



AGENDA ITEM 8B

MEETING: May 23, 2024

TO: Humboldt LAFCo Commissioners

FROM: Colette Santsche, Executive Officer

SUBJECT: Final Budget for Fiscal Year 2024-25

The Commission will consider approving the final budget for fiscal year 2024-25. The recommended final budget is identical to the proposed budget adopted in March 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

The recommended final budget, included as Attachment A, is identical to the proposed budget adopted in March and subsequently circulated to local funding agencies for which no comments were 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-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 2024-25 by in-house contract staff, and 3) Application Processing activities,

which occurs on a full cost-recovery basis. A \$5,000 increase to staffing services expense categories is proposed for the upcoming fiscal year.

Conference registration and travel expenses are being budgeted to allow up to two (2) commissioners/staff to attend the October 16-18, 2024 CALAFCO Annual Conference in Fish Camp. Staff will update the Commission as information becomes available.

Proposed Operating Revenues:

During the prior fiscal year staff proposed no increase in revenues. For FY 2024-25, staff is recommending a 3% increase to member contributions to help cover the increased costs of staffing, office space, new mapping programs, and inflation.

	2021-22	2022-23	2023-24	2024-25 Proposed
Cities	\$42,100	\$43,400	\$43,400	\$44,750
Special Districts	\$42,100	\$43,400	\$43,400	\$44,750
County	\$42,100	\$43,400	\$43,400	\$44,750
<i>Total</i>	<i>\$126,300</i>	<i>130,200</i>	<i>130,200</i>	<i>\$134,250</i>
<i>% increase (from prior year)</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 covered eight separate agencies in Southern Humboldt County. For FY 2024-25 staff is proposing six MSRs which include:

- 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 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 2023 Hearing
Peninsula CSD MSR/SOI Update	Jan/Mar 2023 Hearing
Humboldt Bay Municipal Water District MSR/SOI Update	Mar/May 2024 Hearing
Change of Organization/Reorganization Proposals (4-6/yr)	Ongoing
Out of Agency Service Requests (1-2/yr)	Ongoing

Activity	Tentative Time Frame
Agency Pre-application Meetings	Ongoing
Planning for Sustainable Fire Services in Humboldt County	Status unknown
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
2024-25 budget, claim forms, tracking	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 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. 24-04, approving the final budget for fiscal year 2024-25, as provided in Attachment A."

Attachments

Attachment A - Final FY 2024-25 Budget
Attachment B - Resolution No. 24-04

Humboldt LAFCo Operating Budget

Agenda Item 8B Attachment A

Revenues:

		FY 2021-2022		FY 2022-2023		FY 2023-2024		FY 2024-2025	
Account	Revenue Category	Adopted	Year End Actual	Adopted	Year-End Actual	Adopted	8 month Actual	FINAL	
800870	Charges for Services	\$181,300	\$176,529.68	\$185,200	\$201,008.08	\$185,200	\$179,486.64	\$189,250	~2.2% increase overall
	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	
Account	Expense Category	Adopted	Year End Actual	Adopted	Year-End Actual	Adopted	8 month Actual	FINAL	
2106	Communications	\$160	\$155.40	\$160	\$155.40	\$160	\$103.60	\$240	\$20/mo (prior \$12.95/mo)
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 overall
	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/SOIs	\$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 ArcGIS
	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/mo)
2125	Transportation & Travel	\$5,900	\$709.60	\$5,900	\$6,152.71	\$6,100	\$896.67	\$4,800	~21% reduction overall
	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 commissioners
	Conference Registration	\$2,500	\$0.00	\$2,500	\$1,965.00	\$2,000	\$725.00	\$1,400	Reg. costs for 2 commissioners
	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

(Negative Balance Indicates Use of Reserves)

\$	-	\$35,265.33	\$	-	\$1,661.81	\$	-	\$26,313.50	\$0
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Unreserved/Unrestricted Fund Balance

Beginning	\$78,778.63	\$114,043.96	\$115,705.77
Ending		\$114,043.96	\$115,705.77

RESOLUTION NO. 24-04

ADOPTING A FINAL 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 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 20, 2024; 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 23, 2024; 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 2024-25 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 23rd day of May 2024, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Michelle Bushnell, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo