



School/City Liaison Committee Minutes



School/City Liaison Committee Meeting Wednesday, April 26, 2006

8:15 AM to 9:30 AM
City of Palo Alto, Civic Center
Council Conference Room
250 Hamilton Ave
Palo Alto

In Attendance:

City of Palo Alto

Larry Klein, City Councilmember, Chair
Dena Mossar, City Councilmember
Emily Harrison, Assistant City Manager
Chris Mogensen, Assistant to the City Manager
Katie Whitley, Administrative Assistant
Lalo Perez, Assistant Director of Administrative Services
David Ramberg, Budget Manager
Rob De Geus, Recreation and Youth Services Director
Kim Parker, Supervisor of Recreation Programs

Palo Alto Unified School District

Gail Price, Board Member
Barb Mitchell, Board Member
Jerry Matranga, Associate Supt, Business Services
Kathy Durkin, Manager of Auxiliary
Linda Lenoir, District Nurse

Handouts: Power Point Presentation Proposed Budget for FY 2006-07
PAUSD 2005-2006 Fiscal Facts
Updated list of meetings and agendas
Matrix of City of Palo Alto and PAUSD programs

Meeting convened at 8:20 a.m.

1. Oral Communications

None

2. Approval of Minutes – March 29, 2006

Ms. Mossar moved to approve, Ms. Mitchell seconded. Minutes approved 4-0.

3. Financial Briefing

Mr. Perez began the presentation by passing out the City Manager's Proposed Budget for Fiscal Year 2006-07 PowerPoint presentation. Mr. Perez stated the City of Palo Alto has a 2 year budget and starting next week the revisions will be presented to City Council for the second year. At the beginning of the last budget cycle there was a \$3.9 million deficit and if left uncorrected the City of Palo Alto would be facing a deficit for the next 8 years. Council and staff restructured the budget in a way that 35 positions were eliminated. The result was a projected surplus of \$1.7 million in 2007-07 and projected surpluses through 2011-12. Some of the highlighted changes since 2003 are:

- Reduced expense base by \$20 million
- Eliminated 70 positions and restructured around vacancies
- Instituted two-tier retiree medical program
- Refinanced debt that saved \$200,000 a year
- Extended replacement schedule for cars and equipment

Mr. Perez turned the presentation over to Mr. Ramberg to explain the proposed budget portion. Mr. Ramberg said every year the budget presented to Council must be a balanced budget. The changes that were made last year provided a slight surplus that enables the City to apply the \$1 million for infrastructure in addition to the existing \$5.6 million. Payment to the Palo Alto Unified School District is included in the budget as well. There is about \$6.5 million for the Cubberley covenant, field maintenance and crossing guards. Total revenue for the General Fund is \$129.1 million. Total expense for the General Fund is \$127.4 million which leaves the City with a surplus of \$1.7million. The proposed budget also includes a \$14.3 million Capital Improvement Program. The last part of the presentation is the proposed budget for the Enterprise Funds. There are some proposed rate increases due to increased commodity costs. They will be reviewed by the Utilities Advisory Commission (UAC) on May 3 and the Finance Committee on May 9. The restructuring of the Utilities Department and the Capital Improvement Program are part of the proposed budget for the Enterprise Funds.

Ms. Price asked what the policy is for reserves. Mr. Perez answered the Budget Stabilization Reserve is 15-20%.

Mr. Matranga began the presentation of the PAUSD financial briefing by passing out a booklet of 2005-2006 Fiscal Facts. The total enrollment of all the schools is 10,607 students. There has been moderate growth at about 1.5% per year. Lapkoff & Gobalet does an annual report of growth, development and housing turnover and is now doing a model with the School District and Planning department for keeping PAUSD and City data compatible. The general fund this year is \$125.8 million. Palo Alto is about 1 of 60 school districts in the state that is a basic aid district which means the local property tax generated exceeds the revenue limit. The district has about \$21 million surplus property tax over what the revenue limit would provide. Two years ago \$6.5 million got cut from the budget; while enrollment grew property taxes increased just 0.36% and the state took away the \$120.00 per student basic aid funding. With the parcel tax, the district has been able to replace about \$2.4 million and keep the class size reduced. The use of funds shows 83% of budget is for personnel. Enrollment growth has been modest over the past few years. One thing being looked at carefully is enrollment growth because of the potential need to open a new school. If a new school were to open (elementary) it would cost about \$600,000 in overhead. A middle school would be over a million dollars and a high school would be over \$1.5 million. At this time the projection for the next 5 years shows sufficient space to house students.

Mr. Klein asked how the district handles calls from parents requesting schools for their children. Ms. Price answered that they have lottery in place, and for students that cannot be accommodated at particular sites, there are overflow practices.

Mr. Matranga said there is a group starting in May that will be evaluating attendance areas and the possibility of realignment based on those findings. It could reduce the amount of overflows significantly.

Ms. Mitchell said 9 of the schools are fine and 3 are stressed. Because of the class size reductions, the state pays almost half the cost and if the class is over by one student, they lose funding. Ms. Price said housing turnover is also a major factor in enrollment growth.

Ms. Mitchell asked if report could be done to go back 2 or 3 years and see if the projected growth/enrollment matched the actuals. Ms. Harrison said she would talk to the Planning Director to see if we could pursue this.

Mr. Klein moved Priority Setting to agenda item 4.

4. Priority Setting

After a discussion about the growth and enrollment, the Committee decided to continue this discussion at another meeting. The Committee decided to make the June 28 meeting a continuance of the growth and enrollment discussion and to

add a special July meeting and have the topic be the Annual update on Youth Services and Environmental Stewardship.

5. Healthy City/School Program Matrix

The Committee decided to hold this over to the next meeting due to time constraint.

Meeting Adjourned at 9:35