

RESOLUTION R24-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA APPROVING THE SPECIAL TAX REPORT AND SETTING THE PVE LAW ENFORCEMENT SPECIAL TAX LEVY FOR FISCAL YEAR 2024/2025

WHEREAS, the voters of the City of Palos Verdes Estates, at a special election held on April 10, 2018, approved Measure E (codified as Ordinance 18-732), a special tax to fund law enforcement services ("Special Tax") in the city; and,

WHEREAS, Measure E included procedures for determining the rate and method of apportionment of the Special Tax authorized to be levied and enabling the collection and providing for the administration of such tax; and,

WHEREAS, the City Council has caused to be prepared a report entitled "City of Palos Verdes Estates Law Enforcement Services Special Tax Report, Fiscal Year 2024-25" (the "Special Tax Report"), which is presented by the City Clerk and attached hereto as "Exhibit A"; and,

WHEREAS, the City Council has budgeted and is scheduled to appropriate the revenues from the Special Tax and the expenditures associated with the cost of law enforcement services and administration as part of the City's Fiscal Year 2024-25 budget.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Palos Verdes Estates as follows:

Section 1. The City Council has duly considered the Special Tax Report, attached hereto as "Exhibit A" and incorporated herein by reference, and hereby approves said report as filed; and,

Section 2. The City Council hereby establishes the tax levy as set forth in the Special Tax Report for the fiscal year commencing July 1, 2024 and ending June 30, 2025; and,

Section 3. The City Council hereby resolves that the proceeds from any funds collected from the Palos Verdes Estates Law Enforcement Special Tax shall be expended for law enforcement services in accordance with Ordinance 18-732; and,

Section 4. The City Council hereby authorizes the Finance Director to file such tax levy with the County of Los Angeles and to take other related actions to ensure the levy and collection of said special tax; and,

Dawn Murdock
Dawn Murdock, Mayor

ATTEST:


Interim City Clerk

APPROVED AS TO FORM:


Trevor Rusin, City Attorney

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF PALOS VERDES ESTATES)

City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R24-20** was duly and regularly approved and adopted by the City Council of the City of Palos Verdes Estates at its regular meeting of the City Council on the 11th day of June 2024, by the following vote:

AYES: COUNCILMEMBERS: Lozzi, Kemps, McGowan

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Murdock, Roos

ABSTAIN: COUNCILMEMBERS: None



City Clerk

CITY OF PALOS VERDES ESTATES LAW ENFORCEMENT SERVICES

**Special Tax Report
Fiscal Year 2024/25**

April 2024



Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

**CITY OF PALOS VERDES ESTATES
Law Enforcement Services Special Tax**

**340 Palos Verdes Drive West
Palos Verdes Estates, CA 90274
Phone - (310) 378-0383**

CITY COUNCIL

Dawn Murdock, Mayor
Victoria A. Lozzi, Mayor Pro Tem
Michael Kemps, Councilmember
David McGowan, Councilmember
Jim Roos, Councilmember

CITY STAFF

Kerry Kallman, Acting City Manager
Ron Hayes, Senior Accountant

NBS

Mike Rentner, Client Services Director
Adina McCargo, Project Manager
Amanda Welker, Administrator

1. INTRODUCTION

1.1 Authority for Special Tax

At a special election held on April 10, 2018, voters of the City of Palos Verdes Estates (the "City") approved Measure E, a special tax to fund law enforcement services (the "Special Tax"). The Special Taxes are levied 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).

1.2 Duration of Special Tax

The levy of the Special Tax is authorized for each of the nine fiscal years commencing with Fiscal Year 2018/19 and ending with Fiscal Year 2026/27.

1.3 Purpose of Special Tax

The sole purpose of the Special Tax is to raise revenues for law enforcement services in the City. Use of the revenue generated by the Special Tax is restricted to obtaining, providing, operating, and maintaining local and independent community-based law enforcement services throughout the entire City, which includes paying the salaries and benefits of police personnel, upgrading technology and safety equipment, maintaining response times, paying for any other necessary law enforcement expenses, and paying the direct costs of levying the Special Tax.

1.4 Preliminary Special Tax Summary

The following table summarizes the estimated number of parcels, lots, building square footage, and Special Tax revenue by land use type for Fiscal Year 2024/25:

Land Use ⁽¹⁾	Estimated Number of Parcels ⁽¹⁾	Estimated Number of Lots ⁽¹⁾	Estimated Building Square Footage ⁽¹⁾	Base Amount (Rate per Lot) FY 2024/25	Improvement Amount (Rate per sq. ft.) FY 2024/25	Estimated Special Tax Revenue for FY 2024/25 ⁽¹⁾
Single Family Home	5,086	5,149	15,863,684	\$342.00	\$0.20	\$4,933,694.80
Multi-Family	26	29	211,559	342.00	0.20	52,229.80
Commercial	33	44	273,238	342.00	0.20	69,695.60
Vacant (Undeveloped)	73	73	-	342.00	0.20	24,966.00
Totals:	5,218	5,295	16,348,481			\$5,080,586.20

(1) Data is based on the Fiscal Year 2023/24 levy data and will be updated when the final lien date roll is released. The update will reflect parcel information as of January 1, 2024. Updates to this data may cause changes to this estimate prior to its submission to the County Tax Collector for placement on the Fiscal Year 2024/25 tax roll.

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2. SPECIAL TAX METHODOLOGY

The Law Enforcement Services Special Tax is a tax upon each parcel of property within the City and is not measured by the value of the property. For purposes of levying the Special Tax, a "parcel of property" means 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 residential property, 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 §11000 et seq.).

The Special Tax is determined for each parcel of property by calculating the following sum:

- (1) The amount of Three Hundred Forty-Two Dollars (\$342.00) (the "Base Amount") for each lot within such parcel of property, plus
- (2) Twenty cents (\$0.20) (the "Improvement Amount") for each square foot of building improvements located on such parcel of property as of January 1.

For the purposes of calculating the Special Tax, the term "Building Improvement" means any "structure" "erected" on the parcel of property, as those terms are defined in Chapter 17.08 of the Palos Verdes Estates Municipal Code.

Determination of Lots and Building Improvements. The records of the City are utilized to determine the number of lots within any parcel of property. The records of the Los Angeles County Assessor are used to determine the amount of building improvement located on a parcel of property, provided, however, that the records of the City 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.

In those instances where building improvements are located on more than one lot within a parcel of property, the City Council may designate one of such lots as the lot upon which such building improvements is considered to be located for purposes of levying the Special Tax.

Exempt Property. The Special Tax is not imposed upon any 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.

2.1 Inflator

There is no cost of living or other annual inflation factor applied to the Base Amount or Improvement Amount. The maximum rates noted above will remain the same for the duration of the Special Tax.

3. REVENUE

3.1 Use of Revenue

The Local Agency Special Tax and Bond Accountability Act Report, which can be found in Appendix A of this report, was filed with the legislative body for calendar year 2023. The report meets the requirements of Section 2(d) of the Ordinance authorizing the levy of the Special Tax.

4. SAMPLE SPECIAL TAX CALCULATIONS

The following sample calculations show the proposed Special Taxes.

Sample Parcel A	
Square Foot of Building Improvements	1,200
Base Amount	\$342.00
Improvement Amount	\$240.00
Total Special Tax Levy:	\$582.00

Sample Parcel B	
Square Foot of Building Improvements	2,500
Base Amount	\$342.00
Improvement Amount	\$500.00
Total Special Tax Levy:	\$842.00

Sample Parcel C	
Square Foot of Building Improvements	5,000
Base Amount	\$342.00
Improvement Amount	\$1,000.00
Total Special Tax Levy:	\$1,342.00

Sample Parcel D	
Square Foot of Building Improvements	10,000
Base Amount	\$342.00
Improvement Amount	\$2,000.00
Total Special Tax Levy:	\$2,342.00

APPENDIX A: LOCAL AGENCY SPECIAL TAX AND ACCOUNTABILITY REPORT

The following page contains the Local Agency Special Tax and Bond Accountability Report filed with the legislative body for calendar year 2023, which meets the requirement of Section 2(d) of the Ordinance authorizing the levy of the Law Enforcement Services Special Tax.

