



Solano Local Agency Formation Commission

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

Staff Report

DATE: March 9, 2020
 TO: Local Agency Formation Commission
 FROM: Michelle McIntyre
 SUBJECT: **LAFCO Project No. 2020-02 County Service Area No. S-1 Dissolution-**
 Determination of an Inactive District and Initiation of a Dissolution

STAFF RECOMMENDATION:

Staff recommends the Commission determine via adoption of the attached proposed LAFCO Resolution 20-01 that County Service Area No. S-1 is an inactive district and as such should be dissolved. The Commission intends to apply the streamlined dissolution process pursuant to Government Code (GC) Section 56879 and dissolve said inactive district at its next scheduled hearing or shortly thereafter.

SUMMARY:

The Solano Local Agency Formation Commission (LAFCO) has received a Notice of Inactive Special District in Solano County (Attachment B) from the State Controller's Office (SCO) that identifies County Service Area No. S-1 (CSA S-1) as an "inactive district." This designation requires the Commission to initiate the dissolution using a streamlined process that consists of an initiation of a dissolution followed by a noticed public hearing.

BACKGROUND:

Senate Bill (SB) 448 (Weickowski) was passed in 2017 for creating a streamlined process for LAFCOs to dissolve inactive special districts. SB448, codified as Government Code (GC) Section 56879, specifies that on November 1, 2018, and every year thereafter, 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. In effect this allows LAFCOs to forgo initiating a study such as a municipal service review, sphere of influence, or a special study prior to dissolving an inactive special district. The new law also allows LAFCOs to forgo the conducting authority proceeding and election.

Commissioners

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

Alternate Commissioners

Ron Kott • Shawn Smith • Skip Thomson

Staff

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

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

DISCUSSION:

The Commission received the latest Notice and Inactive List from SCO that identifies County Service Area No. S-1 (CSA S-1) as an inactive district (Attachment B).

LAFCO staff obtained the Solano County Board of Supervisor’s (BOS) district formation file confirming CSA S-1’s existence and boundaries. CSA S-1 is located near the Green Valley Estates in unincorporated Solano County (map enclosed as Attachment E). The District was formed by petition on February 15, 1966 for providing maintenance of a drainage system including the construction of a bridge over Green Valley Creek at Via Palo Linda. BOS’s resolution states that CSA S-1 extended a tax sufficient to pay for all services which were furnished on an extended basis and which was annually levied upon all taxable properties within the District’s boundary. The district formation was later followed by a couple of annexations to CSA S-1 and execution of various development agreements. There is no correspondence post 1971 in the file.

Staff subsequently contacted the County Auditor Controller’s Office (ACO) to request information on CSA S-1. ACO concurs with SCO’s determination (Attachment C) that CSA S-1 is inactive because the District last received property tax direct assessment revenues in 1971/72 and was last reported in the County’s FY 1975/76 Adopted Budget. Furthermore, the District was assigned Fund 038 which their office has since reassigned to another district.¹

¹ ACO also requested the removal of two additional districts; the North Rio Vista Levee Maintenance and Narcotics Council Districts from the Special Districts Report. At this time, the Statute is written to allow a streamlined dissolution process once a district is placed on the Inactive List, therefore; these two districts were not included in the attached resolution since they were not placed on the Inactive List. LAFCO staff will work with SCO and ACO regarding the two other districts.

LAFCO staff also obtained a copy of the District's financial transactions report (FTR) which further confirms the district's lack of revenues, expenses, assets, and liabilities, see Attachment D. The FTR was last completed in FY 2018 by the County Resource Management Department.

CONCLUSION:

Based on the evidence from SCO's Notice and the records of the County ACO and BOS, CSA S-1 is an inactive district and should be dissolved.

RECOMMENDED COMMISSION ACTIONS:

- 1) Adopt LAFCO Resolution 20-01 making a determination the district is inactive, and;
- 2) Initiate the dissolution of CSA S-1 pursuant to GC Section 56879.

Attachments:

- A – Draft LAFCO Resolution 20-01
- B – Notice and Inactive List from the State Controller's Office
- C – Letter from Solano Auditor Controller's Office
- D –Financial Transaction Report for CSA S-1 FY 2018
- E – Map of the District

LAFCO RESOLUTION NO. 20-01

**RESOLUTION OF THE SOLANO LOCAL AGENCY FORMATION COMMISSION
INITIATING PROCEEDINGS FOR DISSOLUTION OF COUNTY SERVICE AREA S-1**

(LAFCO Project No. 2020-02)

WHEREAS, the Local Agency Formation Commission (LAFCO) of Solano County desires to make a determination on the active/inactive status of County Service Area S-1 (CSA S-1) and initiate a district dissolution pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 commencing with Section 56000 of the California Government Code (GC); and,

WHEREAS, in accordance with 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 5, 2019, the State Controller’s Office (SCO) notified Solano LAFCO that CSA S-1 is inactive based on the District’s financial data 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, the Solano County Board of Supervisors formed CSA S-1 by petition on February 15, 1966 to provide maintenance of a drainage system and construct a bridge near Green Valley Estates in unincorporated Solano County; and,

WHEREAS, the Solano County Auditor Controller’s Office confirms CSA S-1: was assigned Fund 038 which has since been reassigned to another special district; last received property tax direct assessment revenues in FY 1971/72; and was last reported in Solano County’s FY 1975/76 Adopted Budget; and,

WHEREAS, the Financial Transaction Report as submitted by the Solano County Resource Management Department to SCO in 2018 documents CSA S-1 has no revenues, expenses, assets, and liabilities; and,

WHEREAS, upon the determination of the Solano LAFCO, an inactive district may be dissolved at a following noticed public hearing without a municipal service review, sphere of influence update, and special study; and,

NOW, THEREFORE, BE IT HEREBY DETERMINED AND ORDERED as follows:

- 1) The Solano LAFCO determines County Service Area S-1 is an inactive district as defined pursuant to GC Section 56042.

- 2) The Solano LAFCO initiates the process to dissolve County Service Area S-1 pursuant to GC Section 56879.

PASSED AND ADOPTED by the Local Agency Formation Commission of Solano County at a regular meeting, held on the 9th day of March 2020, 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



BETTY T. YEE
California State Controller

November 5, 2019

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

SUBJECT: Notification of Inactive Special Districts in County

Dear Rich 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 SCO if it determines that district does not meet the dissolution criteria in GC 56042. Once the dissolution process is complete, please inform SCO using the contact information on page 2.

The enclosure lists the special districts within your jurisdiction that are inactive, based on financial data in each special district's fiscal year 2017-18 FTR. The complete list of inactive California special districts may be found at:

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

Rich Seithel
November 5, 2019
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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,

A handwritten signature in black ink, appearing to read "Phillip Pangilinan". The signature is fluid and cursive, with the first name "Phillip" and last name "Pangilinan" clearly distinguishable.

PHILLIP PANGILINAN
Manager
Local Government Reporting Section

Enclosure

State Controller's Office
2017-18 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	County Service Area No. S-1 (Solano)	Dependent		Auditor-Controller	675 Texas Street, Suite 5500		Fairfield	94533- 6341

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

Special District of County Service Area No. S-1 (Solano)
 Special Districts Financial Transactions Report
 General Information

Fiscal Year: 2018

District Mailing Address

Street 1 Has Address Changed?
 Street 2
 City State Zip
 Email

Members of the Governing Body

	First Name	M. I.	Last Name	Title
Member 1	<input type="text" value="Erin"/>	<input type="text"/>	<input type="text" value="Hannigan"/>	<input type="text" value="Supervisor"/>
Member 2	<input type="text" value="Monica"/>	<input type="text"/>	<input type="text" value="Brown"/>	<input type="text" value="Supervisor"/>
Member 3	<input type="text" value="Jim"/>	<input type="text"/>	<input type="text" value="Spering"/>	<input type="text" value="Supervisor"/>
Member 4	<input type="text" value="John"/>	<input type="text"/>	<input type="text" value="Vasquez"/>	<input type="text" value="Chairman"/>
Member 5	<input type="text" value="Skip"/>	<input type="text"/>	<input type="text" value="Thomson"/>	<input type="text" value="Supervisor"/>
Member	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

District Fiscal Officers

	First Name	M. I.	Last Name	Title	Email
Official 1	<input type="text" value="Bill"/>	<input type="text"/>	<input type="text" value="Emlen"/>	<input type="text" value="Director of Resource Management"/>	<input type="text" value="WFEmlen@SolanoCounty.com"/>
Officials	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Report Prepared By

First Name M. I. Last Name
 Telephone Email

Independent Auditor

Firm Name
 First Name M. I. Last Name
 Telephone

1. Is this district a component unit of a City, County, or Special District (Choose one)? If "Yes", answer question 2. Yes No

2. Is this district a blended component unit (BCU) or a discretely presented component unit (DPCU) of a City, County, or Special District (Choose one)? Refer to the Financial Transactions Report (FTR) instructions for definitions of these terms. If the district is a BCU, answer questions 3 - 5.
 BCU DPCU

3. Is financial data of this BCU included in the financial statements or Comprehensive Annual Financial Report (CAFR) of a City, County, or Special District (Choose one)?
 City County Special District

4. In which City, County, or Special District financial statements or CAFR is the financial data of this BCU included?

City name:

County name:

Special District name:

5. Is financial data of this BCU included in the City, County, or Special District FTR (Choose one)? Yes No

Special District of County Service Area No. S-1 (Solano)
Special Districts Financial Transactions Report
Comments for the Special District Report

Fiscal Year: 2018

Comments

No Activity

Special District of County Service Area No. S-1 (Solano)
 Special Districts Financial Transactions Report
 Summary

Fiscal Year: 2018

	Governmental Funds	Internal Service Fund	Enterprise Fund	Totals
Governmental Revenues				
R01. General				
R02. Special Revenue				
R03. Debt Service				
R04. Capital Projects				
R05. Permanent				
R06. Transportation				
R07. Total Governmental Revenues	\$0			
Internal Service Revenues				
R08. Total Operating Revenues		\$0		
R09. Total Non-Operating Revenues		\$0		
R10. Total Internal Service Revenues		\$0		
Enterprise Revenues				
Operating Revenues				
R11. Airport				
R12. Electric				
R13. Gas				
R14. Harbor and Port				
R15. Hospital				
R16. Sewer				
R17. Solid Waste				
R18. Transit				
R19. Water				
R20. Other Enterprise				
R21. Conduit				
R22. Transportation				
R23. Total Operating Revenues			\$0	
Non-Operating Revenues				
R24. Airport				
R25. Electric				
R26. Gas				
R27. Harbor and Port				
R28. Hospital				
R29. Sewer				
R30. Solid Waste				
R31. Transit				
R32. Water				
R33. Other Enterprise				
R34. Conduit				
R35. Transportation				
R36. Total Non-Operating Revenues			\$0	

R36.5	Total Revenues	\$0	\$0	\$0	
Governmental Expenditures					
R37.	General				
R38.	Special Revenue				
R39.	Debt Service				
R40.	Capital Projects				
R41.	Permanent				
R42.	Transportation				
R43.	Total Governmental Expenditures	\$0			
Internal Service Expenses					
R44.	Total Operating Expenses		\$0		
R45.	Total Non-Operating Expenses		\$0		
R46.	Total Internal Service Expenses		\$0		
Enterprise Expenses					
Operating Expenses					
R47.	Airport				
R48.	Electric				
R49.	Gas				
R50.	Harbor and Port				
R51.	Hospital				
R52.	Sewer				
R53.	Solid Waste				
R54.	Transit				
R55.	Water				
R56.	Other Enterprise				
R57.	Conduit				
R58.	Transportation				
R59.	Total Operating Expenses			\$0	
Non-Operating Expenses					
R60.	Airport				
R61.	Electric				
R62.	Gas				
R63.	Harbor and Port				
R64.	Hospital				
R65.	Sewer				
R66.	Solid Waste				
R67.	Transit				
R68.	Water				
R69.	Other Enterprise				
R70.	Conduit				
R71.	Transportation				
R72.	Total Non-Operating Expenses			\$0	
R72.5	Total Expenditures/Expenses	\$0	\$0	\$0	
R73.	Transfer In				
R74.	Transfer Out				

