

FIRE & PARAMEDIC COMMITTEE

2016

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Meeting Agendas

Fire and Paramedic Funding Committee
August 29, 2016 Agenda
City Council Chambers
6:30 p.m. to 8:00 p.m.
(Tour of Fire Department to follow)

1. Introductions
 - a. Welcome by Mayor and Mayor Pro Tem
 - b. Round-robin for everyone to introduce themselves
 - c. Circulate sign-in for everyone to obtain name, phone number and email for all committee members
2. Discussion of Scope, Ballot Measure and City Budget Overview
 - a. History about ballot measure and committee proceedings (Chairman) **See Binder Tab – Historical Documents**
 - b. Task, Scope and Charge of committee; overview of what is before the committee today (City Manager)
 - c. Review of City budget as it relates to funding fire and paramedic services (Finance Director) **See Binder Tab – City Budgets & CAFR**
3. “All about Fire and Paramedic Services” (Assistant Fire Chief and Fire Department Contract Manager) **See Binder Tab – Fire Agreement**
 - a. Why is PVE different from other cities relative to being part of the District and what it means for PVE
 - b. Stats about service calls; personnel; equipment; training; emergency medical response in comparison to cliff rescue, fire response; etc.
 - c. Costs (past, present and future) **See Binder Tab - Statistics**
 - d. Comparative costs, facts and figures **See Binder Tab – Comparative Data**
4. Next Steps (Chairman and Finance Director)
 - a. Topics for future meetings
 - b. Questions we should gather info to answer at future meetings
 - c. Information we should gather for future meetings
 - d. Schedule dates/times/locations for future meetings
5. Tour (Assistant Fire Chief) 8:00-8:30

SUMMARY MATERIALS

CITY OF PALOS VERDES ESTATES
BRIEF HISTORY OF THE
FIRE & PARAMEDIC SPECIAL TAX

- In May 1991 the Palos Verdes Estates (PVE) City Council voted unanimously to create the Fire Services Benefit Assessment District (FSBAD) to fund Fire & Paramedic Services with an expiration date (sunset clause) of five years (June 30, 1996).
- In April 1996 the PVE City Council voted to renew the FSBAD for another five years.
- Passage of Proposition 218 made Paramedic Service cost (40% of total fire service cost) ineligible to be covered by the Assessment District.
- Alternative funding approaches were studied resulting with a decision to move forward with a Special Fire & Paramedic Tax.
- September 2000 PVE City Council approves creation of a Citizens' Financial Advisory Committee which recommends that a Special Tax measure be placed on the March 6, 2001 ballot.
- Special Tax covers Fire & Paramedic services for five years, sunsets June 2007.
- March 6, 2001 voters overwhelmingly approve Fire & Paramedic Services measure. Passes by 87%.
- March 6, 2007 voters again overwhelmingly approve the renewal of the Fire & Paramedic Services measure which sunsets June 2017.
- Special Fire & Paramedic Tax expires June 2017.

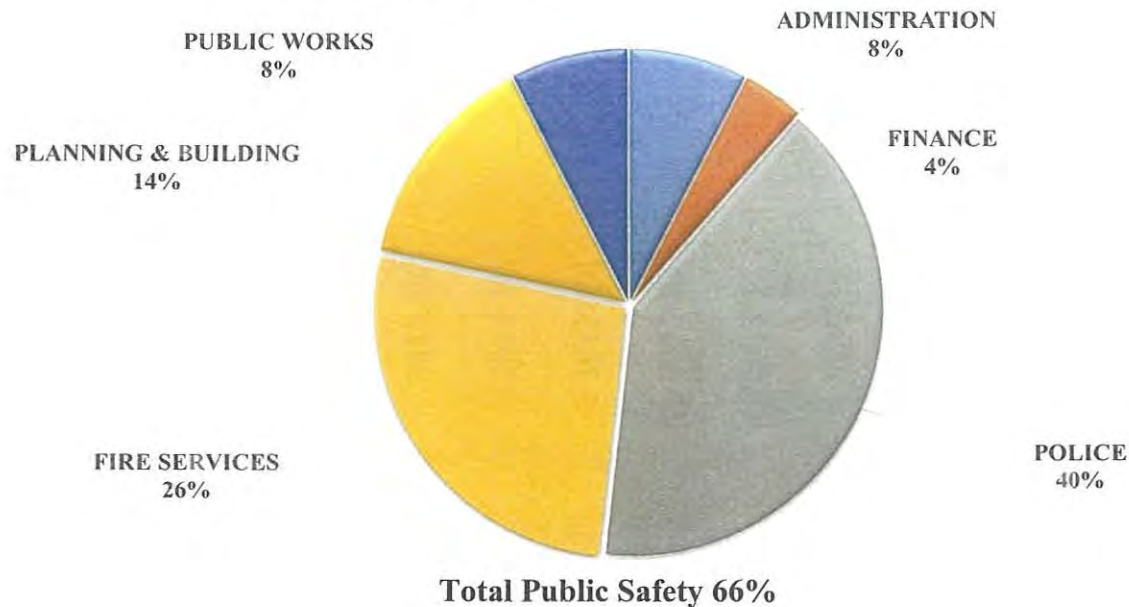
- Fire & Paramedic Services represent 26% of City's Operating Budget.
- Without a Fire & Paramedic Services Funding Source, the City would face significant difficulties funding core services and capital infrastructures.
- Cost of Fire & Paramedic Services average \$788.64 per year for a median sized home or \$2.16 per day.
- City of Palos Verdes Estates maintains the lowest cost per station in the South Bay.

Supporting documentation for this summary are provided within this binder of reference materials.

EXPENDITURES BY DEPT - FUNCTION

SERVICE AREA	ACTUAL 2014/15	BUDGET 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
ADMINISTRATION	1,148,158	1,283,085	1,350,553	1,285,175
FINANCE	677,247	823,863	703,706	737,463
POLICE	6,310,410	6,726,939	7,124,549	7,372,403
FIRE SERVICES	4,421,786	4,537,822	4,703,818	4,826,030
PLANNING & BUILDING	2,214,708	2,421,395	2,512,146	2,572,170
PUBLIC WORKS	802,343	1,108,375	1,341,821	1,344,271
OPERATIONS	15,574,652	16,901,479	17,736,594	18,137,512
TRANSIT	402,152	406,250	465,542	470,573
CAPITAL PROJECTS	2,577,033	4,593,004	4,224,234	2,120,368
SEWER PROJECTS	219,931	2,404,881	593,570	191,400
EQUIPMENT	285,268	226,300	488,498	327,200
INSURANCE	295,575	561,758	780,418	819,315
OTHER FUNDS	3,779,959	8,192,193	6,552,262	3,928,856
TOTAL	19,354,612	25,093,672	24,288,856	22,066,368

FY 2016-17 Operations



**FIRE SPECIAL TAX RATE
FOR MEDIAN-SIZED HOME (2,450 sq. ft)
FY 2007-08 THROUGH FY 2016-17**

FISCAL YEAR	DOLLAR AMOUNT	PERCENT CHANGE
2007/08	\$601.79	6.0%
2008/09	\$627.06	4.2%
2009/10	\$653.41	4.2%
2010/11	\$680.84	4.2%
2011/12	\$680.84	0.0%
2012/13	\$704.67	3.5%
2013/14	\$727.44	3.2%
2014/15	\$750.35	3.1%
2015/16	\$770.53	2.7%
2016/17	\$788.64	2.4%

Average of 3.4% increase per year.

FIRE SPECIAL TAX RATE
FOR MEDIAN-SIZED HOME (2,450 sq. ft.)
FY 1994-95 THROUGH FY 2005-06

FISCAL YEAR DOLLAR AMOUNT PERCENT CHANGE

FIRE ASSESSMENT:

FY 94-95	\$ 402.47	2.9%
FY 95-96	\$ 402.47	0.0
FY 96-97	\$401.64	(0.2)
FY 97-98	\$377.54	(6.0)
FY 98-99	\$392.05	3.8
FY 99-00	\$417.53	6.5
FY 00-01	\$444.67	6.5

SPECIAL TAX:

FY 01-02	\$ 473.58	6.5%
FY 02-03	\$492.52	4.0%
FY 03-04	\$503.35	2.2%
FY 04-05	\$531.04	5.5%
FY 05-06	\$544.85	2.6%

avg. increase
of 4.2% per
year

**Fire and Paramedic Services
General Comparative Information
(Figures Rounded)**

City of Palos Verdes Estates

Total cost:	\$4.7 million
Source of funding:	Parcel Tax
Number of parcels:	5,000
Number of stations in City:	1 (Station 2-City Hall)
Estimated Cost per Station	\$4.7 million
Service provider:	Los Angeles County
2015 census population:	13,700
Land area in square miles (2010):	5

City of Rancho Palos Verdes

Total cost:	\$20 million
Source of funding:	Property Tax Assessment
Number of parcels:	15,000
Number of stations in City:	2 (Station 53 and 83)
Estimated Cost per Station	\$10 million
Service provider:	Los Angeles County
2015 census population:	42,700
Land area in square miles (2010):	13.5

City of Rolling Hills Estates

Total cost:	\$5 million (estimated)
Source of funding:	Property Tax Assessment
Number of parcels:	3,400
Number of stations in City:	1 (Station 106)
Estimated Cost per Station	\$5 million
Service provider:	Los Angeles County
2015 census population:	8,300
Land area in square miles (2010):	3.6

City of Hermosa Beach

Total cost:	\$5.7 million
Source of funding:	General Fund
Number of parcels:	7,100
Number of stations in City:	1 (City Hall)
Estimated Cost per Station	\$5.7 million
Service provider:	City of Hermosa Beach
2015 census population:	19,900
Land area in square miles (2010):	1.4

City of Torrance

Total cost:	\$42.0 million
Source of funding:	General Fund
Number of parcels:	40,900
Number of stations in City:	6
Estimated Cost per Station	\$7 million
Service provider:	City of Torrance
2015 census population:	147,200
Land area in square miles:	21

**Cities - Fee for Service with Los Angeles County Fire Dept.
2015-16 Data for all Factors**

The City of Palos Verdes Estates is not as densely populated as the other cities it is being compared to, it is less than 1/3 the size of the next largest city. Therefore, the cost per capita would be higher for PVE than for those cities that are more densely populated. Due to the lower number of parcels in Palos Verde Estates compared to the other cities, the cost per parcel is higher. It is important to note, however, that the Fire District does not place resources solely based on population or parcel counts. Crucial factors in Palos Verdes Estates are its location on the coast and circuitous road network, limiting its proximity to additional resources. A comparison of cities in the PV Peninsula area that was prepared last March showed that the costs for PVE were comparable and below the average for the area:

City	Fire Budget / Fire District Fee / Property Tax		Population	Per Capita Cost	Number of	
	Revenue				Parcels	Cost per Parcel
Manhattan Beach	\$ 12,803,035		35,763	\$ 358	12,919	\$ 991
Palos Verdes Estates	4,522,970		13,730	329	5,237	864
Rancho Palos Verdes	20,058,111		42,564	471	15,241	1,316
Rolling Hills Estates	5,347,739		8,223	650	3,300	1,621
Torrance	28,992,460		148,427	195	40,984	707
Average				\$ 401		\$ 1,100



MEMORANDUM

Agenda Item #: IV
Mayor's Report – Matters of Community Interest
Meeting Date: July 12, 2016

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANTON DAHLERBRUCH, CITY MANAGER /s/

SUBJECT: SCOPE AND SCHEDULE FOR CITIZENS FIRE & PARAMEDIC SERVICES FUNDING COMMITTEE

DATE: JULY 12, 2016

ISSUE/PURPOSE

This report presents to the City Council and community the Citizen Fire-Paramedic “blue ribbon” Committee, appointed by the City Manager, and provides the Committee’s mission and schedule for developing a recommended ballot measure for March 2017. With the presentation of this report, staff is available to answer questions about the Committee, process, schedule, and goals relative to work ahead. This report is to “receive and file.”

BACKGROUND

Fire and paramedic services for City residents, inclusive of brush inspection, emergency response, rescue, building construction-related services, and all personnel and equipment, are provided by Los Angeles County as a contract service. The public safety services provided by the County will cost the City \$4,703,820 in fiscal year 2016-17 and \$4,826,030 in fiscal year 2017-18, and it is paid by an assessment collected with property taxes (a special parcel tax) based on a formula approved by voters in 2007. The parcel tax was approved by 87.3% of City voters for a term of 10 years that sunsets on June 30, 2017. Renewal of the tax must be placed on a regular election ballot in March 2017 for continuing the funding and services of the Fire Department; other City revenues, primarily consisting of property tax, are not sufficient for meeting the funding obligations of fire and paramedic services along with the other existing municipal services provided by the City.

Since 1986, the Los Angeles County Fire Department has provided fire suppression and paramedic services, enforcement of the City Fire Code and support services, such as cliff rescue, to Palos Verdes Estates from the station located in City Hall. At the time and to the present day, the station consists of one 3-person engine company and one two-person paramedic rescue squad. It is staffed on a 24-hour basis, seven days a week with the following personnel:

3 Captains
3 Fire Fighter Specialists
9 Fire Fighters/Paramedics
15 Total

In 1991, a five-year assessment was approved by voters. The citywide assessment for fiscal year 1991/92, was \$1,940,000¹. In 1996, the City negotiated a ten-year renewal / extension of its agreement with the County for Fire and Paramedic services (covering the period of July 1, 1996 through June 30, 2006) that included a variety of cost containment measures to stabilize costs. An annual fee limitation was adopted that limited annual increases to no more than 6.5% and eliminated the separate charges for fire prevention personnel. In 2006, a second ten-year renewal / extension to the City's agreement with the County was adopted. While clarifying administrative aspects of billing, the agreement also reset / reduced the annual fee limitation to 4.2% for five years and thereafter, 1% over the five-year average. At the time, the annual citywide contract cost (and assessment) was at \$3,328,000².

The City's agreement with the County is "evergreen." It does not expire. For fiscal year 2016-17, the actual annual fee limitation is 4.06%, slightly below the cap negotiated in 2006. With the special tax expiring on June 30, 2017, a ballot measure for its reauthorization is necessary. On January 13, 2016, the City Council directed the City Manager to create a citizen "blue ribbon" committee to evaluate the need for the tax and, accordingly, make a recommendation relative to a ballot measure for March 7, 2017.

The annual charge for a median-sized home in the City (2,450 square feet) is currently \$788.64.

IMPACTS OF PROPOSITION 13 AND PROPOSITION 218

Proposition 13, approved by voters in 1978, placed a limit on the growth property taxes and changed the revenue stream to municipalities through substantially restructuring the fiscal relationship between cities and the State of California. Prior to Proposition 13, local property taxes comprised approximately 60% of the City's General Fund revenues and as a result of the initiative, property tax revenues were reduced by approximately two-thirds. This resulted in "layoffs at City Hall, the loss of the City's Fire/Paramedic unity, the inability to continue maintenance of the median islands, and the severe curtailment of office hours that the staff was available to the public."¹ For Palos Verdes Estates, this had the additional future impact of (1) limiting the growth of available revenues for addressing routine increases in operational costs,

¹ December 17, 1999 Memorandum from James B. Hendrickson, City Manager, to Mayor and City Council entitled "Proposition 218 and Re-Enactment of Fire Suppression Benefit Assessment District."

² July 17, 2006 Memorandum from James B. Hendrickson, City Manager, to Mayor and City Council entitled "Re-Enactment of Fire & Paramedic Services Special Tax."

funding enhancements in the delivery of services in response to continually changing demands and technology, and having the sustainable resources for both infrastructure maintenance and improvements, and (2) causing on-going ballot revenue measures, necessitating two-thirds voter approval, to pay the cost maintaining service levels and infrastructure improvements. The first revenue measures approved by voters were approved in 1980 and renewed continually on a four-year cycle. In 1990, the City Council decided to consider a more permanent source of operational funding, and at the recommendation of a Special Citizens' Advisory Committee, property owners voted in 1991 to approve a Fire Suppression Benefit Assessment District. The District was created for a five year period, to June 30, 1996, to cover 100% of the cost of fire services.

Proposition 218 was approved by California voters in 1996. It was a constitutional amendment that limited the methods available to a local government for creating and increasing taxes, fees and charges. In summary, Proposition 218 requires two-thirds voter approval prior to the imposition or increase in general taxes, assessments, and certain user fees. For Palos Verdes Estates, Proposition 218 requires that two-thirds of the voters voting approve the renewal of the existing special tax that currently funds fire and paramedic services in the community.

DISCUSSION

Consistent with the process employed for the last two successful tax measures for fire and paramedic services that were approved by over 80% of voters, the City will be convening a citizen committee to evaluate the funding options for covering the County's services. In turn, the committee will be tasked to develop and recommend a ballot measure for the City Council's consideration. In doing so, the committee will be subject to the attached memorandum regarding the political activity.

The committee is envisioned to begin meeting in late August / early September and conclude in late October/early November. In November, the City Council will consider the necessary Resolutions to place a measure on the March 2017 ballot. The meetings, open to the public, are anticipated to be scheduled every three-to-four weeks. Materials will be posted on the City's website, agendas will be posted, and residents subscribed to the City's listserve will receive meeting notices. The committee will be given the "charge" and purpose to:

- Assess the City's current and future financial position and make recommendations on the best means and mechanism(s) to ensure the City's continued fiscal viability, particularly the continued financing of the fire and paramedic contract with Los Angeles County.
- Provide a written report to the City Council no later than November 8, 2016 with recommendation(s) on financing mechanism(s), including the amount of money to be derived, and the duration of any tax or fee, to fund the fire and paramedic cost for service for approval of a Resolution establishing a ballot measure.
- Prepare public information to educate the community about the City Council approved finance mechanism(s), if the mechanism(s) requires the approval of voters at the March 7, 2017 General Municipal Election.

The committee, as noted above, will be focused on the funding mechanism for fire and paramedic services, and specifically the ballot measure that reinstates the formula for

calculating the special parcel tax. The committee will not have the task to evaluate the contract service provider (Los Angeles County Fire Department) or Los Angeles County's cost of providing services to Palos Verdes Estates. Both are separate, independent matters that could be considered at any time and there is currently insufficient time for both a comprehensive evaluation and scheduling a ballot measure for March 2017. Moreover, the formula for assessing fire and paramedic costs is self-adjusting as the contract cost is reduced or increased over time. If/when a more cost effective alternative to the Los Angeles County Fire Department might become available, the formula will allow for an adjustment in fees assessed to property owners. Simply for reference related to costs, because questions arise from time to time about costs irrespective of the funding methodology, attached is a cursory cost comparison of a few Fire Departments.

As directed by the City Council, with the input of the Mayor and Mayor Pro Tem, the City Manager has selected the following residents to serve as the citizen committee. The committee members are intended to be inclusive of many community interests and affiliations. Given the importance of both the committee and tax measure, value of continuity, and new City personnel since 2006/07, Ron Buss who chaired the committee in 2006 has again agreed to be chairperson. The committee will consist of twelve residents. Residents who have consented to serve are as follows:

- | | |
|---------------------|-------------|
| a) Ron Buss (Chair) | Lunada Bay |
| b) Tom Connaghan | Lunada Bay |
| c) Kristin Curren | Valmonte |
| d) Robin DeBraul | Lunada Bay |
| e) Amy Friedman | Montemalaga |
| f) Valerie Gorsuch | Malaga Cove |
| g) Helaine Lopes | Valmonte |
| h) Clark Margolf | Lunada Bay |
| i) Ellen Perkins | Lunada Bay |
| j) Lynn Solomita | Malaga Cove |
| k) William Um | Malaga Cove |
| l) David Wagman | Montemalaga |

The primary staff supporting the committee will be the Finance Director and City Manager.

FISCAL IMPACT

The City's operating budget (General Fund) inclusive of its contract with Los Angeles County totals \$17,736,594 for fiscal year (FY) 2016-17. Fire and paramedic services represent \$4,703,818 (26.5%) and police services account for \$7,124,549 (40%) of the total. Together, public safety accounts for \$11,828,367 of the operating budget (66.6%). The remaining \$5,908,227 (33.3%) covers the municipal services consisting of the Finance, Planning, Building & Safety, Human Resources, City Clerk, Information Technology, Public Works, and various other administrative functions. As such, the City relies significantly on the tax for providing this essential service. The tax is calculated annually by a specialized firm based on a formula to match the annual expenditure. The proceeds of the tax are deposited into a dedicated account established for the single purpose of covering the contract cost, and the Fund is audited annually by the City's external auditor.

The City's cost associated with the committee explained herein will be negligible, primarily consisting of time and materials in support of providing information and developing the final report. The City's cost for the General Municipal Election is estimated to be approximately \$45,000, and the election will also include two seats on the City Council and the position of Treasurer.

NOTIFICATION

This item is included on the City Council agenda, noticed in accordance with standard practices and procedures. The members of the citizen committee and Fire Department were provided a copy of this report. A representative of the Fire Department will be in attendance at the meeting.

ALTERNATIVES

City Council input is welcome. This is an information report so the alternatives available to the City Council are to:

1. "Receive and file"
2. Request further information
3. Provide alternative and /or added direction to staff

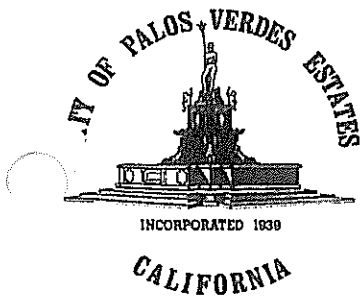
CONCLUSION/RECOMMENDATION

Renewal of the fire and paramedic tax results in providing Palos Verdes Estates with the fiscal resources for the public safety and the administrative services of the Los Angeles County Fire Department that would otherwise be a significant impact on the City's General Fund. The election is important for voters to exercise their will in deciding the fate of this critical City service. As such, the purpose of the citizen committee to evaluate the funding and address a ballot measure is important. Staff looks forward and appreciates the opportunity to work with the committee and their dedication and commitment to bring forward a recommendation to the City Council.

ATTACHMENTS:

- A – Campaign Restrictions applicable to City officials and employees
- B – 2007 ballot measure
- C – Meeting Schedule
- D – Informational charts and figures pertaining to fire and paramedic services
- E – Comparative information
- F – NBS Audit Report


FINANCING OPTIONS



MEMORANDUM

October 9, 2006

TO: SPECIAL CITIZENS' COMMITTEE – FIRE/PARAMEDIC
CONTRACT FINANCING

FROM: JUDY SMITH, ASSISTANT CITY MANAGER 

SUBJECT: FINANCING OPTIONS – FIRE/PARAMEDIC CONTRACT

This memo outlines the various finance mechanisms, exclusive of Mello-Roos financing, which are available to the committee to fund the fire/paramedic services contract. Each option is outlined, including the required approval mechanism, as well as pros and cons.

- **Special Benefit Assessment District** - Proposition 218 dramatically changed what costs can be recovered by a special assessment. Cannot finance “general” benefits – paramedic services ineligible (\$972,471 labor for squad), standby availability charge (currently \$240.32/parcel) ineligible, would need to revise current tax formula. Public properties, including City parkland, schools, libraries, not exempt from assessment – would have to charge these entities or forgo revenue which would be generated from public properties.

Approval Mechanism: The approval process was also radically changed by Prop. 218. Process is property owner mail ballot; requires 50% approval based on assessment value of those returning ballots; votes are weighted by value of the assessment – larger assessments carry more weight. Example: 5 ballots returned. 1 ballot \$1,000 assessment votes no, 4 ballots representing \$200 assessment each vote yes. District fails.

Pros: The only argument in favor of this method in 2001 was the residents’ familiarity with the fire assessment district that had been in place for 10 years. That is obviated by the fact the special tax that has been in place 5 years and that the tax follows the same methodology to spread the cost of the contract as the previous assessment formula (flat charge per parcel plus cost per square foot of building improvement).

Cons: Could only finance part (eligible costs) of fire contract; would need to make up difference with other funding mechanism; need to revise assessment methodology to eliminate standby charge; huge education effort on voting requirement to get property owners to return ballot; small number of large owner assessments voting no could defeat proposal; burden to other public agencies for assessment.

- **General Tax** - General taxes may be imposed for any general governmental purpose. The City may only levy those general taxes authorized by state law. The only general tax the City could levy that would generate sufficient revenue to fully finance the fire/paramedic contract would be a utility user tax of roughly 13% on gas, water, electric telephone and cable television. Eliminating any one of the utilities from a duty to collect the tax would require a higher tax rate.

Approval Mechanism: Must be voted upon at a general municipal election at which time City Council members are also being elected; requires only majority voter approval for enactment; may be paired with an advisory measure on same ballot as to use, which is not binding.

Pros: Could generate sufficient revenue from single source to finance contract; lower voter threshold for approval

Cons: Voter reluctant to approve general taxes because they cannot be certain how funds will be used despite advisory measures on the same; utility user tax not tax deductible; some revenue volatility since utility rates and consumption both affect base; equity issue - no correlation between revenue generated and services financed – largest utility users generate no greater demand for fire/paramedic services.

- **Special Tax** – A special tax, including parcel tax, is imposed for a specific purpose. The money is restricted in use and must be deposited to a separate fund; under law the City Council must receive an annual report on the amount of funds generated and their use

Approval Mechanism – requires 2/3 voter approval at a special or general municipal election.

Pros – Could generate sufficient revenue from single source to finance contract; voters like knowing restricted use, coupled with reasonable sunset period voters have been even more willing to support; current methodology easy to explain has been in place since 1991; voters perceive equity in current tax formula, which includes component for size of building - reflects ability to pay

Cons – Higher voter threshold; requires greater public education process

While there are other financing methods available, all would be considered stop-gap measures in that revenue available from the source would not be sufficient to finance the total fire/paramedic contract cost for any length of time and/or use of these sources could jeopardize the long-term fiscal health of the City. These alternate methods include:

- **Fund Balance/reserves (general fund / capital funds)** – In accordance with Council policy, the City maintains a 50% general fund balance based on the current year operating budget. The 50% balance was established after reviewing surrounding communities, the nature of our revenue stream; uncertainty about state actions affecting local revenues; and potential exposures to catastrophic expenses

(earthquake damage / adverse legal judgments). The balance on June 30, 2006 totaled \$6.8 million, which has taken ten (10) years to achieve. Even if the total balance was available, it would only finance contract for maximum of two years and would leave the City financially unprepared to respond to an emergency.

The capital funds (capital projects and sewer) finance infrastructure improvements and major maintenance. The capital project fund has a balance of approximately \$4 million, annual anticipated expenditure obligations of approximately \$1 million, and no on-going dedicated revenue source for future funding, except to the extent that the annual general fund operating surplus generates funds in excess of what is required to meet the 50% general fund operating reserve. The sewer fund has a designated reserve of \$4.989 million. These are proceeds from the Bluff Cove insurance litigation settlement. The City Council designated these funds as a reserve in the event there was a need to replace the two (2) City sewer pumping stations in advance of funds being available under the ten-year sewer master plan. Per the Ordinance approving the sewer user fee, interest earnings do not accrue to the reserve, but are classified as current income and offset the amount of the sewer fee charged to private property.

Like the general fund operating balance, funds currently designated for capital improvements could be diverted to finance the fire contract; however, the monies would provide financing for a limited time and not nearly sufficient to meet the 10-year contract obligation. Use of these funds would also leave the City without a means to finance capital projects, which preserve and enhance property values.

- **General fund operating surplus** – The average annual operating surplus in the general fund (annual revenues in excess of expenditures) has totaled \$1,290,090 over the last nine years. This surplus has been generated in large part by increases (+7%) in assessed values, resulting in strong property tax growth. If we had experienced a 3% growth in assessed value each of those years, the average annual surplus drops to just over \$800,000 (-38%).

Any funds in excess of what is required to meet the 50% general fund operating reserve are transferred to the capital improvement fund to finance non-sewer related improvements. There is no on-going, dedicated funding for capital improvements since the expiration of the Utility User tax in June 2003. Given a 3% growth in assessed values, transfers to the capital fund would have dropped by 55%; \$2,604,720 compared to actual transfers over nine years of \$5,765,340.

The need for capital funds continues to grow, especially in light of recent street paving costs. The City, based on a pavement management plan that provides for the resurfacing of streets every 7 years, has budgeted an average annual allocation of \$550,000 adjusted by an inflation factor. The cost for paving projects over the last two years totaled \$1,758,000 or 60% in excess of the available budget. General funds in excess of the 50% reserve are needed for capital project financing.

- **Assessment by Palos Verdes Homes Association** - In theory, the Homes Association could levy an assessment "on each parcel" to fund the fire/paramedic services contract. A reading of the Protective Restrictions Summary conveys that the assessment process was provided for as a means to ensure funding of maintenance and services "until there is enough people under state law to organize the ordinary forms of government". There is also strong emphasis in the language of the protective restrictions on the maintenance of common areas (parks, parklands, plantings) that are commonly funded with homeowner association "dues". The Homes Association levied a \$50/parcel assessment for parkland/median maintenance in 1979. It was viewed as a one-time, stop gap measure immediately following Proposition 13 to address what was deemed as a fire hazard, while the City took steps to secure on-going funding through the two parcel taxes. The assessment was billed by the Association, but proved difficult to collect. In many cases it was not paid until a transfer in ownership occurred.

An assessment could not be added to the property tax bills generated by the County and because the Association includes areas of Miraleste, these properties would also likely be subject to any assessment.

October 9, 2006
7:00 P.M.
Community Room
Malaga Cove Library

AGENDA
SPECIAL CITIZENS' COMMITTEE FOR
FUNDING OF FIRE & PARAMEDIC SERVICES

CALL TO ORDER (Chairman Buss)

PLEDGE OF ALLEGIANCE

BUSINESS ITEMS (1-4)

1. **Review of Materials Requested by Committee – Updated Median Home Information; Revised Fund Balance Exhibit; FY 2006-07 Revenue Detail (Assistant Manager Smith)**
2. **Review of Memo – Mello Roos Financing (City Manager Hendrickson)**
3. **Review of Memo – Finance Options (Assistant City Manager Smith)**
4. **Committee Discussion (Chairman Buss)**

COMMUNICATIONS FROM THE PUBLIC

ADJOURNMENT to Monday, October 23, 2006 at 7:00 P.M. Community Room, Malaga Cove Library

GOVERNMENT CODE

SECTION 53311-53317.5

53311. This chapter shall be known and may be cited as the "Mello-Roos Community Facilities Act of 1982".

53311.5. This chapter provides an alternative method of financing certain public capital facilities and services, especially in developing areas and areas undergoing rehabilitation. The provisions of this chapter shall not affect or limit any other provisions of law authorizing or providing for the furnishing of governmental facilities or services or the raising of revenue for these purposes.

A local government may use the provisions of this chapter instead of any other method of financing part or all of the cost of providing the authorized kinds of capital facilities and services.

53312. Any provision in this chapter which conflicts with any other provision of law shall prevail over the other provision of law.

53312.5. The local agency may take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of this chapter and which are not otherwise prohibited by law.

53312.7. (a) On and after January 1, 1994, a local agency may initiate proceedings to establish a district pursuant to this chapter only if it has first considered and adopted local goals and policies concerning the use of this chapter. The policies shall include at least the following:

(1) A statement of the priority that various kinds of public facilities shall have for financing through the use of this chapter, including public facilities to be owned and operated by other public agencies, including school districts.

(2) A statement concerning the credit quality to be required of bond issues, including criteria to be used in evaluating the credit quality.

(3) A statement concerning steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under this chapter.

(4) A statement concerning criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel pursuant to this chapter.

(5) A statement of definitions, standards, and assumptions to be used in appraisals required by Section 53345.8.

(b) The goals and policies adopted by any school district pursuant to subdivision (a) shall include, but not be limited to, a priority access policy which gives priority attendance access to students residing in a community facilities district whose residents have paid

special taxes which have, in whole or in part, financed the construction of school district facilities. The degree of priority shall reflect the proportion of each school's financing provided through the community facilities district. In developing a priority access policy for residents of a community facilities district, a school district may incorporate a school district attendance policy including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity; federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels for which facilities were designed; and ensuring students continuity of schooling within any single school year.

53312.8. (a) Territory that is dedicated or restricted to agricultural, open-space, or conservation uses may not be included within or annexed to a community facilities district that provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads, unless the landowner consents to the inclusion or annexation of that territory to the community facilities district.

(b) Notwithstanding any other provision of law, and except as provided in subdivision (c), if a landowner consents to the inclusion or annexation of territory in a community facilities district pursuant to subdivision (a), the landowner and any local agency may not terminate any easement or effect a final cancellation of any contract with respect to any portion of the land included within or annexed to the community facilities district prior to the release of land that is the subject of the proposed termination or cancellation from all liens that arise under the community facilities district for any sewers, nonagricultural water, or streets and roads that did not benefit land uses allowed under the contract or easement.

(c) Subdivision (b) shall not apply to any of the following:

(1) Land under a contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1) included in a community facilities district for which a tentative map may be filed pursuant to paragraph (3) of subdivision (d) of Section 66474.4 or for which a tentative cancellation has been approved.

(2) Land subject to a conservation easement entered into prior to January 1, 2003.

(3) Land included in a community facilities district prior to the imposition of an enforceable restriction listed in subdivision (d) or prior to January 1, 2003.

(4) Land subject to an enforceable restriction listed in subdivision (d) that expressly waives the requirement of subdivision (b).

(d) As used in this section, "territory that is dedicated or restricted to agricultural, open-space, or conservation uses" means territory that is subject to any of the following:

(1) An open-space easement entered into pursuant to Chapter 6.5 (commencing with Section 51050) of Part 1 of Division 1.

(2) An open-space easement entered into pursuant to the Open-Space Easement Act of 1974 (Chapter 6.6 (commencing with Section 51070) of Part 1 of Division 1).

(3) A contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1).

(4) A farmland security zone contract created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Part 1 of Division

1), except as otherwise provided in Section 51296.4.

(5) A conservation easement entered into pursuant to Chapter 4 (commencing with Section 815) of Title 2 of Part 2 of Division 2 of the Civil Code.

(6) An agricultural conservation easement entered into pursuant to Chapter 4 (commencing with Section 10260) of Division 10.2 of the Public Resources Code.

(7) An agricultural conservation easement entered into pursuant to Section 51256.

53313. A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities. Bonds may not be issued pursuant to this chapter to fund any of the services specified in this subdivision. A special tax may be levied for any of the services specified in this subdivision only upon approval of the voters as specified in subdivision (b) of Section 53328. However, the requirement contained in subdivision (b) of Section 53328 that a certain number of persons have been registered to vote for each of the 90 days preceding the close of the protest hearing does not apply to an election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities subject to subdivision (c) of Section 53326.

(d) Maintenance of parks, parkways, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services may not supplant services already available within that territory when the district was created.

53313.1. To the extent that any capital facility is provided under

this chapter, a duplicate levy, impact fee, or other exaction may not be required for the same purpose under Section 66477.

53313.4. Any territory within a community facilities district established for the acquisition or improvement of school facilities for a school district shall be exempt from any fee, increase in any fee other than a cost-of-living increase as authorized by law, or other requirement first levied, increased, or imposed subsequent to the date on which the resolution of formation creating the community facilities district is adopted under Section 53080, or under Chapter 4.7 (commencing with Section 65970) of Division 1 of Title 7, by or to benefit any other school district, except as otherwise negotiated between the school districts. That exemption shall apply until a date 10 years following the most recent issuance of bonds by the community facilities district or, if no bonds have ever been issued by the community facilities district, a date 10 years following the formation of the community facilities district or until the school district applies for state funding as provided in subdivision (d) of Section 17705.6.

53313.5. A community facilities district may also finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer or may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real or tangible property. The facilities need not be physically located within the district. A district may not lease out facilities which it has financed except pursuant to a lease agreement or annexation agreement entered into prior to January 1, 1988. A district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the district is adopted pursuant to Section 53325.1, except that a district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency. For example, a community facilities district may finance facilities, including, but not limited to, the following:

- (a) Local park, recreation, parkway, and open-space facilities.
- (b) Elementary and secondary schoolsites and structures provided that the facilities meet the building area and cost standards established by the State Allocation Board.
- (c) Libraries.
- (d) Child care facilities, including costs of insuring the facilities against loss, liability insurance in connection with the operation of the facility, and other insurance costs relating to the operation of the facilities, but excluding all other operational costs. However, the proceeds of bonds issued pursuant to this chapter shall not be used to pay these insurance costs.
- (e) The district may also finance the construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight. The district may enter into an agreement with a public

utility to utilize those facilities to provide a particular service and for the conveyance of those facilities to the public utility. "Public utility" shall include all utilities, whether public and regulated by the Public Utilities Commission, or municipal. If the facilities are conveyed to the public utility, the agreement shall provide that the cost or a portion of the cost of the facilities that are the responsibility of the utility shall be refunded by the public utility to the district or improvement area thereof, to the extent that refunds are applicable pursuant to (1) the Public Utilities Code or rules of the Public Utilities Commission, as to utilities regulated by the commission, or (2) other laws regulating public utilities. Any reimbursement made to the district shall be utilized to reduce or minimize the special tax levied within the district or improvement area, or to construct or acquire additional facilities within the district or improvement area, as specified in the resolution of formation.

(f) The district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes described in subdivision (e) of Section 53313.

(g) The district may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district or may pay debt service on that indebtedness. In addition, tax revenues of a district may be used to make lease or debt service payments on any lease, lease purchase contract, or certificate of participation used to finance authorized district facilities.

(h) Any other governmental facilities which the legislative body creating the community facilities district is authorized by law to contribute revenue to, or construct, own, or operate. However, the district shall not operate or maintain or, except as otherwise provided in subdivisions (e) and (f), have any ownership interest in any facilities for the transmission or distribution of natural gas, telephone service, or electrical energy.

(i) (1) A district may also pay for the following:

(A) Work deemed necessary to bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations. Only work certified as necessary to comply with seismic safety standards or regulations by local building officials may be financed. No project involving the dismantling of an existing building and its replacement by a new building, nor the construction of a new or substantially new building may be financed pursuant to this subparagraph. Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(B) In addition, within any county or area designated by the President of the United States or by the Governor as a disaster area or for which the Governor has proclaimed the existence of a state of emergency because of earthquake damage, a district may also pay for any work deemed necessary to repair any damage to real property directly or indirectly caused by the occurrence of an earthquake cited in the President's or the Governor's designation or proclamation, or by aftershocks associated with that earthquake, including work to reconstruct, repair, shore up, or replace any building damaged or destroyed by the earthquake, and specifically including, but not limited to, work on any building damaged or destroyed in the Loma Prieta earthquake which occurred on October 17,

1989, or by its aftershocks. Work may be financed pursuant to this subparagraph only on property or buildings identified in a resolution of intention to establish a community facilities district adopted within seven years of the date on which the county or area is designated as a disaster area by the President or by the Governor or on which the Governor proclaims for the area the existence of a state of emergency.

(2) Work on privately owned property, including reconstruction or replacement of privately owned buildings pursuant to subparagraph (B) of paragraph (1), may only be financed by a tax levy if all of the votes cast on the question of levying the tax, vote in favor of levying the tax, or with the prior written consent to the tax of the owners of all property which may be subject to the tax, in which case the prior written consent shall be deemed to constitute a vote in favor of the tax and any associated bond issue. Any district created to finance seismic safety work on privately owned buildings, including repair, reconstruction, or replacement of privately owned buildings pursuant to this subdivision, shall consist only of lots or parcels on which the legislative body finds that the buildings to be worked on, repaired, reconstructed, or replaced, pursuant to this subdivision, are located or were located before being damaged or destroyed by the earthquake cited pursuant to subparagraph (B) of paragraph (1) or by the aftershocks of that earthquake.

(j) (1) A district may also pay for the following:

(A) Work deemed necessary to repair and abate damage caused to privately owned buildings and structures by soil deterioration. "Soil deterioration" means a chemical reaction by soils that causes structural damage or defects in construction materials including concrete, steel, and ductile or cast iron. Only work certified as necessary by local building officials may be financed. No project involving the dismantling of an existing building or structure and its replacement by a new building or structure, nor the construction of a new or substantially new building or structure may be financed pursuant to this subparagraph.

(B) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

53313.51. The legislative body may enter into an agreement for the construction of discrete portions or phases of facilities to be constructed and purchased consistent with Section 53313.5. The agreement may include any provisions that the legislative body determines are necessary or convenient, but shall do all of the following:

(a) Identify the specific facilities or discrete portions or phases of facilities to be constructed and purchased. The legislative body may agree to purchase discrete portions or phases of facilities if the portions or phases are capable of serviceable use as determined by the legislative body.

(b) Notwithstanding subdivision (a), when the purchase value of a facility exceeds one million dollars (\$1,000,000), the legislative

body may agree to purchase discrete portions or phases of the partially completed project.

(c) Identify procedures to ensure that the facilities are constructed pursuant to plans, standards, specifications, and other requirements as determined by the legislative body.

(d) Specify a price or a method to determine a price for each facility or discrete portion or phase of a facility. The price may include an amount reflecting the interim cost of financing cash payments that must be made during construction of the project, at the discretion of the legislative body.

(e) Specify procedures for final inspection and approval of facilities or discrete portions of facilities, for approval of payment, and for acceptance and conveyance or dedication of the facilities to the local agency.

53313.6. The legislative body may provide for adjustments in ad valorem property taxes pursuant to Section 53313.7 within a community facilities district only after making both of the following findings at the conclusion of the public hearing held pursuant to Article 2 (commencing with Section 53318):

(a) That an ad valorem property tax is levied on property within a proposed community facilities district for the exclusive purpose of making lease payments or paying principal or interest on bonds or other indebtedness, including state school building loans, incurred to finance construction of capital facilities.

(b) That capital facilities to be financed by the community facilities district will provide the same services to the territory of the community facilities district as were provided by the capital facilities mentioned in subdivision (a).

53313.7. (a) Upon making the findings pursuant to Section 53313.6, the legislative body may, with the concurrence of the legislative body which levied the property tax described in subdivision (a) of Section 53313.6, by ordinance, determine that the total annual amount of ad valorem property tax revenue due from parcels within the proposed community facilities district, for purposes of paying principal and interest on the debt identified in Section 53313.6, shall not be increased after the date on which the resolution of formation for the community facilities district is adopted, or after a later date determined by the legislative body creating the community facilities district with the concurrence of the legislative body which levied the property tax in question.

(b) The legislative body may, by ordinance, with the concurrence of the legislative body that levied the property tax described in subdivision (a) of Section 53313.6, determine to cease and eliminate the freeze on property tax revenue established pursuant to subdivision (a), upon determining that the community facilities district's special tax or portion thereof levied on the parcels in question to pay for the capital facilities specified in subdivision (b) of Section 53313.6 shall cease to be levied and collected.

53313.85. Pursuant to Section 53313.5, a community facilities district may also finance the acquisition improvement,

rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes described in subdivision (f) of Section 53313.

53313.9. (a) All or any part of the cost of any school facilities financed by a community facilities district may be shared by the State Allocation Board pursuant to Section 17718.5 of the Education Code.

(b) If the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property upon which the facilities are located shall be transferred to the State of California. A copy of the deed by which the title is transferred shall be recorded in the office of the county recorder of the county in which the property is located. The deed shall be indexed by the county recorder in the grantor-grantee index to the name of the school district as grantor and to the State of California as grantee. In addition, the community facilities district shall take one or more of the following actions:

(1) Reduce the amount of bonds authorized to be issued by the community facilities district by an amount not to exceed the amount that the State Allocation Board contributes to the project.

(2) Reduce the rate of any special tax which is levied within the community facilities district to reflect the amount that the State Allocation Board contributes to the project.

(3) Reduce the amount of outstanding bonds or provide for the defeasance of outstanding bonds by an amount not to exceed the amount that the State Allocation Board contributes to the project.

(4) Shorten the period of time during which a special tax is levied within the community facilities district to reflect the reduced funding needs resulting from the amount that the State Allocation Board contributes to the project.

(c) Any reductions pursuant to subdivision (b) shall be consistent with the provisions of the resolutions of intention, formation, consideration, and to incur bonded indebtedness, adopted pursuant to Sections 53320, 53321, 53325.1, 53334, and 53345. The legislative body may, by resolution, reduce the special tax or the amount of outstanding bonds in a manner consistent with the provisions of this section.

53314. The legislative body may from time to time transfer moneys to a community facilities district or to an improvement area within a community facilities district, for the benefit of the district or improvement area, from any funds available to the legislative body. Any moneys so transferred may be used for the payment of any currently payable expenses incurred by reason of the construction or acquisition of any facilities or provision of any authorized services within the district or improvement area prior to December 1 of the first fiscal year in which a special tax may be levied for the facilities or services within the district or improvement area. The rate of interest earned by the investment of those moneys shall be determined by the legislative body.

53314.3. In the first fiscal year in which a special tax or charge is levied for any facility or for any services in a community

facilities district or a zone within a community facilities district, the legislative body shall include in the levy a sum sufficient to repay to the legislative body the amounts transferred to that district or zone pursuant to Section 53314. The amounts borrowed, with interest, shall be retransferred to the proper fund or funds from the first available receipts from the special levy in that district or zone.

Notwithstanding the above provisions, the legislative body may, by a resolution adopted no later than the time of the first levy, extend the repayment of the transferred funds over a period of time not to exceed three consecutive years, in which event the levy and each subsequent levy shall include a sum sufficient to repay the amount specified by the legislative body for the year of the levy.

53314.5. Pursuant to a resolution adopted by the legislative body, the legislative body may appropriate any of its available moneys to a revolving fund to be used for the acquisition of real or personal property, engineering services, or the construction of structures or improvements needed in whole or in part to provide one or more of the facilities of a community facilities district. The revolving fund shall be reimbursed from tax revenues or other moneys available from the facilities district, and no sums shall be disbursed from the fund until the legislative body has, by resolution, established the method by, and term not exceeding five years within, which the community facilities district is to reimburse the fund. The district shall reimburse the fund for any amount disbursed to the area within five years after such disbursement, together with interest at the current rate per annum received on similar types of investments by the legislative body as determined by the local agency's treasurer.

53314.6. (a) In connection with the financing of services and facilities pursuant to subdivision (f) of Section 53313 and Section 53313.8, the legislative body may establish a revolving fund to be kept in the treasury of the district. Except as provided in subdivision (b), moneys in the revolving fund shall be expended solely for the payment of costs with respect to those services and facilities. The revolving fund may be funded from time to time with moneys derived from any of the following:

(1) Proceeds of the sale of bonds issued pursuant to Article 5 (commencing with Section 53345), notwithstanding any limitation contained in Section 53345.3.

(2) Any taxes or charges authorized under this chapter.

(3) Any other lawful source.

(b) Subject to the provisions of any resolution, trust agreement or indenture providing for the issuance of district bonds for the purposes set forth in Section 53313.8, the legislative body may withdraw money from the revolving fund whenever and to the extent that it finds that the amount of money therein exceeds the amount necessary to accomplish the purposes for which the revolving fund was established. Any moneys withdrawn from the revolving fund shall be used to redeem bonds of the district issued for the purposes set forth in Section 53313.8 or shall be paid to taxpayers in the district in amounts which the legislative body determines.

53314.7. (a) Any responsible party as defined by subdivision (a) of Section 25323.5 of the Health and Safety Code shall be liable to the district for the costs incurred in the removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. The amount of the costs shall include interest on the costs accrued from the date of expenditure. The interest shall be calculated based on the average annual rate of return on the district's investment of surplus funds for the fiscal year in which the district incurred the costs. Recovery of costs by a community facilities district under this section shall be commenced before or immediately upon completion of the removal or remedial action, and payments received hereunder by the district shall be deposited in the revolving fund in accordance with Section 53314.6.

(b) To expedite cleanup, this section is intended to provide local jurisdictions an alternative method of financing the cost of removal or remedial action for the cleanup of any hazardous substance through the issuance of voter-approved limited obligation bonds. The provisions of this section shall not affect or limit the provisions of any other law establishing the liability of any person for, or otherwise regulating, the generation, transportation, storage, treatment, or disposal of hazardous substances. The scope and standard of liability for any costs recoverable pursuant to Section 53314.7 shall be the scope and standard of liability set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sec. 6901 et seq.), or any other provision of state or federal law establishing responsibility for cleanup of hazardous waste sites.

53314.8. At any time either before or after the formation of the district, the legislative body may provide, by ordinance, that for a period specified in the ordinance, the local agency may contribute, from any source of revenue not otherwise prohibited by law, any specified amount, portion, or percentage of the revenues for the purposes set forth in the ordinance, limited to the following: the acquisition or construction of a facility, the acquisition of interest in real property, or the payment of debt service with respect to the financing of either, the provision of authorized services, and the payment of expenses incidental thereto. The contribution shall not constitute an indebtedness or liability of the local agency.

53314.9. (a) Notwithstanding Section 53313.5, at any time either before or after the formation of the district, the legislative body may accept advances of funds or work in-kind from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds or that work in-kind for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a district. The legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds or work in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as determined by the legislative body, with or without interest, under all of the following conditions:

(1) The proposal to repay the funds or the value or cost of the work in-kind, whichever is less, is included both in the resolution

of intention to establish a district adopted pursuant to Section 53321 and in the resolution of formation to establish the district adopted pursuant to Section 53325.1, or in the resolution of consideration to alter the types of public facilities and services provided within an established district adopted pursuant to Section 53334.

(2) Any proposed special tax or change in a special tax is approved by the qualified electors of the district pursuant to this chapter. Any agreement shall specify that if the qualified electors of the district do not approve the proposed special tax or change in a special tax; the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds.

(3) Any work in-kind accepted pursuant to this section shall have been performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the local agency.

(b) The agreement shall not constitute a debt or liability of the local agency.

53315. This chapter shall be liberally construed in order to effectuate its purposes. No error, irregularity, informality, and no neglect or omission of any officer, in any procedure taken under this chapter, which does not directly affect the jurisdiction of the legislative body to order the installation of the facility or the provision of service, shall void or invalidate such proceeding or any levy for the costs of such facility or service.

53315.3. The failure of any person to receive a notice, resolution, order, or other matter shall not affect in any way whatsoever the validity of any proceedings taken under this chapter, or prevent the legislative body from proceeding with any hearing so noticed.

53315.6. When any proceeding is initiated under this chapter by a legislative body other than that of a city or county, a copy of the resolution of intention shall be transmitted to the legislative body of the city, where the land to be assessed lies within the corporate limits of any city, or of the county, where the land to be assessed lies within an unincorporated territory.

53315.8. A county may not form a district within the territorial jurisdiction of a city without the consent of the legislative body of the city.

53316. This chapter applies to all local agencies insofar as those entities have the power to install or contribute revenue for any of the facilities or provide or contribute revenue for any of the services authorized under this chapter. This chapter authorizes local agencies to create community facilities districts pursuant to this chapter within their territorial limits. A local agency may initiate proceedings pursuant to Section 53318 to include territory

proposed for annexation to the local agency within a community facilities district if a petition or resolution of application for the annexation of the territory to the local agency has been accepted for filing and a certificate of filing has been issued by the executive officer of the local agency formation commission at the time the proceedings to create the district are initiated. Those proceedings may be completed only if the annexation of the territory to the local agency is completed. The officers of local agencies who have similar powers and duties, as determined by the legislative body of the local agency, as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to the municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties under this chapter. Any local agency that has no authority to enact an ordinance under other laws may, for purposes of this chapter, enact an ordinance in substantially the same manner as provided for the enactment of a city ordinance in Chapter 2 (commencing with Section 36900) of Part 2 of Division 3 of Title 4.

53316.2. (a) A community facilities district may finance facilities to be owned or operated by an entity other than the agency that created the district, or services to be provided by an entity other than the agency that created the district, or any combination, only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to this section.

(b) At any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to this section and Sections 53316.4 and 53316.6 or into a joint exercise of powers agreement pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1) to exercise any power authorized by this chapter with respect to the community facilities district being created or changed if the legislative body of each entity adopts a resolution declaring that the joint agreement would be beneficial to the residents of that entity.

(c) Notwithstanding the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1), a contracting party may use the proceeds of any special tax or charge levied pursuant to this chapter or of any bonds or other indebtedness issued pursuant to this chapter to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(d) Notwithstanding subdivision (b), nothing in this section shall prevent entry into or amendment of a joint community facilities agreement or a joint exercise of powers agreement, after adoption of a resolution of formation, if the new agreement or amendment is necessary, as determined by the legislative body, for either of the following reasons:

(1) To allow an orderly transition of governmental facilities and finances in the case of any change in governmental organization approved pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5).

(2) To allow participation in the agreement by a state or federal

agency that could or would not otherwise participate, including, but not limited to, the California Department of Transportation.

(e) Notwithstanding any other provision of this chapter, no local agency which is party to a joint exercise of powers agreement or joint community facilities agreement shall have primary responsibility for formation of a district or an improvement area within a district, or for an extension of authorized facilities and services or a change in special taxes pursuant to Article 3, unless that local agency is one or more of the following:

(1) A city, a county, or a city and county.

(2) An agency created pursuant to a joint powers agreement that is separate from the parties to the agreement, is responsible for the administration of the agreement, and is subject to the notification requirement of Section 6503.5.

(3) An agency that is reasonably expected to have responsibility for providing facilities or services to be financed by a larger share of the proceeds of special taxes and bonds of the district or districts created or changed pursuant to the joint exercise of powers agreement or the joint community facilities agreement than any other local agency.

53316.4. The agreement entered into pursuant to Section 53316.2 shall contain a description of the facilities and services to be provided under the agreement, and any real or tangible property which is to be purchased, constructed, expanded, or rehabilitated.

53316.6. The agreement entered into pursuant to Section 53316.2 may provide for the division of responsibility to provide any of the facilities or services among the entities entering into the agreement. The agreement shall provide for the allocation and distribution of the proceeds of any special tax levy among the parties to the agreement.

53317. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Clerk" means the clerk of the legislative body of a local agency.

(b) "Community facilities district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing facilities and services.

(c) "Cost" means the expense of constructing or purchasing the public facility and of related land, right-of-way, easements, including incidental expenses, and the cost of providing authorized services, including incidental expenses.

(d) "Debt" means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

(e) "Incidental expense" includes all of the following:

(1) The cost of planning and designing public facilities to be financed pursuant to this chapter, including the cost of environmental evaluations of those facilities.

(2) The costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district.

(3) Any other expenses incidental to the construction, completion, and inspection of the authorized work.

(f) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of the land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the land owned by a public agency would be subject to a special tax pursuant to Section 53340.1, or unless the land owned by a public agency is within the territory of a military base that is closed or is being closed.

(g) "Legislative body" means the legislative body or governing board of any local agency.

(h) "Local agency" means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state.

(i) "Rate" means a single rate of tax or a schedule of rates.

(j) "Services" means the provision of categories of services identified in Section 53313. "Services" includes the performance by employees of functions, operations, maintenance, and repair activities. "Services" does not include activities or facilities identified in Section 53313.5.

53317.3. If property not otherwise exempt from a special tax levied pursuant to this chapter is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property. However, even if the resolution of formation that authorized creation of the district did not specify conditions under which the obligation to pay a special tax may be prepaid and permanently satisfied, the legislative body of the local agency that created the district may specify conditions under which the public agency that acquires the property may prepay and satisfy the obligation to pay the tax. The conditions may be specified only if the local agency that created the district finds and determines that the prepayment arrangement will fully protect the interests of the owners of the district's bonds.

53317.5. If property subject to a special tax levied pursuant to this chapter is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax shall be treated, pursuant to Section 1265.250 of the Code of Civil Procedure, as if it were a special annual assessment. For this purpose, the present value of the obligation to pay a special tax to pay the principal and interest on any indebtedness incurred by the district prior to the date of apportionment determined pursuant to Section 5082 of the Revenue and Taxation Code shall be treated the same as a fixed lien special assessment.

GOVERNMENT CODE

SECTION 53318-53329.5

53318. Proceedings for the establishment of a community facilities district may be instituted by the legislative body on its own initiative and shall be instituted by the legislative body when any of the following occurs:

(a) A written request for the establishment of a district, signed by two members of the legislative body, describing the boundaries of the territory which is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the legislative body.

(b) A petition requesting the institution of the proceedings signed by the requisite number of registered voters, as specified in subdivision (d) of Section 53319, is filed with the clerk of the legislative body. The petition may consist of any number of separate instruments, each of which shall comply with all of the requirements of the petition, except as to the number of signatures.

(c) A petition requesting the institution of the proceedings signed by landowners owning the requisite portion of the area of the proposed district, as specified in subdivision (d) of Section 53319, is filed with the clerk of the legislative body.

(d) The written request filed pursuant to subdivision (a) and the petitions filed pursuant to subdivisions (b) and (c) shall be accompanied by the payment of a fee in an amount which the legislative body determines is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a district pursuant to this chapter.

53318.5. Notwithstanding any provision of Part 1 (commencing with Section 56000) of Division 3, a local agency formation commission shall have no power or duty to review and approve or disapprove a proposal to create a community facilities district or a proposal to annex territory to, or detach territory from, such district, pursuant to this chapter.

53319. A petition requesting the institution of proceedings for the establishment of a community facilities district shall do all of the following:

(a) Request the legislative body to institute proceedings to establish a community facilities district pursuant to this chapter.

(b) Describe the boundaries of the territory which is proposed for inclusion in the district.

(c) State the type or types of facilities and services to be financed by the district.

(d) Be signed by not less than 10 percent of the registered voters residing within the territory proposed to be included within the district or by owners of not less than 10 percent of the area of land proposed to be included within the district. If the legislative body finds that the petition is signed by the requisite number of registered voters residing within the territory proposed to be included within the district or by the requisite number of owners of

land proposed to be included within the district, that finding shall be final and conclusive.

53320. Within 90 days after either a written request by two members of the legislative body or a petition requesting the institution of proceedings for the establishment of a community facilities district is filed with the legislative body, it shall adopt a resolution of intention to establish a community facilities district in the form specified in Section 53321.

53321. Proceedings for the establishment of a community facilities district shall be instituted by the adoption of a resolution of intention to establish the district which shall do all of the following:

(a) State that a community facilities district is proposed to be established under the terms of this chapter and describe the boundaries of the territory proposed for inclusion in the district, which may be accomplished by reference to a map on file in the office of the clerk, showing the proposed community facilities district. The boundaries of the territory proposed for inclusion in the district shall include the entirety of any parcel subject to taxation by the proposed district.

(b) State the name proposed for the district in substantially the following form: "Community Facilities District No. _____."

(c) Describe the public facilities and services proposed to be financed by the district pursuant to this chapter. The description may be general and may include alternatives and options, but it shall be sufficiently informative to allow a taxpayer within the district to understand what the funds of the district may be used to finance. If the purchase of completed public facilities or the incurring of incidental expenses is proposed, the resolution shall identify those facilities or expenses. If facilities are proposed to be financed through any financing plan, including, but not limited to, any lease, lease-purchase, or installment-purchase arrangement, the resolution shall briefly describe the proposed arrangement.

(d) State that, except where funds are otherwise available, a special tax sufficient to pay for all facilities and services, secured by recordation of a continuing lien against all nonexempt real property in the district, will be annually levied within the area. The resolution shall specify the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow each landowner or resident within the proposed district to estimate the maximum amount that he or she will have to pay. The legislative body may specify conditions under which the obligation to pay the specified special tax may be prepaid and permanently satisfied. The legislative body may specify conditions under which the rate of the special tax may be permanently reduced in compliance with the provisions of Section 53313.9.

In the case of any special tax to pay for public facilities and to be levied against any parcel used for private residential purposes, (1) the maximum special tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes, which amount shall not be increased over time except that it may be increased by an amount not to exceed 2 percent per year, (2) the resolution shall specify a tax year after which no further special tax subject to this sentence

shall be levied or collected, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years, and (3) the resolution shall specify that under no circumstances will the special tax levied against any parcel subject to this sentence be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the district by more than 10 percent. For purposes of this paragraph, a parcel shall be considered "used for private residential purposes" not later than the date on which an occupancy permit for private residential use is issued. Nothing in this paragraph is intended to prohibit the legislative body from establishing different tax rates for different categories of residential property, or from changing the dollar amount of the special tax for the parcel if the size of the residence is increased or if the size or use of the parcel is changed.

(e) Fix a time and place for a public hearing on the establishment of the district which shall be not less than 30 or more than 60 days after the adoption of the resolution.

(f) Describe any adjustment in property taxation to pay prior indebtedness pursuant to Sections 53313.6 and 53313.7.

(g) Describe the proposed voting procedure.

The changes made to this section by Senate Bill 1464 of the 1991-92 Regular Session of the Legislature shall not apply to special taxes levied by districts for which a resolution of formation was adopted before January 1, 1993.

53321.5. At the time of the adoption of the resolution of intention to establish a community facilities district, the legislative body shall direct each of its officers who is or will be responsible for providing one or more of the proposed types of public facilities or services to be financed by the district, if it is established, to study the proposed district and, at or before the time of the hearing, file a report with the legislative body containing a brief description of the public facilities and services by type which will in his or her opinion be required to adequately meet the needs of the district and his or her estimate of the cost of providing those public facilities and services. If the purchase of completed public facilities or the payment of incidental expenses is proposed, the legislative body shall direct its appropriate officer to estimate the fair and reasonable cost of those facilities or incidental expenses.

If removal or remedial action for the cleanup of any hazardous substance is proposed, the legislative body shall (a) direct its responsible officer to prepare or cause to be prepared, a remedial action plan based upon factors comparable to those described in subdivision (c) of Section 25356.1 of the Health and Safety Code or (b) determine, on the basis of the particular facts and circumstances, which shall be comparable to those described in subdivision (g) of Section 25356.1 of the Health and Safety Code, that the remedial action plan is not required or (c) condition financing of the removal or remedial action upon approval of a remedial action plan pursuant to Section 25356.1 of the Health and Safety Code. All of those reports shall be made a part of the record of the hearing on the resolution of intention to establish the district.

53322. (a) The clerk of the legislative body shall publish a notice

of the hearing pursuant to Section 6061 in a newspaper of general circulation published in the area of the proposed district. Publication shall be complete at least seven days prior to the date of the hearing.

(b) The notice shall contain all of the following information:

(1) The text or a summary of the resolution of intention to establish the district which may refer to documents on file in the office of the clerk for detail.

(2) The time and place of the hearing on the establishment of the district.

(3) A statement that at the hearing the testimony of all interested persons or taxpayers for or against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services will be heard. The notice shall also describe, in summary, the effect of protests made by registered voters or landowners against the establishment of the district, the extent of the district, the furnishing of a specified type of facilities or services, or a specified special tax, as provided in Section 53324.

(4) A description of the proposed voting procedure.

53322.4. The clerk of the legislative body may also give notice of the hearing by first-class mail to each registered voter and to each landowner within the proposed district. This notice shall be mailed at least 15 days before the hearing and shall contain the same information as is required to be contained in the notice published pursuant to Section 53322.

53323. At the hearing, protests against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services within the district may be made orally or in writing by any interested persons or taxpayer. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. All written protests shall be filed with the clerk of the legislative body on or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

53324. If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the territory proposed to be included in the district, or the owners of one-half or more of the area of the land in the territory proposed to be included in the district and not exempt from the special tax, file written protests against the establishment of the district, and protests are not withdrawn so as to reduce the value of the protests to less than a majority, no further proceedings to create the specified community facilities district or to levy the specified special tax shall be taken for a period of one year from the date of the decision of the legislative body.

If the majority protests of the registered voters or of the landowners are only against the furnishing of a specified type or types of facilities or services within the district, or against levying a specified special tax, those types of facilities or services or the specified special tax shall be eliminated from the resolution of formation.

53325. The hearing may be continued from time to time, but shall be completed within 30 days, except that if the legislative body finds that the complexity of the proposed district or the need for public participation requires additional time, the hearing may be continued from time to time for a period not to exceed six months. The legislative body may modify the resolution of intention by eliminating proposed facilities or services, or by changing the rate or method of apportionment of the proposed special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the proposed district, or by removing territory from the proposed district. Any modifications shall be made by action of the legislative body at the public hearing. If the legislative body proposes to modify the resolution of intention in a way that will increase the probable special tax to be paid by the owner of any lot or parcel, it shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of lots or parcels in the district, and shall receive and consider the report before approving the modifications or any resolution of formation which includes those modifications. At the conclusion of the hearing, the legislative body may abandon the proposed establishment of the community facilities district or may, after passing upon all protests, determine to proceed with establishing the district.

53325.1. (a) If the legislative body determines to establish the district, it shall adopt a resolution of formation establishing the district. The resolution of formation shall contain all of the information required to be included in the resolution of intention to establish the district specified in Section 53321. If a special tax is proposed to be levied in the district to pay for any facilities or services and the special tax has not been eliminated by majority protest pursuant to Section 53324, the resolution shall:

(1) State that the proposed special tax to be levied within the district has not been precluded by majority protest pursuant to Section 53324.

(2) Identify any facilities or services proposed to be funded with the special tax.

(3) Set forth the name, address, and telephone number of the office, department, or bureau which will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and which will be responsible for estimating future special tax levies pursuant to Section 53340.1.

(4) State that upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the district and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance

with law or until collection of the tax by the legislative body ceases.

(5) Set forth the county of recordation and the book and page in the Book of Maps of Assessments and Community Facilities Districts in the county recorder's office where the boundary map of the proposed community facilities district has been recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code.

(b) In the resolution of formation adopted pursuant to subdivision (a), the legislative body shall determine whether all proceedings were valid and in conformity with the requirements of this chapter. If the legislative body determines that all proceedings were valid and in conformity with the requirements of this chapter, it shall make a finding to that effect and that finding shall be final and conclusive.

53325.3. A tax imposed pursuant to this chapter is a special tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property. However, a special tax levied pursuant to this chapter may be on or based on a benefit received by parcels of real property, the cost of making facilities or authorized services available to each parcel, or some other reasonable basis as determined by the legislative body.

53325.5. (a) A community facilities district may include areas of territory that are not contiguous.

(b) In establishing the boundaries of the district, the legislative body may alter the exterior boundaries of the district to include less territory than that described in the notice of the hearing but it may not include any territory not described in the notice of the hearing.

53325.6. Land devoted primarily to agricultural, timber, or livestock uses and being used for the commercial production of agricultural, timber, or livestock products may be included in a community facilities district only if such land is contiguous to other land which is included within the described exterior boundaries of the community facilities district, and only if the legislative body finds that the land will be benefited by any of the types of public facilities and services proposed to be provided within the district. The land may, however, be included in the community facilities district, if the owner requests its inclusion.

53325.7. The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a community facilities district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the cost of living and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in

accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population of the district shall be deemed to be at least one person during each calendar year.

53326. (a) The legislative body shall then submit the levy of any special taxes to the qualified electors of the proposed community facilities district subject to the levy or to the qualified electors of the territory to be annexed by the community facilities district subject to the levy in the next general election or in a special election to be held, notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. The legislative body shall provide the resolution of formation, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district to the official conducting the election within three business days after the adoption of the resolution of formation. Assessor's parcel numbers for the land within the district shall be included if it is a landowner election or the district does not conform to an existing district's boundaries and if requested by the official conducting the election. If the election is to be held less than 125 days following the adoption of the resolution of formation, the concurrence of the election official conducting the election shall be required. However, any time limit specified by this section or requirement pertaining to the conduct of the election, including any time limit or requirement applicable to any election conducted pursuant to Article 5 (commencing with Section 53345), may be waived with the unanimous consent of the qualified electors of the proposed district and the concurrence of the election official conducting the election.

(b) Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each landowner who is the owner of record at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner. If the vote is by landowners pursuant to this subdivision, the legislative body shall determine that any facilities financed by the district are necessary to meet increased demands placed upon local agencies as the result of development or rehabilitation occurring in the district.

(c) If the proposed special tax will not be apportioned in any tax year on any portion of property in residential use in that tax year, as determined by the legislative body, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the tax if it were levied at the time of the election. Each of these landowners shall have one vote for each acre, or portion thereof, that the landowner owns within the proposed district which would be subject to the proposed

tax if it were levied at the time of the election.

(d) Ballots for the special election authorized by subdivision (a) may be distributed to qualified electors by mail with return postage prepaid or by personal service by the election official. The official conducting the election may certify the proper mailing of ballots by an affidavit, which shall constitute conclusive proof of mailing in the absence of fraud. The voted ballots shall be returned to the election officer conducting the election not later than the hour specified in the resolution calling the election. However, if all the qualified voters have voted, the election may be closed with the concurrence of the official conducting the election.

53327. (a) Except as otherwise provided in this chapter, the provisions of law regulating elections of the local agency that calls an election pursuant to this chapter, insofar as they may be applicable, shall govern all elections conducted pursuant to this chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each voter an impartial analysis pursuant to Section 9160, 9280, or 9500 of the Elections Code, and arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code, or pursuant to Sections 9501 to 9507, inclusive, of the Elections Code, or pursuant to other provisions of law applicable to other special districts as appropriate.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and shall be so stated in the order for the election. When the local agency is a school district and the vote is to be by the landowners of the proposed district, the legislative body of the school district may authorize an official of the district to conduct the election, including preparation of analysis and compilation of arguments.

53327.5. (a) If the election is to be conducted by mail ballot, the election official conducting the election shall provide ballots and election materials pursuant to subdivision (d) of Section 53326 and Section 53327, together with all supplies and instructions necessary for the use and return of the ballot.

(b) The identification envelope for return of mail ballots used in landowner elections shall contain the following:

- (1) The name of the landowner.
- (2) The address of the landowner.
- (3) A declaration, under penalty of perjury, stating that the voter is the owner of record or the authorized representative of the landowner entitled to vote and is the person whose name appears on the identification envelope.
- (4) The printed name and signature of the voter.
- (5) The address of the voter.
- (6) The date of signing and place of execution of the declaration described in paragraph (3).
- (7) A notice that the envelope contains an official ballot and is to be opened only by the canvassing board.

53328. (a) Except as otherwise provided in subdivision (b), after the canvass of returns of any election pursuant to Section 53326, the legislative body may levy any special tax as specified in the resolution of formation adopted pursuant to subdivision (a) of Section 53325.1 within the territory of the district if two-thirds of the votes cast upon the question of levying the tax are in favor of levying that tax.

(b) A special tax may be levied to provide the services specified in subdivision (c) of Section 53313 only if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing and if two-thirds of the votes cast upon the question of levying the tax are in favor of levying the tax. The limitation contained in this subdivision does not apply to any election subject to subdivision (c) of Section 53326 where only the landowners have the right to vote on a proposed special tax.

53328.3. Upon a determination by the legislative body that the requisite two-thirds of votes cast in an election held pursuant to Section 53326 are in favor of levying the special tax, the clerk of the legislative body shall record the notice of special tax lien provided for in Section 3114.5 of the Streets and Highways Code, whereupon the lien of the special tax shall attach as provided in Section 3115.5 of the Streets and Highways Code. The notice of special tax lien shall be recorded in the office of the county recorder in each county in which any portion of the district is located.

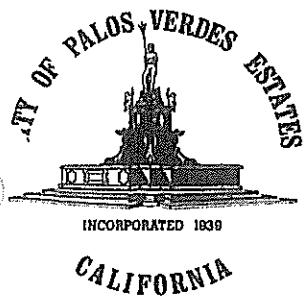
53328.5. Division 4.5 (commencing with Section 3100) of the Streets and Highways Code applies with respect to any proceedings undertaken pursuant to this chapter. This chapter is a "principal act" as that term is defined in Section 3100 of the Streets and Highways Code. In all cases in which special taxes have been approved by the qualified electors pursuant to this chapter prior to January 1, 1989, the legislative body may direct the clerk of the legislative body to impose a lien for the special tax on nonexempt real property within the district by performing the filings required by Division 4.5 (commencing with Section 3100) of the Streets and Highways Code, and the county recorder shall accept those filings and may charge the clerk a fee for recording and indexing those documents pursuant to Section 3116 of the Streets and Highways Code. The failure of the clerk or recorder to perform the filings shall not subject the local agency or any of its officers or employees to civil liability.

53329. After the canvass of returns of any election conducted pursuant to Section 53326, the legislative body shall take no further action with respect to levying the specified special tax within the community facilities district for one year from the date of the election if the question of levying that specified special tax fails to receive approval by two-thirds of the votes cast upon the question.

53329.5. (a) The owners of three-fourths of the area of lands taxed or liable to be taxed, or their agents (who shall declare under penalty of perjury that they are such owners or agents), shall not be required to present sealed proposals or bids when the legislative body calls for bids preparatory to letting a contract or contracts to do work financed pursuant to this chapter, but may, within 10 days after the publication of the notice of the award of the contract, elect to perform the work and enter into a written contract to do the whole work at prices not exceeding the prices specified in the bid of the bidder to whom the contract was awarded, and all work done under the contract shall be subject to any regulations as may be prescribed by the legislative body.


(b) If the owners elect not to perform the work and not to enter into a written contract for that work within 10 days of publication of the notice of the award of the contract, or to commence the work within 15 days after the date of the written contract entered into between the owners and the legislative body, and to continue that work with diligence to completion, as determined by the legislative body, a contract shall be entered into by the legislative body with the original bidder to whom the contract was awarded at the prices specified in his or her bid.

(c) If, in the opinion of the legislative body, the public interest will not be served by allowing the property owners to enter into a contract in accordance with subdivision (a), the legislative body may so provide in the resolution of intention adopted pursuant to Section 53321.



MEMORANDUM

TO: MEMBERS, SPECIAL CITIZENS' COMMITTEE

FROM: JAMES B. HENDRICKSON, CITY MANAGER 

SUBJECT: MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

DATE: OCTOBER 2, 2006

In order to carefully examine all the possible financing mechanisms for fire and paramedic services in Palos Verdes Estates, the Special Citizens' Committee has inquired as to the feasibility of instituting a Mello-Roos Community Facilities District. This mechanism provides an alternate method of financing certain public capital facilities **and/or** services, especially in developing areas and areas undergoing rehabilitation.

A Community Facilities District (CFD) **may** finance facilities to be operated or owned by an entity other than the agency that created the district – such as a Joint Exercise of Powers Agreement. In order for an agency to initiate proceedings to establish a CFD, it must first adopt “local goals and policies” (as detailed in Section 53312.7).

Eligible uses of the CFD (Sections 53313-53317.5)

A CFD may be established for the following purposes.....

1. To finance the purchase, construction, expansion, improvement or rehabilitation of any real or other tangible property with an estimated useful life of 5 years or longer. However, the district may only finance the purchase of facilities whose construction has been completed **before** the Resolution of Formation to establish the district is adopted. Eligible facilities include:
 - a) Local park, recreation; parkway and open space facilities.

- b) Elementary and secondary school sites and structures.
- c) Libraries.
- d) Child care facilities.
- e) The construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines.
- f) To bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations; and any work deemed necessary to repair any damage to real property directly or indirectly caused by an earthquake.
- g) Any other governmental facilities which the legislative body is authorized by law to contribute revenue to, construct, own or operate.

With respect to construction of capital facilities, a local agency may adjust the ad-valorem taxes to make lease payments, or pay principal and interest on bonds.

2. To finance the following types of services.....

- a) Police protection services.
- b) Fire protection and suppression services, and ambulance and paramedic services.**
- c) Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of museums and cultural facilities.
- d) Maintenance of parks, parkways, and open space.

- e) Flood and storm protection services.
- f) Services with respect to removal or remedial action for the clean up of any hazardous substance.

However, there is a very important caveat with respect to the financing of these services. A CFD may only be utilized to the extent that these services **are in addition to those provided in the territory of the district before** the district was created. The additional services may not supplant services already available within that territory when the district was created. In other words, this condition would preclude the City from using the Mello-Roos Act to pay for fire and paramedic services costs rendered out of our existing fire station (No. 2). However, it would permit us to consider using it if we were to open a second fire station in the City, or augment the services presently provided out of Station 2 (such as the addition of another engine or a fire truck).

Methodology to Establish a CFD (Sections 53318-53329.5)

Proceedings to establish a CFD may be instituted by a legislative body when a written request is initiated by two members of the legislative body, or through a petition signed by the land owners owning the requisite portion of the area of the proposed district.

1. Within 90 days of receipt of the written request, or petition, the legislative body shall adopt a Resolution of Intention to establish the CFD. The resolution must contain all the information specified in Section 53321, including the statement that a special tax, sufficient to pay for all facilities and services, will be annually levied. It must also state the rate, method of apportionment and manner of collection of the tax.

An important provision in the section is that the tax may only be increased a **maximum 2% per year**. If the City were to use this method to fund additional fire and paramedic services costs, it would surely be insufficient. Our 10 year contract with Los Angeles County Fire permits up to a 4.2% annual increase in costs during the first 5 years, and a rolling 5 year average (+1%) for the final 5 years. Over time, this limitation of a maximum 2% per year in the CFD would,

almost assuredly, result in less than 100% cost recovery of the additional services.

2. The legislative body must fix a time and place for a public hearing on the establishment of the district not less than 30, nor more than 60, days after adoption of the Resolution of Intention. Notice of the meeting must be published in a newspaper of general circulation at least 7 days prior to the date of the hearing. Normally, the City would also give notice via first class mail to each registered voter at least 15 days prior to the hearing, as well.
3. If 50% or more of the registered voters, or owners of one half or more of the land, file written protests prior to the close of the Hearing on Protests, no further proceedings to create the CFD may take place for a period of at least 1 year.
4. If less than 50% object, and at the conclusion of the Hearing on Protests the legislative body determines to establish the district, it must adopt a Resolution of Formation. It is then required to submit the levy of the special tax to the qualified electors of the CFD at either the next General Election or a Special Election to be held at least 90 days, but not more than 180 days, following the adoption of the Resolution of Formation.
5. Each registered voter in the CFD has one vote in the election. In order to levy the Special Tax, 2/3 of the votes cast must be in favor of levying the tax. If the measure fails to secure the 2/3 voter approval, the legislative body is precluded from taking any further action on the Special Tax for at least 1 year.

Summary and Conclusion

The most common use for Community Facilities Districts formed pursuant to the Mello-Roos Act of 1982 is to finance infrastructure improvements (such as schools, parks, libraries, water distribution facilities, gas, electrical, telephone and cable television lines) constructed by developers in newly-developed, large subdivisions. The new homeowners would pay off the bonds (principal and interest) issued to reimburse the developer for the cost of the facilities through their annual property taxes over a period of 20 to 30 years.

In addition, a CFD may also be used to pay the ongoing costs for fire protection and suppressions services, and ambulance and paramedic services (as well as a number of other local services). However, there are two “poison pills” with respect to this mode of funding as it applies to Palos Verdes Estates.....

1. A CFD may only finance these services to the extent they are **in addition to those provided in the City before** the district was created. Thus, none of the current contract fire and paramedic services costs (\$3.3 million) could be financed from a CFD.
2. The maximum amount the Special Tax levied could be increased is **2% per year**. Even if there were additional fire and paramedic services contracted for in the future, the City would, almost assuredly, not cover 100% of the costs through the Special Tax, over time.

Attachment

COMPARATIVE DATA

**Cities - Fee for Service with Los Angeles County Fire Dept.
2015-16 Data for all Factors**

<u>City</u>	<u>Population</u>	<u>Final Annual Fee</u>	<u>#Fire Stations in City*</u>	<u>Cost/Capita</u>	<u>Avg Population/Parcel</u>
1 Commerce	13,060	\$9,922,362	3	\$760	3.60
2 PVE	13,730	\$4,552,384	1	\$332	2.62
3 Covina	48,876	\$8,757,793	3	\$179	3.85
4 Azusa**	49,425	\$5,552,156	1	\$112	4.56
5 Gardena	60,414	\$7,533,718	2	\$125	4.24
6 Lynwood	71,381	\$5,970,869	2	\$84	7.02
7 Hawthorne	87,657	\$9,590,773	3	\$109	6.15
8 Inglewood	112,333	\$12,115,118	4	\$108	5.38
9 El Monte	115,774	\$11,681,370	4	\$101	6.47
10 Pomona	152,419	\$23,626,279	7	\$155	4.68

*Reflects stations within the City; City may also be served by other stations

<u>City</u>	<u># of Parcels</u>	<u>Cost/Parcel</u>
1 Commerce	3,628	\$2,735
2 PVE	5,237	\$869
3 Lynwood	10,168	\$587
4 Azusa	10,844	\$512
5 Covina	12,689	\$690
6 Hawthorne	12,862	\$746
7 Gardena	14,260	\$528
8 El Monte	17,884	\$653
9 Inglewood	20,870	\$581
10 Pomona	32,566	\$725

<u>City</u>	<u>Assessed Value</u>
1 Lynwood	\$2,923,388,092
2 Azusa	\$3,973,485,394
3 Covina	\$4,791,900,059
4 Commerce	\$4,792,383,111
5 Gardena	\$5,452,840,049
6 PVE	\$6,433,708,879
7 Hawthorne	\$6,581,085,478
8 El Monte	\$6,612,591,873
9 Inglewood	\$7,645,240,879
10 Pomona	\$9,839,731,407

**City of Azusa incorporation included areas already part of the Consolidated Fire Protection District, so part of the City's cost is paid directly through a property tax allocation to the District which was in place prior to Prop 13. All parcels in

Sources:

Population - California Department of Finance/Demographic Research Unit: Table 2: E-5 City/County Population and Housing Estimates, January 1, 2015

Contract Cost - 2015-16 Final City Fee Summaries: F:\Planning\City Annual Fee

Assessed Value/# of Parcels - 2015-16 Assessors Report - <http://assessor.lacounty.gov/annual-reports/>

**Cities - Fee for Service with Los Angeles County Fire Dept.
2015-16 Data for all Factors**

The City of Palos Verdes Estates is not as densely populated as the other cities it is being compared to, it is less than 1/3 the size of the next largest city. Therefore, the cost per capita would be higher for PVE than for those cities that are more densely populated. Due to the lower number of parcels in Palos Verde Estates compared to the other cities, the cost per parcel is higher. It is important to note, however, that the Fire District does not place resources solely based on population or parcel counts. Crucial factors in Palos Verdes Estates are its location on the coast and circuitous road network, limiting its proximity to additional resources. A comparison of cities in the PV Peninsula area that was prepared last March showed that the costs for PVE were comparable and below the average for the area:

City	Fire Budget / Fire District Fee / Property Tax		Population	Per Capita Cost	Number of Parcels	Cost per Parcel
	Revenue					
Manhattan Beach	\$ 12,803,035		35,763	\$ 358	12,919	\$ 991
Palos Verdes Estates	4,522,970		13,730	329	5,237	864
Rancho Palos Verdes	20,058,111		42,564	471	15,241	1,316
Rolling Hills Estates	5,347,739		8,223	650	3,300	1,621
Torrance	28,992,460		148,427	195	40,984	707
Average				\$ 401		\$ 1,100

**Fire and Paramedic Services
General Comparative Information
(Figures Rounded)**

City of Palos Verdes Estates

Total cost:	\$4.7 million
Source of funding:	Parcel Tax
Number of parcels:	5,000
Number of stations in City:	1 (Station 2-City Hall)
Estimated Cost per Station	\$4.7 million
Service provider:	Los Angeles County
2015 census population:	13,700
Land area in square miles (2010):	5

City of Rancho Palos Verdes

Total cost:	\$20 million
Source of funding:	Property Tax Assessment
Number of parcels:	15,000
Number of stations in City:	2 (Station 53 and 83)
Estimated Cost per Station	\$10 million
Service provider:	Los Angeles County
2015 census population:	42,700
Land area in square miles (2010):	13.5

City of Rolling Hills Estates

Total cost:	\$5 million (estimated)
Source of funding:	Property Tax Assessment
Number of parcels:	3,400
Number of stations in City:	1 (Station 106)
Estimated Cost per Station	\$5 million
Service provider:	Los Angeles County
2015 census population:	8,300
Land area in square miles (2010):	3.6

City of Hermosa Beach

Total cost:	\$5.7 million
Source of funding:	General Fund
Number of parcels:	7,100
Number of stations in City:	1 (City Hall)
Estimated Cost per Station	\$5.7 million
Service provider:	City of Hermosa Beach
2015 census population:	19,900
Land area in square miles (2010):	1.4

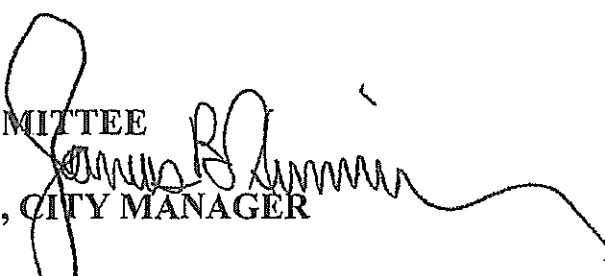
City of Torrance

Total cost:	\$42.0 million
Source of funding:	General Fund
Number of parcels:	40,900
Number of stations in City:	6
Estimated Cost per Station	\$7 million
Service provider:	City of Torrance
2015 census population:	147,200
Land area in square miles:	21



MEMORANDUM

TO: SPECIAL CITIZENS' COMMITTEE

FROM: JAMES B. HENDRICKSON, CITY MANAGER 

SUBJECT: TAX BURDEN OF PALOS VERDES ESTATES
PROPERTY OWNER VIS-À-VIS OTHER PENINSULA
CITIES

DATE: AUGUST 8, 2007

Periodically, articles appear in the local newspapers attempting to assess the relative tax burden borne by property owners in different cities in the Peninsula or in the South Bay. Most have been inaccurate in that they fail to account for the portion of the property tax in Rancho Palos Verdes, Rolling Hills Estates, and Rolling Hills that is allocated to Los Angeles County for fire protection services. Palos Verdes Estates, on the other hand, finances its contract with L.A. County Fire through a Special Tax – which is separate and apart from the 1% general property tax levy.

The Assistant City Manager has prepared the attached chart, which shows an “apples-to-apples” comparison of the relative property tax burden in each of the 4 Peninsula cities. It shows that when the true cost of City property taxes and fire protection costs are compared, PVE property owners bear the **lowest tax burden** of the 4 cities.

This is delineated as follows.....

- PVE is a “normal” property tax City. 11.3¢ of each dollar paid is remitted to the City. RPV, RH, and RHE are “no and low” property tax cities. They are remitted 6.4¢, 6.5¢, and 6.7¢, respectively, of each dollar paid.

addition, those three cities pay a special Fire Assessment Fee (Proposition E) over and above the portion of the property tax that is allocated to L.A. County Fire (\$49.93 in FY 06-07).

- When we factor in the PVE Fire and Paramedic Services Special Tax to develop an equivalent tax burden for comparison to the other cities, we find that in all 3 instances utilizing different assessed valuations, PVE pays less than RPV, RHE and RH taxpayers. In fact, for a home assessed at \$600,000, taxpayers in the other 3 cities pay from 24% to 29% more in taxes than PVE property owners. For homes with assessed valuation of \$900,000 and \$1,300,000, the amount paid by property owners in the other cities is between 32% - 38% higher.

It should be noted that these comparisons do **not** include any other special assessments or taxes levied on property owners or residents. For example, RPV has a Storm Drain Fee and Utility Users' Tax that are in addition to what it noted above; and Palos Verdes Estates has a Sewer Users' Fee.

Attachment

:mm

Tax Burden and Distribution 1% General Levy - Property Taxes

	PVE	RPV	RHE	RH
1% general levy				
LA County General	0.332	0.238	0.241	0.264
ERAF	0.23	0.221	0.209	0.214
PVPUSD	0.21	0.194	0.201	0.191
LA County Fire Protection	0	0.168	0.173	0.165
City	0.113	0.064	0.067	0.065
PV Library District	0.035	0.032	0.033	0.031
LA County Community College	0.031	0.029	0.030	0.028
Other Districts	0.049	0.054	0.045	0.042
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Equivalent Tax rates - City property taxes and Fire Protection Costs

Assessed Value		PVE	RPV	RHE	RH
\$600,000	City property tax	\$678.00	\$382.20	\$401.40	\$390.36
	LA County Fire	\$0.00	\$1,008.00	\$1,039.80	\$987.60
assume 1,700 sq ft	PVE Fire Tax	\$474.31	\$0.00	\$0.00	\$0.00
	Prop E - Fire Assessment	\$0.00	\$49.93	\$49.93	\$49.93
Total		<u>\$1,152.31</u>	<u>\$1,440.13</u>	<u>\$1,491.13</u>	<u>\$1,427.89</u>

Assessed Value		PVE	RPV	RHE	RH
\$900,000	City property tax	\$1,017.00	\$573.30	\$602.10	\$585.54
	LA County Fire	\$0.00	\$1,512.00	\$1,559.70	\$1,481.40
assume 2,500 sq ft	PVE Fire Tax	\$584.42	\$0.00	\$0.00	\$0.00
	Prop E - fire assesment	\$0.00	\$49.93	\$49.93	\$49.93
Total		<u>\$1,601.42</u>	<u>\$2,135.23</u>	<u>\$2,211.73</u>	<u>\$2,116.87</u>

Assessed Value		PVE	RPV	RHE	RH
\$1,300,000	City property tax	\$1,469.00	\$828.10	\$869.70	\$845.78
	LA County Fire	\$0.00	\$2,184.00	\$2,252.90	\$2,139.80
assumes 4,500 sq ft	PVE Fire Tax	\$823.70	\$0.00	\$0.00	\$0.00
	Prop E - fire assesment	\$0.00	\$49.93	\$49.93	\$49.93
Total		<u>\$2,292.70</u>	<u>\$3,062.03</u>	<u>\$3,172.53</u>	<u>\$3,035.51</u>

STATISTICS

CITY OF PALOS VERDES ESTATES

VOTER TURN-OUT STATISTICS, 1978-2015 MUNICIPAL ELECTIONS

<u>Date of Election</u>	<u>Registered Voters</u>	<u>Ballots Cast</u>	<u>%</u>
March 7, 1978	9,215	2,119	23%
March 6, 1979 ³	9,380	4,402	47%
April 8, 1980 ^{1 2}	9,302	4,538	49%
June 2, 1981 ⁴	9,411	712	08%
April 13, 1982 ²	9,680	2,839	29%
November 8, 1983 ⁵	9,866	3,815	39%
April 10, 1984 ¹	9,786	5,047	52%
April 8, 1986 ²	9,794	2,232	23%
April 12, 1988 ¹	9,742	3,832	39%
April 10, 1990 ²	9,628	2,523	26%
April 14, 1992	9,480	1,837	19%
April 12, 1994	9,842	2,628	27%
March 4, 1997	9,805	2,749	28%
March 2, 1999	10,160	3,059	30%
March 6, 2001 ⁶	10,063	3,890	38.22%
March 4, 2003 ⁷	10,627	3,075	28.94%
March 8, 2005 ⁸	11,158	N/A	N/A
March 6, 2007 ⁹	11,157	2,623	23.51%
March 3, 2009	11,520	3,141	27.27%
March 8, 2011 ¹⁰	11,322	N/A	N/A
March 5, 2013 ¹¹	11,805	N/A	N/A
March 3, 2015 ¹²	11,629	N/A	N/A

- 1 Prop. A Police/Fire/Paramedic Parcel Tax (special property tax) - PASSED
 2 Prop. B Street & Parklands Parcel Tax (special property tax) - PASSED
 3 Prop. 1 Parcel Tax (\$200.00, not to exceed \$300.00 special property tax) - FAILED
 4 Prop. C City Clerk – Appointive - PASSED
 5 Prop. K Parcel Tax (to replace Utility Tax, Prop. A & B with deductible general parcel tax) - FAILED
 6 A-01 Fire/Paramedic (Replacement for FSBAD) - PASSED

- 7 Meas. B Utility Users' Tax (non-sewer capital projects) – FAILED
- 8 Election cancelled; number of candidates did not exceed seats available--2 Council, 1 Treasurer, No Measures or Propositions
- 9 Meas. A Extension of Police/Fire/Paramedic Parcel Tax (special property tax) - PASSED
- 10 Election cancelled; number of candidates did not exceed seats available--3 Council, No Measures or Propositions
- 11 Election cancelled; number of candidates did not exceed seats available -- 2 Council, 1 Treasurer, No Measures or Propositions
- 12 Election cancelled; number of candidates did not exceed seats available--3 Council, No Measures or Propositions

Prepared by: OFFICE OF THE CITY CLERK

Updated: DECEMBER, 2015

HISTORY ON BALLOT TAX MEASURES

		YES	NO
March 1979	Prop 1 - \$300 parcel tax for police/fire/paramedic (failed)	1,712 (39%)	2,690 (61%)
April 1980	Prop A – Police/Fire/Paramedics Parcel Tax (passed)	3,845 (85%)	675 (15%)
April 1980	Prop B – Streets/Parklands Parcel Tax (passed)	3,559 (79%)	930 (21%)
April 1982	Prop B – Streets/Parklands Parcel Tax (passed)	2,205 (81%)	521 (19%)
November 1983	Prop K – Parcel tax to replace Utility Tax & Prop A & B with deductible general property tax (failed) \$485/parcel, annual CPI increase, Ten-year sunset	1,660 (43%)	2,175 (57%)
April 1984	Prop A-Police/Fire/Paramedic Parcel Tax (passed)	4,418 (88%)	619 (12%)
April 1986	Prop B – Streets/Parklands Parcel Tax (passed)	1,690 (76%)	532 (24%)
April 1988	Prop A – Police/Fire/Paramedic (passed)	3,345 (89%)	431 (11%)
April 1990	Prop B – Streets/Parklands Parcel Tax (passed)	1,716 (73%)	632 (27%)
March 2001	Measure A-01 – Special Fire Tax to replace Fire Benefit Assessment District (passed)	3,256 (87%)	485 (13%)
March 2003	Measure B – 2.5% Utility User tax to fund non-Sewer capital improvements (failed)	1,767 (60%)	1,161 (40%)
March 2007	Measure A – Police/Fire/Paramedics Parcel Tax (passed)	2,243 (87.28%)	327 (12.72%)

**LOS ANGELES COUNTY FIRE DEPARTMENT
CITY OF PALOS VERDES ESTATES - FEE SUMMARY**

FINAL

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Actual Annual Fee (see attachments)	\$ 3,453,637	\$ 3,696,770	\$ 3,783,083	\$ 3,820,855	\$ 3,915,852	\$ 3,977,200	\$ 4,127,665	\$ 4,307,807	\$ 4,404,511	\$ 4,552,384
% Increase from Previous Fiscal Year	7.30%	7.04%	2.33%	1.00%	2.49%	1.57%	3.78%	4.36%	2.24%	3.36%
Annual Fee Limitation Excess Rollover	3,463	103,350	201,430	132,479	11,361	-	-	-	46,818	-
	\$ 3,457,100	\$ 3,800,120	\$ 3,984,513	\$ 3,953,334	\$ 3,927,213	\$ 3,977,200	\$ 4,127,665	\$ 4,307,807	\$ 4,451,329	\$ 4,552,384
Annual Fee Cap Percentage (1)	4.20%	4.20%	4.20%	4.20%	4.20%	5.03%	3.89%	3.23%	3.64%	3.89%
Annual Fee Limitation (percentage cap applied to prior year actual annual fee)	\$ 3,353,750	\$ 3,598,690	\$ 3,852,034	\$ 3,941,972	\$ 3,981,331	\$ 4,112,819	\$ 4,131,913	\$ 4,260,989	\$ 4,464,611	\$ 4,575,846
Annual Fee Limitation Excess (2)	103,350	201,430	132,479	11,361	-	-	-	46,818	-	-
Actual Net City Cost	\$ 3,296,782	\$ 3,597,181	\$ 3,852,034	\$ 3,941,972	\$ 3,927,213	\$ 3,977,200	\$ 4,127,665	\$ 4,260,989	\$ 4,451,329	\$ 4,552,384
Estimated Net City Cost	\$ 3,328,029	\$ 3,598,690	\$ 3,852,034	\$ 3,941,972	\$ 3,981,331	\$ 3,936,416	\$ 4,131,037	\$ 4,260,989	\$ 4,432,846	\$ 4,522,970
Prior Year Fee Adjustment (3)	-	-	-	-	-	40,784	-	-	-	18,483
Current Year Fee Adjustment (4)	(31,247)	(1,509)	-	-	(54,118)	-	(3,372)	-	-	-
Paramedic Pass-thru Fee Credit (5)	(9,486)	(8,777)	(12,751)	(30,884)	(14,721)	(15,617)	\$ (19,562)	\$ (14,559)	\$ (16,059)	\$ (20,794)
Total Net City Payment (6)	\$ 3,287,296	\$ 3,588,404	\$ 3,839,283	\$ 3,911,088	\$ 3,912,492	\$ 3,961,583	\$ 4,108,103	\$ 4,246,430	\$ 4,416,787	\$ 4,520,659

- (1) From 2001-02 through 2005-06, % cap determined by taking the average of the immediately preceding five years' actual Annual Fee % increases plus 1%. July 1, 2006 the Annual Fee limitation is 4.2% per fiscal year. Beginning July 1, 2011 the fee limitation shall be the average of the immediately preceding five fiscal years and Annual Fee percentage increases plus one percent (1%).
- (2) Amount that is deferred to a subsequent future fiscal year(s).
- (3) Formula: Prior Year "Actual" minus Prior Year "Estimated" Net City Cost.
- (4) Formula: Current Year "Actual" minus Current Year "Estimated" Net City Cost.
- (5) Credits are posted directly to the monthly city billings based on actual revenue received from the ambulance companies. Actual year-end totals will not be available until the end of the fiscal year.
- (6) Does not include any billing adjustment (i.e., utility usage).

City of Palos Verdes Estates
Explanation of Annual Increase/Decrease

The Fee Summary does not include credits for utilities or the \$1 station lease.
The City's Fee Summary reflects the full-year credit for ALS Pass-through Revenue in each year.

2007-08

The following are the major elements that affected the City's 2007-08 Net Payment:

Salaries and Employee Benefits: On July 25, 2006, the Board of Supervisors approved an amendment to the Memorandum of Understanding (MOU) with the firefighters' union which provided a **3.75%** net salary increase for 2007-08. This is derived as follows:

- 4% increase effective October 1, 2006
 - 9 months in 2006-07 is 3% and **3 months in 2007-08 is 1%**
- 3% increase effective August 1, 2007
 - **11 months in 2007-08 is 2.75%**

There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans.

LACERA Buydown Program: The County's multi-year reliance on the excess pension fund earnings to offset employer contribution to LACERA and the Retiree Health abatement ended in 2006-07. Therefore, the 2007-08 and 2008-09 Fees did not include any credits for Retirement Savings or Retiree Health Insurance.

2008-09

The following are the major elements that affected the City's 2008-09 Net Payment:

Salaries and Employee Benefits: On July 25, 2006, the Board of Supervisors approved an amendment to the MOU with the firefighters' union which provided a **3%** net salary increase for 2008-09. This is derived as follows:

- 3% increase effective August 1, 2007
 - 11 months in 2007-08 is 2.75% and **1 month in 2008-09 is .25%**
- 3% increase effective August 1, 2008
 - **11 months in 2008-09 is 2.75%**

There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans.

2009-10

The following are the major elements that affected the City's 2009-10 Net Payment:

Salaries and Employee Benefits: On July 25, 2006, the Board of Supervisors approved an amendment to the MOU with the firefighters' union which provided a .25% net salary increase for 2009-10. This is derived as follows:

- 3% increase effective August 1, 2008
 - 11 months in 2008-09 is 2.75% and **1 month in 2009-10 is .25%**

There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans.

2010-11

The following are the major elements that affected the City's 2010-11 Net Payment:

Employee Benefits: There was an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans.

District Overhead: There was an increase in the District Overhead (DOH), due primarily to salary increases as well as the purchases of personal protective equipment and radio equipment for fire apparatus. The DOH is, on a rolling basis, based on the previous five years' actual costs. The 2010-11 DOH is based on actuals from 2004-05 through 2008-09.

2011-12

The following are the major elements that affected the City's 2011-12 Net Payment:

Employee Benefits: There was an increase in employee benefits, due primarily to retirement contributions for safety employees.

District Overhead: There was an increase in the DOH, due primarily to overtime as well as the purchase of timekeeping and staff replacement software.

2012-13

The following are the major elements that affected the City's 2012-13 Net Payment:

Employee Benefits: There was an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans; as well as retirement contributions for safety employees.

District Overhead: There was an increase in the DOH, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans; as well as the Very High Frequency Radio Replacement Project.

2013-14

The following are the major elements that affected the City's 2013-14 Net Payment:

Salaries and Employee Benefits: On June 25, 2013, the Board of Supervisors approved a MOU with the firefighters' union which provided a salary increase of 2% effective July 1, 2013.

There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans (included a \$250 one-time bonus).

2014-15

The following are the major elements that affected the City's 2014-15 Net Payment:

Salaries and Employee Benefits: On June 25, 2013, the Board of Supervisors approved a MOU with the firefighters' union which provided a 3% net salary increase for 2014-15. This is derived as follows:

- 2% increase effective July 1, 2014
- 2% increase effective January 1, 2015
 - **6 months in 2014-15 is 1%**

These salary increases were partially offset by an increase in salary savings.

There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, cafeteria plans (included a \$250 one-time bonus), and Health Insurance Tax.

2015-16

The following are the major elements that affected the City's 2015-16 Net Payment:

Salaries and Employee Benefits: On June 25, 2013 and November 3, 2015, the Board of Supervisors approved MOUs with the firefighters' union which provided a total 3.5% net salary increase for 2015-16. This is derived as follows:

- 2% increase effective January 1, 2015 (MOU from June 25, 2013)
 - 6 months in 2014-15 is 1% and **6 months in 2015-16 is 1%**
- 3% increase effective September 1, 2015 (MOU from November 3, 2015)
 - **10 months in 2015-16 is 2.5%**

The MOU from November 3, 2015, also provided for a 40-hour assignment bonus for fire captains and firefighter specialists, that impacts fire prevention charges. The net amount for 2015-16 is .83%, which is derived as follows:

- 1% effective September 1, 2015
 - **10 months in 2015-16 is .83%**
 - There was also an increase in employee benefits, due primarily to cost increases for Retiree Health Insurance, Workers' Compensation, and cafeteria plans; as well as a \$250 increase to the uniform allowance.



2015 STATISTICAL SUMMARY

FIRE DEPARTMENT — Three Year Data 2013 -2015

	2015	2014	2013
Acreage Burned	1,286	2,075	31,625

FIRE INCIDENTS			
Structures	2,272	2,157	2,188
Vehicles	1,853	1,766	1,678
Rubbish	2,527	2,342	2,203
Brush / Grass	578	453	616
Outside Storage	339	370	352
Misc. Property	874	992	871
TOTAL	8,443	8,080	7,908

EMERGENCY MEDICAL SERVICES			
TOTAL	303,151	277,122	245,552

OTHER INCIDENTS			
False Alarms	26,196	24,688	32,372
Mutual Aid Provided	2,983	3,057	2,808
Haz-Mat	770	785	678
Misc. Incidents	47,770	44,503	39,801
TOTAL	77,719	73,033	75,659
TOTAL INCIDENTS	380,870	358,235	329,119

Fire Loss in Dollars 2013 -2015

	2015	2014	2013
Property or Structure	\$ 135,265,071	\$ 74,956,844	\$ 85,066,997
Vehicle Contents	\$ 17,518,076	\$ 49,591,279	\$ 18,141,526
Misc. Property	\$ 1,377,011	\$ 1,738,412	\$ 1,625,245
Total Dollar Loss	\$ 154,161,158	\$ 126,286,535	\$ 104,833,768

LIFEGUARD — Three Year Data 2013 -2015

	2015	2014	2013
Ocean Rescues	15,917	15,851	9,745
Medical Calls	18,610	19,133	16,437
Boat Rescues (Distress)	434	444	382
Missing Persons	1,756	1,673	1,280
Resuscitations	468	559	612
Drownings	5	2	3
Beach Attendance	72,556,890	73,882,107	71,367,580

4,005,526 Residents
 1,231,993 Housing Units
 58 District Cities and all
 Unincorporated Areas
 2,305 Square Miles

DIVISION I

Battalions 7, 14 & 18 – 20 Stations, 9 Cities
 CARSON
 GARDENA
 HAWTHORNE
 LAWDALE
 LOMITA
 PALOS VERDES ESTATES
 RANCHO PALOS VERDES
 ROLLING HILLS
 ROLLING HILLS ESTATES

DIVISION II

Battalions 2 & 16 – 16 Stations, 9 Cities
 AZUSA
 BALDWIN PARK
 BRADBURY
 CLAREMONT
 COVINA
 DUARTE
 GLENDORA
 IRVINDALE
 SAN DIMAS

DIVISION III

Battalions 4, 6 & 22 – 24 Stations, 2 Cities
 LA CANADA FLINTRIDGE
 SANTA CLARITA

DIVISION IV

Battalions 8, 9 & 21 – 25 Stations, 12 Cities
 ARTESIA
 BELLFLOWER
 CERRITOS
 HAWAIIAN GARDENS
 LA HABRA
 LAKEWOOD
 LA MIRADA
 NORWALK
 PARAMOUNT
 PICO RIVERA
 SIGNAL HILL
 WHITTIER

DIVISION V

Battalions 11 & 17 – 20 Stations, 2 Cities
 LANCASTER
 PALMDALE

DIVISION VI

Battalions 13 & 20 – 13 Stations, 6 Cities
 CUDAHY
 HUNTINGTON PARK
 INGLEWOOD
 LYNWOOD
 MAYWOOD
 SOUTH GATE

DIVISION VII

Battalions 1 & 5 – 18 Stations, 6 Cities
 AGOURA HILLS
 CALABASAS
 HIDDEN HILLS
 MALIBU
 WEST HOLLYWOOD
 WESTLAKE VILLAGE

DIVISION VIII

Battalions 12, 15 & 19 – 18 Stations, 5 Cities
 DIAMOND BAR
 INDUSTRY
 LA PUENTE
 POMONA
 WALNUT

DIVISION IX

Battalions 3 & 10 – 16 Stations, 7 Cities
 BELL
 BELL GARDENS
 COMMERCE
 EL MONTE
 ROSEMead
 SOUTH EL MONTE
 TEMPLE CITY



2015 STATISTICAL SUMMARY

CURRENT PERSONNEL

Chief Officers	122	Administrative Support	787
Captains	646	Lifeguards	161
Firefighter Specialists	747	Seasonal Recurrent	636
Firefighter Paramedics	671	Dispatchers	97
Firefighters	493	Foresters	40
Call Firefighters	57	Haz Mat Specialists	81
Fire Suppression Aides (Paid)	105	TOTAL PERSONNEL	4,654
Pilots	11		



EMERGENCY OPERATIONS

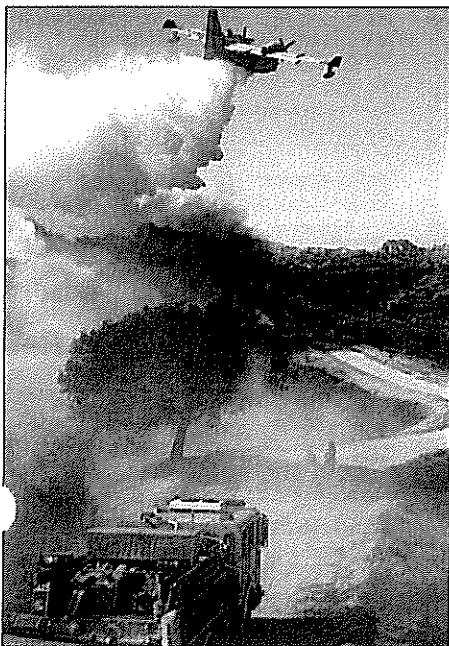
Battalions	22	Paramedic Units	
Fire Stations	171	Air Squads	3
Engine Companies		Assessment Engines	24
Type 1	163	Assessment Quints	2
Type 3 (Cal EMA)	7	Engines	5
Patrols	34	Squads	68
Reserves	61	Hazardous Materials Squads	4
Truck Companies	32	USAR Squads	2
Light Forces	5	Emergency Support Teams	4
Quints	25	Swift Water Rescue Units	5
Trucks	2	Fire Boats	2
Reserve Trucks/Quints	12	Foam Units	4
		Mobile Air/Light Units	4
		Fuel Tenders	8
		Water Tenders	12

HEALTH HAZ MAT

Emergency Responses	2,071
Response Teams	3

AIR OPERATIONS

Fire Responses	283
EMS Transports	1,072
Facilities	4
Aircraft Mechanics	17
Hoist Rescues	95
Water/Foam Dropped(gallons)	729,760
Helicopters	
Bell 412 (10-Passenger)	5
Firehawk (13-Passenger)	3
Heli-Tenders	9



LIFEGUARD DIVISION

Lifeguard Stations	24
Lifeguard Towers	159
Beach Patrol Vehicles	58
Rescue Boats	8
Paramedic Rescue Boats	2
Baywatch Paramedic Squads	2

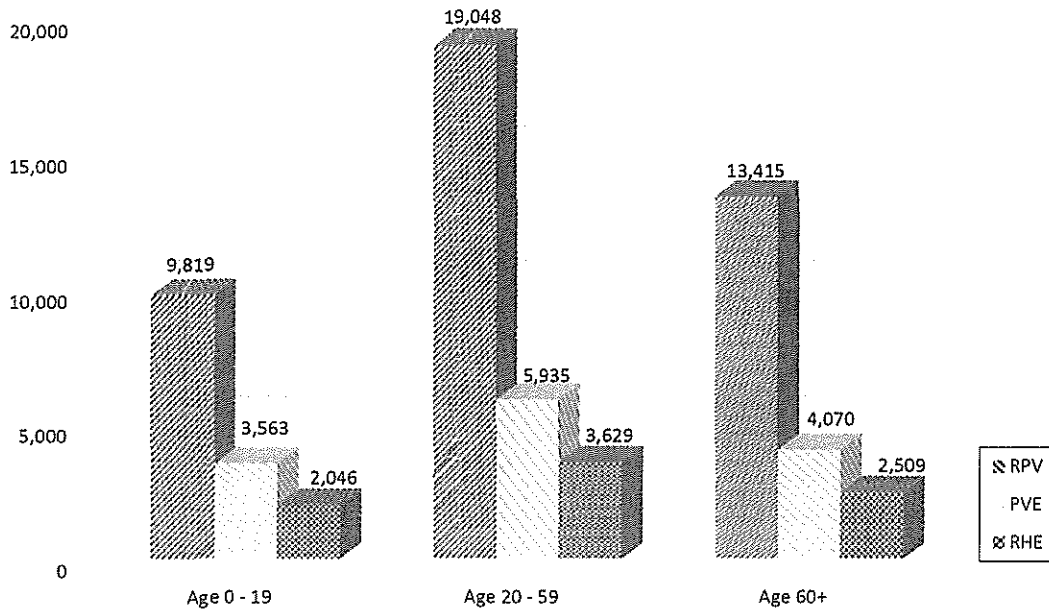
FORESTRY

Forest Tree Nurseries	5
Plants Distributed	26,492

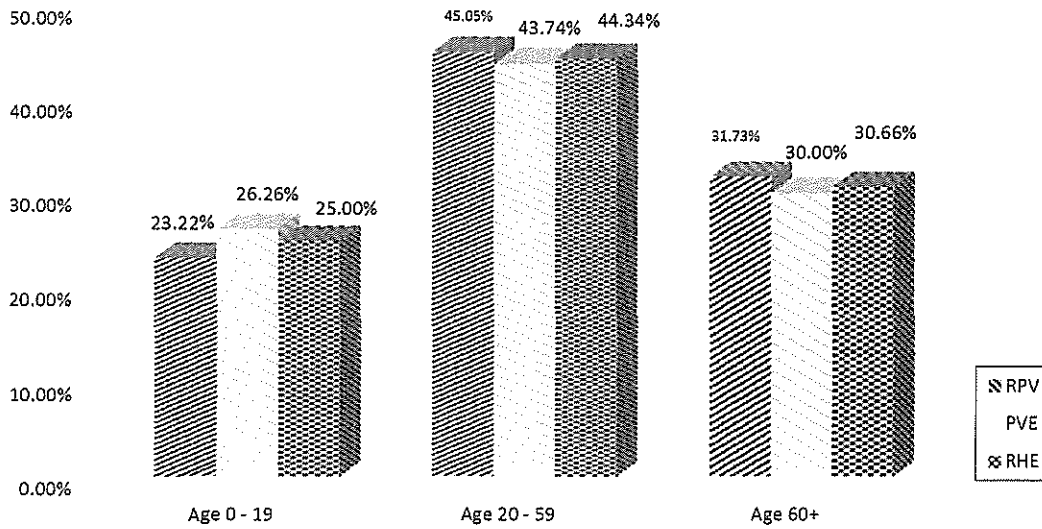
WILDLAND DIVISION

Fire Suppression Camps	
Paid	4
Correctional	6
Fire Suppression Crews	
Paid	4
Correctional	2
Dozers	10
Dozer Transport Trucks	10
Equipment	26

2014 Peninsula Cities Population



2014 Peninsula Cities Population

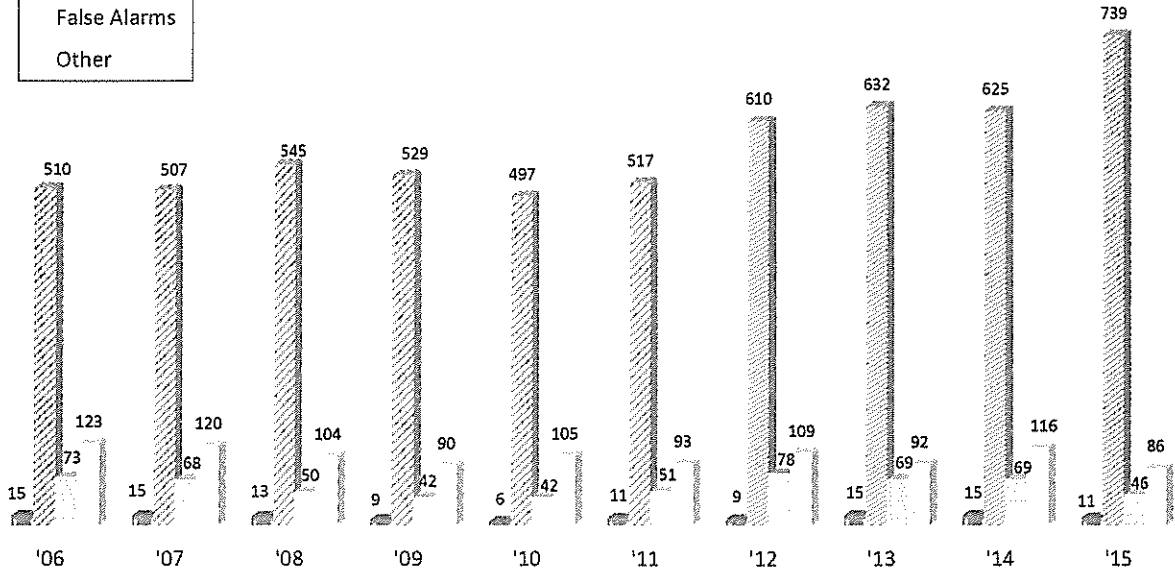
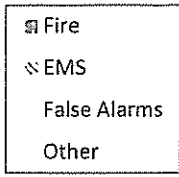


Source: U.S. Census. 2015 Population available in October 2016.

BATTALION 14

<u>FIRE STATION #2</u>	340 PALOS VERDES DR W PALOS VERDES ESTATE, 90274
<u>FIRE STATION #6</u>	25517 S. NARBONNE AVE LOMITA, 90717
<u>FIRE STATION #53</u>	6124 PALOS VERDES DR SO RANCHO PALOS VERDES, 90275
<u>FIRE STATION #55</u>	945 AVALON CYN RD AVALON, 90704
<u>FIRE STATION #56</u>	12 CREST RD WEST ROLLING HILLS, 90274
<u>FIRE STATION #83</u>	83 MIRALESTE PLAZA RANCHO PALOS VERDES, 90275
<u>FIRE STATION #106 – HDQTRS</u>	413 INDIAN PEAK RD ROLLING HILLS ESTATES, 90274
<u>FIRE STATION #155</u>	PO BOX 5011 AVALON, 90704

Palos Verdes Estates 10-Year Incident History



CONSOLIDATED FIRE PROTECTION DISTRICT
PALOS VERDES ESTATES
FIRE CONTRACT HISTORY COSTS

Fiscal Year	Estimated Gross Contract	Final Gross	Final Net Cost with Credits	\$ Inc (Dec) from PY Final Gross	\$ Inc (Dec) from PY Final Net	Actual Inc. in Assess/ Tax Rate
06-07	3,351,789	3,453,637	3,391,934	7.3%	8.8%	
07-08	3,598,690	3,696,770	3,686,484	7.0%	8.7%	
08-09	3,852,034	3,783,083	3,770,497	2.3%	2.3%	
09-10	3,941,972	3,820,855	3,791,627	1.0%	0.6%	
10-11	3,981,331	3,915,852	3,903,886	2.5%	3.0%	
11-12	3,936,416	3,977,200	3,961,583	1.6%	1.5%	
12-13	4,131,037	4,127,665	4,111,001	3.8%	3.8%	
13-14	4,260,989	4,307,807	4,298,427	4.4%	4.6%	
14-15	4,432,846	4,404,511	4,393,744	2.2%	2.2%	
15-16	4,522,970	4,552,384	4,534,721	3.4%	3.2%	

e contract history (07-08 to 16-17)

Consolidated Fire Protection District
Fire Contract Cost History
City of Palos Verdes Estates

Fiscal Year	Final Gross	Total Credits	Final Net Cost with Credits	\$ Inc (Dec) from PY Final Gross	\$ Inc (Dec) from PY Final Net
86-87	1,249,184				
87-88	1,330,084			6.5%	
88-89	1,456,665			9.5%	
89-90	1,600,866			9.9%	
90-91	1,745,802			9.1%	
91-92	1,877,937			7.6%	
92-93	1,971,688			5.0%	
93-94	2,089,141			6.0%	
94-95	2,193,393			5.0%	
95-96	2,233,188	93,254	2,139,934	1.8%	
96-97	2,115,382	123,837	1,991,545	-5.3%	-6.9%
97-98	2,185,339	123,839	2,061,500	3.3%	3.5%
98-99	2,335,730	130,377	2,205,353	6.9%	7.0%
99-00	2,497,101	116,376	2,380,725	6.9%	8.0%
00-01	2,616,542	99,713	2,516,829	4.8%	5.7%
01-02	2,712,391	77,014	2,635,377	3.7%	4.7%
02-03	2,806,644	120,404	2,686,240	3.5%	1.9%
03-04	3,001,332	83,520	2,917,812	6.9%	8.6%
04-05	3,057,639	98,459	2,959,180	1.9%	1.4%
05-06	3,218,570	100,262	3,118,308	5.3%	5.4%
06-07	3,453,637	61,703	3,391,934	7.3%	8.8%
07-08	3,696,770	10,286	3,686,484	7.0%	8.7%
08-09	3,783,083	12,586	3,770,497	2.3%	2.3%
09-10	3,820,855	29,228	3,791,627	1.0%	0.6%
10-11	3,915,852	11,966	3,903,886	2.5%	3.0%
11-12	3,977,200	15,617	3,961,583	1.6%	1.5%
12-13	4,127,665	16,664	4,111,001	3.8%	3.8%
13-14	4,307,807	9,380	4,298,427	4.4%	4.6%
14-15	4,404,511	10,767	4,393,744	2.2%	2.2%
15-16	4,552,384	17,663	4,534,721	3.4%	3.2%

Note:

1: LACERA (LA County Employee Retirement Account) credits commenced FY 95-96 thru FY 06-07.

Paramedic pass-through fee credits commenced on FY 01-02.

2: The credit reflects the paramedic pass-thru fees the Fire District receives from the ambulance company. Ambulance companies charge a fee for transporting patients, a portion of which includes a charge for our paramedic on board the ambulance. Ambulance companies pass through the revenue attributable to the paramedic service to the Fire District, and then Fire District passes through to PVE the fees attributable to transports in your city.

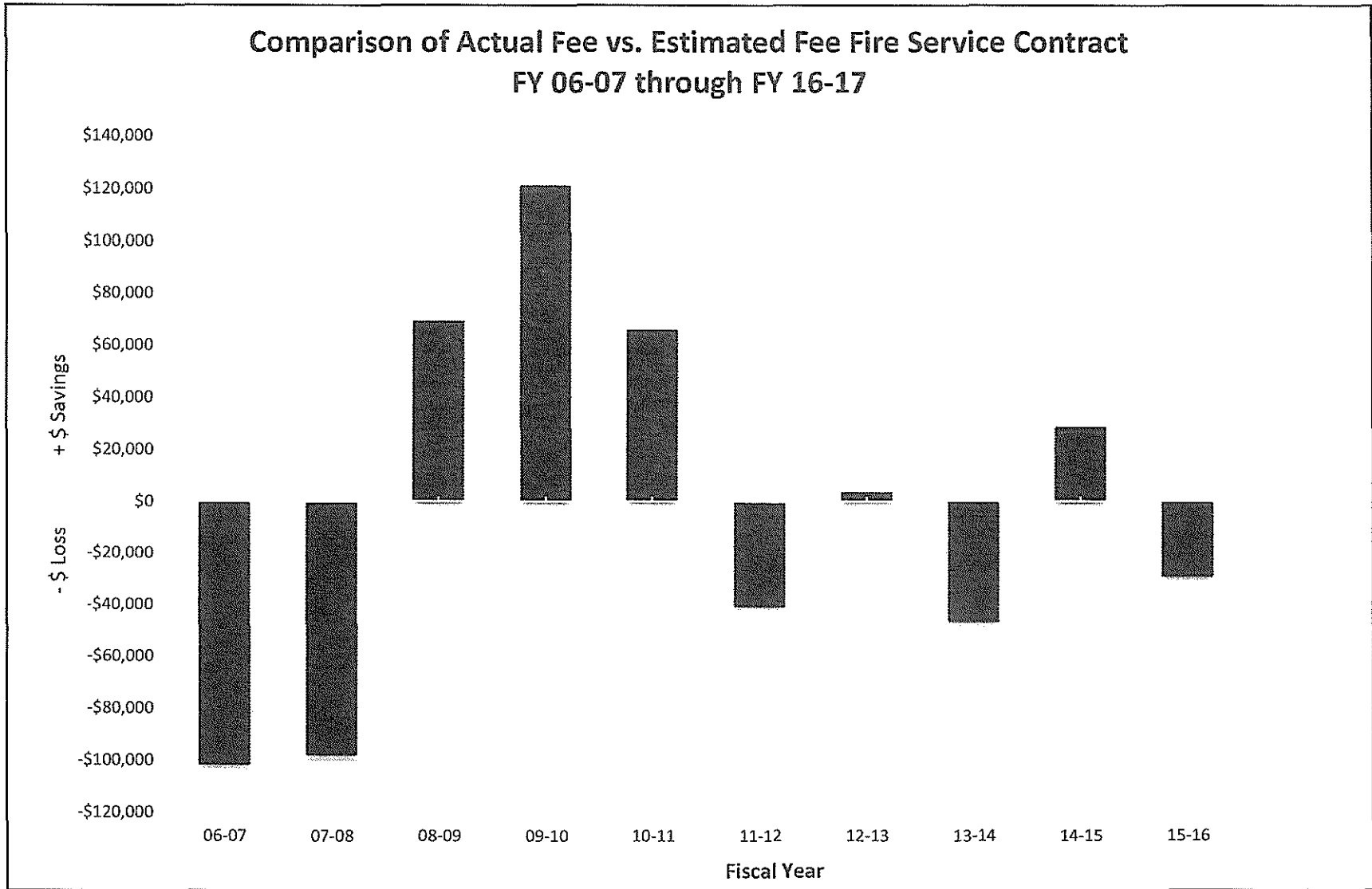
**City of Palos Verdes Estates
Actual Fee
Fire Service Contract**

	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17*	Fee Inc. Avg Last 5 Yrs. 11-12 to 15-16	Fee Inc. Avg Last 5 Yrs. Assume 16-17 Actual
Actual Fee	7.30%	7.04%	2.33%	1.00%	2.49%	1.57%	3.78%	4.36%	2.24%	3.36%	2.35%	3.062%	3.218%
Cap	4.20%	4.20%	4.20%	4.20%	4.20%	5.03%	3.89%	3.23%	3.64%	3.89%	4.06%		

Note: The percentages in this chart and the Fire Contract History chart are the same.
The reason the fee percentages do not match exactly is due to a rounding factor.

* Estimate

f:\PVE\pve actual fee



This chart is intended to show the comparison between the Fire Dept's initial estimate versus the final actual fee. The years with the bar above the zero means the final actual fees came in lower than our initial estimate, thus illustrating a surplus. The years with the bar below the zero means the final actual fees came in higher than our initial estimate, thus illustrating a deficit.

CITY BUDGET & CAFR



City of Palos Verdes Estates
Fire and Paramedic Services Special Tax
Auditor's Report
Fiscal Year 2016/17

Main Office
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516 Fax: 951.296.1998

Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102
Toll free: 800.434.8349 Fax: 415.391.8439

**CITY OF PALOS VERDES ESTATES
FIRE AND PARAMEDIC SERVICES SPECIAL TAX**

340 Palos Verdes Drive West
Palos Verdes Estates, CA 90274
Phone - (310) 378-0383

CITY COUNCIL

Jennifer L. King, Mayor

James D. Vandever, Mayor Pro Tem

James F. Goodhart, Councilmember

John Rea, Councilmember

Betty Lin Peterson, Councilmember

CITY STAFF

Anton "Tony" Dahlerbruch, City Manager

John P. Downs, Finance Director

Donna Coonan, Financial Services Manager

NBS

Danielle Wood, Client Services Director

Brian Brown, Associate Director

Reena Arvizu, Financial Analyst

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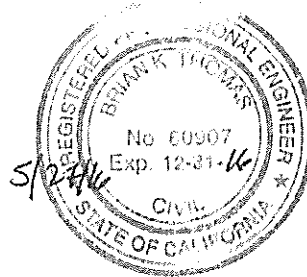
1. SIGNATURE TRANSMITTAL PAGE

**Auditor's Report
City of Palos Verdes Estates
Fire and Paramedic Services Special Tax
Fiscal Year 2016/17**

The undersigned, acting on behalf of NBS Government Finance Group, DBA NBS ("NBS"), respectfully submits the enclosed report as directed by the City Council.

Dated: May 27, 2016

By: 
Brian Thomas
R.C.E. No. 60907



I HEREBY CERTIFY that the enclosed Auditor's Report, together with Tax Roll thereto attached was filed with me on the _____ day of _____, 2016.

City Clerk
City of Palos Verdes Estates
Los Angeles County, California

By: _____

I HEREBY CERTIFY that the enclosed Auditor's Report, together with Tax Roll thereto attached was approved and confirmed by the City Council of the City of Palos Verdes Estates, California, on the _____ day of _____, 2016.

City Clerk
City of Palos Verdes Estates
Los Angeles County, California

By: _____

2. INTRODUCTION

The purpose of the Special Tax is to fund fire and paramedic services for the City of Palos Verdes Estates (the "City") as contracted with the Los Angeles County Fire Department. The enabling legislation for the Special Tax is found in the California Government Code commencing with Section 50075 (the "Code"). On March 6, 2007, by over a two-thirds majority, the voters approved the establishment of the City of Palos Verdes Estates Fire and Paramedic Services Special Tax.

Voters approved the Rate and Method of Apportionment and the maximum amount to be levied over a period of ten (10) fiscal years, starting in Fiscal Year 2007/08. The purpose of this report is to establish the tax rates for Fiscal Year 2016/17, in accordance with the methodology set forth in the Rate and Method of Apportionment. The City has retained NBS, to prepare this Auditor's Report.

2.1. Estimate of Revenues Generated

The total estimated revenue to be generated from the Fire and Paramedic Services Special Tax for Fiscal Year 2016/17 is \$4,703,607.44.

2.2. Cost Estimate for Fiscal Year 2016/17

According to the Rate and Method of Apportionment authorized by Ordinance No. 677, the Special Tax rate for any fiscal year is set at an amount sufficient to pay the costs of services covered by the Special Tax, which include: i) costs for fire and paramedic services and ii) administrative expenses. If the permitted Special Tax rate does not generate revenue sufficient to cover these costs, a contribution from the Fire and Paramedic Services Special Tax Operating Fund or other supplemental funding is required.

Sources and Uses of Funds	Estimated Budget for Fiscal Year 2016/17	Actual Budget for Fiscal Year 2015/16
Fire and Paramedic Services Estimated Costs	\$4,659,578	\$4,552,384
Special Tax Administration Costs	5,090	5,059
Subtotal:	\$4,664,668	\$4,557,443
Contribution to Fire and Paramedic Services Special Tax Operating Fund	38,939	15,974
Total Revenue Generated from Special Tax:	\$4,703,607	\$4,573,417

3. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

3.1. Special Tax Formula

This section of the report describes the Rate and Method of Apportionment of the Special Tax that distributes the cost of fire and paramedic special services to each lot or parcel based upon the type of use of each property and its risk classification. The basis of the Special Tax was developed based upon information provided by the City, information from the Los Angeles County Fire Department, and the requirements of California Government Code Section 50075.

Under the provisions of the Code, a Special Tax does not necessarily need to demonstrate an immediate benefit upon a parcel of property. However, this Special Tax formula equitably apportions the costs of providing fire and paramedic services to the properties within the City. The Special Tax considers the actual benefits received by a parcel or the projected costs of protecting a certain type of parcel and related improvement, if any.

The Special Tax rates are based on the size of the structure improvements, land area and risk classifications of the structure. The risk classification may include the amount of water required for fire suppression, the structure size, and type of construction and use of the structure. The most pertinent variable for calculation of the Special Tax is the structure size, which is directly related to other variables. The larger improvements have more value, and therefore have greater risk and receive more benefit from fire suppression services. There is also more equipment and firefighter time involved, as well as greater amounts of water used, for larger structures.

LAND USE CLASSIFICATION

The Special Tax rates that are applied to each parcel do not differ by land use classification. However, all parcels are assigned a land-use classification based upon their respective use code assigned by the Los Angeles County Assessor's Office.

- **Residential Parcels** – Residential parcels, including single family and multi-family uses, are taxed by area of improvements on the parcel. Area of improvement is defined as total living area, as shown in the County Assessor's database and confirmed by the City's building permit department as of July 1 of each year.
- **Commercial Parcels** – Commercial parcels are also assessed by area of improvements on the parcel. Based on information from the Los Angeles County Fire Department, the relative risk per square foot of commercial properties is equivalent to that of residential properties. Area of improvement is defined as total building area, as shown in the County Assessor's database and confirmed by the City's building permit department as of July 1 of each year.
- **Exempt Parcels** – Exempt parcels are all parcels that are exempt from ad valorem taxes as allowed by current law such as parcels qualifying for a religious property exemption, utility transmission, and government owned parcels.

Additionally, all parcels receive benefit from fire suppression services, regardless of the type of property or size of the improvement on that property. This benefit is a standby availability benefit, which allows a property to obtain reasonable insurance rates and increases the desirability of a property due to the proximity of firefighting equipment and staff. Therefore, every eligible parcel within the City, whether developed or undeveloped, is assessed a base amount for the standby availability benefit.

MAXIMUM SPECIAL TAX

A parcel's annual Special Tax amount may change from year to year, depending on the parcel's then-current land use and development thereon. However, a parcel may not be levied at an amount greater than the applicable Maximum Special Tax as established by the Rate and Method of Apportionment.

The Special Tax included a maximum annual four and two tenths percent (4.2%) escalator each fiscal year from Fiscal Year 2008/09 through 2011/12, and a maximum annual six and two tenths percent (6.2%) escalator each fiscal year from Fiscal Year 2012/13 through 2016/17. The escalator is approved annually by City Council pursuant to the cost of the Los Angeles County fire and paramedic services contract. The historical Maximum Special Tax rates are shown below.

Fiscal Year	Escalation Factor	Base Amount (Maximum Rate per Parcel)	Improvement Amount (Maximum Rate per Building SF)
2007/08	--	\$250.41	\$0.143422
2008/09	4.20%	260.92	0.149445
2009/10	4.20%	271.88	0.155722
2010/11	4.20%	283.30	0.162262
2011/12	4.20%	295.20	0.169077
2012/13	6.20%	313.50	0.179560
2013/14	6.20%	332.94	0.190693
2014/15	6.20%	353.58	0.202516
2015/16	6.20%	375.50	0.215072
2016/17	6.20%	398.79	0.228406

The percentage increase in the Special Tax in any fiscal year to the next shall not exceed the percentage increase in the amount to be paid by the City to the Fire District for such fiscal year. For Fiscal Year 2016/17, the Los Angeles County Fire Department has estimated an increase of 2.35% from Fiscal Year 2015/16, which is below the maximum annual increase allowed in Fiscal Year 2016/17.

3.2. Special Tax Levy for Fiscal Year 2016/17

The applied Special Tax rates for Fiscal Year 2016/17 were increased by 2.35% from Fiscal Year 2015/16. A summary of parcel information relative to the Special Tax is shown below. This information is based upon the records of the Los Angeles County Assessor. "Parcel" means any Los Angeles County Assessor's Parcel that is within the boundaries of the City, based on the equalized tax rolls of the County.

Land Use	Parcel Count	Building SF	Base Amount (Rate per Parcel) FY 2016/17	Improvement Amount (Rate per Bldg. Sq. Ft.) FY 2016/17	Total Projected Special Tax FY 2016/17 (1)
Single Family Homes	4,925	15,291,078	\$328.16	\$0.187952	\$4,490,176.77
Condo/Multi-Family Residential	172	427,053	328.16	0.187952	136,709.08
Commercial	28	242,466	328.16	0.187952	54,760.46
Vacant (Undeveloped) Parcel	67	0	328.16	0.000000	21,986.72
Totals	5,192	15,960,597	\$328.16	\$0.187952	\$4,703,633.03

(1) The Projected Special Tax Levy for Fiscal Year 2016/17 is based upon the current projection provided by the Los Angeles County Fire Department. The actual levy amount is subject to change once the final costs are received by Los Angeles County Fire Department and once the secured roll is finalized by Los Angeles County. The amounts do not include rounding adjustments totaling \$25.59.

4. PROCEDURAL INFORMATION

4.1. Duration of Special Tax

The duration of the Fire and Paramedic Services Special Tax is ten (10) years. The Special Tax levy has been levied annually since Fiscal Year 2007/08 and will sunset after Fiscal Year 2016/17. Fiscal Year means the period starting on July 1 and ending the following June 30.

4.2. Schedule of Special Tax

An annual Auditor's Report including the Special Tax roll will be submitted to the City Council for consideration on or around July 1st of each year as part of the annual budget process. At that time the Special Tax rates will be included in the budget for the ensuing fiscal year. The Special Tax will be collected with the property taxes on the annual County property tax bill.

4.3. Special Tax Fund Account

The proceeds from the Special Tax will be utilized for fire and paramedics services as outlined in this report and will be deposited into the Fire and Paramedic Services Special Tax Operating Fund.

4.4. Appeal Procedure

The data utilized in developing the Special Tax rate calculations has been taken from the Los Angeles County Assessor's Roll, as confirmed by the City. Building area means the total living area, based upon the records of the Los Angeles County Assessor, as of March 1 preceding such July 1 of the current fiscal year. If a property owner believes there is a discrepancy regarding the classification of their respective parcel or parcels, the owner should notify the City. If warranted, the City will assist the owner in processing a correction with the County Assessor and Auditor Controller's Offices.

5. **SAMPLE SPECIAL TAX CALCULATIONS**

The following sample calculations show the proposed Special Taxes for Fiscal Year 2016/17.

Improvement Area and Projected Special Tax	Special Tax FY 2015/16	Special Tax FY 2016/17
Improvement Area = 2,450 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 449.91 \$770.53	\$328.16 460.48 \$788.64
Improvement Area = 2,595 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 476.54 \$797.16	\$328.16 487.74 \$815.90
Improvement Area = 3,000 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 550.91 \$871.53	\$328.16 563.86 \$892.02
Improvement Area = 4,000 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 734.55 1,055.17	\$328.16 751.81 \$1,079.97
Improvement Area = 8,000 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 1,469.10 \$1,789.72	\$328.16 1,503.62 \$1,831.78
Improvement Area = 12,000 SF Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 2,203.64 \$2,524.26	\$328.16 2,255.42 \$2,583.58
Vacant Parcel Any Size Vacant Lot Per Parcel Special Tax: Square Foot Special Tax: Total:	\$320.62 0.00 \$320.62	\$328.16 0.00 \$328.16

FY 16/18 BUDGET MESSAGE

At the outset of this budget year, we embarked on a budget process of planning and building the next phase of the City's future. Our goals and perspectives in preparing this budget encompassed (1) continuing the important tradition of conservative fiscal planning that is prudent, sustainable, and compliant with accounting best practices, (2) maintaining an accurate fiscal plan necessary to strengthen the organization's efficiency, effectiveness, and responsiveness, and (3) sustaining the operational, capital, technological and human resource and capacity infrastructure for serving the community at the highest levels. The two-year plan before you is both resourceful and operationally realistic, ensuring no disruption to the high standards of service provided to the community, while positioning the City to move forward within the constraints of one primary and limited revenue source, property tax.

This budget document looks similar to the 2014/16 fiscal year budget, however there are some enhancements that make it more useable. This document goes to greater lengths to itemize and quantify monies that were budgeted but unutilized in the prior year and hence are available to reprogram for upcoming projects. This document serves to communicate how City services and work plans will evolve in future years.

The 2016/18 fiscal plan focuses on community enhancements, connectivity, staff development, organizational effectiveness, service delivery, capital planning, and technology. It further represents a long term operating and capital planning vision, an initiative that will continue and be strengthened with interim reports, improved accountability, clearer communications and future budgets. 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 – Paramedic & Fire Services – Planning & 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 terms of dollars and cents, the budget document strives to answer the three essential questions:

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

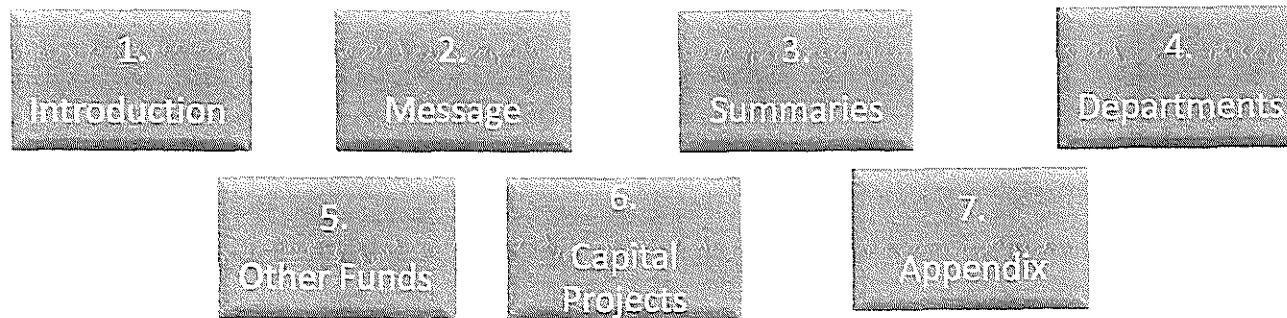
What We Take In - What are the City's revenue sources?

What We Spend - How are tax and fee dollars allocated for the delivery of community services?

Capital improvements represent a key focus of the City's budget. More than cost, capital improvement projects (CIPs) are a significant factor in Palos Verdes Estates' highly visible and well-utilized physical environment and character. The City's infrastructure, maintained through capital improvements, maintenance and enhancements serve to preserve, enhance and nurture the quality of life in Palos Verdes Estates.

STRUCTURE OF THE DOCUMENT

This document is a financial plan that includes a three year historical view of past results and estimates. 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 have also been asked to 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:



The Summaries section consolidates the numbers from all the various sources and uses and organizes them into a comprehensive and meaningful manner. The section essentially “telescopes” the financial data from high level to detail to provide access to the various perspectives of interest.

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. Lastly, the appendix includes some key performance measures and a listing of authorized positions.

BUDGET HIGHLIGHTS

The biennial Fiscal Year (FY) 2016/17 and 2017/18 operating budget is balanced, and it maintains current service levels, with the addition of some enhancements that will occur only in FY 2016-17. These one-time enhancements are reflected in key staffing improvements in several areas – staff development – training – equipment – safety – technology – capital outlay and large scale capital projects. The FY 2016-17 operating budget reflects one time supplemental expenditures of \$100,000 that are funded through a one-time transfer from the City's Equipment Replacement Fund, thereby negating any structural shortfall for the year.

From a perspective of staffing and organizational structure, the City's traditional functional structures has been enhanced by the hiring of an in-house City Engineer. The City continues to maintain a hybrid balance of in-house staff and contract services. Contract based services are deployed in all key functions including Safety (paramedic and fire contract), Maintenance (waste hauling, landscaping contracts), Administration (legal, technology, professional service contracts) and Planning, Building & Public Works (Building and Engineering support contracts).

As discussed in more detail below, this fiscal plan is conservatively built based on full costing levels and revenue projections that do not overreach. Revenue estimates are attentive to an economy that is stable in the commercial sector but continues to be tenuous at local, state and federal levels. Within these parameters, projections are sustainable and allow for steady operations going forward. In summary:

- The General (operating) fund is balanced for both FY 2016/17 and FY 2017/18
- General Fund Budgeted revenues will no longer reflect the discounted value of exchanged of Prop A funds (\$173,000).
- Policy of six months (rainy day) operating reserves have been maintained at established levels
- Revenues increased moderately (excluding interdepartmental charges) and are forecasted to remain so in the two year term (increase projected to be .5 to 2.5%)
- Property tax is the primary revenue source with an increase projected to be 3-4% growth in each year
- Full Time Equivalent positions (full and part-time) remain at 63
- Normal and sustainable salary and benefit growth have been included
- Cal PERS Safety and Miscellaneous pension rate increases have been included as estimated

- Increases in regional healthcare and insurance costs are included
- Increased funding to comply with MS4 (storm water) monitoring
- Utilizing built up reserve in the Equipment Replacement Fund to fund several one-time expenses in the General Fund and CIP
- Projected on-going commitment of funding towards Parklands and open space enhancements

PROJECTED FUND BALANCES & RESERVES

This biennial budget maintains the strong General fund 50% reserve for “rainy day” needs and unplanned disasters and emergencies, recognizing the City’s stable, but non-diversified, revenue base. To that end, the budget establishes the following two full year projections of projected fund balances:

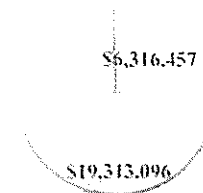
FUND	JUNE 2016	JUNE 2017	JUNE 2018
GENERAL FUND	12,180,701	11,744,767	11,274,624
FIRE TAX FUND	672,908	667,082	632,824
SPECIAL REVENUE FUNDS	966,847	1,055,429	1,244,853
TRANSIT TAX FUNDS	952,601	915,516	823,102
CAPITAL FUNDS	9,558,381	7,124,266	6,014,262
SHARED SERVICE FUNDS	5,229,416	4,122,493	4,147,084
TOTAL	29,560,854	25,629,553	24,136,750

The table above illustrates the maintenance of strong fund balances as well this budget’s investment in citywide capital improvements.

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 know the concept that 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 1/3 of City Funds remain discretionary.

FUND	June 2017		June 2018	
	Available	Restricted	Available	Restricted
GENERAL FUND	2,408,866	9,335,900	1,781,694	9,492,930
FIRE TAX FUND	-	667,082	-	632,824
SPECIAL REVENUE FUNDS	-	1,055,429	-	1,244,853
TRANSIT TAX FUNDS	-	915,516	-	823,102
CAPITAL FUNDS	3,907,591	3,216,675	2,923,987	3,090,275
SHARED SERVICE FUNDS	-	4,122,493	-	4,147,084
	6,316,457	19,313,096	4,705,681	19,431,069
		25,629,553		24,136,750

Funds Availability 16/17



This budget was built in strict observance to the City's practice of maintaining a 50% reserve level. This reserve balance decreases from \$9.6 Million to \$9.4 Million over the two year term representing 50% of base funds (all funds excluding capital and sewer) and 75% of the City's General operating Fund.

ESTIMATED REVENUES

The City's checkbook is made up of many Funds or categories, all of which are listed in summary and detail within the budget document. For purposes of the budget message, it is most helpful and instructive to focus in on the General Fund, as it provides the resources that drive core City services. The General Fund makes up 65% of all city revenue, and when combined with the City's Special Paramedic and Fire Services 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% growth in revenue streams over FY 15/16 projected results followed by a 1.5% growth for FY 17/18. Excluding the Shared Services Funds (interdepartmental charges) that are growing due to increased insurance expenses, the growth in revenue is a much more moderate .5% to 2.5% in this biennial budget.

Given its importance to City operations, it is also key to note that the Paramedic and Fire Tax Special Tax revenue is staged to increase by 4.5% commensurate with the FY 16/17 contract. A similar level of increase was factored into FY 17/18. Renewal of the tax will be on the ballot in March 2017; for purposes of this budget we have assumed the City's Fire Parcel Tax will be renewed for the FY17/18 fiscal year.

When parsing out the major elements of the General Fund revenues, it is clear that property tax remains as the major driver in the anticipated growth patterns when considering sheer incoming dollar revenue streams as displayed below. Property tax growth assumptions are conservatively founded based upon near term trends, available market forecasts tempered with inherent uncertainties that exist in the national and state economies.

SOURCE	PROJECTED	PROPOSED	PROPOSED	S CHANGE	% CHANGE	S CHANGE	% CHANGE
	2015/16	2016/17	2017/18	One Yr	One Yr	Two Yr	Two Yr
PROPERTY TAXES	7,053,530	7,648,833	7,932,689	595,303	8.44%	879,159	12.46%
PROPERTY TAX IN-LIEU-FEE	1,320,379	1,317,554	1,375,395	(2,825)	-0.21%	55,016	4.17%
CONCESSIONS & INTEREST	1,360,853	1,333,100	1,358,100	(27,753)	-2.04%	(2,753)	-0.20%
PLANNING & BUILDING FEES	1,086,189	994,000	994,000	(92,189)	-8.49%	(92,189)	-8.49%
FRANCHISE FEES	565,555	561,135	569,206	(4,420)	-0.78%	3,652	0.65%
OTHER AGENCIES	757,514	274,920	271,449	(482,594)	-63.71%	(486,065)	-64.17%
FINES	152,230	150,000	150,000	(2,230)	-1.46%	(2,230)	-1.46%
BUSINESS LICENSE TAX	208,628	208,000	208,000	(628)	-0.30%	(628)	-0.30%
REAL ESTATE TRANSFER TAX	203,228	200,000	200,000	(3,228)	-1.59%	(3,228)	-1.59%
SALES TAX	190,023	192,000	194,000	1,977	1.04%	3,977	2.09%
LICENSE & PERMITS	35,288	30,500	30,500	(4,788)	-13.57%	(4,788)	-13.57%
SERVICE CHARGES	61,074	58,000	58,000	(3,074)	-5.03%	(3,074)	-5.03%
TOTAL	12,994,490	12,968,042	13,341,339	(26,449)	-0.20%	346,849	2.67%

Another important assumption factored into the budget is the City's conclusion of participation in the AB109 task force that reimburses the City for the City's officer(s) participating in the program. Also the City will no longer exchange our Prop A funds with another agency in the upcoming two years. Both of these decisions will account for the decreased revenues projected in the Other Agencies category although they also result in offsetting savings in expenditures.

EXPENDITURES

On the resource outlay side of the equation, expenditures reflect the organizational and capital investments. In the biennial term, the City is projecting a 7.5% growth in General fund expenditures over FY 15/16 projections and 25% increase growth capital improvement and equipment activities to address deferred functional needs of the organization and community. FY 17/18 continues to show significant growth of 8.7% in the General Fund expenses largely due to pension obligations however the overall growth is a more modest 1.04%.

A look at the expenditure numbers by area of service delivery follows:

SERVICE AREA	PROJECTED	PROPOSED	PROPOSED	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
	2015/16	2016/17	2017/18	One Yr	One Yr	Yvo Yr	Two Yr
ADMINISTRATION	1,126,369	1,350,553	1,285,175	224,184	19.90%	158,806	12.36%
FINANCE	719,493	703,706	737,463	(15,786)	-2.19%	17,971	2.44%
POLICE	6,624,759	7,124,549	7,372,403	499,790	7.54%	747,644	10.14%
PLANNING & BUILDING	2,329,452	2,512,146	2,572,170	182,695	7.84%	242,718	9.44%
PUBLIC WORKS	1,076,919	1,341,821	1,344,271	264,901	24.60%	267,352	19.89%
GENERAL FUND	11,876,992	13,032,776	13,311,482	890,883	7.50%	1,167,139	8.77%
FIRE SERVICES	4,418,973	4,703,818	4,826,030	284,845	6.45%	407,057	8.43%
TRANSIT	415,249	465,542	470,573	50,293	12.11%	55,324	11.76%
CAPITAL PROJECTS	2,481,480	4,224,234	2,120,368	1,742,754	70.23%	(361,112)	-17.03%
SEWER PROJECTS	1,656,522	593,570	191,400	(1,062,952)	-64.17%	(1,465,122)	-765.48%
EQUIPMENT	159,157	488,498	327,200	329,341	206.93%	168,043	51.36%
INSURANCE	561,758	780,418	819,315	218,660	38.92%	257,557	31.44%
OTHER FUNDS	9,693,139	11,256,080	8,754,886	1,562,941	16.12%	(938,253)	-10.72%
TOTAL	21,570,131	24,288,856	22,066,368	2,453,824	11.38%	228,886	1.04%

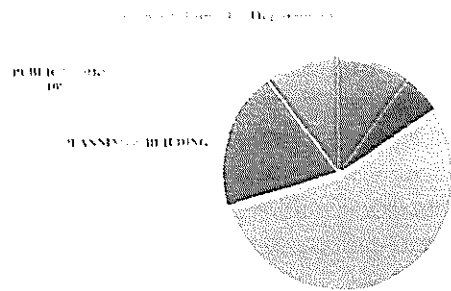
The numbers above are discussed in detail throughout this fiscal plan. However, it is important to note a few key facts:

- Citywide personnel expenditures include full staffing levels as a conservative approach “as if” there are no position vacancies
- Labor costs include normally anticipated growth patterns but also significant pension rate increases in Police (13.75% annually)
- Both the Capital Improvement Project (CIP) Fund and the Sewer Fund reflect the advancement of significant projects
- \$1 million in built-up reserves within Equipment Replacement Fund is being transferred for one-time expenses to the General Fund and Capital Improvement Fund by \$128,800 and \$871,200 respectively.

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 57% of the budget followed by Fire Services at 23% and capital and equipment at 15%, 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:



Public Works
10%

Planning/Building
10%

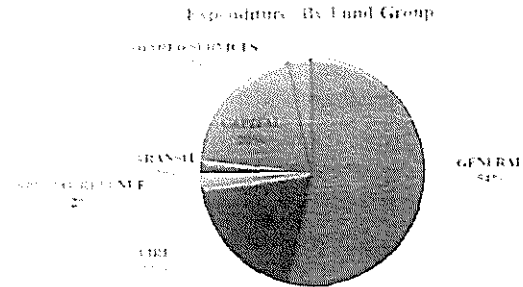
Police
10%

Fire
10%

Finance
10%

Office
10%

General
50%



General
54%

Grants
2%

Special Revenue
2%

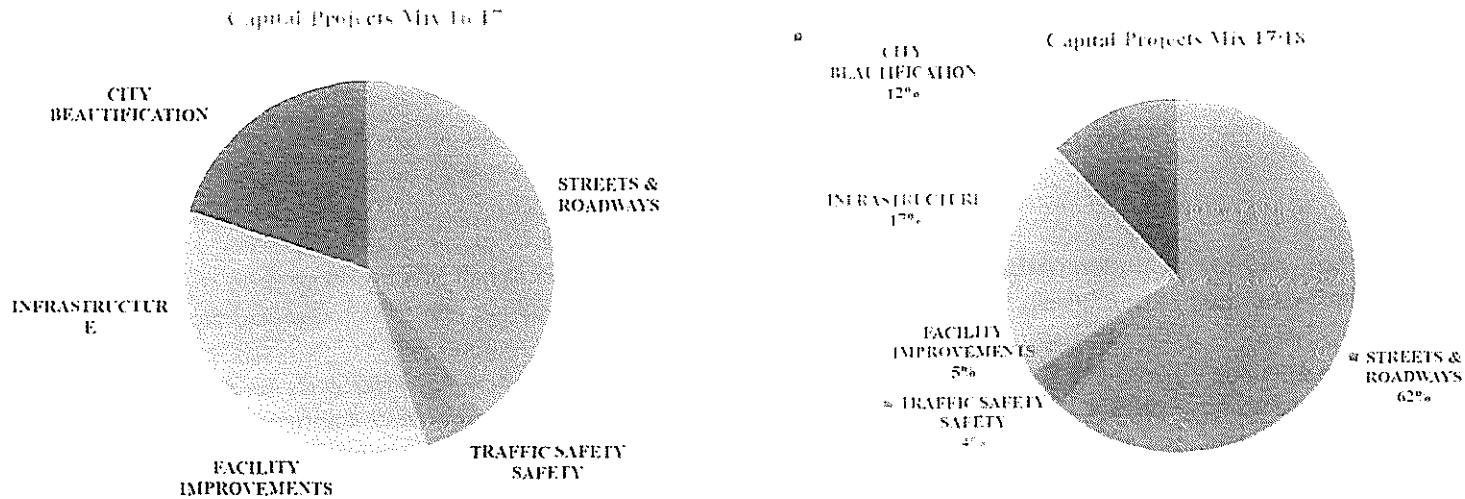
Other
42%

- Training dollars have been enhanced for personnel by \$10,000 for staff development
- The City has planned for participation in the Automated License Plate Reader project with the three other cities on the peninsula.
- The City has planned to strategically commit funds to Parkland beautification
- Increased insurance costs (health, workers' compensation and general liability)
- County Paramedic and Fire contract increase of approximately \$285,000 (offset by revenue)
- Addition of one in-house City Engineer much of which is offset by lesser contractual services
- Enhancing routine tree trimming annual contract services (+\$100,000)
- Planned funding for possible capital improvements to Lunada Bay and Malaga Cove Plaza areas
- One-time community-wide satisfaction and prioritization survey
- Certain one-time capital improvements funded by the Equipment Replacement Fund
- First time presentation of 5 Year Capital Improvement Plan

CAPITAL IMPROVEMENT PROJECTS

This budget takes a stride ahead in setting the beginnings of a formal Capital Improvement Plan (CIP) document. 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. As mentioned in the highlights above, a five-year preview of the CIP is now also available.

A review of this document reveals a significant investments 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 which are summarized below.

FY 16-17

- \$500,000 Transfer from General Fund to seed future capital projects
- \$(513,832) set aside from the General fund reserves to maintain a 50% policy reserve
- \$37,500 from the Prop C Fund to the capital fund for road resurfacing

FY 16-17

- \$158,812 of available Measure R dollars for road reconstruction projects
- \$281,520 from the special projects fund (AQMD dollars) for future transit related capital projects
- \$1,000,000 from Equipment Replacement to capital improvements and certain one-time supplemental budget requests

FY 17-18

\$500,000 Transfer from General Fund to seed future capital projects

\$157,030 set aside from the General fund unreserved to maintain a 50% policy reserve

\$258,996 of available Measure R dollars for road reconstruction projects

CONCLUSION

Preparing the FY 16/17 and FY 17/18 budget was collaborative and inclusive; all Departments were asked to document and define needs based 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 continues to calibrate the City's "fiscal compass" and ensure that community services are enhanced by providing an appropriate balance of resources.

This budget continues to advance our goals of moving the organization toward further accountability, community enhancement plans, and service delivery into the future and to a higher level. It represents a proactive and progressive future with an investment into the community and into 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 submit a fiscal plan that is doable, fiscally sound and moves us forward. Our thanks to the City Council for their direction and guidance toward the future and the Finance Department team for assembling this fiscal plan.

Thank you.

Sincerely,
Anton Dahlerbruch
City Manager
June 28, 2016

FUND BALANCES 16/17

FUND	PROPOSED					TRANSFERS	JUNE 30, 2017
	JUNE 30, 2016	REVENUE	OPERATIONS	REV / EXP	CAPITAL		
GENERAL FUND							
UNRESERVED	2,330,969	12,968,042	13,032,776	(64,734)		142,632	2,408,866
FISCAL POLICY RESERVE	9,849,732					(513,832)	9,335,900
	12,180,701	12,968,042	13,032,776	(64,734)	-	(371,200)	11,744,767
FIRE TAX FUND							
FIRE PARCEL TAX	672,908	4,697,992	4,703,818	(5,826)		-	667,082
	672,908	4,697,992	4,703,818	(5,826)	-	-	667,082
SPECIAL REVENUE FUNDS							
GAS TAX	108,907	361,192	356,957	4,235		-	113,142
DRUG INTERVENTION	82,270	500	-	500		-	82,770
POLICE GRANTS (SLESF)	37,755	100,500	100,000	500		-	38,255
SPECIAL PROJECTS	732,835	371,567	8,000	363,567		(281,520)	814,882
CORRECTIONS	5,080	6,000	4,700	1,300		-	6,380
	966,847	839,759	469,657	370,102	-	(281,520)	1,055,429
TRANSIT TAX FUNDS							
TRANSIT PROP A	631,658	255,065	256,875	(1,810)			629,848
MEASURE R	147,027	158,812	-	158,812		(158,812)	147,027
TRANSIT PROP C	173,916	210,892	208,667	2,225		(37,500)	138,641
	952,601	624,769	465,542	159,227	-	(196,312)	915,516
CAPITAL FUNDS							
CAPITAL IMPROVEMENT	5,777,136	-	-	-	3,718,577	1,849,032	3,907,591
STABLE	266,421	35,000	1,000	34,000	35,000	-	265,421
SEWER	3,514,824	30,000	7,500	22,500	586,070	-	2,951,254
	9,558,381	65,000	8,500	56,500	4,339,647	1,849,032	7,124,266
SHARED SERVICE FUNDS							
EQUIP REPLACEMENT	3,997,066	381,575	488,498	(106,923)		(1,000,000)	2,890,143
INSURANCE	1,232,350	780,418	780,418	-		-	1,232,350
	5,229,416	1,161,993	1,268,916	(106,923)	-	(1,000,000)	4,122,493
TOTAL	29,560,854	20,357,555	19,949,209	408,346	4,339,647	-	25,629,553

FUND BALANCES 17/18

FUND	PROPOSED					JUNE 30, 2018
	JUNE 30, 2017	REVENUE	OPERATIONS	REV/EXP	CAPITAL TRANSFERS	
GENERAL FUND						
UNRESERVED	2,408,866	13,341,339	13,311,482	29,857	(657,030)	1,781,694
FISCAL POLICY RESERVE	9,335,900				157,030	9,492,930
	11,744,767	13,341,339	13,311,482	29,857	(500,000)	11,274,624
FIRE TAX FUND						
FIRE PARCEL TAX	667,082	4,791,772	4,826,030	(34,258)	-	632,824
	667,082	4,791,772	4,826,030	(34,258)	-	632,824
SPECIAL REVENUE FUNDS						
GAS TAX	113,142	361,192	364,908	(3,716)		109,426
DRUG INTERVENTION	82,770	500	-	500	-	83,270
POLICE GRANTS (SLESF)	38,255	100,500	-	100,500	-	138,755
SPECIAL PROJECTS	814,882	99,000	8,160	90,840	-	905,722
CORRECTIONS	6,380	6,000	4,700	1,300	-	7,680
	1,055,429	567,192	377,768	189,424	-	1,244,853
TRANSIT TAX FUNDS						
TRANSIT PROP A	629,848	260,096	261,906	(1,810)		628,038
MEASURE R	147,027	161,969	-	161,969	(258,996)	50,000
TRANSIT PROP C	138,641	215,090	208,667	6,423		145,064
	915,516	637,155	470,573	166,582	(258,996)	823,102
CAPITAL FUNDS						
CAPITAL IMPROVEMENT	3,907,591	-		-	1,742,600	2,923,987
STABLE	265,421	35,000	-	35,000	-	300,421
SEWER	2,951,254	30,000	7,500	22,500	183,900	2,789,854
	7,124,266	65,000	7,500	57,500	1,926,500	6,014,262
SHARED SERVICE FUNDS						
EQUIP REPLACEMENT	2,890,143	351,791	327,200	24,591	-	2,914,734
INSURANCE	1,232,350	819,315	819,315	-	-	1,232,350
	4,122,493	1,171,106	1,146,515	24,591	-	4,147,084
TOTAL	25,629,553	20,573,564	20,139,868	433,696	1,926,500	24,136,750

FUND AVAILABILITIES

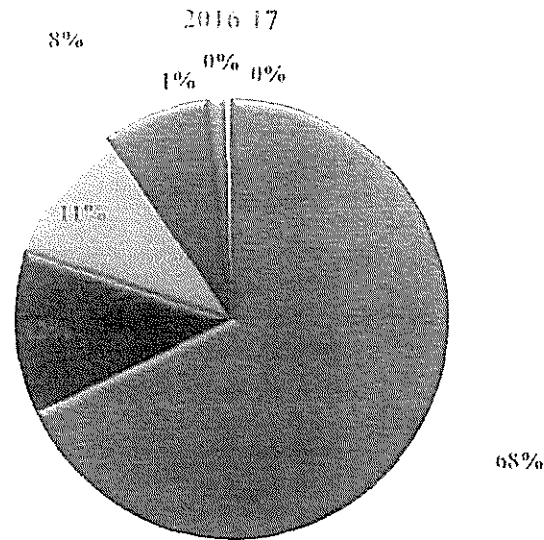
FUND	June 30, 2017		June 30, 2018	
	AVAILABLE	RESTRICTED	AVAILABLE	RESTRICTED
UNRESERVED	2,408,866	-	1,781,694	-
FISCAL POLICY RESERVE	-	9,335,900	-	9,492,930
GENERAL FUND	2,408,866	9,335,900	1,781,694	9,492,930
FIRE PARCEL TAX	-	667,082	-	632,824
FIRE TAX FUND	-	667,082	-	632,824
GAS TAX	-	113,142	-	109,426
DRUG INTERVENTION	-	82,770	-	83,270
POLICE GRANTS (SLESF)	-	38,255	-	138,755
SPECIAL PROJECTS	-	814,882	-	905,722
CORRECTIONS	-	6,380	-	7,680
SPECIAL REVENUE FUNDS	-	1,055,429	-	1,244,853
TRANSIT PROP A	-	629,848	-	628,038
MEASURE R	-	147,027	-	50,000
TRANSIT PROP C	-	138,641	-	145,064
TRANSIT TAX FUNDS	-	915,516	-	823,102
CAPITAL IMPROVEMENT	3,907,591	-	2,923,987	-
STABLE	-	265,421	-	300,421
SEWER	-	2,951,254	-	2,789,854
CAPITAL FUNDS	3,907,591	3,216,675	2,923,987	3,090,275
EQUIP REPLACEMENT	-	2,890,143	-	2,914,734
INSURANCE	-	1,232,350	-	1,232,350
INTERNAL SERVICE FUNDS	-	4,122,493	-	4,147,084
TOTAL	6,316,457	19,313,096	4,705,681	19,431,069

REVENUE BY FUND

FUND NAME	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18	
GENERAL FUND						
GENERAL	12,474,527	12,508,000	12,994,490	12,968,042	13,341,339	
	12,474,527	12,508,000	12,994,490	12,968,042	13,341,339	64%
FIRE TAX FUND						
FIRE PARCEL TAX	4,471,543	4,533,534	4,490,106	4,697,992	4,791,772	
	4,471,543	4,533,534	4,490,106	4,697,992	4,791,772	23%
SPECIAL REVENUE FUNDS						
GAS TAX	363,258	362,000	312,532	361,192	361,192	
DRUG INTERVENTION	728	500	500	500	500	
POLICE GRANTS (SLESF)	107,727	100,500	98,900	100,500	100,500	
SPECIAL PROJECTS	207,906	112,000	98,953	371,567	99,000	
CORRECTIONS	5,980	6,000	6,000	6,000	6,000	
	685,599	581,000	516,885	839,759	567,192	4%
TRANSIT TAX FUNDS						
TRANSIT PROP A	244,915	210,600	251,752	255,065	260,096	
MEASURE R	151,303	130,100	156,298	158,812	161,969	
TRANSIT PROP C	201,550	174,200	207,643	210,892	215,090	
	597,768	514,900	615,693	624,769	637,155	3%
CAPITAL FUNDS						
CAPITAL IMPROVEMENT	-	-	-	-	-	
STABLE	37,555	31,600	35,042	35,000	35,000	
SEWER	28,993	30,000	32,907	30,000	30,000	
	66,548	61,600	67,949	65,000	65,000	0%
SHARED SERVICES						
EQUIP REPLACEMENT	464,601	435,400	457,620	381,575	351,791	
INSURANCE	-	-	-	780,418	819,315	
	464,601	435,400	457,620	1,161,993	1,171,106	6%
TOTAL	18,760,586	18,634,434	19,142,743	20,357,555	20,573,564	100%

GENERAL FUND REVENUE SOURCES

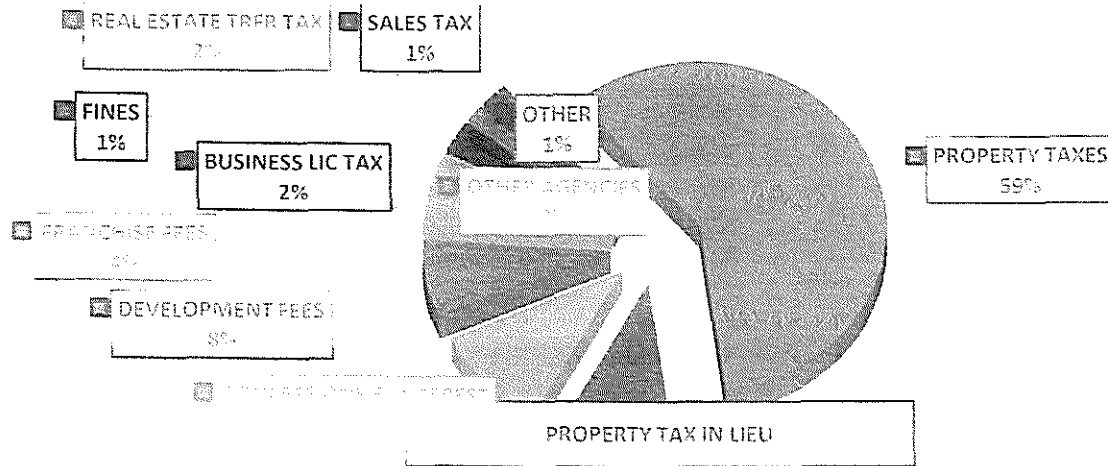
SOURCE	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
TAXES	8,062,222	8,149,000	8,220,963	8,809,968	9,103,895
OTHER AGENCIES	1,576,572	1,561,000	1,625,053	1,567,054	1,624,895
CONCESSIONS & INTEREST	1,288,989	1,237,000	1,360,853	1,333,100	1,358,100
SERVICE FEES	1,009,694	1,055,000	1,147,263	1,052,000	1,052,000
FINES	175,866	201,000	152,230	150,000	150,000
PERMITS	34,834	35,000	35,288	30,500	30,500
OTHER	326,350	270,000	452,839	25,420	21,949
TOTAL	12,474,527	12,508,000	12,994,490	12,968,042	13,341,339



TAXES
 OTHER AGENCIES
 CONCESSIONS & INTEREST
 SERVICE FEES
 FINES
 PERMITS
 OTHER

GENERAL FUND REVENUE BY TYPE

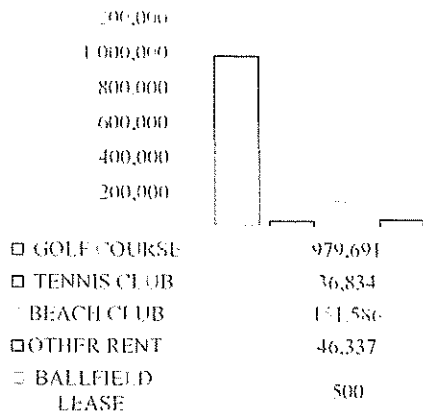
SOURCE	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
PROPERTY TAXES	6,810,561	6,986,000	7,053,530	7,648,833	7,932,689
PROPERTY TAX IN-LIEU-FEE	1,242,410	1,281,000	1,320,379	1,317,554	1,375,395
CONCESSIONS & INTEREST	1,288,989	1,237,000	1,360,853	1,333,100	1,358,100
PLANNING & BUILDING FEES	951,674	993,000	1,086,189	994,000	994,000
FRANCHISE FEES	590,429	587,000	565,555	561,135	569,206
OTHER AGENCIES	660,511	550,000	757,514	274,920	271,449
FINES	175,866	201,000	152,230	150,000	150,000
BUSINESS LICENSE TAX	210,524	213,000	208,628	208,000	208,000
REAL ESTATE TRANSFER TAX	241,485	205,000	203,228	200,000	200,000
SALES TAX	209,222	158,000	190,023	192,000	194,000
LICENSE & PERMITS	34,834	35,000	35,288	30,500	30,500
SERVICE CHARGES	58,020	62,000	61,074	58,000	58,000
TOTAL	12,474,527	12,508,000	12,994,490	12,968,042	13,341,339



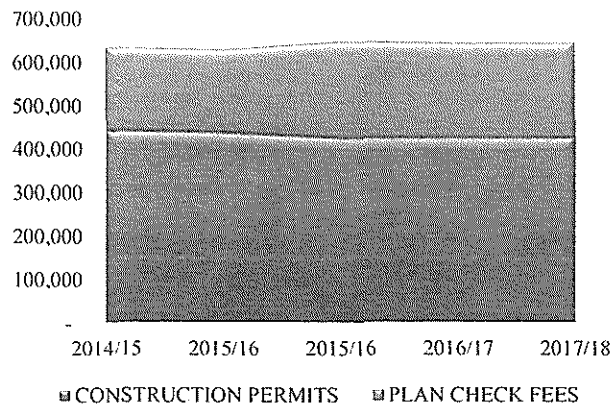
OTHER KEY BREAKOUTS

SOURCE	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
CONCESSIONS & RENT	1,214,947	1,184,000	1,280,853	1,263,100	1,288,100
FRANCHISE TAX WATER	134,983	134,000	119,639	114,854	115,000
FRANCHISE TAX GAS	67,162	64,000	54,716	50,000	50,000
FRANCHISE TAX ELECTRIC	130,051	137,000	128,179	128,000	130,560
FRANCHISE TAX CABLE	258,233	252,000	263,020	268,281	273,646
CONSTRUCTION PERMITS	442,530	438,000	425,000	425,000	425,000
PLAN CHECK FEES	194,088	192,000	223,731	220,000	220,000
VEHICLE CODE FINES	43,138	55,000	53,142	50,000	50,000
PARKING FINES	127,976	140,000	99,072	100,000	100,000
TOTAL	2,613,108	2,596,000	2,647,354	2,619,235	2,652,306

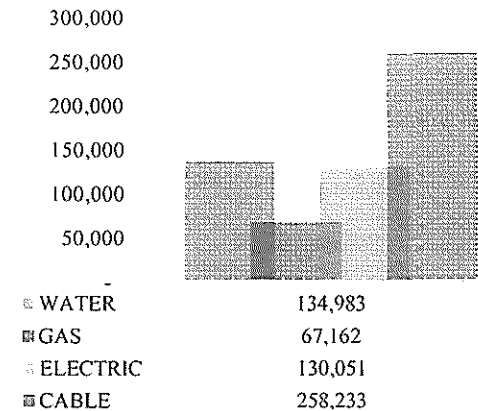
CONCESSIONS & RENT



Permits & Plan Check Fees

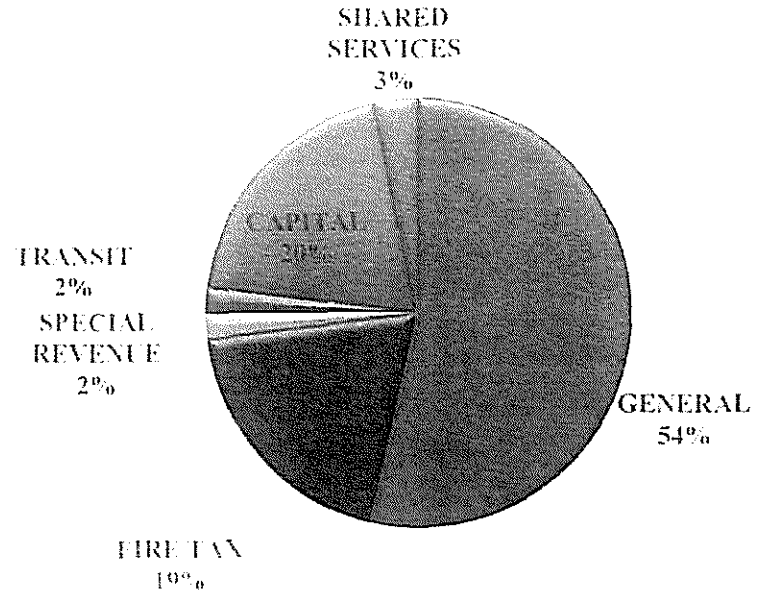
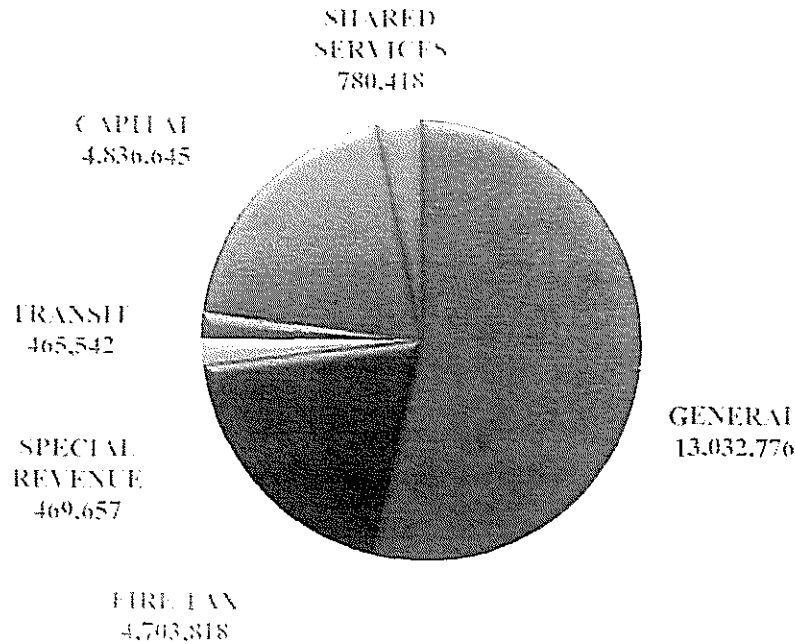


FRANCHISE FEES



EXPENDITURES BY CATEGORY

FUND GROUP	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
GENERAL	11,152,866	12,363,657	11,876,992	13,032,776	13,311,482
FIRE TAX	4,421,786	4,537,822	4,418,973	4,703,818	4,826,030
SPECIAL REVENUE	400,189	419,011	448,822	469,657	377,768
TRANSIT	402,152	406,250	415,249	465,542	470,573
CAPITAL	2,682,043	6,805,174	3,848,336	4,836,645	2,261,200
SHARED SERVICES	295,575	561,758	561,758	780,418	819,315
TOTAL	19,354,612	25,093,672	21,570,131	24,288,856	22,066,368



EXPENDITURES BY FUND

FUND NAME	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
GENERAL FUND					
GENERAL	11,152,866	12,363,657	11,876,992	13,032,776	13,311,482
	11,152,866	12,363,657	11,876,992	13,032,776	13,311,482
FIRE TAX FUND					
FIRE	4,421,786	4,537,822	4,418,973	4,703,818	4,826,030
	4,421,786	4,537,822	4,418,973	4,703,818	4,826,030
SPECIAL REVENUE FUNDS					
GAS TAX	315,836	346,756	320,767	356,957	364,908
SPECIAL PROJECTS	13,164	19,050	8,901	8,000	8,160
POLICE GRANTS	69,468	48,505	114,455	100,000	-
CORRECTIONS	1,721	4,700	4,700	4,700	4,700
	400,189	419,011	448,822	469,657	377,768
TRANSIT TAX FUNDS					
PROP A	205,309	205,310	205,309	256,875	261,906
PROP C	196,843	200,940	209,940	208,667	208,667
	402,152	406,250	415,249	465,542	470,573
CAPITAL FUNDS					
CAPITAL IMPROVEMENT	2,176,844	4,138,994	2,032,657	3,718,577	1,742,600
STABLE	-	35,000	-	36,000	-
EQUIP REPLACEMENT	285,268	226,300	159,157	488,498	327,200
SEWER	219,931	2,404,881	1,656,522	593,570	191,400
	2,682,043	6,805,174	3,848,336	4,836,645	2,261,200
SHARED SERVICES					
INSURANCE	295,575	561,758	561,758	780,418	819,315
	295,575	561,758	561,758	780,418	819,315
TOTAL	19,354,612	25,093,672	21,570,131	24,288,856	22,066,368

EXPENDITURES BY PROGRAM

PROGRAM	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
CITY MANAGER	667,932	637,781	593,407	722,430	685,555
CITY ATTORNEY	199,672	227,000	238,200	222,000	222,000
CITY CLERK	158,706	192,114	178,257	258,497	228,483
NON-DEPARTMENTAL ADMINISTRATION	121,849	226,190	116,505	147,627	149,137
ADMINISTRATION	1,148,158	1,283,085	1,126,369	1,350,553	1,285,175
FINANCE	639,947	778,731	676,069	660,464	693,277
TREASURER	37,301	45,132	43,424	43,243	44,186
FINANCE	677,247	823,863	719,493	703,706	737,463
POLICE SERVICES	6,310,410	6,726,939	6,624,759	7,124,549	7,372,403
POLICE	6,310,410	6,726,939	6,624,759	7,124,549	7,372,403
BUILDING	568,674	701,837	610,068	753,466	763,529
PLANNING	456,125	426,447	507,906	413,026	428,523
PARKLANDS	1,189,909	1,293,111	1,211,477	1,345,655	1,380,118
PLANNING & BUILDING	2,214,708	2,421,395	2,329,452	2,512,146	2,572,170
CITY PROPERTIES	280,275	270,360	280,753	253,675	234,492
PUBLIC WORKS	367,586	640,955	665,105	959,765	984,197
STREETS	154,482	197,060	131,061	128,381	125,582
PUBLIC WORKS	802,343	1,108,375	1,076,919	1,341,821	1,344,271
TOTAL GENERAL FUND	11,152,866	12,363,657	11,876,992	13,032,776	13,311,482
FIRE SERVICES	4,421,786	4,537,822	4,418,973	4,703,818	4,826,030
FIRE	4,421,786	4,537,822	4,418,973	4,703,818	4,826,030
STREETS	315,836	346,756	320,767	356,957	364,908
GAS TAX FUND	315,836	346,756	320,767	356,957	364,908
PARKLANDS	7,894	11,550	1,401	-	-
PUBLIC WORKS	5,269	7,500	7,500	8,000	8,160
SPECIAL PROJECTS	13,164	19,050	8,901	8,000	8,160
POLICE SERVICES	69,468	48,505	114,455	100,000	-

EXPENDITURES BY PROGRAM

PROGRAM	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
POLICE GRANTS (SLES) FUND	69,468	48,505	114,455	100,000	-
POLICE SERVICES	1,721	4,700	4,700	4,700	4,700
CORRECTIONS FUND	1,721	4,700	4,700	4,700	4,700
NON-DEPARTMENTAL	5,309	5,310	5,309	5,310	5,310
PROP A EXCHANGE	200,000	200,000	200,000	251,565	256,596
PROP A	205,309	205,310	205,309	256,875	261,906
PROP C TRANSIT	196,843	200,940	209,940	208,667	208,667
PROP C	196,843	200,940	209,940	208,667	208,667
TOTAL SPECIAL REVENUE FUNDS	5,224,127	5,363,083	5,283,044	5,639,017	5,674,371
CAPITAL IMPROVEMENTS	2,176,844	4,138,994	2,032,657	3,718,577	1,742,600
CAPITAL IMPROVEMENTS FUND	2,176,844	4,138,994	2,032,657	3,718,577	1,742,600
STABLE IMPROVEMENTS	-	35,000	-	36,000	-
STABLE FUND	-	35,000	-	36,000	-
EQUIPMENT	285,268	226,300	159,157	488,498	327,200
EQUIP REPLACEMENT FUND	285,268	226,300	159,157	488,498	327,200
TOTAL CAPITAL FUNDS	2,462,112	4,400,294	2,191,814	4,243,075	2,069,800
SEWER IMPROVEMENTS	219,931	2,404,881	1,656,522	593,570	191,400
SEWER FUND	219,931	2,404,881	1,656,522	593,570	191,400
CITY INSURANCE	295,575	561,758	561,758	780,418	819,315
INSURANCE FUND	295,575	561,758	561,758	780,418	819,315
TOTAL CAPITAL FUNDS	515,506	2,966,639	2,218,280	1,373,988	1,010,715
TOTAL	19,354,612	25,093,672	21,570,131	24,288,856	22,066,368
Less Capital Expenditures				(4,089,647)	(2,576,500)
Operational Expenditures				20,199,209	19,489,868

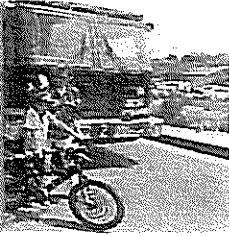
PARAMEDIC & FIRE SERVICES

The mission of Palos Verdes Estates Fire 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 property in the City.

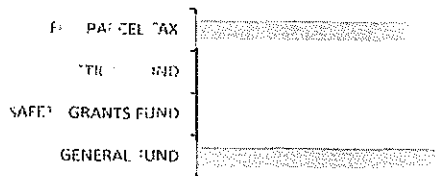
RESOURCES					
Service Program	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
FIRE	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030
TOTAL EXPENDITURES	\$ 4,421,786	\$ 4,537,822	\$ 4,418,973	\$ 4,703,820	\$ 4,826,030
- SPECIAL FIRE TAX	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030
	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030

Contract Paramedics & Firefighters
3 Shifts of

1 Captain
1 Engineer
5 Firefighter/Paramedics



SAFETY FUNDING



4, '10)

Key Budget Changes/Comments

FY 16/18 budget reflects the new contract allocations presented by Los Angeles (LA) County in recent months. Components of the 16/17 contract year costing include:

- The County reached a 3% salary cost-of-living adjustment for Fire Safety positions effective July 2016 - and a 0.43% increase in employee health benefits.
- The overall increase amounted to 0.65% over the final adjusted County estimate and 2.35% over the prior City budget estimate. The final estimated annual cost as outlined above are being submitted to filing agency for application to the Special Parcel Tax property tax rolls for FY 16/17
- As the City looks forward - the Special Fire Tax is scheduled to expire by June 30, 2017 making it subject to renewal in the coming fiscal year.

PARAMEDIC & FIRE SERVICES

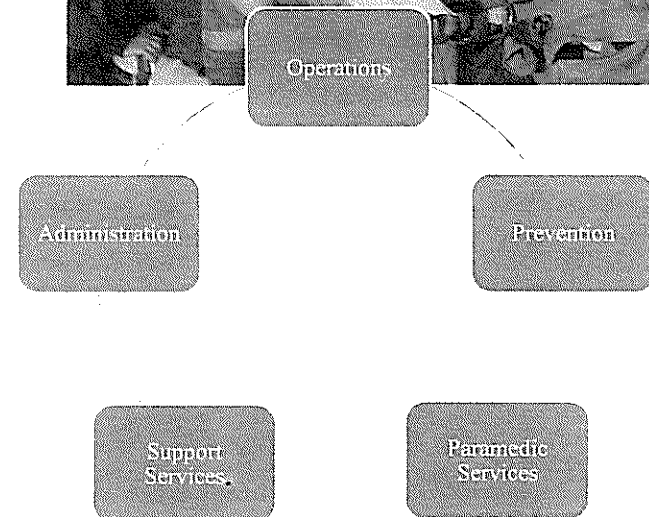
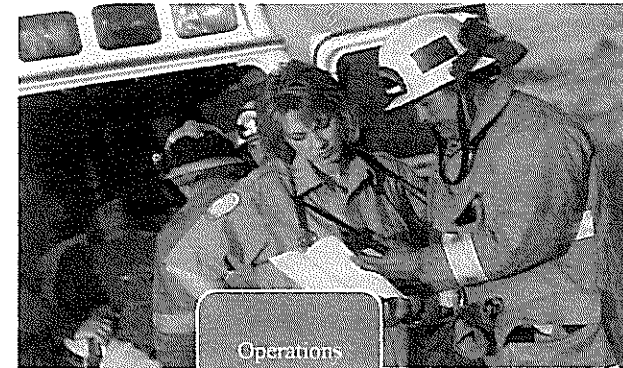
RESOURCES

Cost Category	ACTUAL 2014/15	BUDGET 2015/16	PROJECTED 2015/16	PROPOSED 2016/17	PROPOSED 2017/18
SUPPLIES & SERVICES	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030
TOTAL	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030

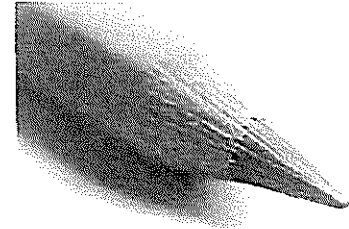
What We Do:

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 current contract with the County covers a 10-year period and expires in 2016. The contract is financed by a special parcel tax approved by City voters as described in the revenue section below.

This contract is financed by a voter-approved 10-year special parcel tax (expiration 6-30-17). The tax received more than 87% approval at the March 2007 municipal election and includes a flat per parcel cost and cost per square foot of building improvement. These revenues are restricted and must be used exclusively for the fire service contract. The approved tax measure includes a maximum annual increase in the tax rate of 6.2% or the increase in the annual contract, which is also capped. This source generates approximately \$4.3 million and represents 40% of total general operating revenue.

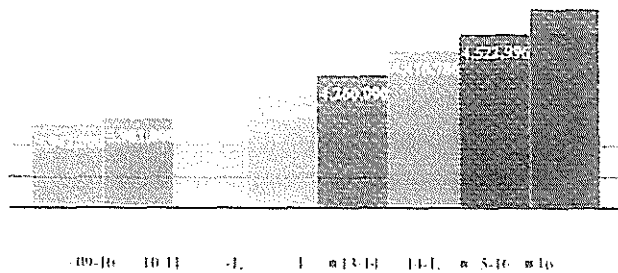


The Sharper Pencil



PARAMEDIC & FIRE SERVICES					
4100	ACTUAL	BUDGET	PROJECTED	PROPOSED	PROPOSED
Line Items	2014/15	2015/16	2015/16	2016/17	2017/18
62255 Utilities	-	9,364	9,000	9,364	9,551
64425 Professional Services	5,000	5,462	5,462	5,462	5,571
64430 Contractual Services	4,416,786	4,522,996	4,404,511	4,688,994	4,810,908
SUPPLIES & SERVICES	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030
TOTAL FIRE	4,421,786	4,537,822	4,418,973	4,703,820	4,826,030

Historical Contract Service Costs



Goals:

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.



CITY OF PALOS VERDES ESTATES

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,740,000	\$ 7,740,000	\$ 8,328,106	\$ 588,106
Licenses and permits	667,000	667,000	597,674	(69,326)
Intergovernmental	1,252,000	1,252,000	1,310,687	58,687
Charges for services	474,000	474,000	446,853	(27,147)
Use of money and property	1,127,000	1,127,000	1,326,545	199,545
Fines and forfeitures	209,000	209,000	175,867	(33,133)
Miscellaneous	270,000	270,000	326,349	56,349
Total Revenues	11,739,000	11,739,000	12,512,081	773,081
Expenditures:				
Current:				
General government	2,024,773	2,106,373	2,064,047	42,326
Public safety	6,417,685	6,434,495	6,310,409	124,086
Parks and recreation	1,172,790	1,205,455	1,189,902	15,553
Public works	1,668,930	1,782,881	1,546,870	236,011
Total Expenditures:	11,284,178	11,529,204	11,111,228	417,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	454,822	209,796	1,400,853	1,191,057
Other Financing Sources				
Transfers out	(500,000)	(773,000)	(773,000)	-
Total Other Financing Sources (Uses):	(500,000)	(773,000)	(773,000)	-
Net Change in Fund Balances	(45,178)	(563,204)	627,853	1,191,057
Fund Balances, Beginning of Year	9,822,486	9,822,486	9,822,486	-
Fund Balances, End of Year	\$ 9,777,308	\$ 9,259,282	\$ 10,450,339	\$ 1,191,057

CITY OF PALOS VERDES ESTATES

BUDGETARY COMPARISON SCHEDULE
 SPECIAL FIRE PARCEL TAX
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	4,448,230	4,448,230	4,460,217	11,987
Intergovernmental	9,000	9,000	10,456	1,456
Use of money and property	1,000	1,000	870	(130)
Total Revenues	4,458,230	4,458,230	4,471,543	13,313
Expenditures:				
Current:				
Public safety	4,458,230	4,458,230	4,421,786	36,444
Total Expenditures:	4,458,230	4,458,230	4,421,786	36,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	49,757	49,757
Net Change in Fund Balances	-	-	49,757	49,757
Fund Balances, Beginning of Year	552,018	552,018	552,018	-
Fund Balances, End of Year	\$ 552,018	\$ 552,018	\$ 601,775	\$ 49,757

CITY OF PALOS VERDES ESTATES

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 1,385	\$ 1,458	\$ 1,504	\$ 1,693	\$ 1,592	\$ 1,699	\$ 1,573	\$ 2,157	\$ 1,542	\$ 2,244
Public safety	8,284	8,443	8,899	9,554	9,536	9,770	10,281	9,969	10,299	10,476
Public works	4,846	5,851	4,588	4,327	4,887	4,299	4,250	2,980	2,970	3,013
Parks and recreation	1,336	1,370	2,721	2,808	2,821	2,892	3,166	4,692	5,257	5,703
Total governmental activities expenses	\$15,851	\$ 17,122	\$17,712	\$18,382	\$ 18,836	\$18,660	\$ 19,270	\$ 19,798	\$ 20,068	\$ 21,436
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 54	\$ 68	\$ 56	\$ 63	\$ 68	\$ 66	\$ 56	\$ 85	\$ 50	\$ 56
Public safety	3,403	3,565	3,714	3,902	4,071	4,291	4,260	4,416	4,548	4,675
Public works	1,242	1,539	1,265	852	978	1,477	1,129	1,153	957	1,154
Parks and recreation	727	833	989	1,008	987	992	1,066	1,109	1,190	1,261
Operating grants and contributions	1,053	1,188	907	1,113	1,291	1,021	1,077	1,036	1,177	1,353
Capital grants and contributions	7,571	8,703	2,522	3,656	2,012	1,377	1,212	1,070	48	20
Total governmental activities program revenues	14,050	15,896	9,453	10,594	9,407	9,224	8,800	8,869	7,970	8,519
Net (expense)/revenue	\$ (1,801)	\$ (1,226)	\$ (8,259)	\$ (7,788)	\$ (9,429)	\$ (9,436)	\$ (10,470)	\$ (10,929)	\$ (12,098)	\$ (12,917)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 4,715	\$ 5,157	\$ 5,390	\$ 5,661	\$ 5,695	\$ 5,743	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859
Utility users tax	-	-	-	-	-	-	-	-	-	-
Sales and use taxes	389	428	406	340	309	319	318	349	384	427
Franchise taxes and other taxes	850	891	886	850	813	961	897	925	985	1,042
Motor vehicle in lieu tax (unrestricted)	1,006	1,020	1,052	1,092	1,107	1,127	1,097	1,126	1,184	1,248
Investment income	335	544	456	241	97	208	186	(12)	256	215
Miscellaneous	136	118	200	80	491	79	143	178	285	343
Total General Revenue and Extraordinary Item	7,431	8,158	8,390	8,264	8,512	8,437	8,483	8,665	9,588	10,134
Change in Net Position	\$ 5,630	\$ 6,932	\$ 131	\$ 476	\$ (917)	\$ (999)	\$ (1,987)	\$ (2,264)	\$ (2,510)	\$ (2,783)

* The City implemented GASB 68 in 2014-15 having a significant impact on net equity and the resulting in the restatement of net position by \$10,148,73 on the statement of net assets

CITY OF PALOS VERDES ESTATES
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (amounts expressed in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property Tax	\$ 4,715	\$ 5,157	\$ 5,390	\$ 5,661	\$ 5,695	\$ 5,693	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859
Special assessment	4,617	4,594	4,924	5,140	5,098	5,316	5,044	5,221	4,316	4,464
Utility user tax	-	-	-	-	-	-	-	-	-	-
Other taxes	1,474	1,532	1,479	1,385	1,378	1,574	1,214	1,274	1,369	1,469
Licenses and permits	574	784	654	545	514	625	675	701	606	598
Fines and forfeitures	181	177	191	190	181	210	212	206	2,416	2,591
Use of money and agencies	1,588	2,093	2,058	1,639	1,300	1,175	1,228	1,089	407	447
Revenues from other agencies	1,895	2,027	1,771	3,088	2,155	2,051	2,278	2,218	1,412	1,423
Charges for services	756	860	678	410	549	501	454	475	207	176
Miscellaneous	383	135	323	89	975	79	144	176	288	326
Total revenues	16,183	17,359	17,468	18,147	17,845	17,224	17,091	17,459	17,515	18,353
Expenditures										
General government	1,317	1,475	1,437	1,561	1,536	1,595	1,437	1,503	1,853	2,069
Public safety	8,285	8,813	8,893	9,504	10,877	10,805	10,368	9,851	10,298	10,803
Public works	5,395	5,557	5,164	4,514	4,014	3,913	4,938	4,971	3,786	4,801
Parks and recreation	940	952	1,123	1,113	1,074	1,091	1,166	1,078	1,141	1,190
Total expenditures	15,937	16,797	16,617	16,692	17,501	17,404	17,909	17,403	17,078	18,863
Excess (deficiency) of revenues over (under) expenditures	246	562	851	1,455	344	(180)	(818)	56	437	(510)
Other financing sources (uses):										
Transfers in	891	2,326	1,709	541	563	5,357	1,162	883	700	1,015
Transfers out	(891)	(2,335)	(1,709)	(541)	(563)	(5,515)	(1,162)	(1,461)	(1,263)	(1,317)
Total other financing sources (uses)	-	(9)	-	-	-	(158)	-	(578)	(563)	(302)
Net change in fund balances	\$ 246	\$ 553	\$ 851	\$ 1,455	\$ 344	\$ (338)	\$ (818)	\$ (522)	\$ (126)	\$ (812)

The City of Palos Verdes Estates has elected to show only nine years of data for this schedule.

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>
2006	\$ 4,715,003	\$ -	\$ 388,514	\$ 850,227	\$ 1,005,877	\$ 6,959,621
2007	5,157,262	-	428,381	891,940	1,020,034	7,497,617
2008	5,389,989	-	406,517	886,129	1,051,782	7,734,417
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

Source: City Finance Department

CITY OF PALOS VERDES ESTATES
 Taxable Property Subject to Fire Tax
 Last Five 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		
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	
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	0	67	0	0	0	19,646	0	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	0	67	0	0	0	20,280	0	20,280	
2015	5,125		15,560,524	242,466	15,802,990	4,374,002	52,101	4,426,103	\$302.69/parcel plus \$0.173366/sq.ft
2015	0	67	0	0	0	20,919	0	20,919	

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

Source: Fire and Paramedic Services Special Tax Report prepared by NBS

CITY OF PALOS VERDES ESTATES

Principal Special Fire Taxpayers

June 30, 2015

Current Year and Prior Year

Property Owners	2015		
	Building Square Footage Value	Special Fire Tax Assessed	Percentage of Building Square Footage
Lunada Bay Investment Co.	36,478	\$ 6,835.46	0.23%
Chen Tei Fu Co. Trust	29,678	5,619.44	0.19%
Lunada Bay Apartments Ltd.	23,361	4,489.78	0.15%
Plaza Palos Verdes LLC	23,203	4,461.54	0.15%
54 parcels (special fire tax paid over \$2,000)	646,732	132,512.46	4.09%
976 parcels (special fire tax paid between \$1,000-\$1,999)	5,006,973	1,200,099.00	31.68%
4158 parcels (special fire tax paid less than \$1,000 each)	10,036,565	3,092,978.00	63.51%
Total	15,802,990	\$4,446,995.68	100.00%

CITY OF PALOS VERDES ESTATES

Principal Special Fire Taxpayers

June 30, 2014

Current Year and Prior Year

Property Owners	2014		
	Building Square Footage Value	Special Fire Tax Assessed	Percentage of Building Square Footage
Lunada Bay Investment Co.	36,478	\$ 6,626.72	0.23%
Chen Tei Fu Co. Trust	29,678	5,447.84	0.19%
Lunada Bay Apartments Ltd.	23,361	4,352.68	0.15%
Plaza Palos Verdes LLC	23,203	4,325.30	0.15%
50 parcels (special fire tax paid over \$2,000)	564,376	111,767.39	3.61%
822 parcels (special fire tax paid between \$1,000-\$1,999)	4,386,614	1,009,292.78	28.03%
4319 parcels (special fire tax paid less than \$1,000 each)	10,586,441	3,142,629.69	67.64%
Total	15,650,151	\$4,284,442.40	100.00%

CITY OF PALOS VERDES ESTATES

Fire Tax Rates

Direct Government

Last Five Fiscal Years

	<u>City Direct Tax Rate</u>
2010	0.24690
2011	0.25690
2012	0.25650
2013	0.26540
2014	0.27380
2015	0.28140

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.

CITY OF PALOS VERDES ESTATES
 Direct and Overlapping Governmental Activities Debt
 June 30, 2015

2014-2015 Assessed Valuation: \$6,066,772,430

Governmental Unit	Outstanding Debt 6/30/15	Estimated Percentage Applicable	Estimated Share of
Overlapping General Fund Debt (Note 1)			
Los Angeles County General Fund Obligations	\$ 1,885,330,518	0.505%	\$ 9,520,919
Los Angeles County Superindendant of Schools COP'S	8,719,113	0.505%	44,032
Los Angeles County Sanitation District-			
South Bay Authorities	5,391,433	16.236%	875,353
Los Angeles County Sanitation District #5	31,643,711	0.555%	175,623
Direct & Overlapping Tax & Assessment Debt (Note 2)			
Los Angeles Community College District	3,882,265,000	0.919%	35,678,015
Palos Verdes Peninsula Unified School District	73,113,825	29.632%	21,665,089
Los Angeles Regional Park & Open Space			
Assessment District	82,880,000	0.505%	418,544
Palos Verdes Library District	2,420,000	28.233%	683,239
Metropolitan Water District	110,420,000	0.262%	289,300
Los Angeles County Flood District	15,105,000	0.515%	<u>77,791</u>
Subtotal, overlapping debt			69,427,905
City direct debt			(0)
Less: Los Angeles County General Fund Obligations supported by landfill revenues			<u>22,952</u>
Net Total direct and overlapping debt			<u><u>\$69,404,953</u></u>

Source: Callifornia Municipal Statistics

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 does 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 government's boundaries and dividing it by the county's total taxable assessed value.

Note (2): Paid with voter-approved direct assessment.

