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September 14, 2021

**VIA ELECTRONIC MAIL**

Dr. Cherise Moore, President  
Los Angeles County Committee on School District Organization  
c/o Dr. Allison Deegan  
Los Angeles County Office of Education  
9300 Imperial Highway  
Downey, California 90242  
Email: deegan\_allison@lacoedu.edu

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 District—including its Board, executive staff, and school-site administrators and 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



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fearing retaliation by the District, which has been the overriding concern by District personnel thus far. **Therefore, if the County Committee adopts the recommendation to move the City's petition forward, the City asks that you advise the District of their responsibility to work with us and provide the data and information necessary to complete our feasibility study.**

Thank you, again, for your ongoing leadership in organizing and holding this unprecedented preliminary public hearing to test the sufficiency of the City's petition.

Regards,

A handwritten signature in cursive script that reads 'CWood'.

Christine N. Wood

CNW:MR

**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"> <li>• 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.)</li> <li>• 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.)</li> <li>• 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.</li> </ul> |
| 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"> <li>• 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.)</li> <li>• The communities have separate Chambers of Commerce, youth groups, and organizations. (City’s Petition, p. 109.)</li> <li>• 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.)</li> </ul>   |

| # | Condition  | LACOE Staff's Preliminary Finding | LACOE Staff's Rationale   | City of Malibu's Clarification  |
|---|--|-----------------------------------|---|---|
| 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, but significant questions have been raised.                                | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 the Santa Monica USD as it was used to pay for its administrative headquarters. (City's Petition, p. 113.)</li> </ul>                                      |
| 4 | Will not promote ethnic discrimination or segregation. | 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"> <li>• 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.)</li> <li>• 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.)</li> </ul>  |
| 5 | Will not substantially increase costs to the state.    | 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"> <li>• It is projected that both districts would be basic aid post-reorganization; however, if the future Santa Monica USD loses its community funded status, the City has committed to backfill the shortfall of taxes until they become basic aid. (City's Petition, p. 123.)</li> <li>• Additionally, 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.)</li> </ul> |

| # | Condition   | LACOE Staff's Preliminary Finding | LACOE Staff's Rationale   | City of Malibu's Clarification   |
|---|---|-----------------------------------|---|--|
| 6 | Will not significantly disrupt educational programs in either district.       | 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"> <li>• 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.)</li> <li>• Additionally, the reorganization will provide the proposed Malibu USD with an opportunity to provide programs specifically desired by the Malibu community. Hence, a full education program for Malibu USD will be developed and provided in the full feasibility study (i.e. after the preliminary public hearing), assuming cooperation from the District as the City attempts to gather data regarding the existing educational programs. (City's Petition, p. 127.)</li> <li>• Initially, the City's proposed budget includes continuation of all programs and staffing levels that are currently in place in Malibu, and additionally offers a similar level of centralized services to complement site-level services. (City's Petition, p. 127.)</li> </ul> |
| 7 | Will not result in a significant increase in school housing costs.            | 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"> <li>• There are no projected increases in school housing costs. 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.)</li> <li>• 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.)</li> </ul>   |
| 8 | Proposal is not primarily designed to substantially increase property values. | Substantially Met                 | While property values may increase in Malibu as a result of the creation of a Malibu USD, there is no evidence that a desire to increase property values is the <i>primary</i> motive for the reorganization request. | <ul style="list-style-type: none"> <li>• The City has no motive—primary or otherwise—to increase property values through the submission of this Petition. The City's only goal is to gain local control over its schools so it can provide the same quality academic programs currently offered in Santa Monica. (City's Petition, p. 135.)</li> </ul>   |

| # | Condition  | LACOE Staff's Preliminary Finding | LACOE Staff's Rationale   | City of Malibu's Clarification  |
|---|--|-----------------------------------|---|---|
| 9 | Will not affect the fiscal management or status of the affected districts. | 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. | <p>Since both parties agree that separation is the only way forward, the City believes separation is achievable with the raw data in the SSC report. However, the parties differ in the interpretation of that data as described below.</p> <ul style="list-style-type: none"> <li>• Firstly, 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.)</li> <li>• Secondly, 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 the significant budget reductions scheduled for 2020-21SY. (SSC Report, p. 27.) These short-falls cannot be attributed solely to the proposed reorganization. By contrast, the City's financial analysis includes the multi-year budgets cuts identified in SM-MUSD's Fiscal Stabilization Plan, as required by LACOE. (City's Petition, p. 142.)</li> <li>• Thirdly, SSC failed to include the \$44 million of Other Local Funding in the per pupil revenue snapshot that was highlighted. A new Malibu USD would have an approx 95% LCFF and 5% Other Local Funding, while a new Santa Monica USD would have an approx 70% LCFF and 30% Other Local Funding. 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.)</li> <li>• Fourthly, the SSC report makes two discordant assumptions: (1) that the enrollment base in Santa Monica will grow exponentially to the point that they will fall out of basic aid; and (2) that the State's growth in LCFF COLA will outpace the growth in Santa Monica's assessed valuation and force them out of basic aid. However, even with those assumptions, they assert that Santa Monica will most likely remain basic aid in its conclusions.</li> </ul> |

