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Carolyn Emery
Executive Officer

Scott Smith
General Counsel

March 9, 2022

7a | Public
Hearing

TO: Local Agency Formation Commission

FROM: Executive Officer
Assistant Executive Officer
Accountant

SUBJECT: Proposed Fiscal Year 2022-23 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 2022-23 budget is presented in line-item detail for the Commission's review and consideration (**Attachment 1**).

In February, staff participated in meetings with the Commission's Executive Committee, comprised of Chair Douglass Davert, Vice Chair Donald Wagner and Immediate Past Chair Derek McGregor, to review 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, 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 11, 2022 regular meeting.

Fee Schedule Resolution

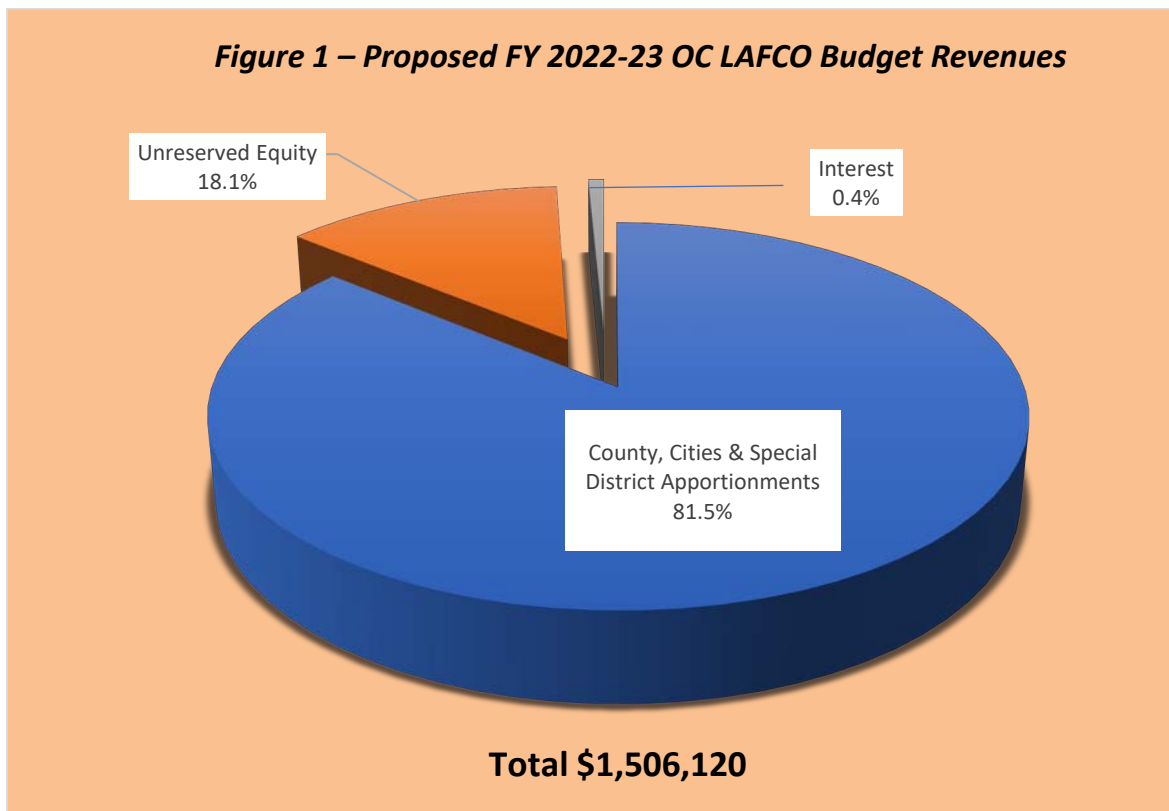
The Commission's Fee Schedule, which was originally established in 1995, is structured to ensure that the agency is recovering the actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rates for staff and legal counsel direct costs. The recommended actions include adopting the Fee Schedule Resolution (**Attachment 3**) for charges that would be effective July 1, 2022.

FY 2022-23 OC LAFCO PROPOSED BUDGET

The proposed FY 2022-23 budget is balanced; the expected expenditures are funded by the projected ongoing revenues together with a drawdown of unreserved equity. The proposed budget totals \$1,506,120 resulting in an overall increase of ten percent from the FY 2021-22 budget. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2022-23 proposed budget.

