



MEMORANDUM

Agenda Item #: 7
Meeting Date: November 8, 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: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA, ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE RELATED TO AN ORDINANCE TO LEVY SPECIAL TAX TO FINANCE FIRE AND PARAMEDIC SERVICES AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, MARCH 7, 2017

DATE: NOVEMBER 8, 2016

ISSUE

Shall the City Council adopt Resolution R16-39 ordering the submission to the City's voters at the March 7, 2017 General Municipal Election a special (parcel) tax measure 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in the City from July 1, 2017 (when the existing special tax expires) until such time as the ordinance is amended or repealed, to finance fire and paramedic services for the City?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

At its meeting on October 25, 2016, the City Council unanimously endorsed the recommendation of the Citizen's Committee for funding Fire and Paramedic Services. The committee recommended that the City Council place a special tax measure for voter approval on the March 7, 2017 Municipal Election ballot to continue covering the full cost of fire and paramedic services, utilizing the same methodology currently in place as approved by voters in 2007.

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. This cost is currently, and has been, paid by an assessment collected with property taxes (a special parcel tax). The parcel tax is necessary to pay for fire and paramedic services because, since the 1980s, all other existing revenues that support City services and programs, including the Police Department, Public Works, Finance, Planning, Building Safety and City Administration, are insufficient to cover the cost of those services. The parcel tax was last approved by 87.3% of City voters in 2007 for a term of 10 years. The funding provided by the measure expires 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 fire and paramedic services.

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 doing so, City Council directed the City Manager to establish a resident committee to consider and recommend the funding source for fire and paramedic services and if the special parcel tax is continued, develop the ballot measure.

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.

The twelve-member Committee presented their report at the City Council meeting of October 25, 2016. The Committee unanimously recommended that the City Council continue to use (extend) the

special parcel tax as the means to finance the fire and paramedic services contract. The City Council unanimously accepted the Committee's report. This report's recommendation calls for the City Council to conduct a public hearing to receive public input for consideration of Resolution R16-39 ordering the submission to the City's voters at the March 7, 2017 Municipal Election a special parcel tax measure to finance fire and paramedic services.

DISCUSSION

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%), while estimated total operating revenues without the fire and paramedic funding would be \$12,968,042, leaving a residual balance of \$1,139,675 to fund all other services including capital projects. Municipal services consisting of the Finance, Planning, Building & Safety, Human Resources, City Clerk, Information Technology, Public Works, and various other administrative functions are projected to cost \$5,908,227. Therefore, the City relies significantly on the special parcel tax for providing the essential services of the Fire Department. The parcel tax that pays for fire and paramedic services 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 as well as the firm that calculates the tax levy. As required by the previous and recommended ballot measure, the annual levy must be reviewed and approved by the City Council at a publically noticed meeting before the annual assessment can be placed on the tax roll. Moreover, all City expenditures are on the City Council agenda as they occur for approval.

The Committee reviewed alternative options (presented in Attachment E) for funding fire and paramedic services, including changes in the methodology for calculating the tax levy (as presented in Attachment E). 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 resulting in questions about equity and the potential for 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 on-going necessity for having essential fire and paramedic services for the community, combined with the

cost of holding an election when City elections are often cancelled (currently, approximately \$40,000), the Committee also concluded that a term for expiring the tax, as included in the previous ballot measure, is not recommended. As such, the Committee's recommendation is to extend the existing tax levy until it is necessary to amend or repeal the tax. The on-going requirement of the fire and paramedic services supports the necessity to have an on-going funding source, and not subject to the changing legislative environment (e.g., a future Proposition 218) that could potentially affect passage of a future tax and add more difficult or new administrative requirements for elections that will add costs. As such, the ballot measure as recommended by the Committee also newly provides for *decreases* in taxes levied if / when the cost of contract services is reduced by the City Council.

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 ballot measure results in the following ballot question as prepared by the City Attorney's Office and as modified by the City Council at its meeting on October 25, 2016. This ballot question, in contrast to the 2007 ballot question, is composed to comply with new, current requirements of State law¹ for clarity and transparency of the measure being presented to voters. Therefore, the ballot question is required to contain rates, amounts and the duration of the proposed tax.

“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, initially 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 depleting the City's General Fund reserves (rainy day funds) until another citywide election is held and / or a reduction of citywide services occurs, and in particular Police services that comprises approximately 60% of the operating budget. According to Election Code Section 9218, “the same subject matter shall not be voted upon twice within any 12-month period at a special election under the provisions of this article.” Therefore no sooner than April 2018 could the City potentially conduct another election. It is further significant to note that in order to have the levy on property tax bills, Los Angeles County requires receipt of City data annually, by

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 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 67 words.

the beginning of August. If a second election is necessitated in 2018, the City will rely on fiscal reserves and/or reduce City service at least one year before taxes to cover fire and paramedic costs can be re-instated and collected.

It is requested that the City Council conduct a public hearing to consider the proposed ballot measure as presented and accepted from the Citizen Committee, review the ballot question as prepared by staff, adopt Resolution R16-39, or adopt a modified Resolution and ballot question.

KEY FACTS

- Annual Cost for median sized home (2,450 sq. ft.) for FY 16/17 will be \$788.64.
- The average annual percentage increase in the levy to each parcel over the last ten years has been 3.35%.
- The Fire and Paramedic Special Parcel Tax is a continuing tax that has been levied on property owners since the 1980s.
- The tax calculation formula is unchanged from the past 10 years.
- State law now requires more specificity in the ballot question, making the question appear different even though the formula for, and total funds generated from, the parcel tax remain consistent with the existing requirements over the past 10 years.
- The approval of general taxes must be consolidated with a regular municipal election where council seats are on the ballot; special taxes (e.g., the special parcel tax for fire and paramedic services that are specified and dedicated to a single purpose) do not.
- Proposition 218 does not restrict when an election may be called for a special tax.
- The matter placed before voters is the funding mechanism for fire and paramedic services. The contract for fire and paramedic services is an independent matter that can be addressed by the City Council at any time.

