



June 23, 2014

TO: LOCSD Board of Directors

FROM: Kathy A. Kivley, General Manager

SUBJECT: **Agenda Item 7B – 7/3/2014 Board Meeting**
Adopt the CPI Rate Increase to the Special Fire Tax for Fiscal Year 2014/15 and Adopt Resolution to Levy and Approve Collection in the 2014/2015 Tax Rolls

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Marshall E. Ochylski
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DESCRIPTION

Adopt the CPI rate increase and conduct a public hearing to consider all objections or protests to the imposition of an increase to the Fiscal Year 2014/2015 Special Fire Tax assessment of twenty-eight cents (\$0.28) per unit of benefit which will result in a total assessment of fifteen dollars and fifty cents (\$15.50) per unit of benefit.

The mandated notices have been posted in accordance with legislation.

STAFF RECOMMENDATION

After the public hearing is closed, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board adopt Resolution 2014-09 approving the CPI rate increase and approve the levying and collection of the Special Fire Tax assessments as listed in the attached EXHIBIT A and submit to the County of San Luis Obispo for collection in the FY2013/2014 tax rolls.

DISCUSSION

Ordinance No. 2005-01, adopted on February 22, 2005, imposed a special tax on each parcel in the District to fund fire prevention and protection and emergency response services. The Ordinance authorized annual adjustments to the rate limited to the change in the Consumer Price Index (CPI).

The change in CPI is defined as the average of the percentage changes in the Consumer Price Index (CPI) for all items in two demographic areas, namely, Los Angeles-Anaheim-Riverside and San Francisco-Oakland-San Jose. The change in the CPI was determined to be 1.86% which translates to an increase of twenty-eight cents (\$0.28) per unit of benefit.

A residential single family dwelling is equivalent to five (5) units of benefit while apartment and mobile homes are equivalent to three (3) units of benefits per residence. This means an increase of \$1.40 for single family dwellings and \$0.84 for apartments and mobile homes. The total increase in the Fire revenue on account of the rate increase is \$9,190.

This action is vital to the Fire Fund's ability to be able to continue to provide fire prevention and protection and emergency response services with the proper and up-to-date equipment. Both the Emergency Services Advisory Committee (ESAC) and Finance Advisory Committee (FAC) reviewed the increase and recommended Board approval.

Assessments list: This is attached as EXHIBIT A. Only one copy was produced and is being held by the Board Clerk. This is available for inspection upon request. A copy is also available in electronic format.

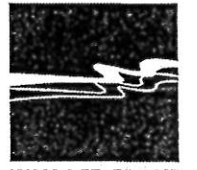
FINANCIAL IMPACT

Approval of the recommended action will provide additional revenues of approximately \$9,190 which equals a 1.86% increase based on CPI which translates to an increase of \$0.28 per unit of benefit. The total projected funding for Fiscal year 2014/15 is \$507,811.

Attachments: LOCSD Resolution 2014-09 w/EXHIBIT A
Wallace Group Memorandum dated 04/24/14

MEMORANDUM

Date: April 24, 2014
 To: Kathy Kivley, General Manager
 Los Osos Community Services District
 From: Lonnie Lepore, Senior Project Analyst *LL*
 Subject: Calculation of Proposed Annual CIP Increase – FY 2014-15



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LOCSD Ordinance No. 2005-01, adopted February 22, 2005, imposed a special tax on every parcel within the District for the purpose of funding fire prevention and protection services. The Ordinance also authorized an annual adjustment to the rates after FY 2005/06 limited to the average of the percentage changes in the Consumer Price Index (CPI) for all items in both San Francisco CMSA and Los Angeles CMSA.

The computation is based on a conservative approach using December 31 CPI data. This conservative approach has been consistently used for the last five years due to the unavailability of June 30 CIP data until a couple of months after the fiscal year closes.

The proposed increase would be 1.86%, equivalent to twenty-eight cents (\$0.28) per unit of benefit, to the Fire Special Tax. The increase would bring the assessment to \$15.50 per unit of benefit (FY 2013-14 approved amount was \$15.22 per unit of benefit). A residential single family dwelling is equivalent to five (5) units of benefit; multiple dwellings in a parcel except apartments and mobile homes are configured to be four (4) units of benefit per dwelling unit while apartments and mobile homes are configured to be three (3) units of benefit per dwelling unit. Therefore the annual increase from this CPI increase will range from \$0.84 to \$1.40 per household.

| | United States | San Francisco CMSA | Los Angeles CMSA | Average |
|-----------------------|---------------|--------------------|------------------|---------|
| Average as of Dec. 31 | | | | |
| 2012 | 229.601 | 239.533 | 236.042 | 237.788 |
| 2013 | 233.049 | 245.711 | 238.742 | 242.227 |
| % Change | 1.50% | 2.58% | 1.14% | 1.86% |

Note: This memo supersedes my previous memo dated 3/24/14 regarding the proposed CIP increase for FY 2014-15.

Cc: Rob Miller, Wallace Group

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RESOLUTION NO. 2014-09

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
APPROVING THE CPI RATE INCREASE FOR THE SPECIAL FIRE TAX
AND SETTING ASSESSMENTS FOR THE SPECIAL FIRE TAX
FOR PURPOSES OF FIRE PROTECTION AND PREVENTION
AND DIRECTING THEIR COLLECTION BY THE COUNTY
IN THE FISCAL YEAR 2014/2015 TAX ROLL**

WHEREAS, the Los Osos Community Services District ("District") pursuant to Government Code § 61600(d) is authorized to provide fire protection services; and

WHEREAS, the voters of the Los Osos Community Services District ("District") approved Measure A-05 that adopted Ordinance 2005-01 that repealed the prior special tax and adopted a new special tax for the purposes of obtaining, furnishing, operating and maintaining fire department equipment and/or apparatus, real property and facilities, for fire protection services, rescue services, emergency response services and other services relating to the personnel and for no other purpose; and

WHEREAS, Ordinance 2005-01, Section 6 provides as follows:

MAXIMUM TAX AMOUNTS. The maximum amount of tax imposed on each parcel pursuant to this ordinance shall be determined as follows:

- A. *Commencing fiscal year 2005/2006 a maximum special tax rate of Thirteen Dollars and Fifty-Two Cents (\$13.52) per unit of benefit, to be adjusted each year thereafter not to exceed the average of the percentage changes in the Consumer Price Index (CPI) for all items for the San Francisco/Oakland/San Jose and the Consumer Price Index for all items in Los Angeles/ Anaheim/ Riverside at June 30 of the current year over the previous year's average of those indexes on the same date.*

WHEREAS, in accordance with the formula contained in the ordinance, several increases have been adopted through the years with the last increase of thirty-four cents (\$0.34) adopted for Fiscal Year 2013/14 setting the rate to \$15.22 per unit of benefit; and

WHEREAS, the average percentage change in the Consumer Price Index for the period from June 30, 2013 to June 30, 2014 has been determined to be an increase of 1.86% or twenty-eight cents (\$0.28) setting the rate to fifteen dollars and fifty cents (\$15.50) per unit of benefit, exhibited as follows:

SCHEDULE OF BENEFITS

| Property Classification/Land Use | Number of Benefit Units Per Parcel | Examples for Fiscal Year 2014/15 |
|--|------------------------------------|---|
| Residential/Single Family Dwelling | 5 Units Per Dwelling Unit | Total of \$77.50 Per Year |
| Residential/Secondary Dwelling on Parcel | 4 Units Per Dwelling Unit | Amount dependent on number of dwellings on parcel |
| Residential Care Facility | 5 Units plus 1/Patient Room | Amount Dependent on Size |
| Condominium | 4 Units Per Dwelling Unit | Amount Dependent on Size |
| Duplex/Triplex/Fourplex | 4 Units Per Dwelling Unit | Amount Dependent on Size |
| Apartment | 3 Units Per Dwelling Unit | Amount Dependent on Size |
| Mobile Home | 3 Units Per Dwelling Unit | Total of \$46.50 Per Year |
| Commercial/Manufacturing/Storage | 1 Unit Per 300 S.F. or Less | Amount Dependent on Size |
| Schools and Churches | 1 Unit Per 300 S.F. or Less | Amount Dependent on Size |
| Preschools/Daycares | 1 Unit Per 300 S.F. or Less | Amount Dependent on Size |
| Unimproved/Agriculture Property 1 Acre or Less | 1 Unit Per Acre or Less | Amount Dependent on Size |
| Unimproved/Agriculture Property Over 1 Acre | 1 Unit/Acre Maximum of 5 | Amount Dependent on Size |
| Property for Vehicle Storage | 2 Units Per Acre or Less | Amount Dependent on Size |
| Barns/Shops Over 300 Square Feet | 2 Units Per Building | Total of \$31.00 Per Year |
| Transit Container Storage | 1 Unit Per Container | Total of \$15.50 Per Year |
| Motel/Hotel/Bed and Breakfast | 3 Units Per Rental Room | Amount Dependent on Size |
| Golf Courses/Recreational Facilities | 1 Unit Per Acre/Maximum of 5 | Amount Dependent on Size |

WHEREAS, the Emergency Advisory Committee (ESAC), in conjunction with CALFIRE staff, and the Finance Advisory Committee (FAC) recommended the rate of fifteen dollars and fifty cents (\$15.50) per unit of benefit; and

WHEREAS, General Property Taxes that fund fire functions declined for the last five years and although these slightly increased, full recovery of lost tax revenues will take many more years; and

WHEREAS the Fire Fund has no other means to fund increases in costs of equipment and materials on account of inflation; and

WHEREAS, the Board finds that the funds generated annually by this Special Fire Tax rate is necessary to prudently operate Station 15-South Bay in Fiscal Year 2014/15; and

WHEREAS, the Board held a hearing on this date pursuant to a published notice and before the adoption of this resolution to receive public input, including any objections to adopting the proposed increase on the rate and setting the Special Fire Tax rate for Fiscal Year 2014/15.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

1. **That the findings and recitations in Paragraphs 1 through 10 are true and correct;**

2. That the Board of Directors hereby confirms and levies the Special Fire Tax on all properties within the Los Osos Community Services District a rate of Fifteen Dollars and Fifty Cents (\$15.50) per unit of benefit for the Fiscal Year 2014/15, in accordance with the Schedule of Benefits listed above; and
3. That this special tax on the parcels of real property within the Los Osos Community Services District shall be established, imposed and levied in the amounts as listed in EXHIBIT A and as so confirmed shall appear as separate items on the Fiscal Year 2014/15 tax bill of each parcel of property so listed; and
4. That said special tax shall be collected at the same time and in the same manner as general taxes levied for collection by the County.

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

Ayes: _____
 Noes: _____
 Absent: _____
 Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 3rd day of July 2014.

 Craig V. Baltimore
 President, Board of Directors
 Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

 Kathy A. Kivley
 General Manager and Secretary to the Board

 Michael W. Seitz
 District Legal Counsel