

PIEDMONT UNIFIED SCHOOL DISTRICT

Council Chambers, City Hall

120 Vista Avenue

Piedmont, California 94611

MINUTES OF

Special Meeting of the Governing Board

November 28, 2012

CALL TO ORDER

Board President Richard Raushenbush called the meeting of the Board of Education to order at 7:03 p.m. and led the Board and audience in the Pledge to Allegiance.

ESTABLISHMENT OF QUORUM

President Richard Raushenbush; Vice President Andrea Swenson and Board Members Sarah Pearson, Ray Gadbois and Roy Tolles were present.

Others Present at Regular Session

Superintendent Constance Hubbard  
Michael Brady, Assistant Superintendent, Business Services  
Randall Booker, Assistant Superintendent, Educational Services

ANNOUNCEMENTS

President Raushenbush asked for those who wish to speak to submit a speaker card. The only item on the agenda tonight is approval of Resolution 09-2012-13.

REVIEW AND ACTION ITEMS

- A. Approve Resolution 09-12-13  
"Proposing a Qualified Special Tax and Establishing Specifications of the Election Order Measure A"

The Board is requested to approve the attached Resolution 09-2012-13 "Proposing a Qualified Special Tax and Establishing Specifications of the Election Order Measure A"

The Resolution calls for an election on March 5, 2013, to extend the authorization of the Board to levy the current School Support Tax as permitted in Measure B for eight years starting on July 1, 2014. The new Measure A will include an exemption for those eligible for Social Security Supplemental Security Income and an inflation growth rate of up to two (2) percent per year.

The public has had numerous opportunities to give feedback to the Board, including two previous Board meetings, parent club meetings, the Citizen's Advisory Committee (CAC) meeting, the Budget Advisory Committee (BAC) meeting and the Piedmont Educational Foundation meeting.

Superintendent Hubbard directed attention to the background packet, which includes the Guiding Principles used to guide the District in developing the budget. Our budget is fine for 2013-14 but in 2014-15, the \$1.5 M deficit reappears. Because Prop. 30 passed, the deficit appears a year later. The \$1.5M is a defined gap between expenditures and revenues; expenses are staying relatively flat and revenue continues to lag behind. The Legislative Analyst suggests we should not anticipate midyear cuts for the next four years. What remains a problem is the 22% deficit factor: for every \$1 we are owed by the State, we collect about 78¢. An increase is possible if there is an increase in the Cost-of-Living-Adjustment.

There have been questions about the oversight committee. Everyone is welcome to volunteer--the only restriction is that members must be taxpaying residents and not employees of the school district. On December 6 at 3:30 p.m., the Budget Advisory Committee will be reviewing the First Interim Budget and the public is urged

to attend.

Other questions involve the way the parcel tax is assigned. It has been done this way for the past 27 years. Some have asked if it could be a flat amount per parcel or by square footage; there are issues with both proposals. The parcel tax needs to guarantee at least the opportunity to receive \$9.5M in funding. For a flat tax, the amounts would be \$2,300 per parcel, which is regressive in that it raises the rate for smaller parcels and lowers it dramatically for larger parcels. There are roughly 4,000 parcels in Piedmont and about 25% are less than 5,000 s.f., 50% are 5-10,000 s.f., 20% are larger parcels and the remainder are multi-unit and commercial property.

One question is if the tax meets the IRS criteria for deductibility. Special taxes do not qualify. A special tax has to do with special districts within a district, e.g., special lighting districts, and this is not a special tax. We have been advised by our attorney that this tax meets the IRS guidelines for deductibility.

The Board has the possibility of raising Measure B by 5% for 2013-14. If the 5% escalator goes into effect in 2013-14, the tax would be at the same rate in 2014-15. In 2015-16 any escalator would have to be voted in by the Board.

Tonight's vote is on the resolution and if there are small wording changes tonight, we have the authority to make them prior to the vote - and to incorporate them in the resolution to be filed at the Registrar of Voters.

