



TOWN HALL

Palos Verdes Golf Club

April 15, 2025

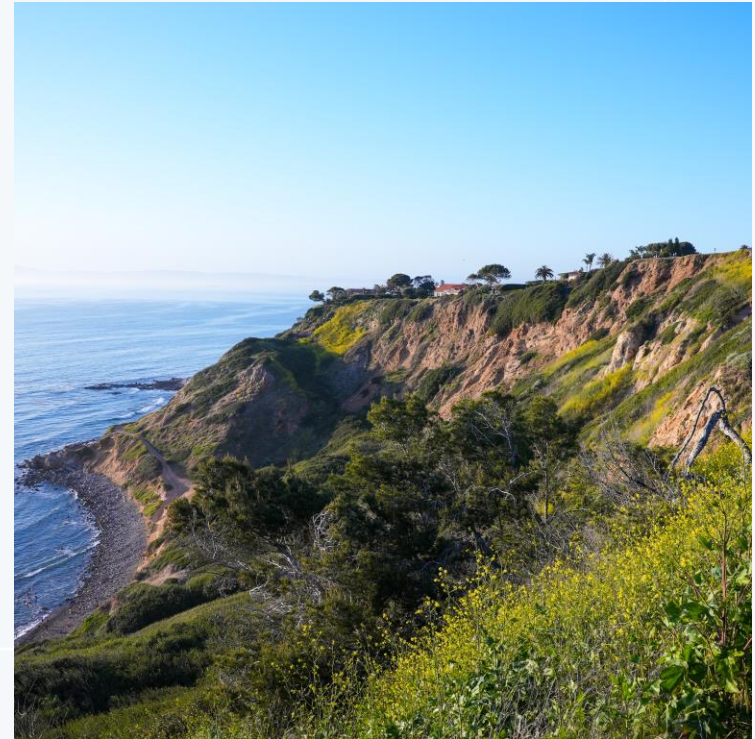
www.PVEstates.org



Welcome

AGENDA:

- Welcome & Introductions
- Update from the City Manager
- Current Budget
- Future Challenges & City Priorities
- Financial Outlook & Revenue Realities
- Community Q&A



Meet Your City Council



Victoria A. Lozzi
Mayor



Michael Kemp
Mayor Pro Tem



David McGowan
Councilmember



Derek Lazzaro
Councilmember



Craig Quinn
Councilmember



Introduction



Palos Verdes Estates – A Community Like No Other

- Known for exceptional quality of life and natural beauty.
- Unwavering commitment to public safety.
- One of the most desirable places to live in Southern California.

A scenic coastal landscape featuring a dirt path leading through a field of yellow wildflowers. In the background, a steep cliffside meets the ocean under a clear blue sky with a few clouds. The text "UPDATES FROM THE CITY MANAGER" is overlaid in the center in a bold, blue, sans-serif font.

UPDATES FROM THE CITY MANAGER

Rebuilding the City's Workforce & Bringing Stability to City Hall

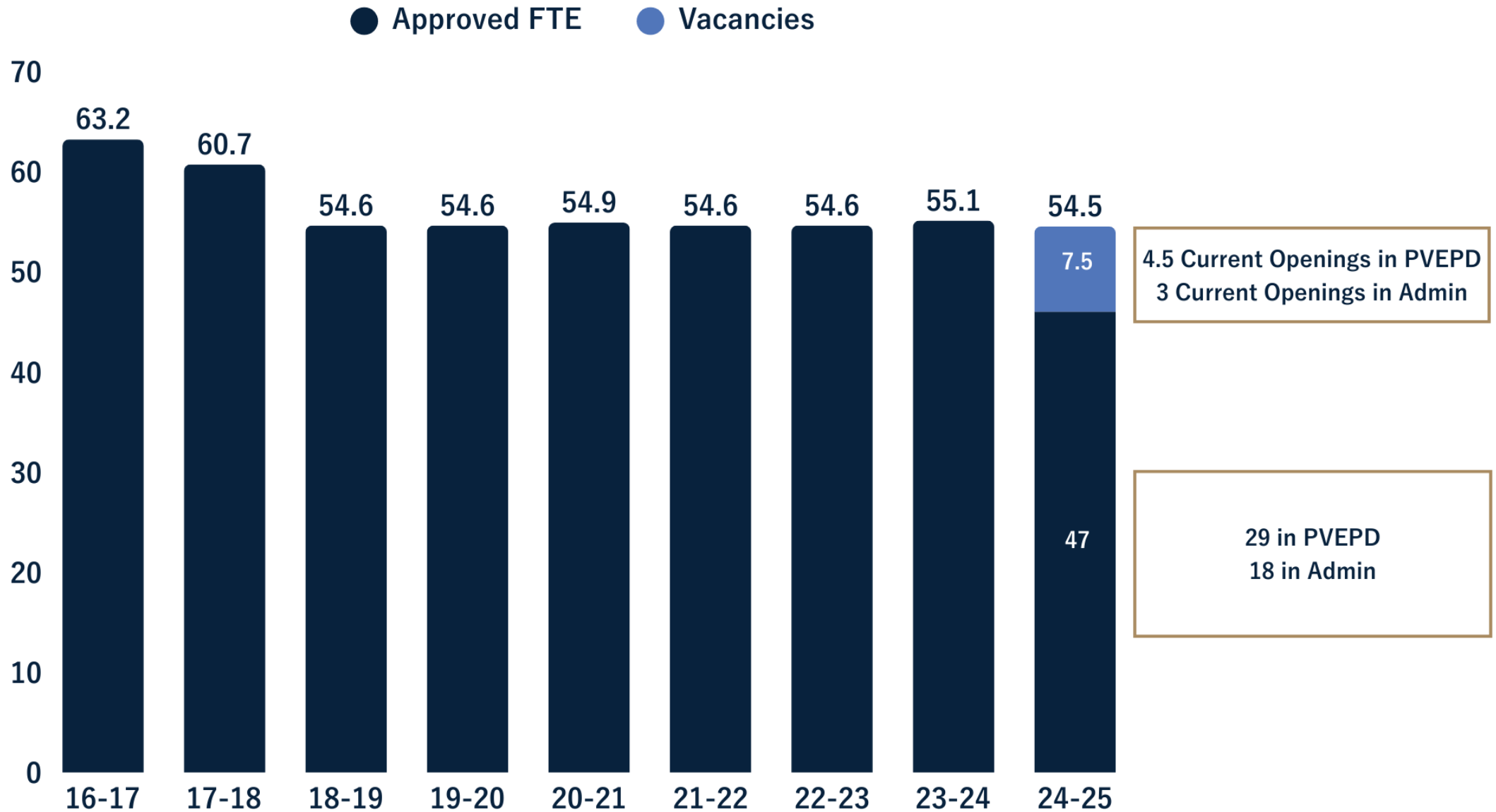


1 YEAR, 12 NEW HIRES

A scenic coastal landscape featuring a dirt path leading through a field of yellow wildflowers. In the background, a steep cliffside meets the ocean under a clear blue sky. The text "CURRENT BUDGET" is overlaid in the center in a bold, blue, sans-serif font.

CURRENT BUDGET

Staffing is the Backbone of Service



Proactive Planning

- City formed an Ad Hoc Committee
- Spent months analyzing financial outlook and possible solutions.
- Community input is a key part of the process.
- These Town Hall meetings are a key part of the community engagement process—designed to gather input, answer questions, and ensure residents are part of the conversation from the very beginning



