

## Fire and Paramedic Services Parcel Tax FAQ

### 1. Why is this on the ballot?

The special parcel tax for fire and paramedic services will be on the ballot in March 2017 because the existing funding source for this public safety service expires in June 2017. Without the funding, City reserves would be utilized for these services until another election can be held, at the earliest in April 2018.

### 2. What services will the LA County Fire Department provide? Are there any other benefits in the City's contract with the County?

The City's contract with the County Fire Department provides personnel and equipment for:

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

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

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

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

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

The City paid \$4,703,820 for fire and paramedic services in 2016/2017. The annual charge for a median-sized home in Palos Verdes Estates (2,450 square feet) is currently \$788.64. The tax is collected with property taxes.

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

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

**6. What percentage of the City’s budget is allocated to providing fire and paramedic services?**

In FY 2016/2017, fire and paramedic services represent 26% (\$4,703,818) of the City’s \$17.7 million annual operating budget.

**7. How is the tax determined for each parcel?**

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

**8. How long has the City contracted with LA County?**

The City has contracted with LA County since 1986.

**9. Why is the City not in the existing Assessment District? Why can’t the City have an Assessment District? Why can’t the City join the existing Assessment District?**

The City of Palos Verdes Estates is different than other cities on the peninsula for funding fire and paramedic services. The City operated its own Fire Department after voters approved Proposition 13; this precludes the existing County Fire District from receiving property taxes from Palos Verdes Estates for fire and paramedic services even though Palos Verdes Estates subsequently eliminated its Fire Department. The City, in turn, has chosen to contract with Los Angeles County for fire and paramedic services. In contrast, property owners in the other three cities on the peninsula, having always been in the County Fire District, contribute a portion of their existing property tax to the County Fire District and automatically receive their services.

**10. How are fire and paramedic services costs calculated in Palos Verdes Estates compared to the cities in the Assessment District?**

The City of Palos Verdes Estates is different than other cities on the peninsula for funding fire and paramedic services because the funding in Palos Verdes Estates is determined by a specific, voter-approved formula which is designed to only cover fire and paramedic service costs. Property owners in the County Fire District, in contrast, pay for the service based on the assessed value of their property, which has no correlation with the cost of services provided by the district.

**11. How does the City determine how much each homeowner should pay for service?**

In Palos Verdes Estates, the formula distributes the annual contract cost for service among properties; the City contracts with a specialized firm (NBS) that allocates and updates the formula and distribution of costs to match the annual expenditures. Specifically, the formula utilizes a flat-rate stand-by availability charge plus an additional amount based on each square foot of improvement on the property. Annual updates are based on the percentage change in the County Fire District budget. The following illustration demonstrates the tax levy:

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

  

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

$\updownarrow$        $\updownarrow$        $\updownarrow$        $\updownarrow$   
 $\$328.16 + 2,450 \text{ SF} \times \$0.187952 = \$788.64$

In contrast, property owners in the County Fire District pay for fire and paramedic services through their existing property tax payment based on the assessed value of the property. These property owners are subject to the pre-Proposition 13 property tax allocation formula that cannot be changed. As such, property owners in the City of Rancho Palos Verdes, for example, contributed a cumulative total of \$20.2 million in fiscal year 2015/16 to the County Fire District (for their two fire stations) in comparison to \$4.7 million paid by property owners in Palos Verdes Estates (for the one fire station).

**12. How is the cost calculated for homeowners in the Assessment District for service?**

The following illustration demonstrates how the post-Proposition 13 assessment levy is applied in cities like Rancho Palos Verdes:

Home Purchased in 1996 in Rancho Palos Verdes	
2,300 Square Feet	
Assessed Value	<b>\$523,236</b>
1% Assessed Value	\$ 5,232.36
Fire Protection Dist. Assessment (.1819%)	951.77
LA Co Fire Dist. Brush	65.08
<b>Total Assessment</b>	<b>\$ 1,016.85</b>

**13. How much would homeowners in the Assessment District pay if they utilized Palos Verdes Estates’ formula?**

In comparison, using the same example above using the Palos Verdes Estates’ tax formula, the property owner will pay a 20% lower levy, excluding brush assessment for a savings of \$191.32 (\$951.77-\$760.45) as illustrated by the following for a Palos Verdes Estates resident.

