



MEMORANDUM

DATE: November 27, 2023

TO: Mike Mathiesen, Associate Superintendent, Business Services, Mountain View
Los Altos Union High School District

Rebecca Westover, Chief Business Officer, Mountain View Whisman School
District

FROM: Audrey Seymour Ramberg, Assistant Manager, Shoreline Regional Park
Community

**SUBJECT: Draft Amendment to the 2023 Education Enhancement Revenue Joint Powers
Agreement**

This memo provides background for and a summary of the attached draft amendment to the 2023 Education Enhancement Reserve Joint Powers Agreement (EER JPA).

Two versions of the amendment are included as attachments. One is a “clean” version of the draft amendment. The document labeled “redline” details the changes to the 2023 EER JPA that are included in the draft amendment following the recitals and identifies their source. Red text denotes verbiage that was in the 2013 EER JPA and blue text denotes new additions. Verbiage that is already included in the existing 2023 EER JPA remains black.

BACKGROUND

On September 8, 2023, Mountain View Whisman School District (MVWSD) staff alerted Shoreline Regional Park Community (SRPC) staff of a request to extend the 2023 Education Enhancement Reserve Joint Powers Agreement (EER JPA) beyond Fiscal Year 2023-24. The request resulted from the Santa Clara County Office of Education’s requirement to receive assurance of continued EER JPA payments in order for MVWSD to be able to include these payments in their budget projections beyond the term of the 2023 EER JPA, which concludes on June 30, 2024.

On September 28, 2023, MVWSD submitted a letter to the SRPC requesting assurance of future payment calculated by adjusting the 2023 EER JPA Minimum Payment by the year-over-year percentage change in property tax revenues and the continuation of the New Residential Property Tax Payment. The letter requested assurance of payment through June 30, 2027, to assist MVWSD in its budgeting process and provide certainty when preparing and justifying budget projections for future years.

Mountain View Los Altos Union High School District (MVLA) has not made a similar request. However, as a party to the EER JPA, the extended term would apply to MVLA as well.

In a demonstration of the SRPC and City's continued support to Mountain View schools and students, the SRPC Board of Directors authorized an amendment to the EER JPA narrowly focused on the extension of the term and continuity of payment at its October 10, 2023 meeting. While City staff was preparing the draft amendment, we noticed errors in the calculations in the illustrative examples of hypothetical future payments provided in Attachment A to the 2023 EER JPA. The draft amendment includes a corrected attachment as described below.

SUMMARY OF DRAFT CHANGES TO THE 2023 SHORT-TERM EER JPA

Changes to the 2023 EER JPA put forth in the draft amendment are summarized below. The 2023 Agreement as modified by Amendment No. 1, including those sections not modified, remains in full force and effect.

Term

As requested by MVWSD, the draft amendment would extend the EER JPA through the end of Fiscal Year 2026-27, or June 30, 2027. Timely negotiations for a successor agreement will continue this fiscal year.

Annual Payment

The draft amendment adds a new Section 3.2.1 which states that in Fiscal Years 2024-25, 2025-26, and 2026-27, payments will be calculated by adjusting the prior year's Minimum and Adjustment Payments (not including the one-time payment) by the year-over-year net change in property tax revenues. Payments will be made by December 31 in each of the fiscal years within the new term of the agreement. These payment terms are nearly identical to those in the 2013 EER JPA. The other sections in Article 3 remain in effect during the extended term of the amended agreement, including Section 3.3, which relates to the New Residential Property Tax Payment.

Suspension of Payment

Reflecting the multi-year extension to the EER JPA, the draft amendment incorporates verbiage from the 2013 EER JPA regarding the subordination of EER JPA payments to the SRPC's other debt obligations, including obligations for debt that has yet to be issued and the provision of written notice one year prior to suspension of payment under the terms of the provision. Additional language reinforces that the SRPC has agreed to forgo the issuance of new debt for Fiscal Year 2023-24 only and not subsequent fiscal years included in the extension to the EER JPA.

Corrections to Attachment 1

Example calculations were included in the 2019 Amendment to the EER JPA and were carried forward into the 2023 agreement to show how the payments from new residential and nonresidential property tax revenue would be calculated. This involved first calculating new residential property tax revenue and then netting this amount out from total property tax revenue. It is necessary to do this before calculating the percentage by which to adjust the nonresidential property tax payment each year. Otherwise, the property tax revenue generated from new residential development would be double-counted.

While City staff was preparing the amendment to extend the EER JPA for three years, we noticed that Examples D and E referenced incorrect numbers per Sections 3.2 and 3.3 in the agreement when calculating the percentage change in property tax revenues adjusted to net out property tax revenue from new residential development. City staff has corrected Examples D and E accordingly, so they are now accurate. This has resulted in a higher adjusted percent change and, therefore, higher payments, for the school districts in the demonstrated examples.

NEXT STEPS

I will reach out to schedule a meeting to discuss the Amendment. If you have any questions or comments in the meantime, please let me know. Once we have completed our review at the staff level, the next step will be to bring the Amendment to the EER JPA Board for its approval to recommend the Amendment to our respective governing bodies.

ASR/LJ/8/MGR
612-11-22-23M

Attachments: 1. Draft 2023 EER JPA Amendment
2. Draft 2023 EER JPA Amendment—Redline

cc: Kimbra McCarthy, Manager, Shoreline Regional Park Community
Nellie Meyer, Superintendent, Mountain View Los Altos Union High School District
Ayindé Rudolph, Superintendent, Mountain View Whisman School District