

**Finance Sub-Committee**  
**Portola Valley Town Center Renovation Committee**

**Prepared By:** Steve Dunne, Richard Merk, Gary Nielsen, SallyAnn Reiss and Ed Wells.

**Mission:** Outline recommendations on how to finance town center renovation.

**Summary:** The Finance Sub-Committee agreed to keep the discussion agnostic of future site location. We chose to analyze how we would raise, \$3 million, \$6 million, \$9 million, or \$12 million to pay for the future project. The sub-committee utilizes several different strategies to fund the various amount.

**Assumptions:**

- 1) Currently, there is approximately \$3 million (end of fiscal yr 2002) earmarked for PV Town Center Renovation.
- 2) Normal yearly surplus that could be dedicated to a renovation fund which has historically been approximately \$200,000.
- 3) In an aggressive scenario, there could be as much as \$350, 000 surplus dedicated to the renovation fund. In the early to mid 1990s, the Town typically had a \$250,000-400,000 yearly surplus. These days, \$350,000 is still aggressive.
- 4) There is a potential for interfund transfers and/or loans. The Open Space Fund (\$417,000) and the General Fund, both being un-restricted funds, could be used for short term borrowing with approval of the Town Council.
- 5) There are approximately 1500 dwellings in Portola Valley that pay property tax.

**Analysis: “3-6-9-12”**

- A) \$3 million: If the town only needed \$3 million for the renovations, the work could start tomorrow as there is already \$3 million dollars in the PV Town Center Reserve.
- B) \$6 million: If the town need \$6 million for the renovations, it would be reasonable to do “pay-as-you go”. The project would be extended over 8.5 years and pursue the \$350K per year aggressive funding as mentioned above. (Increases in building costs could be counter affected by increased taxes, etc...Soft dollar analysis.)
- C) \$9 million: Today’s \$3M + aggressive surplus (\$350K/year) + raise \$3 million dollars via alternate strategies. 8.5 year time line.
- D) \$12 million: Today’s \$3M + aggressive surplus (\$350K/year) + raise \$6 million dollars via alternate strategies. 8.5 year time line.

**Question:** Going forward, how do we raise \$3 million to \$6 million dollars in addition to a yearly budget surplus?

**Alternate Strategies:**

- 1) General Obligation Bond: A tax on homeowners correlated to the value of their home (tied to property tax). Do-able, but grossly unfair. Very difficult to obtain support because the perception of unfairness.
- 2) Certificates of Participation, also known as a Lease/Revenue Bond: This is a building bond. Bonds of \$1,000 or \$5,000. This strategy has been done before in establishing libraries. The lease arrangement needs to be with a public entity. A non-profit corporation would have to be set up to be the vehicle to offer the bonds. There must be a revenue source. This bond strategy does not need to go to an electorate vote.
- 3) Parcel Tax: A tax on homeowners tied to the parcel of land they own. Flat rate or variable rate for all properties. The local schools do this (\$198 per year). Pacifica is doing this so as to keep its fire station open. A parcel tax needs a 2/3rds majority vote by the electorate of Portola Valley. Historically, the citizens of Portola Valley have passed parcel taxes for the school. Next opportunity for the parcel tax to be on the ballot would be in March of 2004. Parcel taxes are considered acceptable to most as it is tax deductible for those that itemize their deductions (guess this would relate to majority of PV residents). One might consider it like a charitable contribution as it all goes on schedule A when filing annual income taxes. A Parcel Tax of \$200 per dwelling per year would give the Fund \$300K per year = \$3 million over 10 years.
- 4) Installment Purchase: (*Relevant only if a purchase of property is involved*). Buy a piece of property from someone, pay installments over 10 years. Requires revenue source. Instigate 'de facto eminent domain', which would benefit the seller, as they would be able to use this fact for tax benefits. Also beneficial to the seller as capital gains only applies to principle payments. Furthermore, seller has a note to borrow against. Action: The town would have to hire an appraiser. One negative on this strategy is a timing issue. Would take some time for negotiations and then it would have to go to a vote in an election year.
- 5) Public Fundraising: Anywhere from \$100,000 to \$1 million dollars is possible. Once a site and design are established, a fund-raising committee can form and flesh out all the different angles and opportunities.
- 6) Pledges: A pledge drive could be run so as to ask citizens for a certain cash pledge over 5 years.
- 7) Contributions: Large, distinguished amounts contributed to the renovation in exchange for name rights to a specific aspect of the development. For example, Mr. & Mrs. Lane have offered to contribute a significant amount for the rebuilding of the MUR.
- 8) Interest on Reserves: \$3 million at 2% = \$60K per year = \$510,000 over 8.5 years. (Counting only the Town Center Fund reserves.) Modest interest rate is

a result of Town investments vehicles being controlled by State law.(.....remember Orange county!)

- 9) Government Sources: Opportunities identified but not fully researched. Perhaps money from federal funding for Emergency Center? County funding? Grants from individual corporations and philanthropists? Once a site and design are established, a grant writing team could form from within the fund-raising committee and further research could be done area.

## Town Center Cost Estimates

7/25/2003

### Location

Building/Function	TwN Cntr Current Loc.	TwN Cntr Alt. Loc.	Nathorst/ TwN Cntr	Stanford/ TwN Cntr	Ford Field/ TwN Cntr	Mirador/ TwN Cntr
<b>Town Hall</b>						
Administration - 5000 sq ft	2,345,000	1,550,000	1,500,000	1,500,000	1,500,000	1,550,000
Site Work	168,000	120,000	120,000	120,000	120,000	120,000
Seismic Evaluation	0	100,000	0	100,000	0	100,000
<b>MUR</b>						
Building - 5000 sq ft	2,000,000	1,500,000	1,375,000	1,375,000	1,375,000	1,500,000
Site Work	20,000	120,000	120,000	120,000	120,000	120,000
<b>Corporation Yard/Shop</b>						
Building - 3000 sq ft	1,200,000	930,000	825,000	825,000	825,000	930,000
Site Work	240,000	120,000	120,000	120,000	120,000	120,000
<b>Classrooms/Gallery/Archive</b>						
Building - 6300 sq ft	2,520,000	1,953,000	1,953,000	1,890,000	1,890,000	1,953,000
Site Work	48,000	20,000	20,000	20,000	20,000	20,000
<b>Library</b>						
Building - 5200 sq ft	2,080,000	1,612,000	1,560,000	1,560,000	1,560,000	1,612,000
Site Work	350,000	120,000	120,000	120,000	120,000	120,000
<b>Park Pavillion</b>						
Covered Area	225,000	200,000	200,000	200,000	200,000	200,000
Toilet Rooms	210,000	210,000	210,000	210,000	210,000	210,000
Site Work	80,000	80,000	80,000	80,000	80,000	80,000
<b>Site</b>						
Property Cost	0	0	4,500,000	15,000,000	0	5,000,000
Parking	105,000	105,000	105,000	105,000	105,000	105,000
Sewer	100,000	100,000	100,000	100,000	100,000	100,000
Open Creek	500,000	500,000	500,000	500,000	500,000	500,000
Playing Field Repair	1,151,000	1,551,000	1,151,000	1,151,000	1,151,000	1,151,000
Landscaping	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Site Lighting	216,000	216,000	216,000	216,000	216,000	216,000
<b>Total</b>	<b>14,638,000</b>	<b>12,187,000</b>	<b>15,855,000</b>	<b>26,392,000</b>	<b>11,292,000</b>	<b>16,787,000</b>

**Color Key:**

Existing Site at Town Hall

Projects which could be built at the alternate Town Hall site or because of space limitations of other sites.

Projects which could be built at Nathorst per Nathorst Site #1 Schematic Handout

Projects which could be built at Stanford Wedge per Stanford Wedge Schematic Handout

Projects which could be built at Ford Field per Virginia Bacon's map.

Projects which could be built at El Mirador

**Cost Estimate Notes:**

Building construction costs taken from "Cost Analysis" dated 5/28/03 from Biggs Cardosa Associates

Existing Town Hall Site taken from column "within fault rupture zone".

Alternate Town Hall Site and El Mirador taken from column "within 125' of fault."

Nathorst, Stanford Wedge, and Ford Field taken from "1/2 mile from fault."

Building size in square feet (sq ft) taken from "Town Center Master Plan Prelim. Alternative #3 dated 5/22/03.

**Construction Cost Estimates in \$/sq ft for Selected Locations**

Building/Function	Location					
	TC Current Loc.	TC Alt. Loc.	Nathorst/ TC	Stanford Wedge/TC	Ford Field/ TC	Mirador/ TC
<b>Administration</b>	\$469	\$310	\$300	\$300	\$300	\$310
Construction Type	Immed. Use	Immed. Use	Immed. Use	Immed. Use	Immed. Use	Immed. Use
<b>MUR</b>	\$400	\$300	\$275	\$275	\$275	\$300
Construction Type	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety
<b>Corporation Yard/Shop</b>	\$400	\$310	\$300	\$300	\$300	\$310
Construction Type	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety
<b>Classrooms/Gallery/Archive</b>						
Building - 6300 sq ft	\$400	\$310	\$310	\$300	\$300	\$310
Construction Type	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety
<b>Library</b>						
Building - 4800 sq ft	\$400	\$310	\$300	\$300	\$300	\$310
Construction Type	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety	Life Safety