

## 9-1-1 Fees for City of Ventura

**“ . . . in the reasonable judgment of the City Council . . . ”**

*(City of Ventura Administrative Report Feb. 21, 2008)*

### Summary

The 2007-2008 Ventura County Grand Jury (Grand Jury) opened an investigation regarding the Emergency Communication System Service Fee (Fee) ordinance passed by the Ventura City Council (VCC) in February of 2008 and amended in May of 2008. The investigation was in response to a public complaint submitted to the Grand Jury, numerous newspaper articles, and public complaints presented at VCC meetings.

The Grand Jury investigation determined that the VCC considered several recommendations to generate additional revenues for meeting the goal to add public-safety staffing. The recommendation selected by the VCC imposed a Fee intended solely to provide revenue for the City of Ventura Emergency Communications Center (ECC).

The Grand Jury determined the Fee calculation is based on a series of estimates which can be changed by resolution of the VCC. Although subsequently amended, the Fee adopted in February 2008 had no provision to annually allow phone subscribers to change their fee option. The Grand Jury also determined that the City receives a large percentage of its revenue from taxes as opposed to fees, compared to statewide averages.

The Grand Jury concluded the \$1.49 monthly fee is arbitrary and largely based on estimates unrelated to the total operating cost of the ECC. The current fee does not cover full funding of all costs incurred by the ECC; therefore, the monthly fee can be substantially increased “ . . . in the reasonable judgment of the City Council . . . ”

The Grand Jury also concluded that the VCC technical amendment allowing annual plan changes is burdensome to subscribers since they are tasked with remembering the dates when plan changes can be made, and must file a specific form with the City, or they will be automatically enrolled in the per-month plan.

The Grand Jury further concluded the VCC acted correctly in placing a temporary hold on the hiring of additional public safety personnel until it is demonstrated that Fee revenues are sufficient.

The Grand Jury recommends future Fee increases be limited to no more than the change in the Consumer Price Index. The Grand Jury also recommends that phone subscribers be notified annually by mail of their right to change their Fee Plan. The Grand Jury further recommends the VCC continue the hold on hiring additional police officers and firefighters until it is demonstrated that Fee revenue is adequate and sustainable.

## **Background**

The Fee ordinance places a fee of \$1.49 per month on non-Lifeline phones. The subscriber may choose an option to pay \$17.88 per 9-1-1 call, with no charge for the first call or “good Samaritan” calls.

At the May 12, 2008 meeting, the VCC approved a revision which allows enrolled phone customers a 14-day period each year, starting May 1, to change their fee plan. It also allows new customers or someone adding a phone line, 30 days to select a plan option.

## **Methodology**

The Grand Jury interviewed various Ventura City (City) elected and appointed officials. In addition, the Grand Jury reviewed City ordinances, VCC meeting minutes, other documents from the City Website, the Belknap 2007 Study, and newspaper articles. [Ref-02]

## **Findings**

- F-01.** The Belknap 2003 Study stated: Looking at police and fire together, it is apparent that spending and staffing levels are somewhat below the level observed in comparison cities. [Ref-01]
- F-02.** The Belknap 2003 Study further stated: Projections indicate that police and fire costs for baseline (existing) service levels will outstrip expected General Fund growth. The above factor will force significant reductions in other General Fund services. [Ref-01]
- F-03.** The Belknap 2003 Study was updated in 2007 and reported increased Fire Department expenditures per 1,000 residents. The City had increased its percent of peer city expenditures from 80.5% to 93.2% of average. [Ref-01, Ref-02]
- F-04.** The Belknap 2007 Study also reported increased Ventura City Police Department (VCPD) expenditures per 1,000 residents. The City had increased its percent of peer city expenditures from 85.6% to 89.9% of average. [Ref-02]
- F-05.** VCPD FY2005-2006 expenditures per 1,000 residents exceeded that of Oxnard, Simi Valley and Thousand Oaks police Departments. [Ref-02]
- F-06.** On November 5, 2007, VCC directed staff to provide recommendations to generate additional revenues for meeting a goal of adding public-safety staffing to improve emergency response. [Ref-03]
- F-07.** Revenue recommendation options included a parcel tax assessment, a real estate transfer tax, and a transient occupancy tax increase. All tax increases require voter approval. [Ref-03]
- F-08.** VCC Agenda Item 9 dated December 10, 2007 states: A ballot measure for a local quarter cent sales tax went to Ventura Voters in November 2006 to add 14 additional police officers and 9 firefighter/paramedics.

This fell short of the needed two-thirds vote for a special tax, with 62% voting yes. [Ref-03]

- F-09.** The State of California 9-1-1 tax currently included on telephone bills is for capital equipment; the City's fee is for operations as well as capital equipment. The City does not currently receive 9-1-1 funds from the State of California.
- F-10.** The Ventura City Manager presented revenue recommendation options to the VCC in December 2007. The VCC chose to pursue a 9-1-1 fee.
- F-11.** The following chart is a comparison of the City's revenue sources and comparable statewide averages before the Fee was enacted. [Ref-02]

**Belknap 2007 Study Update**

Revenue	Statewide Averages	City of Ventura
Taxes	32.2%	40.86%
Service Charges	38.5%	30.93%
Financing Sources	5.6%	10.97%
Intergovernmental Agencies	11.8%	8.07%
Other	11.9%	9.17%
TOTAL	100%	100%

- F-12.** In February of 2008, VCC adopted a Fee ordinance providing for recovery of costs associated with the ECC.
- F-13.** This Fee ordinance had no provision to annually allow phone subscribers to change their pay option.
- F-14.** Negative public reaction to the proposed 9-1-1 fee was expressed at VCC meetings as well as reported in newspaper articles.
- F-15.** Options for paying the fee are \$1.49 per month per non-Lifeline phone or \$17.88 for each 9-1-1 call after a free first call. [Ref-05]
- F-16.** An estimate of 28,000 Lifeline (discounted telephone service available to eligible low-income residential subscribers) was used in the formula to calculate the \$1.49 fee. [Ref-05]
- F-17.** An estimate of 158,000 phone lines was used in the formula to calculate the \$1.49 fee. [Ref-05]
- F-18.** The monthly fee was calculated by utilizing the FY2007-2008 budgeted cost of \$3,315,186 to provide police, firefighters/paramedics, medical call answering, and dispatching services to the ECC:
- divide that amount by the estimated number of applicable, non-Lifeline subscribers (158,000) within the City

- that amount was then multiplied by an estimated recovery rate of 85%. [Ref-05]
- F-19.** The 85% recovery rate multiplier used to calculate the \$1.49 fee is an estimate of the percentage of total ECC costs that would be recovered if fees for all 158,000 lines were paid on a monthly basis. [Ref-05]
- F-20.** The 85% recovery rate multiplier is an arbitrary factor which can be changed by resolution of the VCC.
- F-21.** More than 27,000 phone numbers were registered for the per-call option by the May 6, 2008 deadline. [Ref-08]
- F-22.** "The amount of the Fee shall be established from time to time by Resolution of the City Council." "The Resolution shall not establish the Fee at a rate higher than that which, in the reasonable judgment of the City Council, is necessary to fund anticipated Eligible Costs." [Ref-05]
- F-23.** The Technical Amendments to the Fee Ordinance state: The Service Fee imposed by the provisions of this Chapter is intended solely to provide revenue for defined eligible costs of service. The City Treasurer shall deposit all revenues collected pursuant to this Chapter into the 911 Communications System fund established by Section 4.225.080. [Ref-07]
- F-24.** The Fee Ordinance allows fees to be adjusted annually based on the Consumer Price Index. [Ref-05]
- F-25.** Telephone service providers are allowed to retain up to 1/8 of one-percent of collected fees from each subscriber. [Ref-05]
- F-26.** When interviewed, VCC members and staff did not know how new phone subscribers would be notified of the Fee or if Fee Plans would be made available.
- F-27.** Subsequent to VCC members and staff interviews, and after incorporation of Technical Amendments to the Fee Ordinance, enrolled phone subscribers will have 14 days annually from May 1 to May 15 to change their fee plan. Subscribers must notify the City Treasurer in writing on a form provided by the City. [Ref-07]
- F-28.** New subscribers, and current subscribers adding a phone line or changing providers, have 30 days to enroll in the per-call alternative. Subscribers must notify the City Treasurer in writing on a form provided by the City. [Ref-07]
- F-29.** A \$2.0 million portion of the City's FY2007-2008 projected \$4.3 million deficit is attributed to a decrease in projected sales tax. [Ref-06]
- F-30.** VCC Agenda Item 9, dated December 10, 2007 states that this year, (FY2007-2008) \$1.2 million in property tax growth (due to rising home prices and increased sales) was earmarked to add six police officers and three firefighters with the goal of gradually finding additional funding in future years to meet the public safety staffing shortage. [Ref-03]

- F-31.** Subsequent to approval of the May 12, 2008 amended Fee Ordinance, the City authorized the hiring of six additional police officers and three additional firefighters, contingent upon the demonstration over several months that revenues are sufficient to cover costs.
- F-32.** The City Administrative Report dated May 1, 2008 presented a package of changes that would close the FY2008-2009 projected \$4.3 million deficit. [Ref-06]
- F-33.** Effective October 1, 2008, the VCPD will receive a negotiated pay increase up to 12% with an annual estimated cost of \$1.2 million.

## **Conclusions**

- C-01.** The \$1.49 monthly fee charged to subscribers is arbitrary. It is based on estimates unrelated to the recovery of anticipated \$3.3 million in the ECC operating costs. The estimates used to calculate the Fee can be changed “. . . from time to time by Resolution of the City Council.” [Ref-05] (F-13, F-17 through F-22, F-24)
- C-02.** The primary purpose for implementing the Fee is the recovery of the ECC costs. The current \$1.49 monthly fee can be substantially increased to provide full funding of all eligible costs. The VCC may increase the Fee as “. . . necessary to fund anticipated Eligible Costs.” [Ref-05] (F-13, F-18, F-22 through F-24)
- C-03.** Fee revenues are intended to add police and firefighters rather than reducing the FY2008-2009 \$4.3 million estimated deficit. (F-23, F-30, F-31)
- C-04.** No provision was included in the Fee Ordinance, as originally adopted, to annually notify current or new subscribers of their right to change enrollment choices. With the revised ordinance, subscribers are now burdened with the responsibility of notifying the City Treasurer in writing on a form provided by the City during a 14-day enrollment period. New subscribers and those who change service providers will have 30 days to notify the City Treasurer in writing on a form provided by the City before they are automatically charged. (F-14, F-26 through F-29)
- C-05.** The hiring of six additional police officers and three additional firefighters for FY2008-2009, under the VCC adopted Fee Ordinance, has been deferred due to uncertainty of the revenue. (F-23, F-31)
- C-06.** The public was ineffectively informed by the VCC that additional revenues were intended to improve public safety rather than improving the existing 9-1-1 service. (F-02, F-06 through F-08, F-10 through F-12)

## **Recommendations**

- R-01.** The VCC should modify the Fee Ordinance to restrict fee increases to no more than the change in the Consumer Price Index. (C-01, C-02)
- R-02.** The VCC should notify all subscribers via U.S. Mail, who are adding a phone line or changing phone providers, of their right to choose an alternative payment option. (C-04, C-06)
- R-03.** The VCC should notify phone subscribers annually via U.S. Mail of their right to change payment options. (C-04, C-06)
- R-04.** The VCC should refrain from hiring additional police and firefighters until it is demonstrated that Fee revenue is adequate and sustainable. (C-01, C-03, C-05)

## **Responses**

### Responses Required:

City Council, City of Ventura (R-01 through R-04)

### Responses Requested:

City Manager, City of Ventura (R-01 through R-04)

## **References**

- Ref-01 Belknap 2003 Study, "Funding for Public Safety, Streets & Parks," September 2003
- Ref-02 Belknap 2007 Study Update, "Update of 2003 Peer City Comparison," June 5, 2007
- Ref-03 Agenda Item 9, Ventura Council Action date: December 10, 2007
- Ref-04 Administrative Report "Public Safety Funding Mechanisms," dated December 4, 2007
- Ref-05 Administrative Report "Emergency Communications System Service Fee Resolution," dated February 21, 2008
- Ref-06 Administrative Report " FY2008-2009 PROPOSED BUDGET – NEXT STEPS," dated May 1, 2008
- Ref-07 City Attorney Legal Report, "Technical Amendments to 911 Fee Ordinance," May 12, 2008
- Ref-08 Ventura Star Newspaper, "Ventura won't extend time to opt out of 911 fee," May 14, 2008