

San Bernardino County Superintendent of Schools

Reorganization Feasibility Study

Colton Joint and Redlands Unified School Districts

December 1, 2022

(Data collected as of August 2022)

Prepared By:

Brianna García
Vice President

Matt Phillips
Director, Management Consulting Services



San Bernardino County Superintendent of Schools

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San Bernardino County Superintendent of Schools Reorganization Feasibility Study

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Executive Summary

The San Bernardino County Superintendent of Schools contracted with School Services of California Inc. (SSC) to provide a Reorganization Feasibility Study on the proposed transfer of territory from Colton Joint Unified School District (USD) to Redlands USD. The Loma Linda City Council adopted a resolution to initiate the process.

This Reorganization Feasibility Study discusses the nine statutory criteria that govern school district reorganizations and that a county committee must review and determine have been substantially met prior to rendering a decision.

Summary of Major Findings

Criterion Number 1: Adequate Number of Pupils—The study finds that this criterion would be substantially met as the current enrollment of both districts meets the establishment minimum enrollment (i.e., exceed 1,501 pupils), and the proposed territory transfer would not result in a reduction below the minimum required enrollment. Both districts are well over the minimum required enrollment—19,986 and 19,918, for Colton Joint USD and Redlands USD, respectively, for 2021-22—and the proposed territory transfer would not result in either falling below that minimum.

Criterion Number 2: Community Identity—The study finds that this criterion would be substantially met as there is an existing community identity within the city of Loma Linda that already encompasses the residents of the proposed area to be transferred.

Criterion Number 3: Equitable Division of Property/Facilities—The study finds that this criterion would be substantially met as there is no equitable division of property and facilities necessary. It is recognized that the existing community facilities district (CFD) is a significant complication to the proposed territory transfer and there is currently no legal precedent to address this issue. Nevertheless, SSC staff do not believe the CFD issue alone should render the criterion not met given that, while complex and untested, there are possible avenues for resolution.

Criterion Number 4: Discrimination/Segregation—The study finds that this criterion would be substantially met, as the proposed territory transfer would not promote racial or ethnic discrimination or segregation. Though the racial and ethnic groups are shifting slightly in terms of which have been growing or declining over the last five years within the respective districts, assuming the same demographic trends continue for each district, the territory transfer would not cause racial or ethnic discrimination or segregation.

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Criterion Number 5: No Substantial Increase in State Costs—The study finds that this criterion would be substantially met, as the proposed territory transfer would not result in a significant increase in state costs as it pertains to operations. Potential increases in state costs attributable to facilities are addressed in Criterion Number 7.

Criterion Number 6: Sound Educational Program—The study finds that this criterion would be substantially met. The proposed territory transfer would not significantly disrupt educational programs in the districts, nor would it have a negative impact on the educational performance of the students within the area proposed to be transferred given results in the established statewide systems of accountability and academic performance, as well as local offerings.

Criterion Number 7: No Substantial Increase in School Facilities Costs—The study finds that this criterion would be substantially met as there is sufficient space at the schools to accommodate the existing students residing within the territory proposed to be transferred. Additionally, it is reasonable to conclude that there is sufficient space to house additional students should new development occur in the area subject to the territory transfer.

Criterion Number 8: Increased Property Values—The study finds that this criterion would be substantially met, as the increase in property values is not the primary purpose for the proposed territory transfer. Further, the proposed territory transfer would not significantly affect property values given the territory proposed to be transferred is already located within the city of Loma Linda.

Criterion Number 9: Effect on Fiscal Status and Management—The study finds that this criterion would be substantially met. The territory transfer, if approved, would have a negligible negative effect on the fiscal status of Colton Joint USD. Conversely, the territory transfer, if approved, would have a negligible positive effect on the fiscal status of Redlands USD.

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Study Purpose

The San Bernardino County Superintendent of Schools (SBCSS) contracted with School Services of California Inc. (SSC) to provide a Reorganization Feasibility Study on the proposed transfer of territory from Colton Joint Unified School District (USD) to Redlands USD. The Loma Linda City Council adopted a resolution to initiate the process.

This Reorganization Feasibility Study discusses the nine statutory criteria that govern school district reorganizations as set forth in Education Code Section (EC §) 35753 et seq. For a territory transfer, a county committee must determine whether the nine statutory criteria have been substantially met prior to rendering a decision.

Background

The city of Loma Linda is located approximately 60 miles east of Los Angeles in San Bernardino County. Per the city's website, it has a population of approximately 23,000 residents—closer to 25,000 per the 2020 census—and encompasses 7.8 square miles. Loma Linda was incorporated in 1970 and became a charter city in 1981. It is served by two school districts—Colton Joint USD and Redlands USD. While the majority of the city is located within the boundaries of Redlands USD, a small portion is located within Colton Joint USD's boundaries (see map in Appendix A). This area—located along the westernmost boundary of Loma Linda and adjacent to the cities of San Bernardino and Colton—consists of approximately 150 homes and encompasses approximately 175 acres.¹

Petition

On December 8, 2020, the Loma Linda City Council adopted Resolution 3082 (Resolution) initiating a proposal for a school district territory transfer and submitted a certified copy of the Resolution to SBCSS on December 30, 2020.

The proposed territory transfer would change the boundaries of both Colton Joint USD and Redlands USD as it proposes the transfer of approximately 175 acres—the portion of the city located within the Colton Joint USD boundaries—from Colton Joint USD to Redlands USD. In its Resolution, the city council states that the residents of the Laurel Heights neighborhood—located west of Oakwood Drive and south of Barton Road—submitted a petition to the city council on

¹The estimated number of homes was provided by city of Loma Linda representatives, while the acreage was obtained from the San Bernardino County Committee on School District Organization's (County Committee) February 23, 2022, meeting agenda.

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November 10, 2020, requesting that it support a change to the school boundaries and transfer the neighborhood from Colton Joint USD to Redlands USD.

The Resolution states that:

1. The city council supports the residents of the Laurel Heights neighborhood in their desire to be part of the school district that would best serve the interests of their children;
2. The current school district boundaries arbitrarily bisect the city; and
3. The city council supports the proposition that all residents of the city be part of the same Redlands USD.

Under the law, a reorganization petition should include a description of the territory to be transferred, a list of the school districts affected, a designation of no more than three chief petitioners, and an affidavit that all signatures on the petition are genuine. These elements are present in the submitted Resolution.

Colton Joint USD

Colton Joint USD serves approximately 20,000 TK-12 students in 18 elementary schools, 4 middle schools, 3 comprehensive high schools, plus 1 continuation high school and 1 alternative high school. In addition, the district has preschool, Headstart, and Children's Center pre-kindergarten programs, as well as independent study. Colton Joint USD spans 48 square miles and is 15 miles from east to west. The district serves the cities of Colton, Bloomington, and Grand Terrace, as well portions of Fontana, Rialto, Loma Linda, and San Bernardino.

Based on 2021-22 enrollment data,² the district's ethnic make-up is predominantly Hispanic or Latino (87.45%), with no other ethnicity making up more than 5.01% of the student population (Figure 1). Of its student population, 66.33% are classified as socioeconomically disadvantaged and almost 20% are English learners (Figure 2).

²California Department of Education (CDE) DataQuest

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Figure 1: Colton Joint USD Enrollment by Ethnicity

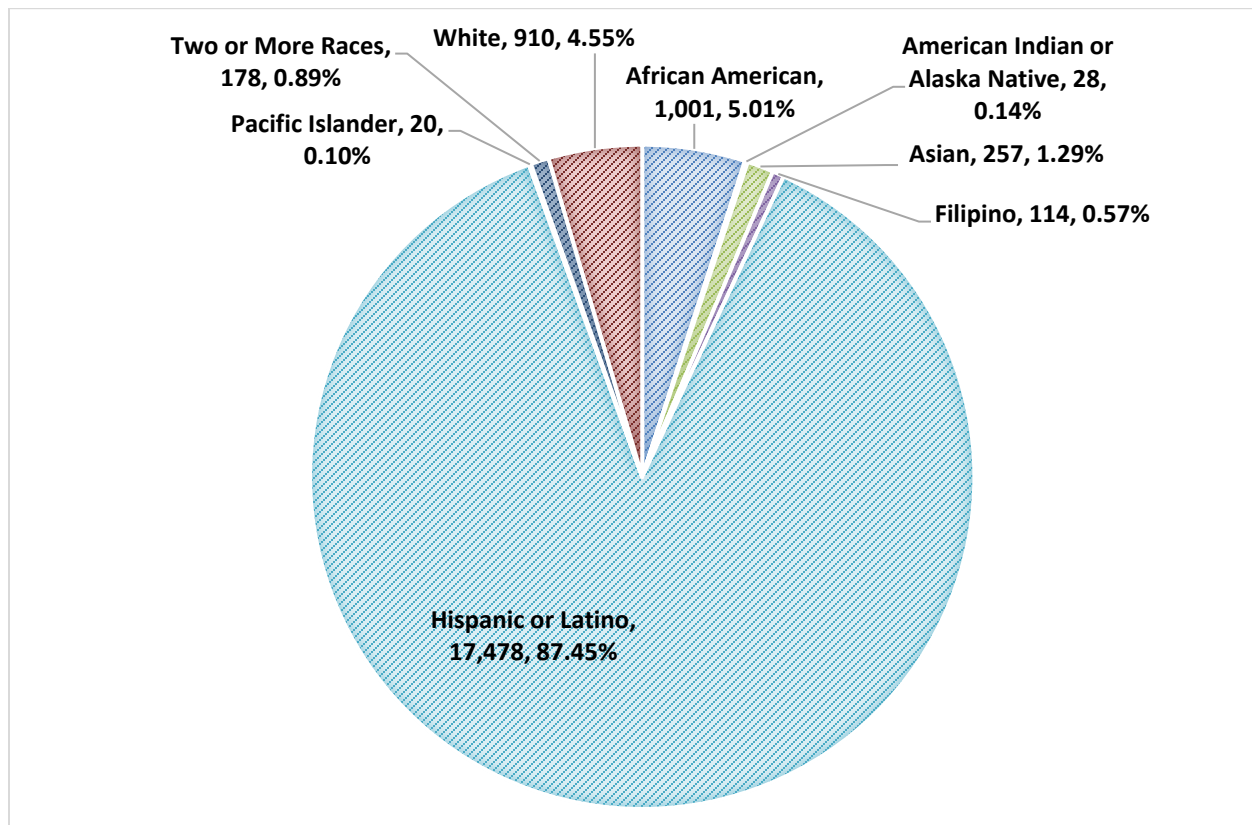
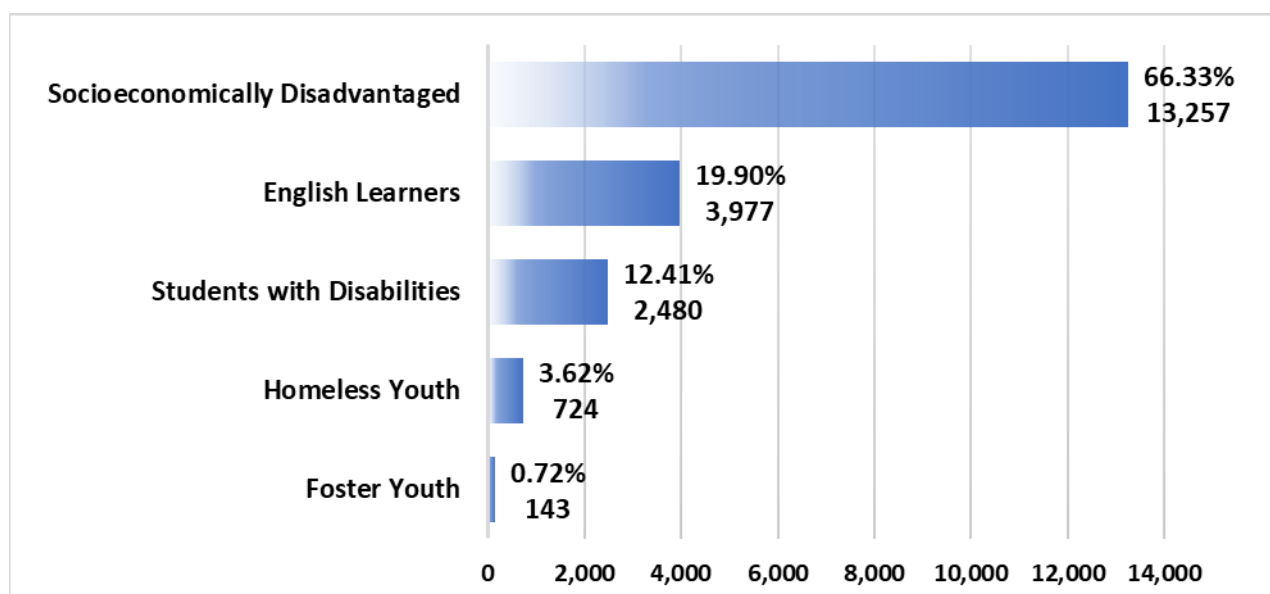


Figure 2: Colton Joint USD Enrollment by Subgroup



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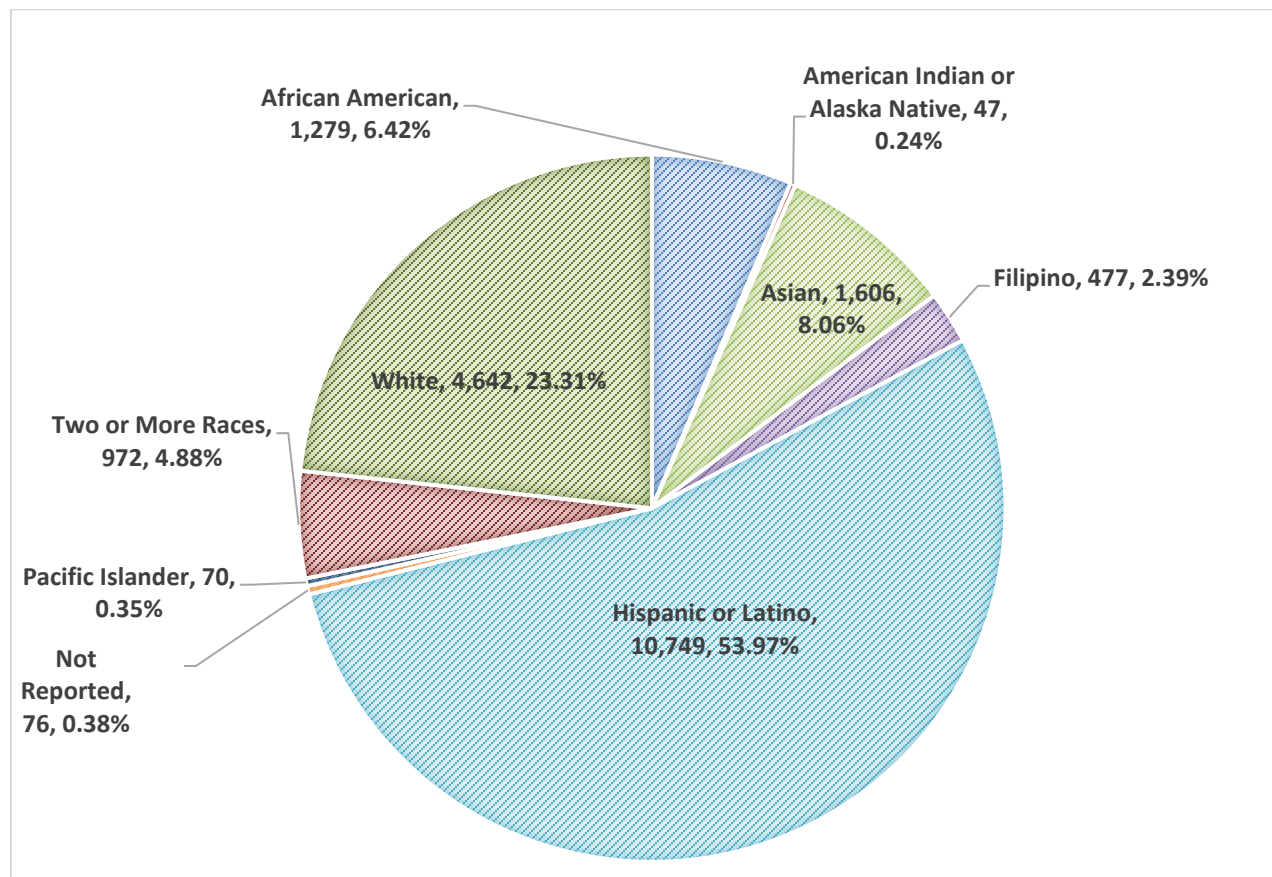
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Redlands USD

Redlands USD serves approximately 20,000 students in K-12 in 16 elementary schools, 4 middle schools, 3 comprehensive high schools, and 1 alternative high school, as well as offering independent study, home learning, and online programs. In addition, the district provides adult education at the Redlands Adult School. The district encompasses approximately 147 miles and serves the communities of Redlands, Loma Linda, Mentone, Forest Falls, and portions of San Bernardino and Highland.

Based on 2021-22 enrollment data, the district's ethnic make-up is also majority Hispanic or Latino, though at a significantly lower percentage—53.97%. Its second largest population is White (23.31%), with Asian a distant third (Figure 3). Additionally, a significant portion of Redlands USD students are socioeconomically disadvantaged (Figure 4), though it has significantly fewer English learners—only 8.43%.

Figure 3: Redlands USD Enrollment by Ethnicity



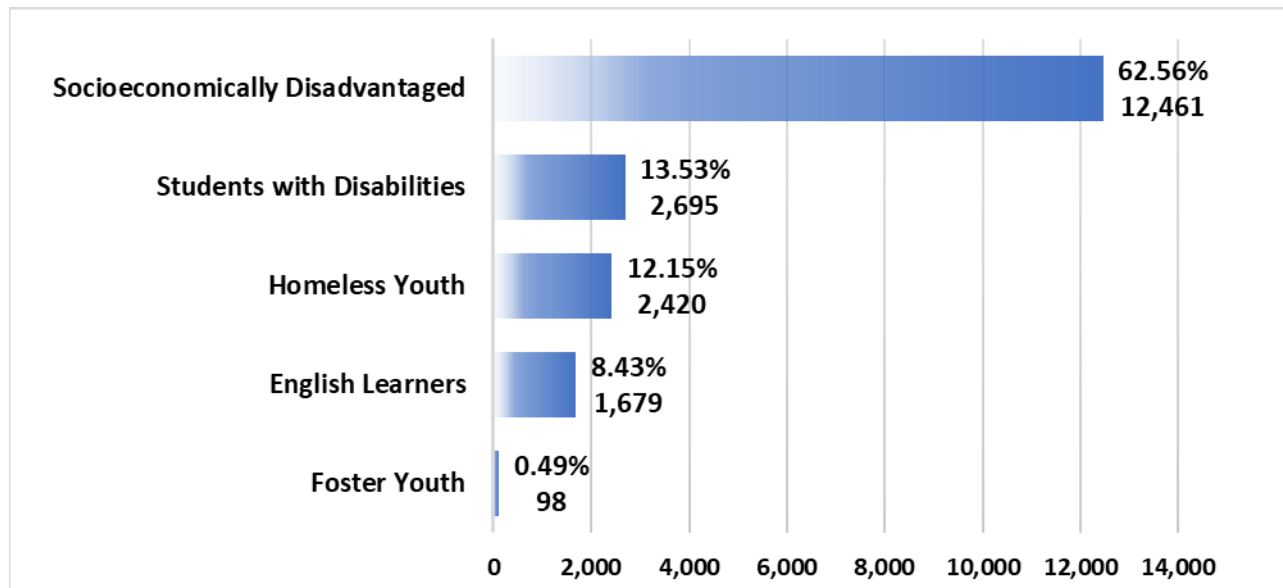
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Figure 4: Redlands USD Enrollment by Subgroup



Study

For a territory transfer, a county committee must determine whether the nine statutory criteria that govern school district reorganizations, as set forth in EC § 35753(a)(1-9), have been substantially met. The nine statutory criteria are as follows:

1. The reorganized districts will be adequate in terms of number of pupils enrolled.
2. The districts are each organized on the basis of a 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 preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.
5. Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.
6. The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.

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7. Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.
8. The proposed reorganization is primarily designed for purposes other than to significantly increase property values.
9. 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.

Legal Requirements

The California Education Code governs the process of school district reorganization, including territory transfers. Commencing with EC § 35500, the code defines the various types of district reorganizations; describes the overall processes to initiate a district reorganization; specifies the duties and responsibilities of the county committee on district reorganization and other relevant public agencies and organizations; prescribes the timelines for public hearings, governing board actions, and voting; specifies the employment rights of district employees; and lists the criteria upon which the State Board of Education (SBE) must evaluate reorganization proposals.

The California Code of Regulations (CCR), Title 14 Section 15378(b)(5) states that “Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” are not projects under the California Environmental Quality Act (CEQA). That said, in 1982, the State Supreme Court ruled that the reorganization of school district boundaries is within the scope of CEQA; therefore, the proposed territory transfer must also take into consideration any environmental impacts. As the lead agency, the county committee is required to complete the CEQA analysis and consider the results as part of its deliberations.

Territory Transfer Initiated by 10% Petition or Local Agency—EC § 35721 specifies three ways in which a territory transfer may be initiated:

1. Submittal of a petition signed by at least 10% of the registered voters of the entire school district; or
2. Submittal of a petition signed by at least 5% of the registered voters to reorganize a district with over 200,000 average daily attendance (ADA) into two or more districts; or
3. Submittal of a resolution approved by a majority of the members of city council, county board of supervisors, governing board of a special district, or local agency formation commission.

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Given these options, the contemplated territory transfer would fall under option 3 as a resolution was submitted by the Loma Linda City Council with four of its five members voting yes and the remaining member voting no.

Public Hearings—Following the determination by the county superintendent of schools that the reorganization petition is sufficient and signed as required by law, the petition is transmitted to the county committee. The county committee is then responsible for holding a preliminary hearing and subsequently granting or denying the petition. If the county committee grants the petition, it must adopt a tentative recommendation and then hold one or more public hearings in the area proposed for reorganization no later than 60 days after the committee’s adoption of a tentative recommendation.

Final Recommendation—Following the public hearings on the reorganization proposal, the county committee is charged with evaluating the reorganization proposal based on the same criteria that would be followed by the SBE. These criteria are specified in EC § 35753 and are often referred to as the “nine reorganization criteria.” Based on this evaluation, the county committee adopts a final recommendation—within 120 days of the first public hearing or within 120 of compliance with CEQA.

Election—Per EC § 35709 and 35710.1, if the county committee finds that the nine criteria are substantially met and one of three conditions exist, then the county committee can approve the territory transfer without an election if:

1. The territory is uninhabited, the majority of the owners of the territory consent to the transfer, and the governing boards of all affected school districts consent to the transfer.
2. The territory is inhabited, the territory constitutes less than 10% of the assessed valuation of the district from which the territory is being transferred, and the governing boards of all affected districts consent.
3. The election area for the territory transfer, as determined pursuant to EC § 35732,³ is uninhabited territory as described in EC § 35517.⁴

In all other instances, the county committee notifies the county superintendent of schools who calls an election in the territory of the district(s) as determined by the county committee (EC § 35710).

³Plans and recommendations developed by the county committee may include a provision specifying the territory in which the election to reorganize the school districts will be held. In the absence of such a provision, the election will be held only in the territory proposed for reorganization.

⁴Uninhabited territory means territory in which fewer than 12 persons are registered to vote at least 54 days before the time of filing of a petition or adoption of a resolution for a school district boundary change.

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Appeal—Per EC § 35710.5, an approval by the county committee of a petition to transfer territory may be appealed to the SBE by the chief petitioners or one or more of the affected school districts, though the appeal is limited to issues of noncompliance with EC § 35705, 35706, or 35710, or subdivision (a) or (b) of EC § 35709. Based on this and a review of the CDE District Organization Handbook (Handbook), SSC staff believes that this right to appeal pertains to the final recommendation, and if the petition is denied at the preliminary hearing stage, the process ends.

Analysis of Nine Criteria

Criterion Number 1: Adequate Number of Pupils

EC § 35753(a)(1) specifies that the reorganized districts will be adequate in terms of number of pupils enrolled. Section 18573 of Title 5 of the CCR expands on this and stipulates that the projected enrollment should be at least 1,501 pupils for unified school districts, 901 for elementary school districts, and 301 pupils for high school districts, unless unusual circumstances exist. The CCR further specifies that enrollment projections are to be included in the analysis. The intent of this section is to discourage district reorganizations that result in districts that, because of small size and reduced revenues, become more dependent upon the local county office of education (COE) or the state for administrative support or funding.

Analysis and Comment

Colton Joint USD's enrollment for 2021-22 was 19,986 and is projected to decrease to 17,364 by 2025-26. Redlands USD is approximately the same size with an enrollment of 20,162 in 2021-22 and also decreasing to 19,405 through the forecast period (Figure 5). Both districts currently meet the minimum enrollment established in Section 18573 of Title 5 of the CCR and given the territory in question contains approximately 44 students, the change in enrollment would be insignificant.

Figure 5: District Enrollment

District	Actual					Projection			
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Colton Joint USD									
Total Enrollment	22,561	22,014	21,469	20,550	19,986	18,603	18,194	17,804	17,364
Percent Change		-2.42%	-2.48%	-4.28%	-2.74%	-6.92%	-2.19%	-2.14%	-2.47%
Redlands USD									
Total Enrollment	21,037	21,012	20,826	20,109	19,918	19,616	19,592	19,458	19,405
Percent Change		-0.12%	-0.89%	-3.44%	-0.95%	-1.51%	-0.12%	-0.69%	-0.27%

Source: CDE DataQuest for actual and district-provided data for projections

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Finding

The study finds that this criterion would be substantially met as the current enrollment of both districts meets the establishment minimum enrollment (i.e., exceed 1,501 pupils) and the proposed territory transfer would not result in a reduction below the minimum required enrollment.

Criterion Number 2: Community Identity

The Education Code specifies that the districts must be organized on the basis of substantial community identity. The CCR expands on this requirement and states that to determine whether the new district is organized on the basis of substantial community identity, the following factors should be considered: (1) isolation; (2) geography; (3) distance between social centers; (4) distance between school centers; (5) topography; (6) weather; and (7) community, school, social ties, and other circumstances peculiar to the area.

The CDE further expanded on this criterion in its Handbook, which provides additional considerations to evaluate whether a proposed district reorganization meets the community identity criterion. Some of these considerations include topography and electoral boundaries; usage patterns for parks and school facilities for recreation; traffic patterns and public transportation routes; neighborhood and regional shopping patterns; and the architecture, size, and style of homes.

Analysis and Comment

The petition submitted is for a territory transfer and not a unification or formation of a new district; therefore, the CCR requirements for criteria on which a new district should be based do not necessarily apply. However, for information purposes, there are technically three cities that would be impacted by the territory transfer—Colton, Loma Linda, and Redlands—though there are only two school districts impacted that serve the cities (Figure 6). While the proposed territory is within the Loma Linda city limits, the majority of the students within the area are currently attending school with students residing in Colton. All three cities are well established cities adjacent to one another and located along Interstates 10 and 215. All three are growing cities that experienced increases in population between 2010 and 2020.

The city of Colton was incorporated in 1887 and had a population of 53,909 per the 2020 census. As noted on its website, Colton provides “[a] comprehensive transportation network, available underdeveloped land, a skilled, ready-to-work labor pool, and a viable partnership between business, city, and county government [that] contributes vitality to an already established commerce. The city is focused on the high quality of living, education, job creation, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure for

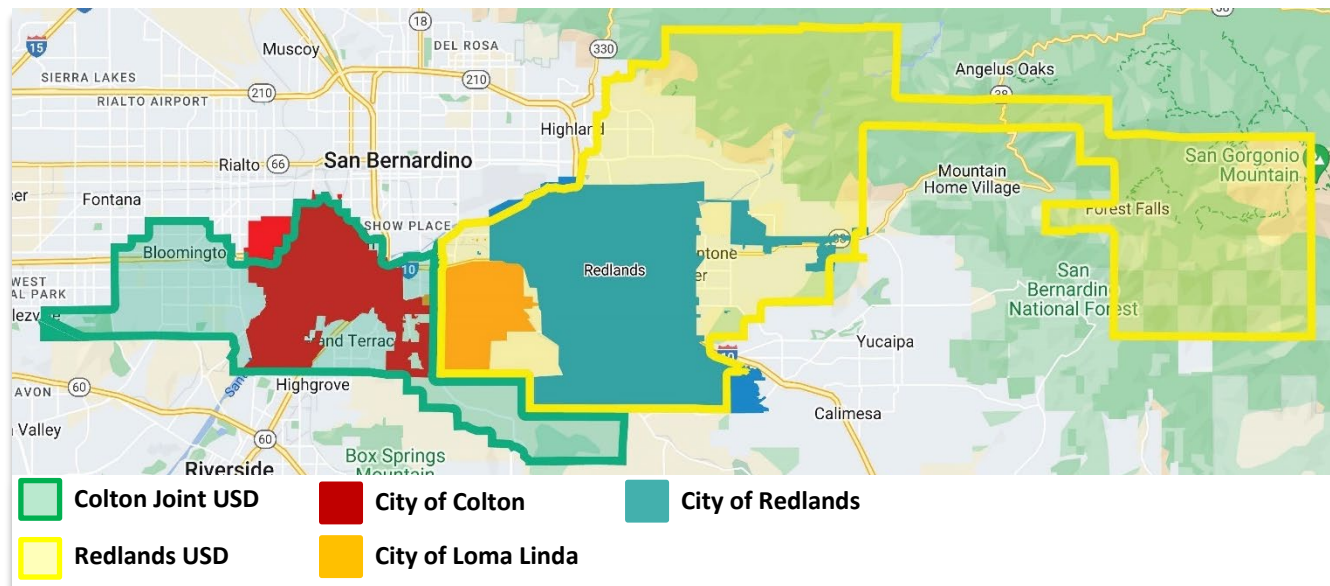
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development that is sustainable over time.”⁵ The city is home to numerous parks and recreation facilities, the Santa Ana River Trail, libraries, and provides early childhood education and other programs for its community.

Figure 6: Map of Districts, Cities, and Project Boundaries



The city of Loma Linda was incorporated in 1970 and, as of the 2020 census, had a population of 24,791. The city’s website states that while it is near larger highly-developed markets like Los Angeles and Orange County, it has a small town setting. “Families stroll along the city’s tree lined streets or play in its numerous parks. In this respect, Loma Linda offers residents an alternative to the intense, often fast paced lifestyle so characteristic of modern life.” The Loma Linda University and Medical Center, including its Children’s Hospital, and the nearby Jerry L. Pettis Memorial Veterans Medical Center are the backbone of the city economy. The city offers lectures and musical programs at area educational institutions and provides easy access to the San Bernardino County Museum.⁶

The city of Redlands was incorporated in 1888 and, per the 2020 census, had a population of 73,168. The city’s strategic plan boasts that its business community diversity has made the economy more resilient in the face of downturns and that the city features a vibrant downtown, including retail, services, restaurants, entertainment, arts, and civic spaces—all which provide “opportunities for work in addition to play.” The city hosts a number of music, theatre, and art festivals. Further, “Redlands provides opportunities to promote the health of its residents with its

⁵<https://ca-colton.civicplus.com/601/About-the-City>

⁶https://www.lomalinda-ca.gov/our_city/about_us

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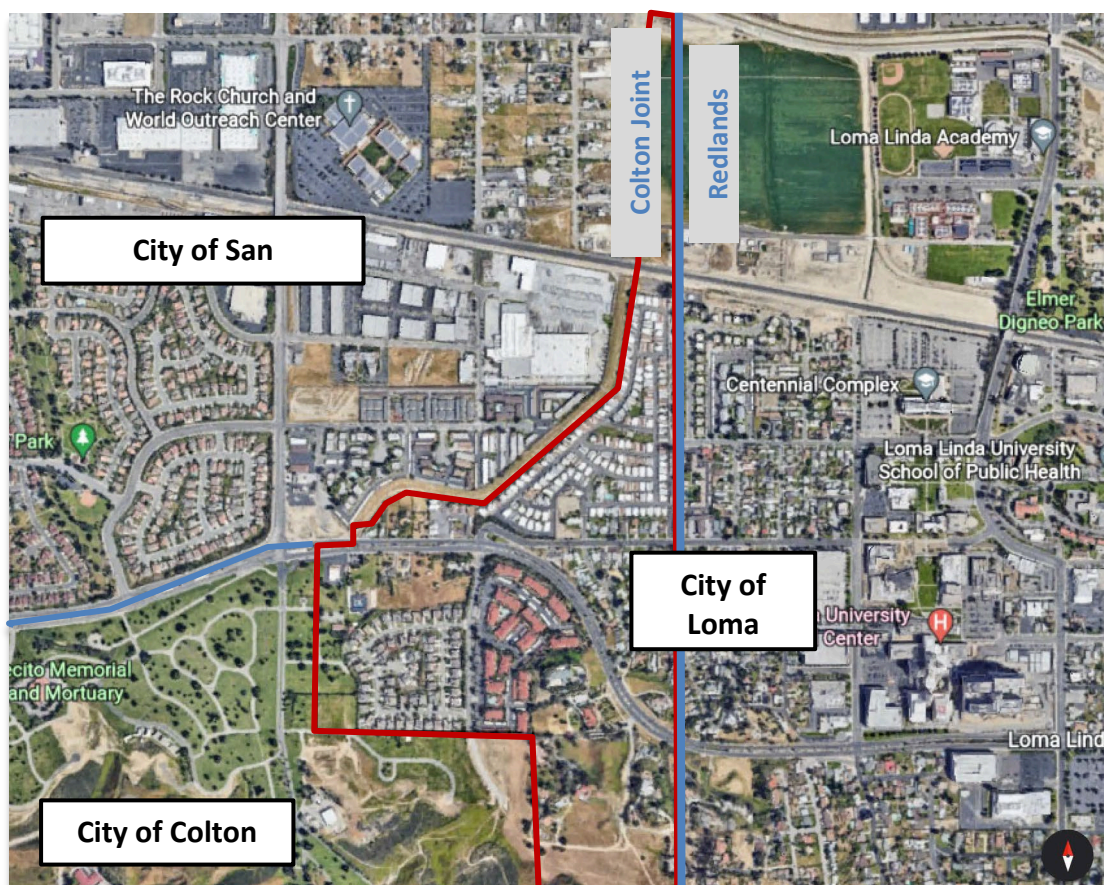
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park and trail system, its recreational areas, and community centers that help promote active lifestyles for residents of diverse ages and abilities.” It also organizes events to promote the outdoors and socializing among its residents.⁷

The territory proposed to be transferred is located at the westernmost boundary of the city of Loma Linda as shown on the map in Figure 7. According to city representatives, the residents are integrated into Loma Linda and want their children to attend the same schools as the rest of the community. The proposed area to be transferred is separated from the city of Colton by the Montecito Memorial Park and Mortuary to the west and mountains to the south. The city of San Bernardino is directly north, though a fenced canal separates the two cities along a large section of the boundary. Therefore, it is likely that the residents in this area do not have an affinity to their Colton neighbors. The only tie appears to be the school district—Colton Joint USD—which the majority of the students attend.

