

2024 -2025 Mono County Civil Grand Jury Investigation Report

Local Agency Formation Commission (LAFCO)

April 28, 2025

V4.1

SUMMARY

The 2024-2025 Mono County Civil Grand Jury conducted an investigation into the Local Agency Formation Commission (LAFCO), finding significant non-compliance with California state law and operational deficiencies.

Key Issues Identified

- **Non-Compliance with State Law:** Mono LAFCO has failed to conduct required Sphere of Influence and pre-requisite Service Reviews for over 15 years, despite the Cortese-Knox-Hertzberg Act mandating updates every 5 years.
- **Limited Progress:** Only 6 of 27 special district reviews were updated in 2024, using data from a 2021 California Development Block Grant that was of questionable quality.
- **No Plan for Remaining Reviews:** The investigation found no concrete plans, funding strategies, or schedules to address the remaining 21 required service reviews.
- **Funding Constraints:** LAFCO's budget relies on equal contributions from Mono County, Town of Mammoth Lakes, and two large special districts, using an incremental budgeting approach that perpetuates funding shortfalls for Service Reviews.
- **Staffing Limitations:** LAFCO operates with only part-time contract staff from the County's Community Development Department, with insufficient budget allocation for the extensive work required.
- **Limited Understanding of Authority:** Commissioners demonstrated contradictions between their stated understanding of LAFCO's powers and the actual authority granted by law.
- **Reactive Rather Than Proactive:** Mono LAFCO functions reactively instead of proactively engaging in oversight and evaluation of special district performance despite having the authority to do so.

Recommendations

The Grand Jury recommends that Mono LAFCO Commissioners:

1. Implement thorough training for all commissioners and the Executive Officer on their authority and responsibilities.
2. Define, adopt, and publish a policy to meet Sphere of Influence and Service Review requirements.
3. Publish a timeline for 2026 Sphere of Influence and Service Review activities.

4. Propose an adequate budget to funding agencies for 2026 compliance work.
5. Establish a process for tracking and reporting compliance work status to the public.
6. Define best practices for measuring service delivery performance.

The Grand Jury requires formal responses from the Mono LAFCO Commissioners and has invited a response from the Mono LAFCO Executive Officer.

GLOSSARY

- **Cortese-Knox-Hertzberg Act (CKH Act):** California law governing the establishment and revision of local government boundaries, including the formation, consolidation, or dissolution of cities and special districts, and establishes Local Agency Formation Commissions (LAFCOs) in each county to oversee these changes.
- **Local Agency Formation Commission (LAFCO):** A state-mandated local government body overseeing the establishment, expansion, and organization of cities and special districts within each California county.
- **Service Reviews:** A comprehensive analysis evaluating the delivery of local services within a designated geographic area. Service reviews are a pre-requisite to Sphere of Influence (SOI) studies.
- **Special District:** A form of local government - led by a board - providing services, facilities and/or infrastructure within a defined service boundary.
- **Sphere of Influence (SOI):** A study conducted by LAFCO to determine the physical boundaries and service area of a local government agency.

BACKGROUND

Created by the Cortese-Knox-Hertzberg Act of 2000 (CKH Act), LAFCO's serve as independent agencies managing community development while preserving agricultural lands and discouraging urban sprawl. LAFCO's have the authority to approve or deny boundary changes, annexations, consolidations, and the formation or dissolution of local governments and special districts, ensuring growth occurs in a planned, efficient manner best serving the public interest.

Mono LAFCO has seven commissioners: two appointed by the Mono County Board of Supervisors, two appointed by the Town of Mammoth Lakes, two by a Special District Selection Committee, and one commissioner representing the general public is appointed by the remaining LAFCO commissioners. Local government agencies under Mono LAFCO authority include: Mono County, Town of Mammoth Lakes, and 27 Special Districts (Figure 1).

In order for Mono LAFCO to perform its role effectively, they are required by the CKH Act to conduct a Sphere of Influence (SOI) study every five years for all local government agencies under its authority. Section 56430¹ of the CKH Act also requires Mono LAFCO to conduct a Service Review before or at the same time as the SOI updates. The Service Review is essentially an input or prerequisite for the SOI review process. Service Reviews examine the adequacy,

¹ **56430.** (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission.

efficiency, and effectiveness of public services provided by cities, counties, and special districts, helping LAFCO make informed decisions about jurisdictional changes and SOI updates. Even though Mono County is surrounded by public lands and district boundaries may rarely change, the delivery of services within district boundaries may change. LAFCO can't properly evaluate whether an SOI or district should change or not without first understanding how effectively services are being provided (which is what the Service Review tells you).

