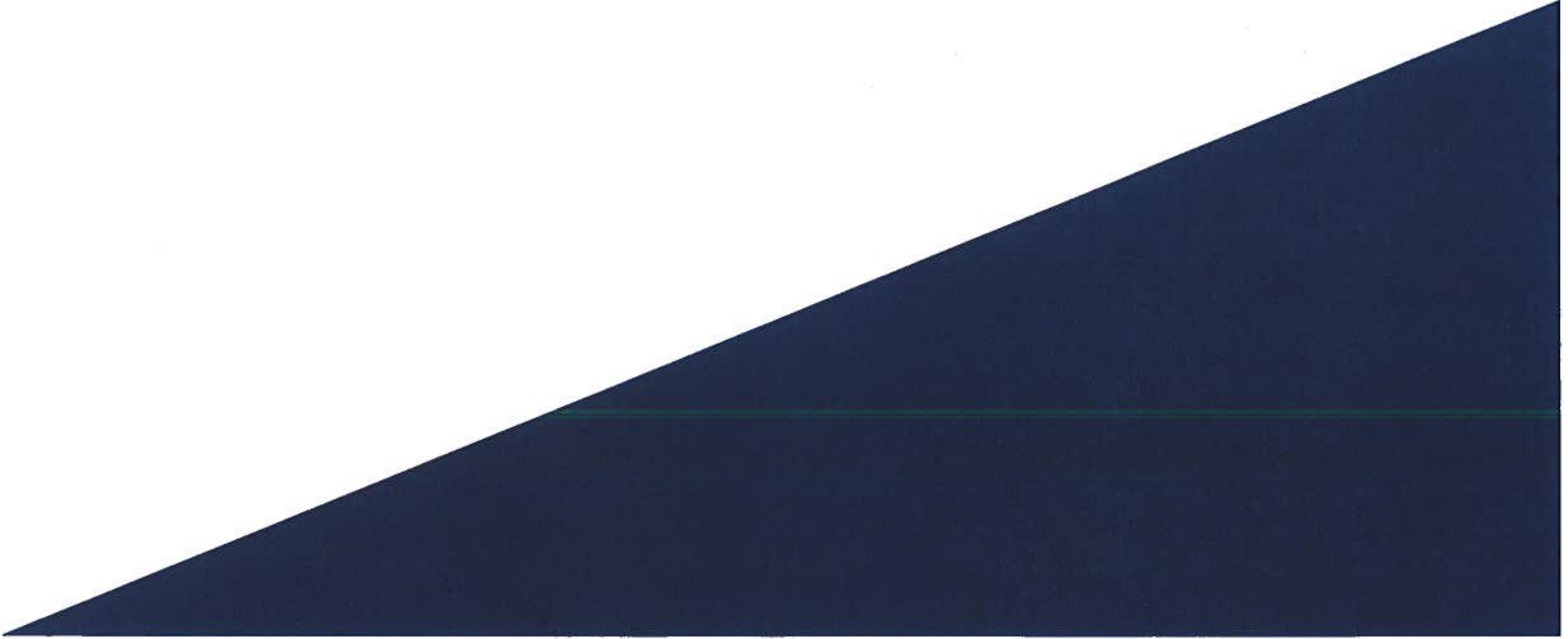


**Feasibility Study
for the Proposed Territory Transfer
from North Monterey County Unified School District
to Lagunita Elementary School District
and Salinas Union High School District**

October 14, 2019

**Prepared by:
Christy White, CPA
President
Christy White, Inc.
348 Olive Street
San Diego, CA 92103**



**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Table of Contents

	<u>Page</u>
Executive Summary	1
Background.....	3
Methodology	5
Feasibility of the State’s Nine Criteria	
#1: Adequate Number of Pupils.....	6
#2: Substantial Community Identity.....	7
#3: Equitable Division of Assets and Liabilities.....	10
#4: Not Promote Racial or Ethnic Discrimination or Segregation.....	11
#5: No Substantial Increase in Costs to the State.....	13
#6: No Significant Disruption of the Educational Programs.....	14
#7: No Significant Increase in School Housing Costs.....	16
#8: Not Primarily Designed to Result in a Significant Increase in Property Values.....	18
#9: No Substantial Negative Effect on Fiscal Status and Management.....	20
Appendix:	
#1: Petition	
#2: Maps of the Territory	

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Executive Summary

The requested territory transfer of thirteen (13) parcels within the Hidden Canyon Ranch development from North Monterey County Unified School District (NMCUSD) to Lagunita Elementary School District (LESD), under Education Code Section 35700, appears to meet all State's criteria for school district reorganization, as contained in Education Code Section 35753. The petition would also transfer the territory for grades 9-12 from NMCUSD to Salinas Union High School District (SUHSD). While the petition does not name SUHSD, by operation of law, the residents in the development would be within SUHSD boundaries should the petition be approved.

Favoring the petition to meet the State's criteria are the following facts and observations:

- The proposed territory transfer area is quite small in comparison to NMCUSD in terms of geography (13 parcels), assessed valuation (.25%, a quarter of 1%), and school-aged children (4-6 pupils, all currently in private school). There are also no district-owned properties or facilities in the territory.
- Community identity is stronger with the petitioners to Lagunita School, the nearby community of Santa Rita (within SUHSD), and to the City of Salinas compared to NMCUSD schools and the corresponding Prunedale and Castroville community centers. One of the lead petitioners attended Lagunita School. The lead petitioners expressed strong community identity through their past and present participation in activities with the Lagunita school, shopping and dining in Santa Rita and Salinas, and through their religious affiliations in Santa Rita.
- The territory parcels are geographically cut off from Prunedale Elementary School (PES), their NMCUSD school of attendance. PES would be 3.3 miles from the back of the Hidden Canyon Ranch development if there were access to Pesante Road. Access to Pesante Rd. is blocked because Pesante Rd. is a dead-end road. Two back gates lead from the community to Pesante Rd. and Tarawild Ct. but are kept locked, reportedly for building permit compliance. (Note: for safety the fire department has lockboxes on the gates.)

As a result of the geographical cut-off, instead of traveling to PES down Pesante Rd., the residents would need to drive 3 miles to the Hwy. 101 and then 4.2 miles south to the school, a total of 7.5 miles. We noted that Hwy. 101 is congested with commuters in the morning and is notoriously dangerous, albeit reportedly safer with the recent addition of overpasses. By contrast, LESD is 1.6 miles away on backroads, taking a right turn out of the development, down Crazy Horse Canyon Rd. to San Juan Grade and LESD.

- It doesn't appear that the territory transfer would precipitate other transfer petitions in the immediate area due to the development's geographic remoteness in a hilly rural area with large minimum lot sizes. Also unique to the petition is the school district boundary line that bifurcates the Hidden Canyon Ranch development.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Executive Summary, Cont'd

- The walking safety hazard to an NMCUSD bus stop is a significant issue. Christy White, Inc. (CW) drove the area, and the children would have to walk along the windy, Crazy Horse Canyon Rd. without pedestrian walkways or paths. The first bus stop is about 2 miles away. However, NMCUSD stated that a possible bus stop could be added at the development entrance in the future if there were students to transport.
- There would be virtually no increase in property taxes to NMCUSD residents. As computed, taxes assessed for the repayment of general obligation bonds would only increase an estimated 16 cents per \$100,000 in assessed valuation (e.g., less than \$1 for a \$500,000 valued home per year).
- The territory transfer would not necessitate the lay-off of employees, the reduction of salaries or benefits, or the dismantling of any educational program.
- Interdistrict agreements are not an optimal solution over boundary changes, assuming the petition meets the State's criteria. The petition opponents have offered interdistrict agreements as a solution to territory transfer. But, interdistrict agreements are not permanent and are subject to denial by future governing boards. Interdistrict agreements disenfranchise (i.e., deprive of the right to vote) parents from voting in school board elections, in this case voting in LESD and SUHSD.

The compelling reason the petitioners put forth for the territory transfer is, "To allow a new development split by the current boundary line to have a cohesive community identity." After conducting our work, we would add that the petition approval would also: provide safer and shorter transportation routes to schools; and allow LESD board governance opportunities and school input to the entire Hidden Canyon Ranch development.

The NMCUSD is opposed to the petition, primarily based on the loss (transfer) of property tax assessed valuation (AV), the loss of developer fee income from the five vacant parcels yet to be developed, and fiscal concerns should pupils (they estimate 9 per year) not attend NMCUSD for the next 30 years. We found these claims were either not fiscally significant (in the case of AV and developer fee loss) or too speculative (in the case of state funding loss). Plus, no consideration of the cost savings was given for not serving these theoretical pupils, only a projected loss of state revenues. We assert there would be no quantifiable and verifiable loss of funding as a result of the transfer. This report analyzes the fiscal impact under Criterion #9.

Of possible further interest to the County Committee is the question of whether this petition is consistent with any Master Plan on school district organization in Monterey County. CW's understanding is that no such plan is either required or exists. As such, "local education needs and concerns" would serve as the basis for reorganization decisions. Under current law, EC Section 35500 states:

It is the intent of the Legislature to utilize the organization of districts as they existed on January 1, 1981, and local educational needs and concerns shall serve as the basis for future reorganization of districts in each county.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Background

Monterey County Office of Education, on behalf of the Monterey County Committee on School District Organization, has contracted with Christy White, Inc. (CW), a certified public accounting and school district consulting firm, to conduct a feasibility study of transferring thirteen (13) Hidden Canyon Ranch parcels from the North Monterey County Unified School District (NMCUSD) to the Lagunita Elementary School District (LESD), and then correspondingly, to Salinas Union High School District (SUHSD)*.

The thirteen (13) parcels are part of the Hidden Canyon Ranch development, which includes a total of 26 parcels and is bifurcated by the school district boundary line. As such, half of the parcels are within NMUSD, and half of the parcels are within the LESD/SUHSD district.

The 13 parcels in the petition are as listed:

Parcel Number	Address
125571016000	8428 Hidden Canyon Rd
125571023000	8420 Hidden Canyon Rd
125571024000	8924 Hidden Canyon Rd
125621014000	8948 Hidden Canyon Rd
125621015000	8944 Hidden Canyon Rd
125621016000	8940 Hidden Canyon Rd
125621018000	8571 Donny's Ridge Rd
125621019000	8650 Carolines Ridge Rd.
125621020000	8654 Carolines Ridge Rd.
125621021000	8659 Carolines Ridge Rd.
125621022000	8663 Carolines Ridge Rd.
125621025000	8567 Donny's Ridge Rd.
125291049000	n/a

Lagunita Elementary School District (LESD) is a K-8 school district of about 100 pupils that sends grades 9-12 pupils to Salinas Union High School District (SUHSD). NMCUSD is a 4,600 pupil grades K-12 district. SUHSD recently opened a new 5th high school, Rancho San Juan High School, that is 5 miles from the petition territory in the neighboring community of Santa Rita. Parents and students do not need to drive on Highways 101 or 156 to the LESD and SUHSD schools; there are accessible backroad routes. By contrast, Prunedale Elementary is 7.5 miles away off Highway 101, and North Monterey County High School is 11 miles away via CA-156W.

**Footnote: Education Code (EC) Section 35541 requires that the boundary of a high school district change when the boundary of any of its component districts change, therefore, any change to Lagunita, by operation of law, results in a corresponding shift in the high school district.*

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Background, Cont'd

LESD staff reported that new residents of the Hidden Canyon Ranch development often assume they are in LESD upon purchasing the property. The LESD is closer geographically, and residents shop foremost in the adjacent Santa Rita area.

Appendix 1 provides a copy of the petition, and Appendix 2, the district boundary maps. Historically the district boundary lines were established along the foothill ridgeline where Hidden Canyon Ranch Rd. now runs. The LESD was established in 1897. The reason the petitioners put forth for the territory transfer is, "To allow a new development split by the current boundary line to have a cohesive community identity."

The chief petitioners are Caroline Hodges and Amy Bordi. Public hearings regarding this petition, mandated by Education Code Section 35705, were held on September 17, 2019.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Methodology

CW was engaged in evaluating the petition based on the conditions found in Education Code Section 35753 and determine whether the criteria are substantially met (Education Code Section 35709, 35710). The requirements are:

1. The new districts will be adequate in terms of the number of pupils enrolled.
2. The districts are each organized on the basis of substantial community identity.
3. The proposal will result in an equitable division of property and facilities of the original district or districts.
4. The reorganization of the districts will not promote racial or ethnic discrimination or segregation.
5. The proposed reorganization will not result in any substantial increase in costs to the state.
6. The proposed reorganization will not significantly disrupt the educational programs in the proposed districts, and districts affected by the proposed reorganization will continue to promote sound education performance in those districts.
7. The proposed reorganization will not result in a significant increase in school housing costs.
8. The proposed reorganization is not primarily designed to result in a significant increase in property values causing financial advantage to property owners because the territory was transferred from one school district to an adjoining district.
9. The proposed reorganization will not cause a substantial negative effect on the fiscal management or fiscal status of the proposed district or any existing district affected by the proposed reorganization.

There were no additional criteria added to the study scope. To conduct the study, we:

- ✓ Interviewed the lead petitioners (Ms. Caroline Hodges and Ms. Amy Bordi); the Superintendent of the Lagunita Elementary School District; the Superintendent, and Chief Business Official of the North Monterey County Unified School District; and, the Superintendent of Salinas Union High School District.
- ✓ Gathered information from the above-mentioned parties, the Monterey County Office of Education, the public hearings, the Monterey County Assessors and Tax Collectors office, the California Department of Education, and various other independent research sources in compiling this report and deciding the study results.
- ✓ Physically inspected the petition area by driving transportation routes to and from the territory and the affected schools. We also drove the surrounding community areas.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #1: Adequate Number of Pupils

State's Criterion: EC Section 35753 specifies that the reorganized districts must be adequate in terms of the number of pupils enrolled.

Analysis: Section 18753(a) of Title 5 of the California Code of Regulations states that "It is the intent of the State Board that direct service districts not be created which will become more dependent upon county offices of education and state support unless unusual circumstances exist." Therefore, each district should have projected enrollment of at least 1,501 pupils in a unified district.

Lagunita ESD (LESD) is already a direct service district, and it is not unified. The District has about 100 pupils, and the proposed territory transfer would not affect the enrollment or its status as a direct service district. At present, 4-6 children reportedly reside within the proposed territory transfer area but currently attend private schools.

The potential for more student enrollment would be a benefit to LESD, according to the Superintendent. The District generates most of its enrollment from interdistrict transfers, e.g., from NMCUSD and Santa Rita Elementary School District. As a result, it is difficult to find and recruit board members. The LESD territory is sparsely populated, with only about 350 registered voters.

NMCUSD would like to retain as many pupils as possible. At present, there would be no loss of enrollment from the proposed territory as the 4-6 pupils that reside there are all in private school. The district would not become a direct service district as a result of this proposed territory transfer. NMCUSD's student enrollment for the fiscal year 2018-19 was 4,595.

The Salinas Union HSD's student enrollment was 15,818 in 2018-19 (according to the CDE). There would be no foreseeable impact on the district as a result of the territory transfer.