<b>Property Type:</b>	<b>Single-Family Home</b>
Structure Size	2,300 SF
Base Rate	\$328.16
Improvement Rate	\$0.19
Apply Base Rate	\$328.16
Apply Improvement Rate	2,300 SF x \$0.187952 = \$432.29
<b>Total Special Tax Amount</b>	<b>\$760.45</b>

**14. Why can’t the City pay for services from the property taxes property owners already pay?**

The allocation of property taxes received by Palos Verdes Estates is not sufficient to cover the \$4.7 million cost fire and paramedic services along with other routine, public safety, and municipal functions and services. The City of Palos Verdes Estates will receive a cumulative total of \$7.8 million in property taxes in fiscal year 2016/17. With other revenue sources, the City has a total of \$12.9 million in revenue for annual operations. Combined with one-time funding for supplementing revenue sources to complete a variety of specific projects, fiscal year 2016/17 operating costs are comprised of \$7.1 million for the Police Department, \$3.8 million for Planning and Public Works functions, and \$2.0 million allocated to Finance and Administration. Of the \$12.9 million, 59% is allocated to personnel; 17% is allocated to supplies and services; 4% is allocated to equipment replacement allocations; and 1% is allocated to capital expenditures.

**15. Could the funds collected from this tax be used for other purposes?**

The special parcel tax proceeds are deposited into an account established for the single, dedicated purpose of covering the cost of fire and paramedic services; the Fund is audited annually by the City’s external auditor. The Fund is also reviewed and adjusted every year by a specialized firm (NBS) that calculates the tax levy; NBS audits the cost of service in comparison to taxes received and necessary to cover the cost of the fire and paramedic service. NBS provides a second independent external review of the Fund to validate the accountability of the funds. Furthermore, and required by the previous and proposed ballot measure, the levy must be reviewed and approved annually by the City Council at a publically noticed meeting before the annual assessment can be placed on the tax roll. Finally, through the approval of payment warrants at each City Council meeting, the City Council reviews and approves all City expenditures.

**16. Why can't Palos Verdes Estates pay for fire services from property taxes like Rancho Palos Verdes?**

Per HdL, an external municipal auditor, for every \$1.00 paid in property tax, Rancho Palos Verdes (RPV) gets \$0.06 for general municipal use and the Fire Dept. gets \$0.16 for delivering fire and paramedic services. Combined, \$0.22 of every dollar paid in property tax in RPV is used for public services. In comparison, Palos Verdes Estates (PVE) gets \$0.11 for public services. In other words, for every \$1.00 paid in property tax, the distribution of each cent is different. When comparing property tax revenue between the two cities, PVE gets \$0.11 cents less than RPV for public services if combined with the amount apportioned to municipal services and fire/paramedic services. Therefore, PVE has a parcel tax to make up the difference. Also, please see the chart below for clarification about the impact of Prop 13 that created the discrepancies.

Fund	Fund No.	FY 1999/2000		FY 2015/16	
		Budget	Actuals	Budget	Actuals
<b>Police Services</b>					
General Fund	01	3,121,282	3,082,393	6,726,939	6,692,597
Drug Intervention	03	162,310	157,897		
PD/Paramedic		5,350	5,008		
SLESF	05	29,700	7,013	48,505	49,485
Corrections/Training	07	4,910	4,495	4,700	4,387
<b>Sub-total Police</b>		<b>\$ 3,323,552</b>	<b>\$ 3,256,806</b>	<b>\$ 6,780,144</b>	<b>\$ 6,746,469</b>
<b>Fire and Paramedic Services</b>					
Fire and Paramedic Services	22	2,479,365	2,386,124	4,537,822	4,525,696
<b>Sub-total Fire &amp; Paramedic</b>		<b>\$ 2,479,365</b>	<b>\$ 2,386,124</b>	<b>\$ 4,537,822</b>	<b>\$ 4,525,696</b>
<b>Total Public Safety</b>		<b>\$ 5,802,917</b>	<b>\$ 5,642,930</b>	<b>\$ 11,317,966</b>	<b>\$ 11,272,165</b>
1) Fiscal Years 2015-16 are unaudited amounts.					
2) Source for FY 1999/2000 financial information, FY Comprehensive Annual Financial Reports.					

In addition, it should be pointed out that PVE receives just \$150,000 per year in sales tax to supplement the revenue used to provide municipal services. In comparison, RPV has much more significant sales tax and hotel tax to offset municipal service costs.