



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 8b (Public Hearing)

TO: Local Agency Formation Commission
PREPARED BY: Brendon Freeman, Executive Officer *BF*
MEETING DATE: April 6, 2026
SUBJECT: Consider Proposed Budget for Fiscal Year 2026-27

RECOMMENDATION

It is recommended the Commission take the following actions:

- 1) Open the public hearing and take testimony;
- 2) Close the public hearing;
- 3) Adopt the Resolution of the Local Agency Formation Commission of Napa County Adopting a Proposed Budget for the 2026-27 Fiscal Year (Attachment 1);
- 4) Direct staff to circulate the adopted proposed budget to each of the funding agencies as well as the general public for review and comment; and
- 5) Direct the Budget Committee to return with recommendations for a final budget for adoption at a noticed public hearing on June 1, 2026.

BACKGROUND AND SUMMARY

LAFCOs are responsible for annually adopting a proposed budget by May 1st and a final budget by June 15th pursuant to California Government Code section 56381.

Funding Sources

The Commission's annual operating expenses are primarily funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Town of Yountville. State law specifies the County is responsible for one-half of the Commission's operating expenses while the remaining amount is to be apportioned among the cities and town. The current formula for allocating the cities' and town's shares of the Commission's budget was adopted by the municipalities in 2003 and is based on a weighted calculation of population (60%) and general tax revenues (40%). Additional funding – typically less than 10% of total revenues – is budgeted from anticipated application fees and interest earnings.

Beth Painter, Chair
Councilmember, City of Napa

Paul Dohring, Commissioner
Councilmember, City of St. Helena

David Oro, Alternate Commissioner
Councilmember, City of American Canyon

Belia Ramos, Vice Chair
County of Napa Supervisor, 5th District

Anne Cottrell, Commissioner
County of Napa Supervisor, 3rd District

Joelle Gallagher, Alternate Commissioner
County of Napa Supervisor, 1st District

Kenneth Leary, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

Budgeting Policies

Consistent with the Commission's *Budget Policy* ("the Policy"), included as Attachment 2, the Commission appointed Commissioners Dohring and Leary to serve on an ad hoc Budget Committee ("the Committee") to inform the Commission's decision-making process in adopting an annual operating budget.

The Commission is directed to control operating expenses by utilizing its available undesignated/unreserved fund balance ("reserves") whenever possible and appropriate. The Policy directs the Commission to retain reserves equal to 10% of budgeted expenses. The Commission's reserves totaled \$452,218 on July 1, 2025 and are projected to total \$483,327 at the end of the current fiscal year.

Proposed Budget Overview

The Commission will consider approving a proposed budget for fiscal year 2026-27 with operating expenses totaling \$840,207 and operating revenues totaling \$783,950, resulting in an intentional deficit/shortfall of \$56,257 and positioning the Commission to finish the fiscal year with reserves totaling \$427,070 or 50.8% of operating expenses.

Proposed Operating Expenses

The Committee proposes a decrease in budgeted operating expenses from \$859,655 to \$840,207; a difference of \$19,448 compared to the current fiscal year. The decrease is primarily due to the difference in consultant service expenses year over year.

Proposed Operating Revenues

The Committee proposes an increase in operating revenues from \$773,950 to \$783,950; a difference of \$10,000 compared to the current fiscal year and attributed entirely to projected interest earned on the Commission's reserves. Agency contributions are proposed to remain equal to the current fiscal year and total \$737,950 in a deliberate effort to minimize the burden on the six local funding agencies.

Consider Two-Year Budget Cycles

The Budget Committee raised interest in transitioning the Commission's annual budget cycle to a two-year cycle. This would provide staff and the Commission with a more long-range strategic view with which to thoughtfully schedule future municipal service reviews and sphere of influence updates. The Commission is invited to discuss its interest in transitioning to a two-year budget cycle either now or as part of next year's budget cycle.

ATTACHMENTS

- 1) Draft Resolution Adopting a Proposed Budget for Fiscal Year 2026-27
- 2) Budget Policy

RESOLUTION NO. _____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A PROPOSED BUDGET FOR THE 2026-27 FISCAL YEAR**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code sections 56000 et seq.) to adopt a proposed budget for the next fiscal year; and

WHEREAS, Government Code section 56381 requires the Commission to adopt a proposed budget by May 1 and a final budget by June 15; and

WHEREAS, the Commission appoints and utilizes an ad hoc subcommittee (“Budget Committee”) to help inform and make decisions regarding the agency’s funding requirements; and

WHEREAS, the Executive Officer prepared a report concerning the Budget Committee’s recommended proposed budget; 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 its public hearing on the proposed budget held on April 6, 2026; and

WHEREAS, the Commission determined the proposed budget projects the staffing and program costs of the Commission as accurately and appropriately as is possible.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. The proposed budget as outlined in Exhibit “A” is adopted.
2. The proposed budget provides the Commission sufficient resources to fulfill its regulatory and planning responsibilities in accordance with Government Code section 56381(a).

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on April 6, 2026, after a motion by Commissioner _____, seconded by Commissioner _____, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ABSTAIN: Commissioners _____

Beth Painter
Commission Chair

ATTEST: _____
Brendon Freeman
Executive Officer

Recorded by: Charlie Gray
Commission Clerk

DRAFT

Napa LAFCO Fiscal Year 2026-27 Proposed Budget

Proposed on April 6, 2026

Expenses

		FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27
		Final Budget	Actual	Final Budget	Actual	Final Budget	Estimate	Proposed Budget
Salaries and Benefits								
<u>Account</u>	<u>Description</u>							
51210	Commissioner Per Diems	16,000	15,750	18,000	9,450	7,200	5,100	7,200
51300	Medicare - Commissioners	250	228	300	250	250	200	250
51305	FICA - Commissioners	1,100	967	700	650	700	600	650
	Total Salaries & Benefits	17,350	16,946	19,000	10,350	8,150	5,900	8,100
Services and Supplies								
<u>Account</u>	<u>Description</u>							
52100	Administration Services	559,015	572,978	508,787	508,787	630,571	549,596	585,347
	<i>Salaries and Wages</i>	391,561	391,561	342,500	342,500	440,306	380,000	400,432
	<i>401A Employer Contribution</i>	1,590	1,590	2,850	2,850	3,600	-	1,800
	<i>Cell Phone Allowance</i>	420	420	1,680	1,680	1,680	1,500	1,500
	<i>Medicare - Staff</i>	5,483	5,483	4,870	4,870	6,145	5,500	5,806
	<i>Employee Insurance-Premiums</i>	64,567	64,567	60,500	60,500	55,538	50,000	57,267
	<i>Worker's Compensation</i>	692	692	876	876	889	889	1,000
	<i>PERS Retirement</i>	101,254	101,254	83,660	83,660	110,706	100,000	102,911
	<i>OPEB</i>	7,411	7,411	11,851	11,851	11,707	11,707	14,571
52125	Accounting/Auditing Services	7,500	8,039	7,500	7,387	7,500	7,500	7,500
52130	Information Technology Services	34,309	30,875	27,746	27,746	31,635	31,635	22,560
52131	ITS Communication Charges	2,000	2,000	2,757	2,757	2,908	2,908	2,482
52140	Legal Services	35,000	36,195	35,000	50,000	35,000	30,000	35,000
52310	Consulting Services	105,000	20,662	127,754	127,754	75,000	55,000	100,000
52345	Janitorial Services	300	-	300	225	300	300	400
52515	Maintenance-Software	3,062	1,762	1,512	1,512	2,892	2,892	3,500
52600	Rents and Leases: Equipment	3,500	2,994	3,000	2,700	3,000	2,500	3,000
52605	Rents and Leases: Building/Land	26,775	26,775	27,570	27,570	28,200	28,200	29,025
52700	Insurance: Liability	716	-	922	922	12,157	12,157	9,693
52800	Communications/Telephone	5,000	4,397	3,000	2,750	3,000	3,000	3,000
52830	Publications and Notices	750	1,133	1,000	950	1,000	1,000	1,000
52835	Filing Fees	150	100	200	200	200	100	200
52900	Training/Conference	12,500	11,183	20,000	10,500	10,000	14,500	15,000
52905	Business Travel/Mileage	2,000	201	1,000	250	500	-	-
53100	Office Supplies	2,000	1,192	2,500	600	1,000	900	1,000
53110	Freight/Postage	100	-	100	-	100	-	-
53115	Books/Media/Subscriptions	119	-	119	119	119	240	3,600
53120	Memberships/Certifications	3,332	3,332	3,411	3,411	3,523	2,383	7,000
53205	Utilities: Electric	2,400	1,837	2,500	1,800	2,500	2,000	2,500
53410	Computer Equipment/Accessories	571	1,140	-	-	-	-	-
53415	Computer Software/License	225	-	225	-	-	-	-
53650	Business Related Meal/Supplies	760	594	1,000	260	400	130	300
	Total Services & Supplies	821,047	727,389	777,903	778,200	851,505	746,941	832,107
	EXPENSE TOTALS	838,397	744,335	796,903	788,550	859,655	752,841	840,207

