

TO: City Council

FROM: James L. App, City Manager

SUBJECT: Paso Robles High School Bond Measure

DATE: May 2, 2006

NEEDS: For the City Council to consider a request from citizens to support passage of a \$20,000,000 bond measure for High School improvements

FACTS:

1. The Paso Robles Unified School District Board of Directors established a citizen-based facilities committee this past winter to examine school facility needs.
2. The facilities committee recommended presentation of a \$20,000,000 bond measure to the voters to fund improvements for the High School.
3. In February 2006, the School Board honored the citizen facilities committee recommendation by voting to place a \$20,000,000 High School bond measure on the June 2006 ballot.
4. Bond proceeds will be used for:
 - Classroom upgrades & equipment
 - Portable classroom renovation/replacement
 - Music, drama, & arts instructional facility
 - Expanded physical education facilities
 - Trade & Technology “Academy” (instructional facility)
 - Renovation/replacement/upgrade of HVAC equipment & roofs
 - Suspended ceiling seismic retrofit
 - Restroom seismic & ADA retrofit
 - Parking lot upgrades.
5. A \$20,000,000 bond will cost property owners \$13.24 per \$100,000 of assessed valuation over 25 years.
6. The approximate average assessed value of residences in town is \$300,000. So, the bond levy will result in an annual cost of about \$39.72.
7. The estimated tax rate of \$13.24 is within the established taxing capacity of City property owners as gauged by their payment of Municipal bond levies in 2005 at \$178 (per \$100,000 assessed value) - now reduced to \$108. Stated differently, in 2006, if the High School Bond passes, the combined tax rate (municipal plus high school bonds) will be approximately \$121.24 – significantly less than the \$178 paid for just municipal bonds in 2005.

8. The Paso Robles Chamber of Commerce has endorsed the High School Bond.
9. *The Tribune* urges voter support of the bond.
10. A draft community Economic Strategy, jointly commissioned by the City Council and Chamber of Commerce, includes a primary objective to continually educate the local labor force. One of the primary means to accomplish this objective is to actively support public education. Endorsement of the High School bond measure is consistent with the Strategy.
11. Endorsement of the High School Bond is consistent with the City Council's adopted goal to "support local schools."

ANALYSIS &

CONCLUSION: Local public schools are Paso Robles assets. As such, the State generally expects the local community to fund needed rehabilitations and improvements. One of Paso Robles public school facilities, the High School, is in need of some repair and renovation.

Paso Robles High School was built in 1981 for 1200 students. The facility is host to 2,200 students, nearly double its design load, and, as a consequence of both age (25 years old) and continuing load above design capacity, is in need of added instructional facilities as well as seismic & A.D.A. retrofit, renovation and/or replacement of obsolete mechanical systems. These conclusions were confirmed by a group of citizens organized to advise the Paso Robles Unified School Board.

The citizen group determined the most cost effective means to preserve the community's investment in this fixed asset, and to meet continuing student loads, is to request voter support for a \$13.24 per \$100,000 real property assessed value limited term tax. The proposed tax would cost the average homeowner in Paso Robles approximately \$39 per year (as the estimated average assessed value is \$300,000). The \$39 per year for 25 years would fund the issuance of \$20,000,000 bond to complete many of the projects listed above (in Fact #4).

Paso Robles property owners have an established capacity to fund this limited term tax. Between 2002 and 2005, each paid \$178 per \$100,000 A.V. to fund the cost of a \$38,000,000 Municipal Bond. For 2006, the municipal bond tax rate has been reduced to \$108/\$100,000 A.V. As a consequence, Paso Robles property owners can both support the High School Bond and pay less per \$100,000 A.V. than they paid in 2005 (\$108 + \$13 = \$121 vs. \$178 paid in 2005).

A group of concerned parents has undertaken a grass roots campaign to advocate for the High School. They have requested the City Council's endorsement of the proposed High School Bond (which will be on the June 6 ballot). The endorsement sought is consistent with adopted City Council goal to support local schools, and with the draft Economic Strategy jointly commissioned by the City Council and the Chamber of Commerce. Local business, through their representative business association, the Chamber of Commerce, has endorsed the bond.

POLICY

REFERENCE: City Council Goals; *Draft* Economic Strategy.

FISCAL

IMPACT: No direct, immediate impact upon Municipal finances.

OPTIONS: A. **Adopt Resolution No. ____ Endorsing Measure H Paso Robles High School Bond.**

B. **Amend, Modify or Reject the Option Above.**

Attachment: Paso Robles Public Schools Bond Facts
The Tribune 4/23/06 Editorial
Resolution

Paso Robles Public Schools

Bond Facts

I. What will the bond do?

Bond money will be used for a variety of high school projects including:

- Classroom upgrades
- Classroom equipment
- Renovation/replacement of relocatable classrooms
- Renovation/replacement/upgrade HVAC equipment
- Renovation/upgrade roofs
- Seismic upgrades to suspended ceilings
- Seismic and ADA upgrades to restrooms
- Applied Technology Academy
- Music-drama-art instructional facility
- Additional physical education teaching stations and facilities
- Parking lot upgrades

II. How much is it and what will it cost me?

The total bond will be for \$20 million for twenty-five years. The **maximum tax rate** will be \$13.24 per \$100, 000 of assessed valuation. It is important to note that the tax is based upon the assessed value of the house *on the official tax rolls* not on the market value of the house. Therefore if you are currently paying taxes on a house with an assessed value of \$300,000 your tax for this measure would be \$39.72 per year or \$3.31 per month.

III. Why is it just for the high school?

Because the Paso Robles Joint Unified School District also contains two independent elementary districts (San Miguel & Pleasant Valley), bonds for elementary facilities must be separate from high school facilities. Voters in the independent elementary districts vote for high school projects but not for elementary projects. Since it has proven difficult to run two bond elections at one time it was decided to only seek a bond for high school needs.

IV. Why is it necessary?

Paso Robles High School opened in 1981 and was originally built for about 1200 students. Even though the district has maintained the equipment and facilities there comes

a time when there needs to be major capital improvements. Other than limited funding for routine maintenance requirements school funding from local and state dollars is designed to pay for the day-to-day operational cost of teachers, books, etc. The money for major capital improvements is designed by state law to come from local bonds. (Although in many cases the state will match local dollars thus doubling the amount available for projects.) Additionally, while there have been additional classrooms built over the years there are still 24 portables housing high school students. Beyond classrooms there also exists a need for support facilities such as cafeterias, gyms and sports facilities to handle the current 2200 student population.

V. What did you spend the last tax override bond money for?

The last 25 year tax override which expired in 2002 raised approximately 70 million dollars. It was used to build the current high school as well as Butler, Peterson, Pifer, Lewis, and a portion of Kermit King. It was also used to upgrade both Bauer-Speck and Georgia Brown. In one way or another the schools that exist today were built with that money. It is also important to know that in many cases we were able to get state matching funds which allowed us to do more projects. Those interested in a detailed accounting of expenditures can contact Dr. Hoskins at the district office.

VI. Why didn't you save money from the last override in a "sinking fund?"

Money raised through a tax override is used to sell bonds that act much like a mortgage. There is a time limit regarding the expenditure of these funds since the interest rate on repayment is comparatively low. If the money is kept too long earning a higher interest rate while waiting to be spent the IRS calls it arbitrage and fines the district. Generally the funds raised in a specific bond offering are, of necessity, spent during the life of the bond.

VII. Wouldn't this lead to more administrators or pay for administrators?

The money can only be used for buildings. No additional administrators can or will be hired. No administrators will benefit in any manner from the bond.

VIII. How do we know the money will be spent correctly?

The law stipulates that the board appoint an independent bond oversight committee. It will be their job to monitor expenditures and report back to both the board and the public.

IX. Why do you build such fancy schools and what about the district office and the Culinary Academy?

What is fancy is difficult to decide. All schools are built with an eye on maximum classroom space for the dollar. Attractive schools do not necessarily cost more. The district office was built in the early 90's at approximately \$60 per sq. foot and is completely owned and paid for. Many community organizations use it for little or no

charge. An organization with approximately 800 employees and the responsibility for 7,000 students must have some kind of office. At an already owned \$60 per sq. foot the office is cost effective. The Culinary Academy was built in part from a state grant. Currently the food services division is paying for the cost of the loan used to finance the academy at no cost to taxpayers or the general educational fund.

X. Why should I vote for additional taxes, I don't have kids in school?

Aside from the issue of civic responsibility or pride, there is the fact that property values in a community are influenced by a variety of factors. Such factors include parks and recreation facilities, senior citizen centers, library facilities, good roads and attractive well maintained successful schools. Good schools and good education can add value to your property. Poorly maintained and or over crowded schools may detract from property values.



