



AGENDA ITEM 7A

MEETING: May 16, 2018
TO: Humboldt LAFCo Commissioners
FROM: George Williamson, Executive Officer
SUBJECT: **Final Budget for Fiscal Year 2018-19**
The Commission will consider approving a final budget for fiscal year 2018-19. The recommended final budget is identical to the proposed budget adopted in March by Resolution No. 18-08 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

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 to collect the amounts apportioned.

Proposed Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations and for conducting municipal service reviews and sphere of influence updates. The operating expenses are projected to stay the same apart from minimal increases to Accounts 2115 (Memberships), 2123 (Special Department Expense/Honorariums), and 2225 (Transportation Out of County).

Proposed Operating Revenues:

To reduce the use of reserves, staff is recommending a 3% increase in member contributions, from \$118,500 to \$122,055. This would be apportioned to the seven cities, 58 special districts, and to the County by the County Auditor. The remaining expenses not covered by member contributions would be drawn from reserves (approximately \$10,000).

Schedule of Fees and Deposits:

As part of the budget review process in 2013, the Commission adopted a schedule of fees (Attachment B) for the costs of processing boundary change proposals, outside agency service requests, sphere of influence amendments, and other applications that come before LAFCo. No changes to the fee schedule were made as part of the budget review process in 2014, 2015, 2016 and 2017. The use of deposits collected at the time of application submittal and tracking of actual time spent by staff in processing the application allows for full cost recovery. This way, the applicant is reimbursed if the full deposit isn't used, or billed for any additional time not covered by the deposit.

The fee schedule is proposed to remain the same apart from including a new section related to processing Fire Protection Contracts or Agreements pursuant to Government Code Section 56134 as reflected in Chapter 5 of the Commission's Boundary Change Policies and Procedures.

RECOMMENDATION

This item has been agendized 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. 18-11, approving the final budget and updated fee schedule for fiscal year 2018-19, as provided in Attachment A."

Attachments

Attachment A: Final Budget for FY 2018-19

Attachment B: Fee Schedule

Attachment C: Resolution No. 18-11

Humboldt LAFCo Operating Budget

ATTACHMENT A

| | | FY 2016-17 | | FY 2017-18 | | FY 2018-19 |
|--------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | AMENDED | YEAR END ACTUAL | AMENDED | 8 MONTH ACTUAL | FINAL |
| Revenues: | | | | | | |
| <u>Account</u> | <u>Title</u> | | | | | |
| Intergovernmental | | | | | | |
| 671181 | Cities | 36,567.00 | 36,567.00 | 39,500.00 | 39,500.00 | 40,685.00 |
| 671182 | Special Districts | 36,567.00 | 36,566.73 | 39,500.00 | 39,441.47 | 40,685.00 |
| 671183 | County | 36,566.00 | 36,566.00 | 39,500.00 | 39,500.00 | 40,685.00 |
| | Intergovernmental Total | \$ 109,700.00 | \$ 109,699.73 | \$ 118,500.00 | \$ 118,441.47 | \$ 122,055.00 |
| Service Charges | | | | | | |
| 631100 | Professional Services (Application Fees) | 30,000.00 | 64,995.30 | 30,000.00 | 20,200.00 | 30,000.00 |
| 682238 | Charges for Services | - | - | - | - | - |
| 707010 | Miscellaneous | - | - | - | - | - |
| 707590 | Cancelled Checks (prior year) | - | - | - | 20.00 | - |
| | Service Charges Total | \$ 30,000.00 | \$ 64,995.30 | \$ 30,000.00 | \$ 20,220.00 | \$ 30,000.00 |
| Investments | | | | | | |
| 401000 | Interest | 600.00 | 1,101.45 | 600.00 | 624.91 | 800.00 |
| | Interest Total | \$ 600.00 | \$ 1,101.45 | \$ 600.00 | \$ 624.91 | \$ 800.00 |
| | Revenue Total | \$ 140,300.00 | \$ 175,796.48 | \$ 149,100.00 | \$ 139,286.38 | \$ 152,855.00 |

| | | FY 2016-17 | | FY 2017-18 | | FY 2018-19 |
|------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | AMENDED | YEAR END ACTUAL | AMENDED | 8 MONTH ACTUAL | FINAL |
| Expenses: | | | | | | |
| <u>Account</u> | <u>Title</u> | | | | | |
| Staffing | | | | | | |
| 2255 | Legal Fees | 5,000.00 | 4,327.00 | 5,000.00 | 3,315.00 | 5,000.00 |
| 2118 | Professional & Special Services (Task Order 1 - MSRs/SOIs) | 49,000.00 | 46,529.50 | 49,000.00 | 21,573.50 | 49,000.00 |
| 2118 | Professional & Special Services (Task Order 2 - Staffing) | 55,000.00 | 51,731.00 | 55,000.00 | 37,132.50 | 55,000.00 |
| 2118 | Professional & Special Services (Application Review) | 30,000.00 | 54,159.16 | 30,000.00 | 43,507.33 | 30,000.00 |
| 2323 | Special Dept Expense | - | 1,364.05 | 2,000.00 | 1,801.00 | - |
| 2325 | Contract Services | - | - | - | - | - |
| | Staffing Total | \$ 139,000.00 | \$ 158,110.71 | \$ 141,000.00 | \$ 107,329.33 | \$ 139,000.00 |
| Services and Supplies | | | | | | |
| 2106 | Communications | 160.00 | 155.40 | 160.00 | 103.60 | 160.00 |
| 2107 | Duplicating | 300.00 | 227.86 | 300.00 | 130.54 | 300.00 |
| 2110 | Insurance | 2,000.00 | 1,917.90 | 2,200.00 | 2,178.63 | 2,200.00 |
| 2115 | Memberships | 3,800.00 | 3,779.00 | 4,000.00 | 4,025.00 | 4,100.00 |
| 2116 | Postage | 50.00 | 26.68 | 300.00 | 59.20 | 100.00 |
| 2117 | Office Supplies | - | 1.74 | - | 0.10 | - |
| 2119 | Publications & Legal Notices | 1,000.00 | 1,266.62 | 1,000.00 | 576.18 | 1,000.00 |
| 2121 | Rents & Leases - Structures | 5,400.00 | 5,400.00 | 5,400.00 | 3,600.00 | 5,400.00 |
| 2123 | Special Departmental Expense | 600.00 | 620.00 | 600.00 | 440.00 | 700.00 |
| 2125 | Transportation & Travel | 600.00 | 761.92 | 800.00 | 528.72 | 800.00 |
| 2147 | Media | 400.00 | 171.20 | 200.00 | 121.20 | 200.00 |
| 2225 | Transportation Out of County | 6,000.00 | 5,554.01 | 5,800.00 | 4,866.27 | 6,200.00 |
| 2614 | Staff Development & Training | 3,200.00 | 2,890.00 | 2,600.00 | 2,600.00 | 2,600.00 |
| | Services and Supplies Total | \$ 23,510.00 | \$ 22,772.33 | \$ 23,360.00 | \$ 19,229.44 | \$ 23,760.00 |
| | Expense Total | \$ 162,510.00 | \$ 180,883.04 | \$ 164,360.00 | \$ 126,558.77 | \$ 162,760.00 |

Operating Difference \$ (22,210.00) \$ (5,086.56) \$ (15,260.00) \$ 12,727.61 \$ (9,905.00)
(Negative Balance Indicates Use of Reserves)

| Unreserved/Unrestricted Fund Balance | FY 2016-17 | FY 2017-18 |
|--------------------------------------|--------------|--------------|
| Beginning | \$ 96,659.27 | \$ 91,708.71 |
| Ending | \$ 91,708.71 | |



SCHEDULE OF FEES AND DEPOSITS

Deposits: Where indicated in the Fee Schedule, deposits toward the actual cost of processing proposals must be paid at the time an application is submitted. Applicants must sign an At-Cost Fee Agreement, consenting to reimburse LAFCo for all costs incurred in processing, including pre-application assistance. Staff work time on applications, which includes overhead costs, is tracked on an hourly basis. Periodic invoicing of costs is provided. If actual costs exceed the deposit amount, LAFCo will invoice the applicant for the additional costs. Processing of the application may be suspended until payment is received. Any portion of the deposit not used for processing is refunded.

Outside Assistance Fees: If the Executive Officer determines that the processing of an application requires LAFCo to contract with another agency, private firm, or individual for services that are beyond the normal scope of LAFCo staff work (e.g., drafting of an Environmental Impact Report or Comprehensive Fiscal Analysis), the applicant shall be responsible for all costs associated with that contract or service. The applicant shall provide LAFCo with a deposit sufficient to cover the cost of the contract or an amount determined by the Executive Officer to be a reasonable estimate of the costs.

Legal Counsel Fees: Applicants will be charged the actual costs of fees associated with legal consultation or review. While most applications do not require legal review, occasionally a proposal will develop significant legal issues that require considerable legal counsel involvement. In the event the Executive Officer identifies significant legal issues associated with the application, the applicant will be assessed, from that point forward, an additional minimum fee equivalent to two hours of legal counsel time at the current rate and any additional cost accrued above the minimum fee amount. Legal fees must be paid in full prior the final processing of an application.

Refunds of Fees: Except for unused portions of deposits, all fees paid to Humboldt LAFCo are non-refundable. Payment of fees is not a guarantee of approval of the submitted proposal.

Waiver of Fees: The Commission may waive a fee in special circumstances or if it finds that payment would be detrimental or contrary to the public interest. Fees may be waived or reduced for applications filed in response to a condition imposed by or a recommendation made by the Commission. A request for waiver, including an explanation for the request, must be submitted in writing to the Commission. Staff will present the request to the Commission, along with analysis and recommendation, for its determination.

HUMBOLDT LAFCo FEE SCHEDULE
 (All fees are deposits, unless otherwise noted)

| Boundary Changes – City or District Annexation, Detachment or Combination | |
|---|--|
| With 100% landowner consent - all owners within the affected territory have provided written consent to the proposed action | \$5,000 + CEQA fees + BOE fees |
| Without 100% landowner consent - all owners within the affected territory have not provided written consent to the proposed action | \$6,000 + CEQA fees + BOE fees |
| Complex proposal, as determined by EO, including but not limited to, the potential for substantial development (50 or more residential units or 10,000 square feet of non-residential development), significant effect on the community, and/or sphere of influence amendment | \$7,000 + CEQA fees + BOE fees |
| Sphere of Influence Amendments or Updates | |
| Sphere Amendment concurrent with annexation, detachment, or reorganization | +\$500 |
| Sphere Update (not initiated by LAFCo) | \$2,500 |
| Municipal Service Review Preparation | Actual cost |
| Other Changes of Organization | |
| District Formations or Consolidations | \$10,000 |
| District Dissolution, Merger or Establishment of Subsidiary District(s) | \$5,000 |
| District Activation or Deactivation of Latent Powers | \$1,000 |
| City Incorporation or Disincorporation | \$15,000 |
| Outside Agency Service Agreements/Contracts | |
| Nondevelopment-related agreements/contracts | \$2,000 |
| Development-Related agreements/contracts | \$3,000 |
| Fire Protection Contracts pursuant to G.G. Section 56134 | \$3,000 |
| Request for Exemption from G.C. Section 56133 or 56134 | \$500 |
| Environmental Document (CEQA) Fees – LAFCo as Lead Agency | |
| Environmental Document Preparation | |
| ...Statutory/Categorical Exemption | \$40 |
| ...Negative Declaration/Mitigated Negative Declaration | \$2,000 |
| ...Environmental Impact Report | \$4,000 |
| Fish and Wildlife Environmental Filing Fees | |
| ...Negative Declaration/Mitigated Negative Declaration | \$2,156.25 2,280.75 |
| ...Environmental Impact Report | \$2,995.25 3,168.00 |
| County Recorder Processing Fee (for all applications) | \$50 |

Other Application Fees

| | |
|--|--|
| Pre-Application Fees | No charge limited to one half-hour of staff time, then actual cost |
| Petition Signature Verification by Registrar of Voters | Actual cost |
| Request for Reconsideration | \$1,000 |
| Request for Extension of Time to Complete Proceedings | \$500 |
| Special Meeting or Hearing | \$1,000 |
| Special or Supplemental Studies | Actual cost |

Miscellaneous Service/Duplication Fees

| | |
|----------------------------------|--|
| Copies of documents | \$.10 per page (after 10 pages) |
| Copies of Audio Recording | \$10 per CD |
| Staff Research/Archive Retrieval | No charge limited to one half-hour of staff time, then actual cost |

State Board of Equalization Fees

| | |
|--|---------|
| Less than 1 acre | \$300 |
| At least 1 acre up to including 5 acres | \$350 |
| At least 6 acres up to including 10 acres | \$500 |
| At least 11 acres up to including 20 acres | \$800 |
| At least 21 acres up to including 50 acres | \$1,200 |
| At least 51 acres up to including 100 acres | \$1,500 |
| At least 101 acres up to including 500 acres | \$2,000 |
| At least 501 acres up to including 1000 acres | \$2,500 |
| At least 1001 acres up to including 2000 acres | \$3,000 |
| At least 2001 acres and above | \$3,500 |



RESOLUTION NO. 18-11

ADOPTING A FINAL BUDGET
FOR FISCAL YEAR 2018-19

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 21, 2018; 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 updated fee schedule; 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 its public hearing on the final budget held on May 16, 2018; 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 2018-19 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).
3. The Commission hereby updates its Schedule of Fees and Deposits as outlined in Exhibit B, effective July 1, 2018.

PASSED AND ADOPTED at a meeting of the Humboldt Local Agency Formation Commission on the 16th day of May, 2018, by the following roll call vote:

AYES: Commissioners:
NOES: Commissioners:
ABSENT: Commissioners:
ABSTAIN: Commissioners:

Estelle Fennell, Chair
Humboldt LAFCo

Attest:

George Williamson, Executive Officer
Humboldt LAFCo