

March 8, 2023

8a | Public
Hearing**REGULAR MEMBERS****CHAIR**
Douglass Davert
Special District Member**VICE CHAIR**
Donald P. Wagner
County Member**IMMEDIATE PAST CHAIR**
Derek J. McGregor
Public Member**Wendy Bucknum**
City Member**Andrew Do**
County Member**James Fisler**
Special District Member**Vacant**
City Member**ALTERNATES****Katrina Foley**
County Member**Kathryn Freshley**
Special District Member**Carol Moore**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer
Assistant Executive Officer
Accountant**SUBJECT:** Proposed Fiscal Year 2023-24 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 2023-24 budget is presented in line-item detail for the Commission's review and consideration (**Attachment 1**).

In February, staff met with the Commission's Executive Committee members to discuss and review the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee is comprised of the Chair (Douglass Davert), Vice Chair (Donald Wagner) and Immediate Past Chair (Derek McGregor) and is responsible for reviewing the proposed agency budget and serving in an advisory role on this matter to the full Commission. Upon approval by the Commission, the proposed budget will be distributed for review and comment to the Board of Supervisors, the cities, and the independent special districts. Subsequently, the final budget, together with any submitted comments, will be considered by the Commission at a second public hearing during the May 10, 2023 regular meeting.

Fee Schedule Resolution

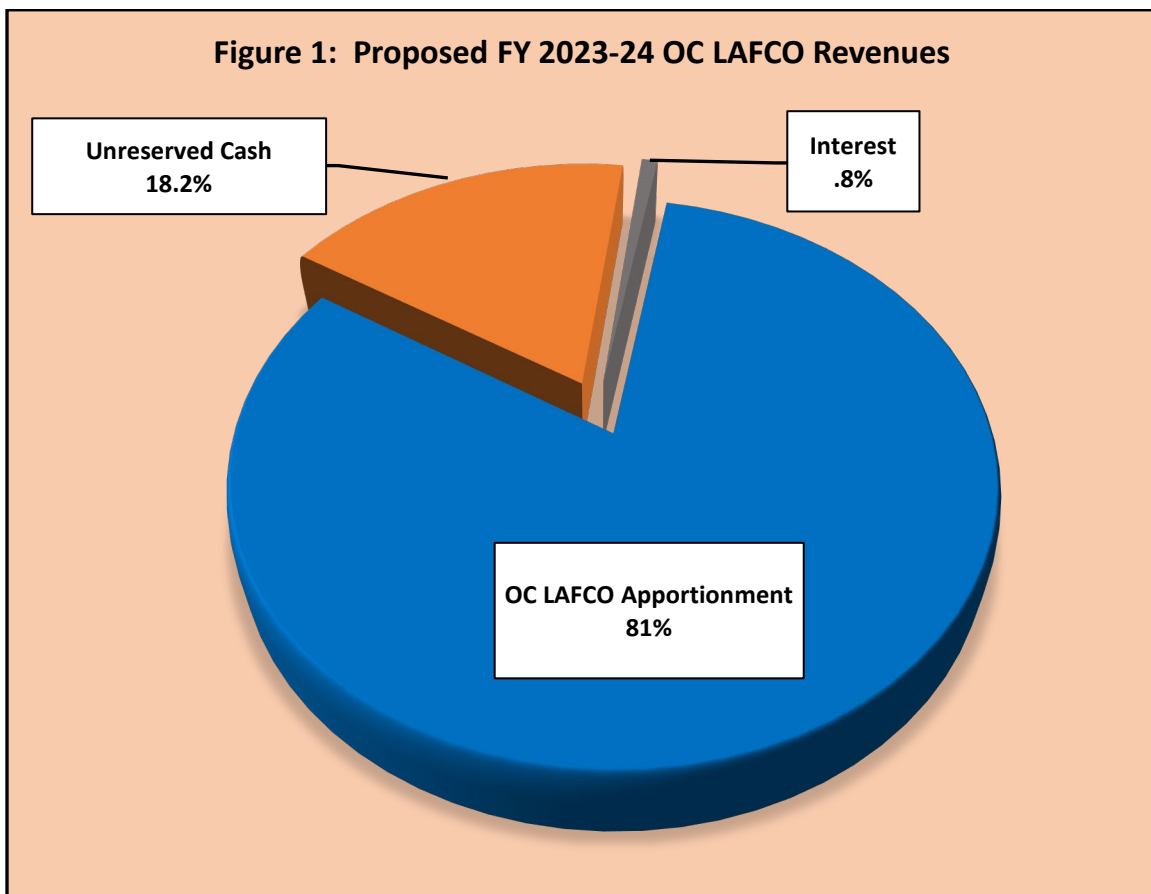
The Commission's Fee Schedule, which was originally established in 1995, is structured to ensure that the agency is recovering the actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rates for staff and legal counsel direct costs and an update to the filing fees charged by the Department of Fish and Wildlife. The recommended actions include adopting the Fee Schedule Resolution (**Attachment 3**) for charges that would be effective July 1, 2023.

