



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

June, 4, 2025 at 8:30 a.m.

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

Commissioners: Karen Kong (City of Bishop) – (Chair)
Stephen Muchovej (City of Bishop) (Vice-Chair)
Scott Marcellin (Inyo County)
Jeff Griffiths (Inyo County)
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: Approval of Minutes (Action Item) – the Commission will consider the minutes from, May 14, 2025.

ITEM 5: Continuation of Item #6 from May 14, 2025 - 2025-2026 Budget (Public Hearing & Action Item -Requires 3/5 vote) – The Inyo LAFCO Executive Officer's FY 2025-2026 Final Budget will be presented for discussion and Commission approval.

ITEM 6: Executive Officer's and Commissioners' Reports

ITEM 7: Determine Time and Location for the Next Meeting of Inyo LAFCO

ITEM 8: Adjournment



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Jeff Griffiths - Inyo County
Allen Tobey - Public

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, May 14, 2025

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

The Inyo Local Agency Formation Commission met on Wednesday, May 14, 2025, Chair Kong opened the meeting at 4:09 p.m.

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

ITEM 2: Roll Call – Commissioners Present: Jeff Griffiths, Stephen Muchovej, Karen Kong, Scott Marcellin

*Allan Tobey joined the meeting at 4:16 pm

Staff present: Cathreen Richards, Executive Officer, John Vallejo, County Counsel and Cynthia Draper, Associate Planner

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 members of the public were in attendance. Public comment ended at 4:18 p.m.

ITEM 4: Approval of Minutes (Action Item) – the Commission will consider the minutes from February 19, 2025.

Motion to approve the minutes was made by Commissioner Stephen Muchovej and seconded by Commissioner Scott Marcellin. Motion passed 5-0.

ITEM 5: Annual Contract between Inyo LAFCO and the County of Inyo for Professional Services for Fiscal Year 2025-2026 (Action Item) – The annual contract between Inyo LAFCO and the County of Inyo for professional services for Fiscal Year 2025-2026 will

be presented to the Commission for consideration and authorization for the Chair to sign.

Cathreen Richards, Executive Officer presented the staff report item.

MOTION: Chair Kong motioned to open the Public Hearing at 4:22 p.m.

No members of the public were in attendance. Public hearing was closed at 4:22 p.m.

MOTION: Moved by Commissioner Muchovej to approve the Annual Contract between Inyo LAFCO and the County of Inyo for Professional Services for Fiscal Year 2025-2026. Commissioner Marcellin provided the second.

The Motion passed 5-0

ITEM 6: Approval of the 2025-2026 Budget (Public Hearing & Action Item -Requires 3/5 vote) – The Inyo LAFCO Executive Officer’s FY 2025-2026 Final Budget will be presented for discussion and Commission approval.

Cathreen Richards, Executive Director, presented the staff report. The Commission and Ms. Richards discussed the budget; however, due to some confusion regarding the final figures, it was decided to continue the item to a future date to be determined later in the agenda.

ITEM 7: Workshop (Action Item) – Staff is requesting that the Commissioners review and select seven – eight districts to prepare MSRs in the 2025-2026 Fiscal Year.

Cathreen Richards, Executive Officer, presented the staff report.

MOTION: Chair Kong motioned to open the Public Hearing at 4:47 p.m.

No members of the public were in attendance. Public comment ended at 4:47 p.m.

Commissioner Muchovej and Chair Kong recommended considering the Pioneer Cemetery District, Eastern Sierra Community Services District (ESCSD), Bishop Rural Fire District, Sierra Highlands, Indian Creek, and Brookside. Jeff Griffiths suggested focusing on a single district rather than spreading efforts across several. Commissioner Muchovej emphasized prioritizing those districts that had been the most vocal. Commissioner Allen Toby also supported focusing on the smaller districts. In response, Griffiths proposed Southern Inyo Fire, Olancho Fire, and Bishop Rural Fire as potential candidates. After further discussion, six districts were selected for focus: Sierra Highlands, Indian Creek, Brookside, ESCSD, Bishop Rural Fire Protection District, and Pioneer Cemetery District.

MOTION: Moved by Commissioner Muchovej to select the following six districts for preparation of Municipal Service Reviews (MSRs) in the 2025–2026 Fiscal Year: Sierra Highlands, Indian Creek, Brookside, Eastern Sierra Community Services District (ESCSD), Bishop Rural Fire Protection District, and Pioneer Cemetery District. Commissioner Marcellin provided the second.

The motion passed with a 4–1 vote. Commissioners Muchovej, Marcellin, Kong, and Toby voted in favor. Commissioner Griffiths opposed.

ITEM 8: Executive Officer's and Commissioners' Reports

No reports were provided.

ITEM 9: Determine Time and Location for the Next Meeting of Inyo LAFCO

Cathreen Richards, Executive Director scheduled the next meeting for June 4, 2025 at 8:30 AM.

ITEM 10: Adjournment

Chair Kong adjourned meeting at 5:19 p.m.



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LAFCO STAFF REPORT

AGENDA ITEM NO.: 6 (Action Item & Public Hearing)
DATE OF MEETING: May, 14, 2025/ continued to June 4, 2025
SUBJECT: Inyo LAFCO Fiscal Year 2025-2026 Final 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 \$34,174, an increase of \$1,344 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) and that has been incorporated into this final budget recommendation by the addition of fund balance causing the total expenditures to be \$104,174.

The total budget recommended by staff reflects revenues of \$38,760 and expenditures of \$34,814. A cash fund balance of \$95,678 is projected to remain from FY 2024-2025 and \$70,000 of this is being made available for the FY 2025-2026 exclusively for MSRs. For the next FY budget (2026-2027) staff will be proposing that the city and county contribute \$20,000 each so that LAFCo can continue preparing MSRs on a revolving schedule and prepare as many MSRs as allowed by the budget, per year.

The Final Budget, as proposed here, is the same as the Preliminary Budget presented on February 19, 2025 with the option of using fund balance to begin MSRss.

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

- Sent Commissioner Tobey 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).
- Completed 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

- Hire a consultant and begin MSRs.
- Monitor issues with the Keeler Community Service District.
- Send the Clerk/Analyst to the annual LAFCo Workshop.
- 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 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 table). Since the Commission decided to direct staff to begin conducting MSRs, during the preliminary budget hearing, staff has included the approximate \$70,000 in fund balance to do so. Inyo LAFCo has not prepared MSRs for every district since 2007, and because of this staff is proposing that after the 2025-2026 budget cycle, where fund balance will be used to begin the process, an additional \$5,000 be contributed by the city and county to continue MSR preparations on a revolving cycle.

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. There is a total of 26 districts and 9 mutual water companies. At an average of \$10,000 each (34 not counting Bishop), it would be \$340,000, plus \$30,000 for Bishop for a total of 370,000. Moving forward will mean selecting about 7-8 of these districts for MSRs for the 2025-2026 budget cycle.

Expenditures

Applications

Staff 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 MSR funding 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 status quo amount in this object code is \$21,698 which is approximately \$173 more than the FY 2024-2025 Budget. With the addition of MSR preparation, this amount

is \$91,698. The recommended amount without MSRs include: 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 is 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.

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 year's number.

Alternatives

The Commission could decide to not move forward with the MSR preparation. This is not recommended as Inyo LAFCo is behind in this work and there has been an expressed desire to examine the districts.

The FY 2025-2026 budget includes expected revenues and expenses for the 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 2025-2026 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
		Total plus \$70,000 Fund Balance (FB)	\$ 108,760
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 includes the \$70,000 FB	\$ 91,698 *
	5311	General Operating Expense	\$ 1,809 *
	5331	Travel Expense	\$ 1,826 *
	5315	County Cost Plan	\$ 1,584
	5333	Motor Pool	\$ 342 *
		Total	\$ 104,174
		Revenue versus Expenses with 70,000 FB in revenues	\$ 4,586
		FY 2024-25 Fund Balance (current amt. without FB of 70,000). This is \$95,678 with the \$70,000 FB	\$ 25,678
		Projected Balance 6/30/2026 This is the 25,678 plus the 4,586 that will be left at the end of the next budget cycle 6/30/2026	\$ 30,264
		COB Fees & County In-Kind Contribution	\$ 30,000

* 20% Admin Fee

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