

	<p>Solano Local Agency Formation Commission</p>
	<p>675 Texas St. Ste. 6700 • Fairfield, California 94533 (707) 439-3897 • FAX: (707) 438-1788</p>

Staff Report

DATE: December 10, 2018
 TO: Local Agency Formation Commission
 FROM: Michelle McIntyre
 SUBJECT: **Inactive Special District List/Reclamation District 2104**

BACKGROUND:

Senate Bill (SB) 448 (Weickowski) was passed in 2017 for the purpose of creating a streamlined process for LAFCOs to dissolve special districts who are inactive. The new law specifies that on November 1, 2018, and every year thereafter, the State Controller’s Office (SCO) is required to create a list of inactive districts, post the list on their website, and notify LAFCO of the list. The commission is then required to initiate dissolution of inactive districts by resolution within 90 days of receiving the notification from SCO, unless the commission determines the special district(s) does not meet the criteria set forth in the inactive district definition. Applying this method the commission can dissolve special districts with one public hearing following the adoption of a resolution initiating dissolution (GC §56879). In effect this allows LAFCOs to forgo initiating a study such as a municipal service review, sphere of influence, or a special study. The new law also allows LAFCOs to forgo the conducting authority proceeding and election.

An inactive district is defined as a district that meets all of the following criteria set forth in GC Section 56042:

- 1) The district is a special district as defined in Section 56036;

Per Section 56036 a special district is defined as, “an agency of the state, formed for general law or special act, for the performance of governmental or proprietary functions within limited boundaries and in areas outside the boundaries when authorized by LAFCO pursuant to GC Section 56133.”

- 2) The special district has had no financial transactions in the previous fiscal year;

Commissioners

Harry Price, Chair • Jim Spering, Vice-Chair • Pete Sanchez • Nancy Shopay • John Vasquez

Alternate Commissioners

Len Augustine • Shawn Smith • Skip Thomson

Staff

Rich Seithel, Executive Officer • Michelle McIntyre, Analyst • P. Scott Browne, Legal Counsel

- 3) The special district has no assets and liabilities;
- 4) The special district has no outstanding debts, judgments, litigation, contracts, liens, or claims.

DISCUSSION:

On November 6, 2018 staff received the attached Notice and Inactive List from SCO identifying two districts that appear to be inactive special districts: North Rio Vista Levee Maintenance District (NRVLMD) and Reclamation District (RD) 2104.

Upon review of NRVLMD's formation documents, staff determined it is an assessment district¹ and not a special district as defined by Section 56036. SCO has since been notified of our findings and they have agreed to remove NRVLMD from the Inactive List.

RD 2104 is an independent² special district formed in 1964 for the purpose of maintaining approximately 7.4 miles of levees and protecting approximately 450 acres. In 2009 the Commission utilized a consultant to conduct a municipal service review (MSR) for 27 special districts including RD 2104. The consultant found that RD 2104 had not reported to SCO since 2003 and had not been providing services for about the same time due to conflicts amongst the three trustees. The consultant recommended LAFCO "work with the landowners to determine if they would like to re-activate the District or dissolve the District and transfer any responsibilities for service delivery to a neighboring successor agency." It is unclear from the 2009 records what discussions between LAFCO staff and the District entailed and if there were future plans for RD 2104 identified.

Moving forward staff will be contacting affected parties to advise them of the Inactive List Notice. Subsequently LAFCO staff will update the Commission at its regular February meeting.

RECOMMENDATION:

Staff recommends the Commission receive and file this report.

Attachment: SCO Notification of Inactive Special Districts and Inactive List

¹ Confirmed by Solano County Counsel via email November 14, 2018

² SCO identified RD 2104 erroneously as a dependent special district on the Inactive List.



BETTY T. YEE
California State Controller

November 6, 2018

Rich Seithel
675 Texas St. Suite 6700
Fairfield, CA, 94533

SUBJECT: Notification of Inactive Special Districts in County

Dear Mr. Seithel:

Chapter 334, Statutes of 2017, also known as Senate Bill (SB) 448, added various provisions to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 regarding special districts that are inactive. It requires the State Controller's Office (SCO) to create a list of inactive special districts based on information in the special district's Financial Transactions Report (FTR), to publish the list of inactive special districts on its website annually, and to notify the local agency formation commission in the county or counties in which the inactive special district is located.

Pursuant to Government Code (GC) section 56042, an "inactive special district" must:

- Meet the definition set forth in GC section 56036;
- Have no financial transactions in the previous fiscal year; and
- Have no assets, liabilities, outstanding debts, judgments, litigation, contracts, liens, or claims.

Pursuant to GC 56879, within 90 days of receiving this notice, the Commission is required to initiate dissolution of inactive special districts by resolution, unless the Commission determines that a district does not meet the criteria set forth in GC 56042. Additionally, the Commission is required to notify the SCO if it determines that district does not meet the dissolution criteria in GC 56042. Once the dissolution process is complete, please inform the SCO using the contact information on the next page.

The enclosure lists the special districts within your jurisdiction that are inactive, based on financial data in each special district's fiscal year 2016-17 FTR. The complete list of inactive California special districts may be found at:

https://www.sco.ca.gov/ard_local_rep_freq_requested.html.

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Agenda Item 8B
Attachment A

If you have any questions or need to notify us of a special district's status, please contact Derek Miller by telephone at (916) 322-5579, or by email at dmiller@sco.ca.gov.

Sincerely,



PHILLIP PANGILINAN

Manager

Local Government Reporting Section

Enclosure: 2016-17 County Inactive Districts List

State Controller's Office
2016-17 Inactive Districts for Solano County

County Name	District Name	District Type	Email Address	Street Address 1	Street Address 2	P.O. Box	City	Zip
Solano	North Rio Vista Levee Maintenance (Solano)	Dependent		Auditor-Controller	675 Texas Street		Fairfield	94533
Solano	Reclamation District No. 2104	Dependent	7m.kenmachado@gmail.com	33 N. San Pedro Street			San Jose	95110

Note: Email Address belongs to the Financial Transactions Report preparer; in some cases this may be an outside consultant.