



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

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E-Mail: inyolafco@inyocounty.us

INYO LOCAL AGENCY FORMATION COMMISSION AGENDA

February 19, 2024 at 4:00 p.m.

To be held at:
Clint Quilter County Consolidated Office Building
1360 N. Main Street, Conference Room 109
Bishop, CA. 93514

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

Alternates: Trina Orrill (Inyo County), Jose Garcia (City of Bishop)

Executive Officer: Cathreen Richards
Staff Analyst/Clerk: Sally Faircloth
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: Election of the Chair (Action Item) – the Commission will entertain motions and conduct an election for the Chair.

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

- ITEM 6: Correction to Previous Meeting Minutes (Action Item)** –During the January 15, 2025, meeting, the agenda incorrectly listed the approval of minutes for May 5, 2024. The correct date should have been May 29, 2024. This correction is hereby noted for the record.
- ITEM 7: Approval of Minutes (Action Item)** – the Commission will consider the minutes from, January 15, 2025.
- ITEM 8: Dissolution of Independence Community Service District (CSD) (Public Hearing & Action Item)** – The Commission will consider and conduct a Public Hearing regarding the dissolution of the Independence CSD. At the January 15th 2025 meeting, the Commission agreed with the State Controller’s Office 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 hearing.
- ITEM 9: Approval of the 2025-2026 Preliminary Budget (Public Hearing & Action Item - Requires 3/5 vote)** – The Inyo LAFCO Executive Officer’s FY 2025-2026 Preliminary Budget will be presented for discussion and Commission approval.
- 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.
- ITEM 11: Executive Officer’s and Commissioners’ Reports**
- ITEM 12: Determine Time and Location for the Next Meeting of Inyo LAFCO**
- ITEM 12: Adjournment**



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Stephen Muchovej – City of Bishop
Allen Tobey – Public
Jeff Griffiths – Inyo County

Alternates:

Trina Orrill (Inyo County)
Jose Garcia (City of Bishop)

LAFCO Staff:

Cathreen Richards – Inyo County - (Executive Officer)
John C Vallejo - (Counsel)
Sally Faircloth – Inyo County – (Lafco Analyst/Clerk)

Minutes for Wednesday, January 15, 2025

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

The Inyo Local Agency Formation Commission met on Wednesday, January 15, 2025, Chair Marcellin opened the meeting at 4:01 p.m.

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

ITEM 2: Roll Call – Commissioners Present: Chair Marcellin, Jeff Griffiths, Stephen Muchovej, Karen Kong, Allan Tobey.

Staff present: Cathreen Richards, Executive Officer, John Vallejo, County Counsel and Sally Faircloth, LAFCo Analyst/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. 4:02 p.m.

ITEM 4: Approval of Minutes (Action Item) – the Commission considered the minutes from the May 5, 2024, meeting and presented for approval. The agenda listed the approval of minutes from May 5, 2024. However, this was an error; the correct date of the minutes approved was May 29th, 2024. The approval proceeded as though the correct date was listed.

Chair Marcellin asked for a motion, Commissioner Stephen Muchovej made a motion to approve the minutes and Commissioner Griffiths made the second.

LAFCO Clerk, Sally Faircloth proceeded with roll call for each vote.
Scott Marcellin – Yes
Stephen Muchovej-Yes
Jeff Griffiths– Yes
Karen Kong - Abstain
Allan Tobey – Yes

The motion passed 4-1 at 4:03 pm

ITEM 5: Determine if the Independence Community Service District is Inactive and Approve a Resolution to Initiate Proceedings to Dissolve the Independence Community Service District Pursuant to Government Code Section 56879 (Action Item).

Cathreen Richards, Executive Officer presented the staff report.

Commissioner Tobey asked Ms. Richards if the residents pay for the water system. Ms. Richards and County Counsel John Vallejo stated the residents pay through property taxes.

Commissioner Muchovej inquired if any current board members from this district had any comments regarding this dissolution.

Ms. Richards stated the Independence Community Service District does not have an active board. However, should the commission decide to dissolve this district; staff would attempt to contact the current board of record.

Commissioner Kong inquired about protocol for this process.

Ms. Richards stated the steps include a follow-up meeting and hold a public hearing.

Commissioner Griffiths asked a question regarding the Independence CSD and since it was formed specifically for water; would it prohibit this district from taking on a different task.

Ms. Richards answered Commissioner Griffiths by stating, yes, as the district would have to ask Inyo LAFCo to serve the district for a different purpose.

Commissioner Griffiths inquired if it would be a more difficult process than forming or re-forming a new district.

Ms. Richards stated it would be a more difficult process to form a new district rather than to reform an existing one.

Commissioner Griffiths then stated there may be a possibility for a future need that might require a community service district in Independence.

Commissioner Muchovej made a motion to agree with SCO's determination that the Independence CSD is an inactive district and approve the attached resolution, setting a date for the dissolution hearing for the Independence CSD.

Vice Chair Kong made the second.

LAFCO Clerk, Sally Faircloth proceeded with roll call for each vote.

Scott Marcellin – Yes
Jeff Griffiths– Yes
Stephen Muchovej-Yes
Karen Kong - Yes
Allan Tobey – Yes

The motion passed 5-0 at 4:13 pm

ITEM 6: Public Comment Period – With no other questions, Chair Marcellin opened a Public Comment at 4:14 p.m.

With no one wishing to speak Chair Marcellin closed Public Comment period at 4:14 p.m.

ITEM 7: Executive Officer's and Commissioners' Reports

Commissioner Muchovej requested a Municipal Service Review to be performed as his primary concern was for the fire districts and to ensure all the needs of those districts and some locations without districts are being met.

Ms. Richards informed Commissioner Muchojev that this request will be investigated as this process can be costly and as staff is preparing for the upcoming preliminary budget, staff can research all costs associated with this request.

Commissioner Tobey discussed attending the 2024 Annual LAFCO conference in October and having a good experience.

ITEM 8: Determine Time and Location for the Next Meeting of Inyo LAFCO

Ms. Richards stated the dissolution will need to be done within 90 days from today.

Ms. Richards recommended having the next meeting scheduled as soon as possible.

Upon further discussion with the commissioners, it was decided the next meeting was to be scheduled at this time on February 19, 2025.

ITEM 9: Adjournment – Chair Marcellin adjourned meeting at 4:26 p.m.



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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:

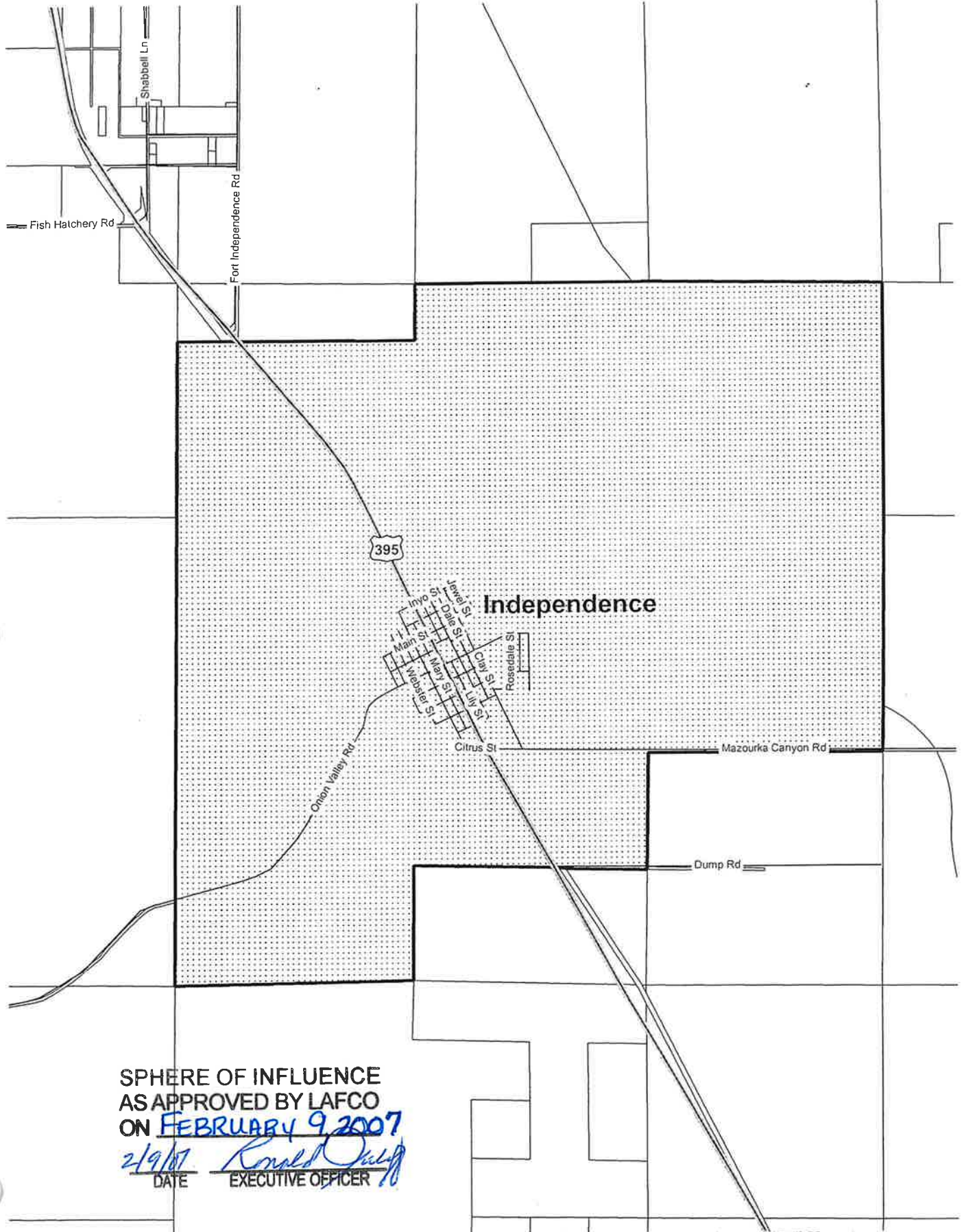
Chairperson
Inyo LAFCO

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



0 0.125 0.25 0.5 0.75 1 Miles

Inyo County Planning Department
PO Drawer L (760) 878-0263
168 N. Edwards Street inyo@planning.org
Independence, CA 93526 www.inyoplanning.org



Legend

DISTRICT

SPHERE OF INFLUENCE



Inyo Local Agency Formation Commission

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LAFCO STAFF REPORT

AGENDA ITEM No. **9 (Action Item & Public Hearing)**

DATE OF MEETING: **February 19, 2025**

SUBJECT: **Inyo LAFCO Fiscal Year 2025-2026 Preliminary Budget**

EXECUTIVE SUMMARY

This report presents the Executive Officer's budget recommendations for adoption of a budget for the Fiscal Year (FY) 2025-2026. The proposed budgeted expenditures for FY 2025-2026 are \$34,814, an increase of \$1,984 from the FY 2024-2025 budget. This increase is primarily due to increases in audit and insurance costs. The Inyo LAFCO Budget for FY 2025-2026, to maintain the status quo, proposes funding from the County of Inyo and the City of Bishop in the amount of \$15,000 each, the same as 2024-2025, for a total contribution of \$30,000. There has been a request, however, that LAFCo begin to conduct Municipal Service Reviews (MSR). A later section will address this.

The total budget recommended by staff reflects revenues of \$38,760 and expenditures of \$34,814. A cash fund balance of \$71,637 is projected to remain from FY 2024-2025 increasing funds available for the FY 2025-2026 budget by \$3,946. This will result in an increase to the fund balance projected for 2025-2026. Staff is proposing to use the fund balance to begin preparing MSRs.

Recommended Action: Conduct a public hearing and adopt the attached budget as recommended by staff for FY 2025-2026 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 Final budget for FY 2025-2026.

 2) Continue the public hearing and provide direction to staff regarding changes to the final budget for FY 2025-2026. 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 2024-2025

- Sending one Commissioner to the Executive Officer and Commissioner Conference.
- 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).
- Began work on the dissolution of the Independence Community Service District.
- Worked on the Independent Special District information.
- Provided a high level of customer service.
- Reviewed districts for inactivity.

Inyo LAFCO Goals for FY 2025-2026

- Dissolve inactive district (Independence Community Service District).
- Monitor issues with the Keeler Community Service District.
- Send the Clerk/Analyst to the annual LAFCo Workshop.
- Hire a consultant and begin MSRs.
- 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.
- Continue to review non-active districts for possible dissolution.

EXECUTIVE OFFICER'S BUDGET REQUEST FOR FY 2025-2026

Staff recommends contributions from the County of Inyo and the City of Bishop to \$15,000 each for FY 2025-2026 the same as FY 2024-2025. This level of contribution meets the budgeted expenses for FY 2025-2026; provides a reliable budget and, allows for the Clerk/Analyst to attend the annual training workshop (Attachment – recommended budget supporting tables). If the Commission decides to direct staff to begin conducting MSRs, staff recommends that LAFCo begin financing these with the approx. \$71,000 in fund balance. If the Commission wishes to prepare MSRs for every district in the County, LAFCo will have to ask for additional funds from the City and/or County.

Staff sent out a request to other LAFCOs in the state to see what their costs per district for a MSR have been. There are both in-depth MSRs and a MSR checklist type of review. Since Inyo LAFCo has not prepared MSRs since 2007, staff believe that the in-depth review would be best, although a review of Sphere of Influences may not be necessary for every district. The average cost is about \$10,000 per district and \$30,000 for a city. Districts/jurisdictions in Inyo LAFCo are:

- 1 city - Bishop
- 5 cemetery – Big Pine, Independence, Mount Whitney, Pioneer, Tecopa
- 11 community service – Big Pine, Darwin, Eastern Sierra, Indian Creek, Independence, Keeler, Lone Pine, Mesa, Sierra Highlands, Sierra North, Starlite
- 6 Fire Protection – Big Pine, Bishop Rural, Independence, Lone Pine, Southern Inyo, Olancho
- 2 Hospital – Northern Inyo, Southern Inyo
- 9 Mutual Water Companies – Aspendell, Brookside, Cartago, Northern Lone Pine, Parks West, Ranch Road Estates, Rawson, Rocking K, Sierra Grande, Valley vista
- 1 Regional Conservation District
- 1 Sanitary District – East Independence

This is 36 total districts. At an average of \$10,000 each (35 not counting Bishop), it would be \$350,000, plus \$30,000 for Bishop for a total of 380,000. Moving forward would mean either selecting about 7 of these districts for MSRs and the use of the fund balance to conduct them or asking either/or both the city and county for additional funding.

Expenditures

Applications

Currently there is no indication that there are any LAFCo applications on the horizon. Staff is completing the dissolution of the Independence CSD and recommends including funding for possible applications from the public or a district of (\$7,000). If no applications are submitted, these funds will not be utilized – no revenues or expenses will be realized. The district dissolution will come directly from the LAFCo budget and is not reimbursable through application fees.

Annual Audit

Inyo LAFCo's cost for the annual mandated agency audit has gone up by \$406. The amount for FY 2025-2026 for Inyo LAFCo is \$4,462.

LAFCo Meetings

The FY 2025-2026 budget assumes three Inyo LAFCo meetings, which is the same number as 2024-2025. Staff has again estimated based on the three meetings and budgeted approximately \$2,257 for LAFCo meetings (staff and commissioners). This is \$659 more than 2024-2025 due to an increase in staff costs.

CALAFCo Conferences

Participation in the CALAFCo annual workshop by the LAFCo clerk/analyst has been included in the 2025-2026 budget proposal at \$4,283, which is \$2,143 less than the 2024-2025 amount. The decrease is due to the difference in sending the clerk/analyst compared to a commissioner or executive officer to a workshop/conference. In 2022, staff changed the allocation of workshops/conferences to sending one person a year instead of two, to either the conference or the workshop to reduce this cost overall. Since the Clerk/Analyst is attending next year's conference, it has been programed into the budget to reflect it.

Proposed expenditures by Object Code for FY 2025-2026

1. Advertising (Object Code 5263)

The recommended amount in this object code is \$300 which is the same as the FY 2024-2025 Budget and is included to reflect any possible applications. For FY 2025-2026, this cost also 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 \$21,698 which is approximately \$173 more than the FY 2024-2025 Budget. The increase is from an increase in staff costs, although most of this is offset by the reduction in training. The recommended amount includes: staff time for meetings \$2,166; conferences \$2,342; processing projects and conducting regular LAFCO administrative duties \$11,978; the annual audit \$4,462 and commissioner payments for meetings \$750.

3. General Operating Expense (Object Code 5311)

The recommended amount in this object code is \$1,809, which is \$61 less than in the FY 2024-2025 Budget. This is due to a decrease in the CALAFCO Membership. This category of expenditure also includes purchases of supplies and miscellaneous supplies, which has not changed.

4. County Cost Plan (Object Code 5315)

The estimated amount in this object code is \$1,600, which \$16 more than it was in the 2024-2025 budget amount 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 \$2,466, which is an increase of \$152 from the FY 2024-2025 budget. The increase is due to an estimated increase in registration fees for the staff workshop.

6. Motor Pool (Object Code 5333)

Expenditures in this object code include Motor Pool travel to LAFCO Meetings in Bishop and to conferences. The recommended amount in this object code is \$342 which is \$454 lower than it was in the FY 2024-2025 budget. The decrease is due to money not being put into motor pool for the staff workshop since personal vehicles will be used due to a motor pool vehicle shortage. The cost estimate for staff vehicle travel is included in 5331 instead.

7. Public Liability Insurance (Object Code 5155)

The expenditure in this object code is \$5,840. It covers the cost to provide LAFCO its own insurance policy as now required by the County Risk Manager. This amount increased by \$1,168 compared to the 2024-2025 amount. This is due to an increase in estimate coverage cost by the insurance company and an additional requirement for non-owned auto insurance by the County Risk Manager.

Revenues

All revenues received are the result of LAFCO fees for services and payments from the County of Inyo and the 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 2024-2025 Budget. This is for possible applications in the 2025-2026 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 \$30,000, which is the same as the 2024-2025 Budget. The total revenues from both the County of Inyo and the City of Bishop for FY 2025-2026 are \$15,000 each. This level of funding is generally cost neutral based on the programed expenses, but fund balance could be used if necessary. This amount could change if the Commission decides to direct staff to conduct MSRs.

3. Interest form Treasury (Object Code 4301)

The recommended amount in this revenue code is \$1,760, which is more than the 2024-2025 amount. This is due to staff re-estimating this number based on a six-year average instead of using the previous years’ number.

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 MSRs would need to be provided from Inyo LAFCo (the City and County) and a healthy fund balance would help to offset these costs. Also, the Commission and County officials have both indicated to staff that they believe it is time for MSRs to be prepared. In the event that this direction is given to staff, an increase in the amount of funds from the county and/or city will need to be increased substantially.

The FY 2025-2026 budget includes expected revenues and expenses for anticipated applications. The Commission could choose not to include these funds in its budget. This is not recommended, however, because it may increase costs to process the application if a budget amendment becomes necessary.

As with budgets adopted by a county or city government, 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.

STAFF RECOMMENDATION

Staff recommends following a public hearing the Commission approve the final budget for FY 2024-2025 by taking the following action:

"Move to approve the Inyo Local Agency Formation Commission budget for fiscal year 2025-2026 as recommended by the Executive Officer and find that the proposed program costs will allow for 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

- Attachment: Budget Worksheet

FY 2025-2026

Budget

Revenues

4301 - Interest from Treasury	\$	1,760
4562 - County Contributions	\$	15,000
4599 - Other Agencies	\$	15,000
4817 - LAFCO Fees	\$	7,000
4998 - Operating Transfer	\$	-
Total	\$	38,760

Expenses

5001 - Salaried Employees	\$	750	*
5021 - Retirement & Social Security	\$	16	
5022 - PERS Retirement	\$	9	
5031 - Medical Insurance	\$	-	
5043 - Other Benefits	\$	-	
5155 - Public Liability -	\$	5,840	*
5263 - Advertising	\$	300	*
5265 - Professional & Special Services	\$	21,698	*
5311 - General Operating Expense	\$	1,809	*
5331 - Travel Expense	\$	2,466	*
5315 - County Cost Plan	\$	1,584	
5333 - Motor Pool	\$	342	*

Total	\$	34,814
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Revenue versus Expenses	\$	3,946
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FY 2024-25 End Balance	\$	67,691
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Projected Balance 6/30/2024	\$	71,637
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COB Fees & County In-Kind Contribution	\$	30,000
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* 20% Admin Fee

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