



Palo Alto Unified School District

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Parcel Tax Planning

**Presented to:
The Board of Education
Palo Alto Unified School District
November 17, 2009**

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The Current Parcel Tax

- The PAUSD voters approved a \$493/parcel tax with a senior exemption in 2005.
- The current parcel tax expires after the 2010-2011 school year.
- This is 6% of the District's general fund budget.
- The parcel tax provided \$9.3 million of general fund revenue in 2008-09 but the actual expenses were \$9.8 million.
- The general fund made up the difference of \$0.5 million.

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Change in District Finances for 2009-2010

- Property tax revenue growth has dramatically slowed.
- District revenue declined this year by \$461 per student.
- Of that decline, \$304 per student was from state revenue.
- Of that decline, \$17 per student was from parcel tax revenue.
- In fact, the current parcel tax revenue per student has declined every year since its approval in 2005.

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Parcel Taxes in Some Upscale Districts

- Piedmont Unified - \$2,349 for an average parcel, with a 5% annual COLA.
 - San Marino Unified - \$1,090, with a 3% annual increase or CPI, whichever is lower.
 - Kentfield Elem - \$773, with a 5% annual increase.
 - Ross Elem - \$627, with a 3% annual increase.
 - Los Altos Elem - \$597.
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Election Dates Available

- Mail-In only election – can be almost any Tuesday
 - Polling place special election – April 6, 2010
 - General election – June or November 2010
 - Recommendation: An April 6, 2010 polling place special election.
(Spring break is April 12-16)
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Timeline

- A resolution calling for the election must be approved by the Board of Education.
 - The County must be notified regarding the approved resolution 88 days prior to the election.
 - The plan is for an election on April 6, 2010.
 - Counting back 88 days, the resolution must be approved by January 8, 2010.
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Remaining 2009 Board Meeting Dates

- Suggested Board meeting calendar:
 - November 17, 2009 – Conversation about the parcel tax at the Board meeting.
 - December 8, 2009 – Discussion Item
 - December 15, 2009 – Action Item
 - Note: It is preferred to avoid meeting in the first week of January when school is just starting again.
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Poll Results

- Tested the notion of a graduated tax
 - Polled showed that voters did not favor a higher tax for commercial/industrial properties.
 - Polled showed that voters did not favor a tax based on size of property.
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Poll Results

- 68% approval on an additional \$180/parcel.
 - 70% approval on an additional \$140/parcel.
 - 74% approval on an additional \$90/parcel.
 - Poll showed that introduction of a COLA reduced the approval rating somewhat.
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Recommended Parcel Tax

- Term: 6 years, the same as the current tax.
- Amount: An increase of \$96 from the current \$493 per parcel. (This is \$8 per month.)
 - This is less than the \$140-\$180 increase that the poll projects as successful.
 - In these difficult times, the District should make an appropriate level of cuts and reductions.
- Provide for a COLA, not to exceed 2%, to offset the increase in costs.