Core City Services



**PUBLIC
SAFETY**



**INFRASTRUCTURE
MAINTENANCE**



**OPEN SPACE &
NEIGHBORHOOD
UPKEEP**



**TIMELY RESPONSE
TO RESIDENTS'
NEEDS**

Facing Today's Challenges Head-On

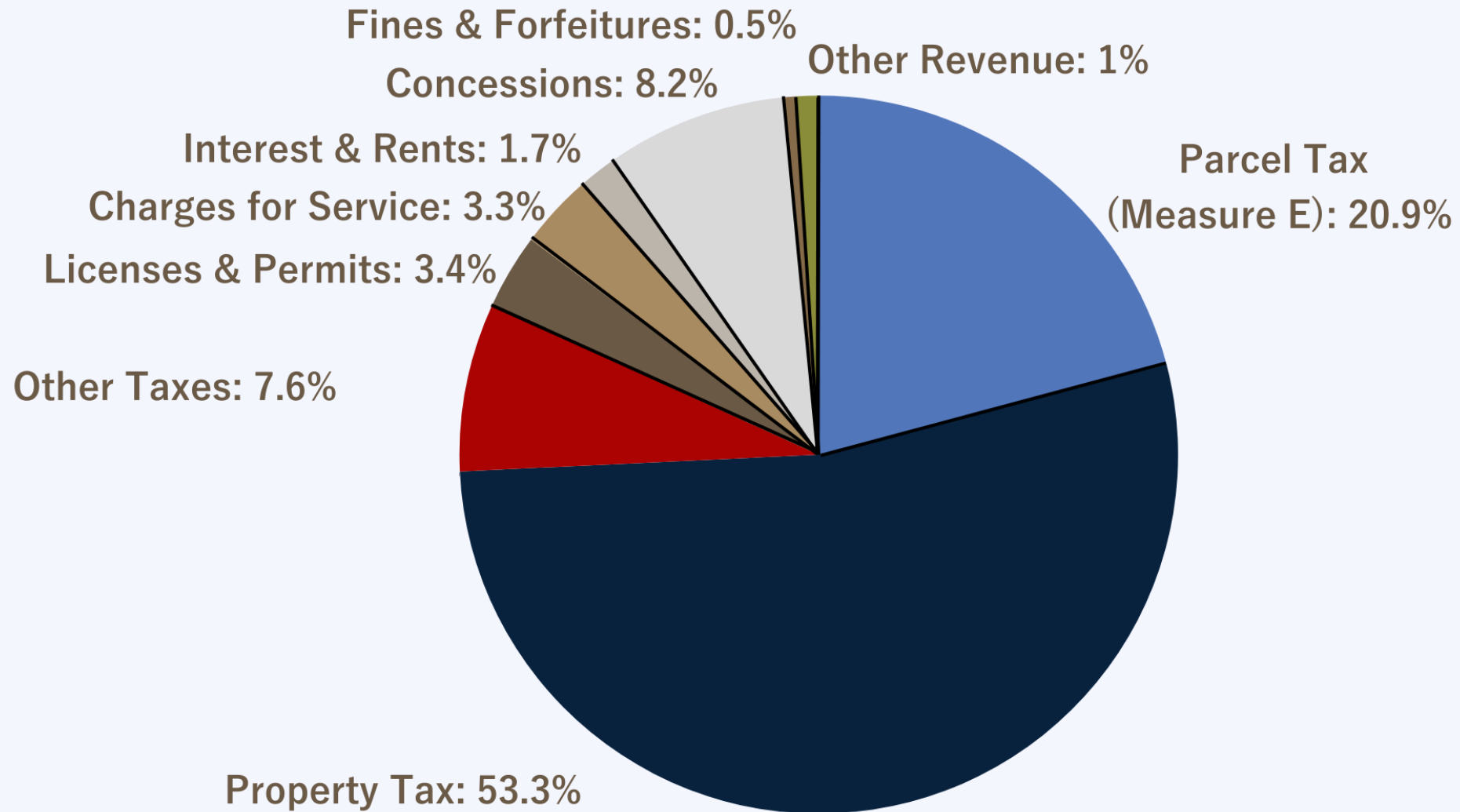
- Wildfire risk & public safety threats
- Protection of open space & neighborhood character
- Aging infrastructure: streets, sewers, and facilities



Where the Money Comes From

FY 24-25 Budget General Fund Revenues: **\$24.35 Million**

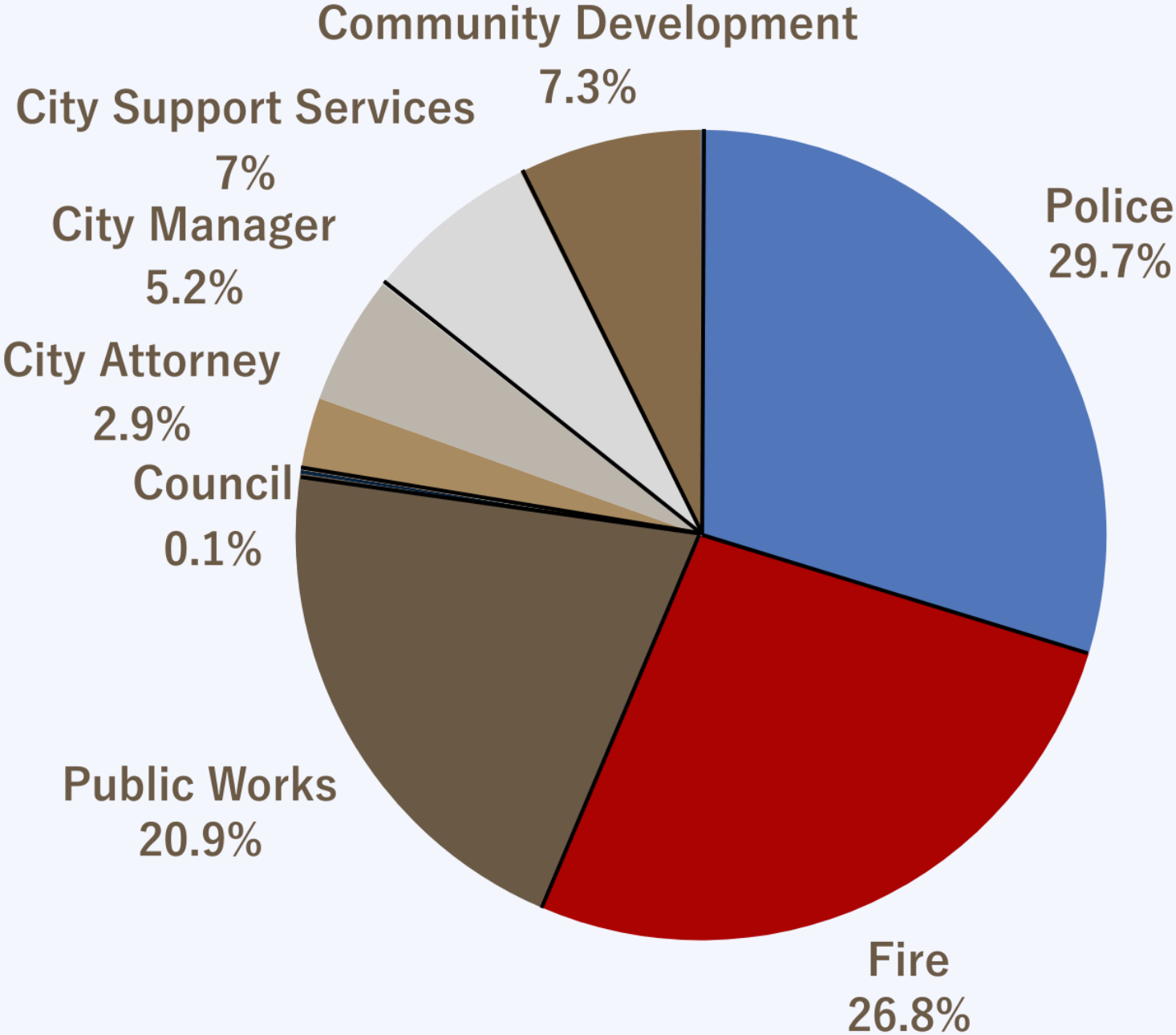
Property and Parcel tax are the primary revenue sources. With limited business activity, the City relies on a mix of taxes, fees, and concessions to fund all essential services.



Where the Money Goes

FY 24-25 Budget General Fund Expenditures: **\$26.4 Million**

The Police Department and Fire/Paramedic services account for \$14.9M of the budget. Nearly 60% of all expenditures.



Property Tax Allocation



Parcel Tax Allocation

City of Palos Verdes Estates:

100%





My goals for today:

1. How did we get here?

2. What are the current numbers?

3. What does the future look like?

4. Feedback from residents

PVE is special... almost unique.

28% of the city is open space/parkland that must be maintained

PVE is almost uniquely residential: >92% Single-Family Homes

PVE does not have hotels, malls, bars – nor any industrial facilities, harbors, etc.

PVE has zero homicides, between 0 to 3 assaults, and 0 to 3 robberies, making us one of the safest cities in CA.

