



MEMORANDUM

Agenda Item #: 11
Meeting Date: October 25, 2016

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

THRU: ANTON DAHLERBRUCH, CITY MANAGER /S/

FROM: JOHN DOWNS, FINANCE DIRECTOR /S/
JACQUELINE WU, ADMINISTRATIVE ANALYST /S/

SUBJECT: RECOMMENDATION FOR A SPECIAL PARCEL TAX BALLOT MEASURE ON THE MARCH 7, 2017 MUNICIPAL ELECTION BALLOT FOR CONTINUING THE EXISTING FUNDING FOR FIRE AND PARAMEDIC SERVICES IN PALOS VERDES ESTATES

DATE: OCTOBER 25, 2016

ISSUE

Shall the City Council schedule a public hearing for adoption of the recommendation of the Citizen Committee for a ballot measure at the City's Municipal Election in March 2017 to extend the current levy of a special tax on each eligible parcel in the City from July 1, 2017 (when the existing special tax expires) until such time as the ordinance is amended or repealed, to finance fire and paramedic services for the City?

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 the Los Angeles County Fire Department (LACoFD). The public safety services provided by LACoFD cost the City approximately \$4.7 million a year that is paid by an assessment collected with property taxes (a special parcel tax). The parcel tax has been necessary to pay for fire and paramedic services since the 1980 because other existing tax revenues that maintain and support current service levels and programs such as the Police Department are insufficient. The parcel tax was last approved by

87.3% of City voters in 2007 for a term of 10 years. That measure sunsets on June 30, 2017. At least two-thirds of votes cast for the measure are necessary for passage of the special tax measure to continue paying the cost of the service by assessment to property owners.

At its January 13, 2016 meeting, City Council agreed to pursue the renewal of the fire and paramedic special parcel tax for all routine, regular and emergency fire and paramedic services. In addition, City Council provided direction to the City Manager to establish a resident committee to develop the ballot measure and educate the public.

The City Manager, in consultation with the Mayor and Mayor Pro Tem, assembled a Citizen Committee comprised as follows.

Member	Sector of the City
Ronald Buss (Chair)	Lunada Bay
Tom Connaghan	Lunada Bay
Kristin Curren	Valmonte
Robin DeBaal	Lunada Bay
Amy Friedman	Montemalaga
Valerie Gorsuch	Malaga Cove
Helaine Lopes	Valmonte
Clark Margolf	Lunada Bay
Ellen Perkins	Lunada Bay
Lynn Solomita	Malaga Cove
William Um	Malaga Cove
David Wagman	Montemalaga

The Committee assessed the City’s current and future financial positions and deliberated over alternate funding options. Committee members also received a report from NBS, an independent auditor contracted with the City to provide oversight of the funds collected through the special parcel tax. A variety of materials were prepared for the Committee that provided factual and historical information. With the material, the Committee was provided educational materials and key messaging for public information.

DISCUSSION

The question before City Council is whether it will accept, modify or reject the recommendation of the Citizens Committee to extend the existing special parcel tax, authorize a ballot measure for the March 2017 election for continued funding of fire and paramedic services, and direct staff to prepare the Resolution necessary to schedule the ballot measure for consideration by voters in March 2017.

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 special parcel tax for providing the essential services of the Fire Department. The parcel 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, dedicated purpose of covering the contract cost, and the Fund is audited annually by the City's external auditor.

The Committee reviewed alternative options (presented in Attachment I) for funding fire and paramedic services including changes in the methodology for calculating the tax levy (as presented in Attachment F). The City retained NBS to participate in a meeting with the Committee, provide an overview of the existing Auditor's Report, and prepare the evaluation of alternative methods to levying the parcel tax, as requested by the Committee.

The Committee concluded that among the options for funding fire and paramedic services, only the special parcel tax would be available and that the formula for the tax should remain the same. Some alternative funding options did not provide sufficient revenue to fund the current year's fire and paramedic services budget and would have required supplemental funding from an additional revenue source. In addition, the Committee concluded that maintaining the existing formula based on building square footage would provide consistency with current expectations and practice; any change in formula could be perceived as shifting the tax burden and result in questions about equity and the future adjustments. Maintaining the same formula continues the predictability that taxpayers are accustomed to and avoids sudden and unexpected fluctuations on the property tax bill.

Furthermore, given the City's proven fiscal responsibility over the past three decades, the City's accountability through receiving annual audits of fire and paramedic funding, and the necessity for having fire and paramedic services for the community, the Committee also concluded the sunset clause in the previous ballot measure is no longer necessary. As such, the Committee's recommendation is to extend the existing tax levy until it is necessary to amend or repeal the tax. In addition, the ballot measure provides for increases *and decreases* in taxes levied as the cost of contract services changes over time.

Finally, the Committee recognized, mindful that the cost of services increase over time, that an upper limit (cap) is necessary to contain annual cost increases into the future. As such, the Committee recommends maintaining the ceiling of 6.2% for annual increases in the tax as has been in place in the existing ballot measure since fiscal year 2012-2013.

The Committee's recommendation results in the following ballot question as prepared by the City Attorney's Office. Please note that this ballot question was not vetted with, nor is it recommended by, the Committee and concerns have been raised about it. The ballot question simply results from the ballot measure as recommended, representing the current requirements of State law¹, as compared to 2007, for clarity and transparency of the measure being presented to voters.

¹ Elections Code section 13119(b) provides that "the ballot shall include in the statement of the ordinance to be voted on *the amount of money to be raised annually and the rate and duration of the tax to be levied.*" As such, and for example, the phrase "continues a levy ...unless amended or repealed" is used to reflect that the sunset provision is

“Shall an ordinance be adopted that continues a levy of the existing special tax, unless amended or repealed, on each eligible parcel in the City at the initial base rate of \$342.34 plus \$0.196073 per square foot of building improvement effective July 1, 2017, and maintains the existing 6.2% limit on annual adjustments, generating approximately \$4.7 million annually to finance fire suppression and paramedic services?”

