



AGENDA ITEM 6A

MEETING: May 20, 2026
TO: Humboldt LAFCo Commissioners
FROM: Colette Santsche, Executive Officer
SUBJECT: **Final Budget for Fiscal Year 2026-27**

The Commission will consider approving the Final Budget and Work Plan for Fiscal Year 2026-27, in accordance with Government Code Section 56381(c). 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

The recommended final budget, included as Attachment A, is identical to the proposed budget adopted in March and subsequently circulated to local funding agencies for which no comments were received. In preparation of this budget, LAFCo staff reviewed the current fiscal year budget and expenditures, and the anticipated or projected cost that LAFCo would incur during the next fiscal year. Details of the recommended final budget can be found in the following sections.

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-Controller 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. City and special district apportionments are based on each agency's proportionate share of total revenues, as reported in the most recent annual reports published by the State Controller's Office, pursuant to Government Code section 56381. Statutory authority provides the mechanism for the County Auditor-Controller to collect the amounts apportioned.

Proposed Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations which have remained consistent over the past several years. Contract staffing services are organized into three categories: 1) Basic Services, including the day-to-day

administrative functions provided by the Executive Officer and Clerk/Analyst, 2) Municipal Service Reviews (MSR) and Sphere of Influence (SOI) updates, which continues in fiscal year 2026-27 by in-house contract staff, and 3) Application Processing activities, which occurs on a full cost-recovery basis. A 2.5% increase to the Basic Services expense category is proposed to account for basic inflationary increases in the costs for providing services. Staff is also proposing a change in personnel for staffing services. Amber Chung is being proposed as the Commission Clerk/Administrator, and Krystle Brogna is being proposed as Senior Analyst.

Conference registration and travel expenses have been budgeted to allow up to two (2) commissioners and/or staff to attend the CALAFCO Annual Conference, scheduled for October 21-23, 2026, in Sacramento.

Proposed Operating Revenues:

During the prior fiscal year, the Commission adopted a 2.8% increase in member agency contributions. For FY 2026-27, staff is proposing a 3.3% increase to member contributions to help offset rising costs associated with staff workload, insurance, website maintenance, GIS mapping services, communications, and other operational expenses.

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 Final
Cities	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000	\$47,500
Special Districts	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000	\$47,500
County	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000	\$47,500
<i>Total</i>	<i>\$126,300</i>	<i>130,200</i>	<i>130,200</i>	<i>134,250</i>	<i>\$138,000</i>	<i>\$142,500</i>
<i>% increase (from prior year)</i>	<i>(0.0%)</i>	<i>(3.09%)</i>	<i>(0.0%)</i>	<i>(3.1%)</i>	<i>(2.8%)</i>	<i>(3.3%)</i>

WORK PLAN

The proposed budget and work plan provide for continuing MSR/SOI updates. For FY 2026-27, staff proposes to complete MSRs for the following agencies:

- City of Eureka
- Scotia CSD
- Peninsula CSD
- Hydesville CWD
- Loleta CSD
- East County Regional Fire Services

Project applications have remained steady in recent years. Staff will continue to provide technical assistance to countywide fire services coordination efforts, which are expected to result in additional annexation/consolidation applications, in particular Ferndale FPD Goodwill Annexation and Mattole FPD Reorganization. Staff will continue to maintain and update the LAFCo website, as needed, with emphasis on continuing to maintain and expand upon the online boundary mapping. Staff will also be working on reviewing and updating Commission policies, including city incorporation policies and updated out of agency services policy.

Activity	Tentative Time Frame
Planning and Regulatory Activities	
City of Eureka MSR/SOI Update	July/Sep 2026 Hearing
Scotia CSD MSR/SOI Update	Sept/Nov 2026 Hearing
Hydesville County Water District MSR/SOI Update	Nov/Jan 2026 Hearing
Loleta CSD MSR/SOI Update	Mar/Apr 2027 Hearing
Peninsula CSD MSR/SOI Update	May/Jul 2027 Hearing
East County Regional Fire MSR/SOI Update	May/Jul 2027 Hearing
Change of Organization/Reorganization Proposals (4-6/yr)	Ongoing
Out of Agency Service Requests (1-2/yr)	Ongoing
Agency Pre-application Meetings	Ongoing
Planning for Sustainable Fire Services in Humboldt County	Ongoing
Administrative Activities (Priority 1)	
2026-27 budget, claim forms, tracking	Ongoing
2026 CALAFCO Annual Conference	Oct 21-23, 2026
2027 CALAFCO Staff Workshop	May 6-8, 2026
CSDA Area Chapter Coordination, Trainings and Meetings	Ongoing
Public information/communications	Ongoing
Website Maintenance and Updates	Ongoing
GIS Boundary Mapping Updates	Ongoing
Administrative Activities (Priority 2)	
Public Records Requests	As needed
Respond to Grand Jury Inquiries/Reports	As needed
LAFCo Policy Review and Revisions	Updates Anticipated
State Legislation Monitoring and Position Letters	As needed
Comment on LAFCo-related local government proceedings	As needed

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 adopt Resolution No. 26-05, approving the final budget for fiscal year 2026-27, as provided in Attachment A."

Attachments

Attachment A - Final FY 2026-27 Budget

Attachment B - Resolution No. 26-05

Humboldt LAFCo Operating Budget

Revenues:

		FY 2024-2025		FY 2025-2026		FY 2026-2027	
Account	Revenue Category	Adopted	Year-End Actual	Amended	Mid-Year Actual	Final	% Change from Prior Year
800870	Charges for Services	\$189,250	\$231,193.12	\$294,500	\$191,449.30	\$279,000	-5.3%
	County	\$44,750	\$44,750.00	\$46,000	\$46,000.00	\$47,500	3.3%
	Cities	\$44,750	\$44,750.00	\$46,000	\$46,000.00	\$47,500	3.3%
	Special Districts	\$44,750	\$49,073.83	\$46,000	\$46,000.00	\$47,500	3.3%
	Application Fees & Deposits	\$55,000	\$92,619.29	\$156,500	\$53,449.30	\$136,500	-12.8%
402205	Interest	\$2,990	4,449.58	\$3,000	\$1,291.47	\$4,000	33.3%
	REVENUE SUBTOTAL	\$192,240	\$235,642.70	\$297,500	\$192,740.77	\$283,000	-4.9%

Operating Expenses:

		FY 2024-2025		FY 2025-2026		FY 2026-2027	
Account	Expense Category	Adopted	Year-End Actual	Amended	Mid-Year Actual	Final	% Change from Prior Year
2106	Communications	\$240	\$240.00	\$240	\$120.00	\$400	66.7%
2110	Insurance	\$3,400	\$3,071.47	\$3,500	\$3,464.16	\$3,950	12.9%
2115	Memberships	\$4,750	\$4,714.00	\$4,850	\$4,820.00	\$5,150	6.2%
2117	Office Supplies	\$500	\$279.73	\$500	\$116.80	\$500	0.0%
2118	Professional & Special Services	\$171,550	\$212,078.63	\$281,260	\$105,340.91	\$260,300	-7.5%
	Legal Services	\$5,000	\$1,985.00	\$5,000	\$2,340.00	\$5,000	0.0%
	Application Processing	\$55,000	\$98,760.18	\$100,000	\$53,639.41	\$100,000	0.0%
	Basic Services-EO/Clerk	\$60,000	\$59,972.50	\$61,000	\$26,395.00	\$62,500	2.5%
	MSRs/SOIs	\$50,000	\$49,983.75	\$52,000	\$18,637.50	\$52,000	0.0%
	Special Studies	\$0	\$0.00	\$56,500	\$0.00	\$36,500	-35.4%
	Legislative Advocacy	\$0	\$0.00	\$5,000	\$3,060.00	\$2,500	-50.0%
	Website Services	\$850	\$797.20	\$1,000	\$849.00	\$1,000	0.0%
	Meeting Exp/Stipends	\$700	\$580.00	\$760	\$420.00	\$800	5.3%
2119	Publications & Legal Notices	\$1,000	203.73	\$1,000	\$359.17	\$1,000	0.0%
2121	Rents & Leases - Structures	\$6,000	\$6,000.00	\$6,000	\$3,000.00	\$6,000	0.0%
2125	Transportation & Travel	\$4,800	\$4,704.92	\$5,150	\$4,869.84	\$5,700	10.7%
	Mileage/Travel (In-County)	\$600	\$649.49	\$650	\$403.90	\$700	7.7%
	Mileage/Travel (Out-of-County)	\$2,800	\$2,363.43	\$3,000	\$3,065.94	\$3,500	16.7%
	Conference Registration	\$1,400	\$1,692.00	\$1,500	\$1,400.00	\$1,500	0.0%
Contingency/ Carryover							
2020	Contingency	-	-	-	-	-	-
	Contingency Total	-	-	-	-	-	-
	EXPENSE SUBTOTAL	\$ 192,240.00	\$231,292.48	\$ 302,500.00	\$ 122,090.88	\$ 283,000.00	-9.9%

Operating Difference

(Negative Balance Indicates Use of Reserves)

	\$	-	\$	4,350.22	\$	(5,000.00)	\$	70,649.89	\$	-
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Unreserved/Unrestricted Fund Balance

Beginning	\$	126,047.14	\$	130,397.36	\$	130,397.36
Ending		\$	130,397.36			



RESOLUTION NO. 26-05

ADOPTING A FINAL BUDGET FOR FISCAL YEAR 2026-27

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 upcoming fiscal year; and

WHEREAS, the Commission adopted a proposed budget at a noticed public hearing on March 18, 2026; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated the adopted proposed budget to each member agency for review and comment; and

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

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the final budget held on May 20, 2026; 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 Commission hereby approves the final budget for fiscal year 2026-27 as outlined in Exhibit A.
2. The overall operating costs provided in the final 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 20th day of May 2026, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Heidi Benzonelli, Vice-Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo