



City/School Liaison Committee



City/School Liaison Committee Meeting Wednesday, March 31, 2004

Civic Center
Council Conference Room
250 Hamilton Avenue
Palo Alto

4
5 Representing the City of Palo Alto:

6 Emily Harrison, Assistant City Manager
7 Paul Dias, Director of Parks and Golf
8 Dena Mossar, City Council Member
9 Jim Burch, City Council Member

10
11 Representing Palo Alto Unified School District (PAUSD):

12 Camille Townsend, Board Member
13 Mandy Lowell, Board Member
14 Bob Golton, Deputy Superintendent

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16
17 Chairperson Mossar called the meeting to order at 9:00 a.m.

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19 **1. Approval of Minutes – February 25, 2003**

20 Mr. Burch moved to approve the minutes from February 25, 2004 as amended. Ms.
21 Townsend seconded the motion.

22
23 The minutes were accepted as amended.

24
25 **2. Oral Communications**

26 There were no oral communications.

27
28 **3. Budget Information Sharing**

29 Carl Yeats, Administrative Services Director for the City of Palo Alto, gave a
30 presentation to the committee on Palo Alto's budget. The City's costs have
31 continued to increase – most notably health care costs and workers compensation
32 insurance costs – while revenues have continued to decline or remain the same.
33 Mr. Yeats said the lack of growth in property taxes would affect the School District
34 even more than the City since the School District is dependent on property tax
35 revenues.
36

37 Right now, the City's budget is balance, but Mr. Yeats said there is still the possibility
38 of more State takeaways. One particularly troublesome issue is the Triple Flip,
39 which is potentially being used by the State to help fund the State deficit. The Triple
40 Flip would take one-quarter cent sales tax from local governments, and would then
41 backfill the loss with property tax revenues.
42

43 Ms. Lowell mentioned that there is a measure by the California League of Cities that
44 is in opposition to this and asked if anyone was aware of its current status.
45

46 Mr. Burch said it needs a certain number of signatures to get onto a ballot.
47

48 Mr. Yeats said that if the measure gets on the ballot and passes, the State would
49 then be restricted from taking local government revenues. In addition, the State
50 would be required to reimburse any takeaways. Petitions for signatures can be
51 available on the California League of Cities website.
52

53 Ms. Lowell asked if the State could still take money away from the School District.
54

55 Mr. Yeats said he did not know whether school districts were protected from such
56 takeaways.
57

58 Mr. Burch said that no one is working on this on City time or with City resources, but
59 that Council Member Judy Kleinberg is the person to contact for information on this
60 issue.
61

62 Mr. Yeats said the City has joined in a lawsuit to stop the Triple Flip funding.
63

64 Ms. Mossar asked Mr. Yeats for a demonstration of the Triple Flip.
65

66 Mr. Yeats said it is basically taking sales tax from local governments and giving them
67 back property tax. He is skeptical about whether the City would get back any of the
68 property taxes. He also expressed concern about the Proposition 218 implications
69 of taking away sales tax. He believes sales tax revenues are protected under the
70 City of Palo Alto's city charter. The budget problems have had some staffing
71 implications: the City eliminated 33.5 positions and will cut 4 more this year. Staff
72 continues to look for restructuring opportunities. City staff have also been asked to
73 take an unpaid furlough to help meet budget goals.
74

75 Ms. Lowell asked how many days they were asked to take.
76

77 Mr. Yeats said three days.
78

79 Ms. Harrison said the City is currently in negotiations with SEIU for another furlough.
80

81 Ms. Mossar said right now SEIU is taking a voluntary furlough.
82

83 Ms. Harrison said that is on the table. The police and fire unions have been
84 cooperative, but it is not that effective to do a furlough in safety service because of
85 mandated staffing requirements.

86
87 Mr. Yeats said that in the Long Range Financial Plan that City staff did, there
88 seemed to be a strong correlation between unemployment and low revenue growth.
89 In the Bay Area, 300,000 jobs have been lost.

90
91 Ms. Townsend asked in what time period.

92
93 Mr. Yeats said he thought since September 11, 2001.

94
95 Mr. Burch commented that retirement costs are also going up.

96
97 Mr. Yeats said that PERS rates go up when times are difficult. The rates should be
98 normalized again in 2 years.

99
100 Mr. Golton gave a presentation to the committee on the state of the School District's
101 budget. He said that PAUSD is a basic aid district. He said that outside the Bay
102 Area, other basic aid school districts are doing ok. The problem is that there is no
103 growth in property taxes in Palo Alto. Mr. Golton said the School District has either a
104 revenue problem or an expenditure problem, depending on how one looks at it.
105 Currently there are increases coming that cannot be avoided and still keep the
106 programs in place.

107
108 Mr. Golton said that Dr. Callan has held a number of meetings since January about
109 the budget issues, and that after a series of suggestions from these meetings, some
110 reductions were made. Since 85% of PAUSD's budget is staff costs, Mr. Golton said
111 he is concerned about employees.

112
113 Ms. Mossar thanked both the City and the School District and said that both are
114 facing significant challenges.

115 **4. Hays/Rinconada Land Swap**

116
117 Ms. Harrison introduced Interim City Attorney Wynne Furth.

118
119 Ms. Harrison gave some background on the issue. There are some School District
120 portables that are currently encroaching on Rinconada Park. There was a staff-to-
121 staff proposal to reconfigure the site to accommodate the portables. Previous City
122 Attorney Ariel Calonne, counseled staff that there needed to be an ordinance
123 approved by Council to handle the issue of land swaps in general. The issue was
124 then brought to the City's Policy and Services Committee, who recommended
125 putting the issue on the ballot in November. This would cost the City \$140,000 to
126 \$450,000 depending on the timing of the election.

128 Ms. Furth gave the committee the legal background. The City has been in
129 correspondence with the School District since 1998. From a legal point of view,
130 there are two simple ways of dealing with the problem: either move the portables or
131 go to a ballot. Both solutions cost a lot of money. Ms. Furth said the encroachment
132 was discovered when someone did a survey. She emphasized that this was not a
133 matter of functionality for the park – the area is less than 0.2 acres of land in an 11-
134 acre park. However, this is dedicated parkland and the City Council is not able to
135 dispose of parkland. There may need to be an ordinance written specific to land
136 swaps. However, this may violate the City’s charter, although State law does
137 authorize small-scale land swaps without public proceedings. Another possibility is
138 a reciprocal license agreement. This would be a non-permanent personal
139 agreement that would end when the portables could be moved. The issue would
140 then be documented, but not binding or permanent.

141
142 Mr. Golton said that the portables had been in place since 1996, and there was no
143 clear understanding of boundaries at that time. The City and the School District
144 have been in extensive conversations for a while about the swap. Right now it
145 would cost the School District \$170,000 to move the portables.

146
147 Ms. Townsend asked if the license was a new idea.

148
149 Ms. Furth said it was. She commented that there are those who would argue that
150 any encroachment is not to be tolerated.

151
152 Ms. Lowell asked if there were any case law on this.

153
154 Ms. Furth said no.

155
156 Ms. Lowell asked if an ordinance would be subject to a referendum.

157
158 Ms. Harrison said yes.

159
160 Ms. Furth explained to the committee the mechanics of an ordinance and how a
161 referendum works.

162
163 Mr. Burch commented that that is what happened with the 800 High Street
164 referendum.

165
166 Ms. Townsend asked whether it made sense to allow the public to decide if the item
167 should be put on the ballot.

168
169 Ms. Furth said that Palo Alto has two ways of safeguarding its parklands; if land is
170 taken out, it must be approved by voters, and if major improvements are to be made,
171 they are subject to referendum.

172

173 Mr. Burch said the licensing agreement sounded like a reasonable solution that
174 would avoid any animosity or divisiveness in the community.

175
176 Ms. Lowell said she was not uncomfortable with a public vote, but rather with the
177 high cost of an election. She asked what the basis was for challenging a public
178 license.

179
180 Ms. Furth said it is all subject to litigation.

181
182 Ms. Townsend asked whether there was any litigation in the case of licenses.

183
184 Ms. Furth said there is no case law on this matter. She reminded the committee that
185 the City is interpreting its charter, which requires citizen-initiated charter
186 amendments.

187
188 Ms. Townsend said she understood the politics and appreciated hearing the facts.
189 She was concerned about the significant cost of putting the issue on a ballot.

190
191 Ms. Lowell asked what is happening to the land in question. Is it being used by
192 members of the public for recreation in the summer? She also said she had not
193 heard about the idea of the licensing agreement and would like to take this back to
194 the School Board.

195
196 Ms. Mossar opened the floor for the public to speak to this issue.

197
198 Mr. Tom Jordan, a Palo Alto resident, spoke regarding the City's charter. He said
199 the budget has nothing to do with the charter; one should never weigh constitutional
200 rights against budget problems. Mr. Jordan felt there needed to be recognition of
201 the inviolability of the Charter. Mr. Jordan pointed out that the situation was the
202 School District's mistake, which was carried on through the "wealthy" years despite
203 annual promises to fix the situation. He said a license agreement would be illegal,
204 but it would be no more illegal than what is happening now with the encroachment.
205 Mr. Jordan said he sees an evolving pattern in Palo Alto to disregard the Charter,
206 citing Greer Park and Terman as examples of where this has happened. Any
207 solution to this problem that would honor the parks charter would be ok with him.