REVENUES

Revenues in the FY 2022-23 total \$1,506,120. 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 81.5 percent of revenues with the balance 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 primary revenue source for OC LAFCO. The total apportionment for FY 2022-23 of \$1,227,730 to be collected from the County, cities and special districts constitutes an overall increase of six percent from the FY 2021-22 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 2022-23 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 current market rates, the proposed FY 2022-23 budget conservatively projects that interest earned on the agency's investment accounts will generate \$6,300 or slightly less than one half percent of the annual revenue.

(3) Unreserved Equity

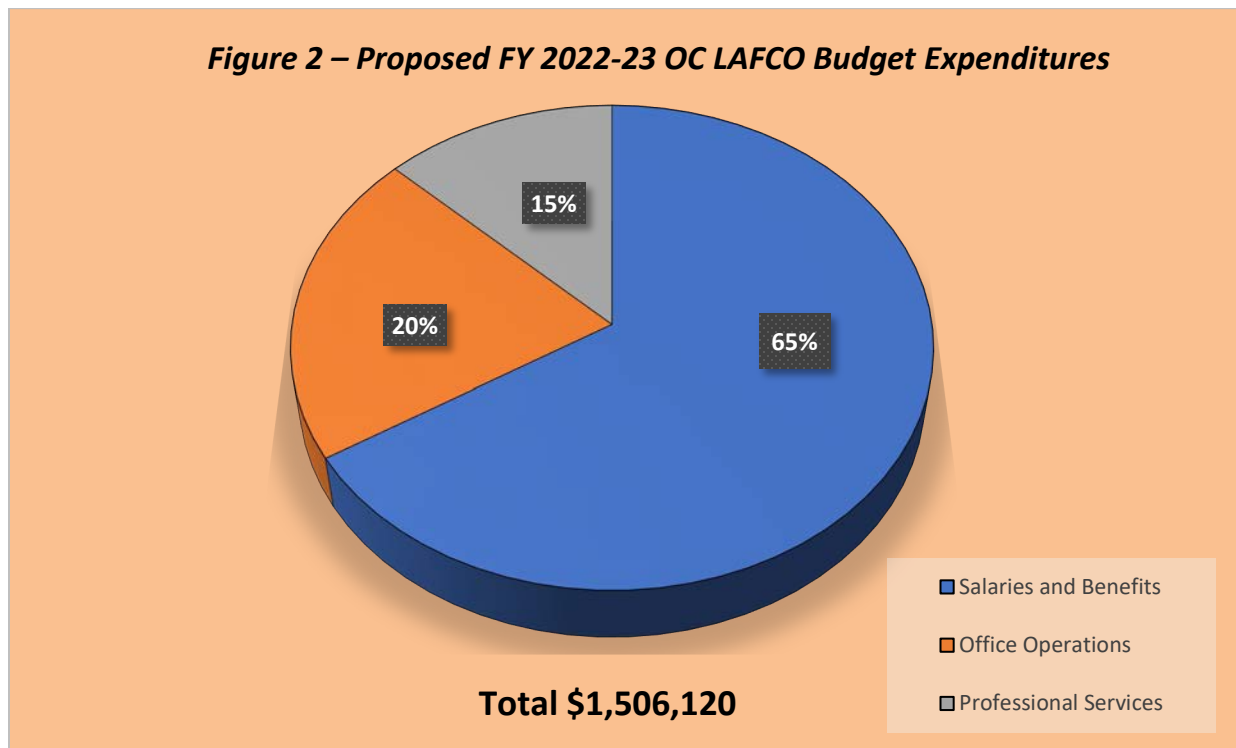
In its reserve policy, the Commission specifies minimum balances of \$100,000 for contingency reserves, \$75,000 for litigation reserves, and \$30,000 for unfunded liability reserves. Additionally, the Commission's policy mandates that three months of operational expenses be maintained in the reserve account, which for FY 2022-23, amounts to \$376,530.

Unreserved equity is any balance available above those minimums. The proposed FY 2022-23 budget revenue assumptions include \$272,090 from the unreserved equity which represents 18.1 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 avoid large fluctuations in the annual apportionments to the funding agencies. The agency's projected reserves through FY 2024-25 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 2024-25. In order to maintain and meet approved reserve levels, as well as respond to the increase in operational costs and future funding of the agency's unfunded pension liability, it is expected that there will be annual overall increases to the LAFCO apportionment. Staff will continue monitoring 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 2022-23 budget for salaries and benefits for the five full-time professional staff and any temporary or seasonal staff total \$990,960, which is an increase of 5.8 percent from the budgeted amount in the current fiscal year. The minor increase is consistent with current CPI projections for FY 2022-23 for Orange County 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 are increases over the current fiscal year's budget for some benefits costs, there is a decrease in costs in other areas that include health, dental, and life insurance 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 2022-23 is 14.5 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.

