



May 12, 2021

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STAFF

CAROLYN EMERY
EXECUTIVE OFFICER

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Fiscal Year 2021-22 OC LAFCO Final Budget

BACKGROUND

On March 10, 2021, the Commission adopted the proposed FY 2021-22 budget. After the meeting, the documents were distributed to each of the funding agencies for review and comment. State law requires that the Commission also adopt a final budget at a public hearing.

The final OC LAFCO budget for FY 2021-22 (*Attachment 1*) totals \$1,345,280. The final budget revenues include a total apportionment of \$1,158,240 which is equally divided amongst the County, cities and special districts. The proposed apportionment for the County is \$386,080. The apportionments for the individual cities and independent special districts were prepared by the County Auditor-Controller's Office using the formulas adopted by the City Selection Committee and the Independent Special District Selection Committee, respectively. The apportionments for FY 2021-22 for each city and special district are delineated in *Attachments 1B and 1C*.

AGENCY COMMENTS

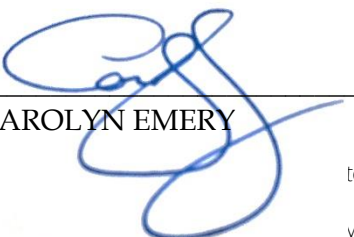
On March 10, 2021, the OC LAFCO proposed budget was distributed to the Board of Supervisors, County Executive Office, and each city and independent special district for review and comment. As of May 4, 2021, the date of the agenda publishing, OC LAFCO had not received written comments from any of the funding agencies.

RECOMMENDED ACTIONS:

Staff recommends that the Commission:

1. Adopt the OC LAFCO Final Budget for Fiscal Year 2021-22.

Respectfully submitted,



CAROLYN EMERY

Attachments:

1. OC LAFCO Final Budget FY 2021-22
 - A. Budget Categories
 - B. City Apportionments for FY 2021-22
 - C. Special Districts Apportionments for FY 2021-22

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION FINAL BUDGET

Fiscal Year 2021/22

| | FY 20/21 APPROVED BUDGET | FY 21/22 FINAL BUDGET | % Budget Variance |
|--|--------------------------------|-----------------------------|-------------------------|
| <i>Apportionment Increase Factor (%)</i> | | 3.0% | |
| REVENUES | | | |
| Use / (Addition) of Unreserved Cash | \$ 115,010 | \$ 176,840 | 53.8% |
| 4000 LAFCO Apportionment | 1,124,500 | 1,158,240 | 3.0% |
| 4200 Interest | 18,000 | 10,000 | -44.4% |
| 4150 Miscellaneous Revenue | - | - | 0.0% |
| REVENUES & USES / (ADDITIONS) TO CASH | 1,257,510 | 1,345,080 | 7.0% |
| EXPENDITURES | | | |
| Salaries & Benefits | | | |
| 5000 Salaries | 529,220 | 532,630 | 0.6% |
| 5010 Hourly Employees | 18,000 | 18,000 | 0.0% |
| 5106 Retirement | 190,920 | 193,820 | 1.5% |
| 5109 Retiree Health Benefits | 18,250 | 18,370 | 0.7% |
| 5108 Health Insurance | 56,520 | 67,230 | 18.9% |
| 5110 Dental Insurance | 5,710 | 5,320 | -6.8% |
| 5112 Life Insurance | 510 | 500 | -2.0% |
| 5102 Optional Benefit Plan | 18,500 | 18,500 | 0.0% |
| 5104 Deferred Compensation | 16,130 | 16,200 | 0.4% |
| 5116 Medicare | 8,210 | 8,260 | 0.6% |
| 5114 Worker's Compensation | 3,940 | 2,370 | -39.8% |
| 5120 Salary Continuance | 1,860 | 1,400 | -24.7% |
| 5122 Accidental Death Insurance | 130 | 150 | 15.4% |
| 5125 Executive Car Allowance | 7,200 | 7,200 | 0.0% |
| SubTotal: Salaries & Benefits | 875,100 | 889,950 | 1.7% |
| Office Operations | | | |
| 5150 Information Technology | 10,000 | 12,700 | 27.0% |
| 5151 Internet & Telephone | 15,760 | 14,500 | -8.0% |
| 5200 County Charges | 8,500 | 11,000 | 29.4% |
| 5250 Insurance | 9,800 | 7,400 | -24.5% |
| 5350 Membership/Subscriptions | 35,320 | 35,600 | 0.8% |
| 5450 Office Equipment/Supplies | 10,000 | 19,400 | 94.0% |
| Professional Services | | | |
| 5510 Legal | 60,000 | 60,000 | 0.0% |
| 5520 Audit/Accounting | 43,200 | 43,500 | 0.7% |
| 5530 Human Resources | 9,450 | 9,500 | 0.5% |
| 5540 Other Professional | 60,000 | 60,000 | 0.0% |
| Other Operations | | | |
| 5535 Mapping | 9,500 | 7,300 | -23.2% |
| 5550 Investment Admin Fees | 630 | 830 | 31.7% |

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION FINAL BUDGET

Fiscal Year 2021/22

| | FY 20/21 APPROVED BUDGET | FY 21/22 FINAL BUDGET | % Budget Variance |
|---|---|--------------------------------------|----------------------------------|
| 5600 Public Noticing / Communications | 5,400 | 11,500 | 113.0% |
| 5610 Unincorporated Areas Program | 6,000 | 8,000 | 33.3% |
| 5650 Rents/Maintenance | 51,100 | 100,600 | 96.9% |
| 5675 Equipment Leases & Maintenance | 7,860 | 7,700 | -2.0% |
| 5700 Commissioner/Staff Expenses | 7,000 | 7,000 | 0.0% |
| 5710 Commission Stipends & Taxes/Fees | 16,350 | 15,500 | -5.2% |
| 5750 Professional Development | - | 5,000 | 0.0% |
| 5800 Registration/Travel | 10,540 | 11,600 | 10.1% |
| 5850 Commission Meeting Expenses | 6,000 | 6,500 | 8.3% |
| Subtotal: Office Operations & Services | 382,410 | 455,130 | 19.0% |
| TOTAL EXPENDITURES | 1,257,510 | 1,345,080 | 7.0% |
| NET BUDGET | \$ - | \$ - | |

| | FY 20/21 APPROVED BUDGET | FY 21/22 FINAL BUDGET |
|---|---|--------------------------------------|
| PROJECTED RESERVES | | |
| Contingency Reserve | \$ 100,000 | \$ 100,000 |
| Reserve for Litigation | 75,000 | 75,000 |
| Unfunded Liability Reserve | 30,000 | 30,000 |
| Reserve - 25% of Budgeted Expenditures | 314,378 | 336,270 |
| UNRESERVED CASH | | |
| Balance at the Beginning of FY | 817,502 | 891,375 |
| Addition / (Drawdown) to Unreserved Cash | (115,010) | (176,840) |
| PROJECTED UNRESERVED CASH AT END OF FY | 702,492 | 714,535 |
| TOTAL PROJECTED CASH AT END OF FY | \$ 1,221,870 | \$ 1,255,805 |

OC LAFCO FY 2021-22 BUDGET CATEGORIES

REVENUES

The following summarizes the revenue categories of the OC LAFCO Budget:

4000 OC LAFCO Apportionment

These funds are provided by the County, independent special districts and cities. The County pays 1/3 of the total apportionment cost. The cost allocation formulas for the cities and special districts are in accordance with the alternative formulas adopted by the City Selection Committee and the Independent Special Districts Selection Committee respectively.

4050 Filing Fees

These funds are provided by incoming project applications, including but not limited to annexations, reorganizations, incorporations, dissolutions, and consolidations. Filing fees vary with each project received and are not budgeted as revenue due to the uncertainty of when applications will be filed. Filing fees are collected to offset OC LAFCO salaries, benefits and other expenditures associated with applications.

4200 Interest

These funds are the interest earned from the agency's bank and County payroll accounts and investment portfolio, including the Local Agency Investment Fund (LAIF) and the Orange County Fund.