In conclusion, a decision not to proceed with a special parcel tax, or an unsuccessful vote in March 2017, will result in relying on the City’s General Fund. Paying for fire and paramedic services through the General Fund will substantially reduce City services including funding of the Police Department as the largest component of the City’s budget. For the ballot measure to be successful, it will be necessary to pass by 2/3 of the voters who cast votes on the ballot measure.

It is requested that the City Council consider the Committee’s recommendation for the ballot measure, review the ballot question as prepared by staff, and direct staff to schedule a public hearing for consideration of a Resolution at the City Council meeting on November 8, 2016 for placing the ballot measure before voters in March 2017.

FISCAL IMPACT

Recognizing the City will be conducting an election in March 2017 for the positions of City Council (2) and City Treasurer (1), there will be no significant fiscal impact to the City for the proposed special parcel tax measure on the ballot. Costs to the City will primarily be the preparation of educational materials about the measure and staff presence/meetings to educate voters.

The cost of fire and paramedic services in fiscal year 2016-2017 is \$4,703,818. As such, the current annual tax levy for a median-sized home in the City (2,450 square feet) is \$788.64. In fiscal year 2017-2018, by continuing with the special parcel tax and current formula for assessing the tax, the annual levy is expected to be approximately 4.32% higher for an annual amount of \$822.71 for a median-sized home. Fire and paramedic services in total are projected to be \$4,860,872 in FY 2017-2018.

being removed, which is a key component of the ordinance and a key difference between what voters approved in 2007 and what voters will be asked to approve per the Committee’s recommendation. It also advises voters as to the duration of the proposed tax as required by Section 13119(b). In addition and as noted, the rate must also be included in the question. Finally, the total annual amount being raised must be included in the ballot question. The word “approximately” is used to reflect that the total amount might go up or down.

Per the Elections Code section 9051, the ballot question is limited to 75 words. The question presented is 66 words.

	Annual Increase	
2012-13	3.78%	
2013-14	4.36%	
2014-15	2.24%	
2015-16	3.36%	
2016-17	2.85%	Estimate was 2.35%, which was increased to account for a possible increase in final fee.
	3.32%	5-Year Average
	1%	
	4.32%	Estimated Cap for 2017-18
	\$ 4,659,578	2016-17 Estimated Fee
	201,294	4.32% Increase based upon Cap
	\$ 4,860,872	2017-18 Estimated Fee

Provided by LACoFD

NOTIFICATION

This item is included on the City Council agenda, noticed in accordance with standard practices and procedures. Materials considered by the Citizen Committee is also available to the public on the City's website at <http://www.pvestates.org/services/fire-and-paramedic-department>. Committee members have been forwarded a copy of this material. With direction from the City Council to schedule a public hearing for approving the placement of an item on the March 2017 ballot, this matter will again be on the City Council's agenda on November 8, 2016.

ALTERNATIVES

The alternatives available to the City Council include:

1. Accept the Citizen Committee's recommendation and schedule a public hearing for submission of a resolution calling for a ballot measure.
2. Modify the Citizen Committee's recommendation and schedule a public hearing for submission of a resolution calling for a ballot measure.
3. Reject the Citizen Committee's recommendation.
4. Decline to act.
5. Request additional information and provide staff with further direction.

RECOMMENDATION

It is recommended that the City Council consider the Citizens Committee's recommendation. Following the City Council's discussion and the consideration of options, staff requests direction.

ATTACHMENTS:

Attachment A - Proposed 2017 Ballot Language
Attachment B - Corresponding 2017 Ballot Question
Attachment C - 2007 Ballot Language

Attachment D - Redline Version of 2007 Ballot Language to Proposed 2017 Ballot Language with Explanatory Comments
Attachment E - Redline Version of 2007 Ballot Question to Corresponding 2017 Ballot Question
Attachment F - NBS Report
Attachment G - History of Voter Results
Attachment H - Key Educational Messaging Points
Attachment I - Alternative Funding Options

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
XIIIB
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 provisions of Article 3.7 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code (Sections 53720-53730) and the California Constitution, - Articles XIII A, Section 4 and XIII D, Section 3(a)(2), there is hereby levied and assessed a Fire and Paramedic Services Special Tax, as defined in California Government Code §53721, by the City of Palos Verdes Estates. 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 residency, any condominium unit as defined in California Civil Code §783, or any other unit of real property subject to the California Subdivided Lands Act (Business and Professions Code §§110000 et seq.).

SECTION 2. Use of Revenue.

- (a) The sole purpose of this ordinance is to raise revenues for 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 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 while 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, 2018, 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 2016-2017, the annual amount of the Fire and Paramedic Services Special Tax was determined for each parcel of property by calculating the following sum: (1) the amount of Three Hundred Twenty-Eight Dollars and Sixteen Cents (\$328.16) (the – “Base Amount”) for each lot within such parcel of property, plus (2) \$0.187952 (the – “Improvement Amount”) for each square foot of building improvements located on such parcel of property as of January 1, 2016.
- (c) For each fiscal year after fiscal year 2016-2017, the maximum annual amount of the 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.
- (d) In each fiscal year beginning with fiscal year 2017-2018, the City Council, by at least three (3) affirmative votes, may increase or decrease the combined Base Amount and Improvement Amount. Any such increase shall not exceed Six and Two Tenths Percent (6.2%) for such Amount established in the previous fiscal year.
- (e) 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 Fire Services 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 services 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.

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 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. If this ordinance is approved by at least two-thirds of those voters casting ballots on the measure at the election, then this ordinance shall become effective ten (10) days following the date the vote is declared by the City Council in accordance with Elections Code §9217.

SECTION 12. Amendment or Repeal. Notwithstanding the City Council's authority as provided in Section 3(d), upon becoming effective, this ordinance may only be amended or repealed by approval of two-thirds of the voters casting ballots on such amendment or repealed at a duly called initiative or referendum election.

“Shall an ordinance be adopted that continues a levy of the existing special tax, unless amended or repealed, on each eligible parcel in the City at the initial base rate of \$342.34 plus \$0.196073 per square foot of building improvement effective July 1, 2017, and maintains the existing 6.2% limit on annual adjustments, generating approximately \$4.7 million annually to finance fire suppression and paramedic services?”

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 on 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 remittance 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.

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
XIIIB
OF THE CALIFORNIA CONSTITUTION BY THE AUTHORIZED AMOUNT OF FIRE AND
PARAMEDIC SERVICES SPECIAL TAX

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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 provisions~~ of Article ~~XIII A~~ 3.7 of Chapter 4 of Part 1 of ~~Division 2~~ of Title 5 of the Government Code (Sections 53720-53730) and the California Constitution, - Articles XIII A, Section 4 and XIII D, Section 3(a)(2), there is hereby levied and assessed a ~~fire and paramedic services special tax~~ Fire and Paramedic Services Special Tax, as defined in California Government Code §53721, 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~~ residency, 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.).

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SECTION 2. Use of Revenue.

(a) ~~The sole purpose~~ of this ordinance is to raise ~~revenue~~ revenues 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 ~~para-medie~~ 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 ~~Consoli dated~~ Consolidated Fire Protection District of Los Angeles County (the ~~—~~ "Fire District") under that agreement entitled Amendment Number Two ~~to~~ 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 while~~ such ~~time as~~ such Agreement ~~agreement~~ remains in effect, and to provide for an

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equivalent level of fire and paramedic services through other means should such Agreement terminate or expire.

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(b) The proceeds from this ordinance shall be used only for the purposes identified in subsection (a) of this Section.

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(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.

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(d) The City Finance Director shall file a report with the City Council no later than January 1, ~~2008~~2018, and at least ~~on~~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.

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SECTION 3. Calculation of Amount.

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(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.

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(b) For fiscal year ~~2007-2008~~2016-2017, the ~~maximum~~ annual amount of ~~said fire~~the Fire and ~~paramedic services special tax shall be~~Paramedic Services Special Tax was determined for each parcel of property by calculating the following sum: ~~to~~(1) the amount of ~~Two~~Three Hundred ~~Fifty~~Twenty-Eight Dollars and ~~Forty~~OneSixteen Cents (~~\$250.44~~328.16) (the ~~“~~“Base Amount”) for each lot within such parcel of property ~~shall be added, plus~~ (2) \$~~0.143422~~187952 (the ~~“~~“Improvement Amount”) for each square foot of building improvements located on such parcel of property as of January 1, ~~2007~~2016.

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(c) For each fiscal year after fiscal ~~year 2007-2008~~year2016-2017, the maximum annual amount of ~~said fire~~the Fire and ~~paramedic services special tax~~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.

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(d) In ~~addition, in~~ each fiscal year ~~from~~beginning with fiscal year ~~2008-2009~~ through 2011-20122017-2018, the City Council, by at least three (3) affirmative votes, may increase ~~or decrease~~ the ~~combined~~ Base Amount and Improvement Amount ~~up to Four~~. ~~Any such increase shall not exceed~~

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~~Six 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.~~

(e)(e)

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 ~~percent age~~percentage increase in the amount to be paid by the City of Palos Verdes Estates to the Fire District under such Fire Services Agreement for such fiscal year.

Commented [AD6]: Updated to reflect new term and removes dated information. Provides the City Council with the new authority to decrease the tax rate. Maintains the existing limit on a tax rate increase in any year at 6.2%.

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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~~ 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.

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SECTION 5. Exempt Property. The ~~fire~~Fire and ~~paramedic services special tax~~Paramedic Services Special Tax shall not be imposed upon a federal or

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state governmental agency, any local public agency, or any parcel of property which is exempt from ad valorem taxes by any other applicable law.

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SECTION 6. Time and Method of Payment of Special Tax.

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(a) ~~The fire~~Fire and ~~paramedic services special tax~~Paramedic Services Special Tax shall be due in two equal installments in accordance with the ~~collec-~~~~tion~~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.

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(b) ~~The fire~~Fire and ~~paramedic services special tax~~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.

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SECTION 7. Administration of Tax. The City Council by not less than three (3) affirmative votes, is empowered:

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(a) To establish the amount of the ~~fire~~Fire and ~~paramedic services special tax~~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 ~~serviees~~services in the City in accord with the purposes set forth in this ordinance;

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(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;

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(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;

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(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.

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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~~ Fire and ~~paramedic services special tax~~ 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.~~

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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, ~~subsections~~ 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.

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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 accords 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.~~ If this ordinance is approved by at least two-thirds of those voters casting ballots on the measure at the election, then this ordinance shall become effective ten (10) days following the date the vote is declared by the City Council in accordance with Elections Code §9217.

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~~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.~~
SECTION 12. Amendment or Repeal. Notwithstanding the City Council's authority as provided in Section 3(d), upon becoming effective, this ordinance may only be amended or repealed by approval of two-thirds of the voters casting ballots on such amendment or repealed at a duly called initiative or referendum election.

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“Shall an ordinance be adopted ~~to that continues a levy~~ ~~of the existing~~ special tax, ~~unless amended or repealed,~~ on each eligible parcel in the City ~~from the initial base rate of \$342.34 plus \$0.196073 per square foot of building improvement effective July 1, 2007 (when the existing special tax expires) until June 30, 2017, and maintains the existing 6.2% limit on annual adjustments, generating approximately \$4.7 million annually,~~ to finance fire suppression and paramedic services?”

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Commented [JW1]: Elections Code section 13119(b) provides that “the ballot shall include in the statement of the ordinance to be voted on *the amount of money to be raised annually and the rate and duration of the tax to be levied.*”

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MEMORANDUM

**TO: JOHN DOWNS, DIRECTOR OF FINANCE
CITY OF PALOS VERDES ESTATES**

**FROM: DANIELLE WOOD, ASSOCIATE DIRECTOR
REENA ARVIZU, FINANCIAL ANALYST**

CC: FIRE AND PARAMEDIC SERVICES FUNDING COMMITTEE

SUBJECT: EVALUATION OF FIRE AND PARAMEDIC SERVICES SPECIAL TAX RATE FORMULAS

DATE: SEPTEMBER 26, 2016

On March 6, 2007, by over a two-thirds majority, the voters of the City of Palos Verdes Estates (the "City") approved the establishment of the City's Fire and Paramedic Services Special Tax (the "Special Tax"). The Special Tax funds the cost of fire and paramedic services throughout the City and associated administrative expenses. The Special Tax was to be levied for a period of 10 years beginning with Fiscal Year 2007/08. The Special Tax sunsets on June 30, 2017 and, as such, the City has formed the Fire and Paramedic Services Funding Committee (the "Committee") in order to formulate and recommend a ballot measure to renew the Special Tax in 2017.

The City retained NBS to participate in a meeting with the Committee, provide an overview of the existing Auditor's Report and prepare an evaluation of alternative methods to levying the Special Tax, as recommended by the Committee. The City and Committee requested that the following alternatives be evaluated and compared to the existing Special Tax formula:

1. Reduce the rates of the Special Tax to the rates applied in Fiscal Year 2007/08, when the Special Tax was approved
2. Apply a flat tax to all parcels
3. Apply a formula that narrows the range between the lowest and highest tax payers

The following provides an overview of the Special Tax and a summary of the most recent levy:

- There are currently 5,192 taxable parcels within the City.
- Special Tax revenue amounted to approximately \$4,708,600 for Fiscal Year 2016/17.
- The Fiscal Year 2016/17 estimated budget (fire/paramedic services and administrative costs) amounted to \$4,664,668.
- For Fiscal Year 2016/17, there is expected to be a surplus in revenue collected compared to the amount necessary to fund the activities and services outlined in the budget and, as a result, approximately \$43,950 will be deposited into the City's Fire and Paramedic Services Special Tax Operating Fund.
- The Special Tax rates applied to taxable parcels do not differ by land use classification.
- All vacant parcels are levied a base rate.
- All developed parcels are levied a base rate plus the improvement rate per building square foot (SF).
- The average Special Tax levied per parcel in Fiscal Year 2016/17 is \$906.90.

The following table summarizes the land use classifications of parcels within the City and Special Tax revenue for Fiscal Year 2016/17:

Land Use	Number of Parcels	Building SF	Base Rate/Parcel	Improvement Rate/ Building SF	Total Special Tax Revenue for FY 2016/17 ⁽¹⁾
Single Family Homes	4,924	15,317,618	\$328.16	\$0.187952	\$4,494,836.78
Condo/Multi-Family Residential	172	427,053	328.16	0.187952	136,708.99
Commercial	28	242,466	328.16	0.187952	54,760.45
Vacant (Undeveloped)	68	0	328.16	0.000000	22,314.88
Totals	5,192	15,987,137	--	--	\$4,708,621.09

(1) May not total due to rounding.

By utilizing the parcel dataset used to calculate the Fiscal Year 2016/17 Special Tax, NBS has modeled the three alternatives previously outlined and the findings of the alternatives are summarized within this memorandum.

Alternative 1: Reduce the Rates to Fiscal Year 2007/08 Level

Alternative 1 applies the base and improvement rates from Fiscal Year 2007/08 to the current parcel dataset. The reduction of rates results in a 23.7% decrease in the Special Tax levy to each parcel.

As shown below, reducing the rates to the Fiscal Year 2007/08 level results in an estimated \$3,593,000 in revenue, which is approximately \$1,071,600 less than the amount required to fund the services outlined in the Fiscal Year 2016/17 budget.

Number of Parcels	Building SF	Base Rate/Parcel	Improvement Rate/ Building SF	Estimated Special Tax Revenue
5,192	15,987,137	\$250.41	\$0.143422	\$3,593,035.88

Alternative 2: Apply a Flat Tax

Alternative 2 applies a flat tax to all parcels within the City based upon the current Fiscal Year 2016/17 budget of \$4,664,668. The flat tax rate was determined by dividing the Fiscal Year 2016/17 budget by the number of taxable parcels. This results in a flat tax amount equivalent to \$898 per parcel, or rounded to \$900.

As shown below, applying a flat tax of \$900 evenly among every taxable parcel in the City results in an estimated \$4,672,800 in revenue, which provides sufficient revenue to fund the services outlined in the Fiscal Year 2016/17 budget.

Number of Parcels	Rate/Parcel	Estimated Special Tax Revenue
5,192	\$900.00	\$4,672,800.00

Alternative 3: Apply a Tiered Rate Structure

Alternative 3 provides a formula that narrows the range between the lowest and highest Special Tax payers by applying a tiered rate structure based upon the size of improvements on a parcel. The following rates have been applied to taxable parcels:

Building SF	Number of Parcels	Rate/Parcel	Estimated Special Tax Revenue
Vacant (Undeveloped)	68	\$500.00	\$34,000.00
2,000 SF and Under	1,198	800.00	958,400.00
2,001 SF to 3,000 SF	1,829	850.00	1,554,650.00
3,001 SF to 4,000 SF	1,137	900.00	1,023,300.00
4,001 SF and Greater	960	1,150.00	1,104,000.00
Totals	5,192	--	\$4,674,350.00

It is estimated that \$4,674,350 can be realized by applying the Alternative 3 tiered rates, which provides sufficient revenue to fund the current year's services.