Figure 7: Aerial of Proposed Territory Transfer Area



⁷<https://www.cityofredlands.org/strategic-plan>

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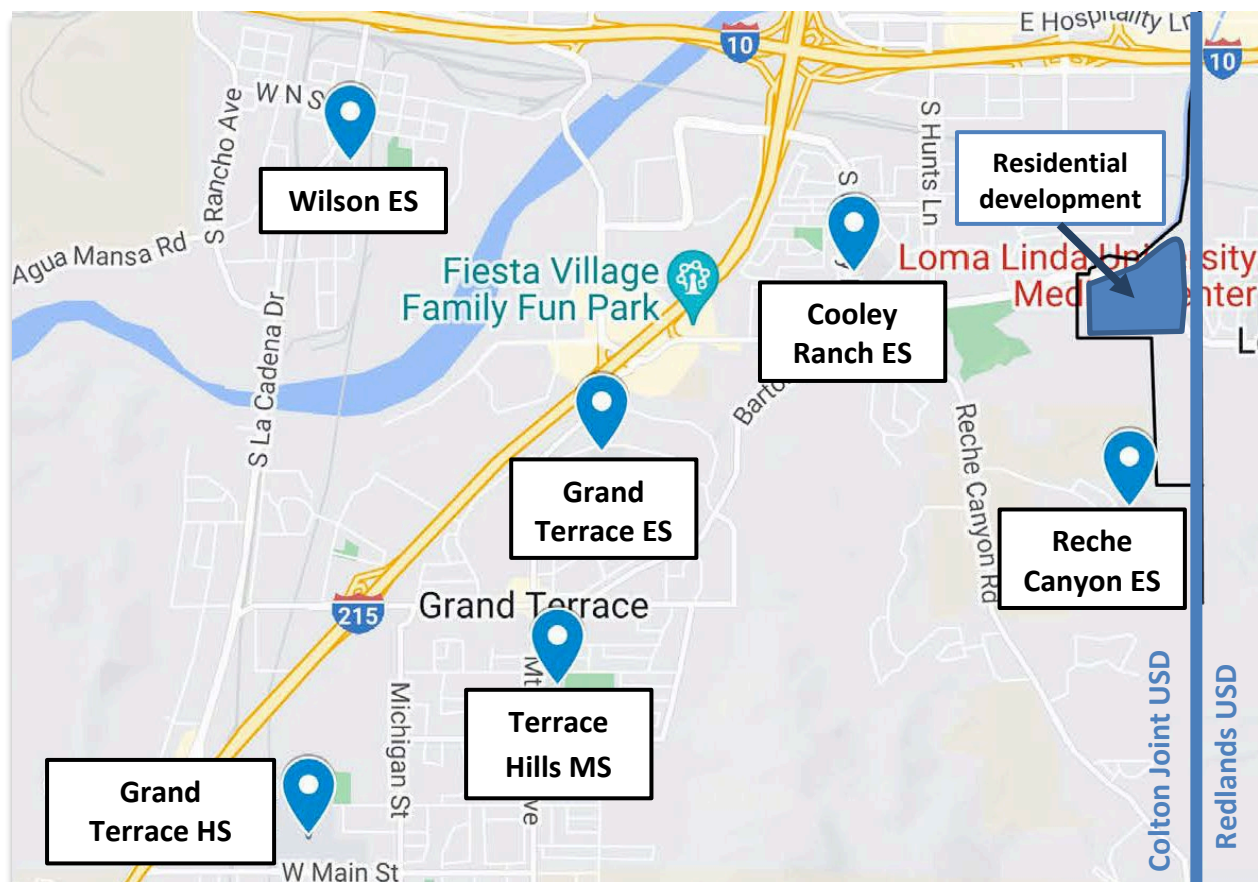
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In addition, as is the subject of this review, the proposed territory is within Colton Joint USD. The schools the students currently attend are Cooley Ranch Elementary School (ES), Grand Terrace ES, Reche Canyon ES, Wilson ES, Terrace Hills Middle School (MS), and Grand Terrace High School (HS) (Figure 8). The residential developments encompassed within the proposed territory appear to have one major entrance/exit at the Barton Road and University Avenue. Given the physical barriers, transportation to and from school is necessary. Utilizing the Barton Road and University Avenue intersection as the starting point, the driving distance from the intersection to each school was determined using Google Maps. As can be seen in Figure 9, the distance from this main intersection to the schools ranges from 1.3 miles to 4.9 miles.

Figure 8: Map—Proposed Territory and Colton Joint USD Schools of Attendance



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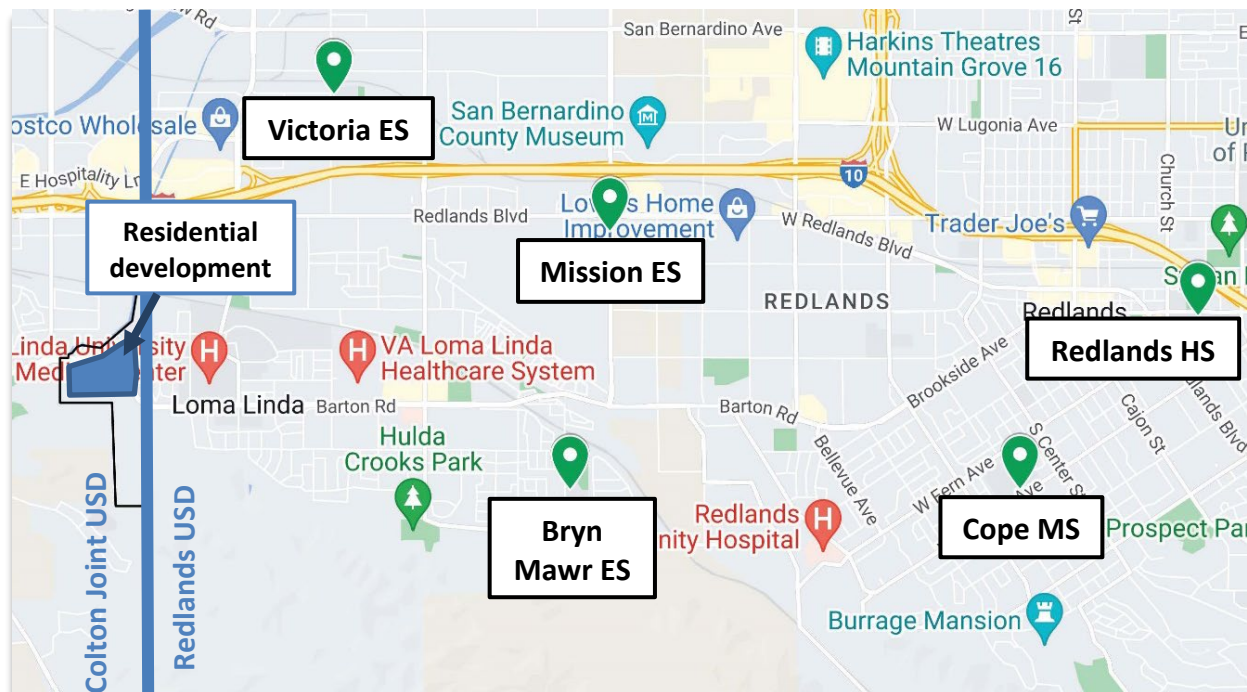
Figure 9: Distance to Colton Joint USD Schools of Attendance

School	Distance ¹
Cooley Ranch ES	1.3 miles
Reche Canyon ES	2.2 miles
Grand Terrace ES	2.6 miles
Wilson ES	4.6 miles
Terrace Hills MS	3.2 miles
Grand Terrace HS	4.9 miles

¹Driving distance from residential development—corner of Barton Road and University Avenue

It should be noted, however, that while the schools are physically separated from the residential developments, they are closer than the schools to which the students would be assigned—and to which transfer students are currently assigned—within Redlands USD. These schools are Bryn Mawr ES, Mission ES, Victoria ES, Cope MS, and Redlands HS, which range from 3.1 miles to 7.9 miles from the intersection of Barton Road and University Avenue (Figure 10 and Figure 11).

Figure 10: Map—Proposed Territory and Redlands USD School of Attendance



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Figure 11: Distance to Redlands USD Schools of Attendance

School	Distance ¹
Victoria ES	3.1 miles
Bryn Mawr ES	3.7 miles
Mission ES	4.1 miles
Cope MS	6.1 miles
Redlands HS	7.9 miles

¹Driving distance from residential development—
corner of Barton Road and University Avenue

So, although the residential developments are a closer driving distance from Colton Joint USD schools, given that the majority of the city of Loma Linda is already within the boundaries of Redlands USD, 2,613 of Loma Linda's school-age children are already attending Redlands USD (representing 13.1% of Redlands USD students), and the existing physical barriers, the residents' claim that they are fully integrated into Loma Linda and desire continuous education for their students within the Redlands USD is deemed valid. The majority of the territory proposed to be transferred is fully developed. There appears to be some developable land to the south of the existing residential developments. Should new developments be built in the future, the proposed territory transfer will provide opportunities to establish and possibly enhance the future residents' sense of community identity within the city of Loma Linda. The city has sufficient resources to coalesce around and extend its sense of community to any new developments if the territory transfer were to be approved.

Finding

The study finds that this criterion would be substantially met as there is an existing community identity within the city of Loma Linda to which existing residents are integrated and relies, in part, on its schools and those are overwhelmingly within Redlands USD.

Criterion Number 3: Equitable Division of Property/Facilities

EC § 35753(a)(3) requires that proposed school district reorganization result in the equitable division of property and facilities. The CCR and the CDE Handbook suggest that an equitable division must include not only facilities, land, and other property, but also debt and monies due but not collected. Further, EC § 35565 states that if a dispute arises concerning the division of funds, property, or obligations, a board of arbitrators shall be appointed to resolve the dispute, or the districts may mutually agree to the appointment of a sole arbitrator by the county superintendent of schools.

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This criterion applies when a school district reorganization results in the division of an existing district. The criterion does not apply when whole districts merge.

Analysis and Comment

Division of Property—EC § 35560 provides a general rule to guide how the division of property is to be carried out. Essentially, the Education Code provides that real and personal property situated within the boundaries of a district will be the property of the district in which the real property is located. All other property, funds, and obligations, except bonded indebtedness, are to be divided pro rata among the districts. The basis for the division and allocation will be the assessed valuation of the part of the original district, which is included within each of the districts.

If the proposed territory transfer is successful, the boundaries of the two districts would be altered; however, no property and/or facilities owned by the districts would be affected as no schools or other district property is located within the proposed transfer area. Therefore, no division of property is necessary.

Division of Debt—EC § 35575 states that when property is taken from one district and annexed to another district and the area transferred contains no public school property or buildings, the property transferred ceases to be liable for the outstanding bonded indebtedness of the original district and automatically assumes its proportionate share of the outstanding bonded indebtedness of the district to which it becomes a part. Therefore, the residents in the territory proposed to be transferred would cease to be liable for Colton Joint USD's outstanding bond indebtedness (\$235.9 million) and will instead assume their proportionate share of Redland USD's outstanding bond indebtedness (\$68.5 million).⁸

In addition, EC § 35572 places a restriction on the transfer of territory from one school district to another. The code states that no territory can be taken from a school district having outstanding bonded indebtedness if the taking would reduce the last equalized assessed valuation so that the outstanding bonded indebtedness would exceed 5% of the assessed valuation remaining in the district on the date the reorganization is effective.

Per data provided by Colton Joint USD, its estimated assessed valuation for the most recent prior fiscal year (2021-22) was \$12.7 billion, while the current value of the proposed territory to be transferred is estimated at \$96 million, or only 0.76%, of the total assessed value. Therefore, if the territory were to be transferred today, the loss of the territory proposed to be transferred would not significantly reduce the assessed value of the property remaining within Colton Joint USD (Figure 12).

⁸Per Financial Statements prepared for both districts by EideBailly as of June 30, 2021.

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Figure 12: Estimated Assessed Valuation

	Proposed Territory	
	2021-22 Assessed Value	Percent of Total Assessed Value
Current (Estimated) ¹	\$96,000,000	0.76%
	Colton Joint USD	
Outstanding Bond Indebtedness ²		\$235,913,847
	2021-22 Assessed Value	Bond Indebtedness as a Percent of Assessed Value
Current (Estimated) ¹	\$12,697,248,753	1.86%
Post Territory Transfer (Calculated)	\$12,601,248,753	1.87%

¹Colton Joint USD-provided data

²Financial Statements prepared by Eide Bailly as of June 30, 2021

Colton Joint USD's outstanding bonded indebtedness was \$235.9 million as of June 30, 2021, which represents 1.86% of the current assessed value. The current estimated assessed value of the proposed territory is such that the change to the bond indebtedness' percent of assessed value would be insignificant were the proposed territory transfer to be approved today.

Community Facilities District—Colton Joint USD has two community facilities districts (CFDs), one of which—CFD No. 2—includes property located within the proposed territory to be transferred (see Appendix B for CFD No. 2 maps)⁹. Per the Notice of Special Tax Lien (Notice),¹⁰ CFD No. 2 was created in 2001 for the purpose of “the construction, purchase, modification, expansion, improvement or rehabilitation of school facilities,” though there are no school facilities within the proposed area to be transferred. The Colton Joint USD Board of Education serves as the CFD's governing board. Per Colton Joint USD and the provided Schedule of Outstanding Debt Service, as of January 1, 2022, there was an outstanding bond indebtedness of \$3.3 million attributable to CFD No. 2. According to the Notice, each parcel is subject to the levy for a period not to exceed 30 years commencing July 1, 2002. While the amount owed by property owners would not be affected by the reorganization, there would be some legal ambiguity with regard to the continued administration of the CFD and enforcement of the special taxes.

⁹Per Jones Hall, bond counsel to the County Committee, CFD No. 2 contains a total of 309 homes—57 of which are located within the Laurel Heights neighborhood that is subject to the proposed territory transfer.

¹⁰Full title of document is Notice of Special Tax Lien for Community Facilities District No. 2 of the Colton Joint Unified School District, which was recorded on July 25, 2001, as document number 2001-0298615. Additional properties were annexed in 2003 as evidenced by Amendment No. 1 and Amendment No. 2, recorded on April 8, 2003, as document numbers 2003-0229621 and 2003-0229622, respectively.

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The Notice does provide a mechanism for the prepayment of the special tax by owners of the affected parcels. The Notice states that the entire obligation can be prepaid by paying the calculated prepayment amount as well as any additional administrative expenses associated with the processing of the prepayment and further details how the prepayment amount is calculated. The Notice also states that the special tax obligation must be prepaid and permanently satisfied prior to being acquired by any public or private entity for which ordinary ad valorem taxes do not apply.

Background on CFDs—In response to the limitations imposed on local governments’ ability to raise property tax revenues following voter-enactment of Proposition 13, the Legislature adopted the Mello-Roos Community Facilities Act in 1982. While CFDs are usually established to finance public infrastructure, such as roads and water systems for undeveloped areas when only limited resources are available, these districts are also used to finance school construction in established areas.

The CFD must be sponsored by a local government agency and must be approved by a two-thirds vote of the residents of the proposed district. Once approved, the CFD is authorized to levy a special tax lien on all property within the district’s boundaries and to issue bonds whose debt service is paid by the special tax lien.

A key feature of a CFD is that it cannot levy a tax based on the assessed valuation of property. Such a levy would constitute a violation of Proposition 13. Instead, the CFD must impose the tax based on other characteristics, such as the size of the property, square footage of the building, or its use. A tax imposed on parcels, regardless of value, is also an authorized levy for CFDs. The specific levy formulas are presented to voters for approval along with the proposal for the CFD. The amount of the tax may vary from year to year; however, the maximum levy is established in the proposal detailing the CFD (i.e., the Resolution of Formation).

If a parcel within the CFD changes ownership, then the new owner is responsible for the payment of the CFD tax. The tax continues until the associated bonds have been paid off. Failure to pay the CFD tax could result in foreclosure.

Once approved by voters, the CFD can collect tax revenues from district residents in accordance with the approved plan. These revenues in turn can be used to fund facility improvements in the CFD on a pay-as-you-go basis or they can be used to pay debt service on bonds issued by the CFD.

Impact of CFD on Proposed Territory Transfer—The CDE Handbook provides little guidance on the processes that should be followed when CFDs are the subject of a reorganization. It advises that bond counsel be consulted and notes that “in some cases, legislation may be necessary.” It is important to note that current state law provides no guidance for transfer or division of a CFD among school districts. Local jurisdictions look to state statutes to provide guidance on territory

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transfers, boundary changes, and the reallocation of assets and liabilities that follow from these reorganizations.

State law does provide for the dissolution of a CFD (Government Code Section [GC §] 53338.5) and for the transfer of a CFD from the jurisdiction of a county to the jurisdiction of a city (GC § 53368 et seq.). State law, however, does not address the transfer or division of a CFD among school districts or whether a transfer/division is even necessary if the property owners' obligation to pay the debt remains. While the county and city transfer provisions may provide some insight into the legal issues involved and the general conditions and requirements for a transfer, there can be no assurance that the existing laws will be applicable to school districts.