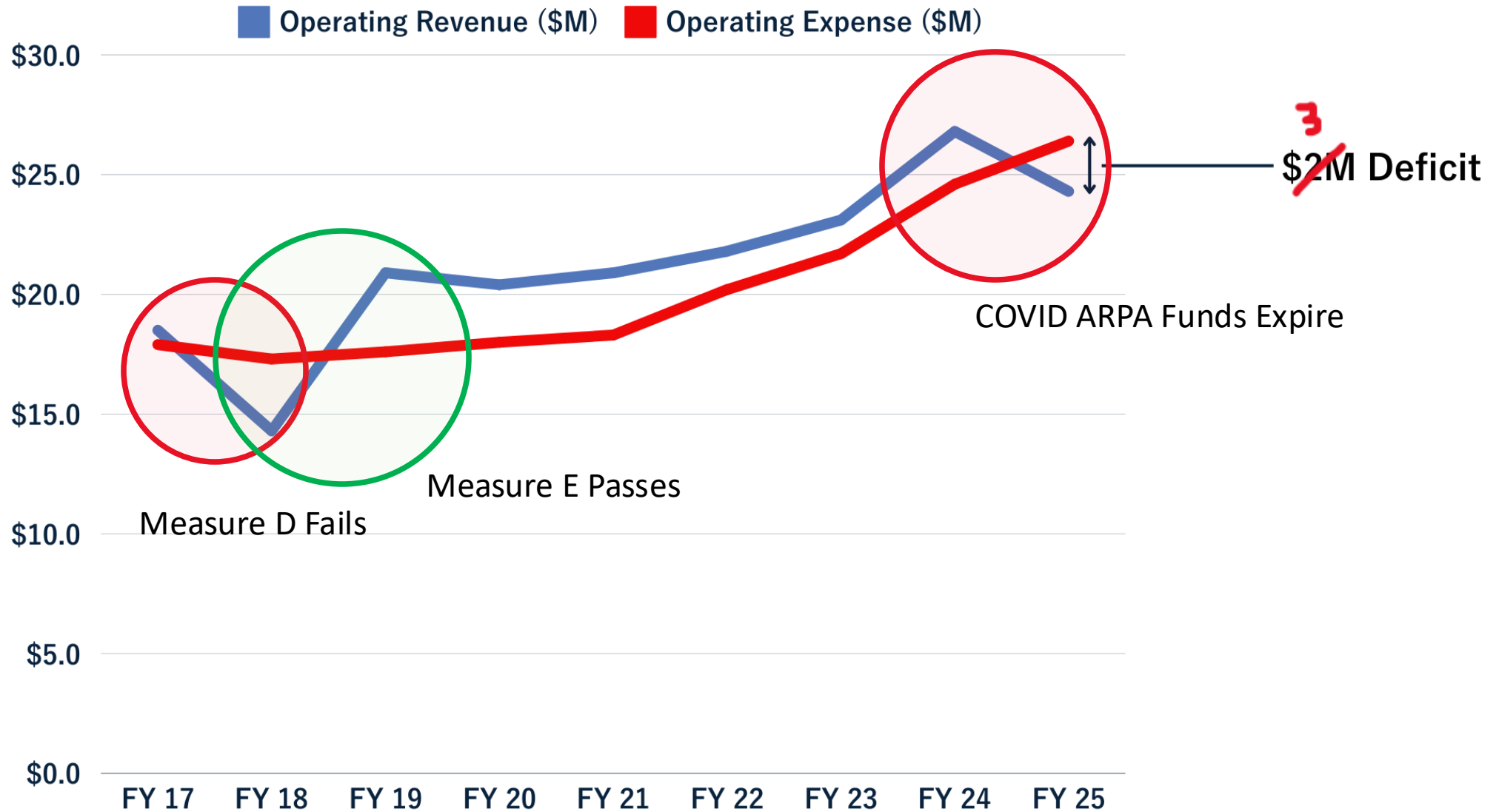
PVE City History

- **2017: Measure D** parcel tax (with inflation adjustment) proposed and fails
- **2018: Measure E** parcel tax proposed and passes: \$5.1 Million with no inflation adjustment
- **March 2020:** COVID-19 lockdown begins
- **2025:** Inflation and other pressures cause a \$3M+ operating deficit.
- **2027:** Measure E expires (replace June 2026)



Expenditures Outpacing Revenues

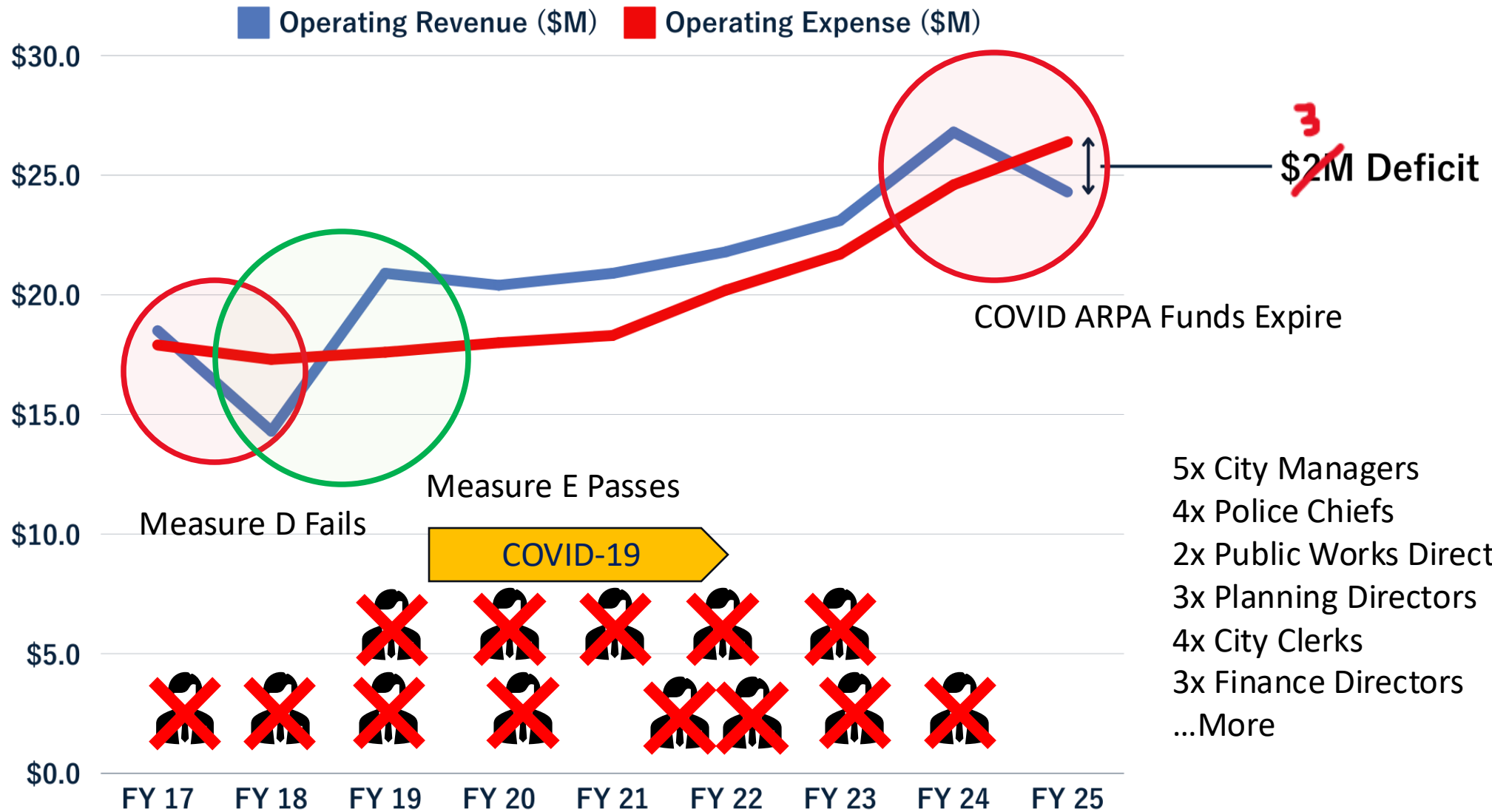
Reserves Used to Bridge the Gap this Year



Expenditures Outpacing Revenues

Reserves Used to Bridge the Gap this Year

5.2% CAGR Expense



Turning things around:

