

***Frequently Asked Questions:
Impact of Petition for Territory Transfer from NMCUSD to Lagunita School
District (and also Salinas Union High School District)***

What is the Territory Petition About?

The North Monterey County Unified School District (NMCUSD) has received a Petition submitted to Monterey County Office of Education (MCOE) by Amy Bordi, representing certain owners of 13 existing Assessor Parcels (Parcels). It is the District's understanding that the Petition seeks to transfer the 13 Parcels from NMCUSD to the Lagunita School District (Lagunita K-8), which also includes Salinas Union High School District for 9-12 grade. A few of the parcels have been developed and several parcels are not yet developed.

What is the impact to NMCUSD schools?

NMCUSD has conducted a preliminary review of the Petition and believes that the proposed transfer of territory will result in impacts to NMCUSD which are not acceptable. Without mitigation, the educational programs delivered by NMCUSD will be negatively impacted. NMCUSD must ensure that both today and in the future, it is allowed to retain its resources to continue providing and improving educational services and facilities for our community.

Will ongoing revenue used for NMCUSD classroom operations be at risk?

The loss of enrollment (ongoing revenue) will impact all grades. \ NMCUSD has identified monetary impacts resulting from the loss of enrollment from the proposed territory transfer, which over a 30-year period would result in an estimated loss in excess of \$4.3 million in LCFF funding. As an LCFF-funded unified school district, NMCUSD is concerned that this loss (especially in light of other prior transfers of territory from NMCUSD) will permanently reduce the opportunity to enjoy the growth of enrollment, as areas which are anticipating additional development are taken from the NMCUSD community to benefit other LEAs. For NMCUSD, this loss of enrollment will impact all grade levels as it appears that the territory proposed for transfer would also result in a change in high school matriculation patterns from NMCUSD to Salinas Union HSD.

Will the current debt from general obligation bonds be impacted?

The loss of tax payers "taxable value" on existing General Obligation Bonds (Measure E and Measure H) will result in a cost redistribution back to the remaining taxpayers within the District. In total, the 13 parcels have a current taxable value of \$8.8 million. The taxable value lost would have a direct impact on the tax revenues collected in support of the District's General Obligation (GO) Bonds. It is estimated that the loss of territory will redistribute \$158,630 in required GO Bond taxes to the remaining residents of NMCUSD. NMCUSD is concerned about this increase in annual taxes experienced by remaining residents as well as the impact of such loss on the ability to seek future GO Bond measures required to maintain and modernize school facilities.

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Can this affect the District's ability to issue new bonds in the future?

The future bonding capacity of the District will be limited thereby reducing the amount of funding available for future facility improvements. Furthermore, this loss of taxable property value will have a direct impact on the District's statutory bonding capacity, reducing it by over \$220,000 in current dollars. This loss of capacity may eventually result in the need for NMCUSD to seek smaller bond programs or require waivers to exceed statutory bonding capacity limits. The magnitude of this lost capacity will grow each year with growth in taxable values.

What about developer fees?

Should the territory in question be developed in the future, the District would lose developer impact fees. Those fees would be paid to Lagunita School District and Salinas Union High School District instead of NMCUSD.

Currently, there are only 8 developed parcels with 5 remaining to be developed. However, the District notes that two parcels proposed for transfer are sufficiently larger than zoning standards for the territory and could result in the formation of two additional parcels. It is estimated that at full development, the territory proposed for transfer would generate an additional 19,400 sq-ft of developed residential buildings, which at today's developer fee rates would generate over \$67,000.

Has the District lost territory previously?

Territory Transfers from NMCUSD have long-term negative impacts on operational costs and stability of property tax base growth. While the magnitude of the projected impact to NMCUSD exceeds \$4.5 million, of even greater concern to NMCUSD is the continued trend of removal of territory and the cumulative impact of such removals. Prior to this Petition, the District has lost territory comprising the Armstrong Ranch development as well as the territory, which formed the Lagunita School District. With each request, irrespective of size, NMCUSD is forced to adjust its operations to address losses in enrollment and funding sources, especially with respect to facilities. Over time, these losses have combined to remove higher valued parcels from NMCUSD and deny NMCUSD the benefit of property tax base growth enjoyed by neighboring districts, disadvantaging our students today and impacting the ability to maintain long-term stability for our community.

Can students in the territory in question simply apply to go to school at Lagunita?

Inter-district transfer agreements already provide options to attend a school outside the "district of residence". The District notes, in accordance with NMCUSD's board policies, it has not denied families who reside within territory proposed within the Petition any inter-district transfers to attend Lagunita Elementary School. There are several students residing within the District's boundaries who attend Lagunita Elementary School and then move on to attend high school within Salinas Union High School District on approved inter-district transfers. Currently, there are two students (one family) who reside within the 13 parcels considered within the Petition who have approved transfers to Lagunita Elementary School.