



AGENDA ITEM 7A

MEETING: May 17, 2023

TO: Humboldt LAFCo Commissioners

FROM: Colette Santsche, Executive Officer

SUBJECT: Final Budget for Fiscal Year 2023-24

The Commission will consider approving the final budget for fiscal year 2023-24. 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 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 2023-24 by in-house contract staff, and 3) Application Processing activities,

which occurs on a full cost-recovery basis. No changes to staffing services expense categories is proposed for the upcoming fiscal year.

Conference registration and travel expenses are being budgeted to allow up to three (3) commissioners/staff to attend the October 18-20, 2023 CALAFCO Annual Conference in Monterey. Staff will update the Commission as information becomes available.

Proposed Operating Revenues:

During the prior fiscal year staff proposed a 3% increase in revenues to help cover the cost of inflation. For FY 2022-23, staff is recommending no change to member contributions.

	2020-21	2021-22	2022-23	2023-24 (proposed)
Cities	\$42,100	\$42,100	\$43,400	\$43,400
Special Districts	\$42,100	\$42,100	\$43,400	\$43,400
County	\$42,100	\$42,100	\$43,400	\$43,400
<i>Total</i>	<i>\$126,300</i>	<i>\$126,300</i>	<i>130,200</i>	<i>130,200</i>
<i>% increase (from prior year)</i>	<i>(0.0%)</i>	<i>(0.0%)</i>	<i>(3.0%)</i>	<i>(0.0%)</i>

WORK PLAN

The proposed budget and work plan provide for continuing MSR/SOI updates. The previous fiscal year workplan was altered to include the South County MSR/SOI Update which includes eight separate agencies in Southern Humboldt County. For FY 2023-24 staff is proposing a limited number of MSRs in order to account for the work that still needs to be done on the South County MSR. Five agency specific MSR/SOI updates are proposed including:

- Orick CSD
- Orleans CSD
- Scotia CSD
- City of Eureka
- Humboldt Bay MWD
- Peninsula CSD

Project applications have remained steady in recent years. Due to the uncertainty in Measure Z funds, it is uncertain whether continued technical assistance funding to support countywide fire services coordination efforts, including annexation/consolidation applications will continue into FY 2023-24. Staff will continue to maintain and update the LAFCo website, as needed, with emphasis on providing additional educational and resource documents for special districts as they become available. Staff will also be working on reviewing and updating Commission policies as needed.

Activity	Tentative Time Frame
Planning and Regulatory Activities	
Orick CSD MSR/SOI Update	September 2023 Hearing
Scotia CSD MSR/SOI Update	November 2023 Hearing
Orleans CSD MSR/SOI Update	January 2024 Hearing
City of Eureka MSR/SOI Update	March 2024 Hearing
Humboldt Bay Municipal Water District MSR/SOI Update	May 2024 Hearing

Activity	Tentative Time Frame
Peninsula CSD MSR/SOI Update	July 2024 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	Status unknown
Administrative Activities (Priority 1)	
2023-24 budget, claim forms, tracking	Ongoing
2023 CALAFCO Annual Conference	Oct 18 – 20, 2023
2024 CALAFCO Staff Workshop	TBD
CSDA Area Chapter Coordination, Trainings and Meetings	Ongoing
Public information/communications	Ongoing
Website Maintenance and Updates	Ongoing; Interactive mapping of agency boundaries and spheres to be established
GIS Boundary Mapping Updates	Ongoing
2023-24 budget, claim forms, tracking	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. 23-03, approving the final budget for fiscal year 2023-24, as provided in Attachment A."

Attachments

Attachment A - Final FY 2023-24 Budget

Attachment B - Resolution No. 23-03

Humboldt LAFCo Operating Budget

Revenues:

		FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2023-2024
<u>Account</u>	<u>Revenue Category</u>	Amended	Year End Actual	Adopted	Year End Actual	Adopted	8-month Actual	Final
800870	Charges for Services	\$181,300	\$164,948	\$181,300	\$176,530	\$185,200	\$143,307	\$185,200
	County	\$42,100	\$42,100	\$42,100	\$42,100	\$43,400	\$43,400	\$43,400
	Cities	\$42,100	\$42,100	\$42,100	\$42,100	\$43,400	\$43,400	\$43,400
	Special Districts	\$42,100	\$41,856	\$42,100	\$41,939	\$43,400	\$43,197	\$43,400
	Application Fees	\$55,000	\$38,893	\$55,000	\$50,391	\$55,000	\$13,310	\$55,000
401000	Interest	\$1,230	\$1,153	\$1,230	\$0	\$2,510	\$0	\$2,510
	REVENUE SUBTOTAL	\$182,530	\$166,101	\$182,530	\$176,530	\$187,710	\$143,307	\$187,710

Operating Expenses:

		FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2022-2023
<u>Account</u>	<u>Expense Category</u>	Amended	Year End Actual	Adopted	Year End Actual	Adopted	8-month Actual	Final
2106	Communications	\$160	\$155	\$160	\$155	\$160	\$104	\$160
2110	Insurance	\$3,320	\$2,782	\$3,320	\$2,893	\$3,600	\$3,221	\$3,400
2115	Memberships	\$4,750	\$4,533	\$4,750	\$4,150	\$4,750	\$4,290	\$4,750
2117	Office Supplies	\$600	\$122	\$600	\$519	\$500	\$210	\$500
2118	Professional & Special Services	\$166,800	\$160,648	\$160,900	\$124,124	\$165,900	\$128,380	\$165,900
	Legal Services	\$5,000	\$3,276.00	\$5,000	\$1,674	\$5,000	\$1,424	\$5,000
	Application Processing	\$55,000	\$53,867.97	\$55,000	\$38,151	\$55,000	\$57,745	\$55,000
	Basic Services-EO/Clerk	\$55,000	\$51,503.50	\$55,000	\$44,852	\$55,000	\$38,880	\$55,000
	MSRs/SOLs	\$50,900	\$50,859.00	\$45,000	\$38,426	\$50,000	\$29,915	\$50,000
	Website Services	\$200	\$121.20	\$200	\$121	\$200	\$97	\$200
	Meeting Exp/Stipends	\$700	\$1,020.00	\$700	\$900	\$700	\$320	\$700
2119	Publications & Legal Notices	\$1,500	\$2,016	\$1,500	\$982	\$1,500	\$0	\$1,500
2121	Rents & Leases - Structures	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$3,600	\$5,400
2125	Transportation & Travel	\$0	\$0	\$5,900	\$710	\$5,900	\$5,856	\$6,100
	Mileage/Travel (In-County)	\$0	\$0	\$800	\$0	\$800	\$0	\$800
	Mileage/Travel (Out-of-County)	\$0	\$0	\$2,600	\$710	\$2,600	\$3,891	\$3,300
	Conference Registration	\$0	\$0	\$2,500	\$0	\$2,500	\$1,965	\$2,000
2020	Contingency	-	-	-	-	-	-	-
	Contingency Total	-	-	-	-	-	-	-
	EXPENSE SUBTOTAL	\$ 182,530	\$ 175,656	\$ 182,530	\$ 138,933	\$ 187,710	\$ 145,660	\$187,710

Operating Difference \$ - \$ (9,555.14) \$ - \$37,597 \$ - \$ (2,352.61) \$ -
(Negative Balance Indicates Use of Reserves)

Unreserved/Unrestricted Fund Balance								
Beginning		\$88,333.77		\$78,778.63		\$116,375.15		
Ending			\$78,778.63		\$116,375.15			



RESOLUTION NO. 23-03
ADOPTING A FINAL BUDGET FOR FISCAL YEAR 2023-24

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, 2023; 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 17, 2023; 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 2023-24 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 17th day of May 2023, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Michelle Bushnell, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo