

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, August 9, 2023
8:15 a.m.**

**County Administrative North (CAN)
First Floor Multipurpose Room 101
400 W. Civic Center Drive, Santa Ana, CA 92701**

Any member of the public may request to speak on any agenda item at the time the Commission is considering the item.

1. CALL THE MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. OATH OF OFFICE

The Oath of Office will be administered for terms beginning July 1, 2023.

4. ROLL CALL

**5. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION
(Communications received after agenda distribution for agenda items.)**

6. PUBLIC COMMENT

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken by the Commission on off-agenda items unless authorized by law.

7. CONSENT CALENDAR

a.) June 14, 2023 – Regular Commission Meeting Minutes

The Commission will consider approval of the June 14, 2023 meeting minutes.

8. PUBLIC HEARING

a.) **Municipal Service Review and Sphere of Influence Reviews for West Region (MSR 22-09 and SOI 22-10)**

The Commission will consider the municipal service review and sphere of influence reviews for agencies within the West Region prepared in accordance with Government Code Sections 56425 and 56430. As the lead agency, the Commission will consider the Notices of Exemption prepared for the MSR and SOIs in compliance with the California Environmental Quality Act (CEQA).

b.) **Municipal Service Review and Sphere of Influence Reviews for Southwest Region (MSR 22-11 and SOI 22-12)**

The Commission will consider the municipal service review and sphere of influence reviews for agencies within the Southwest Region prepared in accordance with Government Code Sections 56425 and 56430. As the lead agency, the Commission will consider the Notices of Exemption prepared for the MSR and SOIs in compliance with the California Environmental Quality Act (CEQA).

9. COMMISSION DISCUSSION AND ACTION

a.) **Fiscal Year 2022-2023 Year-End Comprehensive Report**

The Commission will receive the year-end comprehensive report for Fiscal Year 2022-23.

b.) **Legislative Report (August 2023)**

The Commission will receive an update on current legislation of LAFCO interest and consider adopting a position on recently introduced legislation.

c.) **Limited English Proficiency Services (LEP) Policy**

The Commission will consider adopting a new policy for providing access to OC LAFCO materials and resources to persons with limited English proficiency.

d.) **Bi-Annual News (“The Pulse”)**

The Commission will discuss distribution of the Pulse.

10. COMMISSIONER COMMENTS

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken except to place the item on a future agenda if approved by the Commission majority.

11. EXECUTIVE OFFICER'S REPORT

Executive Officer's announcement of upcoming events and brief report on activities of the Executive Officer since the last meeting.

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

a.) CALAFCO Annual Conference

Registration for the CALAFCO Annual Conference that will take place in Monterey from October 18-20, 2023 is open until **August 31, 2023**.

13. CLOSED SESSION

a.) Conference with Legal Counsel- Anticipated Litigation

Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2)

Number of potential cases: 1

14. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, September 13, 2023, at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701.

PUBLIC PARTICIPATION:

The Local Agency Formation Commission of Orange County welcomes your participation. The public may share general comments or comments on agenda items through the following options:

- 1) **In-person** comments may be provided during the general comment period on off-agenda items and during the hearing of a specific agenda item. In accordance with the OC LAFCO guidelines, each speaker's comments may not exceed three (3) minutes for the respective item. If you have documents for the Commission, please bring 15 copies and submit to the Commission Clerk for distribution.
- 2) **Written** general comments or comments on specific agenda items may be submitted by email to the Commission Clerk at ccarter-benjamin@oclafco.org. Comments received no less than twenty-four (24) hours prior to the regular meeting will be distributed to the Commission and included in the record.

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the OC LAFCO website at www.oclafco.org.

State law requires that a participant in an OC LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

AMERICANS WITH DISABILITIES ACT (ADA)

All regular meeting agendas and associated reports are available at www.oclafco.org. Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with OC LAFCO staff at (714) 640-5100 at least three business days prior to the respective meeting.

2023 MEETING AND EVENTS CALENDAR

Approved November 9, 2022

2023



January						
S	M	T	W	T	F	S
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31						

- OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: County Administrative North, First Floor Multipurpose Room 101, 400 W. Civic Center Dr., Santa Ana, CA 92701.
- Office closure due to legal holidays and flexible work schedule.
- CALAFCO Annual Conference - October 18 - 20, 2023 at Hyatt Regency Monterey.

3 | Oath of
Office

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

Bruce Whitaker

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

August 9, 2023

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Commission Clerk


SUBJECT: Oath of Office

In accordance with OC LAFCO policy, the Oath of Office is administered to Commissioners for each new four-year term that begins July 1. The oath may be administered during the Commission's regular meeting or as otherwise arranged with the respective Commissioner. For the current year, the Commission Clerk will administer the oath for the following terms:

Andrew Do, Regular County Member
Term of Office: July 1 2023 – June 30, 2027

Katrina Foley, Alternate County Member
Term of Office: July 1, 2023 – June 30, 2027

Respectfully submitted,



CAROLYN EMERY



CHERYL CARTER-BENJAMIN

Attachment:

1. OC LAFCO Terms of Office (as of July 2023)



**LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY**

Terms of Office

Updated: July 2023

Pursuant to Government Code Section 56334, the expiration date of the term of office of each member of the Commission is June 30th in the year in which the term of the member expires.

NAME	ORIGINAL DATE APPOINTED TO LAFCO	CURRENT TERM OF OFFICE	REMARKS
<u>COUNTY MEMBERS</u>			
Donald Wagner	2019	2022-2026	<i>Appointed to a four-year term.</i>
Andrew Do	2022	2023-2027	<i>Appointed to a four-year term.</i>
Katrina Foley (Alt.)	2023	2023-2027	<i>Appointed to a four-year term.</i>
<u>CITY MEMBERS</u>			
Wendy Bucknum	2015	2020-2024	<i>Appointed to a four-year term.</i>
Bruce Whitaker	2023	2022-2026	<i>Appointed to complete the unexpired term ending in 2026.</i>
Carol Moore (Alt.)	2023	2020-2024	<i>Appointed to complete the unexpired term ending in 2024.</i>
<u>SPECIAL DISTRICT MEMBERS</u>			
Douglass Davert	2018	2022-2026	<i>Appointed to a four-year term.</i>
James Fisler	2011	2020-2024	<i>Appointed to a four-year term.</i>
Kathryn Freshley (Alt.)	2019	2022-2026	<i>Appointed to a four-year term.</i>
<u>PUBLIC MEMBERS</u>			
Derek McGregor	2009	2022-2026	<i>Appointed to a four-year term.</i>
Lou Penrose (Alt.)	2017	2021-2025	<i>Appointed to a four-year term.</i>

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, June 14, 2023
8:15 a.m.

County Administrative North (CAN)
First Floor Multipurpose Room 101
400 W Civic Center Drive, Santa Ana, CA. 92701

1. CALL TO ORDER

Chair Davert called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:15 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Whitaker led the Pledge of Allegiance.

3. BOARD APPOINTMENT – COMMISSIONER WHITAKER

Chair Davert noted the recent board appointment, and the Oath of Office was administered to **Commissioner Whitaker** by Commission Clerk Cheryl Carter-Benjamin.

4. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum
Bruce Whitaker
Carol Moore **(Alt.)**

County Member

Donald Wagner **(Vice Chair)**

Special District Members

Douglas Davert
James Fisler
Kathryn Freshley **(Alt.)**

Public Members

Derek J. McGregor
Lou Penrose **(Alt.)**

The following staff members and general counsel were present:

- Assistant Executive Officer Luis Tapia
- Policy Analyst Gavin Centeno

- Policy Analyst Amanda Castro
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

**5. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION
(Received After Agenda Distribution)**

The Commission Clerk noted that no supplemental communication was received.

6. PUBLIC COMMENT

Chair Davert requested public comments on any non-agenda items. The Commission Clerk noted that there were no requests to speak from the public.

Chair Davert closed the hearing of public comments.

7. CONSENT CALENDAR

Chair Davert called for a motion on the consent calendar. There was no Commissioner discussion, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Commissioner McGregor** motioned for approval of the consent calendar, and **Vice Chair Wagner** seconded the motion.

7a. – May 10, 2023 Regular Commission Meeting Minutes

MOTION: Approve the Consent Calendar. (Derek J. McGregor)
SECOND: Donald Wagner
FOR: Derek J. McGregor, Donald Wagner, Wendy Bucknum,
James Fidler, Douglass Davert
AGAINST: None
ABSTAIN: Bruce Whitaker

MOTION PASSED: 5-0-1.

8. PUBLIC HEARING

No public hearing items scheduled.

9. COMMISSION DISCUSSION AND ACTION

9a. – Professional Services Agreement with Chase Design, Inc.

Policy Analyst Gavin Centeno presented the staff report and recommended actions for Commission consideration.

Chair Davert called for Commission discussion and public comments. Commissioners made general comments and asked questions involving website analytics, maintenance, and cybersecurity. Policy Analyst Centeno provided relative responses, and the Commission Clerk noted that there were no requests from the public to speak on the item.

Chair Davert called for a motion on the item. **Vice Chair Wagner** motioned to approve staff recommended actions, and **Commissioner Bucknum** seconded the motion.

MOTION: Approve the professional services agreement with Chase Design, Inc.; Authorize the Executive Officer to execute the agreement. (Donald Wagner)
SECOND: Wendy Bucknum
FOR: Donald Wagner, Wendy Bucknum, James Fisler, Derek J. McGregor, Bruce Whitaker, Douglass Davert
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9b. – Legislative Policy and Guidelines

Policy Analyst Amanda Castro presented the staff report and recommended action for Commission consideration, including a minor change to the draft policy of the addition of the Orange County Council of Governments as an external stakeholder.

Chair Davert called for Commission discussion and public comments. There was no Commissioner discussion, and the Commission Clerk noted that there were no requests from the public to speak on the item.

Chair Davert called for a motion on the item. **Vice Chair Wagner** motioned to adopt the legislative policy, including noted amendment by staff, and **Commissioner McGregor** seconded the motion.

MOTION: Adopt the Legislative Policy and Guidelines, as amended. (Donald Wagner)
SECOND: Derek J. McGregor
FOR: Donald Wagner, Derek J. McGregor, Wendy Bucknum,

James Fisler, Bruce Whitaker, Douglass Davert
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9c. – Legislative Report (June 2023)

Assistant Executive Officer Luis Tapia presented the staff report and recommended actions for Commission consideration.

Chair Davert called for Commission discussion and public comments. Commissioners made general comments, and the Commission Clerk noted that there were no requests from the public to speak on the item.

Chair Davert called for a motion on the item. **Vice Chair Wagner** motioned to approve the staff recommended actions, and **Commissioner McGregor** seconded the motion.

MOTION: Adopt a support position on AB 557; Modify and adopt a neutral position on AB 1637; Direct staff to send position letters to bill authors. (Donald Wagner)
SECOND: Derek J. McGregor
FOR: Donald Wagner, Derek J. McGregor, Wendy Bucknum, James Fisler, Bruce Whitaker, Douglass Davert
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

10. COMMISSIONER COMMENTS

Commissioners made general comments and **Commissioner Freshley** requested agendizing distribution of the Pulse for discussion by the Commission. **Chair Davert** directed staff to agendize the item for a future meeting.

11. EXECUTIVE OFFICER’S REPORT

11a. – Project/Application Updates *(oral reports and no action required by the Commission.)*

1) Orange County Water District (OCWD) MSR

The Assistant Executive Officer provided a brief update on the OCWD MSR, including a request from MWDOC to expand the scope of the MSR previously approved by the

Commission. He added that if the scope is modified, staff will agendize for consideration by the Commission at a future meeting.

2) **Fiscal Indicators – CALAFCO Conference Proposal**

Policy Analyst Centeno provided a brief report on a potential presentation of the agency’s fiscal indicator web-based program at the upcoming CALAFCO Annual Conference in October.

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements scheduled.

13. CLOSED SESSION

The Commission adjourned to closed session at 8:39 a.m. on the following item:

Conference with Legal Counsel- Anticipated Litigation

Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2)

Number of potential cases: 1

The Commission reconvened in open session at 9:00 a.m., and General Counsel Scott Smith noted that the Commission discussed the closed session item, and there were no reportable actions.

14. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Davert adjourned the Regular Commission Meeting at 9:00 a.m. to July 12, 2023 in memoriam of former Commissioner Allan Bernstein.

Douglass Davert, Chair

Orange County Local Agency Formation Commission

ATTEST:

By: _____

Cheryl Carter-Benjamin

Commission Clerk

August 9, 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

Bruce Whitaker
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: Municipal Service Review and Sphere of Influence Reviews
for the West Region (MSR 22-09 and SOI 22-10)

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) was amended 23 years ago to include Municipal Service Reviews (MSR). The mandate (Government Code Section 56430) by the State Legislature requires LAFCOs to conduct comprehensive, regional studies on future growth and how local agencies are planning for their municipal services and infrastructure systems. To meet this mandate, OC LAFCO is required to conduct MSRs for 34 cities and 34 independent and dependent special districts providing services throughout Orange County. In conjunction with conducting MSRs, the Commission is required to review each agency's sphere of influence (SOI) every five years. An SOI is a tool used by LAFCOs to determine the probable physical boundaries and service area for a city or a special district.

Since 2000, OC LAFCO has completed and prepared three cycles of MSRs and SOI reviews. The Commission has streamlined this process by establishing regional study areas to include multiple agencies and the clustering of municipal services. Each cycle has incorporated the collaborative participation of staff from the County, cities, special districts, and as appropriate, representatives from private service providers, joint power authorities and community members, and involved the review of how Orange County agencies deliver and plan to deliver municipal services effectively and efficiently.

A schedule was previously established by the Commission for completing the fourth MSR cycle, and an MSR for the West Region has been prepared in line with that timeline. OC LAFCO retained consultant RSG, Inc. (RSG) to prepare the MSR, which included conducting interviews with each of the agencies in the region and collecting demographic, fiscal, and other data to support the MSR findings and determinations. The MSR addresses each of the areas required in accordance with State law and is attached to this staff report. Additionally, a summary of the MSR and SOI

determinations and staff recommendations are discussed in the next sections.

MSR Summary

The agencies within the West Region provide municipal services to approximately 521,000 Orange County residents that reside in the western portion of the County, generally located to the south of the 5 Interstate and 22 Freeway, east of the 605 Interstate and west and north of the Santa Ana River. The West Region includes seven cities (Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster) and four special districts (Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District), and nine unincorporated areas adjacent to the cities of Buena Park, Fountain Valley, Stanton, and Westminster.

Below is the schedule of past MSRs conducted for the agencies within the West Region. The 2023 West Region MSR reviews how the agencies indicated above are efficiently delivering key municipal services and effectively planning for the adequacy of the respective operations and infrastructures. The key municipal services reviewed within the MSR include law enforcement, fire protection and emergency medical, retail water, wastewater, stormwater, solid waste, public works, parks, recreation and open space, library, and animal control.

The MSR notes that the cities and special districts within the West Region are generally well-run with adequate infrastructures and financial capacity and resources to sustain the service levels currently provided to their respective residents and customers.

West MSR Region – Completed MSRs			
Cities	1 st MSR Cycle	2 nd MSR Cycle	3 rd MSR Cycle
Buena Park	2007	2008	2013
Cypress	2007	2008	2013
Fountain Valley	2006	2008	2013
Garden Grove	2006	2008	2013
La Palma	2007	2008	2013
Stanton	2006	2008	2013
Westminster	2006	2008	2013
Special Districts	1 st MSR Cycle	2 nd MSR Cycle	3 rd MSR Cycle
Buena Park Library District	2005	2008	2013
Cypress Recreation and Park District	2008	2008	2013
Garden Grove Sanitary District	2006	2008	2013
Midway City Sanitary District	2006	2008	2013

SOI Summary

During the West Region SOI reviews, with the exception of Cypress Recreation and Park District’s SOI, no issues were identified for the agency SOIs. During the MSR process, a small uninhabited area was confirmed as being located within the Cypress Recreation and Park District’s SOI but not within the District’s jurisdictional boundary. Staff noted that the area had not been previously annexed as there was no planned development and need for services from the District. However, also during the MSR process, the District indicated that the City has planned for future residential development within the area and plans to annex the area to the District. As the area is already within the District’s SOI, no change to the District’s SOI is required.

Below is the schedule of when the SOIs were established and last updated for the agencies within the West Region. For the 2023 review, staff is recommending that the SOIs for each agency be reconfirmed.

West MSR Region Agencies – Sphere of Influence		
Cities	SOI Originally Adopted	SOI Last Updated
Buena Park	1973	2013
Cypress	1973	2013
Fountain Valley	1973	2013
Garden Grove	1989	2014
La Palma	1973	2013
Stanton	1973	2014
Westminster	1973	2013
Special Districts	SOI Originally Adopted	SOI Last Updated
Buena Park Library District	1984	2013
Cypress Recreation and Park District	2008	2013
Garden Grove Sanitary District	1976	2013
Midway City Sanitary District	1976	2013

AGENCY/PUBLIC COMMENTS

A 30-day review and comment period (June 13 through July 14, 2023) was conducted for the Public Draft MSR for the West Region MSR. Each city and special district within the West Region were notified of the review period and publishing of the draft MSR on the OC LAFCO website. Comments were received from the City of La Palma and Midway City Sanitary District requesting non-substantive corrections.

ENVIRONMENTAL REVIEW

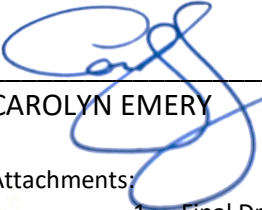
OC LAFCO is the lead agency under the California Environmental Quality Act (CEQA) for the West Region MSR and SOI reviews. Staff reviewed the CEQA Guidelines and recommend the Commission find the West Region MSR and SOI reviews exempt from CEQA under CEQA Guidelines § 15262 (Feasibility and Planning Studies).

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Municipal Service Review for the West Region (**Attachment 1**).
2. Approve OC LAFCO Resolution No. MSR 22-09 adopting the Municipal Service Review Statement of Determinations for the West Region (**Attachment 2**).
3. Approve OC LAFCO Resolution No. SOI 22-10 adopting the Sphere of Influence Statement of Determinations and reconfirming the spheres of influence for the cities and special districts identified in the Resolution (**Attachment 3**).
4. Approve the Notices of Exemption for MSR 22-09 and SOI 22-10 (respectively, **Attachment 2, Exhibit 1** and **Attachment 3, Exhibit 2**).

Respectfully Submitted,



CAROLYN EMERY



LUIS TAPIA

Attachments:

1. Final Draft Municipal Service Review for the West Region
2. OC LAFCO Resolution No. MSR 22-09 – West Region
3. OC LAFCO Resolution No. SOI 22-10 – West Region



Local Agency Formation Commission of Orange County

2677 North Main Street, Suite 1050
Santa Ana, CA 92705

Municipal Service Review and Sphere of Influence Reviews

West Region

Final Draft

August 9, 2023

**Prepared for the
Local Agency Formation Commission of Orange County
By RSG, Inc.**



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LIST OF ABBREVIATIONS USED

ACS	American Community Survey
ACFR	Annual Comprehensive Financial Report
ADU	Accessory Dwelling Unit
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
DOF	California Department of Finance
DUC	Disadvantaged Unincorporated Community
GIS	Geographic Information Systems
LAFCO	Local Agency Formation Commission
MHI	Median Household Income
MSR	Municipal Service Review
OCFA	Orange County Fire Authority
OCLAFCO	Orange County LAFCO
OCPL	Orange County Public Library
OCSD	Orange County Sheriff's Department
SCE	Southern California Edison
SOI	Sphere of Influence

I. EXECUTIVE SUMMARY

INTRODUCTION

The Local Agency Formation Commission of Orange County (“OC LAFCO”) initiated this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update in 2022 for seven cities and four special districts in the OC LAFCO-designated “West Region” of the County. OC LAFCO retained consultant RSG, Inc. (“RSG”) to prepare the MSR, which included conducting surveys and interviews with each of the agencies in the region, and collecting demographic, fiscal, and other data to support the MSR findings and determinations under State law. OC LAFCO also retained Berkson Associates (“Berkson”) to perform an analysis of available financial data and prepare a set of Fiscal Indicators to be published on the OC LAFCO website.

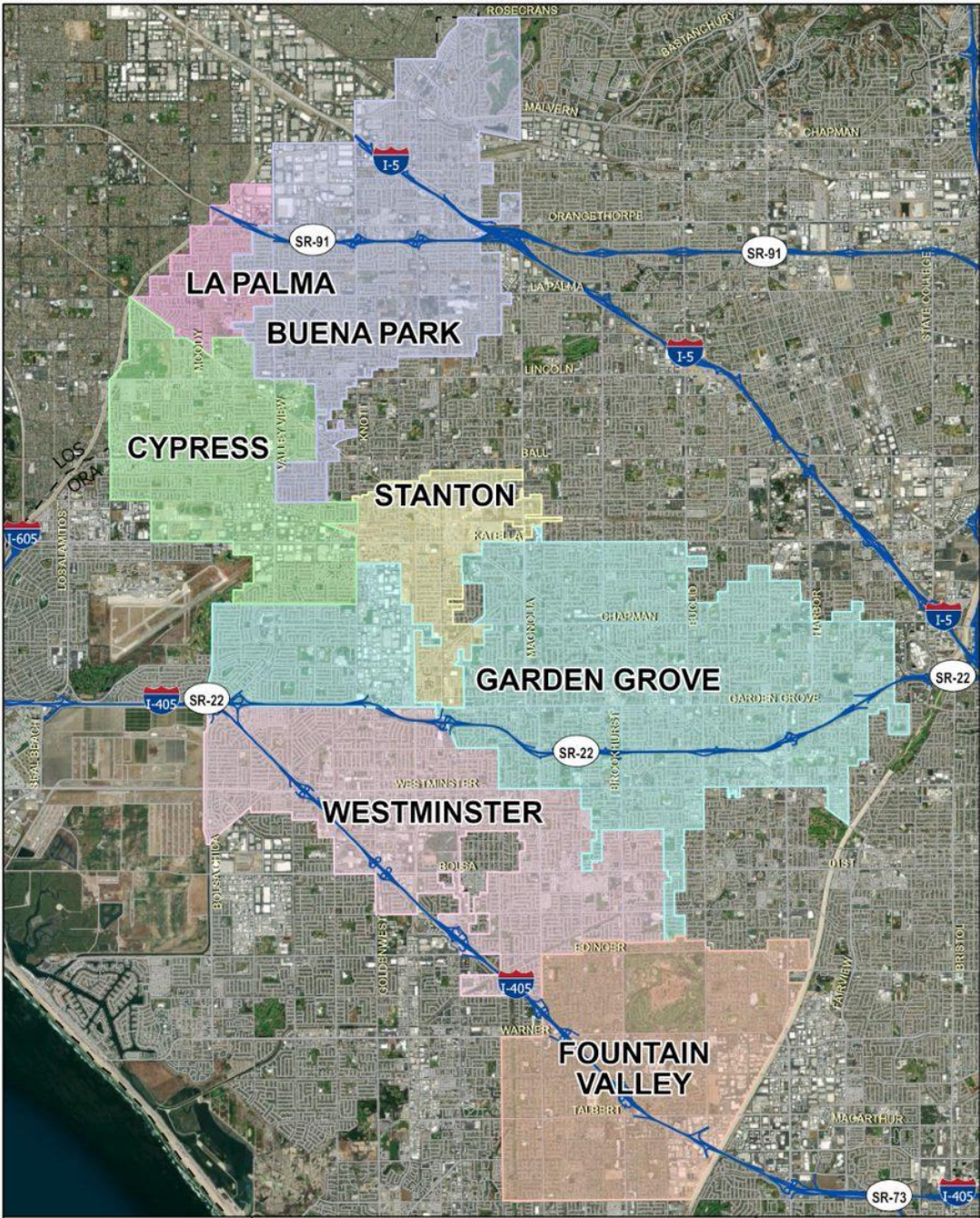
WEST REGION CITIES AND SPECIAL DISTRICTS REVIEWED

The OC LAFCO West Region consists of 11 total agencies. The agencies are located in the westernmost part of the County bordering Los Angeles County. The West Region agencies are located south of the Interstate 5 Freeway (“I-5”), west of the Santa Ana River, and northeast of the Los Alamitos Joint Forces Training Base. The 11 agencies are listed in Table 1 and depicted on the map located on the following page:

Table 1: Western Agencies

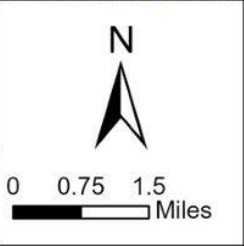
Cities	Special Districts
Buena Park	Garden Grove Sanitary District
Cypress	Midway City Sanitary District
Fountain Valley	Buena Park Library District
Garden Grove	Cypress Recreation and Park District
La Palma	
Stanton	
Westminster	





West MSR Region

Source: RSG Inc., ESRI, OCLAFCO



MSR DETERMINATIONS SUMMARY

As further detailed in the body of this report, RSG makes the following MSR determinations for the West Region agencies based on our data collection, surveys, and interviews:

1. Population, Growth, and Housing

Generally, the population for agencies in the West Region is expected to decline over the next five years, and the construction of housing units is expected to experience a commensurate slowdown. There is limited potential for population and housing growth due to existing buildout and the geography of the region.

2. Disadvantaged Unincorporated Communities

There are five (5) OC LAFCO-designated disadvantaged unincorporated communities (“DUCs”) in the West Region, two of which are within the sphere of influence (“SOI”) of the City of Stanton, and three of which are within the SOI of the City of Westminster. The two DUCs within Stanton’s SOI are within the boundary of the Garden Grove Sanitary District, and the three DUCs within Westminster’s SOI are within the boundary of Midway City Sanitary District. The DUCs within the City of Stanton receive wastewater services from the Garden Grove Sanitary District and water services from Golden State Water Company and the Hynes Estate Mutual Water Company. Stanton does not provide services to the DUCs within its SOI and is not currently pursuing annexation. The DUCs within the City of Westminster SOI receive wastewater services from the Midway City Sanitary District and water services from Westminster, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The City of Westminster is currently studying the feasibility of annexing the four unincorporated islands within its SOI. The DUCs also receive general municipal services from the County of Orange and are within the service boundaries of the Orange County Sanitation District (OC SAN) and the Municipal Water District of Orange County (MWDOC), which provide regional wastewater services and wholesale water services, respectively.

3. Capacity of Facilities and Adequacy of Services

The agencies within the region and the County of Orange are providing adequate law enforcement, fire, water, wastewater, public works, parks and recreation, library, animal control, and code enforcement services to their residents and customers. Agencies serving the region have the resources to maintain current levels of service and to meet expected demand in the future, although several agencies noted concern about their ability to attract and retain desired staff levels in a competitive labor market. Wastewater infrastructure needs improvement across the region but is generally adequate to meet the current demands of residents. Agencies are planning for improvements to infrastructure in their Capital Improvement Programs (“CIP”) and their Urban Water Management Plans and have identified respective funding sources.

One of the nine unincorporated areas in the West Region is served by Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The area includes portions of the Bolsa/Midway unincorporated area and is located within the City of Westminster’s SOI. The capacity and adequacy of the water infrastructure maintained by these water mutuals was not assessed during this MSR

process; however, it should be reviewed during the City's exploration of potential annexation of the island.

4. Financial Ability to Provide Services

The financial capacity of each agency in the West Region is generally adequate for current service levels. The rising cost of public safety services is a concern for the City of Cypress and the City of Stanton, although neither plans to change its contracts with the entities that currently are providing law enforcement, fire protection, or emergency medical services.

OC LAFCO's fiscal indicators generally indicate that the agencies are reporting low, moderate, and declining expenditures with the exception of one agency which reported high expenditures. Additionally, the agencies are reporting moderate and high reserves.

5. Opportunities for Shared Facilities

The cities of Westminster and Stanton participate in a joint arrangement for animal control services. Westminster provides pet licensing, animal cruelty investigations, and pickup of deceased animals to Stanton.

West Region agencies did not express a desire for further shared facilities, nor did RSG identify potential opportunities for additional shared facilities during this review.

6. Accountability for Community Service Needs

West Region agencies implement policies and procedures that ensure transparency and accountability to the public, including public notice of City Council and District Board meetings and actions and regular elections. All agencies have websites and social media which provide information about their meetings, including ways to access the meetings virtually.

The Cities of Buena Park and Cypress are charter cities, while Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster are general law cities. The Cities of Cypress, Fountain Valley, and La Palma hold at-large elections, while Buena Park, Garden Grove, Stanton, and Westminster hold district elections. La Palma will be moving to district elections in November 2024. All cities have a five-member City Council. In Buena Park, Cypress, Fountain Valley and La Palma, the Mayor is selected annually by the Council members. In Garden Grove, Stanton, and Westminster, the Mayor is elected by the voters at-large. Council members serve staggered, four-year terms. All of the cities are operating under the Council-Manager form of government.

The Buena Park Library District is an independent special district with a five-member board independently elected to four-year terms. The Cypress Park and Recreation District is a dependent special district governed by the Cypress City Council. The Garden Grove Sanitary District is a dependent special district governed by the Garden Grove City Council. Midway City Sanitary District is an independent special district with a five-member board independently elected to four-year terms.

7. Any Other Matter Related to Effective of Efficient Service Delivery, as Required by Commission Policy

No other matters were identified during the conducting of the West Region MSR.

SOI DETERMINATIONS SUMMARY AND RECOMMENDATIONS

As further detailed in the body of this report, RSG makes the following SOI determinations for the West Region agencies based on our data collection, surveys, and interviews:

1. Present and Planned Land Uses

Cities, special districts, and unincorporated areas within the West Region are largely built out with very little remaining open space for development. RSG did not identify significant agricultural uses within the West Region.

2. Present and Probable Need for Facilities and Services

Agencies in the West Region are currently providing adequate services to their residents and customers. Although the population in the Region is not projected to grow, the cities of Buena Park, La Palma, Stanton, along with Garden Grove Sanitary District and Midway City Sanitary District, expressed that they will closely monitor the infrastructure and change in population as their wastewater infrastructure is reaching its capacity. These agencies are planning capital projects to perform improvements to their respective wastewater infrastructure to increase capacity.

3. Present Capacity and Adequacy of Public Facilities and Services

The present capacity of the public facilities operated by the cities and special districts in the West Region is adequate to provide public services to their residents and customers. However, the cities of Buena Park, La Palma, Stanton, Garden Grove Sanitary District, and Midway City Sanitary District each noted that their wastewater infrastructure requires future improvements to meet any growth in population and development occurring within the next five years. Each of those agencies indicated that this issue is being addressed through their respective Capital Improvement Programs.

4. Social or Economic Communities of Interest

The West Region includes nine unincorporated areas located within the SOIs of Buena Park, Fountain Valley, Stanton, and Westminster. The unincorporated area adjacent to the City of Fountain Valley receives water and wastewater services from the City. The areas within the City of Stanton's SOI receive wastewater services from the Garden Grove Sanitary District and water services from Golden State Water Company and a portion of the unincorporated area receives water services from the Hynes Estate Mutual Water Company. The areas adjacent to the City of Westminster receive wastewater services from the Midway City Sanitary District and water services from the City and a portion of the unincorporated area receives water services from Midway City Mutual Water Company, Eastside Water Association, and South Midway Mutual Water Company. The County provides other governance and municipal services to these areas, including planning, solid waste, law enforcement, library, parks and recreation, and animal control. At this time

Westminster is the only agency of the four mentioned above exploring annexation of areas within its SOI.

5. Present and Probable Need for Public Facilities and Services by any DUCs within the Existing SOIs

The West Region contains five (5) Disadvantaged Unincorporated Communities (DUCs). Two DUCs are adjacent to and within the City of Stanton's SOI, and three others are completely surrounded by and within the City of Westminster's SOI. The DUCs within the City of Stanton receive wastewater services from the Garden Grove Sanitary District and water services from multiple purveyors including the City of Garden Grove, Golden State Water Company, and the Hynes Estate Mutual Water Company. The DUCs located within the City of Westminster receive wastewater services from the Midway City Sanitary District and water services from multiple sources including Westminster, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The infrastructure of the mutuals companies and association providing water service within the DUC located in the SOI of Westminster was not reviewed during this MSR process. However, water service to this area should be assessed in concert with potential annexation of the DUC to the City.

Westminster is actively exploring annexing the DUCs within their SOI.

SOI Updates

In the course of our review, RSG was made aware of only one potential SOI update among the West Region agencies:

The Cypress Recreation and Park District has one area that is within the District's SOI and the City of Cypress' boundary but is not within the District's jurisdictional boundary.

Figure 1 depicts the area in which is uninhabited and not currently receiving park services from the District. During the MSR process, the City of Cypress indicated that the area is proposed for residential development, including park use in the future; hence, the District should annex the area in order to efficiently provide park and recreation services. The City would need to submit an annexation application to OC LAFCO for review and processing.

Figure 1: Cypress Recreation and Park District, SOI Area 1



II. BACKGROUND

LEGAL REQUIREMENTS AND PURPOSE

In 1963 the California Legislature created for each County a Local Agency Formation Commission (“LAFCO”) to oversee the logical formation and determination of local agency boundaries that encourage orderly growth and development essential to the social, fiscal, and economic well-being of the State. LAFCOs’ authority to carry out this legislative charge is codified in the Cortese-Knox-Hertzberg Reorganization Act of 2000 (“CKH”). For nearly 60 years, CKH has been amended to give more direction to LAFCOs and, in some cases, expand the authorities of the Commissions. One of the most important revisions to CKH by the Legislature occurred in 2000, which added a requirement that LAFCOs review and update the “spheres of influence” for all cities and special districts every five years and, in conjunction with this responsibility, prepare comprehensive studies that are known as “municipal service reviews.”

AUTHORITY AND POWERS OF LAFCO

Codified within CKH are the procedures and processes for LAFCOs to carry out their purposes as established by the Legislature. LAFCOs’ purposes are guided and achieved through their regulatory and planning powers and acknowledge that the local conditions of the 58 California counties shall be considered in part to the Commissions’ authorities.

CKH ACT (G.C. SECTION 56301) – PURPOSES OF LAFCOs

“Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.”

LAFCO RESPONSIBILITIES

LAFCOs’ regulatory authorities include the reviewing, approving, amending or denying of proposals to change the jurisdictional boundaries of cities and special districts. Specifically, these types of boundary changes commonly referred to as “changes of organization,” include:

- City Incorporation
- City Disincorporation
- District Formation
- District Dissolution
- City and District Annexations and Detachments
- City and District Consolidations
- Merger of a City and District
- Establishment of a Subsidiary District
- Activation of new or different functions or classes of services, or divestiture of power to provide services for special districts.

PLANNING AUTHORITIES

LAFCOs’ planning authorities are carried out through the establishment and updating of agencies’ SOIs, which is a tool used to define a city or special district’s future jurisdictional boundary and

service areas. Through the reform of CKH in 2000, LAFCO's planning responsibility includes the preparation of comprehensive studies (MSRs) that analyze service or services within the county, region, subregion, or other designated geographic area. The determinations that LAFCOs must review, analyze, and adopt for SOIs and MSRs are discussed below.

SPHERE OF INFLUENCE UPDATES

In 1972, LAFCOs throughout the State were tasked with determining and overseeing the SOIs for local government agencies. An SOI is a planning boundary that may be outside of an agency's jurisdictional boundary (such as the city limits or a special district's service area) that designates the agency's probable future boundary and service area. The purpose of an SOI is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands, and by preventing overlapping jurisdictions and duplication of services. On a regional level, LAFCOs coordinate the orderly development of a community through reconciling differences between different agency plans. This is intended to ensure the most efficient urban service arrangements are created for the benefit of area residents and property owners. Factors considered in an SOI update include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on the following five (5) factors:

- 1. The present and planned land use in the area, including agricultural and open-space lands.*
- 2. The present and probable need for public facilities and services in the area.*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*
- 5. If a city or special district provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection the present and probable need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

From time-to-time, an SOI may be modified as determined by LAFCO using the procedures for making sphere amendments as outlined by CKH. Pursuant to Government Code Section 56430, a LAFCO must first conduct an MSR prior to updating or amending an SOI.

MUNICIPAL SERVICE REVIEWS

Section 56425(g) of CKH requires that LAFCOs evaluate an SOI every five years, or when necessary. The vehicle for doing this is known as a Municipal Service Review.

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics as follows:

- 1. Growth and population projections for the affected area.*
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).*
- 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*
- 4. Financial ability of agencies to provide services.*
- 5. Status of, and opportunities for, shared facilities.*
- 6. Accountability for community service needs, including government structure and operational efficiencies.*
- 7. Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

The focus of an MSR is to ensure that public services are being carried out efficiently and the residents of any given area or community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of agricultural lands. If an MSR determines that certain services are not being carried out to an adequate standard, LAFCO can recommend changes be made through making sphere changes and dissolution or consolidation of service providers to provide the best service possible to the population.

PRIOR MUNICIPAL SERVICE REVIEWS

Three cycles of MSRs were completed by OC LAFCO prior to this one. The first was produced in 2005, the second in 2008, and the third in 2013. Each MSR cycle has provided OC LAFCO with new and important information regarding the delivery of services to OC residents. LAFCO has learned that generally, all of the agencies in the County are well run and provide a high level of service.

In the interest of furthering OC LAFCO's goals, the MSR process has produced key resources developed over the prior cycles to help coordinate services, provide accountability, and increase transparency. Resources like the Fiscal Trends Analysis and the Shared Services programs have provided agencies with a central location to access OC LAFCO services. OC LAFCO has also partnered with local experts such as those in the California State University of Fullerton's ("CSUF") Center for Demographic Research, to track trends that develop the data for Disadvantaged Unincorporated Communities ("DUCs").

DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS)

As part of this MSR, RSG was asked to consider the location, characteristics, and adequacy of services and public facilities related to Disadvantaged Unincorporated Communities in any of the SOIs within the Region. DUCs are defined as inhabited territory located within an unincorporated area of a county in which the annual median household income is less than 80 percent of the statewide median household income. State law considers an area with 12 or more registered voters to be an inhabited area. CKH requires identification and analysis of service issues within DUCs as part of MSR/SOI updates. State law (SB 244) also places restrictions on annexations to cities if the proposed annexation is adjacent to a DUC.

OC LAFCO previously designated a total of seven (7) DUCs in the County. Five of these DUCs are located adjacent to West Region cities, namely Stanton and Westminster. Using data from the 2015 American Community Survey (“ACS”) published by the US Census Bureau, these areas were designated as DUCs because their Median Household Income (“MHI”) was below 80% of the statewide MHI, which amounts to a limit no higher than \$49,454. Two of the DUCs are in Stanton’s SOI, and three are in the City of Westminster’s SOI. Further discussion on the status of these DUCs as it applies to this MSR can be found in Section VI of this report.

UNINCORPORATED AREAS

There are several unincorporated islands (territory completely or substantially surrounded by cities) that should eventually be transitioned to an adjacent city over time and when feasible. CKH, in various sections of the statute, requires LAFCO to address these areas during MSR/SOI updates and annexation proceedings. For over 20 years, OC LAFCO has worked collaboratively with the County and multiple cities on the transitioning of unincorporated areas to the jurisdiction of adjacent cities. Today, that effort continues and includes addressing the feasibility of annexation and infrastructure deficiencies and other challenges.

The West Region has nine (9) unincorporated areas located within the SOIs of the cities of Buena Park, Fountain Valley, Stanton and Westminster identified as follows:

1. Andora/Fairhope Island: The Andora/Fairhope Island is an unincorporated area within the City of Buena Park’s SOI. It is in the northeast corner of the City’s SOI and is adjacent to Coyote Creek. The island is serviced by the following providers:
 - Water: Suburban Water Systems
 - Wastewater: Los Angeles County Sanitation Districts
 - Solid Waste: Republic Waste Services
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Planning: County of Orange

2. North Unincorporated Island: The North Island is an unincorporated area within the City of Fountain Valley’s SOI. It is in the northeast corner of the City’s SOI and is adjacent to the Santa Ana River. The island is serviced by the following providers:
 - Water: City of Fountain Valley
 - Wastewater: City of Fountain Valley
 - Solid Waste: Rainbow Environmental Services
 - Fire Protection: County of Orange
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange

3. Dale/Augusta Unincorporated Island: The Dale/Augusta Island is an unincorporated area within the City of Stanton’s SOI. The western portion of the island is identified as a DUC. The island is serviced by the following providers:

- Water: City of Garden Grove and the Hynes Estates Mutual Water Company
 - Wastewater: Garden Grove Sanitary District
 - Solid Waste: Republic Waste Services
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
4. Katella/Rustic Unincorporated Island: The Katella/Rustic Island is an unincorporated area within the City of Stanton's SOI. The island is serviced by the following providers:
- Water: Golden State Water District
 - Wastewater: Garden Grove Sanitary District
 - Solid Waste: Republic Waste Services
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
5. Mac/Syracuse Unincorporated Island: The Mac/Syracuse Island is a DUC within the City of Stanton's SOI. The island is serviced by the following providers:
- Water: Golden State Water Company
 - Wastewater: Garden Grove Sanitary District
 - Solid Waste: Republic Waste Services
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
6. Bolsa/Midway Unincorporated Island: The Bolsa/Midway Island is an unincorporated area within the City of Westminster's SOI. The western portion of the island is identified as a DUC. The island is serviced by the following providers:
- Water: City of Westminster (portion of the Island), Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company (portions of the Island not serviced by the City)
 - Wastewater: Midway City Sanitary District
 - Solid Waste: Midway City Sanitary District
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange

7. Bolsa/Pacific Unincorporated Island: The Bolsa/Pacific Island is a DUC within the City of Westminster's SOI. The island is serviced by the following providers:
- Water: City of Westminster
 - Wastewater: Midway City Sanitary District
 - Solid Waste: Midway City Sanitary District
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
8. Beach/McFadden Unincorporated Island: The Beach/McFadden Unincorporated Island is a DUC within the City of Westminster's SOI. The island is serviced by the following providers:
- Water: City of Westminster
 - Wastewater: Midway City Sanitary District
 - Solid Waste: Midway City Sanitary District
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
9. McFadden/Monroe Unincorporated Island: The McFadden/Monroe Unincorporated Island is within the City of Westminster's SOI. The island is serviced by the following providers:
- Water: City of Westminster
 - Wastewater: Midway City Sanitary District
 - Solid Waste: Midway City Sanitary District
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

OC LAFCO is responsible for overseeing the boundaries, establishing and updating SOIs, and preparing MSRs for the County's 34 cities and 34 independent and dependent special districts. Since its creation, the Commission has formed nine cities, approved multiple changes of organization and reorganization involving cities and special districts, and encouraged orderly

MISSION:

OCLAFCO serves Orange County cities, special districts, and the county to ensure effective and efficient delivery of municipal services.



development through the establishment of agency SOIs and preparation of numerous studies. OC LAFCO has also provided proactive leadership on efficient government through its Unincorporated Islands Program and an innovative presence through its Shared Services and Fiscal Indicators Web-based programs. In addition to State law, the Commission's authority is guided through adopted policies and procedures that assist in the implementation of the provisions of CKH and consideration of the local conditions and circumstances of Orange County.

COMMISSION COMPOSITION

OC LAFCO is comprised of eleven (11) members, with seven serving as regular members and four serving as alternate members. The members include: three (3) County Supervisors, three (3) City Council members, three (3) independent Special District members, and two (2) at-large representatives of the general public. All members serve four-year terms and there are no term limits. In accordance with the statute, while serving on the Commission, all Commission members shall exercise their independent judgement on behalf of the interests of residents, property owners, and the public as a whole.

Table 2 depicts the current members of the Commission and their respective appointing authority and term.

Table 2: OC LAFCO Commission Roster

Commissioners	Appointing Authority	Current Term
Regular Members		
Douglass Davert, Chair Special District Member	Independent Special District Selection Committee	2022–2026
Donald P. Wagner, Vice Chair County Member	Board of Supervisors	2022–2026
Derek J. McGregor, Immediate Past Chair Public Member	Commission	2022–2026
Andrew Do, County Member	Board of Supervisors	2019–2023
Wendy Bucknum, City Member	City Selection Committee	2020–2024
James Fisler, Special District Member	Independent Special District Selection Committee	2020–2024
Bruce Whitaker, City Member	City Selection Committee	2022–2026
Alternate Members		
Katrina Foley, Alternate County Member	Board of Supervisors	2019–2023
Kathryn Freshley, Alternate Special District Member	Independent Special District Selection Committee	2022–2026
Lou Penrose, Alternate Public Member	Commission	2021–2025
Carol Moore, Alternate City Member	City Selection Committee	2020–2024
Carolyn Emery, Executive Officer		
Scott C. Smith, General Counsel		

MEETING AND CONTACT INFORMATION

The Commission's regular meetings are held on the second Wednesday of the month at 8:15 a.m. Currently, the meetings are conducted at County Administrative North (CAN) First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701. The OC LAFCO administrative offices are centrally located at 2677 North Main Street, Suite 1050, Santa Ana, CA 92701. Commission staff may be reached by telephone at (714) 640-5100. The agency's agendas, reports and other resources are available online at www.oclafco.org.

METHODOLOGY AND DATA SOURCES

RSG worked in coordination with OC LAFCO staff throughout the duration of this MSR. To fully understand key factors and current issues involving the cities, RSG conducted an initial working session with OC LAFCO staff to determine the project scope and process and formalize overall MSR objectives, schedules, agency services to review, fiscal criteria, and roles and responsibilities of OC LAFCO, RSG, and other consultants. Key tasks and activities in the completion of this MSR included a thorough review of available relevant agency data and documents; interviews with agencies; development of agency profiles; MSR and SOI determination analysis; preparation of administrative and public review drafts of the MSR; incorporation of agency, OC LAFCO, and public comments; and consideration by OC LAFCO of adoption of the final MSR.

It is important to acknowledge that the data presented in this report represents the best information available during the data collection phase, which was largely completed between May and November of 2022. This report represents a snapshot in time, and there may be material changes since then that are not reflected in this report.

For subject agencies that are incorporated cities, this MSR uses the Federal Decennial Census ("Census") or California's State Department of Finance ("DOF") Population and Housing Estimates from January 1, 2022. Produced by DOF's Demographic Research Unit, the estimates are released annually and are the official population and housing unit tallies used in most State programs and for jurisdictional appropriation limits. The estimates are restricted to cities and counties and do not encompass all potential taxing entities or districts in the State. The data from DOF only reports on total population, total housing units, housing type, and unit occupancy status. Therefore, RSG relied on additional sources and tools to provide a more complete demographic picture.

Some of the demographic data reported in this MSR comes from ESRI's Business Analyst online software. The platform uses Geographic Information Systems ("GIS") to produce a variety of comparison reports for areas both smaller and larger than most official data sources, such as the Census or DOF. Subjects in this MSR pertaining to growth rates, poverty rates, number of workers in the jurisdiction, and number of businesses all were produced in part by inputting boundary shapefiles into the GIS functions of Business Analyst. Where applicable, this MSR notes agency disagreements with certain reported demographic numbers or rates. Population and housing unit data for the special districts was derived from ESRI, but not for the cities. All demographic data is from the year 2022 unless otherwise stated.

Summary fiscal health data was researched and provided to RSG by another consultant, Berkson & Associates, as part of a separate and independent engagement with OC LAFCO to populate a

set of “Fiscal Indicators” that will appear on OC LAFCO’s website. The Fiscal Indicators provide the latest three years of revenue, expenditures, net position, and reserves data reported in the agencies’ financial audits and budgets. Berkson & Associates also provided a summary of the trends for each line item. OC LAFCO’s partnership with Berkson & Associates to develop the Fiscal Indicators website aided RSG in the review of the West agencies’ finances. As a result, this MSR did not undertake an extensive review of each agency’s finances but RSG consulted with Berkson to present and briefly summarize their findings.

III. AGENCY PROFILES

As part of this MSR, OC LAFCO and RSG examined a range of municipal services provided by each agency in the West Region. This section provides summaries of the governing structure, population and service area, types of services, and the service providers of each agency. The profile of each West Region city covers the key services provided in the city, while the special district profiles provide detail only on the services they are legally authorized to provide. A demographic summary and a map of each agency are shown following the profile table.

Summary financial trends of each agency from FY 2018-19 to FY 2020-21 are also shown in this section. All financial tables were produced using the Fiscal Indicators data described in the prior section. Trends shown are exclusive of transfers in and out. Transfers of Net Revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.

Below is a list of the agencies profiled:

Incorporated Cities

- Buena Park
- Cypress
- Fountain Valley
- Garden Grove
- La Palma
- Stanton
- Westminster

Special Districts

- Buena Park Library District
- Cypress Recreation and Parks District
- Garden Grove Sanitary District
- Midway City Sanitary District

City of Buena Park Incorporated January 27, 1963	
Agency Information	
Address	6650 Beach Blvd. Buena Park, CA 90622
Primary Contact	Aaron France, City Manager
Contact Information	714-562-3500
Website	www.buenapark.com
Governance	5 Council Members, Elected By-District
Total City Staff	250 Full-Time, 167 Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	10.53
Population Served	83,430
Population of Unincorporated Island in SOI	592
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	City of Buena Park Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Buena Park
Code Enforcement	City of Buena Park
Animal Control	City of Buena Park (through contractual agreement with the Southeast Area Animal Control Authority)
Parks and Recreation	City of Buena Park
Library	Buena Park Library District
Museum	Ralph Clark Paleontology Museum
Landscape Maintenance	City of Buena Park
Lighting	City of Buena Park, SoCal Edison
Streets/Road Maintenance	City of Buena Park
Electricity/Gas	Orange County Power Authority, SoCal Edison, SoCal Gas
Solid Waste	EDCO
Stormwater Drainage	City of Buena Park, County of Orange, Santa Ana Regional Water Quality Control Board
Water	City of Buena Park
Wastewater	City of Buena Park
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Buena Park			
Population & Density	Agency	County	
2020 Population	84,034	3,186,989	
2022 Population	83,430	3,203,504	
2027 Population ¹	82,865	3,198,933	
2022-2027 Projected Growth Rate (%)	-0.7% <	-0.1%	
Daytime Population	79,499	3,284,351	
Unincorporated SOI Population	592	-	
Households	25,217	1,082,175	
Household Size	3.31 >	2.96	
Area (Square Miles)	10.55	948.00	
Density (Persons per Square Mile)	7,908 >	3,379	
Housing			
Housing Units	25,691	1,142,029	
Owner Occupied (%)	53% <	55%	
Renter Occupied (%)	45% >	40%	
Vacant %	2% <	5%	
Median Home Value	\$ 646,896 <	\$ 783,700	
Employment & Poverty			
Businesses	3,457	176,208	
Employees	34,462	1,631,636	
Median Household Income	\$ 88,138 <	\$ 105,674	
Public Transportation Commuters (%)	2.4% >	1.8%	
Commute Longer than 60 Minutes (%)	13.4% >	9.5%	
Poverty Rate	10.3% >	9.9%	

¹ 2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

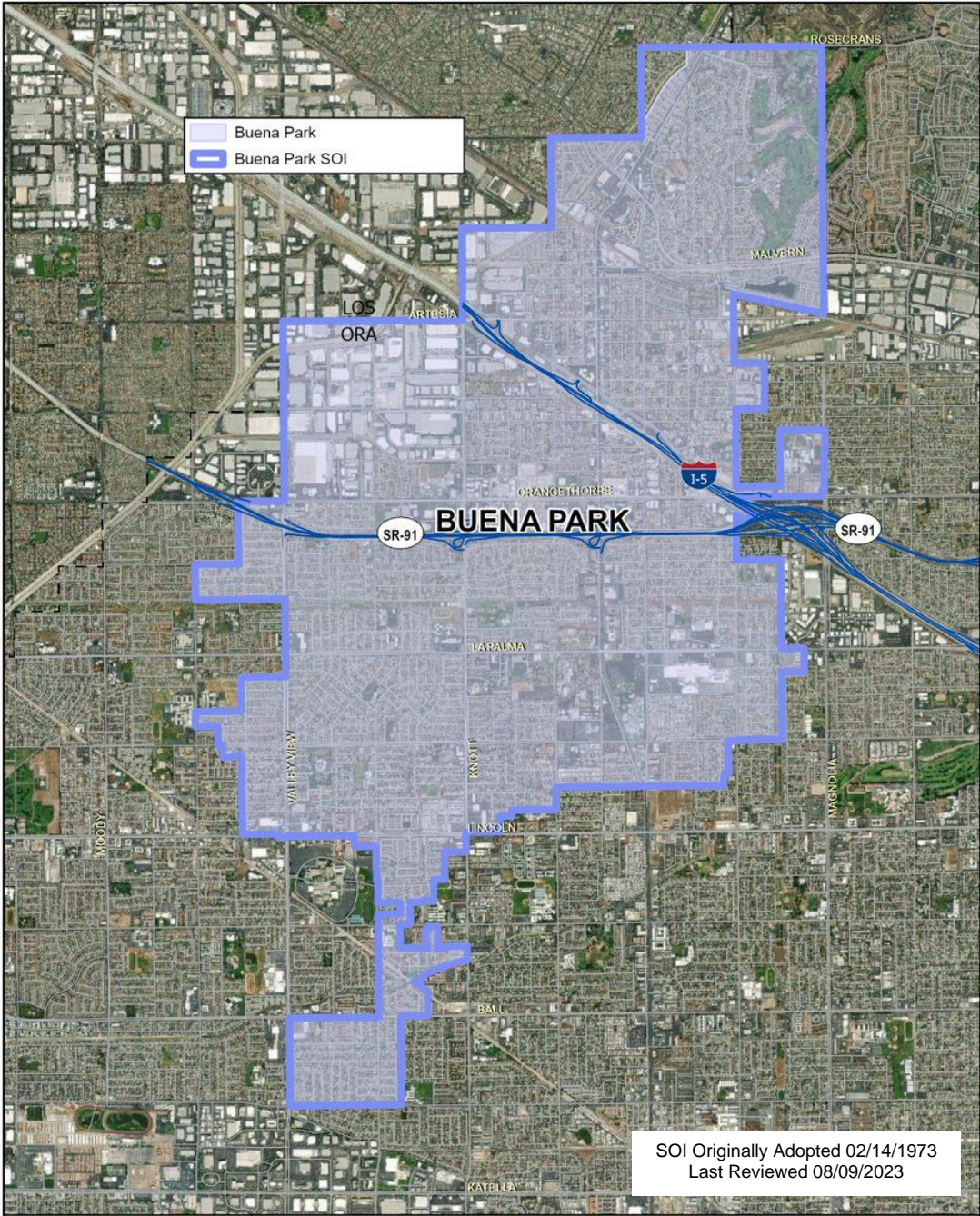
General Fund Cash Flow FY 18-19 to FY 20-21¹


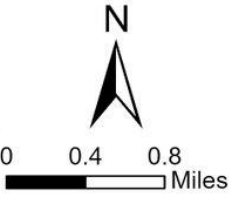
Buena Park						
Financial Summary¹	2018-19		2019-20		2020-21	
Revenue	\$	70,242,813	\$	68,590,095	\$	81,162,413
Expenditures		62,050,787		66,052,813		67,620,788
Net	\$	8,192,026	\$	2,537,282	\$	13,541,625
Reserves	\$	14,500,000	\$	14,400,000	\$	26,900,000

¹ Excludes transfers in and out, and excludes special and extraordinary items. Expenditures exclude debt service due to periodic, substantial debt retirement. Reserves are based on response to MSR survey.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

¹ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



	<p>City of Buena Park</p> <p>Source: RSG Inc., ESRI, OCLAFCO</p>	
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Buena Park Library District Established 1919	
District Information	
Address	7150 La Palma Ave. Buena Park, CA 90620
Primary Contact	Helen Medina, Library Director
Contact Information	714-826-4100
Website	www.buenaparklibrary.org
Governance	5 Board Members, Elected by Districts
District Type	Independent Special District
Total Agency Staff	16 Full-Time, 24 Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	10.67
Communities Served	City of Buena Park; all California residents can get a library card to the District by filling out an online form.
Population Served	Population of District Boundary: 84,022 Cardholders within Boundary: 25,278 Cardholders Outside Boundary: 22,763
Services Provided	
<ul style="list-style-type: none"> • Traditional library services (loanable print, CDs, and DVDs) and other loanable services including Wi-Fi hotspots, tablets, and other objects • Community services in the library space, including COVID-19 vaccine distributions, voting centers, and other community events 	

Demographics Summary

Buena Park Library District

Population & Density	Agency	County
2020 Population	84,522	3,186,989
2022 Population	84,022	3,203,504
2027 Population ¹	83,251	3,198,933
2022-2027 Projected Growth Rate (%)	-0.9% <	-0.1%
Daytime Population	79,732	3,284,351
Unincorporated SOI Population	-	-
Households	25,282	1,082,175
Household Size	3.32 >	2.96
Area (Square Miles)	10.67	948.00
Density (Persons per Square Mile)	7,872 >	3,379
Housing		
Housing Units	25,803	1,142,029
Owner Occupied (%)	53% <	55%
Renter Occupied (%)	45% >	40%
Vacant %	2% <	5%
Median Home Value	\$ 647,226 <	\$ 783,700
Employment & Poverty		
Businesses	3,460	176,208
Employees	34,477	1,631,636
Median Household Income	\$ 88,214 <	\$ 105,674
Public Transportation Commuters (%)	2.4% >	1.8%
Commute Longer than 60 Minutes (%)	13.4% >	9.5%
Poverty Rate	10.2% >	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21²

Buena Park Library District

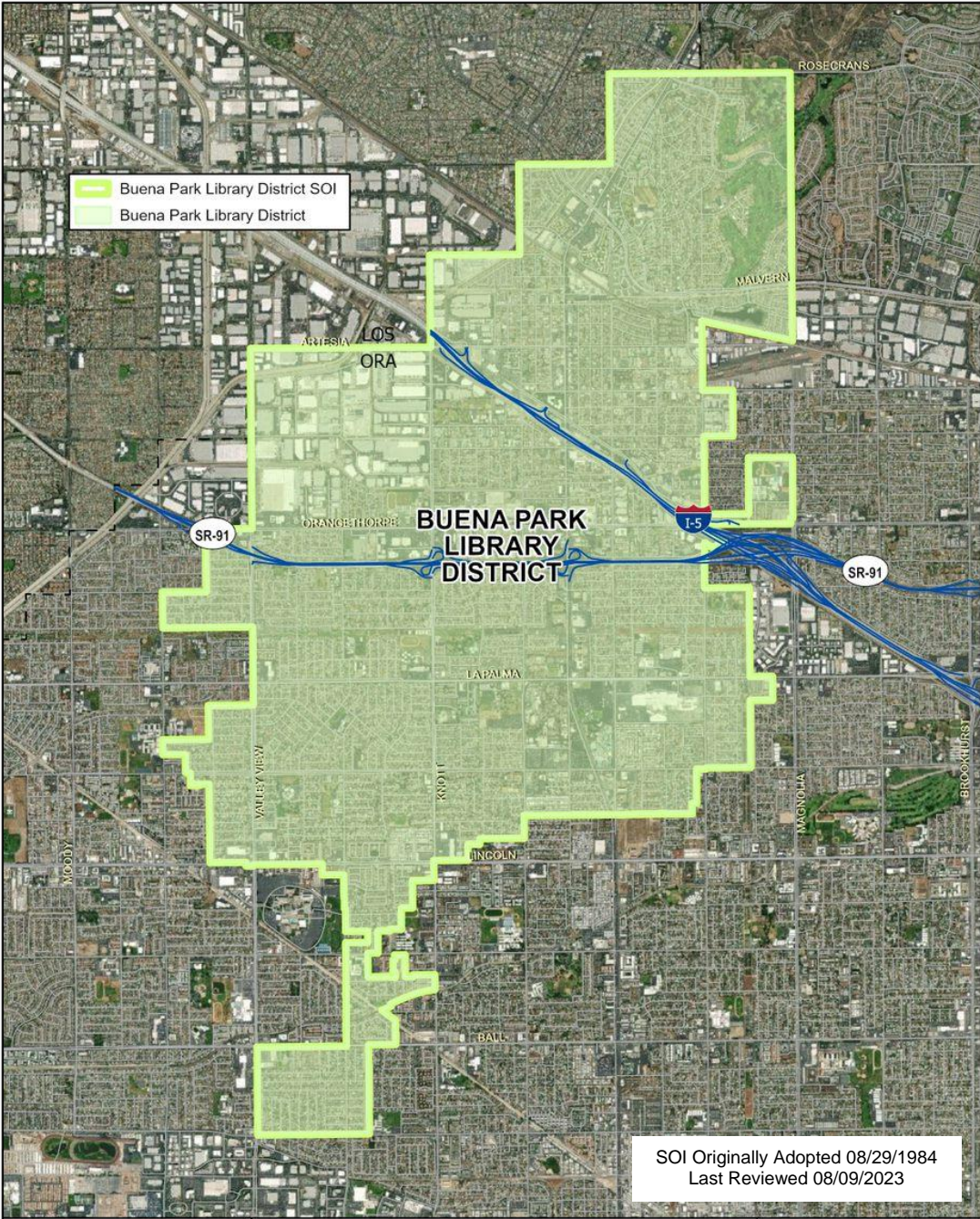
Financial Summary ¹	2018-19	2019-20 ²	2020-21
Revenue	\$ 3,968,952	\$ 3,870,178	\$ 3,653,125
Expenditures	4,418,800	3,051,001	2,738,436
Net	\$ (449,848)	\$ 819,177	\$ 914,689
Reserves	\$ 6,228,031	\$ 7,070,718	\$ 7,985,015

¹"Reserves" based on unassigned fund balance. Starting in 2017, the District's reserves are consistent with its reserve policies (50% of operating expenses). See the "Fund Balance and Reserve Policy," adopted May 3, 2005 and reviewed on April 6, 2022.

²Closures and discontinued services during the Pandemic caused reduced revenues and expenditures in FY 19-20 through FY 21-22, compensated by relief funds in FY 21-22 (not shown).

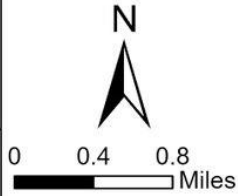
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

² Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



Buena Park Library District

Source: RSG Inc., ESRI, OCLAFCO



City of Cypress Incorporated July 24, 1956	
Agency Information	
Address	5275 Orange Ave. Cypress, CA 90630
Primary Contact	Peter Grant, City Manager
Contact Information	714-229-6700
Website	www.cypressca.org
Governance	5 Council Members, Elected At-Large
Total City Staff	153.5 Full-Time Equivalents
Service Area Information	
Incorporated Area (Sq. Mi.)	6.62
Population Served	49,810
Population of Unincorporated Islands in SOI	0
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	City of Cypress
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Cypress
Code Enforcement	City of Cypress
Animal Control	County of Orange
Parks and Recreation	Cypress Recreation and Park District
Library	County of Orange
Landscape Maintenance	City of Cypress
Lighting	City of Cypress
Streets/Road Maintenance	City of Cypress
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Valley Vista Services
Stormwater Drainage	City of Cypress
Water	Golden State Water
Wastewater	City of Cypress
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Cypress

Population & Density	Agency	County
2020 Population	50,151	3,186,989
2022 Population	49,810	3,203,504
2027 Population ¹	49,280	3,198,933
2022-2027 Projected Growth Rate (%)	-1.1% <	-0.1%
Daytime Population	49,917	3,284,351
Unincorporated SOI Population	-	-
Households	16,533	1,082,175
Household Size	3.01 >	2.96
Area (Square Miles)	6.62	948.00
Density (Persons per Square Mile)	7,522 >	3,379
Housing		
Housing Units	16,931	1,142,029
Owner Occupied (%)	66% >	55%
Renter Occupied (%)	30% <	40%
Vacant %	3% <	5%
Median Home Value	\$ 696,211 <	\$ 783,700
Employment & Poverty		
Businesses	2,012	176,208
Employees	20,124	1,631,636
Median Household Income	\$ 106,971 >	\$ 105,674
Public Transportation Commuters (%)	1.2% <	1.8%
Commute Longer than 60 Minutes (%)	14.2% >	9.5%
Poverty Rate	6.3% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21³

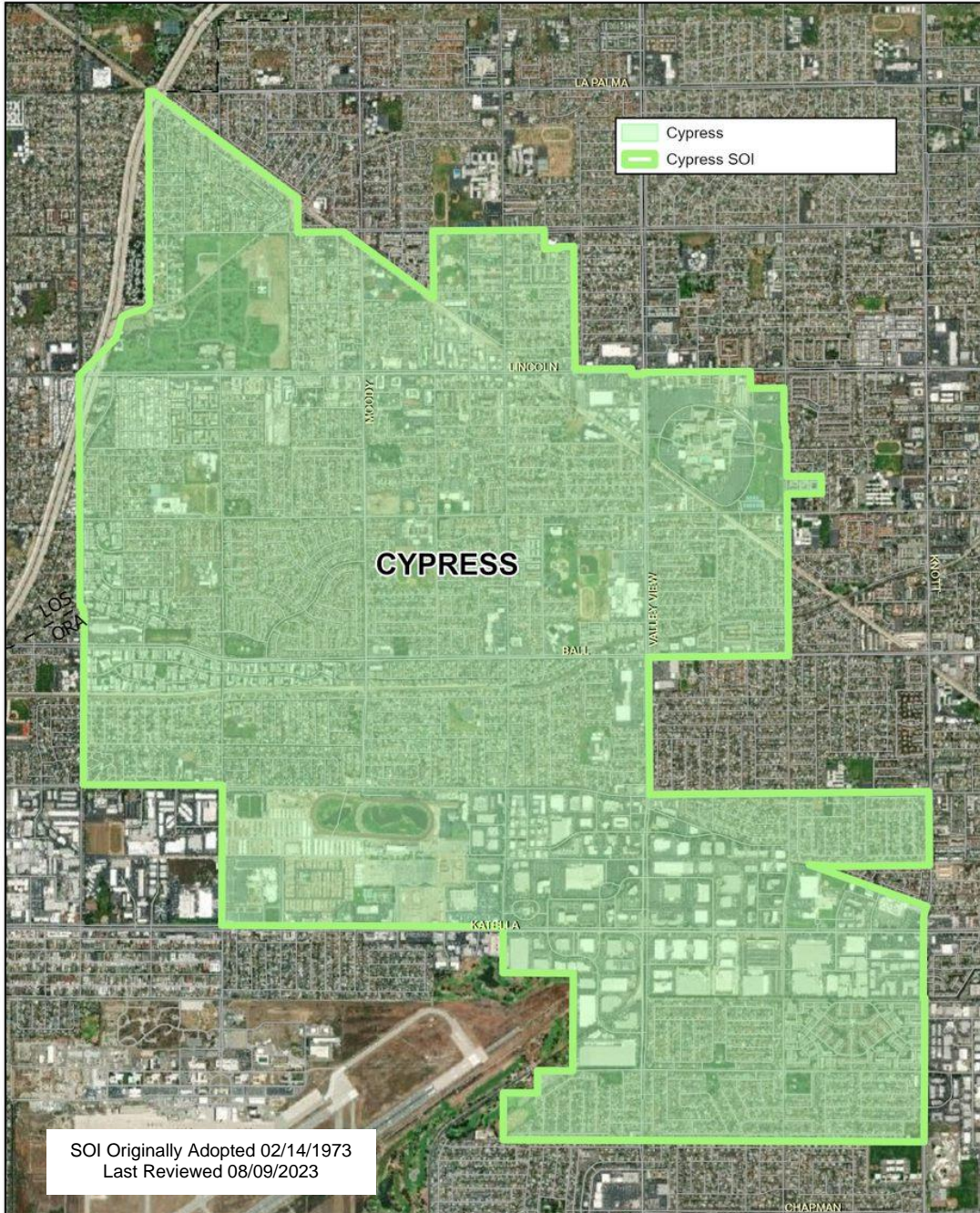
Cypress

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 36,691,594	\$ 36,315,132	\$ 33,282,171
Expenditures	27,313,836	29,351,504	30,234,952
Net	\$ 9,377,758	\$ 6,963,628	\$ 3,047,219
Reserves	\$ 13,827,127	\$ 14,086,964	\$ 15,425,574

¹Excludes transfers in and out, and excludes capital contributions. Reserves are based on the assigned General Fund balance reported in the Financial Reports (FY 2020-21 differs slightly from projected General Fund Reserves shown in the FY 2020-21 Budget, pg. 64). See Fiscal Strategies in budget documents for reserve policies (e.g., Economic Uncertainty Reserves of 25% of General Fund expenditures).

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

³ Changes in net position may not be reflected in Reserves balances due to transfers in and out of other funds, and other accounting adjustments. Not all available funds may be reflected in Reserves balances.



	City of Cypress		
	<i>Source: RSG Inc., ESRI, OCLAFCO</i>		

Cypress Recreation and Park District	
Established 1949	
District Information	
Address	5275 Orange Avenue, Cypress, CA 90630
Primary Contact	Jeff Draper, Director of Recreation
Contact Information	714-229-6780
Website	https://www.cypressca.org/activities/recreation-community-services
Governance	City Council
District Type	Dependent Special District
Total Agency Staff	12.5 Full-Time Equivalentents , 60 seasonal staff
Service Area Information	
Incorporated Area (Sq. Mi.)	6.51
Communities Served	City of Cypress; facilities are open to residents outside the District's boundary
Population Served	49,515
Population Serviced Outside City Boundaries	374
Services Provided	
<ul style="list-style-type: none"> • Manages approximately 100 acres of open space and recreational facilities • Provides programming such as classes, activities, youth and adult sports, and senior activities 	

Demographics Summary

Cypress Recreation and Park District

Population & Density	Agency	County
2020 Population	49,687	3,186,989
2022 Population	49,515	3,203,504
2027 Population ¹	48,911	3,198,933
2022-2027 Projected Growth Rate (%)	-1.2% <	-0.1%
Daytime Population	49,696	3,284,351
Unincorporated SOI Population	374	-
Households	16,177	1,082,175
Household Size	3.06 >	2.96
Area (Square Miles)	6.51	948.00
Density (Persons per Square Mile)	7,601 >	3,379
Housing		
Housing Units	16,585	1,142,029
Owner Occupied (%)	67% >	55%
Renter Occupied (%)	31% <	40%
Vacant %	2% <	5%
Median Home Value	\$ 697,310 <	\$ 783,700
Employment & Poverty		
Businesses	2,012	176,208
Employees	20,108	1,631,636
Median Household Income	\$ 106,862 >	\$ 105,674
Public Transportation Commuters (%)	1.2% <	1.8%
Commute Longer than 60 Minutes (%)	14.2% >	9.5%
Poverty Rate	6.4% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21⁴

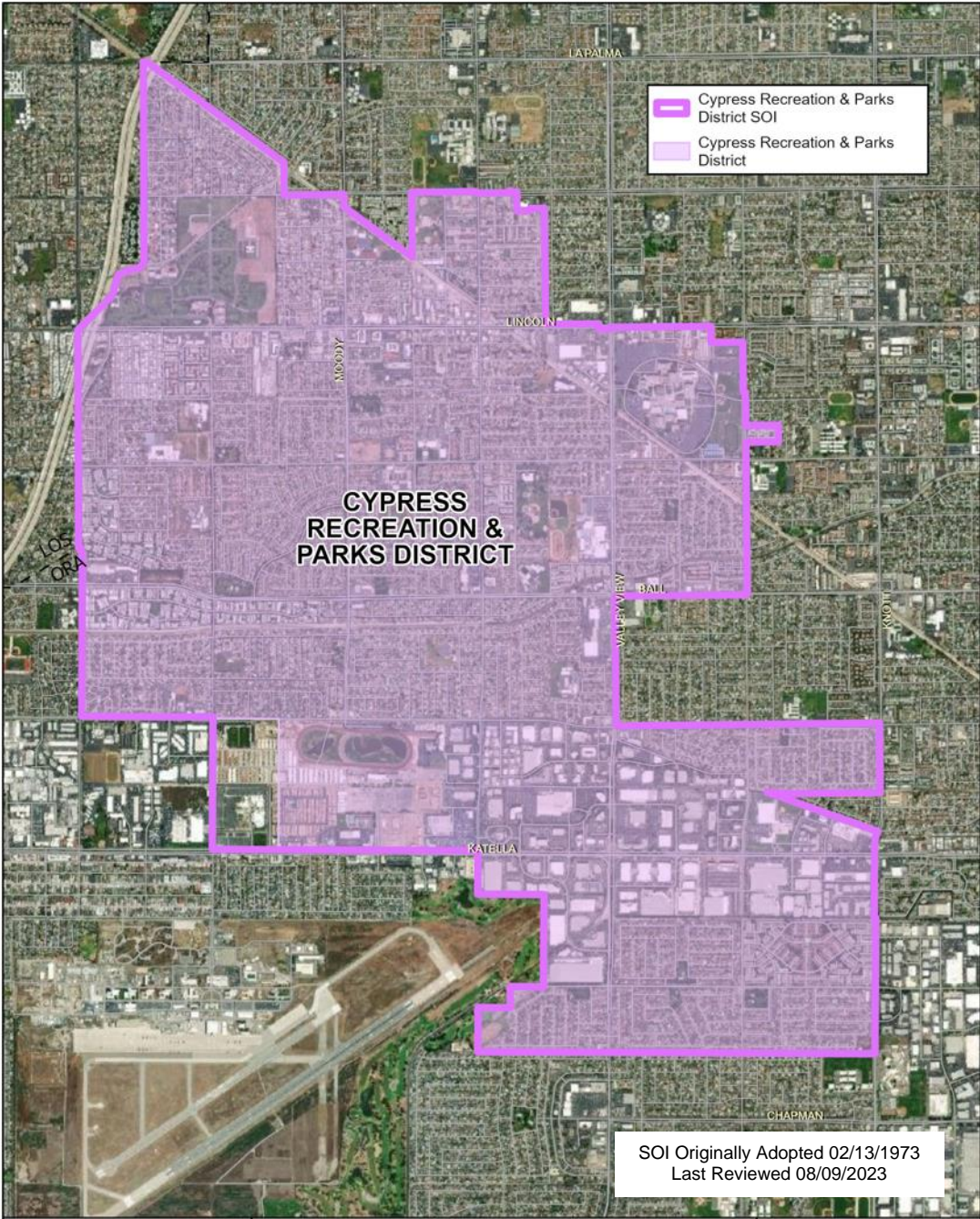
Cypress Recreation and Park District

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 7,576,119	\$ 7,025,774	\$ 6,564,787
Expenditures	4,806,573	4,945,877	5,027,668
Net	\$ 2,769,546	\$ 2,079,897	\$ 1,537,119
Reserves	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000

¹"Reserves" exclude City contributions for facilities and expenditures before capital outlay. Reserves are based on the General Fund balance assigned to Cash Flow and Contingency (Note 7 to Recreation and Park District Basic financial Statements).

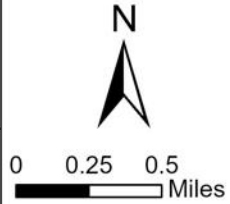
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁴ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



Cypress Recreation and Parks District

Source: RSG Inc., ESRI, OCLAFCO



City of Fountain Valley	
Incorporated June 13, 1957	
Agency Information	
Address	10200 Slater Ave. Fountain Valley, CA 92708
Primary Contact	Maggie Le, City Manager
Contact Information	714-593-4400
Website	www.fountainvalley.org
Governance	5 Council Members, Elected At-Large
Total City Staff	238.75 Full-Time Equivalents
Service Area Information	
Incorporated Area (Sq. Mi.)	9.06
Population Served	56,564
Population of Unincorporated Island in SOI	1,387
Service Summary	
Service or Department	Provider
Law Enforcement	City of Fountain Valley
Fire Protection/Emergency Medical	City of Fountain Valley
Building/Planning	City of Fountain Valley
Code Enforcement	City of Fountain Valley
Animal Control	County of Orange
Parks and Recreation	City of Fountain Valley
Library	County of Orange
Landscape Maintenance	City of Fountain Valley
Lighting	City of Fountain Valley
Streets/Road Maintenance	City of Fountain Valley
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Republic Services
Stormwater Drainage	City of Fountain Valley
Water	City of Fountain Valley
Wastewater	City of Fountain Valley
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Fountain Valley			
Population & Density	Agency	County	
2020 Population	57,047	3,186,989	
2022 Population	56,564	3,203,504	
2027 Population ¹	55,570	3,198,933	
2022-2027 Projected Growth Rate (%)	-1.8% <	-0.1%	
Daytime Population	60,319	3,284,351	
Unincorporated SOI Population	1,387	-	
Households	19,227	1,082,175	
Household Size	2.94 <	2.96	
Area (Square Miles)	9.06	948.00	
Density (Persons per Square Mile)	6,240 >	3,379	
Housing			
Housing Units	19,737	1,142,029	
Owner Occupied (%)	67% >	55%	
Renter Occupied (%)	30% <	40%	
Vacant %	4% <	5%	
Median Home Value	\$ 819,152 >	\$ 783,700	
Employment & Poverty			
Businesses	3,317	176,208	
Employees	30,209	1,631,636	
Median Household Income	\$ 106,516 >	\$ 105,674	
Public Transportation Commuters (%)	0.7% <	1.8%	
Commute Longer than 60 Minutes (%)	8.4% <	9.5%	
Poverty Rate	8.8% <	9.9%	

¹ 2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

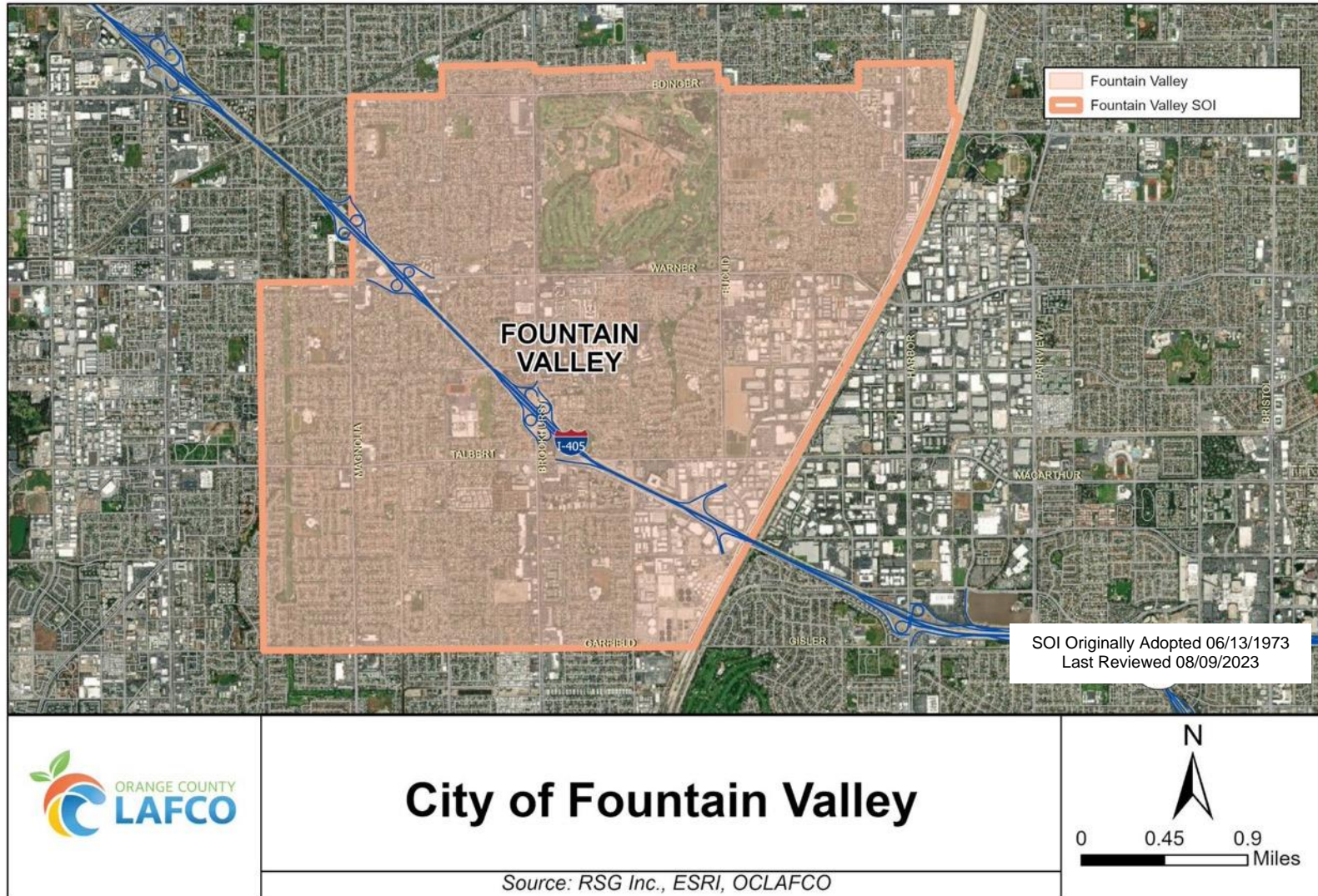
General Fund Cash Flow FY 18-19 to FY 20-21⁵

Fountain Valley				
Financial Summary¹	2018-19	2019-20	2020-21	
Revenue	\$ 61,380,673	\$ 58,462,708	\$	70,498,187
Expenditures	54,491,526	54,666,309		57,502,674
Net	\$ 6,889,147	\$ 3,796,399	\$	12,995,513
Reserves	\$ 14,702,412	\$ 14,203,760	\$	16,130,504

¹ Excludes transfers in and out and excludes sale of capital assets. Reserves are based on the General Fund balance committed to emergencies and assigned to contingencies, as well as the unassigned fund balance. See also the FY 2022-23 Budget pg. 132-133 for additional reserves, including the pension and capital reserves.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁵ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



City of Garden Grove	
Incorporated June 18, 1956	
Agency Information	
Address	11222 Acacia Pkwy. Garden Grove, CA 92840
Primary Contact	Lisa Kim, City Manager
Contact Information	714-741-5000
Website	www.ggcity.org
Governance	7 Council Members, Elected By-District
Total City Staff	669 Full- and Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	17.92
Population Served	170,526
Population of Unincorporated Islands in SOI	0
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	Garden Grove Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Garden Grove
Code Enforcement	City of Garden Grove
Animal Control	City of Garden Grove
Parks and Recreation	City of Garden Grove
Library	County of Orange
Lighting	City of Garden Grove
Streets/Road Maintenance	City of Garden Grove
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	City of Garden Grove & Republic Services
Stormwater Drainage	City of Garden Grove
Water	City of Garden Grove
Wastewater	Garden Grove Sanitary District
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Garden Grove		
Population & Density	Agency	County
2020 Population	171,949	3,186,989
2022 Population	170,526	3,203,504
2027 Population ¹	170,281	3,198,933
2022-2027 Projected Growth Rate (%)	-0.1% <	-0.1%
Daytime Population	144,311	3,284,351
Unincorporated SOI Population	-	-
Households	47,616	1,082,175
Household Size	3.58 >	2.96
Area (Square Miles)	17.92	948.00
Density (Persons per Square Mile)	9,514 >	3,379
Housing		
Housing Units	48,963	1,142,029
Owner Occupied (%)	53% <	55%
Renter Occupied (%)	44% >	40%
Vacant %	3% <	5%
Median Home Value	\$ 626,578 <	\$ 783,700
Employment & Poverty		
Businesses	6,534	176,208
Employees	46,390	1,631,636
Median Household Income	\$ 81,451 <	\$ 105,674
Public Transportation Commuters (%)	1.9% >	1.8%
Commute Longer than 60 Minutes (%)	9.9% >	9.5%
Poverty Rate	13.0% >	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

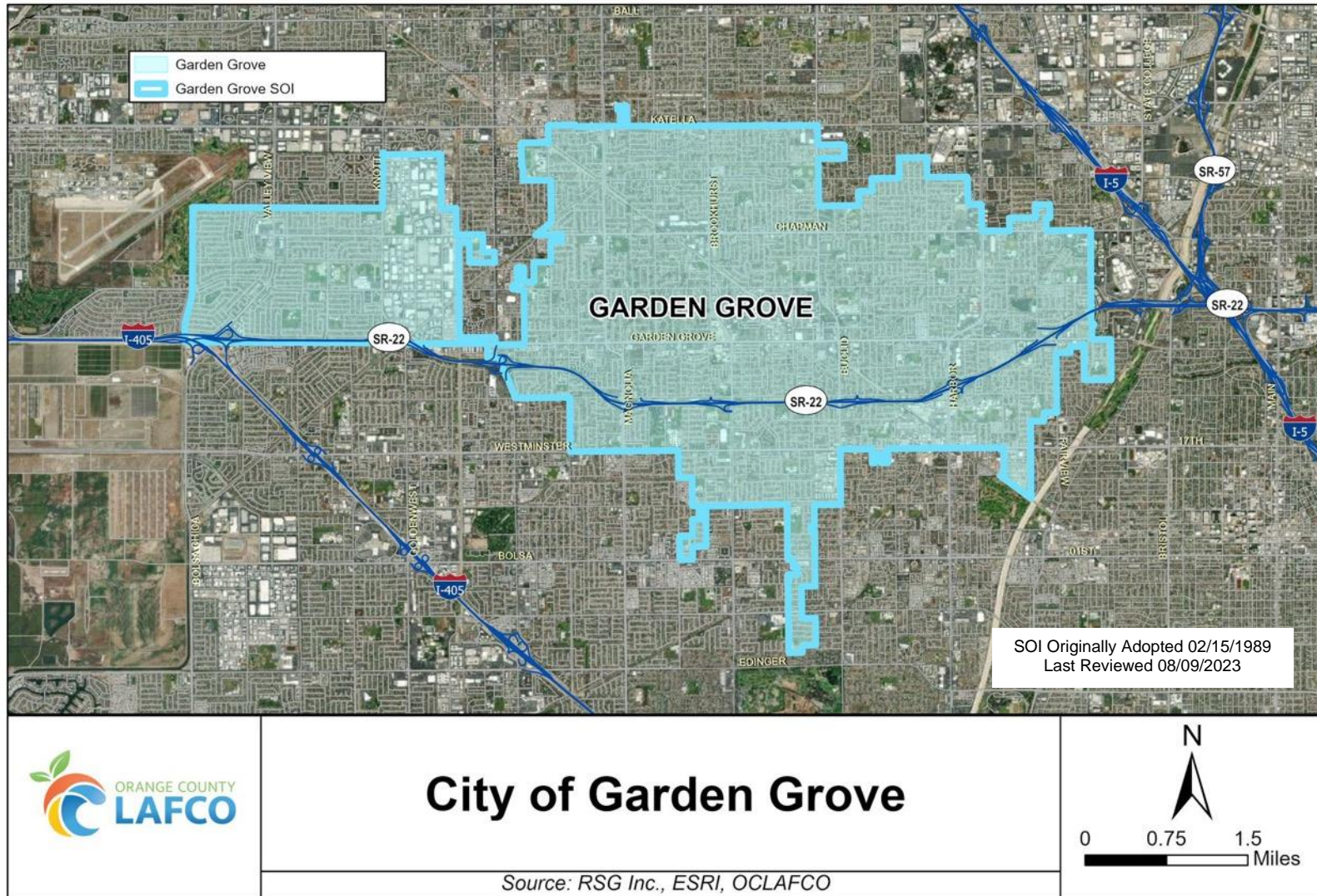
General Fund Cash Flow FY 18-19 to FY 20-21⁶

Garden Grove			
Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 129,838,910	\$ 140,127,431	\$ 158,432,493
Expenditures	112,682,884	124,910,705	128,882,556
Net	\$ 17,156,026	\$ 15,216,726	\$ 29,549,937
Reserves	\$ 47,448,000	\$ 22,500,000	\$ 22,500,000

¹Excludes transfers in and out and excludes capital contributions. Reserves are based on the General Fund unassigned fund balance through FY 2018-19. In FY 2019-20 the City established and committed a portion of the General Fund balance to "Stability Reserves" equal to two months of expenditures, estimated at \$25 million in FY 2022-23.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁶ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



Garden Grove Sanitary District	
Established 1924	
District Information	
Address	13802 Newhope St. Garden Grove, CA 92843
Primary Contact	Lisa Kim, General Manager
Contact Information	714-741-5000
Website	www.ggcity.org/sewers
Governance	City Council
District Type	Dependent Special District
Total Agency Staff	30 Full- and Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	18.15
Communities Served	Garden Grove and portions of the unincorporated islands located in the Cities of Stanton and Anaheim's respective SOIs
Population Served	179,465
Population Served Outside City Boundaries	3,281
Number of Manholes	9,700
Miles of Sewer Lines	312
Lift Stations	4
Average Age of Infrastructure	40-60 years
Services Provided	
<ul style="list-style-type: none"> • Responsible for refuse collection, which is contracted out to Republic Services • Responsible for sewer utilities (sewer lines, manholes, and lift stations) 	

Demographics Summary

Garden Grove Sanitary District

Population & Density	Agency	County
2020 Population	179,707	3,186,989
2022 Population	179,465	3,203,504
2027 Population ¹	178,237	3,198,933
2022-2027 Projected Growth Rate (%)	-0.7% <	-0.1%
Daytime Population	147,888	3,284,351
Unincorporated SOI Population	3,281	-
Households	49,009	1,082,175
Household Size	3.66 >	2.96
Area (Square Miles)	18.15	948.00
Density (Persons per Square Mile)	9,888 >	3,379
Housing		
Housing Units	50,295	1,142,029
Owner Occupied (%)	54% <	55%
Renter Occupied (%)	44% >	40%
Vacant %	3% <	5%
Median Home Value	\$ 625,283 <	\$ 783,700
Employment & Poverty		
Businesses	6,383	176,208
Employees	45,141	1,631,636
Median Household Income	\$ 81,885 <	\$ 105,674
Public Transportation Commuters (%)	2.0% >	1.8%
Commute Longer than 60 Minutes (%)	10.2% >	9.5%
Poverty Rate	12.9% >	9.9%

¹ 2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21⁷**Garden Grove Sanitary District**

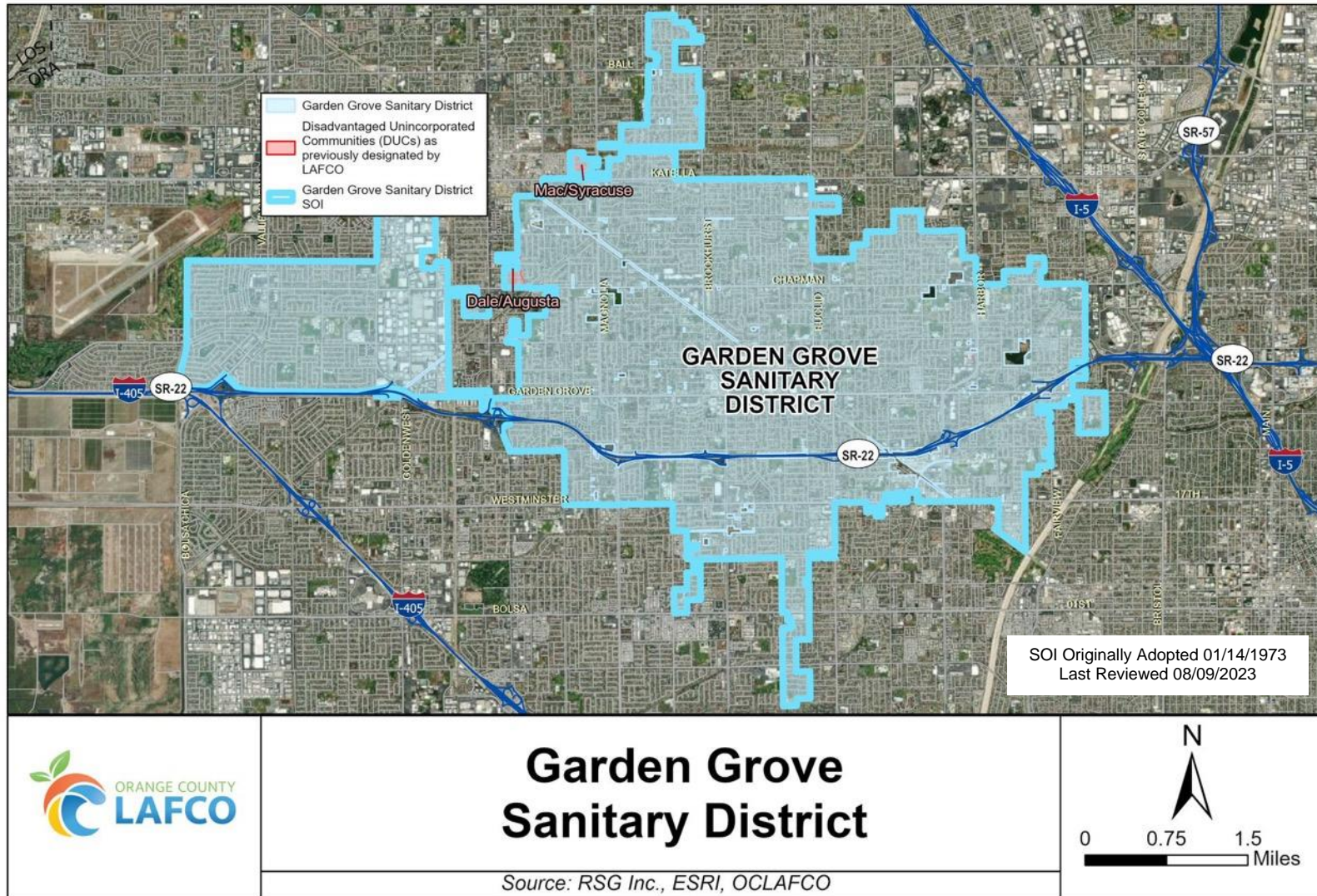
Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 14,002,000	\$ 14,413,000	\$ 13,959,000
Expenditures	9,554,000	9,509,000	8,984,000
Net	\$ 4,448,000	\$ 4,904,000	\$ 4,975,000
Reserves	\$ 33,474,200	\$ 31,435,300	\$ 30,630,700

¹ Excludes capital expenditures. Reserves are based on working capital as shown in the City's budget for the District.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁷ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.





City of La Palma Incorporated October 26, 1955	
Agency Information	
Address	7822 Walker St. La Palma, CA 90623
Primary Contact	Conal McNamara, City Manager
Contact Information	714-690-3300
Website	www.cityoflapalma.org
Governance	5 Council Members, Elected At-Large
Total City Staff	48 Full-Time, 32 Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	1.80
Population Served	15,332
Population of Unincorporated Islands in SOI	0
Service Summary	
Service Department	Provider
Law Enforcement	City of La Palma
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of La Palma
Code Enforcement	City of La Palma
Animal Control	City of La Palma (through contractual agreement with the Southeast Area Animal Control Authority)
Parks and Recreation	City of La Palma
Library	County of Orange
Landscape Maintenance	City of La Palma
Lighting	SoCal Edison
Streets/Road Maintenance	City of La Palma
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	EDCO
Stormwater Drainage	City of La Palma
Water	City of La Palma
Wastewater	City of La Palma
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

La Palma

Population & Density	Agency	County
2020 Population	15,581	3,186,989
2022 Population	15,332	3,203,504
2027 Population ¹	15,065	3,198,933
2022-2027 Projected Growth Rate (%)	-1.7% <	-0.1%
Daytime Population	14,102	3,284,351
Unincorporated SOI Population	-	-
Households	5,149	1,082,175
Household Size	2.98 >	2.96
Area (Square Miles)	1.80	948.00
Density (Persons per Square Mile)	8,497 >	3,379
Housing		
Housing Units	5,273	1,142,029
Owner Occupied (%)	68% >	55%
Renter Occupied (%)	28% <	40%
Vacant %	3% <	5%
Median Home Value	\$ 707,763 <	\$ 783,700
Employment & Poverty		
Businesses	610	176,208
Employees	5,291	1,631,636
Median Household Income	\$ 121,611 >	\$ 105,674
Public Transportation Commuters (%)	1.7% <	1.8%
Commute Longer than 60 Minutes (%)	14.7% >	9.5%
Poverty Rate	6.7% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21⁸

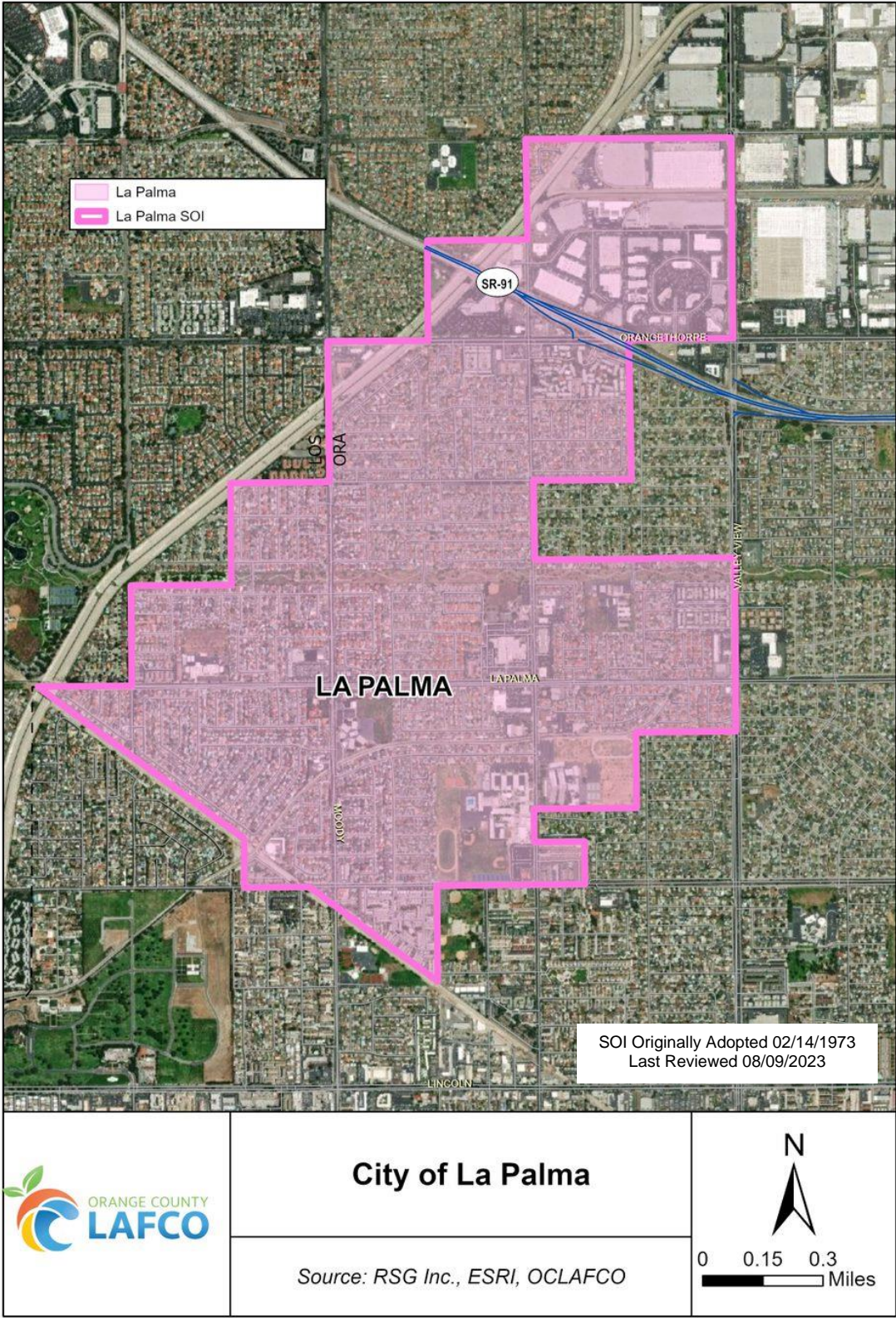
La Palma

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 12,057,831	\$ 11,561,652	\$ 13,837,295
Expenditures	10,717,138	10,821,299	11,579,872
Net	\$ 1,340,693	\$ 740,353	\$ 2,257,423
Reserves	\$ 9,274,649	\$ 9,106,453	\$ 10,980,774

¹Excludes transfers in and out and capital expenditures. Reserves are based on the unassigned, assigned, and committed General Fund balance. The ACFR did not provide further detail regarding "Committed" or other reserves. The City indicated it maintains a cash flow reserve of \$1.5 million and an emergency reserve of 50% of General Fund expenditures in another fund in its response to the MSR data request.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁸ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



City of Stanton Incorporated June 4, 1956	
Agency Information	
Address	7800 Katella Ave. Stanton, CA 90680
Primary Contact	Hannah Shin-Heydorn, City Manager
Contact Information	714-379-9222
Website	www.stantonca.gov
Governance	1 Mayor Elected At-Large and 4 Council Members Elected By-District
Total City Staff	63 Full-Time Equivalent
Service Area Information	
Incorporated Area (Sq. Mi.)	3.10
Population Served	39,275
Population of Unincorporated Islands in SOI	1,494
Service Summary	
Service or Department	Provider
Law Enforcement	Orange County Sheriff's Department (through contract with the city)
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Stanton
Code Enforcement	City of Stanton
Animal Control	Westminster Animal Control Services
Parks and Recreation	City of Stanton
Library	County of Orange
Landscape Maintenance	City of Stanton
Lighting	City of Stanton
Streets/Road Maintenance	City of Stanton
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	CR&R
Stormwater Drainage	City of Stanton
Water	Golden State Water
Wastewater	City of Stanton
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Stanton			
Population & Density	Agency		County
2020 Population	37,962		3,186,989
2022 Population	39,275		3,203,504
2027 Population ¹	38,110		3,198,933
2022-2027 Projected Growth Rate (%)	-3.0%	<	-0.1%
Daytime Population	29,809		3,284,351
Unincorporated SOI Population	1,494		-
Households	11,686		1,082,175
Household Size	3.36	>	2.96
Area (Square Miles)	3.10		948.00
Density (Persons per Square Mile)	12,649	>	3,379
Housing			
Housing Units	12,049		1,142,029
Owner Occupied (%)	46%	<	55%
Renter Occupied (%)	47%	>	40%
Vacant %	7%	>	5%
Median Home Value	\$ 547,664	<	\$ 783,700
Employment & Poverty			
Businesses	1,332		176,208
Employees	8,845		1,631,636
Median Household Income	\$ 72,381	<	\$ 105,674
Public Transportation Commuters (%)	2.6%	>	1.8%
Commute Longer than 60 Minutes (%)	9.9%	>	9.5%
Poverty Rate	12.6%	>	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

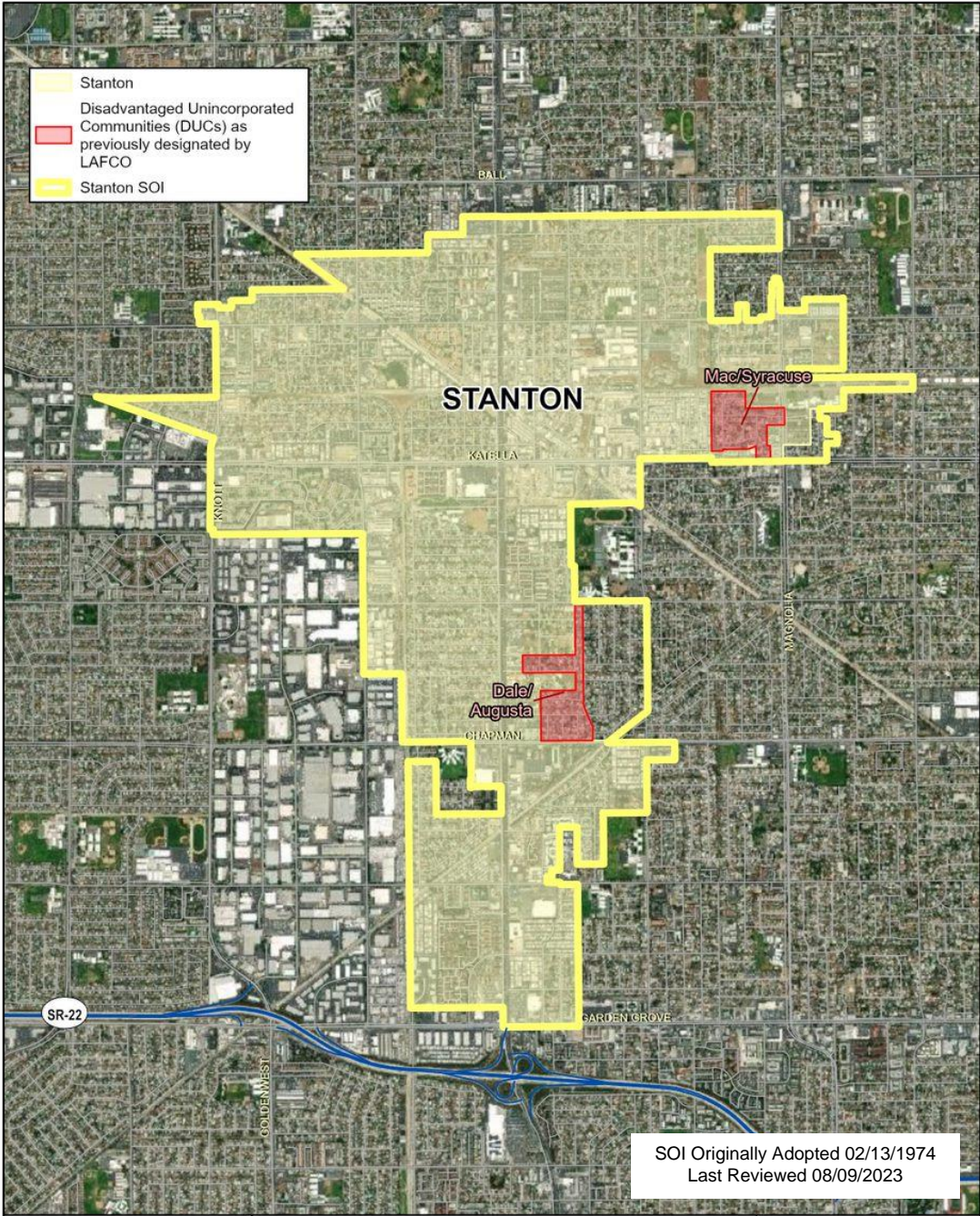
General Fund Cash Flow FY 18-19 to FY 20-21 ⁹

Stanton				
Financial Summary¹	2018-19	2019-20	2020-21	
Revenue	\$ 23,951,047	\$ 24,900,321	\$ 27,176,746	
Expenditures	26,696,494	23,158,650	24,141,256	
Net	\$ (2,745,447)	\$ 1,741,671	\$ 3,035,490	
Reserves	\$ 3,509,177	\$ 10,277,670	\$ 12,691,577	

¹Excludes transfers in and out and capital contributions. Reserves are based on the unassigned fund balance from the ACFRs. The FY 2020-21 ACFR set aside \$4.3 million for economic uncertainty. The City's reserve policy was established in 2011 (see FY 2020-21 ACFR, pg. iii).

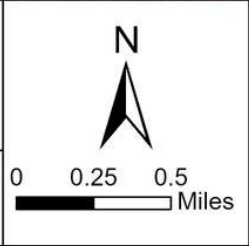
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

⁹ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



City of Stanton

Source: RSG Inc., ESRI, OCLAFCO



City of Westminster	
Incorporated 1951	
Agency Information	
Address	8200 Westminster Blvd. Westminster, CA 92683
Primary Contact	Christine Cordon, City Manager
Contact Information	714-898-3311
Website	www.westminster-ca.gov
Governance	5 Council Members, Elected By-District
Total City Staff	331 Full- and Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	10.07
Population Served	90,393
Population of Unincorporated Islands in SOI	9,515
Service Summary	
Service or Department	Provider
Law Enforcement	City of Westminster
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Westminster
Housing	City of Westminster
Code Enforcement	City of Westminster
Animal Control	City of Westminster
Parks and Recreation	City of Westminster
Library	Orange County Public Libraries
Landscape Maintenance	City of Westminster
Lighting	SoCal Edison
Streets/Road Maintenance	City of Westminster
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Midway City Sanitary District
Stormwater Drainage	City of Westminster
Water	City of Westminster
Wastewater	Midway City Sanitary District
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Westminster

Population & Density	Agency	County
2020 Population	90,911	3,186,989
2022 Population	90,393	3,203,504
2027 Population ¹	90,437	3,198,933
2022-2027 Projected Growth Rate (%)	0.0% >	-0.1%
Daytime Population	77,244	3,284,351
Unincorporated SOI Population	9,515	-
Households	27,232	1,082,175
Household Size	3.32 >	2.96
Area (Square Miles)	10.07	948.00
Density (Persons per Square Mile)	8,976 >	3,379
Housing		
Housing Units	28,179	1,142,029
Owner Occupied (%)	50% <	55%
Renter Occupied (%)	46% >	40%
Vacant %	4% <	5%
Median Home Value	\$ 668,040 <	\$ 783,700
Employment & Poverty		
Businesses	3,869	176,208
Employees	23,919	1,631,636
Median Household Income	\$ 76,988 <	\$ 105,674
Public Transportation Commuters (%)	1.2% <	1.8%
Commute Longer than 60 Minutes (%)	9.7% >	9.5%
Poverty Rate	15.8% >	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21¹⁰

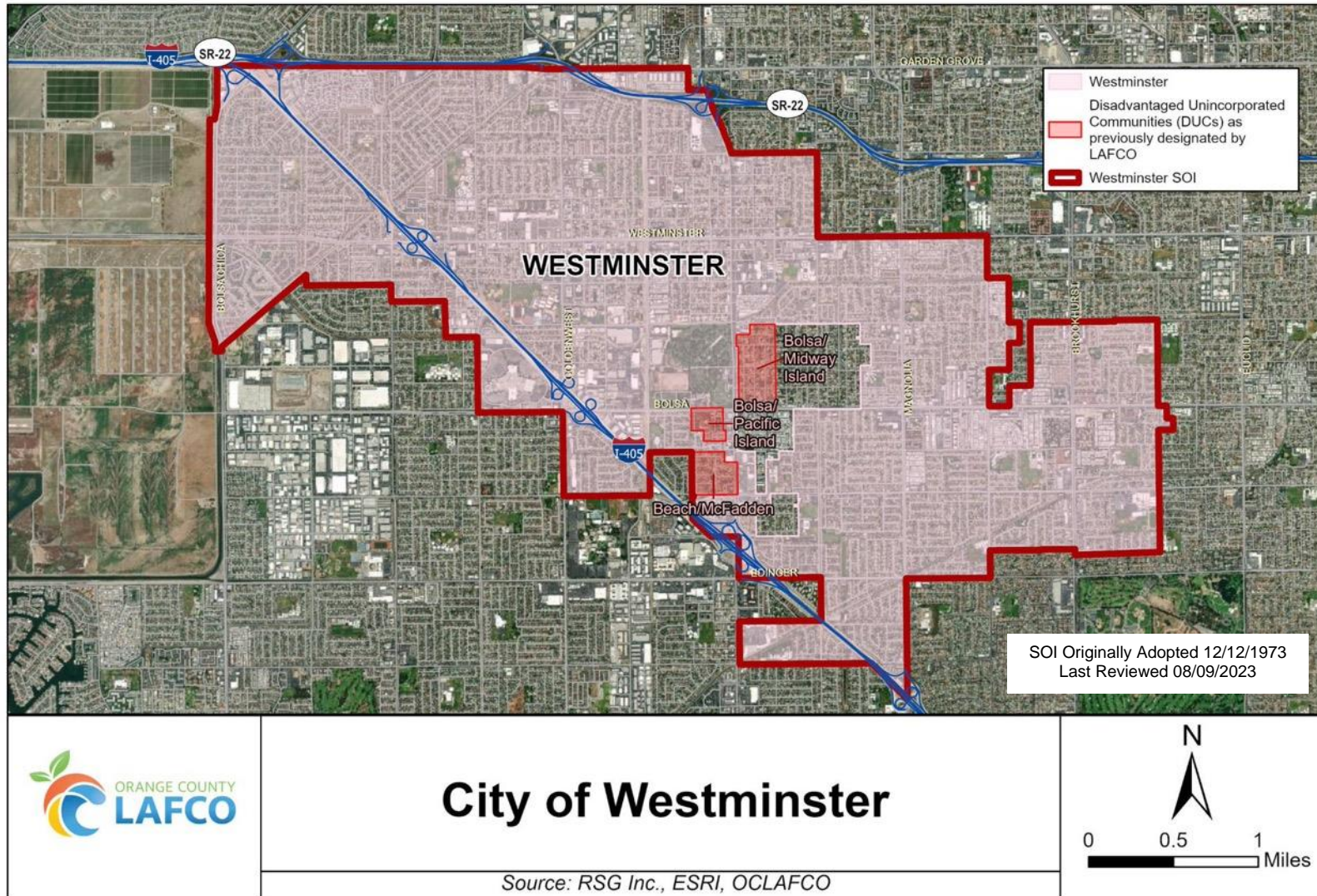
Westminster

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 66,489,760	\$ 66,587,199	\$ 67,470,421
Expenditures	59,657,829	62,372,642	63,683,592
Net	\$ 6,831,931	\$ 4,214,557	\$ 3,786,829
Reserves	\$ 13,026,119	\$ 16,654,740	\$ 21,128,660

¹Excludes transfers in and out and one-time sale of equipment and property. Reserves are based on the General Fund Unassigned Ending Fund Balance.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

¹⁰ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



Midway City Sanitary District Established 1939	
District Information	
Address	14451 Cedarwood Ave. Westminster, CA 92683
Primary Contact	Robert Housley, General Manager
Contact Information	714-893-3553
Website	www.midwaycitysanitaryca.gov
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	33 Full- and Part-Time
Service Area Information	
Incorporated Area (Sq. Mi.)	10.4
Communities Served	Westminster and Unincorporated Midway City
Population Served	96,888
Population Served Outside District Boundaries	0
Number of Manholes	3,888
Miles of Sewer Lines	174
Lift Stations	4
Average Age of Infrastructure	60 years
Services Provided	
<ul style="list-style-type: none"> • Curbside trash collection • Sewer collection 	

Demographics Summary

Midway City Sanitary District

Population & Density	Agency	County
2020 Population	96,781	3,186,989
2022 Population	96,888	3,203,504
2027 Population ¹	96,896	3,198,933
2022-2027 Projected Growth Rate (%)	0.0% >	-0.1%
Daytime Population	80,592	3,284,351
Unincorporated SOI Population	-	-
Households	28,655	1,082,175
Household Size	3.38 >	2.96
Area (Square Miles)	9.81	948.00
Density (Persons per Square Mile)	9,875 >	3,379
Housing		
Housing Units	29,597	1,142,029
Owner Occupied (%)	50% <	55%
Renter Occupied (%)	47% >	40%
Vacant %	3% <	5%
Median Home Value	\$ 667,579 <	\$ 783,700
Employment & Poverty		
Businesses	3,876	176,208
Employees	23,836	1,631,636
Median Household Income	\$ 76,430 <	\$ 105,674
Public Transportation Commuters (%)	1.2% <	1.8%
Commute Longer than 60 Minutes (%)	9.5% <	9.5%
Poverty Rate	16.4% >	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21¹¹

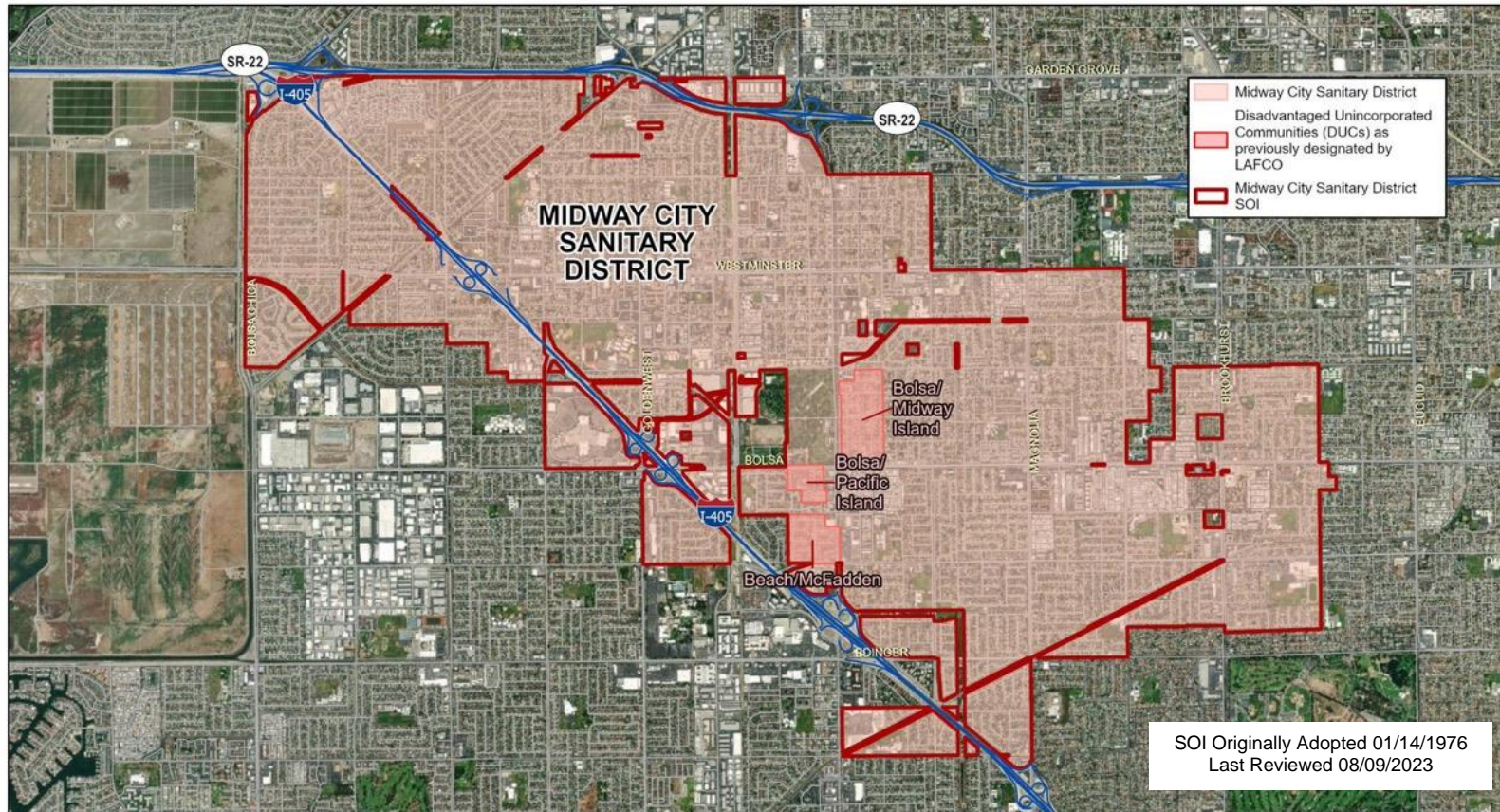
Midway City Sanitary District


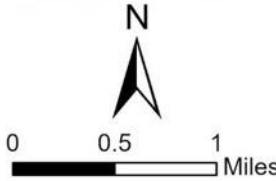
Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 13,296,037	\$ 12,534,648	\$ 13,425,149
Expenditures	7,611,988	8,933,733	9,435,673
Net	\$ 5,684,049	\$ 3,600,915	\$ 3,989,476
Reserves	\$ 8,732,183	\$ 8,413,465	\$ 11,764,182

¹Includes operating and non-operating revenues and expenditures. Excludes transfers in and out, and excludes capital contributions. Reserves are based on the unrestricted net position designated for Emergencies and Contingencies, Operating Reserves, and Undesignated Reserves (see Financial Statements, note 5).

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

¹¹ Transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.



	<h2>Midway City Sanitary District</h2> <p>Source: RSG Inc., ESRI, OCLAFCO</p>	
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IV. GROWTH AND POPULATION PROJECTIONS

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

- 1. Growth and population projections for the affected area.*

The West Region covers an incorporated population of approximately 505,000 people, and a total population including unincorporated areas of approximately 521,000, spread across the seven cities under review. The four special districts in the West Region provide services to approximately 410,000 people.

Collectively, both cities and special districts in the Region are expected to decline in population by 2027. Cities in the West Region are projected to decline by 0.7% and special districts are expected to decline by 0.6%.

Consistent with the larger trend across the County and State of California, development of new housing units has slowed in recent years. Using estimates from the California Department of Finance (“DOF”), West Region cities developed approximately 5,000 new units, an increase of 3.3%, from 2010 to 2022. Over the next five years (through 2027), current estimates project a decrease of 0.2% in the housing supply. Table 3 below shows both population and housing trends for the West Region.

Table 3: Regional Population and Housing Trends

West				
Population	Cities	Special Districts	County	
2020 Population	507,635	410,697	3,186,989	
2022 Population	505,330	409,890	3,203,504	
2027 Population ¹	501,608	407,295	3,198,933	
2020-2022 Growth Rate (%)	-0.5%	-0.2%	0.5%	
2022-2027 Projected Growth Rate (%)	-0.7%	-0.6%	-0.1%	
Housing				
2010 Units	151,749	119,030	1,048,907	
2020 Units	155,168	122,047	1,129,785	
2022 Units	156,823	122,280	1,142,029	
2027 Units ¹	156,438	123,265	1,153,825	
2022 Household Size	3.2	3.4	2.8	
2010-2022 Unit Growth Rate (%)	3.3%	2.7%	8.9%	
2022-2027 Projected Unit Growth Rate (%)	-0.2%	0.8%	1.0%	

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

¹2027 estimates are only projections.

Individually, not all agencies are projected to decline in population. Westminster and the Midway City Sanitary District are both projected to experience very modest population increases over the next five years.

Table 4 lists the agencies in order of their projected 2022 through 2027 growth. Past growth from 2020 through 2022 is also shown.

Table 4: Agency Individual Population Growth

West	Past Growth		Projected Growth	
	2020-2022		2022-2027	
	%	#	%	#
Population Changes				
Westminster	-0.57%	-518	0.05%	44
Midway City Sanitary District	0.11%	107	0.01%	8
Garden Grove	-0.83%	-1,423	-0.14%	-245
Buena Park	-0.72%	-604	-0.68%	-565
Garden Grove Sanitary District	-0.13%	-242	-0.68%	-1,228
Buena Park Library District	-0.59%	-500	-0.92%	-771
Cypress	-0.68%	-341	-1.06%	-530
Cypress Recreation and Park District	-0.35%	-172	-1.22%	-604
La Palma	-1.60%	-249	-1.74%	-267
Fountain Valley	-0.85%	-483	-1.76%	-994
Stanton	3.46%	1,313	-2.97%	-1,165

Source: US Census Bureau, DOF Population and Housing Estimates, ESRI Business Analyst

Housing unit growth on a per-agency basis is largely expected to be positive across the Region. Table 5 shows that most agencies are expected to grow their housing stock by less than 1% by 2027, while Midway City Sanitary District expects approximately 1.3% growth. Four cities (Cypress, La Palma, Fountain Valley, and Stanton) project negative growth over the next five years.

Table 5: Agency Individual Housing Unit Growth

West	Past Growth		Projected Growth	
	2010-2022		2022-2027	
	%	#	%	#
Housing Unit Changes				
Midway City Sanitary District	2.07%	601	1.26%	372
Garden Grove Sanitary District	2.12%	1,046	0.75%	375
Buena Park Library District	4.32%	1,069	0.61%	158
Buena Park	4.35%	1,072	0.56%	144
Cypress Recreation and Park District	3.33%	534	0.48%	80
Westminster	1.91%	529	0.34%	97
Garden Grove	2.56%	1,222	0.02%	10
Cypress	5.37%	863	-0.21%	-35
La Palma	0.94%	49	-0.91%	-48
Fountain Valley	2.99%	573	-1.37%	-270
Stanton	6.79%	766	-2.35%	-283

Source: US Census Bureau, DOF Population and Housing Estimates, ESRI Business Analyst

V. PRESENT AND PLANNED LAND USES

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:

1. *The present and planned land use in the area, including agricultural and open space lands.*

The agencies of the West Region are largely built out with very little remaining land available or designated to allow development and that is not zoned for open space. The vast majority of land is zoned for residential uses with pockets of commercial and industrial use. Since they are mostly built out, the cities are planning for infill growth, minimally supplemented by acquisition and rezoning of incremental amounts of land. There are no significant agriculture uses in the West Region.

Following are individual agency notes on development and land use:

- The City of Buena Park estimates that approximately 1,500 housing units will be built in the City over the next five years based on the number of developments currently under construction or in the entitlement and design process. The City has included these developments in its General Plan and other planning documents.
- The City of Fountain Valley specifically noted that they are identifying areas of potential for rezoning to accommodate residential growth. The State Department of Housing and Community Development approved the City's 2021-2029 Adopted Housing Element on October 13, 2022, and the City is currently updating its General Plan to designate areas for more intensive development. These planning documents anticipate between 1,500 and 2,000 new housing units in the next five years.
- In 2014, the City of La Palma created a new zoning area to allow mixed-use residential projects in order to meet demand for housing.
- The City of Stanton has several large developments planned to begin work in 2023-24 which will contribute to infill growth. The City's Housing Element includes these developments, along with other anticipated developments.
- The City of Westminster is working to redevelop the Westminster shopping mall and has released a specific plan for the area, which will add approximately 3,000 housing units to the City's housing stock.

VI. LOCATION AND CHARACTERISTICS OF ANY DUCS

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

2. *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).*

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:

4. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

The OC LAFCO-designated West Region contains five DUCs. Two are adjacent to and located within the SOI of the City of Stanton, and three (a portion of the Beach/McFadden Unincorporated

Island, the Bolsa Midway Unincorporated Island, and the Bolsa Pacific Unincorporated Island) are adjacent to and located within the SOI of the City of Westminster.

The three DUCs in Westminster receive services from a variety of different providers. The City provides water services to the Bolsa/Pacific Island and the Beach/McFadden Island. The Bolsa/Midway Island receives water services from four providers: the City of Westminster, the Midway City Mutual Water Company, the Eastside Water Association, and the South Midway City Mutual Water Company. The Midway City Sanitary District provides sewer and solid waste collection services to all three DUCs. Most other services are provided to the DUCs by the County. Westminster has met with LAFCO to discuss the challenges and feasibility of annexing the four unincorporated areas located within its SOI (the three DUCs and an additional unincorporated area called the McFadden/Monroe Unincorporated Island).

Stanton's DUCs are similarly serviced by a number of different providers. The Dale/Augusta Island (which includes an area designated as a DUC) receives water services from the City of Garden Grove and the Hynes Estates Mutual Water Company. The Mac/Syracuse and the Katella/Rustic Island receive water services from the Golden State Water Company, which also services the City of Stanton. The Garden Grove Sanitary District provides wastewater services to both DUCs. Republic Waste Services provides solid waste disposal services to both DUCs. Staff from Stanton indicated that it is unlikely that the City will discuss annexation until at least spring of 2023.

VII. CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

3. *Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on the five (5) factors, including:

2. *The present and probable need for public facilities and services in the area;*
3. *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and*
5. *the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

REGIONAL OVERVIEW

Overall, agencies in the West Region are providing adequate services to their residents and customers. In general, agencies report they have the resources to maintain current levels of service, although many also indicated some concern about their levels of staffing. Wastewater infrastructure is generally sufficient for current demand, but agencies across the Region will need improvements to meet growth. There are very few service areas where there are any ongoing issues or disputes between agencies.

This section of the report discusses the major public services provided by the agencies in the West Region and their capacity to deliver those services with the existing staff and public facilities.

LAW ENFORCEMENT

The Orange County Sheriff's Department ("OCSD") provides law enforcement services to one city in the Region, the City of Stanton. All other agencies in the West Region staff their own police departments.

The agencies generally reported no issues or concerns relating to the quality or adequacy of law enforcement services in the Region, other than the following:

- Three cities, Cypress, Buena Park, and Westminster, indicated they could benefit from additional police officers. Westminster staff noted that additional police officers would allow them to meet minimum staffing levels without mandates in overtime.
- The City of Stanton expressed concern about rising costs in its contracted public safety costs, particularly regarding OCSD. Stanton is expecting a significant increase in OCSD contract costs in fiscal year 2023-24 due to ongoing labor negotiations between the County and the labor bargaining units. Since contract cities are not a part of labor negotiations, they cannot control or provide direct input on decisions that result in expenditure increases. For example, the cost of the body-worn camera program is a concern for the City, as this program added \$300,000 of new costs in 2022-23. The City expects the cost for this program to grow as it is fully implemented and fully staffed. At this time, however, Stanton is not considering law enforcement alternatives to OCSD.

FIRE PROTECTION AND EMERGENCY MEDICAL

The Orange County Fire Authority ("OCFA") provides fire protection and emergency medical services to all cities in the West Region except for the City of Fountain Valley, which provides fire protection and emergency medical services to its residents through the Fountain Valley Fire Department.

OCFA formed originally as a department of the County in 1980. The department was governed by the County Board of Supervisors at that time. However, as the County expanded and more cities incorporated, local residents and governments requested more input in how the department was run. OCFA was organized into a JPA on March 1, 1995 and has since expanded to include 23 cities, 78 fire stations, and 2 million residents. The OCFA Board of Directors includes a councilmember from each member city along with two County Supervisors. Member cities have two membership options: one is to join as a Structural Fire Fund member and pay for service through a portion of property taxes; the other option is to join as a Cash Contract City and pay for services on an agreed-upon schedule.

The City of Stanton expressed concern about rising costs for the contracted services with OCFA but is not considering alternatives to OCFA at this time for fire protection and emergency medical service.

Agencies reported no complaints regarding fire protection and emergency medical services in their jurisdictions, nor any concerns about adequacy of service or capacity.

WATER SERVICES

Retail water services in the West Region are largely provided by the cities to their own residents. Water infrastructure, including water mains and pumps, was generally built between the 1950s and 1970s.

Wholesale water service within the West Region is provide by the Municipal Water District of Orange County ("MWDOC"). MWDOC was fomed in 1951 to import wholesale water from the Metropolitan Water District of Southern California. Governed by a seven-member board, the district's countywide service area includes fourteen cities, thirteen special districts and one private water agency. In addition to wholesale water services, MWDOC also provides other water resources and programs within the West Region that includes planning efforts in water supply development, water use efficiency, and water education and emergency preparedness.

Groundwater service within the West Region is provided by the Orange County Water District ("OCWD"). Formed in 1933, OCWD was established by the State Legislature to protect Orange County's water rights for the Santa Ana River and to manager the groundwater basin that underlie northern and central Orange County. The district is governed by a 10-member board representative of groundwater producers that include thirteen cities, five special districts, and one private water agency. The OCWD board is charged with implementing policies that foster sound management of the groundwater basin, including providing adequate, reliable, high-quality water supply at the lowest reasonable cost and in an environmentally responsible manner.

Table 6 presents an inventory of the water infrastructure providers in the West Region.

Table 6: Local Retail Water Providers in the West Region

City of Buena Park	
Service Area	City of Buena Park
Average Age of Infrastructure	60 Years
Number of Wells	8
Number of Water Connections	19,391
Miles of Infrastructure	236
City of Fountain Valley	
Service Area	City of Fountain Valley
Average Age of Infrastructure	60-70 Years
Number of Water Connections	17,171
Miles of Infrastructure	205
City of Garden Grove	
Service Area	City of Garden Grove
Average Age of Infrastructure	40-60 Years
Number of Wells	13
Number of Municipal Water Connections	34,080
Miles of Infrastructure	436
City of La Palma	
Service Area	City of La Palma
Average Age of Infrastructure	50 Years
Number of Wells	2
Number of Water Connections	4,373
Miles of Infrastructure	39.7

City of Westminster	
Service Area	City of Westminster
Average Age of Infrastructure	65-70 Years
Number of Wells	9
Number of Water Connections	20,755
Miles of Infrastructure	258.5
Golden State Water	
Service Area	City of Cypress, City of Stanton, City of Los Alamitos, and portions of Seal Beach, Garden Grove, and La Palma
Average Age of Infrastructure	52 Years
Number of Wells	14
Number of Municipal Water Connections	27,643
Water Mutuals	
Eastside Water Association Company	Water service to 285 single-family properties, 31 multi-family properties, and 16 commercial properties in a portion of the Bolsa/Midway unincorporated area within the City of Westminster's SOI.
Hynes State Mutual Water Company	Water service to 42 single-family properties in a portion of the Dale/Augusta unincorporated area within the City of Stanton's SOI.
Midway City Mutual Water Company	Water service to 76 single-family residences, 101 multi-family properties, and 21 commercial properties in a portion of the Bolsa/Midway unincorporated area within the City of Westminster's SOI.
South Midway Mutual Water Company	Water service to 14 single-family properties, 14 multi-family properties, and 27 commercial properties in a portion of the Bolsa/Midway unincorporated area within the City of Westminster's SOI.

No agencies expressed concern about their ability to continue providing adequate water services. However, many agencies noted that state regulations involving perfluorooctane sulfonic acid (PFOS) will cause an increase in costs to the water systems. These agencies are in the process of studying, or commissioning a study, to understand the magnitude of additional costs, and how fees will need to increase to accommodate the costs. Garden Grove noted that the Orange County Water District is financing the cost of its PFOS treatment infrastructure.

Following are specific individual agency findings:

- The City of Buena Park provides water utilities to some addresses in the City of Anaheim. The City directly bills those residents for the water utility but does not have a specific agreement with Anaheim for this service, nor does it bill Anaheim for those services. The City did not express any concern about this arrangement.
- The City of La Palma provides water services to 62 households in the City of Cerritos, to the west of La Palma. The two cities have a boundary that crosses over Coyote Creek at different points, so it is easier for the residents on the eastern La Palma side of the creek to receive water service from La Palma.
- The City of Westminster provides water services to some parts of the City of Garden Grove that do not have water lines connected to the Garden Grove system. The cities do not have a formal agreement, and Westminster bills residents accordingly.

- Westminster needs to upgrade its water mains from four-inch water mains to six-inch water mains. The City has a water-specific CIP which includes funding for upgrades, and which allocated \$2.5 million to water infrastructure in 2021-22.
- Four water mutuals provide water services to single-family, multi-family, and commercial properties in unincorporated areas located within the SOIs of the cities of Stanton and Westminster. The water mutuals' infrastructure was not reviewed during this MSR but should be reviewed in concert with the potential annexation of these areas to their respective adjacent cities.

WASTEWATER, STORMWATER, SOLID WASTE

Overall, the agencies in the West Region have the capacity to continue to provide local wastewater, stormwater, and solid waste services to current residents at current levels of service. Similarly, to water infrastructure, wastewater infrastructure was generally built between the 1950s and 1970s in the West Region agencies.

All of the cities in the West region are part of the Orange County Sanitation District, which is responsible for regional wastewater collection, treatment and disposal services within central and northwest Orange County. The District is governed by a 25-member board representative of 20 cities, four special districts and the County of Orange.

Table 7 provides an inventory of the infrastructure that is part of the OC Sanitation District.

Table 7: OC Sanitation District Infrastructure

OC Sanitation District	
Service Area	Entire West Region
Miles of Regional Pipelines	386
Miles of Local Pipelines	1.2
Number of Pump Stations	15
Number of Treatment Plants	2

Table 8 provides an inventory of the local wastewater infrastructure in the West Region.

Table 8: Local Wastewater Service Providers

City of Buena Park	
Wastewater Service Provider	City of Buena Park
Average Age of Infrastructure	60 Years
Number of Manholes	3,400
Miles of Infrastructure	200
City of Cypress	
Wastewater Service Provider	City of Cypress
Average Age of Infrastructure	60 Years
Number of Lift Stations	1
Number of Manholes	2,350
Miles of Infrastructure	101

City of Fountain Valley	
Wastewater Service Provider	City of Fountain Valley
Average Age of Infrastructure	60-70 Years
Number of Lift Stations	1
Number of Manholes	2,650
Miles of Infrastructure	138
City of Garden Grove	
Wastewater Service Provider	Garden Grove Sanitary District
Average Age of Infrastructure	40-60 Years
Number of Lift Stations	4
Number of Manholes	9,700
Miles of Infrastructure	312
City of La Palma	
Wastewater Service Provider	City of La Palma
Average Age of Infrastructure	50 Years
Number of Manholes	675
Miles of Infrastructure	30
City of Stanton	
Wastewater Service Provider	City of Stanton
Average Age of Infrastructure	70 Years
Number of Lift Stations	1
Number of Manholes	1,177
Miles of Infrastructure	50.4
City of Westminster	
Wastewater Service Provider	Midway City Sanitary District ¹²
Average Age of Infrastructure	60 Years
Number of Lift Stations	4
Number of Manholes	3,399
Miles of Infrastructure	170.12

Although populations in the West Region are projected to decline over the next decades, agencies with more limited sewer systems expressed concern that if populations in fact increase, their sewer systems could rapidly reach capacity. In general, staff from each of the agencies expect that their respective infrastructure improvements will likely be financed through development impact fees or be required directly of developers. Agencies are planning for improvements through their Capital Improvement Programs (CIPs) which are generally available on their websites.

Following are specific individual agency findings:

- The City of Buena Park provides sewer utilities to some addresses in Anaheim. The City directly bills those residents for the sewer utility but does not have a specific agreement with Anaheim for this service nor does it bill Anaheim for those services. The City did not express any concern about this arrangement.
- Some areas of Garden Grove's sewer system have reached capacity, although the sewer system as a whole is not limited. The recent increase in accessory dwelling units (ADUs) was noted by staff as one factor straining the system. As a result, since new development

¹² Midway City Sanitary District's service area includes portions of unincorporated Midway City. Its infrastructure documents only have information about the service area as a whole.

in these areas cannot increase sewer capacity, the City is limited to redevelopment in those areas. This means that new construction cannot create new developments which will require more sewer capacity, and instead can only redevelop existing structures which will not increase capacity. However, other areas of the City that are zoned for higher density have the sewer capacity to absorb more new development. The City is working to eliminate deficiency areas and evaluate solutions. The City expects that development impact fees will help pay for improvements to the sewer system and is planning for improvements through its Five-Year CIP, which is included in its budget. The City plans to spend approximately \$30 million on sewer improvements over the next five years.

- The Garden Grove Sanitary District's sewer system is connected with the City of Anaheim. Anaheim occasionally discharges sewage into Garden Grove's system. The cities do not have an agreement in place to regulate the discharge. These discharges do not occur in the part of the District that has restricted capacity.
- La Palma's sewer system is near capacity and additional development will require infrastructure improvements. These improvements will be financed with development impact fees or be required of developers. The City is also planning for improvements to its sewer infrastructure through its Five-Year CIP, which allocates \$2.4 million to sewer improvements over the next five years.
- Midway City Sanitary District is currently in the process of updating its sewer system master plan. Their system has current capacity, but staff wants to better understand what will be required in the future.
- Stanton is currently in the process of updating its sewer master plan and they anticipate updating their drainage master plan in the next few years. The City will be conducting a new sewer rate study after the sewer master plan update is completed.
- Westminster's storm drain infrastructure is approximately 50 years old on average and the metal pipes have become corrugated in some areas, necessitating some minor improvements. The City plans to line these pipes instead of replacing them in their entirety. The infrastructure improvements are included in the CIP and will be funded through Measure M. The City allocated \$200,000 to storm drain improvements in 2021-22.
- Westminster has expressed interest to Midway City Sanitary District about the District taking on nuisance abatement responsibilities, presumably with regard to illegal dumping and disposal. This is not currently in the scope of the District's work, nor is it allowed under the Principal Act. In order to amend the District's authority to provide these services, the District will need to seek a change to its Principal Act via a legislative proposal.

OTHER PUBLIC WORKS (ELECTRIC, LIGHTING, UTILITIES, STREETS/ROAD MAINTENANCE)

Lighting services are provided to each city or agency by their own Public Works department and by Southern California Edison ("SCE"). The agencies did not report any issues with lighting services.

Electricity and gas services are generally provided to West Region agencies by SCE and Southern California Gas ("SoCal Gas"). The agencies did not report any issues with these utility providers.

Streets and road maintenance services are provided to the cities by their own Public Works departments. The cities did not report any problems and expect to be able to continue to provide this service at current levels, and plan for improvements in their CIPs.

La Palma noted that a major accomplishment in their capital improvement plan over the past ten years has been the complete rehabilitation of all residential and arterial streets in the City.

PARKS, RECREATION AND OPEN SPACE

Parks and Recreation services in the West Region agencies are provided by city departments, except in the City of Cypress. Park and Recreation services are provided to Cypress residents by the Cypress Recreation and Parks District, a dependent special district.

The West Region agencies reported that they have the capacity to continue to provide these services at current levels.

LIBRARY SERVICES

All agencies except Buena Park are serviced by the Orange County Public Library (OCPL) system. The agencies expressed satisfaction with the services provided by OCPL and expect that OCPL will continue to provide library services.

The Buena Park Library District services the City of Buena Park, although anyone who is a California resident is able to obtain a District library card. District staff expressed confidence that it has the capacity to serve expected population increases within their boundaries, both through their large physical facilities and their robust selection of digital library services.

ANIMAL CONTROL

Several organizations provide animal control services in the West Region. The list below includes the respective organizations in charge of animal control and the cities they serve:

Animal Control Provider	City Served
Orange County Animal Care	Cypress, Fountain Valley
Southeast Area Animal Control Authority	Buena Park, La Palma
City of Garden Grove	Garden Grove
City of Westminster	Stanton, Westminster

All West Region cities expressed that they have the funding available to either contract with a service provider for animal control services or provide the services themselves at current levels.

CODE ENFORCEMENT

All West Region agencies expressed that they had the capacity to handle code enforcement services at current levels. Each city in the region provides this service within its boundary and the County provides the service within unincorporated areas.

As noted above under Wastewater, Stormwater and Solid Waste, the City of Westminster has inquired if the Midway City Sanitary District could assume responsibility for nuisance abatement. The District will need to explore the legal requirements and action needed that would authorize Midway City Sanitary District to provide nuisance abatement services. This may require special legislation and/or authorization through OC LAFCO.

VIII. FINANCIAL ABILITY TO PROVIDE SERVICES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

4. Financial ability of agencies to provide services.

The development of the Fiscal Indicators web-based program (formerly fiscal trends) began in 2008. The intent of the program began with the opportunity to generally compare the performance of Orange County local agencies performance, and ultimately became a resource for the Commission in the preparation of MSRs through the housing of accurate and meaningful data. Since that time, the web-program has experienced functional improvements and structure enhancements that assist in evaluating the efficiency and effectiveness of municipal service delivery in Orange County. More recently, the Fiscal Indicators have been simplified while maintaining the goal of its effectiveness as one of OC LAFCO's livable and ongoing resources.

The West MSR process included the gathering of data needed for the Fiscal Indicators and was discussed with the agencies of the West region. More details on each of the indicators is provided in the next section of the report as well as the performance of each agency relative to the indicators.

OC LAFCO FISCAL INDICATORS

Fiscal indicators help measure and describe prospects for fiscal health. Indicators can flag trends that warrant further evaluation and planning to avoid potential service reductions and declining reserves. The OC LAFCO Fiscal Indicators are based on the State of California Auditor's indicators of cities' fiscal risk.¹³ Multi-year trends in growth (or decline) of agency operating revenues and expenditures, and levels of reserves, are adapted and applied to agencies in Orange County. Agency annual financial reports provide the source data for three key indicators used by OC LAFCO and further described below:

- **Annual Change in Revenues** compares revenue growth over multiple years to long-term inflation (historically about 2-3%) – Low revenue growth below inflation indicates a potential long-term problem keeping pace with inflationary cost increases. Declining revenues can be a symptom of the pandemic and/or weakening economic conditions.

Indicator	Range (Average Annual Change)
Declining Revenues	Less than 0%
Low Growth	0%-3%
Moderate Growth	3%-6%
High Growth	> 6%

- **Annual Change in Expenditures** compares expenditure growth over multiple years to long-term inflation. Expenditure growth consistently above inflation and/or above revenue growth indicates a potential structural imbalance and potential future revenue shortfalls. Excessive expenditures could require reserve drawdowns and service reductions.

¹³ See the California Auditor's "Local Government High Risk Dashboard"
https://www.auditor.ca.gov/local_high_risk/data_download

Indicator	Range (Average Annual Change)
Declining Revenues	Less than 0%
Low Growth	0%-3%
Moderate Growth	3%-6%
High Growth	> 6%

This indicator generally favors low or declining expenditures. A comparison of revenue indicators, if favorable, can help confirm that declining expenditures are a benefit and not an adverse response to weak revenues.

- Adequate Operating Reserves** are essential to manage cash flow during the year, handle contingencies and emergencies, provide a "rainy day" account for future economic downturns. Operating reserves typically provide at least two months of operating funds (i.e., 16.7% of annual expenditures). If financial audits do not distinguish operating from capital and other reserves, other metrics include total unallocated fund balances or unrestricted net position. "Cash" does not always indicate unencumbered funds available for cash flow and contingencies. Additional reserves are usually required for capital improvements, pensions, & other uses.

Reserve Indicator	Range
Low	Less than 17% of Expenditures
Moderate	17%-40% of Expenditures
High	> 40% of Expenditures

Depending on the type of agency and the timing of revenues and expenditures, higher minimum reserves may be required. Some agencies do not distinguish operating from capital and other reserves in their audit documents which may produce a "high" reserve indicator; further analysis is necessary to determine adequacy of capital reserves.

The Fiscal Indicators are intended to provide an initial review of annually reported financial data. Further in-depth analysis may be indicated to better understand the cause of financial trends and potential remedies. For example, additional research could clarify whether declining expenditures positively reflect prudent management or are the result of weak revenues. Other factors that could influence indicators include the impacts of the pandemic; the economic climate; State and Federal regulatory changes; infrastructure needs and improvements; changes in service levels and contracts; unfunded OPEB and pension obligations; development, population growth, and increased need for services.

Fiscal Indicators for West Region

The financial capacity of each agency in the West Region is generally adequate for providing services at the current levels. This MSR relies on data from the concurrent Fiscal Indicators project conducted by Berkson & Associates on behalf of OC LAFCO, which assesses the short-term financial trends of the West Region agencies. Table 9 shows a summary of each agency's trends reported by the Fiscal Indicators. Three variables (revenues, expenditures, and reserves) are measured for each West Region agency over four fiscal years (FY 17-18 through FY 20-21).

In addition, the California Auditor's "fiscal condition rank" is shown for each city.¹⁴ Cities ranked higher numerically are considered lower risk by the Auditor, with cities ranked in the 400s being the most financially sound.

Table 9: Summary of Fiscal Indicators Project and CA Auditor Rankings

West Agency	Growth of Agency...			CA Auditor
	Revenues	Expenditures	Reserves	Fiscal Condition Rank¹
Buena Park	High	Low	Moderate	227
Cypress	Low	Moderate	High	217
Fountain Valley	High	Low	Moderate	240
Garden Grove	High	Moderate	Moderate	218
La Palma	Moderate	Declining	High	301
Stanton	High	Low	High	419
Westminster	Moderate	Moderate	Moderate	104
Buena Park Library District	Declining	Declining	High	
Cypress Recreation and Park District	Declining	Declining	High	
Garden Grove Sanitary District	Low	Declining	High	
Midway City Sanitary District	Low	High	High	

¹The California Auditor fiscal condition rank is for cities only. Cities with higher numerical rankings are in the strongest financial condition.

Source: Berkson & Associates Fiscal Indicators Report, CA Auditor Local Government High Risk Dashboard FY 20-21

¹⁴ Rankings produced by the Auditor's "Local Government High Risk Dashboard."
https://www.auditor.ca.gov/local_high_risk/data_download

CITY OF BUENA PARK

The City of Buena Park experienced high revenue growth and low expenditure growth from FY 2018-19 through 2020-21. The City's net revenues remained positive through all three examined years. The largest expenditure for Buena Park was public protection, including police and fire. The City has maintained moderate reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$49,577,321	\$46,894,636	\$58,023,663
License and Permits	\$516,759	\$538,181	\$ 673,165
Fines and Forfeitures	\$928,613	\$858,507	\$546,376
Intergovernmental	\$9,333,414	\$10,633,027	\$14,417,958
Charges for Services	\$7,261,736	\$7,232,711	\$6,637,886
Investment Income	\$1,409,690	\$1,411,513	\$474,861
Miscellaneous	\$1,215,280	\$1,021,520	\$388,504
Total Revenues	\$70,242,813	\$68,590,095	\$81,162,413
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$7,199,474	\$7,574,842	\$6,846,180
Leisure	\$3,183,481	\$3,137,248	\$2,959,043
Health	\$3,161,026	\$3,313,758	\$5,951,359
Transportation	\$4,446,835	\$4,609,951	\$4,860,931
Public Protection	\$37,281,325	\$39,776,278	\$41,259,476
Development	\$2,239,213	\$2,178,313	\$1,932,985
Environmental	\$3,343,164	\$3,488,963	\$3,528,607
Total Expenses	\$62,050,787	\$66,052,813	\$67,620,788
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$8,192,026	\$2,537,282	\$13,541,625
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-End Reserve Balance¹⁵	\$14,500,000	\$14,400,000	\$26,900,000

¹⁵ Audited Financial Statements

BUENA PARK LIBRARY DISTRICT

The Buena Park Library District experienced declining revenues and declining expenditures from FY 2018-19 through 2020-21. This is in large part due to the impact of the pandemic on library services. A majority of the decline in revenues came from property taxes. Net revenues for the District were negative in FY 2018-19 but rose in FY 2019-20 and FY 2020-21. The District maintained high reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Charges for Services	\$464,119	\$289,866	\$105,480
Operating Grants and Contributions	\$47,997	\$19,865	\$1,409,455
Property Taxes	\$3,362,393	\$3,470,876	\$2,096,550
Interest Earnings	\$88,010	\$87,365	\$38,866
Other	\$6,433	\$2,206	\$2,774
Total Revenues	\$3,968,952	\$3,870,178	\$3,653,125
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Salaries and Benefits	\$3,025,087	\$2,427,798	\$1,890,513
Material and Services	\$605,829	\$523,612	\$623,450
Facilities	\$82,250	\$47,695	\$56,210
Capital Outlay	\$705,634	\$51,896	\$168,263
Total Expenses	\$4,418,800	\$3,051,001	\$2,738,436
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	(\$449,848)	\$819,177	\$914,689
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-End Reserve Balance¹⁶	\$6,228,031	\$7,070,718	\$7,985,015

¹⁶ Audited Financial Statements

CITY OF CYPRESS

The City of Cypress experienced low revenue growth and moderate expenditure growth from FY 2018-19 through 2020-21. Net revenues declined over the focus period for Cypress but remained positive in each year examined. The largest decline in revenues came from use of property income. The City maintained high reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$29,287,259	\$29,444,310	\$28,546,341
License and Permits	\$806,907	\$628,630	\$884,938
Fines and Forfeitures	\$242,029	\$191,122	\$257,141
From Use of Property	\$3,014,598	\$1,428,560	(\$547,569)
From Other Agencies	\$268,778	\$2,086,190	\$240,412
Charges of Services	\$2,635,266	\$2,536,320	\$3,481,808
Other Revenues	\$436,757	\$196,465	\$419,100
Total Revenues	\$36,691,594	\$36,315,132	\$33,282,171
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$4,131,110	\$5,206,978	\$5,291,414
Community Development	\$2,018,319	\$1,680,340	\$1,852,108
Public Safety	\$15,967,074	\$17,035,531	\$17,222,083
Public Works	\$5,197,333	\$5,428,655	\$5,869,347
Total Expenses	\$27,313,836	\$29,351,504	\$30,234,952
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$9,377,758	\$6,963,628	\$3,047,219
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-End Reserve Balance¹⁷	\$13,827,127	\$14,086,964	\$15,425,574

¹⁷ Audited Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

The Cypress Recreation and Park District experienced declining revenues and declining expenditures from FY 2018-19 through 2020-21. Despite this, the District saw net revenues remain positive in each year examined. Charges for services saw the largest decline in the revenue categories. The District maintained high reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$5,435,431	\$5,958,510	\$5,958,451
From Other Agencies	\$88,955	\$54,498	\$32,300
Charges for Services	\$1,573,812	\$462,268	\$468,056
From Use of Property	\$468,158	\$414,657	\$101,042
Other Revenue	\$9,763	\$3,649	\$4,938
Total Revenues	\$7,576,119	\$6,893,582	\$6,564,787
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Parks and Recreation	\$4,158,365	\$3,945,307	\$4,181,888
Contribution to City for Infrastructure Set-aside	\$648,208	\$1,000,570	\$845,780
Total Expenses	\$4,806,573	\$4,945,877	\$5,027,668
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$2,769,546	\$1,962,185	\$1,537,119
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance¹⁸	\$3,000,000	\$3,000,000	\$3,000,000

¹⁸ Audited Financial Statements

CITY OF FOUNTAIN VALLEY

The City of Fountain Valley experienced high revenue growth and low expenditure growth from FY 2018-19 through 2020-21. Net revenues for Fountain Valley were positive in every year analyzed, rising to a three year high in FY 2020-21. Public safety is the City's largest expenditure category. The City maintained moderate reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$49,916,411	\$48,327,410	\$52,295,198
License and Permits	\$1,988,757	\$1,850,421	\$2,140,736
Fines and Penalties	\$651,129	\$616,823	\$645,037
Investment Income	\$1,830,558	\$2,034,318	\$1,873,429
Rental Income	\$1,145,604	\$1,019,228	\$660,239
Intergovernmental	\$848,549	\$1,284,759	\$3,136,690
Charges of Services	\$2,693,580	\$2,360,050	\$5,292,019
Miscellaneous	\$2,306,085	\$969,699	\$4,454,839
Total Revenues	\$61,380,673	\$58,462,708	\$70,498,187
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$3,679,299	\$3,540,459	\$4,907,222
Public Safety	\$32,243,256	\$35,717,263	\$35,461,178
Transportation	\$5,906,522	\$5,959,953	\$6,204,668
Community Development	\$3,612,354	\$3,905,317	\$4,706,189
Community Services	\$3,200,064	\$2,667,059	\$2,297,529
Capital Outlay	\$5,334,362	\$2,300,589	\$3,291,120
Debt Service	\$515,669	\$575,669	\$634,768
Total Expenses	\$54,491,526	\$54,666,39	\$57,502,674
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$6,889,147	\$3,769,399	\$12,995,513
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance¹⁹	\$14,702,412	\$14,203,760	\$16,130,504

¹⁹ Audited Financial Statements

CITY OF GARDEN GROVE

The City of Garden Grove experienced high revenue growth and moderate expenditure growth from FY 2018-19 through 2020-21. The City has the largest budget of all agencies in the West region. Net revenues were positive in every year examined, nearly doubling from FY 2019-20 to FY 2020-21. Fire and police expenditures make up more than a majority of the City's costs. The City maintained moderate reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$110,241,920	\$116,998,382	\$116,343,879
License and Permits	\$2,565,448	\$2,576,315	\$2,371,876
Fines, Forfeits, and Penalties	\$1,644,738	\$2,192,274	\$2,120,682
Investment Earnings	\$3,415,620	\$4,983,917	\$19,190
Charges for Current Services	\$7,922,150	\$6,850,280	\$7,938,035
From Other Agencies	\$207,216	\$2,199,652	\$27,210,933
Other Revenues	\$3,841,818	\$4,326,611	\$2,427,898
Total Revenues	\$129,838,910	\$140,127,431	\$158,432,493
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Fire	\$24,308,795	\$27,974,934	\$28,470,151
Police	\$55,016,027	\$63,561,473	\$65,733,881
Traffic Safety	\$2,174,167	\$2,444,723	\$2,702,044
Public Right of Way	\$4,868,558	\$5,425,625	\$4,741,813
Community Building	\$5,853,353	\$2,780,717	\$3,163,726
Community Services	\$2,734,079	\$4,334,159	\$3,867,459
Economic Development	\$884,492	\$1,146,165	\$2,236,894
Parks and Greenbelts	\$1,200,071	\$1,335,268	\$1,348,492
Community Planning and Development	\$5,789,426	\$6,055,605	\$6,440,473
Municipal Support	\$8,210,024	\$8,220,207	\$8,572,019
Debt Service	\$1,643,892	\$1,631,829	\$1,605,604
Total Expenses	\$112,682,884	\$124,910,705	\$128,882,556
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$17,156,026	\$15,216,726	\$29,549,937
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²⁰	\$47,448,000	\$22,500,000	\$22,500,000

²⁰ Audited Financial Statements

GARDEN GROVE SANITARY DISTRICT

The Garden Grove Sanitary District experienced low revenue growth and declining expenditures from FY 2018-19 through 2020-21. Net revenues were positive in each year analyzed. The District maintained high reserves over the same time period. Reserves declined slightly from FY 2018-19 to FY 2020-21 but never dropped below \$30 million.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Business-Type Activities: Sanitary District	\$14,002,000	\$14,413,000	\$13,959,000
Total Revenues	\$14,002,000	\$14,413,000	\$13,959,000
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Sanitary District	\$9,554,000	\$9,509,000	\$8,984,000
Total Expenses	\$9,554,000	\$9,509,000	\$8,984,000
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$4,448,000	\$4,904,000	\$4,975,000
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²¹	\$33,474,200	\$31,435,300	\$30,630,700

²¹ Audited Financial Statements

CITY OF LA PALMA

The City of La Palma experienced moderate revenue growth and declining expenditures from FY 2018-19 through 2020-21. Net revenues for La Palma were positive in each year examined. The City received the most revenue growth from intergovernmental income. Public safety expenses represent a plurality of the City's costs but unlike other cities in the West region, they do not make up a majority. The City maintained high reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$10,006,044	\$9,265,156	\$9,877,128
Intergovernmental	\$38,885	\$271,900	\$2,537,017
Licenses and Permits	\$366,063	\$410,233	\$407,482
Fines and Forfeitures	\$83,110	\$91,382	\$73,819
Investment Income	\$318,956	\$422,850	\$20,477
Charges for Services	\$495,742	\$355,616	\$224,124
Rental Income	\$453,990	\$428,492	\$482,788
Miscellaneous	\$295,041	\$316,023	\$214,460
Total Revenues	\$12,057,831	\$11,561,652	\$13,837,295
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$3,573,688	\$3,610,483	\$3,871,663
Public Safety	\$4,726,275	\$4,831,182	\$4,801,184
Public Works	\$849,945	\$866,628	\$1,087,552
Recreation	\$1,108,800	\$971,741	\$851,738
Community Development	\$407,028	\$513,492	\$868,442
Capital Outlay	\$51,402	\$27,773	\$99,293
Total Expenses	\$10,717,138	\$10,821,299	\$11,579,872
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$1,340,693	\$740,353	\$2,257,423
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²²	\$9,274,649	\$9,106,453	\$10,980,774

²² Audited Financial Statements

CITY OF STANTON

The City of Stanton experienced high revenue growth and low expenditure growth from FY 2018-19 through 2020-21. Net revenues were negative in FY 2018-19 but returned to positive in FY 2019-20 and 2020-21. The negative net revenues were due to higher than normal public safety costs. The City received the most revenue growth from the taxes and assessments, and license and permits categories. The City maintained high reserves over the same time period.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes and Assessments	\$18,587,872	\$19,320,175	\$21,190,671
License and Permits	\$714,474	\$1,132,116	\$2,091,517
Intergovernmental	\$213,779	\$580,712	\$379,318
Charges for Services	\$2,287,491	\$2,387,016	\$2,821,788
Fines and Forfeitures	\$410,443	\$411,644	\$524,705
Investment Income	\$1,367,013	\$944,835	\$115,620
Rental Income	\$146,859	\$83,917	\$16,031
Miscellaneous	\$223,116	\$39,906	\$37,096
Total Revenues	\$23,951,047	\$24,900,321	\$27,176,746
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$2,605,958	\$2,608,693	\$3,871,663
Public Safety	\$21,045,792	\$16,442,975	\$16,279,119
Community Development	-	\$1,537,183	\$2,218,329
Public Works	-	\$519,900	\$1,094,809
Urban Development	\$1,351,099	-	-
Highways and Streets	\$513,569	-	-
Culture and Reaction	\$1,169,641	\$1,142,151	\$1,290,831
Capital Outlay	\$10,435	\$907,748	\$71,505
Total Expenses	\$26,696,494	\$23,158,650	\$24,141,256
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	(\$2,745,447)	\$1,741,671	\$3,035,490
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²³	\$3,509,177	\$10,277,670	\$12,691,577

²³ Audited Financial Statements

CITY OF WESTMINSTER

The City of Westminster experienced moderate revenue growth and moderate expenditure growth from FY 2018-19 through 2020-21. The City maintained moderate reserves over the same time period. The City of Westminster relies heavily on revenue from Measure SS, a 1% transaction and use tax passed by City voters in 2016 which was due to sunset in December 2022. The voters overwhelmingly approved a ballot measure in November 2022 (Measure Y) that extended the tax collection for another 20 years (through 2044). This will contribute to maintaining the status quo of revenues while the City works toward closing the deficit gap. Measure Y funds are used to fund General Fund activities, including fiscal stability, public safety, and infrastructure.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$38,971,548	\$37,271,606	\$40,020,100
License and Permits	\$792,649	\$1,231,688	\$1,079,964
Fines	\$669,359	\$631,030	\$790,627
Investment and Rental	\$3,318,393	\$3,766,953	\$227,302
Intergovernmental	\$17,836,858	\$17,397,463	\$19,404,044
Charges for Services	\$4,553,697	\$5,765,885	\$5,720,551
Other	\$347,256	\$522,574	\$227,833
Total Revenues	\$66,489,760	\$66,587,199	\$67,470,421
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$4,318,001	\$6,294,179	\$6,827,320
Public Safety	\$45,519,158	\$45,936,523	\$46,924,799
Public Works	\$4,965,284	\$5,217,680	\$4,745,764
Community Development	\$2,360,254	\$2,678,430	\$3,240,923
Community Services	\$2,375,123	\$2,216,418	\$1,917,427
Capital Outlay	\$120,009	\$29,412	\$27,359
Total Expenses	\$59,657,829	\$62,372,642	\$63,683,592
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$6,831,931	\$4,214,557	\$3,786,829
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²⁴	\$13,026,119	\$16,654,740	\$21,128,660

²⁴ Audited Financial Statements

MIDWAY CITY SANITARY DISTRICT

The Midway City Sanitary District experienced low revenue growth and high expenditure growth from FY 2018-19 through 2020-21. Net revenues were positive for the District in each year examined. The top revenue category was service fee income. The District maintained high reserves over the same time period. Reserves increased notably in FY 2020-21.

General Cash Flow Detail FY 18-19 to FY 20-21			
Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Service Fees	\$6,854,444	\$6,870,735	\$6,906,376
Franchise Fees	\$1,036,264	\$1,088,185	\$1,121,793
Permit, Inspection and Connection Fees	\$121,355	\$306,678	\$113,919
Non-Operating Revenues	\$5,283,974	\$5,567,096	\$5,283,061
Total Revenues	\$13,296,037	\$13,832,694	\$13,425,149
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Solid Waste Disposal	\$3,741,915	\$4,628,976	\$4,778,400
General Administration	\$1,938,756	\$2,201,789	\$2,310,869
Sewage Collection	\$691,327	\$711,021	\$882,445
Depreciation	\$1,239,990	\$1,391,947	\$1,463,959
Total Expenses	\$7,611,988	\$8,933,733	\$9,435,673
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$5,684,049	\$4,898,961	\$3,989,476
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance²⁵	\$8,732,183	\$8,413,465	\$11,764,182

²⁵ Audited Financial Statements

IX. OPPORTUNITIES FOR SHARED FACILITIES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

5. *Status of, and opportunities for, shared facilities;*

The West Region has two sanitary districts that provide multi-jurisdictional services and are generally providing adequate services to their respective members. As previously mentioned, Westminster has inquired about whether the Midway City Sanitary District can provide nuisance abatement services. The District will need to explore the legal requirements and action needed that would authorize Midway City Sanitary District to provide nuisance abatement services. This may require special legislation and/or authorization through OC LAFCO.

None of the agencies identified any opportunities for further shared facilities in the MSR surveys or interviews.

X. ACCOUNTABILITY, GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

6. *Accountability for community service needs, including government structure and operational efficiencies.*
7. *Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

Overall, the West Region agencies implement policies and procedures that ensure transparency and accountability to the public, including appropriate elections and public notice of agency meetings and actions. Each agency has a formal governing body that is elected, and all the agencies conduct regularly scheduled public hearings. Many agencies stream their public hearings on platforms such as Zoom. All of the West Region agencies maintain websites that contain general information on City and District departments, activities, and events. Overall, agencies in the West Region function efficiently and are structurally strong.

The Cities of Buena Park and Cypress are charter cities, while Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster are general law cities. All are operating under the Council-Manager form of government whereby Council members appoint a City Manager who is responsible for both the operations of the City and for implementing policies.

The Cities of Cypress, Fountain Valley, and La Palma hold at-large elections, while Buena Park, Garden Grove, Stanton, and Westminster hold district elections. The City of La Palma will be moving to district elections in November 2024. In Buena Park, Cypress, Fountain Valley and La Palma, the Mayor is selected annually by the Council members. In Garden Grove, Stanton, and Westminster, the Mayor is elected by the voters at-large. All cities have a five-member City Council.

The Buena Park Library District is an independent special district. The five board members are independently elected for four-year terms. The Cypress Park and Recreation District is a dependent special district. The City of Cypress' Council acts as the parks district representatives.

The Garden Grove Sanitary District is a dependent special district. The City of Garden Grove's Council acts as the board of the special district. Midway City Sanitary District is an independent special district. The five board members are independently elected for four-year terms.

No additional matters related to effective and efficient service delivery have been identified for review in this MSR by OCLAFCO or the West Region agencies.

MSR 22-09

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA**

**MAKING DETERMINATIONS AND APPROVING THE
MUNICIPAL SERVICE REVIEW FOR THE FOLLOWING CITIES AND SPECIAL
DISTRICTS IN THE WEST REGION:**

CITIES

**BUENA PARK, CYPRESS, FOUNTAIN VALLEY, GARDEN GROVE, LA PALMA, STANTON,
AND WESTMINSTER.**

SPECIAL DISTRICTS

**BUENA PARK LIBRARY DISTRICT, CYPRESS RECREATION AND PARK DISTRICT, GARDEN
GROVE SANITARY DISTRICT, AND MIDWAY CITY SANITARY DISTRICT**

August 9, 2023

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence, the Commission shall conduct Municipal Service Reviews (MSRs) prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Local Agency Formation Commission of Orange County (OC LAFCO) has completed three previous cycles of MSRs, and has prepared an MSR for the West Region that includes the following cities: Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster to address the seven MSR determinations; and

WHEREAS, the Local Agency Formation Commission of Orange County (OC LAFCO) has completed three previous cycles of MSRs, and has prepared an MSR for the West Region that includes the following special districts: Buena Park Library District, Cypress Recreation and Park

District, Garden Grove Sanitary District, and Midway City Sanitary District to address the seven MSR determinations; and

WHEREAS, the report identified in this Resolution (MSR 22-09) contains a statement of determinations as required by California Government Code Section 56430 for the municipal services provided by cities and special districts identified within this resolution; and

WHEREAS, copies of the MSR report and Statement of Determinations in this Resolution are available for public review in the OC LAFCO offices and on the OC LAFCO website; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set August 9, 2023 as the hearing date on this MSR report and Statement of Determinations and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, has prepared a report, including her recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the report consists of the adoption of the MSR Statement of Determinations for the cities and special districts identified in this Resolution; and

WHEREAS, this Commission called for and held a public hearing on the MSR report and Statement of Determinations on August 9, 2023, and at the hearing this Commission heard and received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this MSR and the report of the Executive Officer; and

WHEREAS, pursuant to the California Environmental Quality Act, the MSR for the West Region was determined to be exempt from CEQA under State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County (OC LAFCO) DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions.

- a) The “Municipal Service Review for the West Region (MSR 22-09)” together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California

Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.

- b) The Commission directs the Executive Officer to file a Notice of Exemption, shown as “Exhibit 1,” with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation: “Municipal Service Review for the West Region (MSR 22-09).”
- b) The Executive Officer’s staff report and recommendation for the approval of the MSR for the West Region, dated August 9, 2023, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the West Region, shown as “Exhibit 1A.”

Section 3. Mail Copy of Resolution.

The Executive Officer shall mail a copy of this Resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the offices of OC LAFCO. The custodian for these records is Orange County Local Agency Formation Commission, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

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 August 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of August 2023.

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

By: _____
Douglass Davert

EXHIBIT: 1

NOTICE OF EXEMPTION

TO:	FROM: (Public Agency)	Local Agency Formation Commission of Orange County (Lead Agency)
<input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044		
<input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 601 N. Ross Street Santa Ana, CA 92701	Address	2677 North Main Street Suite 1050 Santa Ana, CA 92705
1. Project Title:	"Municipal Service Review for the West Region (MSR 22-09)"	
2. Project Applicant:	Local Agency Formation Commission of Orange County	
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	The project area encompasses the city boundaries of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, and portions of unincorporated Orange County.	
4. (a) Project Location – Cities and Special Districts	The project area encompasses the cities of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, portions of unincorporated Orange County, and the service boundaries of Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District.	
(b) Project Location – County	Orange	
5. Description of nature, purpose, and beneficiaries of Project:	Conduct a review of the municipal services provided by the cities of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District and within portions of unincorporated Orange County.	
6. Name of Public Agency approving project:	Local Agency Formation Commission of Orange County	
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Local Agency Formation Commission of Orange County	
8. Exempt status: (check one)		
(a) <input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)	

(b)	<input type="checkbox"/>	Not a project.	
(c)	<input type="checkbox"/>	Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
(d)	<input type="checkbox"/>	Categorical Exemption.	One single-family residence, or second dwelling unit in residential zone.
		State type and section number:	Class 3 § 15303(a)
(e)	<input type="checkbox"/>	Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f)	<input checked="" type="checkbox"/>	Statutory Exemption.	CEQA Guidelines §15262
		State Code section number:	(Feasibility and Planning Studies)
(g)	<input type="checkbox"/>	Other. Explanation:	
9.	Reason why project was exempt:		The Municipal Service Review and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10.	Lead Agency Contact Person:		Luis Tapia, Assistant Executive Officer
	Telephone:		(714) 640-5100
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.		
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
	If yes, the date of the public hearing was: August 9, 2023		

Signature: _____ Date: _____ Title: Executive Officer

Name:

Signed by Lead Agency Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code. Reference: Sections 21108, 21152, and 21152.1, Public Resources Code

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the West Region**

DETERMINATION 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

Within the West Region there is limited potential for population and housing growth due to the existing buildout and geography. Population and housing projections through 2027 show the agencies will experience a decline in population and housing growth.

DETERMINATION 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

There are five disadvantaged unincorporated communities (DUCs) within the West Region. The DUCs are located adjacent and within the sphere of influence (SOI) of the cities of Stanton and Westminster and include residential, commercial, industrial, and recreational land use. The DUCs adjacent to the City of Stanton receive wastewater services from the Garden Grove Sanitary District and water services from Golden State Water Company and the Hynes Estate Mutual Water Company. The DUCs adjacent to the City of Westminster receive wastewater services from the Midway City Sanitary District and water services from Westminster, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The City of Westminster is currently studying the feasibility of annexing the four unincorporated islands within its SOI. The DUCs also receive general municipal services from the County of Orange and are within the service boundaries of the Orange County Sanitation District (OC SAN) and the Municipal Water District of Orange County (MWDOC), which provide regional wastewater services and wholesale water services, respectively.

DETERMINATION 3: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES INCLUDING NEEDS OR DEFICIENCIES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, AND STRUCTURAL FIRE PROTECTION IN ANY DISADVANTAGED, UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

The agencies within the region and the County of Orange are providing adequate law enforcement, fire, water, wastewater, public works, parks and recreation, library, animal control, and code enforcement services to their residents and customers. Agencies serving the region have the resources to maintain current levels of service and to meet expected demands in the future, although several agencies noted concern about their ability to attract and retain desired staff levels in a competitive labor market. Wastewater infrastructure needs improvement across the region but is generally adequate to meet the current demands of residents. Agencies are planning for improvements to the infrastructure in their Capital Improvement Programs ("CIP") and their Urban Water Management Plans and have identified respective funding sources.

One of the nine unincorporated areas in the West Region is served by Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The area includes portions of the Bolsa/Midway unincorporated area and is located within the City of Westminster's SOI. The capacity and adequacy of the water infrastructure maintained by these

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the West Region MSR**

water mutuals were not assessed during this MSR process; however should be reviewed during the City's exploration of potential annexation of the island.

DETERMINATION 4: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES.

The agencies in the West Region have the financial ability to maintain their current service levels. However, the City of Cypress and City of Stanton expressed concerns about the rising cost of public safety, although neither city plans to change their current contracts with the service provider.

OC LAFCO's fiscal indicators generally indicate declining, low, moderate and high expenditures and moderate and high reserve balances for the agencies within the West Region.

DETERMINATION 5: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

The cities of Westminster and Stanton participate in a joint arrangement for animal control services. Westminster provides pet licensing, animal cruelty investigations, and pickup of deceased animals to Stanton.

Agencies within the West did not express a desire for further shared facilities, nor did RSG identify potential opportunities for additional shared facilities during this review.

DETERMINATION 6: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

Agencies in the West implement policies and procedures that ensure transparency and accountability to the public, including public notice of City Council and District Board meetings and actions and regular elections. All agencies have websites and social media which provide information about their meetings, including ways to access the meetings virtually.

The Cities of Buena Park and Cypress are charter cities, while Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster are general law cities. The Cities of Cypress, Fountain Valley, and La Palma hold at-large elections, while Buena Park, Garden Grove, Stanton, and Westminster hold district elections. La Palma will be moving to district elections in November 2024. All cities have a five-member City Council. In Buena Park, Cypress, Fountain Valley and La Palma, the Mayor is selected annually by the Council members. In Garden Grove, Stanton, and Westminster, the Mayor is elected by the voters at-large. Council members serve staggered, four-year terms. All of the cities are operating under the Council-Manager form of government.

The Buena Park Library District is an independent special district with a five-member board independently elected to four-year terms. The Cypress Park and Recreation District is a dependent special district governed by the Cypress City Council. The Garden Grove Sanitary District is a dependent special district governed by the Garden Grove City Council. Midway City Sanitary District is an independent special district with a five-member board independently elected to four-year terms.

DETERMINATION 7: ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY.

No other matters were identified during the conducting of the West Region MSR.

SOI 22-10

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA**

**MAKING DETERMINATIONS AND RECONFIRMING THE
SPHERES OF INFLUENCE FOR THE FOLLOWING CITIES AND SPECIAL DISTRICTS:**

CITIES

**BUENA PARK, CYPRESS, FOUNTAIN VALLEY, GARDEN GROVE, LA PALMA, STANTON, AND
WESTMINSTER**

SPECIAL DISTRICTS

**BUENA PARK LIBRARY DISTRICT, CYPRESS RECREATION AND PARK DISTRICT, GARDEN GROVE
SANITARY DISTRICT, AND MIDWAY CITY SANITARY DISTRICT**

August 9, 2023

On motion of Commissioner _____, duly seconded and carried, the following Resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission of Orange County (OC LAFCO) adopt Spheres of Influence (SOI) for all agencies in its jurisdiction and to review, and update as necessary, those spheres every five years; and

WHEREAS, the SOI is the primary planning tool for OC LAFCO and defines the probable physical boundaries and service area of a local agency as determined by OC LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of an SOI are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Section 56000 et seq. of the Government Code; and

WHEREAS, the California Government Code Section 56430 requires that in order to prepare and update SOIs, the Commission shall conduct Municipal Service Reviews (MSR) prior to or in conjunction with action to update or adopt an SOI; and

WHEREAS, OC LAFCO has previously reviewed and adopted SOIs for Orange County cities and special districts as required by Government Code Section 56425 and during the conducting of

ATTACHMENT 3

MSRs for Orange County cities and special districts as required by Government Code Section 56430; and

WHEREAS, on August 9, 2023, OC LAFCO adopted new MSR determinations provided within the West Region MSR for the following cities and special districts: Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, Westminster, Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District; and

WHEREAS, the information and findings contained in the MSR and SOI reviews for the cities and special districts identified in this Resolution are current and do not raise any significant service-related issues; and

WHEREAS, copies of the MSR and SOI report, SOI maps, and statement of determinations for the cities and special districts identified in this Resolution have been reviewed by the Commission and are available for public review in the OC LAFCO offices and on the OC LAFCO website; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set August 9, 2023 as the hearing date of the SOI reviews of the cities and special districts identified in this Resolution and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427 has prepared a report, including her recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the review consists of the reconfirmation of the SOIs for the following cities: Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster; and

WHEREAS, the review consists of the reconfirmation of the SOIs for the following special districts: Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District; and

WHEREAS, this Commission called for and held a public hearing on the SOI reviews for the cities and special districts identified in this Resolution on August 9, 2023, and at the hearing this Commission received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to these reviews and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this review, including but not limited to, factors specified in Government Code Sections 56425 and 56430; and

ATTACHMENT 3

WHEREAS, pursuant to the California Environmental Quality Act, the SOI reviews and reconfirmation of the existing SOIs of the cities and special districts identified in this Resolution were determined to be exempt from CEQA under State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions.

- a) The “Sphere of Influence Reviews for the West Region (SOI 22-10)” together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.
- b) The Commission directs the Executive Officer to file a Notice of Exemption, shown as “Exhibit 2,” with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation: “Sphere of Influence Reviews for the West Region (SOI 22-10).”
- b) The Executive Officer’s staff report and recommendation to reconfirm the SOIs, including the SOI maps attached as “Exhibit 2B” hereto for the cities and special districts identified in this Resolution dated August 9, 2023, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the cities and special districts identified in this Resolution, shown as “Exhibit 2A.”

Section 3. Mail Copy of Resolution.

The Executive Officer shall mail a copy of this Resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the office of OC LAFCO. The custodian for these records is Orange County Local Agency Formation Commission, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

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 August 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of August 2023.

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

By: _____
Douglass Davert

EXHIBIT: 2

NOTICE OF EXEMPTION

<p>TO:</p> <p><input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044</p>	<p>FROM: Local Agency Formation Commission of Orange County (Lead Agency)</p> <p>(Public Agency)</p>
<p><input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 601 N. Ross Street Santa Ana, CA 92701</p>	<p>Address 2677 North Main Street Suite 1050 Santa Ana, CA 92705</p>

1. Project Title:	“Sphere of Influence Reviews for the West MSR Region (SOI 21-12)”
2. Project Applicant:	Local Agency Formation Commission of Orange County
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):	The project area encompasses the city boundaries of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, and portions of unincorporated Orange County.
4. (a) Project Location – Cities and Special Districts	The project area encompasses the cities of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, portions of unincorporated Orange County, and the service boundaries of Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District.
(b) Project Location – County	Orange
5. Description of nature, purpose, and beneficiaries of Project:	Conduct SOI reviews and adopt the Statement of Determinations for the cities of Buena Park, Cypress, Fountain Valley, Garden Grove, La Palma, Stanton, and Westminster, Buena Park Library District, Cypress Recreation and Park District, Garden Grove Sanitary District, and Midway City Sanitary District.
6. Name of Public Agency approving project:	Local Agency Formation Commission of Orange County
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Local Agency Formation Commission of Orange County
8. Exempt status: (check one)	
<input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)
<input type="checkbox"/> Not a project.	

ATTACHMENT 3

<input type="checkbox"/>	Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
<input type="checkbox"/>	Categorical Exemption. State type and section number:	One single-family residence, or second dwelling unit in residential zone. Class 3 § 15303(a)
<input type="checkbox"/>	Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
<input checked="" type="checkbox"/>	Statutory Exemption. State Code section number:	CEQA Guidelines §15262 (Feasibility and Planning Studies)
<input type="checkbox"/>	Other. Explanation:	
9.	Reason why project was exempt:	The Sphere of Influence Reviews and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10.	Lead Agency Contact Person:	Luis Tapia, Assistant Executive Officer
	Telephone:	(714) 640-5100
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: August 9, 2022	

Signature: _____ Date: _____ Title: Executive Officer
Name:

Signed by Lead Agency Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the West Region

DETERMINATION 1: THE PRESENT AND PLANNED LAND USES IN THE AREA, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

Cities, special districts, and unincorporated areas within the West Region are largely built out with very little remaining open space for development. There were no significant agricultural uses identified within the West Region.

DETERMINATION 2: THE PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

Agencies in the West Region are currently providing adequate services to their residents and customers. Although the population in the Region is not projected to grow, the cities of Buena Park, La Palma, Stanton, Garden Grove Sanitary District and Midway City Sanitary District indicated the near capacity status of their respective water infrastructure, and each agency is planning capital projects to complete improvements to increase capacity of the infrastructure.

DETERMINATION 3: THE PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

The capacity of the public facilities operated by the cities and special districts in the West Region are adequate for providing services to their residents and customers. However, the cities of Buena Park, La Palma, Stanton, Garden Grove Sanitary District, and Midway City Sanitary District each noted that their wastewater infrastructure is near capacity and will require improvements to meet any growth in population and new development occurring within the next five years. Each of the agencies also indicated that the planning for this issue is being addressed through their respective Capital Improvement Plan.

DETERMINATION 4: THE EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA, IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY.

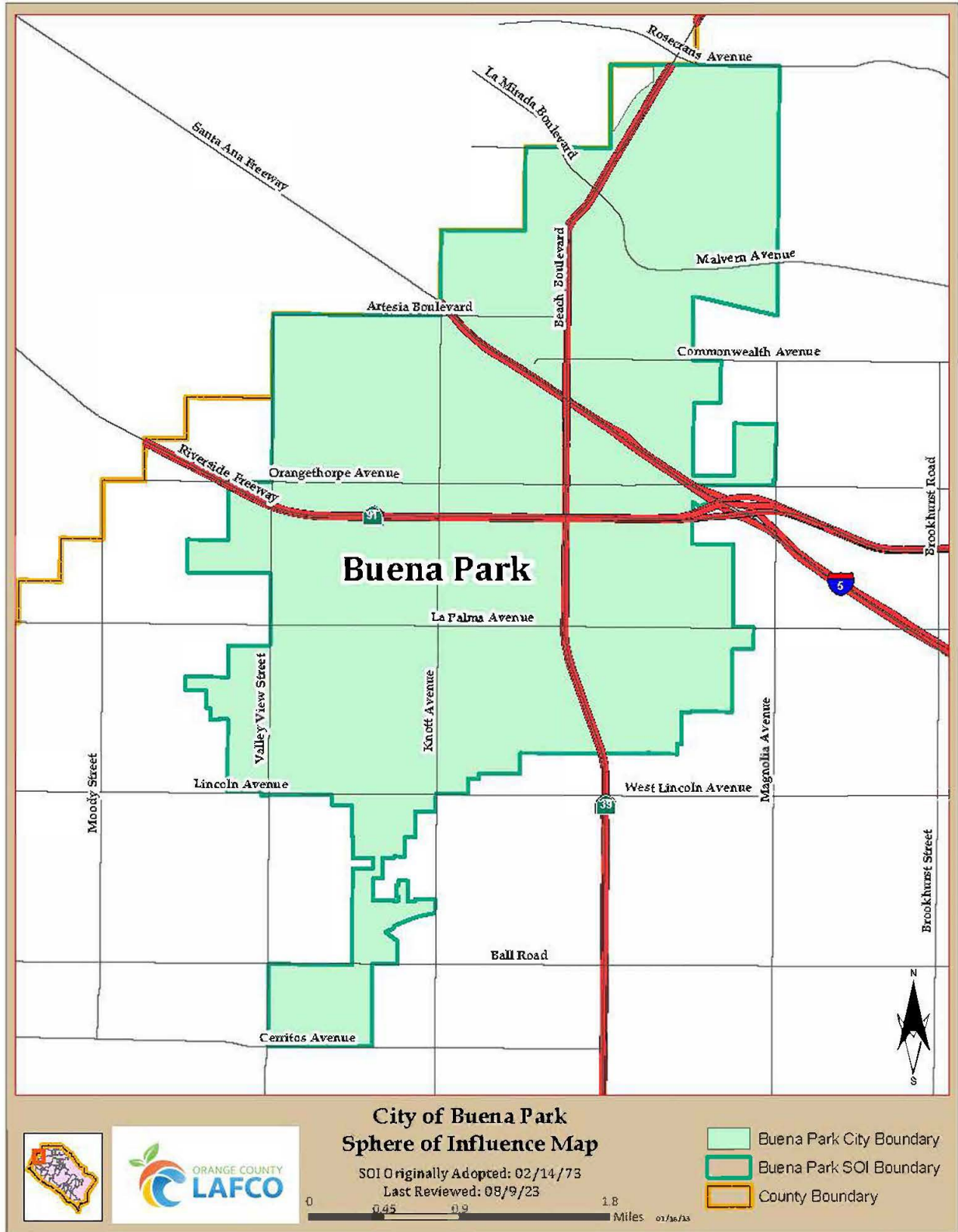
The West Region includes nine unincorporated areas located within the SOIs of Buena Park, Fountain Valley, Stanton, and Westminster. The area adjacent to the City of Fountain Valley receives water and wastewater services from the City. The areas within the City of Stanton's SOI receive wastewater services from the Garden Grove Sanitary District and water services from Golden State Water Company and a portion of the unincorporated area receives water services from the Hynes Estate Mutual Water Company. The areas adjacent to the City of Westminster receive wastewater services from the Midway City Sanitary District and water services from the City and a portion of the unincorporated area receives water services from Midway City Mutual Water Company, Eastside Water Association, and South Midway Mutual Water Company. The County provides other governance and municipal services to these areas, including planning, solid waste, law enforcement, library, parks and recreation, and animal control. Among these cities at this time, Westminster is the only agency exploring annexation of areas adjacent to the City.

