



AGENDA ITEM 7B

MEETING: March 20, 2024
TO: Humboldt LAFCo Commissioners
FROM: Colette Santsche, Executive Officer
SUBJECT: **Proposed Budget for Fiscal Year 2024-25**
The Commission will consider approving a proposed budget for fiscal year 2024-25 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 (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

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 are organized into three categories:

- Basic Services-EO/Clerk - includes the day-to-day administrative functions provided by the Executive Officer and Clerk/Analyst. Basic Services have remained at \$55,000 since FY 2014-15 (10 years). A \$5,000 increase to the Basic Services expense category is proposed to account for increased staffing services.
- MSR/SOIs – includes preparation of Municipal Service Reviews and Sphere of Influence updates, which continues in fiscal year 2024-25 by in-house contract staff. No change to the MSR/SOI expense category is proposed.
- Application Processing - occurs on a full cost-recovery basis. The Application Processing expense category is the same as the Application Fees revenue category.

Planwest Partners Inc. has provided Humboldt LAFCo office space at 1125 16th Street Suite 202, Arcata CA (Stewart School Building), since 2007, at nominal charge to the Commission. LAFCo files and archive records (in multiple filing cabinets and file boxes), meeting materials, a meeting space when needed, office supplies and related materials are maintained at this location. Cal Poly Humboldt has purchased the Stewart School Building and given Planwest notice to vacate its offices there by April 30, 2024. Planwest has entered into a lease agreement for office space at the Plaza Center Building, 670 9th Street, Suite 5 in Arcata effective April 1, 2024, and are in the process of moving. The Humboldt LAFCo office will be relocated as part of that move. The new office lease rate is considerably more expensive than the prior location. As such, an increase is proposed for 2106 – Communications from \$12.95/month to \$20/month to maintain a dedicated phone line for LAFCo, as well as 2121 Rents & Leases from \$450/month to \$500/month.

Conference registration and travel expenses are being budgeted to allow two commissioners/staff to attend the October 16-18, 2024 CALAFCO Annual Conference in Fish Camp, CA (Tanaya Lodge at Yosemite). Staff will update the Commission as information becomes available. In the past, up to 4 commissioners have been budgeted to attend conferences, but there has been limited attendance in recent years so this has been reduced accordingly.

In order to proceed with the Web-based mapping through ArcGIS Pro, a Creator account will be necessary in order to save data and create online maps. Planwest already has ArcGIS Pro software so purchasing a Professional account is not necessary. If, in the future, LAFCo needed to edit data internally they would need to upgrade to that type of account. Until then, the Creator account is \$550/yr which includes 500 credits. Credits are used up for webmap views, storing data, etc. After those are up then more credits would need to be purchased. Credits are \$120 for 1,000 credits which must be used within 24 months. At this point, we don't anticipate using more than 1,000 additional credits. As such, a proposed \$650 increase to the "website services" line item is proposed.

Proposed Operating Revenues:

Over the last two fiscal years, total agency contributions have remained the same. Staff is recommending a 3% increase to member contributions for fiscal year 2024-25.

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Proposed
Cities	\$42,100	\$42,100	\$42,100	\$43,400	\$43,400	\$44,750
Special Districts	\$42,100	\$42,100	\$42,100	\$43,400	\$43,400	\$44,750
County	\$42,100	\$42,100	\$42,100	\$43,400	\$43,400	\$44,750
<i>Total</i>	<i>126,300</i>	<i>\$126,300</i>	<i>\$126,300</i>	<i>130,200</i>	<i>130,200</i>	<i>\$134,250</i>
<i>% increase (from prior year)</i>	<i>(3.4%)</i>	<i>(0.0%)</i>	<i>(0.0%)</i>	<i>(3.09%)</i>	<i>(0.0%)</i>	<i>(3.11%)</i>

WORK PLAN

The proposed budget and work plan provide for continuing MSR/SOI updates. The previous fiscal year workplan included the South County MSR/SOI Update which included eight separate agencies in Southern Humboldt County. For FY 2024-25 the following agency specific MSR/SOI updates will be completed:

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

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 implementing the online boundary mapping. 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	May/July 2024 Hearing
Orleans CSD MSR/SOI Update	May/July 2024 Hearing
City of Eureka MSR/SOI Update	July/Sept 2024 Hearing
Scotia CSD MSR/SOI Update	Nov/Jan 2025 Hearing
Peninsula CSD MSR/SOI Update	Jan/Mar 2025 Hearing
Humboldt Bay Municipal Water District MSR/SOI Update	Mar/May 2025 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)	
2024-25 budget, claim forms, tracking	Ongoing
2024 CALAFCO Annual Conference	Oct 16-18, 2024
2025 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
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. 24-03, approving the proposed budget for fiscal year 2024-25, 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 15, 2024."

