

MENDOCINO
Local Agency Formation Commission
Staff Report

DATE: February 4, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: State Controller's Office Notice of Inactive Districts

RECOMMENDATIONS

- 1) Delay Commission determination on the status of CSA 3 to allow the Board of Supervisors' to discuss the matter during its February 5, 2019 meeting, and directing staff to schedule the district determination and possible resolution initiating dissolution proceedings to the March 4, 2019 Commission meeting.
- 2) Determine that CSA 3 is an inactive district pursuant to Government Code Section 56042 and adopt Resolution No. 18-19-04 initiating dissolution proceedings; or
- 3) Determine that CSA 3 does not meet the criteria of Government Code Section 56042 and directing staff to notify the State Controller's Office of its status; or
- 4) Provide direction to staff.

OVERVIEW

The passage of SB 448 in 2017 added provisions to the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH) regarding special districts that are inactive. Government Code §56879 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, to publish an annual list of inactive districts on its website, and to notify LAFCo of inactive special districts with its county. The statute also requires LAFCo to process the dissolution of inactive districts.

Within 90 days of receiving the SCO's 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 of 56042. If it is determined that the district meets the statutory criteria, LAFCo is required to dissolve the district. The final step is notification to the SCO.

On November 6, 2018, Mendocino LAFCo received notice from the SCO that CSA 3 has been identified as an inactive special district (Attachment 1). Staff notified the County Executive Officer and Auditor-Controller of the SCO's determination and requested assistance in confirming the status of CSA 3. Documentation was provided to staff by the Auditor-Controller's Office that had been provided to the SCO in 2017, which stated that the district was created in 1974 and designated by the State Board of Equalization as a "Non-Revenue District." Further, the District does not and never has received any property tax revenues, and there is no governing board or financial activity.

BACKGROUND

Numerous resolutions were adopted by the BOS and LAFCo through the years; following is a brief summary of the primary resolutions that created the current CSA 3.

August 12, 1974 – LAFCo adopted Resolution 74-5 approved the formation of County Service Area 1 with boundaries coterminous with the Point Arena Joint Union School District, and for the specific purpose of ambulance service.

October 9, 1974 – BOS adopted Resolution 74-377 establishing CSA 3 with boundaries coterminous with the Point Arena Joint Union School District, and for the specific purpose of ambulance service.

March 19, 1985 – BOS adopted Resolution 85-103 approving application to LAFCo to annex the rest of Mendocino County (sans the cities) into CSA 3 and expanding powers to include all services identified under Section 25210.4 and 25210.4a.

June 3, 1985 – LAFCo adopted Resolution 85-6 approving the annexation of the remainder of Mendocino County (sans cities) into CSA 3 and expanding powers to include all services identified under Section 25210.4 and 25210.4a.

NEXT STEPS

1. Confirm status of CSA 3

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code §56879 sets forth the criteria and process for dissolution, which applies to inactive districts as defined in §56042:

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

There is no provision for discretion in dissolving inactive districts.

2. Resolution initiating dissolution – within 90 days of notice (February 6, 2019)

A draft resolution initiating dissolution is attached for the Commission's consideration (Attachment 3). However, a discussion of CSA 3 is on the Board of Supervisor's agenda for its February 5, 2019 meeting.

3. Public hearing to dissolve district within 90 days of adopting resolution initiating dissolution. Section 56879(c) requires the Commission to hold one public hearing to dissolve inactive districts.

4. Notify the State Controller's Office.

Attachment 1: Notice from State Controller's Office

Attachment 2: Board of Supervisors Resolution No. 74-377 Formation of County Service Area 3

Attachment 3: Draft Resolution No. 18-19-04

Attachment 4: SB 448 Text

ATTACHMENT 4

CKH Sections 56879 and 56042

Inactive Special District List and Dissolution

56879. (a) On or before November 1, 2018, and every year thereafter, the Controller shall create a list of special districts that are inactive, as defined in Section 56042, based upon the financial reports received by the Controller pursuant to Section 53891. The Controller shall publish the list of inactive districts on the Controller's Internet Web site. The Controller shall also notify the commission in the county or counties in which the district is located if the Controller has included the district in this list.

(b) The commission shall initiate dissolution of inactive districts by resolution within 90 days of receiving notification from the Controller pursuant to subdivision (a), unless the commission determines that the district does not meet the criteria set forth in Section 56042. The commission shall notify the Controller if the commission determines that a district does not meet the criteria set forth in Section 56042.

(c) The commission shall dissolve inactive districts. The commission shall hold one public hearing on the dissolution of an inactive district pursuant to this section no more than 90 days following the adoption of the resolution initiating dissolution. The dissolution of an inactive district shall not be subject to any of the following:

- (1) Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57176), inclusive, of Part 4.
- (2) Determinations pursuant to subdivision (b) of Section 56881.
- (3) Requirements for commission-initiated changes of organization described in paragraph (3) of subdivision (a) of Section 56375. 56880. This article shall not apply to a special district formed by special legislation that is required by its enabling statute to obtain funding within a specified period of time or be dissolved. That district shall not be subject to this article during that specified period of time.

Definitions

56042. "Inactive district" means a special district that meets all of the following:

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



BETTY T. YEE
California State Controller

November 6, 2018

Gerald Ward
Ukiah Valley Conference Center
200 South School Street
Ukiah, CA, 95482

SUBJECT: Notification of Inactive Special Districts in County

Dear Mr. Ward:

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

The enclosure lists the special districts within your jurisdiction that are inactive, based on financial data in each special district's fiscal year 2016-17 FTR. The complete list of inactive California special districts may be found at:

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

Name
November 6, 2018
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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,



PHILLIP PANGILINAN
Manager
Local Government Reporting Section

Enclosure: 2016-17 County Inactive Districts List

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

| County Name | District Name | District Type | Email Address | Street Address 1 | Street Address 2 | P.O. Box | City | Zip |
|-------------|--|---------------|--------------------------------|--------------------|--------------------------------|----------|-------|-------|
| Mendocino | County Service Area No. 3 (Mendocino) | Dependent | auditor@co.men docino.ca.us | Auditor-Controller | 501 Low Gap Road, Room 1080 | | Ukiah | 95482 |

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

COUNTY BOARD OF SUPERVISORS

RESOLUTION NO. 74-377RESOLUTION OF FORMATION OF COUNTY SERVICE AREA
NO. 3 (South Coast Ambulance Service)

The Board of Supervisors of the County of Mendocino resolves as follows:

WHEREAS this Board on August 27, 1974, did adopt Resolution 74-325, which is incorporated herein by reference, said resolution consisting of, and entitled as, "Resolution of Intention to Establish County Service Area No. 3," and

WHEREAS, pursuant to said resolution this Board did regularly conduct a public hearing on October 1, 1974, and

WHEREAS good cause appears,

NOW, THEREFORE, the Board of Supervisors RESOLVES AND ORDERS as follows:

1. The Board finds that proper notice of the public hearing on the establishment of Mendocino County Service Area No. 3 was given by the Clerk of the Board of Supervisors by publication pursuant to Government Code, Section 6061.

2. The Board finds that the public hearing of October 1, 1974, was regularly conducted and did provide opportunity for all interested persons and taxpayers to testify and present evidence for or against the establishment of the area, the extent of the area, and the type of extended services proposed to be provided.

3. The Board finds that protests sufficient to terminate the proposal have not been filed.

4. The Board finds that a "resolution of consent adopted by a majority vote of the membership of the city legislative body" of the City of Point Arena has been filed with the Clerk of the Board of Supervisors.

MENDOCINO COUNTY

5. The boundaries of Mendocino County Service Area No. 3 are determined and established as the boundaries of the Point Arena Joint Union High School District excluding all areas in Sonoma County. All of the City of Point Arena shall be included within the boundaries of Mendocino County Service Area No. 3.

6. The types of services to be performed in County Service Area No. 3 are miscellaneous extended services consisting of and limited to: Ambulance Service.

7. The Board finds that all proceedings taken prior to the adoption of this resolution were valid and in conformity with the requirements of Chapter 2.2 of Division 2 of Title 3 of the California Government Code (commencing with Section 25210.1).

8. This Board hereby declares that Mendocino County Service Area No. 3 is finally established without an election.

9. The Clerk of the Board of Supervisors is hereby directed to take all steps required by Sections 54900, et seq., of the California Government Code, to submit a statement, map, and certified copy of this resolution to the Mendocino County Assessor and the State Board of Equalization in Sacramento.

10. The Mendocino County assessment roll shall be utilized for whatever taxes or assessment levies may be legally required to finance the aforesaid services.

The foregoing resolution was introduced by Supervisor Avila, seconded by Supervisor Williams, and passed and adopted this 8th day of October, 1974, by the following vote on roll call:

AYES: Supervisors Williams, Avila, Galletti

NOES: None

ABSENT: Supervisors Banker, Sawyers

MENDOCINO COUNTY

WHEREUPON, the Chairman declared said resolution
passed and adopted and SO ORDERED.

Ted Galletta
Chairman, Board of Supervisors

ATTEST:

VIOLA N. RICHARDSON
Clerk of said Board

By *Joyce Hart*
Deputy Clerk



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RECORDED AT REQUEST OF
COUNTY BOARD OF SUPERVISORS

BOOK 983 PAGE 124

Nov 21 11 26 AM '74

OFFICIAL RECORDS
MENDOCINO COUNTY, CALIF.

Viola Richardson
RECORDER

No. 22

BOOK 983 PAGE 126

OCT 16 1974

TO THE STATE BOARD OF EQUALIZATION AND
COUNTY ASSESSOR OF THE COUNTY OF MENDOCINO:

PLEASE TAKE NOTICE that there has been created within the boundaries of the County of Mendocino, State of California, a county service area created under the provisions of Sections 25210.1, et seq., of the California Government Code. This county service area has been designated: "County Service Area No. 3." Attached hereto is a certified copy of a resolution ordering the creation of the aforesaid county service area together with a legal description of the boundaries and a map showing said boundaries.

PLEASE FURTHER TAKE NOTICE that the proceedings do not require the filing of any document with the Secretary of State and that the affected property will not be taxed for any existing bonded indebtedness or contractual obligations.

Dated: October 8, 1974.

VIOLA N. RICHARDSON
County Clerk and ex-officio
Clerk of the Board of Supervisors
of the County of Mendocino

By

Joyce Hart
Deputy

**Resolution No. 2018-19-04
of the Mendocino Local Agency Formation Commission**

**Approving the
Initiation of Dissolution Proceedings of County Service Area 3**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission,” has authorities pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with §56000, et seq. of the Government Code and specifically in accordance with §56375; and

WHEREAS, County Service Area 3 was formed to provide ambulance services within the area covered by the Point Arena Joint Unified School District, and later expanded to include all unincorporated areas of the County of Mendocino with powers expanded to include all services identified under §25210.4 and §25210.4a (LAFCo Resolution No. 85-6); and

WHEREAS, the State Controller’s Office has determined CSA 3 to be inactive and notified Mendocino LAFCo on November 6, 2018; and

WHEREAS, the Executive Officer has given notice to the affected agency, the County of Mendocino, of the State Controller’s Office determination; and

WHEREAS, Government Code §56879 requires LAFCo to initiate dissolution of inactive districts by resolution within 90 days of receiving notification from the Controller that a district is inactive, and is required to dissolve inactive districts after one public hearing.

NOW, THEREFORE, the Mendocino Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. The dissolution of County Service Area 3 is hereby initiated by the Commission and staff is directed to commence dissolution proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code §56879, finding that CSA 3 meets the definition of “Inactive District” as set forth in §56042:
 - a. The special district is as defined in §56036; and
 - b. The special district has had no financial transactions in the previous fiscal year; and
 - c. The special district has no assets and liabilities; and
 - d. The special district has no outstanding debts, judgements, litigation, contracts, liens, or claims.
2. The Executive Officer is further directed to schedule a public hearing to occur within 90 days of the adoption of this resolution as required pursuant to the provisions of §57879 for the dissolution of inactive special districts.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 4th day of February 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

UMA HINMAN, Executive Officer

GERALD WARD, Chair