ENVIRONMENTAL ANALYSIS

The tax measure is not a project under CEQA Guidelines section 15378(b)(4) because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

FISCAL IMPACT

Providing that 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 City budgets \$40,000 for conducting an election. For the March 2017 election, the City will be consolidating with Los Angeles County and it is estimated that the cost of the election will be approximately \$25,000.

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.

	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

During the committee’s consultations with outside consultants such as NBS and LACoFD, the committee noted that the City’s cost for Fire and Paramedic services were significantly lower than any other city in the South Bay, including all other cities on the Peninsula, (presented in Attachment F).

NOTIFICATION

This item is included on the City Council agenda, noticed in accordance with standard practices and procedures. Materials considered by the Citizen Committee are available on the City’s website at <http://www.pvestates.org/services/fire-and-paramedic-department>. Committee members have been forwarded a copy of this report. This matter has been noticed according to City procedures. A notice of Public Hearing was published in the Peninsula News on October 27, 2016.

ALTERNATIVES

The alternatives available to the City Council include:

1. Adopt Resolution R16-39, which orders the submission to the voters a special (parcel) tax measure which would cover the annual costs of fire and paramedic services at the General Municipal Election to be held on March 7, 2017. This action would be consistent with the recommendation of the Citizen Committee.
2. Adopt Resolution R16-39, as modified, with changes as determined by the City Council.
3. Decline to act, which results in not having a ballot measure to cover the annual costs of fire and paramedic services presented to voters at the General Municipal Election to be held on March 7, 2017.

4. Request additional information and provide staff with further direction.

RECOMMENDATION

It is recommended that the City Council conduct a public hearing, receive public input, consider Resolution R16-39 or modifications to Resolution R16-39 for ordering the submission to the City's voters at the March 7, 2017 General Municipal Election a special parcel tax measure to finance fire and paramedic services.

ATTACHMENTS:

- Attachment A – Proposed 2017 Ballot Language
- Attachment B – 2007 Ballot Language
- Attachment C – Redline Version of 2007 Ballot Language to Proposed 2017 Ballot Language
- Attachment D – NBS Report
- Attachment E – Alternative Funding Options
- Attachment F – Cost Comparisons Among South Bay Cities
- Attachment G – Election Calendar
- Attachment H – Presentation Materials
- Attachment I – Public Correspondence
- Attachment J – Citizen Committee Statement
- Attachment K – Ten Year History of Annual Levy

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.

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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Commented [AD3]: Updated to reflect new term and provide clarity.

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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Commented [AD7]: New paragraph created to provide clarity and separate information that was not directly tied to previous paragraph.

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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, ~~subsec-tion~~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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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 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

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**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

**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

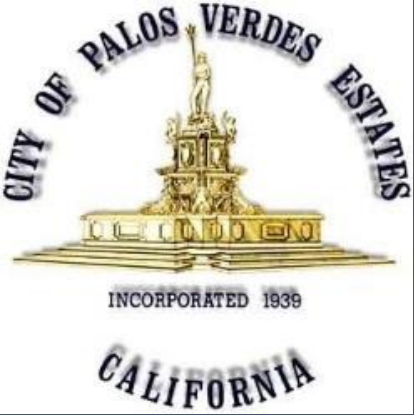
City of Torrance

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

S:/Para-Fire/ComparativeInfo-2016

ELECTION CALENDAR¹	BALLOT MEASURE
12/9/16 (Election "E" – 88 Days)	Last Day to Call for Ballot Measure – Lease day to file a resolution requesting consolidation of a measure contest with the Board of Supervisors and Registrar-Recorder/County Clerk.
12/13/16 (E – 84 Days) (DATE OF REGULARLY SCHEDULED CITY COUNCIL MEETING)	Amendment or Withdrawal of Measure Arguments – Last Day to Accept Arguments, Withdrawals, or Changes to Arguments filed. Arguments may not exceed 300 words in length.
12/14/16 (E – 83 Days)	Amendment or Withdrawal of Measure – Last day to withdraw or amend any measure previously submitted for placement on the ballot.
	Measure Letter Designation Last day to request a specific letter designation in writing for a measure appearing on the ballot.
12/16/16 (E – 81 Days)	Notification of Letter Designation Scheduled date for the county elections official to provide notification of letters assigned to ballot measure(s).
	Impartial Analysis – Last Day to Submit
12/19 – 12/29/16 (E-78 thru E-68)	Public Examination Period for Ballot Measure Materials - During this time, the elections official shall make available for public examination a copy of the ballot measure text, impartial analyses, and direct arguments for a measure. During this period any person may file a writ of mandate or an injunction to require any or all of the data/material to be amended or deleted.
	Measure Enclosures – No later than 12/19/16 the City Clerk shall deliver a copy of each argument, ordinance text, and analysis to the county elections official for inclusion in the Official Sample Ballot Booklet.
12/27/16 (E- 70 Days)	Rebuttals – Last Day to Submit Last Day for authors of arguments "FOR" or AGAINST" to submit rebuttals.
12/28/16 – 1/6/2017 (E-69 thru E-60)	Public Examination Period for Rebuttals During this time, the elections official shall make available rebuttals for public examination. During this period any person may file a writ of mandate or an injunction to require any or all of the data/material to be amended or deleted.
3/7/17	ELECTION DAY

¹ All submissions at the dates herein must be received by the close of the business day; at or by 5:00 p.m.



CONSIDERATION OF A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA, ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF A CERTAIN MEASURE RELATED TO AN ORDINANCE TO LEVY SPECIAL TAX TO FINANCE FIRE AND PARAMEDIC SERVICES AT THE GENERAL ELECTION TO BE HELD ON TUESDAY, MARCH 7, 2017, AS CALLED BY RESOLUTION R16-35

Meeting of November 8, 2016

Recommendations developed by a resident committee

Committee Profile

Member	Sector of the City
Ronald Buss (Chair)	Lunada Bay
Tom Connaghan	Lunada Bay
Kristin Curren	Valmonte
Robin DeBraal	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

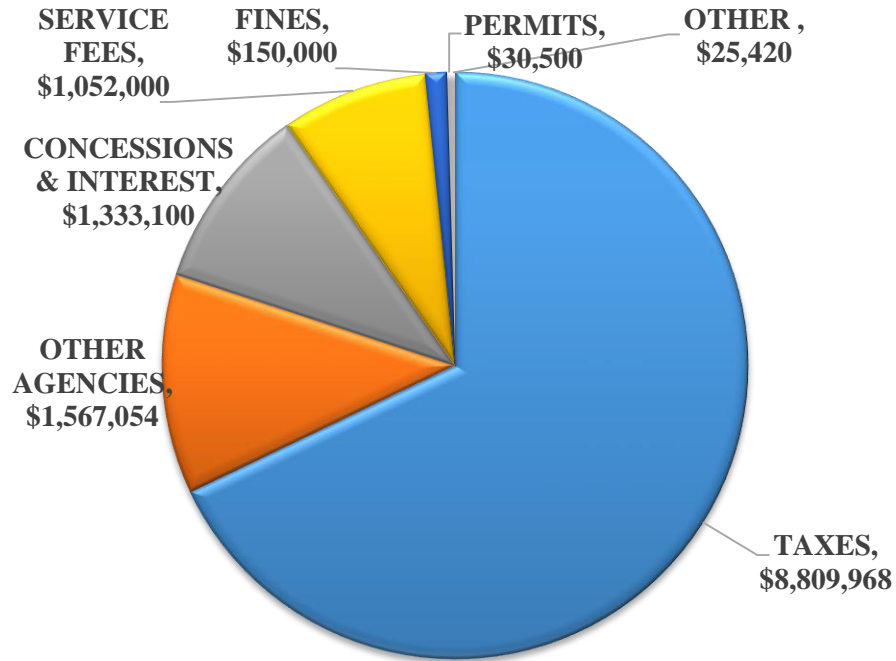
- Committee Members convened 4 times
- Consulted with NBS Special Tax Auditor on Alternative Funding Options
- Consulted with City Attorney on legal compliance on ballot measure and question
- Reviewed public educational materials

Brief History of funding Fire and Paramedic Services

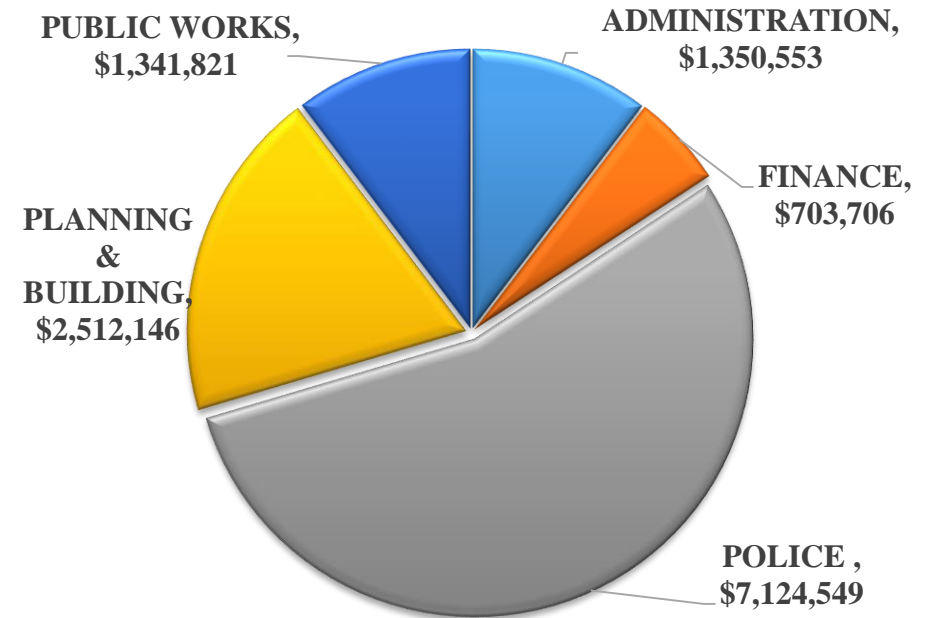
- 1978, Prop 13 reduced General Fund revenue, voters began approving measures every 4 years to cover operational short falls specifically including fire and paramedic services.
- 1991 Fire Assessment District created with a 5 year expiration.
- 1996 Fire Assessment District renewed for 5 years.
- 1998, Prop 218 made Paramedic Service ineligible under Assessment District.
- 2001 voters approved (87%) Fire & Paramedic special parcel tax for 5 years.
- 2007 voters renewed (87%) Fire & Paramedic extension for 10 years.
- Special parcel tax expires June 2017.

Why is the Tax Important?

FY 2016-17 Operating Revenues



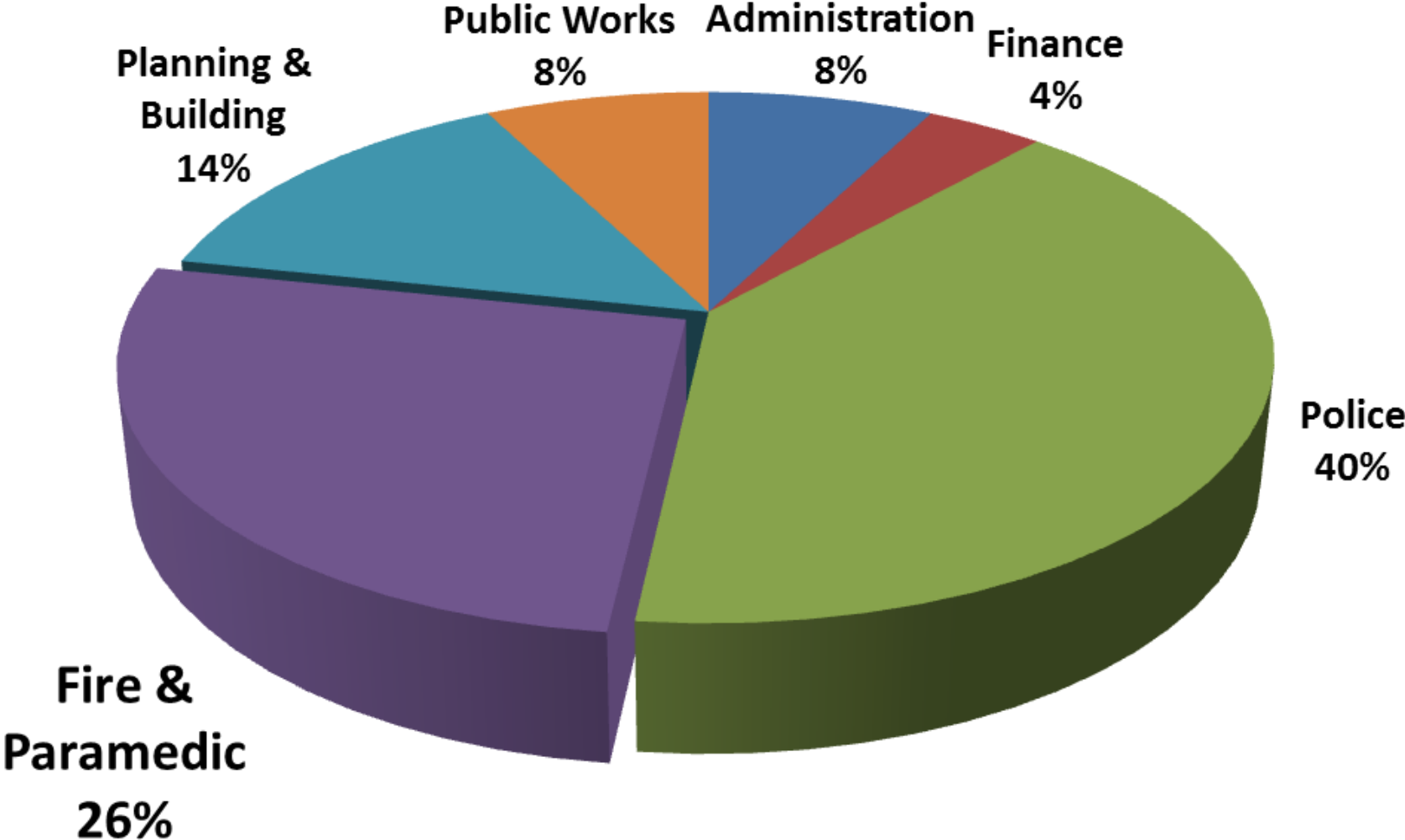
FY 2016-17 Operating Expenditures



Remaining Funds = 0

\$4.7 million required to fund Fire & Paramedic Services

66% of City's Annual Cost is for Public Safety



Fire & Paramedic Service – By the Numbers

FY16-17 Fire & Paramedic Services budget - \$4.7 million

Funding of Fire and Paramedic Services is independent of contract service provider

Fast Facts:

- ✓ Median single family home (2450 sq ft) = \$2.16 per day for essential emergency service.
- ✓ County pays 80% of rebuilding Malaga Cove Fire Station.
- ✓ PVE has the lowest cost per fire station in the South Bay.
- ✓ Cost per capita is less than neighboring cities.
- ✓ In 2007, the median home owner paid \$601.79; in 2017, the median home owner pays \$788.64.

Committee Conclusions and Recommendations

Preserve funding source for essential emergency services

- Ask voters to continue the existing special parcel tax.
- Maintain the existing formula for calculating tax.
- Maintain existing cap (limit) on annual tax increase.
- Include new authority for City Council to administratively decrease (reduce) tax levy.
- Remove expiration of tax; voters may amend or repeal the tax in the future

Proposed Ballot Measure

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 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.

- (a) 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.
- (b) 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

- (a) lot upon which such building improvements shall be considered to be located for purposes of administering this ordinance;
- (b) 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 dates 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 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.

Proposed Ballot Question

“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, initially generating approximately \$4.7 million annually to finance fire suppression and paramedic services?”

67 words, 75 words allowed.