Ultimately, SSC are not attorneys and are unable to render any opinion or judgment on the legal aspects of this issue. Given the complexity of the issue, and the lack of applicable statutory authority, the County Committee sought legal guidance for informational purposes from bond counsel, Jones Hall, which has considerable expertise with CFDs. Jones Hall provided a legal memo dated November 28, 2022, (see Appendix C) that provides legal background and describes a number of complex but feasible avenues for the continued administration of the CFD following the territory transfer.¹¹

That said, should the territory transfer be approved by the County Committee, neither it nor the county superintendent have the statutory authority to facilitate resolution of this issue. Therefore, if approval were to be granted, SSC staff strongly recommend that both Colton Joint USD and Redlands USD seek legal counsel to determine how to resolve this issue.

Finding

The study finds that this criterion would be substantially met as there is no equitable division of property and facilities necessary. However, the existence of the CFD, and its outstanding bond indebtedness, presents a significant complication to the proposed territory transfer. Though the Education Code provides a methodology by which Colton Joint USD and Redlands USD could equitably divide property and facilities, there are no state laws which govern the reorganization of a CFD among school districts and there is currently no legal precedent to address this issue. Nevertheless, SSC staff do not believe the CFD issue alone should render the criterion not met given that, while complex and untested, there are possible avenues for resolution as discussed within this report and Appendix C.

¹¹The County Committee acted on November 16, 2022, to make the Jones Hall memo a public document.

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Criterion Number 4: Discrimination/Segregation

The Education Code requires that proposed reorganizations preserve the districts' ability to educate students in an integrated environment and "not promote racial or ethnic discrimination or segregation." Title 5 regulations provide further guidance, calling for an assessment of (1) the relative proportions of the racial and ethnic groups in the district(s), (2) the growth rates of these populations, (3) the school board policies to address racial and ethnic segregation and discrimination, and (4) the location and traffic patterns among schools that could affect efforts to integrate affected schools.

Analysis and Comment

The racial and ethnic composition of both districts was analyzed and the percentage of students in specific racial and ethnic categories was determined. Figure 13 shows the current ethnic breakdown for both school districts.

Both districts are predominantly Hispanic or Latino, though Colton Joint USD has a significantly higher percentage at 87.45% and Redlands USD with only 53.78%. Redlands USD has a higher percentage of White students (23.23%) than Colton Joint USD (4.55%). The only other ethnic groups above 5% in either district are Asian with Redlands USD's student population including 8.04% and Colton Joint USD with 1.29%, and African American with Redlands USD's student population including 6.40% and Colton Joint USD with 5.01%.

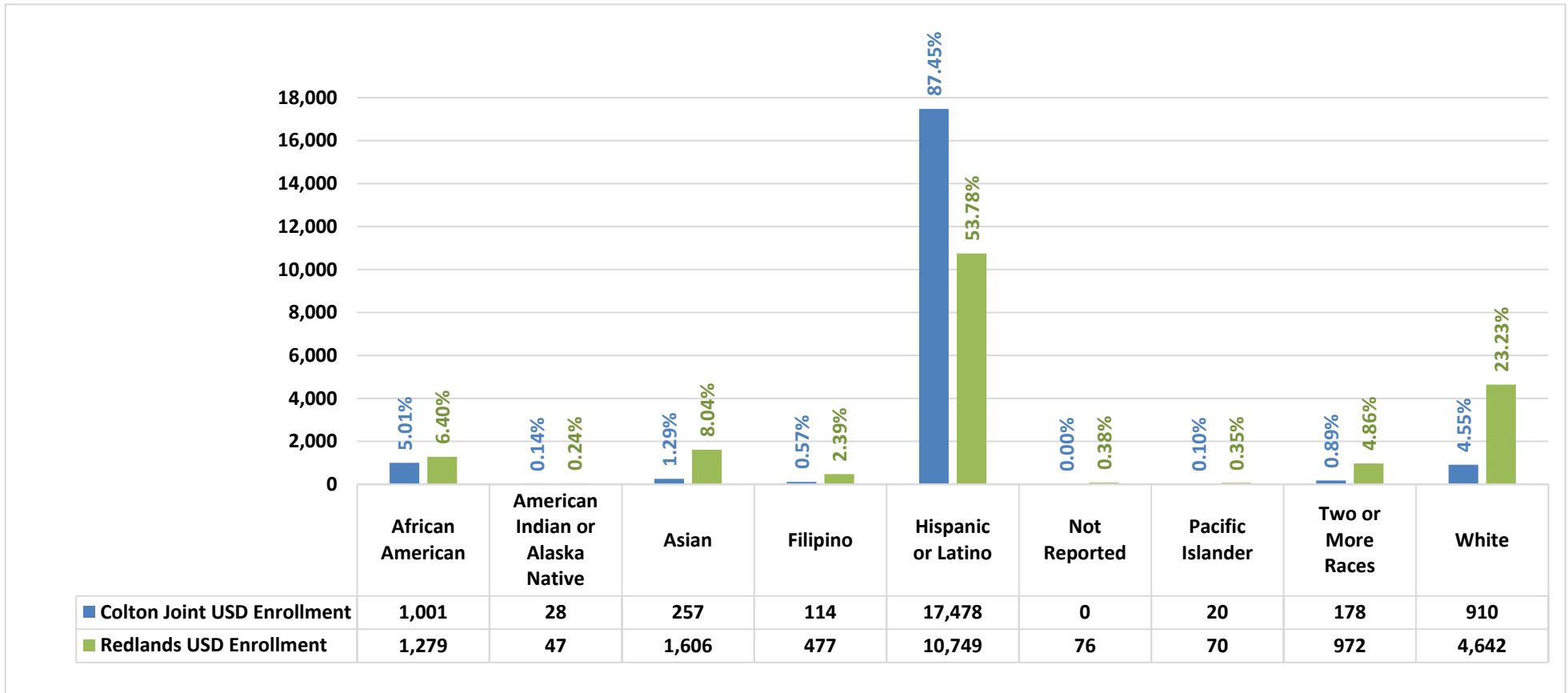
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Figure 13: 2020–21 District Enrollment and Ethnicity



Source: CDE DataQuest

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Assuming the same trends each district has been experiencing over the last five years continue (Figure 14), the territory transfer would not result in racial or ethnic discrimination or segregation, though the racial and ethnic groups are shifting in terms of which have been growing or declining over the last five years within the respective districts.

Figure 14: Historical District Enrollment and Ethnicity

	2017-18	2018-19	2019-20	2020-21	2021-22	Annual Average Percent Change
Colton Joint USD						
African American	1,266	1,186	1,145	1,077	1,001	-5.69%
American Indian or Alaskan Native	49	54	38	28	28	-11.44%
Asian	327	343	313	288	257	-5.65%
Filipino	196	187	162	139	114	-12.54%
Hispanic or Latino	19,089	18,682	18,381	17,779	17,478	-2.18%
Not Reported		2		1		-
Pacific Islander	60	45	41	40	20	-21.58%
Two or More Races	197	210	194	180	178	-2.34%
White	1,377	1,305	1,195	1,018	910	-9.77%
Total	22,561	22,014	21,469	20,550	19,986	-2.98%
Redlands USD						
African American	1,268	1,292	1,289	1,257	1,279	0.23%
American Indian or Alaska Native	65	74	68	60	47	-6.92%
Asian	1,802	1,804	1,759	1,696	1,606	-2.82%
Filipino	527	512	492	506	477	-2.41%
Hispanic or Latino	10,444	10,597	10,703	10,495	10,749	0.74%
Not Reported	46	46	48	61	76	14.01%
Pacific Islander	74	65	68	71	70	-1.14%
Two or More Races	950	994	987	973	972	0.60%
White	5,861	5,628	5,412	4,990	4,642	-5.65%
Total	21,037	21,012	20,826	20,109	19,918	-1.35%

Source: CDE DataQuest

Finding

The study finds that this criterion would be substantially met as the proposed territory transfer would not promote racial or ethnic discrimination or segregation.

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Criterion Number 5: No Substantial Increase in State Costs

EC § 35753(a)(5) specifies that “any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.” The CDE Handbook states that there are no current regulations on the subject; however, the following factors should be considered in evaluating this condition:

- a. Whether implementation of the proposal would change one or more of the affected districts’ basic aid status.

A change in basic aid could increase the amount of state apportionment funds required for either the proposed new district or one or more of the remaining districts.

- b. Other state special or categorical aid programs and any increased state costs if students transferring would qualify in the gaining district and not in the losing district.
- c. The additional costs to the state if costs per student for special or categorical programs are higher in the gaining district.

Analysis and Comment

In 2013–14, the state enacted a historic reform of its school finance system. In the early 1970s, in response to the California State Supreme Court’s decision in the *Serrano v. Priest* case, the Legislature enacted a system of general purpose funding under revenue limits and need-based or program-based funding established through numerous categorical programs. Over time, per-pupil differences in general purpose funding narrowed considerably through the revenue limit system; however, funding differences related to categorical programs remained.

As part of the 2013 Budget Act, the Legislature passed the Local Control Funding Formula (LCFF). This historic reform of the state’s school finance system eliminated revenue limits and more than 40 categorical programs. In its place, the state established a system of funding local educational agencies (LEAs) through base grants, add-on funding for K-3 class size reduction and career technical education, and supplemental and concentration grants to provide extra funding to districts with students from low-income families, students who are English learners, and foster youth.

The model itself was enacted in June 2013 with the signing of Assembly Bill (AB) 97 (Chapter 47/2013), and revisions and clarifications were enacted in September 2013 through Senate Bill 97 (Chapter 357/2013), the “clean-up” measure to AB 97. The revenue analysis for the proposed district reorganization, therefore, reflects the LCFF system.

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The state, under the minimum guarantee established by Proposition 98, allocates nearly 40% of the state's General Fund revenues to the K-14 community on an annual basis. This is split between K-12 and community colleges at an approximate rate of 89% and 11%, respectively. The 2022-23 Enacted Budget estimates the minimum guarantee to be \$110.4 billion, and after accounting for \$3.3 billion in set asides, allocates approximately \$95.4 billion to K-12.

Of the \$95.4 billion, more than \$70 billion is designated to be distributed through the LCFF. For each LEA, the LCFF is calculated based on a number of factors including ADA, enrollment, unduplicated pupil percentage (UPP), and property taxes. The LCFF revenues for Colton Joint USD and Redlands USD are listed in Figure 15 to illustrate that both districts receive a significant amount of revenues through their respective LCFF calculations.

Figure 15: LCFF Revenues

Fiscal Year	Colton Joint USD	Redlands USD
2019-20	\$236,426,641	\$200,751,139
2020-21	\$231,057,158	\$203,930,978
2021-22 ¹	\$248,604,812	\$221,535,326
2022-23 ¹	\$260,783,200	\$238,181,382

Source: District-provided LCFF calculators

¹Estimated

The LCFF is comprised of three components: a base grant, inclusive of grade span adjustment add-ons, and supplemental and concentration grants. The base grants are split by grade span and are uniform for all school districts and charter schools, so the migration of students from Colton Joint USD to Redlands USD would be cost neutral to the state. The grade span adjustments are add-ons to the base grant—10.4% for grades K-3 and 2.6% for grades 9-12. Because the base grant component is cost neutral to the state, the grade span adjustment would be cost neutral as well. The final components are the supplemental and concentration grants which are calculated in two parts.

First, the students that generate the supplemental and concentration grants should be defined. Under the LCFF, LEAs are eligible to receive additional funding based on the percentage of students who qualify based on one of three criteria: (1) eligible for free or reduced-price meals; (2) English language learner; and (3) foster youth. The percentage, known as the UPP, is calculated by dividing the unduplicated count of eligible students (meaning a student may qualify under more than one category, but is only counted once) into the total number of students enrolled in the LEA. For each eligible student, a 20% augmentation is generated based on the grade span and the grade span adjustment, as appropriate. Once an LEA exceeds a UPP of 55%, an additional 65% augmentation is generated for each student above the 55% threshold. Figure 16 summarizes each of these components using rates for the 2022-23 fiscal year.

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Figure 16: 2022-23 LCFF Components

Grade Span	Base Grant per ADA	Grade Span Adjustment per ADA	Supplemental Grant per ADA (Up To)	Concentration Grant per ADA (Up To)
Grades TK–3	\$9,132	\$950	\$2,016	\$2,949
Grades 4–6	\$9,270	--	\$1,854	\$2,711
Grades 7–8	\$9,544	--	\$1,909	\$2,792
Grades 9–12	\$11,061	\$288	\$2,270	\$3,320

Source: LCFF funding rates from the CDE

In general, LCFF funding changes as a result of district reorganizations will have a de minimis impact to the state. The two areas where exceptions may arise are related to the UPP of each district and/or whether either district is currently in basic aid status. Under the LCFF, the higher an LEA's UPP, the more it will receive in supplemental and concentration grants to fund increased and improved services for the targeted students (i.e., students from low income families, English language learners, and foster youth).

Using information from June 2022, Figure 17 illustrates each district's UPP and resulting supplemental and concentration grant funding per student in the 2022-23 fiscal year. Because the base grant and grade span adjustments for each district are the same, as noted in Figure 16, those components have been excluded from Figure 17.

Figure 17: 2022-23 Supplemental and Concentration Funding

Grade Span	Supplemental Grant Funding per ADA	Concentration Grant Funding per ADA	Total Supplemental and Concentration Grant Funding per ADA
Colton Joint USD—81.69% UPP			
Grades TK-3	\$1,647	\$1,749	\$3,396
Grades 4-6	\$1,515	\$1,608	\$3,123
Grades 7-8	\$1,559	\$1,656	\$3,215
Grades 9-12	\$1,854	\$1,969	\$3,823
Redlands USD—69.81% UPP			
Grades TK-3	\$1,408	\$971	\$2,379
Grades 4-6	\$1,294	\$892	\$2,186
Grades 7-8	\$1,333	\$919	\$2,282
Grades 9-12	\$1,585	\$1,093	\$2,678

Source: District-provided LCFF calculators

Both districts are comfortably above the 55% threshold to receive the concentration grant and the proposed territory transfer will not jeopardize this distinction. Based on information provided by

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Colton Joint USD, there are 30 students who reside in the area subject to the territory transfer and attend a school in Colton Joint USD. Based on information provided by Redlands USD, there are 14 students who reside in the area subject to the territory transfer and, due to an existing inter-district transfer,¹² currently attend a school in Redlands USD.

For the purpose of this analysis, it is assumed that all 44 students attend schools in Colton Joint USD to illustrate the permanent financial impact should the territory transfer be approved. The average supplemental and concentration grant funding received by Colton Joint USD and Redlands USD is \$3,389 per ADA and \$2,374 per ADA, respectively. Because Redlands USD has a lower funding amount, the state could actually realize a savings of nearly \$45,000, which is calculated by multiplying the difference between the current funding levels (\$1,015 per ADA) by the 44 students. If the territory transfer is successful, the actual financial impact is likely to be less as 14 of the 44 students are already enrolled in schools in Redlands USD. Therefore, SSC staff maintains that there would be no increase in state costs as a result of the proposed territory transfer.

Neither district is currently identified as basic aid and the impact of the territory transfer would not alter this designation. To be classified as a basic aid district, the sum of annual property taxes plus the categorical funding from 2012-13 must be greater than the amount of funding guaranteed by the LCFF. Figure 18 illustrates that both districts are more than \$100 million beneath this threshold and the impact of 44 students would not have a material impact.

Figure 18: Basic Aid Eligibility

Category	Colton Joint USD	Redlands USD
2022-23 Property Taxes ¹	\$15,055,493	\$33,301,468
2012-13 Categorical Funding	\$103,672,037	\$102,964,250
Total	\$118,727,530	\$136,265,718
2022-23 LCFF Funding ¹	\$260,783,200	\$238,181,382
Difference	(\$142,055,670)	(\$101,915,664)

Source: District-provided LCFF calculators

¹Estimated

As noted earlier, the number of categorical programs was reduced significantly with the advent of the LCFF in 2013-14. In each subsequent year, however, the total number of categorical programs has grown as the Governor and Legislature continue to target new Proposition 98 resources outside the LCFF. However, the basis for allocating the resources for the categorical programs is most

¹²Inter-district transfers are students that reside in one school district, but request to enroll in (transfer to) another school district—in this case, students transferring from Colton Joint USD to Redlands USD. This is in contrast to intra-district transfers which are students who reside within a district's boundaries and apply to enroll at a school within the district other than their designated school of residence.

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commonly based on ADA, UPP, or some combination of the two. Figure 19 summarizes the most significant categorical programs funded by the state as part of the 2022-23 Enacted Budget.

Figure 19: 2022-23 State-Funded Categorical Programs

Category	Statewide Allocation	Funding Calculation
Learning Recovery Block Grant	\$7,936,000,000	\$/ADA x 2021-22 ADA x UPP
Expanded Learning Opportunities Program	\$4,000,000,000	\$/ADA x 2021-22 ADA
Arts, Music, and Instructional Materials Block Grant	\$3,561,000,000	\$/ADA x 2021-22 ADA
Mandate Block Grant	\$247,000,000	\$/ADA x 2021-22 ADA
Total	\$15,744,000,000	

This does not represent all the categorical programs available in 2022-23, but rather, illustrates that the majority of categorical programs are awarded based on ADA. The shift of students from Colton Joint USD to Redlands USD would not have a material impact on costs to the state, but rather, would shift the funds from Colton Joint USD to Redlands USD. While it is impossible to know how the state might allocate funds in the future, the recent history shows that an allocation based on ADA is most likely.

Finding

The study finds that this criterion would be substantially met, as the proposed territory transfer would not result in a significant increase in state costs as it pertains to operational revenues. Potential increases in state costs attributable to facilities are addressed in Criterion Number 7.

Criterion Number 6: Sound Educational Program

The Education Code specifies that “the proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.” Title 5 regulations further specify a duty of the CDE to describe district-wide and school site programs, in school sites excluded from the reorganization proposal, that could be adversely affected by a district reorganization.

Analysis and Comment

Educational program—Both school districts have established school climates that appear to encompass both the educational programs and general wellbeing of their students. As noted on its website,¹³ Colton Joint USD’s vision statement begins:

¹³<https://www.cjusd.net/Page/5492>

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In the Colton Joint Unified School District, we believe each student deserves the academic proficiency and skills necessary to thrive in college and in the global workforce to earn a living wage and be responsible, productive citizens. We will do this by providing engaging, challenging, and enriching opportunities and specialized programs in a safe environment in partnership with students, families, and our diverse communities.

Redlands USD developed the RUSD 2025 plan.¹⁴ Its mission statement states that:

The Redlands Unified School District, as a unifying agent of several unique communities rich in local history, culture, and tradition, is committed to preparing students to become productive participants in a diverse, multi-cultural, democratic society through quality education, high expectations, flexible programs and innovative partnerships. Our students will be empowered with the knowledge and commitment necessary to confront the challenges of our changing world, as they become leaders of the 21st century.

The plan also notes that its vision will focus on five key areas:

1. Enhanced learning through innovation
2. Excellence in academics
3. Collaborative community and parent partnerships
4. Equality through equity
5. Learning in safe and secure environments

The existing educational programs at each district should not be disrupted due to the proposed territory transfer. As previously detailed, the number of students currently located within the proposed territory is insignificant when compared to total enrollment in either district. Therefore, the transfer of students would not necessitate any significant changes to the educational programs themselves. However, the quality of the programs would impact the potential educational performance of the students. As SSC staff are not instructional experts, established statewide systems—the California School Dashboard (Dashboard) and the California Assessment of Student Performance and Progress (CAASPP)—were analyzed as a proxy for the strength of each district’s educational offerings.

Dashboard—California has adopted an accountability and continuous improvement system, as prescribed by the implementation of the LCFF, that provides information on how LEAs and schools are meeting the needs of California’s students based on a set of state and local measures

¹⁴<https://www.redlandsusd.net/rusd2025>

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developed to assist in identifying strengths, weaknesses, and areas in need of improvement. The multiple measures are reported through the Dashboard, which illustrates the state's accountability system by measuring the performance of LEAs at the district, school, and pupil subgroup levels. The new multiple measures system replaces the former Academic Performance Index, which was based solely on test results, and measures progress by the use of state and local indicators that more closely measure a student's school environment.

State Indicators (collected through the California Longitudinal Pupil Achievement Data System)

- Academic Performance (English Language Arts/Literacy [ELA] and Math)
- Chronic Absenteeism
- College/Career Readiness
- English Learner Progress
- Graduation Rate
- Suspension Rate

State indicator performance levels are bifurcated into percentile cut scores—current status and change (year-over-year progress)—which creates a five-by-five grid that produces 25 results and 5 performance levels (blue [highest], green, yellow, orange, and red [lowest]) to make an overall determination for each indicator that provides equal weight to both status and change.

Local Indicators (entered by LEAs)

- Basic Services and Conditions
- Implementation of Academic Standards
- Parent and Family Engagement
- School Climate
- Access to a Broad Course of Study
- Coordination of Services for Expelled Students (COE only)
- Coordination of Services for Foster Youth (COE only)

Local indicator performance levels are ranked using three metrics: Met, Not Met, Not Met for Two or More Years.

With blue and green the highest and second highest performance levels, respectively, and with green being the state targeted performance level, Redlands USD had one more performance level

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at or above the targeted performance level than Colton Joint USD (Figure 20).¹⁵ It had a green performance level for three of the seven state indicators. For the two performance levels that are at orange—Chronic Absenteeism and Suspension Rate—it maintained its status for the first and increased from prior year for the second. For Math, which is the only yellow performance level indicator, it posted a decline from the prior year. Colton Joint USD had a green performance level for two of the seven state indicators and an orange performance level for three others—Chronic Absenteeism, ELA, and Math. It also had only one yellow performance level indicator—Suspension Rate—for which it effectively maintained its status from the prior year.

Figure 20: California School Dashboard Summary

Indicator (Grades)	Colton Joint USD			Redlands USD		
	Student Performance	Status	Change	Student Performance	Status	Change
Chronic Absenteeism (K-8)	Orange	High	Maintained	Orange	High	Maintained
		10.9%	-0.1%		11.0%	-0.4%
College/Career (9-12)	Green	High	Increased	Green	Medium	Increased
		59.4%	7.9%		54.6%	4.0%
ELA (3-8, 11)	Orange	Low	Maintained	Green	High	Declined
		31.4 (below standard)	-0.8		14.9 (above standard)	-4.2
English Learner Progress (K-12)	n/a	Low	n/a	n/a	Medium	n/a
		42.0%			48.9%	
Graduation Rate (9-12)	Green	High	Increased	Green	High	Increased
		91.3%	4.8 %		92.5%	2.1%
Math (3-8, 11)	Orange	Low	Maintained	Yellow	Medium	Declined
		72.3 (below standard)	1.1		21.1 (below standard)	-4.9
Suspension Rate (K-12)	Yellow	Medium	Maintained	Orange	Medium	Increased
		4.5%	-0.2%		3.6%	0.7%

Source: Dashboard

ELA, Math, and Suspension Rate are the three indicators with a difference between the two districts. For ELA, Redlands USD had a higher performance level though the number of points

¹⁵Due to the COVID-19 pandemic, the 2020 and 2021 Dashboards were suspended. Therefore, the data utilized for this analysis is from the 2019 Dashboard. In addition, at that time, there were only two years of English Language Proficiency Assessments for California Summative Assessment results—the data on which the English Learner Progress indicator is based—so the change and performance level were not yet available.

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above the standard declined from the prior year. For Math, Redlands USD once again had a higher performance level and declined from prior year. Lastly, the Suspension Rate indicator was the only one of the three where Colton Joint USD had a higher performance level. While Redlands USD actually had a lower suspension rate (status), its rate increased from the prior year, hence the lower performance level.

For the three indicators where the districts shared a performance level, based on status, Redlands USD had a higher graduation rate, but had a lower percentage of students prepared for college and career than Colton Joint USD. Redlands USD also had a negligibly higher percentage of chronically absent students. With regard to the English Learner Progress indicator, as noted, there was insufficient data to arrive at a performance level. However, the status was provided and shows that Redlands USD had a higher percentage of students making progress towards English language proficiency.

The results summarized in Figure 20 illustrate that, as it pertains to the academic performance indicators, Redlands USD had a slight edge given its higher performance level in both ELA and Math and the fact that in both areas, the test results are significantly higher than Colton Joint USD, even though Redlands USD declined year over year. Redlands USD's English learners are also making greater progress toward English language proficiency than those at Colton Joint. The districts are relatively comparable in two of the three climate and engagement indicators, and though Redlands USD is suspending students at a lower rate, this rate has increased from prior year.

CAASPP—The CAASPP system was established in 2014 and replaced the Standardized Testing and Reporting program. The CAASPP system includes the Smarter Balanced Summative Assessment system, which tests students in grades 3 through 8 and 11 on ELA and Math. The Smarter Balanced Assessment system is based on the Common Core State Standards and measures progress toward college and career readiness. Tests are scored on a scale—Standard Not Met, Standard Nearly Met, Standard Met, and Standard Exceeded.

A review of these results (Figure 21) shows that, similar to the Dashboard results, Redlands USD outperformed Colton Joint USD.¹⁶ Redlands USD had a total of 57.38% of students either meeting or exceeding standard and 21.53% not meeting standard for ELA. This is compared to Colton Joint USD that had 38.87% of students meeting or exceeding standard and almost an equal percentage (35.38%) not meeting standard. Figure 21 also includes the results of the state overall for context, which is outperforming Colton Joint USD but has fewer students meeting or exceeding standard and more not meeting standard than Redlands USD. The state has a total of 51.10% of students either meeting or exceeding standard and 26.63% not meeting standard. For Math, Redlands USD

¹⁶Due to the COVID-19 pandemic, the 2019–20 Smarter Balance Summative Assessments were suspended, and testing participation in 2020–21 varied. Therefore, the data utilized for this analysis is from the 2018–19 assessments.

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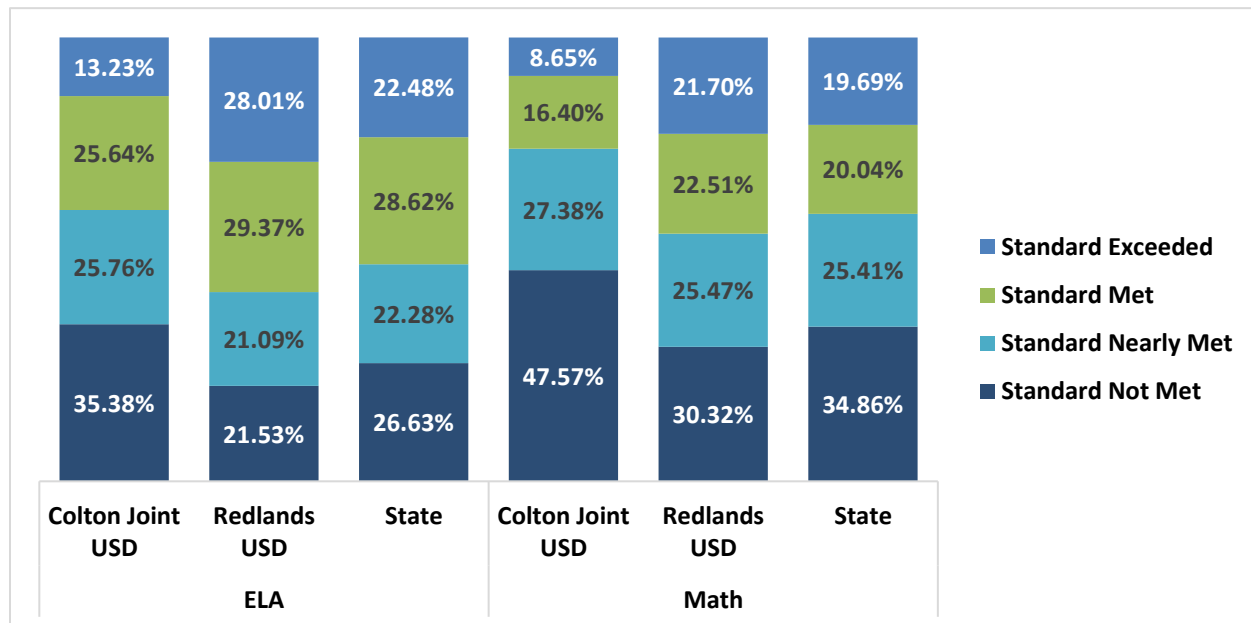
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had 44.21% of students meeting or exceeding standard compared to 25.05% of Colton Joint USD students. Likewise, a greater percentage of Colton Joint USD students (47.57%) did not meet standard, while Redlands USD had 30.32% that did not meet standard. And, once again, the state does better than Colton Joint USD but worse than Redlands USD with 39.73% meeting or exceeding standard and 34.86% that are not.

Figure 21: Smarter Balanced Summative Assessments Results



Source: CAASPP—2018-19

While test results are not the only factor that should be considered when determining the performance of a school or district, this data does provide some indication as to the educational programs at the two districts. This data shows that the proposed territory transfer would not have a negative impact on the educational achievement of the students within the proposed territory. It is also worth noting that Redlands USD—through inter-district transfers—is currently educating 14 Colton Joint USD students, in addition to the almost 2,600 that reside within Loma Linda and are already within Redlands USD boundaries.

Lastly, both districts appear to provide a diverse set of course offerings, programs, services, and extracurricular activities for their students (Figure 22).¹⁷

¹⁷SSC staff compiled this list based on a review of the districts' websites. It is meant to be representative, and not exhaustive, of the districts' programs and services.

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Figure 22: District Offerings

Colton Joint USD

- Gifted and Talented Education (GATE) and After School Education and Safety (ASES) programs
- Various behavioral and mental health services, including school-based mental health counseling services, mental health prevention services, case management services, and suicide prevention
- Music education at all levels, including band, choir, guitar, and music history
- College Connect, a partnerships with Siembra—a platform that provides a means of tracking student progress towards high school/college readiness and connects students with college outreach coordinators and recruiters beginning as early as grade 9
- Articulation with local community colleges and California universities to provide high school students with the opportunity to simultaneously earn high and college credits
- Various career technical education (CTE) pathways, including but not limited to design, visual, and media arts; game design and integration; product innovation and design; engineering design and technology; mental and behavioral health; information support and services; welding/materials joining; etc., as well as online CTE courses through the Colton-Redlands-Yucaipa regional occupational program (ROP)

Redlands USD

- GATE and ASES programs
- Various behavioral and mental health services, including the Elementary Counselor Program—provides emotional support to students through one-on-one and small group counseling, and the Academic Case Carrier Program—supports for most at-risk secondary students
- Music education at all levels, including band, orchestra, choir, piano, guitar, and music theory
- Career centers on the high school campuses with a full-time career center teacher, available to assist students with components of college and career readiness
- A dual enrollment program in partnership with Crafton Hills College that provides high school students with the opportunity to simultaneously earn high and college credits
- Various CTE pathways, including but not limited to design, visual, and media arts; game design and integration; production and managerial arts – state technology; child development; engineering design and technology; mental and behavioral health; information support and services; etc., as well as online CTE courses through the Colton-Redlands-Yucaipa ROP

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Colton Joint USD

- Eight Linked Learning pathways at the comprehensive high school campuses through membership in the San Bernardino County Linked Learning Regional Hub of Excellence
- Spanish dual immersion programs
- Various clubs, sports, electives, and other extracurricular activities, including but not limited to, Navy Junior Reserves Officer Training Corps (NJROTC), Advancement Via Individual Determination (AVID), Thespian Society, debate, games, and art clubs, peer counseling, Friends of the Library, cross country, tennis, etc.
- Special education through special day classes, specialized academic instruction, and resource specialist programs, as well as speech and language services, county-operated classes, and nonpublic schools
- Advanced Placement (AP) courses, in addition to honors and other courses in:
 - English
 - English language development
 - Math
 - NJROTC
 - Physical education
 - Science
 - Social science
 - World languages
 - Visual and performing arts
 - Various electives

Redlands USD

- TelePresence, which allows the sharing of courses among the district's high schools and increases access to courses that may not be offered at a given campus
- Guaranteed admission to several local universities for graduates meeting the respective institution's eligibility requirements
- Various clubs, sports, electives, and other extracurricular activities, including but not limited to, Air Force Junior Reserves Officer Training Corps (AFJROTC), AVID, Chess & Wargames, cross country, French club, student newspaper, mock trial, tennis, Writer's Block, yearbook, etc.
- Special education through special day classes, specialized academic instruction, and resource specialist programs
- AP courses, as well as subsidized AP testing, in addition to honors and other courses in:
 - English
 - English language development
 - Math
 - Medical
 - Physical education
 - Science
 - Social studies
 - World languages
 - Visual and performing arts
 - AFJROTC
 - Other electives

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Finding

The study finds that this criterion would be substantially met. The proposed territory transfer would not significantly disrupt educational programs in the districts nor would it have a negative impact on the educational performance of the students within the territory proposed to be transferred.

Criterion Number 7: No Substantial Increase to School Facilities Costs

EC § 35753(a)(7) specifies that specifies that “any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.” There are no accompanying Title 5 regulations that provide further definition or guidance for this criterion. The CDE Handbook states that a territory transfer should be evaluated to determine whether the school district receiving the new students has adequate facilities to house those students.

Analysis and Comment

The current population of students subject to the territory transfer is 44 (14 are already enrolled in Redlands USD). These current figures have been utilized in the following analysis as the area subject to the territory transfer is largely built out and interviews did not disclose that additional residential development is imminent. Because 14 of the students in the area subject to the territory transfer are already enrolled in Redlands USD, the analysis of the availability of space will focus on the remaining 30 students. Figure 23 summarizes the grades of the remaining 30 students in the 2021-22 school year.

Figure 23: Students Subject to Territory Transfer Attending Colton Joint USD

Grade	Count	Grade	Count
Transitional Kindergarten (TK)	1	Sixth	2
Kindergarten	1	Seventh	1
First	1	Eighth	5
Second	3	Ninth	6
Third	1	Tenth	4
Fourth	1	Eleventh	2
Fifth	0	Twelfth	2

Source: District-provided data

Based on the current attendance boundaries for Redlands USD, students in grades TK-5 would attend Victoria ES, grades 6-8 would attend Cope MS, and grades 9-12 would attend Redlands HS. Interviews with staff at Redlands USD disclosed that although the current boundary

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configurations would direct TK-5 students to Victoria ES, it is anticipated that both Bryn Mawr ES or Mission ES may also be impacted should the territory transfer be approved. Figure 24 applies the 30 students above to each of the schools.

Figure 24: Impact of Colton Joint USD Students

Grade Span	2021-22 Enrollment as of 4/7/2022	2021-22 Capacity	2021-22 Available Space	2021-22 Colton Joint USD Students
Bryn Mawr ES (TK-5)	616	651	35	8
Mission ES (TK-5)	572	618	46	
Victoria ES (TK-5)	449	485	36	
Cope MS (6-8)	1,233	1,435	202	8
Redlands HS (9-12)	2,055	2,177	430	14

Source: Figures provided by Redlands USD

A further breakdown was not analyzed by grade span for three reasons: (1) the number of total students is small; (2) each school site has a significant amount of available space; (3) the students are spread relatively evenly across the grades, with the largest concentration of students in ninth grade.

Although an exact dwelling count was not obtained, interviews disclosed that there are approximately 150 dwelling units in the area subject to the territory transfer. Using the student yield factor of 0.515—the highest yield which assumes all dwellings are single family—provided by Redlands USD, the result yields 77 students. That means that the current population of 44 has a maximum top range of 77, an increase of only 33 students. Based on the current capacity noted in Figure 24, an additional 33 students would not result in the need for additional school facilities nor increased facility costs.

Finding

The study finds that this criterion would be substantially met as there is sufficient space at the schools to accommodate the remaining 30 students—those currently residing within the territory proposed to be transferred. Additionally, it is reasonable to conclude that there is sufficient space to house additional students should new development occur in the area subject to the territory transfer.

Criterion Number 8: Increased Property Values

EC § 35753(a)(8) specifies that “the proposed reorganization is primarily designed for purposes other than to significantly increase property values.”

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The CDE Handbook further suggests that the county committee should analyze the petition for reorganization to see if the rationale for the reorganization appears “questionable or not compelling.” If the rationale does not appear compelling, the handbook suggests that the committee “should at least consider whether increased property values might be the primary reason for the petition,” and further suggests that the county tax assessor or local real estate firms be consulted for advice on whether a proposed transfer would affect property values.

Analysis and Comment

According to the Resolution, dated December 8, 2020, that was approved by the Loma Linda City Council, the impetus of the Resolution was the receipt of a petition on November 10, 2020, signed by “a majority of residents of the Laurel Heights neighborhood.” The Resolution does not make any reference to property values, but does highlight the following two points:

- Laurel Heights neighborhood believes the Redlands USD would better serve the interest of their children
- Current district boundaries arbitrarily bisect the city of Loma Linda

While the former point is subjective and can be argued from either direction, it is objectively true that the city of Loma Linda is split between the two districts with the majority of the city already designated in the boundaries of the Redlands USD. Based on data provided by Redlands USD, 2,599 students in the city of Loma Linda are included in the boundaries of and attend Redlands USD schools. The 44 students previously referenced (14 of which attend Redlands USD schools on inter-district transfers) represent the remaining students in the city of Loma Linda currently attending Colton Joint USD schools in grades TK-12.

Although property values and related taxes were not referenced, it is prudent to acknowledge that should the property be transferred to Redlands USD, the annual property tax payments—based on the estimated assessed valuations—would count towards Redland USD’s LCFF calculation. The LCFF calculation, as articulated in Criterion Number 5, provides an amount of funding per student. As noted in Criterion 5, neither district is basic aid, so any increase or decrease in property taxes would be offset by an inverse increase or decrease in state aid. Any future enrollment in either district would generate additional funding at the per student rate noted in Criterion 9 and it is unlikely that property taxes receipts will be sufficient to cover the entire cost of a student. Any amount that is not paid for with property taxes is made up by state funding on a dollar-for-dollar basis.

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Finding

The study finds that this criterion would be substantially met, as the increase in property values is not the primary purpose for the proposed territory transfer. Further, the proposed territory transfer would not significantly affect property values given the territory proposed to be transferred is already located within the city of Loma Linda.

Criterion Number 9: Effect on Fiscal Status and Management

EC § 35753(a)(9) specifies that 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.” The CDE Handbook further suggests that the county committee consider components from the criteria and standards adopted by the SBE pursuant to EC § 32127.

Analysis and Comment

Utilizing Colton Joint USD’s LCFF estimates per ADA for 2022-23, each student will generate an estimated \$13,730. That amount increases to nearly \$14,000 in 2023-24 once the estimated cost-of-living-adjustment (COLA) is applied.

Figure 25 reflects the 2022-23 Adopted Budget which is the most recent financial information approved by the Colton Joint USD Board of Education.

Figure 25: Colton Joint USD General Fund (Unrestricted and Restricted Funds)

	2022–23 Adopted Budget
Revenues	
LCFF Revenues	\$260,783,200
Federal Revenues	\$62,909,698
Other State Revenues	\$27,414,821
Other Local Revenues	\$13,016,438
Total Revenues	\$364,124,157
Expenditures	
Certificated Nonmanagement	\$124,110,036
Classified Nonmanagement	\$49,752,891
Employee Benefits	\$94,941,161
Books and Supplies	\$73,310,144
Service/Other Operating Expenses	\$44,069,724
Capital Expenses	\$9,723,826

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	2022-23 Adopted Budget
Other Outgo	\$4,670,070
Transfer of Direct Costs	-\$460,846
Total Expenditures	\$400,117,006
Other Financing Sources/Uses	
Transfers Out	-\$4,058,277
Fund Balance Change	-\$40,051,277
Reserves	
Beginning Fund Balance	\$83,031,606
Ending Balance	\$42,980,480

Source: District-provided data

Colton Joint USD's 2022-23 Adopted Budget projects that expenditures will far exceed revenues; however, much of that deficit is due to the spending of one-time restricted resources that have carried over from the previous year. Further, the revenues from the block grants that were included in Criterion 5 were not included in the Adopted Budget because at the time of budget adoption, the state had not yet enacted the State Budget.

Colton Joint USD's Adopted Budget includes the revenues associated with the 30 students, and using an estimate of \$13,730, that results in approximately \$412,000 in LCFF revenues. While it is not likely that Colton Joint USD will experience a reduction in expenditures if the territory transfer is approved, it is worth noting that \$412,000 is less than two-tenths of one percent of the total LCFF revenues. While the revenues would be missed, it would be unreasonable to conclude that the loss of the 30 students would cause the district to enter into fiscal distress.

One of the most important measurements of fiscal solvency in the criteria and standards is the analysis of reserves. The figure above combined unrestricted and restricted so the breakout of reserves is not easily identifiable. Figure 26 provides more detail to properly assess Colton Joint USD's current fiscal health based on ending reserves.

Figure 26: 2020-21 Ending Reserves

Grade	Count
2020-21 Unrestricted Reserves	\$60,890,671
2020-21 General Fund Expenditures and Transfers Out	\$297,402,841
Reserve Percentage	20.47%
Statewide Average of Unified Districts	22.36%
Difference	(1.89%)

Source: District-provided data

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Fiscal year 2020-21 is utilized because it represents the most recent year where state-certified information is available. Also, at the time of this analysis was conducted, the district had not yet completed its year-end close for the 2021-22 fiscal year. Colton Joint USD's reserve percentage, which is required to be at least 3% by the State of California, was 20.47% in 2020-21. This was marginally behind the statewide average of all unified districts, but the percentage reflects a healthy fiscal position. The dollar figure of \$60.8 million can also be contrasted against the potential loss in LCFF revenues of \$412,000 to illustrate that the loss of 30 students, if the territory transfer is approved, would not have a material negative impact on Colton Joint USD's financial solvency.

Conversely, Redlands USD approved its 2022-23 Adopted Budget excluding the financial impact of the 30 students. Utilizing Redlands USD's LCFF estimates per ADA for 2022-23, each student will generate an estimated \$12,739. That amount increases to nearly \$13,100 in 2023-24 once the estimated COLA is applied. The reason that the revenues per ADA are lower for Redlands USD than they are for Colton Joint USD is primarily because Colton Joint USD has a much higher UPP as discussed in Criterion 5.

Figure 27 reflects the 2022-23 Adopted Budget which is the most recent financial information approved by the Redlands USD Board of Education.

Figure 27: Redlands USD General Fund (Unrestricted and Restricted Funds)

	2022-23 Adopted Budget
Revenues	
LCFF Revenues	\$238,181,382
Federal Revenues	\$37,847,397
Other State Revenues	\$64,991,230
Other Local Revenues	\$17,514,345
Total Revenues	\$358,534,354
Expenditures	
Certificated Nonmanagement	\$132,900,435
Classified Nonmanagement	\$40,935,283
Employee Benefits	\$71,849,688
Books and Supplies	\$27,906,551
Service/Other Operating Expenses	\$48,795,089
Capital Expenses	\$4,841,415
Other Outgo	\$2,882,812
Transfer of Direct Costs	-\$59,224
Total Expenditures	\$330,052,049
Other Financing Sources/Uses	

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	2022–23 Adopted Budget
Fund Balance Change	\$28,482,305
Reserves	
Beginning Fund Balance	\$79,485,496
Ending Balance	\$107,967,801

Source: District-provided data

In an effort to compare the fiscal health of the districts, the ending reserve analysis was also completed for Redlands USD. Figure 28 calculates the reserve percentage for 2020-21, the most recent year with state-certified data.

Figure 28: 2020-21 Ending Reserves

Grade	Count
2020-21 Unrestricted Reserves	\$49,049,614
2020-21 General Fund Expenditures and Transfers Out	\$279,969,246
Reserve Percentage	17.52%
Statewide Average of Unified Districts	22.36%
Difference	(4.84%)

Source: District-provided data

Comparatively, Colton Joint USD ended the 2020-21 fiscal year with a higher reserve percentage, but the reserve percentage for Redlands USD is still quite healthy and in line with the recommendation of 17% from the Government Finance Officers Association—a national association that represents public finance officials across the United States.

Finding

The study finds that this criterion would be substantially met. The territory transfer, if approved, would have a negligible negative effect on the fiscal status of Colton Joint USD. Conversely, the territory transfer, if approved, would have a negligible positive effect on the fiscal status of Redlands USD.

Summary and Conclusions

This study concludes that the territory transfer from Colton Joint USD to Redlands USD substantially meets all nine statutory criteria that guide district reorganizations, pursuant to EC § 35753(a)(1-9).

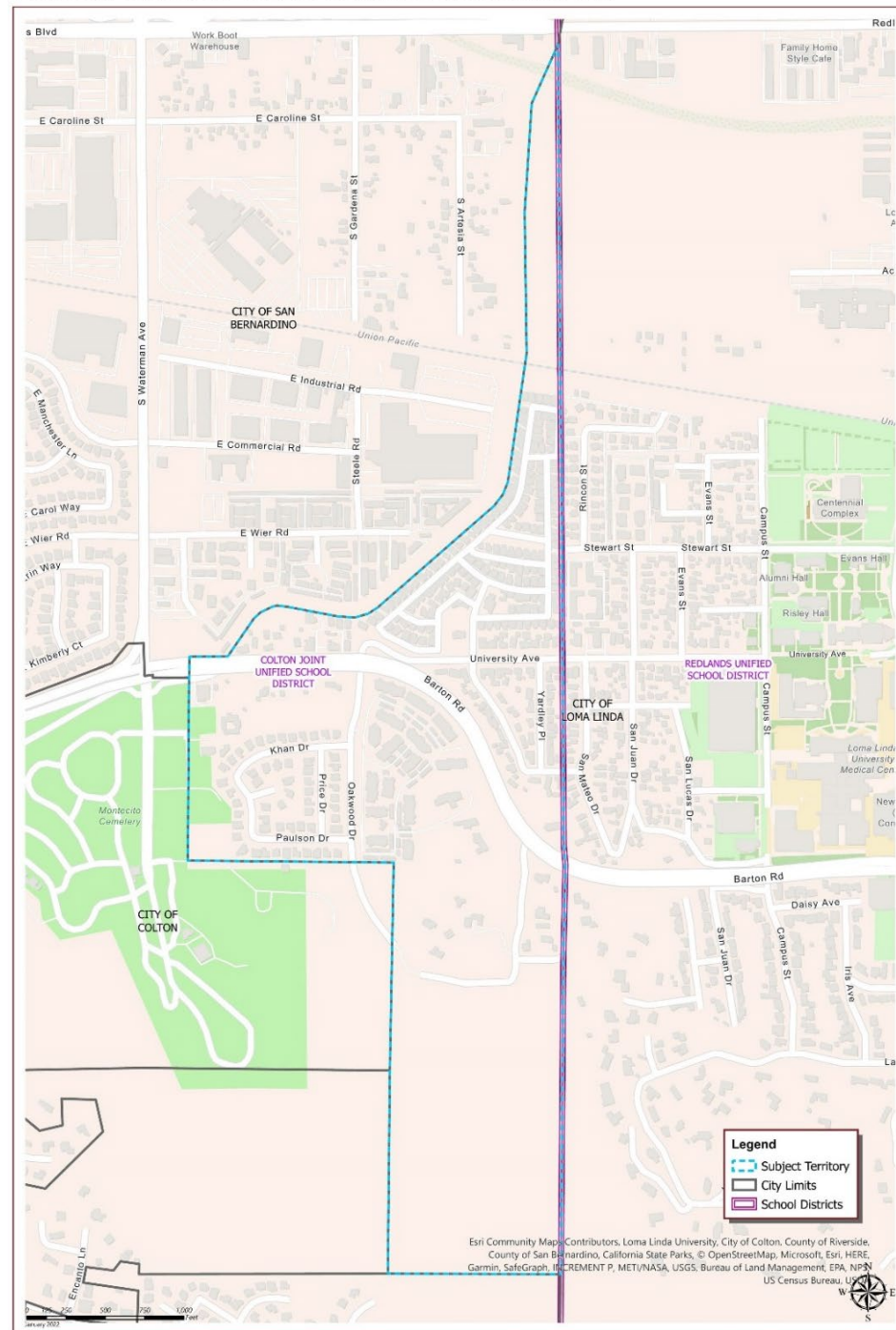
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Appendix A—Map Displaying Proposed Territory Transfer and the Colton Joint USD/Redlands USD Boundary Line

SBCSS - COUNTY COMMITTEE ON SCHOOL DISTRICT ORGANIZATION

TERRITORY TRANSFER - CITY OF LOMA LINDA/REDLANDS USD

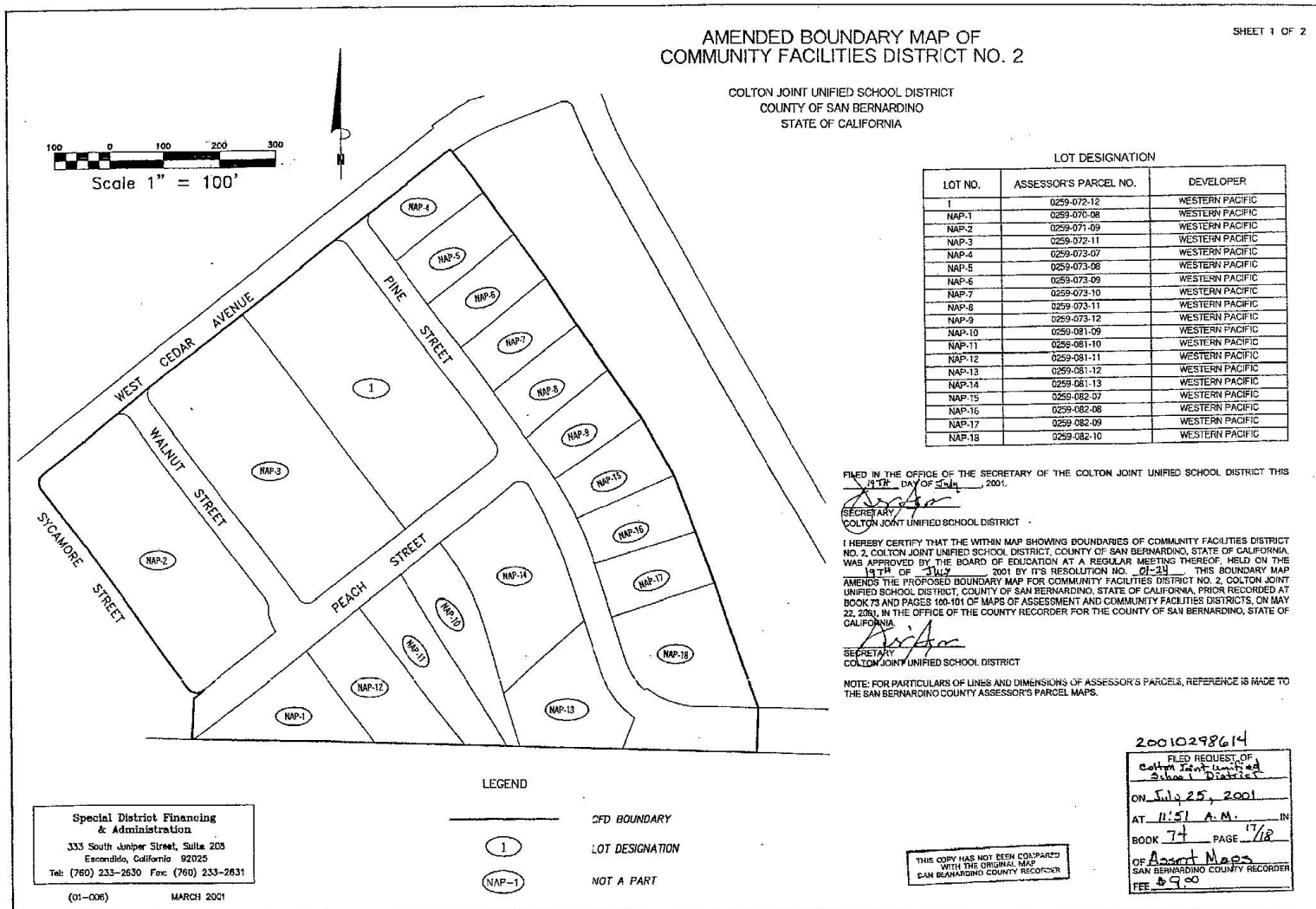


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Appendix B—Community Facilities District No. 2 Maps

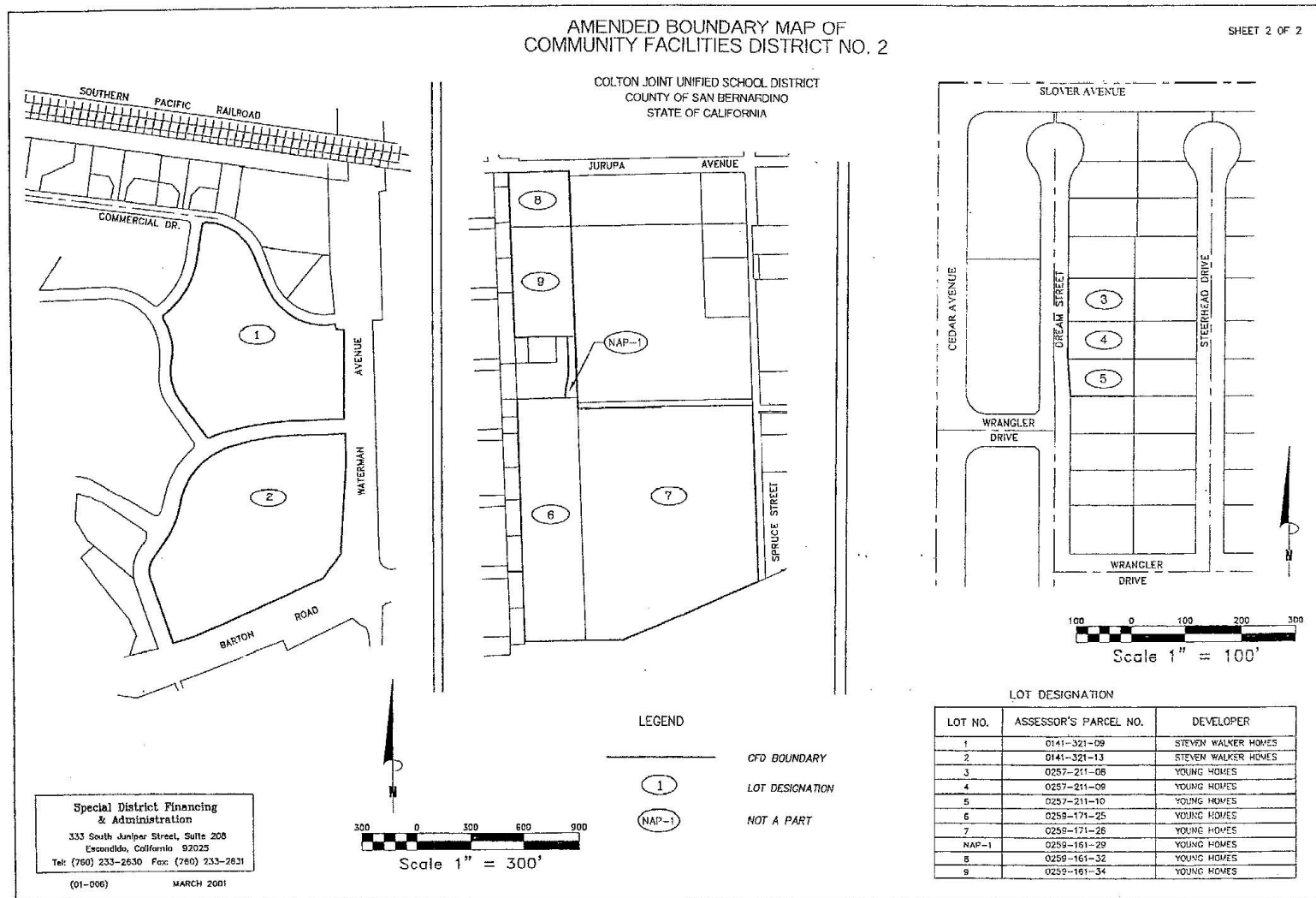


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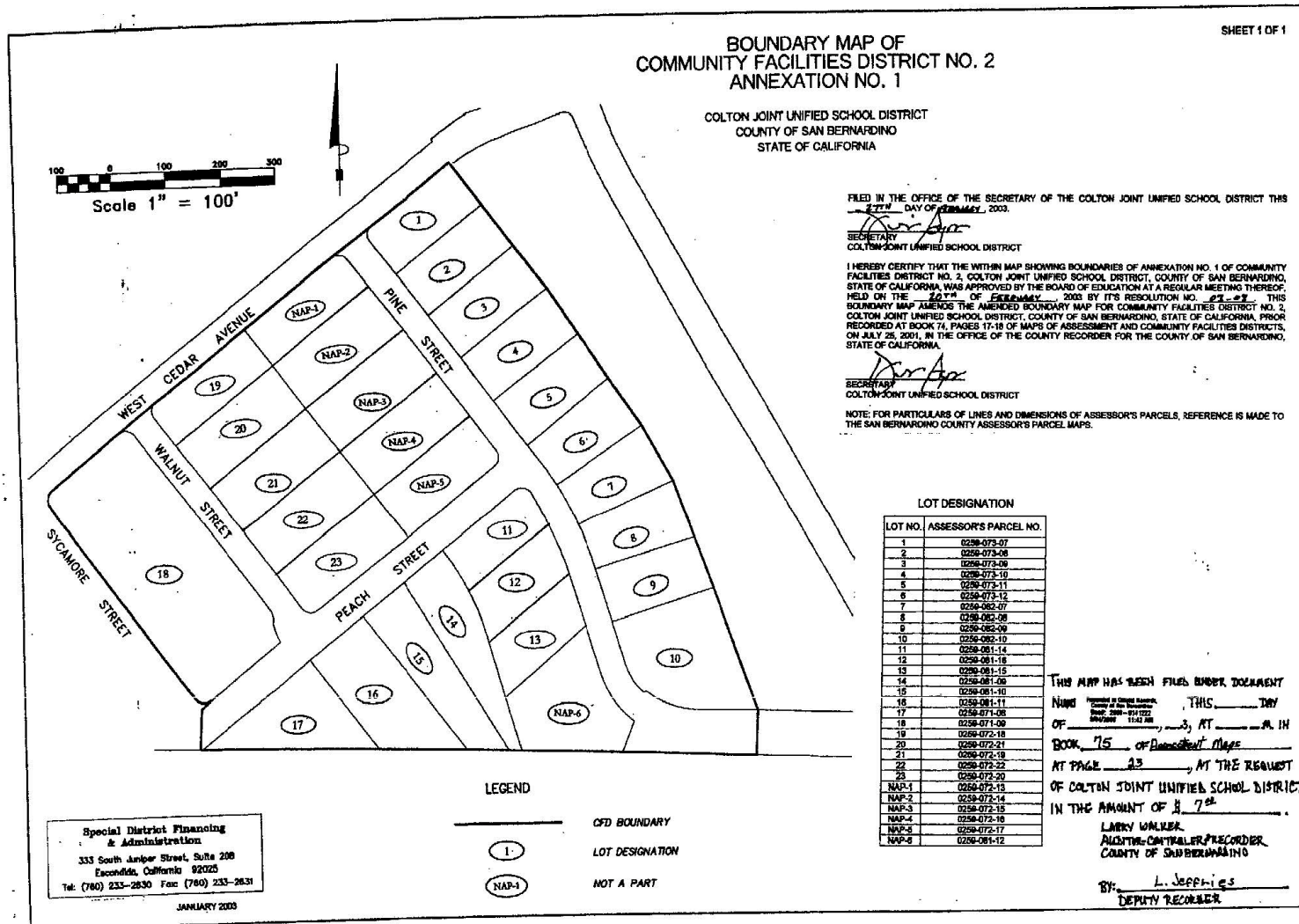
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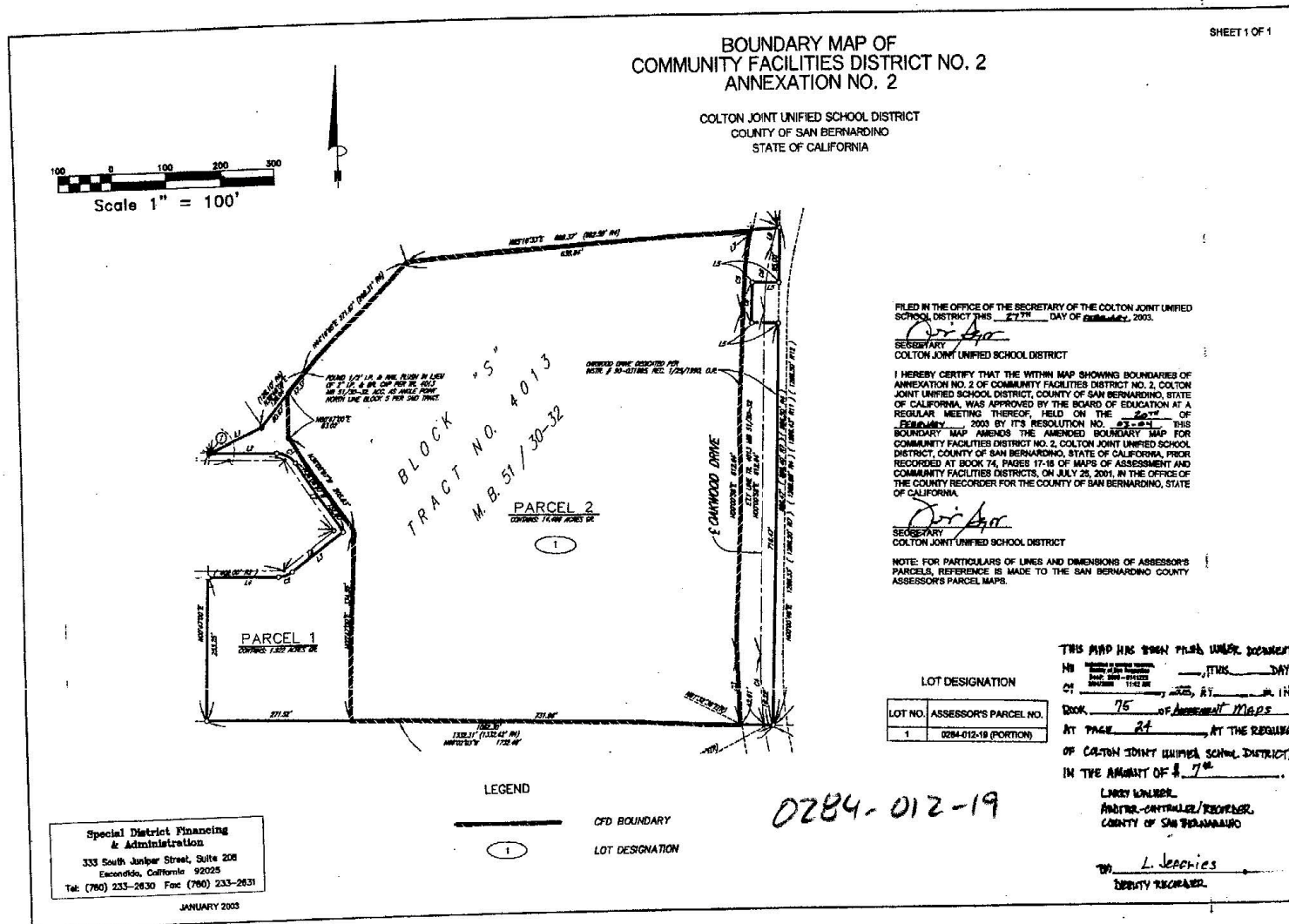
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Appendix C—Jones Hall Memo

November 28, 2022

To: Ted Alejandre,
San Bernardino County Superintendent of Schools

From: Scott R. Ferguson

Re: Treatment of Community Facilities District in Relation to Proposed Territory Transfer
from Colton Joint Unified School District to Redlands Unified School District

475 Sansome Street
Suite 1700
San Francisco, CA 94111
t. 415.391.5780
f. 415.276.2088

Background

The office of the San Bernardino County Superintendent of Schools is evaluating the proposed transfer of certain territory (the "Transfer Territory") from the boundaries of the Colton Joint Unified School District ("Colton JUSD") to the Redlands Unified School District ("Redlands USD"). Colton JUSD previously formed a community facilities district designed "Community Facilities District No. 2 of the Colton Joint Unified School District" ("CFD 2") under the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"). We understand that only a portion of the land within CFD 2 is within the Transfer Territory.

CFD 2 issued a series of special tax bonds in 2004 in the original principal amount of \$4,405,000, which was refunded in full by a series of refunding bonds issued in 2012 in the original principal amount of \$4,460,000 (the "Bonds"). The Bonds are outstanding in the approximate principal amount of \$3,165,000, mature on September 1, 2034, and are eligible for redemption before maturity without a redemption premium.

Jones Hall has been engaged to evaluate the feasibility under existing law, including the Act, of transferring the authority for governance of CFD 2 from Colton JUSD to Redlands USD.

Questions Presented

1. Does the Act permit the transfer of the authority for governance of a community facilities district from one school district to another? 2. If not, what options may be available to facilitate the proposed territory transfer? 3. How does the fact that only a portion of CFD 2 is within the territory transfer affect our analysis?

Relevant Statutes

The Act establishes the following provisions that relate to the question presented:

Transfers of Community Facilities Districts. Article 6 of the Act (Government Code Sections 53368 - 53368.3), entitled Transfer of Community Facilities Districts, governs the

transfer of the authority for governance of a community facilities districts. Section 53368.1 provides in pertinent part that “the authority for the governance of one or more districts maybe transferred from the jurisdiction of a *county* to the jurisdiction of a *city* upon written agreement entered into between the governing boards of the *county* and the *city* and satisfaction of any conditions contained in the agreement and the conditions to transfer contained in Section 53368.2” (emphasis added), and further, that “[t]he legislative body empowered pursuant to this chapter to exercise all authority over the district shall be the governing board of the city.” The remainder of Article 6 sets forth the procedural requirements for effecting such a transfer.

Application to Other Local Agencies. Section 53316 of the Act concerns the application of the Act to local agencies (generally, other than cities and counties), and provides in pertinent part as follows:

“This chapter applies to all local agencies insofar as those entities have the power to install or contribute revenue for any of the facilities or provide or contribute revenue for any of the services authorized under this chapter. This chapter authorizes local agencies to create community facilities districts pursuant to this chapter within their territorial limits. [...] The officers of local agencies who have similar powers and duties, as determined by the legislative body of the local agency, as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to the municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties under this chapter. Any local agency that has no authority to enact an ordinance under other laws may, for purposes of this chapter, enact an ordinance in substantially the same manner as provided for the enactment of a city ordinance in Chapter 2(commencing with Section 36900) of Part 2 of Division 3 of Title 4.”

Effect of Special Tax Lien. Section 53440(h) of the Act concerns the special tax lien, and provides in pertinent part as follows:

“All special taxes levied by a community facilities district shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of special taxes. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with Section 53344 or until the special tax ceases to be levied by the legislative body in the manner provided in Section 53330.5. If any portion of a parcel is encumbered by a lien pursuant to this chapter, the entirety of the parcel shall be encumbered by that lien.”

Complete copies of these statutes are included as an exhibit to the memorandum.

Discussion

1. The Plain Language of the Act Permits Transfers of Community Facilities Districts only from the Jurisdiction of a County to a City.

Statutory Interpretation. Two fundamental rules of statutory interpretation are applicable to this analysis.

First, California courts have long recognized a canon of statutory interpretation from common law known as Dillon's Rule. See *Von Schmidt v. Widber*, 105 Cal. 151 (1894). In *Von Schmidt*, the California Supreme Court described Dillon's Rule as providing that "a municipal corporation possesses and can exercise only the following powers and no others: 1. Those granted in express words; 2. Those necessarily or fairly implied in or incident to the powers expressly granted; [and] 3. Those essential to the accomplishment of the declared objects and purpose of the corporation— not simply convenient, but indispensable."

Second, California courts have also recognized a canon of statutory interpretation that specific statutory regulations control over a general statute. See *Bozaich v. State of California*, 32 Cal. App. 3d 688 (1973); *Hartford Acc. etc. Co. v. City of Tulare*, 30 Cal.2d 832 (1947).

The Act is structured to be used by any "local agency," which Section 53317(h) defines as "any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state." The Act uses the term "local agency" throughout, and also uses the term "legislative body" to refer to the governing board of the local agency. The specific use of "city" and "county" in Section 53368, rather than "local agency," leads to the conclusion, under the rules of construction cited above, that Section 53368 was intended to apply only to the transfer of territory from a county to a city.

Moreover, the provisions of Section 53316 providing for the application of the Act to "other" local agencies focuses narrowly on designating officers by the local agency to carry out the duties of officers specified in the Act, and with the enactment of ordinances by local agencies that have no authority to enact an ordinance under other laws.

Had a broader application of the transfer provisions in Section 53368 been intended, the legislature could have used the words "local agency" in Section 53368, or amended Section 53316 to encompass the transfer provisions contained in Section 53368.

