Cubberley Community Advisory Committee (CCAC)

Meeting # 7

August 22, 2012
Cubberley Community Center
4000 Middlefield Road, Palo Alto, CA 94303
Room H-1
6:00 - 8:00 PM

1. Welcome and call to order

2. Oral communications

3. Approval of the August 8 meeting action notes

4. Introduction and Q & A with CCAC architect John Northway

5. City of Palo Alto and PAUSD Capital Budget Presentation

6. Review of the discussion at the August 21 PAUSD Board meeting of the Cubberley related Board enclosure

7. Discussion of the CCAC Final Report schedule and timeline

8. Future meetings
   a. Discussion of expected future subcommittee reports

9. Adjournment

ADA. Persons with disabilities who require auxiliary aids or services in using City facilities, services, or programs or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact (650) 329-2550. Sign language interpreters will be provided upon request with 72 hours in advance notice.

Meeting materials will be provided at the meeting. Visit www.cityofpaloalto.org or call (650) 617-3174 for more information.
Cubberley Community Advisory Committee (CCAC)

Action Notes

Meeting # 6

August 8, 2012
Cubberley Community Center
4000 Middlefield Road, Palo Alto, CA 94303
Room H-1
6:00 - 8:00 PM

1. Welcome and call to order

2. Oral communications
   • None

3. Approval of July 25 meeting action notes
   • Approved

4. High-level discussion of City and PAUSD finances

City Finances Discussion
• City of Palo Alto Administrative Services Director Lalo Perez presented on City of Palo Alto finances (SEE ATTACHED PRESENTATION)
• Perez explained a large component of structural budget issues is salaries and benefits. Those are being addressed in major ways through reforms in labor contracts but more work is needed
• City avoids the use of reserves for budget gaps
• City has been very lucky to have maintained high property tax rates through the Great Recession but there was a sales tax dip from approx. $22M/year to as low as $18M/year and only now in FY 2013 is it projected to be back near that $22M/year mark
• Perez then explained the impact of the growing pension and medical liabilities and the efforts to increase employee contributions

PAUSD Finances Discussion
• PAUSD Chief Business Official Cathy Mak presented on PAUSD finances (SEE ATTACHED PRESENTATION)
• PAUSD is facing many of the same issues as the City
• PAUSD is facing an approx. $5M budget deficit for the coming fiscal year
• State funding for PAUSD has dramatically decreased since FY 2009 going from $17M/year to less than $6M/year
• PAUSD has been averaging about 2%/year enrollment growth
5. Subcommittee reports on milestones and deliverables

Facilities
- Presented four deliverables and dates:
  1. Doing a detailed analysis of the types of facilities at Cubberley and their uses including a matrix outlining types of Cubberley facilities, their condition, and use by September 20
  2. Determining various scenarios for the Cubberley site when facilities are added and the challenges posed by various scenarios including joint use. Will evaluate possible scenarios for Cubberley site in the short, medium, and long-term, including joint uses, by October 15
  3. Evaluating a facility rebuild vs. remodel including wide-ranging estimated costs of maintaining the status quo, remodeling the facility, or rebuilding it by November 15
  4. Thinking differently about how the site can be used including “outside the box alternatives” by December 1

School Needs
- Presented seven deliverables and dates:
  1. Listing all PAUSD properties and their relevant characteristics/limitations by September 22
  2. Identifying the types of shared facilities PAUSD would need/be interested in by October 6
  3. Obtaining critical assumptions regarding demographics, ABAG projections, City response to ABAG projections, etc. by October 13
  4. Wants to know the total acreage at Cubberley that PAUSD likely will use for future school use by October 13
  5. Wants to know the total acreage at Cubberley for which PAUSD can give rights to for by October 20
  6. Wants to know the terms for turnover of City-built facilities to PAUSD at lease termination by November 3
  7. Wants PAUSD policy decisions on will a school facility be built on Stanford lands, what a new high school at Cubberley would look like, what should be expected on a 20-30 year time horizon, any possible changes in student density at each level, and desired limitations on the City’s use of its 8 acres by November 10

Finance
- Evaluating the terms of the current Cubberley lease and covenant not to develop
- Examining potential funding mechanisms that could be used to construct new facilities on the Cubberley site
- Doing extensive research of existing joint use facilities in other communities including how they came about and how they are governed
- Evaluating whether a joint-powers agreement can fund and manage the site
Community Needs

- Would like to form a Joint Use sub-subcommittee
- Creating a table of current Cubberley users and what they are paying
- Looking at potential new users and services based on other communities and what services have been requested there that are not currently provided at Cubberley
- Doing a community survey through the neighborhood associations to see what services residents want
- Evaluating future users and how the space can be maximized
- Evaluating resident vs. non-resident use
- Evaluating what services have wait lists
- Looking at the geographic location (and balance) of Cubberley users
- Looking at increasing cross cultural experiences at Cubberley and how increased community connections can be fostered at the site

6. Discussion of the CCAC Final Report schedule and timeline
   - Cobb said at the next CPAC meeting that the CCAC final report due date will be finalized
   - Cobb explained the expectations for the CCAC final report and what will be required to get it done on time

7. Future meetings
   - Cobb said the CCAC will continue meeting every other week

8. Adjournment
## General Fund Four-Year View

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 Adopted</th>
<th>FY 2011 Adopted</th>
<th>FY 2012 Adopted</th>
<th>FY 2013 Proposed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap</td>
<td>$10.0</td>
<td>$7.3</td>
<td>$3.2</td>
<td>$5.8</td>
<td><strong>$26.3</strong></td>
</tr>
<tr>
<td>One-Time Adjustments</td>
<td>$3.0</td>
<td>$0</td>
<td>$3.3</td>
<td>$3.4</td>
<td><strong>$9.7</strong></td>
</tr>
<tr>
<td>Structural Adjustments</td>
<td>$7.0</td>
<td>$7.3</td>
<td>$0</td>
<td>$2.4</td>
<td><strong>$16.7</strong></td>
</tr>
</tbody>
</table>
## FY 2013 General Fund Budget Gap

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Gap (4/30)</td>
<td>($5.844)</td>
</tr>
<tr>
<td>Revenue adjustments</td>
<td>4.474</td>
</tr>
<tr>
<td><strong>Revised Budget Gap</strong></td>
<td>(1.370)</td>
</tr>
<tr>
<td>Net changes in operating budget</td>
<td>1.048</td>
</tr>
<tr>
<td>Additional infrastructure funding</td>
<td>(2.200)</td>
</tr>
<tr>
<td>Less Public Safety Concessions</td>
<td>1.500</td>
</tr>
<tr>
<td><strong>Proposed Budget</strong></td>
<td>($1.022)</td>
</tr>
<tr>
<td>Adjustments</td>
<td>632</td>
</tr>
<tr>
<td><strong>Final Budget Gap</strong></td>
<td><em>(390)</em></td>
</tr>
</tbody>
</table>

*Council approved a one-time reserve draw*
General Fund Impacts

- Closed Station 7 (SLAC – 9 positions)
- Added 6 Paramedic & 4 Operations Positions
- Eliminated 6 Firefighter Positions
- Froze 7 Police Officer Positions
- Eliminated positions in Planning, Public Works and Community Services
- Froze 5 Library positions
- Increased some municipal fees
- Reduced staff in Animal Services (effective January)
General Fund Revenue by Type

$153.0 Million

- Operating Transfers-In - $19/13% 13%
- Sales Tax - $22/15% 15%
- Property Tax - $27/18% 18%
- Charges for Services - $23/16% 16%
- Rental Income - $13/8% 8%
- Other Revenue - $1/1% 1%
- Charges to other Funds - $11/7% 7%
- From other Agencies - $2/- 0%
- Return on Investment - $1/1% 1%
- Permits & Licenses - $6.5/4% 4%
- Other Taxes and Fines - $2/1% 1%
- Utility Users Tax - $11/7% 7%
- Transient Occupancy Tax - $9/6% 6%
- Document Transfer Tax - $5/3% 3%
General Fund Major Revenues

[Graph showing the major revenues sources for the General Fund over fiscal years from 1991 to 2013, including Sales Tax, Property Tax, Utility User's Tax, Transient Occupancy Tax, Documentary Tax.]
General Fund Expense by Category

$152 Million

- Salaries & Benefits - $94/62% (62%)
- Contract Services - $11/7% (7%)
- Supplies & Materials - $3/2% (2%)
- General Expense - $11/7% (7%)
- Facilities and Equipment - $0.5/0% (0%)
- Rents and Leases - $1/0% (1%)
- Allocated Charges - $17/11% (11%)
- Operating Transfers Out - $1.6/0% (1%)
- Transfer to Infrastructure - $13/10% (9%)
# Citywide Budget Summary

## (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Capital</th>
<th>Total</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$153.0</td>
<td>$23.9</td>
<td>$176.9</td>
<td>37.1%</td>
</tr>
<tr>
<td>Enterprise Funds</td>
<td>$264.7</td>
<td>$35.8</td>
<td>$300.5</td>
<td>62.9%</td>
</tr>
<tr>
<td>Total</td>
<td>$417.7</td>
<td>$59.7</td>
<td>$477.4</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Excludes Internal Service Fund CIPs totaling $3.7 million
10 Year Trend - Citywide Pension Expense
Paid by City ($Millions, FY 2012 Forecasted, FY 2013 Adopted)

*Employee contribution data prior to FY 2013 not included in chart
Capital Projects by Fund

$62.90 Million

- Capital Project Fund (General Fund), $23.9 Million, 38%
- Electric Fund, $10.9 Million, 17%
- Gas Fund, $7.8 Million, 12%
- Water Fund, $6.1 Million, 10%
- Waste Collection Fund, $4.4 Million, 7%
- Wastewater Treatment Fund, $2.6 Million, 4%
- Storm Drain Fund, $3.1 Million, 5%
- Vehicle Replacement Fund, $1.2 Million, 2%
- Technology Fund, $2.5 Million, 4%
- Fiber Optics Fund, $0.4 Million, 1%
Enterprise Funds Overview

Average Residential Utility Bill

<table>
<thead>
<tr>
<th>Utility</th>
<th>Current FY 2012 Bill</th>
<th>Proposed FY 2013 Bill</th>
<th>$ Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric (1)</td>
<td>$42.76</td>
<td>42.76</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Water (2)</td>
<td>53.62</td>
<td>62.14</td>
<td>8.52</td>
<td>15.9%</td>
</tr>
<tr>
<td>Gas (3)</td>
<td>55.19</td>
<td>37.16</td>
<td>(18.03)</td>
<td>-32.7%</td>
</tr>
<tr>
<td>Wastewater (4)</td>
<td>27.91</td>
<td>29.31</td>
<td>1.40</td>
<td>5.0%</td>
</tr>
<tr>
<td>Refuse (5)</td>
<td>37.48</td>
<td>41.54</td>
<td>4.06</td>
<td>10.8%</td>
</tr>
<tr>
<td>Storm Drain (6)</td>
<td>11.40</td>
<td>11.73</td>
<td>0.33</td>
<td>2.9%</td>
</tr>
<tr>
<td>User Tax (7)</td>
<td>7.58</td>
<td>7.10</td>
<td>(0.48)</td>
<td>-6.3%</td>
</tr>
<tr>
<td><strong>Total Monthly Bill</strong></td>
<td><strong>$235.94</strong></td>
<td><strong>$231.74</strong></td>
<td><strong>$4.20</strong></td>
<td><strong>-1.8%</strong></td>
</tr>
</tbody>
</table>

- Gas rate decrease – 10% average
  - Residential 32.7% (as of March 2012)
- Water rate increase – 15%
- Refuse rate increase – varies, above reflects 32-gal can
- Wastewater Collection rate increase – 5%
- Storm Drain & Fiber Optics rate increase 2.9% (CPI)
Enterprise Fund Highlights

- **Utilities Organizational Assessment**
  - Draft report received end of July
  - Department added 3 FTE and reclassed 2 FTE

- **Landfill Closure (Refuse Fund)**
  - Eliminated 9 FTE
  - $8.9M expense decrease which includes:
    - $1.6M landfill rent
    - $6.1M landfill closure CIP
    - $0.4M vehicle maintenance/replacement
    - $0.8M position eliminations & changes
## Citywide Position Changes

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 Adopted FTE</td>
<td>1,016.60</td>
</tr>
<tr>
<td>Midyear Changes</td>
<td>8.25</td>
</tr>
<tr>
<td>FY 2012 Adjusted FTE’s</td>
<td>1,024.85</td>
</tr>
<tr>
<td>FY 2013 Proposed Changes</td>
<td>(10.5)</td>
</tr>
<tr>
<td>FY 2013 Proposed Budget</td>
<td>1,014.35*</td>
</tr>
</tbody>
</table>

*Includes 14 Frozen FTE
Citywide FTE in FY 2011 was 1,078.50 FTE
Cubberley Community Advisory Committee

August 8, 2012
Palo Alto Unified School District
# BUDGET DEVELOPMENT/FINANCIAL REPORTING/CALENDAR FOR THE 2012-13 & 2013-14 BUDGET

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2012</td>
<td>Adoption of 2012-13 PAUSD Budget</td>
</tr>
<tr>
<td>July 2012</td>
<td>Governor Signs the 2012-13 State Budget</td>
</tr>
<tr>
<td>August 2012</td>
<td>Property Tax Projections from County of Santa Clara</td>
</tr>
<tr>
<td>September 2012</td>
<td>First Revision of 2012-13 PAUSD Budget</td>
</tr>
<tr>
<td>November 2012</td>
<td>County Controller-Treasurer Property Tax Projection Update</td>
</tr>
<tr>
<td>December 2012</td>
<td>First Interim PAUSD Financial Report</td>
</tr>
<tr>
<td>December 2012</td>
<td>PAUSD Enrollment Projections</td>
</tr>
<tr>
<td>January 2013</td>
<td>Release of Governor’s Recommended 2013-14 State Budget</td>
</tr>
<tr>
<td>February 2013</td>
<td>County Controller-Treasurer Property Tax Projection Update</td>
</tr>
<tr>
<td>May 2013</td>
<td>State Budget Update</td>
</tr>
<tr>
<td>May 2013</td>
<td>Governor’s May Revise &amp; Property Tax Projection Update</td>
</tr>
<tr>
<td>June 2013</td>
<td>Adoption of 2013-14 PAUSD Budget</td>
</tr>
<tr>
<td>July 2013</td>
<td>Governor Signs State Budget</td>
</tr>
</tbody>
</table>
Agenda

- Estimated Actuals for 2011-12
- Proposed Budget for 2012-13
  - Revenue and expenses
  - Trends
  - Budget balancing
- Multi year projections
- Uncertainties
  - Governor’s tax initiative
  - Downside risk/upsde potential
  - Weighted Student Formula
2011-12 Estimated Actuals

- Basis for 2012-13 Budget

- Estimated Fund balance available to mitigate future budget cuts of $12.7 million, an increase of $350k since second interim

- Increase due to:
  - Increase in property tax, lottery, and K-3 CSR revenue
  - Decrease in staffing budgets, special education NPS, and departmental budgets

- One-time savings of $1.3 million in mental health costs, designated in the ending fund balance
## 2012-13 Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th>2012-13 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Restricted/Reserved/Designated Available to Mitigate Future Budget Cuts</td>
<td>$31,105,988</td>
</tr>
<tr>
<td></td>
<td>$18,387,180</td>
</tr>
<tr>
<td></td>
<td>$12,718,808</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td>$157,699,718</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td>$163,241,219</td>
</tr>
<tr>
<td><strong>Excess of Revenues over Expenses (Unrestricted)</strong></td>
<td>($5,541,504)</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Restricted/Reserved/Designated Available to Mitigate Future Budget Cuts</td>
<td>$25,564,484</td>
</tr>
<tr>
<td></td>
<td>$18,413,814</td>
</tr>
<tr>
<td></td>
<td>$7,150,670</td>
</tr>
</tbody>
</table>
Source of General Funds 2012-13

2012-13 Proposed Budget - Revenue Sources

- Property Taxes, 115,866,838, 74%
- Parcel Tax, 11,900,000, 8%
- State Revenue, 5,333,260, 3%
- Federal Revenue, 3,390,981, 2%
- Transfers In, 576,673, 0%
- Other Local Revenue, 6,779,799, 4%
- PIE Revenue, 4,500,000, 3%
- Lease Revenue, 9,455,240, 6%
2012-13 Proposed Budget - Revenues

- 2.0% property tax growth ($2,223,000)

- Budget is based upon Governor’s May revision

- $5.3 million additional reduction due to state community funded district “fair share” cuts (total reduction - $12.6 million)

- Parcel tax - $11,900,000

- PIE income - $4,500,000

- Lease revenue – 3% increase

- No state/federal carryover dollars included, only 12-13 revenue
Revenue Trends – Sources

- State Funding
- Parcel Tax
- Leases - Surplus Sites
- Federal Funding
- PIE Funding
## Revenue Trends – Per Student Funding

<table>
<thead>
<tr>
<th>Total Funding*</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>106,194,134</td>
<td>109,289,695</td>
<td>110,126,767</td>
<td>111,207,000</td>
<td>113,383,000</td>
</tr>
<tr>
<td>Property Tax - Special Ed</td>
<td>2,788,537</td>
<td>2,984,663</td>
<td>2,891,641</td>
<td>2,756,356</td>
<td>2,483,838</td>
</tr>
<tr>
<td>Parcel Tax</td>
<td>9,346,204</td>
<td>9,452,073</td>
<td>11,383,617</td>
<td>11,683,512</td>
<td>11,683,933</td>
</tr>
<tr>
<td>State Funding</td>
<td>16,877,168</td>
<td>12,806,108</td>
<td>13,855,528</td>
<td>10,095,567</td>
<td>5,333,260</td>
</tr>
<tr>
<td>Federal Funding</td>
<td>5,258,193</td>
<td>5,267,796</td>
<td>5,236,741</td>
<td>5,545,995</td>
<td>3,390,981</td>
</tr>
<tr>
<td>Leases - Surplus Sites</td>
<td>8,395,359</td>
<td>8,534,460</td>
<td>8,727,232</td>
<td>8,842,442</td>
<td>9,175,241</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td>148,859,595</td>
<td>148,334,795</td>
<td>152,221,526</td>
<td>150,130,872</td>
<td>145,450,253</td>
</tr>
<tr>
<td>Increase from 2008-09</td>
<td>(3,409,342)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Increase from 2008-09</td>
<td>-2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Excluding local sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Enrollment

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>11th Day Enrollment</td>
<td>11,431</td>
<td>11,680</td>
<td>12,024</td>
<td>12,286</td>
<td>12,466</td>
</tr>
<tr>
<td>Increase from 2008-09</td>
<td></td>
<td></td>
<td>1,035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Increase from 2008-09</td>
<td></td>
<td></td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease from 2008-09</td>
<td></td>
<td>$ (1,355)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Decrease from 2008-09</td>
<td></td>
<td>-10%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Notes: Total General Fund Revenue does not include donations from PIE, PTA or any other donations and local revenue to the schools.*
Use of General Funds 2012-13

2012-13 Proposed Budget - Expenses

- Salaries and Benefits, 138,948,141, 85%
- Supplies and Materials, 6,482,259, 4%
- Services and Other Operating Expenses, 16,411,158, 10%
- Capital Outlay, 81,000, 0%
- Transfers Out, 1,421,737, 1%
2012-13 Proposed Budget - Expenditures

- **Personnel Budgets**
  - Step and Column costs for all employees
  - 10 growth teachers (8 regular classroom teachers and 2 special education teachers)
  - Public Employee Retirement System (PERS) rate increases from 10.923% to 11.417% ($125,000)
  - Unemployment Insurance (UI) rate decreases from 1.61% to 1.10% ($500,000)
  - Health and Welfare decreases due to loss of one-time Federal Jobs Funds ($1.4 million), although carryover funds still available
Other non personnel budgets:

- **Utilities**
  - 3% increase in electric and refuse
  - 20% increase in water
  - 20% decrease in gas

- 10% increase in non-public school tuition and placement ($400,000)

- Budget for other operating services and contracts remain relatively flat
Budget Balancing Plan

$8.1 million budget deficit projected, if the Governor’s tax initiative does not pass ($5.3 million cut to PAUSD)

Proposed budget includes:
- $2.6 million in revenue enhancements and budget reductions
- $5.5 million use of fund balance

No reductions to sites
Change In Property Tax Revenue Per Student
Amount and Percentage

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>6.82%</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>$337</td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>$561</td>
<td></td>
</tr>
<tr>
<td>2002-03</td>
<td>$235</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>$413</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>$383</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>$579</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>$398</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>$742</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>$72</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>-$102</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>-1.49%</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>3.55%</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>6.11%</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>5.34%</td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td>7.66%</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>4.89%</td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>8.63%</td>
<td></td>
</tr>
<tr>
<td>2017-18</td>
<td>-1.21%</td>
<td></td>
</tr>
</tbody>
</table>

*Estimate
Assumptions in 2013-14 to 2017-18 Projections

- Weak growth outlook for the national and state economy
- Ongoing $12.6 million state “fair share” cut
- Property tax growth at 2% for all five years
- Expenses for thirteenth elementary site and loss of rental revenue for Garland site beginning in 2014-15
- Estimated fund balance available to mitigate future budget cuts of $12.7 million will be fully exhausted by the end of 2014-15
## Estimated General Fund & Basic Aid Reserves

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve for Economic Uncertainties</strong></td>
<td>$4.8  3.0%</td>
<td>$4.9  3.0%</td>
<td>$4.9  3.0%</td>
<td>$5.0  3.0%</td>
<td>$5.0  3.0%</td>
</tr>
<tr>
<td><strong>Fund Balance Available to Mitigate Future Budget Cuts</strong></td>
<td>$12.7  7.8%</td>
<td>$7.2  4.4%</td>
<td>$3.4  2.1%</td>
<td>$0.0  0.0%</td>
<td>$0.0  0.0%</td>
</tr>
<tr>
<td><strong>Basic Aid Reserve</strong></td>
<td>$9.5  5.8%</td>
<td>$9.5  5.8%</td>
<td>$9.5  5.8%</td>
<td>$9.5  5.7%</td>
<td>$9.5  5.8%</td>
</tr>
<tr>
<td><strong>TOTAL ESTIMATED ENDING RESERVE</strong></td>
<td>$27.0  16.6%</td>
<td>$21.6  13.2%</td>
<td>$17.8  10.9%</td>
<td>$14.5  8.7%</td>
<td>$14.5  8.8%</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND EXPENDITURES</strong></td>
<td>$162.4</td>
<td>$163.2</td>
<td>$164.4</td>
<td>$166.2</td>
<td>$165.9</td>
</tr>
</tbody>
</table>

* All amounts in millions
## Impact of Governor’s Tax Initiative

### Budget Scenarios to the Governor's Proposal

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>If tax initiative fails</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit</td>
<td>8,136,504</td>
<td>7,565,369</td>
<td>7,132,780</td>
<td>5,249,495</td>
<td>783,575</td>
<td>649,871</td>
</tr>
<tr>
<td>Budget Solutions</td>
<td>2,595,000</td>
<td>3,825,000</td>
<td>3,811,164</td>
<td>5,241,850</td>
<td>876,530</td>
<td>747,890</td>
</tr>
<tr>
<td>Use Fund Balance</td>
<td>5,568,138</td>
<td>3,773,636</td>
<td>3,377,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ending Fund Balance Available to Mitigate Budget Cuts</td>
<td>7,150,670</td>
<td>3,377,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>If tax initiative passes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit</td>
<td>2,844,504</td>
<td>2,273,369</td>
<td>5,675,342</td>
<td>7,603,222</td>
<td>4,906,404</td>
<td>769,955</td>
</tr>
<tr>
<td>Budget Solutions</td>
<td>2,595,000</td>
<td>-</td>
<td>-</td>
<td>3,472,749</td>
<td>4,879,276</td>
<td>864,477</td>
</tr>
<tr>
<td>Use Fund Balance</td>
<td>276,138</td>
<td>2,421,386</td>
<td>5,845,383</td>
<td>4,175,901</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ending Fund Balance Available to Mitigate Budget Cuts</td>
<td>12,442,670</td>
<td>10,021,284</td>
<td>4,175,901</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Downside Risk

- Governor’s tax initiative fails
- Weighted Student Formula
- Slow property tax growth
- High enrollment growth
Upside Potential

- Governor’s tax initiative passes
- Property tax growth above 2%
- Lower than projected enrollment growth
Weighted Student Formula

- Governor has updated proposal in the May Revise
- Education Coalition and many legislators oppose proposal
- Many winners and losers
- Relies on unrealistic growth assumptions of funding to education
- Community funded districts would lose all categorical funding
- Cubberley Infrastructure
  - August 22, 2012
IBRC Recommendations

IBRC New Projects
- Public Safety
- Fire Station 3 & 4
- MSC
- Animal Services
- Other

IBRC New Projects
- Public Safety
- Fire Station 3 & 4
- MSC
- Animal Services
- Other

IBRC listed with no assumed timeframe for implementation; IBRC recommendations intentionally excluded enterprise funds

1 IBRC listed with no assumed timeframe for implementation; IBRC recommendations intentionally excluded enterprise funds
2 Civic Center, LA Treatment Plant, Byxbee Phase II, 101 Bike/Pedestrian Bridge

IBRC Recommendations

IBRC New Projects
- Public Safety
- Fire Station 3 & 4
- MSC
- Animal Services
- Other

IBRC New Projects
- Public Safety
- Fire Station 3 & 4
- MSC
- Animal Services
- Other

IBRC listed with no assumed timeframe for implementation; IBRC recommendations intentionally excluded enterprise funds

1 IBRC listed with no assumed timeframe for implementation; IBRC recommendations intentionally excluded enterprise funds
2 Civic Center, LA Treatment Plant, Byxbee Phase II, 101 Bike/Pedestrian Bridge
IBRC listed with no assumed timeframe for implementation; IBRC recommendations intentionally excluded enterprise funds

1 Civic Center, LA Treatment Plant, Byxbee Phase II, 101 Bike/Pedestrian Bridge
2 $4.2M annual catch-up over 10 years

---

**City + New Projects**

- Public Safety
- Fire Station 3 & 4
- MSC
- Animal Services
- Other 2
Catch-Up/ Keep-Up

Cubberley
$6.9M

Charleston/
Arastradero $6.1M

Surface
$8.8M

Buildings $4.5M

Parks
$14.5M

CIP
$14.8M

Operating
$15.2M

Catch Up Needs
Per IBRC Report
10 Years

Keep Up Annual

Approx $41M/ One-Time

Approx $32M/ Annual

$0.6M

$2.2M Keep Up Gap

$1.6M
# Cubberley Infrastructure Needs

(Thousands of $)

<table>
<thead>
<tr>
<th></th>
<th>Operating FY2012</th>
<th>CIP Catch-Up</th>
<th>CIP Keep Up</th>
<th>Total CIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>$381</td>
<td>$3,871</td>
<td>$4,480</td>
<td>$8,351</td>
</tr>
<tr>
<td>Leased</td>
<td>$361</td>
<td>$3,096</td>
<td>$7,380</td>
<td>$10,476</td>
</tr>
<tr>
<td>Total</td>
<td>$742</td>
<td>$6,967</td>
<td>$11,860</td>
<td>$18,827</td>
</tr>
</tbody>
</table>
Cubberley Statistics

- 35 Total Acres
  - 27 Acres School District
  - 8 Acres City
- 175,540 sq.ft. Building
  - 94,402 School District
  - 76,138 City
- 750 Parking Spaces
  - 620 School District
  - 130 City
Cubberley Infrastructure

- August 22, 2012
Strong Schools Bond Status Report
Construction Team
Citizens’ Oversight Committee
Completed Projects
Gunn High School
Aquatic Center
Occupancy: June 2009
Final Cost: $4,862,530
Gunn High School
Industrial Arts Renovation
Occupancy: January 2010
Final Cost: $5,045,659
Gunn High School
Air Conditioning of Existing Buildings

Current Status: Completed Summer 2010
Final Cost: $2,293,021
Palo Alto High School
Multi-Use Field

Occupancy: February 1, 2011
Final Cost: $3,527,950
Ohlone Elementary School
New Construction and Modernization

Occupancy: January 3, 2012
Project Budget: $11.7M
Elementary Schools
Interactive White Boards and Sound Assists
Current Status: All Phases Complete
Final Cost: $1,679,401
Duveneck Elementary School
Portable Relocation – Interim Housing

Occupancy: August 8, 2012
Project Budget: $11.1M
Technology Upgrade
All Schools, K-12
Status: Yearly Updates
Project Budget: $8.2M
Projects Under Construction
Gunn High School Projects

Project Budgets Total: $37.9M
Gunn High School  
New Gymnasium  
Current Status: Construction On-going
Gunn High School
New Classroom Math & English Bldg
Current Status: Construction On-going
Gunn High School
New Classroom World Languages Building

Current Status: Construction On-going
Palo Alto High School

Project Budgets Total: $43.7M
Palo Alto High School
New Math and Social Sciences Classroom Building

Current Status: Construction On-going
Palo Alto High School
New Media Arts Building
Current Status: Construction On-going
Palo Alto High School
Stadium Field
Current Status: Construction On-going
Palo Alto High School
Tower Building Improvements
Current Status: Construction On-going
Jordan Middle School

Project Budgets Total: $19.9M
Jordan Middle School
New 6th Grade Classroom Wing
Current Status: Construction On-going
Jordan Middle School
New Multi-Use Building
Current Status: Construction On-going
Jordan Middle School Modernization
Current Status: Construction On-going
Jordan Middle School Modernization

Current Status: Construction On-going
Terman Middle School

Project Budgets Total: $13.3M
Terman Middle School
Library Addition & Admin Renovation

Current Status: Construction On-going
Terman Middle School
New Drama Classroom

Current Status: Construction On-going
Terman Middle School Modernization

Current Status: Construction On-going
J.L. Stanford Middle School

Project Budgets Total: $17.2M
J. L. Stanford Middle School
New 7th & 8th Grade Classroom Wing
Current Status: Construction On-going
Fairmeadow Elementary School

Project Budgets Total: $9.5M
Fairmeadow Elementary School
New 4th & 5th Grade Classroom Building

Current Status: Construction On-going
Fairmeadow Elementary School Library Addition
Current Status: Construction On-going
Fairmeadow Elementary School
Modernization & Sitework Improvements

Current Status: Construction On-going
Projects in DSA
Duveneck Elementary School

Project Budgets Total: $11.1M
Duveneck Elementary School
New 4th & 5th Grade Classroom Building

Current Status: Project being reviewed by DSA
Duveneck Elementary School
New Primary Grade Classroom Building

Current Status: Project being reviewed by DSA
Projects in Design
Palo Alto High School
New Performing Arts Center

Current Status: Design Development Phase
Project Budget: $24.4M
Palo Alto High School
New Performing Arts Center
Current Status: Design Development Phase
Project Budget: $24.4M
Gunn High School
Parking and Drop-off
Current Status: BOE approval of Schematic Design anticipated October 2012
Project Budget: $3.9M
Future Projects
Gunn High School
Future Projects

• Performing Arts Complex

• Student Activities

• Spangenberg Modernization
Palo Alto High School
Future Projects

• Library & Bldg 300A Renovation

• Weight / Fitness Facility

• Renovation of 100 Bldg for Performing Arts

• Addition & Renovation of 700 Bldg for Career Tech

• Tower Administration Bldg Renovation
Elementary Schools
Future Projects

• $33,457,555 reserved for construction to accommodate growth

• Garland Elementary School = $22,178,544
K-12 Funding
Future Projects

• Furniture, Fixtures and Equipment

• Technology Infrastructure

• Multi-Year Planned Maintenance
Summer Projects
Paly Walkway Repair & Re Roof

Before

After
Paly Parking Lot Lighting

Before

After
Duveneck Playground Rubber

Before

After
Repair and Reupholster Seats in Spangenburg Theater

During

After
• Over 100,000 SF of asphalt and concrete repair
  • 250+ LF cabinets added
  • 500+ gallons of paint
• Palo Verde & Ohlone LED Lights
• District Office Fire Alarm
• Roof tile repairs on Paly Tower and Haymarket Theatre Buildings
• Work space improvements at District Office Building A and B
PAUSD Interests

1. Continuation of the revenue from the Lease and Covenant. Loss of this ongoing, almost $7 million would require major structural cuts to the PAUSD educational program.

2. Preservation of the option to reopen Cubberley sometime in the future including the possibility of multiple comprehensive schools / for maximal usage for educational purposes as a third comprehensive high school to meet enrollment projections.
Board Information Needed from CPAC & CCAC

Clarifying current and desired uses for Cubberley including possible combined use opportunities. This would include the period under consideration for renewal (the five years from 2014 to 2019) and more long term.

August 21, 2012  Palo Alto Unified School District
Board Information Needed from CPAC & CCAC

Identifying criteria to prioritize present and future community uses and examine Cubberley capacity.

**While this is more an issue at the City level since they currently have responsibility for the site, any scenario that places PAUSD educational functions on the campus will either add to the programs on the campus or reduce the non-PAUSD space available to the community.

August 21, 2012  Palo Alto Unified School District
Board Information Needed from CPAC & CCAC

Consider *complementary* infrastructure maintenance needs of the site and alternative ways to pay for them. While there have been some studies of these needs done in the past, having the CCAC and CPAC’s thinking in these areas would be helpful for the Board.
Board Information Needed from CPAC & CCAC

Considering some post-2014 Cubberley lease alternatives that would give some certainty to Cubberley users and the community while meeting the interests of the District and the City of Palo Alto.

August 21, 2012   Palo Alto Unified School District
Additional Request to the Board – Regarding a Fourth Middle School Site

Staff would like to explore the possibility of an alternative site for a middle school and utilize some consulting services to help in this regard. While land for a middle school would be difficult to find, staff believes that a strong effort to find a suitable alternative space for a middle school is warranted at this time.

**BOARD APPROVED THIS REQUEST**

August 21, 2012  Palo Alto Unified School District
Capital Budgets

2012-2013
# Palo Alto Unified School District Capital Budgets

<table>
<thead>
<tr>
<th>Fund</th>
<th>Beg. Bal.</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Maintenance</td>
<td>$1.4 M</td>
<td>$0.4 M</td>
</tr>
<tr>
<td>Property Fund</td>
<td>$1.6 M</td>
<td>$0.1 M</td>
</tr>
<tr>
<td>Building Projects Fund</td>
<td>$0.1 M</td>
<td>$-- - M</td>
</tr>
<tr>
<td>Planned Maintenance</td>
<td>$2.6 M</td>
<td>$-- - M</td>
</tr>
<tr>
<td>Capital Facilities Fund</td>
<td>$2.9 M</td>
<td>$0.7 M</td>
</tr>
<tr>
<td>Strong Schools Bond</td>
<td>$386.0 M</td>
<td>$-- - M</td>
</tr>
</tbody>
</table>