HUMBOLDT
Local Agency Formation Commission

AGENDA ITEM 6A

MEETING: November 19, 2025

TO: Humboldt LAFCo Commissioners

FROM: Colette Santsche, Executive Officer

SUBJECT: **Proposed Fiscal Year 2025-26 Budget Amendment**
The Commission will consider approving a budget amendment for FY 2025–26 to adjust application-related revenue and expenditure line items in response to an increased volume of applications filed in recent years. The amendment also includes funding for legislative advocacy efforts and the North County Fire Services Special Study.

BACKGROUND
The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires Local Agency Formation Commissions (LAFCos) to be annually funded by member agency contributions from counties, cities, and independent special districts on a one-third apportionment basis. Apportionments for cities and special districts are further divided proportionally based on each agency's total revenue as a percentage of the overall revenue collected within the county. LAFCos are also authorized to establish and collect fees and deposits to offset agency contributions and support application processing and special studies.

DISCUSSION
Humboldt LAFCo's adopted FY 2025–26 budget includes $196,000 for staffing and services/supplies. Budgeted revenues—derived from intergovernmental contributions, service charges, and investment income—also total $196,000, resulting in a balanced budget.

Quarter 1 actuals (July–September 2025) and proposed amendments are provided in Attachment A. To date, the Auditor-Controller has collected most county, city, and independent special district apportionments, with only a few direct billings still outstanding. Application deposits received during Q1 include deposits for:

- Measure Z fire services planning (Q1 invoice)
- Kneeland FPD Annexation (deposit #2)
- Humboldt CSD Annexation (pre-application cost recovery and deposit #1)
- Garberville Sanitary District Updated Water Services Agreement Amendment for Southern Humboldt Community Park (25-05)

Proposed Budget Amendment – Expenditures
The following expenditure adjustments are recommended:

- Increase application-related expenditures from $55,000 to $100,000 (+$45,000), reflecting the increased volume and complexity of applications over the last several years.

- North County Fire Services Special Study (Agenda Item 7B): $56,500.
- Legislative Advocacy Efforts (Agenda Item 7C): $5,000.

Proposed Budget Amendment – Revenues
To fund the expenditure adjustments, the following revenue adjustments are proposed:

- Increase application fees and deposits from $55,000 to $156,000, which includes:
  +$45,000 for application processing
  +$56,500 in revenue for the North County Fire Services Special Study
- Legislative advocacy costs ($5,000) will be funded through LAFCo reserves, consistent with past practice for special one-time initiatives.

RECOMMENDATION
Staff recommends that the Commission adopt Resolution No. 25-07, approving the Fiscal Year 2025–26 budget amendment, including increased revenues and expenditures for application processing, funding for the North County Fire Services Special Study, and authorization to use reserves for legislative advocacy efforts.

ATTACHMENTS
Attachment A – LAFCo Budget Report
Attachment B – LAFCo Resolution No. 25-07

Humboldt LAFCo Operating Budget

ATTACHMENT A

Revenues:

Account	Revenue Category	FY 2023-2024 Adopted	FY 2023-2024 Year-End Actual	FY 2024-2025 Adopted	FY 2024-2025 Year-End Actual	FY 2025-2026 Adopted	FY 2025-2026 Amended	FY 2025-2026 Q1 Actual
800870	Charges for Services	$185,200	$221,669.74	$189,250	$218,414.12	$193,000	$294,500	$185,282.55
	County	*$43,400*	*$43,400.00*	*$44,750*	*$44,750.00*	*$46,000*	*$46,000*	*$46,000.00*
	Cities	*$43,400*	*$43,400.00*	*$44,750*	*$44,750.00*	*$46,000*	*$46,000*	*$46,000.00*
	Special Districts	*$43,400*	*$39,279.19*	*$44,750*	*$49,073.83*	*$46,000*	*$46,000*	*$44,718.75*
	Application Fees & Deposits	*$55,000*	*$95,590.55*	*$55,000*	*$79,840.29*	*$55,000*	*$156,500*	*$48,563.80*
402205	Interest	$2,510	$3,737.49	$2,990	4,449.58	$3,000	$3,000	$0.00
	REVENUE SUBTOTAL	**$187,710**	**$225,407.23**	**$192,240**	**$222,863.70**	**$196,000**	**$297,500**	**$185,282.55**

Operating Expenses:

Account	Expense Category	FY 2023-2024 Adopted	FY 2023-2024 Year-End Actual	FY 2024-2025 Adopted	FY 2024-2025 Year-End Actual	FY 2025-2026 Adopted	FY 2025-2026 Amended	FY 2025-2026 Q1 Actual
2106	Communications	$160	$155.40	$240	$240.00	$240	$240	$60.00
2110	Insurance	$3,400	Posted FY2022 $0.00	$3,400	$3,071.47	$3,500	$3,500	$3,464.16
2115	Memberships	$4,750	$4,518.00	$4,750	$4,714.00	$4,850	$4,850	$3,442.00
2117	Office Supplies	$500	$740.30	$500	$279.73	$500	$500	$89.20
2118	Professional & Special Services	$165,900	$196,632.25	$171,550	$212,078.63	$174,760	$281,260	$61,002.91
	Legal Services	*$5,000*	*$2,484.50*	*$5,000*	*$1,985.00*	*$5,000*	*$5,000*	*$1,969.50*
	Application Processing	*$55,000*	*$87,305.55*	*$55,000*	*$98,760.18*	*$55,000*	*$100,000*	*$32,669.41*
	Basic Services-EO/Clerk	*$55,000*	*$55,930.00*	*$60,000*	*$59,972.50*	*$61,000*	*$61,000*	*$13,490.00*
	MSRs/SOIs	*$50,000*	*$50,415.00*	*$50,000*	*$49,983.75*	*$52,000*	*$52,000*	*$11,725.00*
	Special Studies	*$0*	*$0.00*	*$0*	*$0.00*	*$0*	*$56,500*	*$0.00*
	Legislative	*$0*	*$0.00*	*$0*	*$0.00*	*$0*	*$5,000*	*$0.00*
	Website Services	*$200*	*$97.20*	*$850*	*$797.20*	*$1,000*	*$1,000*	*$849.00*
	Meeting Exp/Stipends	*$700*	*$400.00*	*$700*	*$580.00*	*$760*	*$760*	*$300.00*
2119	Publications & Legal Notices	$1,500	$1,063.85	$1,000	203.73	$1,000	$1,000	$0.00
2121	Rents & Leases - Structures	$5,400	$5,400.00	$6,000	$6,000.00	$6,000	$6,000	$1,500.00
2125	Transportation & Travel	$6,100	$3,258.71	$4,800	$4,704.92	$5,150	$5,150	$1,670.55
	Mileage/Travel (In-County)	*$800*	*$444.36*	*$600*	*$649.49*	*$650*	*$650*	*$270.55*
	Mileage/Travel (Out-of-County)	*$3,300*	*$1,039.35*	*$2,800*	*$2,363.43*	*$3,000*	*$3,000*	*$0.00*
	Conference Registration	*$2,000*	*$1,775.00*	*$1,400*	*$1,692.00*	*$1,500*	*$1,500*	*$1,400.00*
Contingency/ Carryover								
2020	Contingency	-	-	-	-	-	-	-
	Contingency Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	EXPENSE SUBTOTAL	**$ 187,710**	**$ 211,768.51**	**$ 192,240**	**$231,292.48**	**$ 196,000**	**$ 302,500**	**$ 71,228.82**
Operating Difference *(Negative Balance Indicates Use of Reserves)*		$ -	$13,638.72	$ -	-$8,428.78	$ -	$ (5,000.00)	$ 114,053.73

Unreserved/Unrestricted Fund Balance		FY 2023-2024 Adopted	FY 2023-2024 Year-End Actual	FY 2024-2025 Adopted	FY 2024-2025 Year-End Actual	FY 2025-2026 Adopted	FY 2025-2026 Amended	FY 2025-2026 Q1 Actual
Beginning		$112,408.42		$126,047.14		$117,618.36		
Ending			$126,047.14		$117,618.36			

HUMBOLDT
Local Agency Formation Commission

ATTACHMENT B

RESOLUTION NO. 25-07

BUDGET AMENDMENT
FOR FISCAL YEAR 2025-26

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission", annually adopts a final budget to fulfill its statutory responsibilities that are set by Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.); and

WHEREAS, on May 21, 2025, the Commission adopted a balanced fiscal year 2025–26 budget totaling $196,000 in both revenues and expenditures; and

WHEREAS, pursuant to Government Code Section 56381(c), the Commission may amend its adopted budget at any time following noticed consideration in order to fulfill its work program and statutory obligations; and

WHEREAS, the proposed fiscal year 2025–26 budget amendment includes adjustments to revenues and expenditures related to application processing, legislative advocacy efforts, and the North County Fire Services Special Study; and

WHEREAS, the Commission finds that the use of reserves to fund legislative advocacy costs is appropriate and consistent with the Commission's adopted financial policies; and

WHEREAS the Commission heard and fully considered all the evidence presented at a public hearing held on the proposed fiscal year 2025-26 budget amendment on November 19, 2025.

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

1. A budget amendment for fiscal year 2025-26, as outlined in Exhibit A, is hereby approved.

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 19th day of November, 2025, by the following roll call vote:

AYES:
NOES:
ABSENT:

Attest:

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Steve Madrone, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer