

May 10, 2023

7a | Public
Hearing

REGULAR MEMBERS

CHAIR
Douglas 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

SUBJECT: Final OC LAFCO Fiscal Year 2023-2024 Budget

BACKGROUND

On March 8, 2023, the Commission adopted the proposed FY 2023-24 budget. Subsequently, the documents were distributed to each of the funding agencies for review and comment. State law requires that the Commission also adopt a final budget at a public hearing.

The final OC LAFCO budget for FY 2023-2024 (*Attachment 1*) totals \$1,744,480, which reflects an adjustment in the *Rents/Maintenance* line item since approval of the proposed budget in March. The item includes the agency's office lease and maintenance costs and was updated to more accurately reflect the projected costs for the next fiscal cycle. The final budget revenues include a total apportionment of \$1,411,890, which is equally divided amongst the County, cities and special districts. The proposed apportionment for the County is \$581,210. Upon approval of the final budget by the Commission, the County Auditor-Controller will request remittance of the respective payment from each of the funding agencies. The FY 2023-2024 apportionments for each city and special district are reflected in *Attachments 1a* and *1b* for reference.

AGENCY COMMENTS

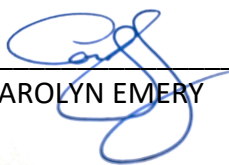
On March 8, 2023, the proposed FY 2023-2024 OC LAFCO Budget was distributed to the Board of Supervisors, County Executive Office, and each city and independent special district for review and comment. Additionally, in accordance with State law, a notice of public hearing of the final budget was published in the Orange County Register on April 18, 2023. At the time of the agenda posting on May 3, OC LAFCO had not received any written comments.

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Adopt the final OC LAFCO Fiscal Year 2023-2024 Budget.
2. Direct the Executive Officer to transmit the final budget to the Board of Supervisors, cities, special districts and the County Auditor-Controller.

Respectfully submitted,



CAROLYN EMERY



LUIS TAPIA

Attachments:

1. Final OC LAFCO FY 2023-2024 Budget
 - a. OC LAFCO City Apportionments for FY 2023-2024 (prepared by the Auditor-Controller)
 - b. OC LAFCO Special District Apportionments for FY 2023-2024 (prepared by the Auditor-Controller)



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

	FY 22/23 Adopted Budget	FY 23/24 Final Budget	\$ Budget Variance	% Budget Variance
Apportionment Increase Factor (%)				
	6.0%	15.0%		
1 Revenue & Cash Reserves Use / (Addition)				
2 Cash Reserves Use / (Addition)	\$ 322,090	\$ 318,390	\$ (3,700)	-1.1%
3 4000 LAFCO Apportionment	1,227,730	1,411,890	184,160	15.0%
4 4200 Interest	6,300	14,200	7,900	125.4%
5 Total Revenue & Cash Reserves Use / (Addition)	1,556,120	1,744,480	188,360	12.1%
6 Expense				
7 Salaries & Benefits				
8 5000 Salaries	574,500	621,200	46,700	8.1%
9 5010 Hourly Employees	20,800	20,800	-	0.0%
10 5106 Retirement	250,300	247,700	(2,600)	-1.0%
11 5109 Retiree Health Benefits	19,300	22,000	2,700	14.0%
12 5108 Health Insurance	65,600	68,500	2,900	4.4%
13 5110 Dental Insurance	2,700	6,900	4,200	155.6%
14 5112 Life Insurance	460	420	(40)	-8.7%
15 5118 Unemployment Insurance	-	620	620	0.0%
16 5102 Optional Benefit Plan	18,500	18,500	-	0.0%
17 5104 Deferred Compensation	17,500	17,900	400	2.3%
18 5116 Medicare	8,900	9,400	500	5.6%
19 5114 Worker's Compensation	3,520	2,550	(970)	-27.6%
20 5120 Salary Continuance	1,510	1,560	50	3.3%
21 5122 Accidental Death Insurance	170	120	(50)	-29.4%
22 5125 Executive Car Allowance	7,200	7,200	-	0.0%
23 Salaries & Benefits Total	990,960	1,045,370	54,410	5.5%
24 Operations, Prof. Services & Other				
25 Office Operations				
26 5150 Information Technology	12,800	32,850	20,050	156.6%
27 5151 Internet & Telephone	14,500	16,480	1,980	13.7%
28 5200 County Charges	8,200	10,300	2,100	25.6%
29 5250 Insurance	7,600	14,030	6,430	84.6%
30 5350 Membership/Subscriptions	36,400	39,900	3,500	9.6%
31 5450 Office Equipment/Supplies	22,500	24,100	1,600	7.1%
32 Professional Services				
33 5510 Legal	60,000	60,000	-	0.0%
34 5520 Audit/Accounting	49,700	53,000	3,300	6.6%
35 5530 Human Resources	10,000	20,000	10,000	100.0%
36 5540 Other Professional	150,000	180,000	30,000	20.0%
37 Other Expense				
38 5535 Mapping	9,300	13,900	4,600	49.5%
39 5550 Investment Admin Fees	660	850	190	28.8%
40 5600 Public Noticing / Communications	11,650	14,800	3,150	27.0%
41 5610 Unincorporated Areas Program	8,000	18,000	10,000	125.0%
42 5650 Rents/Maintenance	104,100	111,600	7,500	7.2%
43 5675 Equipment Leases & Maintenance	8,700	7,700	(1,000)	-11.5%
44 5700 Commissioner/Staff Expenses	7,000	7,000	-	0.0%
45 5710 Commission Stipends & Taxes/Fees	15,950	16,000	50	0.3%
46 5750 Professional Development	5,000	25,000	20,000	400.0%
47 5800 Registration/Travel	13,600	21,300	7,700	56.6%
48 5850 Commission Meeting Expenses	9,500	12,300	2,800	29.5%
49 Operations, Prof. Services & Other Total	565,160	699,110	133,950	23.7%
50 Total Expense	1,556,120	1,744,480	188,360	12.1%
51 Net Budget	\$ -	\$ -	\$ -	0%



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

	FY 22/23 Adopted Budget	FY 23/24 Final Budget	\$ Budget Variance	% Budget Variance
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	436,120		
Total Reserved Cash	594,030	641,120		
Unreserved Cash				
Balance at the Beginning of FY	825,635	540,871		
Addition / (Drawdown) to Unreserved Cash	(322,090)	(318,390)		
Total Unreserved Cash	503,545	222,481		
Total Projected Cash Reserves	\$ 1,097,575	\$ 863,601		

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 the County of Orange for financial services related to the investment 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 2023-24 BUDGET CATEGORIES

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