FIRE AGREEMENT

1 **AMENDMENT NUMBER TWO TO THE ANNEXATION AGREEMENT**
2 **BETWEEN THE CITY OF PALOS VERDES ESTATES AND THE**
3 **CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY**
4

5 **THIS AMENDMENT NUMBER TWO** to the Annexation Agreement between the CITY
6 OF PALOS VERDES ESTATES, hereinafter referred to as "CITY", and the CONSOLIDATED FIRE
7 PROTECTION DISTRICT OF LOS ANGELES COUNTY, hereinafter referred to as "DISTRICT",
8 dated May 1, 1986, hereinafter referred to as "Agreement", is made and entered into this
9 2nd day of MAY, 2006, by and between the CITY and the DISTRICT.

10
11 **W I T N E S S E T H**

12 **WHEREAS**, the CITY and the DISTRICT entered the Agreement pursuant to which the
13 DISTRICT provides fire protection, emergency medical, and related services to the CITY; and

14 **WHEREAS**, such Agreement was amended on April 9, 1996, by Amendment Number
15 One to the Agreement to extend the term of the Agreement for a minimum of 10 years
16 commencing on June 30, 1996, and to change other terms as stated in the Amendment
17 Number One to the Agreement; and

18 **WHEREAS**, the CITY and the DISTRICT are desirous of modifying the Agreement, as
19 amended by Amendment Number One to the Agreement, to change certain fee calculations
20 and to extend the Agreement for an additional ten-year term. This Amendment Number Two
21 shall supercede Amendment Number One as to the fee calculation and the Agreement term.

22 **NOW, THEREFORE, IN CONSIDERATION** of the promises, covenants,
23 representations and agreements set forth herein, the parties mutually agree as follows:

24 I. SECTION I of the Agreement is amended and restated to read as follows:

25 **SECTION I. OPERATIVE DATE AND WITHDRAWAL FROM DISTRICT**

26 (A) This Agreement shall be deemed operative as of the effective date of annexation of
27 the CITY to the DISTRICT. All terms and conditions of this Agreement, as amended by
28 Amendment Number One and this Amendment Number Two (hereinafter collectively

1 "Amended Agreement"), shall remain in full force and effect for a period of ten (10) years
2 commencing on June 30, 2006, and thereafter shall continue in full force and effect until such
3 time as this Amended Agreement is terminated or otherwise renegotiated.

4 (B) After the end of the ten-year extension period, June 30, 2016, either party may
5 terminate this Amended Agreement on at least one year's written notice to the other.

6 (C) A review of this Amended Agreement and any subsequent amendments may be
7 initiated at any time, by either party, upon written notice to the other; and modifications may
8 be made to this Amended Agreement in writing signed by both parties.

9 II. SECTION III, Paragraph (D) of the Agreement is amended and restated to read as
10 follows:

11 (D) It is understood and agreed that the DISTRICT shall estimate the annual fee for
12 rendering services within the CITY for each ensuing DISTRICT fiscal year and shall submit an
13 estimated Annual Fee for Rendering Services to the CITY as detailed on and in the format of
14 Schedule 1, as amended on April 9, 1996, hereafter referred to as "amended Schedule 1", no
15 later than April 15 of the preceding fiscal year. This estimated Annual Fee shall include
16 estimated costs of salary and employee benefits and overhead.

17 1. The District shall invoice the City monthly for one-twelfth of the said estimated Annual
18 Fee. The CITY, by the first day of each month, in advance, shall pay the DISTRICT one-
19 twelfth of said estimated Annual Fee, which monies shall be held and used by the DISTRICT in
20 the performance of such services. A late payment charge of two percent (2%) per month
21 shall be added to any late payment that is received by the DISTRICT after the last day of the
22 calendar month in which payment is due. However, the penalty herein provided may be
23 waived, whenever the Fire Chief in his discretion finds late payment is excusable by reason of
24 extenuating circumstances.

25 Invoices and general notices shall be sent to CITY at:

26 City of Palos Verdes Estates
27 City Manager
28 340 Palos Verdes Drive West
Palos Verdes Estates, CA 90274

1 Payments shall be sent to DISTRICT at:

2 Los Angeles County Fire Department
3 P. O. Box 54740
4 Los Angeles, CA 90054-0740

5 General notices shall be sent to DISTRICT at:

6 Fire Chief P. Michael Freeman
7 Los Angeles County Fire Department
8 1320 North Eastern Avenue
9 Los Angeles, CA 90063-3294

9 Either party shall notify the other, in writing, of an address change.

10 2. Within 20 days from the date actual budget information is available, the
11 DISTRICT shall provide to the CITY a statement of the actual Annual Fee for Rendering
12 Services in the same format as set forth in amended Schedule 1. If the actual Annual Fee is
13 less than the estimated Annual Fee, the DISTRICT shall credit CITY for the difference, which
14 amount shall be deducted from the first monthly invoice and, if applicable, the following
15 monthly invoices subsequent to the statement of the actual Annual Fee. If the actual Annual
16 Fee is greater than the estimated Annual Fee, the additional amount due DISTRICT will be
17 paid by CITY during the subsequent fiscal year as follows: one-twelfth (1/12) of such
18 additional Annual Fee amount due DISTRICT shall be added and paid in each of CITY's
19 subsequent twelve (12) monthly payments.

20 III. SECTION III, Paragraph (F), previously added to the Agreement pursuant to
21 Amendment Number One, is amended and restated to read as follows:

22 (F) A limitation shall be placed on increases in the amount of actual Annual Fee to be
23 paid by the CITY each year, hereinafter referred to as "Annual Fee Limitation," as follows:

24 a) During the five-year period beginning July 1, 2006, the Annual Fee Limitation
25 shall be four and two-tenths percent (4.2%) per fiscal year. For each subsequent fiscal year
26 beginning July 1, 2011, the Annual Fee Limitation shall be the average of the immediately
27 preceding five fiscal years' actual Annual Fee percentage increases plus one percent (1%).

28 b) In any fiscal year where the CITY's actual Annual Fee, as determined in

1 Section III (D) herein, exceeds the preceding fiscal year's actual Annual Fee plus the
2 applicable Annual Fee Limitation, hereinafter referred to as "Annual Fee Limitation excess,"
3 payment of the Annual Fee Limitation excess shall be deferred to a subsequent future fiscal
4 year where the actual Annual Fee is less than the Annual Fee plus the Annual Fee Limitation.
5 The Annual Fee Limitation excess will be paid by CITY in any subsequent fiscal year(s) where
6 the actual Annual Fee percentage increase from the preceding fiscal year is less than the
7 Annual Fee Limitation for that fiscal year. The amount of any unpaid Annual Fee Limitation
8 excess to be paid by CITY in any single year when added to the actual Annual Fee increase for
9 that year shall not exceed the Annual Fee plus the Annual Fee Limitation. One-twelfth (1/12)
10 of such Annual Fee Limitation excess shall be added and paid in each of CITY's twelve (12)
11 monthly payments for the subsequent fiscal year to which the Annual Fee Limitation excess is
12 deferred.

13 For purposes of calculation of the Annual Fee Limitation, the Annual Fee shall not
14 include any refunds, rebates, or credits to the CITY of any kind or any charges to the CITY
15 outside of and not contained in the calculation method as detailed on amended Schedule 1.

16 Any increases in costs necessitated or mandated by legislative or judicial
17 decisions or actions, other than penalties or fines due to negligence of the DISTRICT, shall not
18 be subject to the Annual Fee Limitation and shall be due in any fiscal year in which they are
19 incurred.

20 In the event CITY detaches from the DISTRICT, any unpaid Annual Fee
21 Limitation excess together with any outstanding Annual Fee payments due by the CITY as of
22 the effective date of the detachment shall be paid to the DISTRICT no later than the effective
23 date of detachment. Should a credit be due the CITY from DISTRICT, a refund shall be paid
24 to CITY no later than the effective date of detachment.

25 In the event DISTRICT terminates this Amended Agreement, any unpaid Annual
26 Fee Limitation excess shall be due and payable to the DISTRICT within two years from the
27 effective date of termination.

28 //

1 IV. All other terms and conditions of the Agreement, as amended by Amendment Number
2 One, shall remain the same and in full force and effect.

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1 **IN WITNESS WHEREOF**, the City of Palos Verdes Estates has caused this
2 Amendment Number Two to the Annexation Agreement to be executed by its duly authorized
3 officer; and the Board of Supervisors of the County of Los Angeles, as the governing body of
4 the Consolidated Fire Protection District of Los Angeles County, has caused this Amendment
5 Number Two to the Annexation Agreement to be executed by its Mayor and attested by its
6 Clerk, on the day, month, and year noted herein below.

7
8 **CONSOLIDATED FIRE PROTECTION
DISTRICT OF LOS ANGELES COUNTY**

CITY OF PALOS VERDES ESTATES

9
10 By *Mike Antonovich*
11 Mayor, Board of Supervisors

By *Sumner Hughes*
Mayor

12
13 ATTEST:
14 SACHI A. HAMAI EXECUTIVE OFFICER
15 ~~JOANNE STURGES~~, Acting Executive Officer
16 Clerk of the Board of Supervisors

ATTEST:

17 By *[Signature]*
18 Deputy

By *[Signature]*
City Clerk

19
20 (SEAL)



(SEAL)

21
22 APPROVED AS TO FORM:

APPROVED AS TO FORM:

23
24 RAYMOND G. FORTNER, JR.
County Counsel

25
26 By *Eric Yoff*
Deputy

By *Stephanie R. Scher*
City Attorney

ADOPTED
BOARD OF SUPERVISORS

27
28 F:\PLANNING\PVE\Amend No 2 - Final.doc (3-17-2006)

36

MAY 02 2006

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

1 AMENDMENT NUMBER ONE TO THE
 2 ANNEXATION AGREEMENT BETWEEN THE CITY OF PALOS VERDES ESTATES
 3 AND THE CONSOLIDATED FIRE PROTECTION DISTRICT OF
 4 LOS ANGELES COUNTY

5
 6 This Amendment Number One to the Annexation Agreement between the CITY OF PALOS
 7 VERDES ESTATES, hereinafter referred to as "CITY", and the CONSOLIDATED FIRE
 8 PROTECTION DISTRICT OF LOS ANGELES COUNTY, hereinafter referred to as
 9 "DISTRICT", dated May 1, 1986, hereinafter referred to as "Agreement" is made and
 10 entered into this 9th day of April, 1986, by and between the CITY and
 11 the DISTRICT.

12
 13 WITNESSETH:

14 WHEREAS, the CITY and the DISTRICT have entered the Agreement pursuant to
 15 which the DISTRICT provides fire protection, emergency medical, and related services to
 16 the CITY; and

17 WHEREAS, the initial term of the Agreement, which was effective June 30, 1986, is
 18 for a period of ten years; and

19 WHEREAS, the CITY desires to extend the term of the Agreement for an additional
 20 ten year period; and

21 WHEREAS, the CITY has requested certain modifications to the Agreement for the
 22 subsequent ten year Agreement extension term.

23 NOW, THEREFORE, IN CONSIDERATION of the promises, covenants,
 24 representations and agreements set forth herein, the parties mutually agree as follows:

25 I. Section I.(A) is added to the Agreement to read as follows:

26 ///

1 SECTION I.(A) EXTENSION OF AGREEMENT TERM

2 (A) All of the terms and conditions of this Agreement, including those provisions
3 as incorporated herein by Amendment Number One to this Agreement entered into by the
4 CITY and the DISTRICT, shall remain in full force and effect for a period of ten (10) years
5 commencing on June 30, 1996, and thereafter shall continue until such time as this
6 Agreement is terminated or otherwise renegotiated.

7 (B) The CITY shall remain a part of the DISTRICT until at least June 30, 2006,
8 except that at the conclusion of 5 years (June 30, 2001) based on a majority vote of either
9 party's governing body, the CITY or DISTRICT may take the necessary action pursuant to
10 Government Code Section 56000 et seq. or a subsequent revision of this law to withdraw the
11 CITY from the DISTRICT.

12 (C) After the ten year extension period either party may terminate this Agreement
13 on one year's written notice to the other.

14 (D) A review of this Agreement and any subsequent amendments may be initiated
15 at any time, by either party, upon notice to the other; and modifications may be made to this
16 Agreement upon consent of both parties, which consent shall not be unreasonably withheld or
17 delayed.

18 II. SECTION III, Paragraph (D) of the Agreement is amended to read as follows:

19 (D) It is understood and agreed that the DISTRICT shall estimate the annual fee for
20 rendering services within the CITY for each ensuing DISTRICT fiscal year and shall submit
21 an Estimated Annual Fee for Rendering Services to the CITY as detailed on Schedule 1, as
22 amended and attached hereto, hereinafter referred to as "amended Schedule 1", no later than
23 March 15 of the preceding fiscal year. This estimated annual fee shall include estimated
24 costs of salary and employee benefits and overhead. The DISTRICT shall bill the CITY in
25 advance monthly. The CITY will monthly on the first day of each month, in advance, pay
26 the DISTRICT one-twelfth of said estimated annual fee, which monies shall be held and used
27

1 by the DISTRICT in the performance of such services. A late payment charge of two
2 percent (2%) per month shall be added to any late payment that is received by the
3 DISTRICT after the last day of the calendar month in which payment is due. However, the
4 penalty herein provided may be waived, whenever the Fire Chief in his discretion finds late
5 payment excusable by reason of extenuating circumstances. Within 20 days from the date
6 actual budget information is available, the DISTRICT shall provide to the CITY a statement
7 of the Actual Annual Fee for Rendering Services in the same format as described on
8 amended Schedule 1. The CITY's first payment after receiving the statement of the actual
9 annual fee shall include any adjustments necessitated by differences between the actual annual
10 fee and the estimated annual fee.

11 III. SECTION III, Paragraph (F) is added to the Agreement to read as follows:

12 (F) A limitation shall be placed on the amount to be paid by the CITY each year on
13 increases in the amount of the actual annual fee from the preceding year, hereinafter referred
14 to as "Annual Fee Limitation." Annual Fee Limitation Option A as described herein shall be
15 utilized each year unless the CITY has notified DISTRICT in writing prior to May 1 of each
16 fiscal year that it chooses to exercise Annual Fee Limitation Option B for the ensuing fiscal
17 year.

18 1. Annual Fee Limitation Option A -

19 a) During the five-year period beginning July 1, 1996, the Annual Fee
20 Limitation shall be six and one-half percent (6.5%) per fiscal year. For each
21 subsequent fiscal year beginning July 1, 2001, the Annual Fee Limitation shall
22 be the average of the immediately preceding five years' actual annual fee
23 percentage increases plus one percent (1%).

24 b) In any fiscal year where the CITY's actual annual fee, as
25 determined in Section III (D) herein, exceeds the preceding year's actual
26 annual fee plus the applicable Annual Fee Limitation, hereinafter referred to as
27

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1 "Annual Fee Limitation excess," payment of the Annual Fee Limitation excess
2 shall be deferred to a subsequent future fiscal year(s) where the actual annual
3 fee percentage increase is less than the Annual Fee Limitation. The Annual
4 Fee Limitation excess will be paid by CITY in any subsequent fiscal year(s)
5 where the actual annual fee percentage increase is less than the Annual Fee
6 Limitation for that fiscal year. The amount of any unpaid Annual Fee
7 Limitation excess to be paid by CITY in any single year when added to the
8 actual Annual Fee increase shall not exceed the Annual Fee Limitation.

9 2. Annual Fee Limitation Option B -

10 a) Upon written notification by the CITY to the DISTRICT by May 1
11 of the preceding fiscal year, the Annual Fee Limitation for the ensuing fiscal
12 year shall be limited to 5.5%.

13 b) In any fiscal year where the CITY's actual annual fee, as
14 determined in Section III (D) herein, exceeds the preceding year's actual
15 annual fee plus the 5.5% Annual Fee Limitation, hereinafter referred to as
16 "5.5% Annual Fee Limitation excess," the 5.5% Annual Fee Limitation excess
17 shall be deferred for a period of two (2) fiscal years. The 5.5% Annual Fee
18 Limitation excess shall be invoiced by DISTRICT prior to the first day of the
19 second to the last month of the two year deferral period and paid by CITY
20 prior to the first day of the last month of the two year deferral period.

21 c) During any fiscal year in which the CITY has chosen to exercise
22 Option B, if the actual Annual Fee increase is less than 5.5%, any Annual Fee
23 Limitation excess accumulated under Option A shall be invoiced by DISTRICT
24 and paid by CITY during such fiscal year in which the Annual Fee increase is
25 less than 5.5%. The amount of Annual Fee Limitation excess accumulated
26 under Option A to be paid by CITY in any such single fiscal year when added
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1 to the actual Annual Fee increase shall not exceed the 5.5% Annual Fee
2 Limitation for that fiscal year.

3 d) In any fiscal year, if the actual annual fee is in excess of the estimated annual
4 fee provided by the DISTRICT by 2% or more, the CITY shall have the option to
5 revert to Option A by notifying the DISTRICT in writing within thirty (30) days of
6 the date of the Actual Fee Statement that it chooses to revert to Option A.

7 e) Should the CITY revert to Option A pursuant to paragraph d above in any
8 fiscal year, the difference between the annual fee as calculated using the 5.5% annual
9 fee cap and the annual fee calculated using the 6.5% annual fee cap will be divided
10 equally among the number of remaining months of that fiscal year and added to the
11 CITY's monthly payments remaining in that fiscal year.

12 Both Annual Fee Limitation options shall apply only to increases in the amount of
13 salary, employee benefits, and overhead charged to the CITY from the previous fiscal year
14 based on the staffing level as stated in amended Schedule 1 hereto. Any refunds or credit to
15 the CITY by the DISTRICT, including but not limited to refunds or credits associated with
16 the Los Angeles County Employees Retirement Association, hereinafter referred to as
17 "LACERA" shall not be considered by the DISTRICT when calculating the total annual fee
18 increase for any given fiscal year.

19 Should any annual refund or credit associated with LACERA be due the CITY while
20 there is Annual Fee Limitation excess balances due the DISTRICT, under either Option A or
21 Option B, the DISTRICT shall retain any such refund or credit up to the amount of the then
22 existing CITY's Annual Fee Limitation excess. The CITY's Annual Fee Limitation excess
23 shall be reduced accordingly. DISTRICT shall notify CITY of the amount of said refund or
24 credit retained by DISTRICT and credited to any Annual Fee Limitation excess balance.

25 Any increases in costs necessitated or mandated by legislative or judicial decisions or
26 actions, other than penalties or punitive damages due to negligence of DISTRICT, shall not
27

1 be subject to either of the Annual Fee Limitation options and the costs shall be due in any
2 fiscal year in which they are incurred.

3 In the event CITY withdraws from the DISTRICT, any unpaid Annual Fee Limitation
4 excess shall be due and payable to the DISTRICT no later than the effective date of
5 withdrawal. Should a credit be due the CITY from DISTRICT, a refund shall be paid to
6 CITY no later than the effective date of withdrawal.

7 In the event DISTRICT terminates this Agreement, any unpaid Annual Fee Limitation
8 excess shall be due and payable to the DISTRICT within two years from the effective date of
9 termination.

10 IV. SECTION V, Paragraph (F) is added to the Agreement to read as follows:

11 (F) The CITY shall install a new heating and air conditioning system for CITY
12 fire station, at no cost to the DISTRICT, substantially in conformance with the bid
13 specifications prepared in 1993. All improvements shall be in compliance with building code
14 requirements.

15 V. SECTION V, Paragraph (F) to the Agreement shall be renumbered as Paragraph (G).

16 VI. All other terms and conditions of the Agreement shall remain the same and in full
17 force and effect.

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1 IN WITNESS WHEREOF, the City of Palos Verdes Estates has caused this Amendment
2 Number One to the Annexation Agreement to be executed by its duly authorized officer; and
3 the Board of Supervisors of the County of Los Angeles, as the governing body of the
4 Consolidated Fire Protection District of Los Angeles County, has caused this Amendment
5 Number One to the Annexation Agreement to be executed by its Chair and attested by its
6 Clerk, on the day, month, and year noted herein below.

8 CITY OF PALOS VERDES ESTATES

CONSOLIDATED FIRE PROTECTION
DISTRICT OF LOS ANGELES COUNTY

10 Raymond Matteringly
11 Mayor

Mike Antonovich
Chair, Board of Supervisors

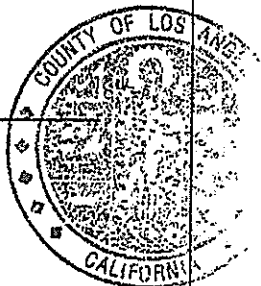
13 ATTEST:

ATTEST:

16 By Barbara J. Leeb
17 City Clerk

JOANNE STURGES, Executive Officer
Clerk of the Board of Supervisors

By Stephen J. Villalobos
Deputy



20 APPROVED AS TO FORM:

APPROVED AS TO FORM:

22 By Stephen R. Scher
23 City Attorney

DE WITT W. CLINTON, County Counsel

By Eric Young
Deputy

25 F:hh:PVAMENDS.AGR (2/1/96)

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

22 14 APR 9 1996

Joanne Sturge
JOANNE STURGES
EXECUTIVE OFFICER

**AMENDED SCHEDULE 1
ESTIMATED 1995-96 ANNUAL FEE
CITY OF PALOS VERDES ESTATES**

The estimated Fiscal Year 1995-96 annual fee for the City of Palos Verdes Estates will be as follows. An actual annual fee will be submitted to the City when all final figures are available.

<u>Station</u>	<u>Equipment</u>	<u>Staffing¹</u>	<u>Computation of estimated City Annual Fee</u>
Station 2	Engine	3	\$1,023,315
340 Palos Verdes Drive West	Paramedic Squad	<u>2</u>	<u>\$ 669,954</u>
Total Salary & Employee Benefits		5	\$1,693,269
Overhead @ 29.4651%²			\$498,923
Estimated 1995-96 City Annual Fee			\$2,192,192

F:BH:SCHED1.PVE

¹Constant staffing--number of persons always on duty.

²The definition of "District Overhead" is any actual Salary and Employee Benefits, Services and Supplies, Fixed Assets, and other charges expended by the District that are not identified as a separate charge in the City Annual Fee. The overhead percentage is a five-year average based on actual expenditures.

**AMENDED SCHEDULE 1
ESTIMATED 1995-96 ANNUAL FEE
CITY OF PALOS VERDES ESTATES**

The estimated Fiscal Year 1995-96 annual fee for the City of Palos Verdes Estates will be as follows. An actual annual fee will be submitted to the City when all final figures are available.

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Total Salary & Employee Benefits		5	\$1,693,269
Overhead @ 29.4651%²			\$498,923
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F:BH:SCHED1.PVE

¹Constant staffing--number of persons always on duty.

²The definition of "District Overhead" is any actual Salary and Employee Benefits, Services and Supplies, Fixed Assets, and other charges expended by the District that are not identified as a separate charge in the City Annual Fee. The overhead percentage is a five-year average based on actual expenditures.

ANNEXATION - CITY OF PALOS VERDES ESTATES

CONSOLIDATED FIRE PROTECTION DISTRICT

THIS AGREEMENT, made and entered into this 1st day of May, 1986 by and between the CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY, hereinafter referred to as "DISTRICT", and the CITY OF PALOS VERDES ESTATES, hereinafter referred to as "CITY":

W I T N E S S E T H :

WHEREAS, the CITY has decided to annex to the DISTRICT to receive fire protection and paramedic services pursuant to the provisions of Section 13948 of the Health and Safety Code of the State of California; and

WHEREAS, it is the desire of the parties hereto to resolve by this Agreement certain matters which are incidental and related to such annexation;

IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

SECTION I. OPERATIVE DATE AND WITHDRAWAL FROM DISTRICT

(A) This Agreement shall be deemed operative as of the effective date of annexation of the CITY to the DISTRICT and shall continue in effect until such time as the Agreement is terminated or otherwise renegotiated.

(B) The CITY shall remain a part of the DISTRICT for a period of time of at least ten (10) years as of and from the operative date of this Agreement except that after five (5) years, based upon a majority vote of either party's governing body, the

1 CITY shall take the necessary action pursuant to Health and
2 Safety Code Section 13948 or a subsequent revision of this law
3 to withdraw the CITY from the DISTRICT.

4 (C) A review of contract terms may be initiated at any
5 time, by either party, upon notice to the other; and modifications
6 made to the Agreement upon consent of both parties, which consent
7 shall not be unreasonably withheld or delayed.

8
9 SECTION II. SERVICES

10 (A) Services to be provided by the DISTRICT to the CITY
11 include all fire protection, paramedic services, enforcement of
12 the CITY fire code and other appropriate ordinances plus all fire
13 department supportive services, including, but not limited to,
14 supervision, dispatching, training, and equipment maintenance,
15 supplies, procurement, and other necessary services.

16 (B) CITY shall cooperate with the DISTRICT in requiring
17 that the local water purveyor provide adequate water for fire
18 protection purposes within the CITY and without cost to the
19 DISTRICT.

20 (C) The DISTRICT shall annually inspect all fire
21 hydrants within the CITY to insure that said hydrants are
22 mechanically operable and capable of delivering water. The
23 DISTRICT shall notify the CITY water purveyor, in writing, of any
24 maintenance requirements as soon as possible after such
25 inspections and at any other time the DISTRICT becomes aware of
26 maintenance or repair requirements. The DISTRICT shall maintain
27 liaison with the CITY water purveyor for water needs during
28 emergencies.

1 (D) Neither party shall be liable for the negligent or
2 wrongful acts of the other in the performance of this agreement.
3 CITY agrees to indemnify, defend and hold harmless DISTRICT, its
4 agents, officers, and employees from any and all claims, demands,
5 liabilities, expense including reasonable attorney's fees arising
6 from the negligent and wrongful acts of CITY in the performance
7 of this agreement. DISTRICT agrees to indemnify, defend and hold
8 harmless CITY, its agents, officers, and employees from any and
9 all claims, demands, liabilities, expense including reasonable
10 attorney's fees arising from the negligent or wrongful acts of
11 DISTRICT in the performance of this agreement.

12
13 SECTION III. FUNDING

14 (A) The CITY shall pay an annual fee to the DISTRICT
15 from municipal funds for the performance of the services referred
16 to in Section II, subsection (A). The annual fee shall be deter-
17 mined by utilizing the documents entitled Los Angeles County Fire
18 Department Uniform Position Cost and the Los Angeles County Fire
19 Department Overhead Detail. These documents will be revised as
20 necessary by DISTRICT to reflect the most current data available.

21 (B) Future legislative or judicial action affecting the
22 DISTRICT'S or CITY'S funding shall allow renegotiation of the
23 funding provision of this Agreement, including reasonable
24 increases in the annual fee.

25 (C) Fire protection and paramedic services shall not be
26 performed hereunder unless said CITY shall:

- 27 1. Have available funds previously appropriated to
28 cover the annual fee as determined by Section

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III, subsection (A) contained herein, and

2. Have paid previously appropriated funds in the manner described in Section III, subsection (D).

(D) It is understood and agreed that thirty (30) days prior to the commencement of each fiscal year the DISTRICT shall estimate the fee for rendering services within the CITY for the ensuing fiscal year and shall submit an Estimated Fee for Rendering Services to the CITY as detailed on Schedule 1. This estimate shall include estimated costs of salary and employee benefits and overhead. The CITY will monthly, in advance, pay the DISTRICT one-twelfth of said estimated fee, which monies shall be held and used by the DISTRICT in the performance of such services. A late payment charge of two percent (2%) per month shall be added to any late payment that is received by the DISTRICT after the last day of the calendar month in which payment is due. However, the penalty herein provided may be waived, whenever the Fire Chief finds late payment excusable by reason of extenuating circumstances. As soon as actual budget information is available, the DISTRICT shall provide to the CITY a statement of the Actual Fee for Rendering Services with the same format as described on Schedule 1. The CITY's first payment after receiving the statement of the actual fee shall reflect any adjustments necessitated by differences between actual and estimated fee. The DISTRICT shall bill the CITY in advance monthly.

(E) If the effective date of the Agreement is during the interim of any month, the prorata share for that month and full payment for the following month shall be paid in advance.

1 SECTION IV. EQUIPMENT, FURNISHINGS, APPARTUS

2 (A) CITY agrees to transfer to the DISTRICT its
3 right, title and interest in the following property on the
4 effective date of the annexation.

5 1. Fire Apparatus and Other Vehicles

- 6 Engine 71 - 1979 Crown Pumper
VIN F1818
- 7
- 8 Engine 72 - 1964 FWD Pumper
VIN M14155
- 9
- 10 Rescue 72 - 1984 Chevrolet Rescue Squad
VIN 1GBJC34W6EV111632
- 11
- 12 Car 70 - 1985 Ford L.T.D. Crown Victoria
VIN 2FABP4366FX120292
- 13

14 2. Fire equipment separated into the DISTRICT
15 property inventory categories, capital outlay
16 and maintenance and operation, as identified
17 on Schedule 2 attached hereto, and made a
18 part hereof and other fire equipment essen-
19 tial to the operation of the above-listed
20 apparatus and other vehicles.

21 3. Fire station equipment, furniture and furnish-
22 ings assigned to the station which are essen-
23 tial to the operation of the station and iden-
24 tified on Schedule 3 attached hereto and
25 made a part hereof.

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- 4. Any existing expendable equipment, tools and furnishings incidental to the operation of the station and apparatus.
- 5. It is the intent of the DISTRICT to receive from the CITY fire equipment, fire station equipment, furniture and furnishings essential to the operation and maintenance of equipment and facilities in the provision of fire protection and paramedic services to the CITY.
- 6. Schedules 2 and 3 will be subject to modification by mutual agreement of the CITY and the DISTRICT Fire Chief between the date of adoption of this Agreement and prior to the actual date of annexation.

SECTION V. FIRE STATIONS

(A) The DISTRICT will staff the existing station, a part of the City Hall Complex, at 340 Palos Verdes Drive West in providing fire protection and paramedic services in the CITY. The existing fire station including diesel fueling facility and five parking spaces for on-duty personnel will be leased for one dollar annually.

(B) In the event the real properties and improvements thereon specified in subsection (A) of this section are no longer utilized by the DISTRICT to provide fire protection and paramedic services to the CITY, the DISTRICT shall forthwith execute all documents necessary to return to the CITY possession of said

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1 properties and improvements. Said real properties shall be
2 returned to the CITY in the same condition as when received,
3 ordinary wear and tear excepted.

4 (C) During occupancy by the DISTRICT of the existing
5 fire station, the DISTRICT shall be responsible for only routine
6 maintenance of that portion of the facility used by the DISTRICT.
7 The CITY shall be responsible for all other maintenance and major
8 repairs.

9 (D) Nothing in this Agreement shall allow the closure
10 or relocation by the DISTRICT of the City fire station unless a
11 fire station is relocated within the CITY and such action would be
12 in concert with service requirements or the District Master Plan.

13 (E) At all times the DISTRICT is using the CITY Fire
14 Station the DISTRICT will be responsible for paying 15% of the
15 utility invoices submitted by the CITY to the DISTRICT for the use
16 of that facility. Utilities and the method for sharing are
17 specified on Schedule 4.

18 (F) If within ten years of the effective date of
19 annexation, should the CITY determine that the location of the CITY
20 fire station, presently a part of the City Hall Complex, is no
21 longer feasible, the cost of a site and a new fire station shall be X
22 borne by the CITY. The site location shall be subject to approval
23 by the DISTRICT.

24 Subsequent to ten years from the effective date of this X
25 contract, the cost of a new site shall be a cost of the CITY. The
26 site location shall be subject to approval by the DISTRICT. The
27 responsibility for the cost of construction of the facility shall

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1 be negotiated at the time construction is required. The CITY
2 contribution shall not exceed the following percentage figures
3 during the time periods indicated:

4	July, 1996 - June, 2002	60%
5	July, 2002 - June, 2008	40%
6	July, 2008 - June, 2041	20%
7	July, 2041 and thereafter	0%

*Thus, if the
district...
CITY...
40%...
CITY...*

8 Nothing in this Agreement shall preclude the DISTRICT or the CITY
9 from paying a larger portion of the construction costs if both
10 parties agree. Upon completion, any new fire station shall be
11 deeded to the DISTRICT with a reversionary clause (see Section
12 VII. Withdrawal). Subsequent repairs, modifications, maintenance
13 and utilities costs shall be a cost of the DISTRICT.

14
15 SECTION VI. PERSONNEL

16 (A) Subject to the provisions of the State of Califor-
17 nia Health and Safety Code, Section 13882, and the Charter of the
18 County of Los Angeles, Section 56 3/4, DISTRICT agrees to appoint
19 without further Civil Service examination all CITY employees,
20 specified on Schedule 5 attached hereto and made a part hereof,
21 who have successfully completed six months continuous service
22 with the CITY, and who have not reached their 60th birthday. Any
23 employee on probation at the effective date of annexation shall
24 remain on probation until the Los Angeles County's probation
25 requirement for the respective rank is met. Prior to annexation
26 the DISTRICT will require each CITY employee to be medically

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1 qualified by a DISTRICT administered physical examination as a
2 condition of employment. If any CITY employee is on a medical
3 leave of absence on the effective date of annexation, such
4 employee upon termination of his leave, shall be blanketed into
5 the DISTRICT if he passes the required medical examination.

6 (B) CITY employees qualified pursuant to subsection
7 (A) of this section are fully identified on Schedule 5 and are
8 subject to the conditions of this Agreement. CITY employees
9 shall be employed by the DISTRICT in the number and status as
10 follows:

11	<u>NUMBER</u>	<u>DISTRICT STATUS</u>
12	3	Captains
13	3	Fire Fighter Specialists
14	<u>11</u>	Fire Fighters
15	17	

16 The CITY shall designate the CITY personnel to be assigned to
17 those positions as indicated on Schedule 5.

18 (C) All CITY employees who are to be assigned fire
19 apparatus operation responsibilities as Fire Fighter Specialists
20 will be tested and trained, if and as may be required by the
21 DISTRICT prior to the effective date of the annexation. Any
22 employee who does not initially qualify in fire apparatus
23 operations will be assigned other duties of a Fire Fighter
24 Specialist until he does qualify.

25 (D) The sworn members of the DISTRICT are required to
26 be certified as an Emergency Medical Technician I-F.S. All sworn
27 personnel transferring to the DISTRICT shall be provided, at the

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1 DISTRICT's expense, necessary training within twelve months of
2 the effective date of the annexation in order to meet this
3 qualification.

4 (E) All sworn members of the DISTRICT are required to
5 satisfactorily complete the Peace Officer Standards and Training
6 Course (POST). All sworn personnel transferring to the DISTRICT
7 that have not completed this course shall be provided the
8 required training at the DISTRICT'S expense.

9 (F) The annexation of the CITY to the DISTRICT will
10 result in the creation of 15 additional DISTRICT uniformed
11 positions in the numbers and rank hereinafter designated:

- 12 3 Captains
- 13 3 Fire Fighter Specialists
- 14 9 Fire Fighters

15 Seventeen (17) uniformed employees will be transferring from the
16 CITY to the DISTRICT, two (2) more than the number of newly
17 created positions.

18 Pursuant to Section 53292 of the California Government Code, so
19 as not to impair the seniority rights of uniformed employees,
20 only those uniformed employees with the highest CITY Fire
21 Department seniority who are assigned as a result of the
22 fifteen (15) newly created uniformed positions will receive
23 seniority rights based on service time with the CITY Fire
24 Department. The effective date of annexation will be the
25 assigned seniority date for the remaining two (2) uniformed
26 employees and they will be placed on the DISTRICTS' seniority

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1 list in order of their relative service time with the CITY Fire
2 Department. As those transferring uniformed employees with
3 full seniority rights leave service, the other two (2) trans-
4 ferring uniformed employees will be assimilated into full
5 seniority status based on their time in service as a uniformed
6 CITY/DISTRICT employee.

7 All continuous time the seventeen (17) employees have spent as
8 uniformed CITY Fire Department employees shall be considered for
9 the purpose of determining those benefits including salary rates
10 which do not impair employment rights of existing DISTRICT
11 uniformed employees. Previous continuous time as a nonuniformed
12 CITY employee will be considered for the purpose of determining
13 sick leave and vacations, but not for salary or eligibility for
14 promotional examinations.

15 Employees shall be eligible for promotional examination within
16 the DISTRICT without regard to the normal six-month period
17 applicable to new employees. All time in rank as a CITY/
18 DISTRICT employee will be considered for purposes of determining
19 eligibility for promotional examination.

20 For purposes of determining eligibility for the longevity bonus
21 for those CITY employees blanketed into the DISTRICT in the Fire
22 Fighter classification, all continuous CITY service time in the
23 Fire Fighter or successive promotional classifications shall be
24 deemed as fulfilling the required aggregate service time for
25 longevity bonus entitlement.

26 (G) City issued uniforms and safety equipment will be
27 supplemented by DISTRICT issued uniforms and/or safety equipment
28 necessary to meet DISTRICT requirements. Subsequent uniform

1 issues will be as provided for in the current Memorandums of
2 Understanding for the respective employee representation units as
3 entered into between the County of Los Angeles and the certified
4 employee organizations, if applicable.

5 (H) CITY will provide DISTRICT with complete
6 personnel records of all personnel to be transferred pursuant to
7 this Agreement, including all claims for disability compensation.
8 Each employee's personnel file will be certified by the
9 individual employee as to completeness.

10 (I) DISTRICT shall not assume any personnel benefits
11 or CITY obligations accrued by CITY employees prior to the
12 effective annexation date, except as expressly provided for in
13 this Agreement.

14 (J) CITY shall pay to the DISTRICT vacation benefit
15 days at the CITY's salary rate in effect at the time of
16 annexation, as outlined in Schedule 6 attached hereto and made a
17 part hereof.

18 (K) CITY shall pay to the DISTRICT sick benefit days,
19 not to exceed whatever is allowed by County ordinance, at the
20 City's salary rate in effect at the time of annexation, as
21 outlined in Schedule 7 attached hereto and made a part hereof.

22 (L) CITY shall provide a waiver for said accumulated
23 benefits by each employee as a condition of employment by the
24 DISTRICT executed in favor of the DISTRICT. It is further under-
25 stood that all employees subject to this Agreement shall become
26 eligible for sick, vacation and holiday time while in DISTRICT
27 service only as provided in the DISTRICT Salary Resolution,
28 County Salary Ordinance or as designated in (J) and (K) above.

1 (M) All uniformed employees subject to this Agreement
2 will become a member of the Los Angeles County Retirement
3 Association Plan B for Safety Members. Contribution rate is
4 based on age at the time entering the prior retirement system.

5 (N) Industrial injury benefits for transferring
6 CITY employees shall be governed by California Labor Code
7 Section 5500.5.

8 (O) Schedules 5, 6 and 7 will be subject to modifica-
9 tion by mutual agreement of the CITY and the DISTRICT Fire Chief
10 between the date of adoption of this Agreement and the date of
11 annexation.

12 (P) CITY shall provide paid medical insurance for
13 their transferring employees for 60 days after the effective date
14 of annexation.

15
16 SECTION VII. WITHDRAWAL

17 (A) In the event the CITY withdraws from the DISTRICT,
18 at any time subsequent to five (5) years from said
19 effective date, DISTRICT agrees:

20 1. That the DISTRICT shall return to the CITY
21 such real properties and improvements as
22 specified in Section V, (A) and in the manner
23 detailed in Section V, (B).

24 2. That the DISTRICT shall return to the
25 CITY equipment comparable to two pumpers,
26 one rescue squad, and one sedan.

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1 This equipment shall be in a relative
2 position of value to similar vehicles in the
3 DISTRICT'S vehicle fleet at the time of with-
4 drawal as were said CITY vehicles' position
5 of relative value in the DISTRICT's vehicle
6 fleet at the time of annexation.

- 7 3. That the DISTRICT shall return to the CITY:
- 8 a. major fire equipment of a comparable type,
9 condition and age as of the effective date
10 of annexation which is essential to the
11 operation of the vehicles at the time of
12 withdrawal as referred to in Section IV
13 (A), 2 and as identified on those portions
14 of Schedule 2 which pertain to the ve-
15 hicles specified in paragraph (2) above.
- 16 b. equipment of a comparable type, condition
17 and age as of the effective date of annex-
18 ation which is essential to the operation
19 of the vehicles/stations as referred to in
20 Section IV, (A), 4 and as detailed in
21 Schedule 2 of this Agreement.
- 22 4. That the DISTRICT shall return to the CITY
23 fire station equipment, furniture and
24 furnishings of a comparable type, condition,
25 and age as of the effective date of annex-
26 ation which is essential to the operation of
27 the fire station as referred to in Section
28 IV, (A), 3 and as detailed in Schedule 3.

1 SECTION VIII. ENVIRONMENTAL QUALITY CONTROL

2 DISTRICT shall, exclusively, be responsible for the
3 taking of all steps required in order to comply with the pro-
4 visions of the Environmental Quality Control Act of 1970,
5 insofar as the same may apply to the annexation proceedings
6 required in annexing the CITY to DISTRICT. DISTRICT agrees to
7 hold CITY free and harmless from any and all claims, demands or
8 judgments arising out of DISTRICT'S failure, for whatever reason,
9 to comply with the provisions of said Act.

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IN WITNESS WHEREOF, the CITY by resolution adopted by its City Council has caused this Agreement to be executed by its Mayor and attested by its Clerk; pursuant to a motion duly made, seconded and passed by a majority vote of the Board of Supervisors, as governing body of the DISTRICT, the Chairman was directed to execute this Agreement and be attested by its Clerk all on the day and year first written above.

CITY OF PALOS VERDES ESTATES

CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

Paul Gralson
Mayor

Peter F. Schabarum
Peter F. Schabarum, Chairman
Board of Supervisors

ATTEST:

ATTEST:

Maria C. Cramer
City Clerk

LARRY J. MONTEILH, Executive Officer-
Clerk of the Board of Supervisors

Leticia de la Torre
Deputy

(SEAL)

(SEAL)



APPROVED AS TO FORM:
Mark C. Albers City Attorney

APPROVED AS TO FORM:
DE WITT W. CLINTON, County Counsel

Eric R. Young
Deputy

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ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 MAY 20 1986

Larry J. Monteilh
LARRY J. MONTEILH
EXECUTIVE OFFICER

SCHEDULE 1
ESTIMATED 1986-87 ANNUAL FEE
CITY OF PALOS VERDES ESTATES

The estimated FY 1986-87 annual fee for the City of Palos Verdes Estates will be as follows. An actual annual fee will be submitted to the City when all final figures are available.

<u>STATION LOCATION</u>	<u>EQUIPMENT</u>	<u>STAFFING</u>	<u>1986 COMPUTATION OF ESTIMATED CITY ANNUAL FEE</u>
Station () 340 Palos Verdes Drive West	Engine	3.0	\$ 593,841
	Paramedic Rescue Squad	<u>2.0</u>	<u>352,536</u>
	TOTAL	5.0	946,377
Subtotal - Salary and Employee Benefits			
Fire Prevention F.F.S. Inspector		0.3	<u>17,417</u>
Total - Salary and Employee Benefits			963,794
*Overhead Charges 20.26% of Total			<u>244,877</u>
Estimated Cost of District Services FY 1986-87			\$1,208,671

* The overhead percentage is updated in August or September of each year. The percentage used in this calculation is the 1985-86 figure.

Detailed schedules for salary and employee benefits will be available later in the fiscal year.

This estimated fee does not include the impact of the Fair Labor Standards Act (FLSA).

** The attached sheets, Schedule 1, pages 2 and 3, which are the uniform position costs, were prior estimates and do not correspond to the \$1,208,671 Total Estimated Cost. A final estimate will be made prior to the City of Palos Verdes Estates being annexed to the District.

SCHEDULE 1
 LOS ANGELES COUNTY FIRE DEPARTMENT
 UNIFORM POSITION COST
 1985-86

<u>56-Hour</u>	<u>Fire Captain</u>	<u>F.F. Specialist</u>	<u>Fire Fighter</u>
Salaries & Wages EMT Bonus			
TOTAL SALARIES & WAGES	\$48,901	\$41,437	\$37,988*
Retirement @ 30.48%	14,905	12,630	10,628
Vacation & Holiday	6,113	4,832	3,474
Sick & Injury	2,829	1,808	1,102
Termination	537	279	174
Insurance:			
Health	2,352	2,352	2,352
Dental	273	273	273
Life	5.5	5.5	5.5
Retiree Health	372.6	372.6	372.6
Long-Term Disability	.05	.05	.05
Unemployment	2.14	2.14	2.14
Workers' Compensation	<u>767</u>	<u>767</u>	<u>767</u>
Sub-Total	\$77,057	\$64,758	\$57,138
Less: Salary Saving 3.78%	<u>(2,770)</u>	<u>(2,305)</u>	<u>(1,899)</u>
TOTAL COST	\$74,287	\$62,453	\$55,239

This detail of salary and employee benefits is an estimate based on an annual average. Included in this estimate are proposed salary increases but the impact of FLSA has not yet been included.

* Includes a paramedic bonus of \$3,120 for each paramedic position.

SCHEDULE 1
 LOS ANGELES COUNTY FIRE DEPARTMENT
 UNIFORM POSITION COST
 1985-86

<u>40-Hour</u>	<u>Fire Captain</u>	<u>F.F. Specialist</u>	<u>Fire Fighter</u>
Salaries & Wages EMT Bonus			
TOTAL SALARIES & WAGES	\$48,901	\$41,437	\$34,868
Retirement @ 30.48%	14,905	12,630	10,628
Termination	537	279	174
Insurance: Workers' Compensation	3,772 <u>767</u>	3,772 <u>767</u>	3,772 <u>767</u>
Sub-Total	\$68,882	\$58,885	\$50,209
Less: Salary Saving 3.78%	<u>(2,412)</u>	<u>(2,044)</u>	<u>(1,720)</u>
TOTAL COST	\$66,470	\$56,841	\$48,489

This detail of salary and employee benefits is an estimate based on an annual average. Included in this estimate are proposed salary increases but the impact of FLSA has not yet been included.

SCHEDULE 1

OVERHEAD DETAIL

<u>YEAR</u>	(1) <u>ACTUAL S & S</u>	(2) <u>ACTUAL OTHER CHGS</u>	(3) <u>ACTUAL FIXED ASSETS</u>	(4) <u>ACTUAL NET APPROP.</u>	(5) <u>BUDGETED VARIOUS POSITIONS</u>	(6) <u>BUDGETED AREA FIRE PREVENT.</u>	<u>OVERHEAD % EXCLUD. AREA FIRE PREV.</u>
1980-81	13,088,957	97,943	726,183	73,066,355	incl in S & S	1,108,310	17.52
1981-82	11,208,218	70,374	1,556,034	82,422,676	4,597,130	1,242,852	19.64
1982-83	11,578,211	240,544	570,021	88,588,965	5,087,692	1,573,373	17.95
1983-84	15,464,867	190,399	2,536,262	97,785,235	5,326,596	1,531,297	22.48
1984-85	16,757,892	133,935	4,876,165	108,770,045	5,632,636	1,592,406	23.73
84-85 Five-Year Average (to be used in final 1985-86 calculations)							20.26

Each year's overhead percentage, excluding area fire prevention, is calculated by subtracting from the sums of columns 1, 2, 3, and 5, column 6 and by dividing the results by column 4.

The five-year average overhead is to be updated when the next year's actuals become available.

In subsequent years, the oldest overhead percentage will be dropped, the new year's percentage will be added, and a new average will be calculated.

SCHEDULE 2
FIRE EQUIPMENT

Engine 71 - 1979 Crown Pumper VIN F1818

Capital Outlay

- 1 - Mobile Radio-Motorola Syntor-Model T43SRA3200AK, 431HFG0895
- 1 - Handi talkie-Motorola MT500-Model H33BBU3154A, 330AFQ0508
- 1 - Combustible Gas Indicator w/Wand-United Tech
- 1 - Civil Defense Radiation Kit
- 1 - Generator-Onan 2500 Watt
- 1 - Resuscitator-E&J Regulator
- 1 - Water Vacuum-Portable-Survivair Salvage Master-Model 9702-00
- 1 - Chain Saw-Stihl-Model 032AV
- 1 - Sump Pump-Prosser-Model 31
- 1 - Smoke Ejector-Super Vac
- 1 - Rotary Saw-Stihl-w/5 Blades

Maintenance & Operation

- 1 - Jack-Hydraulic-12 Ton-w/Handle
- 1 - Light-Portable Quartz-1000 Watt
- 1 - Hydraulic Cutting Tool
- 4 - 2 1/2" Shut Offs w/Nozzles
- 1 - Four way-Pyrolite
- 1 - Hose Clamp-Herbert
- 1 - Extinguisher-Foam
- 1 - Extension Ladder-24'
- 1 - Roof Ladder-14'
- 1 - Wye-Elkhart-2 1/2"
- 1 - Wye-Elkhart-1 1/2"
- 1 - Wye-Elkhart-Gated-2 1/2" X 1 1/2"
- 2 - Rope Rollers
- 1 - 10' Attic Ladder
- 1 - Extinguisher-Dry Chemical-Ansul
- 2 - Salvage Covers-12' X 18'
- 3 - Task Force Tips-w/Shut Offs-1 1/2"
- 2 - Nozzles-w/Shut Offs-1"
- 1 - Mechanical Axe
- 1 - Pike Pole-6'
- 4 - Single Jacket Hose-1"-50' Sections
- 8 - Double Jacket Hose-1"-50' Sections
- 6 - Single Jacket Hose-1 1/2"-50' Sections
- 6 - Double Jacket Hose-1 1/2"-50' Sections
- 4 - Hose-2 1/2"-50' Sections
- 30- Hose-3"-50' Sections
- 1 - Soft Suction Hose-15' X 4"

And all other equipment necessary for the operation of the apparatus (i.e., valves, adapters, and tools).

SCHEDULE 2
FIRE EQUIPMENT

Engine 72 - 1964 FWD Pumper VIN M14155

Capital Outlay

- 1 - Mobile Radio-Motorola Syntor-Model T63SRA3200AK, 431HFJ1237
- 1 - Handie talkie-Motorola MT500-Model H33BBU3154A, 330AFL0453
- 1 - Civil Defense Radiation Kit
- 1 - Generator-Onan-2500 Watt
- 1 - Resuscitator-E&J
- 1 - Water Vacuum-Portable-Surviviar Salvage Master
- 1 - Portable Monitor
- 1 - Chain Saw-Stihl Model V032AV
- 1 - Smoke Ejector-620 Watt
- 1 - Stang Monitor-w/500 GPM Adj. Nozzle

Maintenance and Operation

- 1 - Jack-Hydraulic-12 Ton
- 1 - Quartz Light-Portable-1000 Watt
- 3 - Nozzles-2 1/2"-w/Shut Off
- 4 - Nozzles-1 1/2" Fog-w/Shut Off
- 1 - Nozzle-1"
- 1 - Extinguisher-Portable-5 lb.
- 1 - Extension Ladder-24'
 - Roof Ladder-10'
- 1 - Attic Ladder-10'
- 1 - Mechanical Axe
- 1 - Pike Pole-10'
- 1 - Pike Pole-6'
- 2 - Hand Lanterns-Rechargeable-Wheat
- 2 - Rope Rollers
- 3 - Nylon Ropes-200'-w/Bag
- 4 - Single Jacket Hose-1"-50' Sections
- 14- Double Jacket Hose-1 1/2"-50' Sections
- 4 - Double Jacket Hose-2 1/2"-50' Sections
- 30- Double Jacket Hose-3"-50' Sections
- 2 - Bypass Hose-15' X 3"
- 1 - Soft Suction Hose-15' X 4"
- 2 - Wye-Gated-2 1/2" X 1 1/2"
- 2 - Wye-Gated-1 1/2" X 1"

And all other equipment necessary for the operation of the apparatus (i.e., valves, adapters, and tools).

SCHEDULE 2
FIRE EQUIPMENT

Rescue 72 - 1984 Chevrolet Rescue Squad VIN 1GBJC34W6EV111632

Capital Outlay

- 1 - Biophone-Handheld-Repeater-G.E. Model 65KSHMX, 704156813
- 1 - Biophone-Handheld-Repeater-G.E. Model 45KSHMX, 102075408
- 1 - Radio-Paramedic-Apcor w/Charger-Model P44ESN3191A SOP4, 358AKC0028
- 1 - Monitor & Defibrillator-Life Pack 5
- 1 - Radio-Motorola Syntor-Model T43SRA3200AK, 431HFG0893

Maintenance and Operation

- 1 - Jack-Hand
- 1 - Traction Splint-Pediatric
- 1 - Traction Splint-Adult
- 1 - Antenna-High Gain
- 1 - Wheel Chock-Ziamatec
- 1 - Extinguisher-20 lb.-ABC
- 2 - Backboards-Wood
- 1 - Stretcher-Stokes
- 1 - MAST Suit-Adult
- 1 - MAST Suit-Pediatric
- 1 - Ambu Bag
- 1 - Trauma Box
- 1 - Flashlights-Portable-Lite Box
- 2 - Oxygen Bottles
- 1 - Full Arrest Box
- 1 - Cliff Pack
- 2 - Fire Shelters
- 1 - Spotlight-1000 Watt
- 1 - Pediatric Kit
- 1 - Burn Pack
- 1 Pair - Gloves-Linesman's
- 1 - Ram Bar
- 1 - Water Vacuum-Salvage Master
- 1 - Mechanical Axe

And all other equipment necessary for the operation of the apparatus (i.e., valves, adapters, and tools).

SCHEDULE 2
FIRE EQUIPMENT

Engine 71 - 1979 Crown Pumper VIN F1818

Capital Outlay

Maintenance & Operation

Engine 72 - 1964 FWD Pumper VIN M14155

Capital Outlay

Maintenance & Operation

Rescue 72 - 1984 Chevrolet Rescue Squad VIN 1GBJC34W6EV111632

Capital Outlay

Maintenance & Operation

Car 70 - 1985 Ford L.T.D. Crown Victoria VIN 2FABP4366FX120292

Capital Outlay

Maintenance & Operation

TO BE COMPLETED PRIOR TO THE ACTUAL DATE OF ANNEXATION

APPROVED:

Gordon Siebert
GORDON SIEBERT
CITY MANAGER

JOHN W. ENGLUND
FIRE CHIEF

5-1-86
DATE

DATE

SCHEDULE 3
FIRE STATION EQUIPMENT, FURNITURE AND FURNISHINGS

Tool Room

Capital Outlay

- 2 - Work Benches-w/Cabinets
- 1 - Grinder-w/Stand and Accessories
- 1 - Charger-Wheat Light
- 1 - Impact Wrench

Maintenance and Operation

- 1 - Fan-Box-24" X 24"
- 1 - Soldering Gun w/Accessories
- 1 - Torque Wrench
- 1 - Vise-Bench
- 3 - Battery Chargers-6 Amp
- 1 - Vacuum-Shop
- 1 - Floor Polisher
- 2 - Extinguishers-CO2-6BC
- 1 - Step Ladder-4'
- 1 - Step Ladder-6'
- 1 - Step Ladder-10'
- 1 - Chamois Wringer-w/Bucket

Watch Office

Capital Outlay

- 1 - Desk-Metal
- 1 - Chair-Metal

Maintenance and Operation

- 1 - Telephone-Desk Type

Kitchen

Capital Outlay

- 1 - Disposal-Garbage
- 2 - Refrigerator-Frigidaire
- 1 - Range-Wolfe
- 1 - Table-8' Kitchen
- 8 - Chairs-Kitchen
- 3 - Chairs-Recliner

Maintenance and Operation

- 1 - Coffee Maker
- 1 - Fan-Box-24" X 24"

SCHEDULE 3
FIRE STATION EQUIPMENT, FURNITURE AND FURNISHINGS

Captain's Bedroom

Capital Outlay

- 1 - Bed-Frame, Mattress, Boxspring
- 1 - Chair-Metal

Front Bedroom

Capital Outlay

- 3 - Bed-Frame, Mattress, Boxspring
- 1 - Chair-Recliner

Back Bedroom

Capital Outlay

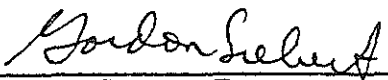
- 2 - Bed-Frame, Mattress, Boxspring
- 1 - Vacuum Cleaner-Upright-Eureka

Captain's Office

Capital Outlay

- 1 - Filing Cabinet-2 Drawer-Metal
- 1 - Desk-Metal
- 1 - Chair-Swivel
- 1 - Chair-Metal
- 1 - Typewriter-Olympic-w/Stand
- 1 - Clock-Wall

APPROVED:



GORDON SIEBERT
CITY MANAGER

7/9/86
DATE



JOHN W. ENGLUND
FIRE CHIEF

6-30-86
DATE

SCHEDULE 2
FIRE EQUIPMENT

Car 70 - 1985 Ford L.T.D. Crown Victoria VIN 2FABP4366FX120292

Capital Outlay

- 1 - Radio-Mobile-Motorola Syntor-Model T43SRA3200AK, 431HFG0896
- 1 - Radio-Handi talkie-Motorola-MT500-Model H33BBU3154A SP44, 330AFQ0507
- 1 - Radio-Scanner-Motorola-Model YLN1001
- 1 - Extinguisher-2 1/2 lb.-ABC

Apparatus Floor/Storage Areas

Capital Outlay

- 2 - Manikin-Rescue Annes-Anatomic
- 1 - Manikin-Baby
- 1 - Manikin-ResusciAnne-Full Size
- 1 - Manikin-Choking
- 1 - Tire and Wheel/Spare-Rescue Squad
- 1 - Pager-Motorola-w/Charger-Monitor-Model H03EAB1212A, 233ACJ1005
- 1 - Pager-Motorola-w/Charger-Monitor-Model H03EAB1212A, 233AFJ0757
- 1 - Pager-Motorola-w/Charger-Monitor-Model H03EAB1212A, 233AFJ0756
- 1 - Pager-Motorola-w/Charger-Monitor-Model H03EAB1212A, 233ACE3051

Maintenance and Operation

- 35- Double Jacket Hose-1"-50' Sections
- 33- Single Jacket Hose-1"-50' Sections
- 27- Double Jacket Hose-1 1/2"-50' Sections
- 12- Single Jacket Hose-1 1/2"-50' Sections
- 28- Double Jacket Hose-1 3/4"-50' Sections
- 32- Double Jacket Hose-2 1/2"-50' Sections
- 27- Double Jacket Hose-3"-50' Sections
- 3 - Hose-Bypass-3"
- 3 - Hose-Soft Suction-4 1/2"
- 1 - Hose-Soft Suction-5"
- 1 SET - Immobilizers-Rapid Form
- 2 - Salvage Covers-12' X 18'
- 1 - Extinguisher-20 lb.-ABC
- 2 - Lights-Portable-Wheat
- 18- Helmets-Cairns
- 18- Helmets-First Due
- 18 SETS - Turnout Coats/Pants/Boots
- 20- Jackets-Brush-Nomex
- 1 - Wye-2 1/2"
- 1 - Wye-1 1/2" X 1" (Also Wye-1 1/2" X 1 1/2")

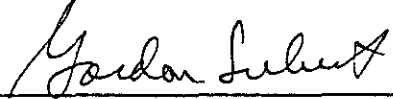
SCHEDULE 2
FIRE EQUIPMENT

Apparatus Floor/Storage Areas, cont.


Maintenance and Operation

- 1 - Wye-2 1/2" X 1 1/2"
- 1 - Pulaski
- 1 - Cliff Pack
- 2 - Nozzles-2 1/2" Adj.
- 1 - Extinguishers-AFFF-20 lb.
- 1 - Ram Bar
- 1 - Gloves-Linesman's
- 1 - Rope Pack-300'-1/2" Nylon-w/Bag
- 1 - Water Vacuum-Salvage Master-w/Attachment
- 1 - Mechanical Axe

APPROVED:



GORDON SIEBERT
CITY MANAGER



JOHN W. ENGLUND
FIRE CHIEF

7/1/86

ATE

6-30-86

DATE

SCHEDULE 4
UTILITIES


UTILITIES TO BE SHARED BY DISTRICT

1. California Water Services Company
2. Southern California Gas Company
3. Southern California Edison Company

FORMULA USED IN DETERMINING PERCENTAGE OF
UTILITIES TO BE PAID BY DISTRICT

1. Total area of City Hall Complex, Fire Station and Police Station is 16,867 square feet.
2. The Fire Department occupies 2,370 square feet or 14% of the building.
3. Common Areas shared by all three entities totals 1,120 square feet.
4. 14% of 1,120 = 157 square feet (Fire Department common area). 157 square feet plus 2,370 square feet = 2,527 square feet or 15% of the building. District's share of utility costs will be 15%.

APPROVED:



GORDON SIEBERT
CITY MANAGER



JOHN W. ENGLUND
FIRE CHIEF

6/27/86

DATE

6-30-86

DATE

SCHEDULE 5
TRANSITION - SALARIES

RANK IN PVE	NAME	DATE HIRED	DATE OF LAST PROMOTION	TRANSFER RANK	DISTRICT SCHEDULE	SALARY PLACEMENT
Deputy Fire Chief	Cookus, Stephen	11/01/58	03/01/83	Captain	76L-Step	5
Captain/Paramedic	Saglembeni, Tony	07/16/64	08/01/79	FFSPM	70J-Step	5 (1)
Captain	Colmerauer, Dennis	11/01/64	03/01/74	Captain	76L-Step	5
Captain	Gettemey, Jon	07/01/69	05/01/79	Captain	76L-Step	5
Engineer	Hemmingsen, George	10/15/62	04/16/66	FFS	70J-Step	5
Engineer	Dulmage, John	06/16/79	12/16/80	FF	60D-Step	7
Engineer	Ralph, Peter	10/05/68	08/01/74	FFS	70J-Step	5
Engineer	Cook, Tom	06/01/67	06/06/79	FF	62D-Step	7 (1)(2)
Engineer/Paramedic	Wogoman, Thomas	09/01/79	07/16/81	FFPM	60D-Step	7 (1)
Engineer/Paramedic	Tippin, Paul	05/16/80	11/16/83	FFPM	60D-Step	7 (1)
Fire Fighter/ Paramedic	Cantrell, Daniel	03/24/82	n/a	FFPM	60D-Step	6
Fire Fighter/ Paramedic	Rooney, Donald	05/01/83	n/a	FFPM	60D-Step	5
Fire Fighter/ Paramedic	Norman, David	09/05/84	n/a	FFPM	60D-Step	4
Fire Fighter/ Paramedic	Wiehe, Tim	08/01/82	n/a	FFPM	60D-Step	6
Fire Fighter/ Paramedic	Rankin, William	08/11/82	n/a	FFPM	60D-Step	6
Fire Fighter	Cantacessi, Mario	01/16/85	n/a	FF	60D-Step	3
Fire Fighter	Felando, Joseph	01/16/85	n/a	FF	60D-Step	3

(1) Y Rate to be Processed - A special salary rate which is established for a person to receive compensation at a rate higher than that provided for in the position held. See Schedule 8 for salary "Y Rated" amounts.

(2) Plus 15-year longevity bonus.

APPROVED:

Gordon Siebert
GORDON SIEBERT
CITY MANAGER

John W. Englund
JOHN W. ENGLUND
FIRE CHIEF

6/27/86
DATE


6-30-86
DATE

SCHEDULE 6
CITY VACATION SHIFTS TO BE TRANSFERRED
TO THE DISTRICT

NAME	24-HOUR SHIFTS TRANSFERRED	REIMBURSEMENT TO THE DISTRICT BY CITY
Cantacessi, Mario	5	\$ 1,018.80
Cantrell, Daniel	17	4,496.16
Colmerauer, Dennis	15	5,720.40
Cook, Tom	15	4,672.80
Cookus, Stephen	18	7,145.28
Dulmage, John	16	4,634.88
Felando, Joseph	10	2,037.60
Gettemey, Jon	10	3,729.60
Hemmingsen, George	19	6,333.84
Norman, David	6	1,438.56
Ralph, Peter	15	4,672.80
Rankin, William	17	4,496.16
Rooney, Donald	17	4,312.56
Saglembeni, Tony	20	7,636.80
Tippin, Paul	6	1,926.72
Wiehe, Tim	6	1,586.88
Wogoman, Thomas	9	3,017.52
	<u>221</u>	<u>\$68,877.36</u>

After July 1, 1986 and on or before July 18, 1986, the City shall submit to the District \$34,877.36 in partial payment of the Vacation Shifts Transfer obligation of \$68,877.36. The balance of \$34,000.00 is due and payable on or before September 30, 1986.

APPROVED:



 GORDON SIEBERT
 CITY MANAGER



 JOHN W. ENGLAND
 FIRE CHIEF

6/27/86

 DATE

6-30-86

 DATE

SCHEDULE 7
CITY SICK SHIFTS TO BE TRANSFERRED
TO THE DISTRICT

NAME	24-HOUR SHIFTS TRANSFERRED	REIMBURSEMENT TO THE DISTRICT BY CITY
Cantacessi, Mario	0.5	\$ 101.88
Cantrell, Daniel	4.0	1,057.92
Colmerauer, Dennis	6.0	2,288.16
Cook, Tom	6.0	1,869.12
Cookus, Stephen	6.0	2,381.76
Dulmage, John	5.0	1,448.40
Felando, Joseph	1.5	305.64
Gettemey, Jon	6.0	2,237.76
Hemmingsen, George	6.0	2,000.16
Norman, David	1.5	359.64
Ralph, Peter	6.0	1,869.12
Rankin, William	1.0	264.48
Rooney, Donald	2.0	507.36
Saglembeni, Tony	6.0	2,291.04
Tippin, Paul	3.5	1,123.92
Wiehe, Tim	2.5	661.20
Wogoman, Thomas	5.5	1,844.04
	<u>69.0</u>	<u>\$22,611.60</u>

After July 1, 1986 and on or before July 18, 1986, the City shall submit to the District \$11,305.80 in partial payment of the Sick Shifts Transfer obligation of \$22,611.60. The balance of \$11,305.80 is due and payable on or before September 30, 1986.

