



UNDERSTANDING PARAMEDIC TAX

The following information is provided as a primer on how the Paramedic Tax in Brea was originally initiated by the voters, how it's allocated/managed, along with next steps to highlight tax receipts and expenditures.

BACKGROUND

- The Paramedic Tax was approved in 1978 by over 80% of the Brea voters to establish and fund a paramedic program, hiring specially trained personnel who can provide lifesaving care. Brea property owners pay a tax for the Mobile Intensive Care Paramedic Program.
- The Paramedic Tax rate today is the same as it was in 1981 which is \$0.045 per \$100 of valuation; so for example, a homeowner with a dwelling assessed at \$500,000 will result in an annual charge of \$225.
- The need for paramedics was identified as a community priority in 1978. Two separate budget challenges faced City leaders that made it difficult to fund this new public safety program desired by residents and businesses.

1. **The Brea Redevelopment Agency (RDA) was established in 1971.** Per redevelopment law, once a project area is established, any future property tax revenue from properties within a project area (above the determined baseline level/tax increment) is directed to the Redevelopment Agency area to fund economic development and public improvement projects in the community. This revenue that was directed to the Brea RDA is known as tax increment and it was automatically directed to the Redevelopment Agency beginning in 1971 and going forward. Property owners within the RDA project area pay the same property rate as if they were a non RDA project area.

The RDA has a \$23.5 million annual cap on tax increment self-imposed by City leaders. Property tax revenues, which include, Paramedic Tax received over the cap, went back to the taxing agencies.

Note: California Redevelopment Agencies were dissolved in February 1, 2012 and a Brea Successor Agency was established to pay off the obligations of the former Brea

Redevelopment Agency. The tax increment is being directed to the Successor Agency for that purpose.

2. **The second budget factor was Proposition 13**, which was on the ballot in 1978 at the time the need for a Paramedic Program was identified. City leaders understood that Prop. 13 was expected to pass (and it did on June 6, 1978, by nearly two-thirds of the vote). Prop. 13 reduced property tax rates on homes, businesses and farms by about 57% and the property tax value was rolled back and frozen at the 1976 assessed value level. Additionally, Proposition 13 capped, with limited exceptions, property tax rates at one percent of full cash value at the time of acquisition. This meant that Brea property tax revenues would be significantly reduced and not available to fund a new Paramedic Program.

FUNDING THE PARAMEDIC PROGRAM

- With the Operational Budget already impacted by the RDA, and Proposition 13 on the ballot, City leaders knew they had to raise additional revenue to fund the Paramedic Program desired and supported by the community.
- Under state law, property tax revenue (including the Paramedic tax) remitted by property owners within the Redevelopment Project Areas was allocated annually first to the Redevelopment Agency. Each year, a large portion of that revenue is returned to the City.

THE BREDA REDEVELOPMENT AGENCY (RDA)

- The Brea Redevelopment Agency funded many public improvements that were supported by the community, as was intended when redevelopment agencies were initially established in the 1950s.
- Redevelopment Agency Bonds were issued using future property taxes remitted in the Project Area to pay the bond debt. Issuing tax allocation bonds was the mechanism cities used for redevelopment purposes/public improvements as authorized by state law.
- In Brea, these improvements included many community facilities that serve tens of thousands of residents and business owners weekly, helping to make Brea the city it is today.
 - Brea Fire Stations 2 and 3
 - Brea Civic & Cultural Center
 - Brea Community Center
 - Brea Sports Park
 - Brea Mall
 - Completely Revitalized Downtown Brea, including three parking structures
 - Gateway Shopping Center
 - Financial Commons
 - Brea Market Place
 - Approximately 750 affordable homes and apartments
 - Country Hills Elementary School

- Brea Olinda High School
 - The Tracks at Brea Trail
 - Update of City Hall Park
 - Stone Valley Townhomes
 - Brea Museum
 - Bonterra Apartments
 - Archival building for Brea History at City Hall Park
 - Improvements to Senior Center and Pioneer Hall
 - Housing rehabilitation projects
- In 2012, Redevelopment Agencies were dissolved and Successor Agencies were established to pay off the remaining obligations. As in all California cities, Brea's property taxes (including the Paramedic Tax), remitted from properties in the project areas, are allocated to pay down the debt service for the redevelopment bonds issued. These bonds were issued to fund the public improvements mentioned previously.
 - As the City pays down the bond obligations within those project areas, the Paramedic Tax revenues that were previously directed to the RDA are now slowly, but surely, coming back to the City for paramedic service sooner than they otherwise would have been.
 - For FY 2016-17, it is estimated that 45% of the Paramedic Tax levied on properties within the RDA was passed back to the City.
 - Once the redevelopment bonds are completely paid (August 1, 2036), all of the Paramedic Tax now directed to the Brea Redevelopment Successor Agency, will come back to the City.

BREA PARAMEDIC PROGRAM

- According to the County of Orange, EMS Policy #210, paramedics that respond to 911 calls are required to be firefighters. Brea has 21 firefighter/paramedics of the 40 firefighters on staff (seven (7) per shift).
- Paramedic Tax revenue received by the City is used to fund the Paramedic Program.
- The Paramedic Program cost \$5,316,389 million in FY 2016-17.
- For FY 2016-17, the City received \$3,692,137 in Paramedic Tax revenue (which included \$346,331 of proceeds from the sale of former RDA assets allocated by the OC Auditor-Controller to the Paramedic Tax).
- This cost is based on:
 - 21 firefighter/paramedic positions – Salaries and Benefits
 - Operating and Special Program Services, Supplies and Equipment
 - Allocated Costs, such as Vehicle Operations, General Liability, etc.
 - This cost does not include any allocated costs for Fire Department overhead or City-wide overhead
- With the aging population, approximately, 80% of calls to the Fire Department are medical calls.

NEXT STEPS

- Beginning in FY 2018-19, the City will establish a separate fund that highlights the Paramedic Tax revenue directed to the City and the associated expenses.
- Additionally, the information will be added to the Brea Transparency section of the City's website at *cityofbrea.net*.