

# Contra Costa County Office of Education Reorganization Feasibility Study

Mt. Diablo Unified School District

August 8, 2017

Prepared by:

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Director, Management Consulting Services

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Vice President

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## Executive Summary

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The Contra Costa County Office of Education (CCCOE) contracted with School Services of California, Inc., (SSC) to provide a Reorganization Feasibility Study on the proposed creation of a new Northgate Unified School District (USD) from territory that is currently a part of the Mt. Diablo USD.

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

The analysis that follows acknowledges that the petition to reorganize Mt. Diablo USD and create the proposed Northgate USD inadvertently defines the boundaries of the new district such that the proposed district not only includes the five school sites specified in the petition, but also includes two additional school sites—Oak Grove Middle School (MS) and Ygnacio Valley High School (HS)—that were never intended to be part of the new district. In addition, the reorganization would also include the Eagle Peak Montessori School (Eagle Peak), a charter school, which is authorized by Mt. Diablo USD but would be within the boundaries of the new district. The intention of petitioners notwithstanding, the analysis that follows is based on the specific parameters of the petition.

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## Summary of Major Findings

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**Criterion Number 1: Adequate Number of Pupils**—The study finds that this criterion would be substantially met, as the enrollment of the reorganized districts would be adequate (i.e., exceed 1,501 pupils for both the proposed Northgate USD and Mt. Diablo USD). The current enrollment far exceeds these minimums.

**Criterion Number 2: Community Identity**—The study finds that this criterion would be substantially met, as there is an existing community identity.

**Criterion Number 3: Equitable Division of Property/Facilities**—The study finds that this criterion would not be substantially met. The reorganization petition specifies the proposed Northgate USD as encompassing all of the territory within the attendance boundaries of five Mt. Diablo USD schools, which, although inadvertent, also includes Oak Grove MS and Ygnacio Valley HS. As drafted, the reorganization proposal would deprive Mt. Diablo USD of two school sites which are needed to accommodate its current enrollment.

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**Criterion Number 4: Discrimination/Segregation**—The study finds that this criterion would be substantially met, as the proposed reorganization would not promote racial or ethnic discrimination or segregation.

**Criterion Number 5: No Substantial Increase in State Costs**—The study finds that this criterion would be substantially met, as the proposed reorganization would not result in a substantial increase in state costs.

**Criterion Number 6: Sound Educational Program**—The study finds that this criterion would be substantially met, as 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.

**Criterion Number 7: No Substantial Increase in School Facilities Costs**—The study finds this criterion would not be substantially met because school facilities cost increases would not be insignificant or incidental to the reorganization. In the absence of significant policy changes, facilities will be needed by both districts to accommodate enrollment at specific grade levels and by the proposed Northgate USD in order to house its district staff and operations. The construction of new facilities or the modification of existing facilities to accommodate students would constitute a significant expense as a direct result of the reorganization.

**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 school district reorganization. Further, the proposed reorganization would not significantly affect property values.

**Criterion Number 9: Effect on Fiscal Status and Management**—The study finds that this criterion would be substantially met. The reorganization would not cause a substantial negative effect on the fiscal status of the proposed Northgate USD or Mt. Diablo USD. The fiscal fate of both districts, however, rests on the ability of Mt. Diablo USD to implement budget reductions noted in its 2017-18 Adopted Budget. For the current year, Mt. Diablo USD is running a deficit of \$48.3 million. Failure to correct this imbalance between revenues and expenditures in 2018-19 would seriously jeopardize the fiscal solvency of Mt. Diablo USD and start the newly established Northgate USD on an unsound fiscal footing.

## Background

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### Petition

The Northgate Community Advocacy for our Public Schools, Inc. (NCAPS), submitted a petition to CCCOE for the creation of a new unified school district to be known as Northgate USD. The

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territory in question is now part of Mt. Diablo USD and, per the petition, consists of all of the territory within the attendance boundaries of five Mt. Diablo USD schools—Bancroft, Valle Verde and Walnut Acres Elementary Schools (ES), Foothill MS, and Northgate HS—as they were drawn as of April 24, 2016 (see Appendix A for maps of the attendance boundaries). The proposed unification would change the boundaries of Mt. Diablo USD and transfer responsibility for the education of students from Mt. Diablo USD to the proposed Northgate USD.

While NCAPS intended to create the new unified school district with only the above five school sites, due to the way in which the petition defined the boundaries for the proposed Northgate USD, two other school sites currently operated by Mt. Diablo USD will be subject to the reorganization—Oak Grove MS and Ygnacio Valley HS<sup>1</sup>—and an additional school—Highlands ES<sup>2</sup>—will be directly affected. Lastly, there is a charter school—Eagle Peak—which is located within the boundaries of the proposed Northgate USD on district-owned property (the former Castle Rock school site located at 800 Hutchinson Road in Walnut Creek) that will also be affected by the reorganization<sup>3</sup>.

The petitioners state the following are the primary three reasons for submitting the petition:

1. To create a smaller public school district that will be more accountable to families and voters in our territory as well as more responsive to the needs of our students and the educators who work in our schools.
2. To improve academic achievement, teacher satisfaction, and learning environments to realize the full potential of our students and educators.
3. To increase community support for public education in the Northgate area with a school district that is dedicated to building positive, respectful, and productive partnerships that can maximize the district's impact on all of our 21<sup>st</sup> Century learners.

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 petition.

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<sup>1</sup> Both of these schools are sited within the Bancroft ES attendance boundary. Therefore, if the reorganization were to proceed, both of the school sites, though not the students attending the schools, would be transferred to the proposed Northgate USD.

<sup>2</sup> A portion of the Highland ES attendance boundary falls within the proposed Northgate USD district boundaries. Therefore, the territory that falls within the Northgate HS attendance boundary and its resident students would become part of the proposed Northgate USD.

<sup>3</sup> This site would also transfer to the proposed Northgate USD should the reorganization proceed.

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### Mt. Diablo Unified School District

Mt. Diablo USD is located in Contra Costa County, just 27 miles east of San Francisco, California, and encompasses seven municipalities: Bay Point, Clayton, Concord, Pleasant Hill, Walnut Creek, Pacheco, and Clyde. Mt. Diablo USD is one of the largest school districts in California, serving approximately 32,000 students. According to data included in the Mt. Diablo USD Local Control and Accountability Plan, the district is comprised of 23% English learners, 48% socio-economically disadvantaged students, less than 1% foster youth, and 12% special education students. The ethnic make-up is 41% Hispanic, 34% Caucasian, 7% Asian, 5% Two or More Ethnicities, 4% African American, and 4% Filipino.

Mt. Diablo USD provides educational options for students in pre-kindergarten through grade 12 at 28 elementary schools, 9 middle schools, 5 comprehensive high schools, 1 continuation high school, and 7 alternative schools. It also authorizes one dependent charter school.

### Eagle Peak Montessori School

Eagle Peak serves 234 students in grades 1-8 and is a dependent charter school of Mt. Diablo USD. Mt. Diablo USD, as its authorizer, has oversight responsibility. Eagle Peak is locally funded, meaning the charter school's funding is deposited into Mt. Diablo USD's account in the county treasury and disbursed by Mt. Diablo USD to Eagle Peak. As a dependent charter school, it is effectively treated as another school of the district—sharing a governing board and getting its special education services through Mt. Diablo USD, among other things. Eagle Peak's charter was renewed by Mt. Diablo USD in 2014 and its current term expires in 2019. The charter school has been in operation since 2001.

### Study

For a unification, a county committee must determine whether the nine statutory criteria that govern school district reorganizations, as set forth in E.C. 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.



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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.
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 unifications. Commencing with E.C. 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. In addition, the courts have ruled that a district reorganization falls within the scope of the California Environmental Quality Act (CEQA); therefore, the reorganization of the Mt. Diablo USD into two unified school districts must also take into consideration any environmental impacts.

**25% Petition**—E.C. 35700 specifies that a petition to initiate the reorganization of one or more districts may be signed by (a) at least 25% of the registered voters residing in the territory proposed for reorganization, (b) a number of registered voters residing in the territory proposed for reorganization equal to at least 8% of the votes cast for all candidates for Governor in the last gubernatorial election, (c) the owner(s) of uninhabited territory, or (d) a majority of the members of the governing boards of each affected school district. The county committee on school district

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organization must advance the reorganization petition to the SBE with a recommendation for approval or disapproval.

Given these options, the contemplated unification would fall under subsection (a)—a 25% petition—as the petition submitted for the unification represents at least 25% of the registered voters in the territory proposed for reorganization.

The petition was submitted to CCCOE on February 22, 2017, and delivered to the Contra Costa County Clerk Recorder-Elections Department for verification of signatures. CCCOE received a certification verifying the signatures on March 9, 2017. As required by E.C. 35704, CCCOE transmitted the petition to the county committee and to the SBE.

**Public Hearings**—Following the determination by the county superintendent of schools that the reorganization petition is sufficient and that the minimum number of signatures has been obtained, the petition is transmitted to the county committee and the SBE. The county committee is then responsible for holding public hearings on the proposal. Specifically, within 60 days of receiving a petition to reorganize a district, the county committee must hold a public hearing on the reorganization in each affected district. The public must be given at least ten days’ notice of the hearing.

The notice of two public hearings by the county committee was posted on April 21, 2017. The hearings were held on Tuesday, May 2, 2017, at 6:00 p.m. in Concord and on Wednesday, May 3, 2017, at 6:00 p.m. in Walnut Creek.

**County Committee on School District Reorganization**—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 E.C. 35753 and are often referred to as the “nine reorganization criteria.” Based on this evaluation, the county committee either recommends approval or disapproval of the petition. The county committee’s report is required to be completed within 120 days of the first public hearing. The petition then moves forward to the SBE, along with the county committee’s report, regardless of the recommendation of the county committee.

**SBE’s Responsibilities**—Once it has received the reorganization proposal and recommendation of the county committee, the SBE must hold a public hearing on the proposal. Upon a finding that the proposal substantially meets the state’s nine reorganization criteria, the SBE may approve the reorganization. Current law authorizes the SBE to also consider any other criteria when evaluating the proposal, even though the criteria are not specified in statute (E.C. 35753[a][10]).

In 1982, the California Supreme Court ruled that the reorganization of school district boundaries is within the scope of the CEQA and that the SBE is the lead state agency on this issue. CEQA requires that the environmental impacts of district reorganizations be evaluated. The California

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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 CEQA.

This reorganization proposal, however, may result in physical changes to the environment and therefore will likely fall within the scope of CEQA. An environmental review of the impacts of the reorganization may need to be completed before the SBE may make a decision. We note that, as a result of state funding reductions, the California Department of Education (CDE), as staff to the SBE, has indicated that the CDE’s ability to fund the CEQA analysis has been constrained and that these costs may fall on the agencies pursuing the reorganization.

**Election**— Following the SBE hearing on the reorganization petition, the SBE notifies the county superintendent of the SBE’s decision to approve or disapprove the petition. If the SBE disapproves the petition, the process is terminated. If the SBE approves the petition, the county superintendent is then required to call an election and prepare a statement of official information and statistics. The county superintendent must also compile and present arguments for and against the reorganization.

The area of election is established by the SBE, with possible input from the county committee. The area must include the entire proposed unified district. However, the election area may also include residents in the remainder of Mt. Diablo USD. There have been numerous lawsuits challenging the election area in prior cases involving district reorganizations, and the county committee should be aware that this could be a point of contention in its consideration of the unification proposal.

In addition, an election will need to be held for the governing board if the reorganization proposal is approved. E.C. 35101 specifies that, for newly formed unified districts, the county superintendent of schools shall call for an election to select the first governing board of the new district and states when that election will be held. Note that E.C. 35737 provides the county committee an opportunity, in their recommendation to the SBE, to specify that the election for the first governing board will be held at the same time as the election for the reorganization. In the absence of such a provision, the election will take place on the first regular election following the passage of the reorganization proposal.

## Analysis of Nine Criteria

### Criterion Number 1: Adequate Number of Pupils

E.C. 35753(a)(1) specifies that the reorganized districts must 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

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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

Figure 1 below displays actual and projected enrollment for Mt. Diablo USD, the proposed Northgate USD, and Mt. Diablo USD following reorganization.

The figure displays Mt. Diablo USD's actual enrollment from 2012-13 through 2016-17 and projected enrollment through 2019-20. The figure also presents what the enrollment of the proposed Northgate USD would have been from 2012-13 through 2016-17 and projected enrollment of the proposed district through 2019-20, based on the enrollment of the five school sites specified in the reorganization petition. Mt. Diablo USD's enrollment post reorganization is equal to Mt. Diablo USD's current enrollment reduced by the proposed Northgate USD's enrollment.

The figure shows that following reorganization of Mt. Diablo USD, both the proposed Northgate USD and Mt. Diablo USD will have enrollment well above the minimum of 1,501 pupils to meet Criterion 1. While the Mt. Diablo USD projects slightly declining enrollment, its enrollment post reorganization is projected to be 26,078 in 2019-20. The proposed Northgate USD's enrollment is projected to increase slightly, based on enrollment trends from 2012-13 through 2016-17, reaching 4,624 in 2019-20.

Figure 1 District Enrollment 2011-12 through 2019-20								
						Projection		
District	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Mt. Diablo USD (Current)</b>								
Total Enrollment	31,817	31,812	31,800	31,866	31,814	31,217	30,822	30,702
Percent Change	-0.30%	0.00%	0.00%	0.20%	-0.20%	-1.90%	-1.30%	-0.40%
<b>Northgate USD</b>								
Total Enrollment	4,437	4,512	4,593	4,559	4,543	4,570	4,597	4,624
Percent Change	1.60%	1.70%	1.80%	-0.70%	-0.30%	0.60%	0.60%	0.60%
<b>Mt. Diablo USD (Post Reorganization)</b>								
Total Enrollment	27,380	27,300	27,207	27,307	27,271	26,647	26,225	26,078
Percent Change	-0.30%	-0.30%	-0.30%	0.40%	-0.10%	-2.30%	-1.60%	-0.60%

Source: California Basic Education Data System (CBEDS) and Mt. Diablo USD provided data

### **Finding**

The study finds that this criterion would be substantially met, as the enrollment of the reorganized districts would be adequate (i.e., exceed 1,501 pupils for both the proposed Northgate USD and Mt. Diablo USD). The current enrollment far exceeds these minimums.

### **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 District Organization Handbook (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 the formation of a new district. The boundary for the proposed Northgate USD is comprised of territory already located within an established community and includes portions of both the cities of Walnut Creek and Concord, as well as portions of unincorporated Contra Costa County. The area is contiguous to the remainder of Mt. Diablo USD and other surrounding communities. There are numerous community, civic, shopping, and entertainment centers within the larger Mt. Diablo USD community as well as within the proposed Northgate USD community.

Both the report provided by NCAPS and accounts compiled by Mt. Diablo USD discuss and share the myriad of opportunities the residents of the greater community have to come together, either via programs initiated at the various school sites or through the various community recreational facilities and other events. Given the numerous options available to residents of the proposed Northgate USD both within the “Northgate” community and outside, the proposed reorganization appears to provide opportunities to maintain and possibly enhance the community’s sense of identity. The proposed Northgate USD area has sufficient resources to coalesce around and create a tight knit sense of community if the reorganization were to be approved.

## Finding

The study finds that this criterion would be substantially met as there is an existing community identity.

## **Criterion Number 3: Equitable Division of Property/Facilities**

E.C. 35753(a)(3) requires that proposed school district reorganizations result in the equitable divisions 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, E.C. 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.

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

If the proposed creation of a new unified school district is successful, there would be a transfer of land and facilities from Mt. Diablo USD to the proposed Northgate USD. Therefore, there would have to be an equitable division of property, assets, liabilities, and fund balance reserves between the proposed Northgate USD and Mt. Diablo USD.

It is important to note that, while the Education Code provides direction on how property, assets, and liabilities should be divided, and the county committee's recommendation, if provided, is given weight, the ultimate decision on the division of property rests solely with the SBE. Therefore, the analysis provided below is based strictly on the Education Code and provided to the county committee for its consideration should it prepare a recommendation to the SBE.

This analysis acknowledges that the petition to reorganize Mt. Diablo USD and create a new Northgate USD inadvertently defines the boundaries of the new district such that the proposed district not only includes the five school sites specified in the petition, but also includes Oak Grove MS, Ygnacio Valley HS, and Eagle Peak. The intention of petitioners notwithstanding, the analysis that follows must be based on the specific parameters of the petition.

**Division of Property**—E.C. 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 bond indebtedness, are to be

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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.

- Real Property

Based on the information provided by Mt. Diablo USD, the proposed reorganization would result in the transfer of eight school sites—Bancroft, Valle Verde and Walnut Acres Elementary Schools, Foothill and Oak Grove Middle Schools, and Northgate and Ygnacio Valley High Schools, as well as the former Castle Rock school site currently occupied by Eagle Peak—encompassing a total of 653,664 square feet and 151 acres. The transfer of Oak Gove MS and Ygnacio Valley HS would impact Mt. Diablo USD’s ability to house its student population following reorganization, while the transfer of the former Castle Rock school site will affect the administration of Eagle Peak.

E.C. 35575 and 35576 distinguish between the annexation of territory containing no public school property or buildings and the annexation of territory that does contain public school property or buildings. In this case, the territory to be transferred clearly contains public school property. As such, per E.C. 35576, the proposed Northgate USD would take possession of the eight school sites on the day that the reorganization becomes effective. (Note that, according to the 2008 appraisal data provided by Mt. Diablo USD, the eight properties were valued at \$205.7 million, including personal property.) The proposed Northgate USD will automatically assume a proportionate share of Mt. Diablo USD’s outstanding bonded indebtedness (see **Division of Debt** below for more detail).

- Personal Property

Personal property of Mt. Diablo USD that is used for districtwide purposes and not located at or designated for use by a specific school site is subject to division of property pursuant to E.C. 35560. For example, school buses are used districtwide and would therefore be subject to division, while desks at a school site would not. While a detailed list of personal property will need to be developed and agreement will need to be reached between the two parties as to its division, Mt. Diablo USD has provided a property appraisal completed in 2008 that lists the total value of both the real and personal property of the district’s facilities.

Based on this data, there are three locations, not including the district’s office, which is not included in the data provided, that contain personal property which could be considered as districtwide: 1) Maintenance and Operations; 2) Purchasing/Warehouse; and 3) Transportation. As noted, the data does not include a detailed list of real property, such as equipment and vehicles, but it does list a total amount for the personal property contents at each location—totaling \$11.1 million. Some of the items are likely site specific (e.g., furniture for these specific offices) and would not be subject to division. However, to provide an estimate

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of the possible magnitude of a division, and assuming the full \$11.1 million would need to be divided, approximately \$1.59 million in personal property would be attributable to the proposed Northgate USD based on enrollment, and \$1.99 million in personal property based on assessed valuation.

**Division of Debt**—E.C. 35576 states that when property is taken from one district and annexed to another district and the area transferred contains public school property or buildings, the district to which the territory is annexed takes possession of the property, buildings, and equipment on the day when the annexation becomes effective. The total amount of bonds a district is able to sell is determined by the total value of the property within the district’s boundaries. In addition, the debt for which each property is liable is tied to the outstanding bonded indebtedness of the district in which it is located. Therefore, when property is taken from one district and annexed to another, 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 is annexed.

However, the new district is required to pay the original district the greater of 1) the proportionate share of the outstanding bonded indebtedness of the original district, which proportionate share will be the ratio of the total assessed valuation of the transferred property to the total assessed valuation of the original district in the year immediately preceding the date on which the transfer is effective; or 2) that portion of the outstanding bonded indebtedness of the original district which was incurred to acquire and improve the school lots or buildings, or fixture located therein, and situated on the transferred property. (See below for how this specifically applies to the proposed reorganization.)

E.C. 35738 provides alternative methods of dividing the bonded indebtedness other than that specified above. It provides for consideration of assessed valuation, number of pupils, property values, and other matters which the petitioners or county committee deem pertinent.

Figure 2 below displays the two bases for allocating assets between the proposed Northgate USD and Mt. Diablo USD—enrollment and assessed valuation. On an enrollment basis, an estimated 4,543 pupils who attend Mt. Diablo USD would be transferred to the proposed Northgate USD. This represents 14.3% of the Mt. Diablo USD enrollment.

On an assessed valuation basis, property within the proposed Northgate USD boundary is valued at \$6.7 billion compared to \$30.8 billion for Mt. Diablo USD. The property in the proposed



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Northgate USD, therefore, accounts for 17.9%<sup>4</sup> of the assessed valuation of the property of Mt. Diablo USD.

**Figure 2**  
**Allocation of Assets—Enrollment and Assessed Valuation Basis**

	Enrollment <sup>1</sup>		Assessed Valuation <sup>2</sup>	
Total	31,814		\$37,490,106,574	
District	Value	Percentage	Value	Percentage
Mt. Diablo USD	27,271	85.70%	\$30,773,962,895	82.10%
Northgate USD	4,543	14.30%	\$6,716,143,679	17.90%

<sup>1</sup> 2016-17 CDE DataQuest and Mt. Diablo USD provided data on student residency

<sup>2</sup> Data provided by Mt. Diablo USD based on 2016-17 Contra Costa County Tax Roll

As mentioned above, Mt. Diablo USD currently owns property within the proposed Northgate USD, which, as noted in E.C. 35576, will be transferred as part of the reorganization. Northgate residents are therefore required to assume a portion of Mt. Diablo USD’s outstanding bond indebtedness, which is either the greater of the bond indebtedness attributed to the property or the proportionate share of Mt. Diablo USD’s bond indebtedness (as of June 30, 2016, Mt. Diablo USD had approximately \$500 million in outstanding bond indebtedness, and the proposed Northgate USD’s proportionate share as calculated on the assessed valuation basis would be approximately \$89.5 million—see Figure 3 below).

It should be noted that, based on the assessed valuation of the property to be located within its boundaries, the proposed Northgate USD would have a bonding capacity of \$167.9 million, based on an assessed valuation of \$6.7 billion and a statutory cap on bonding of 2.5% for unified districts. With the outstanding General Obligation bonded indebtedness that would be assumed by the proposed Northgate USD, its remaining bonding capacity would be \$78.4 million.

The reorganization proposal and the new outstanding bond indebtedness will have no effect on the amount due by property owners, as the property owners within the proposed Northgate USD’s boundaries are already paying debt service on Mt. Diablo USD bonds. They would see no net change in payments due on outstanding General Obligation bonds as a result of the reorganization.

As previously noted, upon unification, the property being transferred will cease to be liable for the outstanding bond indebtedness of Mt. Diablo USD. E.C. 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 bond indebtedness if the taking would reduce the last equalized assessed valuation so that the outstanding bond indebtedness would exceed 5% of the assessed valuation remaining in the district on the date the reorganization is effective. As the proposed

<sup>4</sup> Note that calculating the assessed valuation for the proposed Northgate USD area is difficult due to the way in which the territory was described within the petition. The value identified is an estimate based on best efforts to identify the affected areas and a more accurate analysis should be conducted if the reorganization is approved and prior to the final division of assets.

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Northgate USD residents will continue to pay their proportionate share of Mt. Diablo USD's bond indebtedness as of the effective date of the reorganization, the proposed transfer of territory to the proposed Northgate USD does not reduce the last equalized assessed valuation of Mt. Diablo USD to a point where the outstanding bond indebtedness exceeds 5% of the assessed valuation.

Lastly, Mt. Diablo USD at any given time has unspent bond proceeds in its building fund(s). Per E.C. 35560(a)(2), bond proceeds are funds that are subject to a pro rata division between the districts. The proposed Northgate USD is entitled to a portion of such unspent bond proceeds for use within the new unified district. As of June 30, 2016, Mt. Diablo USD had approximately \$44.5 million in unspent bond proceeds, making the proposed Northgate USD's proportionate share of these proceeds, based on assessed valuation, \$8 million (see Figure 3 and discussion below regarding fund balances). Finally, E.C. 35561 states that funds derived from the sale of bonds issued by the former district must be used "for the purposes for which the bonds were originally voted." Therefore, the use of such funds received by the proposed Northgate USD would be restricted to projects consistent with the measure approved by the Mt. Diablo USD voters.

**Community Facilities District (CFD)**—Mt. Diablo USD has a CFD that encompasses the entire district and, per the 2015-16 Audit Report, has an outstanding balance of \$16,630,000. While the amount owed by property owners would not be affected by the reorganization, there would be some legal ambiguity with regards to the CFD itself.

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. The proposed CFD's boundaries are drawn such that all residents within the district will benefit from the newly financed improvements. 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).

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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. Unlike the general 1% tax levy governed by Proposition 13, a change in ownership of a parcel within the CFD will not trigger a higher CFD tax since this tax cannot be based on property value. Any reassessment will affect only the amount paid under the 1% levy and not the CFD tax.

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.

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 transfers, boundary changes, and the reallocation of assets and liabilities that follow from these reorganizations. These statutes provide benchmarks that local officials can use to determine whether a proposed transfer is viable. State statutes also detail the procedures that must be taken to execute such a transfer.

State law does provide for the dissolution of a CFD (Government Code Section [G.C.] 53338.5) and for the transfer of a CFD from the jurisdiction of a county to the jurisdiction of a city (G.C. Section 53368 et seq.). State law, however, does not address the transfer of a CFD among school districts. 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.

The CDE Handbook provides little guidance on the processes that should be followed when CFDs are the subject of a reorganization. It notes that, when CFDs are formed, the school district board is usually designated as the board of directors for the CFD. This governance structure, however, can become a problem in the event of a reorganization of territory that includes a CFD. As an example, the CDE Handbook offers a situation in which a high school district operates as the board of directors of a CFD within the high school district boundaries. If a unified school district is formed along these same boundaries, “legal steps must be taken to change the board of directors of the CFD from the high school district board to a newly formed unified school district board.”

The CDE Handbook emphasizes that “it must be kept in mind that there is a covenant between the board of directors of the CFD and bond holders regarding the governance of the CFD, which must be honored.” The CDE Handbook goes on to advise that bond counsel be consulted to make any necessary changes to the conditions prescribed in the CFD’s organization and bond documents and that “in some cases, legislation may be necessary.”

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SSC is not in a position to render any opinion or judgment on the legal aspects of this issue. Should the reorganization be approved by the county committee, both Mt. Diablo USD and the proposed Northgate USD should seek legal counsel to determine whether existing state law as it pertains to the transfer of a CFD from a county to a city can be applied to the proposed reorganization. However, if it is determined that these provisions cannot be presumed to apply to school districts, then the districts may have to consider seeking new state legislation that specifically addresses the division of CFD territory among school districts.

*Reasons to Seek Statutory Authorization for the Division*—While an amendment to state law or a new provision of state law addressing division of a CFD may not be required for the reorganization, such a change could avoid legal challenges. While state law addresses the division of territory involving general obligation bonded indebtedness and allocations based on assessed valuations, it is silent with regard to the division of a CFD and the treatment of bonded indebtedness backed by the tax lien of a CFD. As the CDE Handbook points out, there is a legal covenant between the CFD’s board of directors and the bond holders. As a result, the bond holders’ interests could become a prominent issue, depending upon how the CFD is divided and what steps are taken to protect their interests. Clear statutory authority for the division could avoid legal challenges that might otherwise occur. Moreover, the lack of statutory guidance on CFD divisions and reorganizations might itself invite legal challenges, regardless of the protections put in place in the reorganization agreement between the two districts.

In addition to potentially avoiding subsequent legal challenges, pursuing statutory authority for the division provides a process that may uncover issues or hurdles that might otherwise pass undetected until well after the reorganization is underway. While law making is seldom a smooth and logical process, it nevertheless provides an open forum in which all issues can be brought to light and addressed. Public hearings in the Legislature might reveal financial or legal hurdles unknown to the experts in the two school districts. This process can then provide for a means to address these issues before they might become insurmountable during the actual transfer process.

*Arguments Against Seeking Statutory Authority for Division*—While enactment of a bill clearly authorizing the division of the CFD would help clear the way for the reorganization, there is no guarantee that such a bill would be enacted. The legislative process is riddled with uncertainty and imprecision. Once introduced, a bill must wind its way through policy and fiscal committee in the house of origin, receive a favorable floor vote, and then repeat the same path in the second house. If the measure secures sufficient votes in the Legislature, it must be signed by the Governor before it becomes law. Finally, unless the bill contains an urgency clause—a provision that will automatically trigger a two-thirds vote requirement—the measure will not take effect until January 1 of the next calendar year. Thus, a measure introduced in January 2018 and signed by October 2018 will not take effect until January 2019 at the earliest.

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The failure of a bill authorizing the division of the CFD, for whatever reason, could be interpreted as legislative disapproval of the reorganization. Bills fail passage for many reasons, not all of which have to do with the merits of the measure. Simply missing key committee deadlines or inadvertent drafting errors can doom passage of a bill. Local efforts to execute the reorganization could be brought to a halt if legislation authorizing the division of the CFD fails passage, regardless of the reasons for the failure.

**Division of Fund Balance Reserves and Liabilities**—Mt. Diablo USD’s fund balance reserves, both restricted and unrestricted, and liabilities would be subject to division. The basis for the division would be either proportional average daily attendance (ADA) or assessed valuation. A reasonable basis upon which to divide fund balance reserves would be in accordance with how the funds were generated. Therefore, the General Fund unrestricted reserves and liabilities likely should be divided based on proportional ADA, while the capital project reserves should be divided based on proportional assessed valuation. Special allocations may be made for other funds. For example, developer fee funds might be allocated based on where the levied property was located, while categorical funds might be allocated based on the location, enrollment, or ADA that generated those funds.

Figure 3 Fund Balances and Liabilities as of June 30, 2016			
	Mt. Diablo USD Total	Allocation to Proposed Northgate	
		By Enrollment (14.3%)	By Assessed Valuation (17.9%)
<b>Fund Balances</b>			
General Fund	\$95,812,705	\$13,681,063	\$17,150,474
Building	\$44,475,289	\$6,350,611	\$7,961,077
Bond Interest and Redemption	\$31,903,286	\$4,555,459	\$5,710,688
Non-Major Governmental <sup>1</sup>	\$15,789,320	\$2,254,552	\$2,826,288
<b>Total, Fund Balances</b>	<b>\$187,980,600</b>	<b>\$26,841,685</b>	<b>\$33,648,527</b>
<b>Liabilities</b>			
General Obligation (GO) Bonds	\$499,972,231	\$71,390,861	\$89,495,029
Capital Leases	\$2,220,206	\$317,022	\$397,417
Compensated Absences	\$2,938,779	\$419,627	\$526,041
Net Pension Liability	\$255,536,539	\$36,487,974	\$45,741,040
OPEB Obligations	\$44,387,681	\$6,338,102	\$7,945,395
<b>Total, Liabilities<sup>2</sup></b>	<b>\$805,055,436</b>	<b>\$114,953,586</b>	<b>\$144,104,923</b>
Minus GO Bonds & Pension Liability		\$7,074,751	\$8,868,853

Source: Mt. Diablo USD Audit Report for fiscal year ending June 30, 2016

<sup>1</sup> Non-major governmental includes stores inventories, categorical and food service programs, capital projects, adult education, and deferred maintenance

<sup>2</sup> Mt. Diablo USD has an outstanding construction loan of \$4.3 million, which has not been included as it was obtained to construct an elementary school in the City of Pittsburg

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Figure 3 illustrates Mt. Diablo USD's fund balances and liabilities as of June 30, 2016, as well as the proportionate share attributed to the proposed Northgate USD by both enrollment and assessed valuation. The proposed Northgate USD's proportionate share of Mt. Diablo USD's fund balances and liabilities, including postemployment benefits, which is discussed below, ranges from \$26.8 million to \$33.6 million for fund balances, and \$7.1 million to \$8.9 million for liabilities, excluding the General Obligation bonds and net pension liabilities, depending on whether proportionate share is calculated on an enrollment or assessed valuation basis.