Attachments

Attachment A - Proposed FY 2024-25 Budget

Attachment B – Draft Resolution No. 24-03

Humboldt LAFCo Operating Budget

Revenues:		FY 2021-2022		FY 2022-2023		FY 2023-2024		FY 2024-2025		
		Adopted	Year End Actual	Adopted	Year-End Actual	Adopted	8 month Actual	Proposed		
Account	Revenue Category									
800870	Charges for Services	\$181,300	\$176,529.68	\$185,200	\$201,008.08	\$185,200	\$179,486.64	\$189,250	~2.2% increase over	
	County	\$42,100	\$42,100.00	\$43,400	\$43,400.00	\$43,400	\$43,400.00	\$44,750	~3.1% increase	
	Cities	\$42,100	\$42,100.00	\$43,400	\$43,400.00	\$43,400	\$43,400.00	\$44,750	~3.1% increase	
	Special Districts	\$42,100	\$41,938.82	\$43,400	\$43,197.34	\$43,400	\$42,099.14	\$44,750	~3.1% increase	
	Application Fees	\$55,000	\$50,390.86	\$55,000	\$71,010.74	\$55,000	\$50,587.50	\$55,000	no change	
402205	Interest	\$1,230	\$889.21	\$2,510	\$2,365.42	\$2,510	\$1,743.82	\$2,990	~19% increase	
	REVENUE SUBTOTAL	\$182,530	\$177,418.89	\$187,710	\$203,373.50	\$187,710	\$181,230.46	\$192,240	14%	
Operating Expenses:										
		FY 2021-2022		FY 2022-2023		FY 2023-2024		FY 2024-2025		
		Adopted	Year End Actual	Adopted	Year-End Actual	Adopted	8 month Actual	Proposed		
Account	Expense Category									
2106	Communications	\$160	\$155.40	\$160	\$155.40	\$160	\$103.60	\$240	\$20/mo (prior \$12.95)	
2110	Insurance	\$3,320	\$6,113.73	\$3,600	Posted FY2022 \$0.00	\$3,400	\$3,297.35	\$3,400	no change	
2115	Memberships	\$4,750	\$4,150.00	\$4,750	\$4,290.00	\$4,750	\$4,518.00	\$4,750	no change	
2117	Office Supplies	\$600	\$518.52	\$500	\$251.89	\$500	\$277.37	\$500	no change	
2118	Professional & Special Services	\$160,900	\$124,123.87	\$165,900	\$185,054	\$165,900	\$141,534.70	\$171,550	~3.4% increase over	
	Legal Services	\$5,000	\$1,673.50	\$5,000	\$2,301.00	\$5,000	\$1,690.00	\$5,000	no change	
	Application Processing	\$55,000	\$38,151.17	\$55,000	\$75,867.07	\$55,000	\$62,230.00	\$55,000	no change	
	Basic Services-EO/Clerk	\$55,000	\$44,852.00	\$55,000	\$54,990.00	\$55,000	\$38,722.50	\$60,000	~9% increase	
	MSRs/SOLs	\$45,000	\$38,426.00	\$50,000	\$51,150.00	\$50,000	\$38,575.00	\$50,000	no change	
	Website Services	\$200	\$121.20	\$200	\$226.17	\$200	\$97.20	\$850	\$650 added for ArcGI	
	Meeting Exp/Stipends	\$700	\$900.00	\$700	\$520.00	\$700	\$220.00	\$700	no change	
2119	Publications & Legal Notices	\$1,500	\$982.44	\$1,500	\$407.45	\$1,500	\$689.27	\$1,000	Reduced by \$500	
2121	Rents & Leases - Structures	\$5,400	\$5,400.00	\$5,400	\$5,400.00	\$5,400	\$3,600.00	\$6,000	\$500/mo (prior \$450,	
2125	Transportation & Travel	\$5,900	\$709.60	\$5,900	\$6,152.71	\$6,100	\$896.67	\$4,800	~21% reduction over	
	Mileage/Travel (In-County)	\$800	\$0.00	\$800	\$297.08	\$800	\$171.67	\$600	Reduced by \$200	
	Mileage/Travel (Out-of-County)	\$2,600	\$709.60	\$2,600	\$3,890.63	\$3,300	\$0.00	\$2,800	Travel costs for 2 con	
	Conference Registration	\$2,500	\$0.00	\$2,500	\$1,965.00	\$2,000	\$725.00	\$1,400	Reg. costs for 2 con	
Contingency/ Carryover										
2020	Contingency	-	-	-	-	-	-	-		
	Contingency Total	-	-	-	-	-	-	-		
	EXPENSE SUBTOTAL	\$ 182,530	\$ 142,153.56	\$ 187,710	\$ 201,711.69	\$ 187,710	\$ 154,916.96	\$ 192,240		
Operating Difference		\$ -	\$35,265.33	\$ -	\$1,661.81	\$ -	\$26,313.50	\$0		
<i>(Negative Balance Indicates Use of Reserves)</i>										
Unreserved/Unrestricted Fund Balance										
Beginning		\$78,778.63		\$114,043.96		\$115,705.77				
Ending			\$114,043.96		\$115,705.77					



RESOLUTION NO. 24-03

**ADOPTING A PROPOSED BUDGET
FOR FISCAL YEAR 2024-25**

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 20, 2024; 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 2024-25 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 20th day of March, 2024, by the following roll call vote:

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

Attest:

Michelle Bushnell, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo