

Council.

"The city is not broke," he emphasized. "We met our payroll today (Friday)."

He denied the city is delinquent in paying bills but added, "You may call them overdue."

"There was no schedule of payments," he explained. He now is establishing such a schedule.

Hall also is working on other ways to improve the city's financial operations.

By the City Council's second meeting in September, he intends to begin providing council members regularly with lists of warrants and requisitions. Such reports are automatic in most cities but have not been provided before in four-year-old East Palo Alto.

The city has hired the Harvey M. Rose accounting firm in San Francisco to come up with hard data on the city's operation and to recommend actions for improvement.

Hall will work with them, but he's also working independently to revise the city's 1987-88 budget, generally thought to be an unrealistic picture of the city's finances.

Hall reported that Russell Bouigny, the city's senior accountant for the past year, has been named acting finance director. The position of assistant city manager, formerly held by James White, will not be filled.

The city disclosed its financial crisis early this month, at about the same time White was fired as acting city manager for allegedly giving himself two raises and charging more than \$3,000 for staff luncheon city credit cards.

San Mateo County District Attorney Jim Fox last Tuesday advised the supervisors he saw no way the county legally could advance the property tax money to East Palo Alto.

However, Hall proposed what he believes is a legal way to do it. Tom Casey, chief deputy of the civil division of the District Attorney's Office, has indicated Hall's plan "may work." The supervisors are expected to reconsider the

city's request Tuesday.

Hall wouldn't reveal details of his proposal but declared, "California's state law provides the mechanism. East Palo Alto is not the first and won't be the last (to use it)."

He emphasized that the money, if approved by the county, is an advance and not a loan. He compared it to a city transferring money from one internal fund to another.

In Richmond, where he was assistant city manager for eight years, money was transferred from the pension fund when needed, Hall reported. But East Palo Alto, as a new city, "doesn't have a pension fund we can borrow from."

Hall was unwilling to explain how the money would be used, but indicated it would enable the city "to operate from a position of strength."

In one respect, East Palo Alto is better off than its critics claim.

At Tuesday's supervisors' meeting, Joe and Tony Horwath, brothers and apartment owners, charged East Palo Alto's rent control had an adverse affect on property assessments, thus affecting the city's financial viability.

However, figures released by

Sammie Lingle, San Mateo County's assistant tax collector, show property tax revenue has increased since the city incorporated in 1983.

Property tax revenues for the following fiscal years were: 1984-85 — \$1,516,000; 1985-86 — \$1,631,000, and 1986-87 — \$1,744,000.

Hall was still in good humor Friday, after a week of being harried by reporters investigating the city's financial situation.

He's fatalistic but confident about his job, commenting, "I'll either fall flat on my face or prove myself. I believe it will be the latter."

A deeply religious man, he said, "In the last several years, I've allowed God to direct my way."

"His way is all right," he stressed. "His way is the right way. There's no way I could have done a better job or moved in a more effective way."

"I have a mission based on the skills I've developed," he continued. "With those skills, matched with the skills of people here and with people to come, we are going to be able to realize our dreams."

Hall says East P.A. 'not broke' City manager plans accounting reforms

By Mary T. Fortney
Times Tribune staff

East Palo Alto City Manager Stanley H. Hall isn't ready to comment on how the city got into its current financial predicament, but he's taking some steps to improve accountability for spending.

Hall went to the San Mateo County Board of Supervisors Tuesday to ask for a \$600,000 advance on property tax payments to help the city through a "cash flow" crisis.

During a late Friday afternoon interview, on his sixth day as city manager, Hall refused to give details of the city's problems.

"I'm not prepared to tell you what brought on the situation," he said. "I know a portion of what took place but I do not want to respond piecemeal."

Councilman Warnell Coats believes the problems began in December after the forced resignation of City Manager Fred Howell.

"Nobody was watching the cash flow for seven months," he said. "It was a mess confusion. There has been no management control. What it is is gross mismanagement."

Hall declared it was "prematire" to blame the cash flow crisis at overspending by department managers.

According to figures supplied by Coats, a July 31 fiscal report showed city's expenditures from June 30, 1986, to July 31, 1987, totaled \$6,270,041, exceeding deposits of \$5,815,034 by \$455,007.

Asked to comment, Hall replied, "Rather than looking at the \$6.2 million in expenditures, I'd look at the \$5.8 million in revenues."

The July 31 report showed reserves at \$200,000 and the general fund at \$63,421, the lowest in the last 12 months. Hall said the general fund now is "more like \$70,000."

Hall refused to give details on the city's current financial status but said he expects to have a full report ready in three to four weeks and will present it then to the City

Please see HALL, A-14

Hall, the son of a Baptist Church deacon, belongs to the Allen Temple Baptist Church in Oakland.

He lives in Oakland now but will be relocating to East Palo Alto. He is single.

His interests are tennis, racquetball, playing the piano and writing poetry. One of his treasured moments is the time he read in church a poem he had written about his father.

Hall, 41, is a native of Richmond. He has a bachelor's degree from San Francisco State University and a master's from Golden Gate University, San Francisco.

He was assistant city manager at Richmond from 1970-73; city manager at Seaside from 1973-79; and special assistant for governmental affairs at the Port of Oakland from 1930 until taking the East Palo Alto job this month.

He describes his management style as a "combination of a lot of things. If necessary, I can be tough. I like to encourage others and can let someone else find the solution and take credit."

"I'm not here to take any bows," he declared. "They should go to the council and the community."

TIMES TRIBUNE
8/30/87