APPROVED:

Gordon Siebert

GORDON SIEBERT
CITY MANAGER

John W. Englund

JOHN W. ENGLUND
FIRE CHIEF

6/27/86

DATE

6-30-86

DATE

SCHEDULE 8

"Y" RATES" REQUIRED AS A RESULT OF
THE CITY OF PALOS VERDES ESTATES ANNEXING TO
THE CONSOLIDATED FIRE PROTECTION DISTRICT

NAME	RANK IN CITY	RANK IN DISTRICT	SALARY SCHEDULE	SALARY "Y RATED"
Tony Saglembeni	Captain-Paramedic	Firefighter Specialist-Paramedic	70J	\$3862.00
Tom Cook	Engineer	Firefighter	62D	3150.00
Thomas Wogoman	Engineer Paramedic	Firefighter Paramedic	60D	3389.00
Paul Tippen	Engineer-Paramedic	Firefighter Paramedic	60D	3246.00

APPROVED:

Gordon Siebert
GORDON SIEBERT
CITY MANAGER

John W. Englund
JOHN W. ENGLUND
FIRE CHIEF

6/27/80
DATE

6-30-80
DATE

ORDINANCE NO. 429

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA, REQUESTING INCLUSION AND ANNEXATION TO THE CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

WHEREAS, the City Council of the City of Palos Verdes Estates, California, finds it to be in the best interests of the City of Palos Verdes Estates and its residents to be included in and annexed to the Consolidated Fire Protection District of Los Angeles County; and

WHEREAS, the Los Angeles County Board of Supervisors has approved the proposal which provided for the inclusion in and the annexation to the Consolidated Fire Protection District of Los Angeles County of the City of Palos Verdes Estates on June 18, 1985; and


WHEREAS, the annexation of the City of Palos Verdes Estates to the Consolidated Fire Protection District of Los Angeles County will provide adequate fire fighting forces available for the protection of life and property in the City of Palos Verdes Estates.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. In accordance with the terms and provisions of the California Health and Safety Code Section 13948, the City of Palos Verdes Estates, by its City Council, requests the Consolidated Fire Protection District of Los Angeles County to include and annex the entire City of Palos Verdes Estates and all territory within its established boundaries, as those boundaries exist as of the effective date of this ordinance, to the Consolidated Fire Protection District of Los Angeles County, so that all of the territory within the City of Palos Verdes Estates shall become a part of the Consolidated Fire Protection District of Los Angeles County, as of June 30, 1986.


SECTION 2. The City Clerk shall certify to the passage and adoption of this ordinance and shall cause the same to be published as required by law.

PASSED AND APPROVED this 1st day of May, 1986.



Mayor

WITNESSED:



City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF PALOS VERDES ESTATES)

I, DINA CRAMER, City Clerk of the City of Palos Verdes Estates, do hereby certify that the foregoing Ordinance Number 429 was regularly introduced and placed upon its first reading at a regular meeting of the City Council on the 22nd day of April, 1986. That thereafter, said Ordinance has duly adopted and passed at a regular meeting of the City Council on the 1st day of May, 1986, by the following vote, to wit:

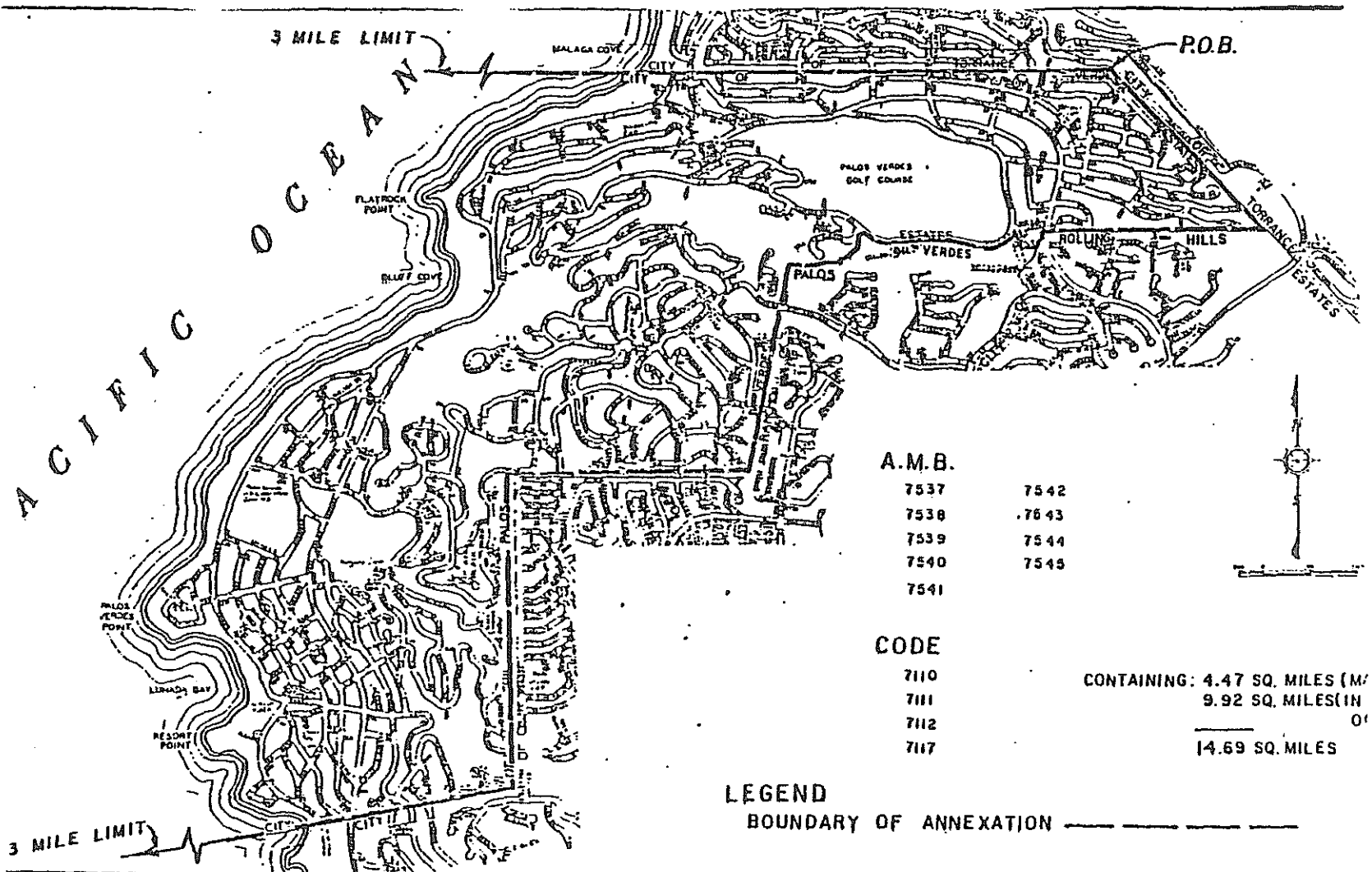
AYES : COUNCILMEMBERS: Councilwoman Barbara Culyer,
Councilman James Kinney, Edward
Ritscher
Mayor Ruth Grelow

NOES : COUNCILMEMBERS: -

ABSENT : COUNCILMEMBERS: Councilman Ronald Florence

ABSTAIN : COUNCILMEMBERS:

Dina Cramer
CITY CLERK



A.M.B.	
7537	7542
7538	7543
7539	7544
7540	7545
7541	

CODE	CONTAINING:
7110	4.47 SQ. MILES (M/
7111	9.92 SQ. MILES (IN
7112	0'
7117	14.69 SQ. MILES

LEGEND
 BOUNDARY OF ANNEXATION -----

ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS		
CHECKED BY K.W.F.	SCALE 1" = 2000'	
DATE 1-24-86	C.S. INDEX 27A, B, C-2, 3, 4	

**ANNEXATION NO. 8-85 TO
 CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY
 (CONSISTING OF THE ENTIRE CITY OF PALOS VERDES ESTATES)
 PALOS VERDES ESTATES PARCEL 1-85
 CONTAINING: 9,401.60 ACRES; 14.69 SQ. MILES**

ANNEXATION NO. 8-85 TO
CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY
(Consisting of the entire City of Palos Verdes Estates)

Palos Verdes Estates Parcel 1-85

Beginning at the northeasterly corner of Tract No. 4400, as shown on map filed in Book 72, pages 95 and 96 of Maps, in the office of the Recorder of the County of Los Angeles, said corner being an angle point in the boundary of the City of Palos Verdes Estates as same existed on January 7, 1986; thence southeasterly along said boundary and following the same in all its various courses and curves to the point of beginning.

Containing: 4.77 Sq. Mi. (Mainland)
 9.92 Sq. Mi. (In Pacific Ocean)
 14.69 Sq. Mi. (Total)
 9,401.60 Acres

DESCRIPTION APPROVED

JAN 27 1986

T. A. TIDEMANSON
County Engineer

BY  Deputy

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: (Public Agency) _____
Consolidated Fire Protection
District of Los Angeles County

County Clerk
County of Los Angeles

ANNEXATION #8-85 TO CFPD OF LOS ANGELES COUNTY

Project Title

SEE ATTACHED MAP

Project Location-Specific

PALOS VERDES ESTATES

LOS ANGELES

Project Location-City

Project Location-County

ANNEXATION OF ENTIRE CITY OF PALOS VERDES ESTATES TO THE CONSOLIDATED FIRE PROTECTI

Description of Nature, Purpose, and Beneficiaries of Project DISTRICT AS IT EXISTED
JANUARY 7, 1986.

COUNY OF LOS ANGELES BOARD OF SUPERVISORS

Name of Public Agency Approving Project

CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

Name of Person or Agency Carrying Out Project

Exempt Status: (Check One)

- Ministerial (Sec. 15073)
- Declared Emergency (Sec. 15071 (a))
- Emergency Project (Sec. 15071 (b) and (c))
- Categorical Exemption. State type and section number.

SECTION 15320 CALIFORNIA ADMINISTRATIVE CODE


Reasons why project is exempt:

BARBARA FONDRICK	213	267-2427	
Contact Person	Area Code	Telephone	Extension

If filed by applicants:

- 1. Attach certified document of exemption finding.
- 2. Has a notice of exemption been filed by the public agency approving the project? Yes ___ No ___

Date Received for Filing


 Signature
 ROBERT E. JOHNSON
 HEAD DEPUTY FORESTER
 Title

JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES AND THE CITY COUNCIL
OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA,
APPROVING AND ACCEPTING EXCHANGE OF PROPERTY TAX
REVENUES RESULTING FROM ANNEXATION AND INCLUSION
OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA,
TO THE CONSOLIDATED FIRE PROTECTION DISTRICT OF
LOS ANGELES COUNTY

WHEREAS, pursuant to Section 99 of the Revenue and Taxation Code, prior to the effective date of any jurisdictional change, the governing bodies of all agencies whose service areas or service responsibilities would be altered by such change must determine the amount of property tax revenue to be exchanged between the affected agencies and approve and accept the exchange of property tax revenues by resolution, but if the affected agency is a special district, the Board of Supervisors must negotiate on behalf of the district; and

WHEREAS, the annexation and inclusion of the City of Palos Verdes Estates, California, to the Consolidated Fire Protection District of Los Angeles County affects only the County of Los Angeles, the Consolidated Fire Protection District and the City of Palos Verdes Estates; and

WHEREAS, this resolution pertains only to the annexation and inclusion of those areas of the City of Palos Verdes Estates, California, that are not now in the Consolidated Fire Protection District; and

WHEREAS, the Board of Supervisors of the County of Los Angeles and the City Council of the City of Palos Verdes Estates have determined that the amount of property tax revenue to be exchanged as a result of the annexation of the City of Palos Verdes Estates to the Consolidated Fire Protection District is set forth below.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The negotiated exchange of property tax revenues resulting from the annexation of the City of Palos Verdes Estates to the Consolidated Fire Protection District is approved and accepted.

2. For fiscal years commencing on and after July 1, 1986 or after the effective date of this jurisdictional change, whichever is later, no property tax revenue is ordered transferred to the Consolidated Fire Protection District from the County of Los Angeles or the City of Palos Verdes Estates. In addition, for each fiscal year commencing on and after July 1, 1986, no portion of the incremental tax growth attributable to this annexation shall be transferred from the County of Los Angeles or the City of Palos Verdes Estates to the Consolidated Fire Protection District.

3. Funding to the Consolidated Fire Protection District for this annexation is agreed upon in a separate agreement entitled "Annexation - City of Palos Verdes Estates, Consolidated Fire Protection District" executed on May 1, 1986.

4. No additional transfer of property tax revenues shall be made from any other taxing agency(ies) to the Consolidated Fire Protection District of Los Angeles County as a result of this annexation.

The foregoing resolution was adopted by the Board of Supervisors of the County of Los Angeles and the City Council of the City of Palos Verdes Estates, California.

Dated: May 1, 1986

CITY OF PALOS VERDES ESTATES

Paul Gralow
Mayor

ATTEST:

Debi C. Gomez
City Clerk

Dated: May 1, 1986

COUNTY OF LOS ANGELES

Pat E. Schaban
Chairman, Board of Supervisors

Larry Montsailh, Executive Officer
Clerk of the Board of Supervisors

BY Lehana deLaTone
Deputy



SCHEDULE 6
CITY VACATION SHIFTS TO BE TRANSFERRED
TO THE DISTRICT

NAME	SHIFTS TRANSFERRED	REIMBURSEMENT TO THE DISTRICT BY CITY
Cantacessi, Mario	5	\$ 1,018.80
Cantrell, Daniel	17	\$ 4,496.16
Colmerauer, Dennis	15	\$ 5,720.40
Cook, Tom	15	\$ 4,672.80
Cookus, Stephen	18	\$ 7,145.28
Dulmage, John	16	\$ 4,634.88
Felando, Joseph	10	\$ 2,037.60
Gettemey, Jon	10	\$ 3,729.60
Hemmingsen, George	19	\$ 6,333.84
Norman, David	8	\$ 1,918.08
Ralph, Peter	15	\$ 4,672.80
Rankin, William	17	\$ 4,496.16
Rooney, Donald	17	\$ 4,312.56
Saglembeni, Tony	20	\$ 7,636.80
Tippin, Paul	6	\$ 1,926.72
Wiehe, Tim	6	\$ 1,586.88
Wogoman, Thomas	9	\$ 3,017.52

TO BE COMPLETED PRIOR TO THE ACTUAL DATE OF ANNEXATION

APPROVED:

GORDON SIEBERT
CITY MANAGER

JOHN W. ENGLUND
FIRE CHIEF

DATE

DATE

SCHEDULE 7
CITY SICK SHIFTS TO BE TRANSFERRED
TO THE DISTRICT

NAME	SHIFTS TRANSFERRED	REIMBURSEMENT TO THE DISTRICT BY CITY
Cantacessi, Mario	10 HOURS	\$ 84.90
Cantrell, Daniel	3 SHIFTS, 20 HOURS (92 HOURS)	\$ 1,013.84
Colmerauer, Dennis	6 SHIFTS (144 HOURS)	\$ 2,288.16
Cook, Tom	6 SHIFTS (144 HOURS)	\$ 1,869.12
Cookus, Stephen	6 SHIFTS (144 HOURS)	\$ 2,381.76
Dulmage, John	5 SHIFTS (120 HOURS)	\$ 1,448.40
Felando, Joseph	1 SHIFT, 8 HOURS (32 HOURS)	\$ 271.68
Gettemey, Jon	6 SHIFTS (144 HOURS)	\$ 2,237.76
Hemmingsen, George	6 SHIFTS (144 HOURS)	\$ 2,000.16
Norman, David	1 SHIFT, 14 HOURS (38 HOURS)	\$ 379.62
Ralph, Peter	6 SHIFTS (144 HOURS)	\$ 1,869.12
Rankin, William	20 HOURS	\$ 220.40
Rooney, Donald	2 SHIFTS 1 HOUR (49 HOURS)	\$ 517.93
Saglembeni, Tony	6 SHIFTS (144 HOURS)	\$ 2,291.04
Tipplin, Paul	3 SHIFTS, 14 HOURS (86 HOURS)	\$ 1,150.68
Wiehe, Tim	2 SHIFTS, 11 HOURS (59 HOURS)	\$ 650.18
Wogoman, Thomas	5 SHIFTS, 15 HOURS (135 HOURS)	\$ 1,885.95

TO BE COMPLETED PRIOR TO THE ACTUAL DATE OF ANNEXATION

APPROVED:

GORDON SIEBERT
CITY MANAGER

JOHN W. ENGLUND
FIRE CHIEF

DATE

DATE

AMBULANCE AGREEMENT

Ambulance Services

The County Department of Health Services (DHS) holds the contracts with the private ambulance companies that work along with the Los Angeles County Fire Department to provide the patient transport service.

The Los Angeles County Fire Department provides the paramedics and 911 assessment and intervention. If a patient requires transport to a hospital, the transportation only is completed under the DHS contract with the ambulance company. This contract is seamless to the City.

A "Request for Proposals" (RFP) was released in February by DHS for ambulance services. Responses have been accepted and they are being reviewed by the DHS evaluation team. As such, the existing contracts with the current ambulance companies were extended by the Board of Supervisors for 6 months to November 31, 2016 with another month by month extension for 6 months. It is DHS' goal to complete the scoring of bids by September and proceed to the Board of Supervisors for contract approval in November 2016. The RFP is on the DHS website and it includes a draft of the contract to be signed. The website is: www.ems.dhs.lacounty.gov. From the Home Page, click as follows:

- [More DHS](#)
- [Departments](#)
- [Contracts and Grants](#)
- In the "search" bar, type "ambulance contracts rfp" and select: Los Angeles County Department of Health Services-Contracts and Grants-Contracts and Grants Detail (the second item listed).
- The result will be documents pertaining to the "Request for Proposals for Emergency Ambulance Transportation Services 9-1-1 Responses"

As an outcome of the bidding process, the City could see a change in the ambulance company. The County is seeking a "zero" bid for the agreement; in other words, the ambulance company is able to bill the patient directly so there is no cost to the County.

EMERGENCY AMBULANCE TRANSPORTATION AGREEMENT REQUEST FOR PROPOSALS

OVERVIEW

(CURRENT CONTRACTS EXPIRE: May 30, 2016)

- ❖ Actual document detail is confidential until RFP released by Contracts and Grants
- ❖ Development work group was composed of EMS Agency staff, Contracts and Grants, County Counsel and representatives from Los Angeles County Fire Department
- ❖ The work group reviewed Request for Proposals (RFP) for same service from multiple counties throughout the state
- ❖ Follows specific contracting State-wide process.
- ❖ State Emergency Medical Services Authority (EMSA) is reviewing for approval
- ❖ The Health and Safety Code, Division 2.5, 1797.224 allows the County EMS Agency to design the Exclusive Operating Areas (EOA) for emergency ambulance transportation.
 - Independent cities that have contracts with the County to provide for the emergency ambulance transportation. Example, Los Angeles City, Long Beach, Burbank
 - Cities that did not contract with the County are included in the RFP bidding process. Montebello, Santa Fe Springs, Redondo Beach, Compton, Monrovia, La Habra Heights.
 - Fire District cities
 - Monrovia, Redondo Beach, Compton fire departments have requested to be carved out as an EOA and allowed to bid on their cities
- ❖ Map of EOAs and Data (attached)
- ❖ EOA development
 - Cities – contiguous, population, poverty rate, payer mix, number of medical 911 transports
 - EOAs 2, 6, 8. The EMS Agency was approached by several city fire department Chief requesting the opportunity to bid for the ambulance contract in their city. Each city fire chief understands their city's proposal will be scored along with all other proposers.
- ❖ Ten year agreement
- ❖ Minimum Mandatory Requirements - provide emergency services at equivalent to the services identified within the proposed EOA
- ❖ Meeting with League of Cities

Adding payment to Fire for dispatch of ambulances
Policies for billing complaints and language barriers
Response time penalties

HISTORICAL DOCS



MEMORANDUM

TO: MAYOR AND CITY COUNCIL

FROM: JAMES B. HENDRICKSON, CITY MANAGER

SUBJECT: PROPOSITION 218 AND RE-ENACTMENT OF
FIRE SUPPRESSION BENEFIT ASSESSMENT DISTRICT

DATE: DECEMBER 17, 1999

Passage of Proposition 218 (November 1996)

Proposition 218 was passed by the voters of the State of California on November 5, 1996. Dubbed by its proponents as the "Right to Vote on Taxes" measure, this initiative constitutional amendment severely constrains local governments' ability to impose fees, taxes and assessments. It applies to all cities, counties, special districts, redevelopment agencies and school districts in the State of California.

For the City of Palos Verdes Estates, it is probably **the most** consequential measure to pass since Proposition 13 in 1978. Back then, property taxes constituted ~60% of our General Fund revenues. Proposition 13 cut these by two-thirds, in one fell swoop. It led to layoffs at City hall, the loss of the City's Fire/Paramedic unit, the inability to continue maintenance of the median islands, and the severe curtailment of office hours that the staff was available to the public. After a couple of failed attempts, the City voters eventually enacted two parcel taxes (Police/Fire/Paramedic and Streets and Parklands) to make up for some of the lost property tax revenue. Each required a minimum two-thirds vote for enactment. They were first approved in April 1980 and renewed every 4 years thereafter.

Establishment of Fire Suppression Benefit Assessment District

In August 1990, the City Council decided to consider potential substitutes to the parcel taxes to provide for more permanent financing. It appointed a Special Citizens' Advisory Committee to examine the City's finances and look at a broad range of alternatives. The Committee unanimously recommended the establishment of a Fire Suppression Benefit Assessment District to cover 100% of the cost of fire services.

The Los Angeles County Fire Department has provided fire suppression and paramedic services, enforcement of the City Fire Code and support services (such as cliff rescue, borate bombers, etc.) through a single station (located at the City Hall complex) since May 1986. The station consists of one 3-man engine company, and one 2-man paramedic rescue squad. It is staffed on a 24-hour basis seven days a week, with the following personnel.....

3 captains
3 firefighter specialists
9 firefighters

15 total

The City proceeded to notice all property owners of the proposal and the amount of assessment that each would incur. It was proposed that the assessment would be enacted for a 5-year period and serve as a substitute for the parcel taxes. The total assessment amounted to \$1,940,000 in FY 91—92, which was slightly less than the amount being raised by the two parcel taxes. At the Hearing on Protests in May 1991, the Council was presented with written protests amounting to 3.5% of the revenue to be raised. The Council voted unanimously to institute the FSBAD.

With the FSBAD scheduled to expire on June 30, 1996, the City launched a process (in September 1995) to renew the District for an additional 5 years. The Special Citizens' Advisory Committee was reconvened to review the City finances and satisfy itself that this mechanism was, in fact, needed and was still the preferred way to fund fire services. They agreed unanimously that this was the best way to proceed.

Concurrent with this process, the City negotiated a 10-year renewal of its contract with Los Angeles County Fire (covering 7-1-96 through 6-30-06).

This included some very important and significant cost containment measures and other safeguards for the City that helped stabilize costs. It incorporates an annual fee limitation based on one of two options; but in no case can the annual increase exceed 6.5% per year. It also eliminated the separate charges for fire prevention personnel. With these measures in place, the projected cost of fire service actually decreased in 96-97, and the five year rolling average annual increase has steadily decreased from 8.5% in 91-92 to 2.3% in 98-99 (see Attachment 1). The City managed to hold the assessment rate constant for 3 years in a row, and actually decreased the rate 6% in 97-98 (Attachment 2). In FY 99-00, a median sized home in the City (2,450 sq. ft.) pays \$417.53 for fire protection – which is only 3.7% higher than it paid 5 years earlier. The assessment is based on a flat-rate stand-by availability charge, plus an additional amount for each square foot of improvement on the property.

Each property owner received formal written notice of the proposed assessment for 1996-97 and the maximum allowable assessment for 2000-01. They were also advised of their right to make written protest at the formal Hearing on Protests on April 23, 1996. If the City received written protests from property owners representing more than 10% of the expected revenue, the FSBAD would have to be submitted to the voters for approval. If protests exceeded 50%, the City would be required to abandon the proposal.

In fact, the City received less than ½ of 1% formal protest. We were advised by our assessment engineers that this was the lowest level of protest they had ever experienced in the formation of any assessment district. The Council voted unanimously to re-enact the FSBAD. The levy was established for the next five years and does not become subject to the new rules for special assessments under Proposition 218 until it expires June 30, 2001.

Today, the FSBAD is an essential and integral part of the financing structure of City services. It pays 100% of the cost of the contract with Los Angeles County Fire Department for fire suppression and paramedic services. It will raise approximately **\$2.3 million** in FY 99-00. This represents **25%** of the City's Operating Budget.

Option 1: Re-enact the Fire Suppression Benefit Assessment District

Discussion. The Fire Suppression Benefit Assessment District has stood the City in good stead for the past 8-1/2 years. When first proposed as a substitute for the two parcel taxes, it was endorsed by the property owners for a 5-year period with minimal protests. When proposed for re-enactment for the ensuing 5 years (7-1-96 through 6-30-01), the level of protest diminished even further. This indicates a level of acceptance and satisfaction with the assessment. However, the process to levy a special assessment under Proposition 218, and the costs that can be recovered, is much more complicated, demanding and uncertain than the process under prior law.

Issues.

- **Eligible Costs.** The Proposition makes a clear distinction between “special benefits” and “general benefits”. Special benefits, which are recoverable through the assessment, are those that are conferred on real property (land and buildings). General benefits may not be recovered through the assessment, and must be paid from other resources of the agency.

This delineation between special benefits and general benefits has tremendous consequence to the continued viability of the FSBAD as a mechanism to pay for the L.A. County Fire contract. Expert legal opinion, and the conclusion of the assessment engineers, is that paramedic services qualify as general benefits and may not be recouped by the assessment (See Attachment No. 3) They are deemed to be services provided to people and **not** conferred on property. Paramedics comprise **39% of the cost** of the L.A. County Fire Contract (\$967,377 of \$2,472,959) in FY 99-00.

In addition, the preliminary indication is that the flat rate “standby availability” charge currently assessed on each parcel (\$173.74) qualifies as a general benefit and would be ineligible, as well. This is the only levy on a vacant parcel. In the future, all assessments on a piece of property would be based on the amount of square footage of building improvements.

- **Public Agencies (schools, state, federal government), including the City itself, are no longer exempt from the assessment.** This is a major shift from prior law and could have an added impact on the amount of money raised by the District, and the likelihood that it would secure approval. One positive side effect is that it would reduce the assessments on all other (private) properties in the City because the fire costs will be spread over a broader base. But this provision re: the assessment of public agencies could possibly motivate the School District (a major public property owner) to oppose the measure.

The City is permitted to pay the assessment on behalf of public agencies. However, this has the potential to considerably reduce the amount of revenue that would be raised. The question then arises as to where the supplemental revenue would be derived. The Assessment Engineer would have to determine what proportion (and cost) public property represents of the total assessment.

- **Notice Requirements and Voter Protests.** The City must conduct a mail ballot vote on the assessment. Each property owner is provided official notice at least 45 days prior to the Public Hearing on Protests. They are also transmitted a ballot to be mailed back, signifying their support or opposition to the proposal. The ballots cast at the election are weighed according to the amount of the assessment the property owner would pay. For example, a property owner assessed \$750 has three times the vote of a property owner \$250. The City must receive a “majority vote” from those property owners returning ballots in order to re-enact the assessment. No assessment may be imposed if a majority of those returning ballots protest, regardless of how small a number of property owners return ballots.

This reverses the process under which the assessment district is established. Previously, an election was only required if formal protest exceeded 10% of the total assessment (and a 50% or more protest forced discontinuation of the proceedings). A non-response was equivalent to support of the proposal. However, under the new rules, it is necessary to garner a majority of affirmative votes – which is an entirely different psychology.

- **Engineer's Report.** All assessments must be spread in accordance with an Engineer's Report prepared by a registered professional engineer. While not required under previous law, the City has always hired a professional engineer to do this work.

Summary. The new rules imposed by Proposition 218 not only make the process for re-enactment of the FSBAD more difficult, but make it highly questionable whether it is even worth pursuing as a financing mechanism. We now recover 100% of the costs of the annual L.A. County Fire contract, and have done so since the inception of the District in FY 91-92. But with the inability to recover paramedic costs, the loss of the standby availability charge, and the erosion of the assessment base due to the need to assess public agencies, the City would be fortunate to recoup 50% of the contract costs – about \$1.2 million a year. The remaining \$1.2 million would have to be derived from some other unknown, and unidentified, source.

Option 2. Enact a Special Tax.

Discussion. Proposition 218 defines a “special tax” as any tax imposed for specific purposes, including taxes imposed for specific purposes and placed in the General Fund. These require two-thirds voter approval to be enacted. Thus, the act of specifying the use of monies to make the measure more saleable to the electorate makes it far more difficult to pass due to the “super-majority” requirement.

A parcel tax is considered a special tax under Prop 218. A parcel tax could be presented as a flat-rate tax (applicable equally to all parcels), as a graduated tax (different rates charged to properties in different broad categories of building square footage), or as an individualized rate (a charge for each square foot of building improvements on the property).

Issues.

- **Requires two-thirds voter approval.** “General taxes” require simple majority for approval; and assessment districts require majority approval (based on the “weighted vote”). However, special taxes require 2/3 affirmative vote for approval.

- **Election Date.** An election may be set at **any** time to consider the enactment of a special tax. This provides more flexibility in the timing of an election; and ensures that it would be a “stand-alone” issue.
- **Deductibility.** We have been advised on an informal basis that a special tax may be structured more easily to qualify as a deduction for income tax purposes. If the City were to pursue this mechanism in lieu of the Fire Suppression Benefit Assessment District, we should seek a formal opinion from a tax attorney verifying that this is so. The deductibility feature is a tremendous asset in selling it to the electorate.

Option 3: Enact a General Tax.

Discussion. Proposition 218 defines a “general tax” as any tax imposed for general governmental purposes. It requires a majority vote for enactment. However, the likelihood of its success is seriously diminished if the monies are not earmarked for some specific purpose. Voters will be much more reluctant to authorize a tax for general purposes for fear that the monies will be used for services and programs they do not approve of.

One of the main reasons the City’s FSBAD has been so favorably received is because the monies are used solely and exclusively for fire services. They are placed in a separate fund and reserved for this explicit purpose. Fire service is recognized as a critical and essential local government service that must be funded in some fashion.

The principal general taxes levied by California cities are: (1) utility users tax, (2) business license tax, (3) transient occupancy tax. Unfortunately, it would be difficult to use any one of these as a substitute for the FSBAD. The City already levies a 10% utility users tax (with an amount equivalent to 100% of the proceeds transferred to the Capital Improvement Fund to address the City’s infrastructure needs). To recoup an additional \$2.4 million to pay for the fire contract costs would require that we more than double the tax – to 20%+. The City business license tax only generates \$195,000 a year. Raising that to \$2.4 million a year would place an unfair and harsh burden on a single class of taxpayers. Finally, the City has no hotels or motels upon which to levy a transient occupancy tax. No monies would be derived from this source.

An additional option we have researched carefully is the documentary transfer tax (real property transfer tax). Cities and counties are permitted to impose a tax on the transfer (ownership) of real estate with a value exceeding \$100. The established rate is \$1.10 per \$1,000, which is shared 50/50 between the City and the County. Over the past 3 fiscal years, the City has derived between \$115,000 and \$147,000 a year from this source. Several cities in the State charge in excess of the \$1.10 per \$1,000 rate.....

- Redondo Beach = \$3.10
- Santa Monica = \$4.10
- Los Angeles, Culver City, Hayward = \$5.60
- Alameda = \$6.50
- San Leandro = \$7.10
- Palm Springs = \$11.10
- Berkeley, Oakland = \$16.10

The tax receipts are volatile, depending on the state of the economy and the housing resale market. However, our analysis indicated that if the City were to levy a rate equivalent to 1% of the value of the sale (the same as Palm Springs), we could recoup a substantial portion of the revenue we now derive from the FSBAD.

Unfortunately, all the cities that levy a rate in excess of the standard are charter cities. The City Attorney carefully researched whether Palos Verdes Estates, as a General Law City, was empowered to exceed the \$1.10 rate. She concluded that we are prohibited by Government Code Section } 53725 from doing so. There appears to be no mechanism to avoid the effect of this law (See attachment No. 4).

Issues.

- **Requires majority vote for enactment.** A new, favorable wrinkle to the voter approval requirement was created by a 1998 Appellate Court decision in Coleman v. Santa Clara County. In that case, the County of Santa Clara placed a sales tax measure on the ballot as a general tax to be deposited in the General Fund. On the same ballot, the County submitted an advisory measure which sought the electorate's advisory approval on a spending strategy

for the revenues that would be raised. Both ballot measures passed by a simple majority. The Jarvis/Gann Taxpayers Association challenged the tax increase as a special tax necessitating two-thirds voter approval. The court disagreed by ruling that the tax increase on the ballot was clearly intended as a general tax increase, and the advisory ballot measure was just that, advisory, and not binding. The California Supreme Court has declined to review the decision, so it is final. (The only caveat is that this election took place the same day Proposition 218 was on the ballot, and technically, was not yet in effect).

This approach could be of considerable significance if the City were to place a general tax increase measure on the ballot accompanied by an advisory measure indicating that the monies would be utilized to pay the costs of fire service. This lowers the threshold requirement for passage of the measure. The difficulty will be in devising a general tax measure that can be utilized for this purpose. ✓

- **Election Constraints.** An election must be consolidated with a regularly scheduled municipal election for members of the City Council. The next such election is scheduled for March 2001. If the measure failed, another general tax election could not be scheduled until March 2003. One exception in law – a measure can be placed on a special election ballot if the Council unanimously determines that an emergency exists.

JBH:s
Attachments



MEMORANDUM

Agenda Item No. 11
Meeting Date: 11-14-00

TO: MAYOR AND CITY COUNCIL

FROM: JAMES B. HENDRICKSON, CITY MANAGER

SUBJECT: SUBMITTAL OF SPECIAL (PARCEL) TAX TO VOTERS AT MARCH 6, 2001, GENERAL MUNICIPAL ELECTION

DATE: NOVEMBER 1, 2000

The Issue

Shall the City council adopt Resolution R00-56, which orders the submission to the voters a special (parcel) tax measure which would cover the annual costs of fire and paramedic services at the General Municipal Election to be held on March 6, 2001?

Background

At its meeting on September 26, 2000, the City Council unanimously endorsed the recommendation of the Citizens' Financial Advisory Committee as presented in its report on "Long-Term Financing Options for Fire and Paramedic Services". The CFAC recommended that the Council place a special tax measure for voter approval on the March 6, 2001 Municipal Election ballot to cover the full cost of fire and paramedic services, as similar to the method we now employ under the Fire Suppression Benefit Assessment District (which expires on June 30, 2001).

Since then, the City engaged the services of Berryman & Henigar to develop the spread of the tax to the various categories of property: single-family residential, multi-family residential, commercial and vacant. They presented some additional options to the formula now utilized – varying the flat standby availability charge, as well as the levy for each square foot of building. These were reviewed in detail by the CFAC on October 30, 2000.

The Committee concluded that the best formula was the one now utilized, increased by 6.5% to cover the anticipated increase in the Los Angeles County Fire Contract cost for FY 2002. Thus, the charges to each property owner would be as follows.....

- Standby availability charge.....\$197.06
- Rate per square foot of building improvements...\$ 0.112864

The anticipated levy on a median-sized home in the City (2,450), an average-sized home (2,750 sq. ft.), and other typical examples of multi-family and commercial properties is delineated in the attached "Fire and Paramedic Services Special Tax Report".

The Citizens' Committee recommended that the special tax carry a sunset clause of 6 years – to be re-submitted to the voters at the General Municipal Election in March 2007. In addition, the Committee recommends that the tax provide for a maximum allowable increase of 6.5% per year. They concluded this was necessary after reviewing the attached report re: "Annual Escalator for Fire and Paramedic Services Special Tax."

The City has very little control over the cost of its contract with the Los Angeles County Fire Department. We were successful in negotiating a cap of a maximum annual increase of 6.5% in the contract during the first 5 years (FY 1997 through FY 2001); and the contract contains the following provision for the next 5 years, "For each subsequent fiscal year beginning July 1, 2001, the Annual Fee Limitation shall be the average of the immediately preceding 5 years' actual annual fee percentage increase **plus** 1%.

Exhibit B of the Report shows the net revenue that would be derived over the next 6 years compared to the gross contract cost and calculates the "leakage". As you can see, we experience an annual shortfall between the net revenues derived and the gross contract cost (beginning at-- \$92,421 in FY 2002 and growing to-- \$126,410 in FY 2007). We began the current fiscal year with a fund balance of \$529,418. Based on these assumptions, we anticipate a total shortfall of ~\$105,000 through FY 2007. This would have to be paid from the General Fund. However, we believe this loss can be sustained fairly easily.

It should be pointed out that the FSBAD had a maximum allowable increase of 7.9% per year during the first 5 years it was in effect (FY 1992-FY 1996); and a 6.5% maximum allowable increase per year for the next 5 years (FY 1997-FY 2001). In neither case did the City levy the maximum permitted during the 5-year periods.

Alternatives Available to Council

1. Adopt Resolution R00-56, which orders the submission to the voters a special (parcel) tax measure which would cover the annual costs of fire and paramedic services at the General Municipal Election to be held on March 6, 2001. This action would be consistent with the recommendation of the CFAC, and would provide the City a vehicle to cover the costs of its fire service contract with Los Angeles County Fire. These are expected to amount to \$2.65 million in FY 2002, or approximately 25% of the City's Annual Operating Budget.
2. Adopt Resolution R00-56, as modified. Any changes would be as elaborated by the Council.
3. Do not adopt Resolution R00-56. This would leave the City with a "hole" of ~\$2.65 million in its FY 2002 budget, due to the expiration of the FSBAD on June 30, 2001. The Council would have to determine how it wished to address this.

Conclusion and Recommendation

It is recommended the City Council adopt Resolution R00-56, ordering the submission to the qualified electors of the City of a certain measure relating to a special parcel tax for fire and paramedic services at the General Municipal Election to be held on Tuesday, March 6, 2001, as called by Resolution R00-48.

Budget Impact

If adopted by 2/3rds of the voters at the General Municipal Election on March 6, 2001, the special tax for fire and paramedic services will provide a mechanism to cover the cost of these services for the next 6 years. Failing this, the City will face a 25% shortfall in its annual operating budget beginning in FY 2002.

JBH:s
Attachments

RESOLUTION R00-56

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES
ESTATES, CALIFORNIA, ORDERING THE SUBMISSION TO THE
QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE
RELATING TO A SPECIAL TAX FOR FIRE AND PARAMEDIC SERVICES AT
THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY,
MARCH 6, 2001, AS CALLED BY RESOLUTION R00-48**

WHEREAS, a General Municipal election on Tuesday, March 6, 2001 has been called by Resolution No. R00-48, adopted on October 24, 2000, and

WHEREAS, the City Council also desires to submit to the voters at the election a question relating to a special tax for fire and paramedic services;

NOW THEREFORE, the City Council of the City of Palos Verdes Estates, California, does hereby resolve as follows:

SECTION 1. That the City Council, pursuant to its right and authority, does order submitted to the voters at the General Municipal Election of March 6, 2001 the following question:

Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City to replace the current Fire Suppression Benefit Assessment and to continue funding the present level of fire and paramedic services, with such tax to expire on June 30, 2007?	YES	
	NO	

SECTION 2. The proposed measure submitted to the voters is attached as Exhibit A.

SECTION 3. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 4. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice, in time, form and manner as required by law.

SECTION 5. The City Clerk shall certify to the passage of this resolution.

PASSED, APPROVED AND ADOPTED this 14th day of November, 2000.

CHAD R. TURNER, MAYOR

APPROVED AS TO FORM:

STEPHANIE R. SCHER, CITY ATTORNEY

ATTEST:

JUDY SMITH, CITY CLERK

EXHIBIT A

AN ORDINANCE OF THE CITY OF PALOS VERDES ESTATES,
CALIFORNIA, LEVYING A FIRE AND PARAMEDIC SERVICES
SPECIAL TAX AND INCREASING THE CITY OF PALOS VERDES
ESTATES SPENDING LIMITS PURSUANT TO ARTICLE XIII B OF THE
CALIFORNIA CONSTITUTION BY THE AUTHORIZED AMOUNT OF
THE FIRE AND PARAMEDIC SERVICES SPECIAL TAX

The People of the City of Palos Verdes Estates hereby ordain as follows:

SECTION 1. Imposition of Tax. Pursuant to the authority of Section 4 of Article XIII-A of the California Constitution, there is hereby levied and assess a fire and paramedic services special tax by the City of Palos Verdes Estates on each parcel of property with the City of Palos Verdes Estates for each of the six fiscal years commencing with fiscal year 2001-2002 and ending with fiscal year 2006-2007. For purposes of this ordinance a "parcel of property" shall mean any contiguous unit of improved or unimproved real property held in separate ownership, including, but not limited to any vacant property, commercial property, single family residence, any condominium unit as defined in California Civil Code Section 783, or any other unit of real property subject to the California Subdivided Lands Act (Business and Professions Code Sections 11000 *et seq.*).

SECTION 2. Use of Revenue.

(a) The purpose of this ordinance is to raise revenue only for the purposes of obtaining, providing, operating and maintaining fire suppression and paramedic services and equipment, for paying the salaries and benefits to firefighting and paramedic personnel, and for such other necessary fire protection and prevention expenses and paramedic expenses of the City of Palos Verdes Estates as such services shall be made available throughout the entire City. In particular, as of the effective date of this ordinance, such services are provided to the City of Palos Verdes Estates by the Consolidated Fire Protection District of Los Angeles County (the "Fire District") under that agreement entitled Amendment Number One to the Annexation Agreement Between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County (the "Fire Services Agreement"), and it is the purpose of this ordinance to raise revenue to pay all costs, charges and fees of the City of Palos Verdes Estates under such Agreement for such time as such Agreement remains in effect, and to provide for an equivalent level of fire and paramedic services through other means should such Agreement terminate or expire.

(b) The proceeds from this ordinance shall be used only for the purposes identified in subsection (a) of this Section.

(c) Upon the effective date of this ordinance, the City Finance Director shall create a separate account into which all revenue raised by this ordinance shall be placed.

(d) The City's Finance Director shall file a report with the City Council no later than January 1, 2002, and at least once a year thereafter which shall contain both of the following: (i) the amount of funds collected and expended under this ordinance; and (ii) the status of any project required or authorized to be funded to carry out the purposes set forth in subsection (a) of this Section 2.

SECTION 3. Calculation of Amount.

(a) The tax imposed by this Ordinance shall be a tax upon each parcel of property and the tax shall not be measured by the value of the property.

(b) For fiscal year 2001-2002, the maximum annual amount of said fire and paramedic services special tax shall be determined for each parcel of property by calculating the following sum: to the amount of One Hundred Ninety Seven Dollars and Six Cents (\$197.06) (the "Base Amount") for each lot within such parcel of property shall be added \$00.112864 (the "Improvement Amount") for each square foot of building improvements located on such parcel of property as of January 1, 2001.

(c) For each fiscal year after fiscal year 2001-2002, the maximum annual amount of said fire and paramedic services special tax for each parcel of property shall be determined by adding the Base Amount for each lot within such parcel of property to the Improvement Amount multiplied by the number of square feet of building improvements, as such lots and improvements exist as of January 1 of the year preceding that fiscal year. In addition, in each fiscal year after fiscal year 2001-2002, the City Council, by at least three (3) affirmative votes, may increase the Base Amount and Improvement Amount up to Six and One-Half Percent (6.5%) above the rate for such Amount established in the previous fiscal year, said percentage increase being the authorized inflation factor permitted under the Fire Services Agreement. Notwithstanding the foregoing, at all times that the Fire Services Agreement remains in effect, the percentage increase in the tax imposed under this ordinance from one fiscal year to the next shall not exceed the percentage increase in the amount to be paid by the City of Palos Verdes Estates to the Fire District under such Agreement for such fiscal year.

SECTION 4. Determination of Lots and Building Improvements. The records of the City of Palos Verdes Estates shall be utilized to determine the number of lots within any parcel of property. The records of the Los Angeles County Assessor shall be used to determine the amount of building improvement located on a parcel of property, provided, however, that the records of the City of Palos Verdes Estates Building Department may be utilized as necessary should there be a discrepancy between the records of the Los Angeles County Assessor and the actual amount of building improvement on a parcel of property.

SECTION 5. Exempt Property. The fire and paramedic services special tax shall not be imposed upon a federal or state governmental agency, any local public agency, or any parcel of property which is exempt from ad valorem taxes by any other applicable law.

SECTION 6. Time and Method of Payment of Special Tax.

(a) The fire and paramedic services special tax shall be due in two equal installments in accordance with the collection procedures of the Los Angeles County Tax Collector, and shall be collected in the same manner, subject to the same penalties and interest, and on the same applicable dates as established by law for the due dates for the other charges and taxes fixed and collected by the County of Los Angeles on behalf of the City of Palos Verdes Estates. The County of Los Angeles may deduct its reasonable costs incurred for such services before remittal of the balance to the City of Palos Verdes Estates.

(b) The fire and paramedic services special tax, together with all penalties and interest thereon, shall constitute a lien upon the parcel of property upon which it is levied until it has been paid, and said special tax, together with all penalties and interest thereon, shall, until paid, constitute a personal obligation to the City of Palos Verdes Estates by the person(s) who own the parcel of property on the date said special tax is due.

SECTION 7. Administration of Tax. The City Council by not less than three (3) affirmative votes, is empowered:

- (a) to establish the amount of the fire and paramedic services special tax levy annually each fiscal year in amounts not to exceed the maximum amounts specified in Section 3 of this ordinance as is required to provide an adequate level of fire and paramedic service in the City in accord with the purposes set forth in this ordinance;
- (b) to sit as a Board of Equalization under procedures to be adopted by the City Council to equalize inequities and reduce hardships created by the literal application of this ordinance, and such shall be deemed an administrative remedy;
- (c) to annually provide an official Assessment Book designating the actual tax levy on each parcel of property and to place the same on file in the office of the City Clerk. In connection therewith, in those instances where building improvements are located on more than one lot within a parcel of property, the City Council may designate a single one of such lots as the lot upon such building improvements shall be considered to be located for purposes of administering this ordinance;
- (d) to amend this ordinance as necessary to permit the Los Angeles County Tax Collector or any other duly designated public official to collect a special tax such as is levied by this ordinance in conjunction with other County taxes, or in order to assign duties established by this ordinance to other officers as otherwise permitted by law, or to modify procedures required by this ordinance, for the sole purpose of levying and/or collecting a special tax in an amount not to exceed that permitted by Section 3 of this ordinance to be used solely for the purposes permitted by Section 2 of this ordinance.

SECTION 8. Appropriations Limit Increased. Pursuant to Article XIII B of the California Constitution, the appropriations limit for the City of Palos Verdes Estates shall be increased by the maximum projected aggregate collection authorized by levy of this fire and paramedic services

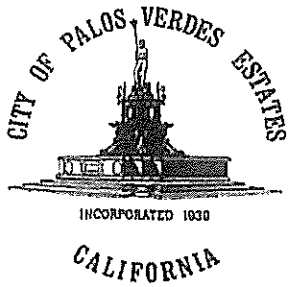
special tax, as determined by Section 3 of this ordinance, in each of the years in which this ordinance remains in effect plus the amount, if any, by which the appropriations limit is decreased by law as a result of the assessment of the fire and paramedic services special tax set forth in this ordinance.

SECTION 9. Unexpended Revenue. The unexpended residue of any money raised by the City under this ordinance may only be (i) used in the succeeding year for the purposes stated in this ordinance by lowering the next year's tax by the amount unexpended, or (ii) returned to the taxpayers on the same pro rata basis as originally levied.

SECTION 10. Severance Provisions. If any provision(s) of this ordinance or the application thereof to any person or circumstances is held invalid or unconstitutional by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any other provision or application, and to this end the provisions of this ordinance are declared to be severable. The City Council and the electorate by referendum do hereby declare that they would have adopted this ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases, parts or portions thereof be declared invalid or unconstitutional.

SECTION 11. Effective Date. This ordinance shall be effective only if approved by two-thirds (2/3) of the voters voting at an election to be held on March 6, 2001, and shall go into effect only at such time as the City Council has, in accord with the procedures required by law, declared that the initiative measure to be voted on at said election was approved by two-thirds (2/3) of the voters voting thereon. Upon becoming effective, this ordinance may only be amended or repealed by approval of two-thirds (2/3) of the voters voting on such amendment or repeal at a duly called initiative or referendum election.

SECTION 12. Termination Date. This ordinance shall be null and void as of midnight, June 30, 2007, and shall have no force and effect whatsoever after said time and date, provided, however, that the provisions of this ordinance relating to the collection of the fire and paramedic services special tax and/or the enforcement of any liens or obligations resulting therefore shall continue in effect until such time as the collection and enforcement procedures for a tax imposed hereunder (for fiscal years 2001-2002 through 2006-2007) have been completed.



MEMORANDUM

Agenda Item 10
Meeting Date: 3-28-06

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES B. HENDRICKSON, CITY MANAGER

SUBJECT: RENEWAL OF TEN YEAR AGREEMENT WITH LOS ANGELES COUNTY FIRE DEPARTMENT

DATE: MARCH 6, 2006

The Issue

Shall the City Council adopt Amendment Number Two to the Annexation Agreement between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County to change certain fee calculations and extend the Agreement for an additional 10 year period – until June 30, 2016?

Background

In May 1986, the City abandoned its own Fire Department and entered into a contract with the Consolidated Fire Protection District of Los Angeles County to provide fire protection, paramedic services, and the enforcement of the City Fire Code on behalf of the City (Attachment 3). The City committed to remain a part of the District for at least 10 years from the operative date of the Agreement. The City contracted for three fire captains, three firefighter specialists and nine firefighters working out of a single station (Number 2) and utilizing one fire engine and one paramedic unit.

The initial Agreement was due to expire June 30, 1996. The City Council concluded that we were well-served by Los Angeles County Fire and that we wanted to “re-up”; but we had some issues with respect to the costs incurred in the first 10 year term. In several instances, the actual fire costs well exceeded the estimated costs, which we had used for budgeting purposes. The actual costs were not known until the spring of the fiscal year which had begun 9-10 months earlier. In one year alone, the actual fee exceeded the

prior year's fee by ~12%. This placed a tremendous burden on the City's budget.

In order to address this issue, we pressed the County to establish an "Annual Fee Limitation" which would be the maximum the County could charge in any particular year. At first, the County was resistant to this approach. They accurately recognized that if it was incorporated into our contract, there would be an expectation by their other (10) contract cities that they should be entitled to the same. Nonetheless, we held our ground and were successful in negotiating such a limitation, which is contained in Amendment Number One to the Annexation Agreement between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County (Attachment 2).

The contract provides two formulas (Option A and Option B), which are at the discretion of the City. Option A is the only one that has been used in the 10 year period from 1996 – 2006. It provides a fee limitation of a maximum 6.5% each fiscal year during the first five years; and for the final five years, the fee limitation is based on the average of the immediately preceding five years' actual annual fee percentage increases +1%. The 6.5% maximum increase during the first five years was based on the average of the actual fee increases we experienced in the years immediately preceding the renewal of the Agreement. This formula has stood us in good stead during the term of the Agreement.

Amendment Number Two

The current agreement with Los Angeles County Fire expires on June 30, 2006. In mid-December 2005, the City Manager and Assistant City Manager met with the Los Angeles County Fire Chief and Deputy Fire Chief to negotiate some outstanding issues, which we wished to address in the renewal of the contract. These dealt with changes to certain fee calculations. We were successful in completely resolving these matters to the City's satisfaction.

The changes (and the rationale for each) are as follows...

1. **Annual Fee Limitation.** The inclusion of an Annual Fee Limitation in the contract is essential in assuring the City has predictable costs. It assists us in determining the fire tax rate that should be set for the

upcoming 5-6 years. Amendment Number One included two Annual Fee Limitation options – “A” and “B”. As indicated above, Option B was never exercised by the City during the 10 year period; so, we have agreed to utilize Option A as the sole formula in Amendment Number Two.

As mentioned earlier, Option A set the Annual Fee Limitation at a maximum 6.5% during the first five years of the Agreement. We provided the County data that demonstrated the actual fee has increased an average 4.146% per fiscal year over the past five years (Exhibit A), and proposed that a maximum 4.2% annual increase be set for the first five years of the 10 year renewal (7-1-06 through 6-30-11). They agreed to this proposal. For the final five years of the renewal (7-1-11 through 6-30-16), the Annual Fee Limitation will be the average of the immediately preceding five fiscal years’ actual annual fee percentage increase +1% (a “rolling” five year average), the same as it is under the current Agreement. (See Section III, Paragraph F in Attachment 1).

2. **Annual Fee Limitation to Apply to Actual Costs (vs. Estimated Costs).** This is a significant deficiency in the current contract provision. Annually, the City sets the fire tax based on the estimated fee for services provided by the County in the spring prior to the beginning of the fiscal year. However, it is the actual fee – the “settle-up” – that we ultimately owe, which is not provided to us until a year later. To the extent the actual fee exceeds the estimated fee, we are the losers in that we did not set a tax rate high enough to cover our actual expenses. The difference must be paid out of fund balance.

The problem is illustrated in Exhibit B. This shows that in four of the past eight years, the actual fee has exceeded the estimated fee. During a couple of years the fee was fairly insignificant -- \$4,200 and \$7,200. However, in FY 97-98, the actual exceeded the estimated by \$36,200, and in FY 03-04 by \$80,000.

Given this situation, the County has agreed to insert a provision that if the actual annual fee is greater than the estimated annual fee, the additional amount due the District will be paid by the City during the ensuing fiscal year (1/12 of the additional fee paid in each of the subsequent 12 monthly payments). (Paragraph 2 in Attachment 1).

However, the additional fee is also subject to the overall fee limitations elaborated in Section III (F)...

The amount of any unpaid Annual Fee Limitation excess to be paid by City in any single year when added to the actual Annual Fee increase for that year shall not exceed the Annual Fee plus the Annual Fee Limitation.

Alternatives Available to Council

1. Adopt Amendment Number Two to the Annexation Agreement between the City and the Consolidated Fire Protection District of Los Angeles County which extends the Agreement until June 30, 2016. The City and County have negotiated an Agreement that modifies certain fee calculations that address what we see as particular shortcomings in the current contract. It ensures that the City can set an annual Fire and Paramedic Services Special Tax rate (assuming that we secure voter approval for its renewal beginning July 1, 2007) that will recover the full amount of County Fire's costs for fire and paramedic services for the ensuing year. It also assures us that the maximum annual increase is reasonable.
2. Adopt Amendment Number Two to the Annexation Agreement between the City and the Consolidated Fire Protection District of Los Angeles County, with modifications. Any changes to the Agreement would be as elaborated by the City Council, and subject to the concurrence of the Los Angeles County Fire Department.
3. Do not adopt Amendment Number Two to the Annexation Agreement between the City and the Consolidated Fire Protection District of Los Angeles County. The City Council would then advise how it would like to secure the provision of fire and paramedics services for the time period after June 30, 2006.

Conclusion and Recommendation

The City of Palos Verdes Estates has been well-served by the Los Angeles County Fire Department since it first entered into a contract for the provision of fire, paramedic and fire code enforcement services on May 1, 1986. The

County has negotiated in good faith with the City, and satisfactorily addressed all our concerns in the proposed Amendment to the existing Agreement, for the ensuing 10 year period.

It is recommended the City Council adopt Amendment Number Two to the Annexation Agreement between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County. This extends our current Agreement for an additional 10 year period – from July 1, 2006 until June 30, 2016.

Budget Impact

Since July 1, 1991, the costs of fire and paramedic services rendered by the Los Angeles County Fire Department have been paid 100% by a special fee or tax approved by the property owners/voters in the City. The Fire and Paramedic Services Special Tax now averages \$545 per home and raises \$3.1 million. It is due to expire on June 30, 2007.

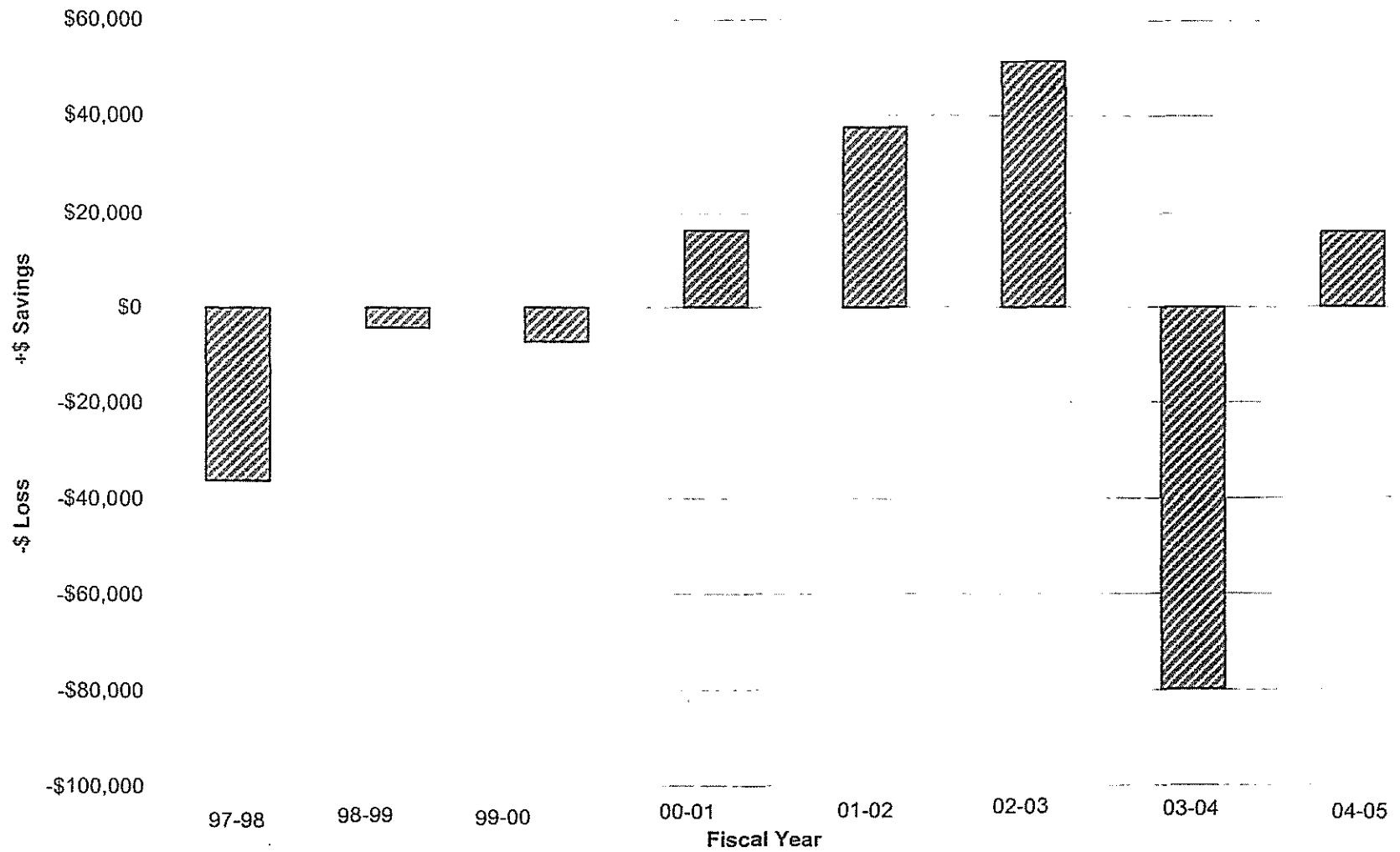
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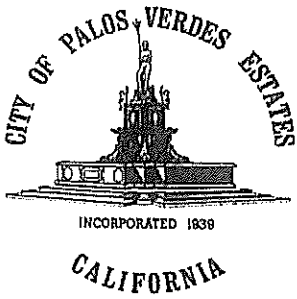
Exhibit A

Actual Fee
Fire Service Contract

	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06*	Fee Inc Avg last 5 Yrs 00-01 to 04-05	Fee Inc Avg Last 5 yrs Assume 05-06 Actual
Actual Fee	3.31	6.88	6.91	4.78	3.66	3.47	6.94	1.88	4.64	4.146	4.118
Cap	6.5	6.5	6.5	6.5	6.47	6.11	6.14	6.15	5.15		

Comparison of Actual Fee vs. Estimated Fee Fire Service Contract FY 97-98 through FY 04-05





MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES B. HENDRICKSON, CITY MANAGER

SUBJECT: RE-ENACTMENT OF FIRE & PARAMEDIC SERVICES SPECIAL TAX

DATE: APRIL 1, 2006

Background

The City of Palos Verdes Estates operated its own fire department until 1986, when Proposition 13 property tax cuts became too severe to permit the luxury of maintaining this arrangement. In May 1986, the City closed its department and entered into a contract with the Consolidated Fire Protection District of Los Angeles County to provide fire protection, paramedic services, and the enforcement of the City Fire Code. The City committed to remain a part of the District for at least 10 years. It contracted for 3 fire captains, 3 firefighter specialists and 9 firefighters working out of a single station (Number 2), and utilizing one fire engine and one paramedic unit.

Upon expiration of the initial Agreement on June 30, 1996, the City Council concluded that it was well-served by LA County Fire and “re-upped” the Agreement for another 10 years. Then, on March 28, 2006, the Council adopted Amendment Number Two to the Annexation Agreement between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County – which extends the existing Agreement an additional 10 years (until June 30, 2016).

The City has employed a variety of mechanisms to help fund the cost of fire services. During the 1980’s, voter-approved parcel taxes for Police/Fire/Paramedic Services and Parklands Maintenance covered a portion of the costs of these municipal services.

*City deviated
at passage of
Prop 13 2/3 as GF.
revs. derived from
property taxes.*

Then, in May 1991, the property owners endorsed a Fire Suppression Benefit Assessment District (FSBAD) which covered 100% of the costs of the contract with Los Angeles County Fire beginning July 1, 1991. The FSBAD served as a substitute for the parcel taxes, which were discontinued after its enactment. The FSBAD was adopted for a 5 year period, and then overwhelmingly approved by the property owners for an additional 5 year period through June 30, 2001. The FSBAD contained two components: a flat-rate "standby availability charge" per parcel plus an additional charge based on the square footage of building improvements on the property. Thus, the larger the home (or structure), the higher the assessment.

And discontinued the two parcel taxes.

With the passage of Proposition 218 in November 1996 (the "Right to Vote on Taxes" initiative), the FSBAD, if renewed, could only be used to fund fire protection, not paramedic service. Paramedic service represents 40% of the cost of the fire contract, and was deemed an essential service to continue.

In light of the impending expiration of the FSBAD on June 30, 2001, and changes in the law, the City Council appointed a Citizens' Financial Advisory Committee in June 2000 to examine long-term financing options, assess the City's current and future financial position, and make recommendations on the best means to ensure the City's continued fiscal viability. At the conclusion of its study, the Committee unanimously recommended that the Council place a special (parcel) tax on the March 6, 2001 Municipal Election ballot to continue to cover the full cost of the City's contract with L.A. County Fire. The tax would be assessed using the same methodology as the FSBAD, and would carry a sunset clause of 6 years (to expire June 30, 2007). It would also require, as per Proposition 218, a 2/3 voter approval for enactment as a special tax.

At the Municipal Election on March 6, 2001, the voters overwhelmingly approved the Fire and Paramedic Services Special Tax by an 87% favorable vote. The tax covers the cost of fire and paramedic services from FY 01-02 through FY 06-07.

Under the FSBAD and successor Special Tax, the annual charge for a median-sized home in the City (2450 square feet) has grown from \$402 in FY 94-95 to \$545 in FY 05-06 (Attachment 1). The annual cost of fire services rendered by LA County Fire has grown from \$2,193,000 to \$3,109,000 in this same time period (Attachment 2).

Alternative Revenues to Fund Fire Service

The City has one year remaining under the Fire and Paramedic Services Special Tax. Currently, our contract cost with LA County Fire is \$3.1 million. This amounts to ~25% of the City's FY 05-06 Operating Budget.

A potential alternate source to fund fire service costs would be General Fund revenues generated in "excess" of on-going General Fund expenditures. During the recession in the early-to-mid 1990's, and the State's decision to seize local property taxes to fund its obligations for education, the City instituted several cost-saving measures in the Operating Budget to permanently lower our expenditures to match our revenues. With the economic recovery in the late 1990's, our revenues increased significantly – which translated to some very positive results in our fund balance.

As shown in Attachment 3, General Fund revenues have exceeded General Fund expenditures by an average of **\$1,250,500** over the 9 year period from FY 97-98 through FY 05-06. In May 1999, the City Council adopted a policy that the City should target the achievement of an unobligated General Fund balance equal to 25% of the annual Operating Budget expenditures. This would serve as a prudent "reserve for economic uncertainties". Any balance in "excess" of the targeted amount would be transferred to the Capital Improvement Fund (CIF). As a result, \$700,000 was transferred to the CIF in FY 98-99 and an additional \$1,238,000 in FY 99-00. ✓

In May 2001, the City re-visited this policy and concluded that, based on the uncertain economic situation, and reserve policies of our neighboring cities, it would elevate the targeted reserve to 50% of the annual Operating Budget. The City achieved its goal in FY 02-03, and was able to transfer \$608,705 to the CIF and allocate an additional \$297,090 to a reserve "designated for PERS Safety" cost increases in the coming years. Due to excesses realized in FY 03-04, 04-05, and estimates for 05-06, the City transferred additional monies to the CIF in each of these years.

All told, the City Council has transferred **\$5,957,200** from the General Fund to the Capital Improvement Fund since FY 98-99. This has significantly enhanced the resources available from the Utility User's Tax and augmented our capacity to preserve and rebuild the City's infrastructure. It has been especially critical in maintaining our ability to fund non-sewer capital ✓

improvements (streets, storm drains, parks, City Hall upgrades) since the demise of the Utility User's Tax on June 30, 2003. While the City was successful in securing property owner approval for a sewer user fee in March 2003; it was unsuccessful in securing passage of a reduced utility user's tax to fund non-sewer capital improvements. As such, the only source of funds for non-sewer capital improvements since July 1, 2003 has been the excess General Fund revenues. ✓

It is difficult to project, with any degree of certainty, what looms in the future for General Fund revenues. There are a number of factors over which we have little control. We are intimately connected to the overall level of economic activity in the Nation, the State, and the South Bay region. Approximately 46% of our General Fund revenues are derived from property taxes. These are dramatically affected by the health of the Southland economy and the activity in the housing market, both of which are closely tied to national and international factors. *has actually increased to 53.5% for FY 06-07*

By far the most volatile and unpredictable element impacting our budget over the past two decades has been the State's budget situation. We, as all Cities, Counties and Special Districts, have been inextricably linked to their fiscal situation. Since the dot-com industry's implosion in March 2000, the windfalls from the exercise of stock options and capital gains have dropped precipitously. Rather than cut its own budget to any significant degree, the State has relied on a series of one-time measures to balance its budget since FY 01-02 – extensive borrowing, fund shifts, loans, accelerations and deferrals. They have also resorted to a reliable, standby gimmick – cannibalizing the revenues of local government, most notably vehicle license fees and property taxes. However, the most salutary development for Cities, Counties and Special Districts has been the passage of Proposition 1A on November 2, 2004. This provides significant revenue protections that only permit the State to seize local government revenues in very limited instances. The State Legislature must declare a “state of fiscal emergency” (by a minimum 2/3 vote) and can only borrow local government revenues twice in a 10 year period. It must pay those monies back, with interest, within three years; and the State is precluded from borrowing a second time until the first loan has been fully repaid. These strictures afford the City some assurance that its revenues controlled by the State will be much more predictable and stable in future years.

As a result, if the National, State and Regional economies continue to grow at a measured rate, the City can expect that it will continue to generate excess monies from the General Fund for other uses.

Conclusion and Recommendation

It is evident that City does not have the resources available, absent a special tax, to fund the costs of fire and paramedic services provided by contract with the Los Angeles County Fire Department. Even if 100% of the average General Fund revenues generated in excess of on-going General Fund expenditures were utilized to fund these costs, there would still be a **shortfall of ~\$2 million per year** and there would be no source of funds to sustain the \$800,000 - \$900,000 annual cost of non-sewer capital improvement projects.

X

It is recommended the Mayor and City Council appoint a Citizens' Committee to begin working on a renewal of the Fire and Paramedic Services Special Tax in September of 2006. The goal would be to place a measure on the March 6, 2007 Municipal Election ballot, so that a funding mechanism would be in place by July 1, 2007.

Options to explore are quite limited

Citizens' Committee should be less financially active and more activist/sales group. Need to sell the measure, first and foremost.

Attachments

:mm

Council supportive of the notion of appointing "marketing" types to the committee vs "financial" types. Our options are narrow & limited -- namely, a renewal of the Fire & Paramedic Services Special Tax.

Council will submit names to the Mayor for his review. Aim for 2nd meeting in July to appoint the committee; with final meeting shortly after Labor Day in September.

FIRE SPECIAL TAX RATE
FOR MEDIAN-SIZED HOME (2,450 sq. ft.)
FY 1994-95 THROUGH FY 2005-06

<u>FISCAL YEAR</u>	<u>DOLLAR AMOUNT</u>	<u>PERCENT CHANGE</u>
FIRE ASSESSMENT:		
FY 94-95	\$ 402.47	2.9%
FY 95-96	\$ 402.47	0.0
FY 96-97	\$401.64	(0.2)
FY 97-98	\$377.54	(6.0)
FY 98-99	\$392.05	3.8
FY 99-00	\$417.53	6.5
FY 00-01	\$444.67	6.5
SPECIAL TAX:		
FY 01-02	\$ 473.58	6.5%
FY 02-03	\$492.52	4.0%
FY 03-04	\$503.35	2.2%
FY 04-05	\$531.04	5.5%
FY 05-06	\$544.85	2.6%

avg. increase
of 4.2% per
year

Fire Contract Cost History - Palos Verdes Estates

Fiscal Year	Estimated Gross Contract	Final Gross	Estimated Net Cost w/LACERA	Final Net Cost with credits	% Inc (Dec) from PY Final Gross	% Inc (Dec) from PY Final Net	
86-87	1,204,184	1,249,184					
87-88	1,343,917	1,330,084			6.5%		
88-89	1,438,620	1,456,665			9.5%		
89-90	1,553,944	1,600,866			9.9%		
90-91	1,773,473	1,745,802			9.1%		
91-92	1,900,434	1,877,937			7.6%		
92-93	2,037,921	1,971,688			5.0%		
93-94	2,106,575	2,089,141			6.0%		
94-95	2,199,683	2,193,393			5.0%		
95-96	2,228,547	2,233,188	2,139,934	2,139,934	1.8%		
96-97	2,174,700	2,115,382	1,991,545	1,991,545	-5.3%	-6.9%	
97-98	2,150,474	2,185,339	2,061,500	2,061,500	3.3%	3.5%	
98-99	2,304,768	2,335,730	2,197,010	2,197,010	6.9%	6.6%	
99-00	2,472,959	2,497,101	2,371,175	2,371,175	6.9%	7.9%	
00-01	2,628,721	2,616,542	2,535,511	2,534,722	-789	4.8%	6.9%
01-02	2,744,272	2,712,391	2,644,104	2,635,377	-8,727	3.7%	4.3%
02-03	2,799,996	2,806,644	2,760,000	2,709,124	-50,876	3.5%	4.7%
03-04	2,900,990	3,001,332	2,830,130	2,910,103	79,973	6.9%	4.5%
04-05	3,086,345	3,057,639	3,012,910	2,996,977	-15,933	1.9%	3.5%
05-06	3,199,435		3,109,383			4.64%	3.75%

* FY 95-96 first year of LACERA (LA County Employee Retirement Account).

FY 96-97 first year of new 10 year contract. Fire inspection services, previously charged separately, no longer charged - part of overall service - resulted in actual contract reduction

GENERAL FUND
EXCESS OF REVENUES OVER EXPENDITURES

FISCAL YEAR

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>Estimated</u> <u>2005-06</u>
Revenues	\$7,740,389	\$8,560,910	\$9,025,709	\$9,418,172	\$10,511,111	\$10,427,282	\$11,181,843	\$8,660,343	\$9,282,048	\$9,218,640
Expenditures (Incl. Operating Transfers out)	\$7,525,049	\$7,623,839	\$7,817,868	\$8,144,963	\$8,862,460	\$9,090,088	\$10,026,049	\$7,438,721	\$7,622,745	\$8,405,090
Excess of Revenues Over Expenditures	\$215,340	\$937,071	\$1,207,841	\$1,273,209	\$1,648,651	\$1,337,194	\$1,155,794	\$1,221,622	\$1,659,303	\$813,550
Transferred to CIF			\$700,000 ¹	\$1,238,000			\$608,705 ²	\$683,400 ³	\$1,700,000	\$1,027,100

1. An additional \$200,000 transferred to Equipment Replacement Fund
2. An additional \$297,090 placed in a General Fund reserve "designated for PERS Safety" cost increases in the future
3. Remaining \$151,955 retained to achieve 50% General Fund reserve requirement

*Average Annual Excess of Revenue Over Expenditure from FY 97-98 through FY ~~03-04~~ = \$1,255,042

PALOS VERDES ESTATES
 GENERAL MUNICIPAL ELECTION
 MARCH 6, 2007

FINAL RESULTS

6 of 6 Precincts Reporting (including all absentees/provisionals)

PRECINCT	PERKINS	HUMPHREY	REA		MEASURE A YES	MEASURE A NO	MEASURE A BALLOTS CAST	TOTAL BALLOTS CAST
1 VIA SEGOVIA	154	152	145		173	33	206	212
2 YARMOUTH RD	162	157	140		193	14	207	209
5 ESPINOSA CR	123	116	109		130	18	148	150
6 MALAGA COVE LIBRARY	138	154	123		182	14	196	199
8 ST FRANCIS	106	108	97		147	11	158	159
12 PVPSD ADMIN	121	129	117		170	16	186	186
ABS 1, 2 & 3 Election Night	1,017	1,080	903		1,178	213	1,391	1,430
ABS & PROVIS FINAL TALLY	50	52	47		70	8	78	78
TOTAL	1,871	1,948	1,681		2,243	327	2,570	2,623
	71.33%	74.27%	64.09%		87.28%	12.72%		
REGISTRATION TURNOUT								11,157 23.51%

PALOS VERDES ESTATES
 GENERAL MUNICIPAL ELECTION
 MARCH 6, 2001

OFFICIAL RESULTS

7 of 7 Precincts Reporting (including all absentees & provisional ballots)

PRECINCT	BUTLER	MACKENBACH	CHOPRA	SHERWOOD	RITSCHER	MEASURE A YES	MEASURE A NO	BALLOTS CAST
1 PASEO DEL MAR	178	217	100	287	343	354	64	442
2 MARGATE	98	112	47	145	162	180	32	222
4 PVIS	89	136	41	170	178	209	20	240
7 GRANVIA ALT	135	204	87	220	271	271	68	363
8 ST FRANCIS	139	253	44	311	337	354	43	408
12 PVUSD ADMIN	132	220	70	279	301	342	29	386
14 MALAGA COVE	146	301	92	354	366	415	56	488
ABS 1 & 2	589	681	237	784	1,006	1,097	166	1,297
ABS 3 & PROVIS	20	21	9	29	36	34	7	44
TOTAL	1,526	2,145	727	2,579	3,000	3,256	485	3,890
REGISTRATION & TURNOUT						87.04%	12.96%	
							10,063	38.6

BALLOT MEASURE

IMPARTIAL ANALYSIS OF MEASURE A

THE FIRE AND PARAMEDIC SERVICES SPECIAL TAX MEASURE

This measure implements a tax. It is proposed by the City Council under the authority of Section 4 of Article XIII A of the California Constitution, which permits a city to levy a tax for specifically identified purposes, known as a "special tax," if approved by not less than two-thirds of the voters. This special tax could be used only to pay the costs of fire and paramedic services provided by the City of Palos Verdes Estates.

Those services are currently provided by the Consolidated Fire Protection District of Los Angeles County under an agreement with the City. Costs incurred by the City under that agreement are currently paid for by a special tax approved by the voters in 2001, which expires June 30, 2007. The proposed tax begins upon expiration of the existing tax (fiscal year 2007-2008) and lasts for ten years, through fiscal year 2016-2017. Under the present law, the tax could then be renewed or extended only by another two-thirds vote of the people.

The methodology of the proposed tax is substantially similar to the existing tax. In 2007-2008, the tax will be determined by adding \$250.41 per lot to \$0.143422 for each square foot of building improvements located on the property. In each fiscal year from fiscal year 2008-2009 through 2011-2012, the tax may be increased up to 4.2%, and in each fiscal year from fiscal year 2012-2013 through 2016-2017, the tax may be increased up to 6.2%. In no event, however, may an increase exceed the increase in the City's cost under the agreement with the Fire District, if that agreement is still in effect.

The tax will be imposed on each parcel of property within the City, other than those owned by governmental agencies or otherwise exempt from the payment of property taxes. The procedures for its collection are the same as for other property taxes, including making an unpaid tax a lien on the property. Revenue goes into a special account and annual reports as to the amounts collected and spent are required. If the Fire District agreement terminates or expires, the City may use the tax revenue to provide for an equivalent level of fire and paramedic services through other means. The City Council is given certain authority to change the procedures relevant to collection of the tax, but not the amount or uses for the revenue. The measure also provides for an adjustment in the "appropriations limit" of the City if necessary to accommodate this income.

When the tax expires, if there is unexpended revenue from it, that money may be used to lower the next year's tax (if any) or be returned to the taxpayers on the same pro rata basis as originally levied.

Stephanie R. Scher, City Attorney
City of Palos Verdes Estates

ARGUMENT IN FAVOR OF MEASURE A

Fire and paramedic protection in Palos Verdes Estates needs your "YES" vote at the March 6 election!

Fire and paramedic services are now paid for with a special tax that was approved by 87% of the City's voters in 2001. Authorization for this tax expires June 30, 2007. The PVE City Council appointed a Special Citizens' Committee to explore financing options. The Committee unanimously recommended continuation of the special tax, and the City Council approved it unanimously. It now needs your approval.

This is a continuation of the same method of funding fire and paramedic services that has been in place since 1991. Voting "YES" raises only the amount of money needed to cover the cost of our fire and paramedic services. Not voting on this measure, if you cast a ballot, is the same as a "no" vote and will threaten these essential services in PVE and could significantly increase your home insurance costs.

This special tax:

- Will only be used for fire and paramedic services.
- Will appear on your property tax bill and is tax deductible.
- Includes a basic charge for all parcels, including vacant lots, plus a charge for each square foot of building improvement.
- Will cost about \$623 for a median-size home of 2,595 square feet.
- Caps the maximum allowable annual increase at 4.2% in the first five years to cover increases in contract costs with L.A. County Fire Department. The maximum yearly increase in the second five years cannot exceed 6.2%. Both of these caps are lower than the 6.5% cap that has been in place since 1991.
- Has a ten-year sunset clause and expires in 2017.

Please join us in voting "YES" to continue these essential services!

Ronald L. Buss, Chair
David R. Cox
James Flanigan
Fred W. Mackenbach
Ruth E. Shaffer

Members of the Special Citizens' Committee to
Examine Fire and Paramedic Financing

AN ORDINANCE OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA,
LEVYING A FIRE AND PARAMEDIC SERVICES SPECIAL TAX AND INCREASING
THE CITY OF PALOS VERDES ESTATES SPENDING LIMITS PURSUANT TO ARTICLE XIII B
OF THE CALIFORNIA CONSTITUTION BY THE AUTHORIZED AMOUNT OF FIRE AND
PARAMEDIC SERVICES SPECIAL TAX

The People of the City of Palos Verdes Estates hereby ordain as follows:

SECTION 1. Imposition of Tax. Pursuant to the authority of Section 4 of Article XIII-A of the California Constitution, there is hereby levied and assessed a fire and paramedic services special tax by the City of Palos Verdes Estates on each parcel of property within the City of Palos Verdes Estates for each of the ten fiscal years commencing with fiscal year 2007-2008 and ending with fiscal year 2016-2017. For purposes of this ordinance a "parcel of property" shall mean any contiguous unit of improved or unimproved real property held in separate ownership, including, but not limited to any vacant property, commercial property, single family residence, any condominium unit as defined in California Civil Code Section 783, or any other unit of real property subject to the California Subdivided Lands Act (Business and Professions Code Sections 110000 et seq.).

SECTION 2. Use of Revenue.

(a) The purpose of this ordinance is to raise revenue only for the purposes of obtaining, providing, operating, and maintaining fire suppression and paramedic services and equipment, for paying the salaries and benefits to firefighting and paramedic personnel, for such other necessary fire protection and prevention expenses and paramedic expenses of the City of Palos Verdes Estates as such services shall be made available throughout the entire City, and to pay the direct costs in levying this tax. In particular, as of the effective date of this ordinance, such services are provided to the City of Palos Verdes Estates by the Consolidated Fire Protection District of Los Angeles County (the "Fire District") under that agreement entitled Amendment Number Two of the Annexation Agreement Between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County (the "Fire Services Agreement"), and it is the purpose of this ordinance to raise revenue to pay all costs, charges, and fees of the City of Palos Verdes Estates under such Agreement for such time as such Agreement remains in effect, and to provide for an equivalent level of fire and paramedic services through other means should such Agreement terminate or expire.

(b) The proceeds from this ordinance shall be used only for the purposes identified in subsection (a) of this Section.

(c) Upon the effective date of this ordinance, the City Finance Director shall create a separate account into which all revenue raised by this ordinance shall be placed.

(d) The City Finance Director shall file a report with the City Council no later than January 1, 2008, and at least once a year thereafter which shall contain both of the following: (i) the amount of funds collected and expended under this ordinance; (ii) the status of any project required or authorized to be funded to carry out the purposes set forth in subsection (a) of this Section 2.

SECTION 3. Calculation of Amount.

(a) The tax imposed by this ordinance shall be a tax upon each parcel of property and the tax shall not be measured by the value of the property.

(b) For fiscal year 2007-2008, the maximum annual amount of said fire and paramedic services special tax shall be determined for each parcel of property by calculating the following sum: to the amount of Two Hundred Fifty Dollars and Forty-One Cents (\$250.41) (the "Base Amount") for each lot within such parcel of property shall be added \$0.143422 (the "Improvement Amount") for each square foot of building improvements located on such parcel of property as of January 1, 2007.

(c) For each fiscal year after fiscal year 2007-2008, the maximum annual amount of said fire and paramedic services special tax for each parcel of property shall be determined by adding the Base Amount for each lot within such parcel of property to the Improvement Amount multiplied by the number of square feet of building improvements, as such lots and improvements exist as of January 1 of the fiscal year preceding that fiscal year. In addition, in each fiscal year from fiscal year 2008-2009 through 2011-2012, the City Council, by at least three (3) affirmative votes, may increase the Base Amount and Improvement Amount up to Four and Two Tenths Percent (4.2%) above the rate for such Amount established in the previous fiscal year, and in each fiscal year from fiscal year 2012-2013 through 2016-2017, the City Council, by at least three (3) affirmative votes, may increase the Base Amount and Improvement Amount up to Six and Two Tenths Percent (6.2%) above the rate for such Amount established in the previous fiscal year, provided, however, that notwithstanding the authority provided herein for an increase in rates, at all times that the Fire Services Agreement remains in effect, the percentage increase in the tax in any fiscal year to the next shall not exceed the percentage increase in the amount to be paid by the City of Palos Verdes Estates to the Fire District under such Agreement for such fiscal year.

SECTION 4. Determination of Lots and Building Improvements. The records of the City of Palos Verdes Estates shall be utilized to determine the number of lots within any parcel of property. The records of the Los Angeles County Assessor shall be used to determine the amount of building improvement located on a parcel of property, provided, however, that the records of the City of Palos Verdes Estates Building Department maybe utilized as necessary should there be a discrepancy between the records of the Los Angeles County Assessor and the actual amount of building improvement on a parcel of property.

SECTION 5. Exempt Property. The fire and paramedic services special tax shall not be imposed upon a federal or

state governmental agency, any local public agency, or any parcel of property which is exempt from ad valorem taxes by any other applicable law.

SECTION 6. Time and Method of Payment of Special Tax.

(a) The fire and paramedic services special tax shall be due in two equal installments in accordance with the collection procedures of the Los Angeles County Tax Collector, and shall be collected in the same manner, subject to the same penalties and interest, and on the same applicable dates as established by law for the due dates for the other charges and taxes fixed and collected by the County of Los Angeles on behalf of the City of Palos Verdes Estates. The County of Los Angeles may deduct its reasonable costs incurred for such services before remittal of the balance to the City of Palos Verdes Estates.

(b) The fire and paramedic services special tax, together with all penalties and interest thereon, shall constitute a lien upon the parcel of property upon which it is levied until it has been paid, and said special tax, together with all penalties and interest thereon, shall, until paid, constitute a personal obligation to the City of Palos Verdes Estates by the person(s) who own the parcel of property on the date said special tax is due.

SECTION 7. Administration of Tax. The City Council by not less than three (3) affirmative votes, is empowered:

- (a) to establish the amount of the fire and paramedic services special tax levy annually each fiscal year in amounts not to exceed the maximum amounts specified in Section 3 of this ordinance as is required to provide an adequate level of fire and paramedic service in the City in accord with the purposes set forth in this ordinance;
- (b) to sit as a Board of Equalization under procedures to be adopted by the City Council to equalize inequities and reduce hardships created by the literal application of this ordinance, and such shall be deemed an administrative remedy;
- (c) to annually provide an official Assessment Book designating the actual tax levy on each parcel of property and to place the same on file in the office of the City Clerk. In connection therewith, in those instances where building improvements are located on more than one lot within a parcel of property, the City Council may designate a single one of such lots as the lot upon which such building improvements shall be considered to be located for purposes of administering this ordinance;
- (d) to amend this ordinance as necessary to permit the Los Angeles County Tax Collector or any other duly designated public official to collect a special tax such as is levied by this ordinance in conjunction with other County taxes, or in order to assign duties established by this ordinance to other officers as otherwise permitted by law, or to modify procedures required by this ordinance, for the sole purpose of levying and/or collecting a special tax in an amount not to exceed that permitted by Section 3 of this ordinance to be used solely for the purposes permitted by Section 2 of this ordinance.

SECTION 8. Appropriations Limit Increase. Pursuant to Article XIII B of the California Constitution, the appropriations limit for the City of Palos Verdes Estates shall be increased by the maximum projected aggregate collection authorized by levy of this fire and paramedic services special tax, as determined by Section 3 of this ordinance, in each of the years in which this ordinance remains in effect plus the amount, if any, by which the appropriations limit is decreased by law as a result of the assessment of the fire and paramedic services special tax set forth in this ordinance.

SECTION 9. Unexpended Revenue. The unexpended residue of any money raised by the City under this ordinance may only be (i) used in the succeeding year for the purposes stated in this ordinance by lowering the next year's tax by the amount unexpended, or (ii) returned to the taxpayers on the same pro rata basis as originally levied.

SECTION 10. Severance Provisions. If any provision(s) of this ordinance or the application thereof to any person or circumstances is held invalid or unconstitutional by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any other provision or application, and to this end the provisions of this ordinance are declared to be severable. The City Council and the electorate by referendum do hereby declare that they would have adopted this ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases, parts or portions thereof be declared invalid or unconstitutional.

SECTION 11. Effective Date. The ordinance shall be effective only if approved by two-thirds (2/3) of the voters voting at an election to be held on March 6, 2007, and shall go into effect only at such time as the City Council has, in accord with the procedures required by law, declared that the initiative measure to be voted on at said election was approved by two-thirds (2/3) of the voters voting thereon. Upon becoming effective, this ordinance may only be amended or repealed by approval of two-thirds (2/3) of the voters voting on such amendment or repealed at a duly called initiative or referendum election.

SECTION 12. Termination Date. This ordinance shall be null and void as of midnight, June 30, 2017, and shall have no force and effect whatsoever after said time and date, provided, however, that the provisions of this ordinance relating to the collection of the fire and paramedic services special tax and/or the enforcement of any liens for a tax imposed hereunder (for fiscal years 2007-2008 through 2016-2017) have been completed.

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OFFICIAL BALLOT

CITY OF PALOS VERDES ESTATES

GENERAL MUNICIPAL ELECTION

TUESDAY, MARCH 6, 2007


THIS BALLOT MUST BE FULLY AND CORRECTLY COMPLETED BY THE VOTER

Remove circled cross (X) completely

Remove circled cross (X) completely

No. 1234

I HAVE VOTED - HAVE YOU?

CITY OF PALOS VERDES ESTATES	
For MEMBER of the CITY COUNCIL Vote for no more than THREE	
ELLEN PERKINS Attorney	→ <input type="radio"/>
ROSEMARY HUMPHREY Palos Verdes Estates Councilmember	→ <input type="radio"/>
JOHN REA Attorney	→ <input type="radio"/>
	→ <input type="radio"/>
	→ <input type="radio"/>
	→ <input type="radio"/>
MEASURE SUBMITTED TO THE VOTERS	
A Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services?	YES → <input type="radio"/> NO → <input type="radio"/>
CONTINUE VOTING FOR LOS ANGELES COMMUNITY COLLEGE DISTRICT OFFICES ON BACK OF BALLOT	
	

LOS ANGELES COMMUNITY COLLEGE DISTRICT	
For MEMBER of the BOARD of TRUSTEES Seat No. 1 Vote for ONE	
SYLVIA SCOTT-HAYES Member of the Board of Trustees	→ <input type="radio"/>
GUY HAJIME MATO Businessman / Deputy Sheriff	→ <input type="radio"/>
	→ <input type="radio"/>
For MEMBER of the BOARD of TRUSTEES Seat No. 3 Vote for ONE	
JOZEF THOMAS ESSAVI Boardmember - Neighborhood Council	→ <input type="radio"/>
MONA FIELD Member of the Board of Trustees	→ <input type="radio"/>
	→ <input type="radio"/>
For MEMBER of the BOARD of TRUSTEES Seat No. 5 Vote for ONE	
HANNA HAJJAR Engineer / Inventor / Entrepreneur	→ <input type="radio"/>
ROY BURNS Educator / Teacher	→ <input type="radio"/>
MIKE RIVES Cancer Center Coordinator	→ <input type="radio"/>
GEORGIA L. MERCER Member of the Board of Trustees	→ <input type="radio"/>
	→ <input type="radio"/>
For MEMBER of the BOARD of TRUSTEES Seat No. 7 Vote for ONE	
WARREN T. FURUTANI Member of the Board of Trustees	→ <input type="radio"/>
HECTOR FERMIN GURULE Businessman / Computer Technology	→ <input type="radio"/>
	→ <input type="radio"/>
END OF BALLOT	

BALLOT ADVOCACY

VOTE YES ON A-01 ON MARCH 6!

FIRE SUPPRESSION AND PARAMEDIC SERVICE REPLACEMENT TAX

On March 6, 2001, voters in Palos Verdes Estates will go to the polls to select two Councilmembers and vote on a Special Tax for Fire and Paramedic Services. The Special Tax is proposed as a replacement for the existing Fire Suppression Benefit Assessment District, which has been utilized the past ten years to fund 100% of the cost of the City's contract with the Los Angeles County Fire Department.

The Special Tax is structured in exactly the same fashion as the existing FSBAD: a flat, standby availability charge on every parcel, plus a charge for each square foot of building improvements (whether residential or commercial). For FY 2002, the anticipated levy on a median-sized home (2,450 sq. ft.) would be \$474; and the levy on an average-sized home (2,750 sq. ft.) would be \$507.

The Citizens' Financial Advisory Committee, which developed this recommendation to continue financing the City's fire and paramedic services, has developed the following "Fact Sheet" to address the different facets of the Special Tax.

1. Why do we need a new tax now?

This is a replacement tax for the assessment now made by the Fire Suppression Benefit Assessment District (FSBAD) to provide fire and paramedic services in Palos Verdes Estates.

2. Why can't we just continue what we have been doing?

The law that set up FSBAD expires June 30, 2001, and we must have some method of payment for fire and paramedic services before that date. Proposition 218, which was passed by California voters on November 5, 1996, limits a FSBAD to fire protection only and requires that any tax proposal be submitted to the voters for approval. Other methods for paying for fire and paramedic services were explored.

3. Who examined the various alternatives for financing fire and paramedic services?

The City Council appointed a Special Citizens' Committee (the committee) of seven PVE residents with financial expertise to review the City's fiscal position and the long-term financing options. Three of the committee members had experience on the two prior committees that studied this problem; the other four members provided new and refreshing perspectives. The committee held five open, noticed, and televised meetings at which they reviewed extensive material provided by the City Manager and staff on all of the alternatives available for financing these services. They then submitted a unanimous report to the City Council for review and approval.

4. How much is the tax, and will it increase?

The tax initially is a \$197.06 per year standby availability charge on all parcels in the City plus 11.3 cents per square foot for buildings. This amount is based on the recommendations of an assessment engineer specializing in constructing such assessments.

The cost, which covers 100 percent of the cost of the fire contract, will increase each year, based on the increases permitted in the contract with the L.A. County Fire Department. Such increases are now capped in the contract at the average of the immediately preceding five years' actual annual fee percentage plus 1 percent. The City ordinance submitted for your vote limits the increase in your tax to 6½ percent in any one year, which is estimated to cover the increases in the contract costs.

5. How is the tax collected?

The tax will replace the FSBAD assessment on the County property Tax Bill that you receive each year and will be included in the County tax bill, thus avoiding the cost of collection at the City level.

6. How much does fire and paramedic protection cost?

In fiscal year 2000-2001, the cost of fire and paramedic protection is about \$2.5 million a year, or about 25 percent of the City's operating budget. The cost for the median size home of about 2450 square feet in PVE is currently \$445 a year.

7. Why do we contract with the L.A. County Fire Department? PVE used to have a fire department of its own.

The reasons can be summarized in two words: *cost* and *service*. A separate fire department would cost much more than the current contract, without even considering the added cost of establishing and equipping our own department. The L.A. County Fire Department provides one of the best fire and paramedic services in the country. The fire station at City Hall is just minutes away from the homes of most residents. In addition, the PVE station of the L.A. County Fire Department is integrated with other stations in the county as well as those of nearby cities, providing prompt additional response if necessary. The L.A. County Fire Department also provides additional services, including cliff rescue, fire inspection, availability of borate bombers to combat widespread fires, etc.

8. Wouldn't the county or Torrance provide us with fire and paramedic service if this measure is not passed?

No, not without PVE paying for these services. The agreement we now have is with the County Fire Department. Torrance has a larger crew on their emergency vehicles, so the cost would be higher than the County contract. Moreover, we might lose a manned fire station at city Hall, so the response time in an emergency would be longer.

9. What if this measure is not approved?

If this measure is not approved by 2/3 of the voters who participate in the March 6 election, the City will no longer be able to pay for fire and paramedic protection for its residents. In addition to posing an obvious safety threat, the lack of these services also will increase the cost of home insurance significantly.

Source: Palos Verdes Estates Newsletter, February 2001.

COMMITTEE TO SUPPORT MEASURE A-01
(Continued Funding for Fire and Paramedic Services for Palos Verdes Estates)

February 12, 2001

Dear Fellow Resident:

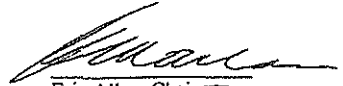
Palos Verdes Estates voters will decide at the municipal election on March 6, 2001, whether to continue paying for the city's fire protection and paramedic services. These services are now paid for by a Fire Suppression Benefit Assessment District, which has funded these services for the past ten years. The assessment district funding for these services expires June 30, 2001. However, Proposition 218, passed by the voters in 1996, no longer permits this type of funding. Consequently, Measure A-01 on the ballot provides for a special tax to continue these essential services. Without some alternative funding method, fire protection and paramedic services, provided to the city by the County of Los Angeles at a cost of about \$2,750,000 a year, will cease.

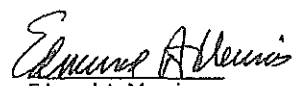
This tax measure requires two-thirds voter approval. If the measure fails, this essential protection would have no adequate source of funding. It would be necessary to divert money from the general fund to the extent that not only fire protection and paramedic services would be curtailed, but there would be a major reduction in most other city services (including police protection).

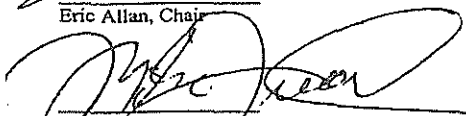
The proposed parcel tax will be identical in substance to the expiring FSBAD and will be effective July 1, 2001. The calculation per parcel will be made the same way as in the past. The tax will be assessed as part of the property owners' real property tax bill, will be deductible for income-tax purposes and will, except for inflation escalators in the contract with the county, be the same amount on a property as the expiring assessment. The tax has a sunset provision that will bring the tax measure before the voters again in 2007.

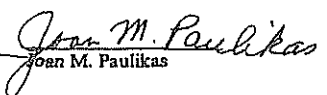
Questions regarding this ballot measure may be directed to any member of the City Council, the City Manager or members of the City's Financial Advisory Committee, as noted below.

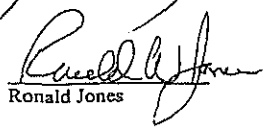
Very truly yours,

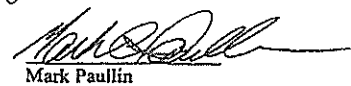

Eric Allan, Chair

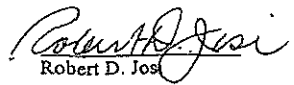

Edmund A. Mennis


Myron Friedman

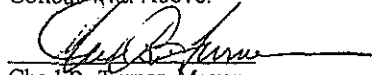

Joan M. Paulikas



Ronald Jones

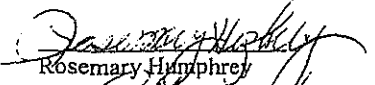

Mark Paullin


Robert D. Josi

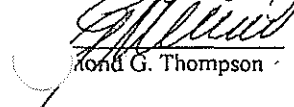
Concur with Above:


Chad R. Turner, Mayor


John Flood, Mayor Pro Tem


Rosemary Humphrey


Fred Mackenbach


Ronald G. Thompson

Note: This message has not been paid for by city funds but by generous donations from individuals in the community.



Newsletter

2001

February 2001

Fire Suppression and Paramedic Service Replacement Tax

On March 6, 2001, voters in Palos Verdes Estates will go to the polls to elect two Council members, a City Treasurer and vote on a Special Tax for Fire and Paramedic Services. The Special Tax is proposed as a replacement for the existing Fire Suppression Benefit Assessment District, which has been utilized the past ten years to fund 100% of the cost of the City's contract with the Los Angeles County Fire Department.

The Special Tax is structured in exactly the same fashion as the existing FSBAD; a flat, standby availability charge on every parcel, plus a charge for each square foot of building improvements (whether residential or commercial). For FY 2002, the anticipated levy on a median-sized home (2450 sq. ft.) would be \$474; and the levy on an average-sized home (2750 sq. ft.) would be \$507.

The Citizens' Financial Advisory Committee, which developed this recommendation to continue financing the City's fire and paramedic services, has developed the following "Fact Sheet" to address the different facets of the Special Tax.....

1. Why do we need a new tax now?

This is a replacement tax for the assessment now made by the Fire Suppression Benefit Assessment District (FSBAD) to provide fire and paramedic services in Palos Verdes Estates.

2. Why can't we just continue what we have been doing?

The law that set up FSBAD expires June 30, 2001, and we must have some method of payment for fire and paramedic services before that date. Proposition 218, which was passed by California voters on November 5, 1996, limits a FSBAD to fire protection only and requires that any tax proposal be submitted to the voters for approval. Other methods for paying for fire and paramedic services were explored.

Palos Verdes Estates City Council

Mayor.....Chad R. Turner
Mayor Pro Tem.....John Flood
Councilmember.....Rosemary Humphrey
Councilmember.....Edmond Thompson
Councilmember.....Fred Mackenbach

E-mail City Hall
Website

Cityclerk@pvestates.org
www.palosverdes.com/pvc

Regular City Council meetings are held the second and fourth Tuesday of the month at 6:30 p.m. for study and closed session and 7:30 p.m. for the regular agenda. Regular Planning Commission meetings are held the third Tuesday of the month at 7:30 p.m. The Parklands Committee meets the second Monday of the month at 7:30 p.m. The Traffic & Safety Committee meets the second Wednesday of the month at 4:00 p.m.

Meetings are held in Council Chambers - 340 Palos Verdes Drive West. All agendas for City Council, Committee and Commission meetings are posted on the City Hall bulletin boards at least 72 hours before the meeting. For more information call City Hall at (310) 378-0383. Fax: (310) 378-7820.

3. Who examined the various alternatives for financing fire and paramedic services?

The City Council appointed a Special Citizens' Committee (the committee) of seven PVE residents with financial expertise to review the City's fiscal position and the long-term financing options. Three of the committee members had experience on two prior committees that studied this problem; the other four members provided new and refreshing perspectives. The committee held five open, noticed, and televised meetings at which they reviewed extensive material provided by the City Manager and staff on all of the alternatives available for financing these services. They then submitted a unanimous report to the City Council for review and approval.

4. How much is the tax, and will it increase?

The tax initially is a \$197.06 per year standby availability charge on all parcels in the City plus 11.3 cents per square foot for buildings. This amount is based on the recommendations of an assessment engineer specializing in constructing such assessments.

The cost, which covers 100 percent of the cost of the fire contract, will only increase each year, depending upon the increases permitted in the contract with the L.A. County Fire Department. Such increases are now capped in the contract at the average of the immediately preceding five years' actual annual fee percentage plus 1 percent. The City ordinance submitted for your vote limits the increase in your tax to 6 1/2 percent in any one year, which is estimated to cover any increases in the contract costs.

5. How is the tax collected?

The tax will replace the FSBAD assessment on the County Property Tax Bill that you receive each year and will be included in the County tax bill, thus avoiding the cost of collection at the City level.

6. How much does fire and paramedic protection cost?

In fiscal year 2000-2001, the cost of fire and paramedic protection is about \$2.5 million a year, or about 25 percent of the City's operating budget. The cost for a median size home of about 2450 square feet in PVE is currently \$445 a year.

7. Why do we contract with L.A. County Fire Department? PVE used to have a fire department of its own.

The reasons can be summarized in two words: *cost* and *service*. A separate fire department would cost much more than the current contract, without even considering the added cost of establishing and equipping our own department. The L.A. County Fire Department provides one of the best fire and paramedic services in the country. The fire station at City Hall is just minutes away from the homes of most residents. In addition, the PVE station of the L.A. County Fire Department is integrated with other stations in the county (including those on the Palos Verdes Peninsula) as well as those of nearby cities, providing prompt additional response if necessary. The L.A. County Fire Department also provides additional services, including cliff rescue, fire inspection, availability of borate bombers to combat widespread fires, etc.

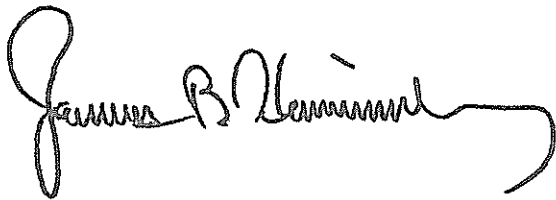
Backwater Valves

8. **Wouldn't the County or Torrance provide us with fire and paramedic service if this measure is not passed?**

No, not without PVE paying for these services. The agreement we now have is with the County Fire Department. Torrance has a larger crew on their emergency vehicles, so the cost would be higher than the County contract. Moreover, we might lose a manned fire station at City Hall, so the response time in an emergency would be longer.

9. **What if this measure is not approved?**

If this measure is not approved by 2/3 of the voters who participate in the March 6 election the City will no longer be able to pay for fire and paramedic protection for its residents. In addition to posing an obvious safety threat, the lack of these services also will increase the cost of home insurance significantly.



James B. Hendrickson,
City Manager

Most properties in Palos Verdes Estates are connected to public (mainline) sewers. The majority of these properties have been built so that an obstruction in the public sewer will not cause a sewage backup into the property.

Some properties, however, require the protection of a backwater valve in the owner's drain line. These properties have been built so that the drain of the lowest plumbing fixture (bathtub, shower, etc.) is lower than the upper manhole of the public sewer. The backwater valve is designed to automatically shut to prevent sewage from backing up into the building from an obstructed public sewer.

If your property appears to require a backwater valve, but you do not know if one has been installed, the Los Angeles County Department of Public Works strongly encourages you to call a licensed plumber, who can evaluate your situation and, if necessary, install a backwater valve.

Backwater valves should be checked to ensure that they are operating properly at all times. A Plumbing Permit is required for the installation of a backwater valve. For more information, call the City's Building Department at 378-0383.

Rainy Season Advice.....

Now that the rainy season has arrived, it is especially important to avoid parking your car in front of storm drains. Cars parked in front of storm drains impede the flow of run off from the rain and can create water backup on the streets. Please be extra alert. Thank you!

City News Room
October 2006

Special Citizens' Committee Appointed to Review Fire and Paramedic Contract Financing

On July 25, 2006, the City Council appointed 9 residents in the community to address the most significant issue facing the City in the coming year – a review of the financing options to continue funding the fire and paramedic services contract with Los Angeles County Fire. Over the years, the City has employed a variety of mechanisms to pay for the cost of fire services: first, voter-approved parcel taxes in the 1980's, followed by a Fire Suppression Benefit Assessment District from 1991 – 2001.

At the Municipal Election on March 6, 2001, City voters overwhelmingly endorsed the Fire and Paramedic Services Special Tax by an 87% favorable vote. The tax was enacted for 6 years, and expires on June 30, 2007. It appears on the property tax bills and includes a flat per parcel charge (\$240.32) and a cost per square foot of building improvement (\$0.137641).

The Special Tax is an essential and indispensable ingredient in the continued fiscal viability of the City. It will raise \$3.3 million in FY 06-07, which amounts to 25% of the City's annual Operating Budget. The Special Citizens' Committee is charged with preparing a report to the City Council by the end of November to recommend finance mechanism(s) to fund the full cost of the contract, not only for FY 07-08, but into the future.

In addition to recommending to the City Council the method(s) to fund this contract, the Committee will be actively engaged in gaining community acceptance for their recommendation, especially if it requires voter approval at the March 2007 Municipal Election. A copy of the committee's report will be available on the City's website (www.palosverdes.com/pve), once it is completed and accepted by the City Council.

The residents serving on the committee are: Ron Buss (Chair), Karen Bird, Mark Costa, David Cox, Jim Flanigan, Ron Jones, Fred Mackenbach, Ruth Shaffer and Janice Tecimer. The committee includes a mix of members with previous City volunteer experience and those who are serving in their first volunteer capacity with the City, though all members have been active in supporting other civic causes or organizations, especially the schools. The City Council is highly appreciative of the energies and expertise each of the individuals brings to this important task.



Newsletter

December 2006

Special Tax Measure to Continue Funding Fire and Paramedic Services

The City Council has endorsed the unanimous recommendation of the nine-member Special Citizens' Committee to continue to levy a special tax to finance fire and paramedic services provided by the Los Angeles County Fire Department. The Committee's report was presented at the November 14th City Council meeting and as a result, the Council has unanimously approved a ballot measure for the March 6, 2007 Municipal Election that will ask the City's voters to approve the following proposition...

Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services?

Key points include the following:

- The City's contract with Los Angeles County for fire and paramedic services is now financed by a special tax that was previously approved by 87% of the City's voters. A special assessment and/or tax to fund fire costs has been in place since 1991; authority for the current special tax expires June 30, 2007.
- The proposed special tax is calculated using the same factors as the existing tax. It includes a flat per parcel charge, so that vacant parcels share in the cost for fire protection, and a cost per square foot of building improvement. The tax is collected as part of the property tax bill, and importantly, is deductible for income tax purposes. In 2007-08, the anticipated cost for a median-sized home (2,595 sq. ft.) would be \$622.59.
- The measure includes a cap on the annual increase. For the first five years, the maximum permitted increase is 4.2% and for the second five years, the maximum increase is 6.2%. (The present special tax permits a maximum increase of 6.5% per year). The cap is established in conjunction with the escalator for the fire and paramedic contract costs; however, the annual increase will be limited to the actual percentage increase in the fire contract, or the cap, whichever is less.
- The tax includes a sunset clause and will expire in 10 years. The 10-years coincides with the expiration of the current fire/paramedic contract and the City's regular election cycle, in order to

continued on page 2 ...

<p>Palos Verdes Estates City Council Mayor.....John E. Flood Mayor Pro Tem.....James F. Goodhart Councilmember.....A. Dwight Abbott Councilmember.....Rosemary Humphrey Councilmember.....Joseph C. Sherwood, Jr. Website www.palosverdes.com/pve Email City Hall at CityClerk@pvestates.org</p>	<p>Regular City Council meetings are held the second and fourth Tuesday of the month at 6:30 p.m. for study and closed session and 7:30 p.m. for the regular agenda. Regular Planning Commission meetings are held the third Tuesday of each month at 6:30 p.m. The Parklands Committee meets the second Monday of the month at 7:30 p.m. The Traffic Safety Committee meets the second Wednesday of the month at 4:00 p.m. Meetings are held in Council Chambers - 340 Palos Verdes Drive West. All agendas for City Council, Committee and Commission meetings are posted on the City Hall bulletin boards at least 72 hours before the meeting. For more information call City Hall at (310) 378-0383. Fax: (310) 378-7820.</p>
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avoid the expense of a special election should a new financing measure require voter approval.

- The special tax requires 2/3 voter approval for passage.
- Funds are restricted, are deposited into a special fund and may only be used to pay for the fire and paramedic services contract and the direct costs associated with levying the tax.

The fire and paramedic contract with L.A. County Fire represents 25% of the City's annual operating budget (\$3.3 million). A dedicated financing source ensures these services are available in their current form. It is an essential and integral part of the City's overall financial structure. A copy of the Citizens' Committee report is available for your review on the City's website (www.palosverdes.com/pve) under the City Manager's Department.

Business License Renewals Due

Business licenses expire December 31, 2006. Please renew your business license by January 31, 2007, in order not to incur late penalties. Business licenses are required for any business conducted in the City. If you do not receive your license renewal by mail in December, or are a new business requiring licensing, please contact the City's Finance Department at (310) 378-0383.

In 1993, Council authorized home occupation businesses under certain limited conditions that ensure there is no impact on neighbors. If you operate any business from your home, you will need to secure a home occupation permit for 2007. If you operate a business solely from another location, you should use that location's address for any state licenses or correspondence so that you are not required to get a City license as well.

Please call the Finance Department for more information about either of the licenses above.

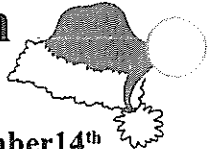
Palos Verdes Homes Association Annual Meeting

Attention all Property Owners! Have you returned your PVHA ballot? Your help is needed to establish a quorum for a legal meeting of the Palos Verdes Homes Association at **8:00 P.M. Tuesday, January 9, 2007**. The meeting will be held in the Council Chambers of PVE City Hall, 340 Palos Verdes Drive West. The Association is mailing a second ballot to those who have not returned the first. Sign and return your ballot as soon as possible, or fax it to the PVHA office at (310) 373-9115.

All members are invited to the January 9th meeting. Issues will be discussed formally or informally, and refreshments will be served. For further information, call the PVHA office at (310) 373-6721.

The Palos Verdes Homes Association, established by the Deed Restrictions of 1923, is now in its 82nd year of continuous service.

Santa's Coming to Town



Santa will visit PVE twice in December!

At **Lunada Bay Park on Thursday, December 14th** from 4pm-6pm, and

At **Malaga Cove Plaza on Sunday, December 24th** at 6pm.

Bring your good girls and boys and enjoy a visit with Santa!

Council Agendas Available

To enhance service to residents, City Council agendas are posted at City Hall, 340 Palos Verdes Drive West and the Golf Club Pro-Shop, 3301 Via Campesina, and agendas and related materials are placed at the Malaga Cove Library, 2400 Via Campesina, by the Saturday morning preceding the Tuesday evening City Council meeting. Agenda and staff reports are also available online on the City website at www.palosverdes.com/pve. If you are interested in subscribing to the Agenda, please join the list-serve on our website by clicking on *City Council* and then on *Join the E-mail List Server*.



Newsletter

February 2007

Fire and Paramedic Services Special Parcel Tax (Measure A)

On March 6, 2007, Palos Verdes Estates voters, in addition to electing three members to the City Council, will vote on Measure A, which is a proposal to continue a special parcel tax to fund the City's fire and paramedic services contract with Los Angeles County. A special parcel tax approved by 87% of the voters in March 2001, which now finances these services, expires June 30, 2007. Measure A requires approval of 2/3 of those voting and is the same finance mechanism currently in place.

A nine-member Special Citizens' Committee pointed by the City Council, which recommended to continue this method to finance the City's fire and paramedic services contract, has developed the following "Fact Sheet" to address common questions about the Special Parcel Tax – Measure A.

1. Why do we need a new tax?

This is not a new tax. This is a continuation of the way you pay for your fire and paramedic services that has been in place for 16 years and expires on June 30, 2007. This is a tax deductible special parcel tax used exclusively to pay for our City's fire and paramedic services provided by the Los Angeles County Fire Department.

2. How much is the tax and will it increase?

The Special Parcel Tax will continue to be based on the size of the home and not the assessed value. It is based on a flat per parcel charge, plus an additional cost for each square foot of building improvement (\$250.41 plus \$0.143422 per square foot in 2007-08). The cost for a median size home of 2,595 square feet in PVE is projected at \$622.59 in 2007 vs. \$597.50 in 2006, or a cost increase of \$25.00. The maximum annual increase in the tax is 4.2% for the first 5 years and 6.2% for the final five years. The maximum annual increase for the past 16 years has been 6.5%.

3. How is the Special Parcel Tax collected?

As in the past, it will appear on your annual property tax bill from the County of Los Angeles, thus avoiding the cost of collection by the City and it is tax deductible.

4. How much do our fire and paramedic services cost?

For fiscal year 2007-08, the cost of your fire and paramedic protection will be about \$3.5 million and consumes 25% of the City's operating budget. The monies raised are placed in a separate fund and used solely and exclusively to pay for the fire and paramedic services

continued on page 2 ...

Palos Verdes Estates City Council

- Mayor.....John E. Flood
- Mayor Pro Tem.....James F. Goodhart
- Councilmember.....A. Dwight Abbott
- Councilmember.....Rosemary Humphrey
- Councilmember.....Joseph C. Sherwood, Jr.

Website www.palosverdes.com/pve
Email City Hall at CityClerk@pvstates.org

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contract and preparation of the annual Assessment Engineer's Report required to levy the tax.

5. Why do we contract with the Los Angeles County Fire Department? Didn't PVE used to have its own fire department?

The reasons can be summarized in two words: cost and service. Our City fire department was disbanded in 1986. We could not afford it. Providing our own fire and paramedics would cost much more than the current contract with Los Angeles County Fire Department. The L.A. County Fire Department provides one of the best fire and paramedics services in the country and the fire station at City Hall is just minutes away from the homes of most residents. Contracting with the County provides the City access to all the resources and manpower offered by the County including cliff rescue, rescue and water dropping helicopters and property fire inspection services.

6. Wouldn't the County provide us with fire and paramedic service if this measure is not passed?

No, we would still have to pay for these services. In addition, we might lose our manned fire station at City Hall, so the response time in an emergency would be much longer both for fire and paramedic emergencies.

7. Are paramedic services necessary?

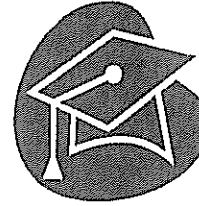
Paramedic service calls represent 65% of all calls for fire and paramedic service in PVE. In addition, we cannot contract for each service separately.

8. What if the Fire and Paramedic Services Special Parcel Tax (Measure A) is not approved by at least 2/3 of the voters?

If Measure A is not approved by at least 2/3 of our residents who vote in the March 6 election, our City would need to fund fire and paramedic services from the general fund. Because of the extent of this cost, this would require a substantial reduction in the level of those and other services. The lack or reduction of fire service also could increase the cost of home insurance and diminish property values.

We strongly encourage you to go to the polls or vote by absentee ballot and vote on March 6th.

Harry Brandel, Jr. Scholarships



The Palos Verdes Homes Association is once again offering qualified high school seniors, college students, or graduate students an opportunity for awards from the Brandel Scholarship Fund.

Eligible applicants must be accepted at, or attending, an accredited college or university with a major in architecture, civil engineering, land-use planning, or fine arts. In addition, at least one parent must be a property owner in Palos Verdes Estates or the original Miraleste area of Rancho Palos Verdes. Selection criteria include academic achievement, essay, letters of recommendation and community activities.

The deadline is April 13, 2007. Applications may be obtained from the Homes Association office, 320 Palos Verdes Drive West, Palos Verdes Estates, and school guidance centers.

These education scholarships were established in memory of Harry Brandel, Jr. who served on the board of the Palos Verdes Homes Association for 44 years. Call (310) 373-6721 for more information.

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2-15-07

FACTS RE: FIRE AND PARAMEDIC SERVICES SPECIAL TAX

- The current cost of fire and paramedic services (\$3,328,030) represents **25%** of the City's annual Operating Budget
- Fire and Paramedic Services Special Tax would cover 100% of the annual costs of the City's contract with the Los Angeles County Fire Department
- It is a **continuation** of the same mechanism that has been in place for the past 16 years (since July 1, 1991)
- Property owners will continue to pay a flat per parcel charge plus an additional cost for each square foot of building improvement (\$250.41 plus \$0.143422 per s.f. in 2007-08)
- The typical homeowner will pay \$25 more in 2007-08 vs. 2006-07 (\$622.59 vs. \$597.50)
- The Special Tax appears on the property tax bill and is **deductible** for income tax purposes (a typical savings of ~40%)
- The tax would be enacted for an additional 10 years, to expire at the same time as the current contract with L.A. County Fire

The maximum annual increase in the tax is 4.2% for the first 5 years, and 6.2% for the final 5 years. The maximum annual increase for the past 16 years has been 6.5%.

- The tax requires at least 2/3 voter approval at the March 6, 2007 Municipal Election for enactment. The last time the measure was voted on (2001), it received an 87% approval.
- The monies raised are placed in a separate fund and used **solely** and **exclusively** to pay for fire and paramedic services (and the required preparation of the annual Engineers Report)
- The necessity to re-enact the Fire and Paramedics Services Special Tax has been **unanimously** endorsed by the 9-member Special Citizens' Committee and the 5-member City Council (and 2 Countywide - elects)
- If the tax were to fail, the City would **not** have sufficient resources to continue funding fire and paramedic services into the future. By gutting the Capital Improvement Program, and depleting all the one-time reserves in the General Fund and the Fire/Paramedic Fund, the Council could continue the current level of service ~3 years.

FIRE & PARAMEDIC SERVICES



On March 6, 2007, by over a two-thirds majority, voters approved the City of Palos Verdes Estates Fire and Paramedic Services Special Tax - a parcel tax for 10-years based on the size of properties (not the assessed value) to cover the costs of the paramedic and fire services provided within Palos Verdes Estates by the Los Angeles County Fire Department (LA County). This important annual revenue source is nearly \$4.5 million, to provide by contract, emergency medical and fire response.



Paramedic and fire services are integral to the quality of life and safety in Palos Verdes Estates. Although Fire Station 2 at City

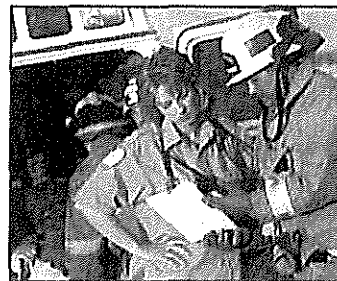
Hall (340 Palos Verdes Drive West) is our main station, emergency services are additionally received from other stations on the Peninsula, as needed, depending on the location and size of the incident. The second primary station is Fire Station 106 located at 27413 Indian Peak Road.

Residents are always welcome to visit Fire Station 2 for tours and to see the equipment. Some important service statistics of interest include:

- Fire Station 2 includes a 3-Person Engine and 2-Person Paramedic Squad.
- Fire Station 106 includes a 4-Person Quint (truck w/water pump), 3-Person Engine

and 2-Person Paramedic Squad.

- Emergency Medical (Paramedic) calls annually total approximately 525 or 76% of all calls.
- The Fire & Paramedic Department coordinates closely with the Palos Verdes Estates Police Department and plays a central role in emergency preparedness and disaster recovery planning.
- The LA County contract benefits the City from economies of scale gained as being part of a wider regional fire district that can share resources as, and when, needed.
- Fire services play an important role in coordination of proactive fire prevention services.



For the past twenty (20) years, the City's paramedic and fire services contract with LA County has been solely funded through a voter approved

Special Parcel Tax. The tax is, and has been, applied to both residential and commercial properties and supports a core municipal and safety service that has no alternative funding source. Because paramedic and fire services is 40% of the City's General operating costs, the underlying tax revenue source is essential to community's quality of life and safety. In past elections, voters approved the tax with over 80% support - a margin that exceeds the 2/3 voter requirement. ***The parcel tax will be scheduled for renewal by a vote of residents in March, 2017.***

**FINAL REPORT
TO COUNCIL
(2006)**

115-0

**REPORT TO THE MAYOR AND CITY COUNCIL OF PALOS VERDES
ESTATES FROM THE SPECIAL CITIZENS' COMMITTEE TO
EXAMINE FINANCING OPTIONS FOR THE FIRE/PARAMEDIC
SERVICES CONTRACT**

November 6, 2006

On July 25, 2006, the Palos Verdes Estates City Council adopted a resolution (attached) to establish a Special Citizens' Committee (the Committee) to assess the city's current and future financial position and to recommend to the Council the best means to ensure continued financing of the City's fire and paramedic protection contract for the residents of the city. The committee held three open and noticed meetings, examined extensive material provided by the City Manager and staff, requested additional information from the staff, reviewed all available alternatives and prepared the following report.

The Present Situation

1. The Los Angeles County Fire Department has provided fire and paramedic services under contract to Palos Verdes Estates since 1986, when the City's Fire Department was closed due to budget constraints. The City's contract with L.A. County Fire was recently renegotiated and will expire June 30, 2016.
2. Prior to the enactment of the current special tax for the 2001-2007 period, the fire and paramedic services contract was funded by a benefit assessment that appeared on the property tax bill from 1991-2001. Since 2001, this contract has been paid for by a special tax, which is restricted in its use, covers 100% of the contract cost and appears on the property tax bills. The special tax was unanimously recommended by a prior Citizens' Committee, unanimously approved by the City Council, and endorsed by an overwhelming majority of the City's voters (87%) at the 2001 municipal election. The current special tax expires June 30, 2007.
3. The Fire and Paramedic Services Special Tax includes a flat per parcel cost of \$240 plus 13.7 cents per square foot of building, both residential and commercial. The cost for a median size home is about \$598 a year.

1150

**REPORT TO THE MAYOR AND CITY COUNCIL OF PALOS VERDES
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3. The Fire and Paramedic Services Special Tax includes a flat per parcel cost of \$240 plus 13.7 cents per square foot of building, both residential and commercial. The cost for a median size home is about \$598 a year.

4. The cost of fire and paramedic services in FY 06-07 is about \$3.3 million a year and represents 25% of the City's operating budget. Under the new contract, cost increases are capped at a maximum 4.2% per year during the first five years of the agreement (2011). For the second five year period ending 2016, the maximum allowable cap will be the average of the preceding five years' actual County Fire contract annual percentage increase, plus one (1) percent.

Options Available to Finance Fire and Paramedic Services Contract

The main options available to the city, together with the advantages and disadvantages of each are listed below and include the Committee's rationale for their recommendation on each option.

Option 1 (a benefit assessment district) is not recommended. Due to changes in state law, it can only cover fire protection costs thus, other taxes would be necessary to fund paramedic services, which are an essential service for the city's residents. This is why the 2001 Citizens' Committee recommended a special tax as the finance mechanism instead of an assessment district.

Option 2 (a general tax) is not recommended because the taxes, other than a utility tax, would not raise sufficient funds to cover the cost of fire and paramedic services. The only method of raising sufficient funds would require a utility tax in excess of 13%. There were objections in the past when the City levied a 10% utility tax to finance storm drain improvements in that the tax is hidden; is not tax deductible and is not related to benefits received.

Option 3 (Mello Roos Community Facilities Act) was considered but is not realistically attainable because it is intended as a mechanism to fund new public capital facilities and/or services. Although fire and paramedic services are eligible costs under Mello Roos, the funds may only be used to finance new or expanded services. It could not be used to finance any costs associated with current services under our existing contract as provided by Fire Station #2 at City Hall.

Option 4 (a special tax) is the current finance mechanism for our fire and paramedic services contract and has been in place since 2001 when it was approved by 87% of the City's voters. The special tax is restricted and can only be used to pay for the contract cost. The proceeds are deposited into, and paid from, a separate fund. Under state law, the City Council receives an annual report on the monies collected and their use. The method of a flat per parcel charge means all parcels, including vacant lots, share in the cost of fire protection and the cost per square foot of building improvement ensures that costs are reasonably allocated based on the value of a potential fire loss.

In addition, by examining and reviewing all possible finance alternatives, the committee rejected as either infeasible or inadvisable due to the potential adverse effect on the City's fiscal health, the following: an assessment by the Palos Verdes Homes Association; issuing debt financing; using "surplus" operating funds or using current City fund balances (either restricted or unrestricted). Drawing on current City reserves would only finance 1 or 2 years of the 10-year contract and would leave the City unable to finance capital improvements or respond to financial emergencies.

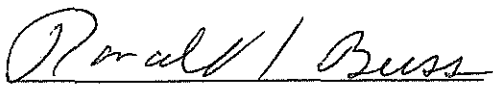
Recommendations


After considerable discussion, the committee therefore recommends Option 4 – continuation of a special tax – to finance the City's fire and paramedic services contract with the Los Angeles County Fire Department. The following actions by the City Council are recommended to fulfill the Committee's recommendation:

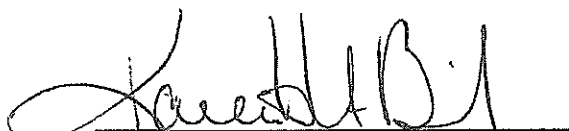
1. Adopt a special tax ordinance to be submitted for voter approval at the March 6, 2007 Municipal Election that would cover the cost of fire and paramedic protection, according to the same method we now have; flat per parcel charge plus an additional cost per square foot of livable building improvement. The tax is simple and tied to benefits received. The City Council would need to approve such an ordinance no later than their November 28, 2006 meeting, unless a special meeting is called after that date.
2. Public buildings, including schools, libraries, churches, and city-owned property should remain exempt; as they were under the benefit assessment and as they are now under the current special tax. These buildings represent only 3.37 percent of total square footage in the city.
3. The special tax should have a sunset clause and expire in ten (10) years to allow voters an opportunity to vote once again on future funding; to coincide with the expiration of the current fire/paramedic contract and to coincide with the City's regular election cycle, in order to avoid the expense of a special election.

The committee members express their thanks to the city staff, especially James Hendrickson, City Manager, and Judy Smith, Assistant Manager/Finance Director, for their considerable effort in preparing material to be reviewed; answering questions and doing further research requested by the committee. Their assistance was of considerable help and made our task much easier.

Respectfully submitted,

* 
Ronald L. Buss, Chair


Ronald W. Jones

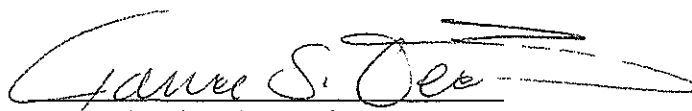

Karen H. Bird

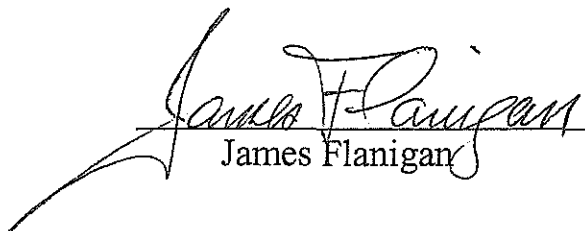
* 
Fred W. Mackenbach

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Mark E. Costa

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Ruth E. Shaffer


David R. Cox


Janice S. Tecimer


James Flanigan

RESOLUTION R06-22

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES
ESTATES ESTABLISHING A SPECIAL CITIZENS' COMMITTEE TO
EXAMINE FINANCING OPTIONS
FOR THE FIRE/PARAMEDIC SERVICES CONTRACT**

WHEREAS, the availability of City-sited fire and paramedic services is essential to the health, safety and livability of this community and is also essential in preserving property values; and

WHEREAS, the cost of the City's contract with Los Angeles County Fire Department for fire and paramedic services accounts for 25% of the City's total operating budget, or approximately \$3.3 million annually; and

WHEREAS, having a secure and dedicated funding source to pay for this cost is essential to the long-term fiscal health of the City; and

WHEREAS, since 1991, residents of Palos Verdes Estates have strongly supported special, dedicated financing sources for these services including a Fire Benefit Assessment District (1991-2001) and more recently the Fire and Paramedic Services Special Tax (2001-2007); and

WHEREAS, the City's Fire and Paramedic Services Special Tax, approved by more than 86% of the City's voters at the March 2001 municipal election, is set to expire June 30, 2007; and

WHEREAS, the City Council would like to solicit the input of a representative Citizens' Committee to assess the current financing options available to the City to continue to fund these critical services and make recommendations to the Council on the same.

NOW, THEREFORE, be it resolved that the City Council of the City of Palos Verdes Estates does hereby establish a Special Citizens' Committee.

SECTION 1. The Committee is given the following "charge" and purpose:

- (a) To assess the City's current and future financial position and make recommendations on the best means and mechanisms to ensure the City's continued fiscal viability, most particularly the continued financing of the Fire and Paramedic Services contract.
- (b) To provide a written report to the City Council no later than November 20, 2006 with recommendation(s) on financing mechanism(s), including the

amount of money to be derived, and duration of any tax or fee, to fund the fire and paramedic services contract cost.

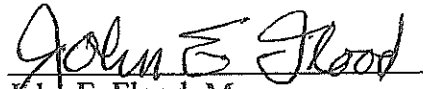
- (c) To prepare and conduct a public information campaign to promote passage of the City Council approved finance mechanism(s), if the mechanism(s) requires approval of the City's voters at the March 6, 2007 General Municipal Election.

Section 2. The Committee shall consist of no more than nine (9) members, appointed by the Mayor from recommendations submitted by the members of the City Council.


Section 3. The purpose of this Committee shall be deemed fully discharged with the results of the March 6, 2007 election, at which time the Committee shall be dissolved.

Section 4. The City Clerk shall certify to the adoption of Resolution R06-22.

PASSED, APPROVED AND ADOPTED this 25th day of July, 2006.

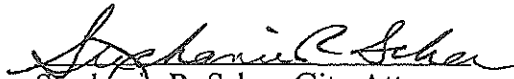

John E. Flood, Mayor

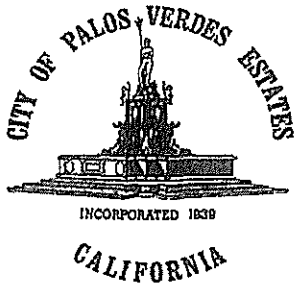
ATTEST:



Judy Smith, City Clerk

APPROVED AS TO FORM:


Stephanie R. Scher, City Attorney



MEMORANDUM

Approved
5-0

Agenda Item: 8
Meeting Date: Nov. 28, 2006

TO: JAMES B. HENDRICKSON, CITY MANAGER

FROM: JUDY SMITH, ASSISTANT CITY MANAGER

SUBJECT: RESOLUTION R06-39; ORDERING THE SUBMISSION TO THE CITY'S VOTERS AT THE MARCH 6, 2007 MUNICIPAL ELECTION A SPECIAL TAX MEASURE TO FINANCE FIRE AND PARAMEDIC SERVICES

The Issue

Shall the City Council adopt Resolution R06-39 ordering the submission to the City's voters at the March 6, 2007 municipal election a special (parcel) tax measure to finance fire and paramedic services?

Background

The City contracts with the Los Angeles County Fire Department for fire and paramedic services. In 2001, 87% of the City's voters approved a special parcel tax to finance the cost of this contract. The special tax replaced a special benefit assessment, which due to changes in state law, could no longer cover the full cost of contract services. The special tax was based on the same methodology as the assessment and includes a flat per parcel charge, plus a cost per square foot of building improvement. Authorization for the current special tax expires June 30, 2007.

In light of the expiration, the City Council authorized the formation of a Special Citizens' Committee to specifically look at and recommend the best method to finance the fire and paramedic service contract in light of the City's overall finances and restrictions imposed by law.

Analysis and Findings

The nine-member Committee, chaired by Ron Buss, presented their report at the City Council meeting of November 14. The Committee unanimously recommended that the Council continue to use the special parcel tax as the means to finance fire and paramedic services contract. The City Council unanimously accepted the Committee's report.

In addition to the finance mechanism, which remains the same methodology as the existing special tax (i.e. flat per parcel charge and cost per square foot of building improvement), the Committee recommended a ten-year sunset period for the tax, with an expiration in June 2017 to coincide with the expiration of the City's recently negotiated 10-year agreement with County Fire.

In their report, the Committee reviewed the contract cost containment provisions contained in the agreement between the City and County Fire. For the first five years (2007-2011), the contract cost to the City may not increase more than 4.2% per year. The contract provides that in the second five years (2012 - 2016) the maximum allowable cap will be the average of the preceding five year's actual contract percentage increase, plus one percent. The actual percentage increase in the cost of fire service may exceed the 4.2% cap in one or all of the first five years; therefore, it is not possible to predict with precision the City's actual cost in the second half of the contract. For example, the actual percentage increase this year contract is currently projected at 8.42%, while the City's cost is capped at 4.2%.