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SUNDAY

OPINION

B6 THE TRIBUNE

APRIL 23, 2006

SA

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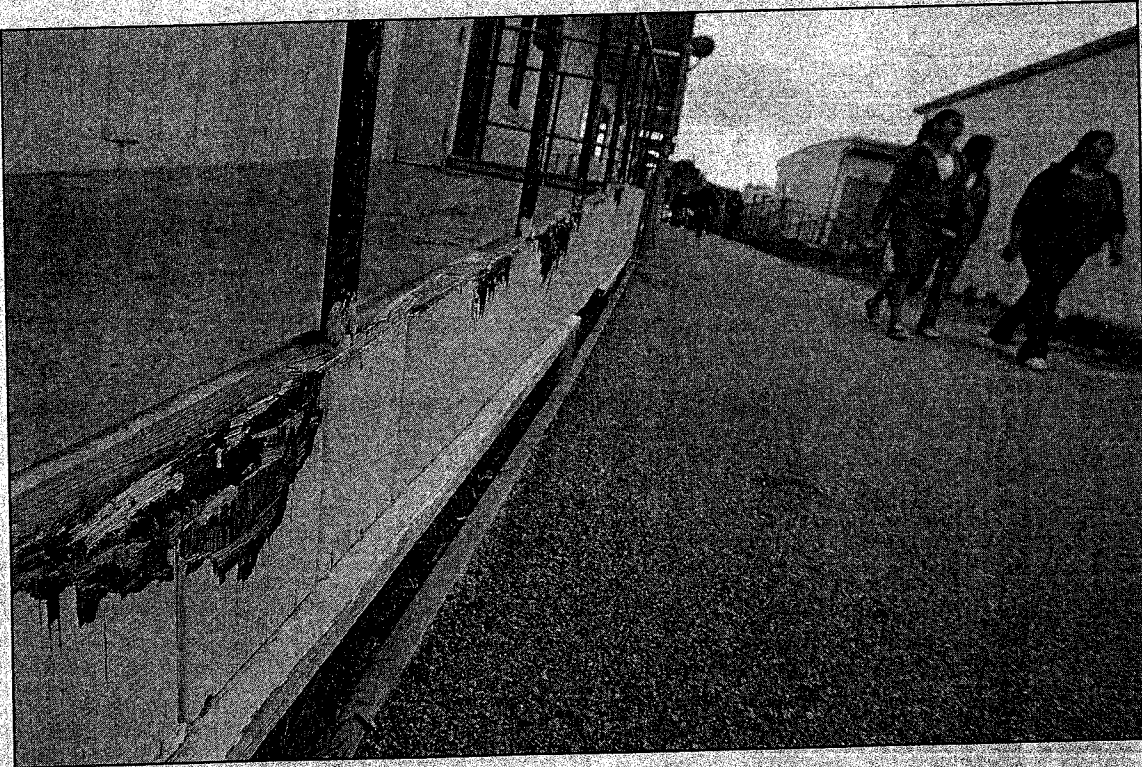
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EDITORIAL OPINION OF THE TRIBUNE



TRIBUNE PHOTOS BY JOE JOHNSTON

Some of the portable classrooms at Paso Robles High School, left, are showing their age. Above, cracks in the tennis courts.

Paso High School needs your help

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After four failed efforts, district focuses \$20M on one school

Paso Robles High School urgently needs an upgrade. For years it has accommodated hundreds more students than it was originally designed to house.

Roofs leak. Heating, air conditioning and ventilation systems are aging and faulty. Music, drama and arts students study in classrooms that are poorly equipped and often have to travel to Templeton's Performing Arts Center because they don't have enough space for performances on campus. Moreover, the high school doesn't meet new seismic and disability standards.

So for the fifth time in eight years, voters in the Paso Robles School District will be asked June 6 to approve a bond measure.

Because the four previous efforts ended in defeat, district administrators have scaled back plans. Instead of seeking \$65 million, as they did in their first three attempts, they're seeking \$20 million. And they have focused upgrades exclusively on the high school, the building with the greatest need. An even shrewder move on the part of the administrators has been to insist that parents lead the June 6 campaign effort.

Bond supporters hope this approach will win voters' approval.

We do, too.

If approved by at least 55 percent of voters, school district property owners would be assessed at most \$13.24 per \$100,000 of assessed valuation. That's \$39.72 a year on the typical Paso home, which averages \$300,000 assessment.

That's right — \$39.72 annually. That's the cost of two extra large pizzas.

That's an incredible bargain, especially given what's at stake.

We urgently recommend voters of the Paso Robles school district to pass Measure H. It's a smart investment. Our young people deserve nothing less.

Paso High: Myth vs. Reality

Voters' past unwillingness to connect the city's quality of life with the physical health of its schools may have been based on faulty assumptions. So let's set the record straight:

Myth: The high school is new. It doesn't need improvements.

Reality: It is 25 years old, built to accommodate 1,200 students but now houses nearly twice that — 2,200. The district has kept pace by adding 24 portable classrooms over the years and 13 permanent classrooms two years ago. But the portables are deteriorating. And "the additional student load wears things out faster," said City Manager Jim App.

Myth: The school district should spend money each year on maintenance instead of waiting for problems to occur.

