

# L A F C O M E M O R A N D U M

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**SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION**  
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December 4, 2014 (Agenda)

TO: Each Member of the Commission

FROM: Paul Hood **PLH**  
Executive Officer

SUBJECT: **Status Report on the Santa Rita Hills Community Services District**

*This is an Informational Report. No Action is Necessary*

The Commission has requested a status report on the Santa Rita Hills Community Services (SRHCSD) District. Since none of the incumbents filed for reelection for the November 4, 2014 election, effective the first Friday in December (December 5, 2014), there will be no directors on the Santa Rita Hills SRHCSD's 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.

Staff had the opportunity to meet with Gary Keefe, the SRHCSD's General Manager, to discuss plans for district funds after there is no longer a board of directors. An ad hoc budget committee has been established by the Board of Directors for the remainder of the fiscal year to pay bills for such items as environments consultants and other accounts payable. The district is working with the County Auditor's Office on this matter.

Assembly Bill 2455, affecting the SRHCSD, was chaptered during the 2014 Legislative Session. Since the SRHCSD board was having difficulty establishing a quorum for meetings, the bill would have allowed the Board of Directors of the SRHCSD to consist of three members, rather than five, if a petition was received signed by a majority of registered voters in the district. If such a petition is received, the Board of Directors is required to adopt a resolution proposing to reduce the number of directors to three. Following public notice the Board of Directors could reduce the number of registered votes to three. Since the bill becomes effective on January 1, 2015, the process to reduce the membership on the SRHCSD board cannot be achieved because there will be no directors to conduct the required public hearing.

Landowners within the SRHCSD boundaries are proposing to submit a reorganization application the LAFCO to dissolve the SRHCSD and form in its place a Bridge and Highway

District. The main difference between the two types of districts is that CSD's are registered voter districts whereas Bridge and Highway Districts are landowner districts. However, the petition to form the district needs to be signed by "voters residing within the boundaries of the county or portion of the county proposed to be included in the district equal in number to at least 10 per cent of the number of voters in the county or portion thereof from which the petition is presented who voted for Governor of this State at the last general election at which a Governor was elected prior to the presentation of the petition." Again, determining the number of eligible voters to sign the application may be problematic. Ten percent of the registered voters could be only one voter.

### Commission Options

There are a number of options available to the Commission should the reorganization proposal not move forward. The Commission has already directed staff to conduct an update of the SRHSCD Municipal Service Review/Sphere of Influence (MSR/SOI) at the end of 2015/beginning of 2016. The last MSR/SOI for the district was conducted in 2011. The review may determine that the district should be dissolved.

There are several ways to initiate dissolution proceedings. A resolution by an affected local agency or the LAFCO Commission could initiate dissolution proceedings. Dissolution can also be initiated by a petition signed by three or more registered voters determining that the district has been in existence for at least three years and states, on information and belief, that the corporate powers of the district have not been used and that one or more of the following conditions have existed or now exist:

- (a) That during the three-year period preceding the date of the first signature upon the petition any of the following events have not occurred:
  - (1) There has not been a duly selected and acting quorum of the board of directors of the district.
  - (2) The board of directors has not furnished or provided services or facilities of substantial benefit to residents, landowners, or property within the district.
  - (3) The board of directors has not levied or fixed and collected any taxes, assessments, service charges, rentals, or rates or expended the proceeds of those levies or collections for district purposes.
- (b) That during the one-year period preceding the date of the first signature upon the petition a quorum of the duly selected and acting board of directors has not met for the purpose of transacting district business.
- (c) That, upon the date of the first signature upon the petition, the district had no assets, other than money in the form of cash, investments, or deposits.

Although the above process refers to a registered voter petition, these same factors could be used by the Commission as part of an MSR/SOI update for the SRHSCD.

Please contact the LAFCO office if you have any questions.