Legislative History. The legislative history of Section 53368 et seq. similarly supports a narrow reading. This section was enacted in 1994 as SB 1540 when the City of Murrieta was incorporated under the Cortese-Knox Local Government Reorganization Act of 1985 (the "LAFCO Act") in response to a specific request by the County of Riverside to transfer the authority for five community facilities districts previously formed by the County of Riverside and within the newly formed boundaries of the City of Murrieta. According to the legislative history of Section 53368,

"The boundaries of the City of Murrieta encompass five Mello-Roos districts under the jurisdiction of Riverside County. The Riverside LAFCO was authorized to transfer the governance of those districts to Murrieta when it incorporated in 1991, but the LAFCO did not do so. Murrieta officials are responsible for providing municipal services to city residents, and both the city and Riverside County agree that the city should govern the Mello-Roos districts within the municipal boundaries."

Section 53368 was enacted in order to address a specific situation that is not applicable here. The proposed territory transfer from Colton JUSD to Redlands USD constitutes a boundary change, not the creation of a new local agency; would be carried out under Education Code 35700 et seq., not the LAFCO Act; and does not raise the same policy concerns regarding municipal governance that are raised when a city incorporates .

Conclusion. We have not found any court decisions interpreting Section 53368 et seq., but conclude that a court would find that it was intended to apply only to the transfer of authority for a community facilities district from a county to a city, and not among other local agencies.

2. Legislative or Judicial Solutions.

New Legislation. The relevant parties could seek a State legislator to sponsor an amendment to Section 53368 et seq. to specifically permit territory transfers between school districts (or other local agencies). Such legislation could also specifically permit the division of an existing community facilities district when a portion of the underlying land is transferred from one local agency to the other. However, the legislative process can be costly and time-consuming, with no certainty as to a successful outcome.

Judicial Validation. The relevant parties could seek a judicial validation of the proposed territory transfer under Civil Code 860 et seq. However, we conclude that, based on the analysis above, we believe that a court would find that the transfer is not permitted by the Act as currently written.

3. Possible Other Approaches that Could Allow the Proposed Territory Transfer. We considered a number of approaches that could allow the proposed territory transfer to take place without a formal transfer of CFD 2 from Colton JUSD to Redlands USD under the Act.

Leave CFD 2 in Place and Continue Levying and Collecting Special Taxes; Joint Administration Agreement.

Section 53316 precludes extraterritorial jurisdiction in the formation of a community facilities district ("This chapter authorizes local agencies to create community facilities districts pursuant to this chapter *within their territorial limits*"), but the Act does not address a situation where all or a portion of an existing community facilities district is transferred out of the territorial jurisdiction of the local agency that originally formed the district.

However, consideration must be given to the existence of the special tax lien and the outstanding Bonds, and the rights of Bond owners. Section 53440(h) provides that the special tax lien "shall continue in full force and effect" until the Bonds are paid off. The Preliminary Official Statement for the Bonds discloses that Colton JUSD has covenanted for the benefit and protection of the Bond owners that it will annually levy and collect the special taxes on all the property in CFD 2, and will institute judicial foreclosure against parcels with delinquent special taxes if certain thresholds are met. Moreover, both the federal Constitution and the California Constitution contain prohibitions on laws or legislative actions that impair the obligation of contracts.

Taken together, the foregoing supports the argument that the territory transfer cannot remove the authority and legal ability of Colton JUSD to continue the levy, collection and enforcement of the special taxes on the portion of CFD 2 transferred to Redlands USD, because to conclude otherwise could result in an impairment of Colton JUSD's contract with Bond holders to protect the security of the Bonds. As a consequence, the existence of CFD 2 arguably would not be an impediment to the proposed territory transfer.

Before moving forward with the territory transfer leaving CFD 2 in place, it will be critical to obtain the concurrence of the County Auditor-Controller/Treasurer/Tax Collector and to ensure that the administrative process and requirements for placing the special taxes on the County tax roll can still be met, or that the new procedures can be devised to accommodate the County's procedures.

In order to ensure the orderly transition of the Transferred Property and to remove any doubt regarding Colton JUSD's continued administration and enforcement of the special taxes, it may be necessary for Colton JUSD and Redlands USD to enter into an agreement for the joint administration of CFD 2 following the territory transfer. Such an agreement could provide, for example, that Redlands USD would agree to take all action necessary to allow Colton JUSD to levy the special taxes on the Transfer Territory and to send any special tax revenues mistakenly received to Colton JUSD, and to specifically permit Colton JUSD to pursue judicial foreclosure as needed on the Transfer Territory.

It should be stressed that there is no express authority for such an arrangement under the Act. Rather, it would be carried out in recognition of the constitutional prohibition on the impairment of contracts and the paramount concern for preserving the security for the Bonds.

Redeem Bonds and Dissolve CFD 2. Dissolving a community facilities district, and the cessation of the related special tax levy, are only permitted after all bonds and other obligations of the community facilities district have been fully paid and satisfied (Section 53338.5). While the Bonds are currently redeemable, a source of funding would be needed to retire their outstanding principal amount (\$3,165,000) and to pay the costs of redemption.

Form a New Community Facilities District on the Transfer Territory and Issue Refunding Bonds to Refund the CFD 2 Bonds. Section 53313.5(g) permits a local agency to issue bonds to "pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district." Redlands USD could form a new community facilities district encompassing the territory within CFD 2 being transferred, and issue refunding bonds in an amount sufficient to fully redeem that portion of the outstanding CFD 2 Bonds corresponding to the special tax revenues being generated from the Transfer Territory. This would permit Colton JUSD to terminate the special tax lien of CFD 2 on the Transfer Territory, which would essentially be replaced by the lien of the newly formed community facilities district created by Redlands USD.

Section 53313.5(g) also permits special taxes to be used to "pay debt service on that indebtedness," meaning that a newly formed Redlands USD community facilities district could in theory levy special taxes equal to the debt service on the portion of the CFD 2 bonds corresponding to the territory transfer, and remit those amounts when collected to Colton JUSD

for payment of the CFD 2 bonds. We are not aware that this provision has been employed or tested by local agencies, and therefore the details of its implementation are not clear.

While this option finds the clearest support in the Act, Redlands USD would be required to hold a registered voter election within the boundaries of the Transfer Territory in order to form a new community facilities district; this is a costly and time-consuming process with no guarantee of achieving the required 2/3ds register voter approval.

EXHIBIT A
EXCERPTS FROM THE MELLO-ROOS ACT


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TITLE 5. LOCAL AGENCIES [50001 - 57607] (Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 2.5. The Mello-Roos Community Facilities Act of 1982 [53311 - 53368.3] (Chapter 2.5 added by Stats. 1982, Ch. 1451, Sec. 1.)

ARTICLE 6. Transfer of Community Facilities Districts [53368 - 53368.3] (Article 6 added by Stats. 1994, Ch. 165, Sec. 1.)

53368. Unless the context otherwise requires, the definitions contained in this section shall govern the construction of this article.

(a) "City" means any city, including a chartered city.

(b) "County" means any county of the state.

(c) "Districts" means community facilities districts created pursuant to this chapter.

(d) "Governing boards" means, in the case of the county, the board of supervisors of the county and, in the case of the city, the city council of the city.

(Added by Stats. 1994, Ch. 165, Sec. 1. Effective January 1, 1995.)

53368.1. Notwithstanding any other provision of law, the authority for the governance of one or more districts may be transferred from the jurisdiction of a county to the jurisdiction of a city upon written agreement entered into between the governing boards of the county and the city and satisfaction of any conditions contained in the agreement and the conditions to transfer contained in Section 53368.2.

(a) The legislative body empowered pursuant to this chapter to exercise all authority over the district shall be the governing board of the city.

(b) The legal name of the district shall be changed so that the words "County of ____" are deleted therefrom and replaced by the words "City of ____."

(c) Neither a county nor any of its officers, members, employees, or agents shall bear any liability for any action taken with regard to the district on or after the effective date of the transfer of jurisdiction.

(Added by Stats. 1994, Ch. 165, Sec. 1. Effective January 1, 1995.)

53368.2. The transfer of jurisdiction of a district from the governing board of the county to the governing board of the city shall be effective only if the following shall have occurred:

(a) An amended boundary map shall have been recorded with respect to the district with the county recorder in conformity with this subdivision. The amended map shall comply with the requirements of Section 3110 of the Streets and Highways Code, except that the word "proposed" shall not appear on the face of the map and the date and number of the resolution referred to in paragraph (2) of subdivision (b) of Section 3110 shall be the date and number of the resolution adopted by the governing board of the city authorizing the transfer. The amended boundary map shall include on its face the new name of the district and a statement to the effect that it amends the boundary map for (here insert original name or number of district or both the name and number of district, together with county), State of California, prior recorded at book ____ of maps of assessment and community facilities districts at page ____ in the office of the county recorder for the County of ____, State of California. The

county recorder shall endorse, file, and cross-index the amended boundary map in accordance with Section 3113 of the Streets and Highways Code.

(b) An amended notice of special tax lien shall be recorded with the county recorder in the form required by Section 3114.5 of the Streets and Highways Code which shall reference the original notice which it is amending; provided, however, that the notice shall state the amended name of the district, reference the amended boundary map filed in accordance with subdivision (a) and the names of the owners and the list of assessor's parcel numbers to be appended to the amended notice shall be the list that was attached to the original notice of special tax lien that was filed with respect to the district. The county recorder shall record the amended notice of special tax lien, endorse it, and index it, as further provided in Section 3114.5 of the Streets and Highways Code. The provisions of Section 3115.5 of the Streets and Highways Code shall apply to the amended notice of special tax lien as if it were a notice of special tax lien recorded pursuant to Section 3114.5 of the Streets and Highways Code.

(c) The clerk of the governing board of the city shall have mailed notice to each property owner within the district as set forth on the latest secured assessment roll of the county, which notice shall state the amended name of the district, the effective date of the transfer of jurisdiction, the name and telephone number of the person or office at the city that will be responsible for annually preparing the current roll of special tax levy, as required by subdivision (a) of Section 53340.2, and from whom the notice specified in subdivision (b) of Section 53340.2 and other information regarding the district may be obtained.

(d) The city shall have adopted policies as required by Section 53312.7.

(e) For a district with outstanding bonded indebtedness, replacement bonds stating that the transfer of jurisdiction is being made in accordance with this article shall have been executed and delivered by the governing board of the city and delivered to the fiscal agent for the bonds.

(f) The governing board of the county shall have adopted a resolution granting its final consent to the transfer of jurisdiction for the district.

(Added by Stats. 1994, Ch. 165, Sec. 1. Effective January 1, 1995.)

53368.3. Neither the enactment of this article nor any action taken pursuant hereto with respect to the transfer of jurisdiction of a district, nor the failure of any property owner to receive notice as provided in subdivision (c) of Section 53368.2, shall in any way impair any existing special tax lien, the priority thereof, any pledge of special taxes or other revenues to the repayment of any bonds or the validity of any bonds of a district.

(Added by Stats. 1994, Ch. 165, Sec. 1. Effective January 1, 1995.)


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CHAPTER 2.5. The Mello-Roos Community Facilities Act of 1982 [53311 - 53368.3] (Chapter 2.5 added by Stats. 1982, Ch. 1451, Sec. 1.)

ARTICLE 1. General Provisions [53311 - 53317.5] (Article 1 added by Stats. 1982, Ch. 1451, Sec. 1.)

53316. This chapter applies to all local agencies insofar as those entities have the power to install or contribute revenue for any of the facilities or provide or contribute revenue for any of the services authorized under this chapter. This chapter authorizes local agencies to create community facilities districts pursuant to this chapter within their territorial limits. A local agency may initiate proceedings pursuant to Section 53318 to include territory proposed for annexation to the local agency within a community facilities district if a petition or resolution of application for the annexation of the territory to the local agency has been accepted for filing and a certificate of filing has been issued by the executive officer of the local agency formation commission at the time the proceedings to create the district are initiated. Those proceedings may be completed only if the annexation of the territory to the local agency is completed. The officers of local agencies who have similar powers and duties, as determined by the legislative body of the local agency, as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to the municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties under this chapter. Any local agency that has no authority to enact an ordinance under other laws may, for purposes of this chapter, enact an ordinance in substantially the same manner as provided for the enactment of a city ordinance in Chapter 2 (commencing with Section 36900) of Part 2 of Division 3 of Title 4.

(Amended by Stats. 1988, Ch. 1365, Sec. 5.)


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ARTICLE 4. Procedures for Levying [53340 - 53344.4] (Article 4 added by Stats. 1982, Ch. 1451, Sec. 1.)

53340. (a) After a community facilities district has been created and authorized to levy specified special taxes pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339), the legislative body may, by ordinance, levy the special taxes at the rate and apportion them in the manner specified in the resolution adopted pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339). After creation of a community facilities district that includes territory proposed for annexation in the future by unanimous approval as described in subdivision (b) of Section 53339.3, the legislative body may, by ordinance, provide for the levy of special taxes on parcels that will be annexed to the community facilities district at the rate or rates to be approved unanimously by the owner or owners of each parcel or parcels to be annexed to the community facilities district and for apportionment and collection of the special taxes in the manner specified in the resolution of formation.

(b) The legislative body may provide, by resolution, for the levy of the special tax in the current tax year or future tax years at the same rate or at a lower rate than the rate provided by the ordinance, if the resolution is adopted and a certified list of all parcels subject to the special tax levy including the amount of the tax to be levied on each parcel for the applicable tax year, is filed by the clerk or other official designated by the legislative body with the county auditor on or before the 10th day of August of that tax year. The clerk or other official designated by the legislative body may file the certified list after the 10th of August but not later than the 21st of August if the clerk or other official obtains prior written consent of the county auditor.

(c) Properties or entities of the state, federal, or local governments shall, except for properties that a local agency is a landowner of within the meaning of subdivision (f) of Section 53317, or except as otherwise provided in Section 53317.3, be exempt from the special tax. In a community facilities district, or in an improvement area therein, in which the levy of a special tax is authorized by an ordinance adopted on or after January 1, 2020, a property receiving a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall be exempt from the special tax unless debt is outstanding and the property was subject to the special tax prior to receiving the exemption, in which case the property shall remain subject to the special tax and the special tax shall be enforceable against the property. However, whether or not the resolution of formation that authorized creation of the district specified conditions under which the obligation to pay a special tax may be prepaid and permanently satisfied, the legislative body of the local agency that created the district may, by resolution, specify additional or different conditions under which the property receiving the welfare exemption may prepay and satisfy the obligation to pay the special tax. The conditions may be specified only if the legislative body of the local agency that created the district finds and determines that the prepayment arrangement will not, in and of itself, adversely affect the ability of the district to make scheduled payments on debt as such payments become due. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the resolution of formation to establish a district adopted pursuant to Section 53325.1 or in a resolution of consideration to levy a

new special tax or special taxes or to alter the rate or method of apportionment of an existing special tax as provided in Section 53334.

(d) The proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services, and incidental expenses pursuant to this chapter.

(e) The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes, unless another procedure has been authorized in the resolution of formation establishing the district and adopted by the legislative body.

(f) (1) Notwithstanding subdivision (e), the legislative body of the district may waive all or any specified portion of the delinquency penalties and redemption penalties if it makes all of the following determinations:

(A) The waivers shall apply only to parcels delinquent at the time of the determination.

(B) The waivers shall be available only with respect to parcels for which all past due and currently due special taxes and all other costs due are paid in full within a limited period of time specified in the determination.

(C) The waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency.

(D) The waivers are in the best interest of the debtholders.

(2) The charges with penalties to be waived shall be removed from the tax roll pursuant to Section 53356.2 and local administrative procedures, and any distributions made to the district prior to collection pursuant to Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code shall be repaid by the district prior to granting the waiver.

(g) The tax collector may collect the special tax at intervals as specified in the resolution of formation, including intervals different from the intervals determining when the ordinary ad valorem property taxes are collected. The tax collector may deduct the reasonable administrative costs incurred in collecting the special tax.

(h) All special taxes levied by a community facilities district shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of special taxes. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with Section 53344 or until the special tax ceases to be levied by the legislative body in the manner provided in Section 53330.5. If any portion of a parcel is encumbered by a lien pursuant to this chapter, the entirety of the parcel shall be encumbered by that lien.

(Amended by Stats. 2020, Ch. 371, Sec. 17. (SB 1473) Effective January 1, 2021.)

San Bernardino County Superintendent of Schools

Reorganization Feasibility Study

Colton Joint and Redlands Unified School Districts

December 1, 2022

Appendix D—Abbreviations

AB	Assembly Bill
ADA	Average Daily Attendance
AFJROTC	Force Junior Reserves Officer Training Corps
AP	Advanced Placement
ASES	After School Education and Safety
AVID	Advancement Via Individual Determination
CAASPP	California Assessment of Student Performance and Progress
CCR	California Code of Regulations
CDE	California Department of Education
CEQA	California Environmental Quality Act
CFD	Community Facilities Districts
COE	County of Education
COLA	Cost-of-Living-Adjustment
CTE	Career Technical Education
Dashboard	California School Dashboard
EC §	Education Code Section
ELA	English Language Arts
ES	Elementary School
GATE	Gifted and Talented Education
GC §	Government Code Section
Handbook	District Organization Handbook
HS	High School
LCFF	Local Control Funding Formula
LEA	Local Educational Agency
MS	Middle School

San Bernardino County Superintendent of Schools Reorganization Feasibility Study

Colton Joint and Redlands Unified School Districts

December 1, 2022

NJROTC.....Navy Junior Reserves Officer Training Corps

Resolution Resolution 3082

ROP Regional Occupational Program

RUSD Redlands Unified School District

SBCSS San Bernardino County Superintendent of Schools

SBE State Board of Education

TK.....Transitional Kindergarten

UPP Unduplicated Pupil Percentage

USD Unified School District