Revenues

		FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27
		Final Budget	Actual	Final Budget	Actual	Final Budget	Estimate	Proposed Budget
Intergovernmental								
<u>Account</u>	<u>Description</u>							
43910	County of Napa	339,738	339,738	368,975	368,975	368,975	368,975	368,975
43950	Other Governmental Agencies	339,738	339,738	368,975	368,975	368,975	368,975	368,975
----	<i>City of Napa</i>	222,680	222,680	241,028	241,028	243,896	243,896	245,200
----	<i>City of American Canyon</i>	61,235	61,235	64,258	64,258	65,730	65,730	65,625
----	<i>City of St. Helena</i>	22,609	22,609	25,171	25,171	22,090	22,090	22,104
----	<i>City of Calistoga</i>	20,342	20,342	22,963	22,963	22,971	22,971	21,901
----	<i>Town of Yountville</i>	12,872	12,872	15,554	15,554	14,289	14,289	14,145
	Total Intergovernmental	679,476	679,476	737,950	737,950	737,950	737,950	737,950
Service Charges								
<u>Account</u>	<u>Description</u>							
42690	Application/Permit Fees	22,950	40,170	25,000	32,615	25,000	25,000	25,000
46800	Charges for Services	510	4,150	1,000	4,000	1,000	1,000	1,000
47900	Miscellaneous	-	-	4,000	-	-	-	-
	Total Service Charges	23,460	44,320	30,000	36,615	26,000	26,000	26,000
Investments								
<u>Account</u>	<u>Description</u>							
45100	Interest	6,500	18,168	6,500	22,277	10,000	20,000	20,000
	Total Investments	6,500	18,168	6,500	22,277	10,000	20,000	20,000
	REVENUE TOTALS	709,436	741,964	774,450	796,842	773,950	783,950	783,950
OPERATING DIFFERENCE		(128,961)	(2,371)	(22,453)	8,292	(85,705)	31,109	(56,257)

Reserves

	2023-24	2024-25	2025-26	2026-27
Undesignated/Unreserved Fund Balance ("Reserves")				
Beginning:	407,163	424,359	452,218	483,327
Ending:	404,792	432,651	483,327	427,070



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Budget Policy

(Adopted: August 9, 2001; Last Amended: February 3, 2025)

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization (CKH) Act of 2000 includes provisions for establishing a budget and for the receipt of funds. [Government Code \(G.C.\) §56381](#) establishes that the Commission shall annually adopt a budget for the purpose of fulfilling its duties under CKH.

II. Purpose

It is the intent of the Commission to adopt a policy for budget purposes which establishes procedures for compiling, adopting and administering the budget. The Commission is committed to providing transparency of its operations including its fiscal activities. The Commission follows recognized accounting principles and best practices in recognition of its responsibility to the public.

III. Preparation of Annual Budget

- A) An annual budget shall be prepared, adopted and administered in accordance with [\(G.C.\) §56381](#).
- B) The Commission should annually consider the Fee Schedule, including any anticipated changes, and Work Program in conjunction with the budget process.
- C) The Commission is committed to ensuring the agency is appropriately funded each fiscal year to effectively meet its prescribed regulatory and planning responsibilities. The Commission is also committed to controlling operating expenses to reduce the financial obligations on the County of Napa, the cities and town, hereafter referred to as the “funding agencies,” whenever possible and appropriate.
- D) The budget shall include an undesignated/unreserved fund balance equal to 10% of annually budgeted operating expenses.
- E) The Commission shall establish an ad-hoc budget committee at the last meeting of each calendar year comprising of two Commissioners which will terminate with the adoption of the final budget. Commissioners appointed to a budget committee shall receive a regular per diem payment for each meeting attended.
- F) The adopted final budget should be posted on the Commission’s website for public viewing for a minimum of five years.
- G) The Executive Officer shall provide quarterly budget reports to the Commission for informational purposes.

IV. Budget Contributions and Collection of Funds

[G.C. §56381](#) establishes that the Commission shall adopt annually a budget for the purpose of fulfilling its duties under CKH. It further establishes that the County Auditor shall apportion the operating expenses from this budget in the manner prescribed by [G.C. §56381\(b\)](#), or in a manner mutually agreed upon by the agencies responsible for the funding of the Commission's budget [G.C. §56381\(c\)](#) states that:

After apportioning the costs as required in subdivision (b), the auditor shall request payment from the Board of Supervisors and from each city no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the County or a city does not remit its required payment within 60 days, the Commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the County or city. The auditor shall provide written notice to the County or city prior to appropriating a share of the property tax or other revenue to the Commission for the payment due the Commission pursuant to this section.

It is the intent of the Commission that all agencies provide the costs apportioned to them from the LAFCO budget. Pursuant to [G.C. §56381\(c\)](#), the policy of the Commission is:

- A) If the County or a city or a town does not remit its required payment within 45 days of the July 1 deadline, the County Auditor shall send written notice to the agency in question that pursuant to [G.C. §56381\(c\)](#) and this policy, the Auditor has the authority to collect the amount of the Commission's operating expenses apportioned to that agency after 60 days from the July 1 deadline.
- B) If the County or a city or a town does not remit its required payment within 60 days of the July 1 deadline, the County Auditor shall collect an amount equivalent to the cost apportioned to that agency from the property tax owed to that agency, or some other eligible revenue deemed appropriate or necessary by the County Auditor. The County Auditor shall send written notice of the action taken to the agency and to the Commission.

V. Executive Officer Purchasing and Budget Adjustment Authority

Pursuant to [G.C. §56380](#), the Commission shall make its own provision for necessary quarters, equipment, supplies, and services. The associated operating costs are provided for through the Commission's adoption of its annual budget in the manner prescribed in [G.C. §56381](#).

It is the intent of the Commission to charge the LAFCO Executive Officer with the responsibility and authority for coordinating and managing the procurement of necessary quarters, equipment, supplies, and services, and to adjust the annual budget as necessary under certain circumstances. The policy of the Commission is:

- A) The Executive Officer is charged with the responsibility and authority for coordinating and managing the procurement of necessary quarters, equipment, supplies, and services in accordance with applicable laws, regulations and policies.
- B) The Executive Officer is authorized to act as the agent for LAFCO in procuring necessary quarters, equipment, supplies, and services.
- C) Only the Commission itself or the Executive Officer may commit LAFCO funds for the purchase of any necessary quarters, equipment, supplies, or services for LAFCO use.
- D) The Executive Officer is delegated purchasing authority on behalf of LAFCO for necessary quarters, equipment, supplies, and services not to exceed \$5,000 per transaction. The Commission must approve any purchase of necessary quarters, equipment, supplies, and services that exceed the monetary limits set forth in this policy.
- E) Following review and approval by the Chair, the Executive Officer is authorized to make adjustments and administrative corrections to the budget without Commission action provided the adjustments and corrections are within the total budget allocations adopted by the Commission and within the same budget category pursuant to [Revenue and Taxation Code §29125](#).
- F) Following review and approval by the Chair, the Executive Officer is authorized to adjust the budget for purposes of carrying over to the new fiscal year any encumbered funds that have been approved by the Commission in a prior fiscal year and involve unspent balances. Said funds include committed contracts for services that were not completed in the prior fiscal year and must be re-encumbered by way of a budget adjustment in the new fiscal year.