

# Santa Barbara LAFCO

Status of the Santa Rita Hills Community Services District

February 5, 2015

# Commission Direction

- At the December 4, 2014 meeting, the Commission reviewed an information item on the status of the Santa Rita Hills Community Services District (SRHCSD) and requested that this matter be brought back as a business item at the next meeting. One of the items of discussion was the process for dissolving the district.
- Since none of the incumbents filed for reelection for the November 4, 2014 election, effective the first Friday in December (December 5, 2014), there is only one sitting director on the Santa Rita Hills SRHCSD board.

# Meeting with District Staff and County Auditor

- Since the December 4, 2014 meeting, Commission staff and LAFCO legal counsel met with the SRHCSD general manager and legal counsel, and the County Auditor-Controller.
- The subject of the discussion was whether the district could pay bills without authorization from its board of directors. A decision was subsequently made by the County Auditor-Controller that pursuant to the Community Services District Law, Government Code Section 61052(b) without authorization from the SRHCSD's board of directors, he can no longer process claims.

# Formation of a Streets and Highways District and Dissolution of the Santa Rita Hills Community Services District:

- On January 15, 2015, property owners within the Santa Rita Hills CSD submitted a petition for Formation of a Bridge and Highways District and Dissolution of the Santa Rita Hills Community Services District.
- The LAFCO application is incomplete at this point because it does not include a map and legal description, a processing fee and other LAFCO application requirements. The applicants have been notified and have agreed to submit the items necessary to complete the application.
- Bridge and Highway Districts are formed pursuant to Streets and Highways Code Section 27000 et.seq., and have many of the same powers as Community Services Districts, including road improvement and maintenance. They also have the power of eminent domain.

# Dissolution of Special Districts

- Dissolution means the disincorporation, extinguishment, or termination of the existence of a district and the cessation of all of its corporate powers. (Gov. Code § 56035). Initiation of proceedings for dissolution may be initiated by petition or by resolution of the governing body of an affected local agency or school district. The Commission may also initiate by resolution of application proposals for dissolution (Gov. Code § 56375(a) (2)).
- The Commission may only initiate a district dissolution if it is consistent with a recommendation or conclusion of a study prepared pursuant to Government Code Section 56378 (Special Study), 56425 (Sphere of Influence) or 56430 (Municipal Service Review). LAFCO initiated dissolutions also necessitate the adoption of a special determination pertaining to public costs and the promotion of public access and accountability.

# LAFCO Dissolution Proceedings

- After dissolution proceedings have been initiated, LAFCO must conduct a noticed public hearing. After the public hearing, the Commission may approve, modify, or deny the proposed dissolution. If approved, the Commission also adopts terms and conditions for the dissolution. The Commission may also approve the dissolution without an election or protest proceedings if the dissolution is initiated by the subject agency. Otherwise, an election is required.
- The Commission is the conducting authority for a district dissolution. The conducting authority shall adopt a resolution making a finding regarding the value of written protest filed and not withdrawn before, deciding if the dissolution is subject to an election.
- Government Code sections 57450-57463 provide detailed information and procedures for successor agencies in concluding the affairs of a dissolved district.

# Commission Options

- The Commission has already directed staff to conduct an update of the SRHSCD Municipal Service Review/Sphere of Influence (MSR/SOI) at the end of 2015/beginning of 2016. The last MSR/SOI for the district was conducted in 2011. The review may determine that the district should be dissolved.
- There are several ways to initiate dissolution proceedings. A resolution by an affected local agency or the LAFCO Commission could initiate dissolution proceedings. However, as stated above, before the LAFCO Commission may initiate the dissolution, a study pursuant to Government Code section 56375(a)(3) must be completed and presented to the Commission.
- Lastly, the Reorganization Proposal to Dissolve the SRHCSD and form a Bridge and Highway District could proceed through the LAFCO process and if approved would dissolve the SRHCSD.

# Recommendation

- It is recommended that the Commission review the Report and Provide Direction to Staff