

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

AGENDA ITEM NO. 9

DATE: November 10, 2021
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, Executive Officer 
BY: George Uc, Senior LAFCo Analyst
SUBJECT: Westside Resource Conservation District Municipal Service Review Progress Report.

Recommendation: Receive and file.

Purpose

Receive a six-month progress report on recommendations included in the Westside Resource Conservation District Municipal Service Review.

Background

On May 12, 2021, the Commission conditionally updated the 2021 Municipal Service Review ("MSR") prepared for the Westside Resource Conservation District ("District" or "Westside RCD"). The Commission adopted the following conditions included in the District MSR:

- That the Commission set a public hearing for dissolution proceedings and approve and order the dissolution without an election or protest proceedings pursuant to GC. Sec. 57077.1(c)(1).
- Direct the District to make substantial progress within ***six months*** on reactivation of the Westside Resource Conservation District or modification of the District such as consolidation with Tranquillity Resource Conservation District.

Following the May 12, 2021, Commission meeting, LAFCo staff mailed correspondence to the last two known individuals associated with the District to inform them of LAFCo's direction. Six months have expired and LAFCo staff has not received any response to the correspondence.

On October 13, 2021, staff provided the Commission a workshop on the District's inactivity. Based on the dialogue during the workshop, the Commission directed staff to consult with other agencies to determine whether the District's fund balance exists and provide the Commission a progress report at its November 10, 2021 hearing.

This progress report provides the Commission a summary of the District's fund balance and staff's observation on a future dissolution of the District.

Discussion / Analysis

Following the October LAFCo hearing, staff contacted the Fresno County Auditor Controller/Treasure Tax Collector's ("AC/TTC") office to brief him on Westside RCD and to ask whether the District held an account within the Fresno County Treasury. The Fresno County AC/TTC's office informed LAFCo that the District has a County of Fresno "PeopleSoft" Financial Record account. In 2005, the District had a negative interest of \$163.43 in its County Treasury account. In 2005, the AC/TTC was able to charge back the negative amount from the Interest of the County Pooled funds to instate a \$0 balance for the District's account. Since then, the District's account has maintained a \$0 balance. The District's PeopleSoft Account has been deactivated based on years of inactivity.

LAFCo staff contacted Union Bank on behalf of the District to determine whether there was an active checking account for Westside RCD. Based on the District's prolonged inactivity, the Union Bank representative informed LAFCo that California law requires financial institutions, insurance companies, corporations, and other entities to annually report and deliver property to the California State Controller's Office ("SCO") if there has been no activity on the account or contact with the owner of the account for a period of three years. The Union Bank representative recommended LAFCo staff to contact the SCO, Unclaimed Property Division.

On October 14, 2021, LAFCo staff contacted the Unclaimed Property Division to ask if there was a District fund balance reported to the SCO. The Unclaimed Property Division confirmed to LAFCo that in 2019 MUFG Union Bank N.A. transferred the District's \$64,556.42 fund balance to the SCO. Table 1 below shows the SCO's property owner information for the District's fund balance:

Table 1 – Unclaimed Property Owner Information

Owner's Name: Westside Resource Conservation District	Reported Owner Address: 25390 W. Silveira Avenue Tranquillity, Ca 93668
Property Type: Checking Account	SCO Property ID Number: 999830202
Cash Reported: \$64,556.42	Reported By: 229500 - MUFG Union Bank N.A.
Date Reported: 6/14/2019	Last Date of Contact with Property Owner: 12/22/2014

The Unclaimed Property Division informed LAFCo that the Commission may authorize the executive officer to complete and file a "Claim Affirmation Form" with the SCO to

request a claim for the property on behalf of the District. A copy of the SCO's Claim Affirmation Form, filing instructions, and requested documentation is provided as Attachment A.

After verifying the District's fund balance, LAFCo staff contacted the four listed agencies identified on the "Disposition of Assets" list Exhibit A of District Resolution 2015-01 (Attachment C).

Table 2 shows the District's disposition of assets. The difference column shows a line-item comparison between the District's 2015 estimated expenditures and LAFCo's 2021 verified invoiced expenditures. LAFCo staff was able to verify two invoices (Attachment B), updated LAFCo's dissolution fee, and updated the amount owed to the County Elections Department. LAFCo's updates are shown under the "Unpaid Invoiced Amount" column.

Table 2 – Disposition of District Assets Estimates vs. Actual Invoices

<i>Company Name</i>	<i>Service</i>	<i>Resolution Estimated Expenditures</i>	<i>Unpaid Invoiced Amount</i>	<i>Difference</i>
Price Paige Company	<i>Audit / Finance</i>	\$6,000	\$4,950	\$1,050
Cuttone-Mastro	<i>Finance Services</i>	\$3,000	\$1,295	\$1,705
LAFCo Dissolution Fee	<i>Application</i>	\$2,500	\$2,400	\$100
County Elections Department	<i>Elections</i>	\$500	\$0	\$500
Contingency Cost	<i>Unknown</i>	\$2,000		\$2,000
Westlands Water District		\$50,615	\$50,615	\$0
Subtotal		\$64,615	\$59,260	\$5,355
SCO's reduced balance		-\$58.58		
Total		\$64,556.42	\$59,260	\$5,296.42

Based on the SCO's information, the District has an existing fund balance amount of \$64,556.42. That is \$58.58 less than the District's 2015 estimate. LAFCo staff was able to confirm \$59,260 of unpaid District invoices. However, after allocating available funds to pay off the District's unpaid expenditures there would be a remainder of \$5,296.42 of unaccounted dollars.

Conclusion

Following the Commission's direction, staff has verified the amount and location of the District's \$64,556.42 fund balance. During the process it was discovered that the Commission must complete and file a Government Claim Affirmation Form with the

SCO and provide documentation to claim the District's fund balance. Based on the information needed to complete the SCO's Claim Affirmation Form, it is advisable for the Commission to consider postponing the dissolution of the District.

The postponement would allow staff to identify the dissolution of the District as a project under next year's work program and dedicate staff time to create a detailed scope of work and identify the necessary "pre and post" hearing items to dissolve the District pursuant to GC. Sec. 57077.1(c)(1).

The following items should be addressed prior to scheduling a hearing to dissolve the District:

- Determine that dissolution proceedings were initiated by District Resolution 2015-01.
- Provide mail notice to all affected local agencies in the affected territory pursuant to 56658(b)(1).
- Accept the District's request to LAFCo as a complete application for processing.
- Determine the number of landowners and register voters in the affected territory.
- Identify documents needed to file "Claim Affirmation Form" with the SCO.
- Draft a complete resolution for the proposed Dissolution of the District.
- Establish a plan to distribute the District's fund balance and identify a transparent process to distribute the remaining \$5,296.42 of the available fund balance.

Attachments

Attachment A – State Controller Office, Government Claim Affirmation Form

Attachment B – Invoices Price Paige & Company / Invoice Cuttone & Mastro CPAs

Attachment C – Westside Resource Conservation District Resolution 2015-01, Minutes, and Copy of Bank Statement