



AGENDA ITEM 7A

MEETING: May 25, 2016
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Executive Officer
SUBJECT: **Final Budget for Fiscal Year 2016-17**
The Commission will consider approving a final budget for fiscal year 2016-2017. The recommended final budget is identical to the proposed budget adopted in March and subsequently circulated to local funding agencies for which no comments were received.

BACKGROUND

Local Agency Formation Commissions (LAFCOs) are responsible under State law for annually adopting a proposed budget by May 1st and a final budget by June 15th. State law specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCo finds the reduced costs will nevertheless allow the agency to fulfill its prescribed regulatory and planning duties.

DISCUSSION

LAFCo Funding Sources:

Humboldt LAFCo's annual operating expenses are principally funded through appropriations from the county, cities and independent special districts, in addition to application fees and interest earnings. Each fiscal year after the Commission adopts the final budget, the County Auditor apportions the net operating expenses in thirds to the county, cities, and special districts. Statutory authority provides mechanisms for the County Auditor to collect the amounts apportioned.

Proposed Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations and for conducting MSR and SOI updates. The operating expenses projected to increase include: 2118 Professional Services and Special Services for an anticipated increase in MSR and SOI updates; 2115 Memberships (CALAFCO and CSDA); 2123 Special Departmental Expense (honorariums); 2125 Transportation and Travel (mileage to meetings); 2225 Transportation Out of County (conference expenses); 2614 Staff/Commissioner Development and Training (conference registration costs). Increases for conference registration and travel expenses are being budgeted to allow multiple commissioners to attend the 2016 CALAFCO Annual Conference in Santa Barbara to be held on October 26-28th. In addition, Applications for the FY 2016-17 are budgeted at \$30,000 based on reorganization inquiries and the number of ongoing applications being processed.

Proposed Operating Revenues:

As noted above, there is an anticipated increase in expenses to cover professional services, commissioner reimbursements, conference registration, and related activities.

This additional expense could be covered without an increase the amount of city, special district, and County operating revenues. Those operating revenues are proposed to remain at last year's level of \$109,700.

Additional revenues would be drawn from unexpected funds from the last two fiscal years. In FY 2014-15 only \$12,633 of the \$30,000 budgeted for Professional Services (Task Order 1, MSR and SOI Updates) were expended. The difference of approximately \$17,000 is proposed to be added to the \$32,000 allocated for Task Order 1 for a total of \$49,000. This amount will be needed to complete the considerable number of MSR and SOI Updates scheduled for the coming year. The list of MSRs and SOI Updates were included in the compliance work plan presented at the January 2016 meeting.

For comparison purposes, the adopted and actual expenses from FY 2014-15, and the adopted and actual expenses to date for the current year (FY 2015-16) are presented. In FY 2014-15 actual expenses were below budget by 16%. In this current year, projected expenses are projected to fall below budgeted expenses by approximately 8-10%. For these reasons, some of the unexpended funds are proposed to be allocated to the next fiscal year. There would still be an unexpended balance of at least \$60,000 which is maintained as a reserve fund.

Schedule of Fees and Deposits:

As part of the budget review process in 2013, the Commission adopted a schedule of fees (Attachment B) for the costs of processing boundary change proposals, outside agency service requests, sphere of influence amendments, and other applications that come before LAFCo. No changes to the fee schedule were made as part of the budget review process in 2014 or 2015. The use of deposits collected at the time of application submittal and tracking of actual time spent by staff in processing the application allows for full cost recovery. This way, the applicant is reimbursed if the full deposit isn't used, or billed for any additional time not covered by the deposit. At this time, no changes to the fee schedule are proposed by staff.

RECOMMENDATION

This item has been agendized for consideration as part of a noticed public hearing. The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from staff;
- 2) Open the public hearing and invite testimony (mandatory); and
- 3) Discuss item and – if appropriate – close the hearing and consider action on recommendation:

"I move to adopt Resolution No. 16-04, approving the final budget for fiscal year 2016-17, as provided in Attachment A"

