



AGENDA ITEM 7A

MEETING: April 29, 2020

TO: Humboldt LAFCo Commissioners

FROM: Colette Metz Santsche, Executive Officer

SUBJECT: Proposed Budget for Fiscal Year 2020-21

The Commission will consider approving a proposed budget for fiscal year 2020-21 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 have remained consistent during the COVID-19 pandemic. 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 2020-21 by in-house staff, and 3) Application Processing activities, which occurs on a full cost-recovery basis. Staffing expenses have remained the same over the last three years and staff is proposing the same amounts for fiscal year 2020-21.

There are budgeted increases to Account 2110 (Insurance) for anticipated 30% increase in SDRMA Board-approved liability rates. Conference registration and travel expenses are being budgeted to allow up to four (4) commissioners/staff to attend the October 21-23, 2020 CALAFCO Annual Conference in Monterey, CA. Although there is some COVID-related uncertainty, as of now CALAFCO is contractually obligated to proceed with the conference but is also preparing for the possibility of conducting it digitally/remotely.

Proposed Operating Revenues:

LAFCo currently has accumulated \$46,670 in cost savings and general reserves to be carried forward as part of the unreserved/unrestricted fund balance. Over the last three fiscal years, total agency contributions have been increased as shown in the below table. Staff is recommending no increase to member contributions for fiscal year 2020-21.

	2017-18	2018-19	2019-20	2020-21 (proposed)
Cities	\$39,500	\$40,685	\$42,100	\$42,100
Special Districts	\$39,500	\$40,685	\$42,100	\$42,100
County	\$39,500	\$40,685	\$42,100	\$42,100
<i>Total</i>	<i>118,500</i>	<i>122,055</i>	<i>126,300</i>	<i>126,300</i>
<i>% increase (from prior year)</i>	<i>(7.4%)</i>	<i>(2.9%)</i>	<i>(3.4%)</i>	<i>(0.0%)</i>

WORK PLAN

In fiscal year 2020-21 it is anticipated that cities, special districts, and the county will begin recovery from the COVID-19 pandemic. During this time LAFCo can help support agencies with recovery efforts by ensuring timely processing of change of organization and reorganization applications and ongoing development of MSR. MSRs can provide varying governance options for more efficient oversight of services during recovery and can also identify infrastructure needs that could potentially be funded by emergency and recovery act sources.

The fiscal year 2020-21 Proposed Budget includes the following work plan:

Activity	Tentative Time Frame
Planning and Regulatory Activities	
Humboldt Bay Municipal Water District MSR/SOI	Jan 2020 Hearing
McKinleyville CSD MSR/SOI	Mar 2020 Hearing
Patrick Creek CSD MSR/SOI	Mar 2020 Hearing
City of Eureka MSR/SOI	May 2021 Hearing
Big Lagoon CSD MSR/SOI	May 2021 Hearing
Phillipsville CSD MSR/SOI	July 2021 Hearing
Riverside CSD MSR/SOI	July 2021 Hearing
Willow Creek CSD MSR/SOI	July 2021 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)	
2020-21 budget, claim forms, tracking	Ongoing
2020 CALAFCO Annual Conference	Oct 21-23, 2020
2021 CALAFCO Staff Workshop	Cancelled
Expiring Commissioner Terms in 2021	Jan-June 2021
Strategic Planning Session for LAFCo Commissioners	Jan 2021

Activity	Tentative Time Frame
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 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

The budget and work plan provide for continuing MSR/SOI updates. 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. 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.

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. 20-01, approving the proposed budget for fiscal year 2020-21, 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, 2020."

Attachments

Attachment A: Proposed FY 2020-21 Budget
Attachment B: Resolution No. 20-01

Humboldt LAFCo Operating Budget

Revenues:

<u>Account</u>	<u>Revenue Category</u>	FY 2019-20			FY 2020-2021
		Adopted	9 Month Actual	Difference Under/ (Over)	Proposed
671181	Cities	\$42,100	\$42,100	\$0	\$42,100
671182	Special Districts	\$42,100	\$42,100	\$0	\$42,100
671183	County	\$42,100	\$42,100	\$0	\$42,100
	Intergovernmental Total	\$126,300	\$126,300		\$126,300
631100	Professional Services	\$55,000	\$42,246	\$12,754	\$55,000
	Application Fees	\$55,000	\$42,246		\$55,000
401000	Interest	\$1,310	\$576	\$734	\$1,230
	REVENUE SUBTOTAL	\$182,610	\$169,121		\$182,530

Operating Expenses:

<u>Account</u>	<u>Expense Category</u>	FY 2019-20			FY 2020-2021
		Adopted	9 Month Actual	Difference Under/ (Over)	Proposed
2106	Communications	\$160	\$117	\$43	\$160
2110	Insurance	\$2,500	\$2,552	-\$52	\$3,320
2115	Memberships	\$4,750	\$4,707	\$43	\$4,750
2117	Office Supplies	\$600	\$317	\$283	\$600
2118	Professional & Special Services	\$160,900	\$108,641		\$160,900
	Legal Services	\$5,000	\$1,926	\$3,074	\$5,000
	Application Processing	\$55,000	\$55,714	-\$714	\$55,000
	Basic Services-EO/Clerk	\$55,000	\$32,882	\$22,119	\$55,000
	MSRs/SOIs	\$45,000	\$16,983	\$28,018	\$45,000
	Website Services	\$200	\$637	-\$437	\$200
	Meeting Exp/Stipends	\$700	\$500	\$200	\$700
2119	Publications & Legal Notices	\$1,500	\$306	\$1,194	\$1,500
2121	Rents & Leases - Structures	\$5,400	\$4,050	\$1,350	\$5,400
2125	Transportation & Travel	\$6,800	\$6,680		\$5,900
	Mileage/Travel (In-County)	\$800	\$538	\$262	\$800
	Mileage/Travel (Out-of-County)	\$3,500	\$2,725	\$775	\$2,600
	Conference Registration	\$2,500	\$3,417	-\$917	\$2,500
	Contingency/ Carryover				
2020	Contingency	-	-		-
	Contingency Total	-	-		-
	EXPENSE SUBTOTAL	\$ 182,610.00	\$ 127,369.54		\$ 182,530.00

Operating Difference

(Negative Balance Indicates Use of Reserves)

\$ - \$ 41,751.95 \$ -

Unreserved/Unrestricted Fund Balance

Beginning \$46,670.17
Ending



RESOLUTION NO. 20-01

**ADOPTING A PROPOSED BUDGET
FOR FISCAL YEAR 2020-21**

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 April 29, 2020; and

WHEREAS, the Commission determined the proposed 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 proposed budget for fiscal year 2020-21 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 29th day of April, 2020, by the following roll call vote:

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

Attest:

Estelle Fennell, Chair
Humboldt LAFCo

Colette Metz Santsche, Executive Officer
Humboldt LAFCo