



June 2, 2016

TO: LOCSO Board of Directors
FROM: Peter J. Kampa, Interim General Manager
SUBJECT: **Agenda Item 11J – 6/2/2016 Board Meeting**
Approve the Implementation of the Consumer Price Index (CPI)
Increase to the Fire Special Tax for the Fiscal Year 2016/2017

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STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve the implementation of the Consumer Price Index (CPI) Increase to the Fire Special Tax for the Fiscal Year 2016/2017.

DISCUSSION

LOCSO 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. Attachment A hereto contains a memo from Wallace Group calculating the proposed CPI increase.

The purpose of this CPI adjustment is to keep the Fire Department's primary revenue source in line with the estimated increase in cost of goods and services for the upcoming fiscal year. The ability to increase the Fire Special Tax by the CPI, as defined, was approved by the voters within the District. If the District approves the implementation of the CPI increase, the District Fire Department revenue will increase as follows:

Fire Special Tax Revenue 2015/16 Budget	\$508,329
Fire Special Tax Revenue 2016/17 Budget	\$521,546
Total Revenue Increase	\$13,217

Staff has received the draft 2016/17 Schedule A contract worksheet, which proposes an increase in cost of \$101,852 to continue the same level of service as the current fiscal year. Comparing the Schedule A contract cost increase to the proposed increase in revenue from implementation of the CPI results in the following:

Proposed CPI Increase in Special Tax Revenue	\$13,217
Estimated Schedule A Contract Increase in Expenses	\$101,852
Revenue Over (Under) Expense Increase	(\$88,635)

The CPI increase will have a minimal impact on the average household at \$1.20 to \$2.00 per year. Initial 2016/17 budget estimates do not look favorable for a reduction in department expenses to cover the increased cost of the Schedule A contract, and other revenue from property taxes, grants and reimbursements cannot be counted on to fund the cost increase. Therefore, without the CPI increase, the Fire Department expenses would need to be reduced even further, which could result in a reduction in serve level.

FINANCIAL IMPACT

Approval of the CPI increase raises approximately \$13,217 in revenue for 2016/17, at a cost of \$1.20 to \$2.00 per average household per year. There is no direct cost increase to the District for implementation of the CPI increase.

Attachment

MEMORANDUM

Date: May 13, 2016
To: Peter Kampa, General Manager
 Los Osos Community Services District
From: Lonnie Lepore, Senior Project Analyst
Subject: Calculation of Proposed Annual CPI Increase – FY 2016-17

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 six 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 2.6%, equivalent to forty cents (\$0.40) per unit of benefit, to the Fire Special Tax. The increase would bring the assessment to \$16.16 per unit of benefit (FY 2015-16 approved amount was \$15.76 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 \$1.20 to \$2.00 per household.

	United States	San Francisco CMSA	Los Angeles CMSA	Average
Average as of Dec. 31				
2014	234.812	252.273	240.475	246.374
2015	236.525	260.289	245.357	252.823
% Change	0.73%	3.18%	2.03%	2.60%

Cc: Rob Miller, Wallace Group



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Consumer Price Index - All Urban Consumers

Series Id: CUUR8000SA0
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	200.6	202.6
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	205.709	208.976
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	214.429	216.177
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	213.139	215.935
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	217.535	218.576
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	223.598	226.280
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	228.850	230.338
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.366	233.548
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.384	237.088
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	236.265	237.769
2016	236.916	237.111	238.132											

Series Id: CUURA421SA0
 Not Seasonally Adjusted
 Area: Los Angeles-Riverside-Orange County, CA
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6	210.4	209.3	211.6
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373	217.338	216.260	218.416
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620	225.008	224.377	225.638
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643	223.219	221.943	224.495
2010	224.610	224.620	225.483	225.916	226.438	225.877	225.991	226.373	226.048	226.794	225.941	226.639	225.894	225.491	226.298
2011	228.652	229.729	232.241	233.319	233.367	232.328	231.303	231.833	233.022	233.049	232.731	231.567	231.928	231.606	232.251
2012	233.441	234.537	236.941	236.866	237.032	236.025	235.776	237.222	238.104	240.111	237.675	236.042	236.648	235.807	237.488
2013	238.015	239.753	239.995	239.043	239.346	239.223	238.920	239.219	239.611	239.940	238.677	238.742	239.207	239.229	239.185
2014	239.857	241.059	242.491	242.437	243.362	243.528	243.727	243.556	243.623	243.341	241.753	240.475	242.434	242.122	242.746
2015	239.724	241.297	243.738	243.569	246.093	245.459	247.066	246.328	245.431	245.812	245.711	245.357	244.632	243.313	245.951
2016	247.155	247.113	247.873												

Series Id: CUURA422SA0
 Not Seasonally Adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2006		207.1		208.9		209.1		210.7		211.0		210.4	209.2	207.9	210.6

2007	213.688	215.842	216.123	216.240	217.949	218.485	216.048	214.736	217.361
2008	219.612	222.074	225.181	225.411	225.824	218.528	222.767	221.730	223.804
2009	222.166	223.854	225.692	225.801	226.051	224.239	224.395	223.305	225.484
2010	226.145	227.697	228.110	227.954	228.107	227.658	227.469	226.994	227.944
2011	229.981	234.121	233.646	234.608	235.331	234.327	233.390	232.082	234.698
2012	236.880	238.985	239.806	241.170	242.834	239.533	239.650	238.099	241.201
2013	242.677	244.675	245.935	246.072	246.617	245.711	245.023	243.894	246.152
2014	248.615	251.495	253.317	253.354	254.503	252.273	251.985	250.507	253.463
2015	254.910	257.622	259.117	259.917	261.019	260.289	258.572	256.723	260.421
2016	262.600								

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