208
209 Ms. Townsend asked what Mr. Jordan thought should be done.

210
211 Mr. Jordan said that the issue needed to be placed on the ballot in recognition of the
212 mistake, to fix it.

213
214 Ms. Mossar said she just wanted to clarify that this meeting was an informal
215 opportunity for the School District and the City to talk about this issue, not act on it.
216 This body is not making any recommendations.

217

218 Ms. Harrison pointed out that as a council-appointed committee, they could make a
219 recommendation if they chose.

220
221 Ms. Mossar said that the Policy and Services recommendation would go to the full
222 council, and that this body's recommendations would go back to their respective
223 organizations.

224
225 Ms. Betsy Allen, a resident of Palo Alto, spoke regarding encroachments. Ms. Allen
226 said there are no minor encroachments, only illegal encroachments.

227
228 Ms. Allen emphasized that cost is not the issue at hand, protection of parkland is the
229 issue. She asked that the citizens be allowed to do what the law allows them to do.

230
231 Ms. Mossar thanked Ms. Allen.

232
233 Ms. Harrison clarified that the costs speculated upon for the ballot would be well
234 over \$100,000 in November, which is an election year, and over \$450,000 in 2005,
235 which is an off year.

236
237 Ms. Townsend said she thought it was important that the City and School District
238 were working together on this issue. She said she respected the community
239 members who came to speak on the issue. Ms. Townsend emphasized that while
240 the amount of land under consideration was trivial, the issue itself was not trivial.

241
242 Ms. Mossar said this meeting was a valuable opportunity to raise the issue and
243 understand the facts. She asked whether since this issue was an object of public
244 action in the City's charter, in the long run the City would be responsible for the costs
245 of putting this on the ballot, not the School District.

246
247 Ms. Furth said the responsibility would be with the City. There was a letter from
248 former City Manager June Fleming to the School District saying that the
249 encroachment could continue if the School District could indemnify the City.

250
251 Mr. Golton said he would look for that letter at the School District to see if there was
252 a response.

253
254 Mr. Jordan said there were letters, and he believed he had copies.

255
256 Ms. Mossar asked whether he knew what the School District's response was.

257
258 Mr. Jordan said that there were requests from the Superintendent for one-year
259 extensions that dated back to 1998. The requests were renewed every year.

260
261 Ms. Lowell said this was not what was explained to her. She understood that an
262 agreement between the City and the School District had been worked out to look at
263 exchanging land and that there would need to be an ordinance to accomplish this

264 that would be subject to a referendum. The pivotal issue, in her opinion, was
265 respect of parkland.

266
267 Ms. Lowell asked if it would work to have a referendum.

268
269 Mr. Jordan said it was no small feat for residents to mount a referendum.

270
271 Ms. Lowell asked what costs are involved in an election. She said the School
272 District has a network of volunteers that would do campaigning work and public
273 meetings; the City might save some money that way.

274
275 Ms. Mossar said the City is precluded by law from campaigning; when she asked
276 earlier about sharing costs with the School District, this was not a cost she was
277 referring to.

278
279 Ms. Lowell said that if public meetings on this topic were held, people would ask why
280 the issue had not been brought to the City-School committee, so it is very important
281 for the committee to discuss.

282
283 Mr. Burch thought it was good to explore the issue some more.

284
285 Ms. Lowell said the issue has been around for a while and she would like to go back
286 through the files for the history, as well as see the language of a possible ordinance.
287 Ms. Lowell said she would take this information back to her colleagues and look at
288 all the options.

289
290 Mr. Burch asked Ms. Furth if it would be possible for the City to put a measure on
291 the ballot asking if the City can swap land; if it doesn't pass, then the City would
292 have to ask the School District to move its portables.

293
294 Ms. Furth said they would need to think about it. There are two kinds of ballot
295 measures: ordinance or advisory. The ordinance would only have an effect if it
296 passes; failure cannot trigger an automatic action.

297
298 Ms. Mossar said that she was concerned that there was a record of correspondence
299 on this issue, and that both the City Council and the School Board should have
300 copies and share documents.

301
302 Ms. Lowell asked what would go on the ballot.

303
304 Ms. Harrison said that what went to the Policy and Services Committee was an
305 enabling ordinance for minor land swaps. This is being forwarded to the full Council
306 for consideration.

307
308 Ms. Mossar said the City Council would like to hear feedback from the School Board.
309 She thanked all the participants of the meeting.

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Ms. Lowell said she would get copies of the correspondence that the School District has.

5. Future Meetings and Agenda Items

The next meeting will be April 28, 2004 from 9 AM to 12 PM. The only item on the agenda will be the Safe Routes to School program.

The meeting was adjourned at 10:55 AM.