If fund balances in the General Fund and Non-Major Governmental Funds are allocated based on enrollment, then these funds would provide almost \$15.9 million to the proposed Northgate USD, while the remaining fund balances—Building and Bond Interest and Redemption—would provide \$13.7 million to the new unified district based on the assessed valuation allocation factor. Based on these assumptions, the proposed Northgate USD would receive \$29.6 million in fund balances from Mt. Diablo USD.

Similarly, if liabilities from compensated absences and net Other Postemployment Benefits (OPEB) obligations are allocated based on enrollment, then the proposed Northgate USD would be allocated \$6.7 million in liabilities, plus an additional \$397,417 from capital leases based on assessed valuation, for total liabilities of \$7.1 million.

**Division of Student Funds and Scholarships**—All student funds and those scholarship funds not restricted to a specific school site would be divided based on proportional enrollment. Districtwide property is usually divided pro rata, on the basis of assessed value in each district. In most cases, however, ADA is used as the basis for the division of non-real estate assets. Student funds are also generally divided on the basis of location, but may be further prorated by students. The division of non-real estate assets and student funds would be divided by ADA for those students within the five school sites, plus a proportionate share of Highland ES students that are currently enrolled and will transfer to the proposed Northgate USD. (The funds designated for Oak Grove MS and Ygnacio Valley HS would not be divided, as only the property is being transferred and not the students, who are residents of areas outside of the proposed Northgate USD boundary.)

**Postretirement Benefits**—E.C. 35556 states that, when a portion of the territory of a school district becomes part of another district, the employees assigned to perform their duties in the affected territory shall become employees of the acquiring district. (Please note that, while the Education Code presumes employees currently assigned to the five schools subject to this unification will automatically become employees of the proposed Northgate USD, seniority rights and other provisions of Mt. Diablo USD's existing collective bargaining agreements could alter the specific individuals that will transfer to the proposed Northgate USD.)

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The proposed Northgate USD is responsible for its proportionate share of historic OPEB and compensated absences offered by Mt. Diablo USD, as employees of Mt. Diablo USD will be employees of the proposed Northgate USD should the reorganization proceed. Proportional full-time equivalents employed, ADA, or enrollment might be a reasonable basis for division. Benefits to retirees, as of the date of the proposed unification, would not be affected by the reorganization. Costs for future retiree benefits would be borne solely by the respective new employers and the proposed Northgate USD could negotiate different benefit packages. The proposed Northgate USD's proportionate share of Mt. Diablo USD's OPEB and compensated absences ranges from \$6.7 million to \$8.5 million, depending on whether proportionate share is calculated on an enrollment or assessed valuation basis.

### Finding

The study finds that this criterion would not be substantially met. The reorganization petition specifies the proposed Northgate USD as encompassing all of the territory within the attendance boundaries of five Mt. Diablo USD schools—Bancroft, Valle Verde and Walnut Acres Elementary Schools, Foothill MS, and Northgate HS—as they were drawn as of April 24, 2016. Though unintended, this definition also includes Oak Grove MS and Ygnacio Valley HS, which are sited within the attendance boundary of Bancroft ES. Consequently, the proposed reorganization, if ultimately approved, would deprive Mt. Diablo USD of two school sites which are needed to accommodate its current enrollment. This outcome would not be equitable for Mt. Diablo USD and would saddle the proposed Northgate USD with two surplus school sites.

The existence of a districtwide CFD within Mt. Diablo USD presents a further complication to the proposed reorganization. While the Education Code provides a methodology by which the proposed Northgate USD and Mt. Diablo USD could equitably divide property and facilities, there are no state laws which govern the reorganization of a CFD among school districts. State law does provide for the dissolution of a community facilities district and for the transfer of a community facilities district from a county to a city. These statutes may provide some insight into the legal issues involved and the general conditions and requirements for the division of the CFD among the two districts.

### **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

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discrimination, and (4) the location and traffic patterns among schools that could affect efforts to integrate affected schools.

In addition, the CDE Handbook describes segregation as a condition in which a disproportionate percentage of minority students in a district or affected school(s) occurs as a result of a proposal, making it unrealistic to provide integrated educational experiences. It further states that “any change that significantly increases the percentage of minority group students could be the controlling factor in the determination of a promotion of segregation.”

### Analysis and Comment

Figure 4 shows the total enrollment and percentage of that enrollment that has been reported as minority for the Mt. Diablo USD, the proposed Northgate USD, and Mt. Diablo USD following reorganization. (Note: Minority students are those who regard themselves as Hispanic, American Indian or Alaskan Native, Asian, Pacific Islander, Filipino, or African American.) In addition, Figure 4a displays the percentage share of student enrollment made up by minority students for the proposed Northgate USD and the two configurations of Mt. Diablo USD—both before and after reorganization.

Appendix B, Figures B-1 through C-1, present the enrollment by demographic group for Mt. Diablo USD, the proposed Northgate USD (by each of the five school sites), and Mt. Diablo USD following reorganization for the years 2011-12 through 2016-17.

In order to complete this analysis, the demographic make-up of the proposed Northgate USD was established by examining the make-up of the student populations of Bancroft, Valle Verde, and Walnut Acres Elementary Schools, Foothill MS, and Northgate HS.<sup>5</sup>

Figure 4 shows that Mt. Diablo USD had a minority population of 55.7% of total enrollment in 2011-12. Over the following five years, the minority population increased just under three percentage points to 58.5% in 2016-17.

During this period, had the proposed Northgate USD been in place, it would have had a minority population of 32.1% in 2011-12, increasing to 34.0% by 2016-17.

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<sup>5</sup> This compilation excludes enrollment from Highlands ES because the data cannot be disaggregated to determine which district the school’s students would be assigned.



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Figure 4 District Enrollment Percent Minority 2011-12 through 2016-17						
District	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Mt. Diablo USD (Current)</b>						
Total Enrollment	31,920	31,817	31,812	31,800	31,866	31,814
Percent Minority	55.70%	56.40%	57.80%	58.10%	58.60%	58.50%
<b>Northgate USD</b>						
Total Enrollment	4,100	4,141	4,231	4,317	4,284	4,286
Percent Minority	32.10%	32.90%	34.20%	34.30%	33.70%	34.00%
<b>Mt. Diablo USD (Post Reorganization)</b>						
Total Enrollment	27,820	27,676	27,581	27,483	27,582	27,528
Percent Minority	59.20%	59.90%	61.40%	61.80%	62.50%	62.40%

Source: CBEDS

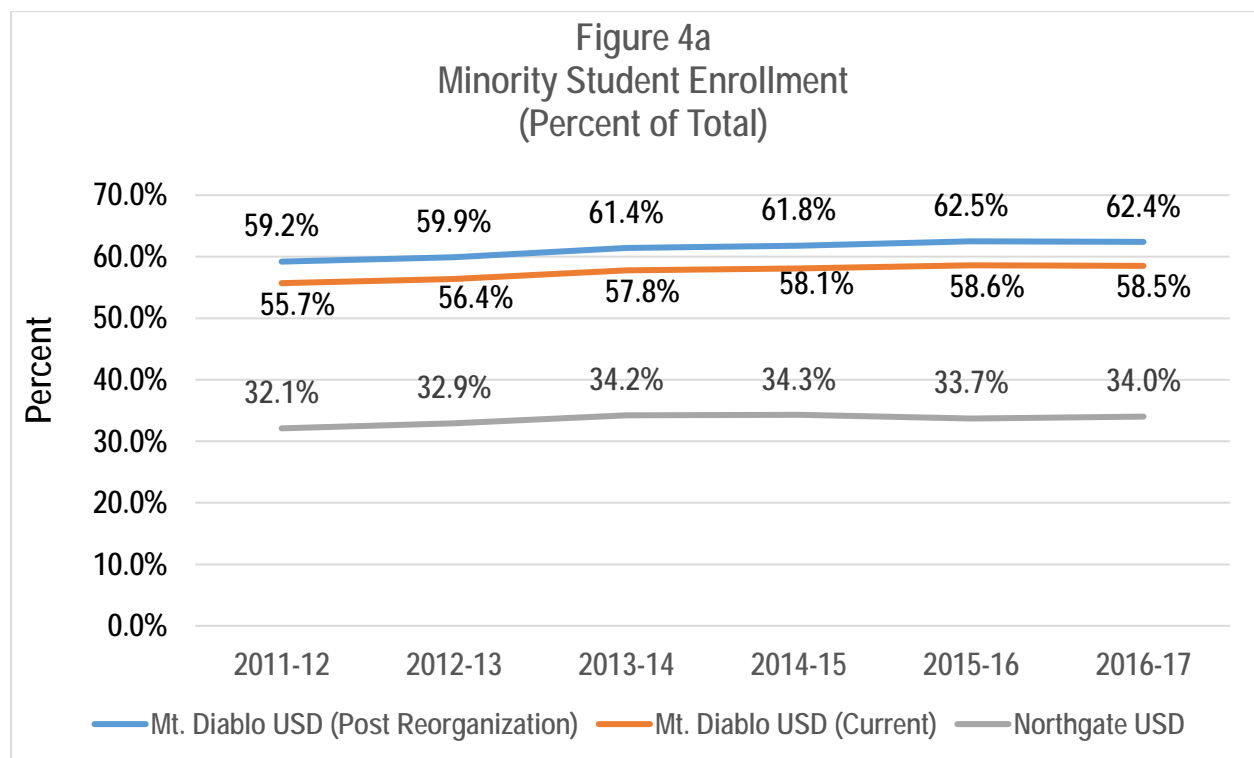


Figure 4 also shows that, following reorganization, Mt. Diablo USD’s minority population would have increased about four percentage points above its current minority student population level, if the reorganization had been in place over this period. For example, in 2016-17, Mt. Diablo USD’s

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minority population would have increased from 58.5% of its total prior to reorganization to 62.4% following reorganization, after deducting the enrollment of the proposed Northgate USD.

Finally, minority enrollment in the proposed Northgate USD from 2011-12 through 2016-17 would have increased from 1,317 to 1,456, a gain of 10.55%, which is equal to an average annual increase of 2.03%, outpacing the increase in Mt. Diablo USD following reorganization. Reducing Mt. Diablo USD's enrollment for the proposed Northgate USD would result in minority enrollment for Mt. Diablo USD post reorganization of 16,467 in 2011-12, increasing to 17,168 in 2016-17, a gain of 4.26%, which is equal to an average annual increase of 0.84%.

### Finding

The study finds that this criterion would be substantially met, as the proposed reorganization would not significantly increase the percentage of minority group students in either district and therefore would not promote racial or ethnic discrimination or segregation.

### **Criterion Number 5: No Substantial Increase in State Costs**

E.C. 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." With the enactment of the Local Control Funding Formula (LCFF) in July 2013, the state has eliminated the increase in state costs related to the revenue limit "level up" adjustment. Even under the prior law, the revenue limit increase was capped at 10%. It is other increases in state costs that are at issue.

### Analysis and Comment

In general, LCFF funding following district reorganization will be revenue neutral to the state when compared to funding provided under the LCFF prior to reorganization. Due to the change in the funding model to the LCFF, any state funds previously received for revenue limits, Tier III categorical programs and Economic Impact Aid would continue to be funded as part of the districts' base funding level. Subsequent changes in ADA and the percentage of students eligible for supplemental and concentration grants would in turn change the total funding received by districts. Under the LCFF, the higher a district's unduplicated pupil percentage (UPP), the more the district will receive in supplement/concentration grants to fund increased and improved services to the targeted students (i.e., students from low income families, English language learners, and foster youth).

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Our analysis finds that Mt. Diablo USD’s UPP in 2017-18 is approximately 48.5%. Following the creation of the proposed Northgate USD, which is assumed in this analysis to occur in 2019-20, Mt. Diablo USD’s UPP will increase to 54.4%, with per-ADA funding increasing from \$9,049 in 2018-19 to \$9,328 in 2019-20 (see Figure 5).

Figure 5 Local Control Funding Formula Revenues Funding Per ADA			
	<i>Current</i>	<i>Post Reorganization</i>	
<i>Fiscal Year</i>	<i>Mt. Diablo USD</i>	<i>Northgate USD</i>	<i>Mt. Diablo USD</i>
2018-19	9,049	--	--
2019-20	--	8,647	9,327
2020-21	--	8,985	9,685
Unduplicated Pupil Percentage	48.54%	11.04%	54.38%

Conversely, the proposed Northgate USD’s UPP will be approximately 11% and it will receive per-ADA funding of \$8,640 in 2019-20. This is 7.4% less than the per-ADA funding rate of Mt. Diablo USD post reorganization, or \$688/ADA.

Taken together, however, total entitlements for the two districts will be roughly in line with what Mt. Diablo USD would receive in 2019-20 if no reorganization were to be in place. This is expected since the establishment of the LCFF to replace revenue limits essentially makes district reorganizations revenue neutral to the state.

However, had the reorganization resulted in the UPP of one of the districts exceeding 55%, then the state might incur additional costs due to the payment of concentration grants, for which Mt. Diablo USD is currently not eligible. Following reorganization and based on the enrollment trends of Mt. Diablo USD, it could be expected to qualify for concentration grants under the LCFF in the near future, as its UPP would be less than one percentage point below the qualifying threshold.

In addition, there are several other instances where a reorganization could result in an increase in state costs. While these do not apply in this instance, it is worth noting for the county committee’s information. In some cases, a school district reorganization can result in a significant increase in state costs due to the creation of a basic aid district (i.e., the local property tax exceeds the district’s LCFF entitlement) or an increase in the amount of property tax revenues received by a district that was previously basic aid. In other cases, a reorganization can result in the creation of a school district that would be eligible for additional funding for necessary small schools (NSS).

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In this instance, local revenues account for approximately 46% of Mt. Diablo USD's LCFF entitlement. The proposed creation of Northgate USD would not increase the property tax base for Mt. Diablo USD nor would it provide local revenues in the proposed Northgate USD in excess of the new district's LCFF entitlement. By our estimate, following reorganization, the proposed Northgate USD's local revenues would constitute about 49% of the district's entitlement. Neither district, therefore, would become a basic aid district and impose new costs on the state.

Under current law (E.C. 42280), school districts under 2,501 ADA may qualify for funding under the NSS adjustment. As previously noted, the enrollment of the two districts would be well above this threshold and, as such, neither would qualify for the necessary small school adjustment.

Finally, school district reorganizations could affect funding received by COEs to provide direct services to small school districts. COEs receive state funding for direct services for elementary school districts with fewer than 901 ADA, high school districts with fewer than 301 ADA, and unified school districts with fewer than 1,501 ADA. The proposed reorganization would have no effect on the CCCOE's budget as a direct services provider, as the projected enrollment for both districts exceeds these minimum ADA numbers.

### Finding

The study finds that this criterion would be substantially met, as the proposed school district reorganization would not result in any significant increase in state costs.

### **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 districtwide and school site programs that could be adversely affected by a district reorganization that excludes school sites from the reorganization proposal.

### Analysis and Comment

**California School Dashboard**—California has adopted a new accountability and continuous improvement system, as prescribed by the implementation of LCFF, that provides information on how local educational agencies (LEAs) and schools are meeting the needs of California's students based on a set of state and local measures developed to assist in identifying strengths, weaknesses, and areas in need of improvement. The multiple measures are reported through the California School Dashboard (Dashboard), which illustrates the state's new accountability system by measuring the performance of LEAs at the district, school, and pupil subgroup levels. The new

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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.

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

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

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 Engagement
- School Climate
- 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.

The Dashboard is being field tested before full implementation in fall 2017; therefore, data has been provided for only five of the seven state indicators—Chronic Absenteeism and College/Career Readiness indicators will be operative this fall. In addition, none of the local indicators have been populated to date. They will also be operative in the fall.

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As shown in Figure 6<sup>6</sup>, the five schools<sup>7</sup> that would make up the proposed Northgate USD outperform the remainder of Mt. Diablo USD. With blue and green the highest and second highest performance levels, respectively, and with green being the state targeted performance level, the proposed Northgate USD has more performance levels at and above the targeted performance level. The proposed Northgate USD is slightly higher in all indicators, with the exception of Suspension Rate, where it is lower (which shows improvement for this indicator). However from year to year, it has simply maintained its performance in English Learner Progress, Graduation Rate, and Math, while the existing Mt. Diablo USD, and the post-reorganization Mt. Diablo USD, increased the Graduation Rate. Mt. Diablo USD post reorganization is only slightly lower than the current Mt. Diablo USD for all indicators, except Suspension Rate, where it is slightly higher.

**Figure 6  
California School Dashboard Summary**

	Mt. Diablo USD (Current)			Northgate USD			Mt. Diablo USD (Post Reorganization)		
	Student Performance	Status	Change	Student Performance	Status	Change	Student Performance	Status	Change
Suspension Rate (K-12)	Green	Medium	Declined	Green	Low	Declined	Green	Medium	Declined
		3.36%	-1.00%		1.03%	-0.67%		3.50%	-0.91%
English Learner Progress (K-12)	Yellow	Medium	Maintained	Green	High	Maintained	Yellow	Medium	Maintained
		67.49%	0.02%		78.34%	-0.01%		67.30%	0.02%
Graduation Rate (9-12)	Green	High	Increased	Blue	Very High	Maintained	Green	High	Increased
		90.74%	1.80%		95.83%	0.90%		90.72%	1.65%
ELA (G3-8)	Yellow	Low	Maintained	Green	High	Increased	Yellow	Low	Maintained
		-7.70%	5.80%		36.67%	8.18%		-11.09%	5.49%
Math (G3-8)	Yellow	Low	Maintained	Green	High	Maintained	Yellow	Low	Maintained
		-30.10%	1.70%		13.12%	4.92%		-33.50%	1.33%

Source: California School Dashboard

The results summarized in Figure 6 illustrate that the proposed unification will not undermine the educational programs remaining within Mt. Diablo USD nor should it be a detriment to the new district.

<sup>6</sup> The Dashboard provides data by LEA, school site, and pupil subgroup. For this analysis, performance against the metrics was weighted by schools' enrollment in order to develop the hypothetical Dashboard for Northgate USD and Mt. Diablo USD post reorganization.

<sup>7</sup> Though a portion of Highland ES will become part of the proposed Northgate USD, this analysis leaves the results for all Highland ES students with Mt. Diablo USD as there is no way to determine which students would be transferred or to disaggregate specific results.

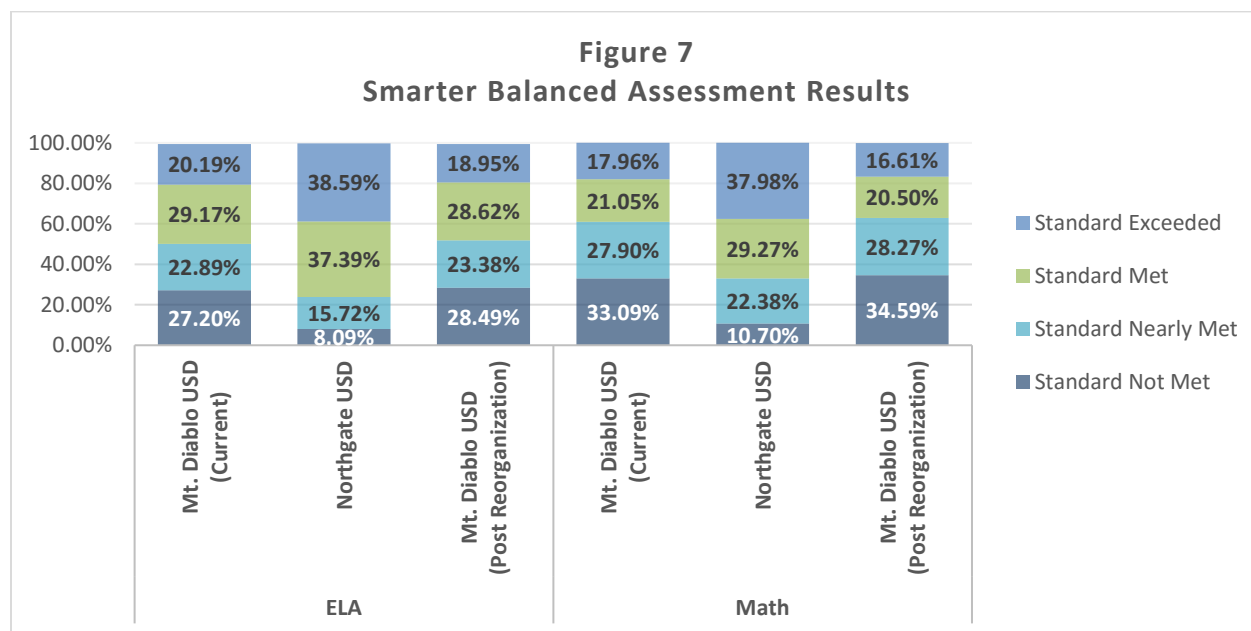
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**CAASPP**—The California Assessment of Student Performance and Progress (CAASPP) System was established in 2014 and replaced the Standardized Testing and Reporting (STAR) program. The CAASPP system includes the Smarter Balanced Assessment system, 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.

An additional year of Smarter Balanced Assessment results were released in March 2017, so that two years of test results are now available. A review of these results (see Figure 7 below) shows that the five schools that would make up the proposed Northgate USD outperform the remainder of Mt. Diablo USD. The proposed Northgate USD has a smaller percentage of students not meeting or nearly meeting the standard and a higher percentage of students who meet or exceed the standard in both ELA and Math. The impacts to the remainder of Mt. Diablo USD are small, with minor percentage increases in the number of students not meeting or nearly meeting the standard and a corresponding small percentage decrease in the students meeting or exceeding the standard. This data further supports the conclusion that the proposed unification will not disrupt the educational programs remaining within the Mt. Diablo USD.



Source: CAASPP

**Programs**—In addition to the test results, we analyzed the programs currently available at the Mt. Diablo USD and examined whether they would be affected by the loss of the proposed Northgate USD. As previously mentioned, Mt. Diablo USD serves approximately 32,000 students in 28 elementary schools, 9 middle schools, 5 comprehensive high schools, 1 continuation high

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school, and 7 alternative schools. The loss of 4,543 students from three elementary schools, a middle school, and a high school will not materially affect the programs offered by Mt. Diablo USD if the reorganization proceeds. With the exception of the dual immersion program and garden education program at Bancroft ES and an autism magnet program at Valle Verde ES, which Mt. Diablo USD can move to other school sites, there are no districtwide programs or services housed at any of the five proposed Northgate USD school sites. Therefore, the proposed reorganization will not significantly disrupt the educational programs in Mt. Diablo USD.

With regard to the impacts for the proposed Northgate USD, the effects of the reorganization are more difficult to quantify. There are numerous programs and services offered by Mt. Diablo USD on a districtwide basis that would no longer be available to students attending Northgate USD. These include, but are not limited to, middle school intramural athletics, a robotics program funded in partnership with Tesoro, vocal and instrumental music for elementary schools, varying degrees of special education instruction, school counselors, etc.

This is not to say that the proposed Northgate USD cannot offer similar programs and services. However, the proposed Northgate USD will be significantly smaller than Mt. Diablo USD, which makes economies of scale more difficult to secure, and reduces the critical mass necessary to successfully offer the full range of programs and services that are currently offered by Mt. Diablo USD. Due to its smaller size and lower unduplicated pupil percentage, the proposed Northgate USD will have fewer resources per ADA to allocate towards programs and services. In addition, the new district will need to establish or outsource certain programs in order to meet Education Code requirements (e.g., alternative education programs, such as continuation high schools, independent study, etc.). Ultimately, it will be the decision of the proposed Northgate USD board and staff to identify the needs of the new district and its students and determine which programs and services will be offered.

NCAPS recognizes that there could be short-term impacts to all programs and services as the new school district restructures and/or shifts services. NCAPS has stated that it expects that most current academic programs would continue in the new school district given their popularity and the benefits experienced by the students. NCAPS notes that “all five schools feature strong volunteer involvement and parent/community financial support that provides additional classes, instructional aides, counselors, classroom enrichment programs, and curriculum/technology support.” NCAPS also assumes that academic coaching and professional development and training for its teachers will continue at existing, if not increased, levels.

With regard to special education, NCAPS acknowledges that the reorganization would require the proposed Northgate USD to “assess all current programs of support for students and determine which ones can continue as they are with current facilities and instructors, and which ones will need modification in terms of size, location, and instructional leadership”. They propose joining



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the Contra Costa Special Education Local Plan Area and working closely with it, the county office, and nearby districts to ensure all students in special education receive the necessary supports.

### Finding

The study finds that this criterion would be substantially met, as the proposed unification will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.

Given the complexity and challenges in operating a school district, especially a smaller sized one, the proposed Northgate USD would not likely be able to provide the exact same educational or extracurricular programs currently offered by Mt. Diablo USD. However, given that the new district would maintain many of the same teachers and staff currently at the school sites, there is reason to believe that, with time and the hiring of experts and effective district leaders, the proposed Northgate USD should be able to continue to offer a quality education to its students.

### **Criterion Number 7: No Substantial Increase to School Facilities Costs**

The Education Code 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.

### Analysis and Comment

Mt. Diablo USD currently has 50 school sites encompassing almost 3.3 million square feet and covering approximately 723 acres of land. Mt. Diablo USD has sufficient facilities to house all of its current students with some available capacity (see Figure 8). The facilities have a total existing capacity of 35,793 seats. With 2016-17 enrollment of 30,656, excluding the charter school and students enrolled at special and alternative education sites, Mt. Diablo USD currently has an available capacity of 5,137. If the reorganization were to proceed, the proposed Northgate USD would take 6,929 seats<sup>8</sup> from Mt. Diablo USD. With an estimated enrollment of 4,543, the proposed Northgate USD would have available capacity of 2,386. (If the charter school currently occupying the former Castle Rock school site were to vacate the premises, the total and available capacity would increase accordingly.) The transfer of these school sites to the proposed Northgate USD would reduce Mt. Diablo USD’s total and available capacity to 28,864 and 2,751, respectively.

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<sup>8</sup> This includes the seven school sites to be transferred to the proposed Northgate USD, but excludes the school site currently occupied by Eagle Peak

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Figure 8 Facilities Capacity			
District	Existing Capacity <sup>1</sup>	2016-17 Enrollment <sup>2</sup>	Available Capacity
<b>Mt. Diablo USD (Current)</b>	<b>35,793</b>	<b>30,656</b>	<b>5,137</b>
Elementary	17,929	15,569	2,360
Middle	8,755	7,396	1,359
High	9,109	7,691	1,418
<b>Northgate USD</b>	<b>6,929</b>	<b>4,543</b>	<b>2,386</b>
Elementary	1,553	1,995	(442)
Middle	2,024	990	1,034
High	3,352	1,558	1,794
<b>Mt. Diablo USD (Post Reorganization)<sup>3</sup></b>	<b>28,864</b>	<b>26,113</b>	<b>2,751</b>
Elementary	16,376	13,574	2,802
Middle	6,731	6,406	325
High	5,757	6,133	(376)

<sup>1</sup> Current K-12 capacity based on Residential Development School Fee Justification Study completed by Dolinka Group on March 30, 2016; excludes school site occupied by Eagle Peak and alternative and special education program school sites

<sup>2</sup> Excludes student enrollment at school site occupied by Eagle Park and alternative and special education program sites

<sup>3</sup> Excludes eight schools to be transferred to the proposed Northgate USD

Simply looking at the districtwide capacity, it would be easy to assume that administrative changes (e.g., redrawing of attendance boundaries, busing, etc.), though not always popular, could be implemented to better match available seats to enrollment. However, while it appears that districtwide Mt. Diablo USD will have sufficient capacity, the transfer of the additional two unintended school sites—Oak Grove MS and Ygnacio Valley HS—to the proposed Northgate USD requires a closer analysis of capacity within Mt. Diablo USD. Seats in a unified school district are not interchangeable. High school students require more and larger facilities than elementary school students, while there are regulations in place for the younger grades in elementary school that limit their location in facilities.

As noted in Figure 8 above, following reorganization, Mt. Diablo USD will have sufficient capacity in its elementary schools to house an additional 2,802 students. At the middle schools, however, with the loss of Oak Grove MS, capacity drops from 1,359 students before the reorganization to only 325 post reorganization. Based on existing enrollment at Mt. Diablo USD's middle schools, the average site houses 822 students, with the smallest at 597 students and the largest at 990 students. Any new growth in the middle school grades (6-8) could soon require the construction of a new middle school. (Note that Mt. Diablo USD is anticipating significant growth due to new developments in the area.) This, however, is not an immediate concern, as there is existing capacity to accommodate the 692 students currently attending Oak Grove MS. It is important to note that, while there is sufficient existing capacity throughout the district, this does not negate the fact that some schools within Mt. Diablo USD may be more heavily impacted than others given the population distribution, which could affect where students are housed.

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However, the same cannot be said at the high school level. The reorganization results in the loss of Ygnacio Valley HS, which currently educates 1,246 students in grades 9-12. The loss of the 1,973 seats represented by Ygnacio Valley HS leaves Mt. Diablo 376 seats short and unable to accommodate all of the high school students currently attending Ygnacio Valley HS. Mt. Diablo USD would need to review its existing facilities and determine whether constructing a new high school is necessary or whether a more cost effective option, such as installing portable buildings, could be utilized to manage the lack of existing capacity. Either option, however, results in increased facilities costs.

The proposed Northgate USD would have sufficient districtwide capacity to accommodate its projected enrollment. However, again as with Mt. Diablo USD, a closer examination of capacity by grade level provides a different picture. At the middle and high school levels, and mostly due to the transfer of Oak Grove MS and Ygnacio Valley HS, the proposed district has more than enough capacity to accommodate enrollment, plus additional room for growth. In fact, these additional facilities may be of some concern to NCAPS as the new district will be required to maintain, at a minimum, two additional school sites not necessary for its educational programs.

At the elementary school level, however, the proposed Northgate USD will have insufficient capacity to house all of its students. At existing established capacities, all three elementary schools included in the petition are already over capacity and the addition of Highland ES students that would become part of the proposed Northgate USD will only exacerbate that problem. As with Mt. Diablo USD, the proposed Northgate would need to review its facilities and determine whether construction of a new elementary school is the appropriate remedy. Another option would be to convert one of the unintended school sites from a middle and high school for elementary school use. While this would reduce the amount of funding needed, as land would not need to be acquired, there are still costs associated with the improvements that would be necessary to render a middle or high school suitable for younger elementary school students. Yet another less expensive option would be the installation of portable buildings. There are numerous physical changes that can be made to address any pressing needs for more space on a school site, but all options will have costs associated with them.

To address the issue of overcapacity, both districts could, as an alternative to classroom construction, increase class sizes or make other program and/or service changes in order to accommodate the additional enrollment. Either district could also reduce the number of inter-district transfers it accepts to a number equivalent to the space available. However, NCAPS has stated that the proposed Northgate USD “acknowledges the importance of minimizing disruption for students during the transition and therefore, will accept all transfers changing from an intra-district to an inter-district transfer, continuing through each student’s graduation”. Therefore, as the petition is drafted, and without significant changes by both districts to their policies, increased facilities costs are inevitable for both districts.

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In addition to the capacity needed to house regular education students, the proposed Northgate USD will need to house alternative education programs as well as develop office space for its district staff—from its administrative staff that will be in charge of the financial and educational aspects of the district to its maintenance and operations staff that will require not only office space but facilities for equipment storage and maintenance (e.g., buses, maintenance equipment and vehicles, etc.). In accordance with Senate Bill (SB) 1612 (Chapter 341, 1992), the State Allocation Board adopted requirements for central administrative and support facilities at four square feet for every student. The proposed Northgate USD would need to locate and/or construct and furnish approximately 18,000 square feet of space for central administrative and support facilities.

### Finding

The study finds that the proposed unification would not result in an insignificant or incidental increase in school facilities costs; therefore, this criteria would not be met.

In the absence of significant policy changes, facilities will potentially be needed by both districts in order to accommodate enrollment at specific grade levels, and by the proposed Northgate USD in order to house its district staff and operations. The construction of new facilities or the modification of existing facilities to accommodate students would constitute a significant expense as a direct result of the reorganization.

### **Criterion Number 8: Increased Property Values**

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

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 petition for the establishment of the proposed Northgate USD, residents are seeking a community-based school district focused on the needs of students, educators, and parents and are responsive to how those needs are changing in the 21<sup>st</sup> Century. The community seeks a school district that fosters trust among students, educators, parents, and the wider community, so that all of those stakeholders may have confidence in the schools.

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NCAPS is further seeking greater responsiveness from the school system. NCAPS hopes to improve transparency, decision-making, and accountability. NCAPS hopes to address what it perceives as rising complexity in the public school system and declining oversight by the public. In its view, a smaller district with less bureaucracy, a locally based board, easier communication with administrators, and more responsiveness to the community’s concerns is critical to maintain public engagement and support the community’s students and teachers.

While, in other cases, developers have explored and pursued the realignment of school district boundaries to increase the value of properties they hold, there is no evidence that the petition to create the proposed Northgate USD is driven by any intent to boost property values in the proposed district.

Nevertheless, any redrawing of school district boundaries or the creation of a new district from an existing district will affect the allocation of property tax revenues among the agencies affected by the reorganization. Figure 9 below displays an estimate of the effect on assessed valuations of creating the proposed Northgate USD from the existing Mt. Diablo USD.

<b>Figure 9</b>			
<b>Assessed Valuations</b>			
<b>2016-17 Residential and Non-Residential Property</b>			
<b>District</b>	<b>Residential</b>	<b>Non-residential</b>	<b>Total</b>
<b>Mt. Diablo USD (Current)</b>			
Parcels	78,855	6,292	85,147
Assessed Valuation	\$27,131,573,690	\$10,358,532,884	\$37,490,106,574
Assessed Valuation Per Parcel	\$344,069	\$1,646,302	\$1,990,371
<b>Northgate USD</b>			
Parcels	11,539	487	12,026
Assessed Valuation	\$5,773,463,818	\$942,679,861	\$6,716,143,679
Assessed Valuation Per Parcel	\$500,344	\$1,935,688	\$2,436,031
<b>Mt. Diablo USD (Post Reorganization)</b>			
Parcels	67,316	5,805	73,121
Assessed Valuation	\$21,358,109,872	\$9,415,853,023	\$30,773,962,895
Assessed Valuation Per Parcel	\$317,281	\$1,622,025	\$1,939,306

Source: Data provided by Mt. Diablo USD based on 2016-17 Contra Costa tax roll

Based on data for 2016-17, the establishment of the proposed Northgate USD would encompass 11,539 residential parcels and 487 non-residential parcels within the existing Mt. Diablo USD. With an average assessed valuation of \$500,344 per residential parcel and \$1.935 million for the average non-residential parcel, the reorganization would lower the average assessed valuation for both residential and non-residential parcels in Mt. Diablo USD following reorganization. Figure 9 shows that Mt. Diablo USD’s average assessed valuation per residential parcel would fall

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from \$344,069 prior to the reorganization to \$317,281 following reorganization. Similarly, but less significant, Mt. Diablo USD's average assessed valuation per non-residential parcel would drop from \$1.646 million to \$1.622 million, a reduction of less than 1.5%.

These reductions in average assessed valuations and associated property tax payments in Mt. Diablo USD following reorganization, however, would not affect Mt. Diablo USD's total funding under the LCFF. Under the LCFF formulas, a drop in property tax revenues is made up by an increase in state aid on a dollar-for-dollar basis; therefore, Mt. Diablo USD's total LCFF entitlement would not be affected by the reduction in average assessed valuations presented in Figure 9.

### 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 district reorganization.

### **Criterion Number 9: Effect on Fiscal Status and Management**

The Education Code 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.”

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 have been narrowed considerably through the revenue limit system; however, funding differences related to categorical programs remained.

As part of the 2013 State Budget Act, the Legislature passed the 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 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 SB 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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### Analysis and Comment

This section reviews the fiscal effects of establishing the proposed Northgate USD from Mt. Diablo USD. We begin with an examination of Mt. Diablo USD’s budget over the current year and the prior two years, noting trends in revenues and expenditures and highlighting issues that could be of fiscal concern in the future. This review is followed by an analysis of the fiscal effects of establishing the Northgate USD, commencing in 2019-20. We acknowledge that this is an aggressive timeline and are not suggesting that implementation is likely by this date. However, the 2019-20 fiscal year is considered in Mt. Diablo USD’s multiyear projections and therefore provides a reasonable point at which to evaluate the effects of the reorganization proposal.

#### *Mt. Diablo USD’s Current Budget and Multiyear Projections*

Figure 10 below displays Mt. Diablo USD’s 2017-18 Adopted Budget, as well as the 2016-17 estimated actuals and the 2015-16 audited actuals. The figure shows that, for 2017-18, Mt. Diablo USD has budgeted revenues of \$329.5 million, a reduction of 3.8% from the prior year. Expenditures are budgeted at \$377.8 million, an increase of 2.3% from 2016-17. As a result, Mt. Diablo USD anticipates a deficit of expenditures over revenues of \$48.3 million. This deficiency notwithstanding, Mt. Diablo USD expects to end the current fiscal year with an ending fund balance of \$22.6 million—of which \$7.4 million is restricted, leaving an ending balance of \$15.2 million (equivalent to 4% of budgeted expenditures).

Figure 10 Mt. Diablo USD General Fund Budget Summary Unrestricted and Restricted Funds					
	2015-16	2016-17	2017-18	Change from 2016-17	
	Audited Actuals	Estimated Actuals	Adopted Budget	Amount	Percent
<b>REVENUES</b>					
LCFF Revenues	\$247,515,952	\$253,508,360	\$261,544,717	\$8,036,357	3.20%
Federal Revenues	\$18,812,814	\$20,461,962	\$17,181,305	-\$3,280,657	-16.00%
Other State Revenues	\$60,472,797	\$53,221,374	\$43,193,037	-\$10,028,337	-18.80%
Other Local Revenues	\$15,595,238	\$15,326,083	\$7,583,097	-\$7,742,986	-50.50%
Total Revenues	\$342,396,801	\$342,517,779	\$329,502,156	-\$13,015,623	-3.80%
<b>EXPENDITURES</b>					
Certificated Nonmanagement	\$125,834,303	\$143,296,888	\$150,586,599	\$7,289,711	5.10%
Classified Nonmanagement	\$41,949,639	\$47,525,439	\$49,218,046	\$1,692,607	3.60%
Administrative	\$19,072,289	\$21,609,001	\$21,255,201	-\$353,800	-1.60%

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Figure 10 (continued)					
Employee Benefits	\$70,751,928	\$81,100,591	\$92,534,052	\$11,433,461	14.10%
Books and Supplies	\$17,778,315	\$26,924,025	\$23,107,307	-\$3,816,718	-14.20%
Service/Other Operating Expenses	\$37,543,919	\$42,726,897	\$39,875,998	-\$2,850,899	-6.70%
Capital Expenses	\$4,974,737	\$4,189,873	\$1,280,020	-\$2,909,853	-69.40%
Other Outgo Expense	\$2,265,377	\$2,664,677	\$637,205	-\$2,027,472	-76.10%
Direct Support/ Indirect Costs	-\$586,877	-\$575,147	-\$644,710	-\$69,563	12.10%
Total Expenditures	\$319,583,630	\$369,462,244	\$377,849,718	\$8,387,474	2.30%
<b>EXCESS/DEFICIENCY</b>	\$22,813,171	-\$26,944,465	-\$48,347,562	--	--
<b>OTHER FINANCING SOURCES/USES</b>					
Transfers In	\$0	\$0	\$0	\$0	N/A
Transfers Out	-\$175,156	-\$82,400	\$0	\$82,400	N/A
Other Sources	\$1,653,289	\$0	\$0	\$0	N/A
Other Uses	\$0	\$0	\$0	\$0	N/A
Contributions				\$0	N/A
Total, Other Financing Sources/Uses	\$1,478,133	-\$82,400	\$0	\$82,400	N/A
<b>FUND BALANCE CHANGE</b>	\$24,291,304	-\$27,026,865	-\$48,347,562	-\$21,320,697	78.90%
<b>RESERVES</b>					
Beginning Fund Balance	\$71,521,400	\$98,020,753	\$70,993,888	-\$27,026,865	-27.60%
Audit Adjustments	\$0	\$0	\$0	\$0	N/A
Other Restatements	\$2,208,049	\$0	\$0	\$0	N/A
Adjusted Beginning Balance	\$73,729,449	\$98,020,753	\$70,993,888	-\$27,026,865	-27.60%
Ending Balance	\$98,020,753	\$70,993,888	\$22,646,326	-\$48,347,562	-68.10%

The district's large ending fund balance, which reached \$98 million at the close of the 2015-16 fiscal year, allows Mt. Diablo USD to deficit spend in 2017-18. Because the state's underestimation of tax revenues, Mt. Diablo USD has received significant allocations of one-time funds, which in turn has boosted the district's ending fund balance. The district acknowledges, however, that it must implement budget reductions in the next several years in order to avoid future deficit spending and bring ongoing revenues and expenditures into alignment. The current-year adopted budget notes reductions of \$9 million in 2017-18, \$11 million in 2018-19, and \$5 million in 2019-20 to address the imbalance.

Figure 11 displays Mt. Diablo USD's multiyear projections for the General Fund (both unrestricted and restricted funds) from 2017-18 through 2019-20. This figure shows total revenues for Mt. Diablo USD increasing slightly in both 2018-19 and 2019-20, at 2.3% and 1.0% respectively. Expenditures, on the other hand, are expected to be reduced significantly, especially in 2018-19. According to Mt. Diablo USD's plan, each expenditure category is expected to be cut, with significant reductions in direct support/indirect costs (-90.4%), books and supplies (-41.8%), and services and other operating expenses (30.7%). Cuts in certificated salaries,



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classified salaries, and employee benefits will make up about half of the expenditure reductions even though the percentage cuts are lower than cuts in other areas of the budget.

Figure 11 Mt. Diablo USD Multiyear Projections Unrestricted and Restricted Funds					
	Projections				
	2017-18	2018-19	% Change from 2017-18	2019-20	% Change from 2018-19
<b>REVENUES</b>					
LCFF Revenues	\$261,544,717	\$260,704,557	-0.30%	\$263,463,652	1.10%
Federal Revenues	\$17,181,305	\$17,535,704	2.10%	\$17,531,659	0.00%
Other State Revenues	\$43,193,037	\$43,967,176	1.80%	\$44,923,889	2.20%
Other Local Revenues	\$7,583,097	\$14,828,295	95.50%	\$14,572,513	-1.70%
Total Revenues	\$329,502,156	\$337,035,732	2.30%	\$340,491,713	1.00%
<b>EXPENDITURES</b>					
Certificated	\$166,605,988	\$157,699,752	-5.30%	\$159,555,705	1.20%
Classified	\$54,453,858	\$49,743,035	-8.70%	\$50,290,725	1.10%
Employee Benefits	\$92,534,052	\$87,826,831	-5.10%	\$90,985,222	3.60%
Books and Supplies	\$23,107,307	\$13,458,401	-41.80%	\$10,651,582	-20.90%
Services/Other Operating Expenses	\$39,875,998	\$27,618,580	-30.70%	\$25,246,738	-8.60%
Capital Expenses	\$1,280,020	\$1,220,853	-4.60%	\$1,255,769	2.90%
Other Outgo Expense	\$637,205	\$637,255	0.00%	\$639,095	0.30%
Direct Support/Indirect Costs	-\$644,710	-\$61,620	-90.40%	-\$58,961	-4.30%
Total Expenditures	\$377,849,718	\$338,143,087	-10.50%	\$338,565,875	0.10%
<b>FUND BALANCE CHANGE</b>	-\$48,347,562	-\$1,107,355	-97.70%	\$1,925,838	-273.90%
<b>RESERVES</b>					
Beginning Fund Balance	\$70,993,888	\$22,646,326	-68.10%	\$21,538,971	-4.90%
Ending Fund Balance	\$22,646,326	\$21,538,971	-4.90%	\$23,464,809	8.90%

According to this plan, Mt. Diablo USD will bring revenues and expenditures in close alignment in 2018-19, with expenditures outpacing revenues by just over \$1.1 million, and, in the following year, Mt. Diablo USD will experience a small surplus. In 2019-20, Mt. Diablo USD's budget would show a surplus of \$1.9 million, bringing the ending fund balance to \$23.5 million.

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### *Northgate USD Reorganization*

The LCFF provides school districts in California the majority of their general purpose revenues. As discussed previously, the state replaced the revenue limit funding model with the LCFF commencing in 2013-14. This funding model allocates revenues to school districts based on student attendance in four grade spans, as well as the district's unduplicated count of students who are from low income families, English language learners, or foster youth.

Figure 12 below estimates the LCFF revenue for the proposed Northgate USD and Mt. Diablo USD following reorganization, assuming implementation in 2019-20. The figure displays (1) the ADA for each district by grade span, (2) the LCFF target funding levels (base grant, supplemental grant, concentration grant, and add-ons such as transportation and Targeted Instructional Improvement Grants), (3) prior year funding, (4) the gap between the district's target and prior-year funding received, (5) growth funding, and finally (5) the LCFF funding amount in 2019-20. Because the proposed Northgate USD will not be established in 2018-19, the prior-year LCFF funding is assumed to be a proportionate share of Mt. Diablo USD's LCFF funding in 2018-19.

Figure 12 shows that the proposed Northgate USD could be expected to receive approximately \$38.4 million in LCFF funding in the first year of the reorganization. This is approximately \$8,640 per ADA. Mt. Diablo USD would receive an estimated \$227.8 million, or about \$9,328 per ADA. As noted previously in the discussion regarding Criterion 5, the proposed Northgate USD's per-ADA funding is considerably lower than the rate for Mt. Diablo USD because its UPP is lower, 11.04% for the proposed Northgate USD versus 54.38% for Mt. Diablo USD. As a matter of state policy, the LCFF provides additional funds to districts with a greater proportion of students in the targeted groups.

