



CITY OF PALOS VERDES ESTATES

FIRE AND PARAMEDIC SPECIAL PARCEL TAX

MUNICIPAL ELECTION MARCH 7, 2017

FACT SHEET 7

City Revenue Facts & Figures

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City revenues are received for, and contained in, four primary Fund classifications for providing public services. Unrestricted *General Fund* revenue is comprised of all taxes, concession fees, building and service fees, permits and fines received. The *Fire Tax Fund* receives revenue from and solely for fire and paramedic services. *Special Revenue Funds* are comprised of Gas Tax and state allocations for Police services. The *Transit Tax Fund* is composed of revenues received from countywide sales tax for roadway projects.

1. What is the source of the City's revenue and where does it go?

In fiscal year (FY) 2016/17, \$13 million of the City's operating revenue is from General Fund tax sources; \$8.9 million of this amount is specifically from property tax related sources. The balance of \$4.1 million is from concessions, building permits and fees, and miscellaneous other sources. These revenues cover the cost of all operations except fire and paramedic services including Police (\$7.1 million), Planning and Public Works (\$3.8 million), and Finance and Administration (\$2 million).

2. How is fire and paramedic services paid?

FY 2016/17 operating costs of \$4.7 million is collected as a special parcel tax for the sole purpose of fire and paramedic services.

3. How much of the property tax dollar goes to Palos Verdes Estates for providing services?

For every \$1.00 paid in property taxes, the City receives \$0.11. The remaining \$0.89 apportioned, by State law, to other agencies inclusive of Los Angeles County, the PV Peninsula Unified School District and the PV Peninsula Library.

4. How is property taxes apportioned? Does every city receive the same allocation? Can Palos Verdes Estates receive any more?

Proposition 13 established the base amount and the allocation formula for the distribution of property taxes. Allocations are based on revenue received prior to Proposition 13 and capped at 1% of the property value. Cities receive different allocations based on their pre-Proposition 13 apportionments. Compared to other cities, Palos Verdes Estates retained a high proportion of property tax revenue. Records indicate that revenue was also reduced overall by approximately 60% because of the 1% cap in total receipts. The base and rate of property tax revenue is established by state law and cannot be changed without two-thirds (2/3) approval of state-wide voters.

5. What are the options for the City to generate more revenue?

Revenue can be generated through three basic mechanisms: taxes approved by voters, increases in user fees commensurate with the cost of service, and issue debt.

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7. Does the City get all the sales tax generated from local businesses?

No – most sales tax goes to the State. Sales tax is \$0.0875 on every dollar. Of that, the City gets one percent. In total for Palos Verdes Estates in FY 2016/17, sales tax revenue is budgeted to be \$192,000.

8. What is the Real Estate Transfer Tax?

Real Estate transfer tax is revenue the City receives when residential and commercial property is sold. All of this revenue goes into the General Fund. This revenue is dependent on the fluctuating real estate market, and can vary dramatically from year to year. In total for Palos Verdes Estates in FY 2016/17, the transfer tax is budgeted to be \$200,000.

9. Can existing revenue sources maintain current service levels including the cost of fire and paramedic services without a supplemental tax or reducing expenditures?

No. There is a gap of approximately \$5 million that trends to remain constant.