In summary, the reorganization will not create a new direct service district. CW confirmed with Larry Shirey, Consultant at the California Department of Education (CDE), that the criterion evaluation is to determine whether a new direct service district is created, and this petition would not.

Consultant's Conclusion: Based on the data and CW's analysis, the criterion is met, and the reorganized districts would be adequate in terms of the number of pupils enrolled.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Criterion #2: Substantial Community Identity

State's Criterion: The newly reorganized school districts must be organized based on substantial community identity. We considered the following criteria to determine whether or not substantial community identity exists.

- (A) Isolation.
- (B) Geography.
- (C) Distance between social centers.
- (D) Distance between school centers.
- (E) Topography.
- (F) Weather.
- (G) Community, school, and social ties and other circumstances peculiar to the area.

Analysis:

The proposed territory transfer lies within the Hidden Canyon Ranch community. The development initially was 27 parcels, with 5-acre minimums, and was built in the year 2000. The development lies in a rural unincorporated area of Monterey County, approximately 10 miles north of the City of Salinas and 7.5 miles east of the unincorporated area of Prunedale along major roads. Fremont Peak State Park is on the eastern border. The Pacific coast is about 14 miles west.

The school district boundary line between NMCUSD and LESD/SUHSD was reportedly established in 1897 along the hill's ridgeline, now Hidden Canyon Ranch Rd. The school district boundary line divides the Hidden Canyon Ranch community. The petition seeks to consolidate the school attendance area within the development with the closest school district, LESD, and correspondingly to SUHSD.

The surrounding area is underdeveloped and consists of ranchettes with farms and cattle grazing. The Hidden Canyon Ranch development is the only major subdivision in the area. The Salinas General Plan promotes limited urban sprawl and emphasizes protecting the "valuable agricultural resource(s) and economic base" of the Salinas Valley. The County of Monterey General Plan also emphasizes rural area preservation of agricultural resources, retention of large lot sizes, and conservation of scenic areas. Given the current public policies, multi-family developments within the petition territory and the LESD boundaries are unlikely in the foreseeable future.

CW analyzed various indicators of community identity as follows:

Social Ties: The petitioners describe the development as a community where "everyone knows and looks out for each other." Given the rural location, social ties are formed within the development and then within religious, nonprofit, and work organizations outside the area, such as in Santa Rita, Salinas, and Monterey. The Hidden Canyon Ranch community petitioners did not identify the unincorporated communities of Prunedale and Castroville as places where they have common social ties.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #2: Substantial Community Identity, Cont'd

Schools: There is a history of LESD attendance in the area. Half of the Hidden Canyon Ranch homes that lie within LESD sent four kids this year to the school. One long-time resident and lead petitioner attended LESD; her mother also attended LESD as a child. Lagunita Elementary School is about 1.6 miles from the territory transfer area.

At the same time, residences that border but are outside the Hidden Canyon Ranch development have attended NMCUSD. PES would be 3.6 miles from the development along Tarawild Ct. or Pesante Rd. but the west gates to Hidden Canyon Ranch are kept locked. Going around creates a 7.5-mile drive from the development to PES and a 12-mile drive to NMC High School.

Salinas UHSD serves high school needs of LESD matriculating students. They recently completed construction and opened in 2019-20, a new high school, Rancho San Juan. The school is 5 miles from Hidden Canyon Ranch, as compared to North Monterey County High, which is 12 miles away along Highway 156. LESD reported that a significant number of their matriculating students are now attending the new high school.

Shopping: The most frequently used major-chain grocery store is the Safeway in Salinas, 7 miles away. Also in Salinas are retail stores and services expected of an urban area, such as in the Northridge Mall, Costco, and Walmart. Salinas is the closest major shopping area.

Religious Centers: Driving down San Juan Rd. there are religious worship centers in neighboring Santa Rita and Salinas.

Demographics: The petitioners described the development as having a wide range of ages, young families to retirees, and race/ethnicity diversity (e.g., Caucasian, Hispanic, Asian, and Eastern European). Criterion #3 analyzes the affected school districts' demographics, which appear similar in overall make-up.

The area is more affluent than neighboring Monterey County areas. The average home prices in Hidden Canyon Ranch range between \$1 million to \$2 million compared to the Monterey County average home price of \$800,000 and in Salinas \$490,000 (source: Zillow).

Government Centers: The territory transfer addresses are in the 93907 Salinas postal zip code. The territory is approximately 10 miles to the City of Salinas, CA, which is the county seat with a 2010 census population of 150,441 (compared to Prunedale, an unincorporated area with about 17,000 residents). The average median household income in Salinas was \$49,840 (slightly less than the US median of \$53,889). There is a small airport. The San Jose International airport is 63 miles north. The petitioners cited Lagunita school as their only local "community center."

Climate: The climate is moderate, given the proximity to the ocean. The average high temperature is 68 degrees and a low of 48 degrees with 13 inches of rain annually.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Criterion #2: Substantial Community Identity, Cont'd

Transportation: US Route 101 runs north to south and links the San Francisco Bay Area to the north to Los Angeles in the south. The transfer territory residents have the option to take backroads versus the highways to major shopping areas. The petitioners report they would not typically take Highway 156 (by which the North Monterey County High School is located) unless going into Monterey for a special event or to the coast. The territory properties are cut off from a direct backroad route to Prunedale since the back gates to the Hidden Canyon Ranch community are kept locked.

The NMCUSD bus stops are along Pesante Rd. or for high school only 2 miles away on Crazy Horse Canyon Rd. (at the landfill turnaround). Children from the Hidden Canyon Ranch territory cannot walk to the bus stops as there are no sidewalks, and there are safety hazards from wildlife and cars. The only route out of Hidden Canyon Ranch is on Crazy Horse Canyon Rd. Crazy Horse Canyon Rd. is windy, narrow, without lights or sidewalks, and has speed limits up to 55 mph with a daily average volume of traffic at 4,600 vehicles (per county studies).

The table below shows the driving distances between schools and petition territory.

North Monterey County Unified School District	Distances Between Petition Area and Schools
Prunedale Elementary (accessible route)	8 miles
North Monterey County High School	12 miles
Lagunita Elementary School	2 miles
Salinas Union High School District	
Rancho San Juan High School	5 miles

Consultant's Conclusion: Based on the data and CW's analysis, the school districts would be organized based on substantial community identity.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Criterion #3: Equitable Division of Assets and Liabilities

State Criterion: The proposed reorganization will result in an equitable division of property and facilities, including debt and monies due and not collected.

Analysis: There are currently no public-school pupils residing within the proposed transfer area, and only an estimated 4-6 school-age pupils all attending private schools. Therefore, division of student body funds is not applicable, nor any other ADA based division of assets or liabilities.

According to NMCUSD, the district has \$3.5 billion in assessed property value. The proposed transfer area has an assessed valuation of \$8.8 million or one-quarter of one percent (.25%) of the district total. There are no district properties or school sites in the proposed transfer area.

Generally, division of the district's assets and liabilities are essential so that the newly reorganized districts (in this case, LESD and SUHSD) have equitable available resources (net of related obligations) to serve the increased pupil load. And percentages for proportionate ADA and AV are most frequently used in the division. But for this petition, the ADA and AV numbers are statistically insignificant. Computing and negotiating such a division would likely exceed the cost of any monies due LESD or SUHSD from NMCUSD for housing the additional 4-6 pupils, should they return from private school education.

Consultant's Conclusion: Based on the data and CW's analysis, the proposed territory transfer appears to result in an equitable division of assets and liabilities.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

**Criterion #4: Not Promote Racial or
Ethnic Discrimination or Segregation**

State Criterion: The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.

Analysis: The petition could transfer 4-6 white students from the NMCUSD school district to LESD. But these pupils are currently attending private school, so there is presently no racial or ethnic change as a result of the proposed reorganization. But even if they were to become public school students the difference would be statistically insignificant.

There are only 13 residential parcels in the proposed transfer area, and no known plans to change the county zoning to accommodate multiple families.

Both NMCUSD and SUHSD districts are presently majority Hispanic. The LESD has about an equal number of Hispanic and White pupils, in the majority. All affected school districts have a statistically small percentage of African Americans. There is a trend upwards in the proportion of Hispanic students in all of the affected districts. The table below shows the racial/ethnic breakdown by district for the past five years.

Enrollment Trend by Ethnicity

	2018-19	2017-18	2016-17	2015-16	2014-15
North Monterey County USD - Total Students	4,595	4,616	4,613	4,555	4,493
% Students - White	12%	12%	13%	13%	14%
% Students - Hispanic	86%	85%	84%	83%	83%
% Students - All Other Groups	3%	3%	3%	3%	3%
Lagunita ESD - Total Students	101	98	99	98	100
% Students - White	43%	43%	46%	51%	53%
% Students - Hispanic	43%	43%	42%	34%	34%
% Students - All Other Groups	15%	14%	12%	15%	13%
Salinas UHSD - Total Students	15,818	15,631	15,040	14,691	14,437
% Students - White	7%	8%	9%	10%	9%
% Students - Hispanic	89%	88%	86%	85%	85%
% Students - All Other Groups	4%	5%	5%	6%	6%

Source: CDE, DataQuest

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

**Criterion #4: Not Promote Racial or
Ethnic Discrimination or Segregation, Cont'd**

Effect on Governing Board Policies and Plans Designed to Alleviate Segregation: Title 5 CCR requires governing boards to "...study and consider possible alternative plans when the pupils in one or more racial or ethnic groups differ significantly from the district-wide percentages." And, each school district must set forth policies, programs, and other plans to alleviate the harmful effects of segregation. As part of the evaluation of this criterion it must be considered how policies and plans might be affected as a result of the territory transfer. Also, factors that might affect integration such as distances between school centers, terrain, school capacity, and related conditions, should be considered.

All affected districts have policies of (1) equal opportunity for all students; (2) specific identification and assistance for English language learners; and (3) promotion of multicultural education.

Consultant's Conclusion: Based on the data and CW's analysis, the territory transfer would not promote racial or ethnic discrimination or segregation.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #5: No Substantial Increase in Costs to the State

State Criterion: The proposed territory transfer will not result in any substantial increase in costs to the state. This criterion excludes the local control funding formula, the results (including any increased costs), which are permissible under EC Section 35735.1.

Analysis: This criterion is a non-issue since all affected districts are state aid funded school districts, new direct service schools would not be created (Lagunita is currently classified as such), and no affected district would create additional categorical program eligibility as a result of the transfer. In other words, state funding would not be increased as a result of reorganization.

Consultant's Conclusion: Based on the data and CW's analysis, it appears there would be no substantial increase in costs to the state as a result of the proposed territory transfer.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Criterion #6: No Significant Disruption of the Educational Programs

State Criterion: The proposed territory transfer may not significantly disrupt the educational programs in the affected districts and will continue to promote sound educational performance.

Analysis:

The State's California School Dashboard, published by the California Department of Education, contains reports that display the performance of local educational agencies (LEAs), schools, and student groups on a set of state and local measures to assist in identifying strengths, challenges, areas in need of improvement and progress. The reported results for the 2018 school year for each district is as follows:

		School District		
		North Monterey County USD	Lagunita ESD	Salinas UHSD
Test Results				
	English Language Arts	50 points below standard (yellow zone)	31.7 points above standard (green zone)	31.8 points below standard (orange zone)
	Mathematics	85.9 points below standard (red zone)	2.7 points above standard (green zone)	89.9 points below standard (orange zone)
Student Statistics				
	Enrollment	4,616	98	15,631
	College/Career Prepared	36.1%	not applicable	40.6%
	Graduation Rate	84.7%	not applicable	88.0%
	Chronic Absenteeism	11.3%	2.0%	10.9%
	English Language Learners	40.8%	n/a*	26.2%
	Socioeconomically Disadvantaged	85.0%	n/a*	74.8%
	Suspension Rate	4.3%	0.0%	6.4%
<i>n/a* not reported for privacy, due to small size</i>				
<i>Source: California Dashboard, CDE, 2018</i>				

NMCUSD and SUHSD serve similar student populations and large English Language Learner (ELL) populations. There is a correlation between the results on standardized tests and socioeconomic disadvantages and ELL challenges. NMCUSD and SUHSD have below standard results on standardized tests, while LESD has above standard results. The smaller learning environment may be a contributing factor LESD's performance. But, data related to ELL and socioeconomic factors are not available for LESD due to their small size (i.e., creates privacy concerns). All districts have met standards related to teacher credentials, provision of instructional materials, adequate facilities, implementation of academic standards, and parent engagement. NMCUSD and SUHSD offer a broad course of study, and LESD's offering for middle school age pupils is more limited due to the small enrollment.

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #6: No Significant Disruption of the Educational Programs, Cont'd

The proposed transfer of 4-6 pupils from NMCUSD to LESD/SUHSD, will not disrupt the educational programs in any affected district. And, the pupils are already in attendance at private schools.

Financial Resources for Educational Programs: It does not appear that any diminution of financial resources will occur that could negatively impact the ability of each district to continue existing educational programs. Also, see Criterion #9 Financial Impact for more discussion.

Consultant's Conclusion: Based on the data and CW's analysis, the proposed territory transfer does not appear to significantly disrupt the educational programs in the affected districts and would continue to promote sound educational performance.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

Criterion #7: No Significant Increase in School Housing Costs

State Criterion: The proposed territory transfer will not result in a significant increase in school housing costs.

Analysis:

The proposed territory transfer would transfer four-six pupils from NMCUSD to LESD/SUHSD, but the pupils are already in attendance in private schools. Therefore, there would be no impact on school housing. And, even if the students were to return to public school, the LESD administration has said there would be sufficient space and no increase in school housing costs as a result of the territory transfer.

School districts build and modernize school facilities frequently using local obligation bond revenues, which are approved by the voters. Bond revenue is derived from the assessed valuation (AV) of secured properties in the district. When territory is transferred, the AV is transferred, as well. According to the Monterey County Assessor's Office, NMCUSD would lose \$8.8 million in AV from the thirteen parcels, which is .25% of the total district AV of \$3.5 billion (see table below). And the LESD/SUHSD districts would gain an equivalent AV amount.

The table below also computes the lost annual tax revenue at \$5,566 and the resultant increase in taxes for the repayment of NMCUSD's bonds, at an estimated 16 cents per \$100,000 in AV. The percentage lost by NMCUSD and the impact on property taxpayers is very insignificant. For example, a home with AV of \$500,000 would experience an estimated \$.80 (less than a \$1) increase annually. Even projecting the completion of construction of the five vacant lots in the territory, there would not be a significant amount of added tax revenues in which to repay bonds, only an estimated \$3,165.