President Raushenbush thanked the community, the planning committee and the committee chairs for communicating the feedback to the board. Tonight is the last opportunity for public comments. He has been responding to questions from the Piedmont Civic Association. The School Support Tax Subcommittee (SSTS) provides for volunteers to oversee the tax. Members will be drawn from the BAC and can set their own meeting times. Two Board members will participate and the committee will present a report and recommendation to the Board. Some people were concerned about possible conflict of interest if former employees serve on the committee. This committee has nothing to do with pension rates, post-retirement medical benefits, union negotiations, or how employees are reimbursed. The Board is responsible for deciding the levy after receiving recommendations from the SSTS committee. The Board will develop a charge to the committee; Mr. Raushenbush has suggested adding two sentences: *"The Board will adopt the specific charge of the School Support Tax Advisory Subcommittee after March 5, 2013, after two public hearings at Regular School Board meetings. Any change to the charge of the Subcommittee will require public hearings at Regular Board meetings and must be approved by the Board"*

Board Member Tolles said the Board has not really discussed a flat tax or charge per square foot. This seems similar to *ad valorem*; some districts have adopted it anyway. A flat rate means those with smaller parcels pay more.

President Raushenbush explained that the SSI Exemption excludes home and car and a certain level of income; it looks at level of wealth.

George Childs, resident, expressed his approval that the tax is not permanent and is capped at 2% escalator. He thinks the SSI

exemption is somewhat meaningless and is disappointed that the CAC will not exist as a separate entity as it may reduce public input. He is glad there is legal information to substantiate the deductibility of the tax. He would like to see language to rescind the tax if the IRS rules it is non-deductible.

Ken Jensen, resident and member of the Citizens; Advisory Committee to the Parcel Tax (CAC) thinks the advisory committee should be its own committee and not subordinate under the BAC. The CAC is a useful independent taxpayer committee that reports directly to the Board; the BAC is more a debating group with a variety of interests. He agrees with everything else.

Eva Denes, resident, believes there is no justification for a tax at this time, that the exemption is unrealistic and the oversight contains a conflict of interest. She wondered if the tax is premature since Prop. 30 kicks money back to the community. Looking at the budget, she sees that the \$12M shortfall was reduced by half, and concludes that the district seems to have plenty of money. Does the continuation of a parcel tax mean double taxation? Superintendent Hubbard explained that Measure B expires in June of 2014 and Measure A will begin in July of 2014.

Jim McCrea, resident, believes the way the rate is structured is inequitable and that the IRS definition of "like rate" means using the same criteria irrespective of size. West Contra Costa and Los Angeles recently passed measures that base the rate on a per square foot amount. He would like us to do as much as possible to maintain deductibility by following IRS guidelines.

Gregory Jurin, resident, has several concerns. He would like to see the rate based on square footage of property rather than lot size, to guarantee IRS deductibility in the long run, to include a senior and low income exemption and maintaining a separate committee. He believes the current resolution would raise unrestricted funds while previously funds were restricted to lowering class size, technology and other specific programs spelled out in the resolution. The resolution should address possible changes in IRS rules and if more money comes in from the State. How are split parcels taxed and can students living on them attend Piedmont schools?

Helen Steers, resident, wants the Board to consider senior citizens, who should not have to leave their homes because of the parcel tax. Other communities give senior exemptions and base the tax rate on square footage. She does not think this tax is fairly distributed.

Jon Elliott, a member of the CAC, has pushed independent oversight for the past seven years. Independence came in part from the structure of the committee and in part from the individual members. Having poured over the resolution in detail, he is of the opinion there is plenty of possibility for independent oversight; the structure is in place.

Rick Schiller, citizen, does not think a flat tax is fair. The intent of his letter is to question the equitability and deductibility of a "like-rate" tax based on square footage of dwelling. Los Angeles, West Contra Costa County and Alameda have passed such taxes. He is not questioning the amount, but the distribution. He believes the district could have a 50% senior exemption and it would not cost that much.

Doug Ireland, Co-Chair of the School Support Tax Planning Committee, invited everyone to the kickoff campaign at his house Friday night at 5:30 p.m. Listening to the discussion makes him appreciate

the challenge of developing something to address the multiple concerns in the community. The role of administration is difficult, trying to budget in an environment with no reliable funding. In 1982 our funding was above average and today it is close to \$3,000 below the national average. In the course of the campaign, each of the questions that came up will be addressed: What is fair? Why do we do it this way? He looks forward to speaking with anyone about the tax and explaining why this works in the special community that is Piedmont.

President Raushenbush appreciated the comments from Ken Jensen, Jon Elliot and George Childs, all members of the CAC, and believes independence of the committee is not a problem just because they attend BAC; they will still report directly to the Board. As far as guaranteeing deductibility, we cannot guarantee the law or Federal actions, and adding that we would rescind the tax if deductibility ends would create huge budget uncertainty. He understands the desire for a senior exemption but realizes it would increase the burden for the rest because it would exempt a large number of properties. It all comes back to our goal: to support public education.

Vice President Swenson wishes we could have a more meaningful low-income exemption. The change in the oversight committee was not done to create opacity, it was done to improve the oversight committee.

Board Member Pearson appreciates the thoughtful letters and suggestions received by the Board. She is optimistic that the new oversight committee will be thoughtful and well informed. While the structure of the tax is not perfect, those on smaller lots pay less. She wishes we could reduce the burden on seniors and wonders if the taxes can be deferred. The Superintendent said it is possible although the application for tax relief through the County was rescinded. Ms. Pearson is glad for the 2% escalator.

Board Member Gadbois appreciates the concept of compromise that went into this measure, balancing the needs of the schools and the various requests and needs of the community. This proposal takes the middle ground: it is not permanent nor can it be construed as an *ad valorem* tax. It is currently deductible and we do not subject the quality of our schools to its deductibility. Property taxes vary based on the length of ownership and can vary up to ten times. It would be good to find a different needs-based exemption but this is a first step. Every year the Board will review the conditions and if they change, they will hear from the community and consider many opinions. The Board could vote to reduce the levy.

Board Member Tolles said his preference was to leave the resolution in the same form. His concern about the subcommittee is that requiring attendance at the BAC may eliminate some who cannot make daytime meetings. He believes that while there is no senior exemption, Prop. 13 does provide some relief for seniors. There are a number of ways to look at inequity. If you live in Piedmont, you can send your kids to the schools. He would not know how to propose to eliminate the inequity. He received many emails from people who wanted to evergreen the tax. He was opposed to 0% and would prefer a 3% escalator, which is close to inflation.

President Raushenbush agrees with the comments. It is a compromise for the community and a necessity for students. If things change we have the ability each year to not levy the tax.

Superintendent Hubbard clarified several points. The parcel tax funds are not unrestricted; by law they cannot be general purpose. Their purpose is to fund the same programs supported by Measure B: *"To prevent local school funding from expiring and to maintain the quality of Piedmont's schools, to attract, train and retain qualified teachers, to protect programs in math, science and technology, to continue funding for music, visual and performing arts programs, and to keep textbooks and instructional technology up-to-date."*

In regard to split parcels, there are numerous such parcels since Piedmont is drawn along old water lines. Those on split parcels get two tax bills. As long as they have an Assessor's Parcel Number in Piedmont, they pay parcel taxes in Piedmont and can attend school in Piedmont without permission from Oakland.

President Raushenbush asked what equity is: What do people get with the funds? His answer is that they get the opportunity for their children to attend our schools, no matter what size their lot. The structure of the tax is progressive and is counterbalanced by Prop. 13, which provides lower rates to longtime owners. There is no perfect answer.

The Board discussed the timing of developing the charter to the School Support Tax Subcommittee. The suggestion was made to change to a "no later than" date and the Board agreed that the resolution should be amended to read "The Board will adopt the specific charge of the School Support Tax Advisory Subcommittee no later than May 5, 2013 after two public hearings at Regular School Board meetings" (amended text underlined.).

A motion was made by Board Member Tolles and seconded by Board Member Pearson to approve the resolution as amended. The motion passed as follows:

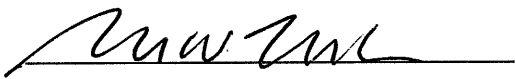
AYES: Raushenbush, Swenson, Pearson, Gadbois, Tolles,  
NOES: None  
ABSENT: None  
ABSTAIN: None

INFORMATION/ANNOUNCEMENTS

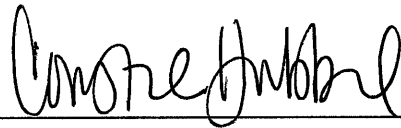
Adjournment

None

There being no further business, and with no objection by the Board, President Raushenbush adjourned the meeting at 8:45 p.m.



RICHARD RAUSHENBUSH, Board President  
Piedmont Unified School District  
Board of Education



CONSTANCE HUBBARD  
Secretary, Piedmont Unified School District  
Board of Education