



April 10, 2019

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STAFF

CAROLYN EMERY
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Assistant Executive Officer
Accountant

SUBJECT: Proposed Fiscal Year 2019-20 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 2019-20 budget is presented in a line-item format for the Commission's review and consideration (*Attachment 1*).

In March, staff and the Commission's Executive Committee, comprised of Chair Cheryl Brothers, Vice Chair Douglass Davert and Immediate Past Chair Derek McGregor, met and reviewed the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee reviews the preliminary agency budget and serves in an advisory role on this matter to the full Commission. If the proposed budget is approved by the Commission, it 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 8, 2019 regular meeting.

Fee Schedule Resolution

In 2017, the Commission approved changes to the fee structure and deposits required for processing project applications. These changes included an annual update of the Fee Schedule to reflect the current rates for direct charges for staff and legal counsel costs, as well as increases by the State for CEQA related fees. As State law requires public agencies to conduct a public hearing for the approval of amendments to fees, the recommended actions include adopting the updated Fee Schedule Resolution. (*Attachment 2*)

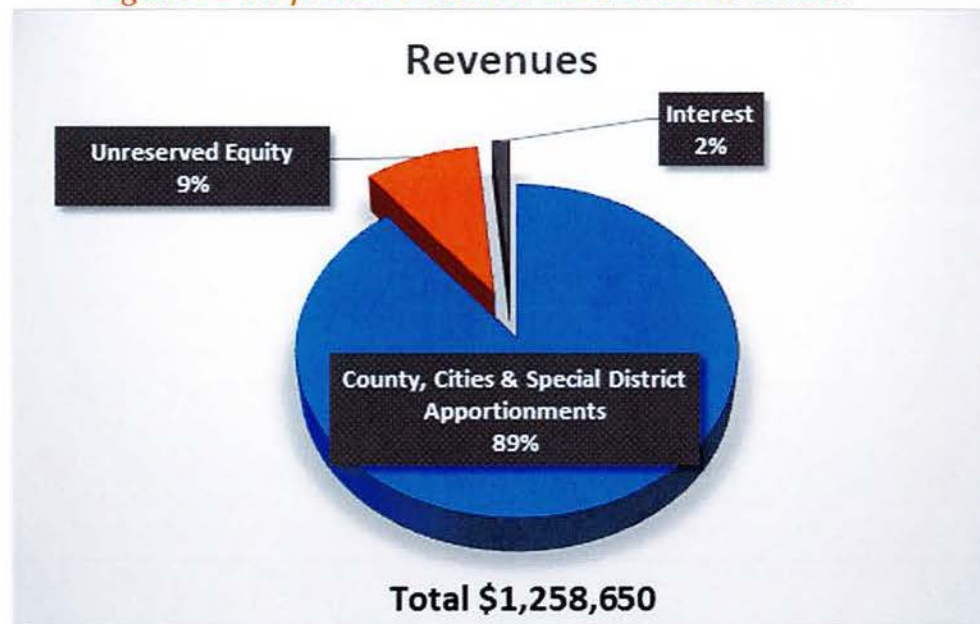
FY 2019-20 OC LAFCO Proposed Budget

The proposed FY 2019-20 budget is balanced; the expected expenditures are funded by the projected ongoing revenues together with a drawdown of unreserved equity. The proposed budget totals \$1,258,650, which represents an increase of 10.4 percent from the approved FY 2018-19 budget. The following provides a description and analysis of the revenues, expenditures and reserves contained in the FY 2019-20 proposed budget.

REVENUES

The revenues in the proposed budget for FY 2019-20 total \$1,258,650. The agency revenues are grouped into four categories: (1) County, Cities, and Special Districts Apportionments, (2) Interest, (3) Unreserved equity, and (4) Miscellaneous Revenue. As depicted in Figure 1, the apportionments to the funding agencies constitute 89 percent of the revenues with the balance being contributed by unreserved equity and interest revenue.

Figure 1 - Proposed FY 2019-20 OC LAFCO Revenues



(1) County, Cities, and Special Districts Apportionments

The apportionments from the funding agencies provide the largest revenue source for OC LAFCO. The total apportionment for FY 2019-20 of \$1,124,500 to be collected from the County, cities and special districts constitutes an overall increase of three percent from the FY 2018-19 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 District Selection Committee respectively. The individual apportionments for FY 2019-20 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, designated OC LAFCO staff members, in consultation with the agency's independent accountant, withdraw funds from the accounts to cover the agency's operational expenses. Given the current trends in rates, the proposed FY 2019-20 budget assumes that the interest accrued on the agency's investment accounts will generate \$18,000 or approximately two 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 2019-20, amounts to \$314,663. Unreserved equity is any balance available above those minimums. The proposed FY 2019-20 budget revenue assumptions include \$116,150 from the unreserved equity which represents approximately nine percent of the total revenues. Over the past several years, the use of unreserved equity as part of the revenue assumptions has helped to avoid large fluctuations in the annual apportionments to the funding agencies.

(4) Miscellaneous Revenue

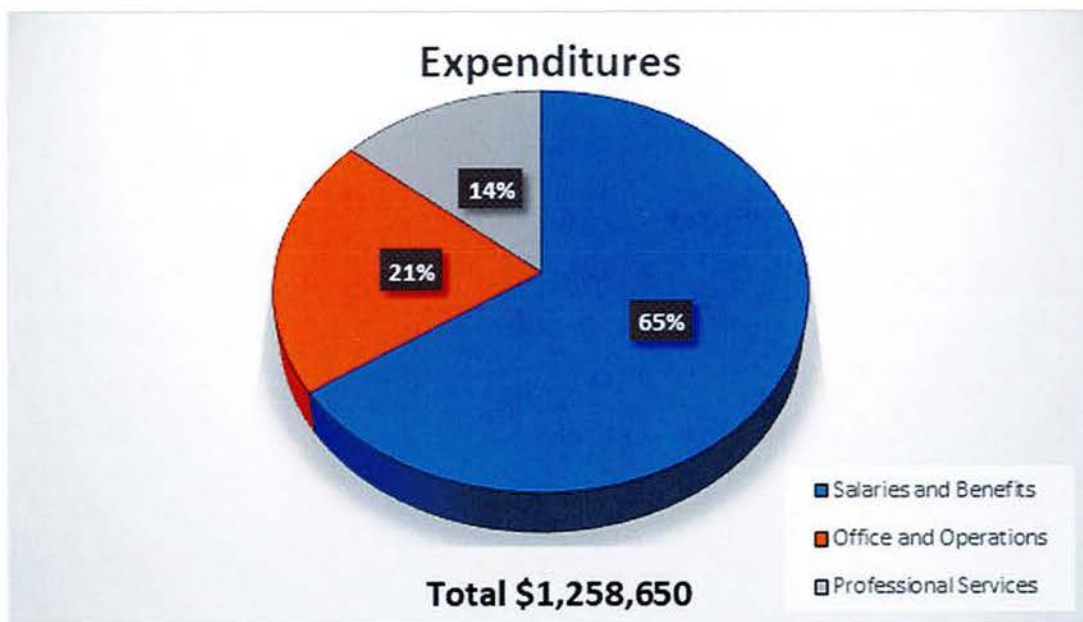
The miscellaneous revenue account encompasses the "nonoperational" revenues. This includes revenue received from credit card rebates and other miscellaneous items. Since the miscellaneous revenues are nonoperational and are not guaranteed to materialize, the proposed budget does not include any projected revenues for this category and, therefore, is not included in the chart.

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 the efforts required for the fourth round of the updates of the Spheres of Influence and Municipal Service Reviews and the Unincorporated Islands Program.

Traditionally, the national CPI is used as the basis for adjustments to the expenditure categories. However, the proposed budget includes adjustments to specific budget categories based on past trending, actual expenditures or the budget instructions from the County regarding the benefit cost projections. For discussion purposes, Commission expenses are described in three categories: (1) Salaries and Benefits, (2) Office Operations and Supplies, and (3) Professional Services. The percentage of each category is depicted in *Figure 2* and described briefly in the following sections.

Figure 2 - Proposed FY 2019-20 OC LAFCO Expenditures



(1) Salaries & Benefits

The proposed FY 2019-20 budget for salaries and benefits for the five full-time professional staff and any temporary or seasonal staff total \$822,750, which is an increase of 17.5 percent from the budgeted amount in FY 2018-19. The budget salary assumptions reflect the implementation of the second year of the Comprehensive Organizational Assessment's recommendation regarding the agency's compensation structure. The two-year implementation plan approved by the Commission provides equity and cost-of-living adjustments for the OC LAFCO positions.

The assumptions for a number of the employee benefits are based on information from the County of Orange which, by contract, currently provides those benefits to the OC LAFCO employees. Additionally, the projection for the deferred compensation contributions reflects the benefit that provides matching contributions of up to two percent of salary for eligible OC LAFCO employees and a five percent of salary contribution for the Executive Officer. The deferred contribution benefit for OC LAFCO employees mirrors the benefits provided by the County to its employees and Executive Managers.

The assumptions for retirement costs are based on the figures provided by the Orange County Employees Retirement System (OCERS). Over the past year, the agency's accountant worked with staff and representatives from OCERS and the County to better understand the agency's retirement costs. As a result of those discussions, the FY 2019-20 budget estimates for retirement costs were calculated using a corrected and refined formula.

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. The fees are updated annually through the Fee Schedule (*Attachment 2*) to ensure that the applicants are compensating the agency for the actual staff costs associated with the project. An accounting of the fees collected, personnel or other costs applied, and balance remaining in these special funds associated with specific mandated projects 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.

(2) Office Operations & Supplies

Overall, the Commission operations demonstrate prudent management of agency expenses. The changes in the budget line items for FY 2019-20 include increases in

membership fees, professional development, and the OC LAFCO office lease. Additionally, a number of budget line items reflect decreases in appropriations, including office equipment and supplies, registration and travel, other professional services, and Commissioner and staff expenses. The following provides a brief discussion of the key areas that incorporate the proposed changes in appropriations for office operations and supplies:

➤ ***Internet and Telephone (line item 5151)***

The proposed appropriation for this line item, which accounts for the leasing of telephone equipment, telephone technical support, website hosting, and the telephone and cell phone charges, represents an increase of \$1,100 based on actual costs and trends.

➤ ***Insurance (line item 5250)***

The agency contracts with the County to provide insurance through a third party for general liability, crime and property insurance, which is reflected in this line item. The figure for insurance is provided to the agency through the County's budget instructions and represents an increase of \$400 for the 2019-20 fiscal year. Currently, staff is performing an analysis to ensure these costs are competitive in the market.

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

In this category, the charges the County assesses for processing payroll, archiving services, storing files and records, and processing the billing and collection of apportionments from the County, cities and special districts are recorded. The proposed budget projects an increase of \$1,500 in this line item to accommodate the County Auditor Controller's newly added function of calculating the annual apportionments for the cities and special districts, as well as an anticipated increase in the storage costs for the agency's archived documents.

➤ ***Memberships (line item 5350)***

This line item contains the proposed appropriation for the membership fees paid to professional organizations. A significant element of the allocation is dedicated to the Center for Demographic Research (CDR) which develops Orange County population, employment, housing and other demographic projections that are used by OC LAFCO in preparing the Municipal Service Reviews and Sphere of Influence Updates. Additionally, CDR assists OC LAFCO with special projects and reports, including an annual annexation report that provides an updated boundary map and related demographic information. The 2019-20 fiscal year is the third year of a three-year agreement with CDR at the rate of \$16,000 per year.

This budget line item also contains an increase in the membership for CALAFCO dues that was approved by the CALAFCO Board in February. The proposed allocation reflects a one-time 16.25 percent increase that was applied to all member LAFCOs for FY 2019-20 to cover the CALAFCO's current operational deficit. As a result, the proposed budget dues amount for CALAFCO was raised by \$1,450 for a total annual membership of \$10,376.

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

The appropriations 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 2019-20 fiscal year, this budget line item reflects a decrease of \$5,000.

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

This budget category covers expenditures for legal notices required for Commission public hearings. Additionally, communications related to Commission-initiated projects, such as municipal service reviews, that are not reimbursable through applications fees are charged to this line item. The proposed budgeted amount for this line item totals \$2,000 for FY 2019-20.

➤ ***Unincorporated Areas Program (line item 5610)***

Annually, the Commission provides a focus for the efforts related to the Unincorporated Areas Program by identifying a specific number of small unincorporated areas (less than 150 acres) that have a high potential for annexation. In accordance with a long-standing policy, the Commission does not collect project fees for processing the annexation of small unincorporated areas. This line item has been added to the annual budget to segregate the communication, public noticing, and other costs associated with the program. For FY 2019-20, the proposed budget allocates \$6,000 for this line item. This amount represents a \$2,200 increase over last year's budgeted amount for this program, which in prior years was included in the Public Noticing/Communications line item. As outreach and other activities may vary for each unincorporated area, this line item may be adjusted annually based on the areas explored for the year.

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

This budget line item includes the leasing, maintenance and parking costs for the OC LAFCO offices. On January 4, 2015, the Commission commenced a 64-month lease with Mullrock Lincoln Town Center, LLC. The rent appropriation of \$79,800

for FY 2019-20 represents a 7.8 percent increase, or \$5,800, from the FY 2018-19 budgeted amount. The lease term ends in April 2020 and staff is currently exploring the options for the Commission to consider prior to expiration of the current lease agreement. The budget assumption for this line item incorporates the increases contained in the current lease plus a five percent increase for the months beyond the lease expiration.

➤ ***Equipment Leases and Maintenance (line item 5675)***

This category includes the costs for the lease and maintenance of the copiers and printers for OC LAFCO office use. During the 2018-19 fiscal year, the equipment was upgraded to improve performance and enhance the quality of the documents generated by using the copiers. As a result, the projection for this line item increased by \$2,100 for the year.

➤ ***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 reflects an increase of \$2,000 for the 2019-20 fiscal year.

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

This line item allocates the funding for the participation by Commissioners and staff in the CALAFCO annual conference, board meetings, staff workshop and other conferences. The proposed budget amounts vary from year to year based on the location the anticipated participation in the events. The estimated costs for the annual staff workshop are maintained at the same level as the FY 2018-19 budget, as the location for FY 2019-20 has not yet been determined. As the next annual conference will take place in Sacramento, the budget amount for FY 2019-20 reflects a decrease of \$1,050 from FY 2018-19.

(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 support expenses include the Commission's accountant, legal counsel, auditor and human resources support. The FY 2019-20 proposed budget allocations for this category includes the following: legal services (\$60,000); audit and accounting services (\$43,100) and human resources (\$9,000).

Project-related professional services include facilitation for complex and/or contentious projects, preparation of fiscal analyses and models, and other studies or reports. Projects that may require additional professional services in FY 2019-20 include Municipal

Services Reviews, South Orange County Governance and the Outreach and Communications Plan. The proposed allocation for that line item is \$60,000 for the 2019-20 fiscal year.

RECOMMENDATIONS

Staff recommends that the Commission:

1. Adopt the Proposed FY 2019-20 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 2019-20 OC LAFCO Budget at the May 8, 2019 regular meeting.
3. Adopt the form of resolution (*Attachment 2*) approving the updated OC LAFCO Fee Schedule.

Respectfully submitted,



CAROLYN EMERY

DEBRA KURITA

CINDY BYERRUM

Attachments:

1. *Proposed FY 2019-20 OC LAFCO Budget*
 - A. *FY 2019-20 Budget Categories*
 - B. *Special District Apportionments for FY 2019-20 (prepared by County Auditor-Controller)*
 - C. *City Apportionments for FY 2019-20 (prepared by County Auditor-Controller)*
2. *Updated OC LAFCO Fee Schedule Resolution*

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

PROPOSED BUDGET

Fiscal Year 2019-20

	A	B	C	D
	FY 18/19	FY 19/20	\$	%
	Approved	Proposed	Budget	Budget
	Budget	Budget	Variance	Variance
Projected Apportionment % Increase Factor		3.0%		
<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

PROPOSED BUDGET

Fiscal Year 2019-20

	A	B	C	D
	FY 18/19	FY 19/20	\$	%
	Approved	Proposed	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	Proposed
	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

CP 19-05

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

April 10, 2019

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 oral and written testimony for and against this matter including, but not limited to, the staff report and recommendations from the Executive Officer;

NOW, THEREFORE, the Local Agency Formation Commission of Orange County based on the findings, discussion, and conclusions set forth in the staff report, which is incorporated herein by this reference, DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

1. The fee schedule set forth in Exhibit A attached hereto is hereby adopted, to become effective on July 1, 2019.
2. The fees set forth in Exhibit A attached hereto do not exceed the estimated reasonable costs of providing the services for which the fees are charged and are necessary to pay the costs of operations related to filing and processing applications to the Orange Local Agency Formation Commission.

AYES:

NOES:

STATE OF CALIFORNIA)

)SS.

COUNTY OF ORANGE)

I, Cheryl Brothers, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the ___ day of ___ 2019.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of ___ 2019.

CHERYL BROTHERS
Chair of the Orange County
Local Agency Formation Commission

By: _____
Cheryl Brothers

DRAFT

EXHIBIT A

**ORANGE COUNTY LOCAL AGENCY FORMATION
COMMISSION SCHEDULE OF FILING AND PROCESSING FEES****Effective 7/1/2019****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 Local Agency Formation Commission (LAFCO) proceedings. The submission of an application to the Orange County (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
One Change of Organization (e.g. annexation or detachment)	Time and Materials	\$4,600
One Change of Organization with Sphere of Influence Change	Time and Materials	\$5,600
Reorganizations (request for 2 or more changes of organization)	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 (See additional project completion deposits below.)	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 Attachment A for current rates.

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, 2019)</i> <div style="margin-left: 40px;"> a. Negative Declaration \$2,404.75 b. Environmental Impact Report \$3,321.00 </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 Attachment A for current rates.

ATTACHMENT A
ORANGE COUNTY LAFCO FEE SCHEDULE

ACTUAL COST RATES

Updated 7/1/2019

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	\$ 147
Assistant Executive Officer	\$ 93
Policy Analyst*	\$ 45-53
Commission Clerk	\$ 53

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates - \$ 260 for LAFCO-initiated services
\$ 517.50 for project applicant-initiated services
3. Reproduction Cost - 0.25 per page
4. Audio Tape Reproduction Cost - \$15.00