



AGENDA ITEM 7C

MEETING: March 18, 2015
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Executive Officer
SUBJECT: **Proposed Budget for Fiscal Year 2015-16**
The Commission will consider approving a proposed budget for Fiscal Year 2015-2016 for circulation to local funding agencies for their review in anticipation of adopting a final budget in May 2015.

A. 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.

B. 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 the following manner: the County pays 1/3 of the net operating costs; the cities, as a whole, pays 1/3 of the net operating costs; and the independent special districts, as a whole, pays 1/3 of the net operating costs. 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 municipal service reviews and sphere of influence updates. The operating expenses projected to increase include: Professional Services for an anticipated increase in municipal service reviews and sphere of influence updates; increases in professional memberships (CALAFCO and SDRMA) and insurance; copying and transportation out of county so that commissioners may attend the CALAFCO Annual Conference this fall in Sacramento. These total \$2,800. Applications for the FY 2015-16 are budgeted at \$25,000 based on inquiries for future reorganizations and the number of applications processed over the last several years.

Proposed Operating Revenues:

The proposed expenses would require increase the amount of operating city, special district and County revenues from \$107,052 to \$109,701; a difference of \$2,649 or 2.5%.

C. RECOMMENDATION

This item has been agendaized 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: 1) adopt Resolution No. 15-02, approving the proposed budget for fiscal year 2015-16, as provided in Attachment A, and 2) direct the Executive Officer to distribute the proposed budget to cities, special districts and the County and schedule the final budget for a public hearing on May 20, 2015."

Attachments

Attachment A: Proposed Budget for FY 2015-16

Attachment B: Resolution No. 15-02

Humboldt LAFCo: FY 2015-16 Operating Budget - PROPOSED

Revenues:		FY 2013-14		FY 2014-15		FY 2015-16
<u>Account</u>	<u>Title</u>	AMENDED	ACTUAL	ADOPTED	ESTIMATE	PROPOSED
Intergovernmental						
671181	Cities	34,132.00	34,132.00	35,684.00	35,684.00	36,567.00
671182	Special Districts	34,132.00	34,132.00	35,684.00	35,684.00	36,567.00
671183	County	34,132.00	34,132.00	35,684.00	35,684.00	36,566.00
	Intergovernmental Total	\$ 102,396.00	\$ 102,396.00	\$ 107,052.00	\$ 107,052.00	\$ 109,700.00
Service Charges						
631100	Professional Services (Application Fees)	7,500.00	25,052.56	7,500.00	25,000.00	25,000.00
682238	Charges for Services	-	-	-	-	-
707010	Miscellaneous	-	-	-	-	-
	Service Charges Total	\$ 7,500.00	\$ 25,052.56	\$ 7,500.00	\$ 25,000.00	\$ 25,000.00
Investments						
401000	Interest	450.00	527.08	450.00	410.00	600.00
	Interest Total	\$ 450.00	\$ 527.08	\$ 450.00	\$ 410.00	\$ 600.00
	Revenue Total	\$ 110,346.00	\$ 127,975.64	\$ 115,002.00	\$ 132,462.00	\$ 135,300.00
Expenses:						
<u>Account</u>	<u>Title</u>	FY 2013-14		FY 2014-15		FY 2015-16
		AMENDED	ACTUAL	ADOPTED	ESTIMATE	PROPOSED
Staffing						
2255	Legal Fees	5,000.00	2,325.00	5,000.00	4,500.00	5,000.00
2118	Professional & Special Services (Task Order 1)	30,000.00	29,979.50	30,000.00	30,000.00	32,000.00
2118	Professional & Special Services (Task Order 2)	55,000.00	54,995.00	55,000.00	55,000.00	55,000.00
2118	Professional & Special Services (App Review)	7,500.00	25,052.56	7,500.00	22,000.00	25,000.00
2325	Contract Services	-	-	-	-	-
	Staffing Total	\$ 97,500.00	\$ 112,352.06	\$ 97,500.00	\$ 111,500.00	\$ 117,000.00
Services and Supplies						
2106	Communications	300.00	129.50	300.00	300.00	300.00
2147	Media	400.00	638.26	400.00	400.00	400.00
2121	Rents & Leases - Structures	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00
2117	Office Supplies	100.00	9.68	100.00	100.00	100.00
2107	Duplicating	200.00	298.02	200.00	200.00	300.00
2116	Postage	100.00	164.62	102.00	100.00	100.00
2119	Publications and Legal Notices	1,000.00	945.32	1,000.00	1,000.00	1,000.00
2110	Insurance	2,100.00	3,992.96	2,100.00	1,970.90	2,200.00
2115	Memberships	3,500.00	3,305.00	3,500.00	3,416.00	3,600.00
2123	Special Departmental Expense	500.00	460.00	500.00	480.00	500.00
2125	Transportation & Travel	400.00	248.00	400.00	300.00	400.00
2225	Transportation Out of County	2,500.00	1,042.26	2,500.00	2,000.00	3,000.00
2614	Staff Development and Training	1,000.00	696.20	1,000.00	1,000.00	1,000.00
	Services and Supplies Total	\$ 17,500.00	\$ 17,329.82	\$ 17,502.00	\$ 16,666.90	\$ 18,300.00
Contingency/ Carryover						
2020	Contingency	-	-	-	-	-
	Contingency Total	-	-	-	-	-
	Expense Total	\$ 115,000.00	\$ 129,681.88	\$ 115,002.00	\$ 128,166.90	\$ 135,300.00
	Operating Difference	\$ (4,654.00)	\$ (1,706.24)	0	\$ 4,295.10	\$ -

Negative Balance Indicates Use of Reserves

Unreserved/Unrestricted Fund Balance	FY 2013-14	FY 2014-15
Beginning	79,409.13	52,529.12
Ending	52,529.12	

Humboldt LAFCo: FY 2015-16 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



RESOLUTION NO. 15-02

**ADOPTING A PROPOSED BUDGET
FOR FISCAL YEAR 2015-16**

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 for the next fiscal year no later than May 1; and

WHEREAS, the Executive Officer prepared a report concerning the proposed budget, including recommendations thereon; 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 proposed budget held on March 18, 2015; and

WHEREAS, the Commission determined the proposed 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 proposed budget 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 18th day of March, 2015, by the following roll call vote:

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

Attest:

Virginia Bass, Chair
Humboldt LAFCo

George Williamson, Executive Officer
Humboldt LAFCo