

RESOLUTION R07-18

**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 2007-08**

WHEREAS, the voters of the City of Palos Verdes Estates on March 6, 2007 approved Ordinance No. 677, 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 2007-08, 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 2007-08 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, 2007 and ending June 30, 2008.

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.

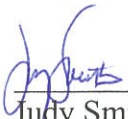
Section 4. The City Clerk shall certify to the passage and adoption of Resolution 07-18 and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 26th day of June, 2007.



James F. Goodhart, Mayor

ATTEST:



Judy Smith, City Clerk

APPROVED AS TO FORM:



Stephanie Scher, City Attorney

*FIRE AND PARAMEDIC SERVICES
SPECIAL TAX*

FY 2007-08

Auditor's Report



June 12, 2007

Prepared By:



**BUREAU
VERITAS**

**AUDITOR'S REPORT
CITY OF PALOS VERDES ESTATES
FIRE AND PARAMEDIC SERVICES SPECIAL TAX
FISCAL YEAR 2007-08**

The undersigned, acting on behalf of Bureau Veritas, respectfully submits the enclosed report as directed by the City Council.

Dated: June 12, 2007

By: 
K. Dennis Klingelhofer, 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 18th day of June, 2007.

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 26 day of June, 2007.

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
FISCAL YEAR 2007-08**

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, 2007, 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 ten (10) fiscal years, starting in Fiscal Year 2007-08. This report is for the purpose of establishing the tax rates for Fiscal Year 2007-08, in accordance with the methodology as set forth in the approved Rate and Method of Apportionment. The City has retained Bureau Veritas 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 2007-08 is \$3,489,276.

COST ESTIMATE FOR FY 2007-08

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.

| Cost Estimate | Special Tax Fiscal Year 07-08 | Fiscal Year 06-07 Actual Costs |
|---|--|---|
| County of Los Angeles Fire and Paramedic Services Estimated Costs | \$ 3,598,690 | \$ 3,292,050 |
| Special Tax Administration | \$ 8,900 | \$ 7,500 |
| Subtotal: | \$ 3,607,590 | \$ 3,299,550 |
| Contribution from Fund Balance | \$ (118,314) | \$ 31,566 |
| | \$ 3,489,276 | \$ 3,331,116 |



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 consider 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 four and two tenths percent (4.2%) escalator each fiscal year from fiscal year 2008-09 through 2011-12, and a maximum annual six and two tenths percent (6.2%) escalator each fiscal year from fiscal year 2012-13 through 2016-17, 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 2007-08

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 Special Tax rates for Fiscal Year 2007-08 are established per Ordinance No. 677.

A summary of parcel information relative to the Special Tax is shown on the following page. 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 INFORMATION SUMMARY

| Special Tax Rate Fiscal Year 2007-08 | | | | | | | |
|--------------------------------------|--------------|-------------------|--|--|--|--|----------------------------|
| Land Use | Parcel Count | Building Sq. Ft. | Parcel Standby Availability (Rate per Parcel) FY 06-07 | Area of Improvements (Rate per Bldg. Sq. Ft.) FY 06-07 | Base Amount (Rate per Parcel) FY 07-08 | Improvement Amount (Rate per Bldg. Sq. Ft.) FY 07-08 | Total Special Tax FY 07-08 |
| Single Family Homes | 5,041 | 14,811,843 | \$ 240.32 | \$ 0.137641 | \$ 250.41 | \$ 0.143422 | \$ 3,386,661 |
| Multi-Family Residential | 27 | 215,720 | \$ 240.32 | \$ 0.137641 | \$ 250.41 | \$ 0.143422 | \$ 37,700 |
| Commercial | 29 | 246,593 | \$ 240.32 | \$ 0.137641 | \$ 250.41 | \$ 0.143422 | \$ 42,629 |
| Vacant | 89 | 0 | \$ 240.32 | \$ - | \$ 250.41 | \$ - | \$ 22,286 |
| Total Assessable Parcels | 5,186 | 15,274,156 | | | | | \$ 3,489,276 |

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 Special Tax includes a maximum annual four and two tenths percent (4.2%) escalator each fiscal year from fiscal year 2008-09 through 2011-12, and a maximum annual six and two tenths percent (6.2%) escalator each fiscal year from fiscal year 2012-13 through 2016-17, 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 ten (10) years. The Special Tax levy will be levied annually from Fiscal Year 2007-08 through Fiscal Year 2016-17. 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 1st 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 2007-08.

| | Special Tax FY 07-08 | Special Tax FY 06-07 |
|---|---------------------------------|---------------------------------|
| <u>Residential, Multi-Family and Commercial</u> | | |
| Improvement area = 2,450 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 351.38 | \$ 337.22 |
| | \$ 601.79 | \$ 577.54 |
| Improvement area = 2,595 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 372.18 | \$ 357.18 |
| | \$ 622.59 | \$ 597.50 |
| Improvement area = 3,000 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 430.27 | \$ 412.92 |
| | \$ 680.68 | \$ 653.24 |
| Improvement area = 4,000 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 573.69 | \$ 550.56 |
| | \$ 824.10 | \$ 790.88 |
| Improvement area = 8,000 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 1,147.38 | \$ 1,101.13 |
| | \$ 1,397.79 | \$ 1,341.45 |
| Improvement area = 12,000 square feet: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ 1,721.06 | \$ 1,651.69 |
| | \$ 1,971.47 | \$ 1,892.01 |
| <u>Vacant</u> | | |
| Any size vacant lot: | | |
| Per Parcel Special Tax = | \$ 250.41 | \$ 240.32 |
| Square Foot Special Tax= | \$ - | \$ - |
| | \$ 250.41 | \$ 240.32 |