Action Next Steps in the Process

- Public Hearing (November 8, 2016)
- Resolution adopted (November 8, 2016) for placing ballot measure before voters
- Ballot arguments submitted to City Clerk (by December 13, 2016)
- Impartial analysis completed by City Attorney (December 16, 2016)
- Rebuttal arguments submitted to City Clerk (by December 27, 2016)
- Citizen Engagement (City will disseminate factual educational materials)
- Election March 7, 2017
- If the voters approve the measure, there would be no interruption in the funding source

City dissemination of factual educational material

Public resources cannot be used to advocate for the measure; but can be used to prepare and distribute factual information and educational materials. Information about the ballot measure will be provided through:

- Social Media
- Listserv
- City's website
- Community Newsletter articles
- Committee & Commission presentations
- Community presentations as requested
- FAQ & Fact Sheets distributed at City Hall and other local public counters

City Council Options

- Adopt Resolution R16-39 and ballot question as presented.
- Modify and adopt Resolution R16-39 and ballot question.
- Decline to act.
- Request further information.

Questions?



Vickie Kroneberger

From: Bob Stantley <Bob.Stantley@ccov.net>
Sent: Friday, October 28, 2016 3:57 PM
To: Anton Dahlerbruch; Jennifer King; Vickie Kroneberger; James Vandever; Betty Lin Peterson; John Rea; James Goodhart
Subject: Fire & Paramedic Services Parcel Tax

PV Estates Leaders-

The purpose of my email to you today is to register my concern and vehement opposition to the removal of the "sunset clause" language for the ballot measure to renew the subject parcel tax in the March 2017 special election.

I have read the report of the Citizen's Committee findings and while I am fully in favor of the parcel tax, as the fire and paramedic services are absolutely necessary, the recommendation to remove the sunset clause seems imprudent. The cited rationale for the removal of the language is "the city's three decades of excellent fiscal management..." While I don't disagree with that statement, there are no guarantees that future city leaders can or will continue to or be able to operate in such a manner.

It has been cited that the cost of the special election for off-cycle measure is not insignificant. I would suggest the following: Retain the sunset clause language and specify the expiration to coincide with the November 2024 general election. After that, change the sunset provision to specify expiration coincident with every other general election (i.e., 8 years). Adopting this methodology would be readily accepted by the residents of PVE, in my opinion. Such action would be an excellent demonstration of good governance, showing the residents that city leadership is thinking about today and the future as well by providing a built-in check-and-balance for a tax that has received a fair amount of attention by the city's residents, not all of it positive.

Thank you for your time and your service to our community,
--Bob Stantley
Lunada Bay

Vickie Kroneberger

Subject: FW: Fire/Paramedic Tax



From: Dez Mys [mailto:████████████████████]
Sent: Saturday, October 29, 2016 12:13 PM
To: Anton Dahlerbruch <adahlerbruch@pvestates.org>; Vickie Kroneberger <Vkroneberger@pvestates.org>
Subject: Fire/Paramedic Tax

Tony,

I am writing to you to register my official concern and rejection of the elimination of the Sunset clause in this tax.

Please advise if I need to take any other action to officiate my position and establish my right to objective to it later.

PVE's unprecedented action to eliminate a sunset clause from a tax does not follow best governance practices, eliminating the opportunity for cyclical review and adjustments.

Please also be advised that PVE's lack of communication on this unprecedented move gives the impression someone is trying to quietly get it approved irregardless of public support:

- People do not know about it - PVE has not adequately communicated this change in the tax or the opportunity to oppose the sunset clause
- The Nov 3rd date is **BEFORE** the Public Notice meeting
- The Public Notice meeting is on election day

It would be in the public's best interest if better communication is provided to the public.

- Desiree

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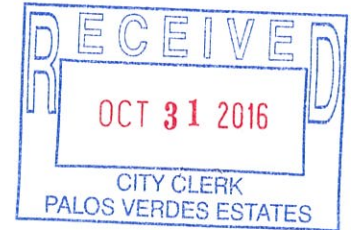
This e-mail and any files transmitted with it are the property of ██████████ and/or its affiliates, are confidential, and are intended solely for the use of the individual or entity to whom this e-mail is addressed. If you are not one of the named recipient(s) or otherwise have reason to believe that you have received this message in error, please notify the sender at ██████████ and delete this message immediately from your computer. **Any other use, retention, dissemination, forwarding, printing, or copying of this e-mail is strictly prohibited.**"

Vickie Kroneberger

From: Joan Davidson [REDACTED]
Sent: Saturday, October 29, 2016 9:20 PM
To: Anton Dahlerbruch; Vickie Kroneberger; Jennifer King
Subject: Fw: Parcel tax and rejection of No Sunset Clause

Dear Tony, Need to correct my 2nd to last sentence to:

This is simply something that I cannot support.
Thanks
Joan



On Saturday, October 29, 2016 3:09 PM, Joan Davidson [REDACTED] wrote:

Dear Tony,

I am registering my rejection for the Parcel Tax for paramedics and fire that is going onto the March 2017 mail in ballot.
And secondly, requesting that the city change the public hearing from the election day date to be fair to all.

While I truly support the city's own services, the fact that there is no sunset clause will cause many in the city to reject this tax.

I don't know if the city looked at the age of residents to consider that many are on fixed income. The fast climb on yearly % increases will cause many to make harsh decisions such as either buy food, medicines or pay the tax.
Although many elderly may use the services for which the tax applies, many older residents are moving to senior facilities being built in other communities and may not even be here for these services.

There is a woman on my street to whom this applies--she is on a very tight budget and will simply not be able to pay this tax.

This is the 2007 Tax description:

DESCRIPTION: Shall an ordinance be adopted to levy a special tax on each eligible parcel in the City from July 1, 2007 (when the existing special tax expires) until June 30, 2017 to finance fire and paramedic services? (Measure PVE-A, 3/6/2007.)

RATE: For fiscal year 2007-2008, the tax is determined by adding **\$250.41 per lot to \$0.143422 for each square foot of building improvements located on the property. In each fiscal year from 2008-2009 through 2011-2012, the tax increases up to 4.2 percent, and in each fiscal year from 2012-2013 through 2016-2017, the tax increases up to 6.2 percent.**

UNIFORMITY: Uniform

EXEMPTIONS: All property (unless otherwise exempted by state or federal law) is subject to tax.

LEVY TYPE: Special Tax

EFFECTIVE DATE: 7/1/2007

SUNSET DATE: 6/30/2017
ELECTION DATE: 3/6/2007

Here is the 2017 Tax description:

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.

I remember the annual home tax levy is now is \$622 on the slide shown at last weeks meeting. The city is raising the average tax to \$788.64.

With a possible increase in % per year the amount will quickly grow beyond some residents means to support the tax.

And there is no sunset clause. This is forever.

The city finance director stated that the residents can repeal this tax but he simply did not reveal the arduous task of doing just that.

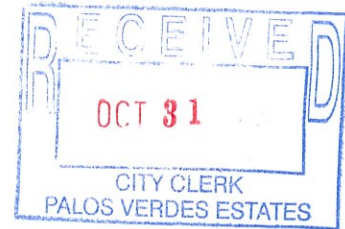
There is no city or entity that I can recall that has ever done that.

This is simply something that I can support.

Unlike the PVPUSD parcel tax that seniors can exempt themselves from paying, this tax has no provision for an exemption as such for any resident.

Thank you
Joan Davidson

From: CMTI CMTI [REDACTED]
Date: October 29, 2016 at 6:23:53 PM PDT
To: Jennifer King <
Subject: The PVE Parcel Tax



I would never willingly 'blind' side you regarding the Parcel Tax. For lots of reasons: First I created this tax – I doubt you even lived in the City at that time, Second, you need the opportunity to look at the tax to see if it should be changed, eliminated, or revised, and third, I assume you aren't an expert in taxes like this especially fire department taxes.

So, please tell me what you wish me to do to qualify myself to write the argument against the tax. I can get as many signatures as you want. Since I actually created the tax, I figure I should tell the residents why this should be voted down.

Jim Nyman

Jennifer, I am not against supplementing the City's revenues. I am against providing a large amount of money to a bloated budget that has never been subject to review.

From: Palos Verdes Estates, CA [mailto:cityclerk@pvestates.org]
Sent: Saturday, October 29, 2016 6:20 PM
To: Anton Dahlerbruch <adahlerbruch@pvestates.org>
Subject: c[mblalock@gmail.com]



Message submitted from the <Palos Verdes Estates, CA> website.

Site Visitor Name: Carolyn Blalock
Site Visitor Email: c[mblalock@gmail.com]

Sir -

I want to object to the Special Parcel Tax Ballot measure as it is currently written. I will not vote for it without the inclusion of the Sunset Clause that would expire in seven years, aligning with the 2024 election.

Thank you.

From: Palos Verdes Estates, CA [mailto:cityclerk@pvestates.org]
Sent: Saturday, October 29, 2016 6:34 PM
To: City Council <citycouncil@pvestates.org>
Subject: c[mblalock@gmail.com]

Message submitted from the <Palos Verdes Estates, CA> website.

Site Visitor Name: Carolyn Blalock
Site Visitor Email: c[mblalock@gmail.com]

I would like to protest the removal of the Sunset Clause from Resolution R16-39; Ordering the Submission to the Voters of the City of Palos Verdes Estates at the March 7, 2017 General Municipal Election a Special Tax Measure to Finance Fire and Paramedic Services

I will vote for the measure if the sunset language is inserted for 7 years to get to 2024 on the 2017 ballot, then make it 8 years thereafter to align with general elections.

Thank you.

From: "Palos Verdes Estates, CA" <cityclerk@pvestates.org>
Date: October 29, 2016 at 6:38:16 PM PDT
To: "King, Jennifer" <jking@pvestates.org>
Subject: c[mblalock@gmail.com]
Reply-To: Carolyn Blalock <c[mblalock@gmail.com]>

Message submitted from the <Palos Verdes Estates, CA> website.

Site Visitor Name: Carolyn Blalock

Site Visitor Email: [REDACTED]

Mayor King -

I want to register my disappointment with the rewriting of Resolution R16-39; Ordering the Submission to the Voters of the City of Palos Verdes Estates at the March 7, 2017 General Municipal Election a Special Tax Measure to Finance Fire and Paramedic Services. When the Sunset Clause was removed, I determined that I could not vote for this. I will vote for the measure if sunset language is inserted for 7 years to get to 2024 on the 2017 ballot, then make it 8 years thereafter to align with general elections.

Thank you.

October 31, 2016

Mayor and City Council
Palos Verdes Estates
340 West Palos Verdes Drive West
Palos Verdes Estates, CA 90274



Dear Mayor and City Council,

I recently contacted your City Manager to indicate that I would like to write the ballot argument Against the Fire and Paramedic Tax. *I feel that you have a right to know my objections.*

First, I CREATED this tax in our City about 30 years ago. So, I am not against the concept. In fact, I strongly support the School District's tax even **though** my children are grown and have finished college. What I do not support is spending the resident's money without any effort to reduce expenses.

When we first contemplated this tax I convened a citizen's committee composed of (a) persons that were very supportive of the City, (b) persons that were generally against any new taxes and (c) persons that had a good understanding of the City's budget (revenues and expenditures). My thinking was that if these good people could agree on one solution then it probably would be well received by the residents. They unanimously endorsed the tax and this was the most successful tax ever passed in California (least number of persons in opposition).