Reality: It has spent \$1 million to \$1.5 million a year annually on maintenance in recent years. This year, district Superintendent Patrick Sayne notes, the district has spent \$1.5 million in state and district money on various projects.

But \$1.5 million in maintenance doesn't pay for major facility improvements like those so desperately needed at the high school. The state expects local taxpayers to repair aging buildings and provide new ones as needed, Sayne said.

Myth: The district should get hardship money from the state, as it did to add the 13 new classrooms two years ago.

Reality: That is unlikely to occur. Money set aside for hardship cases in the last statewide school bond has been spent, Sayne said. Plus, he said, the state has tightened up its rules for giving out hardship money. It used to be that if you demonstrated the need and your own bond measures failed, you were eligible, he said. That's no longer true.

If the current bond measure is approved, however, the district could get in line for a matching grant from the

How the \$20 million would be spent

A citizen independent oversight committee, appointed by the school board, will determine how the money is spent. Here's a look at what is most likely, according to Kim Gaspar, a parent volunteer who is leading a grass-roots effort to pass the Measure H bond issue.

\$4 million to \$6 million would:

- Fix immediate structural problems, such as leaky roofs, faulty heating, air-conditioning and ventilation systems, rotting wooden overhangs.
- Bring buildings up to code for new seismic standards as well as meet the criteria of the Americans with Disabilities Act.

\$14 million to \$16 million would build permanent classroom space to eliminate most of the school's 24 aging portables. What's most likely?

- An applied technology academy, possibly at Cuesta College's North County campus, for such areas as construction trades, welding and auto shops. This would free up room in the main high school.
- Permanent classrooms for music, drama and art, which lack appropriate facilities now. This also would free up room in the main high school.
- An addition to the gym and more locker space.

state, doubling the district's building money.

Myth: An expanded gym is frivolous.

Reality: "It's a classroom, not a luxury," Sayne said. The current gym is too small, lacks enough lockers and is used from 5 a.m. to 9 p.m. daily by classes and local teams. Furthermore, he added, physical education is even more critical in this era of obese teenagers.

Myth: If voters approve this measure, property tax bills will skyrocket.

Reality: Yes, the tax bill would go up for city property owners — to \$121.44 per \$100,000 assessed valuation from \$108.20. Or, to put it another way, the average Paso Robles homeowner would have to pony up an additional \$39.72 a year. That number is based on a typical home's assessed value in Paso Robles, which is \$300,000. Remember, taxes are based on assessed valuation, not what the home might sell for.

Let's face it, \$39.72 is not a big increase. It should be not-

ed, however, that the \$121.44 is less than the \$177.50 per \$100,000 assessed valuation that city residents paid annually from July 2002 through July 2005. Last summer, the property tax rate declined to \$108.20 because the gross assessed valuation for all city parcels rose.

City Manager App notes that "city residents in the school district could pay for the Cuesta bond measure and the Paso school bond measure and still pay a lower local property tax rate than they had been paying."

Myth: As housing prices increase, fewer families will move here and school enrollment will drop. So why invest more in the schools?

Reality: Enrollment has been growing slightly, and major proposed developments — Chandler Ranch and Beechwood/Olsen projects — could generate another 1,100 students, including more than 500 at the high school. That's not counting students expected from San Miguel, where significant growth is planned.

RESOLUTION 06-_____

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL PASO DE ROBLES
ENDORING THE PASO ROBLES HIGH SCHOOL FACILITIES BOND MEASURE
'H'**

WHEREAS, the City's General Plan established a vision for the community as a place where people could live, work and shop; and

WHEREAS, such a vision assumes vigorous and effective educational opportunities for area youth through local public schools; and

WHEREAS, the General Plan established policies and programs supportive to local K-12 public schools needs for funds to acquire property and build facilities; and

WHEREAS, the Paso Robles School District requested the assistance and advice of a group of citizens to identify facility needs and means to address those needs; and

WHEREAS, that committee concluded that local High School facilities need rehabilitation and some expansion; and

WHEREAS, they recommended to the School Board, and the Board acted to place, a bond measure on the June 2006 ballot to ask voters for the funds to address local High School facility needs; and

WHEREAS, the Paso Robles Chamber of Commerce has endorsed the High School Bond; and

WHEREAS, City support of the proposed bond measure is consistent with established General Plan policies, adopted Council goals, and a draft community Economic Strategy commissioned by both the City Council and the Chamber of Commerce.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles to endorse the Paso Robles School District June 2006 High School Facilities Bond Measures 'H', and encourage local voters to vote "YES" on Measure 'H' on June 6, 2006.

PASSED AND ADOPTED this 2nd day of May 2006 on the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

ATTEST:

Cathy M. David, Deputy City Clerk