

RESOLUTION R18-36

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 2018/19

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

WHEREAS, the approval of the special tax included procedures for determining the rate and method of apportionment of the Special Tax rates 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 2018-19" (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 appropriated 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 2018-19 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.

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, 2018 and ending June 30, 2019.

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.


Section 4. The City Clerk shall certify to the passage and adoption of Resolution 18-36

PASSED, APPROVED AND ADOPTED on this 10th day of July, 2018.


BETTY LIN PETERSON, Mayor

RESOLUTION R18-36

ATTEST:


LAUREN PETTIT, City Clerk

APPROVED AS TO FORM:


CHRISTI HOGIN, City Attorney



CITY OF PALOS VERDES ESTATES

LAW ENFORCEMENT SERVICES

Special Tax Report

Fiscal Year 2018/19

July 2018

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

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California Satellite Offices
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Prepared by:



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

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CITY COUNCIL

Betty Lin Peterson, Mayor

Kenneth J. Kao, Mayor Pro Tem

Sanford S. Davidson, Councilmember

Jennifer L. King, Councilmember

James D. Vandever, Councilmember

CITY STAFF

Anton "Tony" Dahlerbruch, City Manager

Sharon Del Rosario, Interim Finance Director

NBS

Danielle Wood, Client Services Director

Trevor Speer, Associate Director

Nicole Huerta, Financial Analyst

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Section 1. INTRODUCTION

Authority for Special Tax

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

Duration of Special Tax

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

Purpose of Special Tax

The sole purpose of the Special Tax is to raise revenues for law enforcement services in the City of Palos Verdes Estates. 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 such other necessary law enforcement expenses and paying the direct costs of levying the Special Tax.

Preliminary Special Tax Summary

The following table summarizes the land use classifications of parcels within the City and the estimated Special Tax revenue for Fiscal Year 2018/19:

Land Use	Number of Parcels	Building Square Footage	Base Amount (Rate per Parcel) FY 2018/19	Improvement Amount (Rate per Parcel) FY 2018/19	Total Projected Special Tax Revenue for FY 2018/19 ⁽¹⁾
Single Family Home	4,930	15,435,494	\$342.00	\$0.20	\$4,773,158.80
Multi-Family	172	427,053	342.00	0.20	144,234.60
Commercial	32	296,601	342.00	0.20	70,264.20
Vacant (Undeveloped)	79	-	342.00	0.20	27,018.00
Totals	5,213	16,159,148	-	-	\$5,014,675.60

(1) May not total due to rounding.

Section 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 §§110000 et seq.).

The Special Tax levy 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 of Palos Verdes Estates 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 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.

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 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.

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.

Section 3. SAMPLE SPECIAL TAX CALCULATIONS

The following sample calculations show the proposed Special Taxes for Fiscal Year 2018/19.

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

Section 4. **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.

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

I, Lauren Pettit, City Clerk for the City of Palos Verdes Estates, California, do hereby certify that the foregoing Resolution **R18-36** 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 10th day of July, 2018, by the following vote:

AYES: COUNCILMEMBERS: Peterson, Kao, Davidson, King, Vandever

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

RECUSED: COUNCILMEMBER: None



Lauren Pettit, City Clerk