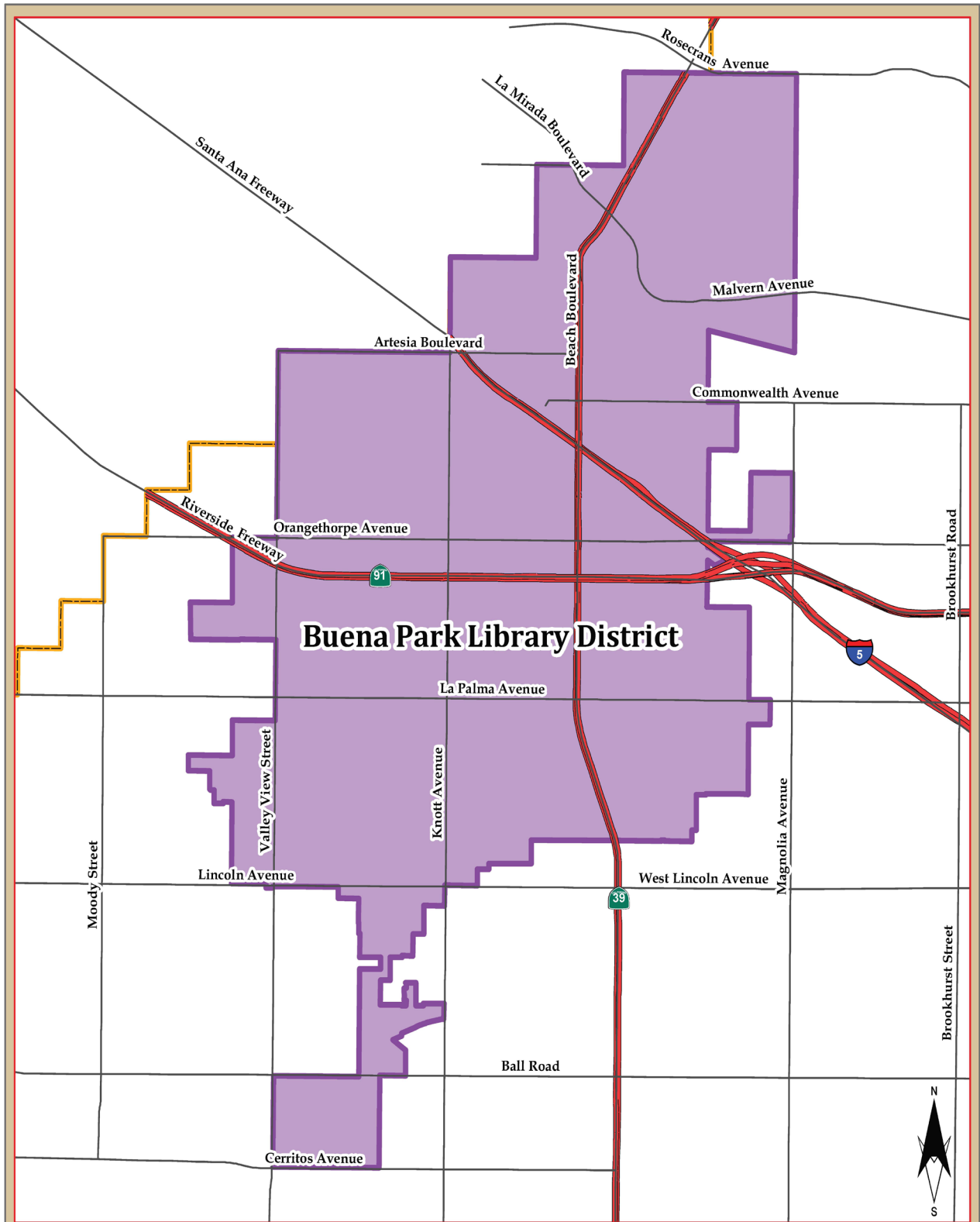
**EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the West Region**

DETERMINATION 5: IF A CITY OR SPECIAL DISTRICT PROVIDES PUBLIC FACILITIES OR SERVICES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, OR STRUCTURAL FIRE PROTECTION, THE PRESENT AND PROBABLE NEED FOR THOSE FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE.

The West Region contains five (5) Disadvantaged Unincorporated Communities (DUCs). Two DUCs are adjacent to and within the City of Stanton's SOI, and three others are completely surrounded by and within the City of Westminster's SOI. The DUCs within the City of Stanton receive wastewater services from the Garden Grove Sanitary District and water services from the City of Garden Grove, Golden State Water Company, and the Hynes Estate Mutual Water Company. The DUCs located within the City of Westminster receive wastewater services from the Midway City Sanitary District and water services from Westminster, Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company. The infrastructure of the mutuals and association providing water service within the DUC located in the SOI of Westminster was not reviewed during this MSR process. However, water facilities and service to this area should be reviewed in concert with potential annexation of the DUC to an adjacent City.

EXHIBIT 2B






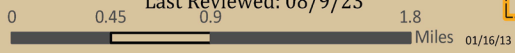


Buena Park Library District

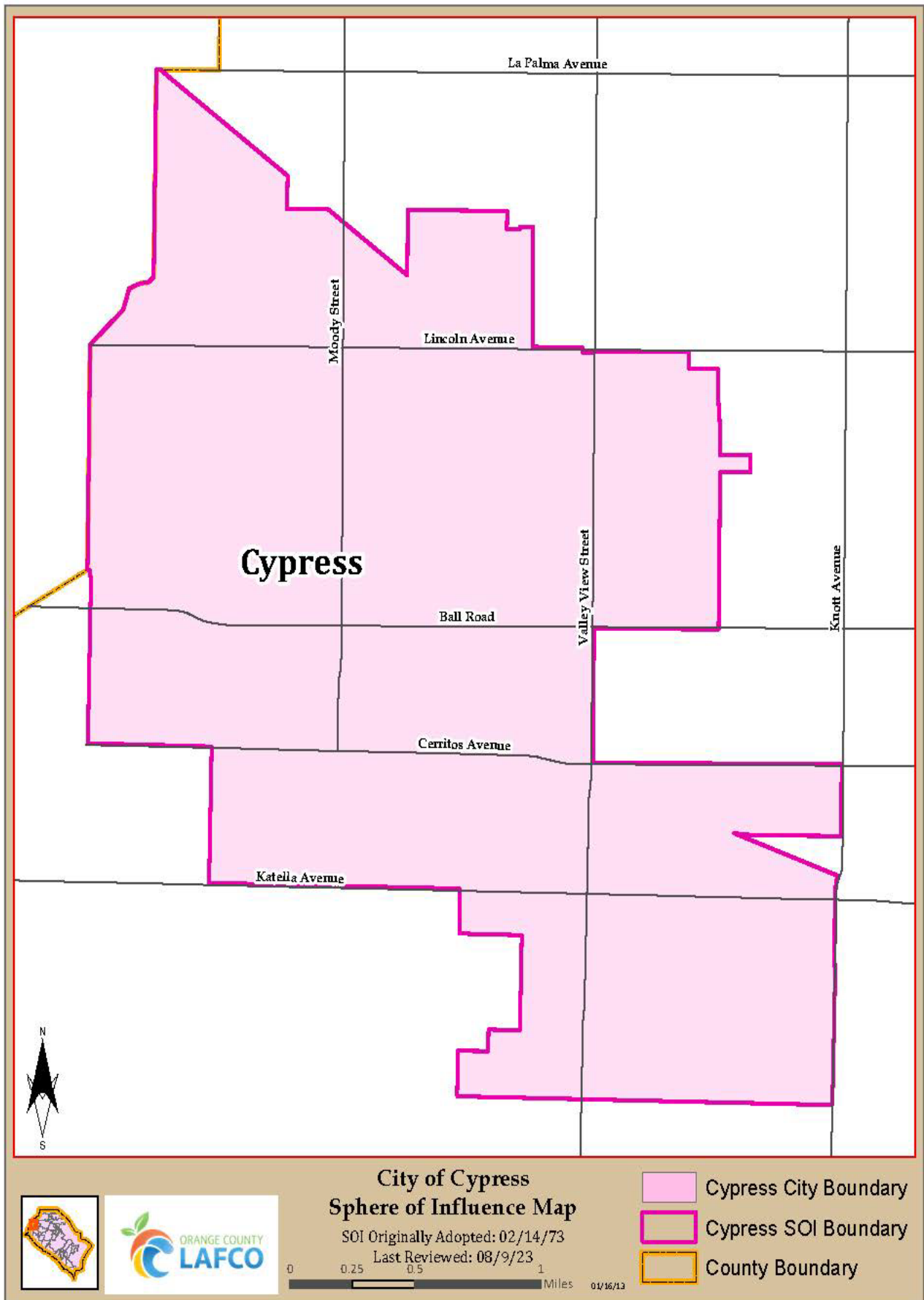
**Buena Park Library District
Sphere of Influence Map**

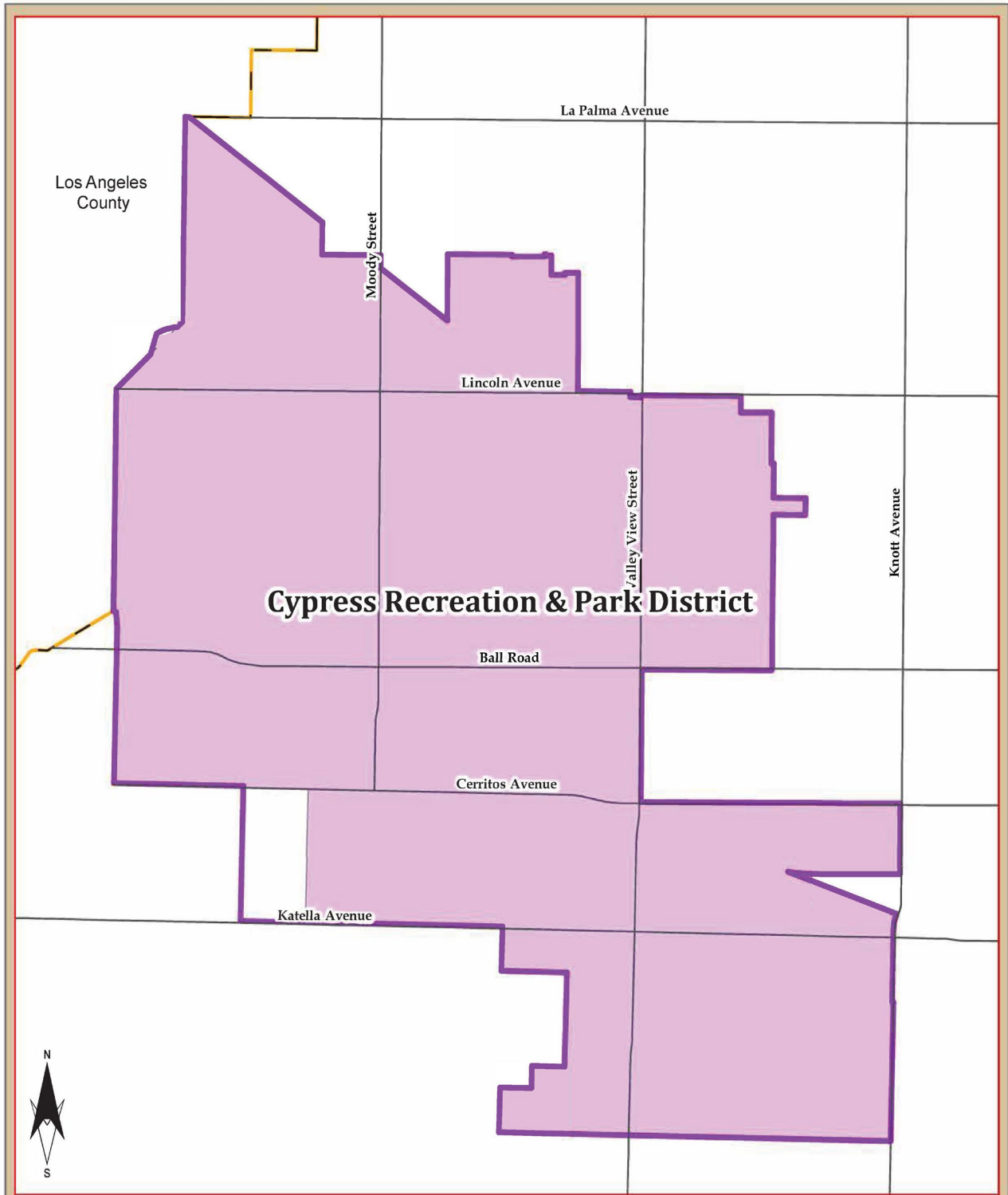
SOI Originally Adopted: 08/29/84
Last Reviewed: 08/9/23

-  Buena Park Library District SOI Boundary
-  Buena Park Library District Boundary
-  County Boundary



Miles 01/16/13



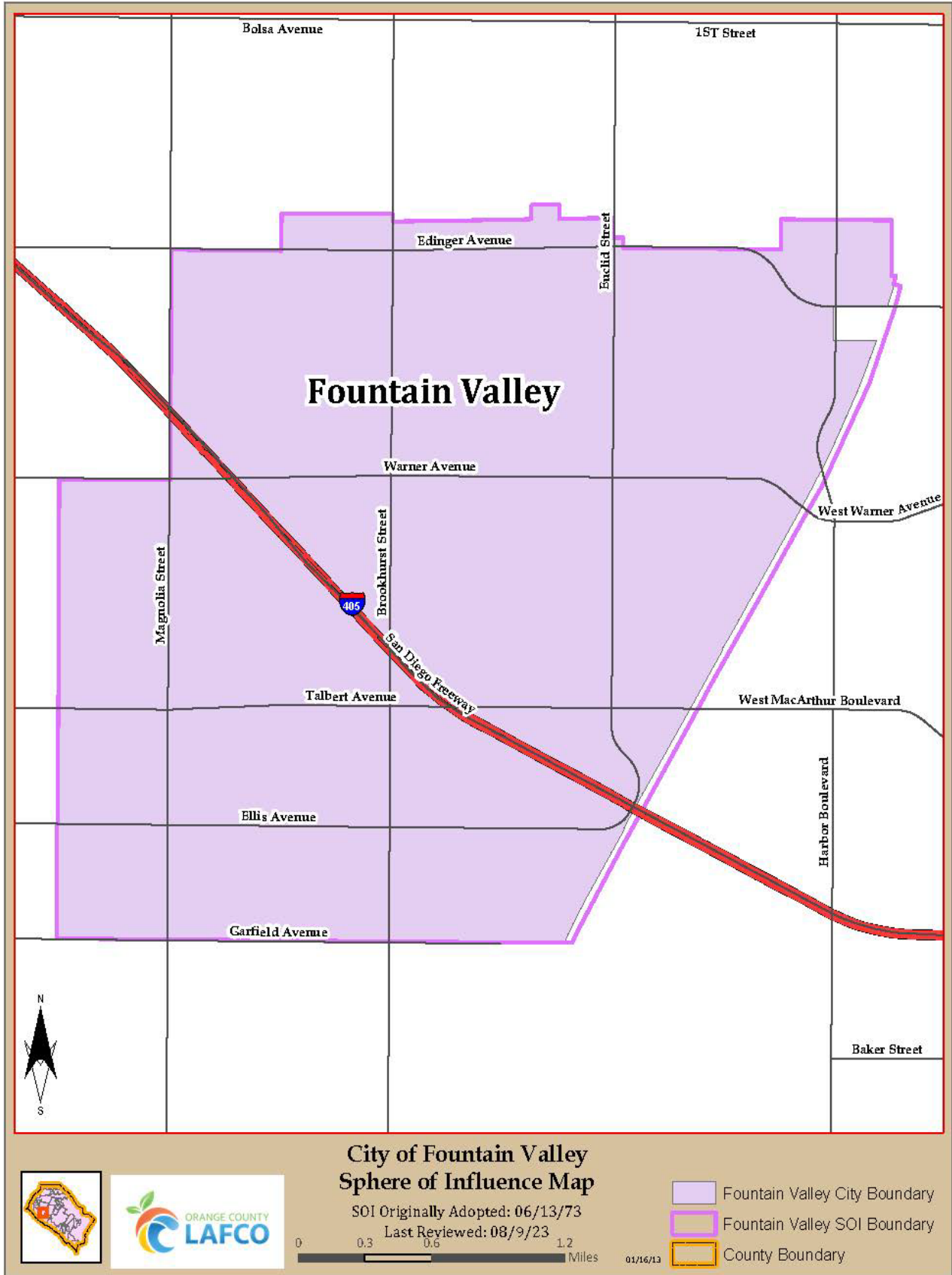


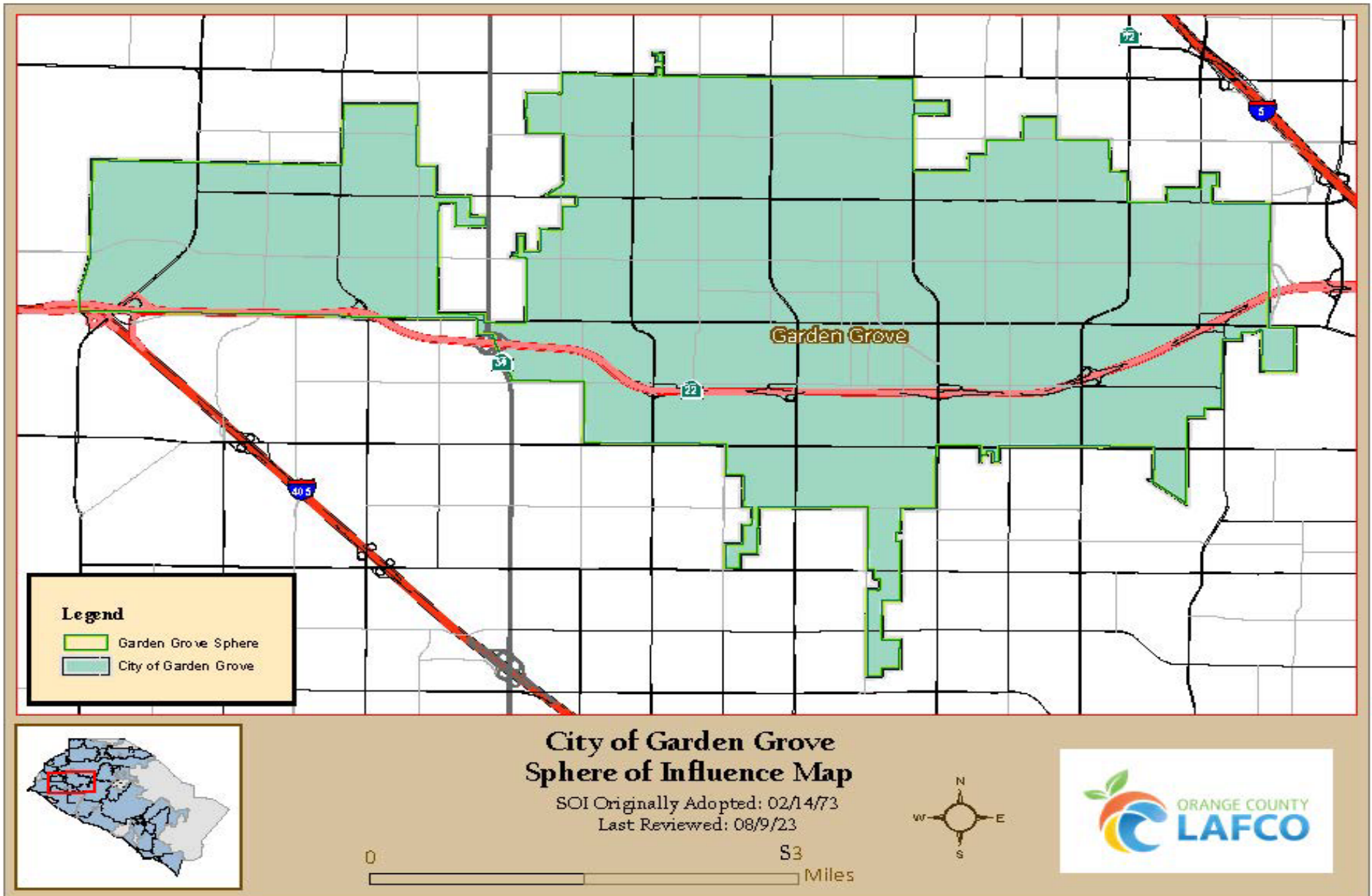
**Cypress Recreation & Park District
Sphere of Influence Map**

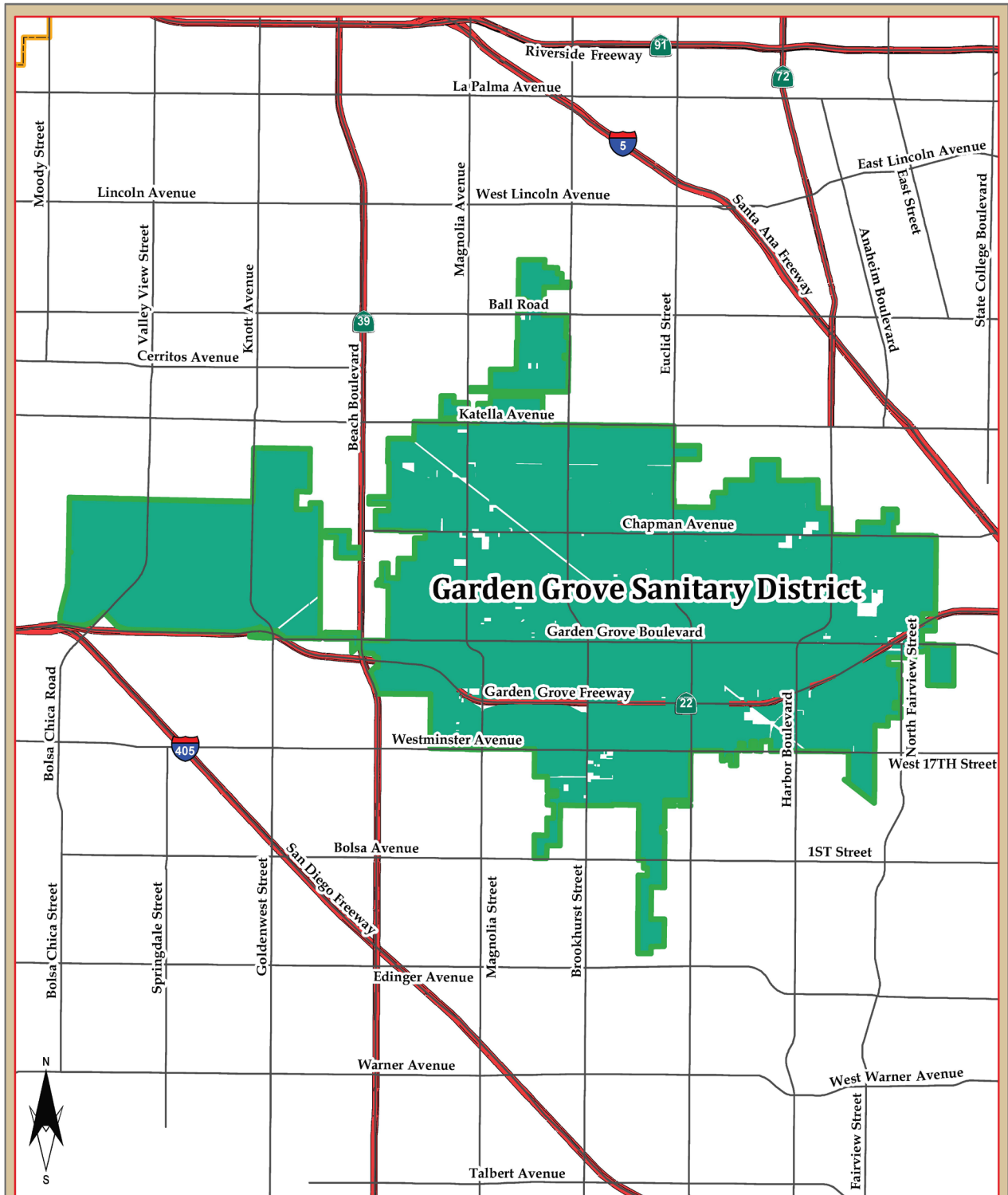
SOI Originally Adopted: 09/10/08
Last Reviewed: 08/9/23

-  Cypress Rec & Park District Sphere
-  Cypress Rec & Park District Boundary
-  County Boundary



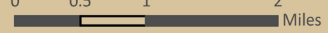






**Garden Grove Sanitary District
Sphere of Influence Map**

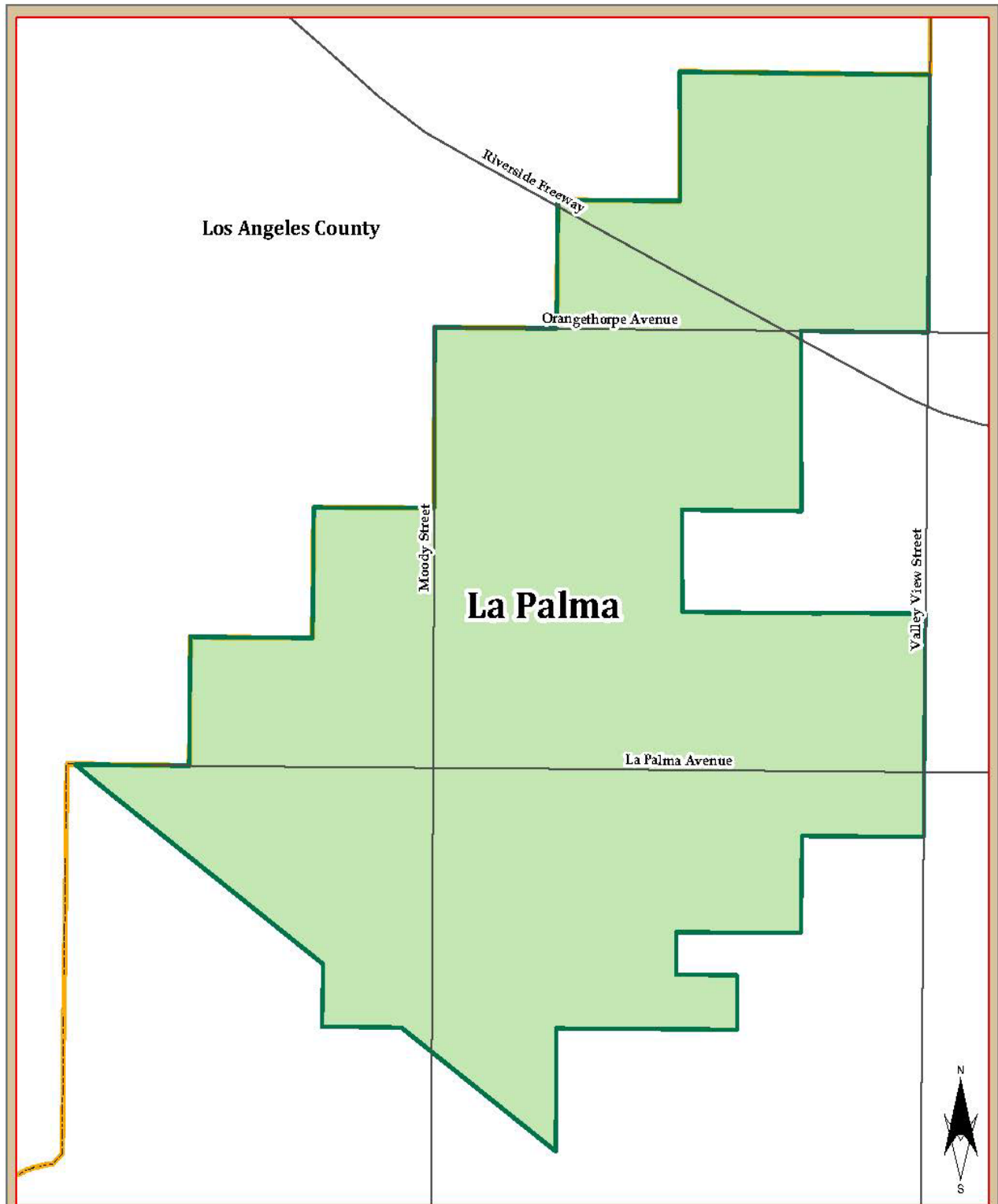
SOI Originally Adopted: 01/14/76
Last Reviewed: 08/9/23



- GGSD Boundary
- GGSD SOI Boundary
- County Boundary



01/16/13



**City of La Palma
Sphere of Influence Map**

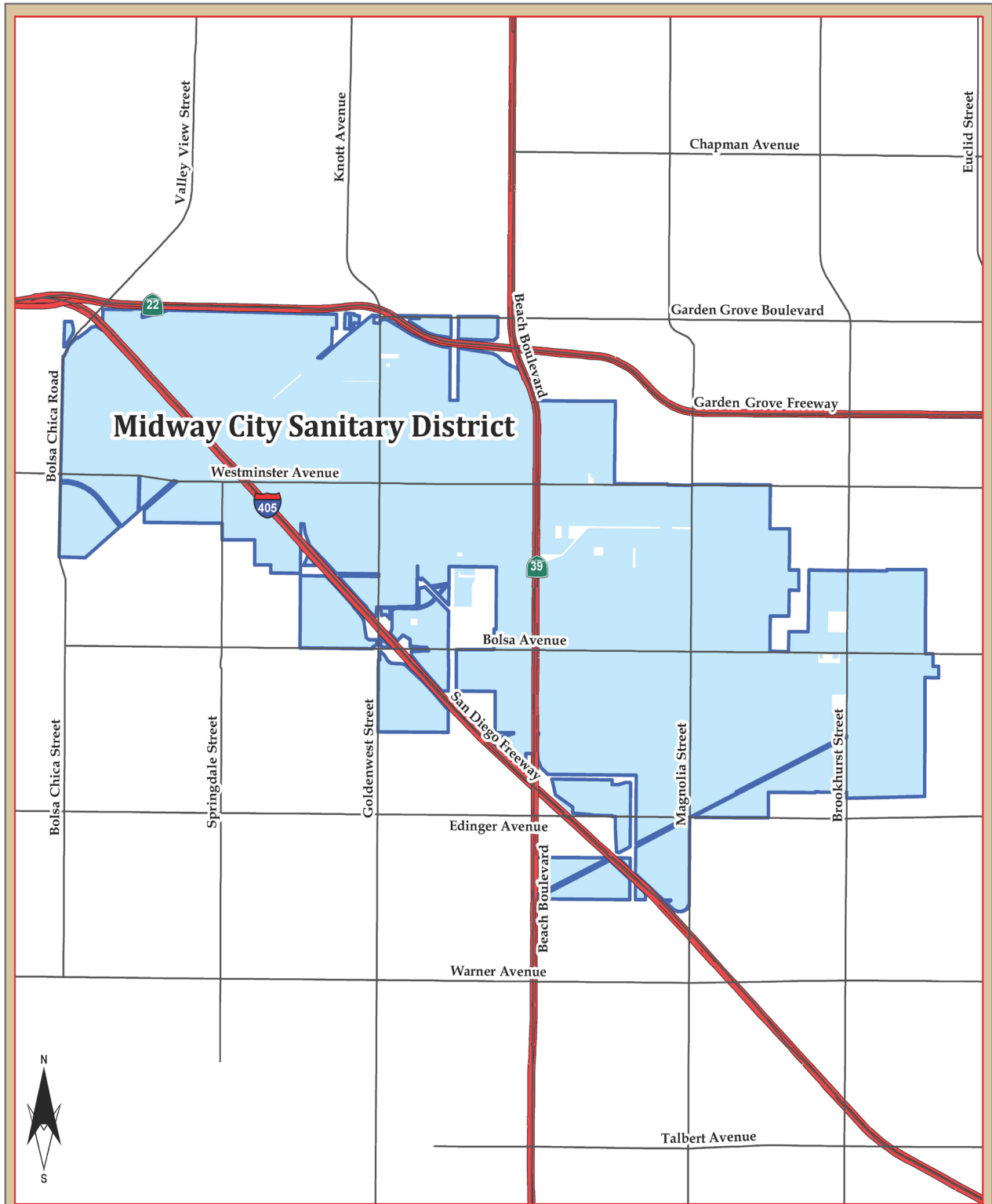
SOI Originally Adopted: 02/14/73
Last Reviewed: 08/9/23



01/16/13



- La Palma City Boundary
- La Palma SOI Boundary
- County Boundary



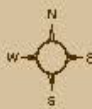
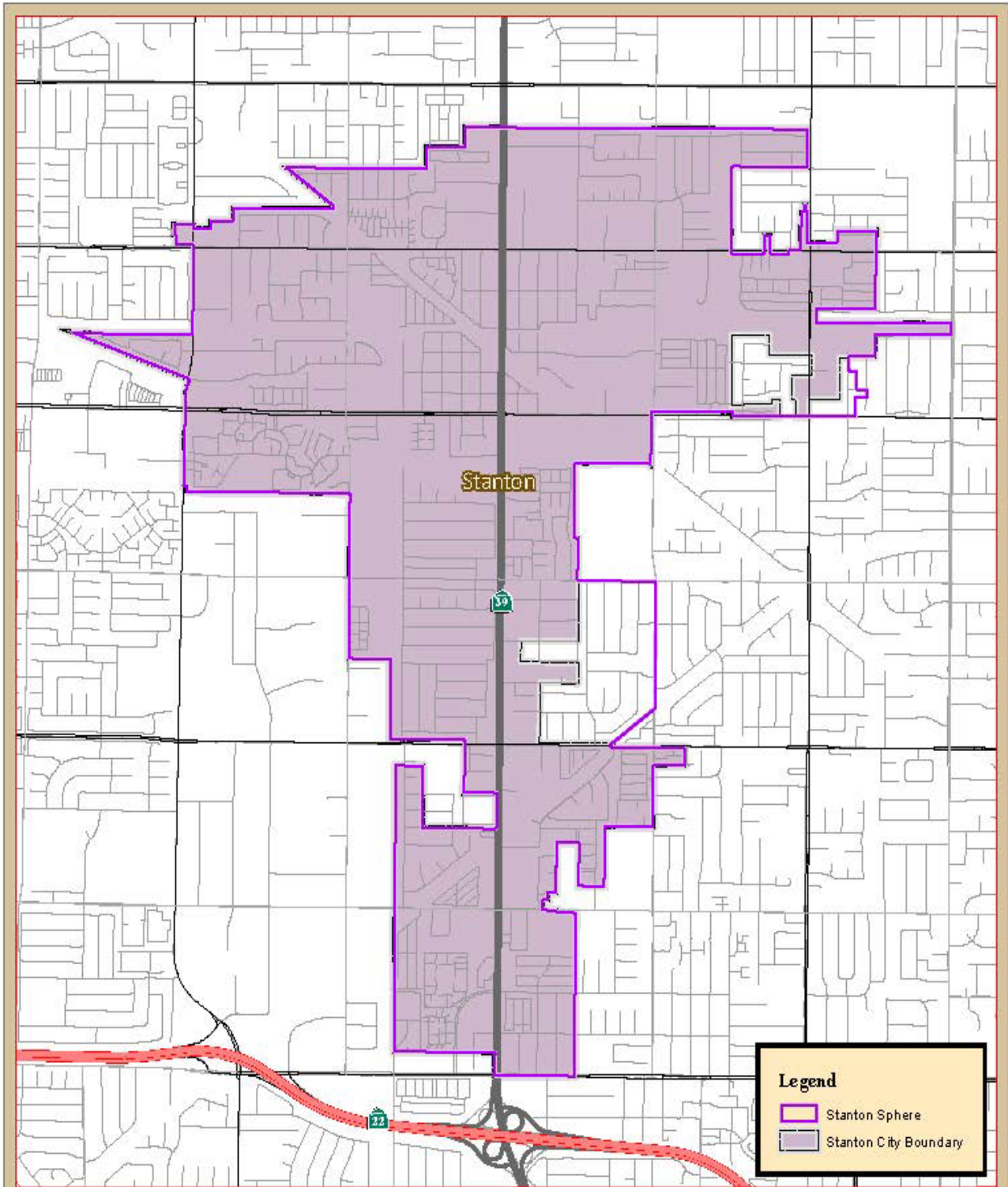
Midway City Sanitary District Sphere of Influence Map

SOI Originally Adopted: 01/14/76
Last Reviewed: 08/9/23



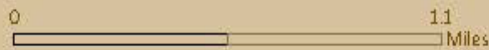
- MCSD SOI Boundary
- MCSD Boundary
- County Boundary

01/16/13



City of Stanton Sphere of Influence

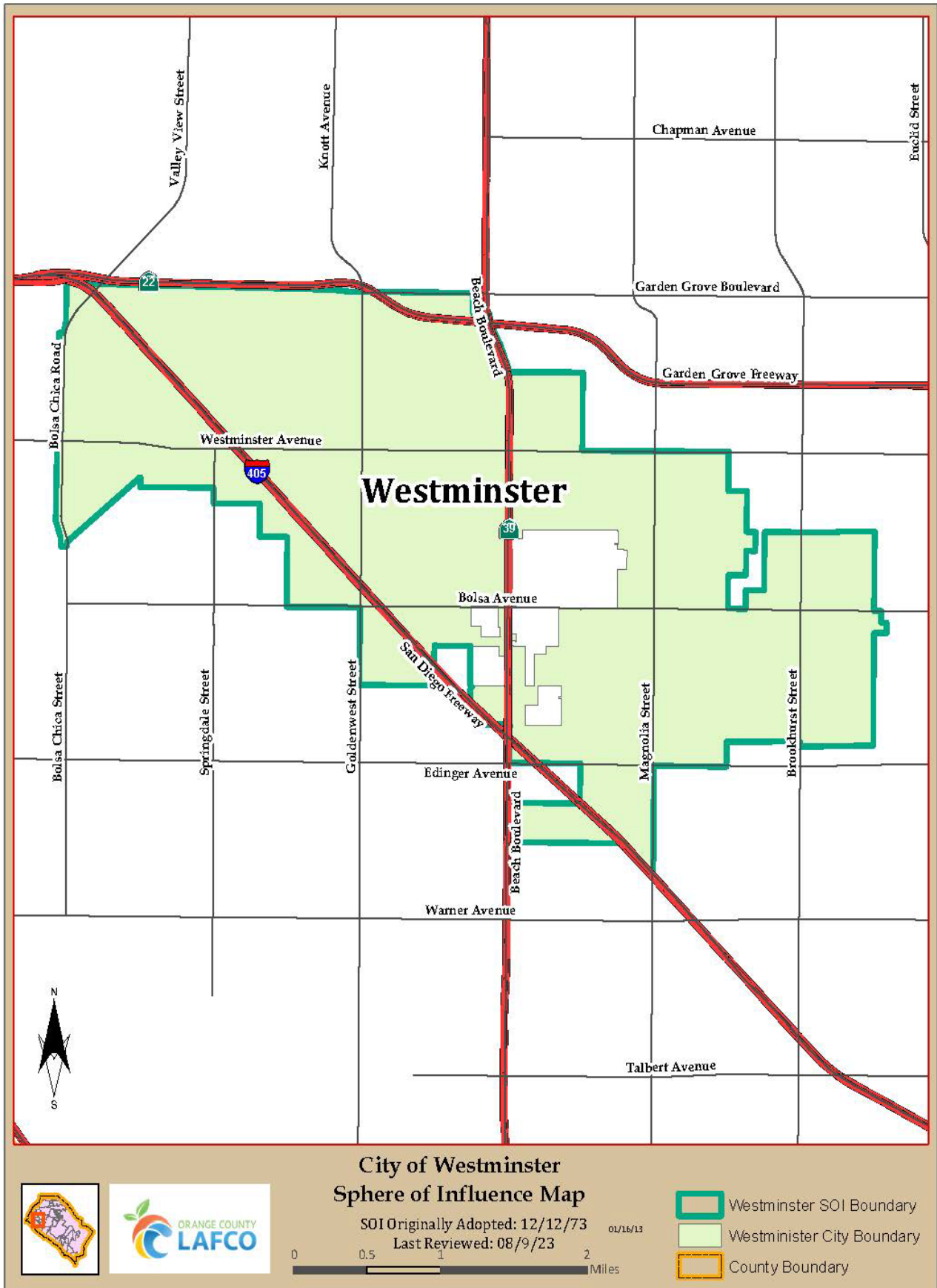
SOI Originally Adopted: 02/13/74
02/13/74 Last Updated: 08/9/23



Legend

- Stanton Sphere
- Stanton City Boundary





August 9, 2023

8b | 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

Bruce Whitaker
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
Policy Analyst II

SUBJECT: Municipal Service Review and Sphere of Influence Review
for Southwest Region (MSR 22-11 and SOI 22-12)

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) was amended 23 years ago to include Municipal Service Reviews (MSR). The mandate (Government Code Section 56430) by the State Legislature requires LAFCOs to conduct comprehensive, regional studies on future growth and how local agencies are planning for their municipal services and infrastructure systems. To meet this mandate, OC LAFCO is required to conduct MSRs for 34 cities and 34 independent and dependent special districts providing services throughout Orange County. In conjunction with conducting MSRs, the Commission is required to review each agency's sphere of influence (SOI) every five years. An SOI is a tool used by LAFCOs to determine the probable physical boundaries and service area for a city or a special district.

Since 2000, OC LAFCO has completed and prepared three cycles of MSRs and SOI reviews. The Commission has streamlined this process by establishing regional study areas to include multiple agencies and the clustering of municipal services. Each cycle has incorporated the collaborative participation of representatives from the County, cities, special districts, and community members, as appropriate, and involved the review of how Orange County agencies deliver and plan to deliver municipal services effectively and efficiently.

A schedule was previously established by the Commission for completing the fourth MSR cycle, and an MSR for the Southwest Region has been prepared in line with that timeline. OC LAFCO retained consultant RSG, Inc. (RSG) to prepare the MSR for the Southwest Region, which included conducting interviews with each of the agencies in the region and collecting demographic, fiscal and other data to support the MSR findings and determinations. The MSR addresses each of the areas required in accordance with State law and is attached to this staff report. Additionally, a summary

of the MSR and SOI determinations and staff recommendations are discussed in the next sections.

MSR SUMMARY

The agencies within the Southwest Region provide municipal services to approximately 600,000 Orange County residents that reside in southern coastal region. The Region includes six cities (Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, and Laguna Woods) seven special districts (Capistrano Bay Community Services District, Emerald Bay Service District, El Toro Water District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District), and portions of unincorporated Orange County. The MSR also included a review of the services provided by the South Orange County Wastewater Authority (SOCWA), a joint powers authority currently providing wastewater services within the Region. The region is relatively young with most of the Cities being incorporated no more than 35 years ago. However, the establishment of the special districts and the services they provide date back to 1925.

Below is the schedule of past MSRs conducted for the agencies within the Southwest Region. The 2023 Southwest Region MSR reviews how the agencies indicated above are efficiently delivering key municipal services and effectively planning for the adequacy of the respective operations and infrastructures. The key municipal services reviewed within the MSR include law enforcement, fire protection and emergency medical, retail water, wastewater, stormwater, solid waste, public works, parks and recreation, recreation and open space, library, and animal control.

The MSR notes that the cities and special districts within the Southwest Region are generally well-run and provide efficient and cost-effective municipal services to their residents and customers. The MSR also notes the effective planning of the agencies to maintain adequate infrastructures and their financial capacity to sustain current service levels. However, the MSR also noted challenges for some of the agencies involving stormwater management and law enforcement.

Southwest Region – Completed MSRs			
Cities	1 st MSR Cycle	2 nd MSR Cycle	3 rd MSR Cycle
Aliso Viejo	2007	2008	2013
Dana Point	2007	2008	2013
Laguna Beach	2007	2008	2013
Laguna Hills	2007	2008	2013
Laguna Niguel	2005	2008	2013
Laguna Woods	2007	2008	2013
Special Districts	1 st MSR Cycle	2 nd MSR Cycle	2 nd MSR Cycle
Capistrano Bay CSD	2007	2008	2013
El Toro Water District	2007	2008	2013
Emerald Bay Service District	2007	2008	2013
Laguna Beach County Water District	2007	2008	2013

Moulton Niguel Water District	2007	2008	2013
South Coast Water District	2007	2008	2013
Three Arch Bay CSD	2007	2008	2013

SOI SUMMARY

During the Southwest Region SOI reviews, with the exception of South Coast Water District (SCWD), no issues were identified for the agency SOIs. During the MSR process, the City of Laguna Beach expressed concerns of residents of a small area within the City (commonly referred to as South Laguna Beach) regarding not being able to participate in the SCWD’s board election process. Currently, SCWD provides water and wastewater services to the area through a contractual agreement with the City, but South Laguna is not within SCWD’s jurisdictional boundary. In order for the residents to participate in the District’s voting process, the District’s SOI would need to be amended and the area annexed to SCWD.

Below is the schedule of when the SOIs were established and last updated for the agencies within the Southwest Region. For the 2023 review, staff is recommending that the SOIs for each agency, excepting SCWD, be reconfirmed. Additionally, staff is recommending that reconfirmation of SCWD’s SOI be continued to allow for continued discussions with SCWD involving filing an annexation and sphere amendment application for Commission consideration.

Southwest Region		
Cities	SOI Originally Adopted	SOI Last Updated
Aliso Viejo	2001	2013
Dana Point	1989	2013
Laguna Beach	1991	2013
Laguna Hills	1990	2013
Laguna Niguel	1991	2013
Laguna Woods	1991	2013
Special Districts	SOI Originally Adopted	SOI Last Updated
Capistrano Bay CSD	1984	2013
El Toro Water District	1976	2013
Emerald Bay Service District	1983	2013
Laguna Beach County Water District	1980	2013
Moulton Niguel Water District	1976	2013
South Coast Water District	1999	2013
Three Arch Bay CSD	1983	2013

AGENCY/PUBLIC COMMENTS

A 30-day review and comment period (June 17 through July 17, 2023) was conducted for the Public Draft MSR for the West Region MSR. Each city and special district within the Southwest Region were notified of the review period and publishing of the draft MSR on the OC LAFCO

website. Comments were received from Emerald Bay Service District and Moulton Niguel Water District requesting non-substantive and substantive corrections that were incorporated, if warranted, into the Final Draft report.

ENVIRONMENTAL REVIEW

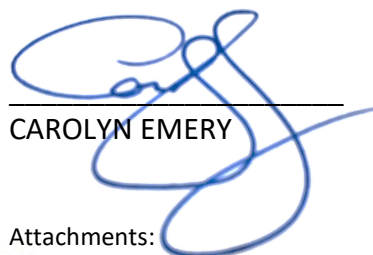
OC LAFCO is the lead agency under the California Environmental Quality Act (CEQA) for the Southwest MSR and SOIs reviews. Staff reviewed the CEQA Guidelines and recommend the Commission find the Southwest MSR and SOI reviews exempt from CEQA under CEQA Guidelines § 15262 (Feasibility and Planning Studies).

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Municipal Service Review for the Southwest Region (**Attachment 1**).
2. Approve OC LAFCO Resolution No. MSR 22-11 adopting the Municipal Service Review Statement of Determinations for the Southwest Region (**Attachment 2**).
3. Approve OC LAFCO Resolution No. SOI 22-12 adopting the Sphere of Influence Statement of Determinations and reconfirming the spheres of influence for the cities and special districts as identified in the Resolution (**Attachment 3**).
4. Approve the Notices of Exemption for MSR 22-11 and SOI 22-12 (**Attachment 2, Exhibit 1 and Attachment 3, Exhibit 2**).

Respectfully Submitted,



CAROLYN EMERY



GAVIN CENTENO

Attachments:

1. Final Draft Municipal Service Review for the Southwest Region
2. OC LAFCO Resolution No. MSR 22-11 – Southwest Region
3. OC LAFCO Resolution No. SOI 22-12 – Southwest Region



Local Agency Formation Commission of Orange County

2677 North Main Street, Suite 1050
Santa Ana, CA 92705

Municipal Service Review and Sphere of Influence Reviews

Southwest Region

August 9th, 2023

**Prepared for the Local Agency Formation Commission of Orange County
by RSG Inc.**



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LIST OF ABBREVIATIONS USED

ACS	American Community Survey
ACFR	Annual Comprehensive Financial Report
ADU	Accessory Dwelling Unit
CASA	Coastal Animal Services Authority
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSA	County Service Area
DOF	California Department of Finance
DUC	Disadvantaged Unincorporated Community
ETWD	El Toro Water District
GIS	Geographic Information Systems
HOA	Homeowner's Association
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LBCWD	Laguna Beach County Water District
MHI	Median Household Income
MNWD	Moulton Niguel Water District
MSR	Municipal Service Review
OCFA	Orange County Fire Authority
OC LAFCO	Orange County LAFCO
OCPL	Orange County Public Library
OCSD	Orange County Sheriff's Department
SCWD	South Coast Water District
SCE	Southern California Edison
SDG&E	San Diego Gas & Electric
SMWD	Santa Margarita Water District
SOI	Sphere of Influence
SOCWA	South Orange County Wastewater Authority

I. EXECUTIVE SUMMARY

INTRODUCTION

The Local Agency Formation Commission of Orange County (“OC LAFCO”) initiated this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update in 2022 for six cities, seven special districts, and one joint powers authority (“JPA”) in the OC LAFCO-designated “Southwest Region” of the County. OC LAFCO retained consultant RSG, Inc. (“RSG”) to prepare the MSR, which included conducting surveys and interviews with each of the agencies in the region, and collecting demographic, fiscal, and other data to support the MSR findings and determinations under State law. OC LAFCO also retained Berkson Associates (“Berkson”) to perform an analysis of available financial data and prepare a set of Fiscal Indicators to be published on the OC LAFCO website.

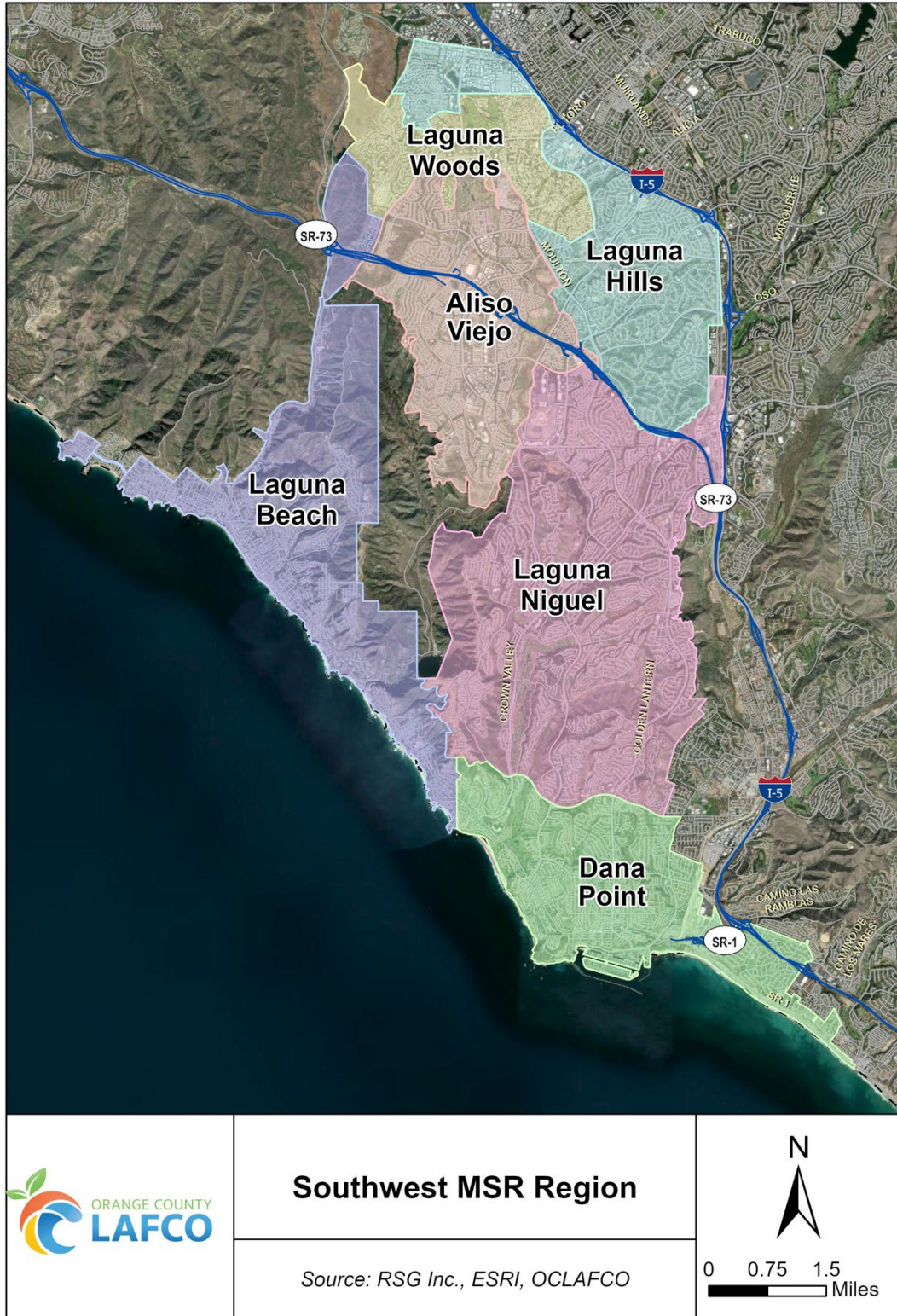
SOUTHWEST REGION CITIES AND SPECIAL DISTRICTS REVIEWED

The OC LAFCO Southwest Region consists of 14 total agencies. These agencies are principally located around the Laguna Beach and Dana Point coastlines and inland as far as the Interstate 5 Freeway (“I-5”) corridor. The agencies are listed in Table 1:

Table 1: Southwest Region Agencies

Cities	Special Districts/JPA
Aliso Viejo	El Toro Water District – (“ETWD” or “El Toro”)
Dana Point	Laguna Beach County Water District – (“LBCWD”)
Laguna Beach	Moulton Niguel Water District – (“MNWD” or “Moulton Niguel”)
Laguna Hills	South Coast Water District – (“SCWD” or “South Coast”)
Laguna Niguel	Capistrano Bay Community Services District
Laguna Woods	Emerald Bay Service District
	Three Arch Bay Community Services District
	South Orange County Wastewater Authority – (“SOCWA”)

A map depicting the incorporated cities of the Southwest Region is shown following this page:



MSR DETERMINATIONS SUMMARY

As further detailed in the body of this report, RSG makes the following MSR determinations for the Southwest Region agencies based on our data collection, surveys, and interviews:

1. Population, Growth, and Housing

Within the Southwest Region there is limited potential for population and housing growth due to existing buildout and geography. Population and housing growth projections through 2027 show slight declines for a majority of the agencies in the Region.

2. Disadvantaged Unincorporated Communities

OC LAFCO previously designated a total of seven (7) areas in the County as disadvantaged unincorporated communities (“DUCs”). However, none of these DUCs are in the Southwest Region.

3. Capacity of Facilities and Adequacy of Services

Within the Southwest Region, the present and planned capacity of facilities is generally appropriate for the projected slow growth in population. Additionally, there are adequate law enforcement, fire, water, wastewater, public works, parks and recreation, animal control, and code enforcement services being provided among the agencies reviewed in this MSR.

With the exception of Laguna Beach, which was incorporated 96 years ago, all of the other cities in the Southwest Region are relatively young, with none older than 34 years. These cities are almost all master planned communities with infrastructure and facilities designed to facilitate their growth over time. As a result, none of the cities reported any structural challenges.

The special districts in the Southwest Region are about twice as old as most of the cities. This age is reflected in the water infrastructure, which ranges from 30 to 50 years old. However, the water districts did not indicate any significant cause for concern regarding facilities or service delivery. All of the districts have adequate planning and reporting systems in place to prepare for maintenance and replacement of their water infrastructure and facilities. For stormwater services, two of the CSDs are reporting issues with their current systems. Capistrano Bay CSD with its small and beachfront area, has experienced higher tides in recent years. The threat of damage from the tides has pushed the agency to look into expanding their powers to include stormwater management, primarily to combat beach erosion. Three Arch Bay CSD has stormwater infrastructure that is on average 75 years old. Having been built for far more open space in a different era, the drainage and runoff systems are no longer efficient enough for runoff created from new development. Both CSDs have taken the following steps to address the issues: Capistrano Bay CSD has initiated an application with OC LAFCO to activate latent powers for stormwater management, and Three Arch Bay CSD is developing a new master plan to upgrade their infrastructure.

4. Financial Ability to Provide Services

Most of the agencies of the Southwest Region have the ability to maintain their current service levels. Based on financial indicators prepared by Berkson & Associates, all agencies report high amounts of reserves, moderate growth in revenues, and moderate expenditure growth. However, the cities of Aliso Viejo and Laguna Woods both expressed concern that the costs to provide law enforcement to their cities under the current OC Sheriff contracts are not sustainable. Aliso Viejo is concerned that these rising costs may result in a projected fund deficit in the near future. Therefore, they are seeking opportunities to increase revenues, such as larger scale economic development projects, to offset the negative financial outlook. Aliso Viejo indicated that it has ample reserves to maintain all of its services and obligations in the short term if it incurs a deficit. Laguna Woods did not foresee a deficit arising in their budget from rising law enforcement costs in the short term, but expressed a desire to see more collaboration on operational decisions, labor negotiations, and factors that could potentially lower or moderate costs under the OC Sheriff contract. No other agency reviewed in this MSR expressed similar fiscal concerns.

5. Opportunities for Shared Facilities

Existing shared facilities and/or services include those for animal control through the Mission Viejo Department of Animal Services, the Laguna Beach Animal Services Division, and the Coastal Animal Services Authority. No concerns or suggested changes were reported for these partnerships.

Two areas were identified through this MSR as potential opportunities for shared facilities: wastewater facilities managed through SOCWA, and joint law enforcement services.

SOCWA's current facilities are run by the JPA through project committee agreements between the appropriate agencies in the area. Not all participating agencies within SOCWA are a party to every facility and service agreement that SOCWA oversees. One Southwest Region agency, Moulton Niguel Water District ("MNWD"), expressed their desire for SOCWA to transition facilities to the member agencies that most utilize the facilities. MNWD had requested that OC LAFCO include a review of the discussions regarding SOCWA in this MSR as part of LAFCO's standard review of the JPA as a municipal service provider. MNWD is the largest contributing agency in SOCWA and has taken the position that SOCWA should shift operations of local assets to member agencies and enhance its focus on permit and regulatory compliance matters. Other agencies in the Southwest Region were aware of these requests from MNWD but did not express support nor opposition. The other agencies, particularly South Coast Water District ("SCWD"), did indicate that they were not opposed to alternatives but would prefer a resolution that works within the existing structure of SOCWA. SOCWA and its member agencies continue to work towards a potential resolution of the issues. SOCWA has hired a facilitator to manage regular board meetings specifically on the subject, while MNWD has led regular external meetings for any interested member agency, though mostly with SCWD and Santa Margarita Water District ("SMWD").

Regarding law enforcement services, the Cities of Aliso Viejo and Laguna Woods have held informal internal and external discussions about how to reduce costs, including looking at alternatives to how services are provided under their contracts with the Orange County Sheriff's Department ("OCSD"). The Cities indicated that perhaps the efficiency and effectiveness of a regional OCSD policing model could reduce each city's cost, but this would need to be explored further. Aliso Viejo and Laguna Woods previously discussed this option

with former Sheriff Sandra Hutchens. However, the OCSD could not commit to studying the issue further and has not studied the issue since.

6. Accountability for Community Service Needs

Agencies in the Southwest Region have well-established structures for accountability. With the variety of different entities in the region, significant layering exists to provide residents with multiple opportunities for input. However, there were two issues of representation raised in the MSR process, one of which may be resolved through an SOI update and subsequent annexation.

The residents of South Laguna Beach are seeking direct representation on the South Coast Water District (“SCWD”) board. The area is serviced by SCWD but is not formally within the District boundary. Residents currently have no voting power in District elections and instead receive representation through an advisory committee staffed by residents and elected officials. The City of Laguna Beach would like to see these residents formally represented on the SCWD board with equal voting rights to those residents within the SCWD boundary. This would require an amendment to the sphere of influence of SCWD and a subsequent annexation. SCWD, through the process of this MSR, has expressed support for such an amendment and future annexation.

Another issue identified through this MSR is the service delivery and overall governance structure of SOCWA. Moulton Niguel Water District has expressed concerns with SOCWA’s ability to meet the changing needs and objectives of its member agencies relating to wastewater reuse and treatment. This subject is closely related to the subject of SOCWA’s facilities ownership and operations mentioned in the prior determination. Resolution of SOCWA-related concerns, particularly with the structure and purpose of the JPA, falls outside the purview of OC LAFCO and would need to be addressed among the member agencies of SOCWA. However, as SOCWA provides a key municipal service, OC LAFCO is required by state law to review that service and related facilities and operations in part to this and future MSRs. Additionally, OC LAFCO staff has noted that any resolution of the situation that involves out-of-area service agreements between member agencies would require OC LAFCO review.

7. Any Other Matter Related to Effective or Efficient Service Delivery, As Required by Commission Policy

No other matters were identified through the reporting process of the Southwest MSR.

SOI DETERMINATIONS SUMMARY

As further detailed in the body of this report, RSG makes the following SOI determinations for the Southwest Region agencies based on our data collection, surveys, and interviews:

1. Present and Planned Land Uses

The agencies of the Southwest Region are largely built out with very little remaining open space for new construction. There are no significant agriculture uses.

2. Present and Probable Need for Facilities and Services

Agencies in the Southwest Region are providing adequate services to their residents and customers, and generally have the capacity to keep up with expected growth without adding new facilities or services.

3. Present Capacity and Adequacy of Public Facilities and Services

Agencies in the Southwest Region are providing adequate services to their residents and customers, and generally have the capacity to keep up with expected growth without adding new facilities or services.

4. Social or Economic Communities of Interest

OC LAFCO previously designated a total of seven (7) areas in the County as disadvantaged unincorporated communities (“DUCs”). However, none of these DUCs are in the Southwest Region.

5. Present and Probable Need for Public Facilities and Services by any DUCs within the Existing SOIs

OC LAFCO previously designated a total of seven (7) areas in the County as disadvantaged unincorporated communities (“DUCs”). However, there are no DUCs within the Southwest Region.

SOI Updates

In the course of our review, RSG was made aware of one request for an SOI adjustment among the Southwest Region agencies:

As discussed in further detail in Sections VII and X below, staff of the City of Laguna Beach related concerns from residents of the southern area of Laguna Beach area regarding a lack of formal voter representation on the board of SCWD, the water, recycled water, and wastewater service provider for the area. While the southern Laguna Beach area is within the City of Laguna Beach boundary, it is not within any water district boundary nor SOI. Residents have expressed dissatisfaction with the current representation arrangement, which is a committee established by SCWD comprised of residents and elected officials. In terms of service quality however, SCWD reported that residents have only complimented the agency and would prefer being able to participate in the election process to vote for a member of the SCWD’s Board of Directors that directly represents them. The City of Laguna Beach has requested that OC LAFCO take steps towards increasing the size of SCWD’s SOI to include South Laguna Beach, with the intent of eventual annexation into the District. Additionally, SCWD supports this process. They felt residents were interested in future annexation into SCWD, which aligns with the request from Laguna Beach, but they were not aware of any heightened demands or efforts to proceed. RSG recommends that OC LAFCO facilitate discussions between the City of Laguna Beach and SCWD on the subject. The discussions should include the encouragement of SCWD to file an application to absorb the South Laguna Beach area into its SOI, with the goal of a future or concurrent annexation into SCWD. OC LAFCO staff noted that any application filed by the City, SCWD or

residents should include that a request for an SOI amendment and concurrent annexation which aligns with the Commission's sphere policy.

II. BACKGROUND

LEGAL REQUIREMENTS AND PURPOSE

In 1963, the California Legislature created for each County a Local Agency Formation Commission (“LAFCO”) to oversee the logical formation and determination of local agency boundaries that encourage orderly growth and development essential to the social, fiscal, and economic well-being of the State. LAFCOs’ authority to carry out this legislative charge is codified in the Cortese-Knox-Hertzberg Reorganization Act of 2000 (“CKH”). For nearly 60 years, the CKH has been amended to give more direction to LAFCOs and, in some cases, expand the authorities of the Commissions. One of the most important revisions to CKH by the Legislature occurred in 2000, which added a requirement that LAFCOs review and update the “spheres of influence” for all cities and special districts every five years and, in conjunction with this responsibility, prepare comprehensive studies that are known as “municipal service reviews.”

AUTHORITY AND POWERS OF LAFCO

Codified within CKH are the procedures and processes for LAFCOs to carry out their purposes as established by the Legislature. LAFCOs’ purposes are guided and achieved through their regulatory and planning powers and acknowledge that the local conditions of the 58 California counties shall be considered in part to the Commissions’ authorities.

CKH ACT (G.C. SECTION 56301) – PURPOSES OF LAFCOs

“Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.”

LAFCO RESPONSIBILITIES

LAFCOs’ regulatory authorities include the reviewing, approving, amending or denying of proposals to change the jurisdictional boundaries of cities and special districts. Specifically, these types of boundary changes commonly referred to as “changes of organization,” include:

- City Incorporation
- City Disincorporation
- District Formation
- District Dissolution
- City and District Annexations and Detachments
- City and District Consolidations
- Merger of a City and District
- Establishment of a Subsidiary District
- Activation of new or different functions or classes of services, or divestiture of power to provide services for special districts.

PLANNING AUTHORITIES

LAFCOs’ planning authorities are carried out through the establishment and updating of agencies’ SOIs, which is a tool used to define a city or special district’s future jurisdictional boundary and

service areas. Through the reform of CKH in 2000, LAFCO's planning responsibility includes the preparation of comprehensive studies (MSRs) that analyze service or services within the county, region, subregion, or other designated geographic area. The determinations that LAFCOs must review, analyze, and adopt for SOIs and MSRs are discussed below.

SPHERE OF INFLUENCE UPDATES

In 1972, LAFCOs throughout the state were tasked with determining and overseeing the SOIs for local government agencies. A SOI is a planning boundary that may be outside of an agency's jurisdictional boundary (such as the city limits or a special district's service area) that designates the agency's probable future boundary and service area. The purpose of a SOI is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands, and by preventing overlapping jurisdictions and duplication of services. On a regional level, LAFCOs coordinate the orderly development of a community through reconciling differences between different agency plans. This is intended to ensure the most efficient urban service arrangements are created for the benefit of area residents and property owners. Factors considered in a SOI update include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on the following five (5) factors:

- 1. The present and planned land use in the area, including agricultural and open space lands.*
- 2. The present and probable need for public facilities and services in the area.*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- 4. The existence of any social or economic communities of interest in the area.*
- 5. If a city or special district provides public facilities or services related to sewers, municipal industrial water, or structural fire protection, the Present and Probable Need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

From time-to-time, an SOI may be modified as determined by LAFCO using the procedures for making sphere amendments as outlined by CKH. Pursuant to Government Code Section 56430, a LAFCO must first conduct a MSR prior to updating or amending a SOI.

MUNICIPAL SERVICE REVIEWS

Section 56425(g) of CKH requires that LAFCOs evaluate an SOI every five years, or when necessary. The vehicle for doing this is known as a Municipal Service Review.

Pursuant to Government Code Section 56430, MSR's make determinations on seven (7) required topics as follows:

- 1. Growth and population projections for the affected area.*
- 2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*
- 3. Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*
- 4. Financial ability of agencies to provide services.*
- 5. Status of, and opportunities for, shared facilities.*
- 6. Accountability for community service needs, including government structure and operational efficiencies.*
- 7. Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

The focus of an MSR is to ensure that public services are being carried out efficiently and the residents of any given area or community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of agricultural lands. If an MSR determines that certain services are not being carried out to an adequate standard, LAFCO can recommend changes be made through making sphere changes and dissolution or consolidation of service providers to provide the best service possible to the population.

PRIOR MUNICIPAL SERVICE REVIEWS

Three cycles of MSR's were completed by OC LAFCO prior to this one. The first was produced in 2005, the second in 2008, and the third in 2013. Each MSR cycle has provided OC LAFCO with new and important information regarding the delivery of services to OC residents. OC LAFCO has learned that generally, all of the agencies in the County are well run and provide a high level of service. The high level of service is especially apparent in the Southwest Region. Prior MSR's have not singled out any significant issues among Southwest agencies.

In the interest of furthering OC LAFCO's goals, the MSR process over the prior cycles has produced key resources to help coordinate services, provide accountability, and increase transparency. Resources like the Fiscal Indicators and the Shared Services programs have provided agencies with a central location to access OC LAFCO services. OC LAFCO has also partnered with local experts such as those in the California State University of Fullerton's ("CSUF") Demographic Research Unit, to track trends that help develop the data for Disadvantaged Unincorporated Communities ("DUCs").

DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS)

As part of this MSR, RSG was asked to consider the location, characteristics and adequacy of services and public facilities related to Disadvantaged Unincorporated Communities in any of the SOIs within the Region. DUCs are defined as inhabited territory located within an unincorporated area of a county in which the annual median household income is less than 80 percent of the statewide median household income. State law considers an area with 12 or more registered voters to be an inhabited area. CKH requires identification and analysis of service issues within DUCs as part of MSR/SOI updates. State law (SB 244) also places restrictions on annexations to cities if the proposed annexation is adjacent to a DUC.

OC LAFCO previously designated a total of seven (7) DUCs in the County. However, none of these DUCs are in the Southwest Region.

UNINCORPORATED AREAS

There are several unincorporated islands (territory completely or substantially surrounded by cities) and other unincorporated areas within the County that should eventually be transitioned to an adjacent city over time and when feasible. CKH, in various sections of the statute, requires LAFCO to address these areas during MSR/SOI updates and annexation proceedings. For over 20 years, OC LAFCO has worked collaboratively with the County and multiple cities on the transitioning of unincorporated areas to the jurisdiction of adjacent cities. Today, that effort continues and includes addressing the feasibility of annexation and infrastructure deficiencies and other challenges.

In the Southwest Region, unincorporated areas include the Aliso and Wood Canyons Wilderness Park and the Emerald Bay residential community. Services to these areas are provided by multiple agencies that include the County, Emerald Bay Community Services District, and Laguna Beach County Water District. The Aliso and Wood Canyons Wilderness Park is serviced as part of the County's park system by County Service Area ("CSA") 26. The park receives fire protection services from the Orange County Fire Authority. Emerald Bay is served, either through contract or direct action, by the Emerald Bay Community Services District. More on these services and providers is discussed in Section VII. Due to geography and resident preferences, these areas are unlikely to be annexed by neighboring cities in the near future.

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

OC LAFCO is responsible for overseeing the boundaries, establishing and updating SOIs, and preparing MSRs for the County's 34 cities and 34 independent and dependent special districts. Since its creation, the Commission has formed nine cities, approved multiple changes of organization and reorganization involving cities and special districts, and encouraged orderly

MISSION:

OC LAFCO serves Orange County cities, special districts, and the county to ensure effective and efficient delivery of municipal services.

development through the establishment of agency SOIs and preparation of numerous studies. OC LAFCO has also provided proactive leadership on efficient government through its Unincorporated Islands Program and an innovative presence through its Shared Services and Fiscal Indicators Web-based programs. In addition to State law, the Commission's authority is guided through adopted policies and procedures that assist in the implementation of the provisions of the CKH Act and consideration of the local conditions and circumstances of Orange County.

COMMISSION COMPOSITION

OC LAFCO is comprised of eleven (11) members, with seven serving as regular members and four serving as alternate members. The members include: three (3) County Supervisors, three (3) City Council members, three independent Special District members, and two (2) at-large representatives of the general public. All members serve four-year terms and there are no term

limits. In accordance with the statute, while serving on the Commission, all commission members shall exercise their independent judgement on behalf of the interests of residents, property owners, and the public as a whole. Table 2 depicts the current members of the Commission and their respective appointing authority and term.

Table 2: OC LAFCO Commission Roster

Commissioners	Appointing Authority	Current Term
Regular Members		
Douglass Davert , <i>Chair</i> Special District Member	Independent Special District Selection Committee	2022–2026
Donald P. Wagner , <i>Vice Chair</i> County Member	Board of Supervisors	2022–2026
Derek J. McGregor , <i>Immediate Past Chair</i> Public Member	Commission	2022–2026
Andrew Do , County Member	Board of Supervisors	2019–2023
Wendy Bucknum , City Member	City Selection Committee	2020–2024
James Fidler , Special District Member	Independent Special District Selection Committee	2020–2024
Bruce Whitaker , City Member	City Selection Committee	2022–2026
Alternate Members		
Carol Moore , City Member	City Selection Committee	2020–2024
Kathryn Freshley , Special District Member	Independent Special District Selection Committee	2022–2026
Katrina Foley , County Member	Board of Supervisors	2019–2023
Lou Penrose , Public Member	Commission	2021–2025
Carolyn Emery, Executive Officer Scott C. Smith, General Counsel		

MEETING AND CONTACT INFORMATION

The Commission's regular meetings are held on the second Wednesday of the month at 8:15 a.m. Currently, the meetings are conducted at County Administration North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701. The OC LAFCO administrative offices are centrally located at 2677 North Main Street, Suite 1050, Santa Ana, CA 92701. Commission staff may be reached by telephone at (714) 640-5100. The agency's agendas, reports and other resources are available online at www.OCLAFCO.org.



METHODOLOGY AND DATA SOURCES

RSG worked in coordination with OC LAFCO staff throughout the duration of this MSR. To fully understand key factors and current issues involving the cities, RSG conducted an initial working session with OC LAFCO staff to determine the project scope and process and formalize overall MSR objectives, schedules, agency services to review, fiscal criteria, and roles and responsibilities of OC LAFCO, RSG, and other consultants. Key tasks and activities in the completion of this MSR included a thorough review of available relevant agency data and documents; interviews with agencies; development of agency profiles; MSR and SOI determination analysis; preparation of administrative and public review drafts of the MSR; incorporation of agency, OC LAFCO, and public comments; and consideration by OC LAFCO of adoption of the final MSR.

It is important to acknowledge that the data presented in this report represents the best information available during the data collection phase, which was largely completed between May and November of 2022. This report represents a snapshot in time, and there may be material changes since then that are not reflected in this report.

For subject agencies that are incorporated cities, this MSR uses the Federal Decennial Census (“Census”) or California’s State Department of Finance (“DOF”) Population and Housing Estimates from January 1, 2022. Produced by DOF’s Demographic Research Unit, the estimates are released annually and are the official population and housing unit tallies used in most State programs and for jurisdictional appropriation limits. The estimates are restricted to cities and counties and do not encompass all potential taxing entities or districts in the State. The data from DOF only reports on total population, total housing units, housing type, and unit occupancy status. Therefore, RSG relied on additional sources and tools to provide a more complete demographic picture.

Some of the demographic data reported in this MSR comes from ESRI’s Business Analyst online software. The platform uses Geographic Information Systems (“GIS”) to produce a variety of comparison reports for areas both smaller and larger than most official data sources, such as the Census or DOF. Subjects in this MSR pertaining to growth rates, poverty rates, number of workers in the jurisdiction, and number of businesses all were produced in part by inputting boundary shapefiles into the GIS functions of Business Analyst. Where applicable, this MSR notes agency disagreements with certain reported demographic numbers or rates. Population and housing unit data for the special districts was derived from ESRI, but not for the cities. All demographic data is from the year 2022 unless otherwise stated.

Summary fiscal health data was researched and provided to RSG by another consultant, Berkson & Associates, as part of a separate and independent engagement with OC LAFCO to populate a set of “Fiscal Indicators” that will appear on OC LAFCO’s website. The Fiscal Indicators provide the latest three years of revenue, expenditures, net position, and reserves data reported in the agencies’ financial audits and budgets. Berkson & Associates also provided a summary of the trends for each line item. OC LAFCO’s partnership with Berkson & Associates to develop the Fiscal Indicators website aided RSG in the review of the Southwest agencies’ finances. As a result, this MSR did not undertake an extensive review of each agencies’ finances but consulted with Berkson to present and briefly summarize their findings.

III. AGENCY PROFILES

As part of this MSR, OC LAFCO and RSG examined a range of municipal services provided by each agency in the Southwest Region. This section provides summaries of the governing structure, population, service area, types of services, and the service providers of each agency. The profile of each Southwest Region city covers the key services provided in the city, while the special district profiles provide detail only on the services they are legally authorized to provide. A demographic summary and a map of each agency are shown following the profile table.

Summary financial trends of each agency going back to FY 2018-19 are also shown in this section. All financial tables were produced using the Fiscal Indicators data described in the prior section. Please note that trends shown are exclusive of transfers in and out: transfers of net revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.

Below is a list of the agencies profiled:

Cities

- Aliso Viejo
- Dana Point
- Laguna Beach
- Laguna Hills
- Laguna Niguel
- Laguna Woods

Special Districts and JPA

- El Toro Water District
- Laguna Beach County Water District
- Moulton Niguel Water District
- South Coast Water District
- Emerald Bay Community Service District
- Capistrano Bay Community Services District
- Three Arch Bay Community Services District
- South Orange County Wastewater Authority (JPA)

City of Aliso Viejo Incorporated July 1, 2001	
Agency Information	
Address	12 Journey, Aliso Viejo, CA 92656
Primary Contact	Dave Doyle, City Manager
Contact Information	949-425-2520
Website	www.avcity.org
Governance	5 Council Members, Elected At-Large
Total City Staff	25 Full Time, 17 Part Time
Service Area Information	
Incorporated Area (Sq. Mi.)	6.92
Population	50,782
Unincorporated Population of SOI	N/A
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	OCSD
Fire Protection/Emergency Medical	OCFA
Building/Planning	Aliso Viejo
Code Enforcement	Aliso Viejo
Animal Control	Aliso Viejo (Contractual agreement with Mission Viejo)
Parks and Recreation	Aliso Viejo, Aliso Viejo Community Association (HOA)
Library	County of Orange
Museum	N/A
Landscape Maintenance	Aliso Viejo Community Association (HOA)
Lighting	N/A
Streets/Road Maintenance	Aliso Viejo
Electricity/Gas	SCE /SoCal Gas/SDG&E
Solid Waste	CR&R
Stormwater Protection	Aliso Viejo
Water	Moulton Niguel Water District, El Toro Water District
Wastewater	Moulton Niguel Water District, El Toro Water District, SOCWA
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Aliso Viejo

Population & Density	Agency	County
2020 Population	52,176	3,186,989
2022 Population	50,782	3,203,504
2027 Population ¹	51,200	3,198,933
2022-2027 Projected Growth Rate (%)	0.8% >	-0.1%
Daytime Population	47,773	3,284,351
Unincorporated SOI Population	-	-
Households	19,435	1,082,175
Household Size	2.61 <	2.96
Area (Square Miles)	6.92	948.00
Density (Persons per Square Mile)	7,337 >	3,379
Housing		
Housing Units	20,189	1,142,029
Owner Occupied (%)	58% >	55%
Renter Occupied (%)	39% <	40%
Vacant %	4% <	5%
Median Home Value	\$ 731,802 <	\$ 783,700
Employment & Poverty		
Businesses	2,161	176,208
Employees	21,036	1,631,636
Median Household Income	\$ 126,744 >	\$ 105,674
Public Transportation Commuters (%)	0.7% <	1.8%
Commute Longer than 60 Minutes (%)	7.7% <	9.5%
Poverty Rate	5.1% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21

Aliso Viejo

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 20,264,249	\$ 19,000,653	\$ 17,662,581
Expenditures	17,483,914	17,860,127	18,991,868
Net	\$ 2,780,335	\$ 1,140,526	\$ (1,329,287)
Reserves	\$ 21,775,144	\$ 22,192,528	\$ 17,586,829

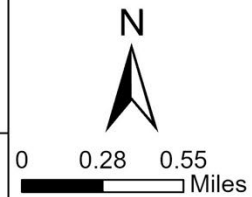
¹"Reserves" based on General Fund balance assigned to contingencies, emergencies, and unassigned

Source: Berkson & Associates, Agency Audits & Budgets



City of Aliso Viejo

Source: RSG Inc., ESRI, OCLAFCO



City of Dana Point Incorporated January 1, 1989	
Agency Information	
Address	33282 Golden Lantern, Dana Point, CA 92629
Primary Contact	Mike Killebrew, City Manager
Contact Information	949-248-3513
Website	www.danapoint.org
Governance	5 Council Members, Elected by District
Total City Staff	67 Full Time, 8 Part Time
Service Area Information	
Incorporated Area (Sq. Mi.)	6.51
Population	32,943
Unincorporated Population of SOI	N/A
Service Summary	
Service or Department	Provider
Law Enforcement	OCSD
Fire Protection/Emergency Medical	OCFA
Building/Planning	Dana Point
Code Enforcement	Dana Point
Animal Control	Dana Point (Contractual agreement Coastal Animal Services Authority)
Parks and Recreation	Dana Point
Library	County of Orange
Museum	N/A
Landscape Maintenance	Dana Point (Contractual agreement with ..
Lighting	SDGE
Streets/Road Maintenance	Dana Point
Electricity/Gas	San Diego Gas & Electric
Solid Waste	CR&R
Stormwater Protection	Dana Point
Water	South Coast Water District, Moulton Niguel Water District
Wastewater	SCWD, SOCWA, SMWD
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Dana Point

Population & Density	Agency	County
2020 Population	33,107	3,186,989
2022 Population	32,943	3,203,504
2027 Population ¹	33,994	3,198,933
2022-2027 Projected Growth Rate (%)	3.2% >	-0.1%
Daytime Population	31,887	3,284,351
Unincorporated SOI Population	-	-
Households	14,359	1,082,175
Household Size	2.29 <	2.96
Area (Square Miles)	6.51	948.00
Density (Persons per Square Mile)	5,060 >	3,379
Housing		
Housing Units	16,379	1,142,029
Owner Occupied (%)	56% >	55%
Renter Occupied (%)	32% <	40%
Vacant %	12% >	5%
Median Home Value	\$ 962,378 >	\$ 783,700
Employment & Poverty		
Businesses	2,064	176,208
Employees	13,838	1,631,636
Median Household Income	\$ 119,867 >	\$ 105,674
Public Transportation Commuters (%)	1.9% >	1.8%
Commute Longer than 60 Minutes (%)	10.2% >	9.5%
Poverty Rate	5.1% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21

Dana Point

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 39,020,904	\$ 38,326,095	\$ 41,415,544
Expenditures	36,409,765	36,287,179	34,054,359
Net	\$ 2,611,139	\$ 2,038,916	\$ 7,361,185
Reserves	\$ 7,351,000	\$ 10,623,042	\$ 10,736,189

¹"Reserves" per City policy commitments of unassigned fund balance. Reserves designated for Economic Stability and Extreme Events are less than total unassigned fund balance.

Source: Berkson & Associates, Agency Audits & Budgets



City of Laguna Beach	
Incorporated June 29, 1927	
Agency Information	
Address	505 Forest Ave, Laguna Beach, CA 92651
Primary Contact	Shohreh Dupuis, City Manager
Contact Information	(949) 497-0704
Website	www.lagunabeachcity.net
Governance	5 Council Members, Elected At-Large
Total City Staff	290.68 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	8.84
Population	22,706
Unincorporated Population of SOI	N/A
Service Summary	
Service or Department	Provider
Law Enforcement	Laguna Beach
Fire Protection/Emergency Medical	Laguna Beach
Building/Planning	Laguna Beach
Code Enforcement	Laguna Beach
Animal Control	Laguna Beach
Parks and Recreation	Laguna Beach
Library	County of Orange
Museum	Laguna Art Museum
Landscape Maintenance	Laguna Beach
Lighting	Laguna Beach, SCE, SDG&E
Streets/Road Maintenance	Laguna Beach
Electricity/Gas	SCE/SDG&E/SoCal Gas
Solid Waste	Waste Management
Stormwater Protection	N/A
Water	Laguna Beach County Water District, South Coast Water District
Wastewater	Laguna Beach, SOCWA, SCWD
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Laguna Beach

Population & Density	Agency	County
2020 Population	23,032	3,186,989
2022 Population	22,706	3,203,504
2027 Population ¹	22,271	3,198,933
2022-2027 Projected Growth Rate (%)	-1.9% <	-0.1%
Daytime Population	28,215	3,284,351
Unincorporated SOI Population	-	-
Households	10,771	1,082,175
Household Size	2.11 <	2.96
Area (Square Miles)	8.84	948.00
Density (Persons per Square Mile)	2,569 <	3,379
Housing		
Housing Units	13,025	1,142,029
Owner Occupied (%)	52% <	55%
Renter Occupied (%)	29% <	40%
Vacant %	19% >	5%
Median Home Value	\$ 1,865,589 >	\$ 783,700
Employment & Poverty		
Businesses	2,777	176,208
Employees	16,992	1,631,636
Median Household Income	\$ 159,682 >	\$ 105,674
Public Transportation Commuters (%)	1.0% <	1.8%
Commute Longer than 60 Minutes (%)	8.3% <	9.5%
Poverty Rate	6.2% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

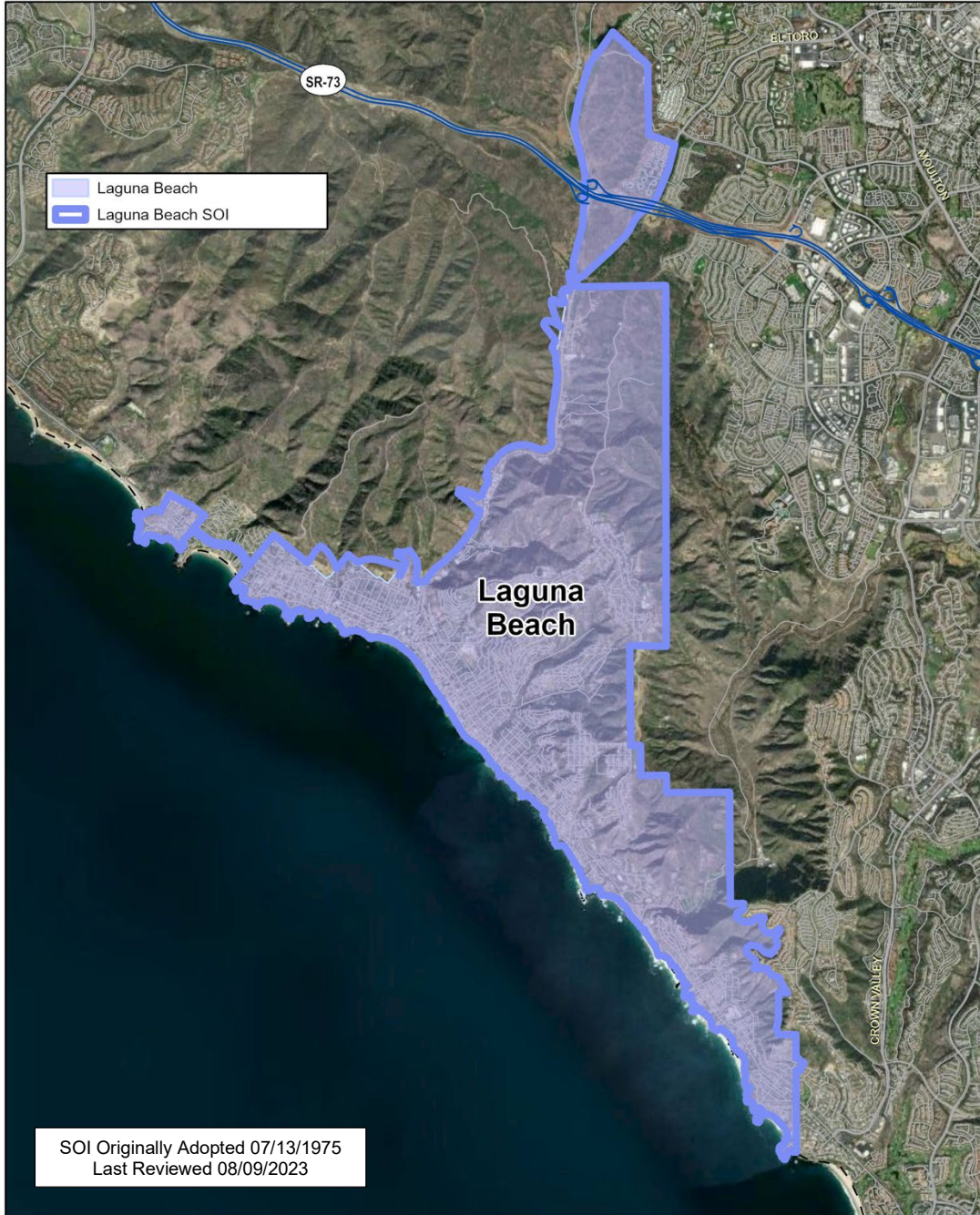
General Fund Cash Flow FY 18-19 to FY 20-21


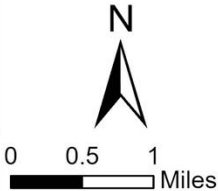
Laguna Beach

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 88,020,317	\$ 80,357,811	\$ 92,717,406
Expenditures	79,906,315	79,714,372	81,430,309
Net	\$ 8,114,002	\$ 643,439	\$ 11,287,097
Reserves	\$ 27,530,330	\$ 23,406,015	\$ 26,195,065

¹"Reserves" based on unassigned fund balance. City indicates its Municipal Code Requires a 10% General Fund Reserve and the City has a 10% Disaster Contingency Reserve (Response to MSR Data Request).

Source: Berkson & Associates, Agency Audits & Budgets



	City of Laguna Beach	
	<i>Source: RSG Inc., ESRI, OCLAFCO</i>	

City of Laguna Hills Incorporated December 20, 1991	
Agency Information	
Address	24035 El Toro Rd, Laguna Hills, CA 92653
Primary Contact	Jarad Hildenbrand, City Manager
Contact Information	949-707-2620
Website	www.ci.laguna-hills.ca.us
Governance	5 Council Members, Elected At-Large
Total City Staff	25 Full Time, 2.75 Part Time
Service Area Information	
Incorporated Area (Sq. Mi.)	6.65
Population	30,750
Unincorporated Population of SOI	N/A
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	OCSD
Fire Protection/Emergency Medical	OCFA
Building/Planning	Laguna Hills
Code Enforcement	Laguna Hills
Animal Control	Laguna Hills (contractual agreement with Mission Viejo)
Parks and Recreation	Laguna Hills
Library	County of Orange
Museum	N/A
Landscape Maintenance	Laguna Hills
Lighting	Laguna Hills
Streets/Road Maintenance	Laguna Hills
Electricity/Gas	SCE/SoCal Gas
Solid Waste	CR&R
Stormwater Protection	Laguna Hills
Water	Moulton Niguel Water District, El Toro Water District
Wastewater	Moulton Niguel Water District, El Toro Water District, SOCWA
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Laguna Hills

Population & Density	Agency	County
2020 Population	31,374	3,186,989
2022 Population	30,750	3,203,504
2027 Population ¹	31,276	3,198,933
2022-2027 Projected Growth Rate (%)	1.7% >	-0.1%
Daytime Population	37,754	3,284,351
Unincorporated SOI Population	-	-
Households	10,951	1,082,175
Household Size	2.81 <	2.96
Area (Square Miles)	6.65	948.00
Density (Persons per Square Mile)	4,626 >	3,379
Housing		
Housing Units	11,430	1,142,029
Owner Occupied (%)	68% >	55%
Renter Occupied (%)	30% <	40%
Vacant %	2% <	5%
Median Home Value	\$ 820,467 >	\$ 783,700
Employment & Poverty		
Businesses	2,912	176,208
Employees	20,391	1,631,636
Median Household Income	\$ 118,475 >	\$ 105,674
Public Transportation Commuters (%)	1.2% <	1.8%
Commute Longer than 60 Minutes (%)	7.8% <	9.5%
Poverty Rate	8.7% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

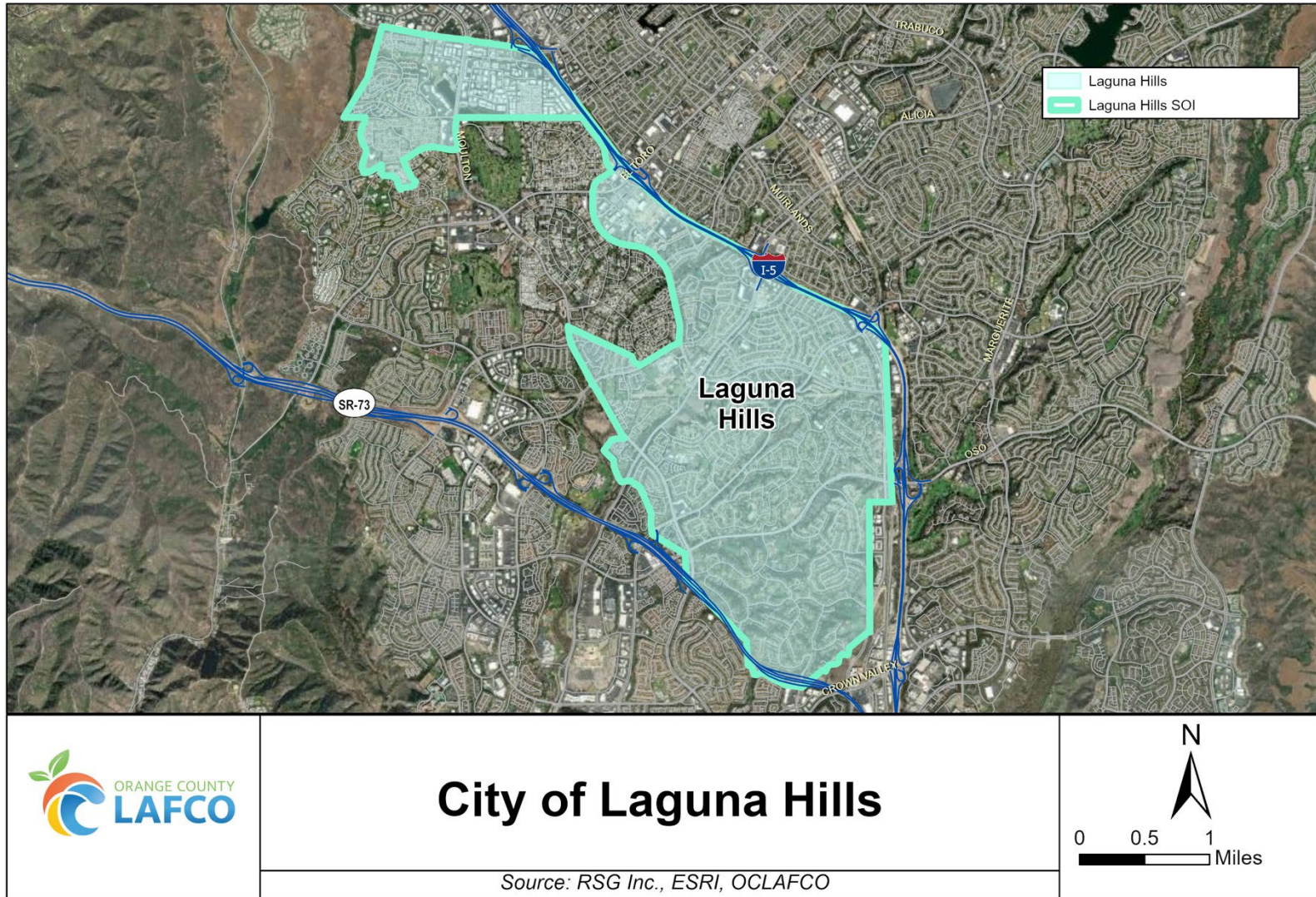
General Fund Cash Flow FY 18-19 to FY 20-21

Laguna Hills

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 22,047,533	\$ 21,846,623	\$ 22,752,294
Expenditures	19,725,985	20,403,623	20,590,720
Net	\$ 2,321,548	\$ 1,443,000	\$ 2,161,574
Reserves	\$ 7,161,146	\$ 7,487,247	\$ 7,824,536

¹"Reserves" based on unassigned General fund balance. City policy strives to maintain a minimum Fund Balance Reserve of 35% of operating budget for contingencies, calamitous events, economic uncertainty and cash flow fluctuations.

Source: Berkson & Associates, Agency Audits & Budgets



City of Laguna Niguel	
Incorporated December 1, 1989	
Agency Information	
Address	30111 Crown Valley Pkwy, Laguna Niguel, CA 92677
Primary Contact	Tamara Letourneau, City Manager
Contact Information	949-362-4300
Website	www.cityoflagunaniguel.org
Governance	5 Council Members, Elected At-Large
Total City Staff	64 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	14.79
Population	64,316
Unincorporated Population of SOI	N/A
Service Summary	
Service or Department	Provider
Law Enforcement	OCSD
Fire Protection/Emergency Medical	OCFA
Building/Planning	Laguna Niguel
Code Enforcement	Laguna Niguel
Animal Control	Laguna Niguel (contractual agreement with Mission Viejo)
Parks and Recreation	Laguna Niguel
Library	Laguna Niguel
Museum	County of Orange
Landscape Maintenance	Laguna Niguel
Lighting	Laguna Niguel
Streets/Road Maintenance	Laguna Niguel
Electricity/Gas	SDG&E, SCE, SoCal Gas
Solid Waste	CR&R
Stormwater Protection	Laguna Niguel
Water	Moulton Niguel Water District
Wastewater	Moulton Niguel Water District, SOCWA
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Laguna Niguel

Population & Density	Agency	County
2020 Population	64,355	3,186,989
2022 Population	64,316	3,203,504
2027 Population ¹	63,771	3,198,933
2022-2027 Projected Growth Rate (%)	-0.8% <	-0.1%
Daytime Population	55,490	3,284,351
Unincorporated SOI Population	-	-
Households	25,703	1,082,175
Household Size	2.50 <	2.96
Area (Square Miles)	14.79	948.00
Density (Persons per Square Mile)	4,349 >	3,379
Housing		
Housing Units	27,822	1,142,029
Owner Occupied (%)	65% >	55%
Renter Occupied (%)	27% <	40%
Vacant %	8% >	5%
Median Home Value	\$ 943,144 >	\$ 783,700
Employment & Poverty		
Businesses	3,018	176,208
Employees	20,900	1,631,636
Median Household Income	\$ 131,037 >	\$ 105,674
Public Transportation Commuters (%)	0.5% <	1.8%
Commute Longer than 60 Minutes (%)	9.0% <	9.5%
Poverty Rate	6.7% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

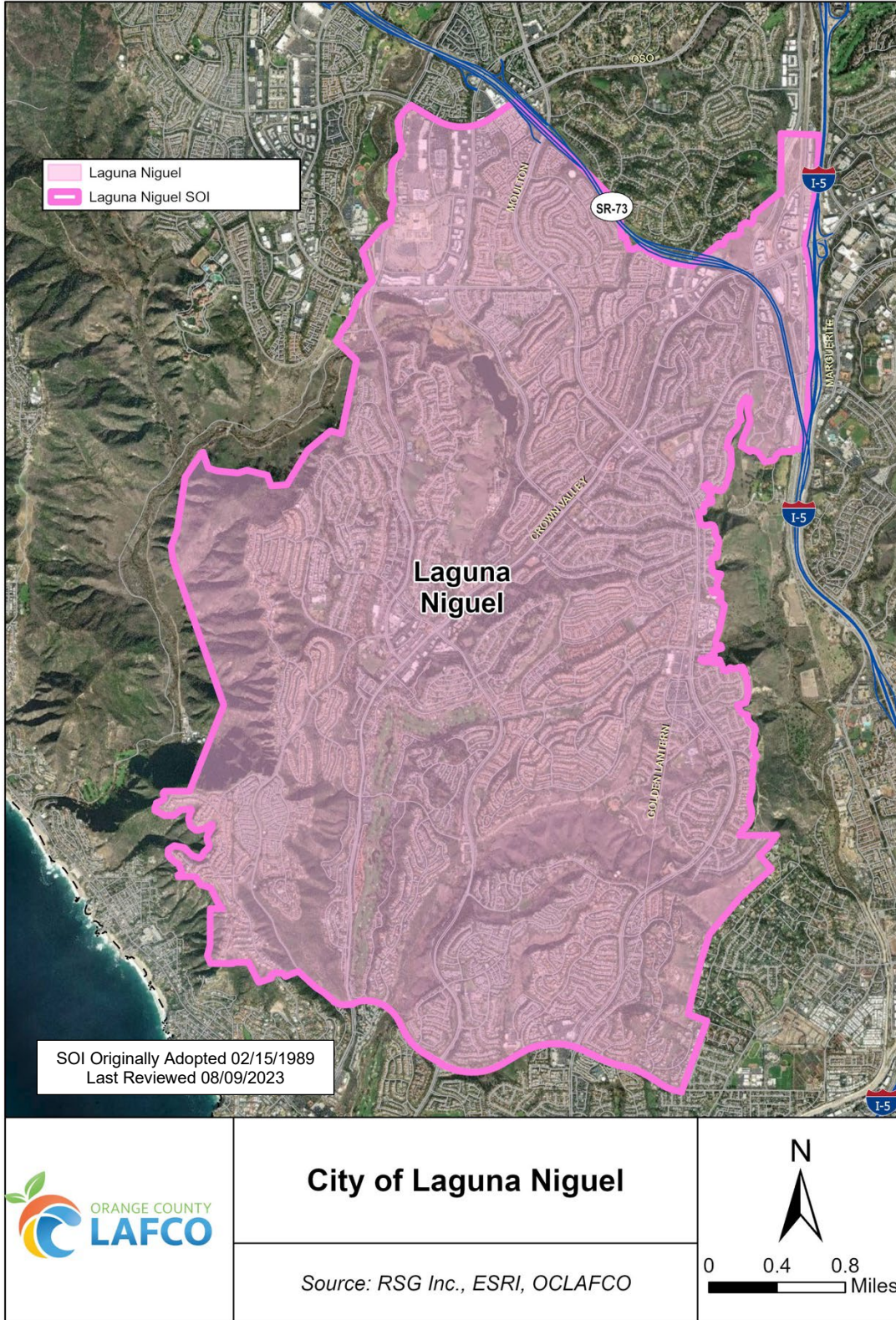
General Fund Cash Flow FY 18-19 to FY 20-21

Laguna Niguel

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 43,809,474	\$ 44,183,014	\$ 45,750,457
Expenditures	38,213,862	40,501,961	39,338,865
Net	\$ 5,595,612	\$ 3,681,053	\$ 6,411,592
Reserves	\$ -	\$ 20,250,975	\$ 19,669,431

¹"Reserves" shown based on General Fund Balance committed to financial and economic uncertainty (City budgets beginning FY 2019-20). Total reserves including capital and other reserves were \$57.4 mill. (FY19), \$41.7 mill. (FY20) and \$46.3 mill. (FY22) per Annual Comprehensive Financial Reports.

Source: Berkson & Associates, Agency Audits & Budgets



City of Laguna Woods	
Incorporated March 24, 1999	
Agency Information	
Address	24264 El Toro Rd, Laguna Woods, CA 92637
Primary Contact	Christopher Macon, City Manager
Contact Information	949-639-0525
Website	www.cityoflagunawoods.org
Governance	5 Council Members, Elected At-Large
Total City Staff	10.25 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	3.31
Population	17,514
Unincorporated Population of SOI	N/A
Service Summary	
<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	OCSD
Fire Protection/Emergency Medical	OCFA
Building/Planning	Laguna Woods, (contractual agreement with Bureau Veritas North America)
Code Enforcement	Laguna Woods, (contractual agreement with Willdan Engineering)
Animal Control	Laguna Woods (contractual agreement Laguna Beach)
Parks and Recreation	Laguna Woods
Library	County of Orange
Museum	N/A
Landscape Maintenance	Laguna Woods, (contractual agreement with BrightView Landscape Services (HOA))
Lighting	Laguna Woods, (contractual agreement with Siemens Mobility)
Streets/Road Maintenance	Laguna Woods, HOA
Electricity/Gas	SCE/SoCal Gas
Solid Waste	CR&R
Stormwater Protection	Laguna Woods
Water	El Toro Water District
Wastewater	El Toro Water District, SOCWA
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Laguna Woods

Population & Density	Agency	County
2020 Population	17,644	3,186,989
2022 Population	17,514	3,203,504
2027 Population ¹	17,977	3,198,933
2022-2027 Projected Growth Rate (%)	2.6% >	-0.1%
Daytime Population	20,225	3,284,351
Unincorporated SOI Population	-	-
Households	11,963	1,082,175
Household Size	1.46 <	2.96
Area (Square Miles)	3.31	948.00
Density (Persons per Square Mile)	5,297 >	3,379
Housing		
Housing Units	13,414	1,142,029
Owner Occupied (%)	65% >	55%
Renter Occupied (%)	24% <	40%
Vacant %	11% >	5%
Median Home Value	\$ 435,864 <	\$ 783,700
Employment & Poverty		
Businesses	379	176,208
Employees	5,749	1,631,636
Median Household Income	\$ 51,641 <	\$ 105,674
Public Transportation Commuters (%)	1.1% <	1.8%
Commute Longer than 60 Minutes (%)	6.2% <	9.5%
Poverty Rate	10.2% >	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

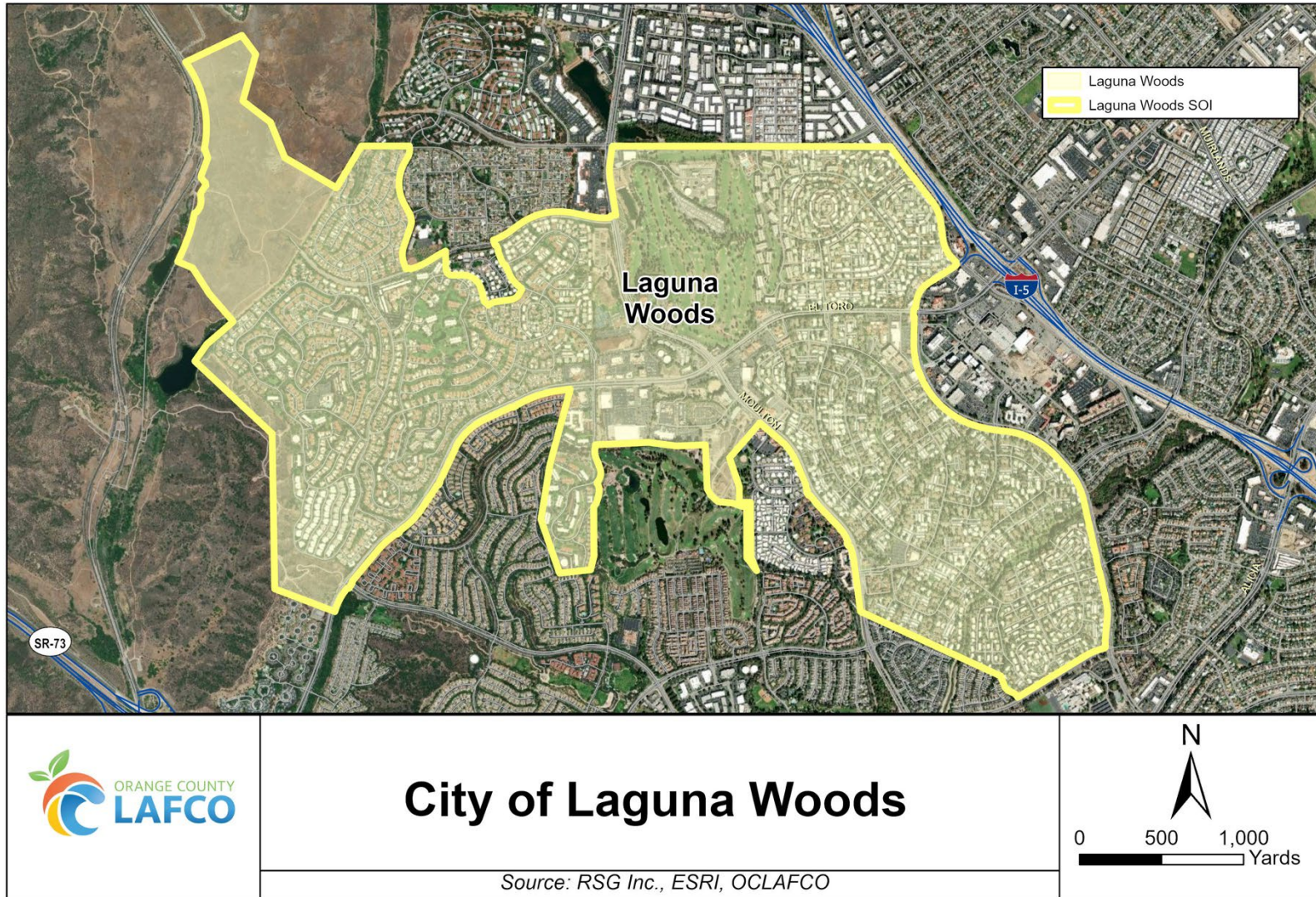
General Fund Cash Flow FY 18-19 to FY 20-21

Laguna Woods

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 6,351,788	\$ 6,147,530	\$ 6,030,918
Expenditures	6,423,364	5,872,459	5,920,678
Net	\$ (71,576)	\$ 275,071	\$ 110,240
Reserves	\$ 9,358,299	\$ 7,089,455	\$ 7,109,867

¹"Reserves" based on unassigned General Fund balance. City targets committed and assigned reserves from unassigned fund balance of 50% of ongoing General Fund revenues for General Contingency, self-insurance, and paid leave Reserve (approx. \$3 mill. in FY2022-23 budget).

Source: Berkson & Associates, Agency Audits & Budgets



El Toro Water District	
Formed in 1960	
District Information	
Address	24251 Los Alisos Blvd, Lake Forest, CA 92630
Primary Contact	Dennis Cafferty, General Manager
Contact Information	dcafferty@etwd.com
Website	www.etwd.com
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	60 Full Time, 2 Part Time
Service Area Information	
Incorporated Area (Sq. Mi.)	8.24
Communities Served	City of Laguna Woods, and portions of the Cities of Aliso Viejo, Lake Forest, Laguna Hills, and Mission Viejo
Population Served	53,062
Municipal Water Connections	9,536
Services Provided	
<ul style="list-style-type: none"> • Potable water for various customer uses with approximately 287 million gallons of reservoir space. • Sanitation/Wastewater services with 158 miles of sewer lines. • Recycled water services with 24.9 miles of dedicated pipelines. 	

Demographics Summary

El Toro Water District

Population & Density	Agency	County
2020 Population	52,024	3,186,989
2022 Population	53,062	3,203,504
2027 Population ¹	52,864	3,198,933
2022-2027 Projected Growth Rate (%)	-0.4% <	-0.1%
Daytime Population	58,431	3,284,351
Unincorporated SOI Population	-	-
Households	23,134	1,082,175
Household Size	2.29 <	2.96
Area (Square Miles)	8.24	948.00
Density (Persons per Square Mile)	6,436 >	3,379
Housing		
Housing Units	24,921	1,142,029
Owner Occupied (%)	65% >	55%
Renter Occupied (%)	28% <	40%
Vacant %	7% >	5%
Median Home Value	\$ 572,348 <	\$ 783,700
Employment & Poverty		
Businesses	3,433	176,208
Employees	27,750	1,631,636
Median Household Income	\$ 72,230 <	\$ 105,674
Public Transportation Commuters (%)	2.4% >	1.8%
Commute Longer than 60 Minutes (%)	5.7% <	9.5%
Poverty Rate	9.8% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

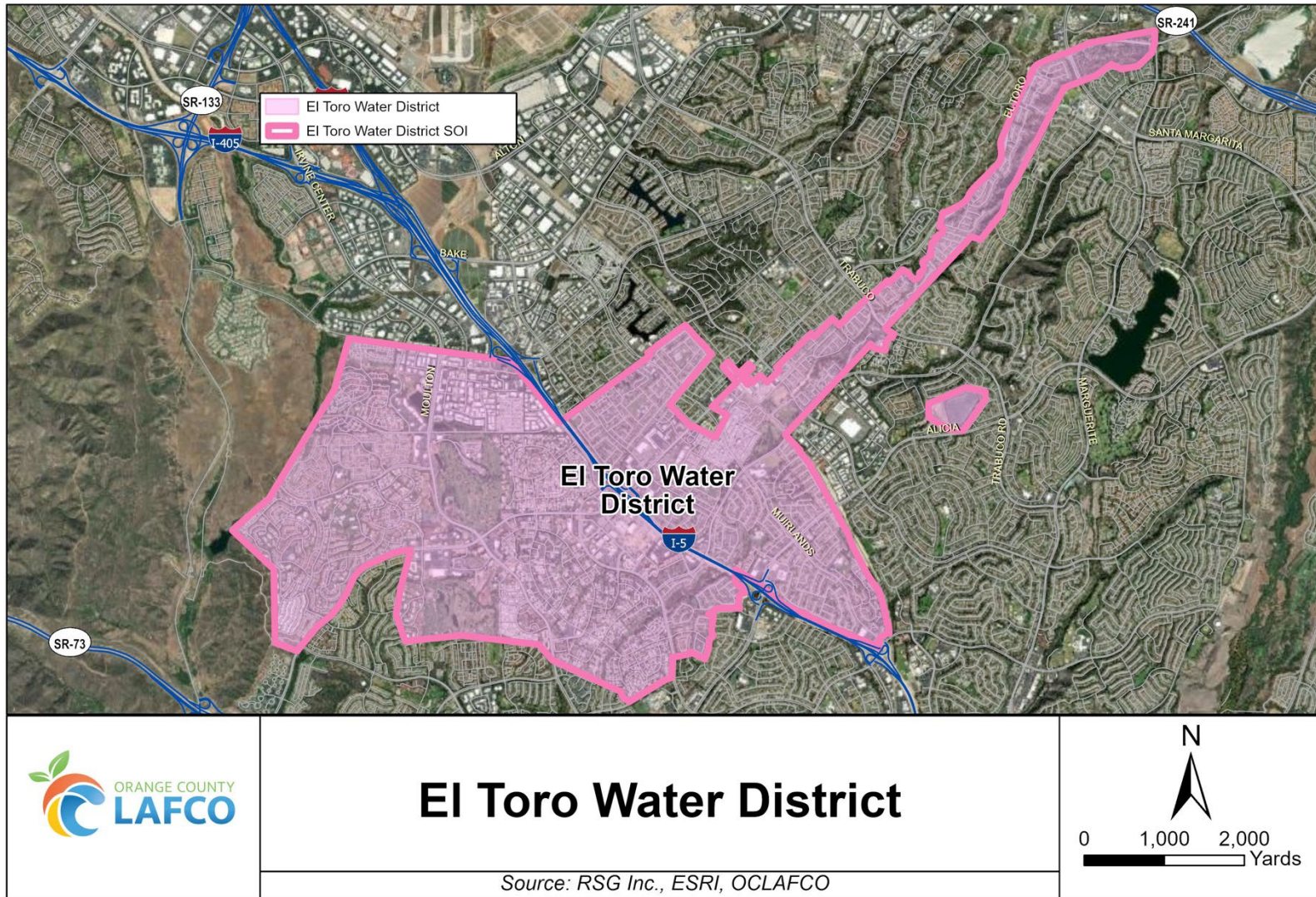
General Fund Cash Flow FY 18-19 to FY 20-21

El Toro Water District

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 26,537,536	\$ 26,164,368	\$ 27,349,923
Expenditures	26,928,835	27,981,030	29,244,287
Net	\$ (391,299)	\$ (1,816,662)	\$ (1,894,364)
Reserves	\$ 6,121,392	\$ 4,989,655	\$ 2,472,175

¹"Reserves" shown are based on Unrestricted Net Position. "Cash and Cash Equivalents" meet Board mandated policy levels, but debt and other liabilities reduce Unrestricted Net Position to an amount less than the reserve targets.

Source: Berkson & Associates, Agency Audits & Budgets



Laguna Beach County Water District	
Formed in 1925	
<i>Became Subsidiary of City of Laguna Beach on November 1, 2000</i>	
District Information	
Address	306 3rd St, Laguna Beach, CA 92651
Primary Contact	Keith Van Der Maaten, General Manager
Contact Information	949-494-1041
Website	www.lbcwd.org
Governance	5 City Council Members ; 5 Water Commissioners appointed by City Council
District Type	Dependent Special District (Subsidiary of the City of Laguna Beach)
Total Agency Staff	39 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	8.5
Communities Served	City of Laguna Beach and Unincorporated Community of Emerald Bay
Population Served	18,257
Municipal Water Connections	8,703
Services Provided	
<ul style="list-style-type: none"> • Provides water for various customer uses through 21 water storage reservoirs, a capacity of 33.5 million gallons. • Potable water provided to customers. 	

Demographics Summary

Laguna Beach County Water District

Population & Density	Agency	County
2020 Population	18,392	3,186,989
2022 Population	18,257	3,203,504
2027 Population ¹	18,017	3,198,933
2022-2027 Projected Growth Rate (%)	-1.3% <	-0.1%
Daytime Population	21,902	3,284,351
Unincorporated SOI Population	-	-
Households	8,660	1,082,175
Household Size	2.11 <	2.96
Area (Square Miles)	8.50	948.00
Density (Persons per Square Mile)	2,148 <	3,379
Housing		
Housing Units	10,219	1,142,029
Owner Occupied (%)	52% <	55%
Renter Occupied (%)	33% <	40%
Vacant %	15% >	5%
Median Home Value	\$ 1,821,790 >	\$ 783,700
Employment & Poverty		
Businesses	2,455	176,208
Employees	13,324	1,631,636
Median Household Income	\$ 153,642 >	\$ 105,674
Public Transportation Commuters (%)	1.1% <	1.8%
Commute Longer than 60 Minutes (%)	7.8% <	9.5%
Poverty Rate	6.3% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

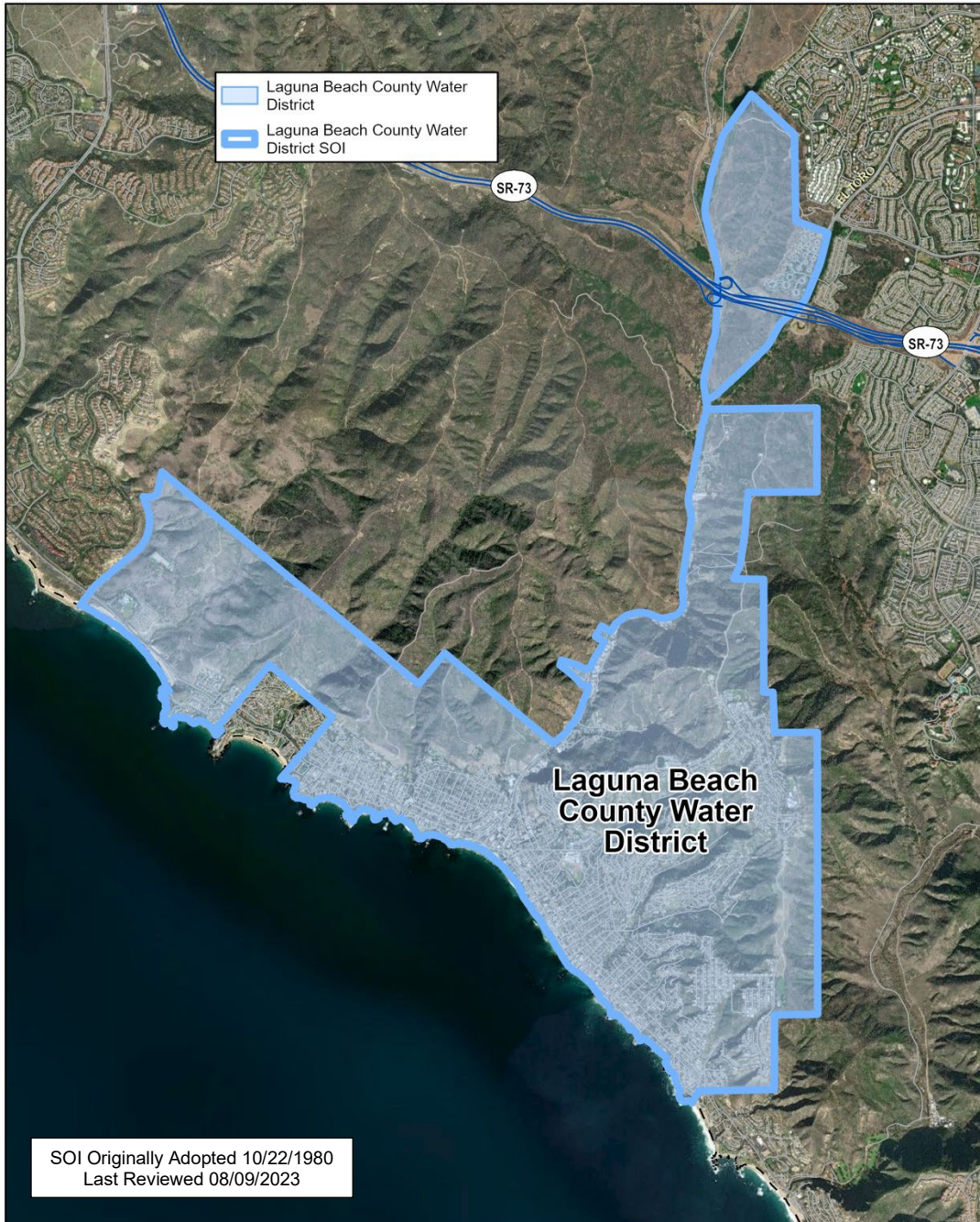
General Fund Cash Flow FY 18-19 to FY 20-21



Laguna Beach County Water District

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 14,832,343	\$ 15,806,304	\$ 17,293,460
Expenditures	13,118,553	14,369,924	15,403,586
Net	\$ 1,713,790	\$ 1,436,380	\$ 1,889,874
Reserves	\$ 13,289,814	\$ 12,890,018	\$ 15,030,315

¹"Reserves" based on unrestricted net position designations to Emergency Reserves and Operating Reserves (see notes to financial reports).

Source: Berkson & Associates, Agency Audits & Budgets



	Laguna Beach County Water District	 0 2,000 4,000 Feet
	<i>Source: RSG Inc., ESRI, OCLAFCO</i>	

Moulton Niguel Water District	
Formed in 1960	
District Information	
Address	26161 Gordon Rd, Laguna Hills, CA 92653
Primary Contact	Joone Lopez, General Manager
Contact Information	949-831-2500
Website	www.mnwd.com
Governance	7 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	180 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	36.83
Communities Served	Cities of Aliso Viejo and Laguna Niguel, and portions of Laguna Hills, Mission Viejo, Dana Point, and San Juan Capistrano
Population Served	170,167
Municipal Water Connections	55,013
Services Provided	
<ul style="list-style-type: none"> • Potable water, wastewater, and recycled water services are provided to customers. 	

Demographics Summary

Moulton Niguel Water District

Population & Density	Agency	County
2020 Population	170,015	3,186,989
2022 Population	170,167	3,203,504
2027 Population ¹	168,311	3,198,933
2022-2027 Projected Growth Rate (%)	-1.1% <	-0.1%
Daytime Population	164,577	3,284,351
Unincorporated SOI Population	-	-
Households	64,556	1,082,175
Household Size	2.64 <	2.96
Area (Square Miles)	36.83	948.00
Density (Persons per Square Mile)	4,620 >	3,379
Housing		
Housing Units	67,869	1,142,029
Owner Occupied (%)	64% >	55%
Renter Occupied (%)	31% <	40%
Vacant %	5% <	5%
Median Home Value	\$ 839,922 >	\$ 783,700
Employment & Poverty		
Businesses	9,288	176,208
Employees	76,073	1,631,636
Median Household Income	\$ 128,639 >	\$ 105,674
Public Transportation Commuters (%)	0.8% <	1.8%
Commute Longer than 60 Minutes (%)	8.5% <	9.5%
Poverty Rate	6.0% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

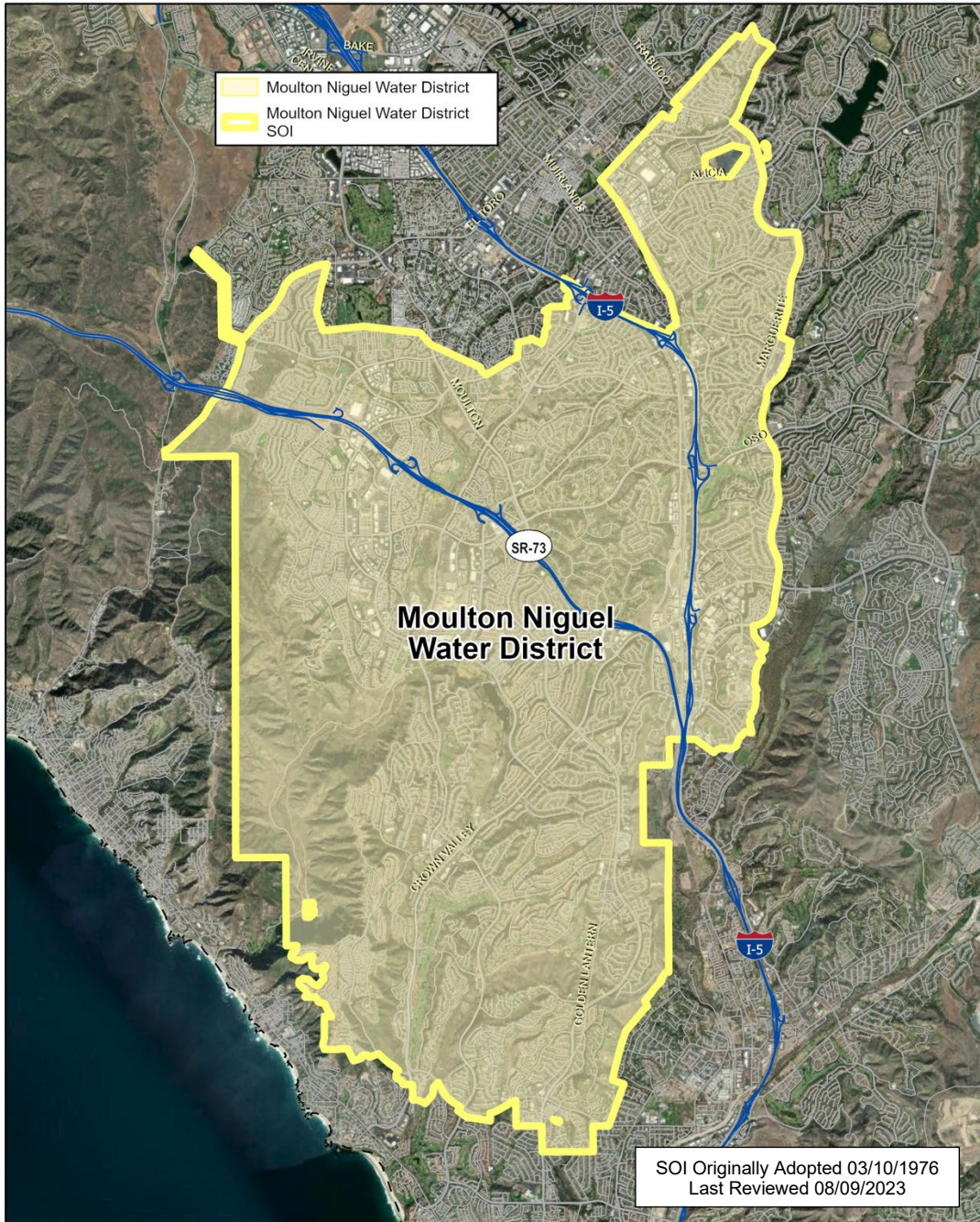
General Fund Cash Flow FY 18-19 to FY 20-21


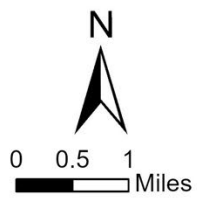
Moulton Niguel Water District

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 96,516,105	\$ 101,752,512	\$ 102,012,587
Expenditures	91,115,002	96,220,339	101,350,805
Net	\$ 5,401,103	\$ 5,532,173	\$ 661,782
Reserves	\$ 59,501,827	\$ 83,711,877	\$ 66,334,668

¹"Reserves" based on unrestricted net position designations to Emergency Reserves and Operating Reserves (see notes to financial reports).

Source: Berkson & Associates, Agency Audits & Budgets



	<p>Moulton Niguel Water District</p> <p>Source: RSG Inc., ESRI, OCLAFCO</p>	
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South Coast Water District	
Formed in 1932	
District Information	
Address	31592 West St, Laguna Beach, CA 92651
Primary Contact	Jody Brennan, Clerk of the Board
Contact Information	949-499-4555
Website	www.scwd.org
Governance	5 Board Members, Elected by District
District Type	Independent Special District
Total Agency Staff	95 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	8.99
Communities Served	South Laguna Beach, portions of San Clemente and San Juan Capistrano, City of Dana Point
Population Served	33,897
Municipal Water Connections	12,562
Services Provided	
<ul style="list-style-type: none"> • Potable water, wastewater, and recycled water services are provided to customers. 	

Demographics Summary

South Coast Water District

Population & Density	Agency	County
2020 Population	33,241	3,186,989
2022 Population	33,897	3,203,504
2027 Population ¹	34,211	3,198,933
2022-2027 Projected Growth Rate (%)	0.9% >	-0.1%
Daytime Population	32,060	3,284,351
Unincorporated SOI Population	-	-
Households	14,361	1,082,175
Household Size	2.36 <	2.96
Area (Square Miles)	8.99	948.00
Density (Persons per Square Mile)	3,771 >	3,379
Housing		
Housing Units	16,406	1,142,029
Owner Occupied (%)	57% >	55%
Renter Occupied (%)	31% <	40%
Vacant %	12% >	5%
Median Home Value	\$ 966,340 >	\$ 783,700
Employment & Poverty		
Businesses	2,008	176,208
Employees	13,618	1,631,636
Median Household Income	\$ 118,457 >	\$ 105,674
Public Transportation Commuters (%)	1.5% <	1.8%
Commute Longer than 60 Minutes (%)	10.3% >	9.5%
Poverty Rate	5.1% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

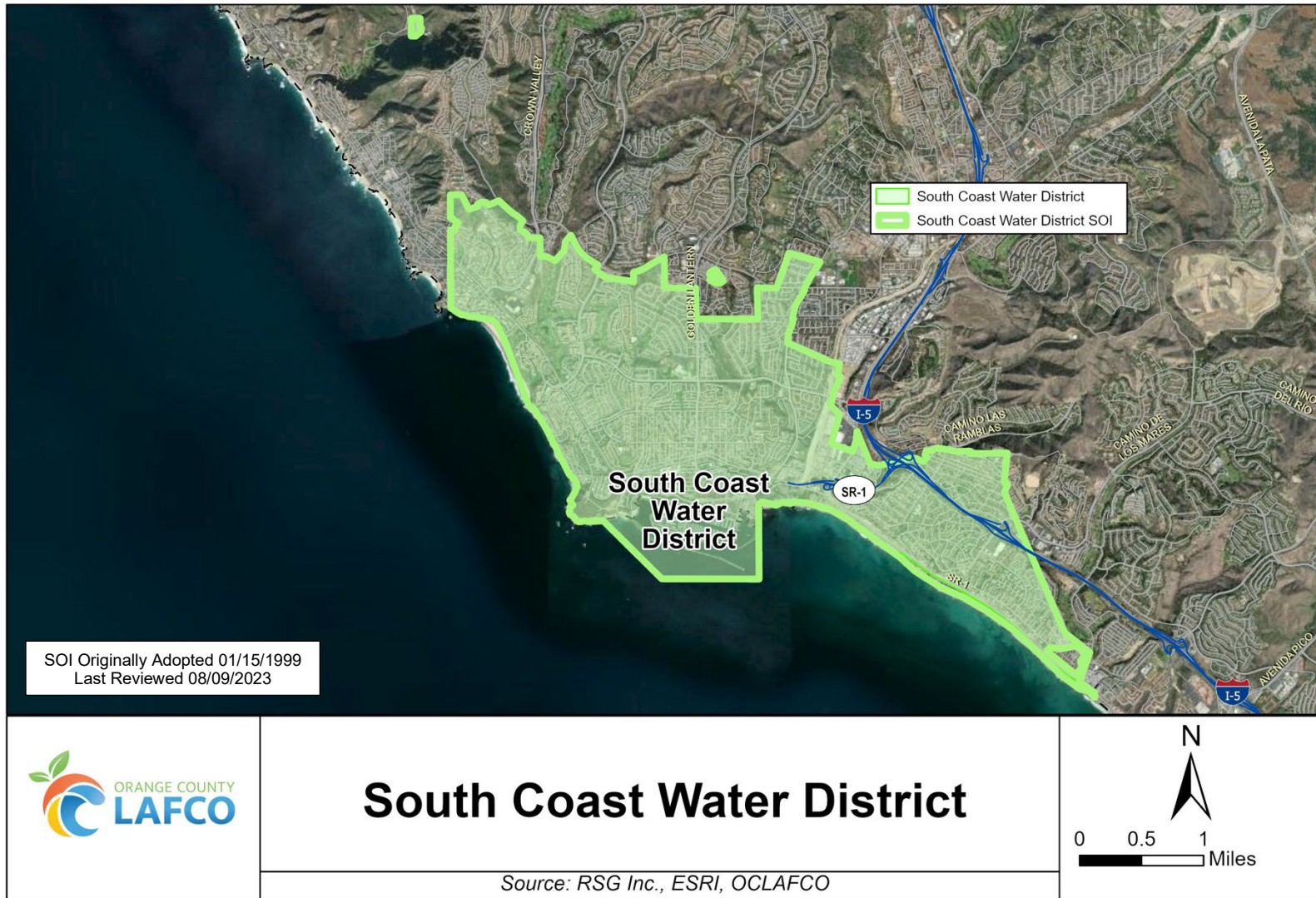
General Fund Cash Flow FY 18-19 to FY 20-21

South Coast Water District

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 39,432,332	\$ 42,800,981	\$ 44,575,807
Expenditures	39,422,843	41,659,204	41,356,292
Net	\$ 9,489	\$ 1,141,777	\$ 3,219,515
Reserves	\$ 9,043,169	\$ 43,648,035	\$ 47,113,607

¹"Reserves" based on unrestricted net position. FY2018-19 bond obligations increased significantly and reduced net position in that year. The District's operating reserve policy requires the District to maintain a required number of days of cash to cover temporary cash flow deficiencies due to timing differences between the receipt of operating revenues and expenditures.

Source: Berkson & Associates, Agency Audits & Budgets



Capistrano Bay Community Services District	
Formed in 1959	
District Information	
Address	35000 Beach Rd, Capistrano Beach, CA 92624
Primary Contact	Donal Russell, General Manager
Contact Information	949-496-6576
Website	www.capobay.org
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	2
Service Area Information	
Incorporated Area (Sq. Mi.)	0.06
Communities Served	Portion of City of Dana Point
Population Served	145
Services Provided	
<ul style="list-style-type: none"> • Provides Security, Streets/Roads Maintenance, Street Lighting, and Trash/Solid Waste Pickup services to residents. 	

Demographics Summary

Capistrano Bay Community Services District

Population & Density	Agency	County
2020 Population	147	3,186,989
2022 Population	145	3,203,504
2027 Population ¹	141	3,198,933
2022-2027 Projected Growth Rate (%)	-2.8% <	-0.1%
Daytime Population	128	3,284,351
Unincorporated SOI Population	-	-
Households	87	1,082,175
Household Size	1.67 <	2.96
Area (Square Miles)	0.06	948.00
Density (Persons per Square Mile)	2,398 <	3,379
Housing		
Housing Units	194	1,142,029
Owner Occupied (%)	42% <	55%
Renter Occupied (%)	3% <	40%
Vacant %	55% >	5%
Median Home Value	\$ 1,112,500 >	\$ 783,700
Employment & Poverty		
Businesses	9	176,208
Employees	31	1,631,636
Median Household Income	\$ 113,832 >	\$ 105,674
Public Transportation Commuters (%)	0.0% <	1.8%
Commute Longer than 60 Minutes (%)	5.3% <	9.5%
Poverty Rate	0.0% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21

Capistrano Bay Community Services District

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 1,310,898	\$ 1,126,996	\$ 1,402,026
Expenditures	1,117,084	1,145,645	1,124,473
Net	\$ 193,814	\$ (18,649)	\$ 277,553
Reserves	\$ 2,019,309	\$ 2,018,897	\$ 2,303,238

¹"Reserves" based on unassigned fund balance. The District conducts an annual update to their Reserve Study.

Source: Berkson & Associates, Agency Audits & Budgets



Emerald Bay Service District	
Formed in 1961	
District Information	
Address	600 Emerald Bay Laguna Beach, California 92651
Primary Contact	Michael Dunbar, General Manager
Contact Information	949-494-8572
Website	www.emeraldbayservicedistrict.org
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	1 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	0.23
Communities Served	Unincorporated Area of Emerald Bay
Population Served	2,000
Services Provided	
<ul style="list-style-type: none"> • Provides Parks and Recreation, Security Services, Streets & Roads Maintenance, Water, Wastewater, Solid Waste, and Fire Protection to residents. • Contracts with OC Sheriff to provide law enforcement at special events; routine Law Enforcement provided through County jurisdiction of unincorporated areas with the OC Sheriff. • Provides retail water service through contract with Laguna Beach County Water District. 	

Demographics Summary

Emerald Bay Service District

Population & Density	Agency	County
2020 Population	1,974	3,186,989
2022 Population	2,000	3,203,504
2027 Population ¹	2,015	3,198,933
2022-2027 Projected Growth Rate (%)	0.8% >	-0.1%
Daytime Population	762	3,284,351
Unincorporated SOI Population	-	-
Households	524	1,082,175
Household Size	3.82 >	2.96
Area (Square Miles)	0.23	948.00
Density (Persons per Square Mile)	8,584 >	3,379
Housing		
Housing Units	527	1,142,029
Owner Occupied (%)	90% >	55%
Renter Occupied (%)	10% <	40%
Vacant %	0% <	5%
Median Home Value	\$ 2,000,001 >	\$ 783,700
Employment & Poverty		
Businesses	25	176,208
Employees	229	1,631,636
Median Household Income	\$ 200,001 >	\$ 105,674
Public Transportation Commuters (%)	0.0% <	1.8%
Commute Longer than 60 Minutes (%)	0.0% <	9.5%
Poverty Rate	0.0% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

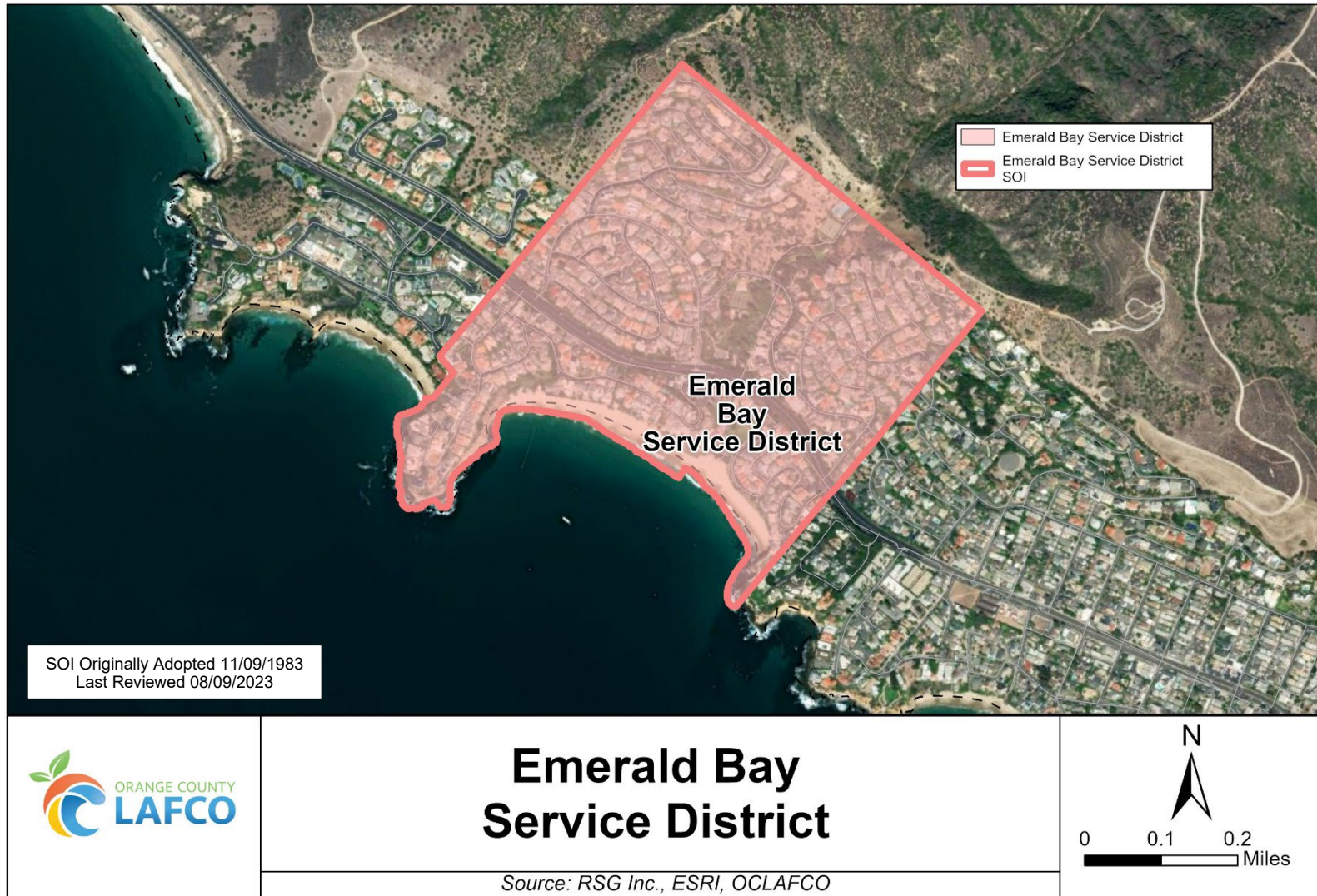
General Fund Cash Flow FY 18-19 to FY 20-21

Emerald Bay Service District

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 2,765,556	\$ 2,770,850	\$ 2,897,437
Expenditures	2,431,981	2,868,505	2,280,507
Net	\$ 333,575	\$ (97,655)	\$ 616,930
Reserves	\$ 1,600,724	\$ 1,243,711	\$ 1,370,317

¹Table excludes capital contributions. "Reserves" based on unassigned fund balance.

Source: Berkson & Associates, Agency Audits & Budgets



Three Arch Bay Community Services District	
Formed in 1957	
District Information	
Address	5 Bay Drive, Laguna Beach, CA
Primary Contact	Jeremy Pipp, General Manager
Contact Information	949-499-4567
Website	www.threearchbaycsd.org
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	0 (No in-house Employment; District has Professional Services Agreement with Three Arch Bay Association)
Service Area Information	
Incorporated Area (Sq. Mi.)	0.23
Communities Served	Portion of City of Laguna Beach
Population Served	1,004
Services Provided	
<ul style="list-style-type: none"> Provides Security and Stormwater Protection services to residents. 	

Demographics Summary

Three Arch Bay Community Services District

Population & Density	Agency	County
2020 Population	1,009	3,186,989
2022 Population	1,004	3,203,504
2027 Population ¹	988	3,198,933
2022-2027 Projected Growth Rate (%)	-1.6% <	-0.1%
Daytime Population	931	3,284,351
Unincorporated SOI Population	-	-
Households	363	1,082,175
Household Size	2.77 <	2.96
Area (Square Miles)	0.23	948.00
Density (Persons per Square Mile)	4,279 >	3,379
Housing		
Housing Units	488	1,142,029
Owner Occupied (%)	90% >	55%
Renter Occupied (%)	10% <	40%
Vacant %	0% <	5%
Median Home Value	\$ 2,000,001 >	\$ 783,700
Employment & Poverty		
Businesses	51	176,208
Employees	279	1,631,636
Median Household Income	\$ 200,001 >	\$ 105,674
Public Transportation Commuters (%)	0.0% <	1.8%
Commute Longer than 60 Minutes (%)	6.5% <	9.5%
Poverty Rate	5.7% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

General Fund Cash Flow FY 18-19 to FY 20-21

Three Arch Bay Community Services District

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 2,096,185	\$ 2,252,295	\$ 2,145,511
Expenditures	1,363,237	1,280,103	1,825,422
Net	\$ 732,948	\$ 972,192	\$ 320,089
Reserves	\$ 5,661,833	\$ 6,634,025	\$ 6,961,978

¹Revenues exclude "Other Sources" (proceeds). "Reserves" based on unassigned fund balance/net position (no designations indicated in financial reports).

Source: Berkson & Associates, Agency Audits & Budgets



	<h3>Three Arch Bay Community Services District</h3> <p>Source: RSG Inc., ESRI, OCLAFCO</p>	 <p>0 115 230 Yards</p>
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South Orange County Wastewater Authority	
Formed in 2001	
District Information	
Address	34156 Del Obispo St, Dana Point, CA 92629
Primary Contact	Danita Hirsh, Executive Assistant to General Manager
Contact Information	949-234-5452
Website	www.socwa.com
Governance	Joint Powers Authority comprised of 7 Member Agencies
Total Agency Staff	62 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	221
Communities Served	Cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Juan Capistrano, San Clemente, and unincorporated communities.
Member Agencies	Emerald Bay CSD, ETWD, City of Laguna Beach, MNWD, City of San Clemente, Santa Margarita Water District, and SCWD
Population Served	593,660
Services Provided	
<ul style="list-style-type: none"> • Provides a variety of wastewater support services to member agencies including recycled water and National Pollution Discharge Elimination System (NPDES) permits. • Operates three wastewater treatment plants and two ocean outfalls within the Southwest and Southeast MSR Regions of Orange County. 	

Demographics Summary

South Orange County Wastewater Authority

Population & Density	Agency	County
2020 Population	589,514	3,186,989
2022 Population	593,660	3,203,504
2027 Population ¹	589,218	3,198,933
2022-2027 Projected Growth Rate (%)	-0.7% <	-0.1%
Daytime Population	556,951	3,284,351
Unincorporated SOI Population	-	-
Households	224,371	1,082,175
Household Size	2.65 <	2.96
Area (Square Miles)	221.00	948.00
Density (Persons per Square Mile)	2,686 <	3,379
Housing		
Housing Units	238,797	1,142,029
Owner Occupied (%)	66% >	55%
Renter Occupied (%)	28% <	40%
Vacant %	6% >	5%
Median Home Value	\$ 849,248 >	\$ 783,700
Employment & Poverty		
Businesses	31,402	176,208
Employees	234,290	1,631,636
Median Household Income	\$ 126,108 >	\$ 105,674
Public Transportation Commuters (%)	1.0% <	1.8%
Commute Longer than 60 Minutes (%)	9.0% <	9.5%
Poverty Rate	5.8% <	9.9%

¹2027 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

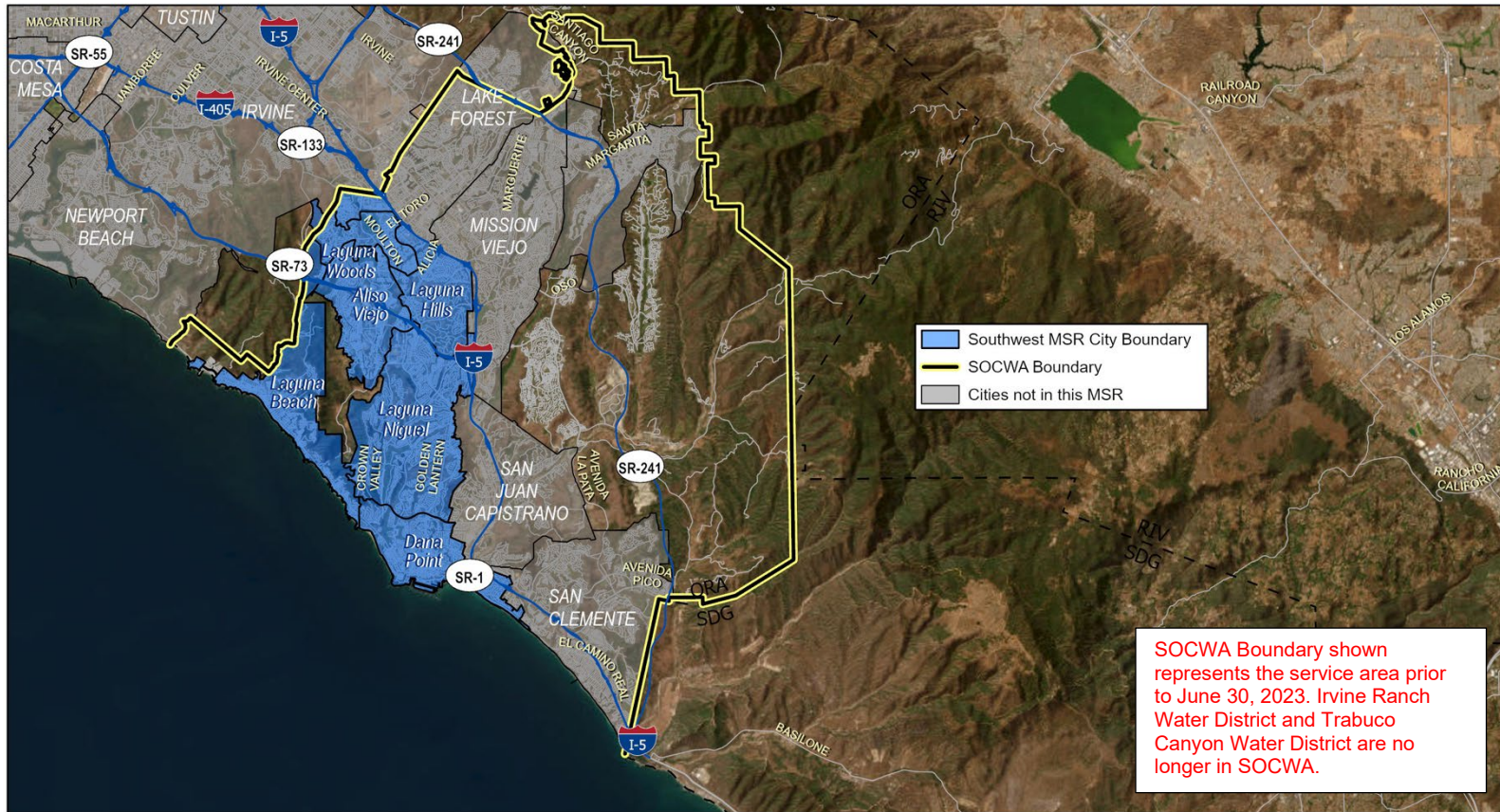
General Fund Cash Flow FY 18-19 to FY 20-21

South Orange County Wastewater Authority

Financial Summary¹	2018-19	2019-20	2020-21
Revenue	\$ 32,200,865	\$ 37,761,216	\$ 33,792,147
Expenditures	28,366,905	31,281,811	31,127,994
Net	\$ 3,833,960	\$ 6,479,405	\$ 2,664,153
Reserves	N/A	N/A	N/A

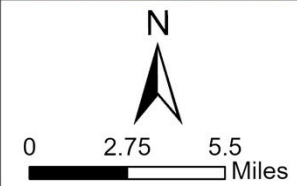
¹Revenues include capital contributions from member agencies. SOCWA does not retain reserves. They also do not retain operating capital and they collect revenue four times throughout the year as money is expended (MSR Interview).

Source: Berkson & Associates, Agency Audits & Budgets



South Orange County Wastewater Authority

Source: RSG Inc., ESRI, OCLAFCO



IV. GROWTH AND POPULATION PROJECTIONS

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

1. Growth and population projections for the affected area.

The Southwest Region covers an incorporated population of about 219,000 people spread across the six cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, and Laguna Woods. The seven special districts in the region provide services to about 278,000 people. These population totals are different because district boundaries extend beyond the Southwest cities' boundaries to include residents in the cities of Lake Forest, Mission Viejo, San Clemente, and San Juan Capistrano, all of which are not in this MSR. SOCWA, a Joint Powers Authority with cities and districts as member agencies, has an approximate service population of 594,000 since it extends well beyond the Southwest Region.

Collectively, the cities in the Southwest Region are expected to increase slightly in population by 2027. In contrast, the special districts are projected to decline over the same period. Cities are projected to increase by 0.7%, while special districts and SOCWA are both expected to decline by 0.7% respectively.

As is the larger trend across the County and State of California, development of new housing units has slowed in recent years. Using estimates from DOF, Southwest Region cities developed approximately 5,100 new units, an increase of 5.3%, from 2010 to 2022. However, projections for the subsequent five years, from 2022 to 2027, show housing growth shrinks to an increase of just 0.1%. Table 3 shows both population and housing trends for the Southwest region.

Table 3: Regional Population and Housing Trends

Southwest					
Population		Cities	Special Districts	SOCWA	County
	2020 Population	221,688	276,802	589,514	3,186,989
	2022 Population	219,011	278,532	593,660	3,203,504
	2027 Population ¹	220,489	276,547	589,218	3,198,933
	2020-2022 Growth Rate (%)	-1.2%	0.6%	0.7%	0.5%
	2022-2027 Projected Growth Rate (%)	0.7%	-0.7%	-0.7%	-0.1%
Housing					
	2010 Units	97,102	115,394	223,119	1,048,907
	2020 Units	101,319	120,123	237,313	1,129,785
	2022 Units	102,259	120,624	238,797	1,142,029
	2027 Units ¹	102,352	121,641	240,223	1,153,825
	2022 Household Size	2.1	2.3	2.5	2.8
	2010-2022 Unit Growth Rate (%)	5.3%	4.5%	7.0%	8.9%
	2022-2027 Projected Unit Growth Rate (%)	0.1%	0.8%	0.6%	1.0%

¹ 2027 estimates are only projections.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

Individually, some agencies' populations are projected to decline while others increase:

- Aliso Viejo, Dana Point, Laguna Hills, Laguna Woods, and South Coast Water District are all projected to increase residents by 2027.

- If projections hold, Dana Point would lead with population growth increasing by 3.19%, or about 1,000 people.
- The Capistrano Bay CSD is expected to see the largest percentage decline at -2.76%.
- SOCWA, as a JPA made up of multiple member agencies (some of which are not under review in this MSR), is projected to see the largest gross decline in residents with a drop of about 4,400.

Table 4 lists the agencies past and projected growth, sorted in order of their projected 2022 to 2027 growth.

Table 4: Agency Individual Population Growth

Southwest Population Changes	Past Growth		Projected Growth	
	2020-2022		2022-2027	
	%	#	%	#
Dana Point	-0.50%	-164	3.19%	1,051
Laguna Woods	-0.74%	-130	2.65%	463
Laguna Hills	-1.99%	-624	1.71%	526
South Coast Water District	1.97%	656	0.93%	314
Aliso Viejo	-2.67%	-1,394	0.82%	418
Emerald Bay Service District	1.32%	26	0.75%	15
El Toro Water District	2.00%	1,038	-0.37%	-198
South Orange County Wastewater Authority	0.70%	4,146	-0.75%	-4,442
Laguna Niguel	-0.06%	-39	-0.85%	-545
Moulton Niguel Water District	0.09%	152	-1.09%	-1,856
Laguna Beach County Water District	-0.73%	-135	-1.31%	-240
Three Arch Bay Community Services District	-0.50%	-5	-1.59%	-16
Laguna Beach	-1.42%	-326	-1.92%	-435
Capistrano Bay Community Services District	-1.36%	-2	-2.76%	-4

Source: US Census Bureau, DOF Population and Housing Estimates, ESRI Business Analyst

Housing unit growth on a per agency basis follows a similar pattern as population. A majority of the agencies are projected to grow their housing stock by less than 1% by 2027.

- The largest percentage increase is again expected in Dana Point with an increase of 2.47%.
- Aliso Viejo, Laguna Niguel, and Laguna Beach are the only agencies with projected declines in their housing unit totals.
- SOCWA is expected to see the largest gross increase in housing units with about 1,400 projected to be added by 2027.

All agencies are listed by order of their 2022 to 2027 projected growth in Table 5. Past growth from 2010 to 2022 is also shown.

Table 5: Agency Individual Housing Unit Growth

Southwest Housing Unit Changes	Past Growth		Projected Growth	
	2010-2022		2022-2027	
	%	#	%	#
Dana Point	2.77%	441	2.47%	404
Laguna Hills	4.01%	441	1.95%	223
South Coast Water District	3.73%	590	1.26%	207
El Toro Water District	4.16%	996	0.91%	227
Laguna Woods	2.56%	335	0.71%	95
South Orange County Wastewater Authority	7.03%	15,678	0.60%	1,426
Moulton Niguel Water District	5.71%	3,666	0.84%	573
Laguna Beach County Water District	-0.60%	-62	0.10%	10
Three Arch Bay Community Services District	2.31%	11	0.00%	0
Capistrano Bay Community Services District	13.45%	23	0.00%	0
Emerald Bay Service District	1.15%	6	0.00%	0
Aliso Viejo	7.04%	1,328	-0.15%	-30
Laguna Niguel	9.92%	2,510	-1.02%	-285
Laguna Beach	0.79%	102	-2.41%	-314

Source: US Census Bureau, DOF Population and Housing Estimates, ESRI Business Analyst

V. PRESENT AND PLANNED LAND USES

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:

- 1. the present and planned land use in the area, including agricultural and open space lands.*

The agencies of the Southwest Region are largely built out with very little remaining land available or designated to allow for development, and that is not otherwise zoned for open space. The vast majority of agencies' land is zoned for residential uses with pockets of commercial and industrial. Since they are mostly built out, the cities are planning for infill growth, minimally supplemented by acquisition and rezoning of incremental amounts of land. There are no significant agriculture uses in the Southwest Region.

Following are individual agency notes on development and land use:

- The City of Laguna Woods explicitly mentioned rezoning as part of their plan to comply with state housing laws.
- The City of Aliso Viejo is in the process of reviewing various economic development projects, one of which could develop a significant town center for the city.
- The City of Laguna Niguel is considering the rezoning and repurpose of a one million square foot federal building, potentially for new housing development.

Overall, options for changing current land uses for new development are limited and some agencies, such as the City of Laguna Beach, noted a lack of capacity for additional growth with the current infrastructure.

VI. LOCATION AND CHARACTERISTICS OF ANY DUCS

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

- 2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s);*

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:

- 4. the existence of any social or economic communities of interest in the area.*

The Southwest Region does not presently contain any OC LAFCO-designated Disadvantaged Unincorporated Communities (DUCs). Due to the lack of inhabited unincorporated space in the region, no DUCs are expected to be designated in the near future.

VII. CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

- 3. Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*

Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:

- 2. the present and probable need for public facilities and services in the area;*
- 3. the present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and*
- 5. the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

REGIONAL OVERVIEW

Overall, agencies in the Southwest Region are providing adequate services to their residents and customers. Agencies reported no complaints from residents and customers and all agencies expressed confidence that they have the resources to maintain the current levels of service. This section of the report discusses the major public services provided by the agencies in the Southwest Region and their capacity to deliver those services with the existing staff and public facilities. Many of the special districts in the Southwest Region are water districts, so a majority of the typical city services discussed in this section are not applicable to those agencies.

LAW ENFORCEMENT AND SECURITY SERVICES

Law enforcement and/or police protection is provided by the Orange County Sheriff's Department ("OCSD") for five cities (all but one) and the unincorporated areas in the Southwest Region. In contrast, the City of Laguna Beach provides this service through its own Police Department.

Under State law, CSDs are permitted to administer and provide law enforcement as well as security services that otherwise are not being provided in their jurisdictions. Security services are defined in CSD law, or Government Code § 61100(j), as any service, including burglar protections and fire alarms, with the goal of protecting lives and property. The three CSDs in the Southwest Region are all authorized to provide security services to their districts. Capistrano Bay and Three Arch Bay CSDs both contract for security services to private security vendors. Neither district is currently providing law enforcement to their jurisdiction, nor are they authorized. Emerald Bay CSD is authorized to provide their district with law enforcement services for private events. They currently contract with OCSD for their annual July 4th fireworks presentation but also for some other community events. Additionally, Emerald Bay covers a portion of the costs to fund 24/7 private internal security services, while the rest of the costs are covered by the Emerald Bay Community Association.

The agencies reported no issues or concerns relating to the quality or adequacy of OCSD services in the Region. However, the rising cost of OCSD services were cited as a concern by the cities of Laguna Woods and Aliso Viejo. Among their cost concerns was the absence of more efficient regionalization of patrol and administrative functions. For more on this issue see Section IX – Opportunities for Shared Services.

FIRE PROTECTION AND EMERGENCY MEDICAL

Fire protection is almost universally provided to the agencies of the Southwest Region by the Orange County Fire Authority ("OCFA"). The City of Laguna Beach remains the exception, providing fire protection services from their own fire department. OCFA formed originally as a department of the County government in 1980. The department was governed by the County Board of Supervisors at that time. However, as the County expanded and more cities incorporated, particularly those in South Orange County, local residents and governments requested more input in how the department was run. Initially the plan was for the department to become a fire district, but after several years of discussion the agencies agreed to structure OCFA as a Joint Powers Authority in 1995. OCFA has since expanded to include 23 cities, 77 fire stations, and 2 million residents served.

The cities who receive OCFA fire protection are either members of the JPA or contract directly with the Authority. The community of Emerald Bay CSD also receives OCFA services for fire protection. However, as they do not have active statutory power to provide this service, it is provided through the County. Emerald Bay does provide additional services to enhance the community's fire security, including, but not limited to, the land and building structure for Fire Station 11, which serves the community, maintenance, repair and replacement of fire hydrants, perimeter defensible space, and emergency preparedness committee support.

Agencies reported no complaints regarding fire services in their jurisdictions, nor any concerns about adequacy of service or capacity.

WATER SERVICES

Retail water services in the Southwest Region are provided by four of the special districts under review in this MSR:

- El Toro Water District (“ETWD”),
- Emerald Bay Service District (“Emerald Bay”) – through an out-of-area service agreement with LBCWD,
- Laguna Beach County Water District (“LBCWD”),
- Moulton Niguel Water District (“MNWD”), and
- South Coast Water District (“SCWD”).

There is a wide range of eligible government entities in California that can provide water services to residents in the state. Cities, water districts, and CSDs all can exercise their legal authority to govern this service area. They can also relinquish this power to another district or simply contract with them instead. All water districts in the Southwest Region were formed before the incorporation of the cities where they provide service. The oldest district is LBCWD at 97 years old. As a result, none of the cities reviewed in this MSR currently exercise their power to contract or provide water service.

There were no complaints or issues reported by the districts relating to service delivery or capacity. The age of the water infrastructure in each agency varied but was generally within the range of 30 to 50 years old, with the exception of some parts of Laguna Beach. All water districts indicated they had adequate capacity to handle growth with no reported deficiencies. The agencies confirmed they have sufficient planning and infrastructure to address any future maintenance and replacement needs.

Service delivery provided by districts generally follows city boundaries. However, the southern area of Laguna Beach, which was annexed into the City in 1987, was not annexed into LBCWD or any other water district. Because the community was already receiving its water service from SCWD, the residents supported continued provision of the service by SCWD through an agreement with the City. However, since the area is not within the SCWD district boundary, residents may not participate in the election process for the District’s board members. The service agreement attempts to provide South Laguna Beach residents with some representation through an advisory committee staffed by several residents from South Laguna Beach and several elected officials from both the City of Laguna Beach and SCWD. The advisory committee meets quarterly to discuss water and sewer related projects, programs, and topics of interest. The chair of the committee then provides an end-of-month report to the Laguna Beach City Council reporting on SCWD matters within the Laguna Beach boundaries.

Through RSG’s interviews with staff of LBCWD, SCWD, and the City of Laguna Beach, various perspectives were provided about the current arrangement. LBCWD did not indicate awareness of any discussions regarding potential annexation to their District, but staff noted they could provide water services to the area if so desired. SCWD expressed both their own satisfaction and the residents’ positive reviews of the services they provide. According to SCWD, residents of South Laguna Beach have also expressed interest in being annexed to the District. SCWD has also indicated its support and interest in inclusion of the area in the SCWD’s SOI and annexation. The staff of the City of Laguna Beach indicated that an SOI adjustment could be initiated with OC LAFCO, adding it to the SCWD SOI for a later annexation into that water district. However, OC LAFCO staff recommends the processing of both actions simultaneously for consideration by the

Commission. More on this is discussed in Section IX – Accountability, Government Structure, and Operational Efficiencies.

Wholesale water service within the Southwest Region is provided by the Municipal Water District of Orange County ("MWDOC"). MWDOC was formed in 1951 to import wholesale water from the Metropolitan Water District of Southern California. Governed by a seven-member board, the district's countywide service area includes fourteen cities, thirteen special districts and one private water agency. In addition to wholesale water services, MWDOC also provides other water resources and programs within the Southwest Region that includes planning efforts in water supply development, water use efficiency, and water education and emergency preparedness.

WASTEWATER SERVICES

Wastewater and sewer services are provided to Southwest Region agencies by three (3) of the water districts operating in the area: ETWD, MNWD, and SCWD. Additionally, Emerald Bay CSD and the City of Laguna Beach both retain the power to provide wastewater services to their respective jurisdictions. A Laguna Beach Councilmember has discussed with the Laguna Beach City Council the potential of transferring wastewater services from the City of Laguna Beach to LBCWD in order to make the district an independent agency again, but this has not moved beyond conceptual discussion. Regardless, such a transfer of powers would need to be studied in detail, including operational and fiscal assessments, and an application filed with OC LAFCO to facilitate the proceedings for the formation of an independent special district and the analysis of and analysis of any service and governance changes.

All agencies in the Southwest Region receive wastewater services in some capacity from SOCWA. Services provided by SOCWA generally fit into two areas:

1. Permitting and regulatory support for the operation of all wastewater treatment plants in South Orange County.
2. Operation of three wastewater treatment plants.

SOCWA's JPA agreement previously included ten (10) agencies but has recently been reduced to seven (7) voting member agencies including five (5) Southwest Region entities: ETWD, MNWD, SCWD, Emerald Bay CSD, and the City of Laguna Beach. The two (2) agencies that are not in the Southwest Region and were not reviewed as part of this MSR are the Santa Margarita Water District ("SMWD") and the City of San Clemente. As of July 1, 2023, the following three (3) agencies are no longer members of SOCWA: the Irvine Ranch Water District ("IRWD"), Trabuco Canyon Water District ("TCWD"), and the City of San Juan Capistrano. San Juan Capistrano wastewater services and infrastructure were assumed by SMWD through an annexation to the district in 2018, and the TCWD and IRWD have made arrangements for former SOCWA services to be provided through other means.

Wastewater services that have been provided by SOCWA and its predecessors in the Southwest Region were facilitated through JPA agreements. Most of these agreements were initiated in the 1970s following the adoption of the Federal Clean Water Act to obtain grant funding through the Environmental Protection Agency ("EPA") to construct treatment plants and other infrastructure. The JPA agreements were under three entities, the Aliso Water Management Authority ("AWMA"), the Southeast Regional Reclamation Authority ("SERRA") and the South Orange County Reclamation Authority ("SOCRA"). Since that time, the agencies recognized there would be a benefit to the consolidation of these separate JPAs into what is now known as SOCWA.

The regional SOCWA approach to wastewater management has not gone without critiques from some member agencies, particularly the larger districts. MNWD has been one of the leading voices for a reexamination of the agreements that govern the management of SOCWA facilities as well as the overall purpose and structure of SOCWA itself. Outside of the Southwest Region agencies, SMWD has also requested a review and potential changes to the arrangement. MNWD staff has stressed, in their view, that SOCWA as currently structured is not ideally situated to meet the changing wastewater treatment environment. Among their concerns is that SOCWA lacks the direct ability to develop certain water reuse projects, implement capital financing, and interface with customers. SOCWA staff is aware of the evolving issues and has hired a facilitator, at the request of SCWD, to assist in moving the discussion forward. Additionally, SOCWA staff noted that the agencies have full authority to make any changes they desire to the JPA agreement, provided they get the appropriate majority. Separately, MNWD has partnered with SCWD and SMWD to host regular meetings on the subject, particularly on which agencies are best suited to manage certain treatment plants. SCWD has expressed their support of the current SOCWA structure, as well as the facilitated discussions currently in progress to identify potential improvements and efficiencies to the existing structure. Notably, the other agencies reviewed in this MSR did not express similar interest in a reexamination of the SOCWA arrangements, nor did they share any complaints or concerns about SOCWA's service level. More on this is discussed in Section IX – Accountability, Government Structure, and Operational Efficiencies.

SOLID WASTE SERVICES

Solid waste pickup in the Southwest Region is provided by CR&R, Capistrano Bay CSD, and Waste Management. Five (5) jurisdictions receive solid waste pick up from CR&R, while Laguna Beach and the community within Emerald Bay CSD receive pick up from Waste Management. Agencies reported no complaints or issues with solid waste services.

STORMWATER SERVICES

Stormwater services are provided by the respective Public Works or Planning and Environmental Services departments. Additionally, only one CSD, Three Arch Bay, provides this service. Capistrano Bay CSD is currently seeking to activate the latent power allowing them to provide stormwater protection within their jurisdiction and has filed an application with OC LAFCO to proceed. Citing rising sea levels and tides, the Capistrano Bay CSD believes it needs the ability to manage stormwater impacts to help protect homes within their service area.

Three Arch Bay CSD indicated that their stormwater infrastructure is at or near capacity with an average age of around 75 years old. Their system was designed for a far less developed area with more open space. After becoming built out over the last several decades, more runoff is produced than the infrastructure can handle. To address this, Three Arch Bay CSD has begun a master plan update that will assess the needs for enhancement or replacement, and what funding options are available. The agency indicated that more details would become available once the master plan was complete.

The remaining agencies in the Southwest Region reported no complaints or issues with stormwater services.

OTHER PUBLIC WORKS (ELECTRIC, LIGHTING, UTILITIES, STREETS/ROAD MAINTENANCE)

Lighting services in the Southwest Region are provided by each City's Public Works department and the Capistrano Bay CSD, either through contract or in-house staff. The City of Laguna Beach provides this service through a partnership with Southern California Edison ("SCE") and San Diego Gas and Electric ("SDG&E") as well as their own Public Works department. The cities of Laguna Niguel and Laguna Hills provide the service in-house. Some residential streetlights in Laguna Woods are owned and maintained by the city. In all other cases, lighting is managed by the utilities.

Electricity and gas services are generally provided to the agencies of the Southwest Region directly from SCE, SDG&E, and Southern California Gas ("SoCal Gas").

Street and road maintenance services are provided or managed by the Public Works departments of each city or agency, or through the community or homeowner's association ("HOA"). Emerald Bay and Capistrano Bay CSDs both are authorized and actively provide this service. In Emerald Bay the CSD maintains curbs and gutters as well as provides street sweeping services, while the Emerald Bay Community Association, which functions as the HOA for the area, provides direct street and road maintenance.

Agencies reported no complaints or issues with any of the services covered in this section.

PARKS, RECREATION AND OPEN SPACE

Parks and recreation services in the agencies of the Southwest Region are provided by either a CSD or City department. Among CSDs, only Emerald Bay CSD has the active power to provide parks and recreation services to their residents. Capistrano Bay residents receive this service from the City of Dana Point, while Three Arch Bay residents receive this service from the Three Arch Bay Association. No issues were reported by any Southwest Region agency. The Region does not contain any Recreation and Parks Districts or other regional cooperatives, but it does possess two regional wilderness parks that border several of the cities in the Southwest area: the Laguna Canyon Wilderness Park, and the Aliso and Woods Canyon Wilderness Park. Both parks are unincorporated and managed by CSA 26. The parks also receive OCFCA protection. In addition to the regional parks, each agency possesses a variety of recreation and park facilities within their respective jurisdictions.

LIBRARY SERVICES

Library services in the Southwest Region are provided to each City and the adjacent unincorporated areas by the Orange County Public Library (OCPL) System. No complaints or issues were reported by the agencies relating to library services.

ANIMAL CONTROL

Animal control services in the Southwest Region are provided by three entities: the City of Mission Viejo Department of Animal Services, the City of Laguna Beach Animal Services Division, and the Coastal Animal Services Authority ("CASA"). Mission Viejo provides animal control services to the Cities of Aliso Viejo, Laguna Hills, and Laguna Niguel through a contractual agreement. A

similar arrangement is in place whereby the City of Laguna Beach provides this service to Laguna Woods. The CASA is a JPA inclusive of the cities of San Clemente and Dana Point. One council member from each city sits on the board. Animal control services are provided to both cities through this JPA. No complaints or concerns were provided by the agencies regarding animal control services.

CODE ENFORCEMENT

Code enforcement services are provided by the cities and the County in the Southwest Region. Each city enforces municipal and building codes through their Community Development or Code Enforcement departments or divisions, either through contract or in-house staff. Emerald Bay receives code enforcement services from the County of Orange Public Works Neighborhood Preservation Department as part of their unincorporated area services. Southwest Region agencies reported no complaints or issues regarding the quality or adequacy of code enforcement.

VIII. FINANCIAL ABILITY TO PROVIDE SERVICES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

4. *Financial ability of agencies to provide services.*

The development of the fiscal indicators web-based program (formerly fiscal trends) began in 2008. The intent of the program began with the opportunity to generally compare the performance of Orange County local agencies, and ultimately became a resource for the Commission in the preparation of MSRs through the housing of accurate and meaningful data. Since that time, the web-program has experienced functional improvements and structure enhancements that assist in evaluating the efficiency and effectiveness of municipal service delivery in Orange County. More recently, the fiscal indicators have been simplified while maintaining the goal of its effectiveness as one of OC LAFCO's livable and ongoing resources.

The Southwest MSR process included the gathering of data needed for the fiscal indicators and was discussed with the agencies of the Southwest region. More details on each of the indicators is provided in the next section of the report as well as the performance of each agency relative to the indicators.

OC LAFCO FISCAL INDICATORS

Fiscal indicators help measure and describe prospects for fiscal health. Indicators can flag trends that warrant further evaluation and planning to avoid potential service reductions and declining reserves. The OC LAFCO fiscal indicators are based on the State of California Auditor's indicators of cities' fiscal risk.¹ Multi-year trends in growth (or decline) of agency operating revenues and expenditures, and levels of reserves, are adapted and applied to agencies in Orange County. Agency annual financial reports provide the source data for three key indicators used by OC LAFCO and further described below:

¹ See the California Auditor's "Local Government High Risk Dashboard"
https://www.auditor.ca.gov/local_high_risk/data_download

- **Annual Change in Revenues** compares revenue growth over multiple years to long-term inflation (historically about 2-3%) – Low revenue growth below inflation indicates a potential long-term problem keeping pace with inflationary cost increases. Declining revenues can be a symptom of the pandemic and/or weakening economic conditions.

<u>Indicator</u>	<u>Range (avg. annual change)</u>
Declining Revenues	less than 0%
Low Growth	0% - 3%
Moderate Growth	3% - 6%
High Growth	> 6%

- **Annual Change in Expenditures** compares expenditure growth over multiple years to long-term inflation. Expenditure growth consistently above inflation and/or above revenue growth indicates a potential structural imbalance and potential future revenue shortfalls. Excessive expenditures could require reserve drawdowns and service reductions.

<u>Indicator</u>	<u>Range (avg. annual change)</u>
Declining Expenditures	less than 0%
Low Growth	0% - 3%
Moderate Growth	3% - 6%
High Growth	> 6%

The indicator generally favors low or declining expenditures. A comparison to revenue indicators, if favorable, can help confirm that declining expenditures are a benefit and not an adverse response to weak revenues.

- **Adequate Operating Reserves** are essential to manage cash flow during the year, handle contingencies and emergencies, and provide a "rainy day" account for future economic downturns. Operating reserves typically provide at least two months of operating funds (i.e., 16.7% of annual expenditures). If financial audits do not distinguish operating from capital and other reserves, other metrics include total unallocated fund balances or unrestricted net position. "Cash" does not always indicate unencumbered funds available for cash flow and contingencies.

<u>Reserve Indicator</u>	<u>Range</u>
Low	Less than 17% of Expenditures
Moderate	17% - 40%
High	> 40%

Depending on the type of agency and the timing of revenues and expenditures, higher minimum reserves may be required. Some agencies do not distinguish operating from capital and other reserves in their audit documents which may produce a "high" reserve indicator; further analysis is necessary to determine adequacy of capital reserves.

The fiscal indicators are intended to provide an initial review of annually reported financial data. Further in-depth analysis may be indicated to better understand the cause of financial trends and potential remedies. For example, additional research could clarify whether declining expenditures positively reflect prudent management or are the result of weak revenues. Other factors that could influence indicators include the impacts of the pandemic; the economic climate; State and Federal

regulatory changes; infrastructure needs and improvements; changes in service levels and contracts; unfunded OPEB and pension obligations; development, population growth, and increased need for services.

FISCAL INDICATORS FOR SOUTHWEST REGION

The financial capacity of each agency in the Southwest Region is generally adequate for providing services at the current levels. This MSR relies on data from the concurrent Fiscal Indicators project conducted by Berkson & Associates on behalf of OC LAFCO, which assesses the short-term financial trends of the Southwest Region agencies. Table 6 provides a summary of trends reported by the Fiscal Indicators. Three variables (revenues, expenditures, and reserves) are measured for each Southwest Region agency over four fiscal years (FY 17-18 to FY 20-21). The variables are then ranked on a scale from “high” to “declining”. For revenues and reserves, the “high” designation indicates the most positive outcome, while “declining” represents the lowest. The inverse applies for expenditures with “high” indicating the most negative outcome and “declining” indicating the most positive one. In addition, the California Auditor’s “fiscal condition rank” is shown for each city². Cities ranked higher numerically are considered lower risk by the Auditor, with cities ranked in the 400s being the most financially sound. Most agencies in the Southwest Region possess high reserve amounts, moderate expenditure growth, and moderate revenue growth.

Table 6: Summary of Fiscal Indicators Project and CA Auditor Rankings

Southwest Agency	Growth of Agency...			CA Auditor
	Revenues	Expenditures	Reserves	Fiscal Condition Rank ¹
Aliso Viejo	Declining	Moderate	High	336
Dana Point	Moderate	Declining	Moderate	279
Laguna Beach	Moderate	Low	Moderate	268
Laguna Hills	Low	Low	Moderate	238
Laguna Niguel	Low	Moderate	High	367
Laguna Woods	Low	Moderate	High	413
El Toro Water District	Low	Low	Low	
Laguna Beach County Water District	Moderate	Moderate	High	
Moulton Niguel Water District	Moderate	Moderate	High	
South Coast Water District	Moderate	Moderate	High	
Capistrano Bay Community Services District	Moderate	Moderate	High	
Emerald Bay Service District	Moderate	Low	High	
Three Arch Bay Community Services District	Low	High	High	
South Orange County Wastewater Authority ²	Moderate	Low	N/A	

¹The California Auditor fiscal condition rank is for cities only. Rankings in the 400s represent a better fiscal outlook than lower numbers.

²SOCWA does not possess any reserves or reserve requirements.

