

January 27, 2011

Mayor Jac Siegel and Members of the City Council  
City of Mountain View  
500 Castro Street  
P.O. Box 7540  
Mountain View, CA 94039-7540

Re: Shoreline Regional Park Community and SRPC / MVW / MVLA Educational  
Enhancement Joint Powers Agreement

Dear Mayor Siegel and Members of the City Council:

We are a group of parents who are interested in the Mountain View Revitalization Authority and the Shoreline Regional Park Community ("Shoreline"), and particularly how those two districts impact funding for our local schools.

In the fall of last year, we had an opportunity to meet with each of you on an individual basis to introduce ourselves and share our motives for supporting our schools. We understand we can not disclose the details of those meetings due to Brown Act considerations, so we will simply reiterate that our purpose in forming this group is to insure that Mountain View public schools are supported and well-funded, so they can continue to improve. We are very passionate about our schools because we believe it is our moral obligation as a community and our civic duty as individuals to provide an opportunity for every young person in our community to obtain a quality education. We also believe having great schools improves the quality of life for all the residents of City of Mountain View.

Representatives of our group attended the annual Educational Enhancement Joint Powers Authority ("JPA") meeting held at City Hall on June 9, 2010. Since that time, we have done considerable research to educate ourselves on the structure, governance, operation and finances of Shoreline. That research included a review of the documents pertaining to the original formation and operation of Shoreline (obtained through a public records request filed with the City Attorney in June, 2010). We did this research in order to educate ourselves on the particulars of Shoreline before forming an opinion regarding the current JPA.

The JPA was executed by Shoreline, MVW and MVLA on January 1, 2006. The JPA requires Shoreline to make annual cash payments to MVW and MVLA of \$800,000 (\$400,000 each) commencing in FY 2006, indexed to reflect growth in assessed value up to a maximum of 3.0 percent per year. The 2010-11 JPA payments totaled \$900,407 (\$450,204 each). The JPA payments are split evenly between MVW and MVLA. In addition, the City also provides services to MVW including maintenance of playing

fields, school resource officers, school crossing guards, joint maintenance of gyms at Graham and Crittenden, and funding for after school recreation programs and art and music programs. In return MVW and MVLA provide public access to certain facilities (including fields and gyms) for recreational purposes. The value of the services provided by the City to MVW and MVLA, and the value of the public access granted by MVW and MVLA to the City, has not been determined.

Shoreline Financial Information

Following is a summary of key Shoreline financial information taken from the City 2010-11 Adopted Budget and the Shoreline 2009-10 Financial Statements

Assessed value of real property	\$2,595.2M
Frozen Base	\$33.9M
Tax Increment	\$2,561.3M

*Note the Tax Increment equals 98.7% of 2010-11 total assessed value.*

SRPC projected 2010-11 revenue	\$28.9M
SRPC projected 2010-11 expenditures	\$19.5M
SRPC projected 2010-11 revenues over expenditures	\$9.4M

SRPC actual 2009-10 revenues over expenditures	\$10.3M
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SRPC projected cash balance on 6/30/11	\$32.6M
<i>(\$22.6M operating fund balance + \$10.0M "strategic reserve")</i>	

Loss of Tax Revenue to MVW and MVLA under current JPA

*Proforma revenue amounts below based on information received from Patty Kong, MV Finance Director, MV 2010-11 budget, MVW and MVLA)*

Proforma Shoreline tax revenue to MVW (23.75% of TI)	\$6.4M
2010-11 MVW payments per JPA	\$0.5M
Net loss to MVW	\$5.9M
MVW 2010-11 operating budget	\$39.2M
Net loss per current JPA as percent of operating budget	15.0%

Proforma Shoreline tax revenue to MVLA (12.21% of TI)	\$3.3M
2010-11 MVLA payments per JPA	\$0.5M
Net loss to MVLA	\$2.8M
MVLA 2010-11 operating budget	\$48.0M
Net loss per current JPA as percent of operating budget	5.8%

Current school funding and description of 2010-11 and 2011-12 program cuts:

In the past two years, the Mountain View Whisman School District has been forced to make drastic budget cuts, due to the economic downturn in the state. One example is the elimination of the Class Size Reduction ("CSR") program for kindergarten through third grade classrooms. Already, teachers are feeling the strain of class sizes 20-30% larger than last year. Talented teachers at the beginning of their careers were laid off because of the CSR program cuts. Other specialized teachers, trained to help struggling students or advanced students, were also let go for lack of funding. In our children's classrooms, teacher "wish lists" at the beginning of this school year included basics like paper, pens, and tissues. Schools are slowly being starved of resources and staff before our eyes, as we and other parents devote hundreds of hours to PTA's and Mountain View Educational Foundation's fundraising efforts to fill program gaps. All our fundraising efforts, however, only generate about \$800,000 per year...not nearly enough to cover the \$2.4 million in cuts in this past year alone.

Given this situation, you can imagine our reactions when we learned last year about Shoreline and its impacts on school funding. In our view, the tax monies generated from the businesses in Shoreline are enormous, and far exceed the current Shoreline need—a situation that is out of balance, entirely unfair and in our view not politically sustainable.

We spent many hours researching Shoreline in an attempt to understand the details, so that we could take an informed and responsible role in this discussion. In our view, it is abundantly clear that Shoreline currently has revenues far in excess of what is required to support on-going operations. That fact is evidenced by Shoreline's ability over the last five years to finance large capital projects, pay down over \$13.8 million dollars in debt (plus interest) and establish a ten million dollar "Strategic Investment / Property Acquisition" reserve, all financed entirely with property tax revenues (i.e., without issuing new debt). As further evidence of Shoreline's financial strength, we point out Shoreline's projected cash balance at the end of the current fiscal year of \$32.6M, and Shoreline's surplus revenue (revenue in excess of expenses) of \$9.4 million in 2010-11 (projected) and \$9.3 million (actual) in 2009-10.

It is worth noting that Shoreline was created in 1969, and is now in its forty-second year of existence. Shoreline appears to mirror a redevelopment district in form, function and financing, except that Shoreline has no sunset date. In that respect it is highly unusual, we know of no other similar district in California. As you know, state law requires that redevelopment districts sunset in thirty to forty years, depending on the formation date. The reason for this is clear and compelling; tax increment districts such as Shoreline are empowered to retain property taxes for a finite period of time in order to finance redevelopment. As Governor Brown said in his recent budget proposal "Redevelopment agencies were not intended to become a permanent source of business subsidies" and their original intent was to "relieve blight" in a "limited amount of time."

Based on the above information, we assert that now is the time for the City Council to step back and take a fresh look at Shoreline. Rather than continuing to retain

approximately 90% of the property tax revenue that would otherwise flow to MVW and MVLA, our view is that Shoreline should be wound down over a short period of time (say three years) to the point where it retains adequate revenue to fund essential on-going operations, long term maintenance obligations and debt service, and distribute the remaining property tax revenue to the schools. Future capital projects (whether located within or outside Shoreline) and other non-recurring expenses should be financed via the General Fund, not at the expense of our schools.

In order to investigate this course of action, we believe the Council should retain an independent third-party consultant to perform the necessary operational and financial analysis to determine what level of revenues Shoreline would require to finance on-going operations, long term maintenance and debt service going forward. That process should be public and fully transparent. As you know, the City requires property developers to retain independent environmental consultants to prepare Environmental Impact Reports for proposed development projects, in order to preserve the public trust and avoid the appearance of bias. The same logic applies to this situation. To clarify, we have a high level of trust in Mr. Duggan and his staff. Having said that, the fact remains the City is in a position to benefit significantly from the continuation of the current JPA. In order to avoid the appearance of bias, the City should retain an outside consultant to perform the Shoreline financial analysis.

We recently submitted a list of questions and additional information regarding Shoreline to staff. We hope to receive that information prior to the upcoming February 8<sup>th</sup> study session. We have attached a copy of that list to this letter for your information. We are also currently visiting with the PTAs and Site Councils at each of the MVW schools to educate the school community and gather support for our proposal.

In closing, we hope you appreciate our good faith effort to engage in this process in a responsible and respectful manner. We recognize the city has powerful incentives to stay with the status quo, and we hope that you consider this issue from the perspective of the large number of passionate school supporters in our community. We believe our proposal is reasonable and takes into account the interests of all parties. It is our belief that implementing the proposal above is in the best interest of our schools and our entire community.

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We look forward to addressing the council at the upcoming Shoreline study session on February 8<sup>th</sup>. Thank you for your consideration of this information.

Sincerely,

Jim Pollart, 2010-11 Chairman, Graham School Site Council; 2010-11 Member, MVLA Citizens Oversight Committee; 2009-10 Chairman, MVEF Monte Carlo Night Corporate Sponsorship Committee

Laura Blakely, 2009-11 President, MVEF; 2008 Chair, MVW Parcel Tax Campaign (Measure C); volunteer for MVLA Measure A Bond (2010), MVW Measure E (2003) and J (2004) Parcel Tax Campaigns

Roxanne Coish, 2008-2011 Huff PTA Executive Board Member, 2008-2010 MVEF Monte Carlo Night Chairperson, 2006-2009 Huff PTA Auction Chairperson, 2010 Huff Walkathon Co-Chairperson

Mark Johnsen, Leadership Mountain View alumnus; Board Member, YMCA Silicon Valley; Member, Mountain View / Los Altos Challenge Team, Member, Bubb PTA, downtown Mountain View business owner.

Page McDonald, 2010-11 Vice-Chair, Graham School Site Council, 2009-11 Board Member, MVEF; 2002-2007 Bubb PTA Board Member; 2007 - 2009 Bubb School Site Council Member

Maja Popovic, 2007-2011 MVEF Board Member; 2008 MVW Parcel Tax Campaign (Measure C) and 2010 MVLA Measure A Volunteer; 2006-2009 Castro Elementary PTA Board Member / Fundraising Chair; 2009 City of MV 2030 Visioning Facilitator

cc: Kevin Duggan, City Manager  
Melissa Stevenson Dile, Assistant City Manager  
Craig Goldman, MVW Superintendent  
MVW Trustees  
Barry Groves, MVLA Superintendent  
MVLA Trustees