



## AGENDA ITEM 7A

**MEETING:** March 15, 2023  
**TO:** Humboldt LAFCo Commissioners  
**FROM:** Colette Santsche, Executive Officer  
**SUBJECT:** **Proposed Budget for Fiscal Year 2023-24**  
The Commission will consider approving a proposed budget for fiscal year 2023-24 and authorizing circulation to local funding agencies for review in anticipation of final budget adoption at a public hearing in May.

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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

#### **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.

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:**

For FY 2022-23, staff is recommending no change to member contributions.

	2020-21	2021-22	2022-23	2023-24 (proposed)
<b>Cities</b>	\$42,100	\$42,100	\$43,400	\$43,400
<b>Special Districts</b>	\$42,100	\$42,100	\$43,400	\$43,400
<b>County</b>	\$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. 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. Staff will also be working on reviewing and updating Commission policies as needed.

Activity	Tentative Time Frame
<b>Planning and Regulatory Activities</b>	
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
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	Ongoing
<b>Administrative Activities (Priority 1)</b>	
2023-24 budget, claim forms, tracking	Ongoing
2023 CALAFCO Annual Conference	Oct 18 – 20, 2023

<b>Activity</b>	<b>Tentative Time Frame</b>
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
<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 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. 23-02, approving the proposed budget for fiscal year 2023-24, 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 17, 2023."*

## **Attachments**

Attachment A - Proposed FY 2023-24 Budget  
Attachment B – Draft Resolution No. 23-02

# Humboldt LAFCo Operating Budget

## Agenda Item 7A Attachment A

**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	Proposed
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
	<b>REVENUE SUBTOTAL</b>	<b>\$182,530</b>	<b>\$166,101</b>	<b>\$182,530</b>	<b>\$176,530</b>	<b>\$187,710</b>	<b>\$143,307</b>	<b>\$187,710</b>

**Operating Expenses:**

		FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2023-2024
<u>Account</u>	<u>Expense Category</u>	Amended	Year End Actual	Adopted	Year End Actual	Adopted	8-month Actual	Proposed
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
	<b>Contingency/ Carryover</b>							
2020	Contingency	-	-	-	-	-	-	-
	<b>Contingency Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>EXPENSE SUBTOTAL</b>	<b>\$ 182,530</b>	<b>\$ 175,656</b>	<b>\$ 182,530</b>	<b>\$ 138,933</b>	<b>\$ 187,710</b>	<b>\$ 145,660</b>	<b>\$187,710</b>

**Operating Difference**

(Negative Balance Indicates Use of Reserves)

	\$ -	\$ (9,555.14)	\$ -	\$ 37,597	\$ -	\$ (2,352.61)	\$ -
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**Unreserved/Unrestricted Fund Balance**

Beginning	\$88,333.77		\$78,778.63		\$116,375.15		
Ending		\$78,778.63		\$116,375.15			



**RESOLUTION NO. 23-02**

**ADOPTING A PROPOSED 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 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 15, 2023; 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 2023-24 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 15<sup>th</sup> day of March, 2023, by the following roll call vote:

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

Attest:

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Michelle Bushnell, Chair  
Humboldt LAFCo

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Colette Santsche, Executive Officer  
Humboldt LAFCo