

## NextDoor Post by Matthew Brach PVPUSD Board Member

Speaking for myself.

I respect and honor that people will have different perspectives. This difference is an essential part of the democratic process and provides an innate balancing system. What I cannot respect is the use of misinformation to sow doubt and confusion. Misunderstandings are natural, perpetuating misconceptions is dangerous. I hope to provide insights to those looking to understand the issues better.

You need not take my word alone. Some of the most respected individuals and groups have reviewed and carefully studied Measure PV and support it, including the PVP Association of Realtors, PVP Council of PTAs, PVP Chamber of Commerce, Peninsula Education Foundation, and Palos Verdes Faculty Association. They know that Measure PV is a facilities improvement measure: a cost-effective, standard tool used by nearly every unified school district in the State to repair outdated classrooms and school facilities throughout the District.

Measure PV will improve the education provided to local children, preserve property values, and maintain the quality of our community – something we can all support. I ask you not to be misled by factually inaccurate arguments and half-truths.

A School Bond is like a Home Mortgage - The best analogy is one that many in our community are familiar with - that of purchasing a home. When you buy a home, you typically go to a bank to borrow money by taking out a mortgage. (when a school district issues a bond, it goes to a bank/underwriter to borrow the money). The mortgage carries interest (so does a school bond). A mortgage is typically repaid over 30 years, although it can be shorter (same with a school bond). A longer mortgage has lower payments than a shorter mortgage (same with a school bond). The homeowner pays off the mortgage through principal and interest payments during the term of the loan (a school district makes bond principal and interest payments through property taxes).

Measure PV bond programs are extremely common – There are approximately 950 school districts in the State of California. Consider the following facts:

- Since 2005, when PVPUSD last approved a school bond measure: over 900 California school districts have approved bonds
- 138 total school districts in LA County have attempted GO bond elections
- Out of those, 121 districts, or nearly 90% of the attempts, were successful
- 33 districts have held multiple bond initiatives
- Torrance Unified School District sought approval for five measures
- Statewide, there are 108 General Obligation Bonds for school districts on this March ballot

School bonds are the most common tool school districts use to upgrade schools. The State of California has set up the rules for how school districts undertake significant construction and renovation projects. There are three primary funding sources:

- **Developer Fees:** Districts use to construct new classrooms and schools to accommodate the increased enrollment from said developers.
- **State Aid:** Some school districts qualify for match funding, based on the age of schools (known as Modernization Funds) and overcrowding (known as New Construction funds). Without Measure PV, our District would not have any funds to be matched and will receive no money.

- **GO. Bonds like Measure PV:** Districts use as a means to renovate, upgrade, and modernize old schools, and provide the basis for match funding.

Our schools are old and in need of significant renovations – Every school in the District is at least 55 years old. It is illogical not to invest in our community's greatest assets, our schools, and our children. It is fiscally irresponsible to ignore improvement projects that will only get more expensive with time. Where will the money come from in the future if Measure PV does not pass? The money will come from the District's general fund, which means LESS money spent in the classrooms on teachers and students.

Measure PV is affordable. The reason GO bonds are so common and used by all the school districts is they are affordable to the communities and have a low cost of borrowing. The cost of Measure PV is \$38.00 per \$100,000 of assessed value. The District could have asked voters to approve a tax rate as high as \$60.00 (the tax rate cap), but it did not.

They have asked for approval for only the most critical projects. When compared to our neighboring districts, PVPUSD has the LOWEST tax rate at \$23.59 of any of our neighbors per LA County Auditor's 2019-20 Tax Roll:

- Beverly Hills USD \$ 123.93
- El Segundo USD \$ 111.23
- Manhattan Beach USD \$ 92.16
- Redondo Beach USD \$ 84.28
- Santa Monica-Malibu USD \$ 119.89
- Torrance USD \$ 95.64
- Wiseburn USD \$ 177.39
- Palos Verdes Peninsula USD \$23.59

The average tax rate among our neighboring districts is \$114.93, PVPUSD is only \$23.59. Even with Measure PV, the District's rate would be approximately \$64.00.

