

**RESOLUTION R03-19**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES  
ESTATES, CALIFORNIA APPROVING THE AUDITOR'S REPORT AND  
SETTING THE RATE FOR THE FIRE AND PARAMEDIC SERVICES SPECIAL  
TAX TO FINANCE FIRE AND PARAMEDIC SERVICES  
FOR FISCAL YEAR 2003-04**

**WHEREAS**, the voters of the City of Palos Verdes Estates on March 6, 2001 approved Ordinance No. 630, which authorizes the City to levy the Fire and Paramedic Services Special Tax for the purpose of funding fire and paramedic service, currently provided under contract to the City by the Consolidated Fire Protection District of Los Angeles County; and

**WHEREAS**, the approval of the special tax included procedures for determining the rate and method of apportionment of the Fire and Paramedic Services Special Tax, the maximum rate 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 "Fire and Paramedic Services Special Tax, Fiscal Year 2003-04, Auditor's Report, City of Palos Verdes Estates" (the "Auditor's Report"), which is presented by the City Clerk and attached hereto as "Exhibit A"; and

**WHEREAS**, the City Council has budgeted and appropriated the revenues from the special tax and the expenditures associated with the cost of fire and paramedic contract services and administration as part of the City's fiscal year 2003-04 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 Auditor's Report, attached hereto as "Exhibit A" and incorporated herein by reference, and hereby approves said report as filed.

Section 2. The City Council hereby establishes the tax rates as set forth in the Auditor's Report for the fiscal year commencing July 1, 2003 and ending June 30, 2004.

Section 3. The City Council hereby resolves that the proceeds from any funds collected from the Fire and Paramedic Services Special Tax shall be expended for fire and paramedic services.

Section 4. The City Clerk shall certify to the passage and adoption of Resolution 03-19 and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 24th day of June, 2003.

  
Fred W. Mackenbach, Mayor

ATTEST:

  
Judy Smith, City Clerk

APPROVED AS TO FORM:

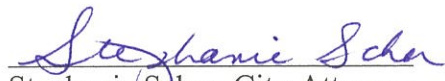
  
Stephanie Scher, City Attorney

EXHIBIT A

*FIRE AND PARAMEDIC SERVICES  
SPECIAL TAX*

*FY 2003-04*

*Auditor's Report*



*June 6, 2003*


*Prepared By:*

***Berryman & Henigar***

**AUDITOR'S REPORT  
CITY OF PALOS VERDES ESTATES  
FIRE AND PARAMEDIC SERVICES SPECIAL TAX  
2003-04 FISCAL YEAR**

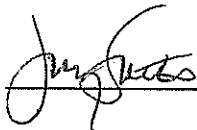
The undersigned, acting on behalf of Berryman & Henigar, respectfully submits the enclosed report as directed by the City Council.

Dated: 6/3, 2003

By:   
K. Dennis Klingelhof, P.E.  
R.C.E. No. 50255

I HEREBY CERTIFY that the enclosed Auditor's Report, together with Tax Roll thereto attached, was filed with me on the 6th day of JUNE, 2003.

City Clerk  
City of Palos Verdes Estates  
Los Angeles County, California

By  \_\_\_\_\_

I HEREBY CERTIFY that the enclosed Auditor's Report, together with Tax Roll thereto attached, was approved and confirmed by the City Council of the City of Palos Verdes Estates, California, on the \_\_\_\_\_ day of \_\_\_\_\_, 2003.

City Clerk  
City of Palos Verdes Estates  
Los Angeles County, California

By \_\_\_\_\_

**AUDITOR'S REPORT  
CITY OF PALOS VERDES ESTATES  
FIRE AND PARAMEDIC SERVICES SPECIAL TAX  
2003-04 FISCAL YEAR**

**INTRODUCTION**

The purpose of the Special Tax is to provide fire and paramedic special services to the City of Palos Verdes Estates as contracted with the County of Los Angeles Fire Department. The enabling legislation for the Special Tax is found in the California Government Code commencing with Section 50075. On March 6, 2001, by over a two thirds majority, the voters approved the establishment of the City of Palos Verdes Estates Fire and Paramedic Services Special Tax.

The above proceedings approved the rate and method of apportionment and the maximum amount to be levied over a period of six (6) years, starting in Fiscal Year 2001-02. This report is for the purpose of establishing the tax rates for Fiscal Year 2003-04, in accordance with the methodology as set forth in the approved Rate and Method of Apportionment. The City has retained Berryman & Henigar to prepare the Auditor's Report.

**ESTIMATE OF REVENUES GENERATED**

The total estimated revenue to be generated from the Fire and Paramedic Services Special Tax for FY 2003-04 is \$2,846,486.00.

**COST ESTIMATE FOR FY 2003-04**

The Special Tax Liability for any Fiscal Year is an amount sufficient to pay the costs of the services included in the Special Tax, to include: (i) costs for fire and paramedic services, and (ii) administrative expenses.

<b>Cost Estimate</b>	<b>Special Tax Fiscal Year 03-04</b>	<b>Assessment Fiscal Year 02-03 Actual Costs</b>
Fire and Paramedic Services Estimated Costs	\$ 2,830,130.00	\$ 2,709,125.00
Special Tax Administration	\$ 8,500.00	\$ 8,200.00
Subtotal:	\$ 2,838,630	\$ 2,717,325.00
Credit to Fund Balance	\$ 7,856.00	\$ 61,675.00
	\$ 2,846,486	\$ 2,779,000.00

## RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

The purpose of the Special Tax is to provide fire and paramedic special services to the City of Palos Verdes Estates as contracted with the County of Los Angeles Fire Department. This section of the report describes the rate and method of the Special Tax formula that distributes the cost of fire and paramedic special services to each lot or parcel based upon the type of use of each property and its risk classification. The basis of the Special Tax was developed based upon information provided by the City of Palos Verdes Estates, information from the County of Los Angeles Fire Department, and the requirements of California Government Code Section 50075.

This Special Tax is to provide the financing for the fire and paramedics special services provided to the City of Palos Verdes Estates by the Los Angeles County Fire Department. Under the provisions of the Code, a Special Tax does not necessarily need to demonstrate an immediate benefit upon a parcel of property. However, this Rate and Method of Special Tax equitably relates the costs of providing fire and paramedic services to the properties within the City. The Special Tax Rate and Method considers the actual benefits received by a parcel or the projected costs of protecting a certain type of parcel and related improvement, if any.

The Special Tax rates shall be based on the type of property and the risk classifications of the structure. The risk classification may include the amount of water required for fire suppression, the structure size, type of construction and use of the structure. In making an analysis for the City of Palos Verdes Estates, the most pertinent variable in the above factors would be the size of the structure, which is directly related to other variables. The larger improvements have more value, and therefore have greater risk and receive more benefit from fire suppression services. There is also more equipment and firefighter time involved, as well as greater amounts of water used, for larger structures.

### Land Use Classification

All parcels are assigned a land-use classification based upon their respective use code assigned by the Los Angeles County Assessor's Office.

- **Residential** - Residential parcels, including single family and multi-family uses, will be assessed by area of improvements on the parcel. Area of improvement is defined as total living area, as shown in the County's database and confirmed by the City's building permit department as of July 1 of each year.
- **Commercial Parcels** - Commercial parcels will also be assessed by area of improvements on the parcel. Based on information from the Los Angeles County Fire Department, the relative risk per square foot of commercial properties is equivalent to that of residential

properties. Area of improvement is defined as total building area, as shown in the County's database and confirmed by the City's building permit department as of July 1 of each year.

According to the Los Angeles County Fire Department, the only parcels in the City storing hazardous materials are publicly owned properties, which are exempt from the Special Tax, and service stations.

The information that has been received from several Fire Departments, including Los Angeles County, indicates that service stations are not assigned additional risk factors above those assigned for other commercial properties. Therefore, the service station properties have been assessed the same as other commercial properties within the City.

- **Exempt Parcels** – Exempt parcels are all parcels that are exempt from ad valorem taxes as allowed by current law such as parcels qualifying for a religious property exemption, utility transmission, and government owned parcels.

Additionally, all parcels receive benefit from fire suppression services, regardless of the type of property or size of the improvement on that property. This benefit is a standby availability benefit, which allows a property to obtain reasonable insurance rates and increases the desirability of a property due to the proximity of fire fighting equipment and staff. Therefore, every parcel within the City of Palos Verdes Estates, whether it has a structure constructed on it or not, is assessed a flat fee for the standby availability benefit.

### **MAXIMUM SPECIAL TAX**

A parcel's annual Special Tax amount may change from year to year, depending on the parcel's then-current land use and development thereon. However, a parcel may not be levied at an amount greater than the applicable Special Tax as established by the Rate and Method. The Special Tax includes a maximum annual six and one-half (6.5%) percent escalator in any fiscal year, as approved annually by City Council pursuant to the cost of the County of Los Angeles fire and paramedic services contract.

### **SPECIAL TAX LEVY FOR FY 2003-04**

The Rate and Method of Apportionment describes the maximum Special Tax to be levied for Fire and Paramedic Services within the City of Palos Verdes Estates. The calculation for the Fiscal Year 03-04 total Special Tax is based on the FY 03-04 Special Tax rates escalated at 2.2%.

A summary of parcel information relative to the Special Tax is shown on the following table. This information has been based upon the records of the Los Angeles County Assessor. Parcel means any Los Angeles County Assessor's Parcel that is within the boundaries of the City based on the equalized tax rolls of the County.

**PARCEL SUMMARY INFORMATION TABLE**

Special Tax Rate FY 2003-04							
Land Use	Parcel Count	Building Sq. Ft.	Parcel Standby Availability (Rate per Parcel) FY 02-03	Area of Improvements (Rate per Bldg. Sq. Ft.) FY 02-03	Parcel Standby Availability (Rate per Parcel) FY 03-04	Area of Improvements (Rate per Bldg. Sq. Ft.) FY 03-04	Total Special Tax FY 03-04
Single Family Homes	5,004	14,222,610	\$ 204.94	\$ 0.117379	\$ 209.45	\$ 0.119961	\$ 2,754,245
Multi-Family Residential	27	215,720	\$ 204.94	\$ 0.117379	\$ 209.45	\$ 0.119961	\$ 31,533
Commercial	29	245,900	\$ 204.94	\$ 0.117379	\$ 209.45	\$ 0.119961	\$ 35,573
Vacant	120		\$ 204.94		\$ 209.45	\$ -	\$ 25,134
<b>Total Assessable Parcels</b>	<b>5,180</b>	<b>14,684,230</b>					<b>\$ 2,846,486</b>

**PROCEDURAL INFORMATION**

**Maximum Special Tax**

A parcel's annual Special Tax amount may change from year to year, depending on the parcel's then-current land use and development thereon. However, a parcel may not be levied at an amount greater than the applicable Special Tax as established by the Rate and Method. The calculation for the Fiscal Year 03-04 Total Special Tax is based on FY 03-04 Special Tax rates escalated at 2.2%. The Special Tax includes a maximum annual six and one-half (6.5%) percent escalator in any fiscal year, as approved annually by City Council pursuant to the cost of the County of Los Angeles fire and paramedic services contract.

**Duration of Special Tax**

The length of duration of the Fire and Paramedic Services Special Tax is six (6) years. The Special Tax levy began in the Fiscal Year 2001-02 and will continue annually through Fiscal Year 2006-07. Fiscal Year means the period starting on July 1 and ending the following June 30.

**Schedule of Special Tax**

An annual Auditor's Report including the Special Tax roll will be submitted to the City Council for consideration on or around July 1<sup>st</sup> of each year, as part of the annual budget process. At that

time the Special Tax rates will be included in the budget for the ensuing fiscal year. The Special Tax will be collected with the property taxes on the annual County property tax bill.

### **Special Tax Fund Account**

The proceeds from the Special Tax will be utilized for the fire and paramedics services as outlined in this report and will be deposited into a Fire and Paramedic Services Special Tax fund account.

### **Appeal Procedure**

The data utilized in developing the Special Tax rate calculations has been taken from the Los Angeles County Assessor's Roll, as confirmed by the City of Palos Verde Estates. Building area means the total living area, based upon the records of the Los Angeles County Assessor, as of the March 1 preceding such July 1. Should a property owner find a discrepancy regarding a parcel, it is recommended that the owner notify the City of Palos Verdes. If warranted, the City will assist the owner in processing a correction with the County Assessor's Office.

### **SAMPLE SPECIAL TAX CALCULATIONS**

The following sample calculations show the proposed Special Taxes for Fiscal Year 2003-04.

				Special Tax FY 03-04	Special Tax FY 02-03
<i>Residential, Multi-Family and Commercial</i>					
Improvement area = 2,450 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 293.90	\$ 287.58
				\$ 503.35	\$ 492.52
Improvement area = 2,750 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 329.89	\$ 322.78
				\$ 539.34	\$ 527.72
Improvement area = 3,000 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 359.88	\$ 352.14
				\$ 569.33	\$ 557.08
Improvement area = 4,000 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 479.84	\$ 469.52
				\$ 689.29	\$ 674.46
Improvement area = 8,000 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 959.69	\$ 939.32
				\$ 1,169.14	\$ 1,144.26
Improvement area = 12,000 square feet:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			\$ 1,439.53	\$ 1,408.54
				\$ 1,648.98	\$ 1,613.48
<i>Vacant</i>					
Any size vacant lot:					
	Per Parcel Special Tax =			\$ 209.45	\$ 204.94
	Square Foot Special Tax=			-	-
				\$ 209.45	\$ 204.94



Judy Smith, Assistant City Manager

May 12, 2003

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abatements will be available in 2004-05 and possibly in 2005-06, but have no confirmed information at this time. In addition, the County has been using some of the excess pension fund earnings to partially offset the cost of retiree health insurance, and it is expected that this cost abatement will continue at the current level.

- **Paramedic Pass Through Fee Program** – Due to the continual development of the ALS revenue collection and remittance process, we are unable to estimate the pass-through amount that will be generated in individual cities, but continue to pass to you the revenue we receive from ambulance companies for ALS transports originating within your City as a credit to your monthly invoice. Until additional information becomes available, we recommend your City budget the full amount of the estimated net fee for 2003-04.

Please let me or Chief Alkema know if your City would like a briefing on these cost elements and/or our overall fee structure. Your staff can call Chrissy Bridges, Financial Management Division, at (323) 838-2351, if they have any specific questions regarding these fees.

Sincerely,



HELEN E. JO, CHIEF  
FINANCIAL MANAGEMENT DIVISION

HEJ:yh

Enclosures

c: Assistant Fire Chief John Alkema

**LOS ANGELES COUNTY FIRE DEPARTMENT  
CITY OF PALOS VERDES ESTATES - FEE SUMMARY**

	<b>FINAL</b>					<b>ESTIMATE</b>		
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Actual Annual Fee (see attachments)	\$ 2,115,382	\$ 2,185,339	\$ 2,335,730	\$ 2,497,101	\$ 2,616,542	\$ 2,712,391	\$ 2,806,644	\$ 2,900,988
% Increase from Previous Fiscal Year		3.31%	6.88%	6.91%	4.78%	3.66%	3.47%	3.36%
Annual Fee Limitation Excess Rollover				8,344	17,893			
			\$ 2,335,730	\$ 2,505,445	\$ 2,634,435	\$ 2,712,391	\$ 2,806,644	\$ 2,900,988
Annual Fee Cap Percentage (1)		6.50%	6.50%	6.50%	6.50%	6.47%	6.11%	6.14%
Annual Fee Limitation (percentage cap applied to prior year actual annual fee)		\$ 2,197,009	\$ 2,327,386	\$ 2,487,552	\$ 2,659,413	\$ 2,785,838	\$ 2,878,086	\$ 2,979,039
Annual Fee Limitation Excess (2)		8,344		17,893				
Adjusted Actual Annual Fee	\$ 2,185,339	\$ 2,185,339	\$ 2,327,386	\$ 2,487,552	\$ 2,634,435	\$ 2,712,391	\$ 2,806,644	\$ 2,900,988
Less: Retirement Savings	(119,028)	(119,028)	(125,758)	(112,054)	(95,207)	(61,889)	(89,078)	(60,035)
Less: Retiree Health Insurance	(4,811)	(4,811)	(4,619)	(4,322)	(4,506)	(6,398)	(8,442)	(10,823)
Actual Net City Cost	\$ 2,061,500	\$ 2,061,500	\$ 2,197,009	\$ 2,371,176	\$ 2,534,722	\$ 2,644,104	\$ 2,709,124	\$ 2,830,130
Estimated Annual Fee	\$ 2,150,474	\$ 2,150,474	\$ 2,304,768	\$ 2,472,959	\$ 2,628,721	\$ 2,744,272	\$ 2,799,996 (6)	\$ 2,900,988
Less: Retirement Savings	(118,197)	(118,197)	(107,829)	(104,006)	(72,551)	(55,139)	(30,944)	(60,035)
Less: Retiree Health Insurance	(6,977)	(6,977)	(4,134)	(5,015)	(5,179)	(7,454)	(8,652)	(10,823)
Estimated Net City Cost	\$ 2,025,300	\$ 2,025,300	\$ 2,192,805	\$ 2,363,938	\$ 2,550,991	\$ 2,681,679	\$ 2,760,400	\$ 2,830,130
Annual Fee Adjustment	36,200	36,200	4,204	7,238	(16,269)	(37,575)	(51,276)	To Be Determined
Paramedic Pass-thru Fee Credit						(8,727)	To Be Determined	To Be Determined
Total Net City Payment	\$ 2,061,500	\$ 2,061,500	\$ 2,197,009	\$ 2,371,176	\$ 2,534,722	\$ 2,635,377	\$ 2,709,124	\$ 2,830,130
								\$ 235,844

Estimated Monthly Invoice:

(1) Beginning in 2001-02, % cap determined by taking the average of the immediately preceding years' actual annual fee % increases plus 1%.

(2) Amount that is deferred to a subsequent future fiscal year(s).

(3) Formula: "Actual" Net City Cost minus "Estimated" Net City Cost.

(4) Credits are posted directly to the monthly city billings based on actual revenue received from the ambulance companies. Actual year-end totals will not be available until the end of the fiscal year.

(5) Does not include any billing adjustment (i.e., utility usage).

(6) Letter to City of Palos Verdes Estates dated 04/30/02.

LOS ANGELES COUNTY FIRE DEPARTMENT  
FEE-FOR-SERVICE CITIES ANNUAL FEE SCHEDULE

\* PALOS VERDES ESTATES \*

		<u>Staffing (a)</u>	<u>Resource Cost</u>	<u>Annual Rate (b)</u>
<u>FINAL FISCAL YEAR 2002-03</u>				
<i>Station Operations:</i>				
Fire Station 2	Engine	3	\$ 1,311,507	\$ 1,311,507
Fire Station 2	Squad	2	844,056	844,056
				<u>\$ 2,155,563</u>
District Overhead	30.2047%			651,081
<u>ACTUAL ANNUAL FEE 2002-03</u>				<u>\$ 2,806,644</u>

(a) Station Operations staffing numbers reflect post positions (3 person staff each post position through a 56-hr work week). Station Operations include overtime required to maintain 24-hour constant staffing; Fire Prevention positions do not include overtime since constant staffing is not required.

(b) Rates for Squad staffing include paramedic bonuses, plus an additional paramedic bonus for the firefighter on the engine.

**LOS ANGELES COUNTY FIRE DEPARTMENT  
FEE-FOR-SERVICE CITIES ANNUAL FEE SCHEDULE**

**\* PALOS VERDES ESTATES \***

	<u>Staffing (a)</u>	<u>Resource Cost</u>	<u>Annual Rate (b)</u>
<u>ESTIMATED FISCAL YEAR 2003-04</u>			
<i>Station Operations:</i>			
Fire Station 2                      Engine	3	\$ 1,349,379	\$ 1,349,379
Fire Station 2                      Squad	2	864,975	<u>864,975</u>
			<b>\$ 2,214,354</b>
District Overhead                      31.0083%			<u>686,634</u>
<b>ESTIMATED ANNUAL FEE 2003-04</b>			<b><u>\$ 2,900,988</u></b>

- (a) Station Operations staffing numbers reflect post positions (3 person staff each post position through a 56-hr work week). Station Operations include overtime required to maintain 24-hour constant staffing; Fire Prevention positions do not include overtime since constant staffing is not required.
- (b) Rates for Squad staffing include paramedic bonuses, plus an additional paramedic bonus for the firefighter on the engine.


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

I, Vickie Kroneberger, Deputy City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R03-19** 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 24th day of June, 2003, by the following vote:

AYES: COUNCILMEMBERS: Mackenbach, Sherwood, Humphrey,  
and Abbott

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Councilmember Flood

  
\_\_\_\_\_  
Vickie Kroneberger, Deputy City Clerk