Because the Committee is attuned to concerns of the voters, it wanted to ensure there was a cap on the maximum potential increase in the tax for the second five years. Though not specifically enumerated in their report, staff consulted with the Committee, which recommended a 6.2% maximum allowable increase in the special tax in each of the second five years. The 6.2% represents the current average actual increase, plus one percent, during the past five years of the fire contract. Again, according to the way the tax measure is drafted, each year the City may only levy up to the 4.2% (first five year), 6.2% (second five years) OR the actual percentage increase in the contract cost for that year, whichever is less. Both caps (4.2% and 6.2%) during the proposed 10-year authorization for the tax are less than the existing maximum cap of 6.5%, which has been the case from 1991 through 2007.

The City has a proven history of only levying what is necessary to cover the cost of the contract, regardless of the cap and regardless of the percentage increase in contract cost. Cumulatively over the last five years, the actual increase in the tax levied is 6% lower than the actual increases in the fire contract cost and therefore, 6% less than the actual maximum permitted under the existing tax ordinance.

While given our contract history it is believed the 6.2% maximum increase will provide the City with sufficient funds to finance the fire/paramedic services contract, the Council needs to be aware there is the possibility that the special tax revenue would not cover 100% of the contract cost. In that event, the City Council could direct that other City funds be used to supplement the special tax revenue, such as existing fire tax fund balance or a transfer from General fund. In the most extreme circumstances, the Council would also have the option of investigating the need for a supplemental tax measure.

Recommendation

It is recommended that the City Council open the public hearing, receive public input, close the public hearing and adopt Resolution R06-39 ordering the submission to the City's voters at the March 6, 2007 Municipal Election a special parcel tax measure to finance fire and paramedic services.

Budgetary Impact

The City's contract with Los Angeles County Fire Department currently represents 25% of the FY 2006-07 operating budget (\$3.3 million). Dedicated financing for the contract helps to ensure that the current level of fire and paramedic services remain available to the City's residents. The measure requires 2/3 voter approval of those casting ballots at the March 6, 2007 election. Failure of the measure will leave a dramatic gap in the City's overall finance structure and would necessitate actions to make up 25% of the operating budget.

RESOLUTION R06-39

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES
ESTATES, CALIFORNIA, ORDERING THE SUBMISSION TO THE
QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE
RELATING TO A SPECIAL TAX FOR FIRE AND PARAMEDIC SERVICES AT
THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY,
MARCH 6, 2007, AS CALLED BY RESOLUTION R06-34**

WHEREAS, a General Municipal election on Tuesday, March 6, 2007 has been called by Resolution No. R06-34, adopted on October 24, 2006, and

WHEREAS, the City Council also desires to submit to the voters at the election a question relating to a special tax for fire and paramedic services;

NOW THEREFORE, the City Council of the City of Palos Verdes Estates, California, does hereby resolve as follows:

SECTION 1. That the City Council, pursuant to its right and authority, does order submitted to the voters at the General Municipal Election of March 6, 2007 the following question:

Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services?	YES	
	NO	

SECTION 2. The proposed measure submitted to the voters is attached as Exhibit A.

SECTION 3. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 4. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice, in time, form and manner as required by law.

SECTION 5. The City Clerk shall certify to the passage of this resolution.

PASSED, APPROVED AND ADOPTED this 28th day of November, 2006.

JOHN E. FLOOD, Mayor

ATTEST:

JUDY SMITH, City Clerk

APPROVED AS TO FORM:

STEPHANIE R. SCHER, City Attorney

AN ORDINANCE OF THE CITY OF PALOS VERDES
ESTATES, CALIFORNIA, LEVYING A FIRE AND
PARAMEDIC SERVICES SPECIAL TAX AND INCREASING
THE CITY OF PALOS VERDES ESTATES SPENDING LIMITS
PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA
CONSTITUTION BY THE AUTHORIZED AMOUNT OF FIRE
AND PARAMEDIC SERVICES SPECIAL TAX

The People of the City of Palos Verdes Estates hereby ordain as follows:

SECTION 1. Imposition of Tax. Pursuant to the authority of Section 4 of Article XIII-A of the California Constitution, there is hereby levied and assessed a fire and paramedic services special tax by the City of Palos Verdes Estates on each parcel of property within the City of Palos Verdes Estates for each of the ten fiscal years commencing with fiscal year 2007-2008 and ending with fiscal year 2016-2017. For purposes of this ordinance a "parcel of property" shall mean any contiguous unit of improved or unimproved real property held in separate ownership, including, but not limited to any vacant property, commercial property, single family residence, any condominium unit as defined in California Civil Code Section 783, or any other unit of real property subject to the California Subdivided Lands Act (Business and Professions Code Sections 110000 *et seq.*).

SECTION 2. Use of Revenue.

(a) The purpose of this ordinance is to raise revenue only for the purposes of obtaining, providing, operating, and maintaining fire suppression and paramedic services and equipment, for paying the salaries and benefits to firefighting and paramedic personnel, for such other necessary fire protection and prevention expenses and paramedic expenses of the City of Palos Verdes Estates as such services shall be made available throughout the entire City, and to pay the direct costs in levying this tax. In particular, as of the effective date of this ordinance, such services are provided to the City of Palos Verdes Estates by the Consolidated Fire Protection District of Los Angeles County (the "Fire District") under that agreement entitled Amendment Number Two of the Annexation Agreement Between the City of Palos Verdes Estates and the Consolidated Fire Protection District of Los Angeles County (the "Fire Services Agreement"), and it is the purpose of this ordinance to raise revenue to pay all costs, charges, and fees of the City of Palos Verdes Estates under such Agreement for such time as such Agreement remains in effect, and to provide for an equivalent level of fire and paramedic services through other means should such Agreement terminate or expire.

(b) The proceeds from this ordinance shall be used only for the purposes identified in subsection (a) of this Section.

(c) Upon the effective date of this ordinance, the City Finance Director shall create a separate account into which all revenue raised by this ordinance shall be placed.

(d) The City Finance Director shall file a report with the City Council no later than January 1, 2008, and at least once a year thereafter which shall contain both of the following: (i)

the amount of funds collected and expended under this ordinance; and (ii) the status of any project required or authorized to be funded to carry out the purposes set forth in subsection (a) of this Section 2.

SECTION 3. Calculation of Amount

(a) The tax imposed by this ordinance shall be a tax upon each parcel of property and the tax shall not be measured by the value of the property.

(b) For fiscal year 2007-2008, the maximum annual amount of said fire and paramedic services special tax shall be determined for each parcel of property by calculating the following sum: to the amount of Two Hundred Fifty Dollars and Forty-One Cents (\$250.41) (the "Base Amount") for each lot within such parcel of property shall be added \$0.143422 (the "Improvement Amount") for each square foot of building improvements located on such parcel of property as of January 1, 2007.

(c) For each fiscal year after fiscal year 2007-2008, the maximum annual amount of said fire and paramedic services special tax for each parcel of property shall be determined by adding the Base Amount for each lot within such parcel of property to the Improvement Amount multiplied by the number of square feet of building improvements, as such lots and improvements exist as of January 1 of the fiscal year preceding that fiscal year. In addition, in each fiscal year from fiscal year 2008-2009 through 2011-2012, the City Council, by at least three (3) affirmative votes, may increase the Base Amount and Improvement Amount up to Four and Two Tenths Percent (4.2%) above the rate for such Amount established in the previous fiscal year, and in each fiscal year from fiscal year 2012-2013 through 2016-2017, the City Council, by at least three (3) affirmative votes, may increase the Base Amount and Improvement Amount up to Six and Two Tenths Percent (6.2%) above the rate for such Amount established in the previous fiscal year, provided, however, that notwithstanding the authority provided herein for an increase in rates, at all times that the Fire Services Agreement remains in effect, the percentage increase in the tax in any fiscal year to the next shall not exceed the percentage increase in the amount to be paid by the City of Palos Verdes Estates to the Fire District under such Agreement for such fiscal year.

SECTION 4. Determination of Lots and Building Improvements. The records of the City of Palos Verdes Estates shall be utilized to determine the number of lots within any parcel of property. The records of the Los Angeles County Assessor shall be used to determine the amount of building improvement located on a parcel of property, provided, however, that the records of the City of Palos Verdes Estates Building Department maybe utilized as necessary should there be a discrepancy between the records of the Los Angeles County Assessor and the actual amount of building improvement on a parcel of property.

SECTION 5. Exempt Property. The fire and paramedic services special tax shall not be imposed upon a federal or state governmental agency, any local public agency, or any parcel of property which is exempt from ad valorem taxes by any other applicable law.

SECTION 6. Time and Method of Payment of Special Tax.

(a) The fire and paramedic services special tax shall be due in two equal installments in accordance with the collection procedures of the Los Angeles County Tax Collector, and shall be collected in the same manner, subject to the same penalties and interest, and on the same applicable dates as established by law for the due dates for the other charges and taxes fixed and collected by the County of Los Angeles on behalf of the City of Palos Verdes Estates. The County of Los Angeles may deduct its reasonable costs incurred for such services before remittal of the balance to the City of Palos Verdes Estates.

(b) The fire and paramedic services special tax, together with all penalties and interest thereon, shall constitute a lien upon the parcel of property upon which it is levied until it has been paid, and said special tax, together with all penalties and interest thereon, shall, until paid, constitute a personal obligation to the City of Palos Verdes Estates by the person(s) who own the parcel of property on the date said special tax is due.

SECTION 7. Administration of Tax. The City Council by not less than three (3) affirmative votes, is empowered:

- (a) to establish the amount of the fire and paramedic services special tax levy annually each fiscal year in amounts not to exceed the maximum amounts specified in Section 3 of this ordinance as is required to provide an adequate level of fire and paramedic service in the City in accord with the purposes set forth in this ordinance;
- (b) to sit as a Board of Equalization under procedures to be adopted by the City Council to equalize inequities and reduce hardships created by the literal application of this ordinance, and such shall be deemed an administrative remedy;
- (c) to annually provide an official Assessment Book designating the actual tax levy on each parcel of property and to place the same on file in the office of the City Clerk. In connection therewith, in those instances where building improvements are located on more than one lot within a parcel of property, the City Council may designate a single one of such lots as the lot upon which such building improvements shall be considered to be located for purposes of administering this ordinance;
- (d) to amend this ordinance as necessary to permit the Los Angeles County Tax Collector or any other duly designated public official to collect a special tax such as is levied by this ordinance in conjunction with other County taxes, or in order to assign duties established by this ordinance to other officers as otherwise permitted by law, or to modify procedures required by this ordinance, for the sole purpose of levying and/or collecting a special tax in an amount not to exceed that permitted by Section 3 of this ordinance to be used solely for the purposes permitted by Section 2 of this ordinance.

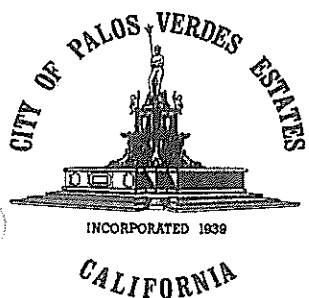
SECTION 8. Appropriations Limit Increase. Pursuant to Article XIII B of the California Constitution, the appropriations limit for the City of Palos Verdes Estates shall be increased by the maximum projected aggregate collection authorized by levy of this fire and paramedic services special tax, as determined by Section 3 of this ordinance, in each of the years in which this ordinance remains in effect plus the amount, if any, by which the appropriations limit is decreased by law as a result of the assessment of the fire and paramedic services special tax set forth in this ordinance.

SECTION 9 Unexpended Revenue. The unexpended residue of any money raised by the City under this ordinance may only be (i) used in the succeeding year for the purposes stated in this ordinance by lowering the next year's tax by the amount unexpended, or (ii) returned to the taxpayers on the same pro rata basis as originally levied.

SECTION 10. Severance Provisions. If any provision(s) of this ordinance or the application thereof to any person or circumstances is held invalid or unconstitutional by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any other provision or application, and to this end the provisions of this ordinance are declared to be severable. The City Council and the electorate by referendum do hereby declare that they would have adopted this ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases, parts or portions thereof be declared invalid or unconstitutional.

SECTION 11. Effective Date. The ordinance shall be effective only if approved by two-thirds (2/3) of the voters voting at an election to be held on March 6, 2007, and shall go into effect only at such time as the City Council has, in accord with the procedures required by law, declared that the initiative measure to be voted on at said election was approved by two-thirds (2/3) of the voters voting thereon. Upon becoming effective, this ordinance may only be amended or repealed by approval of two-thirds (2/3) of the voters voting on such amendment or repealed at a duly called initiative or referendum election.

SECTION 12. Termination Date. This ordinance shall be null and void as of midnight, June 30, 2017, and shall have no force and effect whatsoever after said time and date, provided, however, that the provisions of this ordinance relating to the collection of the fire and paramedic services special tax and/or the enforcement of any liens for a tax imposed hereunder (for fiscal years 2007-2008 through 2016-2017) have been completed.



MEMORANDUM

Approved
5-6

Agenda Item: 11
Meeting Date: Nov. 28, 2006

TO: JAMES B. HENDRICKSON, CITY MANAGER

FROM: JUDY SMITH, ASSISTANT CITY MANAGER

SUBJECT: RESOLUTION R06-40, SETTING PRIORITIES FOR FILING OF WRITTEN ARGUMENTS REGARDING CITY SPECIAL TAX MEASURE, MARCH 6, 2007 GENERAL MUNICIPAL ELECTION

The Issue

Shall the City Council adopt Resolution R06-40, which sets priorities for filing of written arguments regarding the City's Special Tax Measure for funding fire and paramedic services to be submitted to the voters at the March 6, 2007 General Municipal Election?

Analysis and Findings

The City Council has considered Resolution R06-39, which places the question regarding a special tax measure for fire and paramedic funding before the City voters at the March 6, 2007 election. The sample ballot, which is sent to each registered voter, will contain the question (measure language), as it will appear on the ballot, and the entire text of the proposed tax ordinance.

In addition, if the City Council wishes to designate members of the City's electorate to prepare an argument in favor of the measure to appear in the sample ballot, the Council must do so by resolution. The Council adopted Resolution R06-22 establishing a charge of duties for the Special Citizen's Committee with respect to this issue. Members of the Committee were appointed by the Mayor based on recommendations received from the Council and it is recommended that the Council designate members of the Committee to prepare the written argument in favor of the measure. Only five names may appear in association with an argument. Since there are eight members of the Committee, in addition to the Chairman, the names of the four members in addition to the Chair who will appear in support of the measure were drawn by lot. The City Clerk must accept an argument opposed to the measure, if one is properly filed. Only one argument representing each point of view will be printed.

The City Council may ask the City Attorney prepare an impartial analysis of the measure, which will be printed in the sample ballot. The analysis will describe the effect of the measure on existing law and the operation of the measure. The impartial analysis must be filed by the same date set by the City Clerk for the filing of primary arguments. Based on past elections, the City Council has directed the City Attorney to prepare the analysis.

By notice, which will be posted at City Hall and a copy of which is attached, the City Clerk will establish **Tuesday, December 12** as the deadline for accepting any argument, or withdrawal or changes to arguments already filed. A public examination period of 10 calendar days from the established deadline is required by the Elections Code.

Alternatives Available to the City Council

1. Adopt Resolution R06-40 as presented.
2. Modify Resolution R06-40 with respect to persons authorized to file arguments in favor of the City special tax measure.
3. Decline to adopt Resolution R06-40. If the Council wishes to designate who will file and sign the argument in favor of the measure, it must do so by Resolution.

Recommendation

It is recommended that the City Council adopt Resolution R06-40, which sets the priorities for filing of written arguments and directs the City Attorney to prepare an impartial analysis regarding the City's special tax measure for funding of fire and paramedic services to be submitted to the voters at the March 6, 2007 General Municipal Election.



**NOTICE TO VOTERS OF DATE AFTER WHICH
NO ARGUMENTS FOR OR AGAINST A CITY MEASURE MAY BE
SUBMITTED TO THE CITY CLERK**

NOTICE IS GIVEN that the General Municipal Election is to be held in the City of Palos Verdes Estates on March 6, 2007, at which time there will submitted to the voters the following measure:

Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services	YES	
	NO	

NOTICE IS FURTHER GIVEN, that Pursuant to Article 4, Chapter 3, Division 9 of the Elections Code of the State of California, the legislative body of the City, or any member or members thereof authorized by the body, or any individual voter or bona fide association of citizens, or any combination of voters and associations, may file a written argument, not to exceed 300 words in length, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and printed name and signature of at least one of its principal officers who is the author of the argument, for or against the City measure.

NOTICE IS FURTHER GIVEN that, based upon the time reasonably necessary to prepare and print the arguments and sample ballots for the election, the City Clerk has fixed, **Tuesday, December 12, 2006**, during normal business hours, as posted, as the date after which no arguments for or against the City measure may be submitted to the City Clerk for printing and distribution to the voters as provided in the Article 4. Arguments shall be submitted to the City Clerk at the City Hall of Palos Verdes Estates, California. Arguments may be changed or withdrawn until and including the date fixed by the City Clerk.

NOTICE IS FURTHER GIVEN that, any ordinance or direct argument filed under the authority of the Elections Code will be available for public examination in the City Clerk's Office for not less than 10-calendar days from the deadline for the filing of the arguments and analysis.

Judy Smith, City Clerk

Notice No.: N06-54
POSTED: November 29, 2006

RESOLUTION NO. R06-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA, SETTING PRIORITIES FOR FILING A WRITTEN ARGUMENT REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

WHEREAS, a General Municipal Election is to be held in the City of Palos Verdes Estates, California, on March 6, 2007, at which there will be submitted to the voters the following measure:

Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services?	YES	
	NO	

NOW, THEREFORE, the City Council of the City of Palos Verdes Estates, California, does resolve as follows:

Section 1. The City Council authorizes:

Ronald Buss, Chairman
David Cox, Member
James Flanigan, Member
Fred Mackenbach, Member
Ruth Shaffer, Member

Special Citizens' Committee

members of that body, to file a written argument regarding the City measure as specified above, accompanied by the written names and signatures of the authors submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California and to change the argument until and including the date fixed by the City Clerk after which no arguments for or against the City measure be submitted to the City Clerk.

Section 2. The City Council directs the City Clerk to transmit a copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall be filed by the date set by the City Clerk for the filing of primary arguments.

Section 3. The City Clerk shall certify to the passage of this resolution.

PASSED, APPROVED and ADOPTED this 28th day of November, 2006.

JOHN E. FLOOD, MAYOR

APPROVED AS TO FORM:

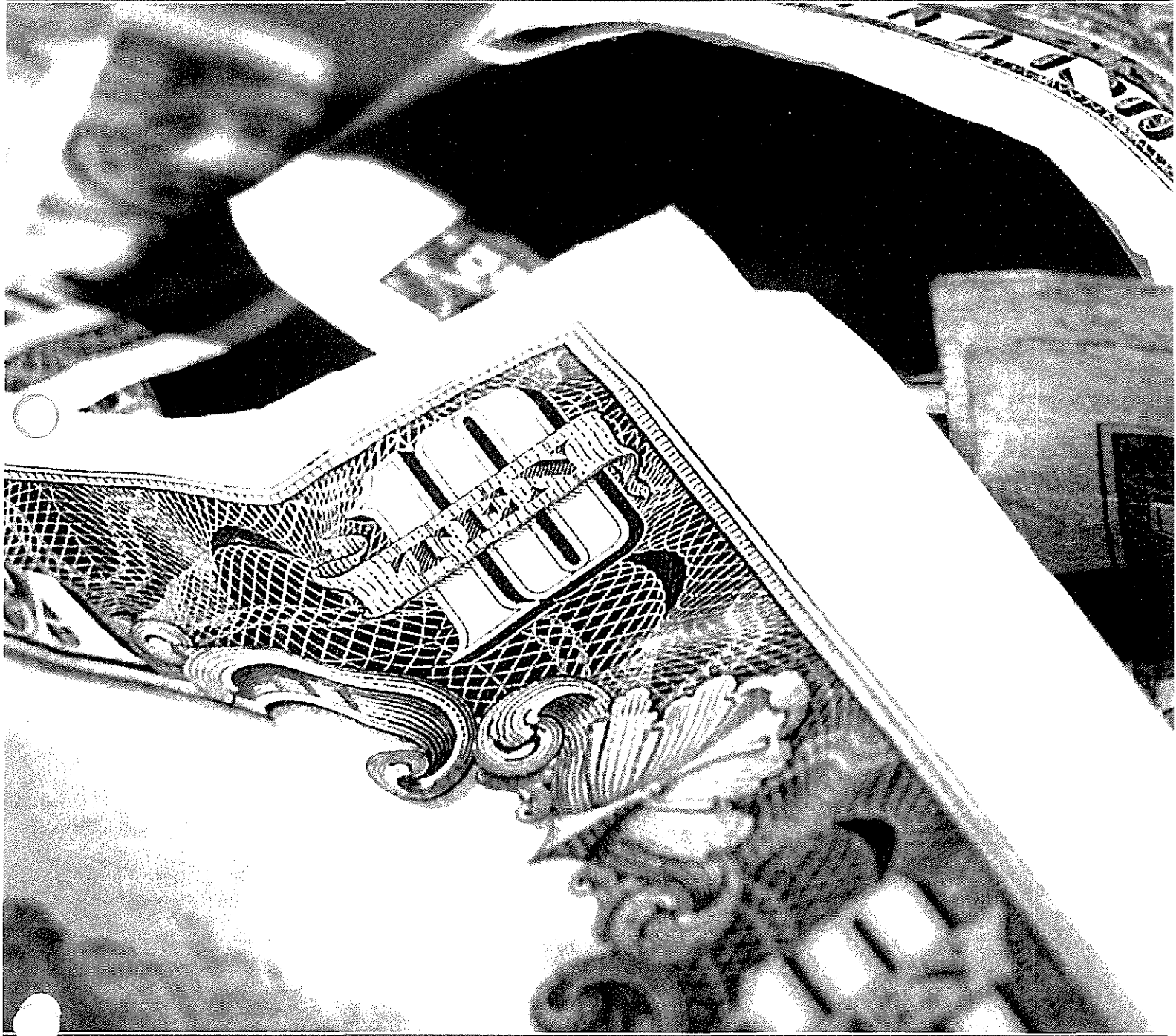
STEPHANIE R. SCHER, CITY ATTORNEY

ATTEST:

JUDY SMITH, CITY CLERK

GENERAL INFORMATION

A Primer on
CALIFORNIA CITY FINANCE





A Primer on CALIFORNIA CITY FINANCE

by Michael Coleman

You've been elected to the city council. You already know that the question of money arises for every local issue. So how does your city pay its bills? While every city is different — each with its own needs, local economy, expectations, protocols, responsibilities and finances — the essential elements of city revenues and spending are the same throughout California.

An Overview of City Revenue Sources

City officials may ask: What money does our city get and how is it spent? Revenue, the bread and butter of city budgets, comes from a variety of sources. Some is restricted to certain uses by law. Some revenue is payment for a specific service by customers. Other revenue requires voter approval for rate increases. Still other revenue comes from state and federal agencies, and the city has no control over how much it receives. The California Constitution and state law provide some specific distinctions among municipal revenue sources.

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; these are taxed by the state 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.

Fees, Charges and Assessments

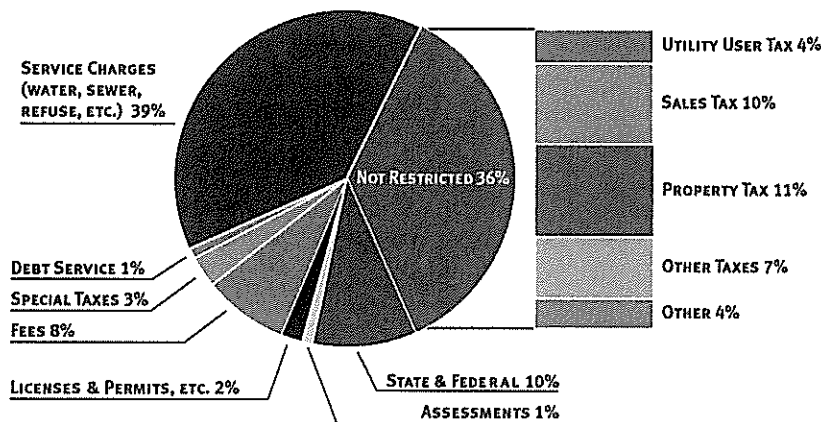
A fee is a charge imposed on an individual for a service that the person chooses to receive. A fee may not exceed the estimated reasonable cost of providing the particular service or facility for which

ABOUT THIS PRIMER

Western City first published "A Primer on California City Finance" in 2002. The passage of Proposition 1A by California voters in 2004 changed key elements of city financing by enhancing the level of control cities will be able to exercise over their property tax, sales tax and vehicle license fee revenues, and minimizing the possibility of state funding take-aways. This updated primer explains these changes, providing a fresh look at the revenue sources that a city budget comprises and the rules and requirements governing the use of these various funds.

Michael Coleman is principal of Coleman Advisory Services and fiscal consultant to the League. He can be reached at <coleman@cal.net>. More information on city finance is available on Coleman's website at www.californiacityfinance.com.

TYPICAL CALIFORNIA CITY REVENUES*



* Based on total cities statewide

the fee is charged, plus overhead. Examples of city fees include water service, sewer service connection, building permits, recreation classes and development impact fees.

Cities have the general authority to impose fees (charges and rates) under the cities' police powers granted by the state Constitution (Article XI, sections 7 and 9). There are specific procedures in state law 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, 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 above, 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 can 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 gas taxes and subvenes some of these funds to cities and counties. A local government deposits gas tax revenue in a special fund and spends the money for streets and road-related programs, according to law.

continued

CITY RESPONSIBILITIES DIFFER

Comparing revenues and expenditures of different cities can be difficult because cities vary according to the needs of their constituents and the nature of the local economy, as well as the service and financial responsibilities of the city. Less than 25 percent of California cities are full-service cities, responsible for funding all of the major city general fund-supported services such as police, fire, library, parks and recreation, and planning. In about three out of 10 California communities, a special district provides fire services with property tax revenue that would otherwise go to the city. In six out of 10 cities, library services are provided and funded by another public agency. On the revenue side, these differences in financial responsibility among cities are generally reflected in the allocation of property tax revenue. Other city tax rates and allocations are unrelated to service responsibility.

SALES TAX: HOW MUCH GOES TO YOUR CITY?

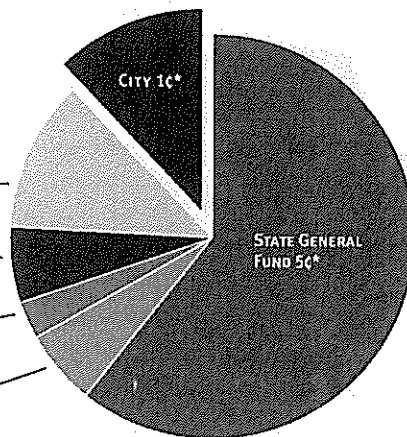
For each taxable dollar spent, sales tax is paid as follows:

SPECIAL TRANSACTIONS & USE:
0-1¢ (VARIES)

PUBLIC SAFETY (PROP. 172): 1/2¢

COUNTYWIDE TRANSPORTATION: 1/4¢

COUNTY HEALTH & WELFARE: 1/2¢



*Under Prop. 57, beginning in FY 2004-05, the local (city) sales tax rate is reduced by 0.25 percent and the state rate increased by 0.25 percent to repay state fiscal recovery bonds. Cities and counties are reimbursed dollar for dollar with additional property tax. This arrangement, known as the "triple flip," will last about 10 years until the bonds are repaid.

NOTES

1. California sales tax revenues are distributed based on the place ("situs") where each sale occurs.
2. Cities receive about 6 percent and counties get 94 percent of Prop. 172 funds. The funds are restricted for public safety services such as police, fire, district attorney and jails.
3. The state sales tax rate is 6.25 percent, including 0.5 percent for county health and welfare programs, 0.5 percent for Prop. 172 and 0.25 percent for the Prop. 57 "triple flip."
4. The city portion of sales tax goes to the county if the sales transaction occurs in an unincorporated area of the county.
5. Many counties and some cities add transaction and use rates ranging from 0.25 percent to 1.25 percent. These additional rates cause the total California sales tax to vary from 7.25 percent to 8.75 percent.
6. Some cities share a portion of their 1-cent rate with their county.

Source: California State Board of Equalization, Coleman Advisory Services

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 local taxes, including business license tax, hotel tax and utility user taxes.

Major City Revenues

Sales and Use Tax. The sales tax an individual pays on a purchase is collected by the state Board of Equalization and includes a state sales tax, the locally levied Bradley-Burns sales tax and several other components. The *sales tax* is imposed on the total retail price of any tangible personal property. (State law provides a variety of exemptions to the sales and use tax, including resale, interstate sales, intangibles, food for home consumption,

candy, bottled water, natural gas, electricity and water delivered through pipes, prescription medicines, agricultural feeds, seeds, fertilizers and sales to the federal government.) A *use tax* is imposed on the purchaser for transactions in which the sales tax is not collected. Sales and use tax revenue received by cities is general purpose revenue and is deposited into a city's general fund. Although cities vary widely, on average, sales and use tax revenue provides 30 percent of city general purpose revenue and often as much as 45 percent.

Cities and counties may impose additional transaction and use taxes in increments of 0.25 percent with a two-thirds city council approval and majority voter approval. A city may impose more than one transaction and use tax: One might be for a general purpose; a second might be for a special purpose. The combined rate of the city and county transaction and use taxes may not exceed 2 percent.

Property Tax. The property tax is an ad valorem (value-based) tax imposed on real property and tangible personal property. (State law provides a variety of exemptions to the property tax, including most government-owned property; non-profit, educational, religious, hospital, charitable and cemetery properties; the first \$7,000 of an owner-occupied home; business inventories; household furnishings and personal effects; timber; motor vehicles, freight and passenger vessels; and crops and orchards for the first four years). California Constitution Article XIII A (Prop. 13) limits the property tax to a maximum 1 percent of assessed value, not including voter-approved rates to fund debt. The assessed value of property is capped at 1975-76 base year plus inflation — or 2 percent per year. Property that declines in value may be reassessed at the lower market value. Property is reassessed to current full value upon change in ownership (with certain exemptions). Property tax revenue is collected by counties and allocated according to state law among cities, counties, school districts and special districts.

The share of property tax revenue allocated to a city varies depending on a variety of factors, including:

- The service responsibilities of the city (for example, if fire services are funded and provided by a fire district, then the district gets a portion that would otherwise go to the city);
- The presence of a redevelopment agency, which retains a portion of revenue growth; and
- The historic (1980) tax rates of the city in relation to other local taxing entities.

City property tax revenues are also affected by local property values.

Business License Tax (BLT). Most cities in California levy a business license tax. Tax rates are determined by each city, which collects the taxes. Business license taxes are most commonly based on gross receipts or levied at a flat rate but are sometimes based on the quantity of goods produced, number of employees, number of vehicles, square footage of the business or some combination of factors. In all cases, cities have adopted their tax as a general tax. On average, the business license tax provides about 3 percent of city general revenue and often as much as 6 percent. For businesses that operate in more than one city, state or county, cities can impose a business license tax on only that portion of the business transacted in that city.

Transient Occupancy Tax (TOT). Like the business license tax, a TOT may be levied by a city under the police powers granted to cities in the state Constitution. More than 380 cities in California impose TOT on people staying for 30 days or less in a hotel, inn or other lodging facility. Rates range from 4 to 15 percent of the lodging cost. In nearly all cases, cities have adopted these as general taxes, but some cities make a point of budgeting the funds for tourism or business development-related programs. Among cities that impose a TOT, it provides 7 percent of a city's general revenues on average and often as much as 17 percent.

continued

THE EFFECTS OF PROPOSITION 13

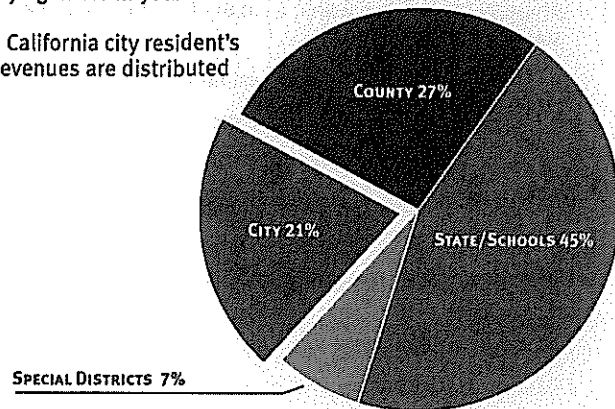
Proposition 13 produced the following results:

- Elderly and low-income homeowners' tax burden was decreased;
- Similarly situated properties are taxed differently;
- Local government property tax revenues were cut by 60 percent;
- Revenue windfalls from personal income tax produce \$1 billion for the state and \$1.6 billion for the federal government annually;
- Cities and counties raised user fees and local taxes;
- The authority to allocate local property tax shifted to the state (Prop. 1A now limits the state's authority);
- Counties and schools rely more heavily on the state general fund with a corresponding shift in power;
- Cities rely more heavily on other general revenues, including locally imposed taxes and the sales and use tax; and
- Tax rates/shares (from 1980) are now out of sync with service demands.

PROPERTY TAX: HOW MUCH GOES TO YOUR CITY?

The allocation of property taxes to government agencies varies among different areas, depending on historic (pre-Prop. 13) property tax levels and which services are provided by agencies in your area.

On average, a California city resident's property tax revenues are distributed as follows:



NOTES

1. This is the rate for the average city for properties not in a redevelopment area. Results vary depending on the extent of services provided by your city. Full-service cities may receive slightly more. Cities in which fire services are provided by a special district receive less, with the difference going to the fire district.
2. For properties in the unincorporated area of a county, the county gets a bigger share of the property tax, which would otherwise go to a city. If the area ever incorporates, some of the county share becomes the share for the new city.
3. City and county property tax shares include "property tax in lieu of Vehicle License Fee."
4. This does not include the temporary reimbursement for city sales tax with property tax for sales tax under the Prop. 57 "triple flip."

Source: California State Board of Equalization, Coleman Advisory Services

THE FACTS ABOUT PROPOSITION 1A

In November 2004, California voters approved Prop. 1A, a ballot measure sponsored by the League and a broad coalition that included Governor Arnold Schwarzenegger, legislators, other local governments, and public safety, business and community organizations. This landmark amendment to the state Constitution was intended to restore predictability and stability to local government budgets. The measure:

1. Strengthens prohibitions against unfunded state mandates by requiring the state to suspend state mandates in any year the Legislature does not fully fund those laws;
2. Expands definition of state mandate to include transfer of responsibility of a program for which the state previously had full or partial responsibility; and
3. Prohibits the state from:
 - Reducing the local Bradley-Burns Uniform Sales & Use Tax rate or altering its method of allocation, except to comply with federal law or an interstate compact;
 - Decreasing Vehicle License Fee revenue from the 0.65 percent rate without providing replacement funding to cities and counties; and
 - Shifting property taxes from cities, counties or special districts, with the following exceptions:
 - a) The state may reallocate among cities, counties and special districts (but not schools or any other local entity) with a two-thirds vote of both houses of the Legislature.
 - b) Beginning in FY 2008–09, the state may borrow up to 8 percent of the property tax revenue within a county (currently about \$1.3 billion on a statewide basis) if:
 - The governor declares a “fiscal hardship”;
 - The Legislature enacts an urgency statute by a two-thirds vote;
 - The funds are repaid within three years;
 - The FY 2003–04 VLF backfill gap has been repaid;
 - Any previous borrowing of this kind has been repaid; *and*
 - The state has not borrowed from the revenues more than twice in 10 years.

Utility User Tax (UUT). More than 150 cities (collectively representing a majority of the state’s population) impose a utility user tax. UUT rates vary from 1 to 11 percent and are levied on the users of various utilities, which may include telephone, electric, gas, water and cable television. For cities that impose the UUT, it provides an average of 15 percent of general revenue and often as much as 22 percent.

Vehicle License Fee (VLF). The VLF is a tax imposed by the state on the ownership of a registered vehicle in place of taxing vehicles as personal property. Under California Constitution Article XI, section 15, VLF revenue (based upon a rate of 0.65 percent) must go to cities and counties. Since 1948, the VLF tax rate had been 2 percent. In 1998, the Legislature and governor began cutting the tax, backfilling the loss to cities and counties with a like amount of state general fund money. In 2004, the state reduced the rate to 0.65 percent and re-placed the state general fund backfill to cities and counties with additional property tax in lieu of VLF (see paragraph below). The VLF is collected by the state Department of Motor Vehicles (DMV). Most VLF revenue goes to fund county health and welfare programs (75 percent) and DMV administrative charges (14 percent). The allocation to cities is on the basis of population and provides about 1 percent of general revenues to the average city budget.

Property Tax in Lieu of Vehicle License Fee. In FY 2004–05, cities and counties began receiving additional property tax to replace VLF revenue that was cut when the state repealed the state general fund backfill for the reduction in the VLF. Beginning in FY 2005–06, this property tax in lieu of VLF grows with the change in gross assessed valuation of taxable property in the jurisdiction from the prior year. Property tax in lieu of VLF allocations are in addition to other property tax apportionments.

Property tax revenue (including property tax in lieu of VLF) accounts for more than one-third of general revenue for the average full-service city. For cities that do

not fund fire service, property tax revenue represents on average 25 percent of general revenue.

Parcel Tax. This is a special nonvalue-based tax on property, generally based on either a flat per-parcel rate or a variable rate depending on the size, use or number of units on the parcel. Parcel taxes require two-thirds voter approval and are imposed for a variety of purposes, including police and fire services, parks, libraries and open space protection. Parcel taxes provide less than 1 percent of city revenues statewide.

Rents, Royalties and Concessions. Examples of revenues generated through the use of city property include royalties from natural resources taken from city property, the sale of advertising in city publications, payments from concessionaires operating on city property, facility rentals, entry charges, on- and off-street parking charges and even golf fees.

Franchises. Franchise fees are collected in lieu of rent for use of city streets from refuse collectors, cable television companies and utilities. Some franchise charges are limited by statute.

Fines, Forfeitures and Penalties. Cities receive a share of fines and bail forfeitures from misdemeanors and infractions committed within city boundaries. State law determines the distribution and use

TRENDS IN CALIFORNIA CITY FINANCE

The following list summarizes trends in California city finance.

- State and federal aid to California cities is declining, down from 21 percent of a city's budget in 1974-75 to 10 percent today.
- The sales tax base is declining, due to a shift toward a service-oriented economy and increasing Internet and catalog retail sales.
- Limitations on taxes and fees that cities can impose are driven by Prop. 13, Prop. 218 and other state laws.
- State population growth is higher in cities.
- Cities must respond to citizens' demand for a greater array of services that bring with them additional costs and new challenges (high tech, cable, transit, etc.).
- Public safety spending is up.
- Infrastructure improvements and maintenance are lagging.

of state-imposed fines and forfeitures, but cities determine penalties for violations of their municipal codes.

Service Charges and Fees. Cities have authority to impose fees, charges and rates for services and facilities they provide, such as plan checking or recreation classes. Use of these revenues is limited to paying for the service for which the fees are collected, but may include overhead, capital improvements and debt service.

City utilities and enterprises supported by service fees constitute a substantial portion of most city budgets. These include water, sewer, electricity and solid waste services. In some cities, a public or private agency other than the city provides and funds these services.

Most Discretionary Dollars Go to Public Safety

In most cities, roughly two-thirds of the total city budget is either earmarked for specific purposes (such as special taxes, restricted state grants and debt obligations like bonds) or is fee revenue used to pay for services provided. In the typical full-service city, three out of five of these discretionary dollars are spent on police and fire services.

... And There's More

City budgets can be bewildering. Myriad laws and limitations make city funding a very complicated subject. Understanding the essentials of city finance is critical for any city decision-maker. Elected officials find their job is made easier when they are able to explain the basic elements of municipal finance to their constituents. ■

FOR MORE INFORMATION

More information about city finance is available from these online sources:

- *California Local Government Finance Almanac*, www.californiacityfinance.com
- *Primer on California's Tax System*, Legislative Analyst's Office, www.lao.ca.gov
- *The Fiscal Condition of California Cities*, Institute for Local Government, www.ilsg.org

In addition, the following publications are available from CityBooks. To order, call (916) 658-8257 or visit www.cacities.org/store.

- *Municipal Revenue Sources Handbook*, League of California Cities. \$25; Item No. 1031
- *Local Government Dollars & Sense* by Len Wood. \$30; Item No. 105

AFTER PROPOSITION 1A: WHAT'S NEXT FOR CALIFORNIA CITY FINANCE?

California city officials and their partners in the LOCAL ("Leave Our Community Assets Local") coalition should feel very proud of what they have accomplished in the past few years. Surprising many political pundits, they succeeded in building the grassroots organization and raising the funds needed to qualify a constitutional amendment for the statewide ballot. Then they ran a successful statewide campaign that resulted in passage of Proposition 1A by almost 84 percent — a truly remarkable achievement. As explained in this primer, the passage of Prop. 1A will end the practice of state take-aways of local funds needed to pay for local services.

But even as local officials give themselves a well-deserved pat on the back, now is not the time for complacency. If city officials have learned anything during the past 15 years, it's that they need to be constantly vigilant about state actions that can impact local decision-making. Sometimes proposed legislation is the source of concern. But impacts can also occur as a result of new ballot measures attempting to amend or contradict constitutional provisions that currently protect local funds.

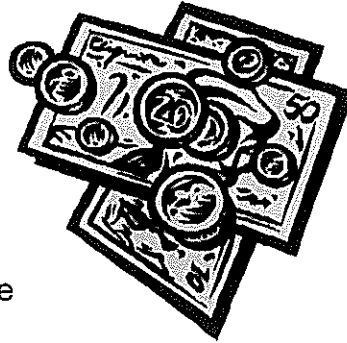
What can local officials do? What can anyone do, if they care about local democracy?

A lot — much remains to be done. The League of California Cities is working hard to ensure that we maintain and build upon the activities that made Prop. 1A possible. All these activities depend upon the active involvement of League members, as well as labor, business and community groups who care about protecting local services.

How You Can Help Protect Local Services

- **Become an advocate.** Your participation is critical as fiscal issues are debated in the state Capitol or when measures that could undermine local decision-making are placed on the statewide ballot.
 - **Help to educate your legislators** on how your city would be impacted by legislative proposals. Contact your League regional representative to volunteer for this and other efforts. Find your regional rep's contact info online at www.cacities.org/regionalrepresentative.
 - **Sign up for electronic League Action Alerts** that you receive whenever there's a pressing need for your legislator to hear directly from you. Visit the League's online Advocacy Center (www.cacities.org/advocacy) to receive alerts that include sample letters you can write and send online, or talking points to use when you call your legislators. It's fast, it's easy — and it's effective!
 - **Contribute to CITIPAC**, the League's political action committee. The League needs non-public funds to engage in ballot measure advocacy. Your dollars help make that possible. Learn how you can help by visiting www.citipac.org.
- Learn More.** Stay abreast of proposals that would impact local services.
- Make regular visits to the League's website (www.cacities.org). You'll find information on issues affecting California cities and resources to help understand the issues. You can also find out how to get involved with League advocacy activities.
 - Subscribe to *Priority Focus*, the League's weekly online newspaper (www.cacities.org/priorityfocus) and *Western City*, the League's award-winning monthly magazine (www.westerncity.com).
 - If you're a city official, sign up for a League listserv. You'll be better connected with your colleagues in other cities and receive (www.cacities.org/listserv).

You pay fees and taxes to government
but . . . How much
goes to cities?
How do they
spend it?



A look at California city finance
from the view of the taxpayer

For more information contact:
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Rev 4/2006
www.CaliforniaCityFinance.com

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Cities . . .



▼ are general purpose local governments



▼ provide essential frontline municipal services tailored to meet the unique needs of the communities they serve



▼ are funded mostly by locally enacted revenues



▼ provide land use planning and control



2



Counties . . .

▼ Hybrid local/state



- state/federal social service & health programs

- Aid to families (CalWORKS), food stamps, foster care, In-Home Support Services



- countywide local services

- jails, courts, elections, indigent aid, property tax collection



- “city” services to unincorporated areas

▼ More mandates, less discretionary \$, more vulnerable to state budgetary action

3



Special Districts . . .



- ▼ some “dependent”

- ✓ some “independent”



- ▼ some are enterprise (water, irrigation, sanitation) - some are not (parks & rec, mosquito abatement, fire)



- ▼ where they provide services instead of city or county, they may get a cut of the property tax



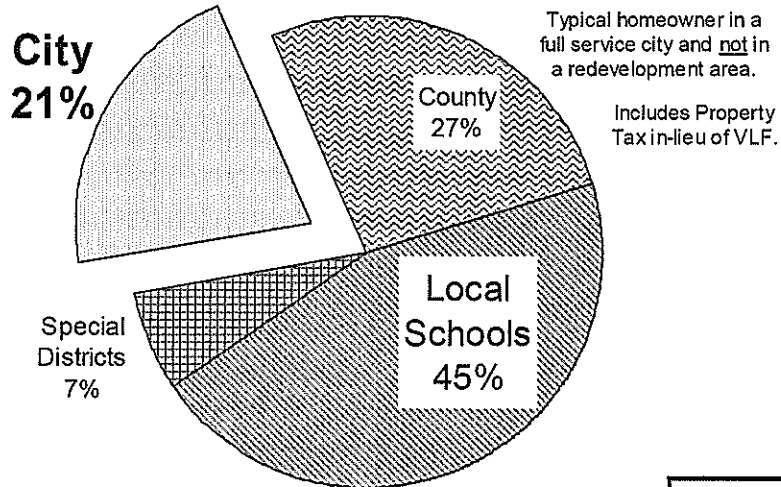
- ▼ **redevelopment agencies** are dependent special districts

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Property Tax:

How much goes to your city?

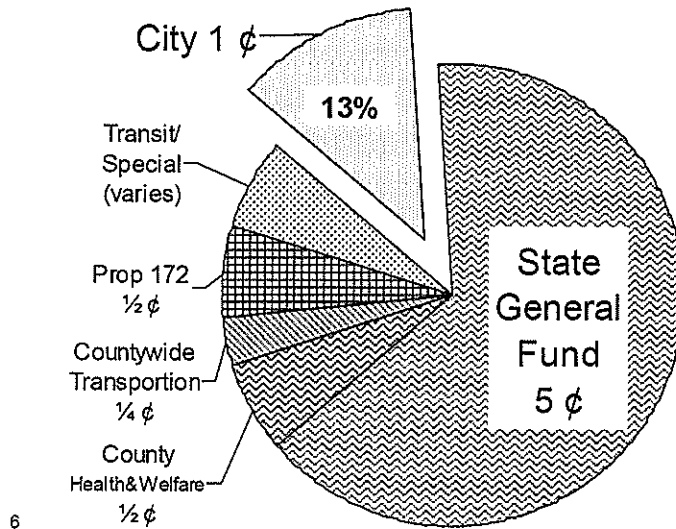


⁵ **Source:** Coleman Advisory Services computations from Board of Equalization and State Controller data.



Sales Tax:

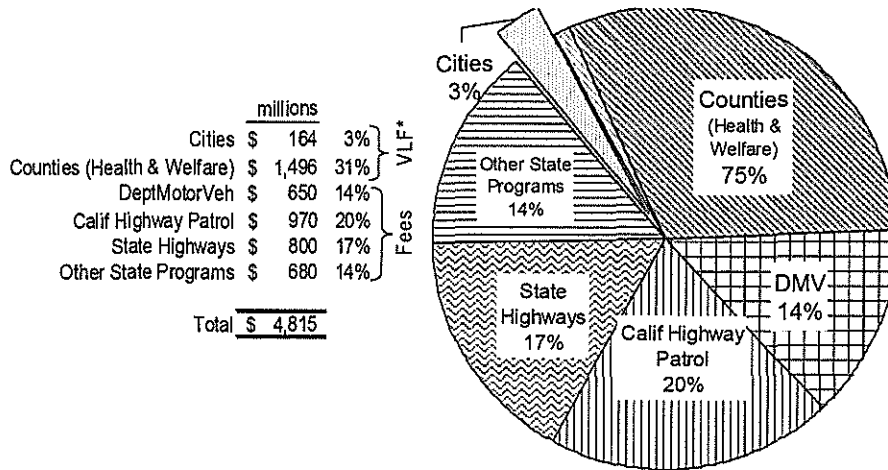
For each taxable dollar you spend, you pay sales tax to



SOURCE: Calif State Board of Equalization



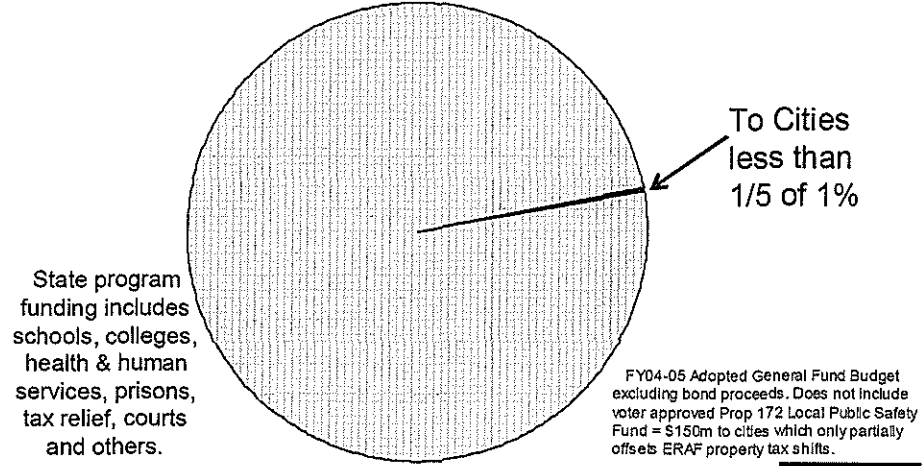
Vehicle License & Registration Fees Where do they go?



7 *0.65% Vehicle License Fee or "car tax" in lieu of local property tax.
 Source: Coleman Advisory Services calculations from Calif Dept of Finance and DMV data.



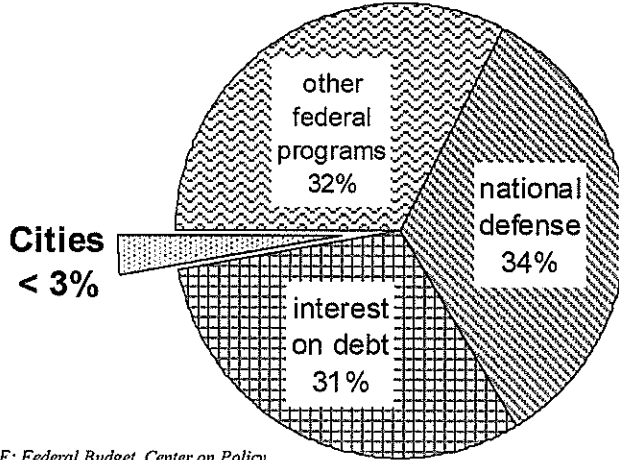
State General Revenues including State Income Tax, State Sales & Use Tax: How much goes to your city?



8 \$90 Billion State General Fund
 Source: Coleman Advisory Services calculations from Calif State Budget.



Federal Income Tax: How much goes to your city?

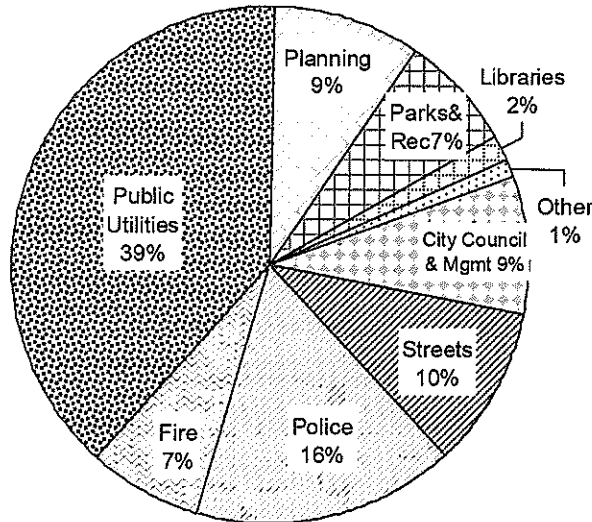


SOURCE: Federal Budget, Center on Policy
Priorities, Coleman Advisory Services

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California City Spending

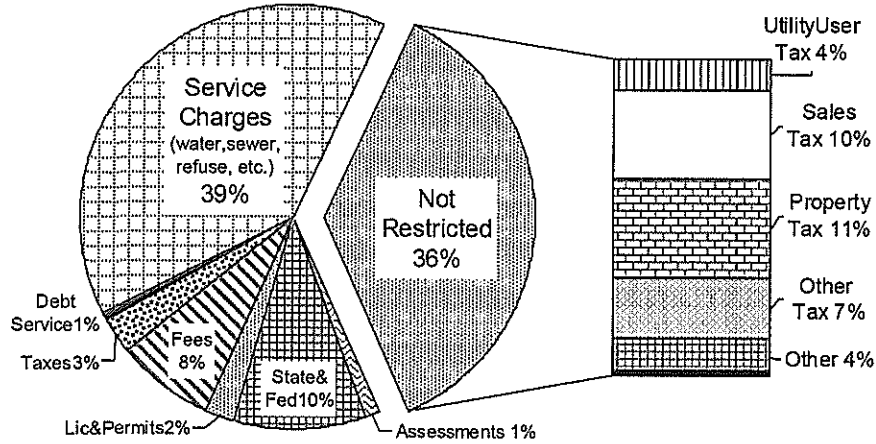


Source: State Controller. Excludes San Francisco

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California City Revenues

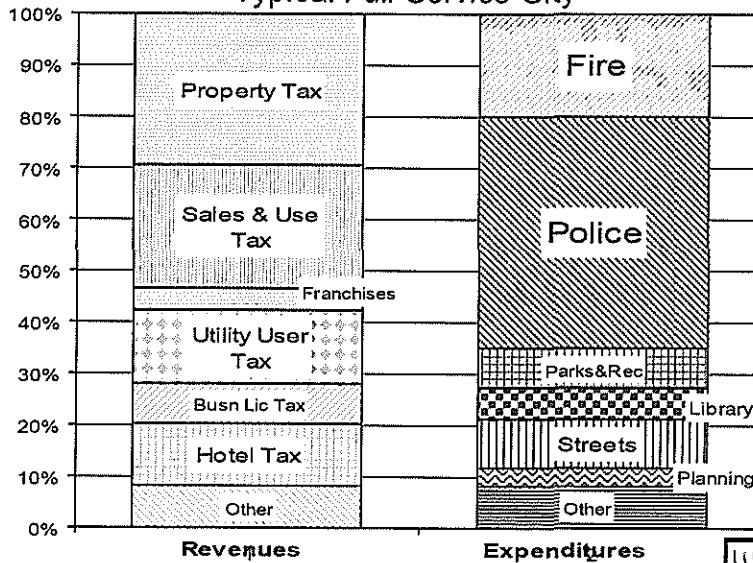


11 *Source: Coleman Advisory Services, State Controller. FY01-02 data adjusted for 2004 VLF - Prop Tax swap.*



Discretionary Revenues and Spending

Typical Full Service City



12 *Source: Coleman Advisory Services Calculations from State Controller reports*



The Value of City Services

- ▼ The average city resident pays \$59.25/month for city services (not including fee-funded public utilities such as water, sewer, flood control and garbage collection provided by many cities)
- ▼ \$59.25 pays for one of these:
 - One month of cable TV service
 - Two or three hardback books
 - One month at the gym
 - Three compact disks
 - Dinner for two
 - Movie and snacks for a family of four
- ▼ Or... \$59.25 pays for all of these:
 - 24 hour police and fire protection
 - Well-groomed parks and trees
 - Safety lighting for streets
 - Community events
 - Community economic development
 - Paved and maintained city streets
 - Community library system
 - A well-planned, zoned community
 - Professional management of a citizen's tax investment in the community

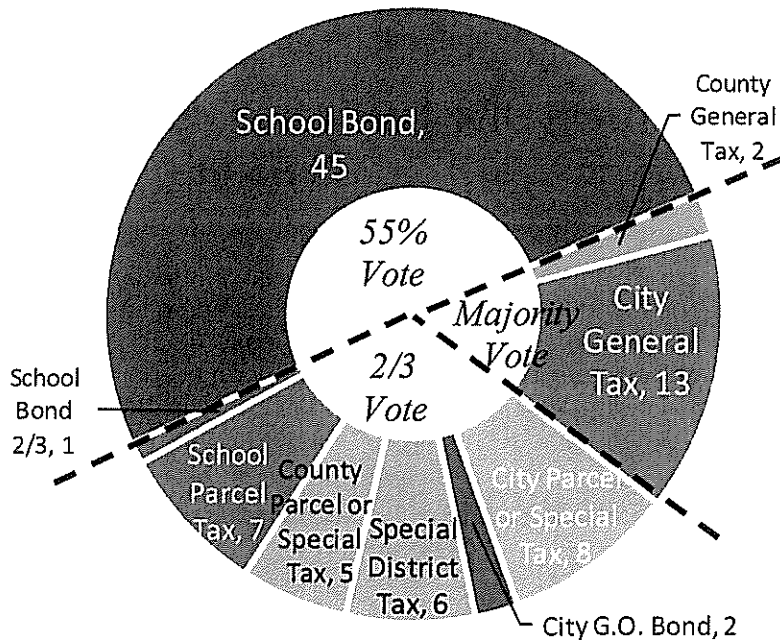
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Local Tax and Bond Measure Results California ❖ June 2016

Along with one statewide measure (Proposition 50), the Presidential Primary election in California on June 7 included over 150 local measures. Among these were 89 ballot questions proposing new revised or extended local bonds or taxes. Local schools requested a total of \$6.12 billion in school construction bond authorizations in 46 individual measures. Three cities sought a total of \$442 million in bonds including a \$350 million seismic safety bond in San Francisco, a library bond in Santa Cruz County and a roadway and storm drain repair measure in Orinda.

Proposed Local Revenue Measures June 2016



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Overall Passage Rates

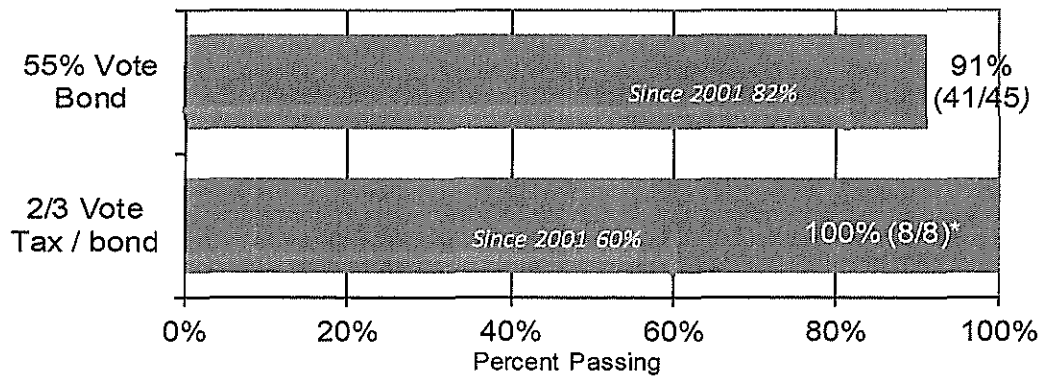
With final certified results in, 72 of the 89 tax and bond measures passed. All majority vote city tax proposals passed. All seven school parcel tax measures passed and 42 out of 46 school bonds were approved authorizing a total of \$5.66 billion in school construction financing.

Local Revenue Measures June 2016

	Total	Pass	Passing%
City General Tax (Majority Vote)	13	13	100%
County General Tax (Majority Vote)	2	0	0%
City Special Tax or G.O. bond (2/3 Vote)	10	7	70%
County (Special Tax) 2/3 Vote	5	1	20%
Special District (2/3)	6	2	33%
School Parcel Tax 2/3	7	7	100%
School Bond 2/3	1	1	100%
School Bond 55%	45	41	91%
Total	89	72	81%
Redux by initiative	1	0	0%

The proportion of passing school measures is mirroring historic passage rates. Preliminary tallies indicate 40 of the 45 fifty-five percent school bonds passed. The one two-thirds vote school bond, for Albany Unified School District, passed. All of the seven school parcel tax measures passed.

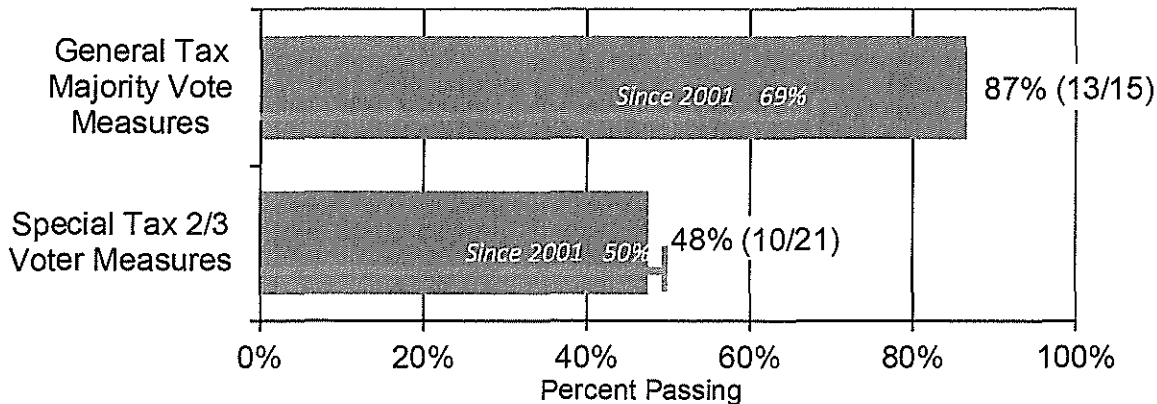
School Tax & Bond Measures June 2016



*7 are parcel taxes, 1 is a 2/3 bond measure

The passage of local non-school tax and bond measures is also closely mirroring historic rates of passage.

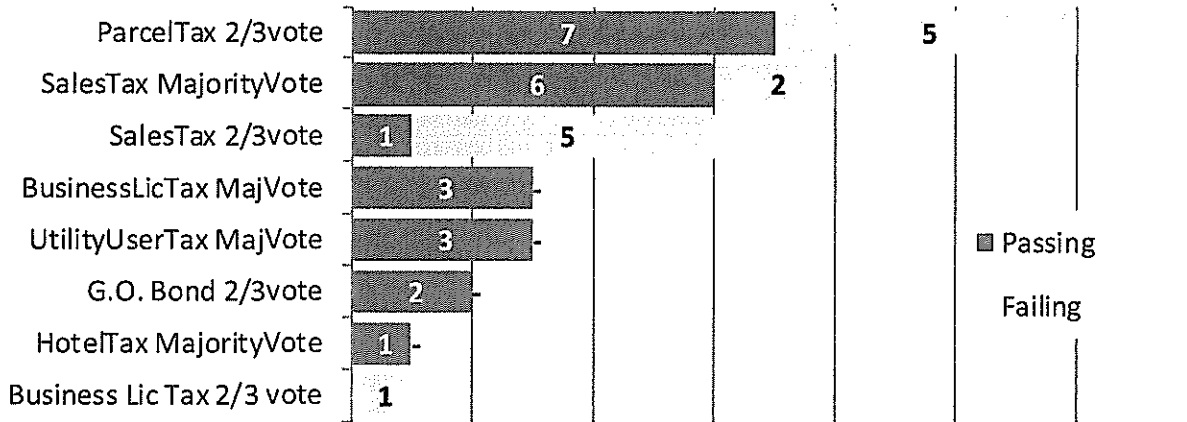
City / County / Special District Tax & Bond Measures June 2016



Measure Outcome by Category

Among non-school local measures, the most common type of measure was the parcel tax. Parcel taxes require two-thirds approval. General purpose majority vote sales tax proposals did far better than two-thirds vote special sales taxes.

Passing and Failing City / County / Special District Measures by Type June 2016



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School Bonds

There were 46 school bond measures on the ballot for a total of over \$6.12 billion in bonds. One of these measures, the Albany Unified School District, was too large to meet the rules for a 55% vote threshold. Nevertheless, it passed. Forty-one others also were approved for a total of \$5.66 billion in school facility construction financing and supporting property tax increases. This is more than double the value approved in the most recent gubernatorial/presidential primary election (June 2014)

School Bond Measures - 55% vote

Agency Name	County		Bond amount	tax rate	YES%	NO%	
Ravenswood City SD	San Mateo	Measure H	\$ 26,000,000	\$30/\$100K	87.2%	12.8%	PASS
Alum Rock Union Elemer	Santa Clara	Measure I	\$ 140,000,000	\$30/\$100K	78.3%	21.7%	PASS
Franklin-McKinley SD	Santa Clara	Measure H	\$ 67,400,000	\$30/\$100K	77.5%	22.5%	PASS
Montebello Unified Scho	Los Angeles	Measure GS	\$ 300,000,000	\$60/\$100K	77.1%	22.9%	PASS
WalnutCreek SD	Contra Costa	Measure D	\$ 60,000,000	\$17/\$100K	72.7%	27.3%	PASS
Albany USD	Alameda	Measure E	\$ 25,000,000	\$60/\$100K	72.4%	27.6%	PASS
Lafayette SD	Contra Costa	Measure C	\$ 70,000,000	\$29/\$100K	72.3%	27.7%	PASS
Cuyama Joint Unified Scl	Ventura / Santa Barbara	Measure Q	\$ 6,000,000	\$60/\$100k	72.1%	27.9%	PASS
Camino Union SD	El Dorado	Measure H	\$ 4,000,000	\$30/\$100K	70.8%	29.2%	PASS
Central Union High SD	Imperial	Measure K	\$ 30,000,000	\$30/\$100K	69.5%	30.5%	PASS
Castro Valley USD	Alameda	Measure G	\$ 123,000,000	\$60/\$100K	68.1%	31.9%	PASS
Fairfax Elementary	Kern	Measure B	\$ 19,000,000	\$30/\$100K	66.5%	33.6%	PASS

School Bond Measures - 55% vote (continued)

<u>Agency Name</u>	<u>County</u>		<u>Bond amount</u>	<u>tax rate</u>	<u>YES%</u>	<u>NO%</u>	
Wasco Union Elementary	Kern	Measure E	\$ 9,400,000	\$30/\$100K	65.0%	35.0%	PASS
Kingsburg Elementary Charter SD	Fresno/Tulare/ Kings	Measure A	\$ 10,000,000	\$26/\$100K	64.7%	35.3%	PASS
Chabot Las-Positas CCD	Alameda/ ContraCosta	Measure A	\$ 950,000,000	\$25/\$100K	64.5%	35.5%	PASS
State Center Community College District	Fresno/Tulare/ Kings/Madera	Measure C	\$ 485,000,000	\$19/\$100K	64.2%	35.8%	PASS
Long Beach Community Col	Los Angeles	Measure LB	\$ 850,000,000	\$25/\$100K	64.5%	35.5%	PASS
Ballico-Cressey SD	Merced	Measure U	\$ 6,500,000	\$30/\$100K	63.1%	36.9%	PASS
Marin Community College	Marin	Measure B	\$ 265,000,000	\$19/\$100k	62.9%	37.1%	PASS
Junction Elementary SD	Shasta	Measure A	\$ 3,500,000	\$30/\$100k	62.6%	37.4%	PASS
Black Butte Union Elementa	Shasta	Measure B	\$ 4,000,000	\$30/\$100k	62.4%	37.6%	PASS
San Antonio Union SD	Monterey	Measure A	\$ 2,100,000	\$30/\$100K	62.4%	37.6%	PASS
Lammersville USD	Alameda / San Joaquin	Measure L	\$ 56,000,000	\$47/\$100K	61.7%	38.3%	PASS
Pope Valley Unified SD	Napa	Measure A	\$ 4,000,000	\$60/\$100K	59.1%	40.9%	PASS
Beardsley Elementary SD	Kern	Measure A	\$ 12,000,000	\$30/\$100K	61.3%	38.7%	PASS
Kelseville Unified SD	Lake	Measure U	\$ 24,000,000	\$60/\$100K	61.0%	39.0%	PASS
Klammath-Trinity Joint USE	Humboldt/Trinity	Measure D	\$ 6,500,000	\$60/\$100K	60.5%	39.5%	PASS
Irvine Unified SD	Orange	Measure E	\$ 319,000,000	\$30/\$100K	60.0%	40.0%	PASS
Santa Paula Unified School	Ventura	Measure P	\$ 39,600,000	\$60/\$100k	60.0%	40.0%	PASS
Dublin USD	Alameda	Measure H	\$ 283,000,000	\$60/\$100K	59.5%	40.5%	PASS
Gilroy Unified SD	Santa Clara	Measure E	\$ 170,000,000	\$60/\$100K	59.3%	40.7%	PASS
Hermosa Beach City SD	Los Angeles	Measure S	\$ 59,000,000	\$30/\$100K	59.7%	40.3%	PASS
Mother Lode Union SD	El Dorado	Measure C	\$ 7,500,000	\$19/\$100K	58.1%	41.9%	PASS
Santa Clarita Community Co	Los Angeles	Measure E	\$ 230,000,000	\$15/\$100K	58.5%	41.5%	PASS
Cutler-Orosi Joint Unified	Fresno /Tulare	Measure E	\$ 16,000,000	\$60/\$100K	55.9%	44.1%	PASS
Brentwood USD	Contra Costa	Measure B	\$ 158,000,000	\$28/\$100K	55.4%	44.6%	PASS
Fairfield Suisun Unified SD	Napa / Solano	Measure J	\$ 249,000,000	\$60/\$100K	55.3%	44.7%	PASS
General Shafter Elementary	Kern	Measure C	\$ 40,000,000	\$30/\$100K	55.1%	44.9%	PASS
Napa Valley Unified SD	Napa	Measure H	\$ 269,000,000	\$60/\$100K	56.0%	44.0%	PASS
Cabrillo Community CD	Santa Cruz/ San Benito / Monterey	Measure Q	\$ 310,000,000	23.27/\$100k	53.5%	46.5%	FAIL
Placer Union High SD	Placer	Measure C	\$ 135,000,000	\$30/\$100K	50.6%	49.4%	FAIL
Pioneer Union Elementary S	Kings	Measure P	\$ 7,000,000	\$30/\$100K	50.3%	49.7%	FAIL
Burton SD	Tulare	Measure B	\$ 6,500,000	\$30/\$100k	49.6%	50.4%	FAIL

School Bond Measures - 2/3 vote

<u>Agency Name</u>	<u>County</u>		<u>Bond amount</u>	<u>tax rate</u>	<u>YES%</u>	<u>NO%</u>	
Albany USD	Alameda	Measure B	\$ 70,000,000	\$120/\$100K	68.6%	31.4%	PASS

School Parcel Taxes

All seven school parcel tax measures passed.

School Parcel Taxes - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>		<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Mammoth Unified SD	Mono	Measure G	\$59/yr	extend	5yrs	79.2%	20.8%	PASS
Live Oak SD	Santa Cruz	Measure R	\$98/yr	extend	12yrs	78.9%	21.1%	PASS
Pacifica SD	San Mateo	Measure D	\$118/yr	extend	10yrs	76.4%	23.6%	PASS
Jefferson Union High SD	San Mateo	Measure E	\$60/yr	extend	10yrs	73.5%	26.5%	PASS
Moreland SD	Santa Clara	Measure G	\$142/yr	extend	8yrs	72.8%	27.2%	PASS
Lakeside Joint SD	Santa Clara / Santa Cruz	Measure J	\$820/yr	increase	10yrs	69.7%	30.3%	PASS
Fremont USD	Alameda	Measure I	\$73/yr	increase	9yrs	69.3%	30.7%	PASS

General Obligation Bonds

Both non-school general obligation bond measures passed. Orinda voters will finance \$25 million of road improvements. San Francisco voters approved a \$350 million bonds for seismic safety improvements.

City, County and Special District Bond Measures - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Amount</u>			<u>YES%</u>	<u>NO%</u>	
Orinda	Contra Costa	Measure L	\$ 25,000,000	roads, storm drains	\$17/\$100k	67.6%	32.4%	PASS
City and County of San Francisco		Measure A	\$ 350,000,000	seismic safety	\$9/\$100k	78.6%	21.4%	PASS

Non-School Parcel Taxes

Seven of the 12 non-school parcel taxes passed including Measure AA, a \$12 per parcel tax for San Francisco Bay conservation and cleanup covering nine counties in the San Francisco Bay Area.

City, County and Special District Parcel Taxes - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Single Family Rate</u>		<u>Purpose</u>	<u>Term</u>	<u>YES%</u>	<u>NO%</u>	
Clayton	Contra Costa	Measure H	\$235/yr+ extend		trails, landscaping	10yrs	78.5%	21.5%	PASS
Sacramento	Sacramento	Measure X	\$31.53/yr+ extend		library	10yr	78.4%	21.6%	PASS
County Service Area #1	San Mateo	Measure G	\$65/yr extend		police/fire	4yrs	74.6%	25.4%	PASS
Piedmont	Alameda	Measure F	\$501/yr increase		general parcel tax		70.6%	29.4%	PASS
County of Santa Cruz	Santa Cruz	Measure S	\$49.50/yr increase		Libraries \$67million bond		69.5%	30.5%	PASS
San Francisco Bay Conservation Authority	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	Measure AA	\$12/yr increase		bay conservation	20yrs	69.3%	30.7%	PASS
San Rafael	Marin	Measure D	\$59/yr+ increase		library	9yrs	68.2%	31.8%	PASS
Oakley	Contra Costa	Measure K	\$93/yr increase		library	30yrs	53.5%	46.5%	FAIL
County Service Area #6	Siskiyou	Measure R	\$5/yr increase		EMS	none	48.6%	51.4%	FAIL
Bear Valley CSD	Kern	Measure G	from \$80 to \$247+ increase		police	none	40.6%	59.4%	FAIL
Cayucos Fire Protection I	San Luis Obispo	Measure C-1	\$125/yr+ increase		fire/EMS	none	39.9%	60.1%	FAIL
Morongo Valley Commur	San Bernardino	Measure E	\$350/yr+ increase		fire/EMS	none	39.0%	61.0%	FAIL

Local Add-On Sales Taxes (Transaction and Use Taxes)

Six cities and two counties proposed general purpose majority vote add-on sales tax rates ranging from ¼ percent to one percent. Both county measures failed, including the Solano County Measure H which had a companion advisory measure indicating that, if approved, the proceeds should be used for transportation improvements. Compton's Measure P is failing narrowly is too close to call. Other city measures passed.

Transactions and Use Tax (Add-on Sales Tax) - General Tax - Majority Approval

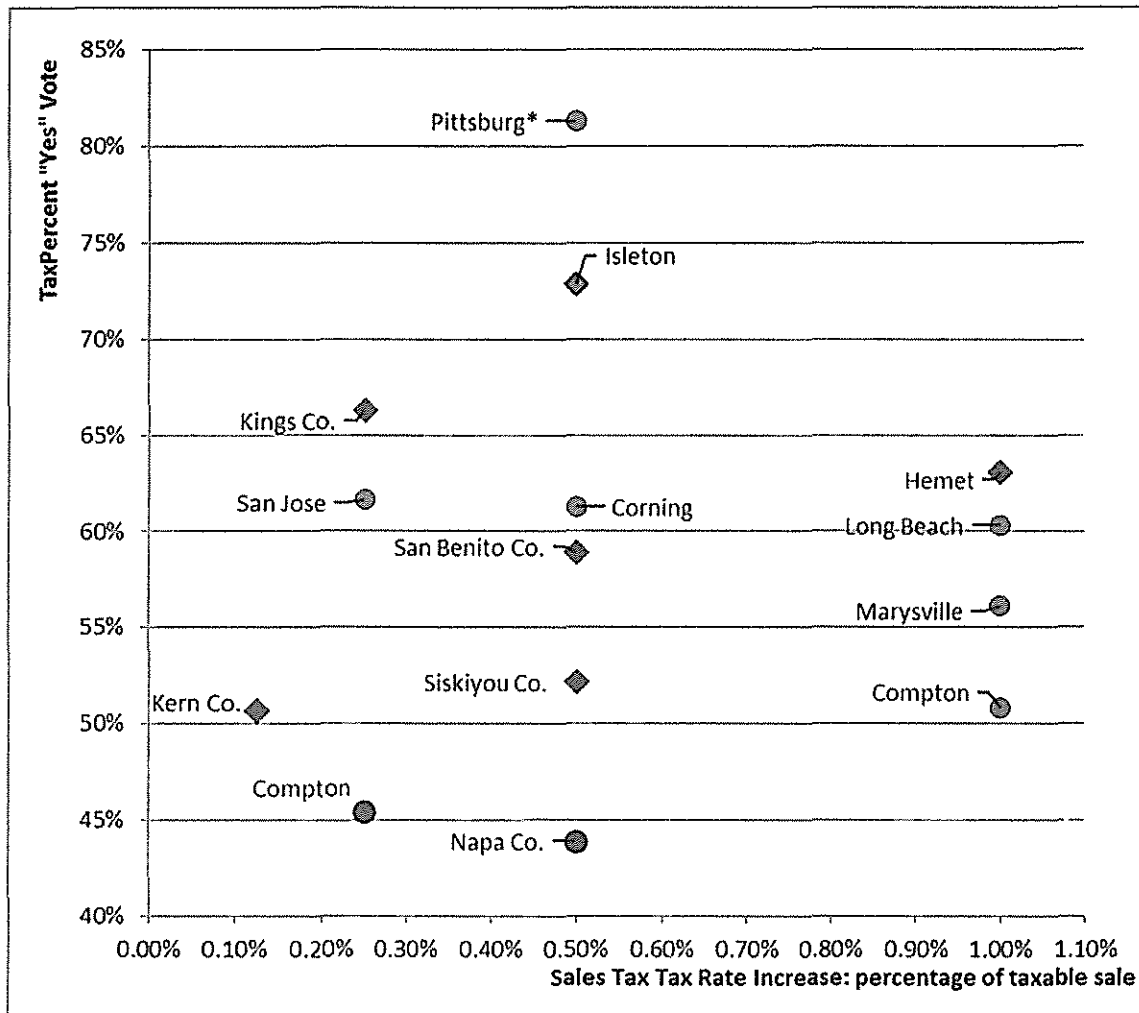
<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Rate</u>	<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Pittsburg	Contra Costa	Measure M	1/2cent	extend	18yrs	81.3%	18.7%	PASS
San Jose	Santa Clara	Measure B	1/4 cent	increase	15yrs	61.7%	38.4%	PASS
Corning	Tehama	Measure A	1/2 cent	increase	no sunset	61.3%	38.7%	PASS
Long Beach	Los Angeles	Measure A	1 cent	increase	10yrs	60.3%	39.7%	PASS
Marysville	Yuba	Measure C	1 cent	increase	10yrs	56.1%	43.9%	PASS
Compton	Los Angeles	Measure P	1cent	increase	no sunset	50.8%	49.2%	PASS
County of Napa	Napa	Measure Y	1/4 cent	increase	10yrs	45.5%	54.5%	FAIL
County of Solano	Solano	Measure H	1/2 cent	increase	5yrs	43.9%	56.1%	FAIL

Two cities and four counties proposed sales tax increases, earmarking the proceeds for specific purposes. Only Isleton succeeded. All others failed, despite garnering simple majority yes votes.

Transactions and Use Tax (Add-on Sales Tax) - Special Tax - Two-Thirds Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Rate</u>	<u>Purpose</u>	<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Isleton	Sacramento	Measure B	1/2 cent	increase	fire/EMS	5yrs	72.9%	27.1%	PASS
County of Kings	Kings	Measure K	1/4 cent	increase	police, fire	no sunset	66.4%	33.6%	FAIL
Hemet	Riverside	Measure E	1 cent	increase	police, fire	10yrs	62.6%	37.5%	FAIL
County of San Benito	San Benito	Measure P	1/2 cent	increase	transportation	30yrs	58.9%	41.1%	FAIL
County of Siskiyou	Siskiyou	Measure S	1/2 cent	increase	jail construction	no sunset	52.1%	47.9%	FAIL
County of Kern	Kern	Measure F	1/8 cent	increase	Lake cleanup	8yrs	50.7%	49.3%	FAIL

Add-On Sales Taxes (Transactions and Use Tax) Measures - June 2016



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Transient Occupancy (Hotel) Taxes

Voters in the City of Davis Approved Measure B, the only hotel tax increase on the ballot this election. Among the more than 400 cities and counties with a hotel tax in California, Davis becomes the 66th with a 12% rate. Eighteen other cities have rates over 12%.

Transient Occupancy Tax Tax Measures - General Tax

Agency	N County	Rate	YES%	NO%
Davis	Yolo	Measure B	10%to12%	64.9% 35.1% PASS

Utility User Taxes

Voters in Hayward and Carson approved measures to extend their existing Utility User Tax rates, Hayward's 5.5 percent rate for 20 years, Carson's 2 percent rate for seven years. In Colton, voters approved the transfer of electric utility fund revenues to the general fund for general city service purposes.

Utility User Taxes and Utility Transfers - General Tax - Majority Approval

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>YES%</u>	<u>NO%</u>		
Colton	San Bernardino	Measure D	12.39%to20% incr transf fr	75.6%	24.5%	PASS	increase
Hayward	Alameda	Measure D	5.5percent	73.2%	26.8%	PASS	extend
Carson	Los Angeles	Measure C	2percent	69.3%	30.7%	PASS	extend

Utility User Tax Repeal

Voters in Glendale soundly rejected an attempt by a citizen group to repeal the city's Utility User tax (7% on water, cable TV, gas and electricity, 6.5% on telecommunications). In response to a citizen petition the city council placed the repeal measure on the ballot, with this ballot question: "Shall the City's longstanding utility users tax be repealed, eliminating approximately 9.5% of the revenues in the City's general fund annually (\$17.5 million this year) that is used to pay for city services such as police, fire, 9-1-1 emergency response, libraries, parks and senior services?" Well, when you put it *that way* ...

Referenda concerning municipal fees or taxes

<u>Agency Name</u>	<u>County</u>		<u>YES%</u>	<u>NO%</u>		
Glendale	Los Angeles	Measure N	29.1%	70.9%	FAIL	repeal

Business License Taxes

Three out of the four business license tax measures concern the taxation of marijuana. Voters in Alturas and Davis approved measures to increase local taxes on marijuana. Voters in Sacramento came up just short of the two-thirds approval needed for a proposal to increase the existing business tax 1% but earmark 5% for youth programs. Voters in Nevada City approved a general update and revision of that city's business tax.

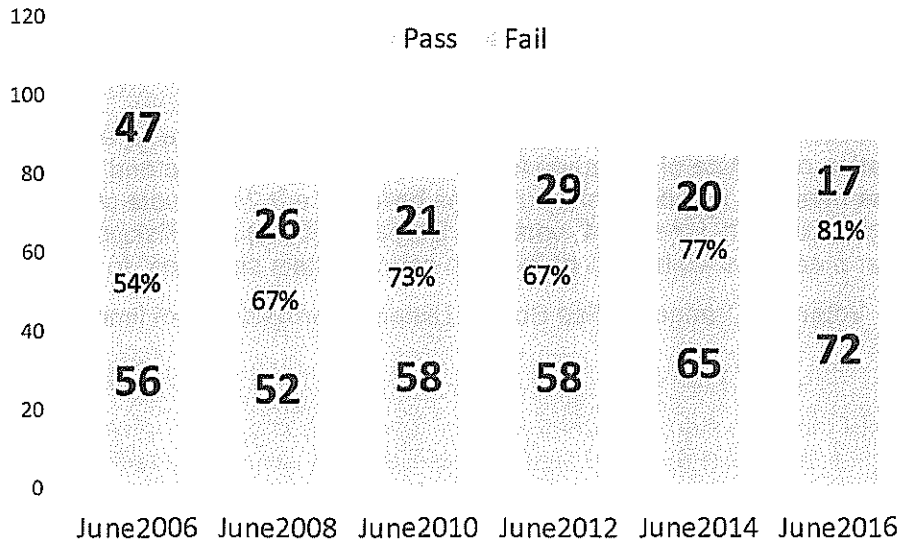
Business License Tax Measures

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>Needed</u>	<u>YES%</u>	<u>NO%</u>	
Nevada City	Nevada	Measure X	general revision	50.0%	81.7%	18.4%	PASS
Alturas	Modoc	Measure G	10%GrRepts Marijuana	50.0%	81.7%	18.3%	PASS
Davis	Yolo	Measure C	10%GrRepts Marijuana	50.0%	78.9%	21.1%	PASS
Sacramento	Sacramento	Measure Y	5%GrRepts Marijuana	66.7%	65.2%	34.8%	FAIL

Some Historical Context

The number and proportion of successful local revenue measures this election was higher than previous primary elections. This may be due in part to the larger number of tax extensions compared to increases.

California Local Tax and Bond Measures - Primary Elections



Local Revenue Measures in California

	June2006	June2008	June2010	June2012	June2014	June2016
City General Tax (Majority Vote)	6/7	11/14	12/14	10/11	8/8	13/13
County General Tax (Majority Vote)	1/3	1/1	2/2	4/7	/	0/2
Special Dist. Majority Fee	/	/	/	1/1	/	/
City SpecialTax, GObond (2/3 Vote)	4/8	2/5	5/9	2/8	8/11	7/10
County SpecialTax, GObond (2/3 Vote)	0/7	1/2	1/1	3/3	2/5	1/5
Special District (2/3)	5/9	5/10	7/11	4/10	9/12	2/6
School ParcelTax 2/3	0/6	6/13	16/22	9/13	5/5	7/7
School Bond 2/3	1/2	1/1	/	/	1/1	1/1
School Bond 55%	39/61	25/32	15/20	25/34	32/43	41/45
Total	56/103	52/78	58/79	58/87	65/85	72/89

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Other Measures of Note

- Appointed City Treasurer. Voters in Antioch turned down a measure to make the currently elected position of city treasurer instead appointed by the city council as in many other cities.
- Home sharing regulation. A referendum to apply more restrictive home-sharing business regulations in Nevada City failed.
- Lease revenue bond vote requirement. A citizen initiative to require a vote for lease revenue financing was rejected in Half Moon Bay. A similar statewide measure applying to certain state revenue bonds will be on the ballot in November.
- State of Jefferson. 58% of voters in Lassen County rejected Measure G, an advisory measure on the formation of a State of Jefferson with other northern California and Southern Oregon counties. The measure had been placed on the ballot on a 3-2 split vote of the Lassen County Board of Supervisors. In June 2014, voters in Del Norte (58%) and Siskiyou (55%) counties said "no" to similar measures while 57% of Tehama county voters said "yes" to secession.
- Term Limits. Voters in Orange Unified School District approved a term limits measure.

For more information: Michael Coleman 530-758-3952. coleman@muniwest.com

Source: County elections offices.

mc



- History & Conditions ▾
- Issues ▾
- Revenues ▾
- Expenditures ▾
- State Budget ▾
- Data Sources ▾
- Analysis Opinion
- Law & Legislation ▾
- Associations & Agencies ▾

Tweets by @MuniAlmanac

Michael Coleman
@MuniAlmanac

The rise in popularity and success of local add-on sales tax measures in California. Detailed history and analysis:
californiacityfinance.com/CityTrUseTax16...

11 Jul

Michael Coleman
@MuniAlmanac

California launches test of per-mile road use fee for drivers sacbee.com/news/local/tra...

Embed View on Twitter

HOT TOPICS

- [Votes - Local tax and bond measures](#)
- [Hwy Users Tax Acct \(HUTA\) Estimates](#)
- [Transportation Funding Proposals - city & county estimates](#)
- [Diagnosing Municipal Financial Health](#)
- [The Triple Flip Unwind](#)
- [FAA Rule Re Use of Tax Revenues](#)
- [VLF-PropTax Swap and the 2011 VLF Grab: Impacts on Incorporations/Annexations](#)
- [CalPERS' Contribution Increases](#)
- [Redevelopment Dissolution](#)
- [Calif State Budget and Local \\$ Impacts](#)
- [Sales&UseTax and Online Transactions](#)

Conference Papers & Presentations

Major Calif Laws Local Gov Finance



Available from Solano Press
The most comprehensive treatment of local government finance in any state that I have ever seen. This guide will prove useful to elected and appointed local government officials, business leaders, reporters, students, faculty, and others who are struggling to understand the highly complex world of local government finance in California.
~ Chris McKenzie, Exec. Dir. League of Calif Cities



Available from The League of California Cities
The California Municipal Revenue Sources Handbook, 2014 Edition by Michael Coleman. The definitive resource on municipal funding for city and county managers, finance officers, academics and other professionals engaged in the complex world of municipal finance in California.

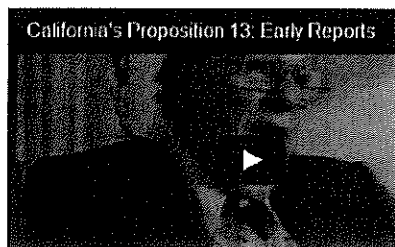
Sponsored by the LEAGUE OF CALIFORNIA CITIES

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- [Article XIII A of the California Constitution \(Tax Limitation\)](#)
- [Article XIII B of the California Constitution \(Spending Limitation: Proposition 4\)](#)
- [Article XIII C of the California Constitution \(Voter Approval for Tax Levies\)](#)
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[Proposition 1A Text](#) . Text of Proposition 1A. (PDF)
 Vehicle License Fee revenue protected: [California Constitution Article XI §15](#)
 Property tax, sales tax, transactions & use tax protected: [California Constitution Article XIII §25.5](#)
 State mandate reimbursement California: [Constitution Article XIII § 6](#)

Note: Proposition 1A does not contain the provisions of the "VLF-for-Property-Tax-Swap of 2004" nor the ERAF III local government contributions. These were part of the State Budget Act of 2004.


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[ERAF FY2011-12 by County](#) estimated

[ERAF FY2010-11 by County](#)

[ERAF FY2009-10 by County](#)

[ERAF FY2008-09 by County](#)

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[Auditor Controller Draft Implementation Guidelines ABx1_26](#)

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Frozen property tax allocations may not be the most efficient or preferred allocation now. Inefficiencies persist due to the fragmentation of policy and finance among too many local authorities and the decline of general purpose government policy making authority.

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Local Government Fiscal Reform

There have been more than a dozen task forces, commissions, studies and proposals on local government finance reform over the last decade alone. Here are some articles on the problem, ideas, and analyses of recent proposals. It is important to note that, in 2004, two important changes occurred in the state-local fiscal relationship: the passage of Proposition 1A of 2004, and the swap of \$4 billion of state Vehicle License Fee backfill payments to cities and counties for greater shares of local property tax revenues. These major changes make obsolete some of the recommendations in pre-2004 reports.

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► [Reforming California Municipal Finance and the State-Local Relationship - a City Perspective](#). History, problem definition, principles, and some suggested solutions by Michael Coleman. Jan'11

[California Local Government Fiscal Reform](#). The problems, policy goals, policy questions and tensions. An outline with flow chart by Michael Coleman.

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► [Fix Our Roads Coalition Estimates of Proposed New Local Streets and Roads Funding](#) City by city and county by county estimates.

Highway Users Tax (Motor Vehicle Fuel Tax)

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[City Expenditures by Category](#). Total expenditures, salary & benefits, contracts, materials & supplies. Percent of total expenditure comparisons and summary statistics. Through FY13-14. March'15 (Excel)

[City Service Responsibilities](#). California Cities have differing funding responsibilities and methods of providing services. Per Capita spending and reported service method by city. Aug'10 (Excel)

[Fire and Emergency Services Spending by City](#). Historic operating, total and net spending for fire and emergency medical services by cities. Per capita and percent of general revenue comparisons and summary statistics. Through FY13-14. Sept'15 (Excel)

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[California Statewide Communities Development Authority \(CSCDA\)](#), CSCDA is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities to provide local governments and private entities access to low-cost, tax-exempt financing for projects of public benefit.

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[Legislative Analyst's Office Budget Reports](#) including analyses, and hearing hand-outs.

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Links to Sites with More Data and Reports

Data: Socio-Economic

[The Data Source Handbook](#) A list of state, federal and private data providers in subject areas related to the people of California.

[California Employment Development Department](#): Labor Market Information.

[California Department of Finance Financial and Economic Data](#)

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[California Local Government Employment Data](#). Statewide summary.

[Employment of Major Local Governments](#) (PDF)

[California Quick Facts](#). State and county demographic statistics and more.

[California Quick Links](#). Various datasets on California.

[American Community Survey](#) US Census Bureau community level data. The U.S. Census Bureau has released the 2009-2013 American Community Survey 5-year estimates (ACS). This file contains updated estimates of social and economic characteristics for California, counties, incorporated cities and Census Designated Places.

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[California Department of Transportation](#) Division of Transportation Information System Information. A variety of California streets and highways statistics.

[National Association for Business Economics.](#)
[DataQuirk Real Estate News.](#) Home sales, pricing, and mortgage charts and statistics.
[Financial Forecast Center.](#) An assortment of US economic data and forecasts.
[City-Data.com.](#) Profiles of US cities and towns with graphs and data drawn from a wide variety of sources.
[California Online Directory.](#) State employee phone / address directory.

Data: Government Finance

State Budget

[California State Budget](#) Includes summary charts and tables on various state and local revenues.
[Next-Ten.](#) Well crafted informational tools regarding California's Budget and Infrastructure.
[State and Local Revenue Collections and Allocations](#)
[California Department of Finance, Statistical Abstract](#)
[Monthly Finance Bulletin](#) California Department of Finance.
[California State Board of Equalization Annual Reports](#) sales and use tax, property tax, motor vehicle fuel license tax, and more data on BOE administered revenues.
[BOE Monthly Economic Perspective Newsletter](#)
[BOE Tax Overviews.](#) Explanatory materials on various BOE administered taxes.
[California State Controller's Office Local Government Apportionments.](#) Reports of allocations of State Controller administered state revenues to local governments, state mandate reimbursements and other information.
[California State Controller Guides, Manuals, and Reference Materials for local agencies](#) Accounting, expenditure and auditing standards and references.
[California Franchise Tax Board Annual Reports.](#) Concerning FTB administered taxes.
[State Tax Tables](#) Comparative tax information among states. Compiled by the Urban Institute / Brookings Institution.
[Local Government Revenues and Spending](#)

[State Controller's Office Local Government Annual Reports.](#) Reported revenues and spending for California local governments.
[ByTheNumbers.sco.ca.gov.](#) City and County financial data from annual reports submitted to the state controller 2003-2013. Selectable data with nifty instant displays.
 NOTE: although the data is much less accessible, there is more detail in the actual annual reports - see link above
 NOTE: Data files on this site (also from state Controller reports) provide detail by city back to 1991, more detailed breakdown, per capita adjustments and more. See for example [Property Tax by city.](#)
[California Debt and Investment Advisory Commission](#) publications including debt issuance data and issue briefs.
[US Census Bureau Government Statistics](#) including Census of Governments
[Summary of State and Local Finances.](#)
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[State Grants Database.](#) Listing of grant programs administered by the state of California.
[California Coastal Commission](#) Local Coastal Program Grants.
[California Department of Housing and Community Development](#) Loan and grant programs.
[California Commission on State Mandates](#) Info on reimbursable state mandates.
[California Department of Transportation](#) Local assistance programs.
[California Department of Parks and Recreation](#) Grants and Local Services.

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Articles / Analysis / Opinion

[Western City Magazine](#) Monthly magazine of the League of California Cities.
[Public Policy Institute of California](#) A private, nonprofit organization dedicated to independent, nonpartisan research on California's economic, social, and political issues.
[The Tax Policy Center.](#) Provides analysis and facts about tax policy. A joint venture of the Urban Institute and Brookings Institution.
[National League of Cities special reports](#)
[Legislative Analyst's Office](#) Provider of fiscal and programmatic expertise and nonpartisan analyses of the state's budget to the California Legislature.
[CalTaxDigest](#) articles from the California Taxpayers Association.
[California Research Bureau reports.](#) an office of the California State Library.
[California Budget & Policy Center](#) A nonprofit research and public education organization addressing state fiscal policy.

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Law & Legislation

State Law and Legislation

[Daily File: California State Senate](#) (includes links to listen where available)
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[Budget and Fiscal Review Committee, California State Senate](#)
[Daily File: California State Assembly](#) (includes links to listen where available)
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[Local Government Committee, California State Assembly](#)
[Revenue and Taxation Committee, California State Assembly](#)
[Other info on the State Assembly, its procedures and its members](#)
[California Legislative and Legal History](#) index. UCSF Hastings Law Library.
[Search California Legislation](#) or [Search California Legislation](#)
[Search California Codes.](#) California Legislative Counsel.
[Search California Statutes.](#) California Legislative Counsel.
[Search California Administrative Regulations.](#) California Office of Administrative Law.
[Search California Constitution.](#) California Legislative Counsel.
[Search California Court Decisions.](#) Judicial Council of California.
[Search Attorney General Opinions.](#) California Attorney General's Office.
[Federal and State Laws, Cases and Codes](#) from FindLaw
[Legislative Analyst's Office](#) Non-partisan advisor to the State Legislature.
[Board of Equalization Legislative Analyses and Bulletins](#) including bills concerning property taxes and sales taxes.
[The Roundup.](#) Daily news from the state capitol.
[California Municipal Law Handbook](#) League of California Cities.
[Colantuono & Levin, P.C.](#) Papers reviewing the latest legal issues in California local government finance from some of the best legal minds in this area.
Court Decisions
[California Courts Home Page](#)
[Silo Opinions of CA Court Decisions](#)
[Ninth Circuit Opinions Since 6/95](#)
[Findlaw Search of Ninth Circuit Opinions Since 1996](#)
[Findlaw Search of CA Supreme Court & Appellate Court Opinions 1934 - Present](#)
City and County Law and Legislation
[California City and County Codes and Charters](#) (UC Berkeley Institute of Government Studies Library).
[California Land Use Planning Information Network](#) information relating to California land use planning issues including city and county zoning ordinances, environmental assessment documents, maps, plans, photos, reports/publications, and spatial data.
[California Local Planning Documents Database](#) (UC Berkeley Institute of Government Studies Library) - Searchable database of city and county planning documents collected by the IGS Library.
[California Ballot Propositions](#)

[Legislative Analyst's Office's analysis of current and recent ballot propositions](#)
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Associations

Cities
[League of California Cities](#)
[Institute for Local Government \(ILG\)](#)
[National League of Cities \(NLC\)](#)
[International City/County Management Association \(ICMA\)](#)
[US Conference of Mayors](#)
Counties and County Finance Officials
[California State Association of Counties \(CSAC\)](#)
[California Association of County Treasurers and Tax Collectors](#) [California State Association of County Auditors](#)
[County Auditor and Tax Collector Names and Contact Information](#) State Controllers Office.
Finance Officers and Treasurers
[California Society of Municipal Finance Officers \(CSMFO\)](#)
[California Committee on Municipal Accounting \(CCMA\)](#) white papers at CSMFO
[California Municipal Treasurers Association \(CMTA\)](#)
[California Municipal Revenue and Tax Association \(CMRTA\)](#)
[Government Finance Officers Association of the United State and Canada \(GFOA\)](#)
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[California Special Districts Association \(CSDA\)](#)
[Association of California Water Agencies \(ACWA\)](#)
[California Association of Recreation and Park Districts \(CARPD\)](#)
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[Municipal Management Assistants of Northern California \(MMANC\)](#)
[Municipal Management Assistance of Southern California \(MMASC\)](#)
[California State Library Association](#)
[California Association of Local Agency Formation Commissions \(CaLAFCo\)](#)
[California Communities](#) (California Statewide Communities Development Authority - CSCDA)
[Cities, Counties and Schools Partnership \(CCS\)](#)
[California Municipal Utilities Association \(CMUA\)](#)
[California Association for Local Economic Development \(CALED\)](#)
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CURRENT TRENDS

Hermosa Beach Fire Department Services

OVERVIEW / ISSUES AT STAKE

- 4/20/16 - The Hermosa Beach City Council unanimously voted Tuesday night to explore additional options to ensure the future delivery of firefighting services in the city, including the possibility of contracting with the Los Angeles County Fire Department
- Firefighters addressed the council periodically throughout the night, describing an overtaxed work environment. "The city has not met its obligation to us or to the community, and now we are at a crossroads," said Aaron Marks, head of the Hermosa Beach Firefighters Association Local 3371. "The status quo is not an option. It is not sustainable."
- The vote instructs city staff to examine the contracting, described as Option 2, as well as the possibility of allocating additional funds needed to maintain an independent department, described as Option 3.
- **Ongoing staffing shortages in the Hermosa department that have not been corrected since the recession resulting in personnel working large amounts of overtime and out of class.** Firefighters are regularly clocking over 70 hours per week, firefighters said. This has made staff scheduling extremely difficult, and has made securing time off from work difficult at best.

OPTIONS

No. 1: The City had been exploring the possibility of a Joint Operation Agreement with the City of Manhattan Beach Fire Department. While that remains a possibility, Manhattan Beach has shown little interest in such an agreement so far, said City Manager Tom Bakaly.

No. 2: The City is in the midst of upgrading its fire station, which is decades out of date; **if the city were to contract out for fire services, it could maintain a fire station in the city, and save millions in construction costs.** "Space allocation requirements between a headquarters and a neighborhood fire station are significant," stated Interim Fire Chief Bonano. **Estimated savings could reach up to \$4.5 million.**

No. 3: Reinstate Chief Officer(s) below the rank of Fire Chief and the sixth Firefighter on each shift and rebuild the Hermosa Beach Fire Department into a first class Fire Department providing the full range of services.

COSTS

The City is in the midst of upgrading its fire station, which is decades out of date; if the city were to contract out for fire services, it could maintain a fire station in the City, but save millions in construction costs.

City officials urged rational consideration of the possibility of contracting services, noting that contracting with the County potentially could improve the level of service in the city. For example, fulltime professional Fire Prevention Bureau, 24/7/365 Chief Officer coverage, Public Educators, Command Center with trained Emergency Medical Dispatchers, dedicated Arson Investigators, just to name a few.

COMMUNITY ENGAGEMENT

HBFD Video Creation

City to film Hermosa Beach Fire Department and create a video regarding the “day in the life” of a Hermosa Beach Firefighter.

GOALS

- Engage and educate the general public
- Create an open dialogue which will set the table for a fair and informed discussion of options/scenarios

COMMUNITY OUTREACH

- Make residents aware of the discussions regarding the HBFD and have a call to action driving the general public to upcoming meetings
- Engage the youth community with videos of local firefighters/education regarding the profession

Creation of New Citizen Advisory Committee

The HBFD and City Manager recommends to City Council the creation of a new Citizen Advisory Committee, which will be facilitated by City staff as a working group of community members addressing questions and providing insights regarding the state of Hermosa’s City Fire Services.

It is recommended that the Advisory Committee be comprised of Hermosa Beach residents, and includes diverse representation from many City commissions, businesses, and local organizations. Suggested Advisory Committee members includes:

- 5 Hermosa Beach Residents
- 5 Hermosa Beach Business Members/Owners
- Representation from HBFD
- Representation from LA County Fire Dept.
- Regularly scheduled meetings once a month beginning in July for the next 6 months

GOALS

- Develop and complete a Fire Services assessment for the community

- Develop a comprehensive, ongoing public awareness campaign/program regarding the review of fire services

COMMUNITY OUTREACH

It is recommended that the City Officials and the HBFD **host two Open Houses and other Community Engagement meetings to address the current state of affairs with the City's Fire Department.**

- PIO to check with Ann for potential days (sooner rather than later)

RUN OF SHOW

Upon check-in, attendees will place stickers on two different poster boards:

- In favor of Community Fire Department
- In favor of Contracting out the Fire Department

Interim Fire Chief Pete Bonano (with assistance of the PIO) will present concerns, solutions, and costs of each Option.

At the end of the evening, attendees as they are leaving will post stickers on new poster boards indicating if they have changed their opinions of either a community Fire Department or contracting out the Fire Department to gauge public opinion and changes in viewpoints

Next steps staff will review the results internally and develop a staff report to present to Council.

Future Community Engagement meetings may consist of attending Neighborhood Watch and Chamber meetings.

TIMELINE

May 2016

- Creation of Fire Services Community Engagement Plan
- Creation of Video of HBFD
- Recommendation for the creation of a Fire Services Advisory Committee
 - Identification of Committee Members
 - Schedule of Upcoming Meetings
- Planning of Community Open House Dates
 - Communications and Public Engagement of Meetings

June 2016

- Distribution of HBFD Video
- Outreach for Firefighter Appreciation Week
- Advisory Committee Meeting
- Open House no. 1

July 2016 (after July 4th)

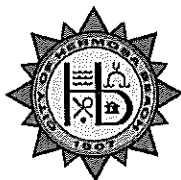
- Advisory Committee Meeting
- Open House no. 2

August 2016

- Advisory Committee Meeting
 - Review of Open House Materials
 - Creation of recommendations to City Council

September 2016

- Direction from City Council



Hermosa Beach

City Hall
1315 Valley Drive
Hermosa Beach, CA 90254

Staff Report

File #: REPORT 16-0319, Version: 1

Honorable Mayor and Members of the Hermosa Beach City Council Adjourned Meeting of May 19, 2016

DELIVERY OF FIRE SERVICES (Interim Fire Chief Pete Bonano)

Recommended Action:

Review and discuss the cost analysis for Fire Department Options 2 (Contracting) and 3 (In-House Fire Department). Additionally, review and discuss the proposed Community Engagement Plan. Council should give specific input related to the formation of a Citizen Advisory Committee.

Summary:

Per Council's direction, Staff is returning with a cost analysis for contracting out or continue to provide in-house services. Additionally, Council requested that Staff return with a Community Engagement Plan. Attached to this Staff Report is the Financial Analysis of the two above options comparing both to the proposed FY 16/17 budget and a draft of the Community Engagement Plan.

As Council is aware, providing in-house services requires the hiring of three additional Firefighter/Paramedics and promoting three current Fire Department members to the rank of Battalion Chief which will provide the much needed 24/7/365 management support. In an attempt to provide to most accurate numbers possible, Fire Department Staff worked closely with the Finance Department to capture the potential salary and benefit increases. Furthermore, Staff identified every account in the Fire Department's budget that would need to be increased because of the three additional Firefighter/Paramedics. These increases include Salaries, Overtime (FLSA and Regular), Fitness Incentives, Retirement, Uniform Allowance and Benefits. The "Materials/Supplies/Other" line item increases were determined by multiplying the individual unit cost by a factor of 3. For illustration purposes we highlighted in yellow all of the accounts that would be increased.

The contracting out numbers were determined by reviewing recent contract proposals from the cities of Downey, Monterey Park and El Segundo. The average costs for a single fire engine with a paramedic rescue was approximately \$4.2 million per year. In an effort to ensure real a world "apples to apples" comparison, Staff decided to use the Palos Verdes Estates contract cost with Los Angeles County Fire Department which is currently a little under 4.6 million per year.

The Draft Community Engagement Plan was developed by the City's Public Information Officer (PIO) which is designed to allow residents and businesses to participate in this important decision.

Specifically, there will first be an appreciation effort, followed by an education component, and concluded by an engagement process that will help the community understand and help decide the issue of how best to provide fire services in Hermosa Beach. On May 12, 2016, a group of about 20 community members got together to plan out how to show the community's appreciation for the fire department. Discussion quickly focused on the education and engagement elements of the outreach process.

Fiscal Implications:

Currently the proposed Fire Department Budget for FY 16/17 is \$5,722,844. Staff estimates that providing in-house fire services would be \$6,319,245, or an increase of \$596,401 over what is currently proposed in the 16/17 budget. The City of Palos Verdes Estates currently pays LA County Fire Department \$4,592,412, which is approximately \$1,726,833 less per year than the cost of providing in-house fire services. City Council has previously asked if there are short-term resources that could assist with fire operations. Given the nature of the fire service, it would be difficult to incrementally make a significant impact. Short of funding the fire services in-house, the best short-term option is to quickly determine which of the two options is best and decide how to fund it.

Next Steps:

1. Continue to get information from L.A. County or other entities that the city could contract with.
2. Initiate the Community Engagement Process.

Attachments:

1. Budget Worksheet
2. Recent City Surveys
3. Community Engagement Plan

Respectfully Submitted by: Pete Bonano, Interim Fire Chief

Noted for Fiscal Impact: Viki Copeland, Finance Director

Approved: Tom Bakaly, City Manager

**Honorable Mayor and Members of the Hermosa Beach City Council
Special Meeting of January 9, 2016**

ISSUE PAPER – FIRE SERVICES DELIVERY

Pete Bonano, Interim Fire Chief

Background:

Fires are on the decline nationwide, but that doesn't make the job of a Hermosa Beach Firefighter any easier. In fact, it may be harder now. Not only are fires more complicated these days, but the scope of a firefighter's job has increased drastically and now includes fire prevention, public education, safety inspections (new construction and existing businesses), prehospital care and disaster preparation and recovery. Ultimately, today's firefighter is an individual who is trained and equipped to respond to fires, medical aids, traffic accidents, hazardous material spills, terrorist attack just to name a few.

While over the past 10 years the number of incidents has doubled, the Fire Department's staffing has been reduced from twenty (Fire Chief, Assistant Chief and 18 Firefighters) to sixteen (Fire Chief and 15 Firefighters), causing Hermosa Beach to rely more on our neighboring Fire Departments for assistance and the loss of administrative functions here in Hermosa. This reduction in staffing has contributed to the following issues:

Assistant Chief

- Loss of 40 hour Administrative Chief and all of the tasks and responsibilities assigned to Assistant Chief
- Loss of an established chain of command in the absence of the Fire Chief
- Lack of representation at Area G and Countywide meetings where decisions are made that affect Hermosa Beach
- Fire Marshal responsibilities assigned to a shift Captain impacting contractors
- Pause in policy development

Sixth Firefighter

- Ability to restock narcotics without taking Rescue 11 out of service
- Ability to staff a second rescue or engine when either one is out of the City
- Ability to make an aggressive fire attack without waiting for neighboring fire agencies
- Ability to respond to non-emergent customer service issues without taking a responding unit out of service

Policy Considerations:

Policy considerations should be evaluated using quality of service, value, financial performance and the risk/safety element of our citizens and firefighters. Other considerations include meeting the goals of the current Strategic Plan for both the Fire Department and the City.

Option 1: (current direction)

Continue to develop and implement the JOA with Manhattan Beach. Option 1 fulfills the majority of the recommendations of the various consultants listed above. In addition to the Citygate recommendations, Option 1 provides for the opportunity to share Chief Officers between the two fire departments. At the direction of the City Managers, both Fire Chiefs have had preliminary discussions on the pros and cons of sharing Chief Officers.

Option 2:

Contract the Fire Department out to a neighboring agency eliminating the Hermosa Beach Fire Department. Under this Option the City would simply write a check each month for the delivery of fire services. Option 2 may result in a cost savings at the Fire Chief's position.

Option 3:

Reinstate Chief Officer(s) below the rank of Fire Chief and the sixth Firefighter on each shift and rebuild the Hermosa Beach Fire Department into a first class Fire Department providing the full range of services. Option 3 results in a budget increase of approximately \$350K to \$500K annually depending on the staffing model. In addition, Option 3 would continue to pursue efficiencies and opportunities with consolidating services with Manhattan Beach such as the Ambulance Operator and Emergency Management Programs.

Option 4:

Maintain the status quo and make no changes. The fragility of Option 4 and the reliance of neighboring fire agencies with reduced staffing is unsustainable and in many areas falls short of meeting acceptable standards for an urban fire department.

Next Steps:

If not redirected by City Council, continue to work towards Option 1 implementing the Citygate recommendations through the JOA and continue discussion on sharing of Chief Officers with the Manhattan Beach Fire Department.

Attachments:

None

Respectfully Submitted by: Pete Bonano, Interim Fire Chief

Concur: Tom Bakaly, City Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Mike Jenkins, City Attorney

Approved: Tom Bakaly, City Manager

CITYGATE ASSOCIATES, LLC

■ FOLSOM (SACRAMENTO), CA

MANAGEMENT CONSULTANTS ■

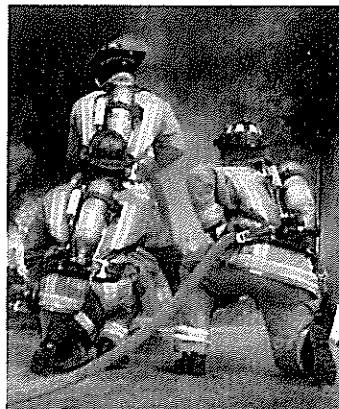
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FIRE DEPARTMENT JOINT OPERATIONAL ANALYSIS

CITIES OF HERMOSA BEACH AND MANHATTAN BEACH

February 16, 2015

■ ■



■ 2250 East Bidwell St., Ste #100 ■ Folsom, CA 95630
(916) 458-5100 ■ Fax: (916) 983-2090

■ ■

CITYGATE ASSOCIATES, LLC
FIRE & EMERGENCY SERVICES

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Cities of Hermosa Beach and Manhattan Beach

Fire Department Joint Operational Analysis

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EXECUTIVE SUMMARY

The Cities of Hermosa Beach and Manhattan Beach (Cities) retained Citygate Associates, LLC to prepare a Joint Operational Analysis of the Fire Departments for both Cities. Citygate reviewed the existing fire service deployment system including fire station locations, performed a response system risk assessment, and performed a statistical review of emergency response times for both Cities. This report includes: this Executive Summary which summarizes the most important findings and recommendations; an introduction to the study and the Cities (Section 1); the Joint Operational Analysis (Section 2); a statistical analysis of both Cities' incident responses (Section 3); and a comprehensive listing of all findings and recommendations with a summary of next steps (Section 4).

POLICY CHOICES FRAMEWORK

First, as the City Councils understand, there are no mandatory federal or state regulations directing the level of fire service response times and outcomes. The body of regulations on the fire service provides that *if fire services are provided at all, they must be done so with the safety of the firefighters and citizens in mind*. Historically, both Cities have made significant investments in their fire and emergency medical services (EMS).

CITYGATE'S OVERALL OPINION ON THE STATE OF THE CITY'S FIRE SERVICES

In brief, Citygate finds the use of joint resources in Hermosa Beach and Manhattan Beach provides an adequate level of fire and EMS services to both Cities.

ISSUES FACING THE HERMOSA BEACH AND MANHATTAN BEACH FIRE DEPARTMENTS

One can summarize the fire and EMS issues that face the Cities in two themes: (1) *fire operations and deployment staffing, including the immediate response of a ladder truck to support the Effective Response Force (First Alarm) assignment for serious fires; and (2) fire station locations, including whether relocating or combining stations should be pursued.*

Issue 1: Fire Operations and Deployment Staffing

Fire department deployment, simply stated, is about the speed and weight of the attack. Speed calls for first-due, all-risk intervention units (engines, trucks, and/or rescue ambulances) strategically located across a community. These units are tasked with controlling moderate emergencies without the incident escalating to greater size, which unnecessarily depletes department resources, as multiple requests for service occur. Weight is about multiple-unit response for serious emergencies such as a room and contents structure fire, a multiple-patient incident, a vehicle accident with extrication required, or a heavy rescue incident. In these

Cities of Hermosa Beach and Manhattan Beach

Fire Department Joint Operational Analysis

situations, enough firefighters must be assembled within a reasonable time frame to safely control the emergency, thereby keeping it from escalating to greater alarms.

In **Sections 2 and 3** of this study, Citygate’s analysis of prior response statistics reveals that both Cities have adequate number of fire stations covering the Joint Operational Area. However, the age of Hermosa Beach Station 1 and Manhattan Beach Station 2 is a concern, as well as the underutilization of Fire Station 2 for incident response in Manhattan Beach.

For effective outcomes on serious medical emergencies and to keep serious, but still-emerging fires small, best practices recommend that the first-due fire unit should arrive within 7 minutes of fire communications receiving the 9-1-1 call, 90% of the time. This time line considers call processing time, crew turnout time (which includes the time needed to don safety clothing and the design of the fire station), and travel times as the components totaling the 7-minute recommendation. In the Joint Operational Area, the current fire station system provides the following total response time (also “call to arrival time”) coverage for the first-due unit:

Table 1—Call to Arrival Time – First Unit by Department at 90% Performance

City	FY 11/12	FY 12/13	FY 13/14
Hermosa Beach	07:28	07:37	07:07
Manhattan Beach	07:06	07:32	07:34

The table above indicates very good call to arrival times for both Departments. The first-arriving unit *travel* times for each station are listed in the table below:

Table 2—First Unit Travel Time by Station at 90% Performance

Station	FY 11/12	FY 12/13	FY 13/14
Hermosa Beach Station 1	04:34	04:55	04:12
Manhattan Beach Station 1	04:36	05:05	04:58
Manhattan Beach Station 2	04:22	04:57	04:42

The travel times are good; and when broken down even further for each City, by specific unit (see Section 3), they are also good. These travel times are a strong defining tool to illustrate that current station locations are effective for both Cities.

One challenge facing both Cities is the immediate response of a ladder truck to support the Effective Response Force (First Alarm) assignment for serious fires. The ladder truck for the Joint Operational Area responds from Redondo Beach. Statistical review of prior incident response time history indicates the total response time for the ladder truck is 20:31

Cities of Hermosa Beach and Manhattan Beach

Fire Department Joint Operational Analysis

minutes/seconds, 90% of the time. In researching this long response time, additional analysis contradicted this measure by showing that all First Alarm units arrived in less than 14 minutes travel time, 90% of the time, including the Redondo Beach ladder truck.

A more in-depth statistical review revealed a 6:30 minute/second time delay. First, there is a time delay in the process for contacting Redondo Beach dispatch center by the Regional Communications Center (RCC). This delay could not be quantified accurately, due to the different computer-aided dispatch (CAD) systems at both centers and no tracking of those request times. When an automatic aid request from the RCC is received at the Redondo Beach communications center, the typical call processing time starts over again, delaying the unit response. Another time delay is the turnout times for the ladder truck crew. As the crew prepares to respond, it must also review a map and determine the location, in an unfamiliar city, which takes additional time. Citygate was unable to determine the exact turnout times or call processing times for the Redondo Beach ladder truck. An in-depth analysis by the RCC and the Redondo Beach dispatch center should be undertaken to assist in correcting this delay.

Issue 2: Fire Station Locations

There was discussion by both Cities on reviewing either the relocation of or combining of their respective fire stations. In the case of Hermosa Beach, the availability of new parcels of land is very limited to accomplish relocation. Also, the travel time for Hermosa Beach Rescue Ambulance 11 (R-11), the predominant response unit in the City, is 3:59 minutes/seconds, 90% of the time. This travel time is faster than the national best practice time of 4:00 minutes/seconds. The logical reason, proven by statistical analysis, is the small size of the city (1.4 square miles), which is easily accessed from the one existing fire station.

For Manhattan Beach the issue is somewhat different. The City is longer than it is wide and it also has inherent roadway circulation issues. The most populous area of Manhattan Beach is the west side of the City, known as the Strand. Fire Station 1 is the primary response unit for that area. Fire Station 2, the oldest station in the City (60 years old), is located on the east side of the City. It responds to significantly fewer incidents than Station 1.

Travel times for both Manhattan Beach stations do not meet the national best practices; however, they are still good as they are generally within 1 minute of best practices.

Neither City has formally adopted any response time standards for its fire department. Citygate has recommended in **Recommendation #5** that each City adopt response time standards, before any fire station relocating or combining is discussed. After a response time policy is determined by the Cities, a Geographical Informational System (GIS) analysis can be undertaken to determine best location for any new or relocated fire stations.

Cities of Hermosa Beach and Manhattan Beach

Fire Department Joint Operational Analysis

KEY FINDINGS AND RECOMMENDATIONS

Citygate's Joint Operational Analysis key findings and recommendations are listed below. For reference purposes, the findings and recommendation numbers refer to the sequential numbers as these are presented in Sections 2-3 of this report.

Finding #2: The City's lack of response time goals, tied to specific outcomes by risk type, is not congruent with best practices for emergency response. Nationally recognized standards and best practices call for a timeline with several important time measurements including call processing, turnout, and travel times.

Finding #11: The total response time for the First Alarm Assignment to the Joint Operational Area is slow. This is likely attributed to the addition of the ladder truck from Redondo Beach to augment the assignment.

Based on the technical analysis and key findings contained in this study, Citygate offers the following recommendation for both Cities:

Recommendation #5: **Adopt City Council Policy Deployment Measures:** The Cities should adopt performance measures to direct fire crew planning and to monitor the operation of their Departments. The measures should take into account a realistic company turnout time of 2 minutes and be designed to deliver outcomes that will save patients medically salvageable upon arrival; and to keep small, but serious fires from becoming greater alarm fires. Citygate recommends these measures be:

5.1 **Distribution of Fire Stations:** To control small fires, the first-due engine should arrive within 7 minutes with three personnel, 90% of the time from the receipt of the 9-1-1 call in the Regional Communications Center. For medical aid calls the medic unit should arrive within 7 minutes, with two personnel, 90% of the time from the receipt of the 9-1-1 call in the Regional Communications Center. This equates to 1-minute call processing time, 2 minutes company turnout time, and 4 minutes drive time in the City limits.

5.2 **Multiple-Unit Effective Response Force for Serious Emergencies:** To confine fires near the room of origin, and to treat up to five medical patients at once, a multiple-unit response of at least 15 personnel should arrive within 11

Cities of Hermosa Beach and Manhattan Beach

Fire Department Joint Operational Analysis

minutes from the time of 9-1-1 call receipt in the Regional Communications Center, 90% of the time. This equates to 1-minute call processing time, 2 minutes company turnout time, and 8 minutes drive time spacing for multiple units (including automatic aid units) in the most populated areas.

May 16, 2016

ESTIMATED ANNUAL COSTS - LA COUNTY FIRE DEPT.

Cities Requesting Proposals	Assessment Engine with 1 Paramedic	Rescue with 2 Paramedics	Fire Prevention Engineer (Plan Check)	Prevention Captain	FF Specialist (Inspector)	Subtotal	Benefits + Overhead	Annual Cost
Downey	\$1,856,166	\$909,313	\$60,510	\$50,214	\$170,017	\$3,046,220	\$1,113,577	\$4,159,797
El Segundo	\$1,810,008	\$1,181,391	\$59,587	\$49,497	\$170,017	\$3,270,500	\$1,100,650	\$4,371,150
Monterey Park	\$1,831,425	\$871,315	\$58,971	\$47,904	\$162,202	\$2,971,817	\$1,023,969	\$3,995,786
PALOS VERDES ESTATES								
FY 15/16	\$1,944,166	\$1,186,391	\$60,510	\$50,214	\$170,017	\$3,411,298	\$1,181,114	\$4,592,412
Average								\$4,279,786

This information was provided as part of a staff report presented to the City of Hermosa Beach City Council in reference to considering options for fire and paramedic services. Per the Los Angeles County Fire Department, the three Cities included on this spreadsheet are cities that requested service proposals from the Fire District but opted to not contract with Los Angeles County. The costs reflected in this spreadsheet “are currently outdated and do not reflect the total costs for each City. For example, the estimated total cost for the City of Downey in 2012-13 was \$12.1 million, which would be over \$13 million today...[The spreadsheet] does not provide an accurate comparison of total costs by City.”



* Highlighted cells represent budget increases.

**CITY OF HERMOSA BEACH
DEPARTMENT EXPENDITURE DETAIL
2016-2017 BUDGET**

	<i>2015-16 Yr. End Est</i>	<i>2016-17 Dept Request</i>	<i>2016-17 Option 3</i>	<i>2016-17 Option 2</i>
001 General Fund				
2201 Fire				
2201-4100 Personal Services				
2201-4102 Regular Salaries	1,855,858	2,083,386	* 2,425,679	N/A
2201-4106 Regular Overtime	340,000	290,000	* 339,971	N/A
2201-4108 FLSA Overtime	172,850	122,800	* 151,744	N/A
2201-4111 Accrual Cash In	228,008	208,225	208,225	N/A
2201-4112 Part Time/Temporary	174,223	167,440	167,440	N/A
2201-4119 Fitness Incentive	5,600	5,600	* 6,720	N/A
2201-4180 Retirement	997,639	1,169,400	* 1,240,936	N/A
2201-4185 Alternative Retirement System-Pai	600	0		N/A
2201-4187 Uniform Allowance	8,850	8,400	* 10,200	N/A
2201-4188 Employee Benefits	193,214	223,372	* 255,772	N/A
2201-4189 Medicare Benefits	33,114	29,070	* 33,408	N/A
2201-4190 Other Post Employment Benefits (OPEB)	132,747	144,429	* 173,609	N/A
Total Personal Services	4,142,703	4,452,122	5,013,704	0
2201-4200 Contract Services				
2201-4201 Contract Serv/Private	91,000	163,840	163,840	N/A
2201-4251 Contract Service/Govt	111,953	80,562	80,562	N/A
Total Contract Services	202,953	244,402	244,402	0
2201-4300 Materials/Supplies/Other				
2201-4304 Telephone	19,168	19,168	19,168	N/A
2201-4305 Office Oper Supplies	24,960	26,000	26,000	N/A
2201-4309 Maintenance Materials	37,407	37,407	37,407	N/A
2201-4314 Uniforms	2,475	2,475	* 4,455	N/A
2201-4315 Membership	6,030	6,250	* 6,850	N/A
2201-4317 Conference/Training	47,610	63,820	* 76,584	N/A
2201-4350 Safety Gear	77,319	48,160	* 60,610	N/A
2201-4390 Communications Equipment Chrgs	34,858	35,123	* 42,148	N/A
2201-4394 Building Maintenance Charges	4,325	4,325	4,325	N/A
2201-4395 Equip Replacement Charges	209,520	231,443	231,443	N/A
2201-4396 Insurance User Charges	796,826	542,308	542,308	N/A
Total Materials/Supplies/Other	1,260,498	1,016,479	1,051,298	0



CITY OF HERMOSA BEACH
DEPARTMENT EXPENDITURE DETAIL
2016-2017 BUDGET

	<i>2015-16 Yr. End Est</i>	<i>2016-17 Dept Request</i>	<i>2016-17 Option 3</i>	<i>2016-17 Option 2</i>
001 General Fund				
2201 Fire				
2201-5400 Equipment/Furniture				
2201-5401 Equip-Less Than \$1,000	12,365	1,841	1,841	N/A
2201-5402 Equip-More Than \$1,000	34,600	8,000	8,000	N/A
2201-5405 Equipment more than \$5,000	29,730	0	0	N/A
Total Equipment/Furniture	76,695	9,841	9,841	0
Total Fire	5,682,849	5,722,844	6,319,245	4,592,412

Latest Lifeguards to compete in Hermosa Beach at 55th International Surf Festival

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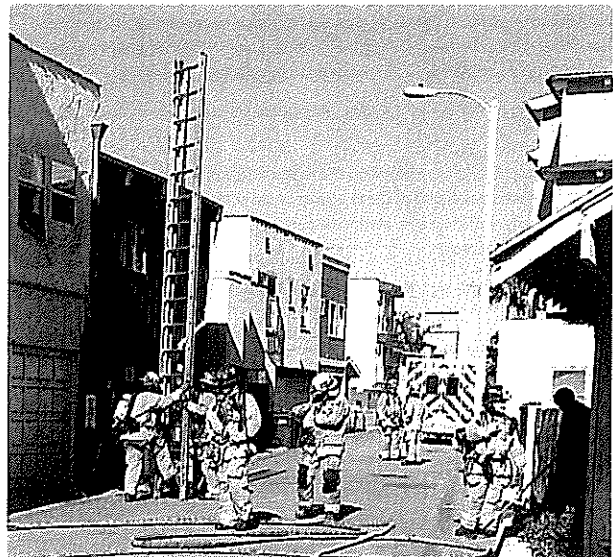
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City Council ponders future of Hermosa Beach Fire Department

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Hermosa Beach fire fighters respond to a blaze last year. File photo

BY RYAN MCDONALD

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Calling the present situation unacceptable, the Hermosa Beach City Council unanimously voted Tuesday night to explore additional options to ensure the future delivery of firefighting services in the city, including the possibility of contracting with the Los Angeles County Fire Department.

Firefighters addressed the council periodically throughout the night, describing an overtaxed work environment.

"The city has not met its obligation to us or to the community, and now we are at a crossroads," said Aaron Marks, head of the Hermosa Beach Firefighters Association Local 3371. "The status quo is not an option. It is not sustainable."

The vote instructs city staff to examine the contracting option, as well as the possibility of devoting enhanced city funds needed to maintain an independent department. While the Firefighters Association has not endorsed either option, Marks said that securing the added funds to maintain an independent department would be "ideal."

Previously, the city had been exploring the possibility of a Joint Operation Agreement with the city of Manhattan Beach Fire Department. While that remains a possibility, Manhattan Beach has shown little interest in such an agreement so far, said City Manager Tom Bakaly, who participated in the negotiations along with Hermosa's interim fire chief Pete Bonano.

In recent years the City Council has approved funds for nearly every equipment request that the fire department has made. But the remaining expenses are of a different order of magnitude.

The city is in the midst of upgrading its fire station, which is decades out of date; if the city were to contract out for fire services, it could maintain a fire station in the city, but save millions in construction costs.

"Space allocation requirements between a headquarters and a neighborhood fire station are significant," Bonano said, estimating a savings of up to \$4.5 million.

Additionally, ongoing staffing shortages in the Hermosa department that have not been corrected since the recession mean that personnel are working large amounts of overtime, regularly clocking over 70 hours per week, firefighters said. This has made staff scheduling extremely difficult, and has made securing time off from work all but impossible.

"For the most part since before Christmas, there has been no way to schedule a vacation," Capt. Mike Garofano told the council.

The number of hours presents several problems, officials said. It diminishes station morale, and exhaustion compromises the level of service. Firefighters admitted Tuesday night that current service levels in the city were "adequate," not the first-class service the residents demand.

The workload also makes it harder to grow and improve the department. Bonano said that under the the current arrangement captains are constantly going out on calls, diminishing their training, recruitment and administrative functions.

"We are at barebones right now," he said. "Any additional loss is going to create a crisis."

City officials urged rational consideration of the possibility of contracting services, noting that contracting with the county could actually improve the level of service in the city. For example, Hermosa currently has no dedicated fire marshal to monitor buildings.

But opinion from residents was stacked firmly in favor of maintaining a local department.

"If it weren't for them, my dad wouldn't be here, so please, give them whatever they want," said Kathie Stomig.

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Manhattan Beach braces itself for challenges if Hermosa Beach outsources fire services

By Megan Barnes, Daily Breeze

Wednesday, August 3, 2016



As Hermosa Beach explores whether to contract its fire services with Los Angeles County, leaders in neighboring Manhattan Beach want to know how the switch could impact their city and prepare a backup plan.

Coping with staffing shortages and an unsafe firehouse in need of an \$11 million overhaul, Hermosa Beach has spent months contemplating the future of its Fire Department, including whether to eliminate it and join 58 cities served

by the Los Angeles County Fire Department.

On Tuesday, Manhattan Beach Fire Chief Robert Espinosa told the City Council that because both city fire departments have a history of heavily relying on one another, changing the arrangement will lead to inevitable challenges, including delayed response times.

“Our relationship with Hermosa Beach is unlike anybody else in the South Bay,” Espinosa said, noting that the cities share both a dispatch center and mutual aid.

Manhattan Beach depends on Hermosa Beach to send, on average, at least one medical services unit nearly every day into its city, he said.

From 2010 to 2015, Manhattan Beach Fire requested mutual aid from Hermosa Beach more than 3,200 times, and received requests from that department more than 2,600 times, according to city data.

If Hermosa Beach outsources its fire services and Manhattan Beach needs assistance, the biggest challenge will be a six-minute response time delay due to the fact that dispatching will no longer be done from the same center, Espinosa said. He said he bases that figure on experiences with the Redondo Beach Fire Department, which has mutual aid with Manhattan Beach but does not share a dispatch center. Redondo is planning to bring its ambulance services in-house after years with McCormick Ambulance Service.

“Six minutes is a very long time when you’re waiting on scene of a fire structure fire for another fire engine to show up,” Espinosa said, asking the council to establish a plan within the next two months.

Before council members voted unanimously to have staff draw up multiple strategies, including developing mutual aid agreements with other cities, several Hermosa Beach officials weighed in.

Interim Fire Chief Pete Bonano said the L.A. County Fire Department is committed to handling mutual aid requests, as it does in many other cities.

“It’s not about numbers,” said Bonano, who helped shape the close relationship between the city fire departments 20 years ago. “It’s about level of service.”

Time delays, he said, are usually a matter of issues with technology.

Hermosa Beach Councilman Jeff Duclos reminded the panel that a feasibility study needs to be completed and several upcoming public workshops must occur before a decision is made. He noted that one option is investing in — not disbanding — the city’s Fire Department.

“I hope this is the beginning of a dialogue between us neighboring cities,” Duclos said. “One thing that is unchanging, in our opinion, is upholding long-term mutual aid.”

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