(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 2022-23:

➤ **Mapping (line item 5535)**

This budget line item provides the allocation for the agency's Geographic Information System (GIS) and other mapping programs. The proposed budget includes an increase of \$2,000 or 27% from FY 2021-22. The increase allows for projected costs relative to specialized datasets that will be used in preparing the Municipal Service Reviews and improving the agency's GIS.

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

This line item includes costs incurred for the processing of applications under the Commission's Unincorporated Areas Program. In January, this line item was reduced from \$8,000 to \$3,000 to accommodate the implementation of COLAs and costs associated with the use of consultants to prepare fourth cycle MSRs. As staff anticipates costs associated with the processing of unincorporated area annexations during the next fiscal cycle, the proposed amount of \$8,000 for FY 2022-23 returns the budgeting for this line item to the appropriate funding level.

➤ **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, board meetings and other conferences. The proposed budget amounts vary from year to year based on the location and anticipated participation involving these events. The 2022 annual conference will take

place in Newport Beach and the location for the staff workshop has not yet been identified. This line item was also reduced during the current fiscal cycle from \$11,600 to \$3,000 to accommodate the implementation of COLAS and consultant costs associated with the processing of fourth cycle MSRs. The proposed budget amount of \$13,600 for FY 2022-23 returns the budgeting for this line item to the appropriate funding level to accommodate the associated costs.

➤ ***Commission Meeting Expenses (line item 5850)***

This line item allocates funding for costs incurred for communications, room rental, parking and miscellaneous expenses for Commission meetings. The proposed budget includes an increase of \$3,000 or 46% from FY 2021-22. The increase would allow for potential costs relative to pending state legislation involving additional public meeting requirements.

(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 2022-23 proposed budget allocations for this category include the following: legal services (\$60,000); audit and accounting services (\$49,700) and human resources (\$10,000). Project-related professional services include continued enhancement and implementation of communications resources, the fiscal indicators web-based program, and the preparation of the fourth cycle municipal service reviews and other studies and reports. The proposed allocation for that line item is \$100,000.

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 6 percent in FY 2023-24 and FY 2024-25. The projections use the FY 2022-23 proposed budget as a baseline with personnel expenditures increased annually by the CPI of 3.5% for FY 2023-24 and 3% for FY 2024-25 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 2023-24 and FY 2024-25 are subject to change and should be used for trending purposes only.

RECOMMENDED ACTIONS

Staff recommends that the Commission:

1. Adopt the Proposed FY 2022-23 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 2022-23 OC LAFCO Budget at the May 11, 2022 regular meeting.
3. Adopt OC LAFCO Resolution No. CP 22-01 approving the OC LAFCO Fee Schedule, effective July 1, 2022 (*Attachment 3*).

Respectfully submitted,


CAROLYN EMERY


RAYMOND BARRAGAN


CINDY BYERRUM

Attachments:

1. Proposed FY 2022-23 OC LAFCO Budget
 - A. *FY 2022-23 Budget Categories*
 - B. *OC LAFCO City Apportionments for FY 2022-23 (prepared by County Auditor-Controller)*
 - C. *OC LAFCO Special District Apportionments for FY 2022-23 (prepared by County Auditor-Controller)*
2. Two-year OC LAFCO Budget Projections (FYs 2023-24 and 2024-25)
3. OC LAFCO Resolution No. CP 22-01 – LAFCO Fee Schedule (effective July 1, 2022)

Orange County Local Agency Formation Commission

Proposed Budget

Fiscal Year 2022/23

	FY 21/22	FY 22/23	\$	%
	Amended	Proposed	Budget	Budget
	Budget	Budget	Variance	Variance
Apportionment Increase Factor (%)	3.00%	6.00%		
Revenue & Use / (Addition) Of Cash				
Use Of / (Addition To) Unreserved Cash	\$ 200,010	\$ 272,090	\$ 72,080	36.0%
4000 LAFCO Apportionment	1,158,240	1,227,730	69,490	6.0%
4200 Interest	10,000	6,300	(3,700)	-37.0%
4150 Miscellaneous Revenue	-	-	-	0.0%
Net Revenue & Use / (Addition) Of Unreserved Cash	1,368,250	1,506,120	137,870	10.1%
Expense				
Salaries & Benefits				
5000 Salaries	552,330	574,500	22,170	4.0%
5010 Hourly Employees	18,000	20,800	2,800	15.6%
5106 Retirement	218,650	250,300	31,650	14.5%
5109 Retiree Health Benefits	19,040	19,300	260	1.4%
5108 Health Insurance	67,230	65,600	(1,630)	-2.4%
5110 Dental Insurance	5,320	2,700	(2,620)	-49.2%
5112 Life Insurance	500	460	(40)	-8.0%
5102 Optional Benefit Plan	18,500	18,500	-	0.0%
5104 Deferred Compensation	16,800	17,500	700	4.2%
5116 Medicare	8,540	8,900	360	4.2%
5114 Worker's Compensation	2,460	3,520	1,060	43.1%
5120 Salary Continuance	1,450	1,510	60	4.1%
5122 Accidental Death Insurance	150	170	20	13.3%
5125 Executive Car Allowance	7,200	7,200	-	0.0%
SubTotal: Salaries & Benefits	936,720	990,960	54,240	5.8%
Office Operations				
5150 Information Technology	12,700	12,800	100	0.8%
5151 Internet & Telephone	14,500	14,500	-	0.0%
5200 County Charges	11,000	8,200	(2,800)	-25.5%
5250 Insurance	7,400	7,600	200	2.7%
5350 Membership/Subscriptions	35,600	36,400	800	2.2%
5450 Office Equipment/Supplies	19,400	22,500	3,100	16.0%
Professional Services				
5510 Legal	25,000	60,000	35,000	140.0%
5520 Audit/Accounting	43,500	49,700	6,200	14.3%
5530 Human Resources	9,500	10,000	500	5.3%
5540 Other Professional	85,000	100,000	15,000	17.6%

Orange County Local Agency Formation Commission

Proposed Budget

Fiscal Year 2022/23

	FY 21/22	FY 22/23	\$	%
	Amended	Proposed	Budget	Budget
	Budget	Budget	Variance	Variance
Other Operations				
5535 Mapping	7,300	9,300	2,000	27.4%
5550 Investment Admin Fees	830	660	(170)	-20.5%
5600 Public Noticing / Communications	11,500	11,650	150	1.3%
5610 Unincorporated Areas Program	3,000	8,000	5,000	166.7%
5650 Rents/Maintenance	100,600	104,100	3,500	3.5%
5675 Equipment Leases & Maintenance	7,700	8,700	1,000	13.0%
5700 Commissioner/Staff Expenses	7,000	7,000	-	0.0%
5710 Commission Stipends & Taxes/Fees	15,500	15,950	450	2.9%
5750 Professional Development	5,000	5,000	-	0.0%
5800 Registration/Travel	3,000	13,600	10,600	353.3%
5850 Commission Meeting Expenses	6,500	9,500	3,000	46.2%
Subtotal: Office Operations & Services	431,530	515,160	83,630	19.4%
Total Expense	1,368,250	1,506,120	137,870	10.1%
Net Budget	\$ -	\$ -		

Projected Cash Reserves

Reserved Cash			
Contingency Reserve	100,000	\$	100,000
Reserve for Litigation	75,000		75,000
Unfunded Liability Reserve	30,000		30,000
Operating Reserve - 25% Budgeted Expenses	342,063		376,530
Total Reserved Cash	547,063		581,530
Unreserved Cash			
Balance at the Beginning of FY	891,375		888,988
Addition / (Drawdown) to Unreserved Cash	(200,010)		(272,090)
Total Unreserved Cash	691,365		616,898
Total Projected Cash Reserves	\$ 1,238,428	\$	1,198,428

OC LAFCO FY 2022-23 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.

4150 Miscellaneous Revenue

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

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 Orange County Fund (OC Fund).

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 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 independent consultants for IT and website services.

5151 Internet and Telephone

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

OC LAFCO FY 2022-23 BUDGET CATEGORIES

5200 County Charges

This category includes costs incurred for payroll processing, records archiving and storage, and billing, collection and intranet 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 general 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.

OC LAFCO FY 2022-23 BUDGET CATEGORIES

- ✓ **5540 Other Professional Services** – Consulting and professional services for meeting facilitation, peer reviews, and preparation of Municipal Service Reviews, fiscal studies and other reports and projects.

5550 Investment Admin Fees

This category includes costs incurred for administrative fees charged by Wells Fargo and the County of Orange for financial services related to the checking and payroll 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 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, board meetings and other educational activities.

5850 Commission Meeting Expenses

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

OC LAFCO FY 2022-23 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 2022-23 City Allocations

City	FY 2022-23 City Allocation
Aliso Viejo	\$ 6,302.35
Anaheim	45,112.24
Brea	7,243.61
Buena Park	10,108.31
Costa Mesa	14,296.24
Cypress	6,084.08
Dana Point	4,719.94
Fountain Valley	7,325.46
Fullerton	18,415.95
Garden Grove	20,216.62
Huntington Beach	24,950.20
Irvine	41,647.32
Laguna Beach	4,337.98
Laguna Hills	4,542.60
Laguna Niguel	9,712.71
Laguna Woods	2,305.40
La Habra	7,639.21
Lake Forest	11,977.19
La Palma	1,855.24
Los Alamitos	2,100.78
Mission Viejo	13,164.00
Newport Beach	14,514.50
Orange	19,098.02
Placentia	6,329.63
Rancho Santa Margarita	7,707.42
San Clemente	10,558.48
San Juan Capistrano	6,970.78
Santa Ana	36,995.59
Seal Beach	5,306.52
Stanton	4,378.91
Tustin	10,094.67
Villa Park	1,064.03
Westminster	10,858.59
Yorba Linda	11,308.76
TOTAL	\$ 409,243.33

OC LAFCO FY 2022-23 Special District Allocations

District	ISDOC Formula Calculation FY 2022-23
Silverado-Modjeska Rec. & Park	\$ 491.09
Surfside Colony Stormwater	491.09
Surfside Colony CSD	491.09
Rossmoor/Los Alamitos Area Sewer District	2,373.61
Capistrano Bay CSD	2,373.61
Rossmoor CSD	2,373.61
Three Arch Bay CSD	2,373.61
Emerald Bay CSD	2,373.61
Buena Park Library District	2,373.61
Placentia Library District	2,373.61
Orange County Cemetery District	3,601.34
Orange County Vector Control District	4,788.15
Total Non-Enterprise Districts	\$ 26,478.03
Sunset Beach Sanitary District	4,788.15
Serrano Water District	14,364.44
East Orange Co. Water District	19,152.59
Midway City Sanitary District	19,152.59
Trabuco Canyon Water District	19,152.59
Costa Mesa Sanitary District	19,152.59
El Toro Water District	23,899.81
Mesa Water District	23,899.81
Yorba Linda Water District	23,899.81
South Coast Water District	28,687.96
Moulton Niguel Water District	33,476.10
Santa Margarita Water District	33,476.10
Municipal Water District of O.C.	38,264.25
Orange County Water District	38,305.18
Irvine Ranch Water District	43,093.33
Total Enterprise Districts	\$ 382,765.30
Total Special Districts	\$ 409,243.33

Orange County Local Agency Formation Commission

Proposed Budget Projections

Fiscal Year 2022/23 - 2024/25

	FY 22/23	FY 23/24	FY 24/25
	Proposed	Projected	Projected
	Budget	Budget	Budget
Apportionment Increase Factor (%)	6.00%	6.00%	6.00%
Revenue & Use / (Addition) Of Cash			
Use Of / (Addition To) Unreserved Cash	\$ 272,090	\$ 240,130	\$ 205,430
4000 LAFCO Apportionment	1,227,730	1,301,400	1,379,500
4200 Interest	6,300	6,300	6,420
4150 Miscellaneous Revenue	-	-	-
Net Revenue & Use / (Addition) Of Unreserved Cash	1,506,120	1,547,830	1,591,350
Expense			
Salaries & Benefits			
5000 Salaries	574,500	594,610	612,450
5010 Hourly Employees	20,800	21,530	22,180
5106 Retirement	250,300	261,660	269,590
5109 Retiree Health Benefits	19,300	20,460	21,690
5108 Health Insurance	65,600	69,540	73,720
5110 Dental Insurance	2,700	2,730	2,760
5112 Life Insurance	460	490	520
5102 Optional Benefit Plan	18,500	18,500	18,500
5104 Deferred Compensation	17,500	18,120	18,670
5116 Medicare	8,900	9,210	9,480
5114 Worker's Compensation	3,520	3,650	3,760
5120 Salary Continuance	1,510	1,490	1,540
5122 Accidental Death Insurance	170	180	190
5125 Executive Car Allowance	7,200	7,200	7,200
SubTotal: Salaries & Benefits	990,960	1,029,370	1,062,250
Office Operations			
5150 Information Technology	12,800	13,250	13,650
5151 Internet & Telephone	14,500	15,010	15,470
5200 County Charges	8,200	8,490	8,750
5250 Insurance	7,600	7,870	8,110
5350 Membership/Subscriptions	36,400	37,680	38,820
5450 Office Equipment/Supplies	22,500	15,000	15,450
Professional Services			
5510 Legal	60,000	60,000	60,000
5520 Audit/Accounting	49,700	51,440	52,990
5530 Human Resources	10,000	10,350	10,670
5540 Other Professional	100,000	100,000	100,000

Orange County Local Agency Formation Commission

Proposed Budget Projections

Fiscal Year 2022/23 - 2024/25

	FY 22/23	FY 23/24	FY 24/25
	Proposed	Projected	Projected
	Budget	Budget	Budget
Other Operations			
5535 Mapping	9,300	9,630	9,920
5550 Investment Admin Fees	660	690	720
5600 Public Noticing / Communications	11,650	12,060	12,430
5610 Unincorporated Areas Program	8,000	8,000	8,000
5650 Rents/Maintenance	104,100	107,120	110,360
5675 Equipment Leases & Maintenance	8,700	9,010	9,290
5700 Commissioner/Staff Expenses	7,000	7,250	7,470
5710 Commission Stipends & Taxes/Fees	15,950	16,510	17,010
5750 Professional Development	5,000	5,180	5,340
5800 Registration/Travel	13,600	14,080	14,510
5850 Commission Meeting Expenses	9,500	9,840	10,140
Subtotal: Office Operations & Services	515,160	518,460	529,100
Total Expense	1,506,120	1,547,830	1,591,350
Net Budget	\$ -	\$ -	\$ -

Projected Cash Reserves

Reserved Cash			
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
Operating Reserve - 25% Budgeted Expenses	376,530	386,958	397,838
Total Reserved Cash	581,530	591,958	602,838
Unreserved Cash			
Balance at the Beginning of FY	888,988	616,898	376,768
Addition / (Drawdown) to Unreserved Cash	(272,090)	(240,130)	(205,430)
Total Unreserved Cash	616,898	376,768	171,338
Total Projected Cash Reserves	\$ 1,198,428	\$ 968,725	\$ 774,175

CP 22-01
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
UPDATING THE OC LAFCO FEE SCHEDULE

March 9, 2022

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.

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, 2022.
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 Local Agency Formation Commission of Orange County.

AYES:

NOES:

STATE OF CALIFORNIA)
) SS.

COUNTY OF ORANGE)

I, Douglass Davert, 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 9th day of March 2022.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March
2022.

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 7/1/2022

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 (OC LAFCO) proceedings. The submission of an application to OC 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 OC LAFCO's General Counsel beyond routine review of the Executive Officer's report, Commission resolutions, and agenda materials. Further, OC 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 OC 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 OC LAFCO, the applicant(s) and real party(ies) in interest are required to defend, indemnify, hold harmless, and release OC LAFCO and its agents, officers, attorneys, and employees from any claim, action, or proceeding against OC LAFCO, and its agents, officers, attorneys, and employees to attack, set aside, void, or annul the approval of OC 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 OC 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

OC 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

OC LAFCO STAFF/LEGAL COUNSEL BILLING RATES

OC LAFCO Staff Rate	Fully Burdened Hourly Rate*
OC 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 OC 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 OC 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> <table style="margin-left: 40px;"> <tr> <td>a. Negative Declaration</td> <td style="text-align: right;">\$2,548.00</td> </tr> <tr> <td>b. Environmental Impact Report</td> <td style="text-align: right;">\$3,539.25</td> </tr> </table>	a. Negative Declaration	\$2,548.00	b. Environmental Impact Report	\$3,539.25
a. Negative Declaration	\$2,548.00				
b. Environmental Impact Report	\$3,539.25				
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 7/1/2022

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	\$ 173
Assistant Executive Officer	\$ 111
Policy Analyst*	\$ 60-67
Commission Clerk	\$ 61

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates - \$ 282 for OC LAFCO-initiated services
\$ 536 for project applicant-initiated services
3. Reproduction Cost - 0.25 per page
4. Audio Disc Reproduction Cost - \$15.00