

# LAFCO

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## Santa Barbara Local Agency Formation Commission

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/568-2249

www.sblafco.org ♦ lafco@sblafco.org

November 5, 2015

Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara CA 93101

### **Consideration of LAFCO Resolution Initiating Proceeding for Dissolution of the Santa Rita Hills Community Services District (SRHCSD) – Continued from the March 5, May 7, and September 10, 2015 Meetings**

Dear Members of the Commission

#### RECOMMENDATION

It is recommended that the Commission consider 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

#### DISCUSSION

At the March 5, 2015 meeting, the Commission continued consideration of a resolution initiating dissolution proceedings for the Santa Rita Hills Community Services District (SRHCSD) to the May 7, 2015 meeting. At the May 7, 2015 meeting, the Commission again continued consideration of a resolution initiating dissolution proceedings for the Santa Rita Hills Community Services District (SRHCSD) to the September 10, 2015 meeting. At the September 10, 2015 meeting, the Commission continued the matter to the November 5, 2015 meeting. In so doing, the Commission established a deadline of October 1, 2015, for submittal of a complete application for the creation of a Bridge and Highway District.

Update on Commission Direction: On October 1, 2015, the reorganization proponents submitted a signed Cost Accounting and Indemnification Agreement, with a Commercial General Liability Binder (**Exhibit A**). LAFCO staff and Legal Counsel reviewed the agreement and determined that it was not complete and sent the proponents a revised agreement for their signature (**Exhibit B**). Staff further concluded that the Commercial General Liability Binder was inadequate to

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**Commissioners:** Doreen Farr, Chair ♦ Roger Aceves ♦ Craig Geyer ♦ Jeff Moorhouse ♦ Bob Orach ♦ Janet Wolf ♦ John Fox ♦ Steve Lavagnino ♦ Jim Richardson ♦ Shane Stark ♦ Roger Welt ♦ **Executive Officer:** Paul Hood

**CHANGE OF ORGANIZATION NO. 1**

indemnify the Commission from the costs of any lawsuit that would result from processing the Bridge and Highway reorganization proposal. Furthermore, LAFCO staff and Legal Counsel asked the County of Santa Barbara's Risk Manager to review the Insurance Binder which resulted in several conference calls with the Underwriter.

To date no revised signed Cost Accounting and Indemnification Agreement or Insurance Policy has been submitted the LAFCO staff. Hence, although the proponents submitted an agreement to complete the application by the October 1, 2015 deadline, the agreement was determined to be incomplete and therefore the reorganization application is also incomplete.

Reasons for Continuance: The reason for all of the 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. Should the new district be formed, it would become the successor agency for all revenues and expenses of the dissolving district. If the SRHCSD is dissolved without a successor district, the County of Santa Barbara would become the successor agency.

Several Commissioners have asked for Financial Reports from the Santa Rita Hills CSD. These are attached as **Exhibit C**. Also attached, for the Commission's information, are the Warrant Register, Accounts Payable Summary, and the Unpaid Bills Detail.

Status of Continued Item to Dissolve the Santa Rita Hills CSD: At the Commission's direction at the March 5, May 7, and September 10, 2015 meeting staff had prepared a Special Study (**Exhibit D**) and a resolution (**Exhibit E**) to initiate 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.

Current Status of Reorganization Application: By way of an update, 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. However, there is still no revised signed Cost Accounting and Indemnification Agreement, with a sufficient Insurance Binder. The proponents are well aware that the application cannot be accepted for filing until all of LAFCO's application requirements have been met.

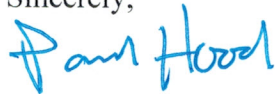
Conclusion: Since the Indemnification Agreement is the only outstanding portion of the reorganization application, staff recommending that the matter be tabled again until the application for the proposed Reorganization to Form a Bridge and Highway District and Dissolve the Santa Rita Hills Community Services District Bridge and Highway Reorganization Proposal is Complete.

**EXHIBITS:**

- Exhibit A:** Signed Cost Accounting and Indemnification Agreement (Incomplete)
- Exhibit B:** Revised Cost Accounting and Indemnification Agreement (Unsigned)
- Exhibit C:** Santa Rita Hills Community Services District Financial Reports
- Exhibit D:** Santa Rita Hills Community Services District Special Study
- Exhibit E:** Proposed Resolution Initiating Dissolution Proceedings for the SRHCSD

Please contact the LAFCO office if you have any questions.

Sincerely,



PAUL HOOD  
Executive Officer

**COST ACCOUNTING AND INDEMNIFICATION AGREEMENT**

Applicant: LAKEVIEW PARCEL OWNERS, LLC  
 Mailing Address: 517 DE LA VISTA AVE.  
SANTA BARBARA CA 93103  
 Telephone: 805 448 0275  
 Fax: 805 957 4222  
 E-mail Address: brett@fe-arch.com

The cost of processing an application may exceed the initial deposit required. In order to recover any additional costs associated with processing your application, the Local Agency Formation Commission, LAFCO, has found it necessary to implement a provision of the Fee Schedule that provides full cost recovery for processing an application.

I, \_\_\_\_\_


the landowner and/or responsible Applicant, agree to pay the actual costs pursuant to the Fee Schedule attached hereto, plus copying charges and related expenses incurred in the processing of this application. I also understand that if payment on any billings prior to final action is not paid within thirty (30) days, I agree that processing of my application will be suspended until payment is received. In the event of default, I agree to pay all costs and expenses incurred by LAFCO in securing the performance of this obligation, including the cost of any suit and reasonable attorney fees.

As part of this application, Applicant agrees to defend, indemnify, hold harmless and release the Santa Barbara Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the Applicant. ***If the applicant is in non-compliance with an existing agreement, the applicant shall be subject to LAFCO Policy Guidelines and Standards XIV, which identifies additional steps that must be satisfied before a new application may be accepted.***

In order to implement the cost accounting and indemnification provisions, please sign and date this statement indicating your agreement to the cost accounting procedure and indemnification agreement. This signed agreement is required for your application to be accepted for processing. Checks may be made payable to LAFCO and delivered or mailed to the LAFCO Office at 105 East Anapamu Street, Rm 407, Santa Barbara, CA 93101. If you have questions regarding your application, please contact the LAFCO Office at (805) 568-3391.

Santa Barbara LAFCO  
Cost Accounting and Indemnification Agreement

\_\_\_\_\_  
Applicant's Signature


  
Applicant's Signature

\_\_\_\_\_  
Date

10-1-2015  
Date

  
Applicant's Signature

10-1-15  
Date

  
Applicant's Signature

10/1/15  
Date



# Burns & Wilcox

## COMMERCIAL GENERAL LIABILITY BINDER

Date : 10/01/2015  
 Producer / MGA: 0329 - Burns & Wilcox Insurance Services, Inc. , Roseville, CA  
 Attention :

Applicant :	Lakeview Parcel Owners LLC
DBA :	
Principal Address:	517 De La Vista Avenue, Santa Barbara, CA 93103

Assigned Policy Number : 329B601113  
 Insurance Company : Burlington Insurance Company  
 Proposed Policy Period : 10/01/2015 To 10/01/2016

### PREMIUM SUMMARY

		TRIA Accept	TRIA Premium	TRIA Tax
General Liability Premium :	\$ 600.00	No	\$ 100.00	\$ 03.20
Brokerage Fee :	\$ 150.00			
Stamping Fee :	\$ 1.20			
Surplus Lines Tax :	\$ 18.00			
Advance Premium (for policy period) :	\$ 769.20			
<b>Total Including TRIA (If accepted) :</b>	<b>\$ 769.20</b>			

### COMMERCIAL GENERAL LIABILITY

#### LIMITS OF LIABILITY

General Aggregate	\$ 2,000,000
Products Completed Ops Aggregate Limit	\$ 2,000,000
Personal Advertising Injury	\$ 1,000,000
Each Occurrence	\$ 1,000,000
Damages to Premises Rented to You	\$ 100,000
Medical Expense	\$ 5,000
Deductible	None

### COMMERCIAL GENERAL LIABILITY CLASSIFICATIONS

Location 1 - 517 DE LA VISTA AVENUE, SANTA BARBARA, CA 93103

Class	Description	State/Terr	Rate	Exposure	Basis	Premium	
41669	Clubs - Civic, Service Or Social - No Buildings Or Premises Owned Or Leased Except For Office Purposes - Other Than Not-For-Profit	CA / 9	2.510	10	Each Member	\$ 31.00	Prem/Ops
			0.000			\$ 00.00	Products

Class	Description	State/Terr	Rate	Exposure	Basis	Premium	
49950	Additional Insureds/Interests			00	FLAT	\$ 150.00	Within MP
						\$	

	GL Premium Subject to Minimum Premium	\$ 181.00
Total GL Coverage part premium \$181.00 is less than the GL minimum premium \$600.00.		\$ 600.00
The General Liability Premium subject to Minimum Premium has been set to the minimum premium.		
<b>Total General Liability Premium</b>		<b>\$ 600.00</b>

**POLICY ENDORSEMENTS/EXCLUSIONS**

BG-I-015	11 14	25% Minimum Eamed Premium
D-2	07 11	California Surplus Lines Notice
IFG-I-0002	08 14	Policy Cover Page
IFG-I-0101	04 14	Common Policy Declarations
IFG-I-0150	03 03	Listing of Forms and Endorsements
IFG-I-0408	12 13	California Service of Suit Amendment
IL 00 17	11 98	Common Policy Conditions

**GL ENDORSEMENTS/EXCLUSIONS**

BG-G-004	07 10	Exclusion - Lead-Bearing Substance
BG-G-005	05 10	Exclusion - Punitive Damages
BG-G-007	07 10	Exclusion - Asbestos, Silica or Other Toxic Substances
BG-G-039a	12 09	Amendment Of Premium Conditions
BG-G-064	09 08	Contractual Liability Amendment
BG-G-446-ST	06 09	Amendment - Section I Insuring Agreement
CG 00 01	12 07	Commercial General Liability Coverage Form
CG 00 68	05 09	Recording And Distribution Of Material Or Information In Violation Of Law Exclusion
CG 21 47	12 07	Employment-Related Practices Exclusion
CG 21 49	09 99	Total Pollution Exclusion Endorsement
CG 21 67	12 04	Fungi or Bacteria Exclusion
CG 21 75	01 15	Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism
		Committed Outside The United States
CG 32 34	01 05	California Changes
IFG-G-0002-DL	05 03	Commercial General Liability Declarations
IFG-G-0190	07 15	Amendment - Aircraft, Auto Or Watercraft Exclusion
IFG-G-0192	07 15	Personal And Advertising Injury Amended
IFG-G-0194	03 15	Exclusion - Confidential, Personal Or Any Other Information Or Data And Computer
		System Or Network Liability
IFG-G-0197	05 15	Amendment - Employer's Liability Exclusion
IL 00 21	09 08	Nuclear Energy Liability Exclusion Endorsement

**GL CLASS SPECIFIC ENDORSEMENTS/EXCLUSIONS**

BG-G-066	02 09	Amendment of Liquor Liability Exclusion
CG 20 02	11 85	Additional Insured - Club Members
CG 21 01	11 85	Exclusion - Athletic Or Sports Participants

**OPTIONAL ENDORSEMENTS/EXCLUSIONS**

CG 20 26	04 13	Additional Insured - Designated Person or Organization
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### Special Disclosure on Terrorism To Applicant

Applicant has rejected coverage made available under Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA or TRIA). Premium for such coverage would have been an additional 5.000 % of the General Liability premium or \$100 (whichever is greater).

Per Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA or TRIA), the United States Government will pay a share of losses caused by certified acts of terrorism. The federal share is 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurer.

THIS IS TO ADVISE THE APPLICANT THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

#### TRIPRA/TRIA EXPIRATION

The Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA or TRIA) is subject to a termination date of December 31, 2014 unless extended by the federal government. If the federal Program terminates, or is extended with certain changes prior to or during the term of the policy, then the treatment of terrorism under the policy will change.

For our companies, should a policy remain in force past the expiration of TRIA, terrorism coverage that was purchased will not continue. Effective with the expiration of TRIA, terrorism coverage purchased under TRIA will be excluded and the terms of the Conditional Exclusion of Terrorism endorsement become applicable.

The Exception Covering Certain Fire Losses applies only in certain states. Policies with the terrorism coverage endorsement will be amended and terrorism coverage premiums will be pro-rated and returned.

Broker must have on file a properly executed Form C 01 15 - "Policyholder Disclosure Notice of Terrorism Insurance Coverage" upon binding coverage.

#### Please Note:

This binder is subject to the following:

Receipt of a completed application signed by the insured within ten (10) days of your request to bind including TRIA - Form C 01 15 (completed/signed to reflect insured's decision to elect or reject terrorism coverage).

This Binder will expire upon issuance of the policy for the bound coverage.

This Binder supersedes any previous Quote or Binder for this Applicant.

**Coverage is offered on a Non-Admitted Basis.** The Policy is subject to the Surplus Lines Laws in your state. You should make every effort to comply with any special provisions and regulations of your State. You must add all applicable Taxes and Fees to the quoted premium. You are responsible for the collection and remittance of surplus lines taxes to be filed directly with the applicable state(s).

• Cancellation provisions - per policy forms.

State amendatory endorsements, if applicable.

Coverage shall be subject to all terms and conditions of the policy to be issued which when issued will replace any and all of our quote(s) and/or binder(s) without any further notice.

#### CA Premium Refund Disclosure - Eff. January 1, 2012

California Insurance Code 481(c)(1) In the event this policy is cancelled, we will refund premium on a pro rata bases except when the pro rata earned premium is less than the Minimum Premium as shown on your quote and as stated in your policy. If any portion of your premium is shown as "Fully Earned When Written" that portion of the premium will be retained by us.

Please read all terms and conditions shown above carefully as they may not conform to the specifications shown in your submission.



Transmittal Disclaimer

This fax or email message is strictly confidential and is intended solely for the person or organization to which it is addressed. It may contain privileged and confidential information and, if you are not the intended recipient, you must not copy or distribute it or take action in reliance on it. If you have received this message in error, please notify the sender as soon as possible.

**COST ACCOUNTING AND INDEMNIFICATION AGREEMENT**

Applicant: Lakeview Parcel Owners – LAFCO File 15-1  
Mailing Address: 517 De La Vista Ave., Santa Barbara, CA 93103  
Telephone: (805) 448-0275  
Fax: (805) 957-4222  
E-mail Address: brett@fe-arch.com

The cost of processing an application may exceed the initial deposit required. In order to recover any additional costs associated with processing your application, the Local Agency Formation Commission, LAFCO, has found it necessary to implement a provision of the Fee Schedule that provides full cost recovery for processing an application.

We,

Angelo Salvucci, Chief Petitioner,  
Hank Blanco, Chief Petitioner, and  
Brett Ettinger on behalf of Lakeview Parcel Owners, LLC, Guarantor

the landowner(s) and responsible party, agree to pay the actual costs pursuant to the Fee Schedule attached hereto, plus copying charges and related expenses incurred in the processing of this application. We also understand that if payment on any billings prior to final action is not paid within thirty (30) days, we agree that processing of my application will be suspended until payment is received. In the event of default, we agree to pay all costs and expenses incurred by LAFCO in securing the performance of this obligation, including the cost of any suit and reasonable attorney fees.

As part of this application, Applicant agrees to defend, indemnify, hold harmless and release the Santa Barbara Local Agency Formation Commission (LAFCO), its officers, employees, attorneys, or agents from any claim, action or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul, in whole or in part, LAFCO's action on the proposal or on the environmental documents submitted to or prepared by LAFCO in connection with the proposal. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorneys' fees, and expert witness fees that may be asserted by any person or entity, including the Applicant, arising out of or in connection with the application. In the event of such indemnification, LAFCO expressly reserves the right to provide its own defense at the reasonable expense of the Applicant. ***If the applicant is in non-compliance with an existing agreement, the applicant shall be subject to LAFCO Policy Guidelines and Standards XIV, which identifies additional steps that must be satisfied before a new application may be accepted.***

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regarding your application, please contact the LAFCO Office at (805) 568-3391.

\_\_\_\_\_  
Angelo Salvucci, Chief Petitioner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Hank Blanco, Chief Petitioner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Brett Ettinger, Lakeview Parcel Owners, LLC

\_\_\_\_\_  
Date

\_\_\_\_\_  
Paul Hood, Executive Officer  
Santa Barbara LAFCO

\_\_\_\_\_  
Date

# Santa Rita Hills Community Services District Financial Report (unaudited)

Twelve months ending June 30, 2015  
(100% of Fiscal Year)

REVENUE	Current Budget	Transferred Funds	Working Budget	Year-to-Date Actual	Remaining Balance	% YTD/ Working Budget
101 - Property Taxes	\$ 195,000.00	\$ -	\$ 195,000.00	\$ 195,006.50	\$ (6.50)	100%
Other Income	-	-	-	101.70	n/a	n/a
102 - Interest	80.00	-	80.00	242.93	(162.93)	304%
<b>TOTAL REVENUE:</b>	<b>\$ 195,080.00</b>	<b>\$ -</b>	<b>\$ 195,080.00</b>	<b>\$ 195,351.13</b>	<b>\$ (169.43)</b>	<b>100%</b>

EXPENSES	Current Budget	Transferred Funds	Working Budget	Year-to-Date Actual	Remaining Balance	% YTD/ Working Budget
<i>Professional Services - 100</i>						
101 - General Manager	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 25,365.90	\$ 19,634.10	56%
102 - District Engineer	20,000.00	-	20,000.00	18,117.93	1,882.07	91%
103 - Attorney	81,000.00	3,904.50	84,904.50	68,376.77	16,527.73	81%
104 - Secretary	8,160.00	(3,000.00)	5,160.00	1,781.40	3,378.60	35%
105 - District Accountant	13,600.00	(2,500.00)	11,100.00	6,205.49	4,894.51	56%
106 - Auditor	3,500.00	-	3,500.00	3,500.00	-	100%
<i>Operational Expenses - 200</i>						
201 - LAFCO	150.00	(5.00)	145.00	145.00	-	100%
202 - CSDA	850.00	(85.00)	765.00	765.00	-	100%
203 - Collection on Assmnt	50.00	-	50.00	-	50.00	0%
204 - Insurance	5,500.00	-	5,500.00	5,000.35	499.65	91%
205 - Legal Noticing	400.00	-	400.00	-	400.00	0%
206 - Postage & Office Supplies	500.00	-	500.00	47.98	452.02	10%
207 - Website	500.00	(500.00)	-	-	-	n/a
208 - Preliminary Engineering	22,000.00	2,285.50	24,285.50	23,585.17	700.33	97%
209 - Election Expense	100.00	(100.00)	-	-	-	n/a
<i>Reorganization Expenses - 300</i>						
308- Reorganization Expense*	-	15,000.00	15,000.00	561.60	14,438.40	4%
<b>TOTAL EXPENSES:</b>	<b>\$ 201,310.00</b>	<b>\$ 15,000.00</b>	<b>\$ 216,310.00</b>	<b>\$ 153,452.59</b>	<b>\$ 62,857.41</b>	<b>71%</b>

<b>NET INCOME (USE OF RESERVES):</b>	<b>\$ (6,230.00)</b>	<b>\$ (15,000.00)</b>	<b>\$ (21,230.00)</b>	<b>\$ 41,898.54</b>
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CASH REPORT			
	Shipsey & Seitz Trust	SB Country Treasury	Total
Cash Balance - May 31, 2015	\$ 138.73	\$ 166,721.11	\$ 166,859.84
Plus: Interest	-	44.22	44.22
Plus: Property Taxes collected June	-	2,500.50	2,500.50
Plus: Property Taxes - County Teeter Program	-	34,977.50	34,977.50
<b>Cash Balance - June 29, 2015</b>	<b>\$ 138.73</b>	<b>\$ 204,243.33</b>	<b>\$ 204,382.06</b>
Less: Warrants Payable (already included in expenses above)	-	(57,138.49)	(57,138.49)
Less: Transfer to Trust account for Reorganization Expenses*	15,000.00	(15,000.00)	-
<b>Projected Cash Balance after warrants are paid:</b>	<b>\$ 15,138.73</b>	<b>\$ 132,104.84</b>	<b>\$ 147,243.57</b>

This report was prepared in accordance with the District's Investment Policy. All investment activity was within policy limits. There are currently sufficient funds to meet the next 30 days' obligations.

\*At the November 17, 2014 meeting, Board of Directors approved a budget of \$15,000 to work with Best, Best and Krieger to be funded with reserves.

## Santa Rita Hills Community Services District Warrant Register June 30, 2015

DATED	INV #	ISSUED TO	DESCRIPTION	AMOUNT	BUDGET ITEM NO	PAID	WARRANT NO	TOTAL
<i>PENDING</i>								
<b>11/30/14</b>	Nov-14	Casey Fowler Casey Fowler	Secretary Services- Nov 2014 Agenda, Board Packet copies	\$ 224.40 \$ 8.00	104 206			\$ 232.40
<b>11/30/14</b>	Nov-14	Gary P. Keefe	General Manager services-Nov 2014	\$ 1,637.00	101			\$ 1,637.00
<b>11/30/14</b>	14-21	Joslyn Hodson Accounting	District Accountant services - Nov 2014	\$ 633.75	105			\$ 633.75
<b>11/30/14</b>	107512	Shipsey & Seitz	SRHCSD Meetings Legal services thru Nov 2014	\$ 897.60	103			\$ 3,044.80
<b>11/30/14</b>	107513	Shipsey & Seitz	SRH General Legal services thru Nov 2014	\$ 2,147.20	103			
<b>11/30/14</b>	38177	Wallace Group	District Engineering Services thru Nov 2014	\$ 1,056.00	102			\$ 1,056.00
<b>12/31/14</b>	Dec-14	Casey Fowler Casey Fowler	Secretary Services- Dec 2014 Agenda, Board Packet copies	\$ 153.00 \$ 1.10	104 206			\$ 154.10
<b>12/31/14</b>	Dec-14	Gary P. Keefe	General Manager services-Dec 2014	\$ 1,838.92	101			\$ 1,838.92
<b>12/31/14</b>	14-22	Joslyn Hodson Accounting	District Accountant services - Dec 2014	\$ 390.00	105			\$ 390.00
<b>12/31/14</b>	107569	Shipsey & Seitz	SRH General Legal services thru Dec 2014	\$ 4,840.00	103			\$ 4,840.00
<b>12/31/14</b>	38403	Wallace Group	District Engineering Services thru Dec 2014	\$ 616.00	102			\$ 616.00
<b>01/31/15</b>	Jan-15	Gary P. Keefe	General Manager services-Jan 2015	\$ 1,211.00	101			\$ 1,211.00
<b>01/31/15</b>	107627	Shipsey & Seitz	Legal Services - SRH General - Jan 2015	\$ 1,742.40	103			\$ 1,742.40
<b>02/15/15</b>	107636	Shipsey & Seitz	Reorganization Trust Fund	\$ 15,000.00	Transfer to Trust			\$ 15,000.00
<b>01/31/15</b>	884	Crosby Company	June 30, 2014 Audit	\$ 3,500.00	106			\$ 3,500.00
<b>01/31/15</b>	14-24	Joslyn Hodson Accounting	District Accountant services - Jan 2015	\$ 582.99	105			\$ 582.99
<b>01/31/15</b>	38538	Wallace Group	District Engineering Services thru Jan 2015	\$ 704.00	102			\$ 704.00
<b>02/28/15</b>	38742	Wallace Group	District Engineering Services thru Feb 2015	\$ 352.00	102			\$ 352.00
<b>02/28/15</b>	14-26	Joslyn Hodson Accounting	District Accountant services - Feb 2015	\$ 227.50	105			\$ 227.50
<b>02/28/15</b>	Feb-15	Gary P. Keefe	General Manager services-Feb 2015	\$ 2,297.34	101			\$ 2,297.34
<b>02/28/15</b>	107687	Shipsey & Seitz	Legal Services - SRH General - Feb 215	\$ 2,376.00	103			\$ 2,376.00
<b>03/31/15</b>	38903	Wallace Group	District Engineering Services thru March 2015	\$ 616.00	102			\$ 616.00

## Santa Rita Hills Community Services District Warrant Register June 30, 2015

DATED	INV #	ISSUED TO	DESCRIPTION	AMOUNT	BUDGET ITEM NO	PAID	WARRANT NO	TOTAL
03/31/15	14-28	Joslyn Hodson Accounting	District Accountant services - March 2015	\$ 406.25	105			\$ 406.25
03/31/15	Mar-15	Gary P. Keefe	General Manager services-March 2015	\$ 2,697.64	101			\$ 2,697.64
03/31/15	107753	Shipsey & Seitz	Legal Services - SRH General - March 2015	\$ 3,185.60	103			\$ 3,185.60
04/30/15	39159	Wallace Group	District Engineering Services thru April 2015	\$ 1,266.00	102			\$ 1,266.00
04/30/15	14-29	Joslyn Hodson Accounting	District Accountant services - April 2015	\$ 276.25	105			\$ 276.25
04/30/15	Apr-15	Gary P. Keefe	General Manager services-April 2015	\$ 305.75	101			\$ 305.75
04/30/15	107818	Shipsey & Seitz	Legal Services - SRH General - April 2015	\$ 3,115.20	103			\$ 3,115.20
05/20/15	51455	SDRMA	FY 15/16 Property/Liability Package	\$ 5,000.35	204			\$ 5,000.35
05/31/15	39302	Wallace Group	District Engineering Services thru May 2015	\$ 1,672.00	102			\$ 1,672.00
05/31/15	14-31	Joslyn Hodson Accounting	District Accountant services - May 2015	\$ 97.50	105			\$ 97.50
05/31/15	May-15	Gary P. Keefe	General Manager services-May 2015	\$ 991.82	101			\$ 991.82
05/31/15	107882	Shipsey & Seitz	Legal Services - SRH General - May 2015	\$ 2,376.00	103			\$ 2,376.00
06/26/15	39484	Wallace Group	District Engineering Services thru June 2015	\$ 2,647.13	102			\$ 2,647.13
06/29/15	14-32	Joslyn Hodson Accounting	District Accountant services - June 2015	\$ 487.50	105			\$ 487.50
06/29/15	Jun-15	Gary P. Keefe	General Manager services-June 2015	\$ 1,146.90	101			\$ 1,146.90
06/29/15	107893	Shipsey & Seitz	SRH General - Legal Services June 2015	\$ 1,777.60	103			\$ 1,777.60
06/29/15	May-95	Shipsey & Seitz	Roads Assessment - Legal Services	\$ 1,636.80	103			\$ 1,636.80
<b>Total Pending to Date</b>				<b>\$ 72,138.49</b>				<b>\$ 72,138.49</b>
<b>OUTSTANDING INVOICES TO DATE</b>								<b>\$ 72,138.49</b>

We hereby certify that the demands numbered above together with the supporting evidence have been examined, and that they comply with the requirements of the SANTA RITA HILLS COMMUNITY SERVICES DISTRICT. The demands are hereby approved by motion of the SANTA RITA HILLS COMMUNITY SERVICES DISTRICT.

AD HOC FINANCE AND OPERATIONS COMMITTEE      DATE: \_\_\_\_\_

\_\_\_\_\_  
Board of Directors, Vice President: Dale Petersen

\_\_\_\_\_  
General Manager: Gary P. Keefe

6:19 PM

06/29/15

**Santa Rita Hills Community Services District**  
**A/P Aging Summary**  
As of June 29, 2015

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
Casey Fowler	0.00	0.00	0.00	0.00	386.50	386.50
Crosby Company	0.00	0.00	0.00	0.00	3,500.00	3,500.00
Gary Paul Keefe	1,146.90	991.82	305.75	2,697.64	6,984.26	12,126.37
Joslyn Hodson Accounting	487.50	97.50	276.25	406.25	1,834.24	3,101.74
SDRMA	0.00	5,000.35	0.00	0.00	0.00	5,000.35
Shipsey & Seitz	3,414.40	2,376.00	3,115.20	3,185.60	27,003.20	39,094.40
Wallace Group	2,647.13	1,672.00	1,266.00	616.00	2,728.00	8,929.13
<b>TOTAL</b>	<b><u>7,695.93</u></b>	<b><u>10,137.67</u></b>	<b><u>4,963.20</u></b>	<b><u>6,905.49</u></b>	<b><u>42,436.20</u></b>	<b><u>72,138.49</u></b>

**Santa Rita Hills Community Services District**  
**Unpaid Bills Detail**  
As of June 29, 2015

Type	Date	Num	Due Date	Aging	Open Balance
<b>Casey Fowler</b>					
Bill	11/30/2014	November 2014	12/10/2014	201	232.40
Bill	12/31/2014	Dec 2014	01/10/2015	170	154.10
Total Casey Fowler					386.50
<b>Crosby Company</b>					
Bill	01/31/2015	884	02/10/2015	139	3,500.00
Total Crosby Company					3,500.00
<b>Gary Paul Keefe</b>					
Bill	11/30/2014	November 2014	12/10/2014	201	1,637.00
Bill	12/31/2014	Dec 2014	01/10/2015	170	1,838.92
Bill	01/31/2015	Jan 2015	02/10/2015	139	1,211.00
Bill	02/28/2015	February 2015	03/10/2015	111	2,297.34
Bill	03/31/2015	March 2015	04/10/2015	80	2,697.64
Bill	04/30/2015	April 2015	05/10/2015	50	305.75
Bill	05/31/2015	May 2015	06/10/2015	19	991.82
Bill	06/29/2015	June 2015	07/09/2015		1,146.90
Total Gary Paul Keefe					12,126.37
<b>Joslyn Hodson Accounting</b>					
Bill	11/30/2014	14-21	12/10/2014	201	633.75
Bill	12/31/2014	14-22	01/10/2015	170	390.00
Bill	01/31/2015	14-24	02/10/2015	139	582.99
Bill	02/28/2015	14-26	03/10/2015	111	227.50
Bill	03/31/2015	14-28	04/10/2015	80	406.25
Bill	04/30/2015	14-29	05/10/2015	50	276.25
Bill	05/31/2015	14-31	06/10/2015	19	97.50
Bill	06/29/2015	14-32	07/09/2015		487.50
Total Joslyn Hodson Accounting					3,101.74
<b>SDRMA</b>					
Bill	05/20/2015	51455	05/30/2015	30	5,000.35
Total SDRMA					5,000.35
<b>Shipsey &amp; Seitz</b>					
Bill	11/30/2014	107512	12/10/2014	201	897.60
Bill	11/30/2014	107513	12/10/2014	201	2,147.20
Bill	12/31/2014	107569	01/10/2015	170	4,840.00
Bill	01/31/2015	107627	02/10/2015	139	1,742.40
Bill	02/18/2015	107636	02/28/2015	121	15,000.00
Bill	02/28/2015	107687	03/10/2015	111	2,376.00
Bill	03/31/2015	107753	04/10/2015	80	3,185.60
Bill	04/30/2015	107818	05/10/2015	50	3,115.20
Bill	05/31/2015	107882	06/10/2015	19	2,376.00
Bill	06/29/2015	107893	07/09/2015		1,777.60
Bill	06/29/2015	107894	07/09/2015		1,636.80
Total Shipsey & Seitz					39,094.40
<b>Wallace Group</b>					
Bill	11/30/2014	38177	12/10/2014	201	1,056.00
Bill	12/31/2014	38403	01/10/2015	170	616.00
Bill	01/31/2015	38538	02/10/2015	139	704.00
Bill	02/28/2015	38742	03/10/2015	111	352.00
Bill	03/31/2015	38903	04/10/2015	80	616.00
Bill	04/30/2015	39159	05/10/2015	50	1,266.00
Bill	05/31/2015	39302	06/10/2015	19	1,672.00
Bill	06/26/2015	39484	07/06/2015		2,647.13
Total Wallace Group					8,929.13
<b>TOTAL</b>					<b>72,138.49</b>



**SANTA RITA HILLS  
COMMUNITY SERVICES  
DISTRICT**

<http://santaritahillscsd.com/>

**SPECIAL STUDY  
PURSUANT TO GOVERNMENT  
CODE SECTION 56375**

Report to the  
Santa Barbara Local Agency  
Formation Commission

February 23, 2015

**EXHIBIT D**

## 1. INTRODUCTION

### Requirements of a Special Study:

This Special Study concerning the Santa Rita Hills Community Services District was prepared by the Santa Barbara Local Agency Formation Commission ("LAFCO") in accordance with Government Code Section 56375 (a) (2) of the California Government Code. The Special Study is a requirement if the Commission wishes to initiate proposals for changes of organization or reorganizations. In this particular case, the Commission wishes to initiate proceedings for the dissolution of the Santa Rita Hills Community Services District. A change of organization, such as dissolution of a special district, needs to be consistent with a recommendation or conclusions of the study.

Government Code Section 56375 (a) (2) reads as follows:

**56375 (a) (2) The commission may initiate proposals by resolution of application for any of the following:**

**(A) The consolidation of a district, as defined in Section 56036.**

**(B) The dissolution of a district.**

**(C) A merger.**

**(D) The establishment of a subsidiary district.**

**(E) The formation of a new district or districts.**

**(F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).**

**(3) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881. (Emphasis Added)**

The contents of a Special Study are set forth in Government Code Section 56378 (a), which reads as follows:

**56378 (a) In addition to its other powers, the commission shall initiate and make studies of existing governmental agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may request land use information, studies, joint powers agreements, and plans of cities, counties, districts, including school districts, community college districts, joint powers agencies and joint powers authorities, regional agencies and state agencies and departments. Cities, counties, districts, including school districts, community college districts, joint powers agencies and joint powers authorities, regional agencies, and state agencies and departments, shall comply with the request of the commission for that information and the commission shall make its studies available to public agencies and any interested person. In making these studies, the commission may cooperate with the county planning commissions.**

Lastly, the Commission may initiate a proposal only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study. In this regard, the Commission needs to make the determinations specified in subdivision (b) of Government Code Section 56881, which reads as follows:

**56881(b) The resolution making determinations shall also do all of the following:**

**(a) Make any of the findings or determinations authorized or required pursuant to Section 56375.**

**(b) For any proposal initiated by the commission pursuant to subdivision (a) of Section 56375, make both of the following determinations:**

**(1) Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.**

**(2) A change or organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources. (Emphasis Added)**

**(c) If applicable, assign a distinctive short-term designation to the affected territory and a description of the territory.**

**(d) Initiate protest proceedings pursuant to Part 4 (commencing with Section 57000) in compliance with the resolution.**

## 2. BACKGROUND OF THE SANTA RITA HILLS COMMUNITY SERVICES DISTRICT

### History:

The Santa Rita Hills Community Services District was formed June 5, 2009 and operates pursuant to the Community Services District Act (Government Code, Section 61000 et seq.). It is located in northern Santa Barbara County, and includes about 1,590 acres about five miles east of the City of Lompoc at the east end of Sweeney Road, north of Santa Rosa Road. It includes the Lakeview Estates Tract (**Exhibits A and B**).

At the time of formation, a five-member board of directors was elected at-large to govern the District. A contract General Manager has been responsible for administrative functions since the district was formed.

## 3. FACTORS USED IN A SPECIAL STUDY AND MUNICIPAL SERVICE REVIEW:

Many of the following factors are used when conducting a municipal service review but are also appropriate for a Special Study.

### District Services:

The District is authorized within its boundaries to acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks and any incidental works, to convert overhead electric and communications facilities to underground locations, and to install underground electric and communications facilities. Since it was formed, the district has worked on the design of road improvements with the

eventual goal constructing roads to provide access to future development.

Financing:

As part of the formation election, the voters authorized a special tax and appropriations limit not to exceed \$3,000,000 for fiscal year 2008-2009 with the tax levy for any year to be determined by the board of directors based on revenues needed to pay reasonable and necessary expenses. Since formation, the special tax has been applied equally to each legal lot. The district has collected \$195,000 per year in property tax revenue and has spent approximately \$20,000 per year on Preliminary Engineering. The remaining expenses cover Professional Services for the General Manager, District Engineer, Attorney, Secretary, District Accountant, and Auditor. The Professional Services budget for 2014-2015 totals \$173,260.

The District's 2013-2014 and 2014-2015 budgets are attached as **(Exhibits C and D)**.

Other Governmental Agencies within the District:

Local agencies that overlap the Santa Rita Hills CSD are the Santa Barbara County Fire Protection District, County Service Area 32 (Law Enforcement), Lompoc Cemetery District, Santa Barbara Coastal Vector Control District, Lompoc Valley Medical Center and Santa Ynez River Water Conservation District.

Growth and Population Projections:

The District includes 39 legal parcels. No further subdivision is proposed or permitted by the existing zoning and general plan designations for the area. Two of the parcels currently have existing homes. Others have a trailer or two.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies:

Lack of sufficient access has been a factor in preventing many of the owners from making use of their property as permitted by the current zoning. The District was formed as a funding and governance mechanism for the construction and provision of roads, electrical power and telecommunications services.

No specific capital projects for these governmental services have been identified.

Financial ability of agencies to provide services:

In approving the CSD formation the voters authorized a special tax and appropriations limit not to exceed \$3,000,000 for fiscal year 2008-2009 with the tax levy for any year to be determined by the board of directors based on revenues needed to pay reasonable and necessary expenses. The special tax is to be applied equally to each legal lot.

In approving the CSD formation the voters also specified that any significant construction costs will be financed by benefit assessments approved by landowners in the District.

Status of, and opportunities for, shared facilities

Given its distance from other public agencies, there are no obvious opportunities for shared facilities in the future operations of the District.

Accountability for community service needs, including governmental structure and operational efficiencies

The Board of Directors is elected by and accountable to the voters who reside in the District. The number of eligible voters will increase as additional homes are constructed.

Regular Board meetings are held monthly in the County Administration Building in Lompoc. The District sends mailings to all residents and property owners.

4. CURRENT SITUATION WITH THE SANTA RITA HILLS COMMUNITY SERVICES DISTRICT

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. At the February 5, 2015 Commission meeting, the Commission indicated that it wished to consider dissolution of the district. Staff was directed to prepare a Special Study analyzing the initiation of dissolution proceedings and, assuming the study concluded dissolution was appropriate, to prepare a resolution of application to begin the dissolution process. Reasons for the Commission to begin the dissolution process are as follows:

A. The District does not have a Board of Directors

Since none of the incumbents filed for reelection for the November 4, 2014 election, effective the first Friday in December (December 5, 2014), there are no directors sitting director on the Santa Rita Hills SRHCSD board. Therefore, unless the Board of Supervisors appoints a new Board of Directors, the SRHCSD will not be able to function or make any decisions as a board. The last time there was a vacancy on the district's board of directors, the Board of Supervisors advertised for a director and no one applied.

B. The District Cannot Pay Any Claims without approval of a Board of Directors

Pursuant to the Community Services District Law, Government Code Section 61052(b) without authorization from the SRHCSD's board of directors, the County Auditor is not authorized to pay any warrants for claims against the District.

C. The District is Continuing to Collect Property Tax Allocations

Even though the County Auditor cannot pay any District claims, it the County Tax Collector continues to collect property taxes from the special tax that was approved by the voters at the time of formation. Collection of such taxes for fiscal year 2014-2015 were authorized by the District Board prior to it becoming inoperable. There is one

more property tax allocation \$195,000 that will be collected on April 10, 2015. After the April apportionment, the district will have approximately \$225,000 in the County Treasury. This is likely the last collection because future taxes must be authorized by the board of directors, which has become dysfunctional. The 2013 Independent Auditor's Reports and Financial Statements for the Fiscal Year Ended June 30, 2013, showed \$32,951 in Accounts Payable. The 2013 Audit shows no long term debt. There was no Audit for 2014.

D. The District is not the Providing Services that were Authorized at the Time of Formation

Although the SRHCSD has expended funds for planning road improvements, it has not completed any road construction, improvement or maintenance projects since the time of formation. Further, as discussed below in the next point, it appears that this situation has no chance of changing.

E. The District has essentially ceased to function because the board is dysfunctional.

As stated above, no one eligible to be on the CSD Board has come forward to serve. Additionally, statements made by the CSD general manager have been to the effect that there is no anticipation by CSD officials that there will ever again be a functional board. Therefore, the functionality of the CSD appears to have ceased entirely.

**EXHIBITS**

Exhibit A	Vicinity Map
Exhibit B	Detail Map
Exhibit C	2013-14 Budget
Exhibit D	2014-15 Budget

5. DETERMINATIONS

It is recommended that the Commission approve the Special Study of the Santa Rita Hills Community Services District based on the following determinations:

- (1) Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.
- (2) A change or organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources.

6. RECOMMENDED COMMISSION ACTION

- A. APPROVE the Special Study with Determination (1) and (2) above; and
- B. INITIATE Dissolution Proceedings for the Santa Rita Hills Community Services District

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PAUL HOOD  
Executive Officer  
LOCAL AGENCY FORMATION COMMISSION

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SANTA BARBARA

In the matter of Dissolution of the Santa Rita  
Hills Community Services District

Resolution No. \_\_\_\_\_

1. WHEREAS, on March 5, 2015, the Commission accepted and considered the *Special Study: Santa Rita Hills Community Services District*, dated February 23, 2015 (“Special Study”).
2. WHEREAS, in accordance with the findings and conclusions of the Special Study, the Commission desires to initiate a proceeding for dissolution of the Santa Rita Hills Community Services District (“District”) specified herein; and
3. WHEREAS, the Commission is considering this proposed dissolution because the District Board has ceased to function because no one ran for election to the District Board in 2014 and at present there are no sitting members on the District Board. Additionally, representatives of the District have stated they do not expect any person in the future to seek election to the District Board.
4. Whereas, because there is currently no functioning Board and there appears no possibility that this will be corrected in the future, the County Auditor informed the District in a letter dated January 22, 2015 that the Auditor is unable to pay District warrants because the District cannot have the warrants approved by its Board in compliance with Government Code section 61052(b).
5. In accordance with Government Code section 56375(a)(3), the Commission may initiate a dissolution if it is consistent with a recommendation or conclusion of a study



prepared pursuant to Government Code sections 56378, 56425 or 56430, and LAFCO makes the determinations specified in Section 56881(b).

6. A special study was undertaken pursuant to Government Code section 56375 and concluded that dissolution of the District is an appropriate option to address the governance issues of the District. The proposed dissolution is consistent with the Special Study.

**NOW, THEREFORE, IT IS HEREBY RESOLVED that:**

7. The Commission hereby determines, as lead agency for the purposes of the California Environmental Quality Act (CEQA), that the proposed dissolution is categorically exempt under the CEQA Guidelines Section 15061(b)(3) – the “Common Sense Exemption” and Section 15378(b)(5) – “organizational or administrative activities of governments which will not result in direct or indirect physical changes to the environment.” (Exhibit A).

8. A Special Study was undertaken and completed pursuant to Government Code section 56881(b) and the proposed dissolution is consistent with the Special Study. The Commission hereby finds and determines that the District should be dissolved.

9. The Commission determines that the District is in the unincorporated area of the County and therefore pursuant to Government Code section 57451, the County shall be the successor. As the successor, the County shall pursuant to the Cortese Knox Hertzberg Act have the following powers, duties and obligations.

- a. Pursuant to Government Code section 57452, upon the effective date of dissolution, control over all of the moneys or funds, including cash on hand and moneys due but uncollected, and all property, real or personal, of

the District shall be vested in the County as successor for the purpose of winding up the affairs of the District.

- b. Pursuant to Government Code section 57453, for the sole and exclusive purpose of winding up the affairs of the dissolved district, the successor and the officers and legislative body of the successor have the same powers and duties as the dissolved district and the officers and legislative body of the dissolved district and all of the following additional powers and duties:

- i. To exchange, sell, or otherwise dispose of all property, real and personal, of the dissolved district.
- ii. To compromise and settle claims of every kind and nature.
- iii. To sue or be sued in the same manner and to the same extent as the dissolved district and the officers and legislative body of the dissolved district.

These powers and duties shall commence upon the effective date of dissolution and shall continue thereafter until the time when the affairs of the dissolved district have been completely wound up.

- c. Pursuant to Government Code section 57454, no inhabitant, property owner, taxpayer, consumer, or user within the territory of a dissolved district shall be entitled to either of the following:
  - i. All or any part, or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, or any property, real or personal, of the dissolved district.
  - ii. Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of dissolution.

- d. Pursuant to Government Code section 57455, any moneys and funds of the dissolved district and any moneys or funds received by the successor from the sale or other disposition of any property, real or personal, of the dissolved district shall be used to the extent necessary, for the payment of principal, interest and any other amounts then or thereafter due on account of any outstanding bonds, including revenue bonds, and other contracts or obligations of the dissolved district.
- e. Pursuant to Government Code section 57456,
  - i. when the successor determines that payment, or provision for payment, has been made of all short-term obligations of the dissolved district, the successor shall distribute any of the remaining assets of the dissolved district in the manner provided in Section 57457.
  - ii. "Short-term obligations," as used in above, include all amounts which shall be due and payable, prior to the end of the fiscal year commencing next after the effective date of dissolution, upon any outstanding bonds, including revenue bonds, and other contracts or obligations of the dissolved district. All other obligations shall be long-term obligations.
- f. Pursuant to Government Code section 57457(b), remaining assets of the dissolved district shall be distributed to the County.
- g. Pursuant to Government Code section 57458, until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding long-term obligations, which are payable in whole or in part from taxes or assessments upon any

property within all or any part of the territory of the district, the Board of Supervisors shall in each year provide for the levy and collection of taxes or assessments upon the property sufficient to pay any principal, interest, and any other amounts owing on account of such obligations, as they become due. Those taxes or assessments shall be levied and collected in the manner provided by the principal act of the dissolved district.

- h. Pursuant to Government Code section 57459, until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding bonds, contracts, or other obligations which are payable in whole or in part from the revenues of a revenue-producing enterprise of the dissolved district, the successor shall not do either of the following:
  - i. Sell, encumber, or otherwise dispose of all or any part of the revenue-producing enterprise or the revenues derived from that enterprise, except as expressly authorized by the ordinance, resolution, or indenture authorizing or providing for the issuance of any of the bonds, contracts, or other obligations.
  - ii. Distribute less than the whole of the revenue-producing enterprise to the County.
- i. The Commission determines that the District has no revenue-producing enterprises as that term is used in Government Code sections 57459 through 57460.
- j. Pursuant to Government Code section 57463, subject to the provisions of Section 57462, any funds, money, or property of the District may be used by the County as successor for the purpose of winding up the affairs of the

District and, after distribution to the County may be used for any lawful purpose of the County to which the funds, money, or property have been distributed. So far as may be practicable, the funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the dissolved district.

10. The Executive Officer is directed to proceed with the conducting authority proceedings pursuant to Government Code section 57000 et seq.

**PASSED AND ADOPTED** this \_\_\_ day of \_\_\_\_\_, 2015 by the following vote, in Santa Barbara, California.

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Chair  
Local Agency Formation  
Commission  
Date: \_\_\_\_\_

**ATTEST:**  
COMMISSION CLERK

By \_\_\_\_\_  
JACQUELYNE ALEXANDER  
Commission Clerk