



January 13, 2021

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CAROLYN EMERY
EXECUTIVE OFFICER

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: OC LAFCO Fiscal Year 2020-2021 Work Plan Mid-Year Update

BACKGROUND

On August 12, 2020, the Commission approved the Fiscal Year 2020-2021 OC LAFCO Work Plan (*Attachment A*). The Work Plan identifies major projects and activities for the current fiscal year that align with the five strategic focus areas outlined in the agency's 2019 Strategic Plan. This report is a mid-year update on the accomplishments and progress of the Work Plan's key areas and staff activities. The focus areas include: (1) Project Applications; (2) the Fourth Cycle – Sphere of Influence (SOI) Reviews and Updates & Municipal Service Reviews (MSRs); (3) the OC LAFCO Unincorporated Areas Program; (4) South Orange County Future Governance, and; (5) Outreach and External Relations (OC LAFCO Communications Plan). Additionally, this report includes an update on the completion of key administrative projects.

The Commission's Executive Committee meets periodically with the Executive Officer to discuss the progress and potential adjustments to the approved Work Plan. The current Committee members (Chair Douglass Davert, Vice Chair Donald Wagner and Immediate Past Chair Derek McGregor) were appointed by the Commission at the December 9 regular meeting and is scheduled to meet in early February to discuss activities occurring up through the second quarter, the proposed FY 2021-22 budget and other key agency activities.

DISCUSSION**Project Applications**

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act"), OC LAFCO is required to efficiently process applications for changes of organization or

reorganization. Annually, the Commission identifies filed and anticipated applications in its work plan and establishes that these projects shall take precedence over other agency activities. The FY 2020-2021 Work Plan adopted on August 10, 2020 included six projects involving city/district annexations and reorganizations and a sphere of influence review and update. Since adoption of the Work Plan, two new projects (Newport Beach Harbor Patrol Service Municipal Service Review and a detachment from the City of Tustin) have been added to this area. Many of these projects have been deemed incomplete due to the pending application requirements. The table below summarizes the projects and identifies the anticipated Commission hearing dates based on the pre-work completed and pending requirements for each project. Additional details on the projects are provided in **Attachment A**.

Table A: OC LAFCO Applications			
Project	Type	Status	Anticipated Commission Hearing
Anaheim/Orange Reorganization	City detachment/annexation and concurrent sphere changes	Not filed.	June 2021
Costa Mesa SD Annexations	District annexations	Not filed.	July 2021
Givens Property Detachment from City of Orange	City detachment and concurrent sphere change	Filed October 2020; Annexation proceedings underway.	March 2021
Laguna Woods/Laguna Hills Reorganization	City detachment/annexation and concurrent sphere changes	Not filed.	July 2021
Newport Beach Harbor Patrol MSR	MSR focused on harbor patrol services	Filed December 2020.	July 2021
Orange County SD Annexations	District annexations	Not filed.	May 2021
Pomeroy Detachment from City of Tustin	City detachment and concurrent sphere change	Filed December 2020	May 2021
San Juan Capistrano Water/Wastewater Annexation	District annexation and concurrent sphere change	Filed December 2020.	May 2021

Fourth Cycle – Sphere of Influence (SOI) Reviews and Updates & Municipal Service Reviews (MSRs)

The fiscal year 2020-2021 Work Plan identified the following activities of this project to be completed by June 30, 2021: 1) Update agency fiscal indicators; 2) Integrate the Municipal Services Dashboard and Shared Services Web Program with newly designed agency website; and 3) Preparation of three regional MSRs (OCSD, MWDOC and County

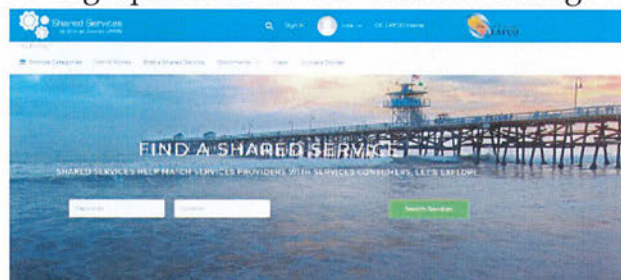
Service Areas 13, 22 and 26). Below is a summary discussion on the status of each of these areas.

Fiscal Indicators Program

During the current fiscal cycle, staff began working on the updating of the Commission's current fiscal indicators program. Components of the effort include refinement of the fiscal indicators, updating of the web program with current agency fiscal data, and integration of the web-based program with the agency's website that is currently under construction. Six months into the work plan, the fiscal indicators have been simplified and updated in effort to be more resourceful to local agencies and services providers, as well as the public. The updating of the fiscal data and integration of the web-based program with the new website will be completed during the second half of the work plan cycle.