For some context on just how low interest rates are for bonds, Santa Monica Malibu USD recently sold \$145 million in bonds at an interest rate of 2.86%. Redondo Beach USD priced bonds using a shorter-term and achieved an all-in combined interest rate of 2.338%. This is why bonds are used; the cost of borrowing is historically low.

The Board of Education passed the resolution calling for Measure PV, for the sole reason of improving our District. By improving our District, we improve the quality of our students' education and make our students safer. Improving the District also protects property values, as the quality of education consistently impacts home purchase decisions.

I was surprised to see claims that this bond is bad for children, teachers, property owners, PTA's, Boosters, the Ed Foundation, and more. If Measure PV is so harmful, why is it supported and endorsed by the Palos Verdes Faculty Association, The Parent Teacher Associations, The Palos Verdes Peninsula Association of Realtors, The Peninsula Education Foundation, State, and Local Officials, and community members? Simply, because it is right for our community.

Without a full understanding of the complexities of this process, even well-intended people can perpetuate inaccurate information. Below are some of the most recurrent claims that create confusion:

- **CLAIM: This is an \$800 Million Bond:** The actual bond is \$389 Million. \$778 million in combined principal and interest, likely to be much lower based on today's interest rate environment or shorter bond terms to be determined by the Board when bonds are issued.
- **CLAIM: Consultants Get Rich:** \$90 million is the estimate of soft costs that EVERY facilities project must pay. The cost includes architects, engineers for traffic, soil, environment, construction managers, contractors, Department of State Architects, etc. The State WILL NOT approve any project without the required soft costs.
- **CLAIM: Measure PV Hurts Teachers:** By law, bond monies can't pay for teacher/admin salaries or benefits. However, Measure PV will help teachers by improving the condition of classrooms and reducing or eliminating operating funds that must go to pay for repairs and renovations that could otherwise go toward teachers and programs. THE TEACHERS UNION HAS ENDORSED MEASURE PV.
- **CLAIM: Prioritizes Air Condition, not teachers:** Teachers want air conditioning, and they want heaters. The HVAC budget includes not just air conditioning but installing/replacing heaters and ventilation systems as well.
- **CLAIM: Reduced Donations to PEF/Booster Club/Athletics:** Measure PV will allow the PEF/PTA/Booster Clubs to focus their efforts on improving the quality of student experience, rather than helping to pay for the basics. THE ED FOUNDATION, PTA's AND BOOSTER CLUBS ENDORSE MEASURE PV.
- **CLAIM: Seniors Must Pay Too:** Prop. 13 protects senior citizens by keeping their assessed values lower than market rates, and those who have been in their homes for years, with low assessed property values, will pay a fraction.
- **CLAIM: No Cap on Measure PV:** Proposition 39 bonds like Measure PV all have a tax rate cap by law. Furthermore, the 37-year time period is subject to change based on how long of a bond term the District elects to use for its program. Redondo Beach USD just sold bonds with a five-year term.
- **CLAIM: If Proposition 13 modified, Home Assessments Increase:** Prop. 13 is not under attack. It has been in place since 1978, and there is zero discussion of changing it for homeowners in the State.
- **CLAIM: PV Families Pay \$63.68 per \$100,000 assessed home value, not \$23.58 District is Claiming:** Per LA County Auditor's Office, the tax rate for PVPUSD property owners is \$23.59 per \$100,000 of assessed value. The addition of Measure PV would bring property owners to \$64 per \$100,000. If we include the Parcel Tax, which seniors can still opt out of, the tax rate is \$102.14 per \$100,000, which is lower than all our neighboring unified districts that pay an average of \$114.93.

As a PVPUSD School Board Member, I ran on a platform of fiscal responsibility. As a member of the Facilities Advisory Committee, I helped ensure that the projects brought forth were necessary to our students' health, safety, security, and education. I would be happy to answer further questions, provide additional clarification, or to speak to you in person.

Thank you for taking the time to read this, and however you decide to vote, I respect your decision. For the sake of our children and the community, I hope you vote yes.