



## AGENDA ITEM 6B

**MEETING:** May 21, 2025

**TO:** Humboldt LAFCo Commissioners

**FROM:** Colette Santsche, Executive Officer

**SUBJECT: Final Budget for Fiscal Year 2025-26**

The Commission will consider approving the Final Budget and Work Plan for Fiscal Year 2025-26 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.

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### BACKGROUND

Local Agency Formation Commissions (LAFCOs) are responsible under State law for annually adopting a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup>. 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 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 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 2025-26 by in-house contract staff, and 3) Application Processing activities,

which occurs on a full cost-recovery basis. A \$1,000 increase to staffing services and \$2,000 increase to MSR/SOI expense categories is proposed for the upcoming fiscal year.

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 22-24, 2025, in San Diego. During the proposed budget hearing in March, Chair Madrone and Commissioner Matthews expressed interest in attending, with Commissioner Bushnell indicating interest should a spot become available. Staff will continue to update the Commission as additional information becomes available.

### **Proposed Operating Revenues:**

During the prior fiscal year, the Commission adopted a 3.11% increase in member agency contributions. For FY 2025-26, staff is proposing a 2.8% increase to member contributions to help offset rising costs associated with staffing, insurance, website maintenance, GIS mapping services, and other operational expenses.

	2021-22	2022-23	2023-24	2024-25	2025-26 Proposed
<b>Cities</b>	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000
<b>Special Districts</b>	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000
<b>County</b>	\$42,100	\$43,400	\$43,400	\$44,750	\$46,000
<i>Total</i>	<i>\$126,300</i>	<i>130,200</i>	<i>130,200</i>	<i>\$134,250</i>	<i>\$138,000</i>
<i>% increase (from prior year)</i>	<i>(0.0%)</i>	<i>(3.09%)</i>	<i>(0.0%)</i>	<i>(3.11%)</i>	<i>(2.8%)</i>

### **WORK PLAN**

The proposed budget and work plan provide for continuing MSR/SOI updates. For FY 2025-26, 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 application levels have remained steady in recent years. Staff will continue to provide technical support to countywide fire services coordination efforts, which are expected to result in additional annexation/consolidation applications. Ongoing maintenance and updates to the LAFCo website will continue, with an emphasis on integrating and improving the online boundary mapping system. In addition, staff will begin reviewing and updating Commission policies as needed.

<b>Activity</b>	<b>Tentative Time Frame</b>
<b>Planning and Regulatory Activities</b>	
City of Eureka MSR/SOI Update	May/July 2025 Hearing
Scotia CSD MSR/SOI Update	July/Sep 2025 Hearing
Peninsula CSD MSR/SOI Update	Sep/Nov 2025 Hearing
Hydesville County Water District MSR/SOI Update	Nov/Jan 2026 Hearing
Loleta CSD MSR/SOI Update	Jan/Mar 2026 Hearing

Activity	Tentative Time Frame
East County Regional Fire MSR/SOI Update	Mar/May 2026 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
<b>Administrative Activities (Priority 1)</b>	
2025-26 budget, claim forms, tracking	Ongoing
2024 CALAFCO Annual Conference	Oct 22-24, 2025
2026 CALAFCO Staff Workshop	TBD
CSDA Area Chapter Coordination, Trainings and Meetings	Ongoing
Public information/communications	Ongoing
Website Maintenance and Updates	Ongoing
GIS Boundary Mapping Updates	Ongoing
<b>Administrative Activities (Priority 2)</b>	
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. 25-04, approving the final budget for fiscal year 2025-26, as provided in Attachment A."*

## Attachments

Attachment A - Final FY 2025-26 Budget

Attachment B - Resolution No. 25-04

# Humboldt LAFCo Operating Budget

Attachment A

## Revenues:

		FY 2023-2024		FY 2024-2025		FY 2025-2026	
<u>Account</u>	<u>Revenue Category</u>	Adopted	Year-End Actual	Adopted	Mid Year Actual	Final	% Change from Prior Year
800870	Charges for Services	\$185,200	\$221,669.74	\$189,250	\$169,362.20	\$193,000	2.0%
	County	\$43,400	\$43,400.00	\$44,750	\$44,750.00	\$46,000	2.8%
	Cities	\$43,400	\$43,400.00	\$44,750	\$44,750.00	\$46,000	2.8%
	Special Districts	\$43,400	\$39,279.19	\$44,750	\$43,525.95	\$46,000	2.8%
	Application Fees	\$55,000	\$95,590.55	\$55,000	\$36,336.25	\$55,000	0.0%
402205	Interest	\$2,510	\$3,737.49	\$2,990	2,094.35	\$3,000	0.3%
<b>REVENUE SUBTOTAL</b>		<b>\$187,710</b>	<b>\$225,407.23</b>	<b>\$192,240</b>	<b>\$171,457</b>	<b>\$196,000</b>	<b>2.0%</b>

## Operating Expenses:

		FY 2023-2024		FY 2024-2025		FY 2025-2026	
<u>Account</u>	<u>Expense Category</u>	Adopted	Year-End Actual	Adopted	Mid-Year Actual	Final	% Change from Prior Year
2106	Communications	\$160	\$155.40	\$240	\$120.00	\$240	0.0%
2110	Insurance	\$3,400	Posted FY2022 \$0.00	\$3,400	\$3,071.47	\$3,500	2.9%
2115	Memberships	\$4,750	\$4,518.00	\$4,750	\$4,664.00	\$4,850	2.1%
2117	Office Supplies	\$500	\$740.30	\$500	\$136.71	\$500	0.0%
2118	Professional & Special Services	\$165,900	\$196,632.25	\$171,550	\$102,206.45	\$174,760	1.9%
	Legal Services	\$5,000	\$2,484.50	\$5,000	\$795.50	\$5,000	0.0%
	Application Processing	\$55,000	\$87,305.55	\$55,000	\$42,336.25	\$55,000	0.0%
	Basic Services-EO/Clerk	\$55,000	\$55,930.00	\$60,000	\$30,388.75	\$61,000	1.7%
	MSRs/SOIs	\$50,000	\$50,415.00	\$50,000	\$27,648.75	\$52,000	4.0%
	Website Services	\$200	\$97.20	\$850	\$797.20	\$1,000	17.6%
	Meeting Exp/Stipends	\$700	\$400.00	\$700	\$240.00	\$760	8.6%
2119	Publications & Legal Notices	\$1,500	\$1,063.85	\$1,000	-	\$1,000	0.0%
2121	Rents & Leases - Structures	\$5,400	\$5,400.00	\$6,000	\$3,000.00	\$6,000	0.0%
2125	Transportation & Travel	\$6,100	\$3,258.71	\$4,800	\$4,370.32	\$5,150	7.3%
	Mileage/Travel (In-County)	\$800	\$444.36	\$600	\$314.89	\$650	8.3%
	Mileage/Travel (Out-of-County)	\$3,300	\$1,039.35	\$2,800	\$2,363.43	\$3,000	7.1%
	Conference Registration	\$2,000	\$1,775.00	\$1,400	\$1,692.00	\$1,500	7.1%
<b>Contingency/ Carryover</b>							
2020	Contingency	-	-	-	-	-	0.0%
<b>Contingency Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENSE SUBTOTAL</b>		<b>\$ 187,710</b>	<b>\$ 211,768.51</b>	<b>\$ 192,240</b>	<b>\$117,568.95</b>	<b>\$ 196,000</b>	<b>2.0%</b>

## Operating Difference

(Negative Balance Indicates Use of Reserves)

\$ - \$13,638.72 \$ - \$53,887.60 \$ -

## Unreserved/Unrestricted Fund Balance

Beginning \$112,408.42 \$126,047.14  
Ending \$126,047.14

**RESOLUTION NO. 25-04****ADOPTING A FINAL BUDGET FOR FISCAL YEAR 2025-26**

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 1<sup>st</sup> and a final budget no later than June 15<sup>th</sup> for the next fiscal year; and

WHEREAS, the Commission adopted a proposed budget at a noticed public hearing on March 19, 2025; 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 21, 2025; 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 2025-26 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 21<sup>st</sup> day of May 2025, by the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

Attest:

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Steve Madrone, Chair  
Humboldt LAFCo

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Colette Santsche, Executive Officer  
Humboldt LAFCo