March 7, 2017 General Municipal Election - Vote!

In addition, City Hall will serve as a Vote-By-Mail Ballot Drop-Off location and will collect ballots until 5:00 p.m. on Monday, March 6, 2017.

The City’s election is consolidated with the Los Angeles County and City of Los Angeles Elections for the convenience of voters and for cost savings.

For all three elections, one sample ballot book will be mailed to every registered voter and one ballot will be used for all candidates and ballot measures. Palos Verdes Estates election information will be found at the back of the Official Sample Ballot and on one side of the ballot. Please don’t miss it and vote! Every election is important.

Along with candidates for the positions of Member of the City Council and City Treasurer, the ballot includes a measure for voters to determine whether to continue a funding source for fire and paramedic services. To extend the existing parcel tax for fire and paramedic services, two-thirds (2/3) of voters must approve the ballot measure. Read the facts, understand the options, and vote.

Your vote and every vote count!
Monday, January 30, 2017
Voters begin to receive Official Sample Ballot Booklet in the mail.

Thursday, February 2, 2017
Candidate and Ballot Measure Forum sponsored by the League of Women Voters at City Hall, 340 Palos Verdes Drive West from 7:00 p.m. – 9:00 p.m.

Monday, February 6, 2017
Permanent absentee voters begin to receive their ballots in the mail. Vote by mail begins.

Tuesday, February 21, 2017
Last day to register to vote.

Tuesday, March 7, 2017
Election Day!
Precincts open 7:00 a.m. to 8:00 p.m.

March 28, 2017 or April 11, 2017
City Council reorganization in Council Chambers 340 Palos Verdes Drive West, 7:30 p.m.

Please check the City’s website www.pvestates.org for updates.

Brief History of Fire and Paramedic Services Parcel Tax

In the mid-1980s, Proposition 13 property tax cuts became too severe to continue staffing and operating fire and paramedic services in the community. In May 1986, the City closed its Fire Department and entered into a contract with the Los Angeles County Fire Department (LACoFD) to provide fire protection, paramedic services, and the enforcement of the Fire Code inclusive of brush inspection, emergency response, rescue, building construction-related services, and all personnel and equipment.

Currently, these essential public safety services provided by LACoFD cost the City approximately $4.7 million a year. The contract is evergreen; in other words, recognizing fire and paramedic services are an essential public safety need, the contract continues indefinitely unless, with 12-months advance notice to the LACoFD, it is canceled.

Over the decades, following the recommendations of several independent Citizen Committees – each one assembled for evaluating funding alternatives – the City instituted a variety of mechanisms to pay the on-going cost of fire and paramedic services. During the 1980’s, voter-approved parcel taxes for police/fire/paramedic and parklands maintenance covered a portion of the costs of these municipal services. In 1991 and then again in 1996 (July), property owners voted their approval of a Fire Suppression Benefit Assessment District (FSBAD) that covered 100% of the cost of the contract with LACoFD through 2001. With voter approval of Proposition 218 in November 1996, the FSBAD could only be used to fund fire protection, not paramedic services. Paramedic services represent 40% of the cost of the fire contract, and they are essential to our community. In 2001, after examining long-term financing options, the City placed before voters a ballot measure to fund fire and paramedic services through a parcel tax. Voters overwhelmingly approved the tax (by 87%) and renewed it again in 2007 for ten years (again by 87%), expiring in June 2017.

At its November 8, 2016 meeting, following the recommendation of the Citizen Committee comprised of Ronald Buss (Chair), Tom Connaghan, Kristin Curren, Robin DeBraal, Amy Friedman, Valerie Gorsuch, Helaine Lopes, Clark Margolf, Ellen Perkins, Lynn Solomita, William Um, and David Wagman, the City Council voted to again place a parcel tax on the ballot for funding our fire and paramedic services. The City Council included a 12-year sunset provision through 2029. Given a new State requirement to consolidate local and county elections in November of even years beginning in 2020, the measure will again be evaluated in November 2028.
1. Why is the parcel tax on the ballot?
The parcel tax is on the March 7, 2017 ballot because the existing parcel tax that pays for fire and paramedic services expires on June 30, 2017.

2. How many votes are needed to approve the parcel tax?
Two-thirds (2/3) of all voters must approve the ballot measure to maintain the existing parcel tax that pays the cost of fire and paramedic services.

3. Can voters consider another ballot measure if two-thirds of the voters do not approve the fire and paramedic services parcel tax on March 7, 2017?
Yes. By law, the earliest another ballot measure could be before voters is April 2018.

4. Can the City pay for fire and paramedic services from the property taxes property owners already pay?
Yes. Fire and paramedic services account for approximately 25% of the City's budget. The City would reduce its budget in other areas by 25% and / or increase or create new fees.

5. What would be the short-term fiscal impact and option if voters do not approve the parcel tax in March 2017?
In accordance with best practices and as conservative fiscal stewards of the City’s resources, the City Council maintains a healthy rainy-day reserve for an emergency. The reserve is currently approximately $9.3 million, or enough to operate the City for six months. In the short term, the City will rely on a combination of General Fund reserves, operational budget savings, deferring capital projects and / or increases in fees to maintain fire and paramedic services. Because a new ballot measure could not be placed before voters until April 2018 resulting in parcel tax revenue beginning December 2018, the out-of-pocket cost to the City would be $7 million.

6. What would be the City’s long-term plan for funding fire and paramedic services without a parcel tax?
The City would maintain fire and paramedic services by initially relying on funds held in the General Fund reserve. The City Council would consider budget and service reductions and fees to maintain a balanced budget. According to the LA County Fire Department (LACoFD), the City would not be able to renegotiate lower levels of service or staffing because a reduction would not comply with County response standards. Other sources for fire and paramedic services are more costly than the LACoFD, and for that reason would not be a viable option. The following illustrates an example of possible budget reductions and service level impacts:

Example of general budget reductions without parcel tax revenue

<table>
<thead>
<tr>
<th>Description of Change Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel tax for fire and paramedic services no longer received by City</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current City Budget</th>
<th>Budget without Parcel Tax ³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$17.6 million</td>
</tr>
<tr>
<td>Police Department</td>
<td>$7.1 million</td>
</tr>
<tr>
<td>Fire Department</td>
<td>$4.7 million</td>
</tr>
<tr>
<td>Planning &amp; Public Works Departments</td>
<td>$3.8 million</td>
</tr>
<tr>
<td>Finance and City Administration Departments</td>
<td>$2.0 million</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>$17.6 million</td>
</tr>
</tbody>
</table>

Footnotes 1 – 6 can be found at [http://www.pvestates.org/services/fire-and-paramedic-department].
Fire and Paramedic Services Parcel Tax - Facts & Figures, continued.

7. How is the parcel tax for fire and paramedic services determined and apportioned?
The existing and proposed parcel tax is calculated annually based on a formula that generates an amount equal 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 fire and paramedic services, and the funds are audited annually by the City’s external auditor. The formula distributes the annual contract cost for service among properties; the City contracts with a specialized firm (NBS) that calculates the formula and distribution of costs to match annual expenditures. Specifically, the formula utilizes a flat-rate per parcel plus an additional amount based on each square foot of improvement on the property. Annual updates are based solely on the percentage change in the LACoFD budget.

8. Can the funds collected from the parcel tax be used for other purposes?
No. Multiple levels of review preclude the parcel tax from being used for any purpose other than fire and paramedic services.

9. How is the tax revenue monitored?
The parcel tax proceeds are deposited into a special 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 services 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 parcel tax proceeds. 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.

10. Why do Palos Verdes Estates residents pay for fire and paramedic services through a separate parcel tax and not through their regular property tax assessment?
The City receives $0.11 of every dollar in property tax, projected to be a total of $7.8 million in FY 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 supplemental activities and 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. With these costs, insufficient funding remains for fire and paramedic services at $4.7 million.

11. How do fire and paramedic costs in Palos Verdes Estates compare to Rancho Palos Verdes, Rolling Hills Estates and Rolling Hills, and other Los Angeles County cities in the Fire Protection District?
Fire and paramedic services funding in Palos Verdes Estates is determined by the voter approved formula that generates taxes equal to, and specifically for, the contract cost. Property owners in Rancho Palos Verdes, Rolling Hills and Rolling Hills Estates, in contrast, pay for the service based on the assessed value of their property according to the pre-Proposition 13 property tax allocation formula that cannot be changed; for these cities, there is no correlation between the amount assessed and the service. Of every dollar paid in property taxes in Rancho Palos Verdes, approximately $0.18 is allocated to the LACoFD and $0.06 is received by the City for municipal services for a total of $0.24 for general and public safety services. In Palos Verdes Estates, only $0.11 of every dollar in property taxes is received for municipal services and public safety services, and the separate proceeds of the parcel tax are collected and directed for fire and paramedic services.

12. How does the Rancho Palos Verdes assessment compare to Palos Verdes Estates?
The following illustration demonstrates how the Proposition 13 assessment levy is applied in cities like Rancho Palos Verdes:

<table>
<thead>
<tr>
<th>HOME PURCHASED IN 1996 IN RANCHO PALOS VERDES 2,300 SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
</tr>
<tr>
<td>1% of Assessed Value</td>
</tr>
<tr>
<td>Apportionment of Property Tax</td>
</tr>
<tr>
<td>Other Agencies Share of Property Tax</td>
</tr>
<tr>
<td>Total Fire District Assessment</td>
</tr>
<tr>
<td>TOTAL ASSESSMENT</td>
</tr>
<tr>
<td>Total Fire District Assessment</td>
</tr>
<tr>
<td>-- Fire Protection District Assessment (1.1919%)</td>
</tr>
<tr>
<td>-- Los Angeles County Fire District Brush</td>
</tr>
</tbody>
</table>

Using the same example above with the Palos Verdes Estates’ tax formula, the Palos Verdes Estates property owner would pay a 20% lower levy, excluding LACoFD’s per-parcel special tax for a savings of $191.32 ($951.77-$760.45) as illustrated by the following:

<table>
<thead>
<tr>
<th>SINGLE FAMILY HOME - 2,300 SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Rate:</td>
</tr>
<tr>
<td>Improvement Rate</td>
</tr>
<tr>
<td>Apply Base Rate</td>
</tr>
<tr>
<td>Apply Improvement Rate: 2,300 SF x $0.187952</td>
</tr>
<tr>
<td>Total Special Tax Amount</td>
</tr>
</tbody>
</table>

Cumulatively, property owners in Rancho Palos Verdes paid a total of $20.2 million in fiscal year 2015/16 to the LACoFD for the two fire stations in comparison to $4.7 million paid by property owners in Palos Verdes Estates for the one fire station.
Facts & Figures, continued.

13. Why is the property tax allocation for fire and paramedic services different in Palos Verdes Estates than in other cities?

Prior to the passage of Proposition 13 in the late 1970’s, the LACoFD had the ability to levy a property tax to fund services; as unincorporated areas of the County were annexed or a city contracted with the LACoFD, a tax was levied to generate funding to pay for services. Proposition 13 restricted the total property tax levy to 1% of a property’s assessed value. Due to Proposition 13 and subsequent enabling state legislation, the LACoFD, like all existing taxing agencies, was proportionally allocated a share of the 1% property tax as it existed at the time, and agencies like the City and LACoFD could not modify the allocation. At the time, Palos Verdes Estates had its own Fire Department and the allocation did not incorporate the LACoFD. Please see Fact Sheet 6 at www.pvestates.org for further explanation.

14. What services are received from the LACoFD? Are there any unique benefits in the City’s contract with the County?

The City’s contract with the LACoFD 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, including Health Haz Mat response
- New construction inspections
- Plan review
- Wildland response
- Urban Search and Rescue
- Lifeguard services
- Aircraft (for medical transportation, cliff rescues, and brush responses)
- Public education outreach
- Commercial fire prevention inspections

Specifically unique to the Palos Verdes Estates contract, LACoFD is obligated to pay 80% of any upgrade to Palos Verdes Estates Fire Station 2. At this time, there are no plans in place for any construction project.

15. What type of incidents does the LACoFD respond to annually and how often?

<table>
<thead>
<tr>
<th>Incident Type</th>
<th>Calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rescue &amp; Medical Emergencies</td>
<td>725</td>
</tr>
<tr>
<td>Miscellaneous Service Calls</td>
<td>132</td>
</tr>
<tr>
<td>False Alarm/False Calls</td>
<td>108</td>
</tr>
<tr>
<td>Hazardous Materials &amp; Conditions</td>
<td>16</td>
</tr>
<tr>
<td>Outside Rubbish Fires</td>
<td>5</td>
</tr>
<tr>
<td>Miscellaneous Fire Calls</td>
<td>4</td>
</tr>
</tbody>
</table>

**Figures from 2015

Election Results

On Election Day, polls close at 8:00 p.m. Ballots will be transported to and counted by the Los Angeles County Registrar-Recorder / County Clerk’s office at its headquarters in Norwalk, 12400 Imperial Hwy, Norwalk, CA 90650. The public can be present at the Registrar Recorder’s office as results are announced; results will be posted periodically on its website at http://lavote.net.

When the results become available, they will be updated to the Palos Verdes Estates City Council Chambers where they will be posted for display. The public is invited to the City Council Chambers for announcements from 8:00 p.m. to 11:00 p.m. The unofficial final results, as soon as they are available, will be posted on the City’s website.

In the subsequent weeks, the Registrar-Recorder/County Clerk’s office will certify the election results. Upon the completion of the official canvass, at a regular meeting of the City Council, the new members of the City Council and the City Treasurer will be sworn into office and the City Council will reorganize to select the next Mayor and Mayor Pro Tem.

Poll Workers Needed

Poll worker opportunity! Residents are encouraged to consider serving as a poll worker for the City’s Election on Tuesday, March 7, 2017, which will be conducted by the Los Angeles County Registrar - Recorder / County Clerk’s office. Poll workers play a vital role in making democracy work; plus, it is a great way to see your neighbors! Poll workers will be compensated by the County: $140 for precinct clerks and up to $240 for Poll Inspectors. These pay rates include a stipend for attending a training session. Poll workers are not required to be registered voters. High school students with appropriate administrator/parental approval and college students 16 years of age or older may also serve as a poll worker. Polls open at 7:00 a.m. and close at 8:00 p.m. on Election Day. Contact the Registrar’s Polls and Officers Section at 800-815-2666 (option 7) or visit www.lavote.net to sign up.

For more information regarding the City’s General Municipal Election, visit the Elections Page on the City website at www.pvestates.org.
CITY OF PALOS VERDES ESTATES

MEET THE CANDIDATES

City Council Member (2)
(in order of appearance on the ballot)
Jim Goodhart
Sanford Davidson
Kenneth J. Kao

City Treasurer (1)
(in order of appearance on the ballot)
John Rea
Jim Nyman
Victoria A. Lozzi

APPLICATION FOR VOTE BY MAIL BALLOT
CONSOLIDATED MUNICIPAL AND SPECIAL ELECTIONS
TUESDAY, MARCH 7, 2017

To request a Vote By Mail Ballot, complete the information on this form. This application form must be received by the Election Officials no later than February 28, 2017.

1. PRINT NAME: ___________________________  2. DATE OF BIRTH: ___________________________

First Name ___________________________ Middle Name or Initial ___________________________ Last Name ___________________________

3. RESIDENCE ADDRESS (please print):

Number and Street - as registered (P.O. Box, Rural Route, etc. not acceptable) (Designate N.S.E.W if used)

City ___________________________ County ___________________________ Zip Code ___________________________

4. TELEPHONE NUMBER: ( ) ( ) (Optional) Daytime ___________________________ Evening ___________________________

( ) (Optional) Email Address ___________________________

5. MAILING ADDRESS FOR BALLOT, IF DIFFERENT FROM ABOVE. (PLEASE PRINT)

Number and Street/P.O. Box (Designate N.S.E.W if used)

City ___________________________ U.S. State or Foreign Country ___________________________ Zip Code ___________________________

6. THIS APPLICATION FORM WILL NOT BE ACCEPTED WITHOUT THE PROPER SIGNATURE OF THE APPLICANT

I have not applied for, nor do I intend to apply for, a Vote By Mail Ballot from any other jurisdiction for this election. I certify under penalty of perjury under the laws of the State of California that the name, residence address and information I have provided on this application are true and correct.

______________________________ ___________________________
SIGNATURE: ___________________________ Date: ___________________________

WARNING: Perjury is punishable by imprisonment in state prison for two, three or four years. (Section 126 of the California Penal Code)

7. ORGANIZATIONS PROVIDING THIS FORM MUST ENTER THEIR NAME, ADDRESS AND TELEPHONE NUMBER ON THE LINE BELOW:

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

PAGE 6
APPLICATION FOR PERMANENT VOTE BY MAIL STATUS

Dear Registrar-Recorder/County Clerk:
I am currently a registered voter in Los Angeles County and am applying for Permanent Vote By Mail status.

NAME: (PRINT) ____________________________________________________________
DATE OF BIRTH: ____________________________________________________________________
REGISTERED ADDRESS: __________________________________________________________________________
CITY: ______________________________________________________ ZIP CODE: ___________________

SIGNATURE AS REGISTERED X ______________________________________________________________
DATE: ______________________   TELEPHONE NUMBER: (              ) ______________________
EMAIL: __________________________

Address where ballot will be mailed (if different from registered address)

ADDRESS: (PRINT) ________________________________________________________________
CITY: ______________________________________________________ ZIP CODE: ___________________

OFFICE USE ONLY

<table>
<thead>
<tr>
<th>INPUT DATE</th>
<th>INTL</th>
<th>NOTIFICATION DATE</th>
<th>INTL</th>
<th>VID #</th>
</tr>
</thead>
</table>

Registrar-Recorder/County Clerk P.O. Box 30450, Los Angeles, CA 90030 USA  Rev. 2/16
In this issue...

March 7, 2017 General Municipal Election - Vote! ................................................................. 1
Election Date Reminders ........................................................................................................ 2
Brief History of Fire and Paramedic Services ..................................................................... 2
Fire and Paramedic Services Parcel Tax .............................................................................. 3-5
Poll Workers Needed – City Election, March 7, 2017 ......................................................... 5
Election Results .................................................................................................................... 5
Meet the Candidates ............................................................................................................. 6
Vote by Mail Application ..................................................................................................... 6-7