Summary of Alternatives to Existing Methodology

The following table summarizes the estimated revenue that may be collected by applying the various alternative Special Tax formulas:

Estimated	Existing Methodology	Alternative 1	Alternative 2	Alternative 3
Estimated Annual Revenue	\$4,708,621.09	\$3,593,035.88	\$4,672,800.00	\$4,674,350.00
FY 2016/17 Budget	(4,664,668.00)	(4,664,668.00)	(4,664,668.00)	(4,664,668.00)
Surplus/(Deficit)	\$43,953.09	(\$1,071,632.12)	\$8,132.00	\$9,682.00

As shown, Alternative 1 which reduced rates to the Fiscal Year 2007/08 level does not provide sufficient revenue to fund the current year's fire and paramedic services budget. The balance will need to be funded by an unrestricted revenue source.

Alternative 2, which applies a flat tax of \$900 on all taxable parcels regardless of the size of the property or the amount of improvements that are developed on the property, provides sufficient revenue to fund the current year's budget.

Alternative 3 provides sufficient revenue to fund the current year's budget while also narrowing the range between parcels with smaller structures and parcels with larger structures. Narrowing the range between the lowest and highest tax payers by using the tiered rates slightly increases the Special Tax to parcels with smaller structures and decreases the Special Tax to parcels above the 4,000-SF threshold.

In order to illustrate the impact that one alternative has over another, the following sample Special Tax calculations, by building size, are provided below:

Alternative	Vacant Parcel	2,000 SF Building	2,500 SF Building	3,000 SF Building	4,000 SF Building	8,000 SF Building	12,000 SF Building
Existing	\$328.16	\$704.06	\$798.04	\$892.02	\$1,079.97	\$1,831.78	\$2,583.58
1	250.41	537.25	608.97	680.68	824.10	1,397.79	1,971.47
2	900.00	900.00	900.00	900.00	900.00	900.00	900.00
3	500.00	800.00	850.00	850.00	900.00	1,150.00	1,150.00

Conclusion

Parcel taxes are a major source of revenue for many communities throughout California. Since a parcel tax requires two-thirds voter approval, there are several items that the City and Committee should consider when selecting the special tax formula:

- Equity – A tax on building square footage can be perceived as more equitable than a flat tax because the level of funding is proportionate to the improvements located on the parcel and the level of services that are provided to that parcel.
- Stability – Taxpayers may be more receptive to approving a tax that contains clearly defined increases, which do not cause sudden and unexpected fluctuations to their property tax bill.
- Growth – The tax rate(s) should account for inflation, economic changes, and changes to the level of services to be provided.

Regardless of the proposed special tax formula, the formula should be objective and easily understood by voters.

CITY OF PALOS VERDES ESTATES
VOTER TURN-OUT STATISTICS, 1978-2015
MUNICIPAL ELECTIONS

Date of Election	Registered Voters	Ballots Cast	%
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%)

Fire and Paramedic Services Funding Committee
Public Education Messaging and Strategy Table

Message	Strategy	Planned Actions
FAQ	City Hall, City Newsletter, City Website, E-Blast,	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election Newsletter – Winter 2016 E-Blast – first Thursday of the month until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election
Fire and Paramedic Incidents in PVE	City Hall, E-Blast	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election E-Blast – first Thursday of the month until March 2017 election
Sample Special Parcel Tax Calculation	City Hall, E-Blast	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election E-Blast – first Thursday of the month until March 2017 election
Article	City Hall, E-Blast	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election E-Blast – first Thursday of the month until March 2017 election
Brief History of the Fire and Paramedic Special Tax	City Hall, E-Blast	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election E-Blast – first Thursday of the month until March 2017 election

Ten Year History of Base and Improvement Amounts	City Hall, E-blast	City Hall – hard copies will be available after November 8 th CC meeting until March 2017 election City Website - will be available after November 8 th CC meeting until March 2017 election E-Blast – first Thursday of the month until March 2017 election
Tweet 1	Twitter	Twitter – every other week on Wednesday
Tweet 2	Twitter	Twitter – every other week on Wednesday
Tweet 3	Twitter	Twitter – every other week on Wednesday
Facebook 1	Facebook, NextDoor	Facebook – every other week on Tuesday NextDoor - every other week on Tuesday
Facebook 2	Facebook, NextDoor	Facebook – every other week on Tuesday NextDoor - every other week on Tuesday

Fire and Paramedic Services Parcel Tax FAQ

Why is this on the ballot?

This is on the ballot because the City needs funding for fire and paramedic services after the current funding mechanism expires. The current funding mechanism is set to expire in June 2017. If voters do not approve a funding mechanism in March 2017, the next opportunity to vote on another funding measure is in March 2019.

What services will the LA County Fire Department provide? Are there any benefits?

Personnel and equipment for:

- Fire suppression
- Emergency medical response
- Dispatch service for 911 calls
- Brush inspection
- Cliff rescues
- Emergency roadway clearance
- Hazardous material responses
- New construction inspections

Per the City's contract, LA County is contracted to pay 80% of infrastructural upgrades to PVE's existing fire station.

On an annual basis, what kind of incidents and how often is the LA County Fire Department called to provide services?

2015	
Outside Rubbish Fires	5
Miscellaneous Fire Calls	4
Rescue & Medical Emergencies	725
Hazardous Materials & Conditions	16
Miscellaneous Service Calls	132
False Alarm/False Calls	108

How much did the City pay for fire and paramedic services from LA County in 2016? How much does the average homeowner in the City pay per year?

The City paid \$4,703,820 for fire and paramedic services in 2016. The annual charge for a median-sized home in Palos Verdes Estates (2,450 square feet) is currently \$788.64.

What was the passage rate of the last measure to pay for fire and paramedic services?

87.3% of voters approved the last measure in 2007 for a term of 10 years that sunsets in 2017.

What percentage of the City's budget is allocated to providing fire and paramedic services?

In FY 2016-2017, fire and paramedic services represent 26.5% (\$4,703,818).

How is the tax determined for each parcel?

The property tax assessment is calculated annually based on a formula that directly matches and corresponds to the annual contract expenditure for service. The proceeds of the tax are deposited into a dedicated account established for the single purpose of covering the fire and paramedic services, and the proceeds of the tax are audited annually by the City's external auditor.

How long has the City contracted with LA County?

The City has contracted with LA County since 1986.

Los Angeles County Fire Department

City of Palos Verdes Estates

Incident Types	2013		2014		2015	
	Number of Incidents	Average Response Time	Number of Incidents	Average Response Time	Number of Incidents	Average Response Time
FIRE, EXPLOSION	16	6.3	16	7.4	14	5.5
EMERGENCY MEDICAL/RESCUE	654	6.1	634	6.2	759	6.0
HAZARDOUS CONDITION	10	5.0	17	6.5	13	4.2
OVERPRESSURE, RUPTURE, EXPLOSION, OVERHEAT	1	0.0	1	4.7		
GOOD INTENT CALL	70	3.4	63	3.2	71	2.1
SERVICE CALL	64	5.3	71	6.6	6	5.0
SPECIAL OR OTHER INCIDENT TYPE	6	5.8	3	4.5	11	5.4
FALSE ALARM, FALSE CALL	106	4.6	106	4.7	89	3.4
Grand Total	927	5.7	911	5.8	963	5.4

Data extracted from FireView/NFIRS. Due to button errors, the highest and lowest 1% of response times are excluded from the calculation for the average response times in each year.

The Los Angeles County Fire Department's response time goal for the first arrived unit in suburban areas is 8 minutes or less.

Draft tweets on Twitter

#1

Did you know that funding for fire and paramedic services expires next year? There's a measure on the ballot in March to continue funding <http://www.pvestates.org/services/fire-and-paramedic-department>

(138/140 characters, not including link)

#2

Fire? Emergency? Where? Learn more about the March 2017 ballot measure to continue voter-approved funding for fire and paramedic services <http://www.pvestates.org/services/fire-and-paramedic-department>

(138/140 characters, not including link)

#3

Voters will decide on whether to continue funding fire and paramedic services in PVE in March 2017. Learn more at <http://www.pvestates.org/services/fire-and-paramedic-department>

(114/140 characters, not including link)

Draft messages on City website/Facebook

#1

A resident Citizens Special Tax Committee recommended to continue a voter-approved source of funding for fire and paramedic services. The current measure expires next year, and the measure requires 2/3 approval by voters.

To learn more about the history of fire and paramedic services in the City and its funding mechanisms, visit <http://www.pvestates.org/services/fire-and-paramedic-department>.

#2

Did you know there's an election in March 2017? It will include a ballot measure on continuing funding for fire and paramedic services. The current funding source for fire and paramedic services is set to expire in July 2017.

To learn more about the history of fire and paramedic services in the City and its funding mechanisms, visit <http://www.pvestates.org/services/fire-and-paramedic-department>.

**CITY OF PALOS VERDES ESTATES
 SAMPLE SPECIAL PARCEL TAX CALCULATION
 MEDIUM SIZE HOME
 FY 2016-17**

Property Type:	Single-Family Home	Vacant Land
Structure Size	2,450 SF	0 SF
Base Rate	\$328.16	\$328.16
Improvement Rate	\$0.19	\$0.19
Apply Base Rate	\$328.16	\$328.16
Apply Improvement Rate	2,450 SF x \$0.187952 = \$460.48	0 SF x \$0.187952 = \$0.00
Total Special Tax Amount	\$788.64	\$328.16

Base Rate + Structure Size x Improvement Rate = Total Special Tax

$$\begin{array}{ccccccc}
 \updownarrow & & \updownarrow & & \updownarrow & & \updownarrow \\
 \$328.16 & + & 2,450 \text{ SF} & \times & \$0.187952 & = & \$788.64
 \end{array}$$

Fire and Paramedic Services

When you call 911 for a medical emergency or a fire, the responding trucks and personnel are from the Los Angeles County Fire Department. Under a contract service to the City, county services include fire suppression, emergency medical response, dispatch service for 911 calls, brush inspection, cliff rescues, emergency roadway clearance, hazardous material responses, and inspections for new construction. These services include all the associated equipment and personnel.

The public safety services provided by the County will cost the City \$4,703,820 in fiscal year 2016-17, and is paid by an assessment collected with property taxes (as a special parcel tax) based on a formula approved by our residents in 2007. In that year, 87.3% of City voters approved the parcel tax for a term of 10 years that sunsets in 2017. This means the source for continued funding of fire and paramedic services must be determined. Renewing the parcel tax must be placed on the City's regular election ballot in March 2017.

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, the City's commitment to public safety totals \$11,828,367 (66.6% of the City's operating

budget). The remaining operating expenses of \$5,908,227 (33.3%) cover general municipal services consisting of Finance, Planning, Building & Safety, Human Resources, City Clerk, Information Technology, Public Works, Street and Parks Maintenance, and various other functions.

Clearly, the City relies significantly on the special parcel tax for providing fire and paramedic public safety services. The property tax assessment is calculated annually based on a formula that directly matches and corresponds to the annual contract expenditure for service. The proceeds of the tax are deposited into a dedicated account established for the single purpose of covering the fire and paramedic services, and the proceeds of the tax are audited annually by the City's external auditor. The annual charge for a median-sized home in Palos Verdes Estates (2,450 square feet) is currently \$788.64.

The Los Angeles County Fire Department has provided fire suppression and paramedic services, enforcement of the City Fire Code and support services to the City of Palos Verdes Estates since 1986. For more information including operational statistics, a comparison of cost for service, and the 2007 ballot measure, please visit the City's website at www.pvestates.org (tab under "Services" then "Fire and Paramedic Department").



For as little as \$2.16 per day, the city has access to all of Los Angeles County's Fire & Paramedic Services

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.
- In 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.

**CITY OF PALOS VERDES ESTATES
FIRE & PARAMEDIC FUNDING COMMITTEE
TEN YEAR HISTORY OF BASE AND IMPROVEMENT AMOUNTS**

Fiscal Year	Inflation Factor	Improvement Rate	2450 Sq Ft.			3500 Sq Ft.			6000 Sq Ft.		
			Base Amount	Imprv. Amt.	Total	Base Amount	Imprv. Amt.	Total	Base Amount	Imprv. Amt.	Total
2007/08	N/A	0.143422	250.41	351.38	\$ 601.79	250.41	501.98	\$ 752.39	250.41	860.53	\$ 1,110.94
2008/09	4.20%	0.149445	260.92	366.14	\$ 627.06	260.92	523.06	\$ 783.98	260.92	896.67	\$ 1,157.59
2009/10	4.20%	0.155723	271.89	381.52	\$ 653.41	271.89	545.03	\$ 816.92	271.89	934.34	\$ 1,206.23
2010/11	4.20%	0.162260	283.30	397.54	\$ 680.84	283.30	567.91	\$ 851.21	283.30	973.56	\$ 1,256.86
2011/12	0.00%	0.162260	283.30	397.54	\$ 680.84	283.30	567.91	\$ 851.21	283.30	973.56	\$ 1,256.86
2012/13	3.50%	0.167940	293.22	411.45	\$ 704.67	293.22	587.79	\$ 881.01	293.22	1,007.64	\$ 1,300.86
2013/14	3.23%	0.173366	302.69	424.75	\$ 727.44	302.69	606.78	\$ 909.47	302.69	1,040.20	\$ 1,342.89
2014/15	3.15%	0.178827	312.22	438.13	\$ 750.35	312.22	625.89	\$ 938.11	312.22	1,072.96	\$ 1,385.18
2015/16	2.69%	0.183637	320.62	449.91	\$ 770.53	320.62	642.73	\$ 963.35	320.62	1,101.82	\$ 1,422.44
2016/17	2.35%	0.187952	328.16	460.48	\$ 788.64	328.16	657.83	\$ 985.99	328.16	1,127.71	\$ 1,455.87

Base amount increase are impacted by Inflation Factors.

Changes in Improvement Rates are based on Inflation Factors.

The inflation factors used are based upon the percentage increase from the fire department.

COMPARISONS

Annual Cost Charges Over Time

Time Period	Residence Square Feet		
	Smaller 2,450	PVE Avg. 3,500	Larger 6,000
2001 - 02	\$474	\$592	\$874
2016 - 17	\$789	\$967	\$1,455
Avg. Annual Increase	\$21	\$25	\$39

Annual Cost Per Station

Small Community	County Fee
Palos Verdes Estates	\$4,700,000
Rancho Palos Verdes	\$10,000,000
Hermosa Beach	\$5,700,000
Rolling Hills Estates	\$5,000,000
Torrance	\$7,000,000
Manhattan Beach	\$6,200,000

Historic Voter Response

Timeframe	Approval
April 1980	85%
April 1984	88%
April 1988	89%
March 2001	87%
March 2007	87%

County Service Taxpayer Breakdown

Amount Paid	No. Parcels	Percent
Under \$1,000	4,319	83%
\$1,000 - \$2,000	822	16%
Over \$2,000	50	1%
TOTALS.....	5,191	100%

Hermosa Beach Comparison

Service Provider	Annual Cost
In-House Fire Services	\$6,300,000
County Contract Proposal (reportedly)	\$4,900,000

Torrance Proposal

Service Provider	Annual Cost
City of Torrance Contract Proposal	\$12,000,000

**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
is 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**

<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/>

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

	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	-
	<u>\$ 3,457,100</u>	<u>\$ 3,800,120</u>	<u>\$ 3,984,513</u>	<u>\$ 3,953,334</u>	<u>\$ 3,927,213</u>	<u>\$ 3,977,200</u>	<u>\$ 4,127,665</u>	<u>\$ 4,307,807</u>	<u>\$ 4,451,329</u>	<u>\$ 4,552,384</u>
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)	<u>\$ 3,287,296</u>	<u>\$ 3,588,404</u>	<u>\$ 3,839,283</u>	<u>\$ 3,911,088</u>	<u>\$ 3,912,492</u>	<u>\$ 3,961,583</u>	<u>\$ 4,108,103</u>	<u>\$ 4,246,430</u>	<u>\$ 4,416,787</u>	<u>\$ 4,520,659</u>

- (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
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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	PALOS VERDES ESTATES
GARDENA	RANCHO PALOS VERDES
HAWTHORNE	ROLLING HILLS
LAWDALE	ROLLING HILLS ESTATES
LOMITA	

DIVISION II

Battalions 2 & 16 – 16 Stations, 9 Cities

AZUSA	DUARTE
BALDWIN PARK	GLENDDORA
BRADBURY	IRVINDALE
CLAREMONT	SAN DIMAS
COVINA	

DIVISION III

Battalions 4, 6 & 22 – 24 Stations, 2 Cities

LA CANADA FLINTRIDGE	SANTA CLARITA
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DIVISION IV

Battalions 8, 9 & 21 – 25 Stations, 12 Cities

ARTESIA	LA MIRADA
BELLFLOWER	NORWALK
CERRITOS	PARAMOUNT
HAWAIIAN GARDENS	PICO RIVERA
LA HABRA	SIGNAL HILL
LAKEWOOD	WHITTIER

DIVISION V

Battalions 11 & 17 – 20 Stations, 2 Cities

LANCASTER	PALMDALE
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DIVISION VI

Battalions 13 & 20 – 13 Stations, 6 Cities

CUDAHY	LYNWOOD
HUNTINGTON PARK	MAYWOOD
INGLEWOOD	SOUTH GATE

DIVISION VII

Battalions 1 & 5 – 18 Stations, 6 Cities

AGOURA HILLS	MALIBU
CALABASAS	WEST HOLLYWOOD
HIDDEN HILLS	WESTLAKE VILLAGE

DIVISION VIII

Battalions 12, 15 & 19 – 18 Stations, 5 Cities

DIAMOND BAR	POMONA
INDUSTRY	WALNUT
LA PUENTE	

DIVISION IX

Battalions 3 & 10 – 16 Stations, 7 Cities

BELL	ROSEMEAD
BELL GARDENS	SOUTH EL MONTE
COMMERCE	TEMPLE CITY
EL MONTE	



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

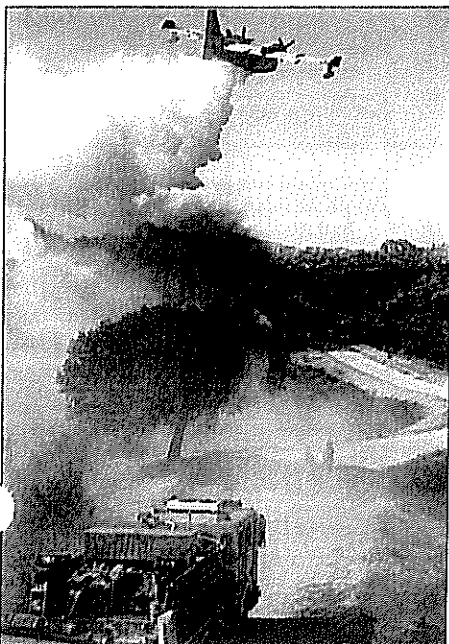
Battalions	22	Paramedic Units	
Fire Stations	171	Air Squads	3
Engine Companies		Assessment Engines	24
Type 1	163	Assessment Quints	2
Type 3 (Cal EMA)	7	Engines	5
Patrols	34	Squads	68
Reserves	61	Hazardous Materials Squads	4
Truck Companies	32	USAR Squads	2
Light Forces	5	Emergency Support Teams	4
Quints	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

**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

Palos Verdes actual fee

**CITY OF PALOS VERDES ESTATES
FIRE AND PARAMEDIC SERVICES FUNDING COMMITTEE
FUNDING OPTIONS**

Special Assessment	
<ul style="list-style-type: none"> • Property owners are mailed ballot • Requires 50% approval based on assessment value of mailed ballots • Votes are weighted by value of parcel assessment, larger assessments carry more weight 	
Pros	Cons
<ul style="list-style-type: none"> • Residents familiarity with Assessment Districts from per 2001 Assessment 	<ul style="list-style-type: none"> • Cannot finance “General Benefits” <ul style="list-style-type: none"> ○ Base Fee for Stand By Service ○ Paramedic Services • Public Properties such as Schools and Parklands would not be exempt from assessment • Major education effort on voting requirements to get property owners to return ballots • Small number of large owner assessments voting no could defeat proposal

General Tax	
<ul style="list-style-type: none"> • May be imposed for any general governmental purpose • Only General Tax that PVE could use would be a utility users tax on gas, water, phones and cable television • Vote can only occur during general municipal election • Only requires majority approval for enactment • May include an advisory measure as to the use of the funds 	
Pros	Cons
<ul style="list-style-type: none"> • Could generate sufficient revenue for single source to finance contract • Lower voter threshold for approval 	<ul style="list-style-type: none"> • Voters reluctant to approve, uncertain how funds will be used • Utility user tax not tax deductible • Rates and consumption create volatility of revenue stream • No correlation between revenue generated and services financed • Largest utility users generate no greater demand for service

**CITY OF PALOS VERDES ESTATES
FIRE AND PARAMEDIC SERVICES FUNDING COMMITTEE
FUNDING OPTIONS**

Special Tax	
<ul style="list-style-type: none"> • Includes parcel tax for specific purpose • Money is restricted and must be deposited to a separate fund • City Council must receive annual report on the amount of funds generated and their use • Requires 2/3 voter approval at special or general election 	
Pros	Cons
<ul style="list-style-type: none"> • Could generate sufficient revenue • Voters like knowing restricted in use • Ability to include Sunset Clause • Current methodology easy to explain • Voters perceive equity in current tax formula • Formula square footing calculation reflects ability to pay 	<ul style="list-style-type: none"> • Higher voter threshold • Requires greater public education process

(continue to next page)

CITY OF PALOS VERDES ESTATES

FIRE AND PARAMEDIC SERVICES FUNDING COMMITTEE

FUNDING OPTIONS

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. Additionally, the use of the following sources could jeopardize the long-term fiscal health of the City. These methods include:

Fund Balance/reserves (general fund / capital funds)	
<ul style="list-style-type: none"> • Council policy mandates the City maintains a 50% general fund balance • Projected balance as of June 30, 2016 is 9.8 m which has taken 20 years to achieve 	
Pros	Cons
	<ul style="list-style-type: none"> • Nature of City's revenue stream and uncertainty about state actions affecting local revenues • Risk Exposure from catastrophic expenditures, earth quakes, legal damages would leave the City unprepared to respond

General Fund Operating Surplus
<ul style="list-style-type: none"> • Any funds in excess of what is required to meet the 50% general fund operating reserve are transferred to the capital improvement fund • No on-going dedicated funding for capital improvements (infrastructure/sewer needs) since expiration of UUT, therefore general funds in excess of the 50% reserve are needed for capital project financing

Assessment by Palos Verdes Homes Association
<ul style="list-style-type: none"> • In theory, the HOA could levy an assessment "on each parcel" to fund fire/paramedic services. PV Homes Association "Protective Restrictions Summary" conveys that the assessment process was an interim solution until a local government was formed. • In 1979 the Homes Association levied a \$50/parcel assessment for parkland/median maintenance. The assessment was billed by the Association, but proved difficult to collect

**CITY OF PALOS VERDES ESTATES
 FIRE AND PARAMEDIC SERVICES FUNDING COMMITTEE
 FUNDING OPTIONS**

Mello-Roos Community Facilities Act of 1982	
<ul style="list-style-type: none"> Community Facilities District (CFD) CFDs can be used to finance certain public capital facilities and/or services including Police and Fire protection and suppression services, and ambulance and paramedic services 	
Pros	Cons
	<ul style="list-style-type: none"> CFDs cannot be used to supplant services already available within the district CFD tax can only increase 2% per year, which would result in insufficient funding over time