



March 10, 2020

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PUBLIC MEMBER**VACANT**
COUNTY MEMBER**STAFF****CAROLYN EMERY**
EXECUTIVE OFFICER**TO:** Local Agency Formation Commission**FROM:** Executive Officer
Accountant**SUBJECT:** Proposed Fiscal Year 2021-22 OC LAFCO Budget and
Fee Schedule**BACKGROUND**

The State Government Code Section 56381(a) requires the Commission to hold a public hearing to adopt a proposed annual budget. The proposed FY 2021-22 budget is presented in line-item detail for the Commission's review and consideration (*Attachment 1*).

In February, staff and the Commission's Executive Committee, comprised of Chair Douglass Davert, Vice Chair Donald Wagner and Immediate Past Chair Derek McGregor, met and reviewed the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee reviews the proposed agency budget and serves in an advisory role on this matter to the full Commission. Upon approval by the Commission, the proposed budget will be distributed for review and comment to the Board of Supervisors, the cities, and the independent special districts. Subsequently, the final budget, together with any submitted comments, will be considered by the Commission at a second public hearing during the May 12, 2021 regular meeting.

Fee Schedule Resolution

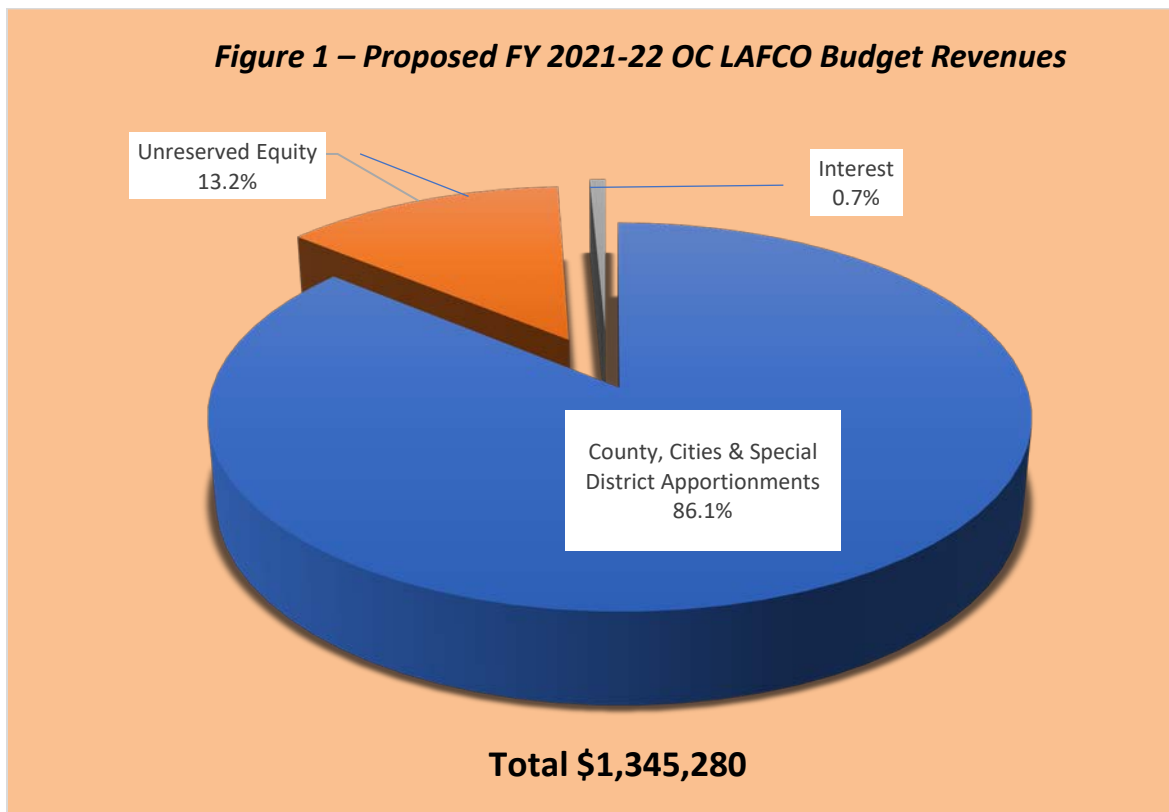
The Commission's Fee Schedule, which was originally established in 1995, is structured to ensure that the agency is recovering the actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rates for staff and legal counsel direct costs. The recommended actions include adopting the Fee Schedule Resolution (*Attachment 3*).

FY 2021-22 OC LAFCO PROPOSED BUDGET

The proposed FY 2021-22 budget is balanced; the expected expenditures are funded by the projected ongoing revenues together with a drawdown of unreserved equity. The proposed budget totals \$1,345,280 and includes an overall increase of seven percent from the current budget. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2021-22 proposed budget.

REVENUES

The revenues in the proposed budget for FY 2021-22 total \$1,345,280. There are three categories of agency revenues: (1) County, Cities, and Special Districts Apportionments, (2) Interest, and (3) Unreserved equity. As depicted in *Figure 1*, the apportionments to the funding agencies constitute 86.1 percent of the revenues with the balance being contributed by unreserved equity and interest revenue.



(1) County, Cities, and Special Districts Apportionments

As represented in Figure 1, the apportionments from the funding agencies provide the largest revenue source for OC LAFCO. The total apportionment for FY 2021-22 of \$1,158,240 to be collected from the County, cities and special districts constitutes an overall increase of three percent from the FY 2020-21 budget. The apportionment is equally divided amongst the County, cities and independent special districts. The apportionments for the individual cities and independent special districts are calculated by the County Auditor-Controller using the formulas adopted by the City Selection Committee and the Independent Special Districts Selection Committee, respectively. The projected individual apportionments for the cities and special districts for FY 2021-22 are delineated in *Attachments 1B and 1C*.

(2) Interest

This revenue category includes interest earned from the agency's savings account, payroll account and two investment accounts - the Local Agency Investment Fund and the Orange County Fund. Since the Commission receives an influx of revenues in the beginning of each fiscal year from the funding agencies, the apportionments are deposited into the highest interest earning accounts. Throughout the fiscal year, OC LAFCO staff, in consultation with the agency's independent accounting staff, withdraw funds from the accounts to cover the agency's operational expenses. Given the current trends in rates, the proposed FY 2021-22 budget assumes that the interest accrued on the agency's investment accounts will generate \$10,000 or slightly less than one percent of the annual revenue.

(3) Unreserved Equity

In its reserve policy, the Commission specifies minimum balances of \$100,000 for contingency reserves, \$75,000 for litigation reserves, and \$30,000 for unfunded liability reserves. Additionally, the Commission's policy mandates that three months of operational expenses be maintained in the reserve account, which for FY 2021-22, amounts to \$336,320.

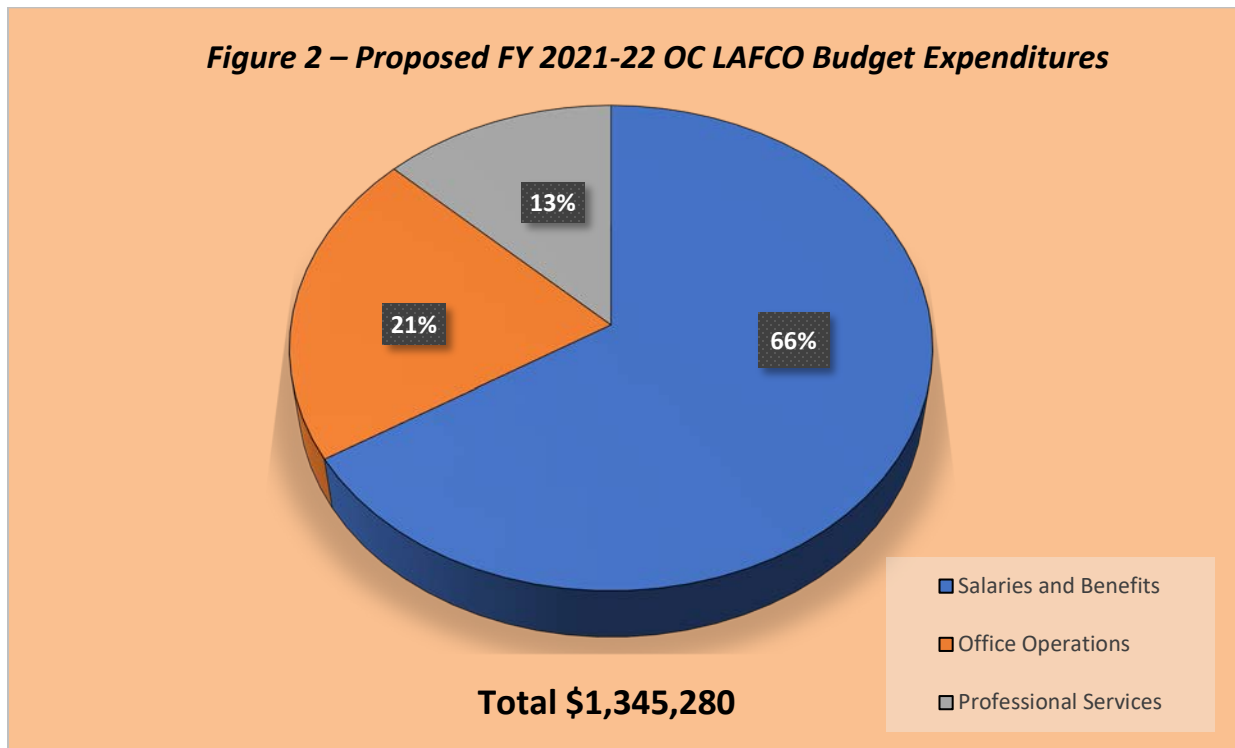
Unreserved equity is any balance available above those minimums. The proposed FY 2021-22 budget revenue assumptions include \$177,040 from the unreserved equity which represents 13.2 percent of the total revenues. Over the past several years, the use of unreserved equity as part of the revenue assumptions has assisted with decreasing its overall balance to the approved reserve levels and to avoid large fluctuations in the annual apportionments to the funding agencies. The agency's projected reserves through FY 2023-24 are provided in *Attachment 2*. Based on these budget projections, it is anticipated that the reserve levels will remain within the Commission's approved policy through FY 2025-26. In order to maintain and meet approved reserve levels, it is expected that the annual budget beginning in FY 2025-26 will require an overall increase to the LAFCO apportionment greater than 4.5%. Staff will continue monitoring of the reserve

levels closely as any future apportionment increases will vary depending on project applications and filing fees.

EXPENDITURES

The proposed budget expenditures reflect the resources necessary to support the agency’s operations and to effectively manage the mandated projects that are not supported by applicant fees, such as preparing updates of agencies’ Spheres of Influence, conducting Municipal Service Reviews and the Unincorporated Areas Program.

The proposed budget includes adjustments to specific budget categories based on the national Consumer Price Index (CPI), past trending, actual expenditures and the budget instructions from the County regarding the benefit cost projections. The Commission expenses are described in three categories: (1) Salaries and Benefits, (2) Office Operations, and (3) Professional Services. The percentage of each category is depicted in *Figure 2* and described briefly in the following sections.



(1) Salaries & Benefits

The proposed FY 2021-22 budget for salaries and benefits for the five full-time professional staff and any temporary or seasonal staff total \$889,950, which is an increase of 1.7 percent from the budgeted amount in the current fiscal year. The minor increase

does not propose any salary merit increases or cost-of-living adjustments for FY 2021-22 and is largely attributed to an increase in benefits costs discussed in the next paragraph.

The assumptions for the employee benefits (health, dental, life and disability insurance, and deferred compensation) are based on information provided by the County of Orange, which provides these benefits to OC LAFCO employees through a contractual agreement. The benefits for OC LAFCO employees substantially mirror the benefits provided by the County to its employees and Executive Managers. While there is an approximate 19% increase over the current fiscal year's budget for health insurance and minor increases to other benefits costs, there is a decrease in costs in other areas that include dental, life and worker's compensation benefits. Additionally, the proposed budget contains assumptions for retirement costs that are based on the figures provided by the Orange County Employees Retirement System (OCERs). The increase in retirement costs for FY 2021-22 is 1.5 percent.

In accordance with best budgeting practices, the proposed budget provides for fully funding all staff positions. However, when personnel or other costs are associated with a project application, those costs are tracked in a special fund and reimbursed through the fees collected from the applicant. An accounting of the fees collected, personnel or other costs applied, and the balance remaining in these special funds are provided quarterly and annually to the Commission in the comprehensive report and the audited financial statements. Any savings in staff costs to the General Fund generated by the application of costs to a project special fund will effectively result in a reduction in the amount that will be drawn down from the unreserved equity at the end of the fiscal year.

During the preparation of the FY 2021-22 proposed budget, staff began exploring options for the agency to begin paying towards its unfunded pension liability of approximately \$1.5 million as of December 31, 2019. An option preliminarily discussed with the Executive Committee involved using a percentage of any savings in staff costs due to project applications or other expense savings to pay down the unfunded pension liability. This option, along with any others, would require additional research and analysis by staff and the independent accountant and discussion with OCERs staff. Staff will provide additional information on this item under a separate report at a future meeting for Commission discussion and action, if warranted.

(2) Office Operations

Overall, the Commission operations continue to demonstrate prudent management of agency expenses. The following provides a brief discussion of the key areas that incorporate proposed changes in appropriations for FY 2021-22:

➤ ***County Charges (line item 5200)***

This line item records the charges the County assesses for LAFCO access to County human resources, accounting and archiving systems and related maintenance, processing payroll, storing files and records, and processing the billing and collection of apportionments from the County, cities and special districts. The proposed budget projects an increase of \$2,500 in this line item to accommodate for the respective increase in these costs.

➤ ***Insurance (line item 5250)***

The proposed FY 2021-22 budget includes a continued decrease of approximately \$2,200 in costs for property, general liability and crime insurance. Last fiscal year, the Commission changed providers and insurance services are provided through the agency's participation in the joint powers agreement of the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority.

➤ ***Office Equipment/Supplies (line item 5450)***

The appropriation for Office Equipment and Supplies fluctuates from year to year as the expenditures for computers and related technology are incorporated into this line item. Based on the equipment purchases scheduled for the 2021-22 fiscal year, this budget line item reflects an increase of \$9,400.

➤ ***Public Noticing/Communications (line item 5600)***

This line item includes the costs for publishing legal notices and other communications that are statutorily required and not reimbursable through application fees. An increase of \$6,100 is included within the proposed FY 2021-22 budget to meet the noticing requirements of both statutory and Commission-initiated projects.

➤ ***Rents/Maintenance (line item 5650)***

The approved FY 20-21 appropriation for the rents and maintenance line item includes approximately \$29K in rent abatements and other incentives given by the agency's landlord in response to the renewing of a long-term lease agreement for the agency's office space. As these incentives end in the current fiscal year, this line item includes the largest operational increase of \$49,500. The budget projections for FY 2021-22 incorporate the complete rent and maintenance costs.

➤ ***Professional Development (line item 5750)***

This category includes costs related to staff professional development activities (e.g., conferences, workshops, university courses, or other training classes). The proposed allocation for the 2021-22 fiscal year is \$5,000.

➤ ***Registration and Travel (line item 5800)***

This line item allocates the funding for the participation by Commissioners and staff in the CALAFCO annual conference and staff workshop. The proposed budget amounts vary from year to year based on the location and anticipated participation involving these events. The 2021 annual conference and the 2022 staff workshop will both take place in Newport Beach. The proposed budget amount reflects an increase of approximately \$1,060 commensurate with expected Commissioner and staff attendance and costs provided by CALAFCO.

(3) **Professional Services (line items 5510-5540)**

The Commission's staff performs the majority of the administrative and project related work; however, the agency continues to utilize professional services for certain ongoing and project-related support. Ongoing administrative expenses for this line item include the Commission's accountant, legal counsel, auditor and human resources support. The FY 2021-22 proposed budget allocations for this category include the following: legal services (\$60,000); audit and accounting services (\$43,500) and human resources (\$9,500). Project-related professional services include meeting facilitation involving South Orange County governance and unincorporated areas, continued improvement and integration of the fiscal indicators web-based program, and other studies or reports. The proposed allocation for that line item is \$60,000.

OC LAFCO TWO-YEAR BUDGET PROJECTIONS


The two-year budget projections are intended to anticipate future changes to the OC LAFCO budget. Additionally, the projections provide the funding agencies with budget projections beyond a single fiscal year. The two-year budgetary projections provided in ***Attachment 3*** indicate potential apportionment increases of 4.5 percent in FY 2022-23 and FY 2023-24. The projections use the FY 2021-22 proposed budget as a baseline with personnel expenditures increased annually by the CPI of 3.7% and general operational expenditures adjusted annually by factors such as current trends, contractual obligations for office and equipment leases, or the CPI. The apportionment projections for FY 2022-23 and FY 2023-24 are subject to change and should be used for trending purposes only.

RECOMMENDED ACTIONS

Staff recommends that the Commission:

1. Adopt the Proposed FY 2021-22 Budget (*Attachment 1*) and direct the Executive Officer to distribute the document for review and comment to the Board of Supervisors, cities, and special districts.
2. Direct staff to schedule a public hearing, per Government Code Section 56381, for consideration and adoption of the Final FY 2021-22 OC LAFCO Budget at the May 12, 2021 regular meeting.
3. Adopt OC LAFCO Resolution No. CP 21-02 approving the OC LAFCO Fee Schedule, effective July 1, 2021 (*Attachment 3*).

Respectfully submitted,



CAROLYN EMERY



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Attachments:

1. Proposed FY 2021-22 OC LAFCO Budget
 - A. *FY 2021-22 Budget Categories*
 - B. *OC LAFCO City Apportionments for FY 2021-22 (prepared by County Auditor-Controller)*
 - C. *OC LAFCO Special District Apportionments for FY 2021-22 (prepared by County Auditor-Controller)*
2. Two-year Budget Projections (FYs 2022-23 and 2023-24)
3. OC LAFCO Resolution No. CP 21-02 – LAFCO Fee Schedule (effective July 1, 2021)

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

PROPOSED BUDGET

Fiscal Year 2021/22

| | FY 20/21 APPROVED BUDGET | FY 21/22 PROPOSED BUDGET | \$ BUDGET VARIANCE | % Budget Variance |
|--|--------------------------------|--|--------------------------|-------------------------|
| | | <i>Apportionment Increase Factor (%)</i> | | |
| | | <i>3.0%</i> | | |
| REVENUES | | | | |
| Use / (Addition) of Unreserved Cash | \$ 115,010 | \$ 177,040 | \$ 62,030 | 53.9% |
| 4000 LAFCO Apportionment | 1,124,500 | 1,158,240 | 33,740 | 3.0% |
| 4200 Interest | 18,000 | 10,000 | (8,000) | -44.4% |
| 4150 Miscellaneous Revenue | - | - | - | 0.0% |
| | 1,257,510 | 1,345,280 | 87,770 | 7.0% |
| REVENUES & USES / (ADDITIONS) TO CASH | | | | |
| EXPENDITURES | | | | |
| Salaries & Benefits | | | | |
| 5000 Salaries | 529,220 | 532,630 | 3,410 | 0.6% |
| 5010 Hourly Employees | 18,000 | 18,000 | - | 0.0% |
| 5106 Retirement | 190,920 | 193,820 | 2,900 | 1.5% |
| 5109 Retiree Health Benefits | 18,250 | 18,370 | 120 | 0.7% |
| 5108 Health Insurance | 56,520 | 67,230 | 10,710 | 18.9% |
| 5110 Dental Insurance | 5,710 | 5,320 | (390) | -6.8% |
| 5112 Life Insurance | 510 | 500 | (10) | -2.0% |
| 5102 Optional Benefit Plan | 18,500 | 18,500 | - | 0.0% |
| 5104 Deferred Compensation | 16,130 | 16,200 | 70 | 0.4% |
| 5116 Medicare | 8,210 | 8,260 | 50 | 0.6% |
| 5114 Worker's Compensation | 3,940 | 2,370 | (1,570) | -39.8% |
| 5120 Salary Continuance | 1,860 | 1,400 | (460) | -24.7% |
| 5122 Accidental Death Insurance | 130 | 150 | 20 | 15.4% |
| 5125 Executive Car Allowance | 7,200 | 7,200 | - | 0.0% |
| | 875,100 | 889,950 | 14,850 | 1.7% |
| SubTotal: Salaries & Benefits | | | | |
| Office Operations | | | | |
| 5150 Information Technology | 10,000 | 12,700 | 2,700 | 27.0% |
| 5151 Internet & Telephone | 15,760 | 14,500 | (1,260) | -8.0% |
| 5200 County Charges | 8,500 | 11,000 | 2,500 | 29.4% |
| 5250 Insurance | 9,800 | 7,600 | (2,200) | -22.4% |
| 5350 Membership/Subscriptions | 35,320 | 35,600 | 280 | 0.8% |
| 5450 Office Equipment/Supplies | 10,000 | 19,400 | 9,400 | 94.0% |
| Professional Services | | | | |
| 5510 Legal | 60,000 | 60,000 | - | 0.0% |
| 5520 Audit/Accounting | 43,200 | 43,500 | 300 | 0.7% |
| 5530 Human Resources | 9,450 | 9,500 | 50 | 0.5% |
| 5540 Other Professional | 60,000 | 60,000 | - | 0.0% |
| Other Operations | | | | |
| 5535 Mapping | 9,500 | 7,300 | (2,200) | -23.2% |
| 5550 Investment Admin Fees | 630 | 830 | 200 | 31.7% |
| 5600 Public Noticing / Communications | 5,400 | 11,500 | 6,100 | 113.0% |
| 5610 Unincorporated Areas Program | 6,000 | 8,000 | 2,000 | 33.3% |
| 5650 Rents/Maintenance | 51,100 | 100,600 | 49,500 | 96.9% |
| 5675 Equipment Leases & Maintenance | 7,860 | 7,700 | (160) | -2.0% |
| 5700 Commissioner/Staff Expenses | 7,000 | 7,000 | - | 0.0% |
| 5710 Commission Stipends & Taxes/Fees | 16,350 | 15,500 | (850) | -5.2% |
| 5750 Professional Development | - | 5,000 | 5,000 | 0.0% |

**ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION
PROPOSED BUDGET**

Fiscal Year 2021/22

| | FY 20/21 APPROVED BUDGET | FY 21/22 PROPOSED BUDGET | \$ BUDGET VARIANCE | % Budget Variance |
|---|---|---|-----------------------------------|----------------------------------|
| 5800 Registration/Travel | 10,540 | 11,600 | 1,060 | 10.1% |
| 5850 Commission Meeting Expenses | 6,000 | 6,500 | 500 | 8.3% |
| Subtotal: Office Operations & Services | 382,410 | 455,330 | 72,920 | 19.1% |
| TOTAL EXPENDITURES | 1,257,510 | 1,345,280 | 87,770 | 7.0% |
| NET BUDGET | \$ - | \$ - | | |

| | FY 20/21 APPROVED BUDGET | FY 21/22 PROPOSED 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 | 336,320 |
| UNRESERVED CASH | | |
| Balance at the Beginning of FY | 817,502 | 891,375 |
| Addition / (Drawdown) to Unreserved Cash | (115,010) | (177,040) |
| PROJECTED UNRESERVED CASH AT END OF FY | 702,492 | 714,335 |
| TOTAL PROJECTED CASH AT END OF FY | \$ 1,221,870 | \$ 1,255,655 |

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 |

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION TWO YEAR BUDGET PROJECTIONS

Fiscal Year 2021/22

| | FY 21/22 PROPOSED BUDGET | FY 22/23 PROJ. BUDGET | FY 23/24 PROJ. BUDGET |
|--|---|--------------------------------------|--------------------------------------|
| <i>Apportionment Increase Factor (%)</i> | <i>3.0%</i> | <i>4.5%</i> | <i>4.5%</i> |
| REVENUES | | | |
| Use / (Addition) of Unreserved Cash | \$ 177,040 | \$ 188,240 | \$ 178,070 |
| 4000 LAFCO Apportionment | 1,158,240 | 1,210,400 | 1,264,800 |
| 4200 Interest | 10,000 | 10,030 | 10,060 |
| 4150 Miscellaneous Revenue | - | - | - |
| REVENUES & USES / (ADDITIONS) TO CASH | 1,345,280 | 1,408,670 | 1,452,930 |
| EXPENDITURES | | | |
| Salaries & Benefits | | | |
| 5000 Salaries | 532,630 | 552,340 | 572,780 |
| 5010 Hourly Employees | 18,000 | 18,000 | 18,000 |
| 5106 Retirement | 193,820 | 203,010 | 210,600 |
| 5109 Retiree Health Benefits | 18,370 | 19,480 | 20,650 |
| 5108 Health Insurance | 67,230 | 71,270 | 75,550 |
| 5110 Dental Insurance | 5,320 | 5,380 | 5,440 |
| 5112 Life Insurance | 500 | 510 | 520 |
| 5102 Optional Benefit Plan | 18,500 | 18,500 | 18,500 |
| 5104 Deferred Compensation | 16,200 | 16,800 | 17,430 |
| 5116 Medicare | 8,260 | 8,540 | 8,840 |
| 5114 Worker's Compensation | 2,370 | 2,460 | 2,560 |
| 5120 Salary Continuance | 1,400 | 1,390 | 1,440 |
| 5122 Accidental Death Insurance | 150 | 160 | 170 |
| 5125 Executive Car Allowance | 7,200 | 7,200 | 7,200 |
| SubTotal: Salaries & Benefits | 889,950 | 925,040 | 959,680 |
| Office Operations | | | |
| 5150 Information Technology | 12,700 | 13,170 | 13,660 |
| 5151 Internet & Telephone | 14,500 | 15,040 | 15,600 |
| 5200 County Charges | 11,000 | 11,410 | 11,840 |
| 5250 Insurance | 7,600 | 7,890 | 8,190 |
| 5350 Membership/Subscriptions | 35,600 | 36,920 | 38,290 |
| 5450 Office Equipment/Supplies | 19,400 | 15,000 | 15,560 |
| Professional Services | | | |
| 5510 Legal | 60,000 | 60,000 | 60,000 |
| 5520 Audit/Accounting | 43,500 | 43,800 | 44,100 |
| 5530 Human Resources | 9,500 | 9,860 | 10,230 |
| 5540 Other Professional | 60,000 | 60,000 | 60,000 |
| Other Operations | | | |
| 5535 Mapping | 7,300 | 7,580 | 7,870 |
| 5550 Investment Admin Fees | 830 | 870 | 910 |
| 5600 Public Noticing / Communications | 11,500 | 11,930 | 12,380 |
| 5610 Unincorporated Areas Program | 8,000 | 8,000 | 8,000 |
| 5650 Rents/Maintenance | 100,600 | 104,080 | 107,120 |
| 5675 Equipment Leases & Maintenance | 7,700 | 7,990 | 8,290 |
| 5700 Commissioner/Staff Expenses | 7,000 | 7,260 | 7,530 |