MSR Dashboard and Shared Services Web Program

The MSR Dashboard and Shared Services Web Program are interactive technology tools used to maintain the demographic information and shared service arrangements and opportunities discussed in municipal service reviews. The Dashboard platform was developed in October 2020 and the population of the dashboard with demographical and other data for Orange County cities, special districts and other local



service providers is currently underway. The Shared Services Program improvements were completed during the previous work plan cycle and both tools will be launched with the agency's new website in February. Following the launch, an interactive showcase of the programs will be presented to the Commission during a regular board meeting.

Preparation of MSRs

During the first quarter of the work plan cycle, two MSRs (MWDOC and OCSD) were completed by the Commission. Two additional MSRs (CSA 13 and 22, and CSA 26) are expected to be completed by June 2021. The MSR for the County Service Areas was initially expected to be a single MSR that reviewed the regional service delivery within these areas. However, since the City of Newport Beach has filed an application for the preparation of an MSR that focuses on the delivery of harbor patrol services currently

provided by CSA 26, the work plan has been amended to reference the preparation of the CSA 26 MSR parallel to the processing of the City's application. It is expected that preparation of the MSR for CSA 26 and processing of the City's application will be completed in Summer 2021.

OC LAFCO Unincorporated Areas Program

The success of the Commission's Unincorporated Areas Program is attributed largely to the collaborative effort of LAFCO, the County and cities with a high interest in annexing unincorporated areas located within their sphere of influence. While there has been minimal activity involving the potential annexation of the County's remaining 26 unincorporated areas during the first part of the current work plan cycle, it is anticipated that an application will be filed by the City of Placentia to annex the Hamer Island during the second part. Staff did engage in preliminary discussions with the City of Newport Beach staff regarding the annexation of the Banning Ranch area. However, at this time an annexation application is not expected.

South Orange County Governance

During the first half of the current work plan cycle, staff continued to meet quarterly with the Rancho Mission Viejo (RMV) development representatives to stay apprised of the timeline for development within six planning areas. With two phases complete (Sendero and Esencia) and phase three expected in 2022, staff learned that home sales have gradually improved and have not been adversely impacted by the pandemic. Quarterly meetings with RMV representatives will continue during the second half of the work plan. Additionally, after January 1 staff will reengage the outreach to the South Orange County Unincorporated Communities (SOCUC) regarding participation in the stakeholder working group process to discuss future governance. To date, the Ladera Ranch community has expressed interest in participating. However, Commission staff has been unable to meet with the other communities due to the pandemic or lack of response.

Outreach and External Relations

Implementing new communications tools and enhancing existing vehicles is one of the Commission's key priorities for the current fiscal year. During the past six months, the following milestones for this strategic area were completed or are underway:

Completed:

- ✓ Rebranding and development of the agency logo, tagline, and letterhead
- ✓ Developed agency key messaging and talking points
- ✓ Designed portable messaging deck for Commissioners and staff

- ✓ Developed “OC LAFCO External Communications Guidelines” (*to be reviewed by the Executive Committee*)
- ✓ Developed and implemented Social Media Calendar

Underway:

- Development of monthly “Hot Sheet”
- Development of bi-annual newsletter

Administrative Projects

The OC LAFCO FY 2020-2021 Work Plan includes six administrative projects to support the Commission’s efficient and cost-effective operational management practices. Below is an update and the status of these projects. Additional details on these projects are also included in **Attachment A**. As noted in the attachment, one of these projects, which includes the development of the fiscal year 2021-2022 budget will begin in February 2021.

Completed Projects

(1) Annual Audit

Preparation of the Commission’s annual audited financial statements for FY 2019-2020 with no material (significant) issues noted.

(2) CALAFCO

Commissioners and staff continued their participation with CALAFCO during the first part of the current fiscal year. Former Chair and Commissioner Cheryl Brothers was reelected to the CALAFCO Board of Directors and continued serving until early December. Policy Analyst Luis Tapia continued participation on the CALAFCO Legislative Advisory Committee and was reappointed to the committee this past December. Commissioners and staff also participated as panelists and attendees in multiple webinars hosted by CALAFCO that included subject matter on adaptive leadership and LAFCO’s role in proactively supporting local service providers in lessening economic impacts and maintaining service levels in spite of the myriad of current economic crises.

At present, the CALAFCO 2021 Staff Workshop is scheduled to take place in Newport Beach, March 17th through 19th. Due to the current pandemic, it is anticipated that the Board will discuss whether the workshop will go forward at its next meeting on January 21. Should the event move forward, Orange and Imperial County LAFCOs will serve as the workshop co-hosts.

Additionally, Commissioners and staff continued participation in quarterly meetings involving the southern region LAFCOs (Imperial, Los Angeles, Orange,

Riverside, San Bernardino, and San Diego) to discuss and collaborate on regional and local issues. During the December regional meeting, the southern LAFCOs voted to support Aquanetta Warren, San Bernardino Commissioner and Mayor of the City of Fontana to fill the CALAFCO board seat formerly held by Cheryl Brothers.

(3) OC LAFCO Records Systems and Projects Database

Completed improvements to the archival and records retrieval system and implemented the Lasefiche document management and storage system.

(4) Agency Website Redesign

Over the past six months, staff has worked with the LAFCO consultant on the redesign of the agency's website. Significant progress has been made on the agency platform design and other key milestones that include content development, and the integration of the MSR dashboard and Shared Services Programs are underway. The new website is expected to launch in February 2021.

(5) Joint RFP Process for Auditing Services

The joint collaboration with our southern partners (Imperial, Los Angeles, Riverside and San Bernardino LAFCOs) was completed in November that included a competitive bidding process for the selection of an independent auditor to prepare each LAFCO's audited financial statements beginning 2021 through 2024.

Additional administrative activities completed during the first six months of the fiscal year include the Assistant Executive Officer recruitment and development of policy and procedures in response to federal and state laws involving the Coronavirus. While these activities are not referenced in the Work Plan, each required significant staff time, therefore, are worth noting in this update.

STAFF RECOMMENDATION

At the mid-year point, the Commission has completed many project milestones within each of the agency's five Strategic Focus Areas. The second half of the work plan cycle is expected to involve the processing of applications, conducting of sphere reviews, preparation of MSR reports, and engagement of South Orange County unincorporated communities on future governance. Additionally, efforts will be expended on the continued implementation of the agency's communications plan. The next update on the agency's work plan will be a year-end report at the July regular meeting.

Staff recommends that the Commission:

1. Receive and file the FY 2020-2021 Work Plan Mid-Year Update.

Respectfully submitted,



CAROLYN EMERY

Attachment A: OC LAFCO Work Plan (Updated January 6, 2021)

**2020-2021 OC LAFCO
WORK PLAN**

ATTACHMENT A

(Approved: August 12, 2020)

STRATEGIC AREA ONE

Prioritize and process applications for changes of organization and reorganization, sphere of influence reviews, updates and municipal service reviews.

Project	Status/Description	Project Complexity	Comments
Anaheim/Orange Reorganization	Status: Application Anticipated in Winter 2021. Proposed reorganization of recreational and open space areas currently located in the City of Orange.	Routine	Staff has participated in meetings with the City of Anaheim to discuss the annexation process and requirements.
Costa Mesa Sanitation District/Newport Beach Annexations	Status: Application Anticipated in Spring 2021. Proposed annexation to the District to align service and jurisdictional boundaries.	Complex	Staff has participated in ongoing discussions with the district and city on annexation requirements.
Givens Property Detachment from the City of Orange	Status: Application Filed in October 2020. Proposed detachment from the City to align jurisdictional boundaries.	Routine	Application incomplete and pending requirements. Anticipated date of consideration by the Commission is March 2021.
Laguna Woods/Laguna Hills Reorganization	Status: Application Anticipated in Spring 2021. Proposed reorganization of small areas involving the cities of Laguna Woods and Laguna Hills to clean up boundaries along common right-of-ways.	Routine	Staff has participated in meetings with the City of Laguna Woods to discuss subject areas and annexation process and requirements.
Pomeroy Property Detachment from the City of Tustin	Status: Application Filed in December 2020. Proposed detachment from the City to align jurisdictional boundaries of parcels proposed for development.	Routine	Staff has participated in pre-filing meetings with the property owner on the annexation process and requirements.

STRATEGIC AREA ONE

Prioritize and process applications for changes of organization and reorganization, sphere of influence reviews, updates and municipal service reviews.

Project	Status/Description	Project Complexity	Comments
Newport Beach Harbor Patrol Services Municipal Service Review	<p>Status: Application filed in December 2020.</p> <p>Municipal Service Review focused on the provision of harbor patrol services within the Newport Beach Harbor area.</p>	Complex	Application filed by the City of Newport Beach to analyze current and alternative options for the delivery of harbor patrol services within the City's harbor area. The study will be done in conjunction CSA 26 MSR.
Orange County Sanitation District Annexations	<p>Status: Application Anticipated in Spring 2021.</p> <p>Potential annexation of properties connected to sewer but not within the District's boundary.</p>	Complex	LAFCO and District staff to continue conducting review of the boundaries.
Sphere of Influence Update/Annexation of the City of San Juan Capistrano Water and Wastewater Systems to the Santa Margarita Water District	<p>Status: Application Filed in December 2020.</p> <p>Proposed sphere of influence update and annexation of the City's water and wastewater systems to the District.</p>	Complex	Application filed by SMWD to expand agency's sphere and concurrent annexation of City of San Juan Capistrano's water and wastewater utilities. The process will address and include the transfer of ownership, water rights and liability and transitioning of staffing.

STRATEGIC AREA TWO

Complete fourth cycle of Sphere of Influence (SOI) Reviews and Updates and prepare Municipal Service Reviews (MSRs) that serve as repositories of information for affected agencies and communities.¹

Project	Description	Project Status	Project Milestone
4 th Cycle of Spheres of Influence and Municipal Service Reviews	Work Program for the 4th cycle (2018-2022) of SOI reviews, updates and MSRs addressing Orange County's 34 cities and 35 special districts and other service providers.	Multi-year Project Complete February 2021 Underway Complete Complete	Staff will complete the following work program components: 1. Update Agency Fiscal Indicators. 2. Integrate Municipal Services Dashboard and Shared Services Web Program with redesigned agency website. 3. Prepare MSRs for the following regions and agencies: <ul style="list-style-type: none"> a. CSA Nos. 13, 22 and 26 b. MWDOC c. OCSD

¹ The 2018-2022 SOI/MSR timeline may be viewed at the OC LAFCO website, www.oclafco.org.

STRATEGIC AREA THREE

Provide leadership on effort to transition unincorporated areas of high interest for the County and adjacent cities through the OC LAFCO Unincorporated Areas Program.

Project	Description	Project Status	Project Milestone
County Unincorporated Areas	Facilitate annexation process on unincorporated areas of high interest.	Multi-year Project	Work with the county and city staff on annexation applications.

STRATEGIC AREA FOUR

Engage the South Orange County Unincorporated Communities (SOCUC) to assist with pathway to future governance.

Project	Description	Project Status	Project Milestone
South Orange County Future Governance	Engage and serve as resource to South Orange County unincorporated communities on future governance.	Ongoing Complete Complete	<ul style="list-style-type: none"> Participate in quarterly meetings with Rancho Mission Viejo representatives to discuss development timeline and future governance. Provide requested resources and information to communities.

STRATEGIC AREA FIVE

Develop a program that enhances communication with local agencies and communities.

Project	Description	Project Status	Project Milestone
Outreach and External Relations	Implementation of Communication Plan	Multi-year Project	Implement new communication vehicles that support enhancement of agency communication:
		Complete	1. Rebrand of agency logo, tagline, and letterhead.
		Complete	2. Develop agency key messaging and talking points.
		Complete	3. Develop agency Communications Guidelines.
		Complete	4. Implement protocols and calendar for social media.
		Underway	5. Develop agency brochure, monthly "hot sheet", and bi-annual newsletter.

ADMINISTRATIVE PROJECTS

The following internal efficiencies support administrative and organizational effectiveness and proactive outreach to our funding agencies and the public. These projects also involve statutory requirements.

Project	Description	Status	Project Milestone
Annual Budget	Preparation of OC LAFCO annual budget for 2021-2022	Begin February 2021	State law requires the Commission to adopt proposed and final budgets at two public hearings.
Annual Audit	Preparation of annual audited financial statements and presentation of Auditor's report.	Complete	Commission policy requires the preparation of annual audited statements by an independent auditor.
CALAFCO	Continue membership with CALAFCO, attend staff workshops and conferences, and participate in CALAFCO's Legislative Committee. Continue to attend and participate in the bi-annual meetings of LAFCOs from the Southern Region of CALAFCO.	Ongoing Complete Complete Pending Complete	Participation in the following: 1. CALAFCO Executive Board 2. CALAFCO Legislative Committee and subcommittees 3. Co-host the 2021 CALAFCO Staff Workshop 4. Southern Region Quarterly Meetings
OC LAFCO Records and Archival Systems	Final Phase of Records Digitizing	Ongoing	Digitizing of LAFCO records from 1963 to Present.
Agency Website	Redesign of the Commission Website	Underway	Launch the redesigned website.
Request for Proposals (RFP) for Independent Auditor	Conduct joint RFP process involving five southern region LAFCOs for the selection of independent auditor.	Complete	Commission policy requires conducting RFP process every six years.