



AGENDA ITEM 6A

MEETING: March 18, 2026

TO: Humboldt LAFCo Commissioners

FROM: Colette Santsche, Executive Officer

SUBJECT: **Proposed Budget for Fiscal Year 2026-27**

The Commission will consider approving a proposed budget for fiscal year 2026-27 and authorizing circulation to local funding agencies for review in anticipation of final budget adoption at a public hearing in May.

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-Controller to collect the amounts apportioned.

Proposed Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations which are organized into three categories:

- Basic Services-EO/Clerk - includes the day-to-day administrative functions provided by the Executive Officer and Clerk/Analyst. A 2.5% increase to the Basic Services expense category is proposed to account for basic inflationary increases in the costs for providing services.
- MSR/SOIs – includes preparation of Municipal Service Reviews and Sphere of Influence updates, which continues in fiscal year 2026-27 by in-house contract staff. No change to the MSR/SOI expense category is proposed.
- Application Processing - occurs on a full cost-recovery basis. The Application Processing expense category is accounted for in the Application Fees revenue category.
- Special Studies – accounts for ongoing efforts to prepare the Northern Coastal Fire Services Study for which the Commission has contracted with Matrix Consulting. A portion of the total project costs (\$56,500) will be billed to 2025-26, so \$36,500 is

being carried forward to 2056-27. Since this is full cost-recovery with Humboldt County (CSA #4), City of Trinidad, and Trinidad Rancheria covering the costs, the expense category is accounted for in the Application fees revenue category.

- Website Services – this includes fees for website hosting services through Redwood Host and the ESRI ArcGIS Online Creator Account to support the Humboldt LAFCo interactive web map. No change to the Website expense category is proposed.
- Communications - communications to cover Humboldt LAFCo's Google Workspace costs for email accounts. Currently, staff has 4 users (Colette - EO, Krystle - Clerk/Analyst, Amber - Admin, and Louis - GIS), which cost \$8.40/user/month.
- Conference registration and travel expenses are being budgeted to allow two commissioners/staff to attend the October 21-23, 2026 CALAFCO Annual Conference in Sacramento, CA. Staff will update the Commission as more information becomes available.

Proposed Operating Revenues:

Over the last few fiscal years, member contributions have increased slightly to account for inflation. Staff is recommending a similar 2.7% increase to member contributions for fiscal year 2026-27.

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 Proposed
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. The previous fiscal year workplan included MSR/SOI Updates for City of Eureka, Scotia CSD, Peninsula CSD, Hydesville CWD, Loleta CSD, and East County Regional Fire. Staff was able to make significant progress on the City of Eureka and Scotia CSD MSR/SOI Updates, with initial coordination efforts for East County Fire, but no MSRs were adopted. For FY 2026-27, staff proposes to continue with the previously proposed MSR/SOI Updates as noted in the table below.

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.

Activity	Tentative Time Frame
Planning and Regulatory Activities	
City of Eureka MSR/SOI Update	May/July 2026 Hearing
Scotia CSD MSR/SOI Update	July/Sep 2026 Hearing
Peninsula CSD MSR/SOI Update	Nov/Jan 2026 Hearing
Hydesville County Water District MSR/SOI Update	Feb/Mar 2027 Hearing
Loleta CSD MSR/SOI Update	Feb/Mar 2027 Hearing
East County Regional Fire MSR/SOI Update	May/June 2027 Hearing
Change of Organization/Reorganization Proposals (2-3/yr)	Ongoing
Out of Agency Service Requests (1-2/yr)	Ongoing
Agency Pre-Application Meetings and Coordination	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
2028 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 Web Mapping and Boundary Updates	Ongoing
Administrative Activities (Priority 2)	
Public Records Requests	As needed
Respond to Grand Jury Reports	As needed
LAFCo Policy Review and Revisions	As needed
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: 1) adopt Resolution No. 26-03, approving the proposed budget for fiscal year 2026-27, 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, 2026."

Attachments

Attachment A - Proposed FY 2026-27 Budget
Attachment B – Draft Resolution No. 26-03

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	Proposed	% 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	Proposed	% 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			



DRAFT RESOLUTION NO. 26-03

**ADOPTING A PROPOSED 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 for the next fiscal year no later than May 1; and

WHEREAS, the Executive Officer prepared a report concerning the proposed budget and work plan, 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 a public hearing on the proposed budget on March 18, 2026; and

WHEREAS, the Commission determined the proposed budget does project 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 for fiscal year 2026-27 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, 2026, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Steve Madrone, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo