TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: CITY MANAGER

DATE: APRIL 11, 2005 CMR:197:05

SUBJECT: ENDORSEMENT OF A RESOLUTION IN SUPPORT OF THE PALO ALTO UNIFIED SCHOOL DISTRICT PARCEL TAX

RECOMMENDATION

Staff recommends that Council adopt a resolution of support for the Palo Alto Unified School District parcel tax.

BACKGROUND

The Palo Alto Unified School District (PAUSD) submitted a parcel tax measure (Measure I) to Palo Alto residents in November 2004. The proposed measure would have increased the current parcel tax ($293/year per parcel) to a total annual parcel tax of $521. The measure missed its two-thirds requirement for passage by less than one percent.

PAUSD continues to experience significant budget shortfalls as a result of the continuing state budget problems, local economic circumstances, and increasing enrollment. In response to these conditions, the District has proposed another parcel tax, which is set for a vote by the citizens of Palo Alto on June 7, 2005.

DISCUSSION

The District is currently receiving supplemental funding from a parcel tax measure that was approved in 2001. This tax provides the District with $5.5 million annually. It is scheduled to expire in June 2006. In February 2005, the Board of Education voted to place a new parcel tax measure of $493/year per parcel on the upcoming ballot. This new measure would replace the existing measure and generate $9.3 million annually. This parcel tax would expire in six years.

According to PAUSD information, the new parcel tax will be used to “retain teachers layoffs, preserve small class sizes in K-10, and restore some of the more critical cuts to secondary class offerings, counselors, and elementary literacy, math and art.” The District has already gone through the process of reducing administrative positions wherever possible. Any additional cuts to the District budget will most likely result in the degradation of Palo Alto schools as they would affect the core of the schools educational objectives. The successful passage of the parcel tax
the tax will help to prevent teacher layoffs and maintain the high quality schools that Palo Alto desires.

**RESOURCE IMPACT**

Passage of the proposed PAUSD parcel tax, as does the passage of any tax that has a financial impact on Palo Alto residents and businesses, may affect future City revenue raising proposals. For example, the City is preparing a proposed Storm Drain Fee increase to improve its storm drainage system. Passage of a new fee will be dependent on the ability of property owners to absorb the fee if the PAUSD parcel tax is approved.

**POLICY IMPLICATIONS**

This resolution is consistent with existing City policies.

**ENVIRONMENTAL REVIEW**

This staff report does not represent a project under the California Environmental Quality Act (CEQA).

**ATTACHMENTS**

Attachment A: Resolution in support of the Palo Alto Unified School District Parcel Tax

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