Now it is 30 years later and it is proposed to go to the residents and ask for money – again. There has been no study of this matter by anyone. There has been no study as to why Rolling Hills, Rolling Hills Estates, and Rancho all get about ½ the portion of the property tax dollar received by Palos Verdes Estates yet they don't need, get by without, imposing a special tax.

Further, the last time this was on the ballot the City Council candidates were telling people that if they didn't vote for the tax then we would not have a Fire Department. That is ludicrous and is a fraud. Public safety is a primary responsibility of the City. Witness the fact that every city in California has fire services. They have to provide them. You could (I guess) get rid of the City Manager, City staff, City Attorney et al but not the fire suppression services. I suggest you not perpetrate the fraud that fire suppression is optional.

I also suggest that you really study the City's finances before you ask the people for more money. Ask only for what you need and have a formula that makes sense. Discuss service levels with the Fire Department. See how they deploy equipment to a fire. You may be surprised as the response is by and large unrelated to the size of the structure (for example).

Thank you for considering this request,

James R. Nyman

Jim Nyman
2529 Via Olivera, PVE

Vickie Kroneberger

Subject: FW: Fire and Paramedic Tax

From: Palos Verdes Estates, CA [mailto:cityclerk@pvestates.org]
Sent: Tuesday, November 01, 2016 3:31 PM
To: City Clerk <cityclerk@pvestates.org>
Subject: Fire and Paramedic Tax



Message submitted from the <Palos Verdes Estates, CA> website.

Site Visitor Name: Greg Pass
Site Visitor Email: [REDACTED]

I want to let the city council know that I am opposed to the elimination of the sunset clause for the upcoming ballot measure to extend the fire and paramedic parcel tax. I believe we should align the approval of the ballot measure with our other elections and change the sunset clause to a period of 8 years to accomplish that.

Respectfully,
Greg Pass
4036 Via Opata

Vickie Kroneberger

Subject: FW: Fire/Paramedic tax

From: Palos Verdes Estates, CA [mailto:cityclerk@pvestates.org]
Sent: Wednesday, November 02, 2016 1:10 PM
To: Anton Dahlerbruch <adahlerbruch@pvestates.org>
Subject: Fire/Paramedic tax



Message submitted from the <Palos Verdes Estates, CA> website.

Site Visitor Name: Judith Pollard

Site Visitor Email: [REDACTED]

I am opposed to removal of the sunset clause from this tax. I will not vote for this tax if that clause is removed.

Judith Pollard
2900 Via Victoria
PVE

Vickie Kroneberger



From: Elizabeth Treynor [redacted]
Sent: Wednesday, November 02, 2016 1:57 PM
To: City Clerk
Subject: I vote for Jill Shoemaker's version of the Fire Dept and Medic renewal

which has a sunset provision.

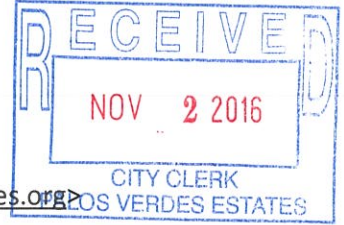
As others have said, the sunset provision allows revisiting this important expense every 5 years. We should discuss it every five years.

Betsy Treynor

Vickie Kroneberger

Subject: FW: Opposition to removal of FD/Paramedic parcel tax sunset clause

From: CR Davidson [REDACTED]
Sent: Wednesday, November 02, 2016 3:29 PM
To: Anton Dahlerbruch <adahlerbruch@pvestates.org>; City Council <citycouncil@pvestates.org>
Subject: Opposition to removal of FD/Paramedic parcel tax sunset clause



City Council members, Mr. Dahlerbruch,

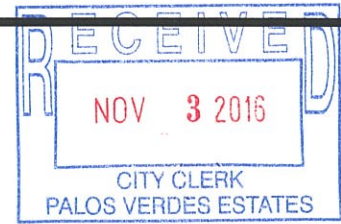
We are opposed to the removal of the sunset clause. Our understanding is that the sunset clause ensures that the city conducts a periodic review of the tax, and reaffirms resident support. It does not sound like it would be in our best interest to remove it.

Please return it to the ballot measure.

Thank you,
Steve and Charlyne Davidson, Lunada Bay residents

Vickie Kroneberger

Subject: FW: Fire & Paramedic Services Parcel Tax



From: Bob Stantley [redacted]

Sent: Wednesday, November 02, 2016 5:42 PM

To: Anton Dahlerbruch <adahlerbruch@pvestates.org>; Jennifer King <jking@pvestates.org>; Vickie Kroneberger <Vkroneberger@pvestates.org>; James Vandever <jvandever@pvestates.org>; Betty Lin Peterson <bpeterson@pvestates.org>; John Rea <jrea@pvestates.org>; James Goodhart <jgoodhart@pvestates.org>; Betty Lin Peterson <bpeterson@pvestates.org>

Subject: RE: Fire & Paramedic Services Parcel Tax

PV Estates Leaders-

I have heard from other concerned residents that based on input from the community, that city staff is reconsidering the sunset clause language for inclusion in the March 2017 special election. I applaud this action (assuming it is true and correct) and continue to encourage the inclusion of the sunset clause as a demonstration of good governance principles and in response to community input.

For clarification, understand all the restrictions and council approvals required surrounding the use of the funds and agree that they are part of the "check and balance" mechanism. However, I strongly believe that it is incumbent upon city leadership to continually demonstrate, through positive action that is not dependent on their subsequent action, nor their successors subsequent actions, good governance by building in check-and-balance mechanisms to this and similar measures that allow periodic reevaluation by the residents of the city through a ballot vote.