Source: Berkson & Associates Fiscal Indicators Report, CA Auditor Local Government High Risk Dashboard FY 20-21

² Rankings produced by the Auditor’s “Local Government High Risk Dashboard”
https://www.auditor.ca.gov/local_high_risk/data_download

CITY OF ALISO VIEJO

The City of Aliso Viejo had positive net revenues in FY 2019 and 2020. This turned negative in FY 2021 but with ample reserves to cover the decline in revenues. As detailed later in this MSR, Aliso Viejo spends almost half or more of their budget on public safety costs. The City of Aliso Viejo was the only agency expressing concerns about expenditure growth exceeding that of revenues, as confirmed by the data reported in the Fiscal Indicators. Aliso Viejo is exploring options to increase their revenues including economic development projects and public benefit agreements with developers.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$17,704,139	\$16,270,976	14,823,926
License and Permits	706,763	719,720	976,781
Intergovernmental	42,008	49,186	42,844
Charges of Services	413,035	470,670	488,154
From Use of Property	1,022,657	1,022,120	940,875
Fines and Forfeitures	307,513	275,229	310,419
Other Revenues	68,134	192,752	79,582
Total Revenues	\$20,264,249	\$19,000,653	\$17,662,581
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
City Council	\$184,492	\$164,735	\$170,930
City Manager	875,751	716,215	629,525
Human Resources	-	134,204	212,296
Economic Development	373,188	494,986	1,087,509
City Clerk	261,690	250,852	445,305
City Attorney	415,399	430,777	367,891
Finance	747,325	795,153	779,554
Information Technology	535,713	700,860	731,197
General Government	892,835	630,169	581,423
Community Services	1,323,747	1,376,697	1,525,026
Planning	1,618,808	992,522	873,575
Building	-	562,302	686,606
Public Works	1,418,034	1,537,300	1,797,903

Public Safety	8,714,189	9,025,529	9,103,128
Total Expenses	\$17,483,914	\$17,860,127	\$18,991,868
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$2,780,335	\$1,140,526	(\$1,329,287)
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance³	\$21,775,144	\$22,192,528	\$17,586,829

³ Audited Financial Statements

CITY OF DANA POINT

The City of Dana Point had positive net revenues in all fiscal years examined. Net revenues tripled in FY 2021. The City also carried stable reserves throughout all three years.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$34,198,704	\$31,830,880	\$30,967,742
Licenses, fees and permits	1,565,400	1,872,421	2,250,354
Fines, forfeitures and penalties	345,000	682,731	621,991
Intergovernmental	329,000	395,793	5,148,752
Charges for services	2,004,000	2,166,472	2,120,995
Investment earnings	452,800	1,241,425	219,377
Other	126,000	136,373	86,333
Total Revenues	\$39,020,904	\$38,326,095	\$41,415,544
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General government	\$7,126,828	\$6,686,169	\$6,226,774
Public safety	13,092,601	13,362,026	12,506,009
Community development	4,104,299	4,445,245	5,121,938
Parks and recreation	5,355,895	5,042,492	4,449,295
Public works	6,653,642	6,730,238	5,750,343
Capital outlay	76,500	21,009	-
Total Expenses	\$36,409,765	\$36,287,179	\$34,054,359
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$2,611,139	\$2,038,916	\$7,361,359
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21

Year-end Reserve Balance⁴	\$7,351,000	\$10,623,042	\$10,736,189
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CITY OF LAGUNA BEACH

The City of Laguna Beach had positive net revenues for all fiscal years examined. There was a notable dip in FY 2020 due to a decline in revenues from taxes, charges for services, and parking meters, lots, and permits. This dip did not push Laguna Beach into negative territory and the net revenues again reached in the millions in FY 2021.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$61,952,567	59,593,169	\$66,741,431
Licenses and Permits	1,401,562	1,192,344	1,468,109
Fines and Penalties	959,270	937,560	963,325
Investment Income, Net	3,567,040	3,030,274	174,488
Rental	425,517	448,319	224,649
Intergovernmental	1,862,776	1,231,888	6,218,657
Charges for Services	8,648,899	7,375,023	8,610,465
Parking Meters, Lots, and Permits	8,065,075	5,908,986	7,695,559
Development Tax	263,291	153,783	210,061
Contributions from property owners	30,000	-	-
Other	844,320	486,465	410,662
Total Revenues	\$88,020,317	\$80,357,811	\$92,717,406
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	6,425,030	6,129,597	8,423,726
Community Development	5,884,065	6,245,015	6,343,820
Public Safety	35,904,287	37,253,216	40,198,725
Public Works	15,461,831	15,079,771	17,817,484
Recreation and Social Services	5,309,727	5,175,265	3,295,223
Capital Outlay	10,921,375	9,831,508	5,351,331
Total Expenses	\$79,906,315	\$79,714,372	\$81,430,309

⁴ Audited Financial Statements

Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$8,114,002	\$643,439	\$11,287,097
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance⁵	\$27,530,330	\$23,406,015	\$26,195,065

⁵ Audited Financial Statements

CITY OF LAGUNA HILLS

The City of Laguna Hills had positive net revenues in all years examined. Revenues dipped slightly in FY 2020 but rose and recovered in FY 2021. The decline in 2020 was due to a fall in intergovernmental revenues and charges for service.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$13,557,754	13,537,100	\$13,827,470
Licenses and permits	954,017	1,666,474	2,311,051
Intergovernmental revenues	6,072,420	5,726,576	5,879,645
Charges for services	1,152,319	637,373	584,889
Fines and forfeitures	219,727	175,661	146,395
Investment income	91,296	103,439	2,844
Total Revenues	\$22,047,533	\$21,846,623	\$22,752,294
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General government	3,856,802	3,801,648	3,721,795
Public services	4,351,578	4,687,465	4,544,662
Community development	1,175,000	1,655,447	2,269,587
Community services	2,002,236	1,705,869	1,304,563
Public safety	8,243,746	8,456,527	8,669,578
Capital outlay	3,856,802	3,801,648	3,721,795
Principal retirement	96,623	96,667	4,544,662
Total Expenses	\$19,725,985	\$20,403,623	\$20,590,720
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$2,321,548	\$1,443,000	\$2,161,574
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21

Year-end Reserve Balance⁶	\$7,161,146	\$7,487,247	\$7,824,536
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⁶ Audited Financial Statements

CITY OF LAGUNA NIGUEL

The City of Laguna Niguel had positive net revenues in all years examined. As the largest city in the Southwest, Laguna Niguel also had the largest budget over the analyzed period. From FY 2019 to FY 2021 Laguna Niguel saw annual revenue increases, while expenditures fluctuated.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$37,522,924	\$38,763,249	\$40,969,647
Licenses and permits	2,346,727	2,426,416	2,037,023
Intergovernmental	112,492	204,040	1,418,949
Charges for services	989,221	661,762	465,020
Fines and forfeitures	460,296	352,064	302,213
Use of money and property	2,150,521	1,263,362	434,725
Contributions	33,747	19,340	-
Miscellaneous	193,546	492,781	122,880
Total Revenues	\$43,809,474	\$44,183,014	\$45,750,457
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General government	\$4,334,859	\$4,470,422	\$4,637,532
Public safety	15,483,937	15,968,936	16,281,019
Community development	3,038,525	3,307,515	3,311,883
Parks and recreation	4,481,142	4,591,224	3,488,143
Public works	10,421,900	11,853,234	11,464,123
Capital outlay	453,499	310,630	156,165
Total Expenses	\$38,213,862	\$40,501,961	\$39,338,865
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$5,595,612	\$3,681,053	\$6,411,592
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21

Year-end Reserve Balance ⁷	-	\$20,250,975	\$19,669,431
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CITY OF LAGUNA WOODS

The City of Laguna Woods had negative net revenues in FY 2019 but positive in FY 2020 and FY 2021. Both revenues and expenditures had at least one year of declines in the three years observed. The City's largest expense category is public safety. Reserves declined in FY 2020 but remained steady in FY 2021.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes and Assessments	\$4,100,589	\$4,160,340	\$4,438,569
Intergovernmental	32,361	7,993	0
Franchise Fees	701,646	699,250	667,091
Charges for Services	759,261	671,039	682,913
Investment Income	261,436	335,092	23,400
Miscellaneous	496,495	273,816	218,945
Total Revenues	\$6,351,788	\$6,147,530	\$6,030,918
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Government	\$1,462,734	\$1,432,577	\$1,298,242
Public Safety	2,718,495	2,754,601	2,857,749
Public Works	317,837	341,111	308,354
Community Development	1,082,897	992,748	1,185,731
Community Services	-	-	-
Capital Outlay	841,401	351,422	270,602
Total Expenses	\$6,423,364	\$5,872,459	\$5,920,678
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	(\$71,576)	\$275,071	\$110,240

⁷ Audited Financial Statements

Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance⁸	\$9,358,299	\$7,089,455	\$7,109,867

⁸ Audited Financial Statements

EL TORO WATER DISTRICT

The El Toro Water District had negative net revenues in each of the years examined. The district has a negative cash flow due to high depreciation and amortization costs. According to El Toro staff, the high relative expenditures and the operating shortfall are expected to decline as major capital improvements are amortized and retired.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Water Consumption Sales	\$8,474,791	\$8,705,986	\$9,571,562
Water Service Charges	4,623,068	4,977,611	5,070,326
Sewer Service Charges	10,955,238	11,044,342	11,496,657
Standby Charges	247	-	-
Reimbursements from Others	383,810	328,310	401,225
Other Charges for Service	226,303	141,081	170,209
Non-operating Revenues	1,874,079	967,038	639,944
Total Revenues	\$26,537,536	\$26,164,368	\$27,349,923
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Source of Supply	\$7,650,468	\$8,085,299	\$8,763,806
Pumping	1,480,556	1,359,915	1,417,215
Treatment	3,744,102	3,763,671	3,951,679
Transmission and Distribution	4,561,123	5,178,966	5,458,122
Customer Service	720,714	603,473	533,039
General and Administrative	4,305,441	4,506,099	4,774,869
Depreciation and Amortization	4,466,431	4,483,607	4,345,557
Total Expenses	\$26,928,835	\$27,981,030	\$29,244,287
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	(\$391,299)	(\$1,816,662)	(\$1,894,364)
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21

Year-end Reserve Balance⁹	\$6,121,392	\$4,989,655	\$2,472,175
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⁹ Audited Financial Statements

LAGUNA BEACH COUNTY WATER DISTRICT

The LBCWD had positive net revenues for each year examined. Water sales revenues were the highest individual source for LBCWD, while purchased water was consistently the largest expenditure. Reserves for the district declined slightly in FY 2020 but increased in FY 2021 to a higher amount than in FY 2019.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Water Sales	\$10,573,692	\$10,805,469	\$11,397,809
Service Installation Fees	106,005	97,326	72,540
Fire Service Charges	11,588	11,838	11,841
Equipment Rental	22,986	11,386	9,528
Overhead Expense Charged Out	9,109	8,588	6,826
Penalties	37,683	25,607	24
Customer Administration Fees	24,568	23,370	22,327
Miscellaneous Income	40,248	27,514	19,854
Non-Operating Revenues	4,006,464	4,795,206	5,752,711
Total Revenues	\$14,832,343	\$15,806,304	\$17,293,460
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Water Purchased	\$2,948,992	\$3,137,686	\$3,956,859
Source of Supply	163,551	139,482	153,468
Pumping	803,089	801,109	773,469
Transmission and Distribution	3,170,158	3,159,319	3,669,931
Customer Service	565,590	601,504	598,626
General and Administrative	2,932,461	3,840,183	3,580,921
Other Operation and Maintenance	230,070	292,444	281,370
Depreciation	2,304,642	2,398,197	2,388,942
Total Expenses	\$13,118,553	\$14,369,924	\$15,403,586
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$1,713,790	\$1,436,380	\$1,889,874

Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance¹⁰	\$13,289,814	\$12,890,018	\$15,030,315

MOULTON NIGUEL WATER DISTRICT

The Moulton Niguel Water District had positive net revenues in all years examined. Net revenues declined in FY 2021 due to an increase in water purchases and a decline in non-operating revenues. The decline in non-operating revenues came mostly from a decrease in investment income. The district possessed reserves in excess of \$50 million from FY 2019 to FY 2021.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Water Charges	\$32,680,545	\$32,980,943	\$37,593,121
Recycled Charges	5,161,153	5,049,306	6,179,569
Sanitation Charges	25,463,110	26,695,247	28,033,043
Other	644,182	498,377	329,171
Total Non-Operating Revenues	32,567,115	36,528,639	29,877,683
Total Revenues	\$96,516,105	\$101,752,512	\$102,012,587
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Water Purchases	\$23,670,442	\$26,530,223	\$29,806,447
Meter Purchases	360,439	-	-
Utilities	1,849,001	1,662,017	2,184,581
Pumping Water	2,108,350	1,714,355	1,692,188
Wastewater Treatment	12,221,043	12,680,278	13,029,758
Water Transmission/Distribution	2,048,008	1,423,084	1,958,001
Customer Service	3,413,313	3,555,680	3,619,657
Water Efficiency	4,333,171	4,335,108	4,061,557
General, Administrative & Other	21,367,711	22,543,109	22,162,851
Right to Use Leased Asset	-	925,676	1,111,906
Regulated Assets	-	19,919	54,600
Depreciation	19,743,524	20,830,890	21,669,259
Total Expenses	\$91,115,002	\$96,220,339	\$101,350,805
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$5,401,103	\$5,532,173	\$661,782

Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance¹¹	\$59,501,827	\$83,711,877	\$66,334,668

¹¹ Audited Financial Statements

SOUTH COAST WATER DISTRICT

The South Coast Water District had positive net revenues in every year examined. Net revenues rose from a few thousand in FY 2019 to approximately \$3.2 million in FY 2021. The district also possessed ample reserves throughout all three years. FY 2019 reserves were low due to an increase in bond obligations.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Water Sales	\$17,518,158	\$18,482,268	\$19,527,900
Sewer Service Charges	14,702,662	15,202,153	15,465,736
Recycled Water	1,770,840	1,855,007	2,179,970
Recreation Facilities	294,177	244,999	257,294
Total Non-Operating Revenues	5,146,495	7,016,554	7,144,907
Total Revenues	\$39,432,332	\$42,800,981	\$44,575,807
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Purchased Water	\$6,085,677	\$5,549,902	\$6,878,289
Groundwater Recovery Facility	1,011,303	1,330,142	1,110,828
Recycled Water	942,374	1,015,881	1,313,227
Pumping Expense	1,111,566	1,169,994	989,363
Sewer Treatment Plant	5,400,627	4,551,238	4,132,637
Transmission and Distribution	4,854,330	5,431,867	4,520,965
Operations Support	2,932,001	2,612,869	2,517,593
Recreation Facilities	294,565	277,255	321,871
Engineering and Consulting	2,314,667	2,159,615	2,110,391
General and Administrative	8,216,031	10,977,290	10,926,420
Depreciation	6,259,702	6,583,151	6,534,708
Total Expenses	\$39,422,843	\$41,659,204	\$41,356,292
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$9,489	\$1,141,777	\$3,219,515

Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance ¹²	\$9,043,169	\$43,648,035	\$47,113,607

CAPISTRANO BAY COMMUNITY SERVICES DISTRICT

The Capistrano Bay CSD had positive net revenues in FY 2019 and FY 2021. The agency's revenues briefly dipped in FY 2020 causing a negative cash flow for that year. The negative net revenues were caused by a decline in user fees. The primary expenditure for Capistrano Bay is security services.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Property Taxes	\$1,024,223	\$1,069,555	\$1,112,135
User fees	227,469	-	227,379
Parking fees	41,370	43,340	45,310
Trash collection	3,600	3,975	3,500
Investment earnings	5,461	6,109	2,500
Other	8,775	4,017	11,202
Total Revenues	\$1,310,898	\$1,126,996	\$1,402,026
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Salaries and wages	\$130,585	\$131,605	\$143,442
Repairs and maintenance	109,246	92,296	94,783
Professional services	208,031	173,566	167,615
Security services	520,790	584,110	559,292
Utilities	70,295	72,074	79,716
Insurance	41,536	44,123	46,166
Other	36,601	47,871	33,459
Total Expenses	\$1,117,084	\$1,145,645	\$1,124,473
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$193,814	(\$18,649)	\$277,553
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21

Year-end Reserve Balance¹³	\$2,019,309	\$2,018,897	\$2,303,238
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EMERALD BAY SERVICE DISTRICT

The Emerald Bay Service District had positive net revenues in FY 2019 and FY 2021. In FY 2020 the agency briefly had negative net revenues due to an increase in capital outlay costs. Reserves also declined in FY 2020 but increased slightly in FY 2021.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Taxes	\$2,476,611	\$2,652,590	\$2,842,302
Intergovernmental	-	-	-
Investment Income	48,221	59,417	1,549
Other	240,724	58,843	53,586
Total Revenues	\$2,765,556	\$2,770,850	\$2,897,437
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
General Governmental	\$653,655	\$659,290	\$721,293
Public Services Water and Sewer Services	281,490	298,420	311,163
Recreation and Safety	395,222	436,396	495,942
Capital Outlay	614,192	986,978	424,980
Principal Retirement	274,848	284,412	159,431
Interest and Fiscal Charges	212,574	203,009	167,698
Total Expenses	\$2,431,981	\$2,868,505	\$2,280,507
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$333,575	(\$97,655)	\$616,930
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance¹⁴	\$1,600,724	\$1,243,711	\$1,370,317

¹³ Audited Financial Statements

¹⁴ Audited Financial Statements

THREE ARCH BAY COMMUNITY SERVICES DISTRICT

The Three Arch Bay CSD had positive net revenues in each year examined. Net revenues peaked in FY 2020 before declining slightly in FY 2021. Services made up the majority of the districts costs in FY 2019 and 2020, with benefits taking that place in FY 2021. Agency reserves increased in every year.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
Property Taxes	\$1,587,580	1,676,867	\$1,748,038
Property Assessments	409,854	415,566	403,693
Grants and Contributions	7,649	7,656	7,500
Revenue from Use of Money	91,102	91,999	(13,720)
Other Revenues	-	60,207	-
Total Revenues	\$2,096,185	\$2,252,295	\$2,145,511
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Benefits	\$1,739	\$-	\$1,617,301
Supplies	346	77	-
Services	1,245,212	1,277,037	206,121
Depreciation	-	-	578
Capital Outlay	115,940	2,989	1,422
Total Expenses	\$1,363,237	\$1,280,103	\$1,825,422
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$732,948	\$972,192	\$320,089
Reserves			
	FY 2018-19	FY 2019-20	FY 2020-21
Year-end Reserve Balance ¹⁵	\$5,661,833	\$6,634,025	\$6,961,978

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

The South Orange County Wastewater Authority had positive net revenues in each year examined. All of the agency's revenues come from member contributions. The largest expense for SOCWA was the O&M, Environmental, Compliance, and Safety category. The agency is not required to hold reserves and does not do so.

General Fund Cash Flow Detail FY 18-19 to FY 20-21

Revenues			
	FY 2018-19	FY 2019-20	FY 2020-21
O&M Member Agency Assessments	\$20,945,369	\$22,455,961	\$22,015,485
Capital Contributions from Member Agencies	9,490,114	14,587,871	11,533,533
Total Revenues	\$32,200,865	\$37,761,216	\$33,792,147
Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
O&M, Environmental, Compliance, & Safety	\$17,558,573	\$18,500,935	\$18,026,588
Engineering after Capital Transfer	457,175	395,760	293,908
Administration	2,360,182	2,359,762	2,161,324
Unallocated Pension and OPEB Expense	569,469	1,525,773	2,099,574
Other Expenses	558,257	1,337,225	945,120
Depreciation and Amortization	6,863,249	7,162,356	7,601,480
Total Expenses	\$28,366,905	\$31,281,811	\$31,127,994
Revenues/Expenditures			
	FY 2018-2019	FY 2019-20	FY 2020-21
Total Balance	\$3,833,960	\$6,479,405	\$2,664,153

IX. OPPORTUNITIES FOR SHARED FACILITIES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

5. Status of, and opportunities for, shared facilities;

WATER AND WASTEWATER

The Southwest Region has several existing regional cooperatives including its four water districts as well as the SOCWA JPA. Within SOCWA there are numerous shared facilities for wastewater collection and treatment. These are managed by SOCWA through separate project agreements or committees among various member agencies. Many of these agreements predate SOCWA and are due to expire in the coming decade. MNWD has expressed strong interest in assuming the operational responsibility of one of SOCWA's regional facilities in its jurisdiction and sees a potential benefit if many of SOCWA's assets were operated by each member agency themselves. In their view (which is shared by the Santa Margarita Water District), SOCWA is not structured to meet the wastewater service needs of some member agencies and should focus on providing enhanced permit and regulatory compliance support for the SOCWA member agencies. This would require SOCWA to relinquish their facilities ownership while keeping their powers to manage ocean outfalls, acquire EPA certification, and apply for NPDES permits. In turn, the local water districts and city departments would assume control of the wastewater facilities and bring those operations in-house. Alternatively, SCWD has expressed a strong interest in preserving the existing structure of SOCWA while also expressing openness to evaluating the agreements for efficiencies and improvements. The other three Southwest Region SOCWA member agencies are aware of the MNWD and SMWD concerns and proposals. However, they did not express a desire to advance these ideas during the MSR process but stressed their openness to reevaluating the project agreements as they approach their respective expiration dates.

SOCWA staff is also aware of the discussions between member agencies and noted that any change in the operations and ownership of SOCWA's wastewater treatment facilities will need to account for the agencies serviced by the respective facility. As of the writing of this MSR, SOCWA staff confirmed that a facilitator had been hired by the SOCWA board in order to hold and guide productive meetings on the subject. Additionally, MNWD, SMWD, and SCWD have been hosting weekly meetings amongst their agencies' staff to produce workable alternatives to the issues MNWD and SMWD have highlighted. These meetings have discussed, among other things, who would become the responsible operator for the Regional Treatment Plant, the Coastal Treatment Plant, and the J.B. Latham Treatment Plant in the event of a SOCWA reorganization.

LAW ENFORCEMENT

As mentioned previously, the Cities of Laguna Woods and Aliso Viejo have concerns with the rising costs of the current OC Sheriff's contract. Through agency interviews and survey responses while conducting this MSR, a regional policing model through OCSD was floated informally as one of a few potential solutions to reduce costs.

ANIMAL CONTROL

As mentioned in Section VII, there are three existing joint ventures for animal control in the Southwest Region. The first is through the Mission Viejo Department of Animal Services and its contract services with the Cities of Aliso Viejo, Laguna Hills, and Laguna Niguel. The second is through the Laguna Beach Animal Services Division which contracts with the City of Laguna Woods, in addition to operating within the City of Laguna Beach. The third joint venture is the Coastal Animal Services Authority or CASA. As explained earlier, CASA is a JPA between the cities of Dana Point and San Clemente, the latter of which is not reviewed in this MSR. These joint ventures provide adequate service and neither partnership had any issues reported. Animal Control is currently the only instance where facilities are shared and services are contracted directly between cities. All other regional cooperatives involve the County, the water districts, or SOCWA.

X. ACCOUNTABILITY, GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:

- 6. Accountability for community service needs, including government structure and operational efficiencies.*
- 7. Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

Overall, agencies in Southwest Region of Orange County function at an efficient level and do not have many structural problems. This is largely due to four things: the high amount of contract or third-party labor, successful regional cooperation, the high value of land and property, and the fact that most of the region was developed as several master planned communities. Outside of the City of Laguna Beach, LBCWD, and SCWD, every agency is under 65 years old. All other cities besides Laguna Beach are even younger at around 34 years of age. The water districts formed first during the area's agricultural days in the 1960s. From there almost every city developed as a general plan community with the eventual goal of incorporation. From 1989 to 2001 the cities of Dana Point, Laguna Niguel, Laguna Hills, Laguna Woods, and Aliso Viejo all incorporated. This development process is unique in comparison to some of the older parts of the County where governance and planning structures were produced after development had already taken place. One other notable difference for cities incorporated during this period is the prevalence of homeowner associations (HOAs) and the provision of municipal services by the HOAs.

Overall, the Southwest Region agencies implement policies and procedures that ensure transparency and accountability to the public, including appropriate elections and public notice of agency meetings and actions. Each agency has a formal governing body that is elected, and all the agencies conduct regularly scheduled public hearings. Many agencies stream their public hearings on platforms such as Zoom. All of the Southwest agencies maintain websites that contain general information on City and District departments, activities, and events.

All cities in the Southwest Region are general law cities with a Council-Manager form of government. Additionally, all cities have a five-member City Council elected at-large or by district. The CSDs in the region are also governed by five Board Members each elected at-large or by

district. The CSDs function with minimal in-house staff. Only two employees work at the Capistrano Bay CSD, one at Emerald Bay CSD, and none are employed directly by the Three Arch Bay CSD. For Emerald Bay and Three Arch Bay, most work is contracted out to the local homeowners or community association. In Emerald Bay, work contracted to the Emerald Bay Community Association is governed by a management services agreement. The agreement includes the cost of office rent, a facilities lease, and administrative expenses, as well as the cost of an administrative assistant position for a certain amount of time per month. According to the Emerald Bay FY 2022-23 budget, the management services covered under the agreement cost the district approximately \$372,000. Three Arch Bay has a similar management services agreement with the Three Arch Bay Association, an HOA that covers the same geographic area as the CSD. Under the Three Arch Bay agreement, the association provides general manager, secretarial, and clerical services to the district. It also covers related administrative expenditures and facilities leases. The Three Arch Bay management services agreement costs the district approximately \$480,000 as of the FY 2022-23 budget.

In the Fall of 2021, two residents of Three Arch Bay CSD raised concerns with OC LAFCO regarding the district's use of unauthorized service provisions and its use of district funds. In response to these concerns, OC LAFCO engaged with the district staff to understand the services that were being provided. Subsequently, the CSD indicated that they would not be providing any services that have not been appropriately authorized by OC LAFCO and they do not intend to file an application with the Commission to provide such services. Should the CSD's position change in the future, an application must be filed with OC LAFCO.

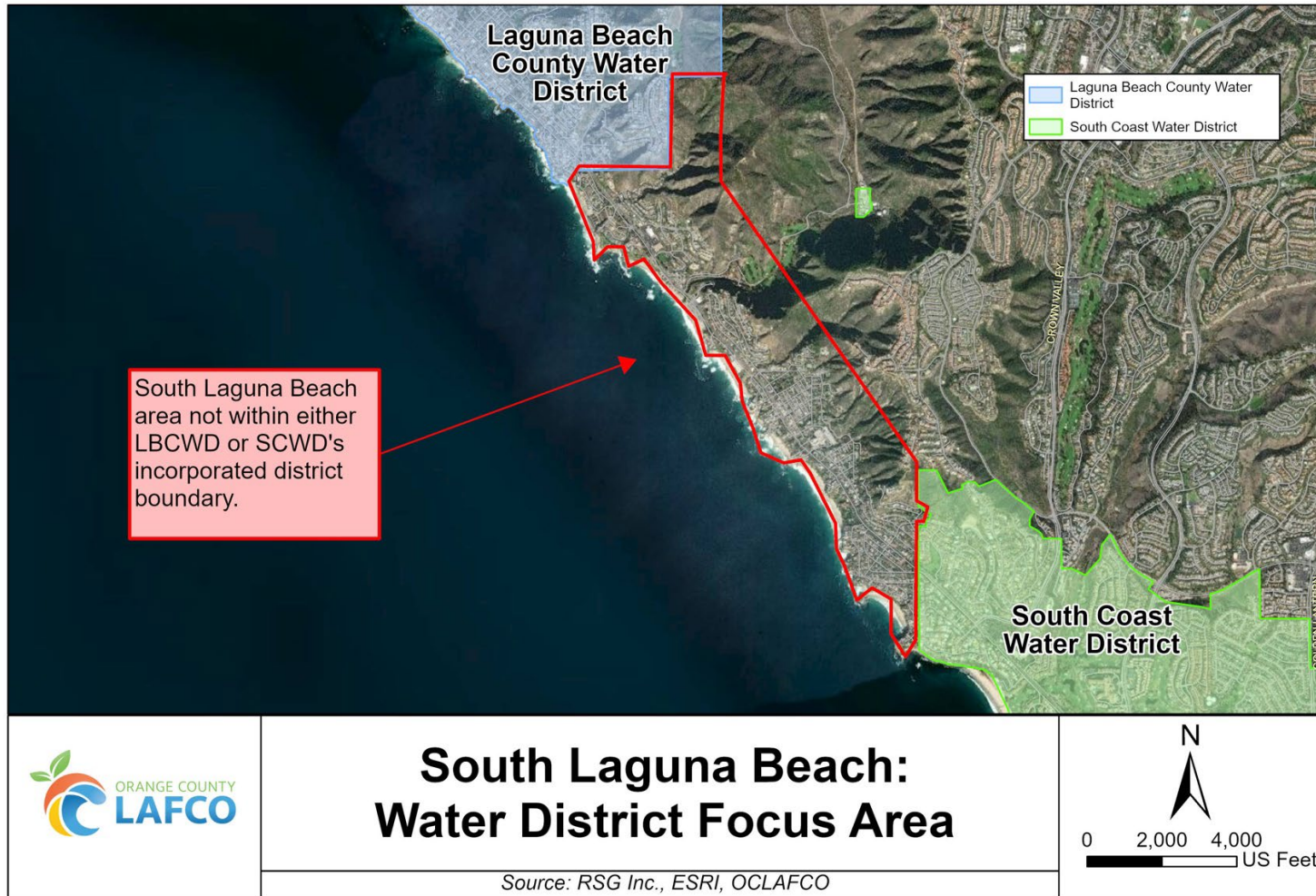
Southwest Orange County is also unique in that it possesses four locally controlled water districts as opposed to large regional ones. Two of these water districts (ETWD and MNWD) are considered "California Water Districts", while one (LBCWD) is considered a "County Waterworks District" and a dependent district, and one other (SCWD) is considered a "County Water District". The differences between the three district styles lie in their formation. A California Water District, according to Government Code Section 34153, is formed when the owners of a majority of the land in an area capable of using water beneficially for irrigation, domestic, industrial, or municipal purposes, and which can be serviced from common sources or supply and by the same system of works, petition LAFCO for the formation of a district. In other words, it is created from a petition of private landowners. A County Waterworks District is formed when a petition is sent to LAFCO that has acquired signatures from 25% of the residences in the area designated to be within the future district. As opposed to being based on land ownership, a Waterworks district is based on a percent of total residences. Additionally, a County Waterworks District must be wholly within one county, as opposed to the similarly named "County Water District", which can be made up of multiple counties but does not have to be.

Following are specific individual agency findings for this topic area:

- The City of Laguna Beach recently reached an agreement with the County to take ownership and responsibility for the beaches in South Laguna; mainly Aliso, Camel Point, Laguna Royale, Table Rock, Thousand Steps, and West Street. The agreement went into effect on March 1, 2023. Although the County will retain its property tax share for this part of County Service Area ("CSA") 26, it agreed to pay the city a \$22 million lump-sum to cover the transfer of operations. This new arrangement improves local accountability for the operations of the lifeguard towers and public facilities there and also streamlines government service.
- In the southern area of the City of Laguna Beach ("South Laguna"), the lack of directly elected representation on the SCWD board is a concern of residents and representatives

of the City of Laguna Beach. In particular, residents have provided feedback suggesting that since SCWD now conducts district elections for Board Members, the voice of south Laguna Beach residents is more limited than when Board Members were elected at-large. At-large board members, in their view, had less of an obligation to focus only on their own district voters' concerns. The residents have not expressed concerns about the quality of service, only the form of representation. SCWD was not opposed to the idea and reported that there is interest in annexation. The issue was raised in the MSR survey and interviews with City of Laguna Beach staff, who were interested in studying an amendment to the SOI boundary so that South Laguna Beach can eventually be annexed into SCWD, allowing residents to vote in the district's election process.

A map of the area is shown on the following page:



- OC LAFCO staff participated in discussions with the City of Laguna Beach regarding the provision of water and sewer services by multiple providers within their jurisdictional boundary. As indicated in other sections of this report, the City and respective providers acknowledge that generally the services are being provided efficiently and do not see a need for consolidation or reorganization; however, there have been past inquiries from the City and LBCWD representatives involving potential reorganization involving the delivery of these services to improve efficiency. OC LAFCO staff acknowledges these discussions and notes that a change of organization (i.e. formation of district, reorganization, divestiture of services) would require an in-depth multi-year study involving the operational and fiscal assessments.
- Governance structure has also been raised as an issue within SOCWA. Though the problem has evolved over the years, the current issue relating to facilities operations stems from concerns previously shared by MNWD. In terms of accountability and governance structure, MNWD and SMWD have expressed dissatisfaction with SOCWA's ability to adapt to new trends in wastewater treatment services and regulations. In MNWD's view, a transition of assets to the member agencies would enable agencies to better implement water reuse programs, seek outside funding, and integrate new projects into the regional infrastructure. As with all other SOCWA related subjects in this MSR, the same level of concern was not expressed by the other member agencies interviewed. SCWD emphasized their interest in preserving the existing SOCWA structure. The other three Southwest Region agencies did express a willingness to explore alternative methods of governance within SOCWA, provided they go through the proper channels. SOCWA staff has stressed that any changes to the JPA agreement, including a redistribution of assets, is open for discussion. SOCWA staff also noted that any reorganization discussions should take into account what they viewed as beneficial contractor pricing from SOCWA's ability to request proposals regionally. OC LAFCO staff is aware of current SOCWA Board discussions, member agency meetings, and potential proposals involving the reorganization of SOCWA. OC LAFCO staff has noted the complexity of the issues involving SOCWA and that LAFCOs do not have authority over JPAs. However, staff also notes, that in accordance with state law, LAFCOs are required to review the municipal services delivered by JPAs through the MSR process, and JPAs that provide municipal services are required to submit copies of their agreements, including subsequent amendments, to their respective LAFCO in accordance with Government Code Section 6503. In addition, if SOCWA's assets ever transition to the ownership of any single member agency, any provision of service outside of said agency's service area may require OC LAFCO review.
- Through this MSR, Capistrano Bay CSD expressed concern with an ongoing boundary issue at the south end of their district at Poche Beach. In the past the beach was shown as a part of the district's boundary but was excluded from their SOI for an unknown reason. The CSD staff believed that the Poche Beach area may never have been part of their district. However, OC LAFCO staff investigated this issue thoroughly and found that the boundary of the district and its SOI should both include Poche Beach. The error on the SOI map file was corrected and now shows the SOI and boundary are coterminous.

No additional matters related to effective and efficient service delivery have been identified for review in this MSR by OC LAFCO or the Southwest Region agencies.

MSR 22-11

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA**

**MAKING DETERMINATIONS AND APPROVING THE
MUNICIPAL SERVICE REVIEW FOR THE FOLLOWING CITIES AND SPECIAL
DISTRICTS IN THE
SOUTHWEST REGION:**

CITIES

**ALISO VIEJO, DANA POINT, LAGUNA BEACH, LAGUNA HILLS, LAGUNA NIGUEL, AND LAGUNA
WOODS**

SPECIAL DISTRICTS

**CAPISTRANO BAY COMMUNITY SERVICES DISTRICT, EL TORO WATER DISTRICT, EMERALD BAY
SERVICE DISTRICT, LAGUNA BEACH COUNTY WATER DISTRICT, MOULTON NIGUEL WATER
DISTRICT, SOUTH COAST WATER DISTRICT, AND THREE ARCH BAY COMMUNITY SERVICES
DISTRICT**

AUGUST 9, 2023

On motion of Commissioner _____, duly seconded and carried, the following resolution was adopted:

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence, the Commission shall conduct Municipal Service Reviews (MSRs) prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Local Agency Formation Commission of Orange County (OC LAFCO) has completed three previous cycles of MSRs, and has prepared an MSR for the Southwest Region that includes the following **Cities** (Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, and Laguna Woods) and **Special Districts** (Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District,

Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District) to address the seven MSR determinations; and

WHEREAS, the report identified in this Resolution (MSR 22-11) contains a statement of determinations as required by California Government Code Section 56430 for the municipal services provided by cities and special districts identified in this Resolution; and

WHEREAS, copies of the MSR report and Statement of Determinations in this resolution are available for public review in the OC LAFCO office and on the OC LAFCO website; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set August 9, 2023 as the hearing date on this MSR report and Statement of Determinations and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427 has prepared a report, including her recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the report consists of the adoption of the MSR Statement of Determinations for the cities and special districts identified in this Resolution; and

WHEREAS, this Commission called for and held a public hearing on the MSR report and Statement of Determinations on August 9, 2023, and at the hearing this Commission heard and received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this MSR and the report of the Executive Officer; and

WHEREAS, pursuant to the California Environmental Quality Act, the MSR for the Southwest Region was determined to be exempt from CEQA under State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions:

- a) “Municipal Service Review for the Southwest Region (MSR 22-11)” together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.

- b) The Commission directs the Executive Officer to file a Notice of Exemption, shown as “Exhibit 1,” with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation: “Municipal Service Review for the Southwest Region (MSR 22-11).”
- b) The Executive Officer’s staff report and recommendation for the approval of the MSR for the Southwest Region, dated August 9, 2023, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the Southwest Region, shown as “Exhibit 1A.”

Section 3. Mail Copy of Resolution.

The Executive Officer shall mail a copy of this resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the office of OC LAFCO. The custodian for these records is Local Agency Formation Commission of Orange County, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

ATTACHMENT 2

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 August 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of August 2023.

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

By: _____
Douglass Davert

EXHIBIT: 1

NOTICE OF EXEMPTION

<p>TO:</p> <p><input type="checkbox"/></p> <p>Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044</p>	<p>FROM: Local Agency Formation Commission of Orange County (Lead Agency)</p> <p>(Public Agency)</p>
<p><input checked="" type="checkbox"/></p> <p>Clerk of the Board of Supervisors</p> <p>or</p> <p>County Clerk</p> <p>County of: Orange</p> <p>Address: 601 N. Ross Street</p> <p>Santa Ana, CA 92701</p>	<p>Address: 2677 North Main Street Suite 1050 Santa Ana, CA 92705</p>

<p>1. Project Title:</p>	<p>“Municipal Service Review for the Southwest Region (MSR 22-11)”</p>
<p>2. Project Applicant:</p>	<p>Local Agency Formation Commission of Orange County</p>
<p>3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):</p>	<p>The project area encompasses the city boundaries of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, and portions of unincorporated Orange County.</p>
<p>4. (a) Project Location – Cities and Special Districts</p>	<p>The project area includes the city boundaries of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, portions of unincorporated Orange County, and the service boundaries of the Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District.</p>
<p>(b) Project Location – County</p>	<p>Orange</p>
<p>5. Description of nature, purpose, and beneficiaries of Project:</p>	<p>Conduct a review of the municipal services provided by the cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, the and the Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District, and within portions of unincorporated Orange County.</p>
<p>6. Name of Public Agency approving project:</p>	<p>Local Agency Formation Commission of Orange County</p>
<p>7. Name of Person or Agency undertaking the project,</p>	

ATTACHMENT 2

including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Local Agency Formation Commission of Orange County
8. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)
(b) <input type="checkbox"/> Not a project.	
(c) <input type="checkbox"/> Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
(d) <input type="checkbox"/> Categorical Exemption. State type and section number:	One single-family residence, or second dwelling unit in residential zone. Class 3 § 15303(a)
(e) <input type="checkbox"/> Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f) <input checked="" type="checkbox"/> Statutory Exemption. State Code section number:	CEQA Guidelines §15262 (Feasibility and Planning Studies)
(g) <input type="checkbox"/> Other. Explanation:	
9. Reason why project was exempt:	The Municipal Service Review and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10. Lead Agency Contact Person:	Gavin Centeno, Policy Analyst II
Telephone:	(714) 640-5100
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: August 9, 2023	

ATTACHMENT 2

Signature: _____ Date: _____ Title: Executive Officer

Name:

Signed by Lead Agency Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code. Reference: Sections 21108, 21152, and 21152.1, Public Resources Code

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Southwest Region**

DETERMINATION 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

Within the Southwest Region there is limited potential for population and housing growth due to existing buildout and geography. Population and housing growth projections through 2027 show slight declines for a majority of the agencies in the Region.

DETERMINATION 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

There are no DUCs located within or contiguous to the spheres of influence of cities or special districts within the Southwest Region.

DETERMINATION 3: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES INCLUDING NEEDS OR DEFICIENCIES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, AND STRUCTURAL FIRE PROTECTION IN ANY DISADVANTAGED, UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

The present and planned capacity of public facilities of agencies within the Southwest Region are adequate for providing municipal services services to their residents and customers. With the exception of Laguna Beach, the cities in the Southwest Region are relatively young (up to 34 years) and include master planned communities with infrastructure and facilities designed to facilitate their growth over time and no structural challenges were reported or identified.

Special districts in the Southwest Region are twice as old as most of the cities within the region, with infrastructure that ranges from 30 to 50 years old. No concerns regarding facilities or service delivery was identified or noted, and the districts have adequate planning and reporting systems in place to prepare for maintenance and replacement of the respective water infrastructure and facilities. However, Capistrano Bay Community CSD and Three Arch Bay CSD are experiencing issues with stormwater infrastructure and are taking steps to resolve their respective issues. Capistrano Bay CSD has filed an application with OC LAFCO to activate a latent power for stormwater protection and Three Arch Bay CSD is developing a new master plan to upgrade their infrastructure.

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Southwest Region**

DETERMINATION 4: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES. (GAVIN, THIS NEEDS TO BE ADJUSTED AFTER DISCUSSION WITH RSG; ALSO SECOND SENTENCE MAY NEED TO BE ADJUSTED MORE AND IS AWKWARDLY WORDED)

Agencies within the Southwest Region have the financial ability to maintain their current service levels. However, the cities of Aliso Viejo and Laguna Woods have expressed concern involving sustainability of their respective costs of contractual agreements with Orange County Sheriff for law enforcement services. Aliso Viejo is seeking opportunities to address this issue through increasing revenues and use of reserves to address a potential deficit. Laguna Woods expressed interest in a collaborative effort involving the OC Sheriff on operational decisions, labor negotiations, and other factors that may lower or moderate contractual law enforcement costs.

OC LAFCO's fiscal indicators generally indicate moderate growth in revenues and expenditures and high reserve balances for agencies within the Southwest Region. Other than the law enforcement costs noted by Aliso Viejo and Laguna Woods, no other fiscal issues or concerns were identified or noted by the agencies.

DETERMINATION 5: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

The existing shared facilities and services within the Southwest Region include contractual agreement between the cities of Aliso Viejo, Laguna Hills, and Laguna Niguel with Mission Viejo for animal control services. Another shared arrangement within the Southwest Region includes the provision of animal control services by Laguna Beach to Laguna Woods through a contractual agreement. The Cities of Dana Point and San Clemente provide its animal services through a joint powers authority called Coastal Animal Services Authority.

Additional shared facilities and services identified during this MSR include wastewater facilities managed through SOCWA and potential opportunities for joint law enforcement services. One Southwest Region agency, Moulton Niguel Water District ("MNWD"), expressed their desire for SOCWA to transition facilities to the member agencies that utilize the facilities. MNWD is one of the largest member agencies of SOCWA and has taken the position that SOCWA should shift operations of local assets to member agencies and retain only a coordination and management role. Other agencies in the Southwest Region were aware of these requests from MNWD but did not express support nor opposition. The other agencies, particularly South Coast Water District ("SCWD"), did indicate that they were not opposed to alternatives but would prefer a resolution that works within the existing structure of SOCWA. Both SOCWA and MNWD have made significant steps regarding discussions on a potential resolution of the issues related to the JPA agreements. Regarding law enforcement services, the Cities of Aliso Viejo and Laguna Woods have held informal internal and external discussions about how to reduce costs, including looking at alternatives to how services are provided under their contracts with the OC Sheriff.

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Southwest Region**

DETERMINATION 6: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

Agencies in the Southwest Region have well-established structures for accountability. With the variety of different entities in the Region, significant layering exists to provide residents with multiple opportunities for input to representatives who represent residents on board of directors, city councils, and commissions.

However, one noted governmental issue within the region involved the provision of water and wastewater services to the South Laguna Beach area. Currently, the residents receive these services from South Coast Water District (SCWD) through a contractual agreement between the district and City of Laguna Beach. The area is outside of the district's boundary and residents are not able to participate in the district's board election process to obtain direct representation. The City of Laguna Beach would like to see these residents formally represented by the SCWD board. To achieve direct representation and participation in the SCWD board election process, OC LAFCO notes that an SOI amendment concurrent with annexation should be initiated by the City, SCWD, or South Laguna Residents.

Service delivery and overall governance structure of SOCWA was noted as an issue raised during the MSR process. Generally, concerns were raised by SOCWA member, Moulton Niguel Water District concerning SOCWA's ability to meet the changing needs and objectives of its member agencies relating to wastewater reuse and treatment. Other SOCWA members, including El Toro Water District, Emerald Bay Service District, City of Laguna Beach, and the City of San Clemente did not express the same concerns during the MSR process. Resolution of the SOCWA related concerns expressed during the MSR process, particularly the governance structure of the JPA, falls outside the purview of OC LAFCO and would need to be addressed among the member agencies of SOCWA. However, as the JPA provides a key municipal service, its facilities and operations were discussed in the MSR, and continued service provision and related matters will be reviewed in future MSRs. Additionally, any resolution of the issues discussed in the MSR that involves out-of-area service agreements between member agencies would require OC LAFCO review.

DETERMINATION 7: ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY.

No other matters were identified during the conducting of the Southwest MSR.

SOI 22-12

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA

MAKING DETERMINATIONS AND RECONFIRMING THE
SPHERES OF INFLUENCE FOR THE
THE FOLLOWING CITIES AND SPECIAL DISTRICTS:

CITIES

ALISO VIEJO, DANA POINT, LAGUNA BEACH, LAGUNA HILLS, LAGUNA NIGUEL, AND LAGUNA
WOODS

SPECIAL DISTRICTS

CAPISTRANO BAY COMMUNITY SERVICES DISTRICT, EL TORO WATER DISTRICT, EMERALD BAY
SERVICE DISTRICT, LAGUNA BEACH COUNTY WATER DISTRICT, MOULTON NIGUEL WATER
DISTRICT, AND THREE ARCH BAY COMMUNITY SERVICES DISTRICT

AUGUST 9, 2023

On motion of Commissioner _____, duly seconded and carried, the following
resolution was adopted:

WHEREAS, California Government Code Section 56425 requires that a Local Agency
Formation Commission of Orange County (OC LAFCO) adopt Spheres of Influence (SOI) for all
agencies in its jurisdiction and to review, and update as necessary, those spheres every five years;
and

WHEREAS, the SOI is the primary planning tool for OC LAFCO and defines the probable
physical boundaries and service area of a local agency as determined by OC LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of an SOI are governed by the
Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Section 56000 et seq. of the
Government Code; and

WHEREAS, the California Government Code Section 56430 requires that in order to prepare
and update SOIs, the Commission shall conduct Municipal Service Reviews (MSR) prior to or in
conjunction with action to update or adopt an SOI; and

ATTACHMENT 3

WHEREAS, the OC LAFCO has previously reviewed and adopted SOIs for Orange County cities and special districts as required by Government Code Section 56425 and during the conducting of MSRs for Orange County cities and special districts as required by Government Code Section 56430; and

WHEREAS, on August 9, 2023, OC LAFCO adopted new MSR determinations provided within the Southwest Region MSR for the following agencies: Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District; and

WHEREAS, the information and findings contained in the MSR and SOI reviews for the cities and special districts identified in this Resolution are current and do not raise any significant service-related issues; and

WHEREAS, copies of the MSR and SOI report, SOI maps, and statement of determinations for the Southwest Region identified in this Resolution have been reviewed by the Commission and are available for public review in the OC LAFCO offices and on the OC LAFCO website; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, set August 9, 2023 as the hearing date of the SOI reviews of the cities and special districts identified in this Resolution and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56427, has prepared a report, including her recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the review consists of the reconfirmation of the SOIs for the following agencies: Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, and Three Arch Bay Community Services District; and

WHEREAS, this Commission called for and held a public hearing on the SOI reviews for the cities and special districts identified in this Resolution on August 9, 2023, and at the hearing this Commission received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to these reviews and the report of the Executive Officer; and

ATTACHMENT 3

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this review, including, but not limited to, factors specified in Government Code Sections 56425 and 56430; and

WHEREAS, pursuant to the California Environmental Quality Act, the SOI reviews and reconfirmation of the existing SOIs of the cities and special districts identified in this Resolution were determined to be exempt from CEQA under State CEQA Guidelines.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County
DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Environmental Actions.

- a) "Sphere of Influence Reviews for the Southwest Region (SOI 22-12)" together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.
- b) The Commission directs the Executive Officer to file a Notice of Exemption, shown as "Exhibit 2," with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation: "Sphere of Influence Reviews for the Southwest Region (SOI 22-12)."
- b) The Executive Officer's staff report and recommendation to reconfirm the SOIs, including the SOI maps attached as "Exhibit 2B" hereto for cities and special districts identified in this Resolution dated August 9, 2023, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the cities and special districts identified in this Resolution, shown as "Exhibit 2A."

Section 3. Mail Copy of Resolution.

The Executive Officer is hereby authorized and directed to provide copies of this Resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the office of OC LAFCO. The custodian for these records is Local Agency Formation Commission of Orange County, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

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 August 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of October 2023.

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

By: _____
Douglass Davert

EXHIBIT: 2

NOTICE OF EXEMPTION

<p>TO:</p> <p><input type="checkbox"/></p> <p>Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044</p>	<p>FROM: Local Agency Formation Commission of Orange County (Lead Agency)</p> <p>(Public Agency)</p>
<p><input checked="" type="checkbox"/></p> <p>Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 601 N. Ross Street Santa Ana, CA 92701</p>	<p>Address 2677 North Main Street Suite 1050 Santa Ana, CA 92705</p>

<p>1. Project Title:</p>	<p>“Sphere of Influence Reviews for the Southwest Region (SOI 22-12)”</p>
<p>2. Project Applicant:</p>	<p>Local Agency Formation Commission of Orange County</p>
<p>3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):</p>	<p>The project area includes the city boundaries of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, and portions of unincorporated Orange County.</p>
<p>4. (a) Project Location – Cities and Districts</p>	<p>The project area includes the city boundaries of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, portions of unincorporated Orange County, and the service boundaries of the Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District.</p>
<p>(b) Project Location – County</p>	<p>Orange</p>
<p>5. Description of nature, purpose, and beneficiaries of Project:</p>	<p>Conduct SOI reviews and adopt Statement of Determinations for the cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, and the Capistrano Bay Community Services District, El Toro Water District, Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, South Coast Water District, and Three Arch Bay Community Services District.</p>
<p>6. Name of Public Agency approving project:</p>	<p>Local Agency Formation Commission of Orange County</p>
<p>7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:</p>	<p>Local Agency Formation Commission of Orange County</p>

ATTACHMENT 3

8. Exempt status: (check one)	
<input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)
<input type="checkbox"/> Not a project.	
<input type="checkbox"/> Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
<input type="checkbox"/> Categorical Exemption. State type and section number:	One single-family residence, or second dwelling unit in residential zone. Class 3 § 15303(a)
<input type="checkbox"/> Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
<input checked="" type="checkbox"/> Statutory Exemption. State Code section number:	CEQA Guidelines §15262 (Feasibility and Planning Studies)
<input type="checkbox"/> Other. Explanation:	
9. Reason why project was exempt:	The Sphere of Influence Reviews and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10. Lead Agency Contact Person:	Gavin Centeno, Policy Analyst II
Telephone:	(714) 640-5100
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: August 9, 2023	

Signature: _____ Date: _____ Title: Executive Officer

Name:

Signed by Lead Agency Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

**EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the Southwest Region**

DETERMINATION 1: THE PRESENT AND PLANNED LAND USES IN THE AREA, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

Cities and special districts within the Southwest Region are largely built out with very little remaining open space for new development. The remaining open space lands in the region are located in the unincorporated areas known as the Aliso and Wood Canyons Wilderness Park. These wilderness areas are serviced by County of Orange's Park system, County Service Area 26. There were no significant agricultural uses identified within the Southwest Region.

DETERMINATION 2: THE PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

Agencies in the Southwest Region are currently providing adequate services to their residents and customers. The cities and special districts' current infrastructures within the Region have adequate capacity to meet the expected population growth within the Region.

The MSR identifies the existence of significant issues involving the stormwater infrastructures operated and maintained by the Capistrano Bay CSD and Three Arch Bay CSD. Both districts indicated that the issues were related to the impacts and damage to their systems by rising sea levels and aged infrastructure. To assist in addressing the issues, Capistrano Bay CSD has initiated an application with OC LAFCO for authorization to begin providing stormwater management services in an effort for the District to directly address the issue. Three Arch Bay CSD is developing a new master plan to upgrade the capacity of its infrastructure to better align with the existing development within the community.

DETERMINATION 3: THE PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

The present capacity of the public facilities operated by the cities and special districts in the Southwest Region are adequate for providing services to their respective residents and customers. However, the MSR notes the concerns of two cities, Aliso Viejo and Laguna Woods, involving the short and long-term sustainability of law enforcement costs. Both cities are proactively addressing this issue by exploring opportunities to increase revenue or use of reserves should a deficit occur.

**EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the Southwest Region**

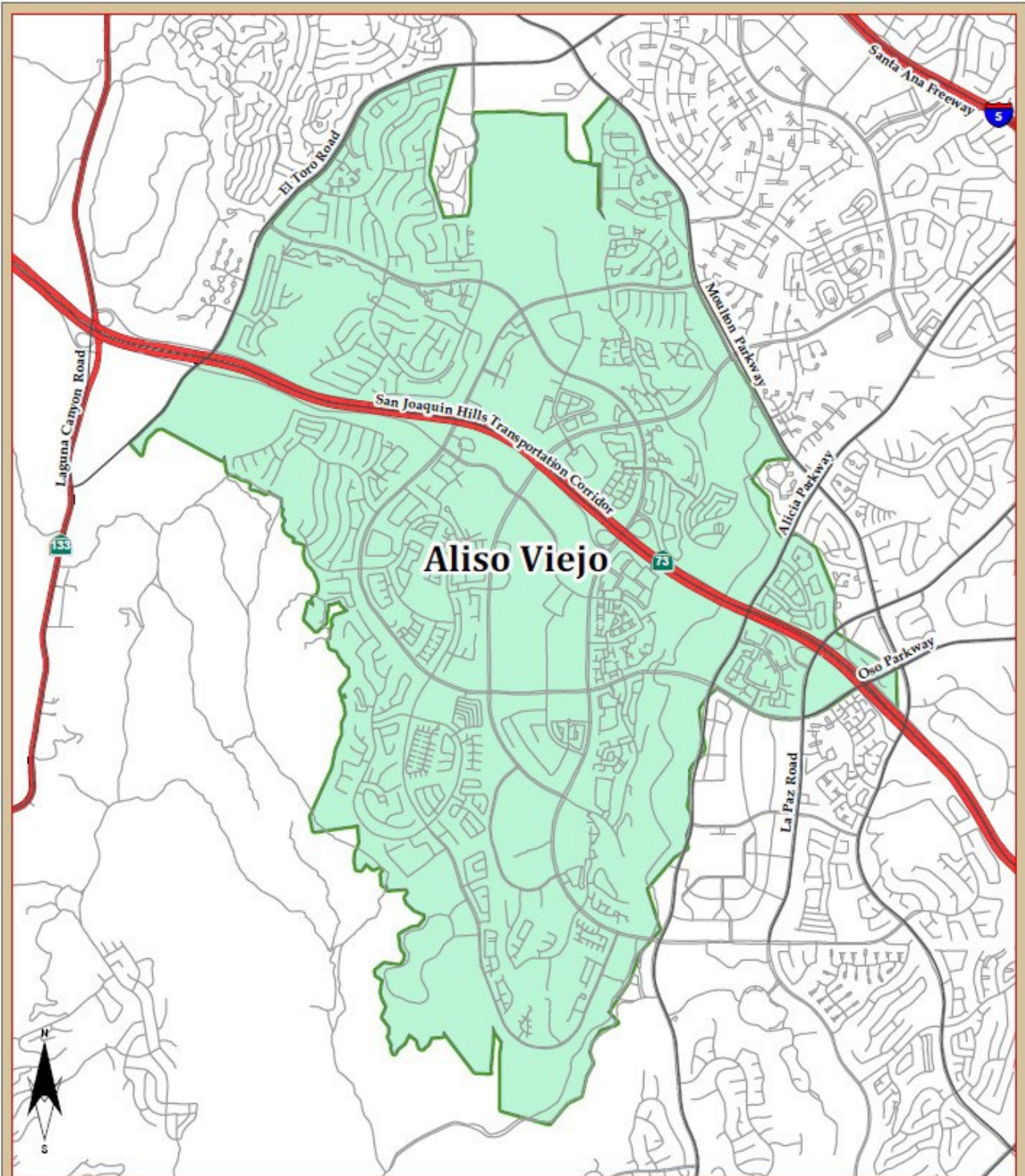
DETERMINATION 4: THE EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA, IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY.

The South Laguna Beach area was identified as a community of interest during the MSR process. The area is within the jurisdictional boundary of Laguna Beach and currently receives water and wastewater services from South Coast Water District. However, because the area is not formally within the boundaries of the District, residents of the area are not able to participate in the District's voting process and obtain direct representation through the District board.

DETERMINATION 5: IF A CITY OR SPECIAL DISTRICT PROVIDES PUBLIC FACILITIES OR SERVICES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, OR STRUCTURAL FIRE PROTECTION, THE PRESENT AND PROBABLE NEED FOR THOSE FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE.

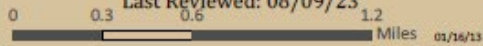
There are no DUCs located within the boundaries of the cities, special districts, or county unincorporated areas in the Southwest Region.

