

Agenda Report

February 1, 2010

TO: Honorable Mayor and City Council
THROUGH: Legislative Policy Committee (January 20, 2010)
FROM: CITY MANAGER
SUBJECT: SUPPORT OF PASADENA UNIFIED SCHOOL DISTRICT PARCEL TAX

RECOMMENDATION:

It is recommended that the City Council:

- 1) Support the Pasadena Unified School District's May 4, 2010 mail ballot election for a \$120 per parcel tax; and
- 2) Authorize the Mayor to send letters to the appropriate officials stating Pasadena's support for the parcel tax.

LEGISLATIVE POLICY COMMITTEE:

On January 20th this item was presented to the Legislative Policy Committee and received full support to forward it on to the City Council for approval.

BACKGROUND:

On 1/26/10 the Board of Education of the Pasadena Unified School District (PUSD) adopted a resolution authorizing a school parcel tax special election along with the necessary actions for inclusion of the proposition on the May 4, 2010 mail-in ballot. Passage of this measure would permit the application of a \$120 tax per parcel on properties located within PUSD boundaries for a period of 5 years commencing July 1, 2010. Based on the approximately 59,700 parcels listed in the District, it is estimated that the parcel tax would generate approximately \$7,164,000 annually during this period. Revenues from the parcel tax shall be used for school operating expenses only.

Over the past two and a half years, PUSD's operating budget has been reduced from \$205 million to under \$175 million in the current school year. Due to a major paradigm shift in the State of California's finances, K-12 education funding will be reduced by approximately \$1,000 per student this year. The State has cut its allocation to public education by about 18 percent this year and last year combined. With the most severe revenue cuts to education in the history of California, PUSD is facing a \$20 million revenue loss. This loss translates into an estimated annual loss of \$20 to \$23 million to PUSD's operating income, starting July 1, 2010

On December 15, 2009, the PUSD Board approved approximately \$22 million in prioritized reductions to address the loss of income. However, implementing reductions will have a tremendous negative impact on the PUSD operations including: class sizes increase at all grade levels throughout the District, elimination of all supplemental and enrichment programs, significant cuts in administrative staff with the potential loss of 180 jobs, additional reductions in ancillary services and deferred facilities maintenance.

These reductions will have a devastating impact on all operational aspects of PUSD. Therefore the PUSD Board has approved moving aggressively to pass a parcel tax measure to offset the lost income. Beginning in the 2010-2011 Fiscal Year the proposed \$120 per parcel tax would generate approximately \$7,164,000 annually, less a senior needs based exemptions.

The purposes and uses of the parcel tax revenues will include:

- Preserving the quality of education and protecting academic programs against the reoccurring State budget cuts;
- Continuing funding for advanced math, science, technology courses and arts and music programs;
- Keeping school libraries open;
- Attracting and retaining highly qualified teachers;
- Providing financial support to maintain and support the District's academic programs and facilities, including the purchase of instructional equipment and supplies.

The current parcel tax proposal seeks to address these priorities, and PUSD will appoint an Independent Citizen's Oversight Committee to ensure the parcel tax revenues are appropriately managed and expended.

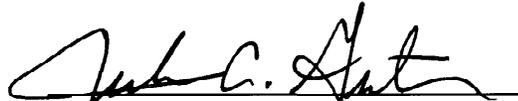
COUNCIL POLICY CONSIDERATION

Approval of this recommendation is consistent with the City Council's strategic goal of support and promote the quality of life and the local economy by maintaining the health and fiscal stability of the Pasadena public school system.

FISCAL IMPACT:

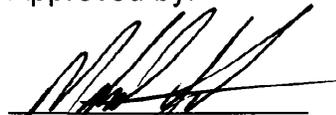
There is no direct fiscal impact related to city funds since our facilities are exempt from the tax. It is estimated that the revenue generated from the \$120 per parcel tax will be approximately \$7,164,000 annually during the next 5 years beginning July 1, 2010; less any senior needs based exemptions. The proposed parcel tax investments should have a positive fiscal impact on PUSD and a favorable impact on the entire community through the retention of at-risk youth and the development of a well educated pool of young people throughout the District.

Respectfully submitted,



JULIE A. GUTIERREZ
Assistant City Manager
Name of Department

Approved by:



MICHAEL J. BECK
City Manager