

## GLENDALE UNIFIED SCHOOL DISTRICT

May 6, 2014

### DISCUSSION REPORT NO. 1

TO: Board of Education

FROM: Dr. **Richard M. Sheehan**, Superintendent

SUBMITTED BY: Eva Rae Lueck, Chief Business and Financial Officer

**SUBJECT: Glendale Unified/La Canada Unified Potential Territory Transfer**

In May 2013, a group of citizens from the City of La Canada requested the City of La Canada to support and endorse the realignment of the western areas of the City of La Canada into the La Canada Unified School District's jurisdiction. Subsequently, La Canada City Council adopted a resolution on June 3, 2013 in support of the territory transfer of the Sagebrush area into the La Canada Unified School District boundaries. This was followed by La Canada Unified School District adopting a resolution, a revised resolution, and re-adopting the revised resolution on August 6, 2013, October 15, 2013, and January 7, 2014 respectively. In accordance with Education Code Section 4000 et seq., this would commence the process for initiating consideration by the Los Angeles County Committee on School District Organization of the transfer of the territory.

On March 25, 2014, a town hall meeting was held at Crescenta Valley High School auditorium. Residents of the proposed transfer area voiced and expressed their opinions concerning the families/students that would be impacted by the shift in boundaries. Additionally, Glendale Unified School District (GUSD) and La Canada Unified School District (LCUSD) addressed questions regarding the process of the potential territory transfer impacting students, school facilities, and financial implications relating to bond and tax obligations.

#### Student Phase-In

Schools affected by the proposed transfer include: Mountain Avenue Elementary School, Rosemont Middle School, and Crescenta Valley High School. If this transfer were to occur, it would include a six year phase-in plan that would take effect in the school year starting July 1, 2015. The phase-in would allow parents the option to choose which district they want their child to attend and the following grade-levels would be eligible for the school year starting in July 1, 2015:

- Incoming TK (transitional kindergarten) students
- Students entering kindergarten
- Students entering 7th grade
- Students entering 9th grade
- All siblings of eligible students who choose to attend LCUSD schools

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Based on estimates of current Sagebrush students enrolled at Mountain Avenue and Rosemont Middle schools, approximately 70-76 students are estimated to be eligible in the first year of the phase-in as follows:

- 20 to 25 TK and kindergarten students
- 16 students entering 7th grade
- 35 students entering 9th grade

### School Facilities – Capacity and Enrollment Issues

One of the primary reasons for a six-year student phase-in was to ensure that both Palm Crest Elementary School and Mountain Avenue Elementary School, current enrollment of 552, would not be negatively impacted by dramatic shifts in enrollment. Of the 151 Sagebrush students currently attending Mountain Avenue, approximately 20 to 25 entering TK and incoming kindergarten students would be given the option to attend LCUSD schools in the first year of the phase-in. It is possible that many of the families of these students would choose to remain at Mountain Avenue for any number of reasons. The impact to both Mountain Avenue and Palm Crest is expected to be minimal in the early years.

GUSD will explore special programs as well as permissive boundaries with Monte Vista Elementary to ensure that Mountain Avenue Elementary will remain as a neighborhood school.

### Bond and Tax Obligations

The current assessed valuation for Sagebrush is approximately \$505 million, which represents 1.85% of GUSD's total tax base. Current tax payments from Sagebrush property owners are slightly more than \$200,000, which is less than 2% of GUSD's annual property tax receipts.

If the Sagebrush territory were to be transferred to LCUSD, Sagebrush property owners would be relieved of all current and future property tax obligations to GUSD (Measures K and S) and, instead, would pay property and parcel taxes to LCUSD at the same rate as all other La Cañada Flintridge property owners.

It is currently anticipated that Sagebrush residents would continue to pay GUSD-related property taxes through 2014/15 (i.e. tax payments due in December 2014 and April 2015) since the territory transfer cannot be formalized until July 1, 2015. Assuming the Sagebrush territory would be transferred to LCUSD effective July 1, 2015, Sagebrush residents would begin to pay the same tax rates as all other residents of La Cañada Flintridge in 2015/16. They would also pay the LCUSD parcel tax of \$450 (\$225 with the December 2015 tax payment and \$225 with the April 2016 tax payment).

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The loss of property taxes to GUSD in the territory transfer area would be mitigated by LCUSD paying \$4.45 million to GUSD over 13 years (assuming July 1, 2015 formalization). The annual payments would commence in 2015/16 at approximately \$255,000 that would increase by 4.75% annually (GUSD's presumed growth assumption) for 13 years.

Other Revenue and Expenditure Effects

As part of both districts' effort to minimize the impact of lost student funding to GUSD, LCUSD with the support from the City of La Canada Flintridge would remit \$1.4 million to GUSD on the effective date of the territory transfer plus an additional \$100,000 annually for six years for the conveyance of the GUSD-owned lot located in Sagebrush used primarily for drop-off/pick-up. It is anticipated that this lot would be transferred to the City of La Canada Flintridge and access to the pedestrian bridge over Pickens Canyon would continue throughout the six year phase-in period at a minimum.

The Board of Education will come to a determination on the territory transfer between Glendale Unified School District and La Canada Unified School District at the May 20, 2014 Board meeting.

***To Support 2013-14 Board Priority No. 2 - "Use Board adopted budgetary principles to maintain District fiscal integrity and stability of instruction and programs."***