

YUBA LOCAL AGENCY FORMATION COMMISSION

Paige Hensley, Executive Officer

David Ruderman, LAFCO Counsel

417 4th Street

Phone: (530) 749-5467

Marysville, CA 95901

Website: www.yubalafco.org

YUBA LOCAL AGENCY FORMATION COMMISSION

SPECIAL MEETING

Wednesday, May 13th, 2026, at 6:00 P.M.

Board of Supervisors Chambers

915 8th Street – Marysville, California 95901

1. Call To Order:

A. Roll Call:

Commissioners

Kuldip Atwal, Public Member

Renick House, County Member

Brad Hudson, City Member - **Chair**

Angela Teter, City Member

Andy Vasquez, County Member – **Vice Chair**

Alternates:

Vacant, City Member Alternate

Jon Messick, County Member Alternate

Dennis Pinney, Public Member Alternate

2. Pledge of Allegiance:

3. Consent Agenda:

A. Approval of meeting minutes from the April 1st, 2026 meeting.

B. Approve and authorize Executive Officer to sign Second Amendment to the Agreement For Legal Services with Colantuono, Highsmith & Whatley, PC, reflecting a \$25 per hour rate increase, which was approved by the Commission at the April 1st, 2026 LAFCO meeting.

4. Public Comment

Members of the public are invited to address the Commission on any matter of interest to the public that is not on the agenda for a period of time not exceeding 3 minutes. Pursuant to the Brown Act, the Commission cannot take any action on items not listed on the posted agenda

but may add to a future agenda matters brought up under public comments for appropriate action at a future meeting.

5. Public Hearing:

A. Review and Adopt Final Budget for 2026/2027 fiscal year:

Action: Receive Final budget report and adopt Resolution 2026-02 approving the Final Budget for Fiscal Year 2026/2027.

6. Executive Officer, Commissioners and Counsel Reports:

- A. Update on MOU with Yuba County for office space.
- B. Status update on Fire SOIs and MSRs kickoff with RSG Solutions.
- C. Summary of Calafco Workshop in Pismo Beach
- D. Reminder to save the date for the CALAFCO Annual Conference, Oct. 21st thru Oct. 23rd, 2026, in Sacramento.

7. Adjourn to the next meeting scheduled for July 1st, 2026 at 6:00 pm

Commissioners – Please contact your alternate if you are unable to attend this meeting.

Alternates are: City - Vacant
 County - Jon Messick
 Public - Dennis Pinney

The Commission may take action upon any item listed on the agenda. Unless otherwise noted, items may be taken up at any time during the meeting.



Any member appointed on behalf of local government shall represent the interests of the public as a whole and not solely the interest of the appointing authority Government Code Section 56325.1

Public Comment

Members of the public may address the Commission on items not appearing on the agenda, as well as any item that does appear on the agenda, subject to the following restrictions:

- Items not appearing on the agenda must be within the Commission’s subject matter jurisdiction.
- No action shall be taken on items not appearing on the agenda unless otherwise authorized by Government Code Section 54954.2 (known as the Brown Act, or California Open Meeting Law).
- The total amount of time allotted for receiving public comment may be limited to 15 minutes.
- Any individual’s testimony may be limited to 3 minutes. Time to address the Commission will be allocated on the basis of the number of requests received. If you would like an item placed on a future agenda, you may do so by contacting the Commission at (530) 749-5467.

Procedure for Public Hearing:

The public may address the Commission on each agenda item during the Commission's consideration of the item. When doing so, and when commenting on non-agenda items, we ask that the public kindly be recognized by the Chair before speaking, and to please keep their remarks brief. If several persons wish to address the Commission on the same item, or if any person's comments are excessive, the Chair may limit any person's input to 3 minutes. Written statements may be submitted in lieu of or addition to supplement oral statements made during a public hearing.