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION TWO YEAR BUDGET PROJECTIONS

Fiscal Year 2021/22

| | FY 21/22 PROPOSED BUDGET | FY 22/23 PROJ. BUDGET | FY 23/24 PROJ. BUDGET |
|---|---|--------------------------------------|--------------------------------------|
| 5710 Commission Stipends & Taxes/Fees | 15,500 | 16,080 | 16,680 |
| 5750 Professional Development | 5,000 | 20,000 | 20,000 |
| 5800 Registration/Travel | 11,600 | 20,000 | 20,000 |
| 5850 Commission Meeting Expenses | 6,500 | 6,750 | 7,000 |
| Subtotal: Office Operations & Services | 455,330 | 483,630 | 493,250 |
| TOTAL EXPENDITURES | 1,345,280 | 1,408,670 | 1,452,930 |
| NET BUDGET | \$ - | \$ - | \$ - |

| | FY 21/22 PROPOSED BUDGET | FY 22/23 PROJ. BUDGET | FY 23/24 PROJ. BUDGET |
|---|---|--------------------------------------|--------------------------------------|
| PROJECTED RESERVES | | | |
| Contingency Reserve | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| Reserve for Litigation | 75,000 | 75,000 | 75,000 |
| Unfunded Liability Reserve | 30,000 | 30,000 | 30,000 |
| Reserve - 25% of Budgeted Expenditures | 336,320 | 352,168 | 363,233 |
| UNRESERVED CASH | | | |
| Balance at the Beginning of FY | 891,375 | 714,335 | 526,095 |
| Addition / (Drawdown) to Unreserved Cash | (177,040) | (188,240) | (178,070) |
| PROJECTED UNRESERVED CASH AT END OF FY | 714,335 | 526,095 | 348,025 |
| TOTAL PROJECTED CASH AT END OF FY | \$ 1,255,655 | \$ 1,083,262 | \$ 916,257 |

CP 21-02
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
UPDATING THE OC LAFCO FEE SCHEDULE

March 10, 2021

On motion of _____ duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56383 allows for a Local Agency Formation Commission to establish a schedule of fees for the costs of proceedings; and

WHEREAS, it is the Commission's policy that fees should be based on actual processing costs plus the costs of necessary indirect and administrative functions; and

WHEREAS, the Executive Officer gave notice of this matter in the manner required by law; and

WHEREAS, the Commission complied with the requirements of Government Code Section 66016; and

WHEREAS, the Commission discussed and considered all written testimony for and against this matter including, but not limited to, the staff report and recommendations from the Executive Officer.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of March
2021.

DOUGLASS DAVERT
Chair of the Local Agency Formation Commission
of Orange County

By: _____
Douglass Davert

EXHIBIT A
LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY
SCHEDULE OF FILING AND PROCESSING FEES
Effective 7/1/2021

FEE SCHEDULE OVERVIEW

In accordance with Government Code Section 56383, the Commission may establish a schedule of fees and a schedule of service charges for the Local Agency Formation Commission of Orange County (LAFCO) proceedings. The submission of an application to LAFCO is not officially accepted for processing until the filing fee deposits have been received by the agency. The fees associated with an application or petition are calculated on a time and materials schedule as detailed in the Fee Schedule.

PROVISIONS

1. Additional Deposits:

- a. The Executive Officer may require an additional deposit from applicants to cover actual costs for review and processing of any application if the Executive Officer determines the project is extraordinary in scope. For example, the Executive Officer may determine that the processing of the proposal will require advice and counsel from LAFCO's General Counsel beyond routine review of the Executive Officer's report, Commission resolutions, and agenda materials. Further, LAFCO reserves the right to require reimbursement for additional expenses not listed in the fee schedule but incurred as a result of processing an application.
- b. If the actual charges exceed the amount of the deposit, the applicant or petitioner shall be notified and shall pay the excess within 15 days of receipt of a statement from LAFCO. Failure to pay may be cause for delay and/or denial of the application/petition, and no proceeding or application shall be completed until all fees due have been paid in full.

2. Indemnification Agreement Requirement

As a condition of approval of any change of organization or reorganization, out-of-agency service agreement, sphere of influence or municipal service review by LAFCO, the applicant(s) and real party(ies) in interest are required to defend, indemnify, hold harmless, and release LAFCO and its agents, officers, attorneys, and employees from any claim, action, or proceeding against LAFCO, and its agents, officers, attorneys, and employees to attack, set aside, void, or annul the approval of LAFCO concerning the proposal or any action relating to, or arising out of, such approval. In accordance with the Commission's Policy for Indemnification of LAFCO by Applicants (adopted March 8, 2000), the applicant(s) and real party (ies) in interest are required to submit a signed indemnification agreement as part of the application.

ORANGE COUNTY LAFCO FEE SCHEDULE

LAFCO PROCESSING FEES

| TYPE OF ACTION | COST SCHEDULE | INITIAL DEPOSIT |
|---|----------------------|------------------------|
| Change of Organization (e.g. annexation or detachment) | Time and Materials | \$4,600 |
| Change of Organization with Sphere of Influence Change | Time and Materials | \$5,600 |
| Reorganization (two or more changes of organization/sphere of influence change) | Time and Materials | \$7,900 |
| District Formations or Consolidations | Time and Materials | \$10,000 |
| District Dissolutions, Mergers, or Establishment of a Subsidiary District | Time and Materials | \$7,900 |
| City Incorporations/Dis-incorporations <i>(Also see additional project completion fees.)</i> | Time and Materials | \$10,000 |
| Activation of Latent Powers | Time and Materials | \$7,900 |
| Request for Municipal Service Review and/or Sphere of Influence Review/Update | Time and Materials | \$7,900 |
| Out-of-Agency Service Agreement | Time and Materials | \$4,600 |
| Request for Reconsideration | Time and Materials | \$3,200 |
| Request for Extension of Time to Complete Proceedings | Time and Materials | \$1,000 |

LAFCO STAFF/LEGAL COUNSEL BILLING RATES

| | |
|---------------------|-----------------------------|
| LAFCO Staff Rate | Fully Burdened Hourly Rate* |
| LAFCO Legal Counsel | Actual Costs* |

*See Exhibit B.

PROJECT COMPLETION FEES AND CHARGES

| | |
|---|---|
| Public Noticing and Publication Costs | Actual Costs <i>(Based on noticing required by Government Code Section 56661)</i> |
| State Board of Equalization Fees | Actual Costs <i>(Payable to the State Board of Equalization and based on their latest fee schedule)</i> |
| Compliance with California Environmental Quality Act (CEQA) | Actual Costs <i>(May include LAFCO staff time to prepare environmental documentation, actual consultant costs, and appropriate filing fees. Department of Fish and Wildlife filing fees are required to be paid at the time LAFCO files the Notice of Determination with the Clerk of the Board. The fees listed below include the county's \$50 filing fee and are current as of January 1, 2021)</i> <div style="margin-left: 40px;"> <p>a. Negative Declaration \$2,480.25</p> <p>b. Environmental Impact Report \$3,445.25</p> </div> |
| Comprehensive Fiscal Analysis for Incorporation or Disincorporation Proposals | Actual Costs <i>(A \$50,000 deposit is required at the time the application is submitted. All excess costs will be the responsibility of the project proponent; any balance will be refunded at the conclusion of the project.)</i> |
| State Controller's Fiscal Review for Incorporations | Actual Costs <i>(A \$25,000 deposit is required at the time a Request for State Controller Review is submitted. All excess costs will be the responsibility of the project proponent, any balance will be refunded at the conclusion of the project.)</i> |
| Registrar of Voters – Verification of Signatures | Actual Costs |
| Special Legal Counsel Costs | Actual Costs |
| Consultants | Actual Costs |

MATERIALS CHARGES

| | |
|----------------------------------|--------------------------------|
| Reproduction and Faxing Costs | Actual Costs* |
| Postage or Overnight Service | Actual Costs |
| Agenda Packet (Specific Meeting) | Actual cost of reproductions * |
| Agenda Packet (subscription) | \$250/year (hard copy) |

*See Exhibit B.

EXHIBIT B**ORANGE COUNTY LAFCO FEE SCHEDULE
DIRECT COSTS***Effective 7/1/2021*

1. Fully burdened staff hourly rates:

| Position | Hourly Rate |
|-----------------------------|--------------------|
| Executive Officer | \$ 152 |
| Assistant Executive Officer | \$ 103 |
| Policy Analyst* | \$ 55-62 |
| Commission Clerk | \$ 53 |

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates - \$ 268 for LAFCO-initiated services
\$ 580 for project applicant-initiated services
3. Reproduction Cost - 0.25 per page
4. Audio Disc Reproduction Cost - \$15.00