

**EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 23, 2019**

TO: LAFCO Commissioners

FROM: Sara Lytle-Pinhey, Executive Officer *SLP*

**SUBJECT: INITIATION OF DISSOLUTION PROCEEDINGS FOR INACTIVE
RECLAMATION DISTRICT NUMBERS 1602, 2031, AND 2101**

RECOMMENDATION

Staff recommends that, in accordance with Government Code section 56042, the Commission adopt a resolution initiating dissolution proceedings for the following inactive districts identified by the State Controller's Office: Reclamation District No. 1602 (Del Puerto aka Patterson Ranch), Reclamation District No. 2031 (Elliot), and Reclamation District No. 2101 (Blewett). As required by State law, Staff will return to the Commission within 90 days to conduct a public hearing regarding the dissolutions.

DISCUSSION

In 2017, the Governor signed Senate Bill 448 which defines "inactive districts" and requires the State Controller's Office to annually publish a list of these districts with notification given to LAFCOs. LAFCOs are then required to initiate dissolution of the inactive districts within 90 days.

On November 9, 2018, Stanislaus LAFCO received a notice from the State Controller's Office identifying three reclamation districts in Stanislaus County as inactive and eligible for dissolution. Government Code section 56042 defines an inactive district as meeting all the following:

- a. The special district is as defined in Section 56036 (within LAFCO's purview for changes of organization)
- b. The special district has had no financial transactions in the previous fiscal year
- c. The special district has no assets and liabilities
- d. The special district has no outstanding debts, judgements, litigation, contracts, liens, or claims

In accordance with Government Code Section 56042, the Commission must adopt a resolution initiating dissolution of inactive districts meeting the above definition within 90 days of notice from the State Controller's Office. Following adoption of the resolution, the Commission must then hold a public hearing on the dissolution within an additional 90 days. Unless evidence is provided that qualifies the district as being active, the Commission must dissolve the district.

In December, Staff sent letters to the last known contact and underlying property owner for each affected district informing them of the dissolution process and requesting additional information should the district not meet the definition of "inactive" as defined in Government Code section 56042.

Staff also conducted research regarding each of the inactive districts, their formation, and any last known filings with the Stanislaus County Clerk of the Board of Supervisors. Given the length of time that each has been inactive, LAFCO had little record of the districts, beyond a historical listing from the County. Research obtained from the Clerk of the Board of Supervisors identified formation dates and last known records with the County as detailed below:

Reclamation District	Date Formed	Last Known Record with the Clerk of the Board
#1602 (Del Puerto aka Patterson Ranch)	January 13, 1914	Letter dated July 17, 1987 stating the District has no board and is inactive
#2031 (Elliot Ranch)	July 22, 1919	Letter dated July 10, 1987 stating the district is inactive and does not collect taxes or have a bank account
#2101 (Blewett Ranch)	March 17, 1964	No additional records following formation in 1964

There is no evidence of the inactive reclamation districts functioning as government agencies since the dates listed above and as originally intended by their formation. Additionally, there are no known financial or planning records (e.g. audits, budgets, capital plans) for the districts. As a result, none of the districts file annual reports with the State Controller's Office. According to LAFCO records, none of the districts have a LAFCO-adopted sphere of influence or were identified in LAFCO's special district studies occurring since 1984, likely due to their inactivity.

As part of the dissolution proceedings, Staff will continue to reach out to the District contacts and other interested parties to verify there are no assets, liabilities, debts, judgements, etc. Should there be additional information provided, Staff will present this as part of the public hearing to be scheduled within 90 days.

CONCLUSION

Staff recommends that the Commission initiate dissolution proceedings for the three reclamation districts identified by the State Controller as mandated by Government Code section 56042. Staff will return to the Commission within 90 days to conduct a required public hearing and provide the Commission with a full report on the dissolutions.

Attachments: Draft Resolution 2019-02
Letter from the State Controller's Office Dated November 6, 2018
Map of Inactive Districts

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: January 23, 2019

NO. 2019-02

SUBJECT: Initiation of Dissolution Proceedings for Inactive Reclamation Districts Numbers 1602, 2031, and 2101

On the motion of Commissioner _____, seconded by Commissioner _____, and approved by the following:

Ayes: Commissioners:
Noes: Commissioners:
Absent: Commissioners:
Ineligible: Commissioners:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, on November 9, 2018, Stanislaus LAFCO received a letter from the State Controller’s Office informing LAFCO that Reclamation District numbers 1602 (Del Puerto aka Patterson Ranch), 2031 (Elliot), and 2101 (Blewett) are inactive and must be dissolved pursuant to Government Code section 56879;

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

WHEREAS, the State Controller has identified the subject Reclamation Districts as inactive, as defined in Government Code section 56042 and the Commission has been presented with no other evidence that conflicts with the determination that the Districts are inactive;

WHEREAS, pursuant to Government Code Section 56879, the Commission must initiate dissolution proceedings within 90 days of notice by the State Controller and conduct a public hearing within 90 days of adopting a resolution initiating proceedings;

WHEREAS, the Commission determined, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the proposed dissolutions are exempt pursuant to section 15320 of the CEQA guidelines.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Initiates dissolution proceedings for Reclamation District numbers 1602 (Del Puerto aka Patterson Ranch), 2031 (Elliot), and 2101 (Blewett).
2. Directs the Executive Officer to schedule a public hearing within 90 days for dissolution of the districts.

ATTEST: _____
Sara Lytle-Pinhey
Executive Officer



BETTY T. YEE
California State Controller

November 6, 2018

Sara Lytle-Pinhey
1010 10th Street, 3rd Floor
Modesto, CA, 95354

SUBJECT: Amended Notification of Inactive Special Districts in County

Dear Ms. Lytle-Pinhey:

This is a follow-up to the letter we sent you dated October 31, 2018 (see enclosed). The State Controller's Office (SCO) discovered that some special districts were not included in the original notice sent to you on October 31, 2018 due to a coding error in our database. The enclosed document provides an amended list of the special districts within your jurisdiction that are inactive, based on financial data in each special district's fiscal year 2016-17 Financial Transactions Report. The complete list of California inactive special districts may be found here: https://www.sco.ca.gov/ard_local_rep_freq_requested.html.

Pursuant to Government Code (GC) 56879, within 90 days of receiving this notice, the Commission is required to initiate dissolution of inactive districts by resolution, unless the Commission determines that a district does not meet the criteria set forth in GC 56042. The Commission is required to notify the SCO if it determines that a district does not meet the criteria for dissolution in GC 56042. Once the dissolution process is complete, please notify SCO using the contact information below.

Please accept our apologies for this error. If you have questions or need to notify us of a district's status, please contact Derek Miller by phone at (916) 322-5579, or email at dmiller@sco.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phillip Pangilinan".

PHILLIP PANGILINAN
Manager
Local Government Reporting Section

Enclosures: October 31, 2018 letter
2016-17 County Inactive Districts List (amended)



BETTY T. YEE
California State Controller

October 31, 2018

Sara Lytle-Pinhey
Stanislaus Local Agency Formation Commission
1010 10th Street, 3rd Floor
Modesto, CA 95354

SUBJECT: Notification of Inactive Special Districts in County.

Dear Mrs. Lytle-Pinhey:

Chapter 334, Statutes of 2017 (Senate Bill 448) added various provisions to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 regarding special districts that are inactive. SB 448 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 Reports (FTR), publish the list of inactive special districts on its website annually, and notify a 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" meets all of the following:

- (a) The special district is as defined in Section 56036.
- (b) The special district has had no financial transactions in the previous fiscal year.
- (c) The special district has no assets and liabilities.
- (d) The special district has no outstanding debts, judgments, litigation, contracts, liens, or claims.

Within 90 days of receiving this notice, the commission is required to initiate dissolution of inactive special district(s), unless you determine that the district(s) does not meet the criteria set forth in GC section 56042. The commission shall also notify the SCO if you determine that the district(s) does not meet the criteria set forth in GC section 56042.

The enclosed document lists the special districts within your jurisdiction that are inactive, based on financial data in the special district's fiscal year 2016-17 FTR. The complete list of inactive special districts is found here: https://www.sco.ca.gov/ard_local_rep_freq_requested.html

Sara Lytle-Pinhey
October 31, 2018
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If you have any questions or need assistance, please contact Derek Miller by telephone at (916) 322-5579, or by email at dmiller@sco.ca.gov.

Sincerely,



PHILLIP PANGILINAN
Manager
Local Government Reporting Section

Enclosure: 2016-17 County Inactive Districts List

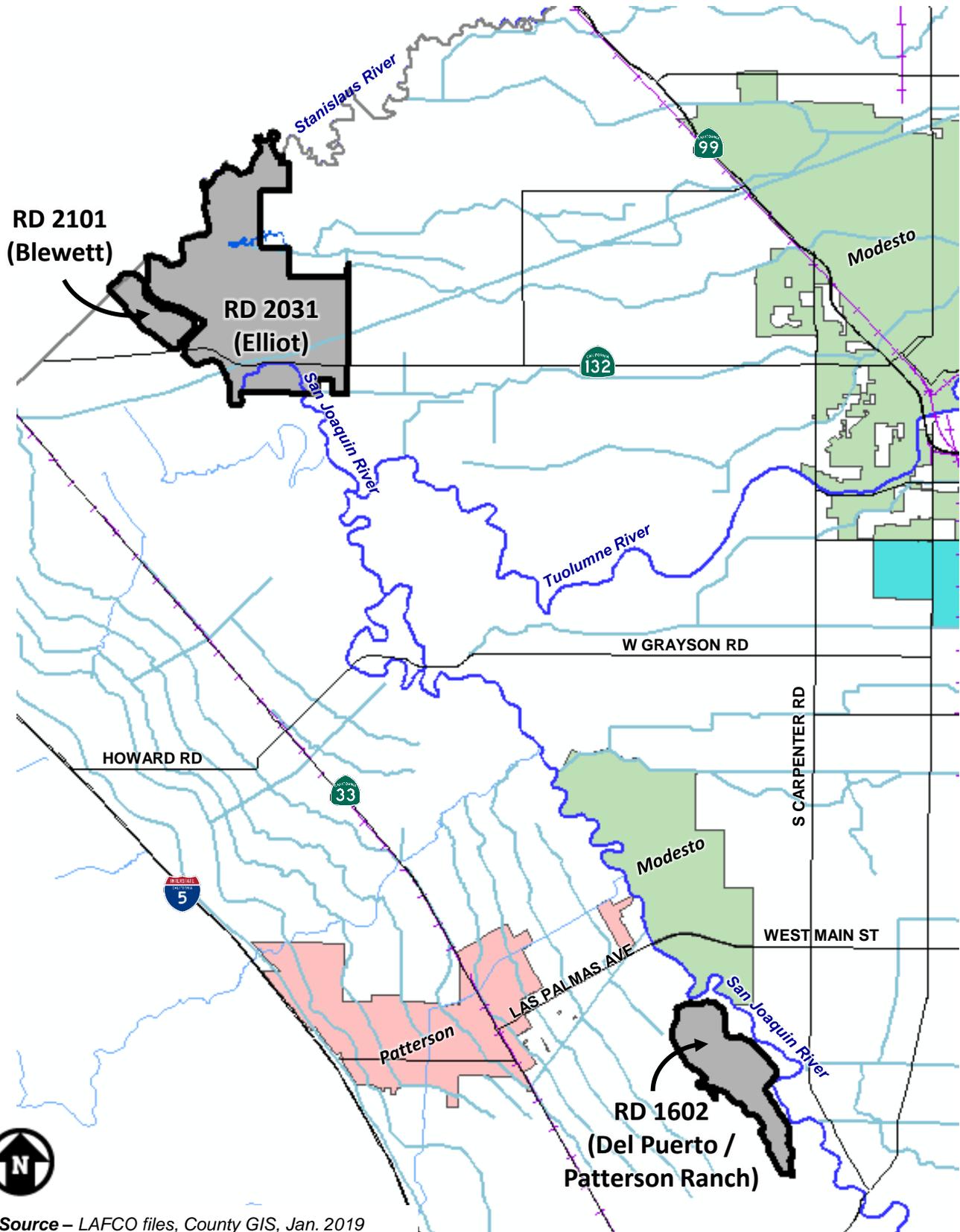
State Controller's Office
2016-17 Inactive Districts for Stanislaus County

County Name	District Name	District Type	Email Address	Street Address 1	Street Address 2	P.O. Box	City	Zip
Stanislaus	Reclamation District No. 1602	Dependent	robertsd@idsch urch.org	2012 Apple Avenue			Patterson	95363
Stanislaus	Reclamation District No. 2031	Dependent		10555 Maze Blvd.			Modesto	95358
Stanislaus	Reclamation District No. 2101	Dependent		6130 Huntingdale Circle			Stockton	95219- 1906

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

Inactive Districts

Reclamation District Numbers 1602, 2031, 2101



Source – LAFCO files, County GIS, Jan. 2019