4150 Miscellaneous Revenue

These funds are incurred by nonoperational income including but not limited to reimbursements.

EXPENDITURES

The following summarizes the expenditure categories of the OC LAFCO Budget:

5000-5125 Salaries and Benefits

These categories include costs incurred for OC LAFCO employee (full-time and hourly) salaries and benefits, including retirement, life, accidental and disability insurance, health and dental insurance, workers' compensation, and Medicare. OC LAFCO contracts with the County of Orange for payroll and benefit services.

5150 Information Technology

This category includes costs incurred for the technical support for regular maintenance and upgrades to the OC LAFCO computer systems and website. OC LAFCO contracts with an independent consultant for IT services.

5151 Internet and Telephone

This category includes costs for the usage, technical support, equipment purchasing, leasing and maintenance for office and mobile telephones, website hosting, and internet service.

OC LAFCO FY 2021-22 BUDGET CATEGORIES

5200 County Charges

This category includes costs incurred for payroll processing, records archiving and storage, and billing and collection services provided by the County of Orange.

5250 Insurance

This category includes costs incurred for insurance coverage. OC LAFCO contracts with the County and a joint powers authority for the following coverages for instances that occur during the general operation of the agency.

- General Liability– Includes coverage for personal injury (including bodily injury and property damage), non-owned auto liability, public officials’ errors and omissions and employment practices liability.
- Crime – Includes coverage for employee or non-employee theft, burglary, forgery or alteration, computer fraud, funds transfer fraud.
- Property - Includes per occurrence, all perils coverage for damage to property including personal property and business interruption coverage.
- Workers’ Compensation – Includes coverage for employees involving work-related injuries.

5350 Membership/Subscriptions

This category includes memberships and subscriptions fees to CALAFCO, CSDA, OCBC, CDR and other applicable memberships.

5450 Office Equipment and Supplies

This category includes costs incurred for the purchase of office supplies and equipment, computers, and software that support the efficient operations of the agency.

5500 Professional Services

This category includes costs incurred for professional services provided to OC LAFCO. The following are subcategories for professional services:

- ✓ **5510 Legal** – OC LAFCO legal counsel services.
- ✓ **5520 Auditing/Accounting** – Bookkeeping, accounting and auditing services. OC LAFCO audited financial statements are prepared by an independent auditor.
- ✓ **5530 Human Resources** – Personnel services that may be provided by an independent consultant for assistance with recruitment, professional development and other human resource areas.
- ✓ **5535 Mapping** – OC LAFCO’s Geographic Information System (GIS) and other mapping programs.
- ✓ **5540 Other Professional Services** – Outside consulting and professional services used for complex and contentious projects that may include meeting facilitation, peer reviews, and preparation of Municipal Service Reviews, fiscal studies and other reports.

OC LAFCO FY 2021-22 BUDGET CATEGORIES

5550 Investment Admin Fees

This category includes costs incurred for administrative fees charged by the County of Orange for financial services related to the OC Fund investment portfolio and County payroll account.

5600 Public Noticing/Communications

This category includes costs incurred for required legal notices and other communications for Commission-initiated and other projects (e.g., spheres of influence reviews and updates, municipal service reviews, and annual budget adoption) that are not reimbursable through application fees.

5610 Unincorporated Areas Program

This category includes costs incurred for the processing of applications under the Commission's Unincorporated Areas Program.

5650 Rents/Maintenance

This category includes costs for leasing and maintenance of OC LAFCO office space.

5675 Equipment Leases/Maintenance

This category includes costs for leasing and maintenance of the OC LAFCO copier and printers.

5700 Commissioner/Staff Expenses

This category includes costs incurred by Commissioners and staff to attend OC LAFCO and other related business meetings and activities.

5710 Commissioner Stipends & Taxes/Fees

This category includes Commissioner meeting stipends and related employment taxes and fees.

5750 Professional Development

This category includes costs related to employee professional development (e.g., college/university degree programs and courses, certificate programs, leadership seminars).

5800 Transportation/Travel/Registration

This category includes costs incurred for registration and travel expenses for commissioners and staff to attend the CALAFCO annual conference, staff workshop and board meetings.

5850 Commission Meeting Expenses

This category includes costs incurred for communications, room rental, parking and miscellaneous expenses for Commission meetings.

OC LAFCO FY 2021-22 BUDGET CATEGORIES

Contingency Reserve

Restricted funds used to cover any unforeseen future agency loss and/or urgency (i.e., property or equipment damage, loss or theft).

Reserve for Litigation

Restricted funds used for costs related to agency litigation not covered by application fees and deposits.

Unfunded Liability Reserve

Restricted funds used to offset anticipated agency liabilities (i.e., employee compensated absences).

OC LAFCO FY 2021-22 City Allocations

| City | FY 2021-22 City Allocation |
|------------------------|-------------------------------|
| Aliso Viejo | \$ 5,898.14 |
| Anaheim | 42,506.63 |
| Brea | 6,822.81 |
| Buena Park | 9,467.46 |
| Costa Mesa | 13,522.06 |
| Cypress | 5,769.96 |
| Dana Point | 4,398.99 |
| Fountain Valley | 6,911.99 |
| Fullerton | 17,429.58 |
| Garden Grove | 19,101.70 |
| Huntington Beach | 23,709.18 |
| Irvine | 39,812.58 |
| Laguna Beach | 4,054.23 |
| Laguna Hills | 4,282.40 |
| Laguna Niguel | 9,102.61 |
| Laguna Woods | 2,173.63 |
| La Habra | 7,189.19 |
| Lake Forest | 11,216.39 |
| La Palma | 1,752.42 |
| Los Alamitos | 1,976.73 |
| Mission Viejo | 12,324.06 |
| Newport Beach | 13,562.22 |
| Orange | 18,089.77 |
| Placentia | 5,951.04 |
| Rancho Santa Margarita | 7,259.85 |
| San Clemente | 9,917.23 |
| San Juan Capistrano | 6,556.03 |
| Santa Ana | 34,936.37 |
| Seal Beach | 5,013.25 |
| Stanton | 4,036.85 |
| Tustin | 9,478.27 |
| Villa Park | 1,001.11 |
| Westminster | 10,232.28 |
| Yorba Linda | 10,622.99 |
| TOTAL | \$ 386,080.00 |

OC LAFCO FY 2021-22 Special District Allocations

| District | ISDOC Formula Calculation FY 2021-22 |
|---|--|
| Silverado-Modjeska Rec. & Park | \$ 463.30 |
| Surfside Colony Stormwater | 463.30 |
| Rossmoor/Los Alamitos Area Sewer District | 463.30 |
| Surfside Colony CSD | 463.30 |
| Capistrano Bay CSD | 2,277.87 |
| Rossmoor CSD | 2,277.87 |
| Three Arch Bay CSD | 2,277.87 |
| Emerald Bay CSD | 2,277.87 |
| Buena Park Library District | 2,277.87 |
| Placentia Library District | 2,277.87 |
| Orange County Cemetery District | 3,436.11 |
| Orange County Vector Control District | 4,594.35 |
| Total Non-Enterprise Districts | \$ 23,550.88 |
| Sunset Beach Sanitary District | 4,594.35 |
| Serrano Water District | 13,783.06 |
| East Orange Co. Water District | 13,783.06 |
| Midway City Sanitary District | 18,338.80 |
| Trabuco Canyon Water District | 13,783.06 |
| Costa Mesa Sanitary District | 18,338.80 |
| El Toro Water District | 22,933.15 |
| Mesa Water District | 22,933.15 |
| Yorba Linda Water District | 22,933.15 |
| South Coast Water District | 27,527.50 |
| Moulton Niguel Water District | 32,121.86 |
| Santa Margarita Water District | 32,121.86 |
| Municipal Water District of O.C. | 36,716.20 |
| Orange County Water District | 41,310.56 |
| Irvine Ranch Water District | 41,310.56 |
| Total Enterprise Districts | \$ 362,529.12 |
| Total Special Districts | \$ 386,080.00 |