

RESOLUTION R13-18

**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 2013-14**

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 "City of Palos Verdes Estates Fire and Paramedic Services Special Tax Auditor's Report, Fiscal Year 2013-14" (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 2013-14 budget,

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

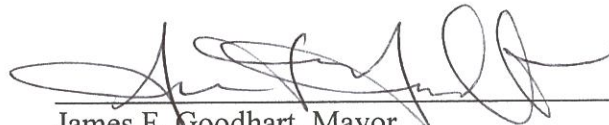
Section 1. The City Council has duly considered the Auditor's Report, attached hereto as "Exhibit A" and incorporated herein by reference, and hereby approves said report as filed.

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, 2013 and ending June 30, 2014.

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 13-18 and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 25th day of June, 2013.



James F. Goodhart, Mayor

ATTEST:



Vickie Kroneberger, Deputy City Clerk

APPROVED AS TO FORM:



Christi Hogin, City Attorney



E X H I B I T A

City of Palos Verdes Estates

**Fire and Paramedic Services
Special Tax**

Auditor's Report

Fiscal Year 2013/14

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**CITY OF PALOS VERDES ESTATES
FIRE AND PARAMEDIC SERVICES SPECIAL TAX**

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

CITY COUNCIL

James Goodhart, Mayor

Ellen Perkins, Mayor Pro Tempore

George Bird, Jr., Councilmember

Rosemary Humphrey, Councilmember

John Rea, Councilmember

CITY STAFF

Anton Dahlerbruch, City Manager

Judy Smith, Finance Director

Lori Yamasaka, Financial Services Manager

NBS

Danielle Wood, Client Services Director

Brian Brown, Senior Consultant

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1. SIGNATURE TRANSMITTAL PAGE

**Auditor's Report
City of Palos Verdes Estates
Fire and Paramedic Services Special Tax
Fiscal Year 2013/14**

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

Dated: MAY 30, 2013

By: 

Brian Thomas
R.C.E. No. 60907



I HEREBY CERTIFY that the enclosed Auditor's Report, together with Tax Roll thereto attached was filed with me on the 4th day of June, 2013.

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

By: 

Vickie Konebny, Deputy

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 25th day of June, 2013.

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

By: 

Vickie Konebny, Deputy

2. INTRODUCTION

The purpose of the Special Tax is to provide fire and paramedic services to the City of Palos Verdes Estates as contracted with the Los Angeles County Fire Department. The enabling legislation for the Special Tax is found in the California Government Code commencing with Section 50075 (the "Code"). 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 2013/14, in accordance with the methodology as set forth in the approved Rate and Method of Apportionment. The City has retained NBS Government Finance Group, DBA NBS ("NBS"), to prepare the Auditor's Report.

2.1. Estimate of Revenues Generated

The total estimated revenue to be generated from the Fire and Paramedic Services Special Tax for Fiscal Year 2013/14 is \$4,284,442.

2.2. Cost Estimate for Fiscal Year 2013/14

Under the formula and methodology authorized by Ordinance No. 677, the Special Tax rate for any fiscal year is set at an amount sufficient to pay the costs of services covered by the Special Tax, to include: i) costs for fire and paramedic services, and ii) administrative expenses. If the permitted Special Tax rate does not generate revenue sufficient to cover these costs, a contribution from the Fire and Paramedic Services Special Tax Operating Fund or other supplemental funding is required.

Cost Estimate	Special Tax for Fiscal Year 2013/14	Special Tax for Fiscal Year 2012/13
Los Angeles County Fire and Paramedic Services Estimated Costs	\$4,260,990	\$4,127,665
Special Tax Administration	5,245	5,169
Subtotal:	4,266,235	\$4,132,834
Contribution to or from Fire and Paramedic Services Special Tax Operating Fund	18,207	12,694
Total Revenue Generated:	\$4,284,442	\$4,145,528

3. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

3.1. Special Tax Formula

The purpose of the Special Tax is to provide fire and paramedic services to the City of Palos Verdes Estates as contracted with the Los Angeles County Fire Department. This section of the report describes the Rate and Method of Apportionment 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 Los Angeles County Fire Department, and the requirements of California Government Code Section 50075.

This Special Tax funds the fire and paramedic 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 Special Tax formula equitably apportions the costs of providing fire and paramedic services to the properties within the City. The Special Tax 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 are 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, and 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 is 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, are taxed by area of improvements on the parcel. Area of improvement is defined as total living area, as shown in the County Assessor's database and confirmed by the City's building permit department as of July 1 of each year.
- **Commercial Parcels** – Commercial parcels are also 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 Assessor'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 firefighting equipment and staff. Therefore, every eligible 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 of Apportionment. 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 Los Angeles County fire and paramedic services contract. However, the percentage increase in the Special Tax in any fiscal year to the next shall not exceed the percentage increase in the amount to be paid by the City of Palos Verdes Estates to the Fire District for such fiscal year.

SPECIAL TAX LEVY FOR FISCAL YEAR 2013/14

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 2013/14 are established per Ordinance No. 677.

A summary of parcel information relative to the Special Tax is shown below. This information is 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

Land Use	Parcel Count	Building Sq. Ft.	Base Amount (Rate per Parcel) FY 2012/13	Improvement Amount (Rate per Bldg. Sq. Ft.) FY 2012/13	Base Amount (Rate per Parcel) FY 2013/14	Improvement Amount (Rate per Bldg. Sq. Ft.) FY 2013/14	Total Projected Special Tax FY 2013/14
Single Family Homes	4,924	14,980,632	\$293.22	\$0.167942	\$302.69	\$0.173366	\$4,087,553.26
Condo/Multi-Family Residential	172	427,053	293.22	0.167942	302.69	0.173366	126,098.32
Commercial	28	242,466	293.22	0.167942	302.69	0.173366	50,510.58
Vacant	67	0	293.22	0.000000	302.69	0.000000	20,280.23
Total Assessable Parcels	5,191	15,650,151	\$293.22	\$0.167942	\$302.69	\$0.173366	\$4,284,442.39

(1) The Projected Special Tax Levy for Fiscal Year 2013/14 is based upon the current projection provided by the Los Angeles County Fire Department. The actual levy amount is subject to change once the final costs are received by Los Angeles County Fire Department and once the secured roll is finalized by Los Angeles County.

4. PROCEDURAL INFORMATION

4.1. 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.

4.2. 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.

4.3. 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 the Fire and Paramedic Services Special Tax Operating Fund.

4.4. 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 March 1 preceding such July 1 of the current fiscal year. If a property owner believes there is a discrepancy regarding the classification of their respective parcel or parcels, the owner should notify the City of Palos Verdes Estates. If warranted, the City will assist the owner in processing a correction with the County Assessor and Auditor Controller's Offices.

5. SAMPLE SPECIAL TAX CALCULATIONS

The following sample calculations show the proposed Special Taxes for Fiscal Year 2013/14.

Improvement Area and Projected Special Tax	Special Tax FY 2012/13	Special Tax FY 2013/14
Improvement area = 2,450 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	411.46	424.75
Subtotal:	\$704.68	\$727.44
Improvement area = 2,595 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	435.81	449.89
Subtotal:	\$729.03	\$752.58
Improvement area = 3,000 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	503.83	520.10
Subtotal:	\$797.05	\$822.79
Improvement area = 4,000 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	671.77	693.47
Subtotal:	\$964.99	\$996.16
Improvement area = 8,000 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	1,343.54	1,386.93
Subtotal:	\$1,636.76	\$1,689.62
Improvement area = 12,000 square feet		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	2,015.30	2,080.40
Subtotal:	\$2,308.52	\$2,383.09
Vacant		
Any size vacant lot:		
Per Parcel Special Tax:	\$293.22	\$302.69
Square Foot Special Tax:	0.00	0.00
Subtotal:	\$293.22	\$302.69

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


I, Vickie Kroneberger, Executive Assistant/Deputy City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R13-18** 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 25th day of June, 2013, by the following vote:

AYES: COUNCILMEMBERS: Goodhart, Perkins, Humphrey, Rea

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Bird

RECUSED: COUNCILMEMBER: None



Vickie Kroneberger,
Executive Assistant/Deputy City Clerk