



COUNCIL REPORT

DATE: September 9, 2025

CATEGORY: New Business

DEPT.: City Manager's Office

TITLE: **Amendments to Funding and Joint Use Agreement and Transfer of Development Rights Memorandum of Understanding with Los Altos School District**

RECOMMENDATION

1. Approve the First Amendment to the Funding and Joint Use Agreement Between the City of Mountain View and Los Altos School District (Attachment 1 to the Council Report) and authorize the City Manager or designee to execute this Amendment.
2. Approve the First Amendment to Memorandum of Understanding Between the City of Mountain View and Los Altos School District (Transfer of Development Rights Program) (Attachment 3 to the Council report) and authorize the City Manager or designee to execute this Amendment.

BACKGROUND

[On July 10, 2012](#), the City Council adopted the 2030 General Plan, which encourages cooperation between the City and local school districts to meet community educational and open space needs and contains policies to foster collaboration on new school development. On [December 2, 2014](#), the City Council adopted the San Antonio Precise Plan which includes policies to allow a transfer of development rights (TDR) process to generate a funding source to support Los Altos School District's (LASD or the District) development of a public school to accommodate the increased enrollment of Mountain View residents in LASD schools from development in the area north of El Camino.

City Agreements with Los Altos School District

On [January 16, 2018](#), the City Council authorized the City Manager to execute a TDR Memorandum of Understanding (MOU) between the City and LASD establishing a framework for a TDR process designed to support the acquisition of a new public-school site in the San Antonio Precise Plan Area. This site is referred to as the San Antonio Center School Site in this report and has also been called the 10th School Site. The TDR MOU was negotiated and executed with LASD in January 2019, with a ten-year term expiring in 2029. The maximum potential proceeds generated under the TDR Program are \$79.3 million.

Since the execution of the TDR MOU, the City has granted Gatekeeper authorizations for eight development projects under the TDR MOU. The status of the projects is discussed in the analysis section below.

At the January 16, 2018 Council meeting and a subsequent meeting on [June 26, 2018](#), the Council directed staff to execute agreements to provide additional community benefit for Mountain View residents by creating joint use recreational and open spaces. The Council directed staff to develop a Funding Agreement with LASD specifying the terms and conditions of the City's contribution of up to \$23 million in Park Land Dedication funds for public accessibility to open space and recreational facilities associated with the new school site. To accompany this, Council directed staff to develop a Master Joint Use Agreement with LASD specifying the terms and conditions of ongoing operation and maintenance of these public open space and recreational facilities.

The Funding and Master Joint Use Agreements were combined into a single Funding and Joint Use Agreement (FJUA), which was negotiated and executed with LASD in June 2019 (Attachment 5). In November 2019, the City and LASD executed an additional agreement (Open Space Park Agreement) with LASD for the City's purchase of two acres of land for a public park for \$20 million. These two acres are part of the larger 11.65-acre site owned by LASD, as described more fully below.

School Site Description

In 2019, LASD purchased 11.65 acres in the San Antonio Center, which, in accordance with the above agreements, will consist of the following:

- 9.65-acre school site including a joint use gymnasium (LASD owned)
- 4-acre Joint Use Area, including soccer and baseball fields and potentially including playground facilities, tot lot, outdoor classroom areas, and outdoor basketball courts (LASD-owned, City rights to use)
- 2-acre public park (City-owned)

Status of FJUA

The FJUA provides high-level guidance for developing the Joint Use Area of the San Antonio Center School Site, which calls for LASD and the City to work together to develop a master plan for the site. The master planning process began in February 2020 and was slowed by COVID-19 workloads and priorities.

At an [October 26, 2021](#) study session, staff updated the City Council on the strong collaboration and master planning work with LASD and presented an initial recommendation on the location of the City park on the site as shown in Figure 1 below. By consensus, Council supported the staff's recommended park location and the continued collaboration with LASD. In parallel, the LASD Board supported the location of the City park.

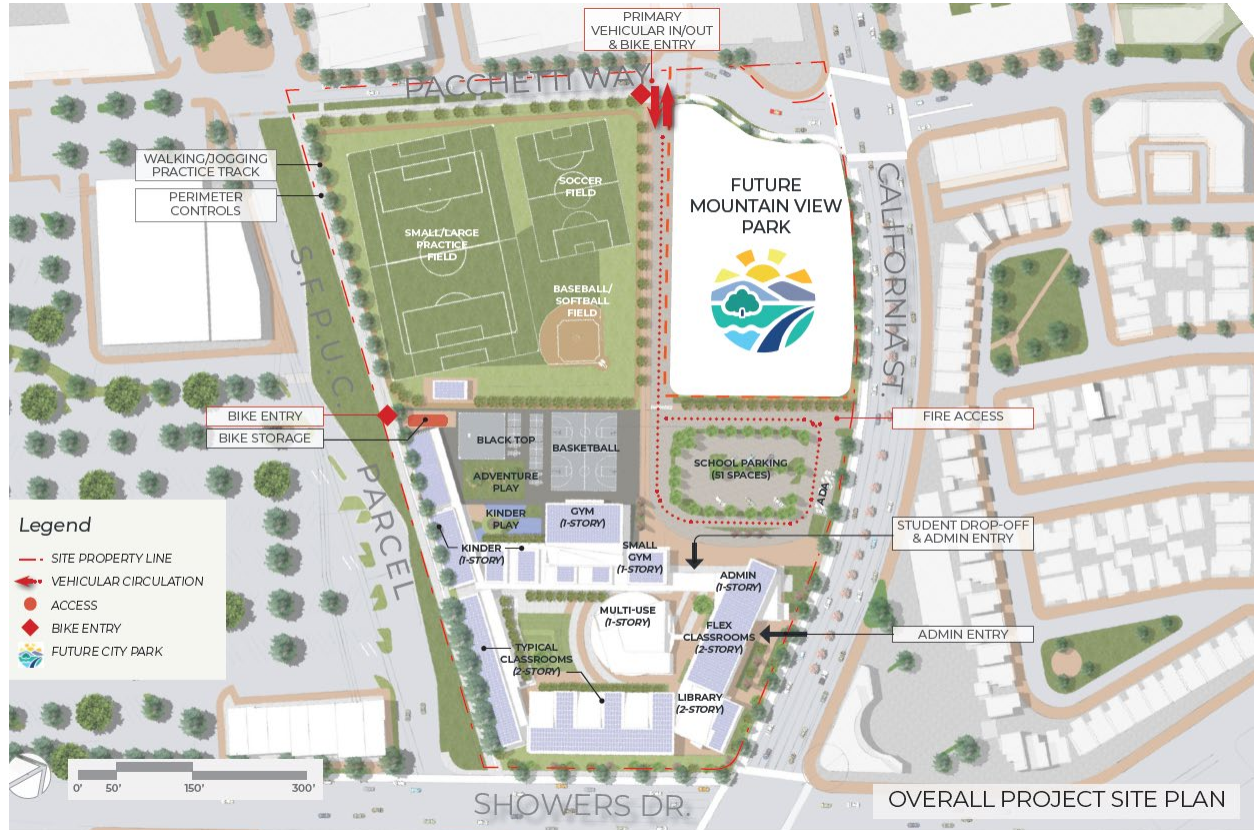


Figure 2: Proposed Mountain View Park Site

The study session staff report highlighted that due to the unforeseen project delays resulting from the COVID-19 pandemic, the September 30, 2024 deadline in the FJUA for LASD's delivery of the Joint Use Area for City use would need to be reviewed. Following the October 2021 study session, City and LASD staff continued to meet on the master planning process, discussing facility layout and design. During these discussions, LASD's decision on the type of school to be placed at the San Antonio site was uncertain.

Ultimately, the September 2024 deadline was not met, leading to the initiation of an informal meet and confer process between the City and LASD.

ANALYSIS

FJUA Amendment

The City's central interest in the informal meet and confer process was to ensure benefits to the Mountain View community from the City's contribution of \$43 million, which has been paid to LASD through the FJUA and Open Space Park Agreement. These two agreements, together with the City's creation of the TDR program, were intended as a package to bring commensurate value to the residents of Mountain View from the City's financial and policy support. During the meet and confer process, the City and LASD explored their individual and shared interests and now wish to amend the FJUA to extend the deadline to construct and open the Joint Use Area and to make other elective amendments. The proposed Amendment is included as Attachment 1. (A redline version of the Amendment to the FJUA is included as Attachment 2.) Key terms of the amended FJUA are summarized below.

Development of the Joint Use Area

LASD will design and construct the joint use area concurrently with the design and construction of the school. The proposed new deadline for constructing and making the Joint Use Area available for City use is September 30, 2030, with the possibility of an extension by the City Manager or their designee with a showing of good cause.

Development of the School Site

The existing FJUA states that "the School Site will be used to serve the Mountain View community surrounding the School Site to accommodate the increased enrollment from development in the area north of El Camino." The agreement further states that the school will serve neighborhood students and that if a charter or choice school is placed there, it will have a preference for neighborhood students.

Since the execution of the FJUA, enrollment growth has not materialized as anticipated. The District has developed a facility master plan establishing the needs of the District's existing schools, including a programmatic priority to create grade 6 through 8 middle schools. The District has communicated several objectives associated with this model, including a broader choice in electives and smaller class sizes for middle school students, and the opportunity to focus elementary school campuses on the educational, physical, and social developmental needs of TK to 5th-grade students.

LASD is still deliberating on the school type and configuration at the San Antonio Center School Site. During the meet and confer process with the City, LASD staff expressed a value in the FJUA providing flexibility in this regard. To provide this flexibility, the proposed Amendment to the

FJUA states that the **“School Site will be used for the construction and development of a 'public school' as that term is defined by the California Department of Education or any successor agency.”** In addition, **language regarding school size has been amended to refer to District policies and procedures and all applicable laws governing the size, capacity, and construction of the School, including California Department of Education guidelines.**

Transfer of Development Rights Proceeds

In consideration of LASD’s interest in flexibility, the staff teams from the District and the City discussed and reached an agreement on a sharing of TDR proceeds as a way to provide community benefit from the package of agreements executed in 2019 (FJUA, TDR MOU, and Open Space Park Agreement). The proposed Amendment to the FJUA states that **all revenue, income or monies generated by or arising under the TDR Program and paid to the District, on or after October 1, 2024, shall be split equally between the City and LASD and each party shall receive 50% of the total amount of TDR Program Proceeds and any interest earned thereon, less any costs of an escrow to hold such funds.** The proposed Amendment also provides terms for timing the remittance to the City of proceeds received by LASD.

As mentioned above, the potential maximum in proceeds that can be generated under the TDR Program is \$79.3 million. Before October 1, 2024, LASD had received \$10.4 million in TDR payments. This leaves up to \$68.9 million in potential TDR proceeds to be split evenly between the City and LASD, the City’s half of which would be \$34.45 million.

The status of the eight projects that have received Gatekeeper authorizations as part of the TDR Program is provided in Table 1 below, along with 30,000 square feet in unutilized TDR. This table shows the \$10.4 million payment associated with the 600 Ellis Street (Sobrato) project that is not subject to the proposed TDR split, a \$19.5 million payment associated with the recently approved 365 San Antonio (Merlone Geier) project, of which the City’s share is \$9.75 million, and the remaining \$49.4 million in potential TDR proceeds.

Table 1: Status of TDR Projects

Location/Type	Applicant	Status	Approx. TDR Payment/Sq. Ft.	Share of TDR Program
TDR Projects				
600 Ellis OFFICE	Sobrato	Valid – DA Term Expires Jan 2028	\$10.4M/80,000 (Paid to LASD)	13.1%
365 San Antonio (“MG3” Project) OFFICE	Merlone Geier	Valid – DA Term Expires Dec 2032	\$19.5M/150,000	24.6%
189 N. Bernardo OFFICE	Sand Hill	Valid – Permits expire May 2027 (2-year extension approved Aug 2025)	\$3.6M/28,000	4.6%
301 E. Evelyn OFFICE	Rockwood	Active Application – Resubmitted Aug 2025 Application previously inactive (> 1 year)	\$16.3M/125,000	20.5%
400 Logue RESIDENTIAL	Miramar	Expired in June 2025; Applicant is interested in re-entitlement.	\$5.5M/42,000	6.9%
303 Ravendale OFFICE	Sand Hill	Application withdrawn	\$5.9M/45,000	7.4%
355 E. Middlefield RESIDENTIAL	SummerHill	Expired – Entitlements approved in 2020	\$1.3M/10,000	1.6%
291-339 N. Bernardo OFFICE	Vanni	Expired – Formal application not submitted	\$13.0M/100,000	16.4%
Unutilized TDR				
<i>400 Logue UNUTILIZED TDR</i>	<i>Miramar</i>	<i>Other – Unused portion of 72,000 sq. ft. TDR originally authorized for project</i>	<i>\$3.9M/30,000</i>	<i>4.9%</i>
		TOTAL	\$79.3M¹/610,000	

TDR MOU Amendment

As shown in Table 1 above, three of the eight Council-approved Gatekeeper projects are valid, and one previously inactive project is currently under review. The remaining four Gatekeeper

¹ Sum of payments for individual projects differs from the total value due to rounding.

projects have expired or been withdrawn. The applicant for one of the (recently) expired Gatekeeper projects (400 Logue) has expressed preliminary interest in submitting a new Gatekeeper project application.

Various factors, including increased construction and financing costs and shifting work-from-home trends, have impacted the pace of project development. The TDR MOU states it will remain in effect for ten years from its effective date (January 29, 2019). The City and LASD discussed the shared interest in extending the TDR MOU term to provide more time for TDR projects to be developed and to realize TDR proceeds. **The recommended Amendment is for the TDR MOU to remain in effect for twenty years from its effective date, for a 10-year extension to January 29, 2039.** The proposed Amendment is included as Attachment 3. (A redline version of the Amendment to the TDR MOU is included as Attachment 4.)

FISCAL IMPACT

The proposed split of TDR proceeds in the Amendment to the FJUA will allow the City to receive up to \$34.45 million in revenue if all of the TDR Project area is developed. The recommended Amendments to the FJUA and TDR MOU do not have costs.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

- ☒ Contract or franchise agreement
- ☒ Material contract modification or amendment

CONCLUSION

The City and LASD have entered into agreements to create a TDR program (TDR MOU) to support the acquisition of a new public-school site in the San Antonio Precise Plan Area, develop joint use recreation and open spaces (FJUA), and create a City park (Park and Open Space Agreement).

These agreements and the City's contribution of \$43 million are taken together to create important benefits for the Mountain View community. The City and LASD have collaborated to develop a master plan for the use of the San Antonio Center School Site. Due to delays associated with the COVID-19 pandemic, the joint use area was not completed by the September 30, 2024 deadline stated in the FJUA. The City and LASD have conducted an informal meet and confer process and now propose an Amendment to the FJUA to extend to September 30, 2029 the deadline for the District to complete the joint use area and make it available for City use. The Amendment also provides LASD with flexibility regarding the placement of a public school as defined by the California Department of Education at the San Antonio Center site and enables the City to receive up to \$34.45 million in TDR proceeds as a community benefit in consideration of this flexibility. The proposed Amendment to the TDR MOU with LASD will extend by ten years the MOU's effective period (up to January 29, 2039), providing more time for receipt of TDR proceeds.

ALTERNATIVES

1. Direct staff to return to the informal meet and confer process with LASD to negotiate different terms for the Amendment to the FJUA and/or TDR MOU as directed by Council.
2. Do not approve the Amendment to the FJUA and direct staff to institute the next steps in the dispute resolution process to address the breach of the FJUA provision requiring LASD to deliver the joint use area by September 30, 2024. Subsequent steps would include a formal meet and confer process between the City Manager and Superintendent, a formal dispute resolution process such as mediation, litigation, or termination of the FJUA and reimbursement to the City of its \$23 million contribution.
3. Do not approve the Amendment to the TDR MOU.
4. Provide other direction.

PUBLIC NOTICING

The City Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. The Los Altos School District was notified of this meeting.

Prepared by:

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Approved by:

Kimbra McCarthy
City Manager

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- Attachments:
1. First Amendment to the FJUA – Clean
 2. First Amendment to the FJUA – Redline
 3. First Amendment to the TDR MOU – Clean
 4. First Amendment to the TDR MOU – Redline
 5. 2019 FJUA