



Inyo Local Agency Formation Commission
168 North Edwards Street
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Independence, California 93526

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INYO LOCAL AGENCY FORMATION COMMISSION AGENDA

April 25, 2022 at 9:00 a.m.

To be held at:
Bishop City Council Chambers
377 West Line Street
Bishop, CA. 93514

Commissioners: Rick Pucci (Inyo County)
Jeff Griffiths (Inyo County)
Stephen Muchovej (City of Bishop) – (Chair)
Karen Kong (City of Bishop) – (Vice Chair)
Alan Tobey (Public)

Alternates: Dan Totheroh (Inyo County), Jim Ellis (City of Bishop)

Executive Officer: Cathreen Richards
Staff Analyst/Clerk: Paula Riesen
Counsel: John Vallejo

Items will be heard in the order listed on the agenda unless the Inyo Local Agency Formation Commission (LAFCO) rearranges the order or the items are continued.

The LAFCO Chairperson will announce when public testimony can be given for items on the agenda. Please be aware that the Commission will consider testimony on both the project and related environmental documents.

If you challenge in Court any findings, determination or decision made following any Public Hearing announced in this agenda in Court, you may be limited to raising only those issues you or someone else rose at the Public Hearing, or in written correspondence delivered to the Inyo LAFCO at, or prior to, the Public Hearing.

Public Notice: In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting please contact Inyo LAFCO at (760) 878-0263 (28 CFR 35.102-3.104 ADA Title II). Notification 48 hours prior to the meeting will enable the Commission to make reasonable arrangements to ensure accessibility to this meeting. Should you because of a disability require appropriate alternative formatting of this agenda, please notify Inyo LAFCO at least 72 hours prior to the meeting to enable the Commission to make the agenda available in a reasonable alternative format (Government Code Section 54954.2).

ITEM 1: Pledge of Allegiance

ITEM 2: Roll Call – Roll call will be taken by staff.

ITEM 3: Public Comment Period – This is the opportunity for anyone in the audience to address the Commission on any relevant subject that is not scheduled on the Agenda.

ITEM 4: Approval of Minutes (Action Item) – the Commission will consider the minutes from, June 9, 2021.

ITEM 5: Election of the Chair (Action Item) – the Commission will entertain motions and conduct an election for the Chair.

ITEM 6: Election of the Vice-Chair (Action Item) – the Commission will entertain motions and conduct an election for the Vice-Chair.

- ITEM 7: Approval of the 2022-2023 Preliminary Budget (Public Hearing & Action Item - Requires 3/5 vote) – The Inyo LAFCO Executive Officer’s FY 2022-2023 Preliminary Budget will be presented for discussion and Commission approval.**
- ITEM 8: Public Comment Period – This is the opportunity for anyone in the audience to address the Commission on any relevant subject that is not scheduled on the Agenda.**
- ITEM 9: Executive Officer’s and Commissioners’ Reports**
- ITEM 10: Determine Time and Location for the Next Meeting of Inyo LAFCO**
- ITEM 11: Adjournment**



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Allen Tobey – Public
Rick Pucci – Inyo County
Jeff Griffiths – Inyo County

Alternates:

Dan Totheroh (Inyo County)
Jim Ellis (City of Bishop)

LAFCO Staff:

Cathreen Richards – Inyo County - (Executive Officer)
Marshall Rudolph (Counsel)
Paula Riesen – Inyo County – (Lafco Clerk)

Minutes for Wednesday, June 9, 2021

These Minutes are for consideration for approval by Inyo LAFCO at its next meeting.

The Inyo Local Agency Formation Commission met on Wednesday, June 9, 2021, using Zoom, Chair Muchovej opened the meeting at 9:03 a.m.

ITEM 1: **Pledge of Allegiance** – All recited the Pledge of Allegiance.

ITEM 2: **Roll Call** – Commissioners Present: Chair Stephen Muchovej, Karen Kong, Jeff Griffiths, Allan Tobey, and Rick Pucci.

Staff present: Cathreen Richards, Executive Officer, Marshall Rudolph, County Counsel and Paula Riesen, LAFCo Clerk.

ITEM 3: **Public Comment Period** – This is the opportunity for anyone in the audience to address the Commission on any relevant subject not scheduled on the agenda.

No one from the Public wished to speak at this time. 9:04 a.m.

Closed Session:

ITEM 4: **Conference with Legal Counsel – Existing Litigation** – (Paragraph (1) of subdivision (d) of Government Code Section 54956.9) Name of case(s): Inyo LAFCO and Northern Inyo Healthcare District v. Southern Mono Healthcare District (Sacramento Superior Court and California Court of Appeal, Third District).

Open Session:

ITEM 5: Report on Closed Session as required by law.

ITEM 6: Approval of Minutes (Action Item) – the Commission will consider the minutes from, May 12, 2020.

Jeff Griffiths made a motion to approve and Rick Pucci made the second.

The motion passed 5-0.

ITEM 7: Approval of the 2021-2022 Budget (Public Hearing & Action Item - Requires 3/5 vote) – The Inyo LAFCO Executive Officer's FY 2021-2022 Final Budget will be presented for discussion and Commission approval.

Cathreen Richards, Executive Director presented the LAFCO Final Budget.

Chair Muchovej opened Public Comment at 10:39 a.m.

With no one wishing to speak Chair Muchovej closed public comment period at 10:40 a.m.

Commissioner Rick Pucci made a motion to approve the final budget. Commissioner Karen Kong made the second.

The motion passed 5-0.

ITEM 8: Annual Contract between Inyo LAFCO and the County of Inyo for Professional Services for Fiscal Year 2021-2022 (Action Item) – The annual contract between Inyo LAFCO and the County of Inyo for professional services for Fiscal Year 2021-2022 will be presented to the Commission for consideration and authorization for the Chair to sign.

Director Richards gave the staff report.

Jeff Griffiths made a motion to approve and was seconded by Allan Tobey.

The motion passed 5-0.

ITEM 9: Approval of a Contract between Inyo LAFCO and Alliant Insurance Services for LAFCo Insurance Coverage FY 2021-2022 – Staff will present the insurance contract for for discussion and Commission approval to obtain.

Director Richards gave the staff report, explaining this is insurance for Board Members Liability.

With this information the board then instructed the Planning Director Richards to sign the liability insurance to maintain coverage since exact meeting date will not be scheduled until needed.

Jeff Griffiths made a motion to approve and was seconded by Karen Kong.

The motion passed 5-0.

ITEM 10: Public Comment Period – This is the opportunity for anyone in the audience to address the Commission on any relevant subject that is not scheduled on the Agenda.

Chair Muchovej opened Public Comment at 10:45 a.m.

With no one wishing to speak Chair Muchovej closed public comment period at 10:46 a.m.

ITEM 11: Executive Officer’s and Commissioners’ Reports

No one wished to speak at this time.

ITEM 12: Determine Time and Location for the Next Meeting of Inyo LAFCO

The next meeting will be scheduled at needed.

ITEM 13: Adjournment – Chair Muchovej adjourned meeting at 10:47 a.m.

LAFCO STAFF REPORT

AGENDA ITEM No. 7 (Action Item & Public Hearing)
DATE OF MEETING: April 25, 2022
SUBJECT: Inyo LAFCO Fiscal Year 2022-2023 Preliminary Budget

EXECUTIVE SUMMARY

This report presents the Executive Officer's budget recommendations for adoption of a budget for the Fiscal Year (FY) 2022-2023. The proposed budgeted expenditures for FY 2022-2023 are \$32,214 an increase of \$7,451 from the FY 2021-2022 budget. The Inyo LAFCO Budget for FY 2022-2023 proposes funding from the County of Inyo and the City of Bishop in the amount of \$12,500 each, for a total contribution of \$25,000.

The total budget recommended by staff reflects revenues of \$32,190 and expenditures of \$32,214. A cash fund balance of approximately \$24 is projected to remain from FY 2021-2022 increasing funds available for the FY 2022-2023 budget. The total projected cash fund balance through the previous FY is projected to be \$57,497. Funding for the FY 2022-2023 budget is not recommending utilizing fund balance as has been done in the past. Staff is recommending that at the least, LAFCO leave the fund balance and even better increase it, for the very real possibility that Inyo LAFCO will be required to conduct Municipal Service Reviews in the near future.

Recommended Action: Conduct a public hearing and adopt the attached preliminary budget as recommended by staff for FY 2022-2023 and find that the proposed staffing and program costs will allow the Commission to fulfill the purposes and programs of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 and authorize the Chairperson to sign.

Alternatives:

- 1) Amend the preliminary budget for FY 2021-2023
- 2) Continue the public hearing and provide direction to staff regarding changes to the final budget for FY 2022-2023; this is not recommended as the final budget is required to be adopted by June 15th.

BACKGROUND INFORMATION

The Inyo Local Agency Formation Commission (LAFCO) is a state-mandated program. The Commission's five members include one public representative; two Inyo County Board of Supervisors' representatives; and, two Bishop City Council representatives. The objectives of LAFCO include the encouragement of orderly growth and development, the preservation of prime agricultural lands, discouragement of sprawl through coordination of local governmental boundaries, and establishment of spheres of influence and community service priorities that

reflect local circumstances, conditions, and financial resources. LAFCO is funded jointly by the City of Bishop and Inyo County pursuant to Government Code 56381(a) and 56381 (b) (2), which state:

- (a) The commission shall adopt annually, following noticed public hearings, a final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.*
- (b) (2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).*

Inyo LAFCO does not include independent special district representation, therefore, the City and County are each responsible for half of the commission's operation costs, unless the County and City agree under the conditions set forth in 56381 (b) (4).

Presently, the Commission contracts with the Inyo County Planning Department for the services of LAFCO Executive Officer and support staff. The Commission also contracts with the Inyo County Office of the County Counsel for legal services. An annual single contract between LAFCO and Inyo County covers both staff and counsel services.

Inyo LAFCO Accomplishments for FY 2021-2022

- Entered into a contract with the Inyo County Planning Department/Inyo County Office of the County Counsel that provided staff and legal services to the Commission.
- Maintained the Inyo LAFCO website in compliance with Government Code Section 56661.
- Maintained membership in the California Association of LAFCOs (CALAFCO).
- Worked on the Independent Special District information.
- Provided a high level of customer service.
- Monitored the opportunities being experienced by the Southern Inyo Healthcare District.

Inyo LAFCO Goals for FY 2022-2023

- Enter into a contract with the Inyo County Planning Department/Office of County Counsel to provide staff and legal services to the Commission.

- Maintain Inyo LAFCO membership and participation in CALAFCO, which provides training to LAFCO Commissioners and staff at annual and staff conferences.
- Replace any vacant seats on LAFCO as necessary to keep LAFCO active.
- Process and consider applications for special district formations, annexations, reorganizations, out-of-area service agreements, and others in compliance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
- Continue to maintain the Inyo LAFCO website in compliance with Government Code Section 56661.
- Continue to update the Independent Special District information.
- Provide a high level of customer service.
- Review non-active districts for possible dissolution.

EXECUTIVE OFFICER'S BUDGET REQUEST FOR FY 2022-2023

For the last two fiscal years the LAFCo budget has reflected the economy of Covid. Staff recommends increasing the 2022-2023 FY budget of \$10,000 in contributions from the County of Inyo and the City of Bishop in FY 2021-2022 to 12,500 each. This is an increase of \$2,500 for both the County and the City. This level of contribution meets the budgeted expenses for FY 2022-2023 and provides a more realistic budget that will allow for staff or Commissioner training and for staff time to review the status of the County's Special Districts for possible dissolution. (Attachment – recommended budget supporting tables).

Staff also recommends that the fund balance should either be left alone or continue to be grown as it is likely that Inyo LAFCO will be required to conduct Municipal Service Reviews (MSRs) at some point. According to estimates provided by other LAFCO's Executive Officers the estimated amount needed conduct MSRs is about \$5,000 per district. Inyo LAFCO includes twenty-seven community service districts and twelve municipal water companies this would result in a cost of \$135,000 for the community service districts and \$60,000 for the municipal water companies. If the commission chooses to not grow the fund balance, at the very least, it should not be reduced by using it to lower the annual cost to run Inyo LAFCo properly.

Adoption of the annual budget for Inyo LAFCO requires adoption at a noticed public hearing by a three-fifths vote. Amendment of the adopted budget requires a four-fifths vote of the Commission.

Expenditures

Applications

There is a possible out of area service contract application coming to LAFCo, staff recommends including funding in case this or any other requests are submitted. If no applications are submitted, these funds will not be utilized – no revenues or expenses will be incurred.

Annual Audit

Inyo LAFCO's cost for the annual mandated agency audit has gone up as the County changed auditors and the previous one did not want to continue just with LAFCo. The amount for FY 2022-2023 for Inyo LAFCO is \$3,750. This lower than 2021-2022 because it does not include the \$800 first year set up fee.

LAFCO Meetings

The FY 2022-2023 budget assumes three Inyo LAFCO meetings, which is the same number as 2021-2022. Staff has again estimated based on the three meetings and budgeted approximately **\$3,264** for LAFCo meetings. This is \$571 more than 2021-2022 due to increases in staff costs and budgeting for possible trainings.

CALAFCO Conferences

Participation in the CALAFCO annual conference or a staff workshop for Inyo LAFCO has been put back in the budget for 2022-2023. This had been eliminated for the 2020-2021 and 2021-2022 budgets to reduce expenditures during the economic uncertainties brought about by Covid. Adding this back in will increase expenditure by \$5,751.

Proposed expenditures by Object Code for FY 2020-2021

1. Advertising (Object Code 5263)

The recommended amount in this object code is **\$300** which is the same as the FY 2021-2022 Budget and is included to reflect any possible applications. For FY 2022-2023 this cost includes public notices for the three anticipated LAFCO meetings.

2. Professional and Special Service (Object Code 5265)

The recommended amount in this object code is **\$24,372** which is approximately **\$6,767** higher than the FY 2021-2022 Budget. Most of this increase is from adding training back into the budget. The recommended amount includes: staff time and Commissioner payments for meetings **\$2,779**; staff time to process projects and conduct regular LAFCO administrative duties **\$10,963** the FY 2022-2023 audit **\$3,750** and miscellaneous expenditures (**\$850**) and training (conference) **\$5,751**.

3. General Operating Expense (Object Code 5311)

The recommended amount in this object code is **\$1,619**, which is higher than in the FY 2021-2022 Budget. This is due to an increase in the CALAFCO Membership. This category of expenditures also includes purchases of supplies and miscellaneous supplies.

4. County Cost Plan (Object Code 5315)

The estimated amount in this object code is **\$1,440** and is a suggested amount by the County Auditor to cover expenses from that department.

Travel Expenses (Object Code 5331)

This object code includes expenses for CALAFCO annual conference travel, CALAFCO staff workshop travel, and travel mileage for the Inyo LAFCO meetings. The recommended

amount in this object code is **\$2,459**, which increased **\$2,027** from the FY 2021-2022 budget. Again, this is from adding travel costs for training back into the budget. It is also higher, because LAFCo will be back to in person meetings and staff has to travel to Bishop.

6. Motor Pool (Object Code 5333)

Expenditures in this object code include Motor Pool travel to LAFCo Meetings in Bishop. The recommended amount in this object code is **\$211** which is **\$41** higher than it was in the FY 2021-2022 Budget and is included as LAFCo will be going back to in person meetings.

7. Public Liability Insurance (Object Code 5155)

The expenditure in this object code is **\$3,304**. It covers the cost to provide LAFCo its own insurance policy as now required by the County Risk Manager. This was a new expense in the FY 2020-2021 budget and is now mandatory.

Revenues

All revenues received are the result of LAFCo fees for services and payments from the County of Inyo and City of Bishop. LAFCo's fee schedule provides for the recovery of actual costs in processing applications for changes in organization under the Cortese-Knox-Hertzberg Act and environmental review and processing under the California Environmental Quality Act. Beyond the recovery of fees for services, Government Code Section 56381(b)(2) provides "in counties where there is no special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs."

Details for each revenue category are as follows:

1. LAFCo Fees (Object Code 4817)

The recommended amount in this revenue code is **\$7,000** which is the same as the FY 2021-2022 Budget. This is for possible applications in the 2022-2023 FY and estimated for one large project at **\$5,000** and one small project at **\$2,000**; it includes staff time.

2. Aid from Other Governmental Agencies (Object Code 4562 and 4599)

The recommended amount in these revenue codes is **\$25,000** which is **\$5,000** higher than the the FY 2020-2021 reduced Budget. Staff recommends requesting **\$12,250** in revenues from both the County of Inyo and the City of Bishop for FY 2022-2023 again, to reintroduce training back into the LAFCo budget. This level of funding is generally cost neutral based on the programed expenses, but could utilize fund balance if it becomes necessary.

3. Interest form Treasury (Object Code 4301)

The recommended amount in this revenue code is **\$190**, which is the same as the 2021-2022 budget.

Alternatives

Government Code Section 56425(g) requires that the Commission, as necessary, review and update spheres of influence every five years. Government Code Section 56425 indicates that the Commission shall conduct Municipal Service Reviews (MSR) to prepare and update spheres of influence. In 2007 Inyo LAFCo updated spheres of influence, including conducting MSRs.

More than five years have passed since the last round of sphere updates and MSRs were completed, and if the Commission finds it necessary to review and update any spheres of influence, another round of sphere studies and/or MSRs could be undertaken. Funding for such investigation would need to be provided from Inyo LAFCO (the City and County) and a healthy fund balance would help to offset these costs.

The FY 2022-2023 budget includes expected revenues and expenses for anticipated applications. The Commission could choose to not include these funds in its budget; this is not recommended because it may increase costs to process the application if a budget amendment becomes necessary.

The Commission may choose to request even less of a contribution from the City of Bishop and the County of Inyo and rely more on Fund Balance for a portion of the FY 2022-2023 budget. Staff does not recommend this and instead, recommends retaining Fund Balance as much as realistically possible in the event of an unexpected need for resources.

STAFF RECOMMENDATION

Staff recommends following the public hearing the Commission approve the staff recommended preliminary budget for FY 2022-2023 by taking the following action:

"Move to approve the Inyo Local Agency Formation Commission budget for fiscal year 2022-2023 as recommended by the Executive Officer and find that it will allow the Commission to fulfill the purposes and programs of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000."

Respectfully Submitted



Cathreen Richards, Executive Officer

Attachments: Budget Worksheets

FY 2022-2023

| Budget | |
|---|------------------|
| Revenues | |
| 4301 - Interest from Treasury | 190 |
| 4562 - County Contributions | 12,500 |
| 4599 - Other Agencies | 12,500 |
| 4817 - LAFCO Fees | 7,000 |
| 4998 - Operating Transfer | - |
| Total | \$ 32,190 |
| Expenses | |
| 5001 - Salaried Employees | 750 * |
| 5021 - Retirement & Social Security | 16 |
| 5022 - PERS Retirement | 9 |
| 5031 - Medical Insurance | - |
| 5043 - Other Benefits | - |
| 5155 - Public Liability - | 3,304 * |
| 5263 - Advertising | 300 |
| 5265 - Professional & Special Services | 22,106 * |
| 5311 - General Operating Expense | 1,619 * |
| 5331 - Travel Expense | 2,459 * |
| 5315 - County Cost Plan | 1,440 |
| 5333 - Motor Pool | 211 * |
| Total | \$ 32,214 |
| Revenue versus Expenses | (24) |
| FY 2020-21 End Balance | 57,521 |
| Projected Balance 6/30/2022 | 57,497 |
| COB Fees & County In-Kind Contribution | \$ 25,000 |

* 20% Admin Fee

FY 2022-2023 Prelim Budget

| Description-Salary #5001 | | \$ |
|------------------------------|------|-----|
| 3 Meetings - 5 Commissioners | = \$ | 750 |
| | \$ | 750 |

FY 2022-2023 Prelim Budget

| | |
|------------------------------|------------|
| <hr/> | |
| Description-Public Liability | |
| Insurance #5155 | \$ |
| <hr/> | |
| Public Liability Insurance | = \$ 3,304 |
| | <hr/> |
| | \$ 3,304 |

* Per Contract Started FY 21-22

FY 2022-2023 Prelim Budget

| | | |
|-------------------------------|------|-----|
| Description-Advertising #5263 | | 300 |
| Lafco Advertising | = \$ | 300 |

\$ 300

* Per Contract Started FY 21-22

FY 2022-2023 Prelim Budget

| Description-Prof Service #5265 | \$ |
|--|-------------------|
| 3 meetings w/ 5 Commissioners | = \$ 750 |
| Staff Time for meetings | = \$ 1,123 |
| County Counsel for meetings | = \$ 906 |
| Staff Conference | = |
| Annual Conference | = \$ 3,763 |
| Special District Update | = \$ 566 |
| Prep of prelim annual budget | = \$ 566 |
| Prep of annual budget | = \$ 566 |
| Staff time for the Audit | = \$ 565 |
| Staff time for Sm Project | = \$ 2,000 |
| Staff time for Lrg Proect (NIH) | = \$ 5,000 |
| Audit cost (Price Page Company) | = \$ 3,750 |
| Misc. acct | = \$ 850 |
| Various public inquiries | = \$ 1,699 |
| | = \$ - |
| | \$ 22,106 |

* Includes 20% Overhead charge

FY 2022-2023 Prelim Budget

| Description-Gen Op #5311 | | \$ |
|--------------------------|------|-------|
| CALAFCO Membership | = \$ | 1,319 |
| Misc. materials | = \$ | 300 |
| | | |
| | \$ | 1,619 |

FY 2022-2023 Prelim Budget

| | |
|------------------------|------------|
| County Cost Plan #5315 | \$1,440 |
| County Cost Plan | = \$ 1,440 |

\$ 1,440

Christie M sets fixed cost

FY 2022-2023 Prelim Budget

| Description-Travel #5331 | | \$ |
|--------------------------------|------|-------|
| 3 meetings Lafco Staff | = \$ | 471 |
| Staff Conference registration | = | |
| Staff Conference per diem | = | |
| Staff Conference hotel | = | |
| Annual Conference registration | = \$ | 650 |
| Annual Conference per diem | = \$ | 588 |
| Annual Conference hotel | = \$ | 750 |
| | \$ | 2,459 |

FY 2022-2023 Prelim Budget

| Description-Motor Pool #5333 | | \$ |
|------------------------------|------|-----|
| 4 meetings in Bishop | = \$ | 211 |
| Annual Conference | = | |
| Staff Conference | = | |
| | | |
| | \$ | 211 |