From:	Laura Blakely
Sent:	Tuesday, March 23, 2021 12:58 PM
To:	City Council
Subject:	Google No. Bayshore Precise Plan/Development Agreement Proposal and School Issues (Item 7.1)
Attachments:	Amendment to EER JPA executed 2019.pdf

Honorable Council Members—

In the staff report on the Google North Bayshore Precise Plan Amendments and proposed Development Agreement, Question No. 2 asks for your feedback on suggested amendments to the Nonresidential Bonus FAR Guidelines, including the proposal that a 4-acre school site in the Shorebird neighborhood be dedicated to the Mountain View Whisman School District. I am writing in my personal capacity, since the MVWSD Board has not had an opportunity to discuss this matter in an agendized meeting, but I am pleased to see the proposed school site shifted away from the busy Joaquin neighborhood to the quieter Shorebird community and to see that this site is larger than the 2.5 acre one that previously had been under discussion in Joaquin. This site seems better suited to the construction of a multi-story "urban" type of elementary school.

Question No. 6 of the staff report asks for your comments on the proposed community benefits. Google's proposal does not include the funding of infrastructure improvements (transportation, wastewater utilities, etc.) and asks the City to commit the "necessary" Shoreline Community funds to pay for the infrastructure improvements. My informal understanding is that Google would like the City to take out a bond or certificate of participation or other type of loan in the amount of roughly $400 million against the tax increment revenues generated by the SRPC. As you know, Amendment No. 1 to the Education Enhancement Reserve Joint Powers Agreement signed in 2019 (copy attached) has the effect of allocating the "typical" percentage of the tax increment revenues (roughly 40%, split between the two school districts) generated by new residential development in the SRPC to the two school districts. The school districts are counting on this revenue stream to fund the operation and possibly some of the construction costs of the new schools needed to serve the students who will reside in these new communities. I am greatly interested in better understanding the potential impact on the amount of the JPA revenue stream allocated to the school districts if the City were to obtain hundreds of millions of dollars of new financing (in addition to the existing bond to fund the bike pedestrian overpass) secured by the tax revenues in order to fund the Google infrastructure. It is my sincere hope that any such financing would not limit the amount of tax revenues that the school districts would receive.

Best regards,
Laura Blakely

AMENDMENT TO
EDUCATION ENHANCEMENT RESERVE JOINT POWERS AGREEMENT

This AMENDMENT NO. 1 to the Agreement is dated for identification this 5th day of September 2019, by and between the SHORELINE REGIONAL PARK COMMUNITY, whose address is 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540 (hereinafter referred to as "SHORELINE COMMUNITY"), and the MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT, a California public school district in Santa Clara County, California, and the MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT, a California public school district in Santa Clara County, California (hereinafter referred to collectively as "DISTRICTS"), (SHORELINE COMMUNITY and DISTRICTS shall be referred to hereinafter collectively as "the Parties" or individually "Party").

RECITALS

A.   WHEREAS, SHORELINE COMMUNITY and DISTRICTS first entered into a Joint Powers Agreement in June 2006 to create an education enhancement reserve to provide funds to enhance the educational and technical capacity of students in DISTRICTS; and

B.   WHEREAS, the Parties entered into a successor Agreement dated June 20, 2013 for identification, to create an Education Enhancement Reserve in which funds shall be used to enhance the educational and technology capacity of students in DISTRICTS' schools who, in turn, will contribute to the availability of a local technology workforce necessary to further SHORELINE COMMUNITY objectives ("Agreement"); and

C.   WHEREAS, in December 2017, the Mountain View City Council adopted the North Bayshore Precise Plan (NBPP), which allows for the creation of new residential neighborhoods and up to nine thousand eight hundred fifty (9,850) housing units in the Plan area; and

D.   WHEREAS, recognizing the increase in school enrollment that would result when such housing was developed, the NBPP includes Policy 5 (Funding for Schools) of Section 3.4.5 (Local School Policies); and

E.   WHEREAS, this Policy 5 states that the Parties shall develop an agreement to allocate revenue related to growth in assessed value due to new residential development pursuant to the annual tax allocation for each school district; and

F.   WHEREAS, SHORELINE COMMUNITY and the DISTRICTS worked together to develop an amendment to Section 3.4 (Property Tax Revenue Calculations and Payment) of the Agreement in accordance with Policy 5; and

G.   WHEREAS, the Joint Powers Authority Board met on June 5, 2019 and approved recommending the amendment to the governing bodies of SHORELINE COMMUNITY and DISTRICTS; and

H.   WHEREAS, the amendment was approved by the SHORELINE COMMUNITY Board on June 25, 2019, by the MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT Board on September 3, 2019, and the MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT Board on September 5, 2019; and

I.   WHEREAS, the Parties desire to amend said Agreement dated June 20, 2013 for identification, and all amendments thereto, to reflect said modifications.

AGREEMENT

NOW, THEREFORE, in consideration of the recitals and mutual promises of the Parties contained herein, SHORELINE COMMUNITY and DISTRICTS agree to the below-referenced amendments to said Agreement dated June 20, 2013 for identification, and all amendments thereto, as follows:

Section 3.4 shall be amended to read as follows:

"3.4 Property Tax Revenue Calculations and Payments

a.   Property Tax Payment (PTP)

Beginning Fiscal Year 2014-15, an annual PTP shall be made by December 31 each year which shall be calculated by adjusting the prior year (e.g., Fiscal Year 2013-14) PTP by the same percentage change in property tax revenues compared to the preceding fiscal year (e.g., Fiscal Year 2012-13). The annual PTP shall not drop below the Minimum Payment. If the change in property tax revenues results in a calculation that the annual PTP would be less than the Minimum Payment, and property tax revenues increase the next fiscal year, the next PTP will be calculated as though DISTRICTS' previous PTP had declined by the same percentage as the property tax revenues.

For purposes of illustration, here are two examples (fictitious numbers are used for ease of calculation):

Assuming the Minimum Payment is $1,000,000 in Fiscal Year 1 and the property tax revenues decrease by 10 percent between Fiscal Year 1 and the

prior fiscal year, the annual PTP for Fiscal Year 2 would be calculated to be $900,000. Since this amount is below the Minimum Payment, the annual PTP for Fiscal Year 2 will be $1,000,000. Between Fiscal Years 1 and 2, property tax revenues increase 15 percent. Accordingly, the annual PTP for Fiscal Year 3 shall be calculated as $900,000 x 1.15 percent = $1,035,000.

As another example, assuming the Minimum Payment is $1,000,000 in Fiscal Year 1 and the property tax revenues increase by 10 percent between Fiscal Year 1 and the prior Fiscal Year, the annual PTP for Fiscal Year 2 would be $1,100,000. Property tax revenues decrease 15 percent in Fiscal Year 2 from Fiscal Year 1. The annual PTP for Fiscal Year 3 shall be calculated as $1,100,000 - ($1,100,000 x 15 percent = $165,000) = $935,000. Since $935,000 is less than the Minimum Payment, the annual PTP shall be $1,000,000. Property tax revenues increase 10 percent in Fiscal Year 3 from Fiscal Year 2. The annual PTP for Fiscal Year 4 shall be $935,000 x 1.10 percent = $1,028,500.

Beginning in the first year of New Residential Development, as defined in Paragraph b. below, the percentage change in property tax revenues will be adjusted as set forth in Paragraph c. below to prevent the double-counting of the property tax revenues that are the result of New Residential Development.

b.   New Residential Property Tax Payment (NR-PTP)

In addition to the annual PTP, an annual NR-PTP shall be made based on the residential property development in the Shoreline Community that occurs after the December 12, 2017 adoption of the North Bayshore Precise Plan (Policy 3.4.5.5) (hereinafter New Residential Development).

The first NR-PTP will be made by December 31 of the fiscal year following the addition of New Residential Development assessed value (AV) to the Santa Clara County (County) July 1 tax roll (Tax Roll) (e.g., the July 1, 2021 Tax Roll is for Fiscal Year 2021-22, and the payment will be made by December 31, 2022).

In Year 1, the New Residential Development AV shall be calculated by subtracting the Base Residential AV Year 0, as adjusted by the California Consumer Price Index (CCPI) (see Example C), from the total residential Tax Roll AV. Base Residential Tax Roll AV shall mean the residential Tax Roll AV shown on the Tax Roll prior to the addition of new residential AV due to New Residential Development. The New Residential Development AV will then be multiplied by the 1.0 percent tax increment rate to determine the New Residential Property Tax Revenues. New Residential Property Tax Revenues will then be multiplied by the Increment Allocation Factor (IAF) for the largest tax rate area (TRA) in the Shoreline Community, currently TRA 05-004, as established

and provided by the County, for each DISTRICT for the applicable fiscal year to determine the NR-PTP.

Each subsequent fiscal year, the Base Residential AV from the prior fiscal year will be multiplied by the annual CCPI, or other inflationary factor utilized by the County to adjust the tax roll, to determine the Base Residential AV to be used to calculate the NR-PTP.

The NR-PTP will be calculated as follows **(all numbers are for illustrative purposes only and are not to be considered a projection)**:

Illustrative Example A Year 1 — Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 1	$138,600,000
Base Residential AV Year 0 (adjusted by CCPI)	($ 38,600,000)
Residential Development AV Year 1	$100,000,000
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 1	$ 1,000,000

Illustrative Example B Year 1 — Calculation of NR-PTP

	MVWSD	MVLAUHSD
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	$237,600	$152,100

Illustrative Example A Year 2 — Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 2	$238,600,000
Base Residential AV Year 1 (adjusted by CCPI)	($ 39,372,000)
Residential Development AV Year 2	$199,228,000
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 2	$ 1,992,280

Illustrative Example B Year 2 — Calculation of NR-PTP

	MVWSD	MVLAUHSD
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	$473,366	$303,026

Illustrative Example A Year 3 – Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 3	$300,000,000
Base Residential AV Year 2 (adjusted by CCPI)	($ 40,159,440)
Residential Development AV Year 3	$259,840,560
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 3	$ 2,598,406

Illustrative Example B Year 3 – Calculation of NR-PTP

	MVWSD	MVLAUHSD
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by following the December 31)	$617,381	$395,217

Illustrative Example A Year 4 – Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 4	$400,000,000
Base Residential AV Year 3 (adjusted by CCPI)	($ 39,757,846)
Residential Development AV Year 4	$360,242,154
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 4	$ 3,602,422

Illustrative Example B Year 4 – Calculation of NR-PTP

	MVWSD	MVLAUHSD
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	$855,935	$547,928

Illustrative Example A Year 5 – Calculation of New Residential Property Tax Revenues

Total Residential Tax Roll AV Year 5	$500,000,000
Base Residential AV Year 4 (adjusted by CCPI)	($ 40,155,424)
Residential Development AV Year 5	$459,844,576
Tax Increment Rate	1.0%
Residential Property Tax Revenues Year 5	$ 4,598,446

Illustrative Example B Year 5 – Calculation of NR-PTP

	MVWSD	MVLAUHSD
Increment Allocation Factor	23.76%	15.21%
NR-PTP (by the following December 31)	$1,092,591	$699,424

<u>Illustrative Example C—Calculation of Base Residential AV (Following Year 1)</u>

Base Residential Tax Roll AV Year 0	$38,600,000
Base Residential AV Year 1 (assume 2.0% CCPI)	$39,372,000
Base Residential AV Year 2 (assume 2.0% CCPI)	$40,159,440
Base Residential AV Year 3 (assume negative 1.0% CCPI)	$39,757,846
Base Residential AV Year 4 (assume 1.0% CCPI)	$40,155,424

c.   Adjustment to the Percentage Change in Property Tax Revenues for the Calculation of the PTP

Beginning in the first year a NR-PTP is made and every year thereafter, the property tax revenues calculated in Paragraph a. above shall be reduced by the New Residential Property Tax Revenues calculated in Paragraph b. above in order to prevent a double-counting of the property tax revenues that is the result of New Residential Development. The PTP shall be calculated annually by multiplying the prior fiscal year PTP by the adjusted percentage growth in property tax revenues as shown below, and subject to the provisions in Paragraph a.

An example of the calculations to adjust the percentage change in property tax revenues and calculate the total payments under this Section 3.4 is as follows (**numbers are used for illustrative purposes only and are not to be considered a projection**):

<u>Illustrative Example D Year 1—Calculation of Adjusted % Change in Property Tax Revenues</u>

Property Tax Revenues Received Year 0		$45,000,000
Property Tax Revenues Received Year 1	$50,000,000	
Less New Residential Property Tax Revenues Year 1	($ 1,000,000)	
Net Property Tax Revenues Year 1		$49,000,000
Adjusted Percentage Change from Year 0 to Year 1		8.9%

<u>Illustrative Example E Year 1—Calculation of Total Payments under Section 3.4</u>

	MVWSD	**MVLAUHSD**
PTP Year 0	$4,000,000	$2,600,000
Adjusted Percentage Change (see Ex D Year 1)	8.9%	8.9%
PTP Year 1	$4,356,000	$2,831,400
NR-PTP Year 1 (see Example B)	$ 237,600	$ 152,100
Total Payments under Section 3.4 Year 1	$4,593,600	$2,983,500

Illustrative Example D Year 2—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 1		$50,000,000
Property Tax Revenue Received Year 2	$55,000,000	
Less New Residential Property Tax Revenues Year 2	($ 1,992,280)	
Net Property Tax Revenues Year 2		$53,007,720
Adjusted Percentage Change from Year 1 to Year 2		6.0%

Illustrative Example E Year 2—Calculation of Total Payments under Section 3.4

	MVWSD	MVLAUHSD
PTP Year 1	$4,356,000	$2,831,400
Adjusted Percentage Change (see Ex D Year 2)	6.0%	6.0%
PTP Year 2	$4,617,360	$3,001,284
NR-PTP Year 2 (see Example B)	$ 473,366	$ 303,026
Total Payments under Section 3.4 Year 2	$5,090,726	$3,304,310

Illustrative Example D Year 3—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 2		$55,000,000
Property Tax Revenue Received Year 3	$54,000,000	
Less New Residential Property Tax Revenues Year 3	($ 2,598,406)	
Net Property Tax Revenues Year 3		$51,401,594
Adjusted Percentage Change from Year 2 to Year 3		(6.5%)

Illustrative Example E Year 3—Calculation of Total Payments under Section 3.4

	MVWSD	MVLAUHSD
PTP Year 2	$4,617,360	$3,001,284
Adjusted Percentage Change (see Ex D Year 3)	(6.5%)	(6.5%)
PTP Year 3	$4,317,232	$2,806,201
NR-PTP Year 4 (see Example B)	$ 617,381	$ 395,217
Total Payments under Section 3.4 Year 3	$4,934,613	$3,201,418

Illustrative Example D Year 4—Calculation of Adjusted % Change in Property Tax Revenues

Property Tax Revenues Received Year 3		$54,000,000
Property Tax Revenue Received Year 4	$58,000,000	
Less New Residential Property Tax Revenues Year 4	($ 3,602,422)	
Net Property Tax Revenues Year 4		$54,397,578
Adjusted Percentage Change from Year 3 to Year 4		0.7%

<u>Illustrative Example E Year 4—Calculation of Total Payments under Section 3.4</u>

	MVWSD	**MVLAUHSD**
PTP Year 3	$4,317,232	$2,806,201
Adjusted Percentage Change (see Ex D Year 4)	0.7%	0.7%
PTP Year 4	$4,347,453	$2,825,844
NR-PTP Year 4 (see Example B)	$ 855,935	$ 547,928
Total Payments under Section 3.4 Year 4	$5,203,388	$3,373,772

<u>Illustrative Example D Year 5—Calculation of Adjusted % Change in Property Tax Revenues</u>

Property Tax Revenues Received Year 4		$58,000,000
Property Tax Revenue Received Year 5	$64,000,000	
Less New Residential Property Tax Revenues Year 5	($ 4,598,446)	
Net Property Tax Revenues Year 5		$59,401,554
Adjusted Percentage Change from Year 4 to Year 5		2.4%

<u>Illustrative Example E Year 5—Calculation of Total Payments under Section 3.4</u>

	MVWSD	**MVLAUHSD**
PTP Year 4	$4,347,453	$2,825,844
Adjusted Percentage Change (see Ex D Year 5)	2.4%	2.4%
PTP Year 5	$4,451,792	$2,893,664
NR-PTP Year 5 (see Example B)	$1,092,591	$ 699,424
Total Payments under Section 3.4 Year 5	$5,544,383	$3,593,088 "

All other terms and conditions in that certain Agreement dated June 20, 2013, above referenced, shall remain in full force and effect.

Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which in the aggregate shall constitute one and the same instrument, and the Parties agree that signatures on this Amendment shall be sufficient to bind the Parties.
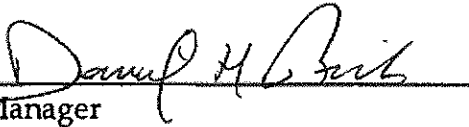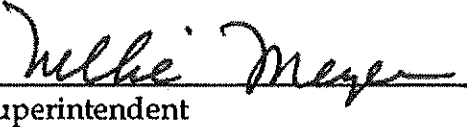
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IN WITNESS WHEREOF, this Amendment No. 1 dated September 5, 2019 for identification, to the Agreement between Shoreline Regional Park Community and Mountain View Los Altos Union High School District and Mountain View Whisman School District is executed by SHORELINE COMMUNITY and DISTRICTS.
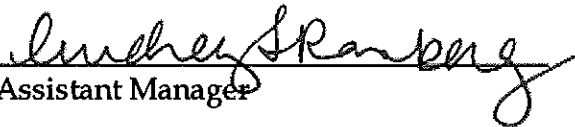
"SHORELINE COMMUNITY":
SHORELINE REGIONAL PARK
COMMUNITY

By: _____
　　Manager

"DISTRICTS":
MOUNTAIN VIEW LOS ALTOS
UNION HIGH SCHOOL DISTRICT

By: _____
　　Superintendent

APPROVED AS TO CONTENT:

_____
Assistant Manager

MOUNTAIN VIEW WHISMAN
SCHOOL DISTRICT
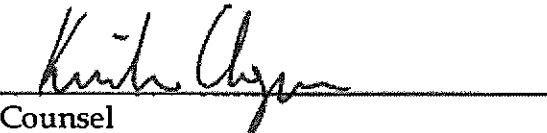
By: _____
　　Superintendent

FINANCIAL APPROVAL:

_____
Treasurer

APPROVED AS TO FORM:

_____
Counsel