FY 2023-24 OC LAFCO PROPOSED BUDGET

The proposed FY 2023-24 budget is balanced; the expected expenditures are funded by the projected ongoing revenues with a drawdown of unreserved cash. The proposed budget totals \$1,743,380 resulting in an overall increase of 12 percent from the FY 2022-23 budget. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2023-24 proposed budget.

REVENUES

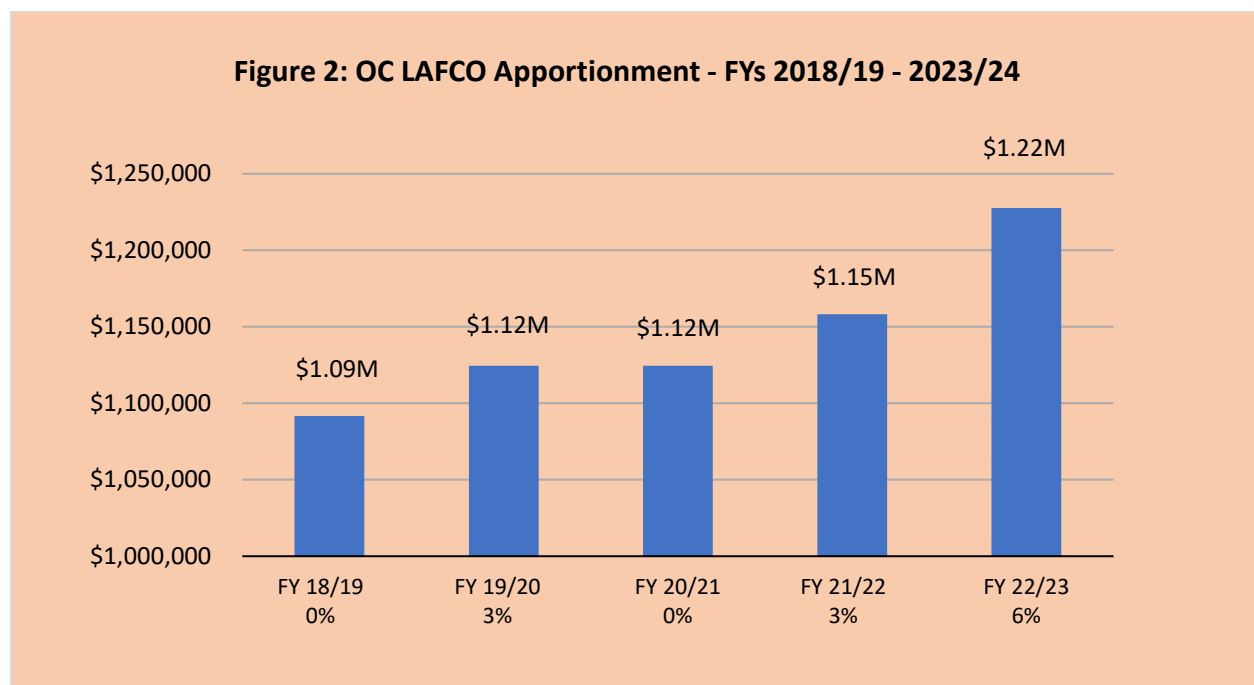
The revenues in the proposed budget for FY 2023-24 total \$1,743,380. There are three categories of agency revenues: (1) OC LAFCO Apportionment (funded by the County, Cities, and Special Districts in accordance with Government Code Section 56381(b)), (2) Interest, and (3) Unreserved Cash. As depicted in *Figure 1*, the OC LAFCO apportionment constitutes approximately 81 percent of the proposed revenues, with the remaining revenues being attributed at 18 percent to the unreserved cash, and slightly less than one percent expected from interest revenue.



(1) OC LAFCO Apportionment

As represented in Figure 1, the agency's apportionment is the primary revenue source for OC LAFCO. Funded in three parts, the total apportionment for FY 2023-24 of \$1,411,890, to be collected from the County, cities, and special districts, reflects an overall increase of 15 percent (\$184,160) from the FY 2022-23 budget. Initially, the apportionment is attributed at one-third to the County, cities and independent special districts. Subsequently, the individual amount due from each city and independent special district is calculated by the County Auditor-Controller using the formulas adopted by the City Selection Committee and the Independent Special District Selection Committee, respectively. The projected individual apportionments for the cities and special districts for FY 2023-24 are delineated in **Attachments 1A and 1B**.

Over the past several years, the OC LAFCO apportionment has experienced zero to minimal increases through use of the agency's unreserved cash, as shown in Figure 2 below. However, with the balance of the agency's unreserved cash decreasing to the Commission's reserve policy levels, increases to the OC LAFCO apportionment over the next fiscal years are necessary.



(2) Interest

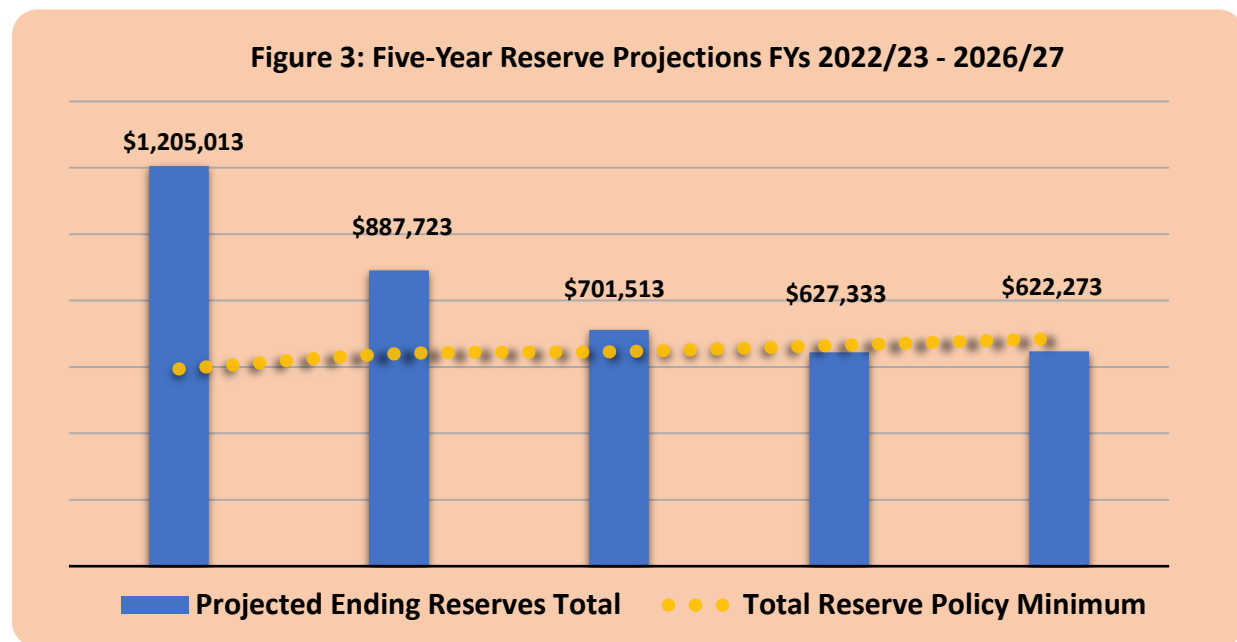
This revenue category includes interest earned from the agency's savings account, payroll account and two investment accounts – the Local Agency Investment Fund and the Orange County Fund. Since the Commission receives an influx of revenues in the beginning of each fiscal year from the funding agencies, the apportionment is deposited into the highest interest earning accounts. Throughout the fiscal year, OC LAFCO staff, in consultation with the agency's independent accounting staff, withdraw funds from the accounts to cover the agency's operational expenses. Given the current market rates, the proposed FY 2023-24 budget

projects that interest earned on the agency's investment accounts will generate \$14,200 or slightly less than one percent of the annual revenue.

(3) Unreserved Cash

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 2023-24, amount to \$435,845. Unreserved cash is any balance available above the minimums specified in the reserve policy.

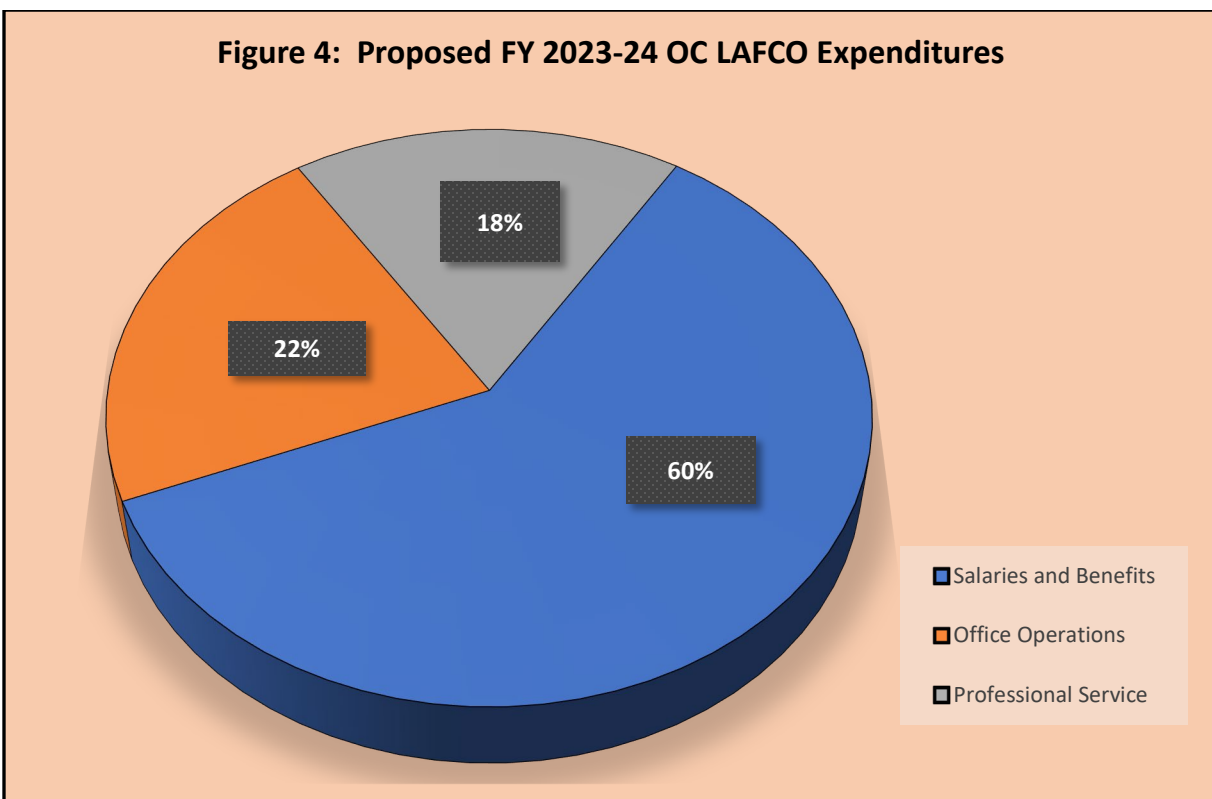
The proposed FY 2023-24 budget revenue assumptions include \$317,290 from the unreserved cash, which represents approximately 18 percent of the total revenues. Over the past several years, it has been the practice of the Commission to use the unreserved cash as part of the revenue assumptions until the agency reaches the reserve levels delineated by the Commission's reserve policy. As the agency's unreserved cash balance decreases, it is expected that the agency's revenue sources will be the OC LAFCO apportionment and interest earned from the agency's investment accounts. As represented in Figure 3, it is projected that the agency will reach its policy reserve levels by FY 2025-26.



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 of 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 4* and described briefly in the following sections.



(1) Salaries & Benefits

The proposed FY 2023-24 budget for salaries and benefits for the five full-time professional staff and any temporary or seasonal staff total \$1,045,370, which is an overall increase of 5.5 percent from the budgeted amount in the current fiscal year. The projections in the proposed budget include a Cost of Living Adjustment of 4.9 percent, merit adjustments (2% - 5%) to salaries, and an increase in costs of benefits. 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. The FY 2023-24 increases are attributed to the rising costs of health and dental care.

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 financial reports and the audited financial statements, respectively. Any adjustments 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 cash at the end of the fiscal year. It is expected in the coming fiscal year that staff costs attributed to application fees will decrease commensurate with a decline in filed applications.

(2) Office Operations & Supplies

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 2023-24:

➤ **Information Technology (line item 5150)**

This line item includes the costs incurred for the regular maintenance and upgrades to the OC LAFCO computer systems and website and technical support. The increase of \$20,050 from FY 2022-23 will allow for necessary maintenance and updates to the agency's website platform. In 2020, the agency's website experienced a significant redesign to improve the functionality of the Commission's key resource to agencies and the public. To maintain and continue the site's functionality, ongoing budgeting for this purpose is needed.

➤ **Mapping (line item 5535)**

This budget line item includes the funding for the agency's Geographic Information System (GIS) and other mapping programs. The proposed budget includes an increase of \$4,600 from FY 2022-23 to \$13,900. The agency's GIS system includes parcel data purchased from the County of Orange that is a key tool for OC LAFCO in maintaining the official boundaries for the 34 cities and 34 special districts and other projects. The general functionality of the system was last updated in 2010, and an increase to this line item would allow for engaging of a GIS consultant to assist with upgrading of the system.

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

This line item includes costs incurred for processing applications under the Commission's Unincorporated Areas Program. The proposed budget includes an increase of \$10,000 from FY 2022-23 to facilitate and process multiple annexations of unincorporated areas during the fiscal cycle.

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

This line item allocates the funding to support training and development opportunities for staff (e.g., conferences, workshops, university course, or other training classes). The FY 2023-24 budget proposes to restore funding to this area that had been reduced in prior fiscal years.

➤ **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 2023 annual conference will take place in Monterey County, and the staff workshop will take place in Fish Camp. Projected costs for the staff workshop were derived using costs from previous workshops.

(3) Professional

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 2023-24 proposed budget allocation for this category includes the following: legal services (\$60,000); audit and accounting services (\$53,000), and human resources (\$20,000). 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 \$180,000.

OC LAFCO THREE-YEAR PROJECTIONS

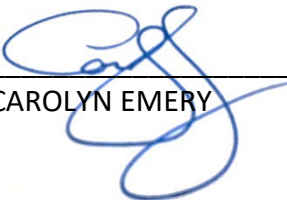
The three-year budget projections are intended to anticipate future changes to the OC LAFCO budget. Additionally, the projections provide the funding agencies with budget projections beyond a single fiscal year. The three-year budgetary projections provided in **Attachment 2** indicate potential apportionment increases ranging between 8.5 and 12 percent beginning in 2024 through 2027. The projections use the FY 2023-24 proposed budget as a baseline with personnel expenditures increased annually by the CPI and operational expenditures adjusted annually by factors such as current trends, contractual obligations for office and equipment leases, or the CPI. The projections reflect a transitional decrease of the use of the agency's unreserved cash to the OC LAFCO apportionment and interest revenue representing the agency's sole revenue sources. The projections for each respective fiscal year are subject to change and are used for trending purposes only.

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Adopt the Proposed FY 2023-24 Budget 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 2023-24 OC LAFCO Budget at the May 10, 2023 regular meeting.
3. Adopt OC LAFCO Resolution No. CP 23-02 approving the OC LAFCO Fee Schedule, effective July 1, 2023.

Respectfully submitted,


CAROLYN EMERY
LUIS TAPIA
CINDY BYERRUM

Attachments:

1. Proposed FY 2023-24 OC LAFCO Budget
 - A. OC LAFCO City Apportionments for FY 2023-24 (prepared by the County Auditor-Controller)
 - B. OC LAFCO Special District Apportionments for FY 2023-24 (prepared by County Auditor-Controller)
2. Three-year OC LAFCO Budget Projections (FYs 2024-25, 2025-26, and 2026-27)
3. OC LAFCO Resolution No. CP 23-02 OC LAFCO Fee Schedule (effective July 1, 2023)



Orange County Local Agency Formation Commission
Proposed Budget
Fiscal Year 2023/24

	FY 22/23 Final Budget	FY 23/24 Proposed Budget	\$ Budget Variance	% Budget Variance
<i>Apportionment Increase Factor (%)</i>	<i>6.0%</i>	<i>15.0%</i>		
Revenue & Cash Reserves Use / (Addition)				
Cash Reserves Use / (Addition)	\$ 322,090	\$ 317,290	\$ (4,800)	-1.5%
4000 LAFCO Apportionment	1,227,730	1,411,890	184,160	15.0%
4200 Interest	6,300	14,200	7,900	125.4%
Total Revenue & Cash Reserves Use / (Addition)	1,556,120	1,743,380	187,260	12.0%
Expense				
Salaries & Benefits				
5000 Salaries	574,500	621,200	46,700	8.1%
5010 Hourly Employees	20,800	20,800	-	0.0%
5106 Retirement	250,300	247,700	(2,600)	-1.0%
5109 Retiree Health Benefits	19,300	22,000	2,700	14.0%
5108 Health Insurance	65,600	68,500	2,900	4.4%
5110 Dental Insurance	2,700	6,900	4,200	155.6%
5112 Life Insurance	460	420	(40)	-8.7%
5118 Unemployment Insurance	-	620	620	0.0%
5102 Optional Benefit Plan	18,500	18,500	-	0.0%
5104 Deferred Compensation	17,500	17,900	400	2.3%
5116 Medicare	8,900	9,400	500	5.6%
5114 Worker's Compensation	3,520	2,550	(970)	-27.6%
5120 Salary Continuance	1,510	1,560	50	3.3%
5122 Accidental Death Insurance	170	120	(50)	-29.4%
5125 Executive Car Allowance	7,200	7,200	-	0.0%
Salaries & Benefits Total	990,960	1,045,370	54,410	5.5%
Operations, Prof. Services & Other				
Office Operations				
5150 Information Technology	12,800	32,850	20,050	156.6%
5151 Internet & Telephone	14,500	16,480	1,980	13.7%
5200 County Charges	8,200	10,300	2,100	25.6%
5250 Insurance	7,600	14,030	6,430	84.6%
5350 Membership/Subscriptions	36,400	39,900	3,500	9.6%
5450 Office Equipment/Supplies	22,500	24,100	1,600	7.1%
Professional Services				
5510 Legal	60,000	60,000	-	0.0%
5520 Audit/Accounting	49,700	53,000	3,300	6.6%
5530 Human Resources	10,000	20,000	10,000	100.0%
5540 Other Professional	150,000	180,000	30,000	20.0%
Other Expense				
5535 Mapping	9,300	13,900	4,600	49.5%
5550 Investment Admin Fees	660	850	190	28.8%
5600 Public Noticing / Communications	11,650	14,800	3,150	27.0%
5610 Unincorporated Areas Program	8,000	18,000	10,000	125.0%
5650 Rents/Maintenance	104,100	110,500	6,400	6.1%
5675 Equipment Leases & Maintenance	8,700	7,700	(1,000)	-11.5%
5700 Commissioner/Staff Expenses	7,000	7,000	-	0.0%
5710 Commission Stipends & Taxes/Fees	15,950	16,000	50	0.3%
5750 Professional Development	5,000	25,000	20,000	400.0%
5800 Registration/Travel	13,600	21,300	7,700	56.6%
5850 Commission Meeting Expenses	9,500	12,300	2,800	29.5%
Operations, Prof. Services & Other Total	565,160	698,010	132,850	23.5%
Total Expense	1,556,120	1,743,380	187,260	12.0%
Net Budget	\$ -	\$ -	\$ -	0%



Orange County Local Agency Formation Commission
Proposed Budget
Fiscal Year 2023/24

	FY 22/23 Final Budget	FY 23/24 Proposed Budget	
Projected Cash Reserves			
Reserved Cash			
Contingency Reserve	100,000	\$ 100,000	
Litigation Reserve	75,000	75,000	
Unfunded Liability Reserve	30,000	30,000	
Operating Reserve (25% Budgeted Expenses)	389,030	435,845	
Total Reserved Cash	594,030	640,845	
Unreserved Cash			
Balance at the Beginning of FY	825,635	564,168	
Addition / (Drawdown) to Unreserved Cash	(322,090)	(317,290)	
Total Unreserved Cash	503,545	246,878	
Total Projected Cash Reserves	\$ 1,097,575	\$ 887,723	

OC LAFCO FY 2023-24 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 2023-24 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 2023-24 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.

RESERVES**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 2023-24 City Allocations

City	FY 2023-24 City Allocation
Aliso Viejo	\$ 7,341.83
Anaheim	50,561.35
Brea	8,659.60
Buena Park	11,781.44
Costa Mesa	16,283.80
Cypress	7,122.20
Dana Point	5,396.56
Fountain Valley	8,581.16
Fullerton	21,492.10
Garden Grove	23,013.80
Huntington Beach	28,551.55
Irvine	51,847.76
Laguna Beach	5,020.05
Laguna Hills	5,161.24
Laguna Niguel	11,075.49
Laguna Woods	2,808.09
La Habra	8,659.59
Lake Forest	13,993.40
La Palma	2,133.52
Los Alamitos	2,447.28
Mission Viejo	14,950.35
Newport Beach	16,424.99
Orange	21,947.04
Placentia	7,310.45
Rancho Santa Margarita	8,753.72
San Clemente	12,048.12
San Juan Capistrano	7,906.58
Santa Ana	40,129.05
Seal Beach	6,118.19
Stanton	5,004.36
Tustin	11,577.50
Villa Park	1,223.64
Westminster	12,361.88
Yorba Linda	12,942.32
TOTAL	\$ 470,630.00

OC LAFCO FY 2023-24 Special District Allocations

District	ISDOC Formula Calculation FY 2023-24
Silverado-Modjeska Rec. & Park	\$ 517.69
Surfside Colony Stormwater	517.69
Surfside Colony CSD	517.69
Rossmoor/Los Alamitos Area Sewer District	2,682.59
Capistrano Bay CSD	2,682.59
Rossmoor CSD	2,682.59
Three Arch Bay CSD	2,682.59
Emerald Bay CSD	2,682.59
Buena Park Library District	2,682.59
Placentia Library District	2,682.59
Orange County Cemetery District	4,047.42
Orange County Vector Control District	5,365.18
Total Non-Enterprise Districts	\$ 29,743.80
Sunset Beach Sanitary District	5,365.18
Serrano Water District	16,142.61
East Orange Co. Water District	21,507.79
Midway City Sanitary District	21,507.79
Trabuco Canyon Water District	21,507.79
Costa Mesa Sanitary District	21,507.79
El Toro Water District	26,872.97
Mesa Water District	32,238.16
Yorba Linda Water District	32,238.16
South Coast Water District	32,238.16
Moulton Niguel Water District	37,650.40
Santa Margarita Water District	37,650.40
Municipal Water District of O.C.	43,015.58
Orange County Water District	43,015.58
Irvine Ranch Water District	48,427.84
Total Enterprise Districts	\$ 440,886.20
Total Special Districts	\$ 470,630.00



Orange County Local Agency Formation Commission

Proposed Budget Projections

Fiscal Years 2023/24 - 2026/27

	FY 23/24 Proposed Budget	FY 24/25 Projection	FY 25/26 Projection	FY 26/27 Projection
<i>Apportionment Increase Factor (%)</i>	<i>15.0%</i>	<i>12.0%</i>	<i>12.0%</i>	<i>8.5%</i>
Revenue & Cash Reserves Use / (Addition)				
Cash Reserves Use / (Addition)	\$ 317,290	\$ 186,210	\$ 74,180	\$ 5,060
4000 LAFCO Apportionment	1,411,890	1,581,320	1,771,080	1,921,600
4200 Interest	14,200	4,000	3,400	3,100
Total Revenue & Cash Reserves Use / (Addition)	1,743,380	1,771,530	1,848,660	1,929,760
Expense				
Salaries & Benefits				
5000 Salaries	621,200	660,400	700,100	738,700
5010 Hourly Employees	20,800	22,200	23,600	24,900
5106 Retirement	247,700	263,300	279,200	294,600
5109 Retiree Health Benefits	22,000	23,100	24,300	25,600
5108 Health Insurance	68,500	72,000	75,600	79,400
5110 Dental Insurance	6,900	6,970	7,040	7,200
5112 Life Insurance	420	450	480	510
5118 Unemployment Insurance	620	670	710	800
5102 Optional Benefit Plan	18,500	18,500	18,500	18,500
5104 Deferred Compensation	17,900	19,030	20,180	21,300
5116 Medicare	9,400	10,200	10,800	11,400
5114 Worker's Compensation	2,550	2,800	3,000	3,200
5120 Salary Continuance	1,560	1,660	1,760	1,900
5122 Accidental Death Insurance	120	130	140	150
5125 Executive Car Allowance	7,200	7,200	7,200	7,400
Salaries & Benefits Total	1,045,370	1,108,610	1,172,610	1,235,560
Operations, Prof. Services & Other				
Office Operations				
5150 Information Technology	32,850	14,000	14,500	14,900
5151 Internet & Telephone	16,480	17,100	17,700	18,200
5200 County Charges	10,300	10,700	11,100	11,400
5250 Insurance	14,030	14,500	15,000	15,400
5350 Membership/Subscriptions	39,900	41,220	42,460	43,600
5450 Office Equipment/Supplies	24,100	24,900	25,650	26,300
Professional Services				
5510 Legal	60,000	60,000	60,000	61,500
5520 Audit/Accounting	53,000	54,750	56,400	57,900
5530 Human Resources	20,000	10,660	10,980	11,300
5540 Other Professional	180,000	180,000	180,000	184,500
Other Expense				
5535 Mapping	13,900	4,360	4,500	4,700
5550 Investment Admin Fees	850	880	910	1,000
5600 Public Noticing / Communications	14,800	15,290	15,750	16,200
5610 Unincorporated Areas Program	18,000	8,000	8,000	8,000
5650 Rents/Maintenance	110,500	113,900	117,500	121,000
5675 Equipment Leases & Maintenance	7,700	7,960	8,200	8,500
5700 Commissioner/Staff Expenses	7,000	7,300	7,600	7,800
5710 Commission Stipends & Taxes/Fees	16,000	16,600	17,100	17,600
5750 Professional Development	25,000	25,900	26,700	27,400
5800 Registration/Travel	21,300	22,100	22,800	23,400
5850 Commission Meeting Expenses	12,300	12,800	13,200	13,600
Operations, Prof. Services & Other Total	698,010	662,920	676,050	694,200
Total Expense	1,743,380	1,771,530	1,848,660	1,929,760
Net Budget	\$ -	\$ -	\$ -	\$ -



Orange County Local Agency Formation Commission
Proposed Budget Projections
 Fiscal Years 2023/24 - 2026/27

	FY 23/24 Proposed Budget	FY 24/25 Projection	FY 25/26 Projection	FY 26/27 Projection
Projected Cash Reserves				
Reserved Cash				
Contingency Reserve	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Litigation Reserve	75,000	75,000	75,000	75,000
Unfunded Liability Reserve	30,000	30,000	30,000	30,000
Operating Reserve (25% Budgeted Expenses)	435,845	442,883	462,165	482,440
Total Reserved Cash	640,845	647,883	667,165	687,440
Unreserved Cash				
Balance at the Beginning of FY	564,168	239,840	34,348	(60,107)
Addition / (Drawdown) to Unreserved Cash	(317,290)	(186,210)	(74,180)	(5,060)
Total Unreserved Cash	246,878	53,630	(39,832)	(65,167)
Total Projected Cash Reserves	\$ 887,723	\$ 701,513	\$ 627,333	\$ 622,273

CP 23-02
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
UPDATING THE OC LAFCO FEE SCHEDULE

March 8, 2023

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, 2023.
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 8th day of March 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March 2023.

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

By: _____
Douglass Davert

**LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY
SCHEDULE OF FILING AND PROCESSING FEES**

Effective July 1, 2023

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 (Also see additional project completion fees.)	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> <i>a. Negative Declaration: \$2,764</i> <i>b. Environmental Impact Report: \$3,839.25</i>
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 Cost*
Postage or Overnight Service	Actual Cost
Monthly Agenda Packet (hard copy)	Actual Cost *

*See Exhibit B.

ORANGE COUNTY LAFCO FEE SCHEDULE
DIRECT COSTS

Effective July 1, 2023

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	\$ 194
Assistant Executive Officer	\$ 108
Policy Analyst*	\$ 57 – 71
Commission Clerk	\$ 70

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates: \$296 (OC LAFCO-initiated services)
 \$581 (project applicant-initiated services)
3. Reproduction Cost - 0.25 per page
4. Audio Disc Reproduction Cost - \$15