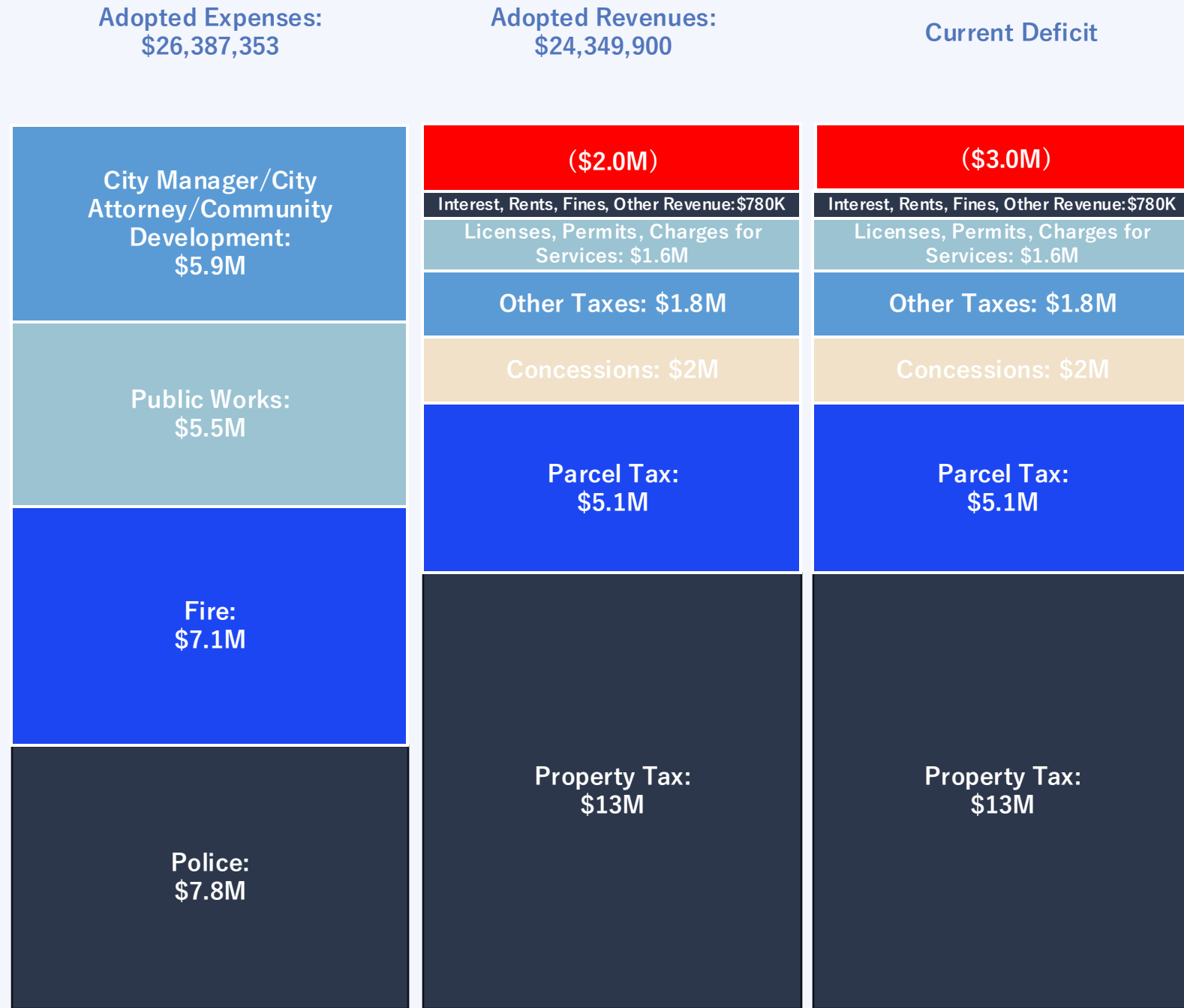
- **Hiring Key Staff:** City Manager, Deputy City Manager, Police Chief, 2x Capts, Public Works Director, City Clerk
- **Financial:** Hired external CPA firm
- **Fire Prevention/Mitigation:** Peninsula Helopod water tank, AI fire spotter cameras, Hillside Goats, No-Fee Weed Abatement Program
- **Improved City Communications:** Printed newsletter, Town Hall meetings, updated website pages



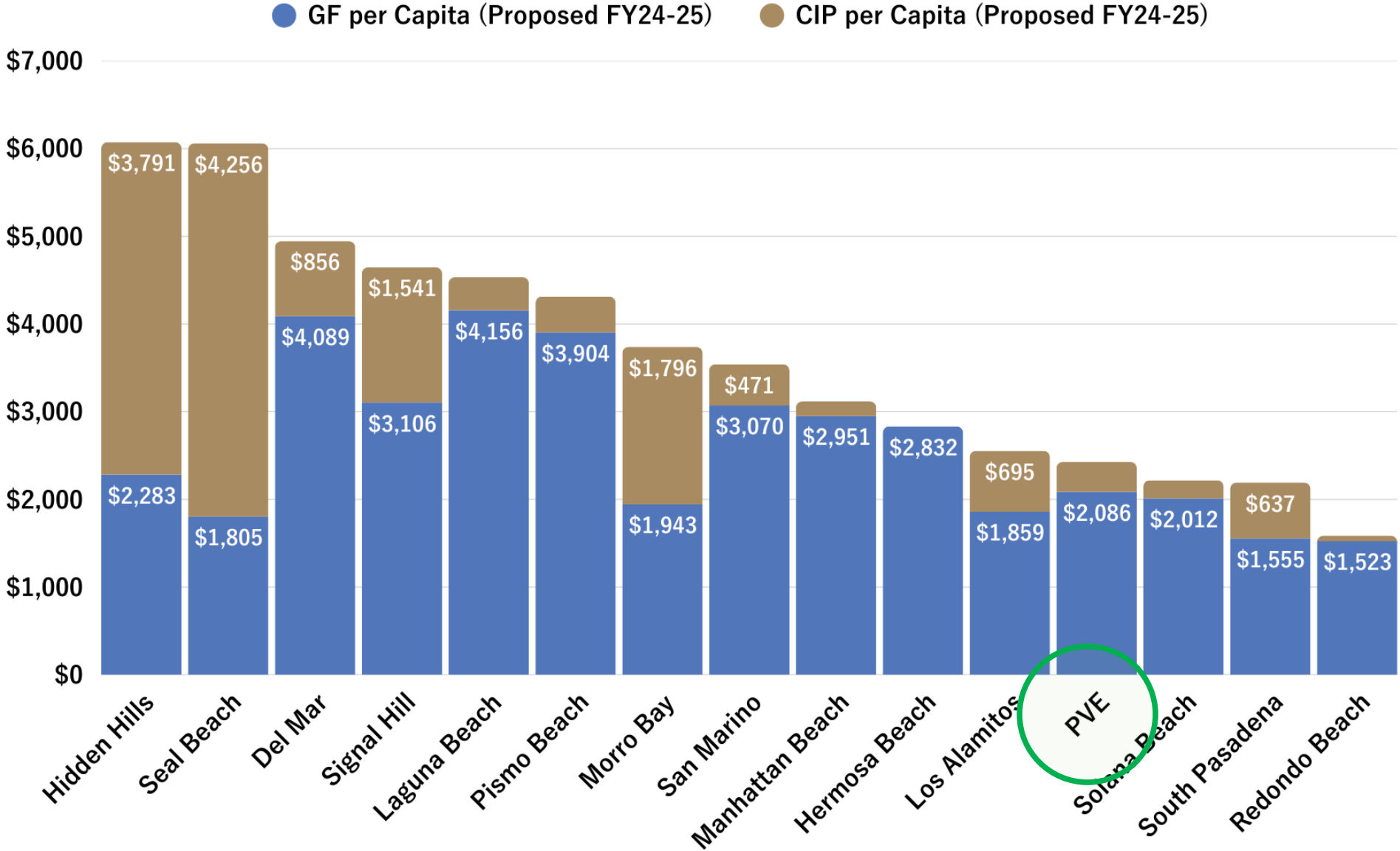
Budget At A Glance

The \$2 million deficit this year does not account for the City's unfunded capital improvement projects

- Originally projected \$2M deficit
- Now over **\$3M** due to rising costs
- Includes inflation & service obligations

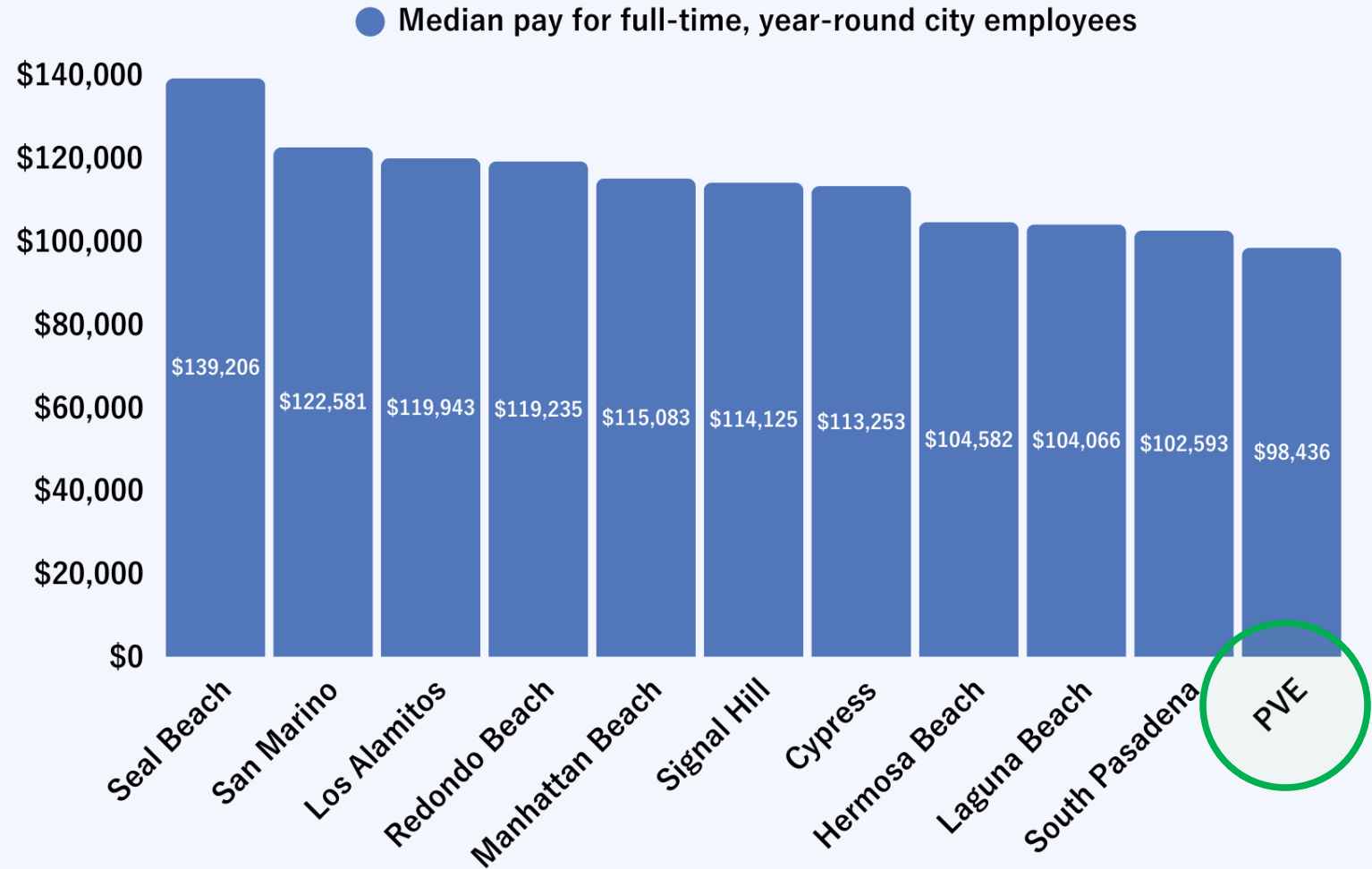


General Fund and Capital Improvement Spending Per Resident



The Challenge to Recruit and Retain Talent

- To Keep Top Staff, We Must Stay Competitive
- Retaining Staff = Protecting Services and Safety
- While spending money conservatively...



When Measure E expires, the deficit explodes to \$10+ Million

CITY OF PALOS VERDES ESTATES
General Fund Long-Range Forecast - Baseline Version
Fiscal Years 2023/24 through 2032/33
(In \$1,000's)

FY 23-24 Amended Budget	BASELINE VERSION									
	Forecast									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Operating Budget										
Operating Revenues *	\$ 26,841	\$ 24,349	\$ 22,449	\$ 23,065	\$ 18,663	\$ 19,355	\$ 20,071	\$ 20,815	\$ 21,593	\$ 22,403
Operating Expenditures**	24,597	26,387	27,981	29,395	30,781	32,230	33,553	34,959	36,443	37,930
Operating Surplus (Deficit)	2,244	(2,038)	(5,532)	(6,330)	(12,119)	(12,875)	(13,482)	(14,144)	(14,851)	(15,526)
Capital Transfers (Per CIP) ***	(2,007)	(325)	-	-	-	-	-	-	-	-
Total Surplus (Deficit)	\$ 237	\$ (2,363)	\$ (5,532)	\$ (6,330)	\$ (12,119)	\$ (12,875)	\$ (13,482)	\$ (14,144)	\$ (14,851)	\$ (15,526)

* Assumes no continuation of Parcel Tax that expires starting in FY 2027/28.
** Excludes one-time costs
*** Capital transfers all funded from General Fund Reserves Earmarked for Capital

And, this figure of \$10+ million does not account for millions of additional dollars necessary to repair and maintain critical city infrastructure and services...

Maintaining critical infrastructure and services...

Fire Prevention and Weed Abatement	Sewer maintenance
Police Pay that is competitive with nearby cities	Refreshing emergency preparedness stockpiles
City Hall Parking garage repairs	Road repairs
Water intrusions and hillside shoring	Storm drain maintenance

We need your feedback on priorities and funding targets

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**We need engagement and feedback
from the residents of PVE!**

*Which priorities do you care about
most?*

*What can residents afford, and do
we need exemptions, e.g. for lower-
income seniors?*

If we lose it, it's gone forever...

- **High Density Housing v. Local Control:** Pressure from the Governor and the State Legislature to “fill in” our city with high density housing.
- **Wildfire:** Prevention and Response
- **Local Police:** Our local police force has been a defining element of our city for 100 years. The alternative is “negotiating” each year with LASD and it's 18,000-member union.





