



# City/School Liaison Committee Transcript



Special Meeting  
September 15, 2016

The Special City School Liaison Committee met in the Community Meeting Room at this date at 8:02 A.M., 250 Hamilton Avenue, Palo Alto, California.

Present: City of Palo Alto  
Tom DuBois, Council Member, Committee Chair  
Cory Wolbach, Council Member, arrived at 8:07 A.M.  
Khashayar "Cash" Alaei, City Manager's Office

Palo Alto Unified School District  
Terry Godfrey, Vice President  
Melissa Baten Caswell, Board Member  
Cathy Mak, District Chief Business Officer

Absent:

## Oral Communications

Chair DuBois: Maybe we could quickly approve the Minutes. Nobody's here for Oral Communications, right?

## Agenda Items

1. Approval of Minutes - June 23, 2016 and August 18, 2016.

Board Member Baten Caswell: I move that we approve the Minutes.

Chair DuBois: I'll second that.

**MOTION:** Board Member Baten Caswell moved, seconded by Chair DuBois that the City School Liaison Committee approve the minutes from June 23, 2016 and August 18, 2016.

Chair DuBois: All in favor.

**MOTION PASSED:** 3-0

Chair DuBois: Actually, instead of switching four and five, why don't we just move two to the end, which we've been doing lately?

Board Member Baten Caswell: Okay.

Vice President Godfrey: Can I ask a question about the Minutes? The transcript, I think it was a draft transcript as well. What do you do with the transcript? Does that get posted somewhere?

Irma Mora, Clerk's Office: I believe we have it online. I know that we have copies that go out. We usually have it under the Committee. We could double check that.

Vice President Godfrey: When you say copies that go out, where do they go out to?

Ms. Mora: As far as distribution on email, and then I think they post it online or to follow with the Committee Minutes.

Vice President Godfrey: I don't think I've seen those via email. Do you send them to us as well?

Board Member Baten Caswell: I think they go to Cathy.

Ms. Mora: Jessica Brettle has sent those in the past. Maybe she's the one that's sending them.

Vice President Godfrey: Maybe they go to Cathy.

Ms. Mora: She's in charge of them.

Board Member Baten Caswell: Sometimes I get them from Cathy, and sometimes I don't.

Vice President Godfrey: Thank you.

Khashayar Alae, City Manager's Office: As Board Members, have you signed up for the email blast from the City?

Vice President Godfrey: Yes. I mean I get agenda (crosstalk) ...

Board Member Baten Caswell: I get the Agenda for the meetings.

Vice President Godfrey: ... (crosstalk) from the Council meetings. They come out under that?

Mr. Alae: Yes, they should be in that.

Vice President Godfrey: I will admit that I don't read them every time they come.

Chair DuBois: That's a good point. (inaudible) they were in City Council Packets as well, I believe.

Mr. Alae: The Minutes?

Chair DuBois: I think so.

Mr. Alae: We'll check. The goal is that you would like them in the Council Packet. You all would like to see them.

Vice President Godfrey: Yeah. Maybe they come to Cathy, and she's (inaudible) on sending them to us.

Mr. Alae: We'll make sure it gets to you.

Chair DuBois: We're going to move Item 2 to the end.

At this time the Committee heard Agenda Item Number 3.

### 3. Discussion Regarding Teacher and Public Employee Housing.

Chair DuBois: We'll go right to the discussion regarding teacher and public employee housing.

Khashayar Alae, City Manager's Office: We met with Jonathan from Landed and asked him to come here to meet with you all and tell you a little bit about his company and what they do to help with teacher and public housing. After he speaks, we can just talk broadly about other City and School District activity. Since he's here, why don't I turn it over.

Chair DuBois: Jonathan, welcome. Good to see you.

Jonathan Asmis, Landed CEO/Founder: Thank you. Great to see you again. I guess a little bit about what we've been doing. When it comes to housing specifically, we like to say there are two specific but separate issues, one of which is around affordability. Are salaries sufficient to cover ongoing mortgage payments in this area or in and around this area? The second issue is around wealth, down payments. Can you, while paying rent, save enough money to eventually put down a large down payment to buy a home? I think most of the time in this area—actually there's a second category of problems that ends up being the largest problem. For example, in Los Altos or Mountain View or Palo Alto, a dual-income educator household or public employee household generally has enough income to purchase or to afford a mortgage on a home, maybe not in Palo Alto but certainly in surrounding regions. They will never, as a result of paying rent, be able to save up \$250,000, \$300,000 to actually transition into ownership. What we've been

doing is running investment funds for school districts and private schools and charter school networks. The idea is that private capital essentially capitalizes these investment funds. The goal of the fund is to be a home-buying partner to educators and other public employees. It's been working pretty well so far. We're just getting started. Los Altos School District was one of our first test cases, but also a number of private schools which are generally easier to overall capitalize and to get money into the fund quickly and then launch programs. The way the programs work is very similar to how maybe a Stanford program would work or how the program might work to support the City Manager in buying a home, which is that there is a kind of shared equity component. The standard deal that we make is that we will split down payments 50/50 with the educator in exchange for 25 percent of the gain in the future value of the home. It's kind of 50/50 in, and then 25/75 out in favor of the educator. Let's say that's the standard model. A fund; therefore, can invest in multiple homes. Investors get both diversification and don't necessarily know who it is exactly that they're investing in. There's a barrier between the two.

Board Member Baten Caswell: You said something interesting. You said it's easier with private schools. Why would it be any different?

Mr. Asmis: They are smaller. Decision-making is generally centralized in maybe one or two people. Private schools are used to going out to the community and constantly asking for additional capital.

Board Member Baten Caswell: Your model is where you get the funding is from the community that then ...

Mr. Asmis: It's generally people that have affinity for that community.

Board Member Baten Caswell: Are you familiar with HOT, Housing Options for Teachers?

Mr. Asmis: I am not familiar with that.

Board Member Baten Caswell: I haven't heard about them in a long time, but they used to be in this area. It was a guy in this area, and he did a similar thing. It may have only been for Palo Alto. Maybe Cathy remembers this better than I do.

Cathy Mak, District Chief Business Officer: It was a long, long time ago.

Board Member Baten Caswell: He sent me stuff last year, so I know there's been activity, but I don't remember him going out to the community

specifically to raise a fund for the loans, I guess I would call them. They are loans.

Mr. Asmis: We don't like to say loans. They're not loans. We're an equity investor in the home. It's like if you went in with your parents to kind of split the purchase of the home and say, "We're both going to split the purchase of the home. We're both going to take risk, both upside and downside risk, when it comes to the value of the home."

Board Member Baten Caswell: If a teacher sells the home and breaks even ...

Mr. Asmis: We don't ...

Board Member Baten Caswell: You don't get anything?

Mr. Asmis: We just get the money back.

Board Member Baten Caswell: You just get the money back.

Mr. Asmis: Because we both (crosstalk). If the value of the home went down, we would both lose money.

Vice President Godfrey: What are the parameters around someone owns the home for 25 years?

Mr. Asmis: Generally, the way these work is that the options are renewed every 10 years. At the end of 10 years, you would just have to renew the option.

Chair DuBois: That's the change. When I talked to you first, it was a seven year timeframe.

Mr. Asmis: We pushed it out. It's better for everybody.

Chair DuBois: Do they have to refinance their mortgage and buy the person out in 10 years?

Mr. Asmis: They could do that. They could renew the option. They could sell the home. Those are the three options that they have.

Chair DuBois: Do investors put money in a pool and get fractional ownership of the budget homes ...

Mrs. Asmis: Correct.

Chair DuBois: ... or just one investor per home?

Mr. Asmis: No. It's in a pool.

Chair DuBois: It's like a Real Estate Investment Trust (REIT) basically.

Mr. Asmis: It's exactly like a mini REIT that's only targeted to supporting Palo Alto educators.

Vice President Godfrey: Are there other communities around that do it already and do we have any (crosstalk)?

Mr. Asmis: Los Altos is just launching a fund over the next few weeks.

Vice President Godfrey: That's their high school district, right?

Mr. Asmis: That's the high school district. (inaudible) Los Altos is also launching a fund.

Board Member Baten Caswell: Do you do an agreement with the School District?

Mr. Asmis: No.

Board Member Baten Caswell: What do you do?

Mr. Asmis: Generally the way we've operated in the past is to have a loose Memorandum of Understanding with the school district just to say this is what we think would be helpful. That's something that we can then go show community investors to say people want this, not just us. Going around asking for people to capitalize the fund. It's wanted essentially by the community.

Board Member Baten Caswell: Have you done this with other public employees, just only teachers?

Mr. Asmis: Only educators for now.

Board Member Baten Caswell: All the City Council Members I've talked to, clearly we have a challenge with other public servants.

Mr. Asmis: Agreed.

Chair DuBois: That's why he's here.

Board Member Baten Caswell: Are you thinking about doing something—maybe thinking about us working together?

Chair DuBois: Jonathan reached out a couple of months ago. We met, and I had him talk to Cash and Jim Keene. It doesn't have to be together; it could be totally separate. This Memorandum of Understanding (MOU), it's really you want the school basically to promote it to their employees as a benefit and also to investors in the community.

Mr. Asmis: The term of the MOU is to essentially say, "We think this would be very helpful, one. Two, if this existed, we would market it just like any other benefit that exists at the school level or at the (crosstalk).

Board Member Baten Caswell: Would there be a benefit in going out together? I'm just thinking how the community—if you're looking for investors in the community and you want the biggest pool possible, is there an advantage of doing it together?

Mr. Asmis: We would prefer that. It just has to be weighed against the risk of being tied to—a lot of the reasons why school districts have been really happy about what we've been doing is that they can make an argument that they're at arms' length to the benefit. There's a lot of reasons why that's a good idea. Generally in the past, they've been hesitant to go out together. What we do is try to identify together one or two community champions or investor champions that we think would be really interested in doing something like this. That person can backchannel (crosstalk).

Board Member Baten Caswell: The only reason I'm bringing this up is because it's hard in this community when you have multiple messages that are similar. Couldn't you do an MOU with the City and an MOU with the School District separately, but when you go out to investors, it's one group.

Mr. Asmis: For sure we could.

Board Member Baten Caswell: I could just see somebody going out and promoting this and being really good at it. I think there'd be more—do you feel like it's confusing when there are multiple messages for very similar things.

Vice President Godfrey: Yes, yes, yes. I have other questions, other than how we're going to market it.

Board Member Baten Caswell: Go ahead.

Chair DuBois: Why don't we (crosstalk) questions?

Vice President Godfrey: Tell me about the other triggering events. We have a renewal every 10 years. If somebody sells it, that triggers something.

Somebody dies, leaves the School District, gives the house to their children. What happens in those cases?

Mr. Asmis: Great questions. There's a long list of—I would say—leaves the School District, we'll start with that one. What we've done in other districts is to say that the benefit ties you to the district for two years. After that, essentially the benefit will follow you regardless of your employment choices. That's something we've done with other districts. We think that's kind of fair. It seems in line with other types of benefits that exist. Some private schools, for example, have—I'm not sure about all of the school districts—graduate education benefits. If you go into a master's degree, they'll pay for some component of it (inaudible) tied to two years retention afterwards. On transfers, that's fine. That's the gift thing to children. On death, it requires essentially that the inheritors of the property to re-sign the option. If they don't re-sign the option, then it's a triggering event. There's also a long list of other trigger events that all generally have to do with conditions of default, if they stop paying the mortgage, property taxes, if there are additional liens on the property. Happy to send you a list of covenants, which could essentially trigger an event.

Vice President Godfrey: Can you talk a little bit more about the transfer of property. I work for the School District. I buy this house. I transfer it to my adult child. That doesn't trigger anything?

Mr. Asmis: The idea behind the program is that it's a primary residence for that educator. If I am no longer living in this property, I am transferring it to my child, then it doesn't trigger anything. I think we haven't necessarily thought through—we haven't had a problem yet with people trying to game the system in just buying property and transferring it off.

Board Member Baten Caswell: How many years ...

Mr. Asmis: That's something we could easily remedy.

Vice President Godfrey: The two year thing probably can—you can say it has to be a primary for two years or whatever, something (crosstalk).

Board Member Baten Caswell: How many years have you done this?

Mr. Asmis: We are seven months in.

Board Member Baten Caswell: How many people have you helped?

Mr. Asmis: Helped so far?

Board Member Baten Caswell: Yeah.



Mr. Asmis: All these funds, the Los Altos Fund are all launching in the next month. We did our second one yesterday, and we're going to do a third next week in terms of homes. These are just some—actually for the most part they're Stanford business school students, which is where I went to school, who are buying their homes with us as part of a test.

Board Member Baten Caswell: As a test thing. They're not connected to any school district.

Mr. Asmis: They're not connected to any school district. They're just helping us go through the process, improve our educational materials and to improve the process overall.

Mr. Alae: I was just going to ask Jonathan to talk about that Stanford connection and maybe a little bit of background on how you guys looked at how Stanford helps its faculty, which is part of this idea. I think that might provide some good context for (crosstalk).

Mr. Asmis: For sure. It's not only Stanford. One of the things we like to say is that we don't think we're doing anything innovative at all. This has been done for a very long time.

Vice President Godfrey: A well-trodden path.

Mr. Asmis: Lots of people have done it. Especially, a lot of individual private schools, whether they're universities or otherwise, have actually created their own programs in the past to address this problem. A lot of these programs have looked something like this. We think what's been missing is just a central standards agency to help, one, just create potential standardization across all these things, which could lead to liquidity, which would lead to having this product make just much more sense at scale. Stanford is an example of a school, obviously, that has a program. Their program involves what's more like a shared equity mortgage. There's also an equity component, but there's also a current interest component. You pay a 3-percent interest, but you also give up—whatever you take from Stanford, you have to give them that much of the appreciation when you sell the home. Only employers can offer essentially these shared equity mortgages. Stanford obviously has considerable amounts of capital to deploy that. Individual private schools can't, so they created what are called pure equity or just shared equity programs, which is what ours looks a lot like. Talent School, Lick has had a program at some point. Menlo School has had a program at some point. The things that have been missing have been, one, an organization that's at arms' length to enforce the rules and when the rules need to be enforced and, two, a little bit of standardization to help with the investment product.

Board Member Baten Caswell: What happens if someone teaches for a few years and then goes into industry, into a higher-paid situation?

Mr. Asmis: Whatever happens after two years is ...

Board Member Baten Caswell: Up to them.

Mr. Asmis: ... up to them.

Board Member Baten Caswell: It's still the same 10-year ...

Mr. Asmis: Everything stays the same.

Chair DuBois: That's probably less stress for you guys at that point.

Board Member Baten Caswell: Yeah. It definitely ...

Mr. Asmis: It also aligns interests a little better as well. We can talk about that.

Chair DuBois: When we talked earlier, you get involved in the mortgage as well or you can act as a mortgage broker or they can be ...

Mr. Asmis: No, no. Similar to how the Stanford program works and the (inaudible) programs, the lenders have to be comfortable with the program itself to be willing to lend against the home. We have a list of or an alliance of mortgage brokers. You can't get a mortgage from anybody, but we think that the mortgages are very competitive. For example, Stanford Credit Union is one of the most, I would say, innovative lenders in this space. They are the primary lender against all the Stanford shared mortgage instruments, and they work with us as well.

Board Member Baten Caswell: What's the name of your firm again?

Mr. Asmis: It's called Landed.

Board Member Baten Caswell: Landed. What should we think of as the potential risks of doing something like this? Are there risks that your trial people have identified?

Mr. Asmis: There are some individual risks that anyone takes when buying a home. There's that category of risk. The other category of risk is that almost all of the instruments or the mortgages that are lent against these shared equity components are adjustable rate mortgages. They're like 7 to 10-year adjustable rate mortgages, which lots of people generally take when buying their home, but it adds a layer of interest rate risk to the transaction. There's

that component. I'd say the other layers of risk are just political, like how do people view the benefit. Generally, we've had a lot of success working with teachers' unions as having this be a very positive thing, but there's always a political risk. Everything's a political risk.

Board Member Baten Caswell: It seems like in a community where teachers and public employees can't afford homes, the political risk of being able to put them in homes seems sort of low. I'm just wondering if I'm missing something.

Mr. Asmis: What we tell investors is that this is a market-rate investment. We think that they're getting appropriate return for the risk that they're taking. It's not a gift, and it's not a—there's political risk of it being misunderstood potentially as this is a way of extracting value from people that—we practice a lot writing the negative headlines and figuring out what are the facts that we (inaudible) there. We think it's extremely helpful. I'm going to buy my house this way. It's the only way I'm going to be able to buy a home. I would also invest in the investment product because I think it's quite good. This is about helping people take a little bit of risk out of a very risky transaction and helping them bridge into something that they otherwise could not bridge into.

Vice President Godfrey: Can you talk a little more about a down market? We'll be seeing one sometime soon.

Mr. Asmis: We certainly will.

Vice President Godfrey: We bought our thing together. You've shared half of the down payment with me. I understand in an up market I'm going to sell it, and I'm going to give you 25 percent. What happens in a down market?

Mr. Asmis: It's the same. It's 25 percent of the loss is shared by the fund. If the home was \$1 million and went down to \$900,000, there's been \$100,000 of loss. \$25,000 of that loss is shared by us, by the fund.

Vice President Godfrey: Because you're an owner?

Mr. Asmis: Because we're a part equity, essentially, owner of the home. The way that it works to make everyone happy is that—this is a detail we don't have to go into. Usually when you buy something together, you essentially do what's called—you're tenants in common. You're both listed on title, and you own the property together. That's not what this is. This is you as a homeowner—I'm the homeowner now. I own the home in full. I'm the only owner. I'm the only owner in title. What I'm doing is selling essentially appreciation rights to essentially the fund. The fund only has kind of a side

contractual agreement with the homeowner. The homeowner gets the full tax benefits. They're the only person listed on the mortgage, so they get the full credit benefit. That's how it works.

Chair DuBois: Landed could go completely out of business, and these legal agreements would survive.

Mr. Asmis: They would 100 percent survive. We have a custodian that is responsible for taking care of the agreements should something happen to the company.

Board Member Baten Caswell: Let's say after two years I decide not to wait out 10 years or maybe five years, and I decide to sell the property. What say does your ...

Mr. Asmis: We don't have any say.

Board Member Baten Caswell: You have no say whatsoever?

Mr. Asmis: None. We're just the passive ...

Board Member Baten Caswell: Passive investor.

Mr. Asmis: ... ride-along investor. The reason we can do that is because we hope that we're in enough properties that some will sell in two years, some will sell in four years, some will sell in seven years. It doesn't really make much of a difference.

Board Member Baten Caswell: If the owner makes a decision about who the buyer is, you're not sitting at the table there and saying this other buyer has a better offer.

Mr. Asmis: The person has to make an honest effort to maximize the sale price of the property. There's some conditions in the contract that essentially outline when we think that will be true. We define a standard sale, which means that they have to hire a broker, and they have to make sure that the transaction is at arms' length so they're not selling it to a family member or something else. We have a list of what we think is fair sale conditions. Otherwise, they can sell it to whoever they want.

Vice President Godfrey: You can transfer it to a family member, but you can't (inaudible).

Mr. Asmis: You can't sell to a family member.

Chair DuBois: Cory, did you have any questions?

Council Member Wolbach: I'm sorry. I came in a couple minutes late. I didn't catch your name.

Mr. Asmis: Jonathan, Jonathan Asmis. Great to meet you.

Board Member Baten Caswell: This sounds very positive, worth talking more about.

Chair DuBois: I was extremely interested. I actually like your idea of maybe doing it jointly.

Board Member Baten Caswell: Even if the MOUs are separate, which probably makes sense—the way you're doing the fundraising, I just think it would be easier in this town if it was done in common.

Chair DuBois: Support your community, invest.

Board Member Baten Caswell: I think this sounds like something that might be interesting to bring forward to the Board to hear about and ask their questions.

Vice President Godfrey: If we're any indication, our colleagues will have questions.

Council Member Wolbach: (inaudible)

Chair DuBois: Especially since we'd be one of the first cities. You've been focused on schools.

Mr. Asmis: We've been focused very much on schools just because it's been easy to generate affinity to help local educators buy homes. We haven't tried city ones.

Board Member Baten Caswell: As you know, you wouldn't have done this if you didn't think there was a market here. This is a serious regional problem, way beyond just Los Altos and Palo Alto.

Mr. Asmis: Yeah. We're working with a lot. We're working with schools in Marin and with Oakland. We're trying to launch right now a big pilot program in Newark, of all places.

Board Member Baten Caswell: We had several conversations and a whole seminar at the Santa Clara School Boards Association, all those districts in Santa Clara. It was a full house. I'd say you'd have a lot of different (crosstalk).

Mr. Asmis: In Santa Clara ...

Board Member Baten Caswell: When I say Santa Clara, I mean the whole county.

Mr. Asmis: One of the things we've said a number of times is that we don't think—this is kind of one very small part of a very big problem. It will only reach a minority and be helpful to a minority of people that are experiencing, even within educators or public employees, housing-related issues. Lots of school districts have taken many other approaches and are coming to this as an "all of the above." It's kind of "we will do this and;" there's a lot of "ands." Santa Clara has built housing. Cupertino tried to build housing. San Mateo is trying to build housing, workforce-related housing, which we think could help people continue to rent affordably. The problem is always that they want to make also a transition towards being more permanent members of ...

Board Member Baten Caswell: Clearly there's going to be demand on the rental side and demand on the buying side for help.

Chair DuBois: I'm going to try to keep us on schedule. Cory has a quick question.

Council Member Wolbach: I apologize again. When you say that this will be appealing for a minority of the total need, can you help me understand what that group ...

Mr. Asmis: Looks like?

Council Member Wolbach: What would that subset of public employees or School District employees or other teachers look like and what would the rest of the group look like and what would be distinguishing characteristics?

Mr. Asmis: It's generally dual-income families. It's very hard to make it on a public salary, whether you're a teacher or a public employee with only one income in this region. The standard example that we have, which we might have to upgrade for this specific region, is \$800,000, but we can do a \$1 million home for example. To buy a \$1 million home, you would need an income somewhere around the \$150,000 to \$180,000, which is very reasonable for a dual-income family. It's not reasonable for a single-income family, especially as an educator or public employee.

Council Member Wolbach: That also means thinking about where in their career and their pay curve people would be. You're looking for mid to late-career probably more than early career?

Mr. Asmis: Not necessarily mid to late. It's not people in their first 4-5 years of their career. Generally our sweet spot is—I'm going to go with ages here. We'll translate that (inaudible). It's generally 30-35. It's thinking about getting married, thinking about where I want to build the rest of my life.

Vice President Godfrey: Dog, backyard.

Mr. Asmis: Exactly. Also, it takes some time obviously for families to accumulate the necessary wealth, because they still have to bring potentially 10 percent to the (inaudible). That's \$100,000, so it's a lot of money, and it takes a long time to save. Obviously, in general it's a combination with—it's their funds, potentially a gift from family. It's a gift from lots of other people. It really takes a community to buy a home these days.

Board Member Baten Caswell: This just brings up a question. I have a friend who's a realtor. She says that there are no \$1 million homes in Palo Alto right now.

Mr. Asmis: Not in Palo Alto.

Board Member Baten Caswell: Buying an apartment, are there any sort of issues around that?

Mr. Asmis: No, that's fine. Townhomes, condos. Even condos, you'd be hard pressed to find something for \$1 million in Palo Alto. There's a lot of surrounding—Redwood City is not that far away. It's a reasonable commuting distance.

Council Member Wolbach: Somebody utilizing this program, if hypothetically it were implemented here, could buy in another community that's nearby. It's still not Tracy or Bakersfield or (crosstalk).

Mr. Asmis: Right. Essentially what Stanford has done and what all these programs generally do is draw a map, and generally that map is the Peninsula. It's anywhere on the Peninsula and maybe just across the bridge on the East Bay. The idea is to simulate 10 miles or a commute time of 30 minutes. The idea is also that we want to do this as a retention mechanism. We don't want people to be commuting an hour on a permanent basis.

Board Member Baten Caswell: You don't set that map; we would set the map.

Mr. Asmis: No, we would set that map.

Board Member Baten Caswell: You would set that map.

Mr. Asmis: Yeah. The less (inaudible) use that the better.

Vice President Godfrey: The longer the (crosstalk) probably.

Board Member Baten Caswell: That's true.

Mr. Asmis: We generally set all those things.

Chair DuBois: Thank you very much. There's a lot of interest. Cash, we can't put things on the agenda, but maybe you can go talk to Jim and see if this is something we could bring to Council.

Mr. Alae: Yeah. I want to thank Lalo and (inaudible) who met with Jonathan and I. We were just waiting for this conversation and then figure out what next steps are.

Board Member Baten Caswell: That'll be great.

Council Member Wolbach: Cash, could Jonathan send this email through you (crosstalk)?

Mr. Alae: Of course. Do you also have a (inaudible)?

Vice President Godfrey: Of course. Aren't they all?

Mr. Asmis: It always gets better, better and better. Thanks so much.

## **NO ACTION TAKEN**

At this time the Committee heard Agenda Item Number 4.

4. Discussion Regarding Middle School Athletics Program.

Chair DuBois: Item 4, the middle school athletics program.

Rob de Geus, Community Services Director: Good morning, everyone.

Chair DuBois: Good to see you, Rob.

Mr. de Geus: Rob de Geus, Community Services Director, City of Palo Alto. We're here to talk about the middle school athletics program at the request of the Committee. Happy to be here. I brought a couple of people with me. They're a little closer to the program than I am, and they'll have an opportunity to talk about the program that they run. Kristen O'Kane, she's the Assistant Director of the Department, oversees the Recreation Division and the Parks Division. We have Chase Hartmann here. He's the Recreation Coordinator, and almost 80 percent of your job is devoted to the middle school athletic program. He's taken really good care of (inaudible) program. He's going to help a little bit with the presentation. I'm just going to kick it



off here. The mission for the program is to provide a safe and positive afterschool climate for kids to be able to play sports and be in a league environment. The history of the middle school athletic program is an interesting one. It spans several decades. At some point—I don't actually have the date—I believe the School District ran the middle school athletic program, probably 20 or more years ago. It was before I came 16 years ago. There was, I understand, some financial challenges about continuing the program. The City and the School District got together and said, "How might we work together to keep the program going?" We started a collaborative effort to run the program where the School District was providing the athletic directors and other things, and the City was providing coaches. In the last decade, the responsibility for the program has shifted increasingly more to the City. At this point today, the City really runs the program. It's a City recreation program where the School District provides the space, the gyms, the tennis courts, the fields, those sorts of things. The City provides all the registration, uniforms, equipment, coaches, athletic directors (inaudible) for the program. I'm going to let Chase talk a little bit about this. We are part of a league where we play other schools around the region. He'll take the next few slides.

Chase Hartmann, Recreation Program Coordinator: Thank you guys very much for letting us speak today. I'm going into the next three or so slides. This one right here is the Art David Athletic League. We are joint with other middle schools in San Mateo, Foster City, San Carlos, Half Moon Bay and Belmont. The way that we kind of run the league. There's a president for the league, and then obviously all of these middle schools are involved in the league. We do everything from scheduling to make sure that we have transportation to all the schools, different things like that. We do more of competitive level teams, that all teams will play each other. Then, our lower recreation level is our more maybe B level. This is to give those kids that haven't had those opportunities to play club sports, different things like that, just to be part of their school's afterschool sports program. This has really been obviously a huge league that we continue to do, like Rob mentioned, for about 20 years or so. They do have opportunities to not only play schools in Palo Alto but also have the opportunity to go outside, see other cities, see other schools, meet other kids and almost a social thing for them to do as well. That's a little bit about that league. During the year here in Palo Alto, these are the different sports that we provide. For fall sports, we have our girls volleyball, coed flag football, coed cross country. To mention, most of these sports outside of the sixth grade basketball training camp is for sixth, seventh and eighth grade students. We do our basketball season during the winter. I have sixth grade basketball training camp on there, because we have a weird little gap where as soon as the fall season finishes, from November to January, we only run the seventh and eighth grade basketball.

Part of it is because we have so many kids, and space-wise we wouldn't be able to accommodate all of them at the same time. Along with that, we also have a lot of our coaches that do the seventh and eighth grade one that come over and even do this sixth grade one. This sixth grade training camp, this is actually just our second year of doing it, because we had this three month gap where you have all these incoming sixth graders. They don't have anything to do, so this is something that we just created last year. It was very successful. We were able to accommodate about 40-50 per school. We're looking somewhere around 150 students that we have to accommodate just for that new program. Following that, we do have the sixth grade basketball season. This is also gives them that opportunity their first year into the league to get used to all the rules. A lot of the referees that we've had are very well trained, that they almost help the kids even the first game or two to understand you need to stand by the free throw line, here's where you stand for it, and stuff like that. Kind of adapting them into our league. That's another reason why we have them do it separate than the other ones. Following that, we do our spring sports. Boys volleyball, we've been doing that for about five years now. It's somewhat new. I think potentially it might transition to the high schools, might do it here pretty soon, once Palo Alto High School's (Paly's) all set and ready to go. Coed wrestling, coed tennis and then coed track and field, that's at all three of the schools that we offer. Just so you guys can see the numbers for it. The number of participants that we had last year was roughly about 1,650. I kind of did a little bit of a breakdown. For the fall sports, we get a lot more participants during that fall season. Volleyball and flag football have been two very successful programs that we've been running for many years. In 2014-15, we had maybe about 200 less. The year before, 2013, about 1,200. We have had this increase—some were about 150-200 kids—that we have been able to accommodate each year. We obviously will continue to try to strive for that each year (inaudible).

Board Member Baten Caswell: How many students don't get accommodated?

Mr. Hartmann: Good question. Luckily, I would say percentage-wise we've been close to about 80-85 percent that we have been able to accommodate. Somewhere around 15 or so would probably be where we are unable to, and that is strictly because most of that has to do with space. Obviously we want to have the best quality coaches as well too. This year I was able to roughly get 5-10 volunteer coaches. This year we were able to get somewhere around about 20 volunteer coaches to give us the extra opportunity for more kids to come off the waitlist. I think we are roughly around about 45-50 paid employees as well.

Mr. de Geus: They're parents. Usually they're volunteers.

Mr. Hartmann: Most of the volunteers are either parents. If their child does get on a waitlist, then obviously they want to help out a little bit more. We have been getting a lot of the Gunn students that come over. Gunn and Paly as well.

Chair DuBois: Teachers are paid (inaudible)?

Mr. Hartmann: Teachers usually are. We had one or two about three years ago who did just want to volunteer to do it. Most of them are getting paid now, yes.

Chair DuBois: Is this the end of your presentation?

Mr. de Geus: No.

Chair DuBois: We'll let you finish. Let's keep a little structure; we're going to run out of time. I'd say when we get to questions, let's raise our hands and take turns.

Board Member Baten Caswell: I thought we were at the end.

Kristen O'Kane, Community Services Assistant Director: I'm going to talk a little bit about what's working well with the program and then some challenges we've had. Obviously there is the personal development opportunities and benefits from middle school athletics. They develop social skills, develop their team work abilities and also make new friends. It really promotes a healthy and active lifestyle and introduces them to new sports that they otherwise may not have the opportunity to do. One of the benefits that we see—Chase just talked about this a little bit—was that more teachers are becoming coaches at the school. This really provides more of that connection between the school and the afterschool sports program. They tend to be a little bit more dependable than the other coaches. They just have that familiarity with the school and the staff. Another is we used to have a registration process where you'd have to do it in person. There'd be this long line outside the community center of people registering their kids. We now have an online registration program. This is working very well and also gives people the opportunity who can't get away from work to have the same chance to get their kids registered. We still do offer the walk-in registration for those that want it, but the online seems to be working very well. Another thing that's working well is that the athletic directors are City employees. There's one athletic director at each school. They're hired by the City, and that just really increases the ability to communicate well with them, to coordinate well. They're actually located at the school, so there's more connection between the parents and the athletic directors at that actual school. Some of our challenges; although, I did mention that one of the

things that's working well is having teachers be coaches, we'd really like to see more teachers coach in the program. Right now, we have about 25 percent of our coaches that are teachers. Due to the benefits that result from that, we'd really like to see that number go up. One of the other challenges is transportation. There's no transportation offered right now. As you saw from the earlier slide, some of the games are in Half Moon Bay, San Carlos. It can be a challenge to get the kids there, and parents have to do the driving themselves. Chase also mentioned space. There's limited gym space, limited field space. Sometimes the first-time kids are actually playing on a regulation-size court or a track (inaudible). They're practicing volleyball on a tennis court, things like that. That's definitely a challenge that we have, trying to get everybody in the spaces. Just limited funding. Uniforms, equipment, we'd like to be able to provide newer uniforms. Some schools have better uniforms than others. We've received some comments from parents on that, that there really isn't fair distribution. One of the other challenges that we've heard through parent feedback is that there are students who are there for different reasons. There are students who are there because they're competitive; they want to pursue athletics into high school, into college. They're really dedicated; they're very serious about the game. There's other kids who are there to have fun, but it's more recreation. There's even other kids who are there because ...

Vice President Godfrey: Their parents made them.

Ms. O'Kane: ... their parents made them. All those different ranges can be on one team. It gets a little difficult to manage that and even manage the parents' feedback on they want their kids to play more, they don't understand why kids who aren't that into it might get to play (crosstalk).

Vice President Godfrey: (inaudible)

Ms. O'Kane: That's definitely a challenge that we deal with regularly. Then, quality coaches. We have about 40-45 coaches that we need to hire. That can be really tough to get that many coaches on the payroll. Sometimes quality may be sacrificed because of that. Again, getting the teachers as coaches would really be helpful to increase the high quality.

Chair DuBois: Is that the last slide?

Mr. de Geus: Last slide (crosstalk).

Chair DuBois: Sorry. We have people that like to ask questions.

Mr. de Geus: Just on the budget. The City funds the program. We try and recover direct costs as much as possible. The program costs a little over

\$300,000 to run. The City provides a full-time coordinator, Chase, the athletic directors, coaches, referees and equipment. The cost is \$215 per student. We do have a fee reduction program for low-income where they can have their fees reduced by up to 50 percent. Roughly 10 percent or so of participants take advantage of that program. The cost recovery there is really direct costs, which is important. The overhead from the department or the City is not included in there; that's usually 30-40 percent above what you see there. Let's finish there. We can answer some questions.

Vice President Godfrey: Can you go back for a second?

Chair DuBois: Does anybody have questions?

Vice President Godfrey: You scared us away.

Board Member Baten Caswell: I actually have a question. It's very nice that there's a fee reduction program. We do have kids that come in from East Palo Alto. They're part of fee reduction too, right?

Mr. de Geus: Yeah.

Board Member Baten Caswell: Even though that seems like a significant reduction, it probably keeps them out of the program. Do we have a way that the Parent Teacher Associations (PTAs) can match that or somebody can match that? We haven't thought through that?

Mr. de Geus: We don't have that currently. It is something we're looking at, though. We've heard it with some of our other programs as well. While the 50 percent is good, it's still a barrier for some families and some kids. We'd like to explore that if the School District's interested in helping some way, or the PTA.

Board Member Baten Caswell: The PTA wouldn't be able to do it by kid. There are other methodologies. I was just wondering if there had been discussions, because I've heard that over the years that there are kids being left out. I've also heard what you just said about parents. Parents are like, "people are not taking it seriously" and "my kid is the star athlete" and "how are they going to be successful in high school where kids that aren't engaged are being allowed to play." I'm more concerned because middle school is sort of a linchpin time of connectivity. How do you get kids connected to school is more important. I'm more concerned about the fact that not every kid that wants to play can. I'm just wondering if you've thought through ways that it could be different, if things were different. What's the limitation? Is it coaches? Is it playing space? Is it just both?

Vice President Godfrey: Mostly space, right?

Mr. de Geus: I think it's both; it's mostly space. We sometimes even bring kids out on the tennis courts to practice volleyball. It's a really (crosstalk).

Vice President Godfrey: One of the things I've noticed over the years and I get a lot of feedback on. My kids are older now; a senior in high school is my youngest. The online system is better, but people are like (crosstalk) waiting, waiting, waiting. There seems to be—you can correct me where I'm wrong because I'm sure I'm wrong somewhere—a urban legend that if you just send your kid anyway, even if they're on a waitlist, they will even get a spot, so some kids go. I know some of this happens. I have this neighbor kid who's super tall. He didn't get a spot on the basketball thing, whatever. He just went. This 6-foot-2 seventh grader eventually got a spot, because he just kept going. How do you work around that sort of thing? The student to coach ratio is not within your parameters of what you want, but you have students who are like please, please, please.

Mr. Hartmann: It's difficult. That's kind of the whole reason that we have those athletic directors there. Having that communication relationship with each other definitely helps support both ways. Obviously I want to help every kid that possibly wants to come through and do this. Unfortunately, there's certain times where my hands are tied. I do have restrictions where we don't want to have one coach with 25 kids. Liability-wise, I just would not even want to deal with that type of stuff. Usually what we do is tell them, "If you're not enrolled, unfortunately we can't have you out here. We're going to do everything we can to try to find these additional volunteer coaches, these other people that we can." If it gets to that extent, eventually I'll say, "There might be other programs that we have throughout the City that you can look into." Just try everything I can to find them something, whether it's within my program or not. It's a difficult situation we have to deal with all the time. We try to do our best obviously. Unfortunately, we're just—space and quality coaches and all this stuff, we're probably not going to be able to do 100 percent every year.

Vice President Godfrey: As long as the access is ...

Board Member Baten Caswell: Fair.

Vice President Godfrey: What really bothers me is when we get in a position where there's like a secret hand shake and some people know it and some people don't.

Chair DuBois: It's first come, first serve, right?

Mr. Hartmann: Correct. Unless you can dunk in the seventh grade.

Vice President Godfrey: Right. There's like a secret handshake. I show up. The basketball coach looks at my 6-foot-2 seventh grader and says, "We can make space for you." As much as I want every kid to be able to do it, I don't want some kids to be able to do it because they know the secret handshake. Other kids are like, "Oh, it didn't (crosstalk).

Board Member Baten Caswell: We've changed—go ahead.

Chair DuBois: Cory raised his hand. Cory.

Vice President Godfrey: You wanted us raising hands.

Council Member Wolbach: A couple of things. First, actually picking up on what Terry was talking about. (inaudible) maybe a better solution would be have an application period. If more people apply during that—you don't have to hover your finger over it. You've got 24 hours or a week or whatever, an application period. If more applications are received than there are spots, then either you find more coaches or you go to a draw. It's just a randomized lottery. That way it's fair. It's arbitrary, which is good. Arbitrary and fate being in control. I'm not a big fan of any kind of privilege (crosstalk). Stepping back, though, kind of higher level. I'm going to be honest. I don't think the City should be running this. I am happy that we are providing a service that is needed in the community. Over the years, this has shifted to be more of City responsibility. I think we should start thinking about over the years how we can shift it back to being a School District responsibility. I think that that's where it belongs. That's where I'm coming from. I just want to put that out there for discussion.

Chair DuBois: I have a question related to that, if I could jump in. Both of my kids have gone to this. This (inaudible) away games are tough. What do the other cities do? Are they being supported by the city? Are they run by the school districts?

Mr. Hartmann: Great question. Out of all the teams that we're currently in that Art David Athletic League (ADAL) with, San Carlos is the only other one that's doing a similar way that we are. They actually even have a middle man between them and the school. What I mean by that is the City of San Carlos obviously does all the registration, handles all that stuff. Legarza Basketball is actually contracted with them, and then they provide all the coaches, the athletic directors and all that as well. They have a partnership between the three, the school, Legarza, and then the city. All the other ones that we play against, they are all still through their school district and do it through their Physical Education (PE) department and all that.

Chair DuBois: Does the City pay rent for the ...

Mr. Hartmann: No.

Chair DuBois: It's provided?

Mr. Hartmann: That's provided.

Chair DuBois: I guess the other thing I wanted to say was this idea of dedicated athletes versus more social. There is a role for club sports. Club sports are big. I don't know if you guys have thought about being explicit that this is a "everyone plays" league and just have that as a policy.

Mr. de Geus: We do.

Chair DuBois: How do you handle—you said you're competing for fields and things with third parties and private clubs. Do we get first priority?

Mr. Hartmann: We do.

Chair DuBois: How do you balance that out and not just take all the gym space and let the clubs have some space? Do you limit that?

Mr. Hartmann: For more the gym space. The field ones, I don't really know if I could even explain how to go into that one. To make it easier for you guys. For the gym space, as soon as the kids get out of school, usually about 3:00 most days except Wednesdays, we get it immediately after they're done. We get it all the way up to 7:00 P.M. We are able to do a little bit more of standard practices to get kids in the gym a lot more often. Again, we do have that restriction, though, that we do have a lot of kids, especially—like sixth grade kids, they don't want to have to come back three hours later and have a practice. A lot of those ones prefer to do more of the 3:00 P.M.-4:30 P.M. shift. We'll probably get six or seven different teams that want to do that. We only have technically two courts that we can use in that one gym. We have to do this whole rotation, where they get maybe 45 minutes of half court where they actually get to do it. Then, they have to transition outside and use tennis courts and stuff like that.

Mr. de Geus: We have a policy on athletic field brokering. We use it for the gyms as well. School District needs and City program needs come first. We satisfy that need first with middle school athletics. Then the private clubs get a chance.

Board Member Baten Caswell: Cory, I hear you. On the other hand, the law now says that we wouldn't be able to charge if we had this program. Because we don't have a funding source, it would have to come out of some other



program. I fear what would happen is less students would be able to participate. Again, I go back to this is my value. It's been sort of consistent with our values with the middle schools. This is supposed to be a program that helps students connect to the schools and helps students connect to each other. At this age, it's not supposed to be competitive crazy sport. If we weren't able to provide that, I think what would happen is there would be a lot of kids that just wouldn't do sports. I think that's unfortunate.

Council Member Wolbach: How do you fund (inaudible) athletics?

Board Member Baten Caswell: We just pay for it, and then there's booster clubs that are responsible for raising money outside.

Vice President Godfrey: There's thousands (inaudible).

Board Member Baten Caswell: It's a very, very big amount of money.

Chair DuBois: Pretty much required to pay into the boosters if your kid's on a team.

Board Member Baten Caswell: We can't say that. It's a donation.

Chair DuBois: These other cities that run—every city but San Carlos, the school district runs their middle school programs. They have A and B teams as well?

Mr. Hartmann: Yeah. Again, that's something that we are different about. I didn't say this in the other part. Our B level ones obviously are more recreational ones. We don't have just one B team usually for each grade, multiple B teams. We are accommodating as many kids as we can. A lot of the ones that do it through the School District, like you mentioned, usually just have one A team and one B team. They do cuts, and that's it. They're pretty much on their own. The only opportunity that a kid will end up getting are those particular sports like cross country or track and field where you can field 70 people. For basketball, volleyball and all that, you're looking at maybe fielding 20-24 kids. All the rest of them are on their own.

Vice President Godfrey: I don't know if we say this enough. You guys do a fabulous job.

Board Member Baten Caswell: You do.

Vice President Godfrey: We're very grateful. It's super hard; I know it's hard.

Mr. de Geus: We give a little additional benchmarking as well to this question about not just the cities that are in this league, but what about other cities. There really is a mix. Kristen can talk (inaudible); she did the benchmarking.

Ms. O’Kane: We did benchmarking with Peninsula area schools outside of the league. It really is a mix of how the programs are funded. Los Altos is the same model that we have. Burlingame and Redwood City are sort of a hybrid model. I think it's Burlingame where if they have the overflow of students, they just create new teams. I don't know what their situation is, what space. It seems like the majority is parks and rec, recreation departments are contributing to the afterschool athletics program. That seems to be the standard. It varies whether it's 100 percent or a little bit. I've noticed too in this benchmarking that a lot of middle schools have the athletic boosters at the middle school level too, and that's helping a lot with the funding of the programs.

Chair DuBois: Jim.

James Keene, City Manager: Thanks. (inaudible) portion. I know hardly anything about this. I'll maybe ask a question. With the City running the program, is this open to all students regardless of what schools they're in? Are Charter Schools or other—are we serving all of the kids?

Mr. de Geus: We're just serving the kids that are in the three middle schools. It's not open to home school kids or private school kids at this time.

Chair DuBois: It's a school team that's managed by the City.

Vice President Godfrey: Which means certain kids that don't actually live in Palo Alto as well.

Mr. Keene: Who happen to come through the School District as opposed to ...

Board Member Baten Caswell: From East Palo Alto or ...

Mr. Keene: I don't mean to be contrary about this. If the City were running the program, wouldn't we design it potentially differently, to be sure we were serving all the kids in the community?

Mr. de Geus: Yeah, typically we would. This is (inaudible).

Chair DuBois: I just want to throw one thing out. I've been hearing from some parents at the Gunn PTA about—I think I mentioned it once already. Once we get to high school, there's a lot of cut sports. There's some interest in almost a drop-in rec league mixing Gunn and Paly together. The kids could play together. I think the athletic opportunities start to drop off when they

get to high school. The kids get very busy. Maybe a casual City recreation (rec) league for teens, there might be interest in it. Have you guys heard any demand for that?

Mr. de Geus: We haven't thought about that. Through our Parks and Recreation Master Plan process, that's come up a couple of times. There's an interest there. We are going to look at that. It'll be part of the Master Plan and how we do that. Do we do it in partnership with the School District in some way? It's something we're exploring absolutely.

Mr. Hartmann: It's great that you brought that up. We are starting to do a little bit with that. What I mean is an individual who does our Bryant Street Garage—a (inaudible) of our other club—he works with actual high school students. I actually had the privilege to actually go over to Gunn this year during their little prep period that they have before lunch. One of the high school students partnered with us through the Bryant Street Garage. He created a little basketball league. We actually were able to accommodate somewhere around 50 kids for that. That is something that we are potentially trying to hit, especially for the high school students as well. This is just scratching the surface of (inaudible).

Chair DuBois: That would be awesome.

Mr. Hartmann: It was really successful too. I think we're going to be doing it again this year as well.

Chair DuBois: Cory.

Council Member Wolbach: Based on the conversation I've heard, I'm actually even more certain that I don't support the City continuing to run a program which is essentially a Palo Alto Unified School District program that the City is funding and operating, even if we get most of the money back from it through cost recovery. The fact that the School District is not legally allowed to charge for it does not seem to justify having the City step in to run the program and then charge for it. I am open to the direction Tom was going and exploring doing an athletic program for youth who are Palo Alto youth regardless of what school you go to or you're home schooled or you go to private school. Again, if we talk about long-range plans, if it doesn't transition back to Palo Alto Unified running it, then transition it to something that serves Palo Alto as a community, as a whole is another option that I'd be open to. I do not think that the setup is the appropriate one for the long term. I'm not saying we need to change it over night, but I do want to make sure that we start to engage in a conversation about what the future of youth athletic opportunities look like in Palo Alto to make sure that the structure is the one

that puts us in the most defensible position and also provides the greatest opportunity for the youth in our community.

Vice President Godfrey: Is this the first time you're hearing that the City (inaudible)?

Council Member Wolbach: No.

Chair DuBois: I don't know, Molly, if you're here for this item or the next item. This State law and the idea about not charging students to play, have you investigated that at all?

Molly Stump, City Attorney: Briefly, I'm obviously not the School District's counsel. Board Member Baten Caswell's comments, I think, are consistent with our understanding also of State law. The obligation is on the School District to comply with that law and not directly on the City. It does create some questions and concerns on the City side along the lines that Council Member Wolbach identified. There is a program that in its current design is very, very closely aligned with the middle schools as opposed to the City's population, which has lots and lots of overlap but isn't exactly the same and would include additional Palo Alto residents who aren't actually attending school at the middle schools. For us, these concerns are very real. Do we maybe look at some kind of a program that really is a City program, that largely serves Palo Alto middle school students but may have some additional folks and run through our Rec Department or is it more appropriately a School District program?

Board Member Baten Caswell: We do have 600 kids that come over from East Palo Alto on our desegregation plan that we agreed to as a community. I'm just bringing this up because those are probably the students that have the least amount of enrichment opportunities. I know they don't pay taxes in Palo Alto. I totally get that. I think that we need to make sure that whatever plans we think about—I think ethically we need to think about that. We're educating them in Palo Alto. To just say that all our responsibility is the letter of the law is what we wrote down. I think we have to think about that.

Ms. Stump: Two comments on that. If the School District ran the program and provided it as part of a free public education, then that would certainly speak directly to that issue and entirely resolve it. I know there's tons of other challenges. Rob, can you also talk with us about non-Palo Alto residents? Are they eligible to participate in Palo Alto (crosstalk)?

Mr. de Geus: If they go to Palo Alto (inaudible) just generally?

Ms. Stump: Yeah, City programs. Set up a program.

Mr. Keene: In all of our programs.

Mr. de Geus: All of our programs.

Mr. Keene: In one sense, this is a departure from our regular approach. That's problematic for us. We have our own obligations ethically to how we provide services.

Mr. de Geus: I don't think the solution is really simple either. If we were to change the program and it's open to everybody, then I wonder how the parent community would respond to that. We're going to have a situation, say, at Jordan Middle School where we've got home school kids or private school kids getting onto the team to practice at Jordan. We've got a kid that's going to Jordan School now that doesn't get to participate. Is that the program the parent community wants to see for their afterschool athletic program?

Vice President Godfrey: This is me personally. I think we can handle that. It's not like there would be hundreds of kids who would show up. I think it's a pretty small number. If we say it's run by the City, then it's run by the City. The City services the City. We provide that space, but we provide space for American Youth Soccer Association (AYSO) as well.

Board Member Baten Caswell: The bigger issue really is if you did that, you'd be serving—you'd have more kids that wouldn't get on given your model you have right now. If we could figure out a model where every kid would be served, then I don't think you would have parents feeling upset. I think the biggest thing is that people want their kids to be involved in activities that connect them to the community.

Chair DuBois: Right now, the uniforms are the middle school; you're making the Jordan team. I think it'd be interesting if a private school kid is on the Jordan team, and the Jordan kid's on some other team.

Mr. de Geus: We're having trouble accommodating even just the kids in middle school. If we open it up and there's more, even just a few more, it will have an impact. The other thing I would say is what is the mission of the program. As you said, Melissa, it's all about kids connecting to their school. This is going away from that (inaudible), isn't that? If we're going to make it a different kind of program, it's not really a school program, even more so not a school program. Is that really getting at what we want to do with this athletic program? Maybe it is. I just think we've got to (inaudible).

Board Member Baten Caswell: First of all, any conversation here is completely just alerting people to what the issues are. We're not making any

decisions. I just want to be really careful about that. I think that this is—if we're going to change policy on something that people have grown to value and accept, there needs to be a lot of conversations beyond this Committee.

Mr. de Geus: We're just raising the issues.

Board Member Baten Caswell: That's why I'm saying this. I hope no one's thinking a decision is being made here.

Mr. de Geus: No, no.

Chair DuBois: I think this was a really useful conversation. I think this could go on for a long time.

Council Member Wolbach: Can I get a quick (inaudible)?

Chair DuBois: Really a quick one.

Council Member Wolbach: I think Melissa raises a very important point about equity. I also want to point out because of the cost of the program currently, that actually does have the effect of potentially excluding a lot of people, whether they live in another community and are part of our schools or they live in Palo Alto, if they're not able to make the reduced cost findings easily. Again, where I started with this is I'd like to see us start this conversation, to start to craft a long-term plan. Definitely not something I would expect or want to see change overnight or radically or abruptly in any way. I (inaudible) appreciate all the concerns about what change might mean.

Chair DuBois: This is a really good conversation. Thank you guys for coming. It's a great program. Thank you guys for running the program.

Board Member Baten Caswell: Thank you.

Mr. Keene: Don't go away, Rob.

## **NO ACTION TAKEN**

At this time the Committee heard Agenda Item Number 5.

5. Discussion Regarding Cubberley Planning Process.

Chair DuBois: A little place we call Cubberley.

Rob de Geus, Community Services Director: Cubberley planning, this will be fairly quick because there's not a whole lot to report on this. This is sort of the background we all know. The site, the School District owns 27 acres; the City

owns 8 acres, running the whole site as a community center right now. This year we had Max and Jim sign a compact to make significant program improvements in earnest on master planning the campus earlier in spring. Over the summer, we explored with the District some different design thinking options, maybe how that could help. We've met with Ideo a few times, which is really impressing that it's super expensive to use them. We got excited, and then—I won't say much. We met with Stanford D school and a couple of other groups. We think there may be some options there, but they have capacity issues as well. We're not into any kind of arrangement yet. We've been meeting regularly with Bob Golton and Sharon Ofek, who are the identified Staff on the School District side, Kristen and I, to try and move this forward. We think this is sort of a tentative next set of steps. We're largely waiting on what the School District is thinking about Cubberley and enrollment and school size. They're having very important discussions about that now. Having a sense of where the School District wants to go or is thinking is possible for the Cubberley site, I think, is an important first step before we can really have someone come in to help design and really think through what we can do at the campus. I know those discussions are ongoing. Bob Golton tells me that the next discussion will be September 27th, which (inaudible) important topic and hopefully some direction. We would like to develop a scope of services where we can get a consultant in to help us and work with the community to really think through the Master Plan process. We could do that over the fall and then really start the Master Plan process in January of the new year. That's if we have enough information that we can write an effective scope of services for what we would want a consultant to help us with. I don't think we're there just yet. That's why things are not moving along maybe as quickly as some would like in the community. That's the next steps. I did want to mention Foothill College is vacating their space at the end of this month. They've been the anchor lease, of course, for a lot of years, generating \$1 million or so in lease revenue. The City has put out an Request for Proposal (RFP) to solicit interest from other parties about (inaudible) lease that space that Foothill leased. We were a little concerned about it and still are concerned about it, because it's a—we can only offer a short-term lease because our lease with the School District ends in December 2019. Surprisingly, we've had a lot of interest, which is great. Maybe not a surprise.

Board Member Baten Caswell: I'm not surprised.

Mr. de Geus: Palo Alto's a great place. A lot of people want to be here. We got 28 proposals, and we're currently working through a process to evaluate those and see where we can fit people in the criteria that they need to provide a public benefit of some type and meet the minimum threshold of lease revenue, either a nonprofit or for-profit. We're working through that. It's looking good. I'm not sure if we're going to be able to generate the full

revenue that Foothill paid. We think we're going to get very close, and we may even hit that target. We're working through that. We hope to be at our Council September 26th. Actually we're just now talking to are we really ready for that, because we're still working through the evaluation process for the proposals. That's where that is at. That is it for the slides on Cubberley. Happy to answer questions.

Board Member Baten Caswell: This is not a reflection on this discussion, but I have to step out. I'm sorry. Can I just make one request?

Chair DuBois: Sure. (inaudible) a bunch.

Board Member Baten Caswell: There are two parties here that are working together. I think one of the things that didn't work last time is we didn't all put our needs out on the table and just be really honest about what those needs are. We have to do that. It can't just be what does the School District need for schools. We need to know what kind of community center needs do you need. Because we can't see all the needs, it's going to be very hard to figure out not just timing of stuff, but what we need to figure out how to accommodate. Just for you to know, one of the things we have been talking about is the fact that the District Office space, where it is right now, is not working for all the things that we're doing there. I hope that conversation is happening as well.

Mr. de Geus: It is.

Board Member Baten Caswell: Thank you so much. Maybe everybody else can ...

Board Member Baten Caswell left the meeting at 9:18 A.M.

Chair DuBois: We have a lease through December 2019. How would you characterize the physical building? Are we at the point where it really needs to be reconstructed or it could be maintained ongoing?

Mr. de Geus: Some parts of the campus and buildings are in pretty good shape. The southern side where the theater and gyms and pavilion are, those are good. The athletic fields are quite good. We're putting a bathroom out there this year as part of our Capital Improvement Plan (CIP) program, so that'll help a lot. The northern side, the buildings are pretty bad, in disrepair. I don't think we want to spend a lot of money on them. I think that's the rebuild. It's the H wing (inaudible) up there.

Chair DuBois: I'm sorry. I have one quick one. You said we might not get the rental September 26th. I'm sure you know there's a lot of stress out there for



people wanting to know what's going to happen, if there's anything we can do to bring it forward on September 26th.

Mr. de Geus: I hope we can. We're working on it. I'm going to talk with Jim after this meeting, and we'll make the call whether we're ready.

Vice President Godfrey: Do I recall that some of the use or potential use for temporary space for some of our other City partners, like the Junior Museum—do I remember that there was going to be ...

James Keene, City Manager: Avenidas is the main one.

Vice President Godfrey: I'm sorry. Say that again.

Mr. Keene: Avenidas is the main one for temporary space when they reconstruct their facility.

Mr. de Geus: Avenidas responded to the RFP, and they're one of the proposals to be in about 9,000 square feet of space for a year and a half or two years. That's in the mix that we're evaluating right now. The Junior Museum and Zoo, we hope to rebuild that site as well, but yet to be determined in terms of the timeline.

Vice President Godfrey: That was just one I thought I had heard ages ago.

Mr. de Geus: There's an interest. If we get there and we rebuild, Cubberley's on the top of the list of temporary facility.

Chair DuBois: Cory, any questions or any comments?

Council Member Wolbach: (inaudible)

Chair DuBois: The RFP that we're talking about in November potentially, is that an RFP to actually create plans or is it an RFP to design a process to think about how we would create plans? What is that RFP for?

Mr. Keene: It really is an RFP to get the help to do the planning, not to design the process of the planning.

Mr. de Geus: That's what we would hope. As we were saying earlier, we need to be able to give this consultant enough information to be able to move forward and engage the community and work with Staff on what that might be. I don't think we have enough yet to be able to do that. I think on the community center side we do. We can define that, and we're writing a scope with respect to that. What we need really from the District is what would their scope be in terms of the School District's needs and hopes.

Vice President Godfrey: We did at our last Board meeting look at our latest enrollment numbers. Enrollment's down, particularly for the little guys, almost 300 kids.

Mr. de Geus: That's a full elementary school.

Vice President Godfrey: That's a full elementary school, yeah. We have like 20 open classrooms in the elementary schools at the moment. We say open, but they're being used obviously for music rooms and other things. There are places we could put kids if we had to. I think it's our next Board meeting we have a discussion on schools. I think on the 27th we have a discussion on schools and school site needs.

Mr. Keene: If I could just sort of offer my opinion from the City perspective of where we need to go and what we're trying to do and what I've been working with Max on. I think it's pretty clear for us right now. We have clear community-serving needs that we could provide for much better at Cubberley for the long term than we are right now. We've got eight acres that the City has. My own view is that our primary interest ought to be on how we begin the Master Plan using that eight acres in such a way to—which I think means redevelopment in a significant way to build a community-serving eight acres. The important thing—I've talked with Max about this a lot—is that we would like to be thinking about how we would design that in a way that would be as compatible as possible and potentially have great integration in ways with what the School District on a longer timeframe probably would do with the 27 acres the school has. You may do incremental things over time before that is all redeveloped or repurposed in some way. The potential to be thinking about the relationship between school-serving populations and community-serving could really be interesting, everything from seniors who could be working with kids and mentor—whatever it is. At least have the process to explore that in some way so that when we do move ahead with maybe doing some things on separate timelines, we've got some guiding principles and everything that we want to try to achieve, so we not only design the wrong kind of building but not populated (inaudible) services, that sort of thing.

Chair DuBois: Are we going to build off the existing community report that was done a couple of years ago?

Mr. Keene: Yeah.

Mr. de Geus: That's actually a good point. (inaudible) the sort of fundamental question about—that assumes there is going to be a school there of some type at some time. I'm not sure the District really is there and may think about having administration there instead of a school. That changes what we might do with the design and the scope.

Mr. Keene: I think the City—just speaking from the Staff point of view—can go in a lot of different directions. You know what I mean? We want to be—the community as a whole deserves to have that almost last remaining site in the City—we need to coordinate with each other as best as possible. That seems to be the case. There will be transition issues. We have playing fields. We have parking issues. We want to be sure that we can use those and manage those as best as possible during the transition period, which will be a long time.

Mr. de Geus: There is consensus around the playing fields for the most part. I think the District very much wants to see those playing fields stay, and so does the City. That's at least (crosstalk).

Chair DuBois: To be the greatest they could be. A better use of that land, they could even be expanded potentially. There's so much—you guys have all read the report. Just using the parking lots better, (inaudible) at least two-story buildings.

Mr. de Geus: A lot more potential.

Chair DuBois: It seems like we could get a lot in there if we just use the land.

Council Member Wolbach: A couple of thoughts. I just want to make sure I'm clear on how much the extensive Cubberley report (inaudible) is used as a guide for this, is the basis for this, is tossed out. I'm just not clear how that multivolume work supports this or is utilized or not.

Mr. de Geus: It is. That's the foundation. That's where we're (inaudible).

Council Member Wolbach: Just want to be (inaudible) about that. Thank you. I'm just putting it out there. Tying back to discussion three today and the question of what property that's being redeveloped can be used for. If we're willing to add another story or two, whether some kind of housing opportunity might be an option there in a way that serves the community (inaudible) the City, the School District. It's just something else I'd put out there for consideration as we put all options on the table.

Chair DuBois: Anything else? Thank you very much for the update.

## **NO ACTION TAKEN**

Khashayar Alaei, City Manager's Office: Chair, you're right on time.

Chair DuBois: Kind of. We skipped an item, but we can quickly go back and do ... Hopefully we'll be close to on time.

At this time the Committee heard Agenda Item Number 2.

2. Review of Recent City Council/PAUSD Board Meetings.

Chair DuBois: Go back to Item 2, just to review recent City Council and School Board meetings.

Vice President Godfrey: I think I mentioned already we looked at the enrollment report. I think that's the one that's most relevant to ... We're doing other stuff as well. Math adoption for textbooks and talk about budget and things like that.

Chair DuBois: Interesting budget discussions?

Vice President Godfrey: Yes. The enrollment is important.

Council Member Wolbach: Can I ask a question about that?

Vice President Godfrey: Enrollment, yeah.

Council Member Wolbach: One of the main things that we've been talking about on City Council as always is our Comprehensive Plan (Comp Plan). We're now looking at six different scenarios that we're exploring as part of our Comprehensive Plan around different levels of job growth, different levels of housing growth. One of the major questions surrounding housing growth is where would the kids go to school. I guess I just wanted to ask if there's a modest amount of population increase including potentially some school-age kids in Palo Alto, is it considered by the School District to guarantee that that would (inaudible) impact the ability of the School District to provide quality education for Palo Alto kids. Does that make sense?

Vice President Godfrey: Our enrollment's down. (inaudible) We have development already that we expect more kids from like the Stanford housing that's (inaudible). We expect to be able to put those kids (inaudible) school and that's not going to affect the education (inaudible) already. When it pushes us to open another school, it's different. As we absorb them into our schools, (inaudible) expecting any change.

Chair DuBois: I think one thing that's come up in Council meetings is—again looking at these Comp Plan scenarios, one of them has quite a bit of new housing—that our long-term forecast and your long-term forecast don't necessarily use the same scenarios.

Vice President Godfrey: Our long-term forecasts are built on housing that's already in your pipeline.

Cathy Mak, District Chief Business Officer: Actually we ...

Vice President Godfrey: Our demographers ...

Ms. Mak: ... do assume a certain number of units. If I remember correctly, it's either 50 or 60 units that we would get.

Chair DuBois: If we adopted a Comp Plan that radically increased that amount of housing, those forecasts would be (crosstalk).

Vice President Godfrey: We'd like to discuss it.

Chair DuBois: That's what we're talking about. There could be significantly more housing than you guys have forecasted. How far out do you guys forecast when you look at your enrollment?

Ms. Mak: Ten years.

Council Member Wolbach: We're looking at a 15-year Comprehensive Plan.

James Keene, City Manager: Could I just ask one question? I'm just curious on how you do this. We have our set kind of problems. What are the factors that you're thinking about figuring in? I hate the term disruptive, but there's so many disruptions going on it's hard to know really. This tendency to make some assumptions, to try to make those explicit. That could be very different than you think.

Ms. Mak: Our demographer uses birth rates, the historical trend and also the (inaudible) project has been (inaudible) last year. We also project a certain number of new units every year.

Mr. Keene: Is there any way to do any—I'm sorry. Go ahead.

Vice President Godfrey: One level of detail finer, they have for different kinds of housing units how many kids we should expect to get from that. For us, I think it's a pretty consistent yield. Once a kid is in our District, they stay. The yield from year to year is very high. We have much more clarity on the higher grades.

Ms. Mak: Kindergarten (crosstalk).

Vice President Godfrey: Once they're in, they stay. Kindergarten is the key for us to get right.

Mr. Keene: Are you factoring in things like housing price in those things? I'm trying to think about all the issues we deal with about how accessible our community is to new folks coming and the degree to which older people

(inaudible) gifting their homes to their kids to be able to (crosstalk) look at those things.

Ms. Mak: They don't get to that (crosstalk).

Vice President Godfrey: That would be in the yield of kids per dwelling.

Ms. Mak: (inaudible)

Vice President Godfrey: Whether it's a townhouse or whether it's an apartment, I think it's a historical number. I don't think they predict the effect of housing prices on that.

Ms. Mak: They do look at statewide trends, but they're not trends particularly ...

Mr. Keene: Micro issues or any kind of qualitative (inaudible).

Chair DuBois: When the enrollment numbers come, are you guys having a separate discussion about portables on school properties and classroom size? You're seeing fewer kids coming in. Is there an effort to go back to maybe smaller class sizes? It seems like you have ...

Vice President Godfrey: We are naturally getting smaller class sizes. The kindergarten classes are like 19, 20. Some schools are 19. We aren't consciously lowering class sizes; we're just getting smaller class sizes. At places where there's portables, if the portable is free, now it's being used for a music room.

Chair DuBois: You're not talking about removing portables (inaudible) going?

Vice President Godfrey: Not necessarily. The space is pretty valuable. At Addison, the portables will as part of the construction project go away. Right now, they have an empty classroom, and they're using it as a music room.

Chair DuBois: Anything from our meetings recently?

Council Member Wolbach: (inaudible) fully resolved, talked about a few things on Monday. (inaudible)

Chair DuBois: We have the Embarcadero (inaudible) coming up on Monday, which is pretty important to Paly. Didn't we have a transportation item a couple of meetings back? It's hazy. We have a lot of meetings this week. I don't think there's anything any (crosstalk).

Vice President Godfrey: You guys seem to go past midnight more often than we do. We went to midnight this week and (inaudible).

Chair DuBois: That was a pretty good meeting. Thank you. Very action packed. Real quick.

Khashayar Alaei, City Manager's Office: Next month, just this broad update on the Comprehensive Plan California Environmental Quality Act (CEQA) Draft Environmental Impact Report (EIR) and school impacts.

Vice President Godfrey: We could spend some time on that. Last meeting we talked about a letter to the Santa Clara Valley Transportation Authority (VTA). We should have that finished today, right?

Cathy Mak, District Chief Business Officer: Yes, I think we (crosstalk).

Chair DuBois: Are we going to be able to include the—I'm sorry.

Council Member Wolbach: What VTA letter (inaudible)?

Mr. Alaei: We issued a letter to the VTA that they wanted a copy of. I forwarded it to them.

Mr. Keene: (inaudible)

Ms. Mak: To ask them to continue ...

Mr. Keene: Bus service.

Vice President Godfrey: It was a topic of discussion at our last meeting.

Mr. Alaei: They're taking the same support message.

Mr. Keene: I have one little thing I would just throw up, that I heard about. Again, I don't know the details. We're going to be having this year discussions with the Council about the City's shuttle and that sort of thing. I just sort of hear there was some concerns about the connection between, I think, the C and E shuttles, their nexus there, and we could get more Paly students potentially to take the shuttle if we could connect those better. I don't know anything more than that. I do think it will be trying to think about how we reprogram our shuttle service to be sure we're thinking about how we get students (inaudible).

Chair DuBois: It's come up here a couple of times. When the school schedule changes, we need to look at changing the shuttle schedule and aligning them.

On the next meeting, would it be possible to have the enrollment update as well? Does that fit in?

Ms. Mak: We don't have the projection.

Chair DuBois: You won't have it by October 20th?

Ms. Mak: No. We'll have that in December. I think that's (inaudible).

Chair DuBois: It looks like a good schedule. Meeting's adjourned.

**NO ACTION TAKEN**

Adjournment: The meeting was adjourned at 9:38 A.M.