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<b>Figure 12</b> <b>Local Control Funding Formula Revenues</b> <b>Northgate USD and Mt. Diablo USD</b> <b>Estimate for 2019-20</b>		
<b>Grade Span ADA</b>	<b>Northgate USD</b>	<b>Mt. Diablo USD</b>
K-3	1,300	8,157
4-6	972	5,786
7-8	645	4,054
9-12	1,523	6,429
Total ADA	4,439	24,426
<b>LCFF Target</b>		
Base Grant	\$37,515,311	\$204,613,839
Supplemental Grant	\$825,337	\$22,253,801
Concentration Grant	\$0	\$0
Add-ons	\$557,133	\$3,338,904
Total Target	\$38,897,781	\$230,206,544
Prior Year Funding	\$37,356,196	\$223,461,785
Funding Gap	\$1,541,585	\$6,744,760
Growth Funding	\$1,000,797	\$4,378,698
LCFF Funding Amount	\$38,356,993	\$227,840,482
Funding Per ADA	\$8,640	\$9,328

The results of the LCFF analysis are incorporated into the multiyear budget projection of 2019-20 for the two districts. These results are displayed in Figure 13. For the proposed Northgate USD, 2019-20 would be the first year of operations; no comparison to a 2018-19 budget would be available. For Mt. Diablo USD, on the other hand, both the 2019-20 funding level and a comparison to the 2018-19 budget are displayed.

The figure shows that the proposed Northgate USD would receive total revenues of approximately \$49.1 million in 2019-20. This revenue level assumes the LCFF funding displayed in Figure 12, plus a proportionate share of Mt. Diablo USD's revenues from other sources, based on the proposed Northgate USD's proportionate share of ADA in 2018-19.

Similarly, expenditures for the proposed Northgate USD are based on a proportionate share of Mt. Diablo USD's expenditures, which in 2019-20 would be approximately \$47.4 million. Under these assumptions, the proposed Northgate USD would experience an increase in its fund balance

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of \$1.7 million, resulting in an ending fund balance in its first year of operation of approximately \$4.8 million.

Mt. Diablo USD would experience a significant reduction in LCFF revenues compared to the amount received in 2018-19; however, this loss would be proportionately less than Mt. Diablo USD's loss of ADA to the proposed Northgate USD. Specifically, Mt. Diablo USD's LCFF revenue decline would be approximately 12.65%, but its loss in ADA to the proposed Northgate USD would be about 15%. The reason that Mt. Diablo USD's revenue loss is mitigated is due to its higher UPP following reorganization, increasing from 48.54% prior to reorganization to 54.38% post reorganization. Mt. Diablo USD's higher UPP will entitle it to additional supplemental grant funds compared to its per-ADA funding in 2018-19.

Assuming Mt. Diablo USD can reduce its expenditures in line with its proportionate loss in ADA, Figure 13 shows that district spending will be less than the projected \$294 million in revenues, allowing Mt. Diablo USD to experience a surplus of \$2.9 million. Coupled with Mt. Diablo USD's \$18.5 million beginning fund balance, the district would end the year with a fund balance of \$21.4 million.

Figure 13 General Fund Budget Summary Mt. Diablo USD and Northgate USD Projected 2019-20			
	Northgate USD	Mt. Diablo USD	
	Amount	Amount	Change from 2018-19
<b>REVENUES</b>			
LCFF Revenues	\$38,356,993	\$227,840,482	-12.60%
Federal Revenues	\$2,454,432	\$15,077,227	-14.00%
Other State Revenues	\$6,289,344	\$38,634,545	-12.10%
Other Local Revenues	\$2,040,152	\$12,532,361	-15.50%
Total Revenues	\$49,140,922	\$294,084,615	-12.70%
<b>EXPENDITURES</b>			
Certificated Salaries	\$22,337,799	\$137,217,906	-13.00%
Classified Salaries	\$7,040,702	\$43,250,024	-13.10%
Employee Benefits	\$12,737,931	\$78,247,291	-10.90%
Books and Supplies	\$1,491,221	\$9,160,361	-31.90%
Service/Other Operating Expense	\$3,534,543	\$21,712,195	-21.40%
Capital Expenses	\$175,808	\$1,079,961	-11.50%
Other Outgo Expense	\$89,473	\$549,622	-13.80%
Direct Support/Indirect Costs	(\$8,255)	(\$50,706)	-17.70%
Total Expenditures	\$47,399,223	\$291,166,653	-13.90%

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Figure 13 (continued)			
<b>FUND BALANCE CHANGE</b>	\$1,741,699	\$2,917,962	N/A
<b>RESERVES</b>			
Beginning Fund Balance	\$3,015,456	\$18,523,515	-18.20%
Ending Fund Balance	\$4,757,155	\$21,441,477	-0.50%

One of the critical assumptions of this analysis, however, is that Mt. Diablo USD will be able to implement the budget reductions detailed in its 2017-18 Adopted Budget. As shown on Figure 11, significant expenditure reductions are scheduled for 2018-19, including certificated salary reductions of 5.3%, classified salary reductions of 8.7%, and employee benefit reductions of 5.1%. Without these and other cuts, Mt. Diablo USD's budget would be significantly out of balance, which would jeopardize the fiscal solvency of both the proposed Northgate USD and Mt. Diablo USD commencing in 2019-20.

Finally, Figure 14 shows the certificated and classified salary and benefit costs for the proposed Northgate USD in 2016-17, based on expenditures for the staff at the five school sites identified in the reorganization petition. The figure shows total compensation costs for certificated staff at the five sites of \$21.9 million and classified staff compensation costs of \$5.1 million. In total, just over \$27 million is expended to compensate staff at the proposed Northgate USD school sites.

Figure 14 Northgate USD 2016-17 Salary and Benefit Costs									
School Site	Certificated Staff			Classified Staff			Total Staff Compensation		
	Salary	Benefits	Total	Salary	Benefits	Total	Salary	Benefits	Total
Bancroft ES	\$2,194,497	\$659,422	\$2,853,919	\$397,020	\$189,733	\$586,753	\$2,591,517	\$849,155	\$3,440,672
Valle Verde ES	\$1,986,821	\$605,637	\$2,592,458	\$467,131	\$213,531	\$680,662	\$2,453,951	\$819,168	\$3,273,120
Walnut Acres ES	\$2,485,637	\$745,338	\$3,230,975	\$595,811	\$318,291	\$914,102	\$3,081,448	\$1,063,629	\$4,145,077
Foothill MS	\$4,026,174	\$1,295,288	\$5,321,462	\$641,567	\$412,935	\$1,054,502	\$4,667,741	\$1,708,223	\$6,375,964
Northgate HS	\$6,069,184	\$1,857,084	\$7,926,267	\$1,187,649	\$655,355	\$1,843,004	\$7,256,832	\$2,512,439	\$9,769,271
<b>Totals</b>	<b>\$16,762,312</b>	<b>\$5,162,769</b>	<b>\$21,925,081</b>	<b>\$3,289,178</b>	<b>\$1,789,845</b>	<b>\$5,079,023</b>	<b>\$20,051,490</b>	<b>\$6,952,614</b>	<b>\$27,004,104</b>

We would note, however, that the new district will also incur costs for central administration that are not reflected in Figure 14. As an approximation, the proposed Northgate USD could expect to spend approximately \$3.2 million on administrative functions, which are not reflected in the school site staffing expenditures. This estimate is based on the administrative expenditures of Mt. Diablo USD and the proportionate share of the proposed Northgate USD's student enrollment to the enrollment of Mt. Diablo USD.

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### Finding

The study finds that this criterion would be substantially met. The establishment of the proposed Northgate USD would not cause a substantial negative effect on the fiscal status of the proposed district or Mt. Diablo USD. When considering the per-ADA revenues under the LCFF, Mt. Diablo USD's revenues would in fact increase following reorganization because the district's UPP would increase, thus providing additional supplemental grant funding.

The fiscal fate of both the proposed Northgate USD and Mt. Diablo USD, however, rests on the ability of Mt. Diablo USD to implement the budget reductions noted in the 2017-18 Adopted Budget. For the current year, Mt. Diablo USD is running a deficit of \$48.3 million. Failure to correct this imbalance between revenues and expenditures in 2018-19 would seriously jeopardize the fiscal solvency of Mt. Diablo USD and start the newly established Northgate USD on an unsound fiscal footing. Rather than begin its first year of operation with a surplus, the new district could inherit a negative fund balance and operating deficit.

This caveat notwithstanding, the proposed reorganization itself does not cause a fiscal imbalance between revenues and expenditures and therefore we find that this criterion would be substantially met.

### **Eagle Peak Montessori School**

While several of the criteria took the Eagle Peak charter school into consideration, there are implications of the reorganization to both school districts and the charter school with regards to the charter school oversight and its current facilities.

As previously noted, Eagle Peak is a dependent charter school of Mt. Diablo USD, who is its authorizer and, therefore, has oversight responsibility. E.C. 47605(a) requires a charter school to operate within the geographic boundaries of its authorizer with few exceptions. Currently, Eagle Peak charter is located on a Mt. Diablo USD owned property at 800 Hutchinson Road in Walnut Creek—the former Castle Rock school. Mt. Diablo USD and Eagle Peak have entered into a Charter Facilities Agreement for the term of the charter petition.

With the proposed reorganization, the property on which Eagle Peak is located will transfer to the proposed Northgate USD. There is no provision in law to allow for the transfer of oversight responsibilities from one authorizer to another in the case of a district reorganization, or in any other instance. Therefore, upon the effective date of the reorganization, Mt. Diablo USD will remain the authorizer for Eagle Peak until the end of its existing term and Eagle Peak will be operating outside of the boundaries of its authorizer.

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This raises two issues that should to be addressed. First, Eagle Peak will need to determine whether or not it will submit a new charter petition to the proposed Northgate USD or renew with Mt. Diablo USD. If Eagle Peak renews its charter petition with Mt. Diablo USD, it must in turn seek a waiver from the SBE to continue its operations outside of the boundaries of its authorizer. Second is the issue of the facility itself: (1) whether the proposed Northgate USD is held to the terms of the existing agreement between Mt. Diablo USD and Eagle Peak as successor to the agreement; and (2) whether the proposed Northgate USD will continue to allow Eagle Peak to occupy the property upon expiration of the term—assuming it is determined that the facilities agreement is still valid upon reorganization. If the proposed Northgate USD does not continue to allow Eagle Peak use of the property, then Eagle Peak will need to seek new facilities and the proposed Northgate USD will have an additional facility with which to contend.

While these items do not directly affect the nine criteria, it is important that the county committee, the charter school, and both districts are aware of these issues and that the charter school begin to work with the necessary parties on resolving these issues if the reorganization proceeds.

## Summary and Conclusions

This study concludes that the reorganization of Mt. Diablo USD to establish a new Northgate USD from a portion of its existing territory substantially meets the following statutory criteria that guide district reorganizations, pursuant to E.C. 35753(a)(1-9):

- Criterion Number 1: Adequate Number of Pupils
- Criterion Number 2: Community Identity
- Criterion Number 4: Discrimination/Segregation
- Criterion Number 5: No Substantial Increase in State Costs
- Criterion Number 6: Sound Educational Program
- Criterion Number 8: Increased Property Values
- Criterion Number 9: Effect on Fiscal Status and Management

However, the study further finds that the proposed reorganization does not substantially meet Criterion Number 3: Equitable Division of Property/Facilities nor Criterion Number 7: No Increased State Housing Costs. The reorganization petition's failure to substantially meet these two criteria stems primarily from the inclusion, while inadvertent, of two school sites within the boundaries of the proposed Northgate USD.

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*Criterion Number 3: Equitable Division of Property/Facilities*—The study finds that this criterion would not be substantially met. The reorganization petition specifies the proposed Northgate USD as encompassing all of the territory within the attendance boundaries of five Mt. Diablo USD schools as they were drawn as of April 24, 2016. Though unintended, this definition includes Oak Grove MS and Ygnacio Valley HS. Consequently, the proposed reorganization, if ultimately approved, would deprive Mt. Diablo USD of two school sites which are needed to accommodate its current enrollment. This outcome would not be equitable for Mt. Diablo USD and would saddle the proposed Northgate USD with two surplus school sites.

*Criterion Number 7: No Increased State Housing Costs*—The study finds that the proposed unification would not result in an insignificant or incidental increase in school facilities costs; therefore, this criterion would not be substantially met. In the absence of significant policy changes, facilities will potentially be needed by both districts in order to accommodate enrollment at specific grade levels, and by the proposed Northgate USD in order to house its district staff and operations. The construction of new facilities or the modification of existing facilities to accommodate students would constitute a significant expense as a direct result of the reorganization.

Finally, it is important to note that the SBE is granted broad authority to specify the conditions of district reorganizations. The SBE has the final word in defining key issues, such as the area of election, the methodology for determining the division of district assets, application of CEQA regulations, and any other criteria the SBE deems relevant whether or not the criteria is specified in statute. In its deliberative process, the SBE places considerable weight upon the input provided by the county committee evaluating the petition to reorganize the district. This study provides data and analyses from which the county committee can make reasonable recommendations and provide reasoned arguments to support its ultimate recommendation to the SBE.