Impact of Territory Transfer on Assessed Valuation (AV) and NMCUSD Bond Tax Rate		
	Amounts	Source of Information
NMCUSD Total Assessed Valuation	\$ 3,499,995,595	NMCUSD Study of Petition
Assessed Valuation of the Territory Parcels	8,792,745	Monterey County Assessor's Office
Percentage AV to be Transferred by NMCUSD	0.251%	
Tax Rate per \$100,000 of Assessed Valuation in NMCUSD	\$ 63.30	NMCUSD
Tax Revenue Generated by the Territory Properties Annually	\$ 5,566	Computed as AV/\$100,000 times tax rate
NMCUSD tax revenue generated, before reorganization	\$ 2,215,497	
NMCUSD tax revenue generated, after reorganization	2,209,931	
Change	\$ 5,566	
Change in tax rate due to loss of territory, per \$100,000 in AV	\$ 0.16	Territory Tax revenue divided by AV/100,000
Example: Increase in annual tax on a \$500,000 home	\$ 0.80	
Tax Revenue from Five Developed Lots, estimated at \$1M each	\$ 3,165	Computed as \$5M AV/100,000 times the tax rate

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #7: No Significant Increase in School Housing Costs, Cont'd

The NMCUSD school district has approximately \$33.5 million in outstanding bonded indebtedness (as of June 30, 2018, audited financial statements), which is less than 1% of their AV. Bonding capacity is a debt limit. For a unified district it is 2.5% of AV, and if AB 48 passes in March 2020 (the statewide school construction bond), it will go up to 4% of AV. The transfer of the petition area will not significantly affect bonding capacity in any of the affected districts.

LESD has no bonds as there is little AV in the territory and only 350 voters, according to the district. Adding the territory to LESD and SUHSH would not significantly affect property tax revenues or housing costs.

SUHSD opened its 5th high school in 2019-20 with a capacity of 1,500 and current enrollment of 900. This school is the school of choice for the Lagunita and Santa Rita area. If the petition is approved, high school students from the Hidden Canyon Ranch development could attend the new school, and there is capacity. By contrast, NMCUSD reported overcrowded campuses and facilities challenges due to aging facilities.

Consultant's Conclusion: Based on the data and CW's analysis, the proposed territory transfer would not result in a significant increase in school housing costs.

**Criterion #8: Not Primarily Designed to Result in a
Significant Increase in Property Values**

State Criterion: The proposed territory transfer is not primarily designed to result in a significant increase in property values causing financial advantage to property owners because the territory was transferred from one school district to another.

Analysis:

There is no evidence to support that the petition was put forth primarily to raise property values. The Hidden Canyon Ranch development is zoned single-family homes and not for multi-family developments. The properties are in a rural area and at least 7 miles to the nearest city centers.

Consultant's Conclusion: Based on the data and CW's analysis, the proposal appears not to be primarily designed to result in a significant increase in property values.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

**Criterion #9: No Substantial Negative Effect on the Fiscal Status and
Management of Each District**

State's Criterion: The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the proposed district or any existing district affected by the proposed reorganization.

Analysis: CW analyzed the current fiscal management and status of each school district and the budgetary impact of the proposed reorganization. There are no schools located within the proposed territory, so there is no impact on school facilities or a need for the reassignment of staff.

The 4-6 pupils that live within the proposed transfer area are attending private schools. There is no loss of ADA to NMCUSD.

NMCUSD would lose no Local Control Funding Formula (LCFF) money only an estimated \$5,117 annually in property tax revenue (that is built into the LCFF revenue calculation and is deducted from the State's apportionment guarantee).

The table below shows the tax rate areas assigned to the petition area (source: Monterey County Tax Collector's office). Currently, the two tax rate areas generate only \$5,117 for NMCUSD. Post-transfer, the properties would be in tax rate area #086-013, and the schools would receive \$2,534. But, without regard to the transfer, the districts do not keep any of these dollars under the LCFF formula as the State simply reduces their payment share. The bottom line, no state or federal funding would be lost.

					Before Reorg	After Reorg
					Annual Tax	
	Percentage	AV for TRA 099-048	Revenue 1% of		Tax Revenue - Territory	
County	1.000000%	0.91	29,732,172	297,322	\$ 79,580	
Hartnell	0.037649%	0.03	1,119,387	11,194	2,996	
No Mty Cty USD	0.064213%	0.06	1,909,192	19,092	5,110	
	1.101862%	1.00	32,760,751	327,608	\$ 87,686	
					Annual Tax	
	Percentage	AV for TRA 086-013	Revenue 1% of			
County	1.000000%	0.94	24,839,796	248,398	\$ 226	\$ 82,295
Hartnell	0.037649%	0.04	935,193	9,352	9	3,098
Salinas Union High/Lagunita	0.030790%	0.03	764,817	7,648	7	2,534
	1.068439%	1.00	26,539,807	265,398	\$ 242	\$ 87,927

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

**Criterion #9: No Substantial Negative Effect on the Fiscal Status and
Management of Each District, Cont'd**

Furthermore, no lay-offs or program adjustments would need to be made by NMCUSD, as a result of this transfer. There are only 13 parcels, and with only a few 10 acre lots that could conceivably be subdivided into 5-acre parcels, the number of children would never reach a level that could negatively impact any of the affected districts.

The opposition to the petition claims that over \$4 million in lost state revenues would result in NMCUSD from the transfer over a 30-year period. However, they fail to consider that there would be cost to educate these pupils. School budgets are built on matching the cost of education to the revenues projected. State funding follows the students; the district receives revenues to cover expenses. It is not as if there is an existing educational program that would need dismantling due to a significant decline in enrollment. The opposition is only looking at a hypothetical revenue projection (of over \$4 million) and not including and netting out the cost of educating the hypothetical pupils.

We conclude that there is no negative fiscal effect as a result of this petition. The future impact of yet unknown pupils is far too speculative to include in the scope of this study and not a consideration in the evaluation of the State's criteria.

Current Fiscal Management and Status:

All affected districts have exhibited good fiscal practices, each filing "positive certifications" of fiscal health to the County and State and none receiving letters of going concern issues from the county office or independent auditors. A review of past audit reports shows no material deficiencies, which evidences proper fiscal management.

However, NMCUSD does report school facilities and fiscal challenges.

- According to district management, facility needs are enormous, the schools are old and overcrowded with many portables that are in poor condition. Raising capital financing is a challenge with a fluctuating property tax base since the power plant comprises over 12% of the tax base and is taxed based on production. The transfer of the territory would not significantly help or hinder the facility's needs.
- The District made General Fund budget cuts amounting to \$2M over the past few years. The budget continues to be challenged by high transportation costs and special education costs. On a positive note, NMCUSD's enrollment is up slightly over the past five years, from 4,493 in 2014-15 to 4,595 in 2018-19, according the CDE DataQuest. The district continues to grant interdistrict transfers in and out, cooperating with the other neighboring school districts. (Note: LESD's enrollment has been flat, around 100 pupils, and, SUHSD has grown over the past five years from 14,437 pupils to 15,818 pupils). The transfer of the territory would not help or hinder the budgetary needs.

**Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District**

**Criterion #9: No Substantial Negative Effect on the Fiscal Status and
Management of Each District, Cont'd**

A summary of the available fund balance reserves in each district is shown in the following table. All of the districts meet or exceed the minimum recommended fund balance reserve levels set forth by the State.

Financial Trends - Ending Balance, Available Reserves, and ADA			
	North Monterey County USD	Lagunita ESD	Salinas UHSD
2018-19 (Unaudited or Estimated Actuals)			
Ending General Fund Balance	12,983,153	not available	24,621,781
Available Reserves	1,782,000	not available	16,510,297
Available Reserves as a Percentage of Total Outgo	3.02%	not available	11.22%
Average Daily Attendance, P-2	4,330	not available	14,681
2017-18 (Audited)			
Ending General Fund Balance	11,461,318	512,136	24,194,192
Available Reserves	1,650,000	313,069	16,220,037
Available Reserves as a Percentage of Total Outgo	3.00%	31.50%	8.78%
Average Daily Attendance, P-2	4,366	95	14,626
2016-17 (Audited)			
Ending General Fund Balance	10,197,942	508,517	26,348,450
Available Reserves	1,607,998	303,035	16,199,539
Available Reserves as a Percentage of Total Outgo	3.00%	28.50%	9.40%
Average Daily Attendance, P-2	4,297	96	14,273
2015-16 (Audited)			
Ending General Fund Balance	10,239,206	531,593	24,212,211
Available Reserves	1,499,300	388,791	14,048,350
Available Reserves as a Percentage of Total Outgo	3.00%	43.50%	8.60%
Average Daily Attendance, P-2	4,298	94	13,868
<i>Source: District Financial Statements and Budget Reports</i>			

***Feasibility Study for the Proposed Territory Transfer from
North Monterey County Unified School District to
Lagunita Elementary School District and Salinas Union High School District***

Criterion #9: No Substantial Negative Effect on the Fiscal Status and Management of Each District, Cont'd

NMCUSD does have unsecured debt for Certificates of Participation (COPs), amounting to \$5.5 million as of June 30, 2018 (per the audited financial statements). The COPs were needed for emergency facilities repairs and were intended to be repaid by developer fees, but according to NMCUSD management, the developer fee income has fallen short of projections, and the annual debt service of approximately \$850,000 is paid primarily with General Fund revenues. The territory transfer does not help or exacerbate the COP debt problem, as no ADA funding is lost, and the collection of developer fees is minimal, as noted in the following discussion.

NMCUSD's developer fee income for fiscal year 2018-19 amounted to \$118,000 (per the unaudited actual financial reports). The development of the five vacant lots in Hidden Canyon Ranch petition territory may happen someday. New construction could yield approximately \$60,000 in developer fees (at \$3.79 per sq ft). Unlike low-income properties in NMCUSD that receive waivers from developer fees, the Hidden Canyon Ranch development would need to pay the fees. But, even with \$60,000 in one-time developer fees from the territory, the district would be woefully short in making the COP payment out of developer fees.

Developer fees must be spent to mitigate the student growth impact of development. Presently there are no public school pupils in attendance at NMCUSD. Therefore, there would be no growth impact from the Hidden Canyon Ranch development, although the funds might be spent elsewhere in the district.

There are retirement pension liabilities that are shared proportionately by all California school districts for CalPERS and CalSTRS. These pension liabilities are not controllable by districts and not impacted by the petition. NMCUSD has only a small unfunded post-employment liability of \$311,000 as of June 30, 2019, which would not be affected by the petition transfer of territory.

To recap:

- All affected districts are financially sound and by all appearances, well managed. NMCUSD does have to grapple with the COP debt and aging facilities, but the petition does not significantly help in meeting that challenge, nor hinder.
- The fiscal impact of the transfer of assessed valuation, in which to levy taxes and repay bonds, would be negligible (See Criterion #7).
- The fiscal impact on all affected districts from the State's funding formula, LCFF, is \$0. There are no pupils in public schools in the territory. And, even if there were pupils in public schools, there would be costs associated with revenues, leaving a minimal fiscal impact.
- No NMCUSD program dismantling would result from the territory transfer.
- The territory transfer would not cause employee lay-offs or salary/benefit reductions.

Consultant's Conclusion: Based on the data and CW's analysis, the proposal would not have a substantial adverse effect on the fiscal management or fiscal status of the existing district affected by the proposed reorganization.

Appendix 1

JUN 25 2019

Monterey County Office of the Superintendent of Schools

DECLARATION OF PETITION CIRCULATOR

I, (Print name) Amy Bardi, state as follows:

(1) That my residence address is: (Number and Street) 19980 Pesantard.
(City and Zip Code) Salinas, CA 93907

(2) That I circulated the foregoing petition and saw the appended signatures being written. (3) That according to my best information and belief, each signature is the genuine signature of the person whose name it purports to be. (4) That the dates between which all signatures to the petition were obtained are:

5/6/19 (Beginning date) and 5/31/19 (Ending date)

I certify, under penalty of perjury, that this declaration is true and correct.

Amy Lynn Bardi
(Signature of Circulator) (Include first name and middle initial or first initial and middle name)

Executed on May 31st at Lagunita School 11:04 Am

PETITION FOR TRANSFER OF TERRITORY

To the Superintendent of Schools of Monterey County:

Pursuant to *Education Code* Section 35700, subdivision (a), the undersigned, constituting at least 25 percent of the registered electors residing in the territory proposed to be transferred, now within the boundaries of the NMCUSD School District, Monterey County, petition that the boundaries of the NMCUSD School District be changed to eliminate from it the territory hereinafter described. The undersigned persons petition that the territory be transferred to and included within the Lagunita School District of Monterey County.

The property to be transferred is described as follows:

The undersigned request the changes in the respective boundaries of the school districts for the following reasons:

1. To allow a new development split by the current boundary line to have a cohesive community identity

The Chief Petitioners for the purpose of receiving notices and so forth are:

- | <i>Name (print or type)</i> | <i>Address</i> |
|-----------------------------|--------------------------|
| 1. _____ Amy Bordi | 19980 Pesante Road _____ |



To: North Monterey Unified School District
Salinas Union High School District
Monterey County Office of Education

SchoolWorks is assisting the Lagunita Elementary School District in determining the interest and impacts of implementing a change in the School District boundaries to accommodate the Hidden Canyon Ranch development area that is currently assigned to North Monterey County Unified.

The attached diagrams illustrate the current boundary lines, a close up view of the Hidden Canyon Ranch Area and the proposed boundary lines.

The changes being studied would impact the following APN's and associated addresses.

<u>APN #</u>	<u>Address</u>
125-621-014	8948 Hidden Canyon Road
125-621-015	8944 Hidden Canyon Road
125-621-016	8940 Hidden Canyon Road
125-621-018	8571 Donny's Ridge Road
125-621-019	8650 Carolines Ridge Road
125-621-020	8654 Carolines Ridge Road
125-621-021	8659 Carolines Ridge Road
125-621-022	8663 Carolines Ridge Road
125-571-023	8420 Hidden Ridge Road
125-571-024	8424 Hidden Ridge Road
125-571-016	8428 Hidden Ridge Road
125-621-025	8567 Donny's Ridge Road
125-291-049	N/A

The proposed changes impact streets and addresses that feed onto Crazy Horse Canyon Road which is only about a 1.2 mile drive to Lagunita School instead of a 5.5 mile drive to Prunedale School.

Please identify any students that currently reside at these addresses that would be potentially impacted by the boundary change. In addition, please share any thoughts, ideas or concerns with this concept.

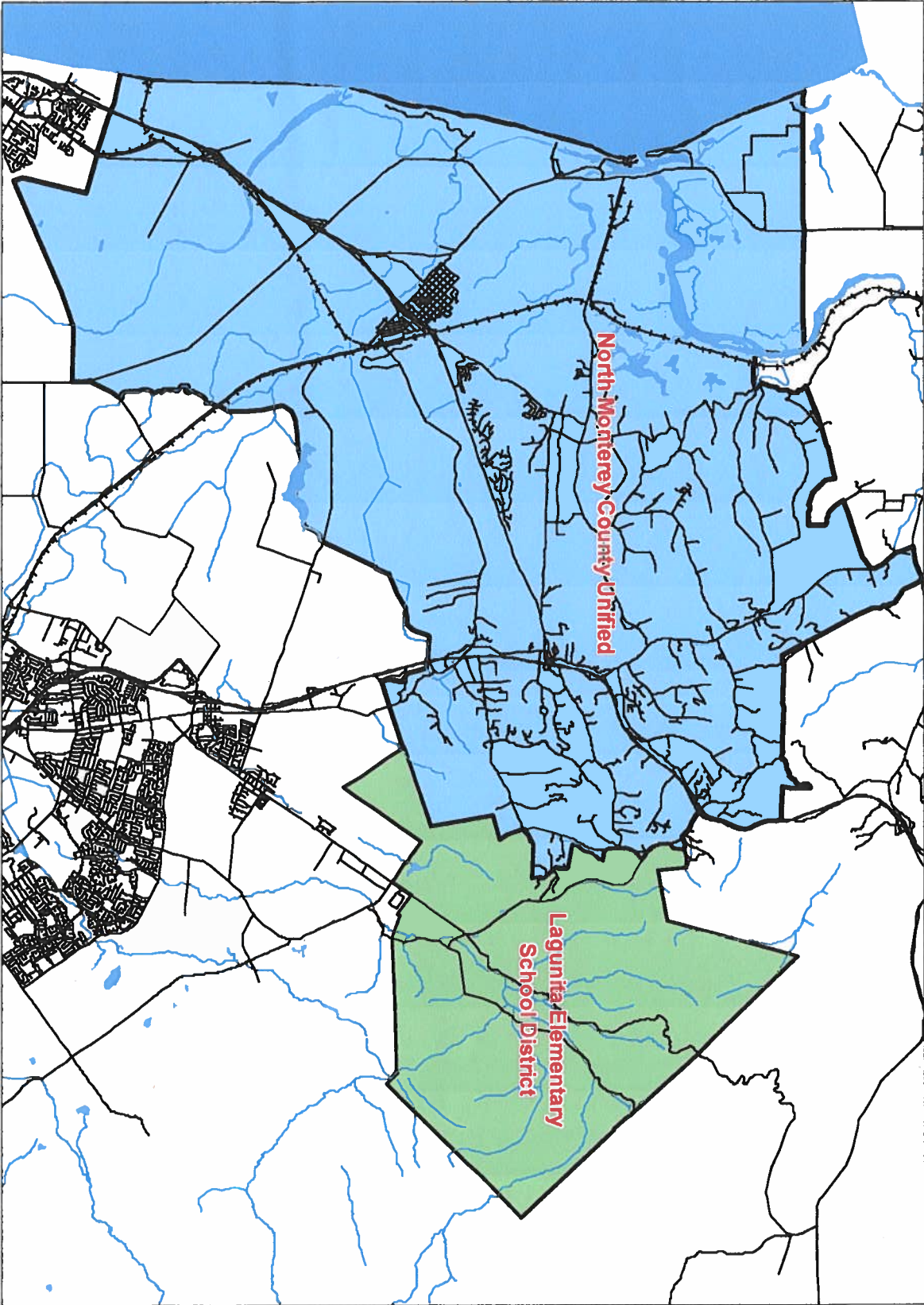
Thanks for your input.

Sincerely,

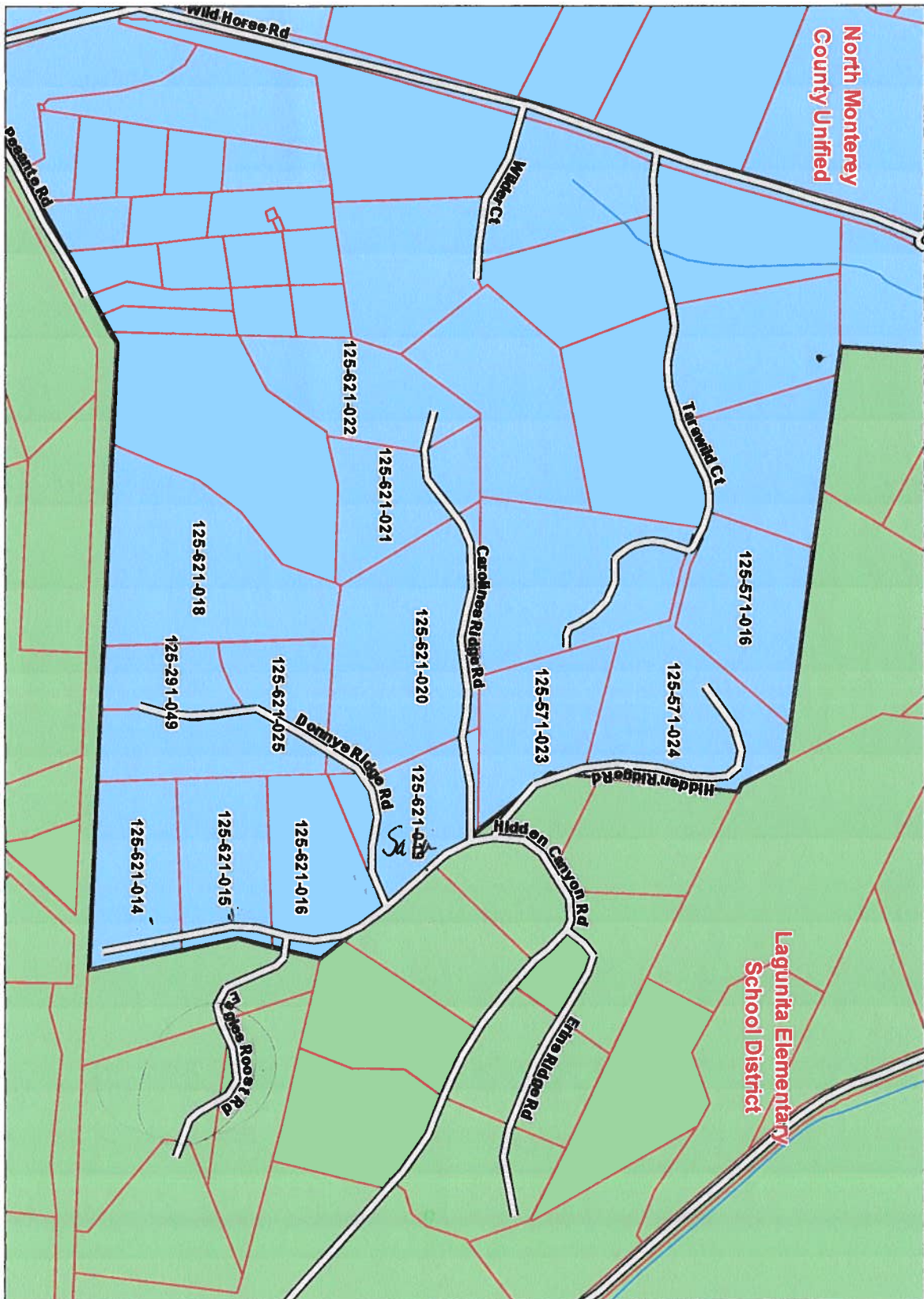
Ken Reynolds
SchoolWorks

Appendix 2

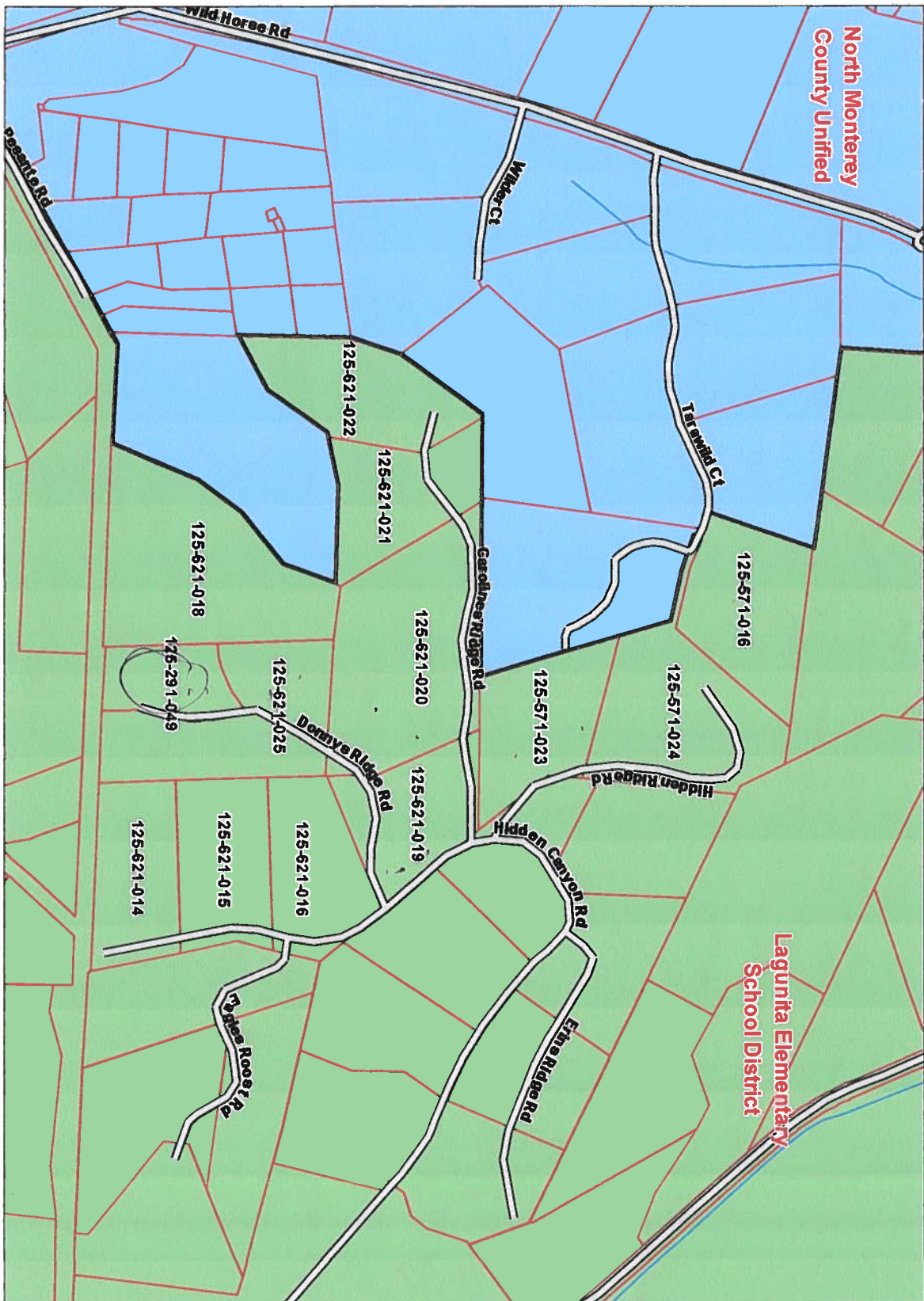
Existing District Boundaries



Hidden Canyon Ranch Area



Proposed Boundary Lines



NMC

APPROX LINE OF
EXIST. BOUNDARY

HIDDEN CANYON RANCH

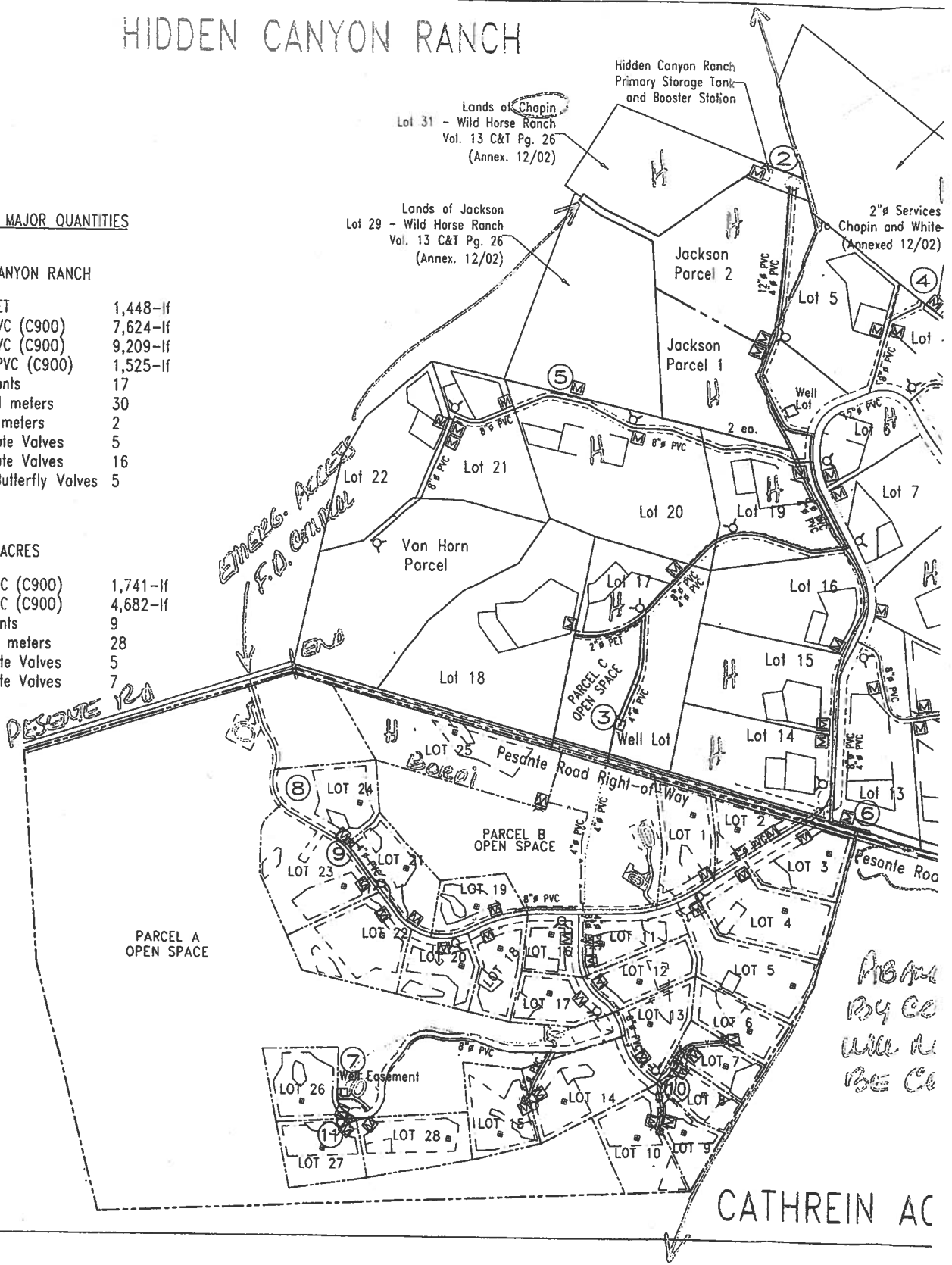
TABLE OF MAJOR QUANTITIES

HIDDEN CANYON RANCH

2-inch PET	1,448-lf
4-inch PVC (C900)	7,624-lf
8-inch PVC (C900)	9,209-lf
12-inch PVC (C900)	1,525-lf
Fire Hydrants	17
Residential meters	30
Industrial meters	2
4-inch Gate Valves	5
8-inch Gate Valves	16
12-inch Butterfly Valves	5

CATHREIN ACRES

4-inch PVC (C900)	1,741-lf
8-inch PVC (C900)	4,682-lf
Fire Hydrants	9
Residential meters	28
4-inch Gate Valves	5
8-inch Gate Valves	7



EMERGENCY ACCESS
F.O. CATHREIN

PESANTE RD

FROM
BOY CO
WILL BE
BOY CO

CATHREIN AC

NMC

LA