

**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

CONSENT AGENDA ITEM No. 5-B

DATE: January 8, 2020

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

BY: Juan Lara, LAFCo Analyst II

SUBJECT: Informational Item: Update on the Inactive Special District list sent from the State Controller in Accordance with SB 448.

RECOMMENDATION: Receive and file.

Background

Last year, the State Controller's Office ("SCO") issued its inaugural list of inactive districts pursuant to SB 448. Pursuant to that bill, every year thereafter, the Controller shall create a list of special districts that are inactive as defined in Government Code ("GC") sec. 56042, based upon the lack of an annual financial report pursuant to GC sec. 53891.

GC sec. 56042 defines "inactive district" as a special district that 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.

Discussion

The SCO has updated its list of inactive special districts for 2019. The SCO advised Fresno LAFCo that Maintenance District No. 3 ("MD3") was among the state's inactive special districts (Attachment A). This was the only special district in Fresno County on the SCO's updated list.

On November 11, 2019, LAFCo staff sent the SCO evidence that MD3 had been dissolved. SCO staff subsequently acknowledged this information and informed LAFCo that its system will be updated and MD3 will be removed from the inactive special district list moving forward. (Attachment B.)

Background on Maintenance District 3

Maintenance District 3 ("MD3") was a dependent special district under the Improvement Act of 1911 formed by the Board of Supervisors in June 1995, as a funding mechanism to cover the costs of capital improvements, maintenance, and long-term replacement of the infrastructure for the community water facilities serving County Waterworks District 40 ("WWD40").

WWD40 was formed on July 27, 1971 to provide community water (70 active connections) and wastewater (68 active connections) service for the Shaver Springs subdivision, approximately five miles southwest of Shaver Lake on Tollhouse Road. At that time, County Waterworks District law did not provide the authority for sufficient assessments to fund the costs of providing services in WWD40. MD3 shared approximately the same boundaries as WWD40.

Due to changes in Waterworks District Law, WWD40 was able to raise sufficient revenue to perform all administrative, operations and maintenance functions and MD3 was deemed to be no longer necessary.

On November 5, 2015, the Citizens Advisory Committee for WWD40, which was also the CAC for MD3, sent a letter to Fresno County special district staff to request the dissolution of MD3. On February 2, 2016 the Fresno County Board of Supervisors adopted Resolution 16-042 formally dissolving MD3. (Attachment C.)