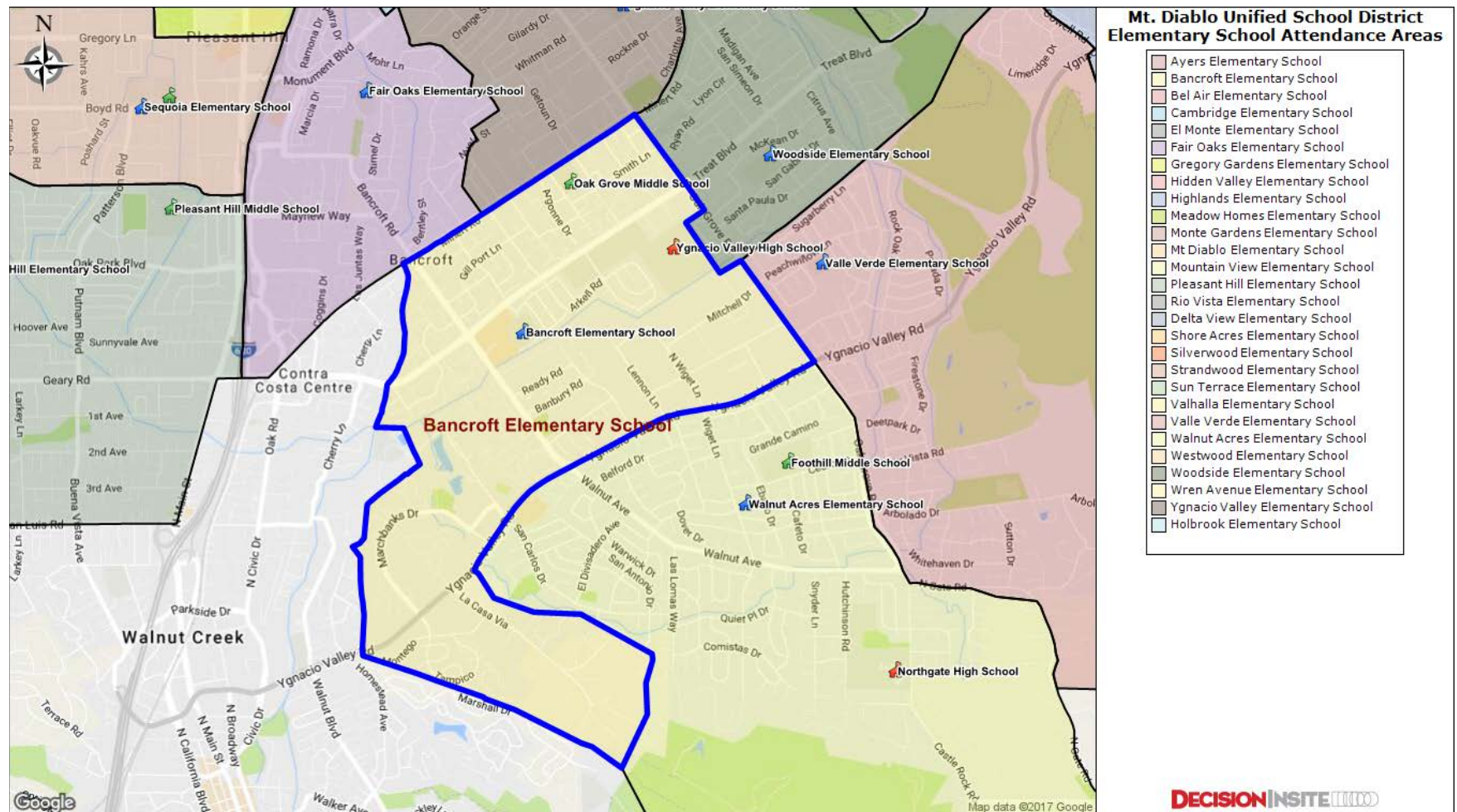


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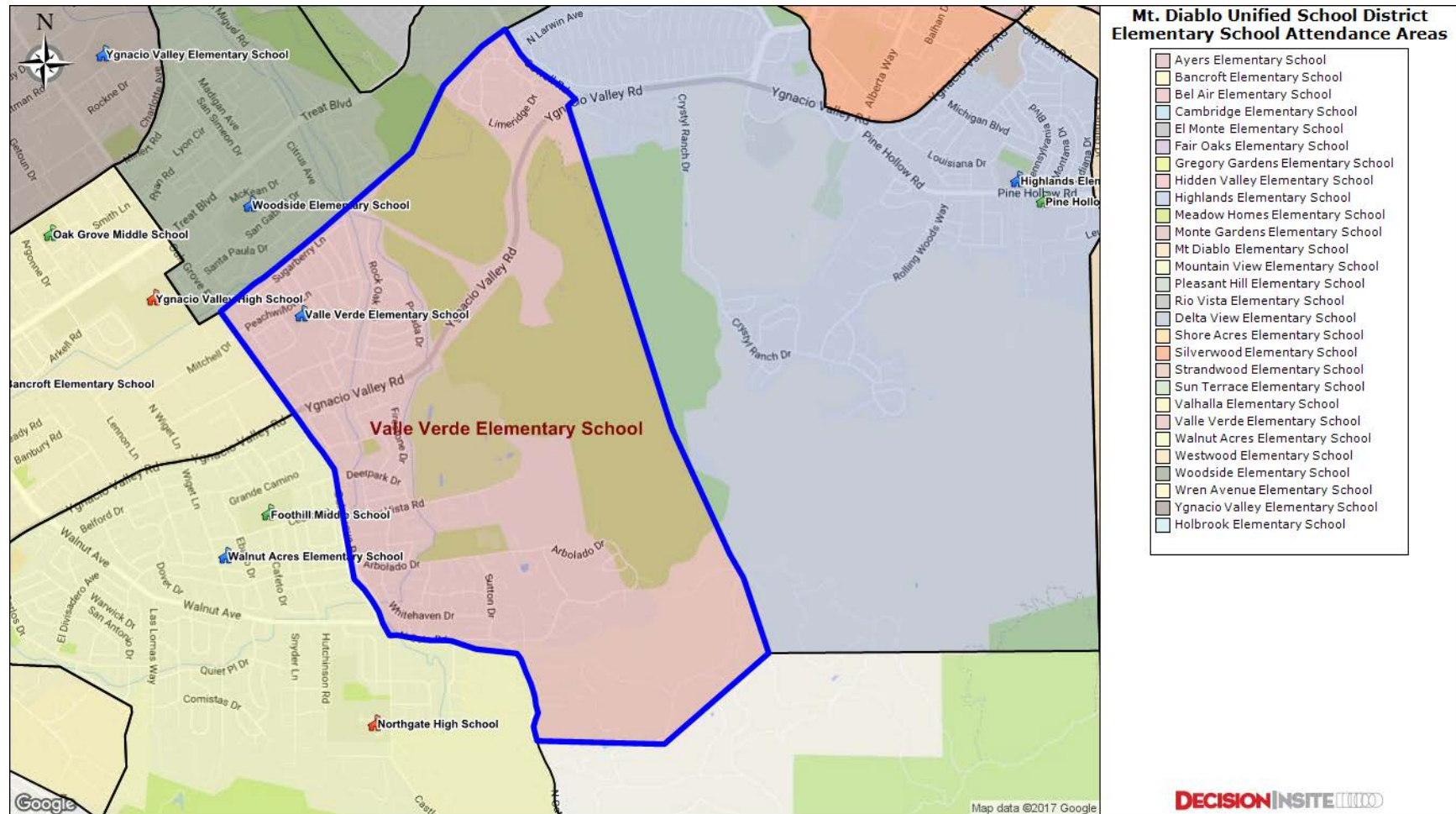
## Appendix A—Boundary Maps



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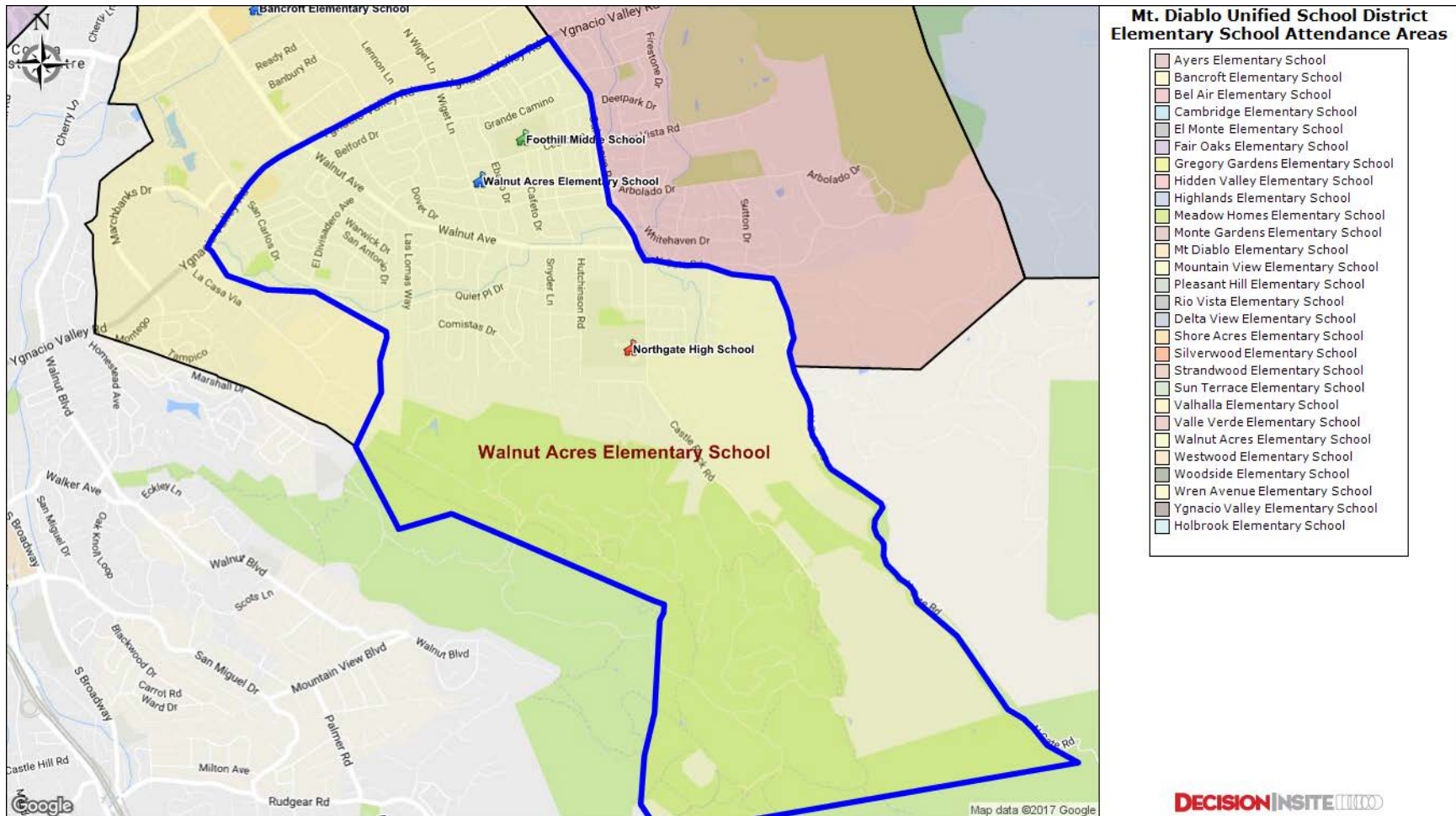
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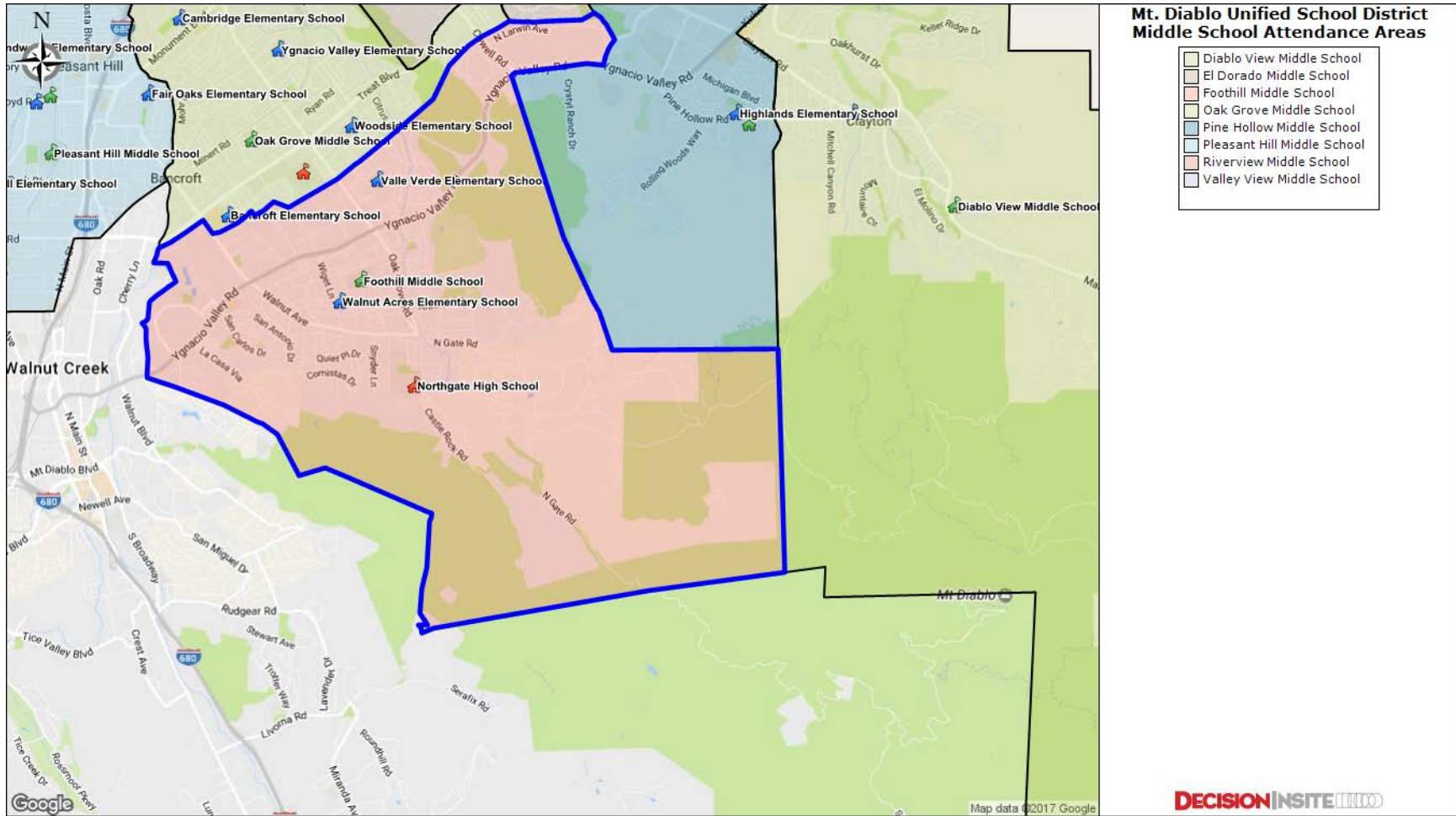
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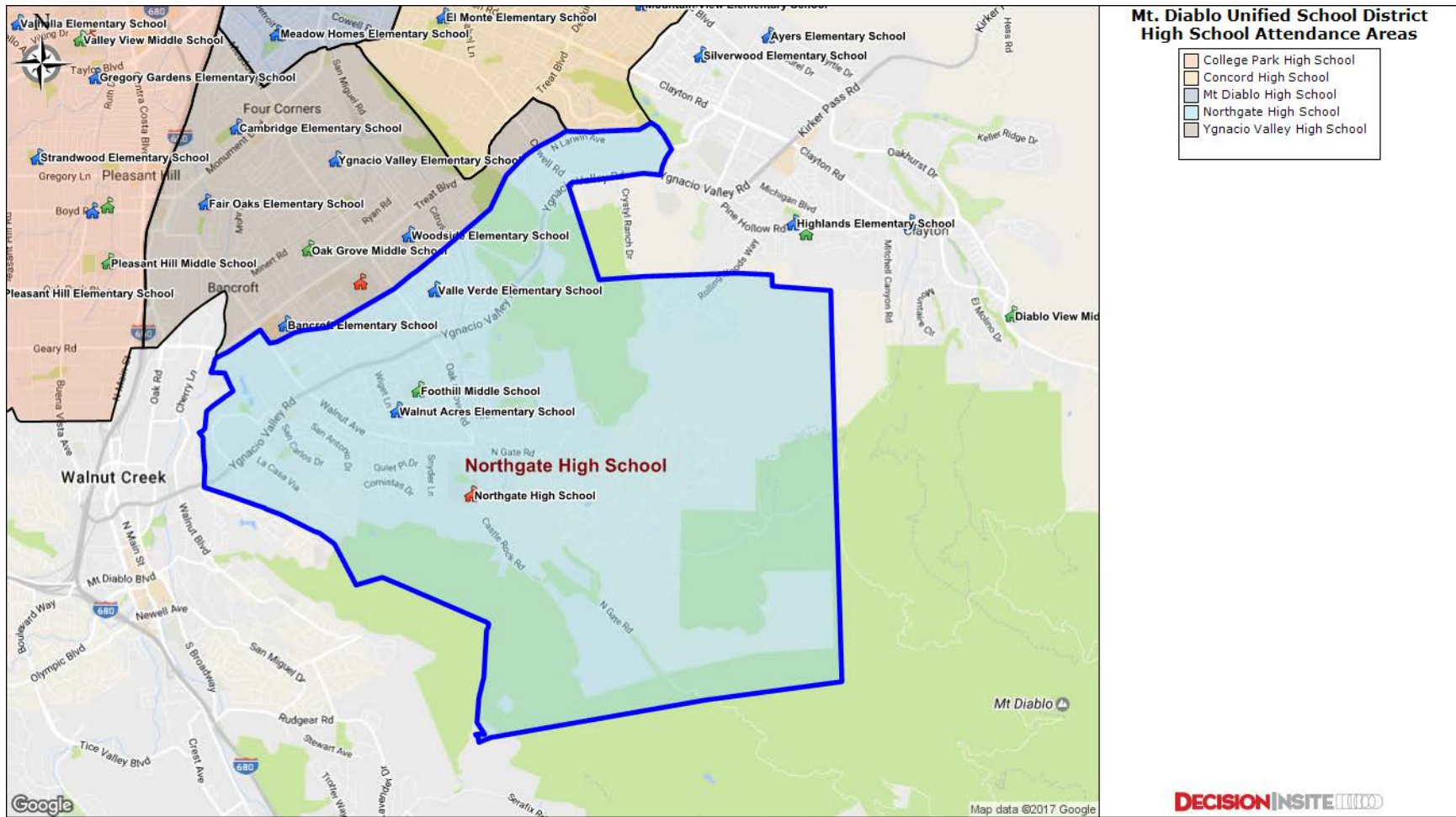
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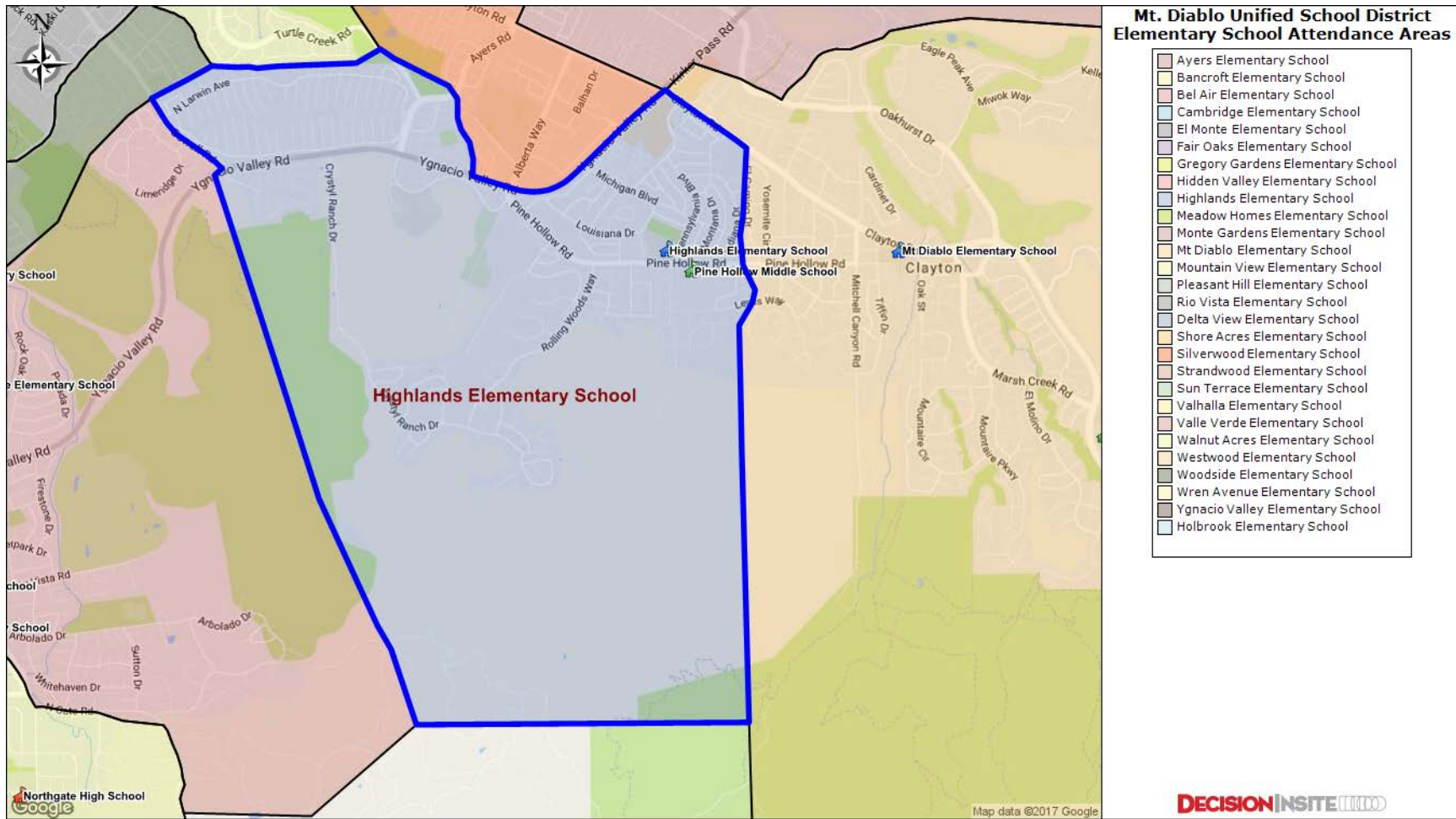
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**Appendix B—Demographic Data**

Figure B-1 Racial/Ethnic Population Enrollment 2011-12						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,920	12,548	12,177	1,489	2,291	3,415
Northgate USD	4,100	2,582	410	68	625	415
Bancroft ES	465	240	64	7	72	82
Valle Verde ES	474	297	47	7	70	53
Walnut Acres ES	607	393	61	6	61	86
Foothill MS	1,000	638	94	24	178	66
Northgate HS	1,554	1,014	144	24	244	128
Mt. Diablo USD (Post Reorganization)	27,820	9,966	11,767	1,421	1,666	3,000

Figure B-2 Racial/Ethnic Population Percent Share 2011-12						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	39.30%	38.10%	4.70%	7.20%	10.70%
Northgate USD	100.00%	63.00%	10.00%	1.70%	15.20%	10.10%
Bancroft ES	100.00%	51.60%	13.80%	1.50%	15.50%	17.60%
Valle Verde ES	100.00%	62.70%	9.90%	1.50%	14.80%	11.20%
Walnut Acres ES	100.00%	64.70%	10.00%	1.00%	10.00%	14.20%
Foothill MS	100.00%	63.80%	9.40%	2.40%	17.80%	6.60%
Northgate HS	100.00%	65.30%	9.30%	1.50%	15.70%	8.20%
Mt. Diablo USD (Post Reorganization)	100.00%	35.80%	42.30%	5.10%	6.00%	10.80%

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Figure B-3 Racial/Ethnic Population Enrollment 2012-13						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,817	11,854	12,488	1,400	2,240	3,835
Northgate USD	4,141	2,498	449	59	634	501
Bancroft ES	466	239	81	7	64	75
Valle Verde ES	462	271	51	3	65	72
Walnut Acres ES	587	356	66	1	69	95
Foothill MS	1,037	653	88	26	178	92
Northgate HS	1,589	979	163	22	258	167
Mt. Diablo USD (Post Reorganization)	27,676	9,356	12,039	1,341	1,606	3,334

Figure B-4 Racial/Ethnic Population Percent Share 2012-13						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	37.30%	39.20%	4.40%	7.00%	12.10%
Northgate USD	100.00%	60.30%	10.80%	1.40%	15.30%	12.10%
Bancroft ES	100.00%	51.30%	17.40%	1.50%	13.70%	16.10%
Valle Verde ES	100.00%	58.70%	11.00%	0.60%	14.10%	15.60%
Walnut Acres ES	100.00%	60.60%	11.20%	0.20%	11.80%	16.20%
Foothill MS	100.00%	63.00%	8.50%	2.50%	17.20%	8.90%
Northgate HS	100.00%	61.60%	10.30%	1.40%	16.20%	10.50%
Mt. Diablo USD (Post Reorganization)	100.00%	33.80%	43.50%	4.80%	5.80%	12.00%



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Figure B-5 Racial/Ethnic Population Enrollment 2013-14						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,812	11,770	12,792	1,389	2,340	3,521
Northgate USD	4,231	2,490	479	64	675	523
Bancroft ES	485	253	85	5	59	83
Valle Verde ES	462	249	53	4	71	85
Walnut Acres ES	583	342	64	2	69	106
Foothill MS	1,058	649	101	20	189	99
Northgate HS	1,643	997	176	33	287	150
Mt. Diablo USD (Post Reorganization)	27,581	9,280	12,313	1,325	1,665	2,998

Figure B-6 Racial/Ethnic Population Percent Share 2013-14						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	37.00%	40.20%	4.40%	7.40%	11.10%
Northgate USD	100.00%	58.90%	11.30%	1.50%	16.00%	12.40%
Bancroft ES	100.00%	52.20%	17.50%	1.00%	12.20%	17.10%
Valle Verde ES	100.00%	53.90%	11.50%	0.90%	15.40%	18.40%
Walnut Acres ES	100.00%	58.70%	11.00%	0.30%	11.80%	18.20%
Foothill MS	100.00%	61.30%	9.50%	1.90%	17.90%	9.40%
Northgate HS	100.00%	60.70%	10.70%	2.00%	17.50%	9.10%
Mt. Diablo USD (Post Reorganization)	100.00%	33.60%	44.60%	4.80%	6.00%	10.90%

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Figure B-7 Racial/Ethnic Population Enrollment 2014-15						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,800	11,262	13,002	1,322	2,319	3,895
Northgate USD	4,317	2,468	508	67	669	605
Bancroft ES	525	265	94	9	78	79
Valle Verde ES	482	244	66	5	68	99
Walnut Acres ES	625	349	76	4	63	133
Foothill MS	1,014	636	92	13	158	115
Northgate HS	1,671	974	180	36	302	179
Mt. Diablo USD (Post Reorganization)	27,483	8,794	12,494	1,255	1,650	3,290

Figure B-8 Racial/Ethnic Population Percent Share 2014-15						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	35.40%	40.90%	4.20%	7.30%	12.20%
Northgate USD	100.00%	57.20%	11.80%	1.60%	15.50%	14.00%
Bancroft ES	100.00%	50.50%	17.90%	1.70%	14.90%	15.00%
Valle Verde ES	100.00%	50.60%	13.70%	1.00%	14.10%	20.50%
Walnut Acres ES	100.00%	55.80%	12.20%	0.60%	10.10%	21.30%
Foothill MS	100.00%	62.70%	9.10%	1.30%	15.60%	11.30%
Northgate HS	100.00%	58.30%	10.80%	2.20%	18.10%	10.70%
Mt. Diablo USD (Post Reorganization)	100.00%	32.00%	45.50%	4.60%	6.00%	12.00%

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Figure B-9 Racial/Ethnic Population Enrollment 2015-16						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,866	10,755	13,295	1,250	2,322	4,244
Northgate USD	4,284	2,434	518	64	635	633
Bancroft ES	559	288	100	10	79	82
Valle Verde ES	466	245	60	4	67	90
Walnut Acres ES	617	345	64	3	65	140
Foothill MS	1,043	626	119	13	156	129
Northgate HS	1,599	930	175	34	268	192
Mt. Diablo USD (Post Reorganization)	27,582	8,321	12,777	1,186	1,687	3,611

Figure B-10 Racial/Ethnic Population Percent Share 2015-16						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	33.80%	41.70%	3.90%	7.30%	13.30%
Northgate USD	100.00%	56.80%	12.10%	1.50%	14.80%	14.80%
Bancroft ES	100.00%	51.50%	17.90%	1.80%	14.10%	14.70%
Valle Verde ES	100.00%	52.60%	12.90%	0.90%	14.40%	19.30%
Walnut Acres ES	100.00%	55.90%	10.40%	0.50%	10.50%	22.70%
Foothill MS	100.00%	60.00%	11.40%	1.20%	15.00%	12.40%
Northgate HS	100.00%	58.20%	10.90%	2.10%	16.80%	12.00%
Mt. Diablo USD (Post Reorganization)	100.00%	30.20%	46.30%	4.30%	6.10%	13.10%

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Figure B-11 Racial/Ethnic Population Enrollment 2016-17						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	31,814	10,327	13,299	1,224	2,331	4,633
Northgate USD	4,286	2,350	533	46	639	718
Bancroft ES	598	287	120	8	87	96
Valle Verde ES	497	256	64	5	72	100
Walnut Acres ES	643	348	71	3	75	146
Foothill MS	990	556	118	1	140	175
Northgate HS	1,558	903	160	29	265	201
Mt. Diablo USD (Post Reorganization)	27,528	7,977	12,766	1,178	1,692	3,915

Figure B-12 Racial/Ethnic Population Percent Share 2016-17						
<i>District/School Site</i>	<i>Total</i>	<i>White</i>	<i>Hispanic</i>	<i>African American</i>	<i>Asian</i>	<i>Other</i>
Mt. Diablo USD (Current)	100.00%	32.50%	41.80%	3.80%	7.30%	14.60%
Northgate USD	100.00%	54.80%	12.40%	1.10%	14.90%	16.80%
Bancroft ES	100.00%	48.00%	20.10%	1.30%	14.50%	16.10%
Valle Verde ES	100.00%	51.50%	12.90%	1.00%	14.50%	20.10%
Walnut Acres ES	100.00%	54.10%	11.00%	0.50%	11.70%	22.70%
Foothill MS	100.00%	56.20%	11.90%	0.10%	14.10%	17.70%
Northgate HS	100.00%	58.00%	10.30%	1.90%	17.00%	12.90%
Mt. Diablo USD (Post Reorganization)	100.00%	29.00%	46.40%	4.30%	6.10%	14.20%

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Figure C-1 District Enrollment Percent Minority 2011-12 through 2016-17						
District	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Mt. Diablo USD (Current)</b>						
Total	31,920	31,817	31,812	31,800	31,866	31,814
White	12,548	11,854	11,770	11,262	10,755	10,327
Multi-Racial	922	1,048	1,261	1,391	1,544	1,763
Not Reported	666	963	394	679	896	1,100
<b>Percent Minority</b>	<b>55.70%</b>	<b>56.40%</b>	<b>57.80%</b>	<b>58.10%</b>	<b>58.60%</b>	<b>58.50%</b>
<b>Northgate USD</b>						
Total	4,100	4,141	4,231	4,317	4,284	4,286
White	2,582	2,498	2,490	2,468	2,434	2,350
Multi-Racial	153	173	240	274	306	360
Not Reported	48	106	56	95	102	120
<b>Percent Minority</b>	<b>32.10%</b>	<b>32.90%</b>	<b>34.20%</b>	<b>34.30%</b>	<b>33.70%</b>	<b>34.00%</b>
<b>Bancroft ES</b>						
Multi-Racial	40	40	59	56	56	63
Not Reported	13	10	4	4	6	15
<b>Valle Verde ES</b>						
Multi-Racial	38	48	58	62	58	53
Not Reported	4	14	15	20	22	28
<b>Walnut Acres ES</b>						
Multi-Racial	53	49	75	76	75	84
Not Reported	6	24	8	24	31	32
<b>Foothill MS</b>						
Multi-Racial	10	24	30	46	69	102
Not Reported	2	4	7	11	13	17
<b>Northgate HS</b>						
Multi-Racial	12	12	18	34	48	58
Not Reported	23	54	22	36	30	28
<b>Mt. Diablo USD (Post Reorganization)</b>						
Total	27,820	27,676	27,581	27,483	27,582	27,528
White	9,966	9,356	9,280	8,794	8,321	7,977
Multi-Racial	769	875	1,021	1,117	1,238	1,403
Not Reported	618	857	338	584	794	980
<b>Percent Minority</b>	<b>59.20%</b>	<b>59.90%</b>	<b>61.40%</b>	<b>61.80%</b>	<b>62.50%</b>	<b>62.40%</b>