

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JUNE 26, 2013

REGULAR MEETING

TO: Don Mette, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #8: PROVIDE DIRECTION TO STAFF ON THE GRASSY RUN
CSD DISSOLUTION REIMBURSEMENT

RECOMMENDATION

Staff recommends that the Commission provide direction on whether staff should continue to pursue seeking the reimbursement for the Grassy Run CSD underbill.

REASON FOR RECOMMENDED ACTION

At the time the final paperwork for this project was being closed, staff noticed that the applicant's initial deposit was credited twice. This resulted in the applicant being underbilled by \$5,000. Government Code §56383 grants the Commission exclusive authority to reduce or waive a fee.

BACKGROUND

The former Grassy Run Community Services District (GRCS D) Board of Directors filed for dissolution with LAFCO in March 2011. Staff processed the petition that year and the Commission approved the dissolution in December 2011, with the final required hearing on the project held in January 2012. Upon the completion of all of the conditions of approval, including the payment of what were considered at the time to be the final fees in February 2012, the Certificate of Completion was filed on March 14, 2012 and the district was officially dissolved on March 21, 2012.

When staff was "closing out" the project in April 2012, which simply involves some administrative matters, it noticed that the final fees were calculated incorrectly. Specifically, the initial deposit of \$5,000 was deducted twice when staff originally calculated the total cost of processing the application (refer to Attachment A). As a result, the applicant was underbilled by the same amount.

If this had been a typical project, staff would have reached out to the applicant and requested the missing amount. While this is the only instance where an applicant was underbilled, most petitioners have been flexible and understanding when clerical errors have been made. In addition, had the error been caught prior to the filing of the Certificate of Completion, the former GRCSO Board would have authorized the payment of the underbilled amount, according to Dick Nichols, the last GRCSO general manager.

Upon its dissolution, an agency's assets are transferred to a successor entity, who is tasked with "winding up" the affairs of the dissolved district. To that end, GRCSO and the County of El Dorado entered into an "Agreement for Use of Grassy Run Community Services District Funds." The agreement specified all funds remaining in the District's County Treasury account at the time of dissolution would be used to complete four projects until either the monies are completely spent or until the projects are finished, whichever occurred first. Work on the projects started around mid-August 2012.

In April 2012, LAFCO asked the County to be reimbursed for the underbill out of the leftover GRCSO funds, three months prior to the start of work. After many discussions with various County officials, LAFCO was told any reimbursement would have to wait until the projects were completed. In February 2013, LAFCO was notified that all projects had been completed (refer to Attachment B) and that all funds were expended. A few days later, Mr. Nichols contacted LAFCO to notify staff that GRCSO was given some insurance premium refunds (refer to Attachment C). The total refund amount is just under the \$5,000 underbill.

Unfortunately, since Mr. Nichols' e-mail staff has been unable to follow up with the County because of other pressing administrative matters, primarily the CalPERS contract but also the planning of the 2013 CALAFCO Conference and the crafting of next year's budget. Given the amount of time already expended on the underbill, staff is unconvinced that it will be any more successful in asking for reimbursement out of the insurance refunds in 2013 than it was in 2012, assuming the refunds have been kept separate since they were received by the County Auditor-Controller.

In the Fiscal Year 2011-2012 audit, the LAFCO's auditor considered the underbill as an "open item;" therefore, it needs some type of resolution prior to this year's audit. From an administrative standpoint, the \$5,000 is large enough to be noticed but not sufficient to impact the LAFCO budget. As noted above, according to Government Code §56383 only the Commission can reduce or waive its fees. Given the circumstances, if the Commission decides to direct staff not to pursue the reimbursement, it is essentially reducing its fees on this specific dissolution. Consequently, the options include:

- a) Direct staff to request that the County reimburse LAFCO from any funds left over from the insurance premium refunds; or
- b) Exercise your authority under GC§56383 by reducing the dissolution fees by \$5,000, an amount sufficient to cover the underbill

Attachments

Attachment A: February 2012 Grassy Run Final Fees Showing Underbill

Attachment B: February 19, 2013 Letter from Kim Kerr to Dick Nichols

Attachment C: February 24, 2013 e-mail from Dick Nichols to LAFCO