Local Agency Special Tax and Bond Accountability Act

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act (the "Act"). This Act requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the Special Tax District and others are handled through annual reports. This Section of this report intends to comply with Section 50075.3 of the California Government Code that states:

"The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

1. The amount of funds collected and expended.
2. The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1."

The requirements of the Act apply to the Funds for the following:

City of Palos Verdes Estates
Law Enforcement Services Special Tax
April 10, 2018

Purpose of Special Tax

The Special Tax provides funding for obtaining, providing, operating, and maintaining local and independent community-based law enforcement services throughout the entire City, which includes paying the salaries and benefits of police personnel, upgrading technology and safety equipment, maintaining response times, paying for any such other necessary law enforcement expenses and paying the direct costs of levying the Special Tax.

The services are ongoing on an annual basis.

Collections and Expenditures

Fund Name	06/30/2022 Balance	Amount Collected ⁽¹⁾	Amount Expended ⁽²⁾	06/30/2023 Balance
Special Tax Fund	\$0.00	\$5,089,297.13	\$5,089,297.13	\$0.00

(1) Amount collected during Fiscal Year 2022/23, including interest earned and transfers between funds.

(2) Amount Expended is difference between Total Amount Collected and 6/30/2023 Balance.

APPENDIX B: ORDINANCE

The following pages include a copy of the Ordinance levying Special Taxes.

AN ORDINANCE OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA,
LEVYING A LAW ENFORCEMENT SERVICES SPECIAL TAX, AUTHORIZING THE CITY OF PALOS VERDES
ESTATES TO ADJUST SPENDING LIMITS PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION
BY THE AUTHORIZED AMOUNT OF SERVICES SPECIAL TAX, AND REQUIRING ANNUAL REVIEW BY A CITIZEN
OVERSIGHT COMMITTEE

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 Law Enforcement Services Special Tax, as defined in California Government Code §53721, by the City of Palos Verdes Estates for each of the nine fiscal years commencing with fiscal year 2018-2019 and ending with fiscal year 2026-2027. 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 residential property, 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 law enforcement services in the City of Palos Verdes Estates. Use of the revenue generated by the parcel tax is restricted to obtaining, providing, operating, and maintaining local and independent community based law enforcement services throughout the entire City, which shall include paying the salaries and benefits of police personnel, upgrading technology and safety equipment, maintaining response times, paying for any such other necessary law enforcement expenses and paying the direct costs in levying this tax.
- (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 July 1, 2019, 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 2018-2019, the annual amount of the Law Enforcement Services Special Tax shall be determined for each parcel of property by calculating the following sum: (1) the amount of Three Hundred Forty-Two Dollars (\$342.00) (the - "Base Amount") for each lot within such parcel of property, plus twenty cents (\$0.20) (the - "Improvement Amount") for each square foot of building improvements located on such parcel of property as of January 1, 2018.
- (c) For each fiscal year after fiscal year 2018-2019, the maximum annual amount of the Law Enforcement 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.
- (d) For the purposes of this Chapter, the term "Building Improvement" shall mean any "structure" "erected" on the parcel of property, as those terms are defined in Chapter 17.08 of the Palos Verdes Estates Municipal Code.

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 Law Enforcement 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 Law Enforcement 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 Law Enforcement 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 Law Enforcement 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 law enforcement 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 Law Enforcement 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. Fiscal Accountability. A five member citizen committee comprised of members appointed

by the City Council must annually review and audit expenditures of revenues derived from the Law Enforcement Services Special Tax. The results must be included in the City's annual audit and reviewed by the City Council at a publicly noticed meeting.

SECTION 11. 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 12. Effective Date: Expiration. 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. This ordinance will expire nine (9) years after the Effective Date, provided, however, that the provisions of this ordinance relating to the collection of the Law Enforcement Services Special Tax and/or the enforcement of any liens for a tax imposed hereunder (for fiscal years 2018-2019 through 2026-2027) have been completed.

SECTION 13. 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.

