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### MINUTES FOR SPECIAL MEETING OF SEPTEMBER 8, 2009

#### Call to Order

The Board of Education of Palo Alto Unified School District held a Special Session Meeting in the Board Room at 25 Churchill Avenue, Palo Alto, California. Barb Mitchell, President, called the meeting to order at 9:04 a.m.

#### Members present:

Ms. Barb Mitchell, President  
 Ms. Barbara Klausner, Vice President  
 Ms. Melissa Baten Caswell  
 Mr. Dana Tom  
 Ms. Camille Townsend

#### Staff present:

Dr. Kevin Skelly, Superintendent  
 Dr. Robert Golton, Co Chief Business Official  
 Mrs. Cathy Mak, Co Chief Business Official  
 Dr. Scott Bowers, Assistant Superintendent  
 Ms. Ginni Davis, Associate Superintendent

#### Others present:

Mr. Charles Heath, Consultant, Sidewalk Strategies

#### Discussion

Skelly said they were beginning the process early, and this would be a chance to ask questions and discuss next steps. He said this was a timely, because of budget issues.

#### Heath gave a presentation focusing on:

- What does it take to win?
- Parcel Tax Planning Timeline
- Key Decision
- Sample Measures
  - Current PAUSD Parcel Tax
  - Mountain View Whisman School District Parcel Tax
  - Piedmont Unified School District Parcel Tax (1)
  - Piedmont Unified School District Parcel Tax (2)
  - Emery Unified School District Parcel Tax
  - Alameda Unified School District Parcel Tax
  - Oakland Unified School District Parcel Tax
- Phase II – Ballot Measure Preparation & Public

Baten Caswell asked how much community support was reflected by polling before the November 2004 ballot measure. Heath said it was less than 75%. Tom asked how much variance there was in other districts between polling and actual election results. Heath said polls usually presented a range of options. Most of the time, the election results fell within the margin of error of the poll results. Polls were a snapshot in time, however, so if there were major changes in the environment between polling time and the election, the results could change.

Baten Caswell confirmed that a mail-in election could be held any Tuesday, rather than traditional election times. Heath said this was the case, and that the process would happen just like the absentee voting process. Townsend asked who paid for election costs. Heath said the County would administer the election and the District would reimburse the County. Townsend asked if all registered voters would receive a ballot. Heath said all current registered voters living within the District boundaries would receive a ballot.

Skelly asked about turnout. Heath said it had been found turnout was the same for single issue special elections, whether by mail or on a single day at a polling place. Townsend asked if there were drop off places for the mail election. Heath said the County would designate a number of locations; however, most voters mailed their ballots. He added that there would be a small incremental increase in cost for a mail ballot election. A community member asked what percentage of districts were opting for mail elections. Heath said the percentage was currently low, but the mail-in option was starting to catch on. Another community member asked if a mail-in ballot would diminish the value of supporters the campaign members had

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helped to register as absentee voters. Heath said this was possible and polling might help determine this, but he had never seen an influx of No votes just because of the method of voting. Another community member asked if people being polled could be asked if they would be more likely to vote by mail-in. Heath said this would not be a credible question, so more accurate results would come from other analysis.

Klausner asked if timing of voting was tracked during an election, so it would be known when the best time was for final campaigning. Heath said this was done, and that about 1/3 of voters usually waited to mail their ballots until the deadline. Tom asked if there was any difference in results depending on the month the election was held. Heath said March and April were best, because there would be no competition with other elections in the late spring and winter. In addition, summer elections were not apt to have as much success because school was not in session.

Mitchell asked if there were any other tradeoffs Heath wanted to discuss. He said there appeared to be a trend where prior district parcel taxes were passed in polling place elections. Baten Caswell asked if there was a difference in volunteer needs for a regular election versus a mail-in election. Heath indicated there was, because the election lasted 30 days rather than 13 hours. He said there was a typical schedule for phone calling during the election process.

Skelly asked if anything else would be on the March ballot. Heath said he did not believe there would be anything else on the ballot; however, in June there would be a number of issues, including the gubernatorial primaries.

Townsend asked about the cost of the election to the District. Heath said the costs he was presenting were estimates. The County would only charge for the actual cost of administering the election. Townsend asked if there was more than one entity involved in the election if costs would be shared. Heath said they would.

Baten Caswell asked if any districts had switched from a flat tax to a graduated one. Heath said the Alameda School District had done this, with two concurrent taxes: one flat tax and the other graduated. Mitchell asked about tradeoffs. Heath said it was a matter of simplicity versus complexity, and doubt could be an issue because doubtful voters typically voted no. On the other hand, revenue could be maximized with a graduated tax because businesses with larger square footages would pay more.

Baten Caswell asked how many districts had permanent parcel taxes. Heath said he knew of three. A community member asked if these had to be reauthorized every three years. Heath said once "evergreen" taxes were on the books, they were there forever unless voters voted to repeal the tax. Another community member asked if a graduated tax would appeal more to the smaller lot owner, making it easier to make this an evergreen tax. Heath said no school district in California had tried this, but it was certainly an option to consider.

Mitchell asked if modifications would change the simple majority rule. Heath said no changes in the ballot language would trigger this change, as all parcel tax elections required a two thirds vote to pass. Mitchell asked about standard terms of parcel taxes. A vast majority of parcel taxes had sunset dates ranging from four to eight years.

Tom asked if passing a parcel tax before the sunset of the current tax could allow the District to wait until the current tax ended before starting the new one. Heath said this might make campaigning difficult, as it would appear the need was not as immediate.

Klausner asked if a graduated tax would generate more opposition from people at the higher end of the scale. Heath said it would, and a graduated tax would require outreach to landlords and commercial property owners, among other groups. He said for Mountain View, polling was done with voters and then focus groups were held with groups holding larger parcels. A community member asked if Heath had an opinion on legislation put forth to reduce the required vote for parcel taxes to 55%. Heath said this effort had been going on for a few years, but it would not address short term issues because the measure was not a sure thing.

Townsend asked how Stanford had paid the District's current parcel tax. Golton said the Stanford Industrial Park paid the tax, but he was not clear on how the University paid.

Regarding ballot language, Klausner asked if graduated tax structures would be in the ballot language. Heath said they would not, and that voters would have to refer to their voter guides. Tom asked about the size of the group fitting into the lowest bracket in the Mountain View Whisman District. Heath said it was about 90%, and Palo Alto may be different. A community member said in Palo Alto the rate would be similar, and the number of parcels in Los Altos Hills would be somewhat lower. He also suggested having a number of tiers for residential properties. He added that lot value went up exponentially with size and that lot size and value varied in different parts of Palo Alto. He said that the City had this data. Baten Caswell asked if graduating within residential lot size ranges was discussed in Mountain View. Heath said it was not, but it was discussed in Piedmont, whose parcel tax represented 30% of its budget, and the election was successful. Baten Caswell asked what the biggest difference between PAUSD and Piedmont was. Heath said Piedmont was almost all residential, with very little commercial property. Palo Alto had more diversity in property value and more voters.

Klausner asked why the Alameda parcel tax was being challenged. Heath said the challenge was based on uniformity and that there was no cap for the larger properties. Klausner asked about the Gann Appropriation Limit. Heath said it limited the

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amount each District was allowed to spend each year, and that parcel taxes could increase this limit. To increase the Gann Limit a simple majority was needed, whereas passing and parcel tax required a two thirds vote. Townsend asked if staff came to the Board annually to confirm that spending had not exceeded the Gann Limit. Golton confirmed that this was the case.

Baten Caswell asked if every voter would receive a voter pamphlet. Heath said they would, and they would get the ballot with the 75-word text as well as the pamphlet with a more detailed description of the measure. Mitchell asked how existing program goals would fit into the content of a proposed poll. Skelly said a parcel tax expenditure summary would be presented, describing how program costs originally covered fully by parcel tax funds were beginning to affect the general fund. Heath said a section of the poll would present various potential uses for the parcel tax, asking people to prioritize them. Baten Caswell asked where the list would come from. Skelly said he believed the survey questions would be created by staff and Sidewalk Strategies and then presented to the Board for review. Heath said the list of items tested in the poll would not be an exhaustive list, but would give an idea of which programs should be featured during the campaign. Mitchell suggested outreach to PTA and PAPIE leadership during the composition of the poll, suggesting either informally going to the leadership or holding a discussion at the Board meeting scheduled for September 22. Skelly said some conversations had already occurred, and it would be a good idea to continue discussions on September 22. Heath suggested conducting the poll in September to avoid conflict with November election activities. Baten Caswell asked if polling would narrow the scope of options, which would then be brought to the business community for feedback. Heath said this was the plan.

Townsend noted there was an existing local business tax, which was somewhat controversial among the business community. Skelly said he believed outreach had been very helpful. Baten Caswell suggested going beyond the Parcel Tax Committee and approaching other big groups in the community. Townsend suggested making sure groups were included in the process early on in order to avoid raising concerns later.

Klausner noted there was a fairly uniform tone among the example measures presented, then asked if there were any significant constraints as to what parcel tax money could be used. Heath said common themes for what voters were most likely to support included costs benefiting the classroom experiences, attracting and retaining quality teachers, class size reduction, preventing cuts, and retaining existing programs, but not adding new ones. A community member said she believed there might be support for increasing the counselor ratio at the schools. Mitchell noted that the Parcel Tax Committee had reported on the erosion caused by inflation, and asked if there was a way to test an escalation factor among the community. Heath suggested including this in the survey, as well and pro and con arguments. Skelly said it was hoped that March could be the month for election. He also said the type of parcel tax and election would be determined by survey results. He said input from past PAUSD parcel tax supporters would be valuable, and some Board members ought to also be involved in the early efforts, with information reported periodically to the full Board.

Tom asked if polling would be done twice, so information could be narrowed down in the second poll. Townsend said she would like the discussion on September 22 to strongly focus on budget issues and implications for the different options, such as graduation structures. Baten Caswell noted that the last campaign focused on class size reduction, but class sizes had recently been increased due to budget concerns. Skelly said the state had reduced class size reduction money, so the District was paying more for lower class size than before. Baten Caswell said data should be presented to show the affects of budget on class size, and values should be discussed as well. Tom also said the existing parcel tax was funding class size reduction, and class sizes were still lower than they could be. Golton said class size had been edged up in Kindergarten through third grade, but sizes were still smaller than many other California districts. A community member said there would likely be further adjustments to the budget in the near future, and these impacts should be articulated to the community. Baten Caswell suggested asking people being polled how they would handle making tradeoffs. Another community member noted for the business license tax, residents were in essence being asked to tax the businesses. A graduated parcel tax would be similar in this way. In addition, if the business license tax did not pass, the District could be affected to the tune of \$6-8 million dollars because the City might not be able to continue with certain agreements. This would be part of the message imparted to the voters. He also noted the Chamber of Commerce was against the business license tax, but it would be up to the voters. Klausner asked if data would be collected from the business community regarding the effects of different types of parcel taxes. Another community member said it appeared to be crucial to articulate the needs of the District and they be kept in line with community values, such as counseling and class size reduction.

A community member observed the agenda for this meeting was more focused on mechanics, rather than the finances of the District. She asked when this part would be covered. Golton said the current fiscal situation would be presented by Mak at the regular Board meeting that evening. He added that class size reduction was not as popular anymore. Baten Caswell suggested including this issue with the community survey. A community member noted a lot of community discussion had occurred during the strategic planning process, so the District already knew what the community's values were. Heath said a great deal could be learned from the poll, and the November election results would provide further information.

A community member asked when the absentee ballots would be mailed out to voters if a traditional polling place election occurred in March. Heath said they would be sent in February. The Community member suggested the campaign would need to take place during January and February. Heath suggested planning for a March timeline, but keeping it flexible until further research had occurred. Mitchell asked if there was a general approval of this strategy. Baten Caswell said she approved as long as a values discussion occurred at the September 22 Board meeting. Mitchell said there would be about

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five Board meetings between now and December, and suggested that updates be presented along the way.

A community member asked if financial scenarios, with and without the parcel tax, could be presented. Skelly said the budget was about \$150 million and the parcel tax represented about \$9 million or 6%. Potential effects of the loss of the parcel tax could also be presented, such as affects on class size reduction.

Baten Caswell thanked the members of the community who attended, saying the discussion was richer because of their presence.

Another community member said that if class sizes did have to be increased, sizes still would not be raised to the absolute maximum, so class size could still be part of the parcel tax election platform.

Another community member asked what the evening budget presentation would include. Golton said it would frame the budget problem. Skelly said all budget projections included the \$9.2 million parcel tax. Townsend noted that determining the amount of a new tax would be very difficult due to the continuing budget changes.

Klausner suggested doing more research on the possibility of an escalating tax.

Mitchell thanked past members of the parcel tax campaigns for attending.

The meeting was adjourned at 11:16 a.m.

### Adjournment

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Secretary to the Board