Attachments

Attachment A: Final Budget for FY 2016-17

Attachment B: Fee Schedule

Attachment C: Resolution No. 16-04

Humboldt LAFCo Operating Budget

Revenues:		FY 2014-15	FY 2014-15	FY 2015-16	FY 2015-16	FY 2016-17
<u>Account</u>	<u>Title</u>	ADOPTED	YEAR END ACTUAL	ADOPTED	10 MONTH ACTUAL	PROPOSED
Intergovernmental						
671181	Cities	35,684.00	35,684.00	36,567.00	36,567.01	36,567.00
671182	Special Districts	35,684.00	35,534.32	36,567.00	36,587.44	36,567.00
671183	County	35,684.00	35,684.00	36,566.00	36,566.00	36,566.00
Intergovernmental Total		\$ 107,052.00	\$ 106,902.32	\$ 109,700.00	\$ 109,720.45	\$ 109,700.00
Service Charges						
631100	Professional Services (Application Fees)	7,500.00	23,235.87	25,000.00	23,174.75	30,000.00
682238	Charges for Services	-	-	-	-	-
707010	Miscellaneous	-	-	-	-	-
Service Charges Total		\$ 7,500.00	\$ 23,235.87	\$ 25,000.00	\$ 23,174.75	\$ 30,000.00
Investments						
401000	Interest	450.00	699.56	600.00	518.33	600.00
Interest Total		\$ 450.00	\$ 699.56	\$ 600.00	\$ 518.33	\$ 600.00
Revenue Total		\$ 115,002.00	\$ 130,837.75	\$ 135,300.00	\$ 133,413.53	\$ 140,300.00
Expenses:						
<u>Account</u>	<u>Title</u>	ADOPTED	YEAR END ACTUAL	ADOPTED	10 MONTH ACTUAL	PROPOSED
Staffing						
2255	Legal Fees	5,000.00	2,048.00	5,000.00	2,288.00	5,000.00
2118	Professional & Special Services (Task Order 1)	30,000.00	12,663.00	32,000.00	24,628.00	49,000.00
2118	Professional & Special Services (Task Order 2)	55,000.00	53,426.50	55,000.00	45,204.00	55,000.00
2118	Professional & Special Services (App Review)	7,500.00	27,961.90	25,000.00	26,258.15	30,000.00
2323	Special Dept Expense	-	-	-	587.55	-
2325	Contract Services	-	150.00	-	100.00	-
Staffing Total		\$ 97,500.00	\$ 96,249.40	\$ 117,000.00	\$ 99,065.70	\$ 139,000.00
Services and Supplies						
2106	Communications	300.00	155.40	300.00	129.50	200.00
2107	Duplicating	200.00	110.06	300.00	115.80	200.00
2110	Insurance	2,100.00	1,923.90	2,200.00	-	2,000.00
2115	Memberships	3,500.00	3,416.00	3,600.00	3,537.00	3,800.00
2116	Postage	102.00	84.69	100.00	377.76	100.00
2117	Office Supplies	100.00	50.64	100.00	2.88	100.00
2119	Publications and Legal Notices	1,000.00	884.40	1,000.00	585.51	750.00
2121	Rents & Leases - Structures	5,400.00	5,400.00	5,400.00	4,500.00	5,400.00
2123	Special Departmental Expense	500.00	660.00	500.00	540.00	700.00
2125	Transportation & Travel	400.00	867.60	400.00	431.75	600.00
2147	Media	400.00	200.32	400.00	148.26	400.00
2225	Transportation Out of County	2,500.00	1,574.33	3,000.00	1,602.96	4,000.00
2614	Staff Development and Training	1,000.00	600.00	1,000.00	1,295.52	2,000.00
Services and Supplies Total		\$ 17,502.00	\$ 15,927.34	\$ 18,300.00	\$ 13,266.94	\$ 20,250.00
Contingency/ Carryover						
2020	Contingency	-	-	-	-	-
Contingency Total		-	-	-	-	-
Expense Total		\$ 115,002.00	\$ 112,176.74	\$ 135,300.00	\$ 112,332.64	\$ 159,250.00
Operating Difference		\$ -	\$ 18,661.01	\$ -	\$ 21,080.89	\$ (18,950.00)
Negative Balance Indicates Use of Reserves						
Unreserved/Unrestricted Fund Balance		FY 2014-15		FY 2015-16		
Beginning		\$ 64,916.41		\$ 83,727.61		
Ending		\$ 83,727.61				

Humboldt LAFCo Operating Budget - DESCRIPTION

Revenues:

<u>Account</u>	<u>Title</u>	<u>Description</u>
Intergovernmental		
671181	Cities	Contributes 1/3 of Commission's operating expenses
671182	Special Districts	Contributes 1/3 of Commission's operating expenses
671183	County	Contributes 1/3 of Commission's operating expenses
Service Charges		
631100	Professional Services	Application Deposits per Fee Schedule
682238	Charges for Services	Accrued at hourly staff rates (i.e., mapping service fees)
707010	Miscellaneous	Available for one-time (nothing above \$5,000)
Investments		
401000	Interest	Earnings on the fund balance invested by the County Treasurer

Expenses:

<u>Account</u>	<u>Title</u>	<u>Description</u>
Staffing		
2255	Legal Fees	Contract Legal Counsel staffing services related to attending LAFCo meetings and providing other legal services as needed
2118	Professional & Special Services (Task Order 1)	Contract Executive Officer and Administrator staffing services related to preparing sphere of influence updates and municipal service reviews
2118	Professional & Special Services (Task Order 2)	Contract Executive Officer and Administrator staffing services related to reviewing or preparing agendas, staff reports, policies and procedures, and other written correspondence; attending LAFCo meetings; conducting environmental review; and maintaining GIS mapping database for city and special district boundaries and SOIs
2118	Professional & Special Services (Application Review)	Contract Executive Officer and Administrator staffing services related to reviewing, noticing, preparing and presenting reports, including alternatives and recommendations to the Commission regarding annexations, district formations, out-of-agency service applications, detachments, consolidations or other changes of organization or reorganization
2325	Contract Services	For other potential contracts
Services and Supplies		
2106	Communications	Telephone
2147	Media	Website
2121	Rents & Leases - Structures	Office space
2117	Office Supplies	Office supplies
2107	Duplicating	Printing costs (primarily agenda packets and mailings)
2116	Postage	Stamps for mailings to member agencies and other correspondence
2119	Publications and Legal Notices	Includes costs associated with the legal noticing of LAFCo public hearings
2110	Insurance	SDRMA Liability Insurance
2115	Memberships	CALAFCO and CSDA memberships
2123	Special Departmental Expense	Honorarium reimbursement for Commissioner expenses incurred as a result of attending LAFCo meetings
2125	Transportation & Travel	Commissioner travel reimbursement to regular and special meetings
2225	Transportation Out of County	Conference travel, lodging, meals and related expenses
2614	Staff Development and Training	Conference registration costs associated with attendance of Commissioners/staff at CALAFCO-sponsored conferences and workshops
Contingency/ Carryover		
2020	Contingency	Appropriation for contingencies reduced to \$0 in past years



SCHEDULE OF FEES AND DEPOSITS

Deposits: Where indicated in the Fee Schedule, deposits toward the actual cost of processing proposals must be paid at the time an application is submitted. Applicants must sign an At-Cost Fee Agreement, consenting to reimburse LAFCo for all costs incurred in processing, including pre-application assistance.

Staff work time on applications, which includes overhead costs, is tracked on an hourly basis. Periodic invoicing of costs is provided. If actual costs exceed the deposit amount, LAFCo will invoice the applicant for the additional costs. Processing of the application may be suspended until payment is received. Any portion of the deposit not used for processing is refunded.

Outside Assistance Fees: If the Executive Officer determines that the processing of an application requires LAFCo to contract with another agency, private firm, or individual for services that are beyond the normal scope of LAFCo staff work (e.g., drafting of an Environmental Impact Report or Comprehensive Fiscal Analysis), the applicant shall be responsible for all costs associated with that contract or service. The applicant shall provide LAFCo with a deposit sufficient to cover the cost of the contract or an amount determined by the Executive Officer to be a reasonable estimate of the costs.

Legal Counsel Fees: Applicants will be charged the actual costs of fees associated with legal consultation or review. While most applications do not require legal review, occasionally a proposal will develop significant legal issues that require considerable legal counsel involvement. In the event the Executive Officer identifies significant legal issues associated with the application, the applicant will be assessed, from that point forward, an additional minimum fee equivalent to two hours of legal counsel time at the current rate and any additional cost accrued above the minimum fee amount. Legal fees must be paid in full prior the final processing of an application.

Refunds of Fees: Except for unused portions of deposits, all fees paid to Humboldt LAFCo are non-refundable. Payment of fees is not a guarantee of approval of the submitted proposal.

Waiver of Fees: The Commission may waive a fee in special circumstances or if it finds that payment would be detrimental or contrary to the public interest. Fees may be waived or reduced for applications filed in response to a condition imposed by or a recommendation made by the Commission. A request for waiver, including an explanation for the request, must be submitted in writing to the Commission. Staff will present the request to the Commission, along with analysis and recommendation, for its determination.

HUMBOLDT LAFCo FEE SCHEDULE
 (All fees are deposits, unless otherwise noted)

Boundary Changes – City or District Annexation, Detachment or Combination

With 100% landowner consent - all owners within the affected territory have provided written consent to the proposed action	\$5,000 + CEQA fees + BOE fees
Without 100% landowner consent - all owners within the affected territory have not provided written consent to the proposed action	\$6,000 + CEQA fees + BOE fees
Complex proposal, as determined by EO, including but not limited to, the potential for substantial development (50 or more residential units or 10,000 square feet of non-residential development), significant effect on the community, and/or sphere of influence amendment	\$7,000 + CEQA fees + BOE fees

Sphere of Influence Amendments or Updates

Sphere Amendment concurrent with annexation, detachment, or reorganization	+\$500
Sphere Update (not initiated by LAFCo)	\$2,500
Municipal Service Review Preparation	Actual cost

Other Changes of Organization

District Formations or Consolidations	\$10,000
District Dissolution, Merger or Establishment of Subsidiary District(s)	\$5,000
District Activation or Deactivation of Latent Powers	\$1,000
City Incorporation or Disincorporation	\$15,000

Outside Agency Service Agreements

Nondevelopment-related agreements/contracts	\$2,000
Development-Related agreements/contracts	\$3,000
Request for Exemption from G.C. Section 56133	\$500

Environmental Document (CEQA) Fees – LAFCo as Lead Agency

Environmental Document Preparation	
...Statutory/Categorical Exemption	\$40
...Negative Declaration/Mitigated Negative Declaration	\$2,000
...Environmental Impact Report	\$4,000
Fish and Wildlife Environmental Filing Fees	
...Negative Declaration/Mitigated Negative Declaration	\$2,156.25
...Environmental Impact Report	\$2,995.25
County Recorder Processing Fee (for all applications)	\$50

Other Application Fees

Pre-Application Fees	No charge limited to one half-hour of staff time, then actual cost
Petition Signature Verification by Registrar of Voters	Actual cost
Request for Reconsideration	\$1,000
Request for Extension of Time to Complete Proceedings	\$500
Special Meeting or Hearing	\$1,000
Special or Supplemental Studies	Actual cost

Miscellaneous Service/Duplication Fees

Copies of documents	\$.10 per page (after 10 pages)
Copies of Audio Recording	\$10 per CD
Staff Research/Archive Retrieval	No charge limited to one half-hour of staff time, then actual cost

State Board of Equalization Fees

Less than 1 acre	\$300
At least 1 acre up to including 5 acres	\$350
At least 6 acres up to including 10 acres	\$500
At least 11 acres up to including 20 acres	\$800
At least 21 acres up to including 50 acres	\$1,200
At least 51 acres up to including 100 acres	\$1,500
At least 101 acres up to including 500 acres	\$2,000
At least 501 acres up to including 1000 acres	\$2,500
At least 1001 acres up to including 2000 acres	\$3,000
At least 2001 acres and above	\$3,500



RESOLUTION NO. 16-04

**ADOPTING A FINAL BUDGET
FOR FISCAL YEAR 2016-17**

WHEREAS, the Humboldt Local Agency Formation Commission ("Commission") is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a proposed budget no later than May 1st and a final budget no later than June 15th for the next fiscal year; and

WHEREAS, the Commission adopted a proposed budget at a noticed public hearing on March 16, 2016; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment the adopted proposed budget to each of the local funding agencies that contribute to the Commission budget; and

WHEREAS, the Executive Officer prepared a report with recommendations for a final budget; and

WHEREAS, the Executive Officer's report was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the final budget held on May 25, 2016; and

WHEREAS, the Commission determined the final budget projects the staffing and program costs of the agency as accurately and appropriately as is possible.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The final budget for fiscal year 2016-17 as outlined in Exhibit A is approved.
2. The overall operating costs provided in the proposed budget will allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section 56381(a).

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 25th day of May, 2016, by the following roll call vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ABSTAIN: Commissioners:

Virginia Bass, Chair
Humboldt LAFCo

Attest:

George Williamson, Executive Officer
Humboldt LAFCo