self-liquidating and generally does not constitute debt of the issuer, subject to constitutional debt limitations.
- **Tax Allocation (Tax Increment).** Tax allocation bonds (sometimes referred to as tax-increment financing) are issued by Enhanced Infrastructure Financing Districts or Community Revitalization and Investment Authorities and repaid from the growth in property tax revenue (i.e., tax increment) and other designated revenues over a certain period, largely as a result of the funded projects in the area.

# REVENUES FROM OTHER GOVERNMENT AGENCIES

Counties, cities and many special districts also receive revenues from the state and federal government. For example, over half of county revenues statewide come from state and federal sources. This reflects the role of counties in implementing state policy and programs for health and human services.

## **Gas Tax or Highway Users Tax**

The state imposes per gallon tax on gasoline of 27.8 cents as of July 1, 2016. These funds are apportioned to cities and counties, primarily on the basis of their populations. Local gas tax revenues must be spent on research, planning, construction, improvement and maintenance of public streets, highways and mass transit. The federal government's 18.4 cents per gallon rate pays primarily for federal highways with some local grants.

## **Motor Vehicle License Fee (VLF)**

The Motor Vehicle License Fee is a state imposed and collected tax on ownership of a registered vehicle. Counties receive vehicle license fee revenues to fund certain health, social service and public safety programs that were realigned to counties in 1991 and 2011.

## **State Public Safety Sales Tax**

Proposition 172, a ballot measure approved in 1993, imposed a one-half percent state sales tax to be used for local public safety activities. The state distributes Proposition 172 revenues to each county based on its proportionate share of statewide taxable sales. Many cities receive a share of those funds based on losses to the state's ERAF property tax diversions.

## **State Mandate Reimbursement**

The state constitution requires the Legislature to reimburse local governments for their costs to implement a state-mandated new program or higher level of service in an existing program. The Constitution requires the Legislature to suspend most state mandates in any year in which full funding is not provided for that mandate. The Commission on State Mandates determines the level of reimbursement in response to a claim for reimbursement filed by a local agency. The process typically takes several years during which time, local governments must spend money to comply with the mandate.

## **Federal and State Grants and Aid**

The federal and state governments provide a wide variety of funds to counties, and a more limited set to cities and special districts. Federal and state grants comprise a large proportion of county revenues because of the many programs and responsibilities counties carry out on behalf of the federal and state governments. These funds are almost entirely restricted to specified uses. Examples include certain health, mental health, social and child welfare services.

Categorical grants support a defined program area. Categorical grants typically go to local agencies that either meet predetermined funding criteria or compete for project funding through an application process.

Block grants provide funding to a broad functional area. For example, federal Community Development Block Grant (CDBG) funds support local housing and economic development activities.

## RENT FOR USE OF PUBLIC PROPERTY

### Rents, Royalties and Concessions

Another way cities and counties and some special districts pay for public services is to charge rent for use of the public's property. An example is royalties from natural resources taken from land the public owns. Others include selling advertisements in publications or on buses, as well as, receiving a percentage of net profits from concessionaires operating on public property.

### Franchise Fees

Franchise fees are a form of rent for use of public streets and roadways. Examples of businesses that pay franchise fees include trash collectors, cable television companies, electric utilities and oil and natural gas pipeline companies. Federal and state law limits the amount of some franchise fees (for example, video and cable television franchise fees). Franchise fees for provision of video services (like television programming) are limited and administered by the state.

## FINES, FORFEITURES AND PENALTIES

Violations of the law often result in a fine of some kind. Fines, forfeitures and penalties may be imposed for many reasons. Typical examples include traffic violations, court fines, penalties and interest on late or unpaid taxes.

- State law determines the distribution of fines and bail forfeitures imposed by the state.
- State law apportions revenues for parking violations and surcharges between issuing agencies and the counties.
- A city or county may impose fines, forfeitures and penalties for civil violation of local ordinances.
- Bail for local code violations charged criminally is established by the local courts with input from the city or county.

### Maintenance of Effort Requirements (MOE)

When cities and counties receive funding for programs from the state or federal government, such funding may come with strings attached. A common condition is that the city or county commit to a certain level of funding. This commitment is called "maintenance of effort."

Local agencies also receive reimbursement for revenue lost as a result of some tax exemptions and reductions. An example includes the homeowners' property tax exemption, which eliminates the property tax on a small portion of the assessed valuation of owner-occupied residential property.



# OTHER REVENUES

There are other local government revenues, comparatively minor in amounts. These include interest earned on investments, sales of surplus property and gifts.

## ACKNOWLEDGEMENTS

Special thanks to Michael Coleman whose expertise contributed to the 2016 update of this publication. Michael Coleman is a leading expert on California local government revenues, spending and financing. He is the creator of CaliforniaCityFinance.com, the California Local Government Finance Almanac, an online resource of data, analyses and articles on California municipal finance and budgeting.

The Institute also appreciates the contributions from the staff of the California Special Districts Association, the California State Association of Counties and the League of California Cities for their contributions and suggestions to this revised document.

## ENDNOTES

---

<sup>i</sup> California Department of Finance, Demographic Research Unit [www.dof.ca.gov/Forecasting/Demographics/Estimates/](http://www.dof.ca.gov/Forecasting/Demographics/Estimates/)

<sup>ii</sup> Cal. Const. art. XI, § 1(a). *See also* Cal. Gov't Code § 23002 ("The several existing counties of the State and such other counties as are hereafter organized are legal subdivisions of the State."). *People ex rel. Younger v. County of El Dorado*, 5 Cal. 3d 480, 491, 96 Cal. Rptr. 557 (1971)

<sup>iii</sup> Cal. Const. art XIII, section 1(e)

<sup>iv</sup> A complete discussion of this list of seven exceptions can be found in the *Proposition 26 Implementation Guide* published by the League of California Cities.

<sup>v</sup> Proposition 30 imposed an additional state general fund sales tax of 0.25 percent from 2013 through 2016, for a total base rate of 7.5% during that time.

<sup>vi</sup> See "State Public Safety Sales Tax" under "Revenues From Other Government Agencies."

<sup>vii</sup> In some cities, by historic agreement, the city collects less than 1.00 percent, with the difference allocated to the county. For example, in San Mateo county each city receives 0.95% of transaction within its jurisdiction and 0.05% goes to the county general fund. For a full list of local sales tax rates see Table 23A of the California State Board of Equalization Annual Report.

<http://www.boe.ca.gov/annual/table23a.htm>

<sup>viii</sup> Except in the counties of Los Angeles, Alameda and Contra Costa where the maximum is 2.5 percent. Revenue and Tax Code §7251 et seq.

<sup>ix</sup> For more information on Charter Cities see [www.cacities.org/chartercities](http://www.cacities.org/chartercities)

## Resources for Further Information

Coleman, Michael. *California Municipal Revenue Sources Handbook*, League of California Cities 2014.

Multari, Michael, Michael Coleman, Kenneth Hampian, Bill Statler. *Guide to Local Government Finance in California*, Solano Press Books, 2012.

California Legislative Analyst's Office. [www.lao.ca.gov](http://www.lao.ca.gov)

"California Local Government Finance Almanac: Data, Statistics, Analyses on California City, County and Special District Finance." [www.californiacityfinance.com](http://www.californiacityfinance.com)

"Financial Management for Elected Officials." Institute for Local Government. [www.ca-ilg.org/post/financialmanagement](http://www.ca-ilg.org/post/financialmanagement)

"Learn About Cities." League of California Cities. [www.cacities.org/Resources/Learn-About-Cities](http://www.cacities.org/Resources/Learn-About-Cities)

"What Do Counties Do?" California State Association of Counties. [www.csac.counties.org/californias-counties](http://www.csac.counties.org/californias-counties)

"What are Special Districts and What Do They do?" California Special Districts Association. [www.cstda.net/special-districts/](http://www.cstda.net/special-districts/)



## ABOUT THE INSTITUTE FOR LOCAL GOVERNMENT

The Institute for Local Government (ILG) is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities, the California State Association of Counties and the California Special Districts Association. Its mission is to promote good government at the local level with practical, impartial and easy-to-use resources for California communities.

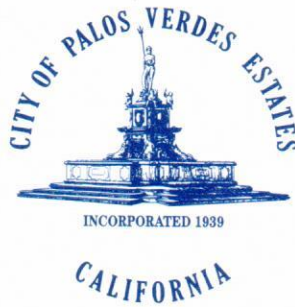
For more information and to access the Institute's resources,  
visit [www.ca-ilg.org](http://www.ca-ilg.org).

© 2016 Institute for Local Government. All rights reserved.



[www.ca-ilg.org](http://www.ca-ilg.org)  
1400 K Street, Suite 205  
Sacramento, CA 95814

# CITY OF PALOS VERDES ESTATES



TO: CITY COUNCIL CANDIDATES  
FROM: LAUREN PETTIT, CITY CLERK  
SUBJECT: POLITICAL SIGNS

The City respects the public's First Amendment right to the freedom of expression. Mindful of this protection, the City of Palos Verdes Estates allows lawn signs, but requires the lawn signs on private property (generally to be set back at a minimum of 10-feet from the curb or edge of the roadway). No signs may be posted on public property, such as parks, parklands, trees, sidewalks, parkways, street signs, and rights-of-way. The purpose of this regulation is to control litter produced by unauthorized use and distribution of signs and preserve the natural scenic character and aesthetic appearance of the City of Palos Verdes Estates. We appreciate the public's support and adherence to these regulations.

In reference to the size and number of signs on private property, the City refers to the regulations of the Palos Verdes Homes Association (PVHA). The PVHA advises that:

- One sign may be displayed on an improved or unimproved (vacant) residential property.
- The size of the sign displayed shall not be larger than 18 inches x 30 inches. The sign frame must be a maximum of 2 inches x 2 inches.
- All signs on the exterior of commercial buildings or located anywhere on the property must be approved by the Palos Verdes Homes Association.

Please consult with the PVHA for more information; the PVHA can be called at (310) 373-6721.

Attachments: City Sign Policy (10-16-06)  
PVEMC 8.20 Handbills

Effective 10-16-06

**Administrative Interpretation of Sign Regulations in Residential Areas**

The City Code essentially prohibits the emplacement of signs, banners, handbills and advertisements on private property and within the street right-of-way, park, ground or other public places in the City (Section 8.20). However, the City appreciates the desirability for placement of certain types of signs in residential areas of the City and will limit its enforcement of the Code to permit such placement.

The following guidelines will be utilized to control the placement of signs, et. al., adjacent to or upon private single family residential property.

1. All signs\* must be placed a minimum of 10' from the edge of roadway (or curb) adjacent to residential property anywhere in the City, and only with the permission of the property owner. No signage will be permitted on any City median or on City Parklands.
2. A maximum of one sign advertising a Special Event or Charitable Function (such as the Portuguese Bend Horse Show, the Peninsula Music Fair, etc.) may be placed adjacent to/upon private residential property (at least 10' from the edge of roadway) with the permission of the property owner. The sign may be placed no sooner than two weeks prior to the event.

\* Real Estate Directional, For Sale, Political, Special Event/Charitable Functions



## Chapter 8.20 HANDBILLS

### Sections:

- 8.20.010 Purpose.
- 8.20.020 Definitions.
- 8.20.030 Distribution or posting – Public property.
- 8.20.040 Distribution or posting – Private property and handbill restrictions.

Prior legislation: Ords. 495 and 627.

#### **8.20.010 Purpose.**

The purpose of this chapter is to control litter produced by the unauthorized use and distribution of handbills and preserve the natural scenic character and aesthetic appearance of the city. (Ord. 701 § 2 (Exh. 1), 2012)

#### **8.20.020 Definitions.**

"Distribute" means to hand, transmit, deposit, drop, throw, scatter, or cast, either directly or indirectly.

"Handbill," for the purposes of this chapter, includes any printed or written advertising matter, any sample or device, dodger, circular, leaflet, pamphlet, newspaper, paper, booklet or other printed matter or literature.

"Person" means any individual person, firm, partnership, association, corporation, company, organization, society, group or legal entity of any kind.

"Residential property" means any dwelling, house, apartment, mobilehome, condominium, building, or other structure, designed or used either in whole or in part for private residential purposes, whether inhabited or temporarily or continuously uninhabited or vacant, and shall include any yard, grounds, walk, driveway, porch, steps, hallway, vestibule, or mailbox belonging to such dwelling, house, building, or other structure. (Ord. 701 § 2 (Exh. 1), 2012; Ord. 190 § 1, 1960)

#### **8.20.030 Distribution or posting – Public property.**

A. It is unlawful for any person, either directly or indirectly, to deposit, place, throw, scatter or cast any handbill in or on any public thoroughfare, park, ground or other public place within the city.

B. It is unlawful for any person to post, print, stick, stamp, tack or otherwise affix, or cause the same to be done, any handbill, notice, placard, bill, poster, sticker, banner, sign, or advertisement in or upon any street right-of-way, park, parkland, public sidewalk, crosswalk, curb, curbstone, lamppost, hydrant, street sign, post, tree, electric or telephone line or pole, or upon any fixture of the fire alarm, police or telephone system or lighting system of the city, or on mailboxes, on the exterior of parked automotive vehicles or trailers within the street right-of-way, except where explicitly permitted by this code or a permit issued under the authority of this code.

C. The provisions of this section shall not be deemed to prohibit the handing, transmitting or distributing of any handbill to any person willing to accept such handbill. (Ord. 701 § 2 (Exh. 1), 2012; Ord. 295 § 1, 1973; Ord. 190 §§ 2, 4, 5, 1960)

**8.20.040 Distribution or posting – Private property and handbill restrictions.**

A. It is unlawful for any person to distribute any handbill in or upon any residential property unless the handbill is properly placed, secured, or deposited such that it will not be blown or drifted about the property or elsewhere, eliminating the hazards of randomly scattered litter. The provisions of this section shall not be deemed to prohibit the handing, transmitting or distributing of any handbill to the owner or occupant of the private yard, grounds, walk, porch, steps, mailbox, vestibule, house, residence, building or other private property.

B. It is unlawful for any person to distribute any handbill in or upon any residential property if there is placed on the property in a conspicuous position (near the entrance and, where feasible, visible from the public right-of-way) a legible notice of at least sixteen square inches in area bearing the words "No Handbills" or any similar notice indicating in any manner that the occupants do not desire to have their right of privacy disturbed or to have any such handbills left upon the property (such as a "No Solicitation" notice), unless such person has first received the written permission of the occupant authorizing the person to so distribute.

C. In order for this section to apply to multi-tenant residential properties where the owner, landlord, or property manager posts a "No Handbills" or similar notice on behalf of an occupant, the occupant shall have provided their prior authorization to the owner, landlord, or property manager. This section shall not supersede provisions of any landlord-tenant agreement or covenants, conditions and restrictions with respect to multi-unit residential housing.

D. The provisions of this chapter shall not apply to the following:

1. Distribution of any handbill to any person who is willing to accept the same;
2. Distribution of any handbill for which consideration has been paid by the person receiving such handbill; or
3. Distribution of any handbill made by a duly authorized public officer, public employee, or contractor acting with the authority of the city, the state of California, or the United States to promote the purpose of the contract. (Ord. 701 § 2 (Exh. 1), 2012; Ord. 190 §§ 3, 6, 1960)