



**Solano Local Agency Formation Commission**

675 Texas St. Ste. 6700 • Fairfield, California 94533  
 (707) 439-3897 • FAX: (707) 438-1788

**Staff Report**

DATE: February 11, 2019  
 TO: Local Agency Formation Commission  
 FROM: Michelle McIntyre  
 SUBJECT: **Inactive Special District List/Reclamation District 2104 – Follow up from the December 10 LAFCO Meeting**

BACKGROUND:

*(Info from Dec 10 Meeting)*

Senate Bill (SB) 448 (Weickowski) was passed in 2017 for the purpose of creating a streamlined process for LAFCOs to dissolve inactive special districts. SB448 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;
- 3) The special district has no assets and liabilities;

**Commissioners**

Harry Price, Chair • Jim Sperring, Vice-Chair • Ron Rowlett • Nancy Shopay • John Vasquez

**Alternate Commissioners**

Ron Kott • Shawn Smith • Skip Thomson

**Staff**

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

- 4) The special district has no outstanding debts, judgments, litigation, contracts, liens, or claims.

DISCUSSION:

At the December 10, 2018 LAFCO meeting, the Commission received the Notice and Inactive List from SCO identifying Reclamation District (RD) 2104 as an inactive district. Staff contacted the President of RD 2104 to inform him of the SCO notice and to request additional information on the status of the district.

On February 4, 2019 RD 2104 submitted the attached letter to inform SCO their District does not meet the inactive special district definition because the District has assets (excerpt below taken from letter):

*The District does have assets consisting of various equipment and materials such as sandbags, visqueen plastic, twine, wooden stakes, tie buttons, pliers, hammers, shovels, and life jackets required for flood protection. We estimate the value of these items to be approximately \$1,000.*

Also noted in the letter is the District's intention to submit their financial transactions report for 2018 to SCO (the submittal deadline has not yet passed). The members of the District plan on self-assessing to maintain cash on hand for repairs.

The Legislation states that the Commission is the agency required to make a determination as to the District's status. In order to comply with the Statute, staff is recommending the Commission adopt Draft Resolution 19-01 (enclosed) making a determination the district is not inactive.

The Commission may recall the current work plan includes a comprehensive municipal service review for the reclamation districts including RD 2104. Consequently the Commission will receive analysis and governance improvement recommendations for consideration.

STAFF RECOMMENDATION:

Staff recommends the Commission adopt the enclosed Draft Resolution 19-01 and direct staff to inform SCO of the Commission's determination.

Attachments:

A – Draft Resolution 19-01

B - Letter from RD 2104 to SCO dated February 4, 2019

LAFCO RESOLUTION NO. 19-01

**RESOLUTION MAKING DETERMINATION OF THE STATUS OF  
RECLAMATION DISTRICT 2104 AS IDENTIFIED BY THE STATE CONTROLLER'S  
OFFICE**

**WHEREAS**, the Local Agency Formation Commission (LAFCO) of Solano County desires to make a determination on the inactive/active status of Reclamation District 2104 pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 commencing with Section 56000 of the California Government Code; and,

**WHEREAS**, in accordance with Government Code (GC) Section 56375(a)(2)(G), LAFCO may initiate a dissolution of an inactive special district pursuant to GC Section 56879; and,

**WHEREAS**, GC Section 56042 defines "inactive district" as a special district with no assets, liabilities, outstanding debts, judgements, contracts, or claims; and,

**WHEREAS**, in a letter dated November 6, 2018, the State Controller's Office (SCO) notified Solano LAFCO that Reclamation District (RD) 2104 appears to be inactive and should be dissolved through an expedited process pursuant to GC Section 56879, unless the Commission determines the District does not meet the criteria set forth under GC Section 56042; and,

**WHEREAS**, Reclamation District 2104 has submitted a letter identifying the District's assets and requesting that their District not be declared as inactive; and,

**WHEREAS**, the Commission has considered the evidence set forth in said District's letter dated February 4, 2019; and,

**WHEREAS**, the Commission hereby determines that said District does not meet the inactive district status as defined; and,

**NOW, THEREFORE, BE IT HEREBY DETERMINED AND ORDERED** that Reclamation District 2104 is not an inactive district pursuant to GC Section 56042 based on the following evidence:

*The District has assets consisting of various equipment and materials such as: sandbags, visqueen plastic, twine, wooden stakes, tie buttons, pliers, hammers, shovels, and life jackets required for flood protection with an estimated value of approximately \$1,000.*

The foregoing resolution was duly passed and adopted by the Local Agency Formation Commission of Solano County at a regular meeting, held on the 11th day of February, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

James Spering, Chair  
Presiding Officer Solano Local Agency  
Formation Commission

ATTEST:

---

Michelle McIntyre, Clerk to the Commission



MACHADO LAW OFFICE

---

KENNETH J. MACHADO, JR.

33 N. SAN PEDRO STREET  
SAN JOSE, CALIFORNIA 95110-2414  
P: (408) 280-7577 F: (408) 280-7579

February 4, 2019

California State Controller's Office  
ATTN: Phillip Pangilinan  
P. O. Box 945850  
Sacramento, CA 94250

Re: Reclamation District 2104

Dear Mr. Pangilinan,

I am writing on behalf of Reclamation District 2104. I am the president of this Reclamation District and have received notice that you have instructed the Solano-LAFCO to initiate proceedings to declare us an "inactive special district" under the conditions set forth in Government Code section 56042. We disagree with your assessment on this issue for the following reasons:

1. The District does have assets consisting of various equipment and materials such as of sandbags, visqueen plastic, twine, wooden stakes, tie buttons, pliers, hammers, shovels and life jackets as required for flood protection. We estimate the value of these items to be approximately \$1,000 (one thousand dollars).
2. While in the past each individual owner in the District has, essentially, taken financial responsibility for their own particular property for repairs required on their own particular property, we have recently agreed on a minimal annual assessment of \$1.00 (one dollar) per acre, which would provide us with approximately \$1,500 (fifteen hundred dollars) in available cash for additional items necessary.

We have not yet filed a financial report for 2018 but we will show these items on our report. We have also recently worked with contractors who have reviewed various issues with our levee, including old drainage pipes that are in need of repair or replacement, and hope to enter into contractual relations with those contractors soon.

In short, we are a small district of only 3 landowners, however we have been in existence for many years and have attempted to comply with all requirements set forth by the various government agencies involved. We do not believe we meet the requirement for being declared an “inactive special district” as defined in G.C. 56042.

Based upon the above, we request that you reverse your decision in this matter to declare us an “inactive special district” and allow us to continue as a special district with all rights, benefits and responsibilities resulting therefrom. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'KJM', with a large, stylized flourish extending to the right.

Kenneth J. Machado, Jr.  
Reclamation District 2104 President

KJM/med  
CC: Michelle McIntyre (Via email)