



Inyo Local Agency Formation Commission

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STAFF REPORT

MEETING DATE: February 19, 2025

AGENDA ITEM: 8

SUBJECT: Approval of Resolution 2025-02 to Dissolve the Independence Community Service District Pursuant to Government Code Section 56879

EXECUTIVE SUMMARY

At the January 15, 2025 Commission meeting, the Commission approved the initiation of the process to dissolve the Independence Community Service District (CSD). This process started with the State Controller's Office (SCO) sending a letter to Inyo LAFCo stating that they believe the Independence CSD qualifies as an inactive district. Inyo LAFCo received this letter on November 12, 2024, which listed the Independence CSD as perceived to be inactive. At the January 15th meeting, the Commission agreed with the SCO that the CSD is inactive as it meets the definition of an inactive district pursuant to Government Code Section 56042 and directed staff to move forward with a dissolution.

On January 23, 2025, a notice announcing this hearing was posted in the Inyo Register. In addition, LAFCo staff reached out to a community member who took part in the formation of the Independence CSD. According to him, all of the other people who participated in the CSD formation are no longer in Independence and he has no objections to it being dissolved. Also, there is not an active Board or Board members to reach out to for comments and staff has received no comments based on the notice in the Register.

The Independence CSD boundary covers the town of Independence and a sizable area surrounding it (map attached). Due to the settlement of the Long-Term Water Agreement (LTWA) between Inyo County and the City of Los Angeles, the District was formed in 2001 to provide water service that was previously provided by the City of Los Angeles to the residents of Independence. However, as stated in the 2007 Municipal Services Review (MSR) of the CSD, pursuant to the provisions of the LTWA, water service facilities were never relinquished to the CSD, as the County took over the operations of the water system from the City of Los Angeles in 2002. At the time of the 2007 MSR, the Independence CSD was negotiating with the County to lease the water system to the CSD as a step towards eventually obtaining possession. This never happened and there is no evidence that the Independence CSD ever acted as a water service provider even though they established a District pursuant to California LAFCo law and formed a Board. It appears that the Independence CSD made a serious and well-intentioned attempt at it, but the County has maintained the Independence water system since 2002. The MSR goes on to point out that the Independence CSD also had no physical assets, nor had it adopted a Capital Improvement Plan, along with this, it currently has no liabilities, outstanding judgements, litigation, contracts, liens or claims.

These factors touch on all of the requirements of an inactive district pursuant to Government Code Section 56042 and the Commission agreed to this by resolution #2025-01 on January 15, 2025.

Staff Recommendation for Action

1. Staff recommendation – Approve the attached resolution to approve the dissolution of the Independence CSD.

Alternate options

2. Do not approve the dissolution of the Independence CSD. This is not recommended as it has already been determined that the Independence CSD meets the definition of an inactive district.
3. Continue the hearing to a future date and provide direction to staff, as needed. This is also not recommended as there is a 90-day limit to completing the dissolution and a 21-day noticing requirement.

ENVIRONMENTAL REVIEW

Section 15320 of the California Environmental Quality Act (CEQA) Guidelines state that reorganizations of local agencies are exempt from environmental review where the changes do not alter the geographic area in which previously existing powers are exercised. Since the Independence CSD does not and has not provided any services or otherwise exercised its powers, the proposed dissolution is exempt from the provisions of CEQA.

ATTACHMENTS

- Inyo LAFCO Draft Resolution No. 2025-02
- Independence CSD Map

RESOLUTION NO. 2025-02

**A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE
COUNTY OF INYO, STATE OF CALIFORNIA, APPROVING DISSOLUTION NO.
2025-02/INDEPENDENCE COMMUNITY SERVICE DISTRICT**

WHEREAS, in 2001, the Inyo Local Agency Formation Commission approved the formation of the Independence Community Service District (CSD); and

WHEREAS, in accordance with Government Code Section 56879 (Senate Bill 448) the State Controller's Office sent Inyo LAFCo a Notification of Inactive District on November 12, 2024, confirming that the Independence CSD had no financial transactions in the previous year, has no assets and liabilities, and has no outstanding debts, judgments, litigation, contracts, liens or claims; and

WHEREAS, pursuant to Government Code Section 56879, Inyo LAFCo held a public hearing on January 15, 2025, considered the request, received public comment and adopted a resolution of application initiating the dissolution of the Independence CSD for being inactive; and

WHEREAS, the Commission caused the publication of notice in the newspaper on January 23, 2025, which set a public hearing to consider the dissolution of the Independence CSD at its February 19, 2025 meeting; and

WHEREAS, the Inyo Local Agency Formation Commission, as lead agency under the California Environmental Quality Act (CEQA), finds the dissolution to be Exempt pursuant to Section 15320 of the California Environmental Quality Act (CEQA) Guidelines that state reorganizations of local agencies are exempt from environmental review where the changes do not alter the geographic area in which previously existing powers are exercised. Since the Independence Community Service District does not provide any services or otherwise exercise its powers, the proposed dissolution is exempt from the provisions of CEQA;

NOW, THEREFORE BE IT RESOLVED, the Inyo Local Agency Formation Commission does hereby:

1. Adopt this resolution hereby finding that the Independence CSD is an inactive district as defined in Government Code Section 56042, and hereby approves dissolving the Independence CSD as depicted in Exhibit A, pursuant to the Cortese Knox Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56879.
2. The Inyo Local Agency Formation Commission serves as lead agency under the California Environmental Quality Act (CEQA) and finds the dissolution of the Independence CSD to be Exempt from CEQA, pursuant to Section 15320 of the CEQA Guidelines that state reorganizations of local agencies are exempt from environmental review where the changes do not alter the geographic area in which previously existing powers are exercised. Since the Independence Community Service District does not provide any services or otherwise exercise its powers, the proposed dissolution is exempt from the provisions of CEQA.

3. Pending the issuance and recordation of a Certificate of Completion, the Independence CSD shall not: appropriate, encumber, expend, or otherwise obligate any revenue of the Independence CSD, or hire any staff or contractors.
4. Upon the effective date of the dissolution (i.e. recordation of the Certificate of Completion), the Independence CSD shall be dissolved, its existence shall be terminated, and all of its powers shall cease.

PASSED AND ADOPTED this 19th day of February 2025.

AYES:

NOES:

ABSENT:

ABSTAIN:

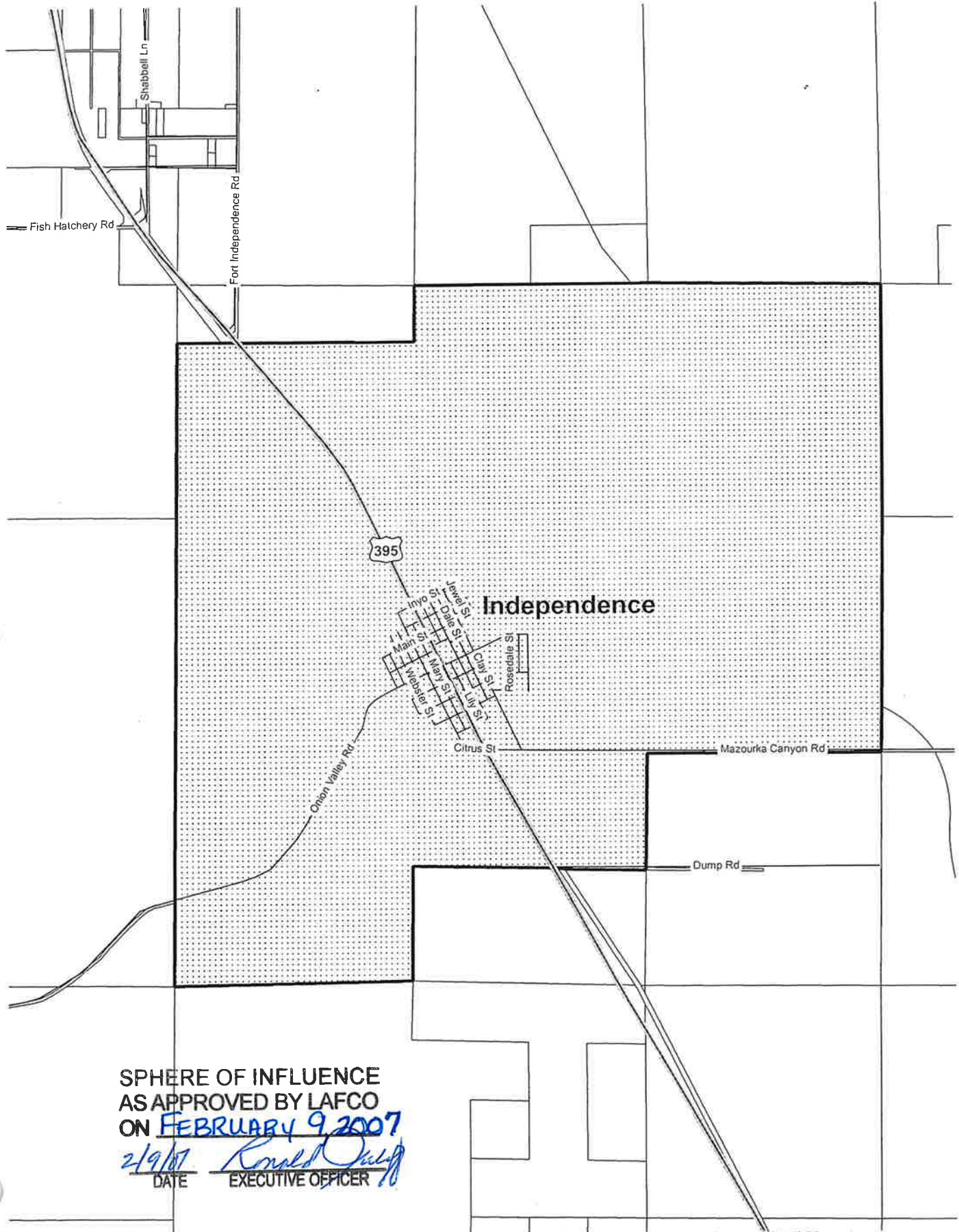
Chairperson
Inyo LAFCO

ATTEST:

Cathreen Richards
Inyo LAFCO Executive Officer

By: _____
Sally Faircloth, LAFCO Secretary

INDEPENDENCE COMMUNITY SERVICE DISTRICT
SPHERE OF INFLUENCE



SPHERE OF INFLUENCE
AS APPROVED BY LAFCO
ON **FEBRUARY 9, 2007**

2/9/07 *Ronald D. [Signature]*
DATE EXECUTIVE OFFICER



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Legend



DISTRICT SPHERE OF INFLUENCE