



May 8, 2019

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STAFF

CAROLYN EMERY
EXECUTIVE OFFICER

TO: Local Agency Formation Commission

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Fiscal Year 2019-20 OC LAFCO Final Budget

BACKGROUND

On April 10, 2019, the Commission adopted the proposed FY 2019-20 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 2019-20 (*Attachment 1*) totals \$1,258,650. The final budget revenues include a total apportionment of \$1,124,500 which is equally divided amongst the County, cities and special districts. The proposed apportionment for the County is \$374,833.33. 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 2019-20 for each special district and city are delineated in *Attachments 1B and 1C*.

AGENCY COMMENTS

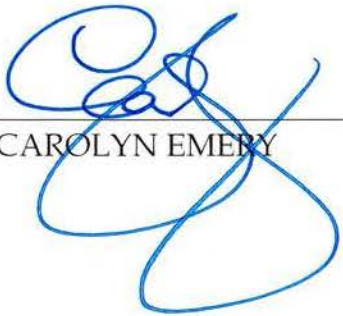
On April 10, 2019, the OC LAFCO proposed budget was distributed to the Board of Supervisors, County Executive Office, and each city and independent special district for review and comment. As of April 30, the date of the agenda mail-out, OC LAFCO had not received any written comments from any of the funding agencies.

RECOMMENDATION

Staff recommends that the Commission:

1. Adopt the OC LAFCO Final Budget for Fiscal Year 2019-20.

Respectfully submitted,



CAROLYN EMERY



DEBRA KURITA

Attachments:

1. OC LAFCO Final Budget FY 2019-20
 - A. Budget Categories
 - B. Special District Apportionments for FY 2019-20
 - C. City Apportionments for FY 2019-20

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

FINAL BUDGET

Fiscal Year 2019-20

	A	B	C	D
	FY 18/19	FY 19/20	\$	%
	Approved	Final	Budget	Budget
	Budget	Budget	Variance	Variance
<i>Projected Apportionment % Increase Factor</i>		<i>3.0%</i>		
<i>(Additions)/Uses of Unreserved Equity</i>	\$ 33,583	\$ 116,150	\$ 82,567	245.9%
REVENUES				
4000 LAFCO Apportionment	1,091,777	1,124,500	32,723	3.0%
4200 Interest	14,500	18,000	3,500	24.1%
4150 Miscellaneous Revenue	-	-	-	0.0%
REVENUES & USES / (ADDITIONS) TO CASH	1,139,860	1,258,650	118,790	10.4%
EXPENDITURES				
Salaries & Benefits				
5000 Salaries	440,800	498,500	57,700	13.1%
5010 Hourly Employees	10,000	10,000	-	0.0%
5106 Retirement	126,100	176,900	50,800	40.3%
5109 Retiree Health Benefits	17,900	20,200	2,300	12.8%
5108 Health Insurance	53,000	56,700	3,700	7.0%
5110 Dental Insurance	5,400	5,600	200	3.7%
5112 Life Insurance	600	600	-	0.0%
5102 Optional Benefit Plan	18,500	18,500	-	0.0%
5104 Deferred Compensation	9,300	15,400	6,100	65.6%
5116 Medicare	6,500	7,400	900	13.8%
5114 Worker's Compensation	3,500	3,800	300	8.6%
5120 Salary Continuance	1,500	1,800	300	20.0%
5122 Accidental Death Insurance	130	150	20	15.4%
5125 Executive Car Allowance	7,200	7,200	-	0.0%
Total Salaries & Benefits	700,430	822,750	122,320	17.5%
Office Operations & Supplies				
5150 Information Technology	10,000	10,000	-	0.0%
5151 Internet & Telephone	15,100	16,200	1,100	7.3%
5200 County Charges	4,000	5,500	1,500	37.5%
5250 Insurance	15,600	16,000	400	2.6%
5350 Membership/Subscriptions	32,400	33,800	1,400	4.3%
5450 Office Equipment/Supplies	15,000	10,000	(5,000)	-33.3%
Professional Services				
5510 Legal	60,000	60,000	-	0.0%
5520 Audit/Accounting	42,900	43,100	200	0.5%
5530 Human Resources	8,000	9,000	1,000	12.5%
5540 Other Professional	75,000	60,000	(15,000)	-20.0%
Other Operations				
5535 Mapping	7,200	7,200	-	0.0%
5550 Investment Admin Fees	660	600	(60)	-9.1%
5560 Banking Fees	220	-	(220)	0.0%
5600 Public Noticing / Communications	1,200	2,000	800	66.7%
5610 Unincorporated Areas Program	3,800	6,000	2,200	57.9%
5650 Rents/Maintenance	74,000	79,800	5,800	7.8%
5675 Equipment Leases & Maintenance	5,100	7,200	2,100	41.2%
5700 Commissioner/Staff Expenses	8,400	7,000	(1,400)	-16.7%
5710 Commission Stipends & Taxes/Fees	16,200	16,200	-	0.0%

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

FINAL BUDGET

Fiscal Year 2019-20

	A	B	C	D
	FY 18/19	FY 19/20	\$	%
	Approved	Final	Budget	Budget
	Budget	Budget	Variance	Variance
5750 Professional Development	20,000	22,000	2,000	10.0%
5800 Registration/Travel	19,350	18,300	(1,050)	-5.4%
5850 Commission Meeting Expenses	5,300	6,000	700	13.2%
Subtotal: Operations, Supplies & Services	439,430	435,900	(3,530)	-0.8%
TOTAL EXPENDITURES	1,139,860	1,258,650	118,790	10.4%
NET BUDGET	\$ -	\$ -	\$ -	

	FY 18/19	FY 19/20
	Approved	Final
	Budget	Budget
<u>PROJECTED RESERVES</u>		
1 Contingency reserve	\$ 100,000	\$ 100,000
2 Reserve for litigation	75,000	75,000
3 Unfunded liability reserve	30,000	30,000
4 Reserve - 25% of Budgeted Expenditures	284,965	314,663
<u>UNRESERVED CASH</u>		
6 Balance at the Beginning of FY	709,786	727,038
7 Addition (Drawdown) to Unreserved Cash	(33,583)	(116,150)
8 Projected unreserved cash at the End of FY	676,204	610,888
9 Total Projected Cash Balances at End of FY	<u>\$ 1,166,169</u>	<u>\$ 1,130,550</u>

OC LAFCO FY 2019-20 BUDGET CATEGORIES

REVENUES

The following summarizes what is included in each of the revenue categories used in the proposed FY 2019-20 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 are 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 what is included in each of the expenditure categories used in the proposed FY 2019-20 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, unemployment 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 contractor for these IT services.

5151 Internet and Telephone Expense

This category includes telephone and mobile phone costs, leasing telephone equipment, telephone technical support, website hosting, and internet service.

OC LAFCO FY 2019-20 BUDGET CATEGORIES

5200 County Charges

This category includes costs incurred for payroll processing, archiving services, warehouse storage for OC LAFCO files and records, and billing and collection of County, city and special district allocations provided by the County of Orange.

5250 Insurance

This category includes costs incurred for insurance coverage. OC LAFCO contracts with the County of Orange Risk Management Division for the following coverages for instances that occur during the general operation of the agency.

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

5350 Membership/Subscriptions

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

5450 Office Equipment/Supplies

This category includes costs incurred for the purchase of computer and office supplies/equipment, postage, 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 expenditures.
- ✓ **5520 Auditing/Accounting** – Bookkeeping and accounting services. This category also includes costs incurred for a certified public accounting firm to conduct mandated audits of OC LAFCO's financial statements and consultant assistance.
- ✓ **5530 Human Resources** – Personnel costs that may include recruitment, professional development and human resource publications.
- ✓ **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/or contentious projects that may include meeting facilitation, peer reviews, and preparation of Municipal Service Reviews, fiscal studies and other reports.

OC LAFCO FY 2019-20 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.

5560 Banking Fees

This category includes costs incurred for administrative fees charged by Wells Fargo for management of the OC LAFCO checking and savings accounts.

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 of OC LAFCO office space.

5675 Equipment Leases/Maintenance

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

5700 Commissioner/Staff Expenses

This category includes costs incurred for Commissioner parking, mileage reimbursement, and staff meeting and educational reimbursement expenses.

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 professional development (e.g., conferences, workshops, university courses, or other training classes).

5800 Transportation/Travel/Registration

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

5850 Commission Meeting Expenses

This category includes costs incurred for room rental, parking and miscellaneous supplies used for Commission meetings.

OC LAFCO FY 2019-20 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 legal challenges.

Unfunded Liability Reserve

Restricted funds used to offset anticipated agency liabilities (i.e., employee vacation payouts).

OC LAFCO FY 2019-20 Special District Allocations

District	ISDOC Formula Calculation FY 19/20
Rossmoor/Los Alamitos Sewer	\$ 500.00
Silverado-Modjeska Rec. & Park	500.00
Surfside Colony Stormwater	500.00
Surfside Colony CSD	1,000.00
Buena Park Library District	2,000.00
Capistrano Bay CSD	2,000.00
Orange County Cemetery District	2,000.00
Orange County Vector Control	2,000.00
Placentia Library District	2,000.00
Rossmoor CSD	2,000.00
Three Arch Bay CSD	2,000.00
Total Non-Enterprise Districts	\$ 16,500.00
Emerald Bay CSD	\$ 10,033.33
Sunset Beach Sanitary District	10,033.33
East Orange Co. Water District	15,408.34
Serrano Water District	15,408.34
Costa Mesa Sanitary District	20,783.34
Midway City Sanitary District	20,783.34
Trabuco Canyon Water District	20,783.34
El Toro Water District	27,233.33
Irvine Ranch Water District	27,233.33
Mesa Water District	27,233.33
Moulton Niguel Water District	27,233.33
Municipal Water District of O.C.	27,233.33
Orange County Water District	27,233.33
Santa Margarita Water District	27,233.33
South Coast Water District	27,233.33
Yorba Linda Water District	27,233.33
Total Enterprise Districts	\$ 358,333.33
Total Special Districts	\$ 374,833.33

OC LAFCO FY 2019-20 City Allocations

City	FY 19-20 City Allocation
Aliso Viejo	\$ 5,851.89
Anaheim	41,042.37
Brea	6,523.60
Buena Park	9,317.23
Costa Mesa	13,103.05
Cypress	5,627.00
Dana Point	4,321.08
Fountain Valley	6,760.87
Fullerton	16,997.20
Garden Grove	18,595.48
Huntington Beach	22,968.29
Irvine	38,012.22
Laguna Beach	3,986.35
Laguna Hills	4,157.65
Laguna Niguel	8,787.22
Laguna Woods	2,135.43
La Habra	6,879.32
Lake Forest	10,839.43
La Palma	1,726.49
Los Alamitos	1,919.15
Mission Viejo	12,040.40
Newport Beach	13,217.37
Orange	17,613.04
Placentia	5,853.03
Rancho Santa Margarita	7,073.48
San Clemente	9,653.45
San Juan Capistrano	6,390.16
Santa Ana	33,931.41
Seal Beach	4,917.44
Stanton	3,944.37
Tustin	9,302.61
Villa Park	971.94
Westminster	10,059.77
Yorba Linda	10,313.54
TOTAL	\$ 374,833.33