



Siskiyou County Local Agency Formation Commission (LAFCO)

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Agenda Item No. 2 Potential Member Contribution Adjustments for Fiscal Year 2026/2027

Background

LAFCO receives \$30,000 in annual member contributions. At the current level, the Commission saves about \$3,592 each year, which can be set aside to pay for required Municipal Service Review and Sphere of Influence (MSR/SOI) updates.

Recent projects show that MSR/SOI costs have gone up over time. Earlier updates for the nine cities cost between \$68,928 and \$95,320. More recent proposals for a countywide fire MSR/SOI update ranged from \$125,000 to \$172,825, with an average of about \$143,842. Based on this, staff expects a future MSR/SOI update could cost \$150,000 or more.

LAFCO's current fund balance is about \$94,889. If an update costs \$150,000, LAFCO would still need about \$55,111 (\$150,000 – \$94,889). At the current savings rate of \$3,592 per year, it would take about 15.3 years to save enough money to complete the next update ($\$55,111 \div \$3,592 \approx 15.3$ years).

Discussion

MSR/SOI Funding Recommendation

The last comprehensive MSR/SOI update was completed in 2021. The next update would typically be between 2028 and 2031. At the current funding level, it would take about 15 years to save enough funds, which would delay the next update well beyond this timeframe. Under the recommended contribution level shown in Column B below, LAFCO could fund the next MSR/SOI update in about 6.4 years, or around 2032, which is generally consistent with the expected 2028 to 2031 timeframe.

Column B reflects an increase of \$5,000 in the annual member contribution, bringing the total to \$35,000 per year. Of that increase, only \$2,500 is shared among the nine cities (approximately \$278 per city per year).

	Column A	Column B	Column C	Column D
Contribution Level	\$30,000	\$35,000	\$40,000	\$45,000
City Share	\$15,000	\$17,500	\$20,000	\$22,500
Increase to Cities	\$0	\$2,500	\$5,000	\$7,500
Yearly Savings	\$3,592	\$8,592	\$13,592	\$18,592
Years to Reach \$150,000	15.3	6.4	4.1	3

Please Note: The 6.4-year timeframe is expected to be shorter than shown, as project costs

are likely to be less than \$150,000 and annual savings are expected to increase due to reductions in *Cost Allocation Plan* and *Professional Services/Staff* expenses. Increasing the annual member contribution to \$35,000 would allow for a comprehensive MSR/SOI update by 2032 if not sooner.

Funding from Zero Balance

Following completion of an MSR/SOI update, LAFCO’s fund balance would likely be reduced to or near zero. The table below shows how long it would take to rebuild funding for the next update under different contribution levels, assuming a starting fund balance of \$0.

	Column A	Column B	Column C	Column D
Contribution Level	\$30,000	\$35,000	\$40,000	\$45,000
City Share	\$15,000	\$17,500	\$20,000	\$22,500
Increase to Cities	\$0	\$2,500	\$5,000	\$7,500
Yearly Savings	\$3,592	\$8,592	\$13,592	\$18,592
Years to Reach \$150,000	41.8	17.5	11	8.1

At the current contribution level of \$30,000, it would take approximately 41.8 years to rebuild sufficient funds for the next MSR/SOI update.

At the \$35,000 contribution level, it would take approximately 17.5 years to rebuild sufficient funds for the next MSR/SOI update. However, this timeframe is expected to be shorter, as ongoing reductions in *Cost Allocation Plan* charges and *Professional Services/Staff* expenses are expected to increase annual savings. With these adjustments, the timeframe between MSR/SOI updates could likely be reduced to approximately 11 to 12 years, which is more in line with typical expectations for a rural county.

California Environmental Quality Act (CEQA)

The consideration of member contribution adjustments is a government fiscal activity and not a project under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378(b)(4).

Recommended Action

1. Consider the following contribution options for FY 2026/2027:
 - a. Maintain \$30,000 (about \$1,667 per city)
 - b. Increase to \$35,000 (about \$1,944 per city; +\$278)
 - c. Increase to \$40,000 (about \$2,222 per city; +\$556)
2. Direct staff to notify the cities of the selected contribution level.
3. Direct staff to incorporate the selected level into the final FY 2026/2027 budget and return on June 9, 2026, for adoption.

Recommendation Motion

I move to select the \$_____ member contribution level for FY 2026/2027, and to direct staff to incorporate that dollar amount into the final budget and notify the cities accordingly.