Thank you for taking the time to read and respond to my messages,

Sincerely,
--Bob Stantley
Lunada Bay

From: Bob Stantley [mailto:bob.stantley@cox.net]

Sent: Friday, October 28, 2016 3:57 PM

To: Anton Dahlerbruch (adahlerbruch@pvestates.org); King, Jennifer (jking@pvestates.org); Vickie Kroneberger; 'jvandever@pvestates.org'; 'bpeterson@pvestates.org'; 'jrea@pvestates.org'; 'jgoodhart@pvestates.org'

Subject: Fire & Paramedic Services Parcel Tax

PV Estates Leaders-

The purpose of my email to you today is to register my concern and vehement opposition to the removal of the "sunset clause" language for the ballot measure to renew the subject parcel tax in the March 2017 special election.

I have read the report of the Citizen's Committee findings and while I am fully in favor of the parcel tax, as the fire and paramedic services are absolutely necessary, the recommendation to remove the sunset clause seems imprudent. The cited rationale for the removal of the language is "the city's three decades of excellent fiscal management..." While I don't disagree with that statement, there are no guarantees that future city leaders can or will continue to or be able to operate in such a manner.

It has been cited that the cost of the special election for off-cycle measure is not insignificant. I would suggest the following: Retain the sunset clause language and specify the expiration to coincide with the November 2024 general election. After that, change the sunset provision to specify expiration coincident with every other general election (i.e., 8 years). Adopting

this methodology would be readily accepted by the residents of PVE, in my opinion. Such action would be an excellent demonstration of good governance, showing the residents that city leadership is thinking about today and the future as well by providing a built-in check-and-balance for a tax that has received a fair amount of attention by the city's residents, not all of it positive.

Thank you for your time and your service to our community,
--Bob Stantley
Lunada Bay

Nov. 3, 2016



Dear Members of the City Council,

My husband and I feel the wording should include a "Sunset Clause" of 10 years just as it has in the past, when it was easily passed by the voters. No one can predict future changes in labor laws that could render these services prohibitive for a small city like Palos Verdes Estates.

Please consider this in making your decision.

Sincerely,

Rene and Phyllis Scribe
356 Via Almar, PVE

Vickie Kroneberger

Subject: FW: Sunset Clause

-----Original Message-----

From: Cynthia Bianchi [mailto:cynthiabianchi@hotmail.com]
Sent: Wednesday, November 02, 2016 5:50 PM
To: Anton Dahlerbruch <adahlerbruch@pvestates.org>
Subject: Sunset Clause



Dear Tony,

I fear that this Fire tax will go down to defeat without a sunset clause written into the tax wording. I am for the tax if it includes an ending date, but if it doesn't, I will vote no and will encourage others to do the same.

Thanks,

Cynthia Bianchi
1108 Palos Verdes Drive West

Sent from my iPhone

COMMITTEE FOR PRESERVATION OF
FIRE & PARAMEDIC PARCEL TAX

November 4, 2016

Palos Verdes City Council
Palos Verdes City Manager
340 Palos Verdes Drive West
Palos Verdes Estates, CA 90274

Attention: Mr. Anton Dahlerbruch

Reference: Fire & Paramedic Parcel Tax
Sunset Clause Provision

Ladies & Gentlemen:

The Committee was formed to assist in the decision making process as to whether the Parcel Tax should be extended and if so, for what period of time, as well as alternatives to the Parcel Tax. The Committee unanimously voted to continue the Tax as it was in the best interest of the residents and the most cost efficient and effective approach to the mandatory services required by the community.

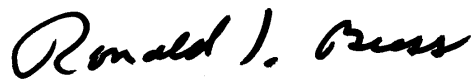
The issue of Sunset Clause, or the elimination thereof was likewise discussed in detail, the 12 member Committee voted to eliminate the provision for a large number of reasons; briefly recapped below.

- City has 30-year record of responsible use of the tax funding with auditing by two sources.
- There are no other revenue sources to support this community based expense; alternatively, the voters can terminate the Parcel Tax in the future if such a source materializes.
- Continued Special Elections to approve future Parcel Tax extensions are a community expense, typically at the \$40,000 level.
- The current contract has an established formula which is cost effective and tax deductible.
- Any prospective future City Counsel position changes in motivation about the Tax would require consent of the residents via a Special Election.
- The predictability of future fire/paramedic service are a plus to existing and future residents.

- It was noted by the outside auditing firm (NBS) that many cities are removing the Sunset Clause as did the Peninsula School District in their most recent parcel tax measure.
- There are independent benefits that a number of South Bay cities do not enjoy in the existing contract, even at a higher annual cost per community.

It is pointed out as a reminder to the City Counsel that the 2001 and 2007 Parcel Tax ballot measures passed by an 87% resident voter margin.

Respectfully submitted,

A handwritten signature in black ink that reads "Ronald J. Bress". The signature is written in a cursive, flowing style.

Committee Chairman

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

Fiscal Year	Year over		2450 Sq Ft.			3500 Sq Ft.			6000 Sq Ft.		
	Year % Change	Improvement Rate	Base Amount	Imprv. Amt.	Total	Base Amount	Imprv. Amt.	Total	Base Amount	Imprv. Amt.	Total
2007/08	6.00%	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. (Shown in Year over Year % Change)
Changes in Improvement Rates are based on Inflation Factors. (i.e. Year over Year % Change)
The inflation factors used are based upon the percentage increase from the fire department.