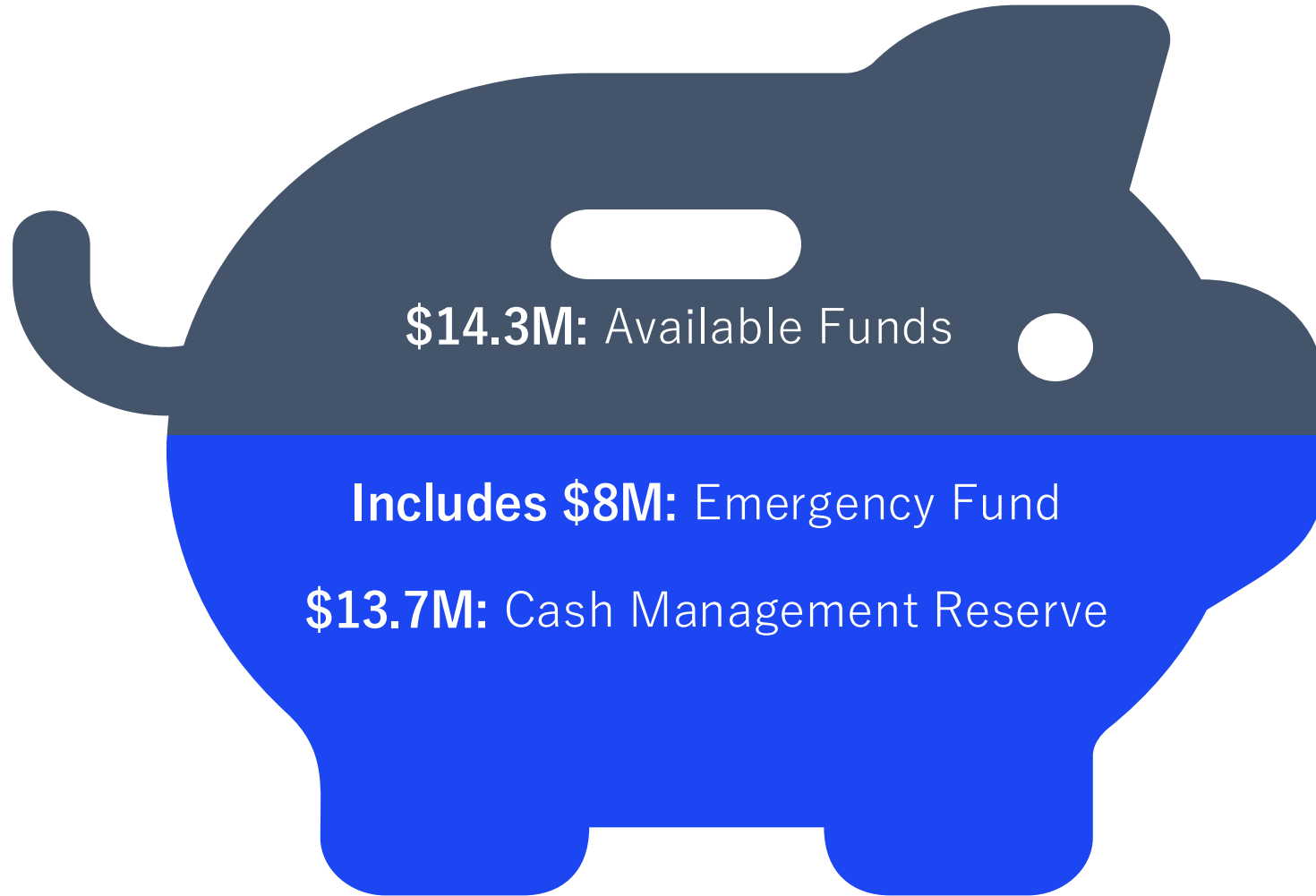
Fiscal Responsibility

Steps We've Taken to Balance
the Budget Over the Years



**MAINTAINING
RESERVES**

Understanding PVE's General Fund Reserves



- **Our General Fund Reserves are approximately \$28M as of July 1, 2024**

Fiscal Responsibility

Steps We've Taken to Balance
the Budget Over the Years



**MAINTAINING
RESERVES**



**REDUCING CITY'S
WORKFORCE**



**DEFERRING
REPAIRS AND
MAINTENANCE**



**IDENTIFYING &
SECURING NEW
REVENUE**

Where and How We Spend Our Money



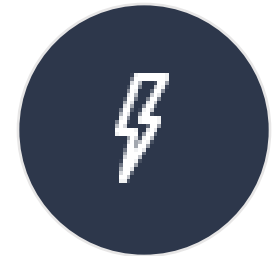
People



Contracts



Insurance



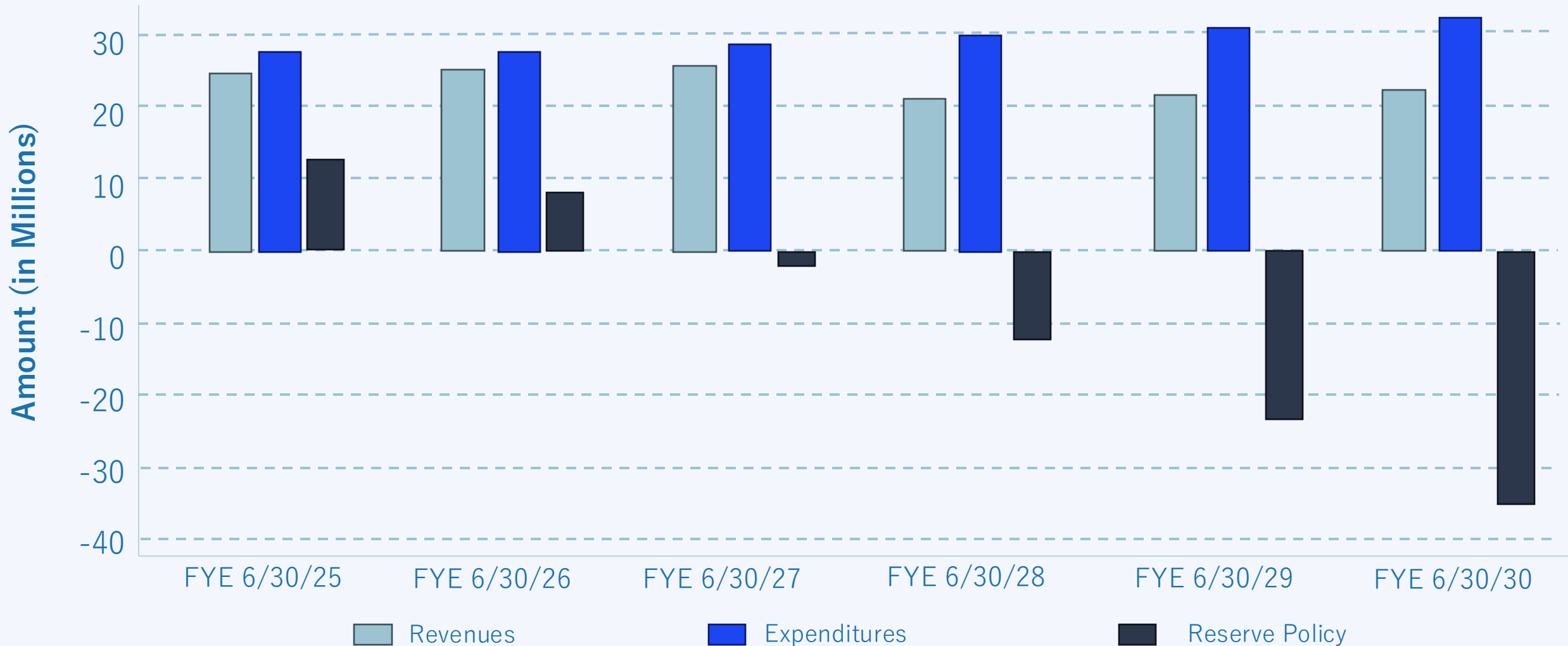
Utilities

98% of our Expenditures

A scenic view of a coastline. In the foreground, a dirt path leads down towards the ocean, flanked by dense yellow wildflowers. To the left, a steep, rocky cliffside rises up. The ocean is visible on the right, meeting a clear blue sky at the horizon.

FUTURE CHALLENGES & PRIORITIES

Long-Range Projection Assuming Measure E is NOT Replaced



Additional Considerations:

- **Funding for Infrastructure**
- **Incremental Funding for Fire Mitigation/Weed Abatement**
- **Incremental Funding for Tree Maintenance**
- **Additional Staffing**
- **Contingencies**



Long Range Projection

An Illustrative Example

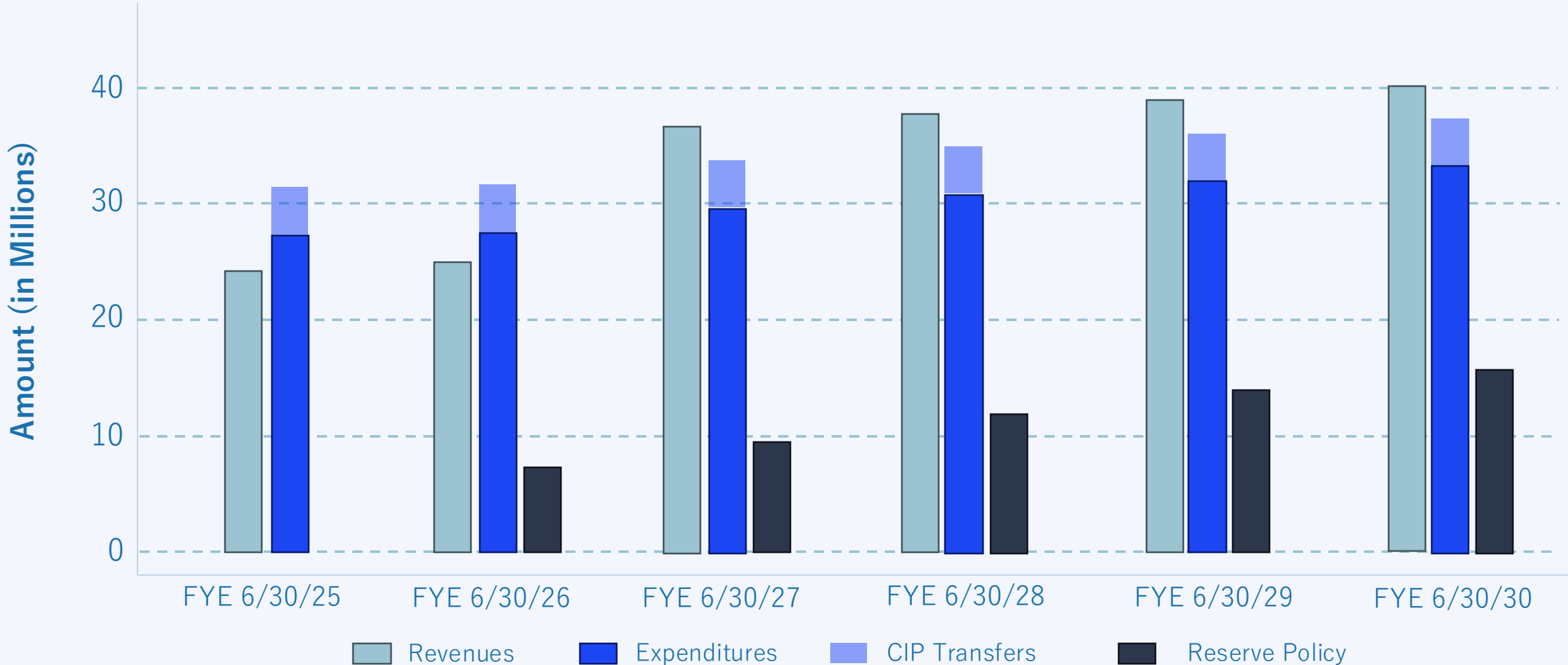
Assume the following:

- Annually \$4.0M is set aside for **Infrastructure**
- Annually \$900K is added for **Fire Mitigation and Tree Maintenance**
- Annually \$500K is added for **Contingencies**



Long-Range Projection With Assumptions

An Illustrative Example



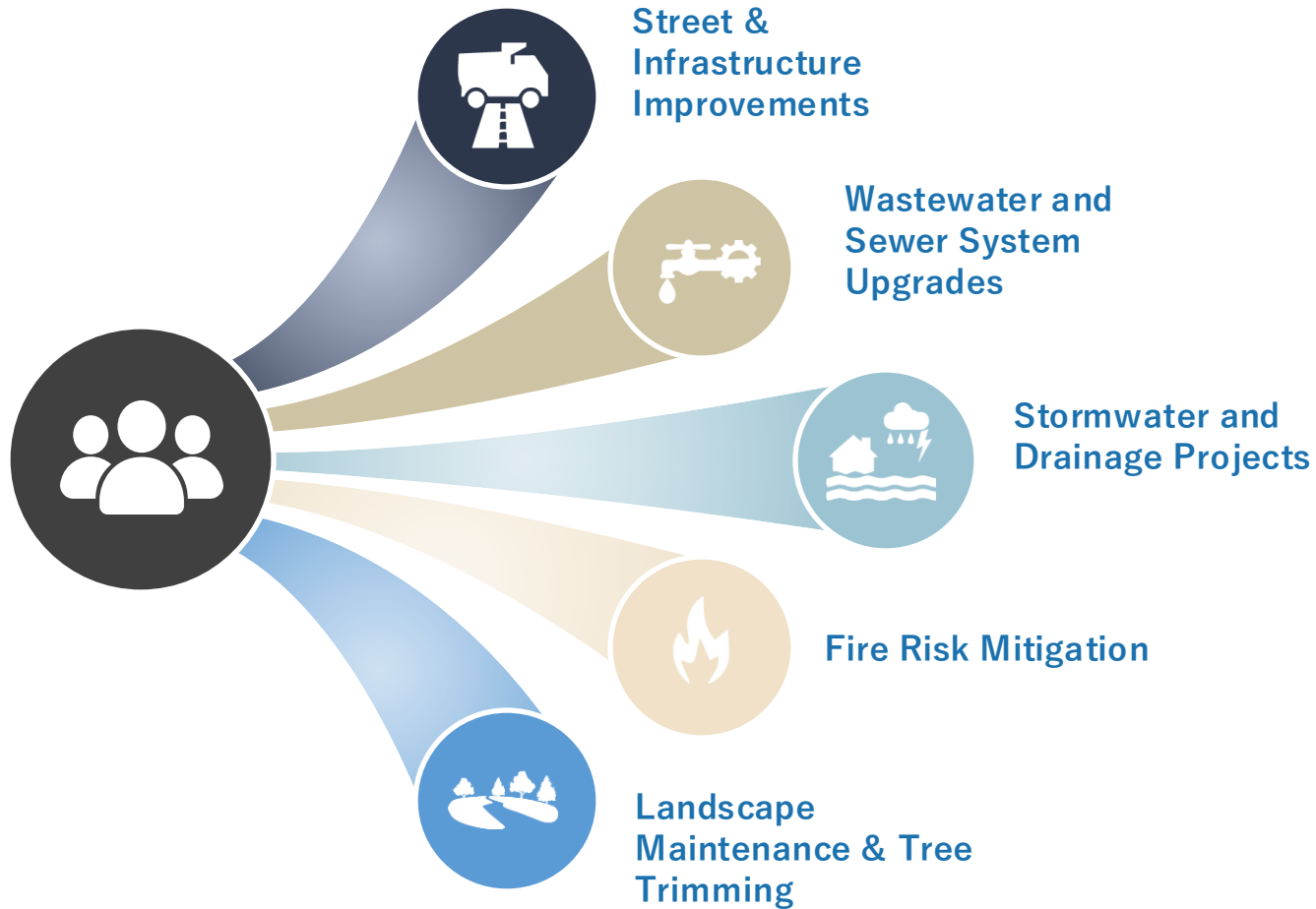


Balancing Community Safety with Fiscal Responsibility

- Health, safety, and fiscal sustainability go hand-in-hand
- Each year, the City evaluates how to maintain essential services
- Unfunded projects continue to add pressure



Ongoing Maintenance & Infrastructure Needs



Aging infrastructure needs investment to stay functional

Delays increase costs and risk further deterioration

CIP funding gap excludes City, Police, and Fire facilities

Maintaining the City's Financial Stability

Local Control through Community Investment

Reducing Wildfire
Risks in PVE's Open
Spaces and Natural
Areas/Maintaining
Fire Protection
Services

Helping Prevent
Thefts And Home
Burglaries/
Maintaining Public
Safety

Emergency
Preparedness

Maintaining 911
Response Times



**FINANCIAL
OUTLOOK &
REVENUE
REALITIES**

Current Situation

- Simply renewing Measure E at current funding levels will not come close to addressing PVE's fiscal dilemma
- Therefore, what will be required to properly maintain existing services, given our current situation?



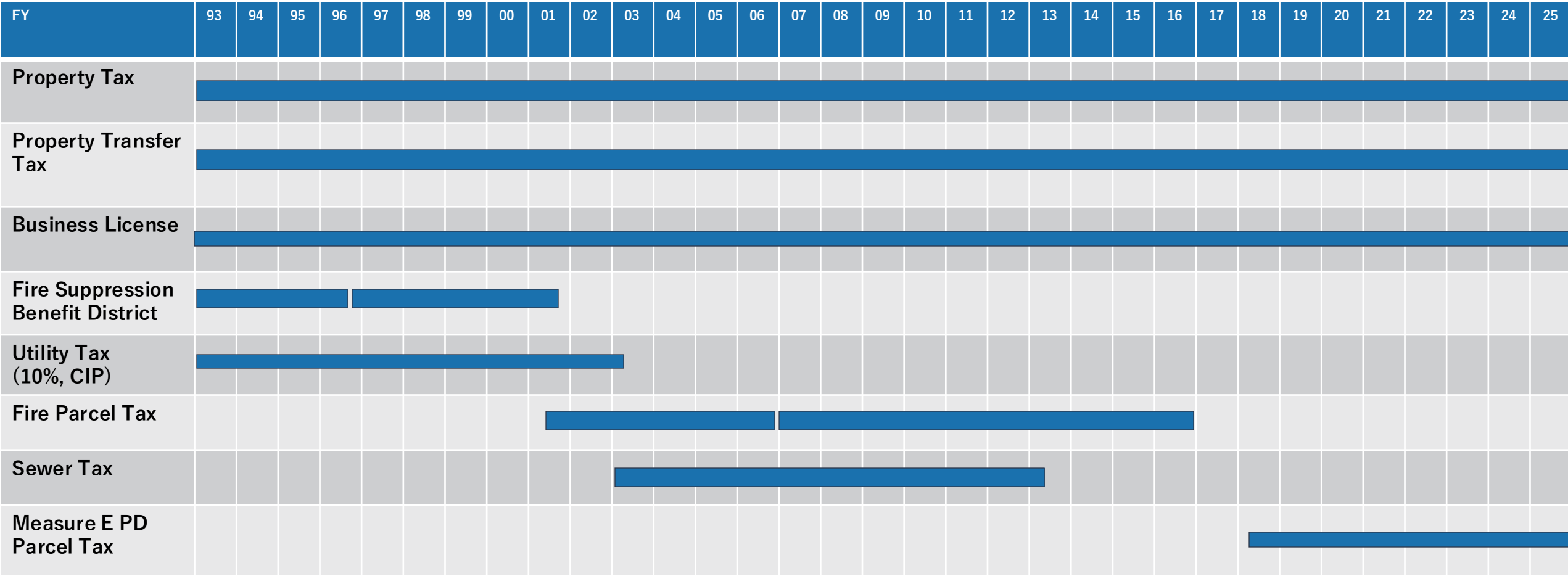
The Landscape Has Changed

- Financial pressures are different—
and growing
- Months of review confirm the need
for a sustainable solution
- The parcel tax is the only option that
meets current and future needs