The grand jury discovered the last comprehensive Service Review update conducted by Mono LAFCO was over 15 years ago, and the last comprehensive SOI update was conducted over 11 years ago which raises questions about Mono LAFCO's compliance with California state law and its effectiveness in fulfilling its mandated responsibilities. Given the gaps are significantly longer than what is considered normal or advisable, the grand jury began an investigation into LAFCO's plans to address the SOI and Service Review backlog, actions to establish a more consistent review schedule, and to help LAFCO identify recommendations to better fulfill its statutory obligations and serve its purpose effectively.

Figure 1 – List of Mono County Special Districts

Special District Name	Activity	City
Antelope Fire Protection District	Fire Protection	Coleville
Antelope Valley Water District	California Water	Topaz
Birchim Community Services District	Community Services	Toms Place
Bridgeport Fire Protection District	Fire Protection	Bridgeport
Bridgeport Public Utility District	Public Utility	Bridgeport
Chalfant Valley Fire Department	Community Services	Chalfant
County Service Area No. 1 (Mono)	County Service Area	Mammoth Lakes
County Service Area No. 2 (Mono)	County Service Area	Chalfant
County Service Area No. 5 (Mono)	County Service Area	Bridgeport
Hilton Creek Community Services District	Community Services	Crowley Lake
June Lake Fire Protection District	Fire Protection	June Lake
June Lake Public Utility District	Public Utility	June Lake
Lee Vining Fire Protection District	Fire Protection	Lee Vining
Lee Vining Public Utility District	Public Utility	Lee Vining
Long Valley Fire Protection District (Mono)	Fire Protection	Crowley Lake
Mammoth County Water District	County Water	Mammoth Lakes
Mammoth Lakes Community Services District	Community Services	Mammoth Lakes
Mammoth Lakes Fire Protection District	Fire Protection	Mammoth Lakes
Mammoth Lakes Mosquito Abatement District	Mosquito Abatement	Mammoth Lakes
Mono City Fire Protection District	Fire Protection	Lee Vining
Mono County Resource Conservation District	Resource Conservation	Coleville
Mono County Tri-Valley Groundwater Management District	Water Agency or Authority	Benton
Paradise Fire Protection District	Fire Protection	Bishop
Southern Mono Health Care District	Hospital and Healthcare	Mammoth Lakes
Wheeler Crest Community Services District	Community Services	Swall Meadows
Wheeler Crest Fire Protection District	Fire Protection	Swall Meadows
White Mountain Fire Protection	Fire Protection	Benton

METHODOLOGY

The Grand Jury reviewed the following documents and web resources:

- *Cortese-Knox-Hertzberg Act of 2000*.
<https://alcl.assembly.ca.gov/system/files/2024-11/4416-ckh-guide-2023-final.pdf>
- *Mono LAFCO Handbook*, 2022.
https://monocounty.ca.gov/sites/default/files/fileattachments/local_agency_formation_commission_lafco/page/612/lafco_handbookbylawsfees_2022_adopied.08.22_3.pdf
- *Placer County LAFCO Service Review Policy*
<https://www.placer.ca.gov/DocumentCenter/View/71381/Placer-LAFCO-Service-Review-Policy-PDF>
- *LAFCO Meeting Minutes*, Various dates.

Interviews

During the investigation, the Grand Jury interviewed 2 employees with Mono County, and 2 LAFCO commissioners.

DISCUSSION

Service Review Updates

In 2024, Mono LAFCO completed service review updates for 6 of the 27 special districts in Mono County. The 6 service review updates were aided by a California Development Block Grant received in early 2021 from the California Department of Housing and Community Development. The grant funds generated data useful to the service review process, which created an opportunity to inexpensively begin addressing the service review backlog. The opportunistic approach appeared partially successful as the grand jury heard from several interviewees the data received from the grant work was of low quality. For example, the grand jury noted the updated June Lake Public Utility District report included old financial data from fiscal year 2018-2019 rather than the current year 2024-2025. It was not clear to the grand jury why 6-year-old financial data was used, or to what degree poor data quality negatively impacted the service review updates. Especially given the LAFCO Commissioners approved the service review updates in late 2024.

The grand jury turned its attention to investigating plans to address the remaining 21 service reviews needing to be done. However, when the grand jury questioned interviewees about such plans, there was no answer for the approach, how to close funding gaps, or a proposed schedule for work to begin. The lack of answers was surprising to the grand jury, and led the investigation to better understand how LAFCO is funded.

Funding

Mono LAFCO receives equal funding contributions (33% each) from three sources: Mono County, the Town of Mammoth Lakes, and the two largest special districts combined, namely Mammoth County Water District and Southern Mono Health Care District. Each year, LAFCO staff present a proposed budget to the commissioners for their consideration and approval, while also consulting with the funding agencies mentioned above.

The grand jury's examination of LAFCO proposed budgets over the past decade revealed a weakness. Rather than comprehensively assessing funding needs, the budget process merely built upon previous years' figures with small incremental increases. Since past budgets never included allocations for service review work, the budget approach perpetuated the funding shortfall. Although incorporating service review funding would likely require accepting a substantial budget increase, the LAFCO commissioners were obviously reluctant to take the step.

Figure 2 – 2024-2025 LAFCO Fiscal Budget

Expenditures	FY 24-25 Approved
Contract Services	\$6,600
Membership Fees	\$1,400
Publications & Legal	\$150
Travel and Training	\$3,000
Contribution to Reserve	\$5,202
Total	\$16,352

Mono LAFCO does not have a dedicated staff to support the activities of the agency. Rather, commissioners rely on a staff of part-time contract help from full-time employees of the County's Community Development Department.

Costs for the contract part-time staff are covered under the "Contract Services" line item in LAFCO's budget. It appeared to the grand jury that the available "Contract Services" budget handcuffs LAFCO staff - there simply isn't enough budget to fund LAFCO staff to work the many hours required to produce service review updates. It also doesn't appear there are enough funds to hire outside 3rd party contractors to assist with the service review updates.

The grand jury learned there are reserve funds available to LAFCO. At the end of each fiscal year, any funds remaining unspent are moved to a "reserve account". The reserve account is available to LAFCO to spend as it sees fit. Based on the grand jury's interviews, the reserve account is used to fund any unplanned work for LAFCO staff, but is not enough to cover the costs for service review update work.

An Approach

During the grand jury's investigation, interviewees discussed the need for a documented and approved approach on how to stay current with service reviews. Ideas floated included criteria to determine depth of analysis, service review priority, and a cadence to spread service review updates over several years to avoid having to update all at once. The grand jury felt the ideas were excellent but noted a lack of action.

Role and Authority

The grand jury was struck by the lack of understanding of LAFCO's broad roles and authority among interviewees. Statements made during interviews were in direct contradiction to the Mono LAFCO Handbook and the CKH Act. An example of such a contradiction came during an interview and discussion on Mono LAFCO's authority to consolidate special districts. The interviewee mentioned special district consolidations would help to address performance problems, but unfortunately consolidations are "not within the purview of LAFCO." However, page 34 of the LAFCO handbook states:

"Mono LAFCO may initiate its own proceedings for consolidation of districts..."

Such contradictory statements made during the interview process led the grand jury to inquire about LAFCO training for commissioners and staff. The grand jury found commissioners and staff do receive annual training, however the training material reviewed by the grand jury was abbreviated and high-level. Training would be more effective if focused on explaining the broader picture of LAFCO roles and authority. Mono LAFCO commissioners and staff must clearly understand both their granted and restricted powers, as well as recognize the full scope of proactive measures they can initiate to lead special districts and local government agencies to better performance.

Until Mono LAFCO commissioners and staff are better trained and embrace their broad role and authority, it is unlikely LAFCO will proactively oversee special district performance, or use their authority to aggressively implement recommendations outlined in service reviews.

Reactive versus Proactive

Mono LAFCO does not proactively engage in the oversight or evaluation of special district or local government agency performance. Rather it is a reactive organization responding to such things as infrequent applications submitted by outside agencies or the public.

An example of proactive work includes the following taken from the Mono LAFCO Handbook:

“Mono LAFCO has determined that an important part of its role is to encourage and promote communication and collaborative planning and studies between public agencies (such as the county, cities and special districts), members of the public, and service-providing members of the private sector such as water and electric companies.”

The grand jury confirmed through interviews the proactive work described above has never been done.

During our investigation, the grand jury received an anonymous complaint through our online form regarding the June Lake Fire Protection District (JLFPD). The complaint describes the district's incorrect website link on the Mono County website, and concerns about their board member selection process. Notably, the complainant twice escalated the issues to the County and eventually to the grand jury, but not to LAFCO - the very agency responsible for special district oversight. The situation highlights public unawareness of LAFCO's purpose and role. If LAFCO were to take proactive measures to publicize its existence, responsibilities, and oversight function, residents would likely know that LAFCO is the appropriate agency to escalate special district concerns.

Summary

The grand jury recognizes LAFCO commissioners are part-time public officials who serve in addition to their regular employment or other roles. Therefore, it is understandable LAFCO may lag in its performance due to other demands competing for the commission's attention. However, Mono LAFCO has a huge opportunity to more effectively fulfill its mandate and lead the agencies it oversees to better serve the community. Interviewees clearly expressed a desire to do better, but appeared to lack direction for how to begin.

The grand jury recommends Mono LAFCO fully understand and embrace their authoritative role, successfully plan and lobby for funding required to satisfy California state law, and transform itself from a reactive to a proactive agency. Until such actions are taken, there is little chance Mono LAFCO will improve how it operates in any meaningful way.

FINDINGS

- F1. Mono LAFCO's failure to adhere to California statutory law has resulted in the inability to make informed decisions about local Special District organization.
- F2. Mono LAFCO's failure to assess Special District performance results in the inability to fully understand if the Special District's service delivery is meeting the needs of the community they serve.
- F3. Mono LAFCO's failure to understand and efficiently exercise its authority has delayed organizational decisions needed to address performance issues.
- F4. Mono LAFCO's commissioners receive rudimentary training on their broad responsibilities and roles resulting in a lack of pro-active oversight and decision making.

RECOMMENDATIONS

- R1. The grand jury recommends the Mono LAFCO Commissioners implement a procedure to provide thorough training for all LAFCO commissioners and the LAFCO Executive Officer. Training should include a study of their granted and restricted authority, proactive role, a thorough review of the Mono LAFCO Handbook, and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The recommendation is to be completed by 10/1/25.
- R2. The grand jury recommends the Mono LAFCO Commissioners define an *SOI and Service Review policy* for satisfying California State law regarding the update of SOI's and pre-requisite service reviews every 5 years. The approach should outline criteria to guide the depth and rigor of analysis, criteria for ranking priority of update efforts, cadence of updates across all entities they oversee, and an approach for community engagement. The recommendation is to be completed by 10/1/2025.
- R3. The grand jury recommends the Mono LAFCO Commissioners submit an *SOI and Service Review policy* to a LAFCO Legal Counsel specialist for review and ratification. The recommendation is to be completed by 11/1/2025.
- R4. The grand jury recommends the Mono LAFCO Commissioners adopt and publish the ratified *SOI and Service Review policy*. The recommendation is to be completed by 11/15/2025.
- R5. The grand jury recommends the Mono LAFCO Commissioners define, adopt, and publish a timeline for SOI and Service Review update activity for calendar year 2026. The recommendation is to be completed by 12/1/2025.
- R6. The grand jury recommends the Mono LAFCO Commissioners estimate and propose to funding agencies the required budget for SOI and Service Review update activity for calendar year 2026. The recommendation is to be completed by 12/1/2025.
- R7. The grand jury recommends the Mono LAFCO Commissioners define and put into practice a process for tracking and reporting status of SOI and Service Review update progress to the public on a periodic timeline. The recommendation is to be completed by 1/1/2026.

- R8. The grand jury recommends the Mono LAFCO Commissioners define best-practice guidelines on measuring adequacy and efficiency of provided services in order to guide special districts on how best to measure their service delivery performance. The recommendation is to be completed by 2/1/26.

REQUEST FOR RESPONSES

The following responses are required pursuant to Penal Code sections 933 and 933.05:
From the following governing bodies:

- The Mono LAFCO Commissioners: Respond to findings F1 – F4, and recommendations R1 – R8 within 90 days of receipt of this report.

Invited responses

The Grand Jury invites the following individual to respond:

- The Mono LAFCO Executive Officer: Respond to findings F1 – F4, and recommendations R1 – R8 within 60 days of receipt of this report.

Response Submissions

Response must be submitted to the presiding judge of the Mono County Superior Court in accordance with the provisions of Penal Code section 933.05. Responses must include the information required by section 933.05.

Responses can be sent via email to: GJ@mono.courts.ca.gov or mailed to the following address:

Honorable Mark Magit, Presiding Judge
Mono County Superior Court
P.O. Box 1037
Mammoth Lakes, California 93546

Also, please email a copy of the response to Nancy Licari, Staff Secretary to the Grand Jury, at nlicari@mono.courts.ca.gov

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.