



Santa Barbara LAFCO

Consideration of LAFCO Resolution Initiating Proceedings for Dissolution of the Santa Rita Hills
Community Services District

November 5, 2015



Commission's Direction to Staff

- ▶ At the September 10, 2015 meeting, the Commission continued consideration of a resolution initiating dissolution proceedings for the Santa Rita Hills Community Services District (SRHCSD) to the November 5, 2015 meeting in Santa Barbara. The Commission also established a deadline of October 1, 2015 to complete the reorganization application to dissolve the SRHCSD and form in its place a Bridge and Highway District. The matter had previously been continued from the March 5 and May 7, 2015 meetings.
- ▶ Staff had prepared a Special Study and a resolution to initiate dissolution proceedings which was presented at the March, May and September meetings. 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.



Status of Reorganization Proposal

- ▶ The proponents formed a Lakeview Parcel Owners Limited Liability Corporation (LLC) with intent to limit property owner liability when signing the Cost Accounting and Indemnification Agreement. However, it is also necessary that the chief proponents sign the agreement. The intent of Indemnification Agreement is to limit LAFCO's liability in the case of a lawsuit. It does not limit the property owners liability.
- ▶ In addition, the LLC needs to be backed by a guarantee on performance, such as an insurance policy or a performance bond. This has not been submitted and hence the application is still incomplete.



Recommendation

That the Commission approve one of the following two options:

1. Adopt the Resolution Initiating Proceedings for the Dissolution of the Santa Rita Hills Community Services District, or
2. Table the Dissolution Resolution until the Application for the Bridge and Highway Reorganization is Complete.