



MALIBU UNIFIED

SCHOOL DISTRICT

It's Time!

**LACOE County
Committee Public Hearing**

City of Malibu's Petition Update
November 10, 2021

INTRODUCTIONS

Councilmember Mikke Pierson

- City Council Ad Hoc Committee Member for School Separation

Christine Wood, Deputy City Attorney, Malibu

- Best Best & Krieger LLP

Steve McClary, Interim City Manager

- City of Malibu

Councilmember Karen Farrer

- City Council Ad Hoc Committee Member for School Separation

CITY OF MALIBU'S SUBMISSIONS – APRIL 17TH HEARING

- The City's 143-page submittal includes:
 - History of Negotiations & Offers
 - City's Best & Final Offer
 - Malibu Resident's Health & Safety Concerns
 - FactChecker for SM-MUSD's Public Statements
 - Dr. Pedro Noguera's 2016 report on the State of Diversity in SM-MUSD

**CITY OF MALIBU'S PETITION FOR UNIFICATION
OF A NEW MALIBU UNIFIED SCHOOL DISTRICT FROM
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
EDUCATION CODE § 35700 et seq**

Executive Summary

The City of Malibu ("City") has submitted a petition for unification ("Petition") to the Los Angeles County Committee on School District Organization ("County Committee") because the Malibu City Council and Malibu students, parents, and residents strongly feel it is in the best interest of the entire Malibu community to separate from the Santa Monica-Malibu Unified School District ("SM-MUSD" or "District") and form a new, independent Malibu Unified School District ("MUSD"). Malibu area students have been denied the quality of education they deserve. With separation, both future school districts - MUSD and Santa Monica Unified School District ("SMUSD") - will achieve greater per student funding and be better suited to address the specific needs of their respective communities.

A majority of SM-MUSD students, approximately 85 percent, reside in the Santa Monica area. The SM-MUSD administration focuses on the needs and goals of those students to the detriment of Malibu area students. The rural Malibu community is very different than the urban Santa Monica community, and Malibu students' needs are not being met under the current school district structure. Further, Malibu residents do not have local control due to the relative size of the Malibu voter base as compared to the Santa Monica voter base. Unification is the only solution that will enable Malibu-area residents to determine how to best educate our their students.

Everyone agrees separation should occur.

It is not practical for these two communities – Malibu and Santa Monica – to be joined together. Leaders in both Santa Monica and Malibu concur that separation should occur. The City's Petition was submitted to initiate the process for this agreed upon separation. It is understandable that, as with any unification, details of how to implement the reorganization will need to be worked out during the reorganization process.

SM-MUSD currently operates Malibu schools on a completely separate track from Santa Monica schools. Santa Monica area students attend Santa Monica schools, Malibu area students attend Malibu area schools. There is very little intermingling between students from each community. Community-based organizations and events are not shared between these two communities. SM-MUSD even created separate facilities funding districts in 2018, when they created two separate bonding districts one

"[C]onsensus has been reached by the Santa Monica-Malibu Unified School District Board of Education to find a way to separate the district into MUSD and SMUSD with the guiding principle that no students... would be harmed financially or programmatically from the split. ..."

Dr. Ben Orati, SM-MUSD Superintendent
Superintendent's Message (Apr 9, 2021)

CITY OF MALIBU'S SUBMISSIONS – SEPTEMBER 18TH HEARING

- The City's supplemental materials clarify where the Petition addresses items omitted from the preliminary Staff Report

City of Malibu's Clarifications to LACOE Staff's Analysis of the Nine Criteria

TABLE 1. SUMMARY OF CONDITIONS, FINDINGS, AND RATIONALE

#	Condition	LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
1	Adequacy in number of students.	May Not Be Substantially Met	The resulting Malibu USD may not have, nor may be able to maintain, enrollment of at least 1,501 students.	<ul style="list-style-type: none"> The Ed Code's enrollment threshold is meant to ensure that newly created direct service districts do not become more dependent on county office of education and state support. The proposed Malibu USD would not become a direct service district as it will be basic aid with sufficient funding to hire staff to perform all necessary activities to operate the District. (City's Petition, p. 107.) School Services states, "...local tax revenues that are the primary support for basic aid school districts are insensitive to student enrollment." (LACOE Staff Report, p. 18.) Additionally, the District does not have any incentive to address the decline in enrollment in Malibu schools because it will continue to receive the same amount of property taxes from Malibu regardless of enrollment. Hence, unless we separate, enrollment will continue to suffer.
2	Community identity.	May Not Be Substantially Met	Because the area proposed for a Malibu USD has been a part of the SM-MUSD for 70+ years, and has sent students to Santa Monica area schools for more than 100 years, they have longstanding inclusion in SM-MUSD and do not need to start a new school district to establish community identity.	<ul style="list-style-type: none"> Santa Monica and Malibu are two geographically distinct communities with their own character and identity and have separate local governance and different emergency service providers (police and fire). (City's Petition, p. 109.) The communities have separate Chambers of Commerce, youth groups, and organizations. (City's Petition, p. 109.) Even within the school district, the sports leagues are separate. Malibu is in the CIF Southern Section Tri County Athletic League and Santa Monica is in the Ocean League. (City's Petition, p. 109.)

CITY OF MALIBU'S SUBMISSIONS – SEPTEMBER 18TH HEARING

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September 14, 2021

VIA ELECTRONIC MAIL

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 Los Angeles County Committee on School District Organization
 c/o Dr. Allison Deegan
 Los Angeles County Office of Education
 9300 Imperial Highway
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Dr. Moore,

I am writing on behalf of the City of Malibu ("City") to provide the City's response to the "Preliminary Report to the Los Angeles County Committee on School District Organization Concerning a Proposal to Form the Malibu Unified School District from Territory in the Santa Monica-Malibu Unified School District" (the "Staff Report").

The City is delighted that the Staff Report includes a recommendation to move our petition forward into the standard reorganization process, and we hope the County Committee adopts that recommendation. Even so, the City is moderately concerned about the Staff Report's focus on the nine criteria and the assertion that the City's preliminary petition does not substantially meet eight of the nine criteria. To be clear, the City's petition addresses many of the areas identified as missing or insufficient in the Staff Report, even though the City hopes to complete a feasibility study that fully addresses all nine of the criteria. Nevertheless, in an effort to be thorough, the City has provided the attached table highlighting with clarification which criteria the City has already addressed in its preliminary petition.

Additionally, if the County Committee adopts the recommendation to move the City's petition forward into the standard reorganization process, the City requests that the County Committee advise the Districts—including its Board, executive staff, and school-site administrators and non-teachers—to work with the City as it develops its conduct its feasibility study. Admittedly, much of the information the City will need should be accessible through public records requests, but the District has not been timely with City requests submitted to date. Furthermore, the City should be able to tour Malibu facilities and talk to Malibu teachers and administrators without

personnel thus
 the City's
 ability to work
 its study.
 holding this

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3	Equitable division of assets and liabilities.	May Not Be Substantially Met	Reorganization would require a division of assets or liabilities; it is not possible to determine the financial impact at this time.	<ul style="list-style-type: none"> There will be an equitable division of assets and liabilities as evidenced by the fact that this criteria was the only one upon which the City and the District agreed.

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CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #1: ADEQUACY IN NUMBER OF STUDENTS**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	The resulting Malibu USD may not have, nor may be able to maintain, enrollment of at least 1,501 students.	<ul style="list-style-type: none"> • The Ed Code's enrollment threshold is meant to ensure that districts do not become more dependent on county office of ed and state support. Malibu USD will be basic aid with sufficient funding to hire staff to perform all activities to operate the District. (City's Petition, p. 107.) • School Services states, "...local tax revenues that are the primary support for basic aid school districts are insensitive to student enrollment." (LACOE Staff Report, p. 18.) • The District has no incentive to address Malibu's declining enrollment because it will receive the same amount of property taxes from Malibu regardless of enrollment. Unless we separate, enrollment will continue to suffer.

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #2: COMMUNITY IDENTITY**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Because the area proposed for a Malibu USD has been a part of the SM-MUSD for 70+ years, and has sent students to Santa Monica area schools for more than 100 years, they have longstanding inclusion in SM-MUSD and do not need to start a new school district to establish community identity.	<ul style="list-style-type: none"> • Santa Monica and Malibu are two geographically distinct communities with their own character and identity, separate local governance, and different emergency service providers (City's Petition, p. 109.) • The communities have separate Chambers of Commerce, youth groups, and organizations. (City's Petition, p. 109.) • Even within the school district, the sports leagues are separate. (City's Petition, p. 109.)

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – CRITERION #3: EQUITABLE DIVISION OF ASSETS AND LIABILITIES

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Reorganization would require a division of assets or liabilities; it is not possible to determine the financial impact at this time, but significant questions have been raised.	<ul style="list-style-type: none"> • There will be an equitable division of assets and liabilities since this criteria was the only one upon which the City and the District agreed. • All real property would be allocated based on geographic location, financial resources would be allocated based on ADA, and the debt (i.e. the COP) will be allocated to Santa Monica USD as it was used to pay for its administrative headquarters. (City's Petition, p. 113.)

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #4: WILL NOT PROMOTE ETHNIC DISCRIMINATION OR SEGREGATION**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Reorganization would affect student enrollment or attendance significantly in both a new Malibu USD, to a degree that there would likely be dramatic shifts in racial/ethnic demographics of enrolled students.	<ul style="list-style-type: none"> • The proposed reorganization will not alter the attendance boundaries of any school sites and, therefore, will not change the racial and ethnic composition of any schools. (City's Petition, p. 118.) • If additional integration is required, the districts could adopt an open enrollment policy, or such policies could be implemented with other nearby districts. (City's Petition, p. 120.)

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #5: WILL NOT SUBSTANTIALLY INCREASE COSTS TO THE STATE**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Reorganization is likely to impact state funding significantly in terms of current and potential new buildings and other fiscal obligations.	<ul style="list-style-type: none"> • It is projected that both districts would be basic aid post-reorganization; however, if Santa Monica USD loses its basic aid status, Malibu USD will backfill the shortfall of taxes until they become basic aid, with no additional cost to the State. (City's Petition, p. 123.) • The City's proposal does not recommend any new facilities but, instead, uses an existing school structure to house the administrative headquarters for the proposed Malibu USD. (City's Petition, p.123.)

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #6: WILL NOT SIGNIFICANTLY DISRUPT EDUCATIONAL PROGRAMS IN EITHER DISTRICT**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	It is not clear how any reorganization would impact the educational program of both a new Malibu USD and the resulting Santa Monica USD.	<ul style="list-style-type: none"> • Each reorganized district will have sufficient per pupil funding to continue to offer the current educational programs at existing school sites. (City's Petition, p. 131.) • The reorganization will provide the Malibu USD with an opportunity to provide new programs specifically desired by the Malibu community. (City's Petition, p. 127.) • Initially, the proposed budget includes continuation of all existing programs and staffing levels in Malibu, and additionally offers a similar level of centralized services to complement site-level services. (City's Petition, p. 127.)

**CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA –
CRITERION #7: WILL NOT RESULT IN A SIGNIFICANT
 INCREASE IN SCHOOL HOUSING COSTS**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Reorganization would likely impact school housing costs substantially in terms of new school and administrative facilities needed, as well as potential remediation of existing facilities for a Malibu USD.	<ul style="list-style-type: none"> • Reorganization will not impact the school attendance boundaries, and school site capacity at each site is currently sufficient to house existing students. (City's Petition, p. 133.) • Although the proposed Malibu USD will need to create classroom space to accommodate alternative education students, it is expected that this can be accomplished on existing campuses. (City's Petition, p. 133.)

CITY'S CLARIFICATIONS TO STAFF ANALYSIS OF NINE CRITERIA – **CRITERION #9: WILL NOT AFFECT THE FISCAL MANAGEMENT OR STATUS OF THE AFFECTED DISTRICTS**

LACOE Staff's Preliminary Finding	LACOE Staff's Rationale	City of Malibu's Clarification
May Not Be Substantially Met	Reorganization is likely to lead a significant impact to the fiscal management of both a new Malibu USD and the resulting Santa Monica USD.	<ul style="list-style-type: none"> • The City's offer addresses Santa Monica USD's per student revenue short-falls through true-up payments to the District for 10 years. (City's Petition, p. 142p.) • A portion of the projected additional short-falls reflected in SSC's report are a result of the District's structural budget deficit and the omission of significant budget reductions scheduled for 2020-21FY. (SSC Report, p. 27.) (City's Petition, p. 142.) These short-falls cannot be attributed to the proposed reorganization. • SSC failed to include the \$44 million of Other Local Funding in the per pupil revenue snapshot that was highlighted. To omit Other Local Funding as a source of revenue in the per pupil snapshot is not only derelict, but a biased comparison against the City of Malibu. (City's Petition, p. 142.) • Santa Monica will most likely remain basic aid in as an independent district even with extreme funding assumptions. This provides assurance that students will be funded well-above basic funding levels most districts are able to operate with.

HISTORY OF NEGOTIATIONS & CITY'S PROPOSALS

SM-MUSD Negotiates in Bad Faith

Over the past four years, SM-MUSD has **REJECTED** 11 offers from the City—even though the Board claims it is for separation. Even now, the City has offered to participate in a non-binding, third party negotiation with the District, and the District still fails to respond. So, who's negotiating in bad faith?

HISTORY OF CITY OF MALIBU & SM-MUSD PROPOSALS, NEGOTIATIONS, AND OFFERS

DATE	SUMMARY OF CITY'S OFFERS	SM-MUSD'S RESPONSE
Feb 2017	#1: City offered revenue neutrality (i.e. to equalize revenues) in both districts until 2030.	REJECTED
Oct 2017	#2: School Services of California updated the initial forecasts with additional assumptions and extended it to 2033.	REJECTED
Mar 2018	#3: School Services of California presented a 50-year revenue sharing model.	REJECTED
Aug 2018	District's Only Offer in 4 Years The District presented an alternative 50-year revenue sharing model that resulted in a permanent distribution of \$4 billion from Malibu tax payers.	Board adopted this model
Nov 2018	#4: City counter-offered by adding other local revenues and suggested a split based on assessed valuation.	REJECTED
Feb 2019	#5: City offered a 20-year step down revenue equalization.	REJECTED
Mar 2019	#6: City offered a 50-year step down revenue equalization, transferring \$650,250,960 from the proposed Malibu USD.	REJECTED
May 2019	#7: City offered a revenue split based on assessed valuation versus enrollment.	REJECTED
Jun 2019	#8: City formally reissued March 2019 offer to the Board, including a 50-year step down revenue equalization.	REJECTED
Oct 2019	#9: City accepted Eastshore Consulting's 50-year revenue sharing model.	REJECTED
Feb 2020	#10: City proposed a legislative solution to insure parcel tax remains intact.	REJECTED
Mar 2021	#11: City made its Best and Final Offer, agreeing to share revenues for up to 10 years if Santa Monica's per pupil funding were to fall below its current level.	REJECTED

Don't fall for the District's rhetoric. Our offers have been fair. Please join Malibu in its effort to gain local control over its schools. Malibu Unified School District---It's Time!!

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MalibuCity.org/MUSD



HISTORY OF NEGOTIATIONS & CITY'S PROPOSALS

SM-MUSD Negotiates in Bad Faith

Over the past four years, the Board claims it is not negotiating in good faith with the District.

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HISTORY OF CITY PROPOSALS, AND OFFERS		SM-MUSD'S RESPONSE
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Oct 2017	#2: School	REJECTED
Mar 2018	#3: 1	Board adopted this model
Aug 2018	The District model that	REJECTED
Nov 2018	#4: City	REJECTED
Feb 2019	#5: City	REJECTED
Mar 2019	#6: City transfer	REJECTED
May 2019	#7	REJECTED
Jun 2019	#8: City incl	REJECTED
Oct 2019	#9	REJECTED
Feb 2020	#10	REJECTED
Mar 2021	#11: City revenues	REJECTED

Don't fall for the District's effort to gain local

effort to gain local



HISTORY OF NEGOTIATIONS & CITY'S PROPOSALS

- **City's Best and Final Offer – March 2021**
 - MUSD will transfer additional property taxes for up to 10 years, if SMUSD per pupil funding falls below current levels of \$16,000
 - Property owned by SMMUSD to be allocated to future district based on location
 - SMUSD to share in start up costs to create a MUSD District Office
 - SMMUSD would support reorganization effort



MALIBU UNIFIED

SCHOOL DISTRICT

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