Historical Patchwork Of Taxes

The City needs A Reliable, Dedicated Solution



A parcel tax partially covered Fire/Police/Paramedic Services & Parklands Maintenance in the '80s

Understanding Property Tax Allocation & Current Parcel Tax

PROPERTY TAX:

Median Sales Value = \$2,800,000

Property tax rate = 1%

City share = 11.3¢ per \$1 of property tax collected

Total Property Tax Paid: \$28,000/year

Total City Receives: \$3,164/year

PARCEL TAX:

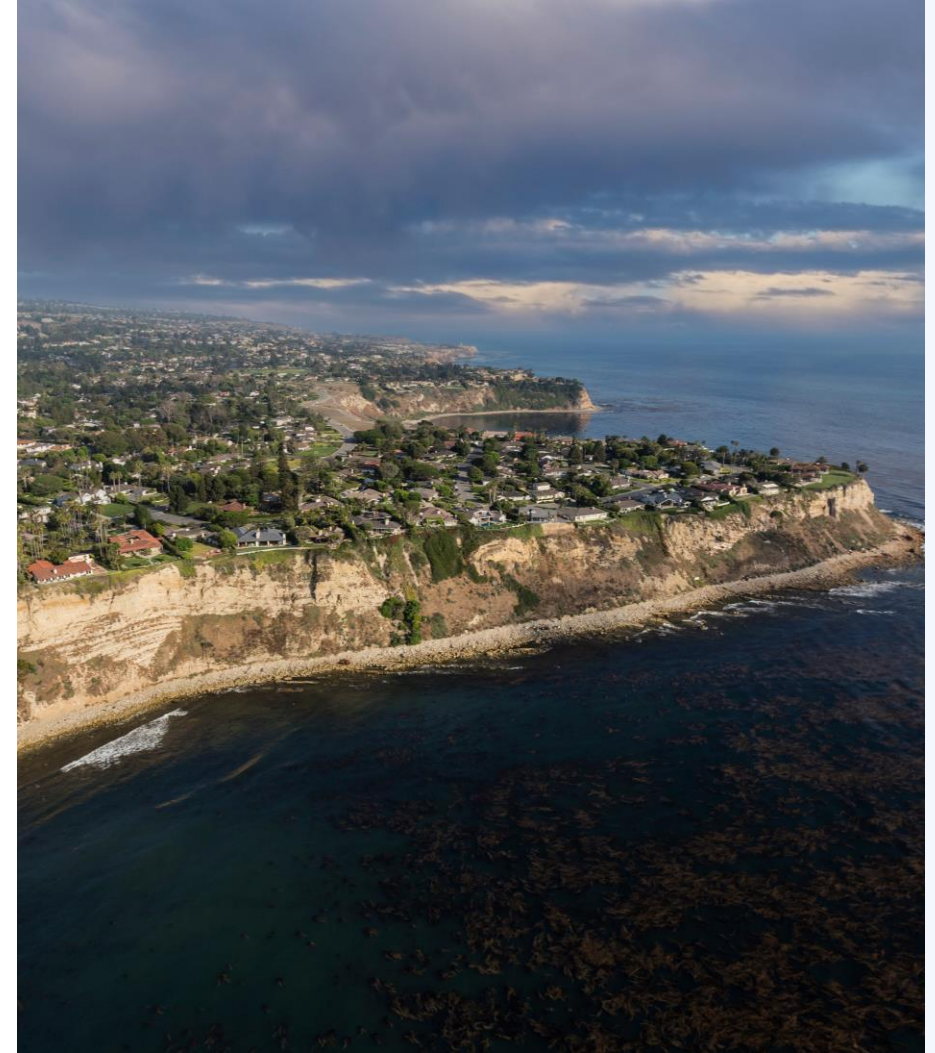
Average Square Footage = 3,500 sq. ft.

Parcel Tax Rate = \$342 per lot plus \$0.20 per sq. ft.

City Share = 100% of parcel tax collected

Total Property Tax Paid: \$1,042/year OR \$86/month

Total City Receives: \$1,042/year





Moving 2025 Forward: Priorities

Together, we can secure a strong, sustainable future for PVE

Ensure Long-Term Financial Stability

- Develop a responsible, balanced budget strategy
- Explore new revenue sources while maintaining fiscal discipline

Invest in Critical Infrastructure & Maintenance

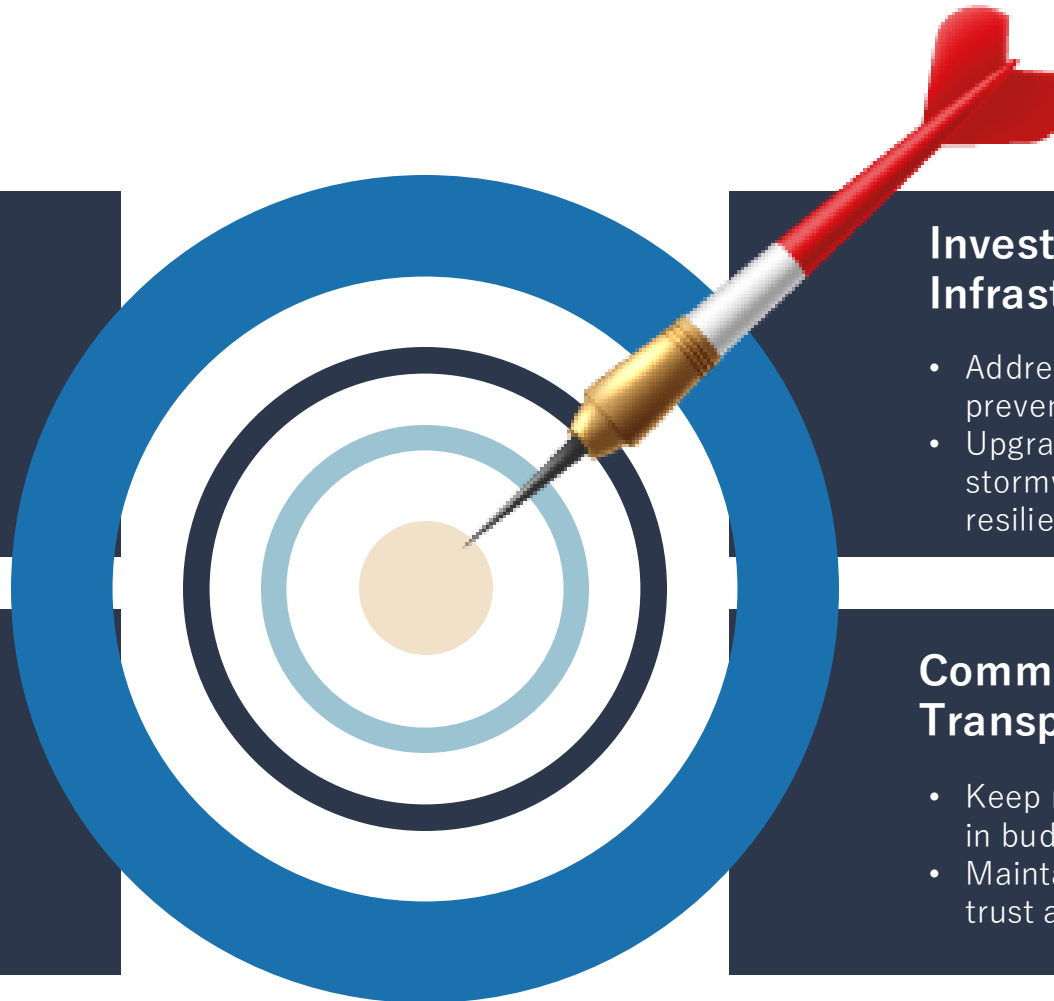
- Address deferred maintenance to prevent costly repairs
- Upgrade streets, sewers, and stormwater systems for long-term resilience

Prioritize Public Safety & Essential Services

- Secure sustainable funding for police, fire, and emergency preparedness
- Invest in technology and infrastructure to enhance service efficiency

Community Engagement & Transparency

- Keep residents informed and involved in budget decisions
- Maintain open communication to build trust and collaboration



Share Your Input & Stay Engaged

Residents are encouraged to **stay informed, engage in discussions, and share input** on priorities.

 Visit: www.pvestates.org

 Email: communications@pvestates.org

 E-News: www.pvestates.org/enotifications



A scenic coastal landscape featuring a dirt path that winds through a field of yellow wildflowers. In the background, a steep, rocky cliffside meets the ocean under a clear blue sky. The overall scene is bright and natural.

Q & A

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