



AGENDA ITEM 8B

MEETING: May 15, 2017

TO: Humboldt LAFCo Commissioners

FROM: George Williamson, Executive Officer

SUBJECT: **Final Fiscal Year 2017-18 Budget**

The Commission will consider approving a final budget for fiscal year 2017-18. 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 the following manner: the County pays 1/3 of the net operating costs; the cities, as a whole, pay 1/3 of the net operating costs; and the independent special districts, as a whole, pay 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 are projected to stay the same apart from an increase in Account 2116 (Postage) in anticipation of conducting a special district mailed ballot election in spring 2018. Conference registration and travel expenses are being budgeted to allow up to four (4) Commissioners/staff to attend the 2017 CALAFCO Annual Conference in San Diego on October 25-27th.

Proposed Operating Revenues:

Last fiscal year the Commission approved an increase in operating expenses in recognition of the higher costs of providing LAFCo services in Humboldt County. Increased staffing costs were drawn from unexpended funds without increasing member contributions (intergovernmental revenue accounts: 671181 County; 671182 Special Districts; and 671183 Cities). The Commission's unrestricted/ unexpended fund

balance had grown, from \$0 to almost \$100,000 over the last 9 years, by consistently operating under budget. Staffing services cost increases over the prior three-five years had been minimal. Staff anticipates FY 2017-18 operating expenses to remain consistent with last year.

To reduce the use of reserves, staff is recommending an 8% increase in member contributions, from \$109,700 to \$118,500. This would be apportioned to the seven cities, 58 special districts, and the County by the County Auditor. By comparison, the member contributions have increased by less than 7% in the previous five years, from \$102,495 to \$109,700. The remaining expenses not covered by member contributions would be drawn from reserves (approximately \$10,460).

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, 2015, or 2016. 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.

A. 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. 17-07, approving the final budget for fiscal year 2017-18, as provided in Attachment A."

Attachments

Attachment A: Final Budget for FY 2017-18

Attachment B: Fee Schedule

Attachment C: Resolution No. 17-07

Humboldt LAFCo Operating Budget

ATTACHMENT A

Revenues:		FY 2015-16		FY 2016-17		FY 2017-18
		ADOPTED	YEAR END ACTUAL	AMENDED	8 MONTH ACTUAL	PROPOSED FINAL
Intergovernmental						
671181	Cities	36,567.00	36,567.01	36,567.00	36,567.00	39,500.00
671182	Special Districts	36,567.00	36,587.44	36,567.00	36,567.00	39,500.00
671183	County	36,566.00	35,684.00	36,566.00	36,566.00	39,500.00
Intergovernmental Total		\$ 109,700.00	\$ 108,838.45	\$ 109,700.00	\$ 109,700.00	\$ 118,500.00
Service Charges						
631100	Professional Services (Application Fees)	25,000.00	46,166.18	30,000.00	8,703.00	30,000.00
682238	Charges for Services	-	-	-	-	-
707010	Miscellaneous	-	-	-	-	-
Service Charges Total		\$ 25,000.00	\$ 46,166.18	\$ 30,000.00	\$ 8,703.00	\$ 30,000.00
Investments						
401000	Interest	600.00	759.76	600.00	522.94	600.00
Interest Total		\$ 600.00	\$ 759.76	\$ 600.00	\$ 522.94	\$ 600.00
Revenue Total		\$ 135,300.00	\$ 155,764.39	\$ 140,300.00	\$ 118,925.94	\$ 149,100.00

Expenses:		FY 2015-16		FY 2016-17		FY 2017-18
		ADOPTED	YEAR END ACTUAL	AMENDED	8 MONTH ACTUAL	PROPOSED FINAL
Staffing						
2255	Legal Fees	5,000.00	3,360.00	5,000.00	3,324.00	5,000.00
2118	Professional & Special Services (Task Order 1 - MSRs/SOIs)	32,000.00	32,727.00	49,000.00	40,121.00	49,000.00
2118	Professional & Special Services (Task Order 2 - Staffing)	55,000.00	54,185.00	55,000.00	37,398.00	55,000.00
2118	Professional & Special Services (App Review)	25,000.00	37,342.43	30,000.00	24,906.22	30,000.00
2323	Special Dept Expense	-	587.55	-	732.00	-
2325	Contract Services	-	100.00	-	-	-
Staffing Total		\$ 117,000.00	\$ 128,301.98	\$ 139,000.00	\$ 106,481.22	\$ 139,000.00
Services and Supplies						
2106	Communications	300.00	155.40	160.00	103.60	160.00
2107	Duplicating	300.00	187.86	300.00	193.42	300.00
2110	Insurance	2,200.00	-	2,000.00	1,917.90	2,000.00
2115	Memberships	3,600.00	3,537.00	3,800.00	3,779.00	3,800.00
2116	Postage	100.00	429.17	50.00	-	300.00
2117	Office Supplies	100.00	6.06	-	-	-
2119	Publications & Legal Notices	1,000.00	585.51	1,000.00	696.61	1,000.00
2121	Rents & Leases - Structures	5,400.00	5,400.00	5,400.00	3,600.00	5,400.00
2123	Special Departmental Expense (Honorariums)	500.00	660.00	600.00	300.00	600.00
2125	Transportation & Travel	400.00	523.01	600.00	379.08	600.00
2147	Media	400.00	148.26	400.00	171.20	400.00
2225	Transportation Out of County	3,000.00	1,602.96	6,000.00	5,526.01	4,000.00
2614	Staff Development & Training (Conference Registration)	1,000.00	1,295.52	3,200.00	2,890.00	2,000.00
Services and Supplies Total		\$ 18,300.00	\$ 14,530.75	\$ 23,510.00	\$ 19,556.82	\$ 20,560.00
Contingency/ Carryover						
2020	Contingency	-	-	-	-	-
Contingency Total		-	-	-	-	-
Expense Total		\$ 135,300.00	\$ 142,832.73	\$ 162,510.00	\$ 126,038.04	\$ 159,560.00

Operating Difference \$ - \$ 12,931.66 \$ (22,210.00) \$ (7,112.10) \$ (10,460.00)
(Negative Balance Indicates Use of Reserves)

Unreserved/Unrestricted Fund Balance		FY 2015-16	
Beginning		\$ 83,727.61	\$ 96,659.27
Ending		\$ 96,659.27	



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. 17-07

**ADOPTING A FINAL BUDGET
FOR FISCAL YEAR 2017-18**

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 15, 2017; 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 15, 2017; 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 2017-18 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 15th day of May, 2017, by the following roll call vote:

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

Estelle Fennell, Chair
Humboldt LAFCo

Attest:

George Williamson, Executive Officer
Humboldt LAFCo