Accessibility

The telephonic/video meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the Commission's public meetings. If particular accommodations for the disabled are needed or a reasonable modification of the teleconference procedures are necessary (i.e., disability-related aids or other services), please contact the Office at (530) 749-5467 at least 24 hours in advance of the meeting. An interpreter for the hearing-impaired may be made available upon request to the Clerk 72 hours before a meeting.

Disclosure & Disqualification Requirements

Any person or group of persons acting in concert who directly or indirectly contribute \$1,000 or more in support of or in opposition to a change of organization or reorganization that has been submitted to Yuba LAFCO must comply with the disclosure requirements of the Political Reform Act of 1974 applicable to local initiative measures to be submitted to the electorate. These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals; they may be reviewed at Government Code §§56700.1 and 81000 et seq. Additional information about the requirements pertaining to local initiative measures to be presented to the electorate can be obtained by calling the Fair Political Practices Commission at (916) 322-5660.

A LAFCO Commissioner must disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from the applicant, any financially interested person who actively supports or opposes the application, or an agency (such as an attorney, engineer, or planning consultant) representing the applicant or an interested party. The law (Government Code Section 84308) also requires any applicant or other participant in a LAFCO proceeding to disclose the contribution amount and name of the recipient Commissioner on the official record of the proceeding.

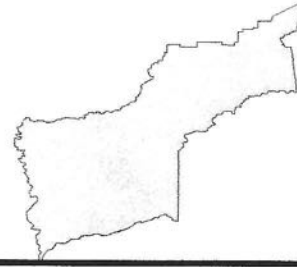
Late-Distributed Materials. Any material submitted to the Commission after this agenda is posted will be made available for public inspection as soon as possible in the LAFCO office, as indicated below.

Contact LAFCO Staff: LAFCO staff may be contacted at 530-749-5467 or by mail at Yuba LAFCo
c/o Paige Hensley, Executive Officer, 417 4th Street, Marysville, CA 95901 or by email at
phensley@yuba.gov

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Agenda Item 3.A

ACTION MINUTES YUBA LOCAL AGENCY FORMATION COMMISSION REGULAR MEETING April 1, 2026

1. CALL TO ORDER:

At 6:00 p.m. the Yuba County Local Agency Formation Commission (LAFCO) was called to order by the Chair Hudson, with Commissioners Atwal, Teter, Vasquez, and County Member Alternate, Messick present. Commissioner House and Public Member Alternate Pinney were absent. City Member Alternate is vacant. Also present were Executive Officer, Paige Hensley and LAFCo Counsel Makenzie Anderson.

2. PLEDGE OF ALLEGIANCE:

Commissioner Hudson led the commission in the Pledge of Allegiance.

3. APPROVAL OF MINUTES:

A. Approval of meeting minutes from March 4, 2026 meeting.

Action: Upon motion by Commissioner Vasquez and seconded by Commissioner Teter, the Commission voted to approve the minutes from the March 4, 2026 meeting with the following 5 to 0 vote: **AYES:** Atwal, Hudson, Messick, Teter and Vasquez; **NOES:** None; **ABSTAIN:** None; **ABSENT:** Commissioner House

4. PUBLIC COMMENT:

Members of the public are invited to address the Commission on any matter of interest to the public that is not on the agenda for a period of time not exceeding 3 minutes. Pursuant to the Brown Act, the Commission cannot take any action on items not listed on the posted agenda but may add to a future agenda matter brought up under public comments for appropriate action at a future meeting.

There were no public comments.

5. **Presentation:**

A. Guest Speaker: Michelle McIntyre, CALAFCO Executive Director introduced herself and updated the Commission on recent CALAFCO business.

6. **Action Item:**

A. **Consider LAFCO Counsel Rate Adjustment Request.**

Action: Upon motion by Commissioner Vasquez and seconded by Commissioner Messick, the Commission voted to approve the LAFCO Counsel rate increase of \$25 per hour following 5 to 0 vote:
AYES: Atwal, Hudson, Messick, Teter and Vasquez; **NOES:** None; **ABSTAIN:** None; **ABSENT:** Commissioner House

7. **Closed Sessions:**

A. **Public Employment (Gov code §54957)**

The Commission removed this item from the Agenda

The Commission entered into closed session at 6:25 p.m.

B. **Conference With Real Property Negotiator (Gov code §54956.8)**

The Commission reconvened at 6:33 p.m.

There was not reportable action taken in closed session

8. **Public Hearing:**

A. **Review and Adopt Proposed Buder for 2026/2027 fiscal Year.**

Staff Report: Executive Officer, Paige Hensley, presented a summary of the draft budget report.

Public Hearing was opened.

There being no public comment the public hearing was closed.

Action: Action: Upon motion by Commissioner Vasquez and seconded by Commissioner Messick, the Commission voted to approve the LAFCO proposed budget for the 2026/2027 FY following a 5 to 0 vote:
AYES: Atwal, Hudson, Messick, Teter and Vasquez; **NOES:** None; **ABSTAIN:** None; **ABSENT:** Commissioner House

9. **Executive Officer, Commissioners and Counsel Reports:**

A. Reminder of the April 1st deadline to turn in 700 Forms. Executive Officer, Paige Hensley, reminded the Commission today was the deadline to turn in their 700 forms.

- B. Reminder to save the date for the CALAFCO Annual Conference, Oct. 21st thru Oct. 23rd, 2026, in Sacramento.

Executive Officer, Paige Hensley, reminded the Commission to mark their calendars and encouraged the new Commissioners to try to attend.

- C. Reminder the regular May 6th meeting has been rescheduled for May 13th due to a scheduling conflict with the CALAFCO Staff Workshop to be held from May 6th to May 8th.

Executive Officer, Paige Hensley, reminded the Commission of the date change for the May meeting.

- D. CALAFCO Education/Training Opportunity – LAFCO 101 Webinar is now available on the CALAFCO Website. LAFCO 201 Webinar to be held on April 22nd, 2026 from 10:00-11:30 a.m. See flyer for details.

Executive Officer, Paige Hensley, informed the Commission of the LAFCO 201 Webinar to be held on April 22nd, 2026 from 10:00-11:30 a.m. and directed them to the flyer for instructions on how to register.

10. Adjourn to the next regular meeting on May 13th, 2026, at 6:00 pm

There being no further business, the meeting was adjourned at 6.53 p.m. to the next meeting on May 13, 2026, at 6:00 p.m. in the Board of Supervisors Chamber, at 915 8th Street, Marysville, CA 95901.

Approved,

Brad Hudson, Chair

ATTEST: PAIGE HENSLEY
EXECUTIVE OFFICER

By: Paige Hensley, Executive Officer

SECOND AMENDMENT TO AGREEMENT FOR LEGAL SERVICES FOR THE YUBA LOCAL AGENCY FORMATION COMMISSION

This Second Amendment to the Agreement for Legal Services (“Second Amendment”) is made and entered into effective July 1, 2026 (the “Effective Date”) by and between the Yuba Local Agency Formation District (the “Commission”) and Colantuono, Highsmith & Whatley, PC, a California professional corporation (“Firm”) with respect to the following Recitals:

RECITALS

A. The Commission approved a legal services agreement with Colantuono, Highsmith & Whatley, PC for General Counsel services effective November 8, 2006 (“Original Agreement”); and

B. The Commission approved an amendment to the Agreement effective July 1, 2023 (together with the Original Agreement, the “Agreement”); and

C. The Commission and Firm now wish to amend the Agreement by entering into this Second Amendment to update rates and amend Exhibits A (Scope of Services and Applicable Billing Rates) and B (Compensation) to the Agreement effective July 1, 2026.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein and contained in the Agreement, the Commission and Firm agree as follows:

1. The Recitals above are true and correct and fully incorporated herein.
2. Exhibit A (Scope of Services and Applicable Billing Rates) to the Agreement is hereby replaced in its entirety with Exhibit A attached to this Second Amendment.
3. Exhibit B (Non-Retainer Hourly Billing Rates) to the Agreement is hereby replaced in its entirety with Exhibit B attached to this Second Amendment.
4. Except as expressly provided in this Second Amendment, all other provisions of the Agreement shall remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the Commission and Firm hereby execute this Second Amendment, to be effective as of the Effective Date:

“COMMISSION”

Yuba Local Agency Formation Commission

“FIRM”

Colantuono, Highsmith & Whatley, PC

By: _____
Paige Hensley, Executive Officer

By: _____
David J. Ruderman, Shareholder

Date: _____

Date: _____

EXHIBIT "A"

SCOPE OF SERVICES AND APPLICABLE BILLING RATES

I. GENERAL LEGAL SERVICES

A. GENERAL RATES. The general legal services to be provided by the Firm to the Commission shall include the following:

1. Provide routine legal assistance, advice and consultation to the Commission and its staff relating to general public law issues, potential tort liability and risk management.
2. Prepare and review legal opinions, ordinances, resolutions, agreements and related documents.
3. Attend such meetings of the Commission and such other bodies of the Commission as may from time to time be specified by the Commission.
4. Monitor pending state and federal legislation and regulations, and new case law, as appropriate.
5. Perform such other or additional general legal services as may be requested by the Commission or the Commission's Executive Officer.
6. Administer contracts that the Commission may have with other legal counsel.
7. Provide attorneys on-site for office hours as requested by the Executive Officer or the Commission.

The general legal services described here shall be provided at \$275 per hour regardless of which professional of the Firm provides those services.

B. TASK BILLING. Upon request by Commission, Firm will propose flat-fee amounts to cover special projects defined above or specific tasks under Sections II and III below. When such task, flat-fee arrangements have been agreed upon, they shall control over the rates provided by this Agreement.

II. LITIGATION SERVICES

A. The Firm will provide litigation services to the Commission in any and all matters assigned by the Commission, except as delegated pursuant to paragraph 11 of the Agreement, or as otherwise agreed in writing by the Firm and the Commission.

B. The litigation services specified in paragraph A shall be billed at the regular hourly rates of the attorneys and other professionals providing such services at the time those services are provided to a maximum of \$350 per hour, or as otherwise agreed pursuant to paragraph I.B above. The non-retainer rates in effect on the Effective Date of this Agreement are set forth in Exhibit B.

III. OTHER SPECIALIZED LEGAL SERVICES

The specialized legal services (excluding those described above) to be provided by the Firm to the Commission shall include the following:

1. Legal services pertaining to labor, employment and personnel matters.
2. Advice regarding taxes, assessments, fees and other Financial Advice.
3. Environmental Legal Services including review of negative declarations, environmental impact reports and other project-level environmental documentation on projects for which Commission is the lead agency.
4. Real Estate and Eminent Domain Services including review of escrow documents, title reports and contracts of sale.
5. Insurance Coverage Services, such as advice and representation regarding coverage disputes with a risk pool or insurance provider.
6. Water Law Services involving the interpretation, enforcement, or defense of water rights.
7. Such other specialized services as may be required by the Commission.

The specialized legal services specified in this paragraph shall be billed at the regular hourly rates of the professionals providing such services at the time those services are provided, up to a maximum of \$350 per hour. The non-retainer rates in effect on the Effective Date of this Agreement are set forth in Exhibit B.

EXHIBIT B

Non-Retainer Hourly Billing Rates Effective July 1, 2026

Shareholders and Senior Contract Attorneys	\$350/hr
7th Year and more Senior Associates	\$350
6th Year Associates	\$350
5th Year Associates	\$320
4th Year Associates	\$310
3rd Year Associates	\$300
2nd Year Associates	\$290
1st Year Associates	\$275
Law Clerks/Paralegals	\$245/\$220
Legal Assistants	\$170 – \$200

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Yuba Local Agency Formation Commission

EXECUTIVE OFFICER'S REPORT

MEETING DATE: May 13th, 2026
AGENDA ITEM: No. 5A
SUBJECT: Final Budget for Fiscal Year 2026-2027

EXECUTIVE OFFICER'S RECOMMENDATION: Review the FINAL budget for the 2026/2027 Fiscal Year, amend as necessary, and adopt attached Resolution No. 2026-02, approving the FINAL budget.

Attached is the FINAL budget for the 2026/2027 fiscal year for Yuba LAFCO. The overall goal of this budget is to conduct LAFCO business in a proactive and sustainable manner involving the community while meeting the overall requirements of the Cortese-Knox-Hertzberg Act in the most economical manner.

ANALYSIS

The overall goal of this budget is to conduct LAFCO business in a proactive manner involving the Community and to meeting the overall requirements of the Cortese-Knox-Hertzberg Act in the most economical manner in light of the fiscal situation facing local government.

This year Yuba LAFCo has continued its physical location at 417 4th Street in Marysville, however upon the Commission's direction, Yuba LAFCO is finalizing a MOU with Yuba County to move our office location into the Yuba County Government Center, located at 915 8th Street, in Marysville. It is estimated the move to take place by July 1st, 2026.

Yuba LAFCO has an approved agreement with the Yuba Water Agency for accounting functions, banking functions and personnel services that is due to expire December 31st, 2026. We had asked the Yuba Water Agency to consider extending the agreement, if not long term, then at least to the end of the fiscal year, June 30, 2027, however they have indicated they are not able to extend or renew the contract.

As in years past, most budget line items have been reduced to a bare minimum. Some of the changes in the budget for the 2026/2027 fiscal year are a result of increases associated with rising costs of doing business such as personnel costs, rent, and membership fees. The most significant increase in the budget is the cost to fund the required update of the Municipal Service Reviews (MSRs) of the northern area fire districts and all of the fire district's Spheres of Influence (SOIs) within Yuba County. The Executive Officers position reflects an eligible step increase for this year and a possible cost of living increase, which will result in an increase in costs for salary and benefit expenses for the year as projected by the Yuba Water Agency. With an increase in the hourly rate for legal counsel and the anticipation of a robust project and meeting load, an overall increase in legal counsel costs is expected. We are also anticipating a slight increase in costs for office space rent, CALAFCO membership fee, and legal notice publications.

The goal of the LAFCo's staff charge out rates is to help maintain LAFCO. Those direct costs provided by Legal Counsel and the Executive Officer are billed against specific projects as needed. A portion of the fee deposit is earmarked for preparation of future Municipal Service Reviews and Sphere of Influence Updates. Staff plans to re-evaluate the charge out rates based on the newly adopted budget

Staff is making one suggested change from the adopted proposed budget on April 1st, 2026 to increase the "Copies Fund Account" by \$400, due to additional information from the County on what is supposed to be included in monthly rent costs for LAFCO.

With the addition of \$400 for copy costs, the new recommended Final Budget for the 2026-2027 FY will now be a total of \$451,301, leaving the County/Cities contribution apportionment amount to be \$309,301. The new final budget. reflects an increase from last year's budget of \$418,495, and a contribution amount of \$219,495.

(On April 1st, 2026 the Commissioner adopted a Proposed Budget for 2026-2027 FY budget in the amount of \$450,901, a difference of \$400)

SUMMARY OF EXPENSES:

The attached Schedule form lists proposed budget expenditure detail for the fiscal year 2026-2027. Expenditure accounts include the following:

Insurance: Personal and property liability Insurance coverage is provided by the Golden State Risk Management Authority. Insurance will remain the same at a cost of \$2,250.

Office Expense: The Commission has recommended the costs for office expenses to remain the same at \$3,400 this year. This category includes the actual costs associated maintaining our website.

Mapping –The Commission recommended in its proposed budget the \$5000 for mapping to remain the same as last year. This well cover the costs of the mapping for the Municipal Service Reviews and Spheres of Influence studies, and mapping for various projects before LAFCO. Mapping is essential.

Copies: The Commission anticipated the costs for copies in Fiscal Year 2026-2027 to be slightly lower due to the LAFCO moving offices to the Government Center and using their copier/scanner, and LAFCO's copier lease expiring in January 2027. However, the County

wishes to increase the proposed rent by \$130 in January when our current copier lease expires, so there will be no cost savings. It is recommended we budget \$1900 (same as last year) instead of the \$1500 adopted in the proposed budget. LAFCO will also pay a set amount per page for b/w copies and copies. That is the standard with the copier lease and will be the case thru the County.

Communications: The Commission adopted a proposed budget of \$3500 which is the same as last year's budget for this category. The actual costs are associated with internet and phones at the proposed new location so part of this category will be included in the rent amount charged by the County. I estimate approximately \$2544 will be pulled from this fund account and later included as part of the rent to the County.

Postage: This Commission adopted a proposed budget of \$600.00 to cover the costs of LAFCO related postage, which is the same as last year.

Memberships: The Commission recommended in its proposed budget \$2601 for the California Association of Local Agency Formation Commissions (CALAFCO) dues. That is an increase of \$76 over last year in this category this year.

General Legal Services: The amount of \$18,000 was adopted in the proposed budget for LAFCO Counsel services to provide general legal advice to LAFCO. This exceeds the 25/26 fiscal year budget of \$12,000. The anticipated increase is attributed to an approved \$25.00 hourly rate increase for legal counsel and an anticipated robust project and meeting load. Input will be needed on MSR and SOI projects for the next fiscal year, and to help resolve outstanding issues before LAFCo. Since LAFCO is an independent agency, LAFCO Counsel is necessary to represent LAFCO's interests. It is necessary to have Counsel available at all Commission meetings. Special project related legal costs are recommended to be \$5,000 which would be billed to the project proponent through LAFCO's adopted fee structure. This budget does not include special litigation costs, which are accounted for separately.

LAFCO Office Staff Services: Executive Officer – In this category the Commission adopted a budget in the amount of \$150,000 for salary and \$55,650 for costs of benefits, such as medical, dental, and CALPERs retirement for the 26/27 fiscal year. This allows for step 3 in the adopted salary schedule and a possible cost of living increase. Generally, this position includes managing the day to day business of LAFCo including processing multiple changes of organizations/annexations, MSRs, SOIs, meeting with clients, attendance at various meetings, project reviews, meeting with community groups and coordination activities.

Consultant/Clerk (Change to Professional Services in the 26/27 fiscal year): In this category the Commission recommended \$10,000 in its adopted budget for the 26/27 fiscal year. This category was previously budgeted for John Benoit as he agreed to extend his contract in a consultant role to help assist with the completion of a few complex projects thru a staff transition period. For FY 25/26 LAFCO budgeted \$25,000 for this category, however John Benoit is no longer actively consulting on any current LAFCO projects. At the time of this report LAFCO has only expended approximately \$5000 out the current years budgeted \$25,000. (The remainder in this current year is help fund the newly hired fire MSR/SOI consultant).

For the 26/27 fiscal year staff recommended we change this to a broader category "Professional Services" and budget the amount of \$10,000. This amount will be sufficient to fund our need for clerk services for our meetings and other possible miscellaneous professional services LAFCO may wish to pursue. For example, a change in bookkeeping services once the

YWA Agreement expires December 31, 2016, temporary scanning project, or additional consultant costs to name a few.

Legal Notices/Publications: The Commission recommended in its proposed budget \$2000 for this category, which is an increase of \$500 over last year due to our expected applications, multiple MSRs and SOIs and increase in non-billable noticed public hearings,

Transportation/Travel & Training: \$8,000 has been budgeted for FY 2026-2027. This amount will provide for two commissioners and the E.O. funds to attend the Calafco Annual Conference in Sacramento, October 21st thru the 23rd, 2026, and the E.O. to attend the Staff Workshop in the Spring (location yet to be determined) The cost is estimated to be \$2,300 per person. This year's conference costs may be a little less because there will be no airfare necessary, as it is to be held in Sacramento. This may allow for a 3rd commissioner to be able to attend since it is local this year. The estimated costs are based on lodging for 3 nights (lodging, resort fees, tax, and parking) and conference registration fees, mobile workshop, mileage reimbursement, and misc. meal costs.

Service Reviews and Sphere Updates: The Commission approved the amount of \$70,000 for the new 26/27 fiscal year budget to help fund the ongoing effort to update the Municipal Service Reviews and Spheres of Influence for all the fire districts. Yuba LAFCO has entered into a contract with the consultant firm of RSG Solutions to conduct an MSR for all the foothill area fire and the SOIs for all the fire districts in the County. This project is estimated to cost approximately \$120,000. Half of that cost will be covered during the current 25/26 FY budget, and the other half covered in the new 26/27 FY.

Facility Rent: LAFCO and Yuba County are finalizing an MOU regarding office space and other misc. services. Once the MOU is approved by both agencies the LAFCO office will be relocating to 915 8th Street, in Marysville. It is estimated the move to take place by July 1st, 2026. LAFCO's current rent is \$750 per month. The County has proposed \$962 per month for the first six months. (Which is equal to our current rent amount and our current monthly comcast charge) Effective January 1, 2027 to December 31, 2027 there will be a rent increase to \$1092 per month (which adds \$130 to the monthly rent after LAFCO's copier lease has ended)

LAFCO is working to confirm specifically what the direct and indirect charges will be associated with the move to our new location within the Government Center. The County Administrator has indicated verbally they will not charge LAFCO more than what our current expenses are, however, a final MOU has not been completed at the time of this report.

Bookkeeping: This cost (for now) is proposed to be \$1,200.00 this year for bookkeeping, which is the same as last year. With the agreement between the Yuba Water Agency and Yuba LAFCO to handle our finances and HR needs set to expire December 31, 2026, and since an alternative to provide those services has not yet been decided upon and negotiated, the costs for provision for those services in the second half of the 26/27 FY fiscal year have yet to be determined as of the time of this report.

Contingencies: As with other independent agencies, it is recommended Yuba LAFCO maintain a prudent reserve for contingencies. Therefore, the Committee recommends a contingency of \$13,000.00 the same as this year.

General Reserves: The amount in the General Reserves for Fiscal Year 2026-2027 is recommended to remain the same in the amount of \$90,000. In the past the Commission has

requested an effort to increase the General Reserves up to a total of \$100,000 if there is a larger than expected carryover at the end of each fiscal year. A significant smaller carryover is anticipated for the current 25/26 fiscal year so there is no recommendation to increase the reserves for the 26/27 fiscal year.

If, for any reason, LAFCO were to have a cost overrun or unanticipated expenses during the fiscal year, LAFCO would have to request a loan from the Board of Supervisors. The Board of Supervisors, however, has no obligation to grant such a loan.

PROJECTED REVENUES:

Projected revenues are anticipated to be \$25,000 for project application processing. If revenue in excess of \$25,000 is received, then various expenditure categories may need to be adjusted. In part, this category helps covers the cost of Legal and Executive Officer Services for project related expenses.

CARRYOVER:

The estimate of carryover from this year is significantly smaller than in years past. LAFCO is anticipating a carryover of approximately \$105,000.00 for the end of this 25/26 fiscal year, compared to the \$175,000 last year. In the past several years LAFCO has budgeted for MSRs and SOI studies, however had not used those funds year after year, thus allowing for a large unused budget carryover. The larger carryovers in past years resulted the County and the Cities becoming accustomed to lower apportionment amounts required each new fiscal year. However, in order to fulfill its statutory requirements, it is necessary for LAFCO to consistently conduct the MSRs and SOI studies for each district, which could frequently result in LAFCO expending more of their MSR and SOI budget, lowering carryovers and resulting in higher apportionment amounts for the County and Cities.

COUNTY AND CITY CONTRIBUTION:

The total proposed gross budget for 26/27 Fiscal Year in the amount of \$451,301 reflects a 7.84% increase over last year's 25/26 budget of \$418,495, however the County and Cities contribution apportionment is based on the net budget and is expected to increase this year from \$218,495 to \$309,301. That is an overall increase of 41.6% in the apportionment amount, due to the smaller carryover this year, compared to years pasts.

Attachments: *Resolution 2026-02 Adopting a final 2026-2027 FY Yuba LAFCO Budget*
(including the spreadsheet in Exhibit A of Resolution 2026-01)

RECOMMENDATION:

1. Review, discuss, and consider the 26-27 final budget. A budget justification report for FY2026-2027 was prepared for the April 1st 2026 meeting by staff prior to adopting the proposed budget
2. Adopt Resolution 2026-02 approving the final budget for FY 2026-2027 for Yuba LAFCo.

**BEFORE THE YUBA LOCAL AGENCY FORMATION,
YUBA COUNTY, STATE OF CALIFORNIA**

IN RE:

**RESOLUTION APPROVING THE FINAL)
2026-2027 FISCAL YEAR BUDGET OF THE)
YUBA LOCAL AGENCY FORMATION) RESOLUTION NO. 2026 - 02
COMMISSION)**

WHEREAS, Section 56381 of California Government Code requires the Yuba Local Agency Formation Commission to adopt a proposed budget by May 1st and a final budget by June 15th; and

WHEREAS, the Commission has prepared a proposed final budget for public review; and,

WHEREAS, on April 1, 2026, a noticed public hearing was held on the proposed draft budget for the 2026-2027 Fiscal Year for this Commission and following such hearing, adopted a proposed budget; and

WHEREAS, on May 13, 2026, a noticed public hearing was held by Yuba LAFCO on the final budget for the 2026-2027 Fiscal Year for this Commission.

WHEREAS, the Executive Officer has given notice of hearing in the form and manner specified by law for adoption of the final budget and upon the date, time and place specified in said notice of hearing, the Commission heard, discussed and considered all oral and written testimony submitted including, but not limited to, the approved budget priorities for Fiscal Year 2026-2027 and the Executive Officer’s report and recommendations; and

WHEREAS, the Commission has considered the attached Budget in light of the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED, the Yuba Local Agency Formation Commission does hereby determine, resolve, and order the following:

1. That Yuba LAFCO hereby adopts the attached final 2026-2027 budget totaling **\$451,301 including a \$90,000 General Reserve, \$70,000 for the preparation of Municipal Service Reviews and Sphere updates for several fire agencies, and a \$13,000 Contingency Fund.**
2. Directs the Executive Officer to transmit the final budget to the Auditor and all parties specified in Government Code Section 56381 (a) as promptly as possible.
3. Request the Yuba County Auditor apportion and collect the funds from the Cities and the County as required in Section 56381 of the government code in the amount of **\$ 309,301**. In the event of non-payment of LAFCO funds by any entity subject to the LAFCO’s apportionment, the Commission hereby requests and authorizes the Auditor to collect the funds from property tax revenues or any other revenue source and deposit the funds into the LAFCO account.
4. Any unexpended funds not otherwise re-budgeted into the 2026-2027 budget shall be retained by

LAFCO and be either re-budgeted or placed into LAFCO's general reserve fund. To implement a Commission directive, the Commission directs the Executive Officer to deposit all unallocated carryover into LAFCO's reserve account up to \$100,000.00 upon determination of the final 2025-2026 carryover. The Executive Officer is hereby authorized to transfer all unallocated carryover into the LAFCo reserve fund.

PASSED AND ADOPTED at a regular meeting of the Yuba Local Agency Formation Commission, State of California, on the 13th day of May 2026, by the following vote:

AYES:

NOES:

ABSTAINS:

ABSENT:

ATTEST: PAIGE HENSLEY
EXECUTIVE OFFICER

BRAD HUDSON, CHAIR
YUBA LOCAL AGENCY
FORMATION COMMISSION

APPROVED AS TO FORM:

DAVID RUDERMAN
LAFCO COUNSEL

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Adopted: MAY 13, 2026