



AGENDA ITEM 7B

MEETING: May 20, 2020
TO: Humboldt LAFCo Commissioners
FROM: Colette Metz Santsche, Executive Officer
SUBJECT: **Final Budget for Fiscal Year 2020-21**
The Commission will consider approving a final budget for fiscal year 2020-21. The recommended final budget is identical to the proposed budget adopted in April and subsequently circulated to local funding agencies for which no comments have been received.

BACKGROUND

Local Agency Formation Commissions (LAFCo) 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 April and subsequently circulated to local funding agencies for which no comments have been 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 to collect the amounts apportioned.

Proposed Operating Expenses:

The proposed operating expenses reflect the anticipated staffing services for day-to-day operations. Staffing services are organized into three categories: 1) Basic services, including the day-to-day administrative functions provided by the Executive Officer and Clerk, 2) Municipal Service Reviews and Spheres of Influence 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.

Proposed Operating Revenues:

LAFCo currently has accumulated \$46,670 in cost savings and general reserves be carried forward. 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	\$42,100.00	\$42,100
Special Districts	\$39,500	\$40,685	\$42,100.00	\$42,100
County	\$39,500	\$40,685	\$42,100.00	\$42,100
<i>Total</i>	\$118,500	122,055	126,300	126,300
<i>% increase (from prior year)</i>	(7.4%)	(2.9%)	(3.4%)	(0.0%)

WORK PLAN

The recommended final budget for fiscal year 2020-21 includes the following work plan:

Activity	Time Frame (tentative)
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 2020 Hearing
Big Lagoon MSR/SOI	May 2020 Hearing
Phillipsville CSD MSR/SOI	July 2020 Hearing
Riverside CSD MSR/SOI	July 2020 Hearing
Willow Creek CSD MSR/SOI	July 2021 Hearing
Change of Organization/Reorganization Proposals (5-8/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
CSDA Area Chapter Coordination, Trainings and Meetings	Ongoing
Public information/communications	Ongoing
Website Maintenance and Updates	Ongoing
GIS Boundary Mapping Updates	Ongoing

Activity	Time Frame (tentative)
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 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; and
- 3) Discuss item and – if appropriate – close the hearing and consider action on recommendation:

"I move to 1) adopt Resolution No. 20-03, approving the final budget for fiscal year 2020-21, as provided in Attachment A."."

Attachments

Attachment A: Final FY 2020-21 Budget

Attachment B: Resolution No. 20-03

Humboldt LAFCo Operating Budget

Revenues:

		FY 2019-20			FY 2020-2021
<u>Account</u>	<u>Revenue Category</u>	Adopted	9 Month Actual	Difference Under/ (Over)	FINAL
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:

		FY 2019-20			FY 2020-2021
<u>Account</u>	<u>Expense Category</u>	Adopted	9 Month Actual	Difference Under/ (Over)	FINAL
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. 20-03
ADOPTING A FINAL 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 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 April 29, 2020; 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 20, 2020; 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 2020-21 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 20th day of May, 2020, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Estelle Fennell, Chair
Humboldt LAFCo

Colette Metz Santsche, Executive Officer
Humboldt LAFCo