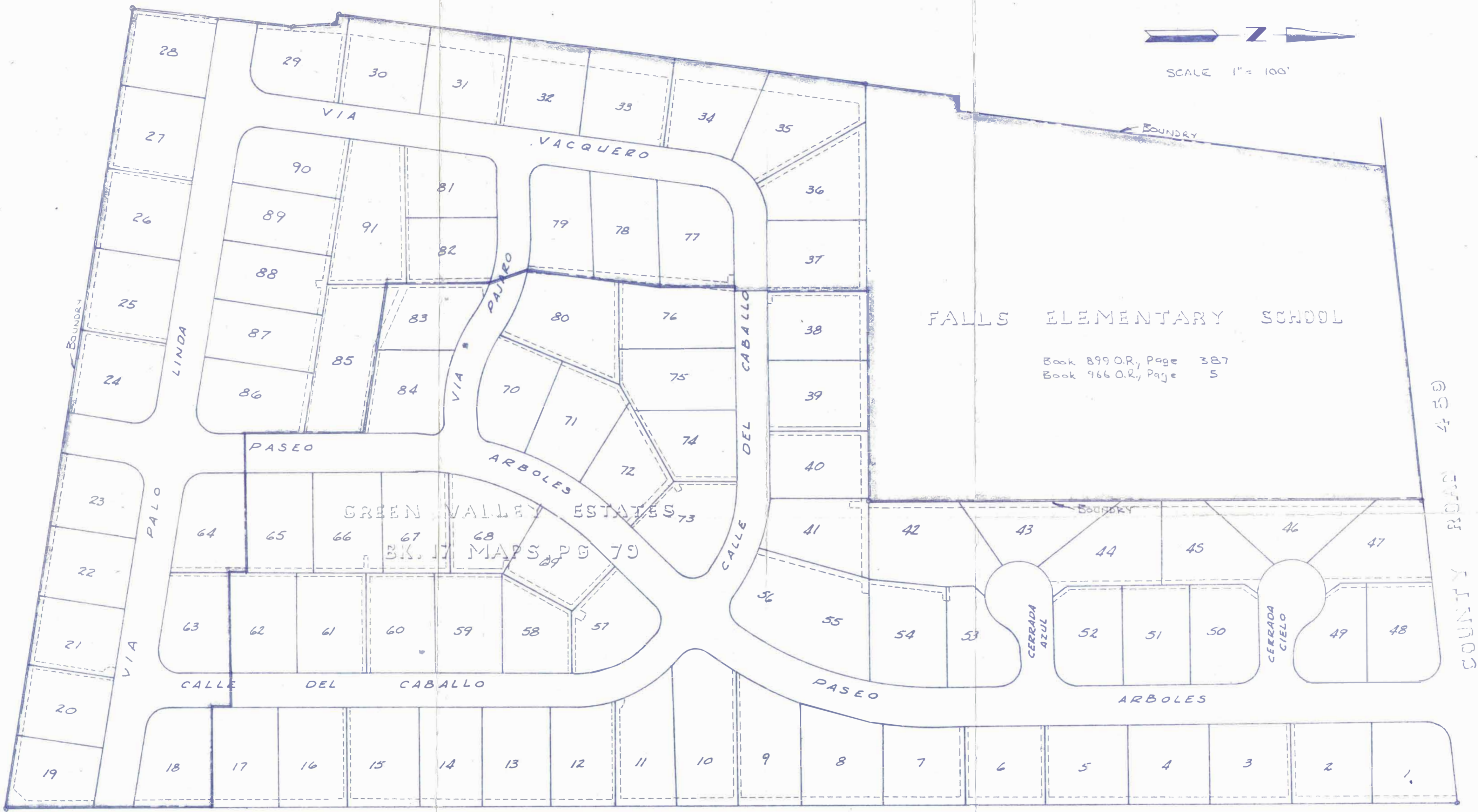
R75. Change in Fund Balance/Net Position	\$0	\$0	\$0	
R76. Fund Balance/Net Position (Deficit), Beginning of Fiscal Year	\$0	\$0	\$0	
R77. Adjustments				
R78. Fund Balance/Net Position (Deficit), End of Fiscal Year	\$0	\$0	\$0	
Assets				
R79. Total Current Assets				
R80. Total Noncurrent Assets				
R81. Total Assets	\$0	\$0	\$0	
Liabilities				
R82. Total Current Liabilities				
R83. Total Noncurrent Liabilities				
R84. Total Liabilities	\$0	\$0	\$0	
R85. Total Fund Balance/Net Position (Deficit)	\$0	\$0	\$0	

Special District of County Service Area No. S-1 (Solano)
Special District Financial Transactions Report
Footnotes

Fiscal Year: 2018

FORM DESC	FIELD NAME	FOOTNOTES
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Total Footnote: 0



LEGEND
 ——— SERVICE AREA BOUNDARY
 46 LOT NO., GREEN VALLEY ESTATES SUBDIVISION

MAP OF
 GREEN VALLEY ESTATES
 SERVICE AREA