

# Santa Barbara LAFCO

Consideration of LAFCO Resolution Initiating Proceedings for Dissolution of the Santa Rita Hills Community Services District (Continued from the March 5, 2015 and the May 7, 2015 Meetings)

September 10, 2015

# Commission's Direction to Staff

- At the May 7, 2015 meeting, the Commission continued consideration of a resolution initiating dissolution proceedings for the Santa Rita Hills Community Services District (SRHCSD) to the September 10, 2015 meeting. The matter had previously been continued from the March 5, 2015 meeting.
- Staff had prepared a Special Study and a resolution to initiate dissolution proceedings. Pursuant to Government Code Section 57375 (a)(2)(B), the Commission may initiate proposals by resolution of an application for the dissolution of a district if it is consistent with a recommendation or conclusion of a Special Study, a Sphere of Influence, or a Municipal Service Review.

# Reasons for Continuance

- The reason for both continuances was to provide the property owners with an opportunity to complete the reorganization application to form a Bridge and Highway District and Dissolve the Santa Rita Hills Community Services District.
- The Commission directed staff that if a complete application is ready for consideration at the September 10, 2015 meeting, the Executive Officer would return with separate agenda items: One for the dissolution of the SRHCSD, One for the reorganization involving dissolution of the Santa Rita Hills CSD and formation of the Bridge and Highway District.

# Status of Reorganization Proposal

- Although, the proponents have submitted most of the requirements for the reorganization, including a new reorganization petition, revised maps and legal descriptions with the same boundaries as the Santa Rita Hills CSD, but with a new title, and the LAFCO processing fee of \$10,500, there are still some missing items.
- The most significant among the mission items is a signed Cost Accounting and Indemnification Agreement. The proponents have been notified several times that application cannot be accepted for filing until all of LAFCO's application requirement have been submitted.
- Most recently, on August 7, 2015, the proponents formed a Lakeview Parcel Owners Limited Liability Corporation (LLC) with authority to sign the Cost Accounting and Indemnification Agreement. However, it is unclear whether the LLC is backed by a guarantee on performance on the indemnification agreement. Staff has requested proof that the LLC is secured by an insurance policy or a performance bond. This request is still pending and the application will not be deemed complete until a guarantee of performance is provided to the LAFCO office.

# Recommendation

That this matter be considered by LAFCO when the application for the Bridge and Highway Reorganization is complete.