EXHIBIT 2B



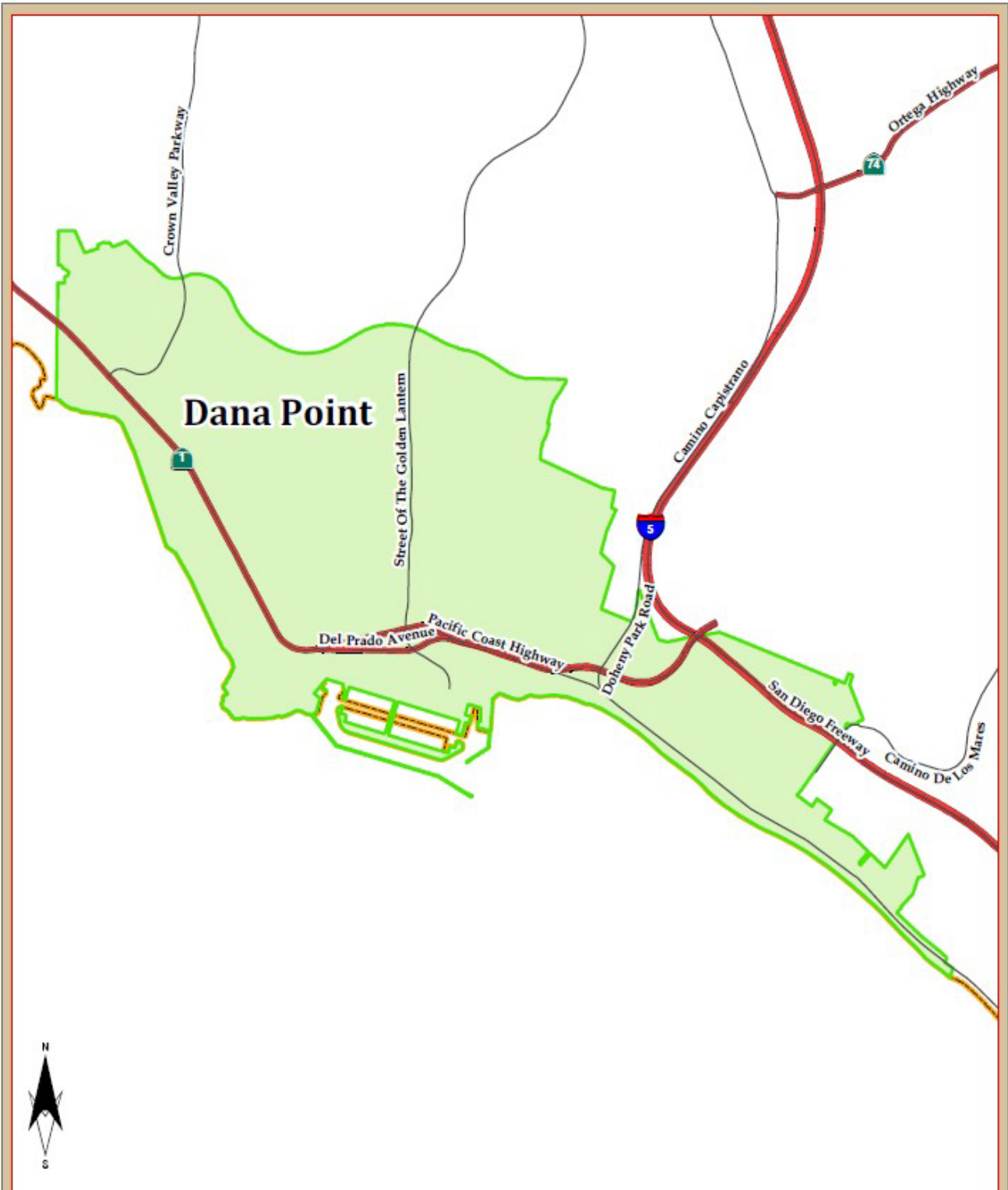
**City of Aliso Viejo
Sphere of Influence Map**

SOI Originally Adopted: 07/01/01
Last Reviewed: 08/09/23



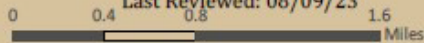
- Aliso Viejo City Boundary
- Aliso Viejo SOI Boundary
- County Boundary





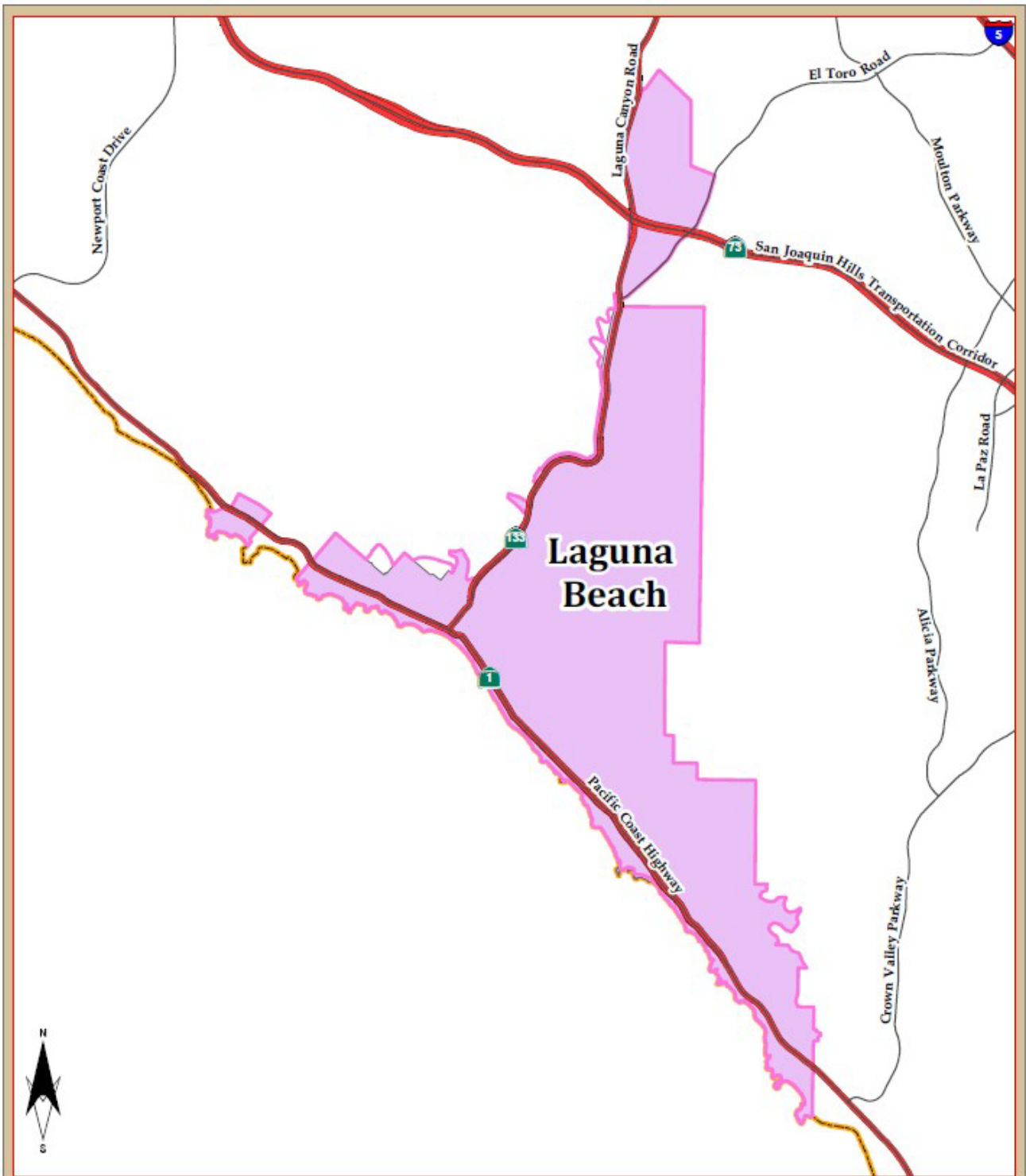
City of Dana Point Sphere of Influence Map

SOI Originally Adopted: 02/15/89
Last Reviewed: 08/09/23



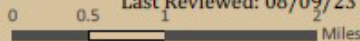
- Dana Point City Boundary
- Dana Point SOI Boundary
- County Boundary

01/16/13



**City of Laguna Beach
Sphere of Influence Map**

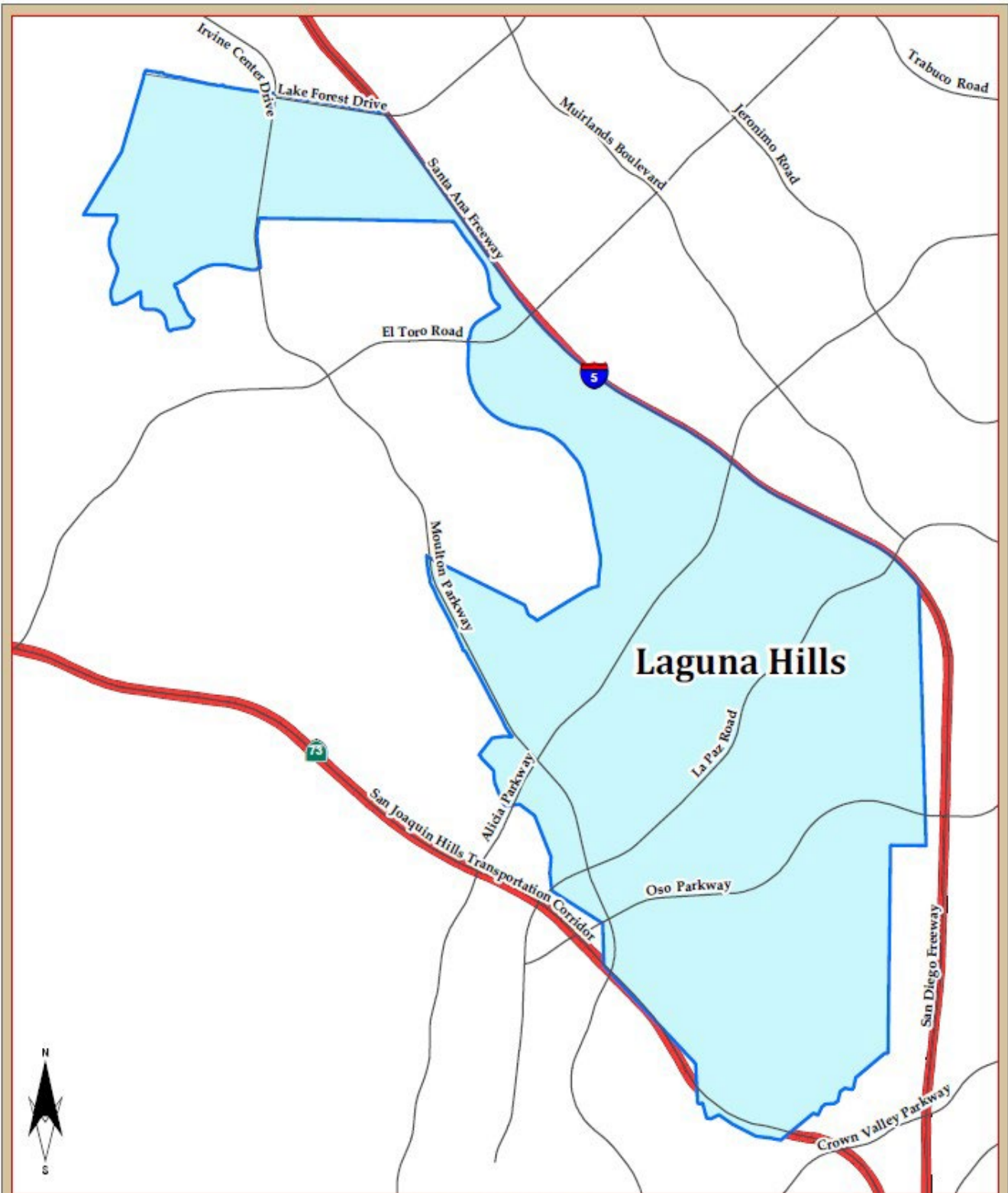
SOI Originally Adopted: 07/13/75
Last Reviewed: 08/09/23



01/16/13

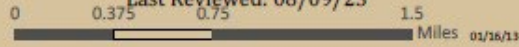





- Laguna Beach City Boundary
- Laguna Beach SOI Boundary
- County Boundary



**City of Laguna Hills
Sphere of Influence Map**

SOI Originally Adopted: 12/20/91
Last Reviewed: 08/09/23



-  Laguna Hills City Boundary
-  Laguna Hills SOI Boundary
-  County Boundary



**City of Laguna Niguel
Sphere of Influence Map**

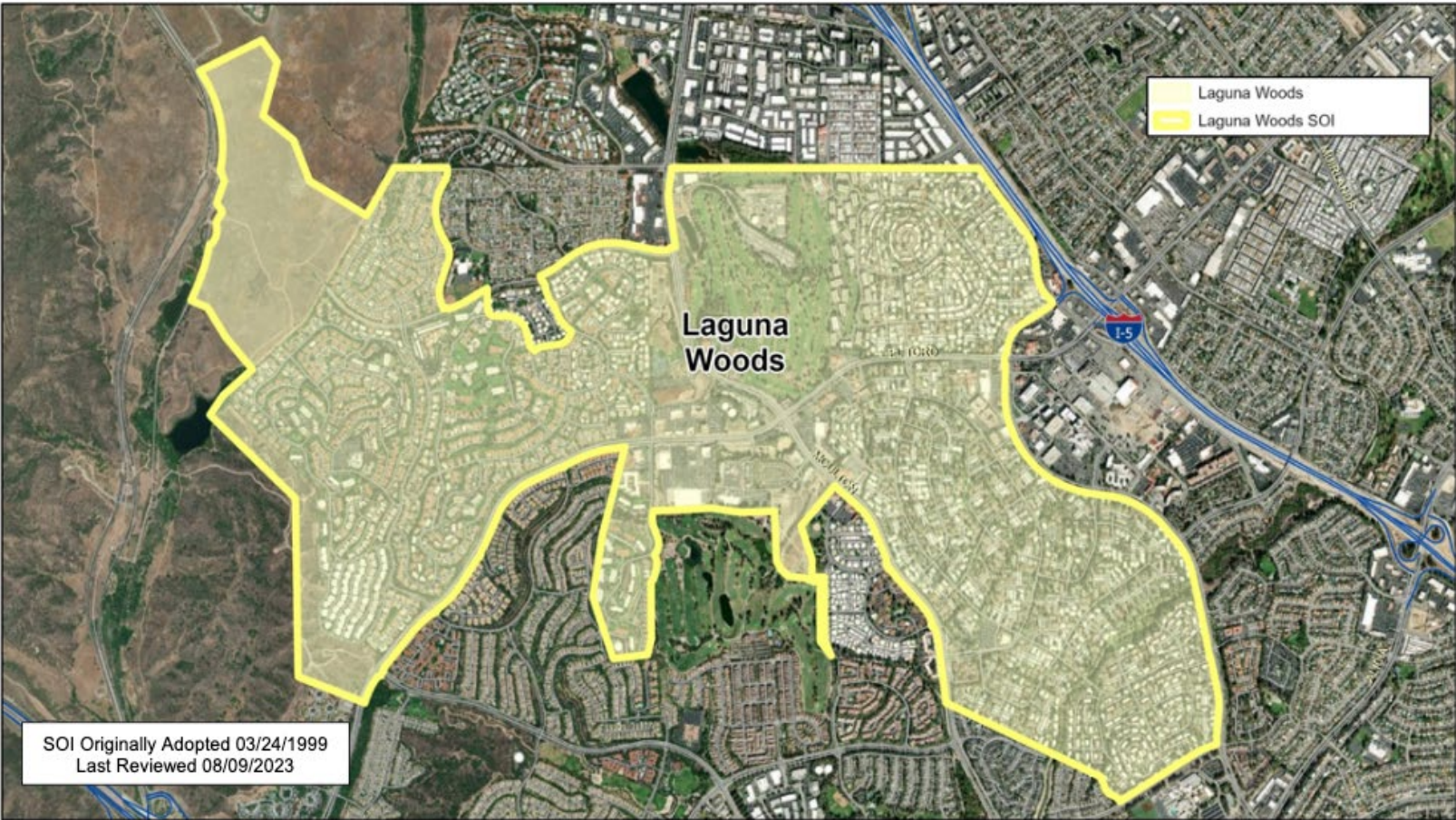
SOI Originally Adopted: 04/04/90
Last Reviewed: 08/09/23

0 0.4 0.8 1.6 Miles

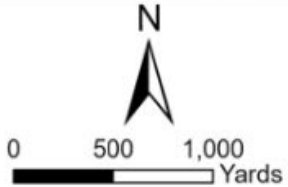
01/16/13



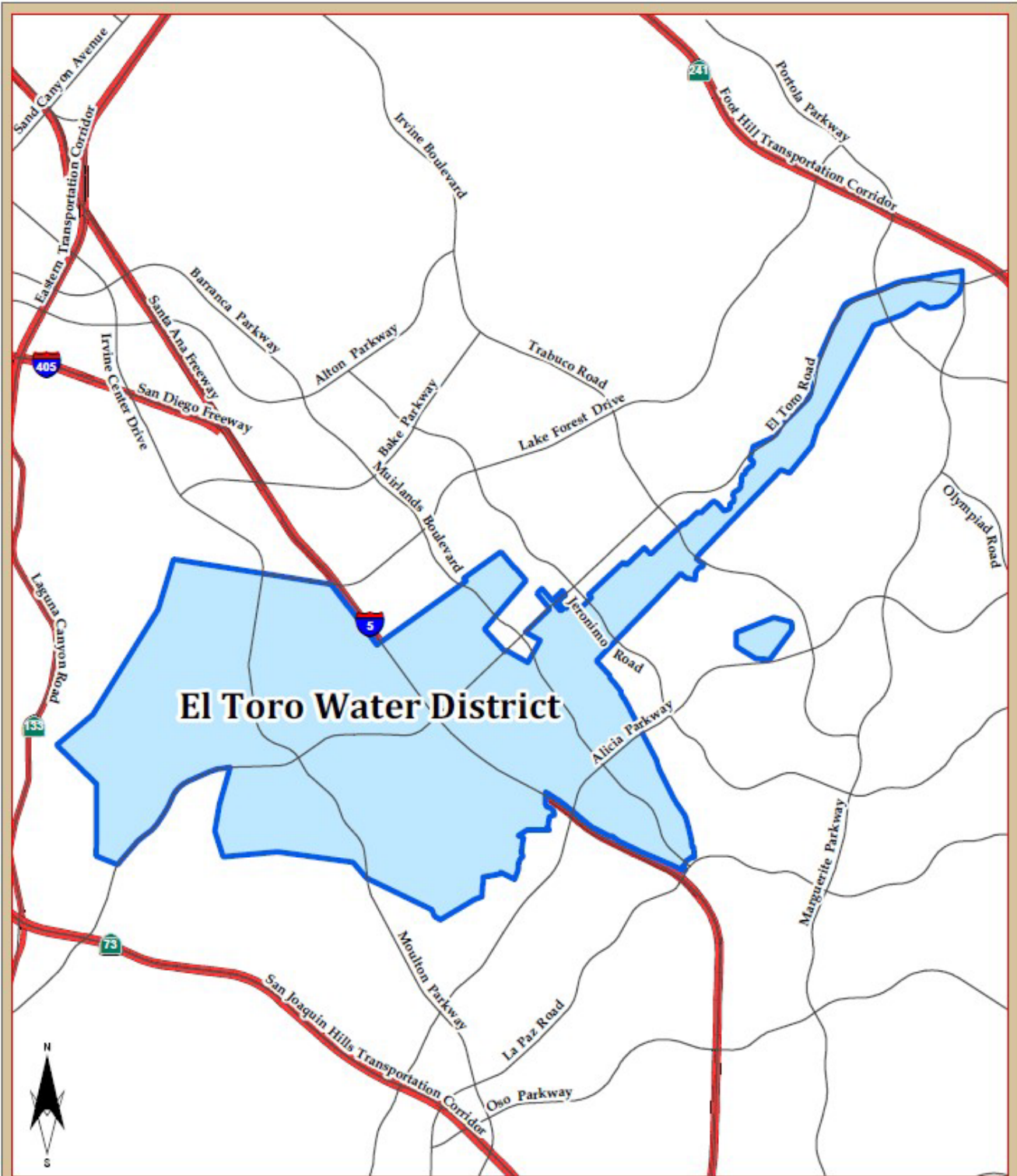
- Laguna Niguel SOI Boundary
- Laguna Niguel City Boundary
- County Boundary



City of Laguna Woods



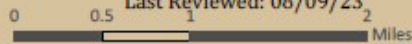
Source: RSG Inc., ESRI, OCLAFCO



El Toro Water District




**City of El Toro Water District
Sphere of Influence Map**

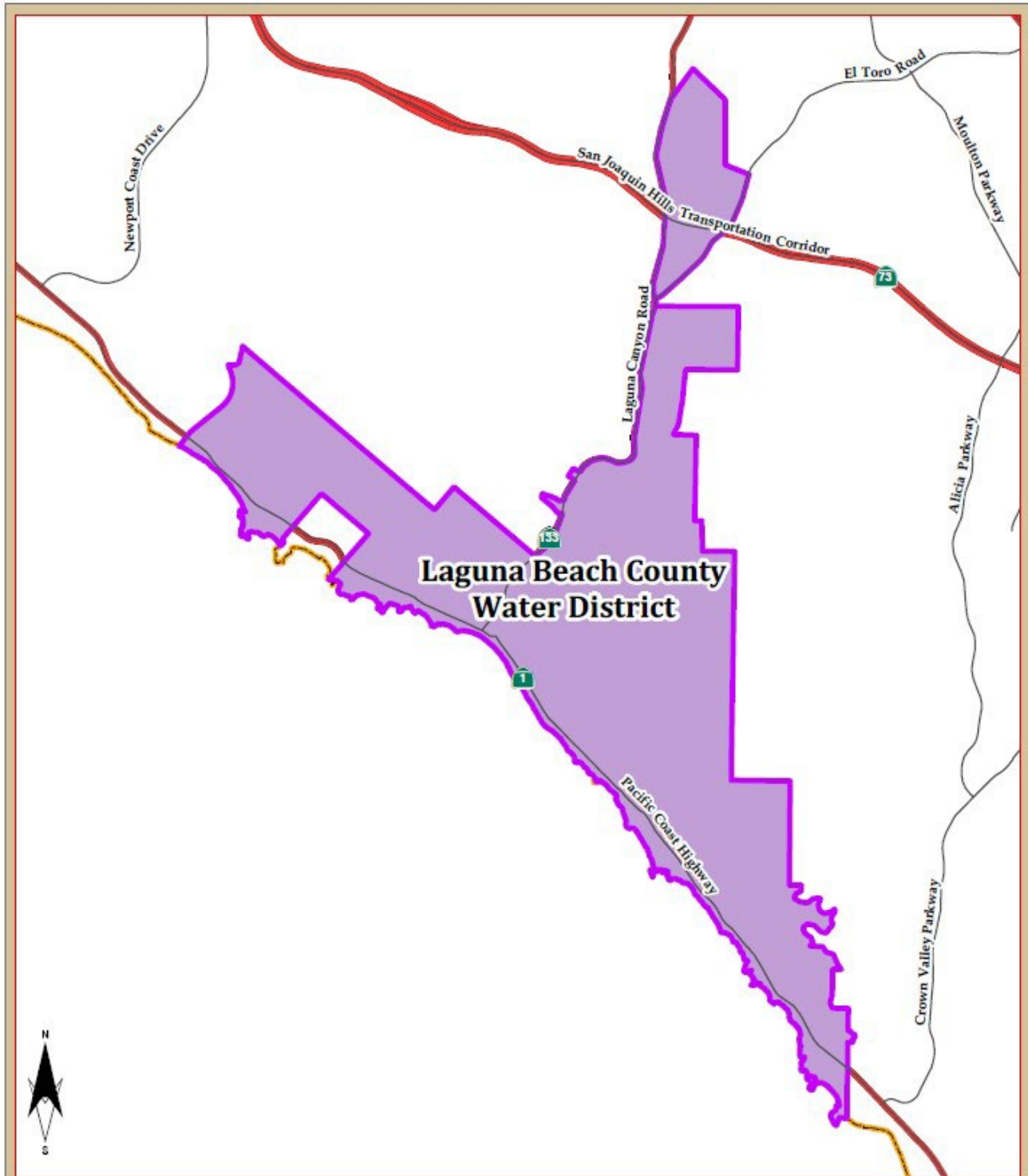
SOI Originally Adopted: 06/09/76
Last Reviewed: 08/09/23



01/16/13



-  ETWD Boundary
-  ETWD SOI Boundary
-  County Boundary



**Laguna Beach County Water District
Sphere of Influence Map**

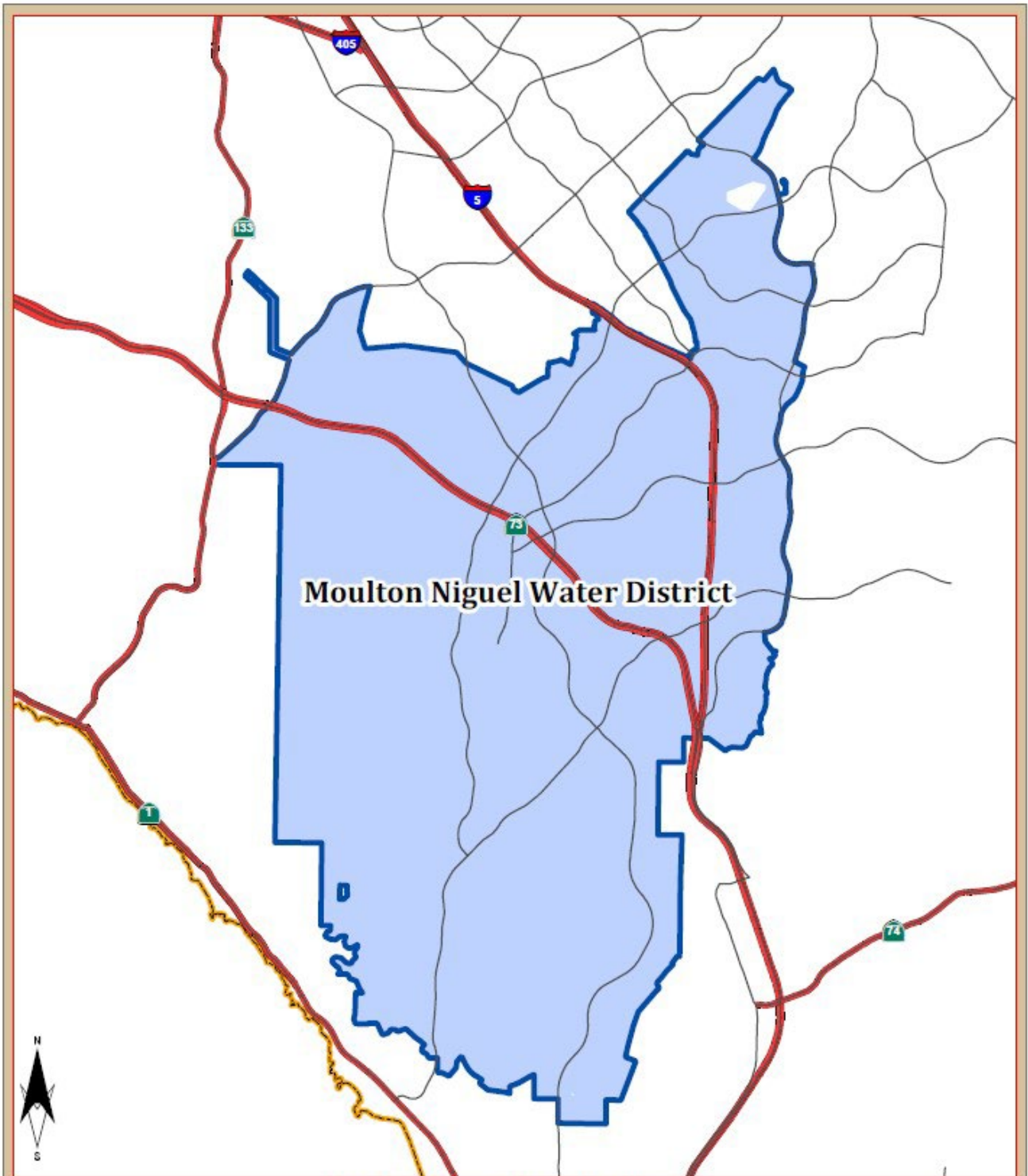
SOI Originally Adopted: 11/22/80
Last Reviewed: 08/09/23

0 0.5 1 Miles

01/16/13



- LBCWD Boundary
- LBCWD SOI Boundary
- County Boundary



Moulton Niguel Water District

**Moulton Niguel Water District
Sphere of Influence Map**

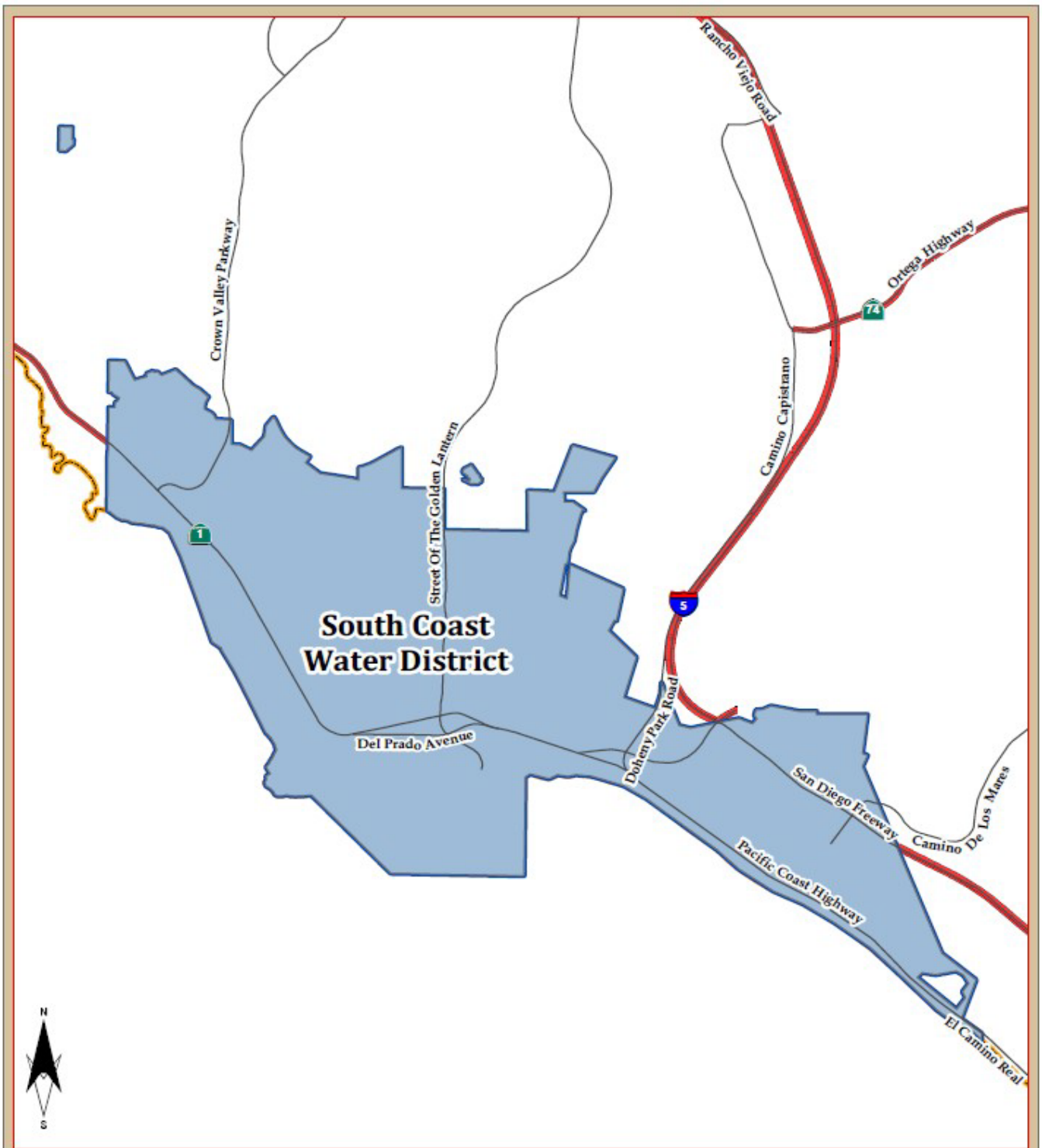
SOI Originally Adopted: 03/10/76
Last Reviewed: 08/09/23

0 0.5 1 2 Miles

01/26/13

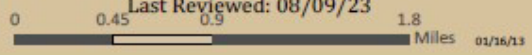


- MNWD SOI Boundary
- MNWD Boundary
- County Boundary

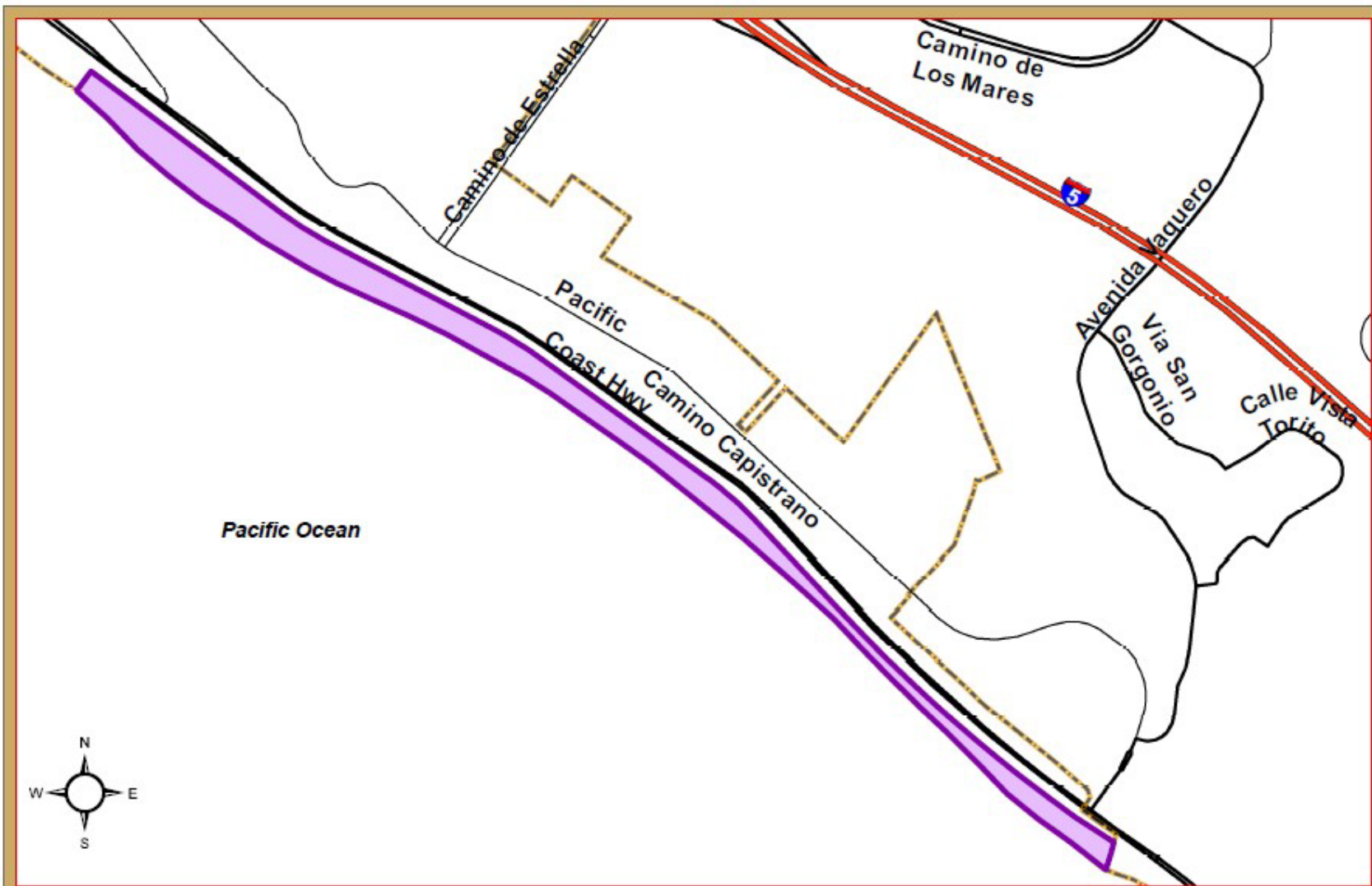


South Coast Water District Sphere of Influence Map

SOI Originally Adopted: 01/15/99
Last Reviewed: 08/09/23



- SCWD Boundary
- SCWD SOI Boundary
- County Boundary



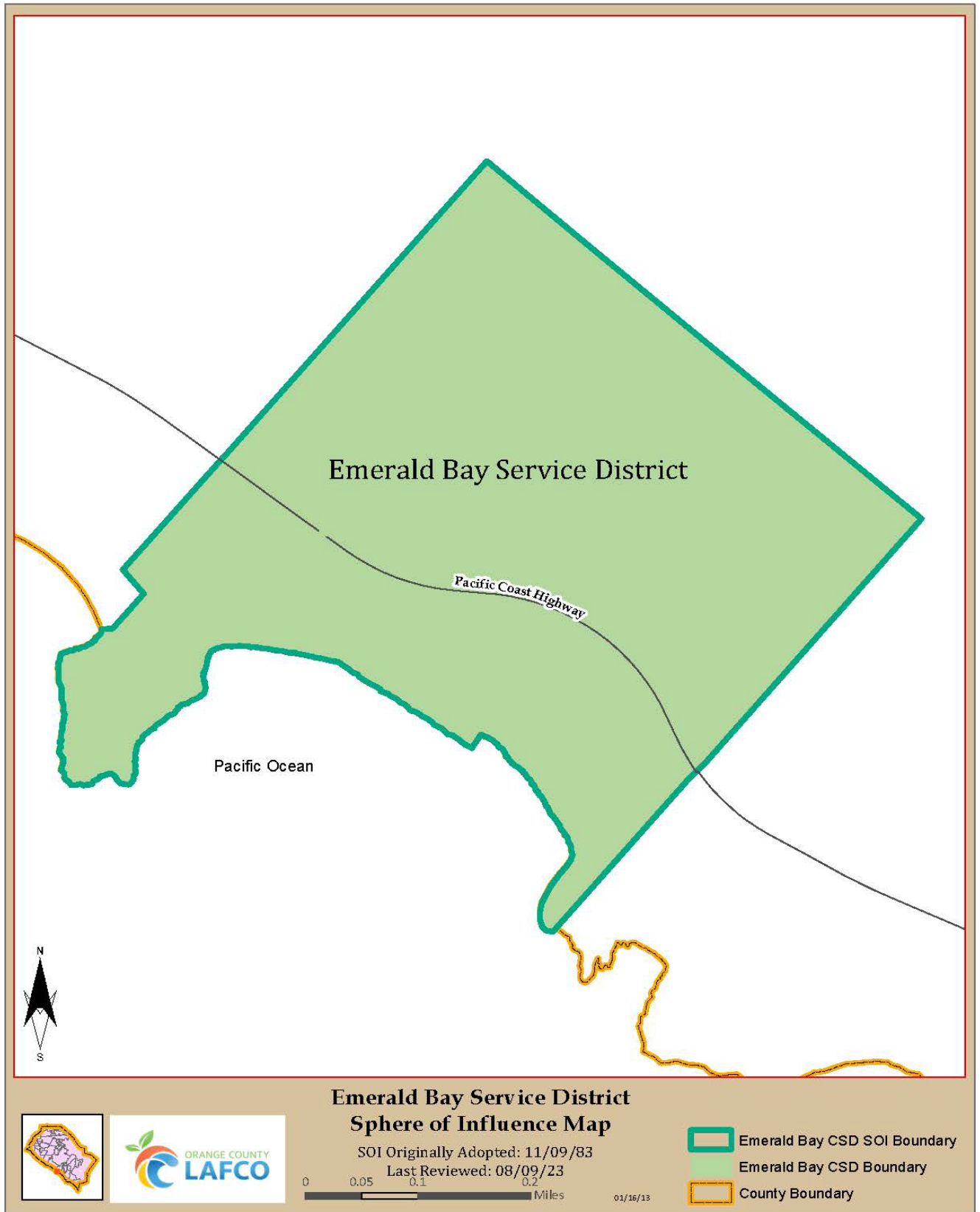
Capistrano Bay Community Service District Sphere of Influence Map

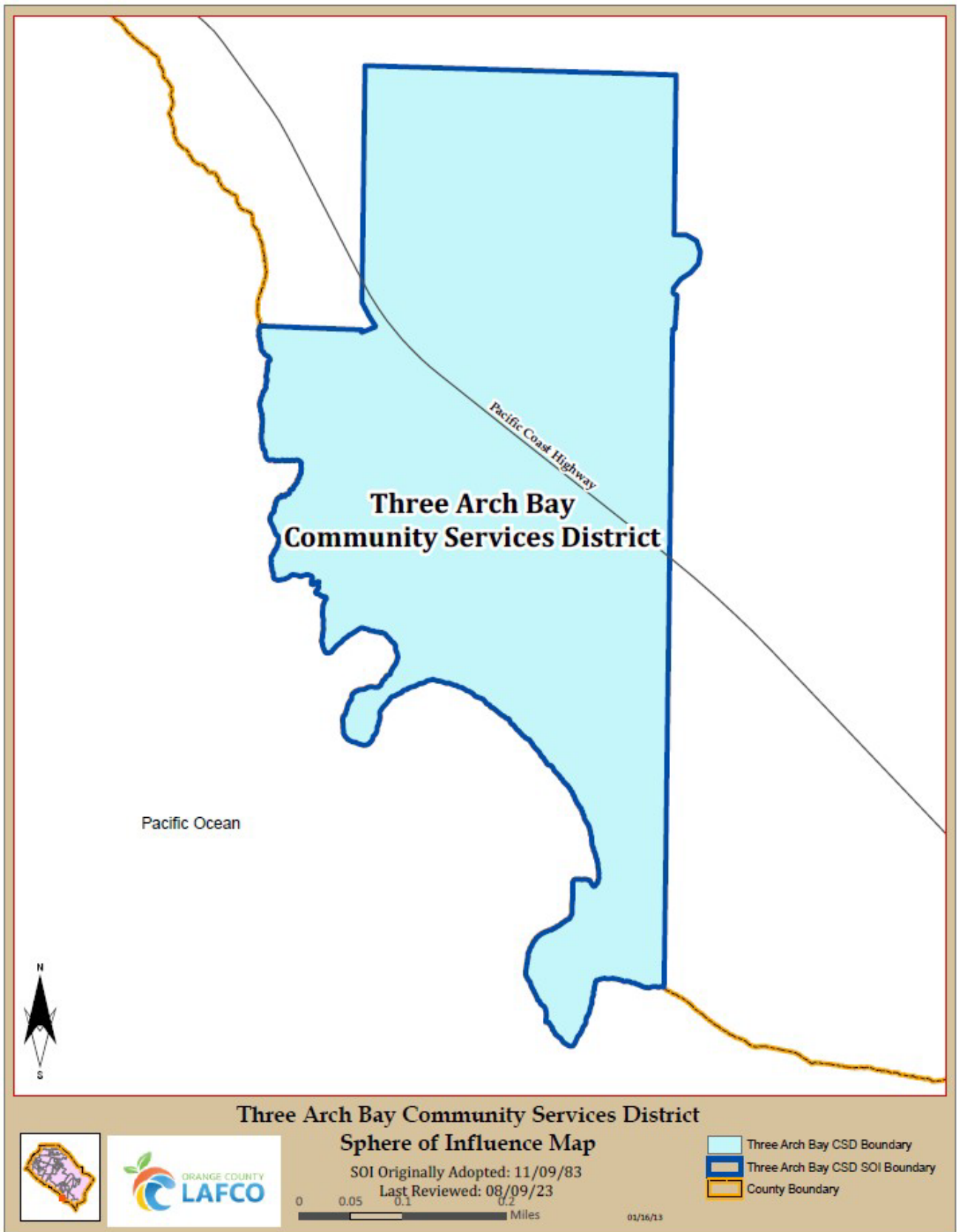
SOI Originally Adopted: 02/01/84
Last Reviewed: 08/09/23



Legend

- Capistrano Bay CSD SOI Boundary
- Capistrano Bay CSD Boundary
- County Boundary





August 9, 2023

9a | Commission
Discussion

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 Fidler
Special District Member

Bruce Whitaker
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

SUBJECT: Fiscal Year 2022-2023 Year-End Comprehensive Report

BACKGROUND

Throughout the fiscal year, the Commission receives quarterly financial reports and mid-year and year-end reports on the agency's work plan. The attached comprehensive report combines the review of the accomplishments of the 2022-2025 Work Plan and an assessment of the agency's budget and investment portfolio for July 1 through June 30, 2023. The Work Plan, which includes the status of approved projects and activities, is referenced as Attachment 2 to this report and includes the following recommended updates:

- Goal 2: Improve MSR Process for Future MSRs (page 3)
Update schedule for objectives 2.2 and 2.3 from 2023-2025 to 2025 to better align with the completion of MSR schedule currently underway.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Year-End Comprehensive Report for Fiscal Year 2022-2023.
2. Approve update to the 2022-2025 Work Plan.

Respectfully submitted,



CAROLYN EMERY

Attachments:

1. Fiscal Year 2022-2023 Year-End Comprehensive Report
2. 2022-25 OC LAFCO Work Plan (Upd: 8.09.23)
3. OC LAFCO MSR Program Schedule (Upd.: 8.09.23)



Year-End Comprehensive Report

Fiscal Year 2022-23

Prepared: August 9, 2023

HIGHLIGHTS:

FY 2022-23 Work Plan Accomplishments– Pages 2-4

FY 2022-23 Commission Mandates and Analytics – Pages 4-5

FY 2022-23 Budget Year-End Assessment – Pages 6-8

Balance Sheet & Reserves Analysis – Pages 9-10

INTRODUCTION

The Year-End Comprehensive Report presents an overview of the Commission's Work Plan accomplishments and the agency's budget and investment portfolio performance for Fiscal Year 2022-23.

WORK PLAN ACCOMPLISHMENTS

This section highlights the accomplishments of the agency's 2022-2025 Work Plan during the current fiscal cycle. In addition to the processing of filed applications and responding to the legislative mandate to prepare Municipal Service Reviews, a Work Plan has been adopted by the Commission that includes objectives assigned to the following strategic goals: *Goal One*: Staff Development, Retention, and Recruitment; *Goal Two*: Improve Municipal Service Review (MSR) Process for Future MSRs; *Goal Three*: Promote Legislative Engagement; and, *Goal Four*: Optimize External Communication. A discussion of each goal and the respective status of each objective are provided in the next section of this report and referenced in **Attachment 2**.

Goal One: *Staff Development, Retention, and Recruitment*

With each of the Commission's five budgeted positions currently filled, the latter part of the fiscal year for Goal One included a focus on the cross-training and mentoring of both tenured and newly hired staff. Training included hands-on tutelage in the areas of budget preparation, accounting, audit process, and project management that included processing applications, preparing in-house MSRs and sphere reviews, and external communications. Staff development in these areas aligns with the objectives identified by the Commission and completed for this goal during FY 2022-23.



**RECRUITMENT -
SELECTION
AND TRAINING**

Goal Two: *Improve Municipal Service Review (MSR) Process for Future MSRs*

Commission staff has continued to address ways to improve the process for future MSRs. To assist in this endeavor, staff has used the pre and post-MSR questionnaires to assess and improve in areas where warranted. This included ongoing refinement and streamlining of the questionnaires involving data collection, use of agency feedback to improve the overall process and allocation of budgeting resources for use of professional consultant services to assist staff in MSR preparation. The latter has been most instrumental in moving the MSR schedule for the fourth cycle forward, balanced with the use of staff resources with filed applications and other competing priorities. To date, the accomplishments of the Commission for this goal includes the completion of six regional MSRs, two of which were completed during the 2022-23 fiscal cycle and will be considered by the Commission at the August 9 meeting. Collectively, the reviews have included **31** of the **67** agencies to be reviewed by OC LAFCO.

The MSR schedule is attached to this report for reference and is also available to the agencies and other interested parties on the agency's website.

Goal Three: *Promote Legislative Engagement*

The relatively moderate activity of legislation of LAFCO interest during this fiscal cycle provided opportunity for staff and the Commission's legislative ad hoc committee to develop guidelines to facilitate OC LAFCO's continued proactive activity on the legislative front and to expand the agency's engagement in this area to include informing and collaboration with external groups and organizations. The Commission's past year accomplishments for this goal includes adoption of guidelines to facilitate a communication platform on legislative affairs involving Orange County's legislators and organizations, including the Association of California Cities - Orange County, California Special Districts Association, California State Association of Counties, League of California Cities, League of California Cities – Orange County, and the Orange County Council of Governments. Additionally, OC LAFCO reviewed and adopted positions on multiple bills of LAFCO interest introduced over the past year and continued participation as a member of the CALAFCO Legislative and Advisory Committees.

Goal Four: *Optimize External Communication*

The Commission experienced many accomplishments involving connecting with our local agencies and other external organizations and communities on the agency's legislative mandates and the services and resources OC LAFCO provides. Below is a list of the strategic plan objectives completed during FY 2022-23:

- ✓ Published two editions of the Pulse with distributions to local agencies and other external organizations and associations.
- ✓ Prepared and provided OC LAFCO media kits to OC legislators and other interested stakeholders.
- ✓ Deployed video FAQs on website to inform OC LAFCO stakeholders.

Additional objectives that were also completed or started during the past fiscal year to support the Commission's effort to more effectively communicate OC LAFCO's mission and resources include:

- Conversion of fiscal indicators to digital platform for future access by local agencies and public.
- Engagement of professional consultant to begin website improvements, including enhanced navigation and accessibility tools.
- Development of local policy to facilitate more effective communication with individuals of limited English proficiency (to be considered by the Commission at August 9 meeting).

- Reformatting of OC LAFCO Handbook with improved electronic accessibility of the Commission's local bylaws, policies, and procedures.

Finally, in an effort to also stay informed of the activities of our local agencies and other stakeholders, staff and Commissioners continued participation with the following groups during the past year:

- CALAFCO Board of Directors
- CALAFCO Legislative and Advisory Committees
- Independent Special Districts of Orange County (ISDOC)
- Orange County City Managers Association
- Orange County Council of Governments
- Orange County Business Council
- Center for Demographic Research (CDR)

COMMISSION MANDATES

While not included within the Commission's Work Plan, the Commission is required to efficiently process filed applications and conduct MSR and sphere reviews and updates in accordance with the timelines prescribed in State law and adopted local policies. Because of statutory timelines and mandates, filed applications and MSRs take precedence over other agency activities and projects.

During FY 2022-23, the following applications and MSRs indicated below were processed or conducted. Additionally, the status of each project is reflected below:

Completed

Applications:

- Aera Property Annexation to the City of Brea – *Approved May 2023.*
- Santa Ana River Reorganization to the City of Anaheim – *Approved October 2022.*
- Orange County Sanitation District Annexations – *Approved August 2022.*

MSR/SOI Reviews:

- County Service Areas 13, 22 and 26 – *Approved August 2022.*
- Orange County Cemetery District – *Approved October 2022.*

Underway

Applications

- Orange County Water District (OCWD) Municipal Service Review – *Complete by July 2024.*

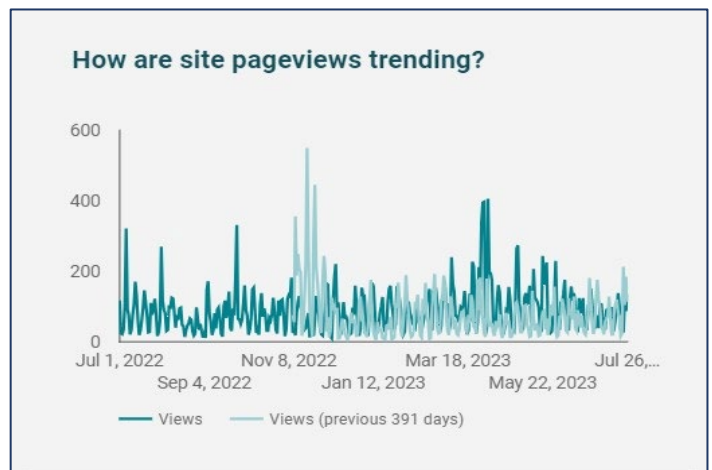
- Capistrano Bay Community Services District Activation of Latent Powers – *Application is currently pending due to a study being conducted by the District, and the future hearing date is unknown at this time.*

MSR/SOI Reviews:

- Southwest Region – *Complete by August 2023.*
- West Region – *Complete by August 2023.*
- Orange County Mosquito and Vector Control District – *Complete by April 2024.*

FY 2022-23 ANALYTICS

An objective within the Commission’s Work Plan includes the presentation of a year-end analytics report on MSR agency feedback and the use of the agency’s web-based programs, including social media. During the past fiscal cycle, the agency’s website continued functioning as a key gateway for external users to access the Commission’s services and resources. Additionally, Facebook and Twitter social media feeds were utilized to communicate key OC LAFCO events and projects, including monthly meetings, new commissioner appointments and project activity of high interest.



Below and depicted above are the analytics and some trending for the OC LAFCO website and social media activity that occurred during the past fiscal cycle.

Website Analytics:

- ❖ 34,534 views
- ❖ 21,196 persons visited website through google search.
- ❖ 11,060 persons visited website through direct connect at oclafco.org.
- ❖ 2,278 persons visited website through other paths.
- ❖ Most commonly viewed pages: **homepage, unincorporated areas, and agency meetings.**

Social Media Analytics:

- ❖ **Facebook** (89 friends)
- ❖ **Twitter** (83 followers)

A report on MSR agency feedback will be distributed to the Commission following approval of the Southwest and West MSRs and distribution and receipt of the post-MSR survey from participating agencies from these regions.

YEAR-END BUDGET OVERVIEW

This report provides an update on the agency's budget and investment portfolio performance for the period of July 1, 2022, through June 30, 2023.¹ The Fiscal Year 2022-23 budget of approximately \$1.5 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan.

Revenues

The OC LAFCO revenues (agency apportionments and interest earnings) exceeded budget projections at the end of the fiscal cycle. The year-to-date agency revenues received include \$1,227,730 in agency apportionments and \$26,982 in interest earnings received from the Commission's investment accounts. The fiscal year budget for 2022-23 included conservative projections for the interest earnings that were based on the market performance at that time. However, interest earnings at year-end were performing well and exceeded those projections.

Another source of OC LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with processing the respective applications. During the 2022-2023 fiscal year, the agency had filing fees for five applications on deposit as shown in the financial overview as revenue within the Special Revenue Fund column. By year-end of the same fiscal cycle, three applications were completed, and fees reconciled. The Special Fund column in the chart on page 8 includes year-to-date accounting of all application fees and expenses incurred during the current fiscal year.

Expenditures

The General Fund expenditures as of June 30, 2023 are at approximately 92 percent of the overall budget of approximately \$1.5 million. The following table provides a comparison of the percentage of actual funds used and the target levels for the 2022-2023 budget cycle.²

Total Funds Used (as of June 30, 2023)				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	18%	41%	67%	92%

¹ All financial statements contained in this report are on an accrual accounting basis.

² Actual expenditures for the year-end reporting are unaudited and subject to change.

As indicated in the table on page 8, the overall budget expenditures are projected to be at approximately 8 percent less than the approved budget total by June 30. This reflects that most year-end expenditures are generally within target levels, and larger costs are attributed to key operational expenditures that include salaries, benefits, and professional services. There are, however, other budget line items, which include human resources, legal, and office lease expenses that are expected to exceed the respective budgeted amounts. The exceeded amounts are generally attributed to unanticipated events involving the labor and employee relations, legal, and operational expenditures, including the agency's office lease. The additional costs associated with these line items are offset by other line items that ended below their budgeted levels, keeping the overall budget within the approved level.

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of June 30, 2023:

As of 06/30/23	Balance
770-Payroll Account	\$303,351
Wells Fargo Checking	\$365,195
Wells Fargo Savings	\$214,550
Total	<u>\$874,096</u>

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF) and OC Fund accounts. Throughout the fiscal year, funds are transferred from the investment accounts to the bank accounts to cover the agency's operational expenses. Additionally, during the past fiscal year, the agency's Section 115 Public Agencies Post-Employment Benefits Trust (Trust) experienced quarterly increases in the investment earnings, excepting the first quarter. The balance of the Trust account is \$57,285 as of June 30, 2023.

The following table illustrates the balance of OC LAFCO's investment portfolio as of June 30, 2023.

As of 06/30/23	Balance
OC Fund	\$509,322
LAIF	\$ 51,337
PARS Trust	\$ 57,285
Total	<u>\$617,944</u>

APPENDIX A
OC LAFCO – Year-End Budget Overview
July 1, 2022 – June 30, 2023

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr General Fund	4th Qtr General Fund	YTD General Fund	TOTAL FY 22/23 Budget	General Fund
Revenue:								
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322,090	0.0%
LAFCO Apportionment	-	1,216,871	10,859	-	-	1,227,730	1,227,730	100.0%
Filing Fees	344,189	-	-	-	-	-	-	0.0%
Misc Revenue	-	-	-	-	105	105	-	0.0%
Interest & Dividends	-	724	5,362	9,770	11,127	26,982	6,300	428.3%
PARS Trust Investment Gain/Loss	-	(2,592)	2,391	2,041	1,412	3,253	-	0.0%
Total Revenue	\$ 344,189	\$ 1,215,003	\$ 18,612	\$ 11,811	\$ 12,644	\$ 1,258,070	\$ 1,556,120	80.8%
Expenditures:								
Salaries	\$ 15,991	\$ 123,295	\$ 123,460	\$ 132,766	\$ 147,373	\$ 526,895	\$ 574,500	91.7%
Hourly Employees	-	-	1,645	4,423	5,865	11,932	20,800	57.4%
Benefits & Insurance								
Optional Benefit Plan	-	-	15,000	2,917	-	17,917	18,500	96.8%
Deferred Compensation	-	3,655	3,734	3,838	4,014	15,241	17,500	87.1%
Retirement Benefits	-	52,462	54,067	56,889	62,990	226,408	250,300	90.5%
Health Insurance	-	14,910	15,116	14,015	15,944	59,984	65,600	91.4%
Retiree Health Benefits	-	4,155	4,295	4,545	5,101	18,095	19,300	93.8%
Dental Insurance	-	585	705	1,419	1,774	4,484	2,700	166.1%
Life Insurance	-	84	84	83	104	354	460	77.1%
Workers Compensation	-	-	-	3,514	-	3,514	3,520	99.8%
Medicare	-	1,795	2,043	2,037	2,249	8,124	8,900	91.3%
Health Reimbursement	-	-	-	-	300	300	-	0.0%
Unemployment Insurance	-	17	-	-	-	17	-	0.0%
Salary Continuance	-	309	319	341	380	1,350	1,510	89.4%
Accidental Death Insurance	-	21	21	21	26	88	170	51.5%
Executive Car Allowance	-	1,800	2,400	1,200	2,400	7,800	7,200	108.3%
Total - Benefits & Insurance	15,991	79,792	97,784	90,819	95,281	363,675	395,660	91.9%
Information Technology	-	2,370	3,130	3,069	3,045	11,612	12,800	90.7%
Telephone & Internet	-	3,022	3,051	3,193	3,723	12,989	14,500	89.6%
County of Orange	-	213	209	1,448	1,994	3,864	8,200	47.1%
General Liability Insurance	-	1,913	1,913	1,913	2,869	8,607	7,600	113.3%
Memberships	-	8,919	9,019	9,078	8,978	35,994	36,400	98.9%
Office Equipment/Supplies	-	11,414	2,342	4,327	3,376	21,458	22,500	95.4%
Professional Services:								
Legal	3,782	6,341	13,518	30,021	23,515	73,395	60,000	122.3%
Accounting/Audit	-	14,500	13,985	14,000	7,000	49,485	49,700	99.6%
Human Resources	-	1,050	7,744	4,298	5,907	18,999	10,000	190.0%
Mapping/Archiving	-	850	850	850	850	3,400	9,300	36.6%
Other Professional Services	11,622	17,006	43,075	29,451	47,663	137,196	150,000	91.5%
Total - Professional Services	15,404	39,747	79,172	78,620	84,935	282,474	279,000	101.2%
Investment Admin Fees	-	320	108	97	50	574	660	87.0%
SBE	13,196	-	-	-	-	-	-	0.0%
Public Noticing	4,742	1,019	-	576	962	2,557	11,650	21.9%
Unincorporated Areas Program	-	-	-	-	-	-	8,000	0.0%
Rents/Maintenance	-	34,973	26,230	26,924	18,950	107,077	104,100	102.9%
Equipment Leases	-	1,367	1,659	1,409	1,473	5,908	8,700	67.9%
Comm. & Staff Expense	-	124	885	264	1,113	2,386	7,000	34.1%
Comm. Stipends & Taxes/Fees	-	2,041	3,696	3,090	3,082	11,909	15,950	74.7%
Professional Development	-	-	52	-	3,300	3,352	5,000	67.0%
Transportation/Travel	-	4,457	3,711	2,859	2,530	13,557	13,600	99.7%
Commission Meeting Expense	-	1,304	463	489	1,146	3,402	9,500	35.8%
Refund of Deposit	3,319	-	-	-	-	-	-	0.0%
Total Expenditures	52,652	316,289	358,526	365,363	390,047	1,430,225	1,556,120	91.9%
Total Net Income (Loss)	\$ 291,537	\$ 898,714	\$ (339,914)	\$ (353,553)	\$ (377,403)	\$ (172,155)	\$ -	

*No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included **Financial data represents pre-audited amounts, which does not include all year end adjustments.

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of OC LAFCO's financial status. The financial document in this year-end report summarizes the agency's assets and liabilities as of June 30, 2023. Additionally, an analysis of the agency's reserve balances is provided on page 10.

APPENDIX B OC LAFCO BALANCE SHEET As of June 30, 2023

	<u>Jun 30, 23</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 303,351
Wells Fargo Checking	356,195
Wells Fargo Savings	214,550
OC Fund	509,322
Investment Acct - LAIF	50,261
PARS Trust	57,285
Fair Market Value Adjustments	(11,317)
Total Cash and Investments	<u>1,479,646</u>
Other Current Asset	
Interest Receivable	1,076
Prepaid Expenses	31,256
Retirement Prepaid Expense	12,522
Total Other Current Asset	<u>44,854</u>
Total Current Assets	<u>1,524,500</u>
Fixed Assets	29,830
Other Assets	
Right to Use Assets	799,586
Pension Deposit	190,542
Def. Outflows Pension Related	396,140
Deferred OPEB Contributions	8,794
Deferred Outflows OPEB Related	34,000
Total Other Assets	<u>1,429,062</u>
TOTAL ASSETS	<u>2,983,392</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	33,907
Salaries Payable	27,369
Compensated Absences	46,394
Total Current Liabilities	<u>107,670</u>
Long Term Liabilities	
Lease Liabilities	823,326
Deferred Inflows OPEB Related	44,000
Net OPEB Liability	103,000
Net Pension Liability	912,794
Def. Inflows Pension Related	746,724
Total Long Term Liabilities	<u>2,629,844</u>
Total Liabilities	<u>2,737,514</u>
Equity	245,878
TOTAL LIABILITIES & EQUITY	<u>\$ 2,983,392</u>

*No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of June 30, 2023

Cash & Investments Description	Jun 30, 2023 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 303,351	\$ 247,740 ¹	\$ 55,611
Checking - Wells Fargo	356,195	141,290 ¹	214,905
Savings - Wells Fargo	214,550	205,000 ¹	9,550
OC Fund Investment	509,322	-	509,322
LAIF Investment	50,261	-	50,261
PARS Trust	57,285	-	57,285
Total	\$ 1,490,963	\$ 594,030	\$ 896,933 ²

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$594,030 during fiscal year 2022/23 in order to cover three months of payroll costs (County Payroll), 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

2 - Remaining Available Cash to fund Operations and Reserves.

2022-2025 Work Plan

As directed by the Commission, the five goals identified by the Board have been refined by staff and KAMG to allow for implementation of respective objectives to effectively accomplish each goal. As a note, goals #2 and #5 were combined for efficiency as both are relative to the Commission's goal to improve the MSR process.

The 2022-2025 Work Plan depicted in the following section clearly defines the agency's goals, objectives, and schedules over the next three years. As a note, the multi-year work plan may be amended, if warranted, by the Commission.

GOAL 1:**Staff Development, Retention and Recruitment**

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
1.1	EO	Conduct Classification, Compensation and Benefits Assessment.	Consultant	2023-2024	Not started
1.2	EO/AEO/CC	Complete staff assessment and conduct recruitment for vacancy(ies).	Consultant	2022-2023	Complete
1.3	EO/CC	Complete cross-training of staff in budgeting and auditing areas.		2022-2023	Complete

GOAL 2:

Improve Municipal Service Review (MSR) Process For Future MSRs

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
2.1	All	Create MSR schedule that eliminates the MSR cycles and identifies the next scheduled comprehensive MSR as five years from last date of agency MSR and SOI review.		2022-2025	Complete Ongoing
2.2	EO/AEO/ Analyst	Develop criteria for conducting the following MSR and SOI review processes for future reviews: <ol style="list-style-type: none"> 1. Comprehensive 2. Reconfirm 3. Update 	Consultant	2025	Not started
2.3	AEO/Analyst	Develop and distribute the following MSR questionnaires: <ol style="list-style-type: none"> 1. Pre-MSR/SOI – to assess which process will be conducted. 2. Post-MSR/SOI process – to receive feedback on the MSR/SOI process. 		2025 2022	Not started Complete
2.4	AEO/Analyst	Continued use of web-based programs (fiscal indicators, shared services, and MS dashboard) to maintain agency data for MSR determinations.		2022-2025	Complete Ongoing
2.5	AEO/Analyst/CC	Present year-end report to the Commission that provides analytics on MSR agency feedback and the use of the agency's web-based programs.		2023-2025	Complete Ongoing

GOAL 3: Promote Legislative Engagement

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
3.1	Commissioners/ EO/AEO	Establish a legislative ad-hoc committee to develop engagement principles and guidelines involving external organizations (CSDA, CSAC, League of CA Cities, OC League of CA Cities).		2022-2023	Complete
3.2	EO/AEO	Monitor key legislation of LAFCO-interest through participation on CALAFCO legislative and advisory committees.		2022-2025	Complete Ongoing

GOAL 4: Optimize External Communication

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
4.1	All	Conduct annual OC LAFCO 101 sessions (virtual) to engage agencies and public to inform of OC LAFCO activities.		2023-2025	Not started
4.2	Analyst/CC	Conduct visits and disseminate media kits to OC legislators and stakeholders.		2023-2025	Complete
4.3	Analyst	Deploy video FAQs on website to inform OC LAFCO stakeholders.	Consultant	2022	Complete
4.4	EO/Analyst	Distribute bi-annual news to inform of OC LAFCO activities.	Consultant	2022-2025	Complete Ongoing



OC LAFCO
4TH Cycle - Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program

YEAR 2023-24


MSR Region	Areas of Interest	Cities	Special Districts
Orange County Water District <i>(in-progress)</i>	<ul style="list-style-type: none"> ■ Water: recycled water efforts, addressing the drought and water conservation. ■ Use of MSRs as tool/resource to update on services provided by the district. ■ Focused review of potential consolidation of OCWD and MWDOC 		Countywide District
Central	<ul style="list-style-type: none"> ■ Police ■ Public Works <ol style="list-style-type: none"> 1. Affordable housing. 2. Lack of alignment regarding Infrastructure limitations and legislative mandates on affordable and regular housing. 3. Population growth demands on existing infrastructure. ■ Accessory dwellings’ impact on service delivery. 	Anaheim Irvine Orange Santa Ana Tustin Villa Park	East Orange County WD Irvine Ranch WD Serrano WD Silverado-Modjeska Parks & Rec. District
Southeast	<ul style="list-style-type: none"> ■ Public Works <ol style="list-style-type: none"> 1. Location and condition of public infrastructure. ■ Police <ol style="list-style-type: none"> 1. Fiscal sustainability of increasing costs of contracts with County Sheriff. 2. Impacts of and ability to maintain related pension costs. ■ Water <ol style="list-style-type: none"> 1. Water quality involving low flow run-off issues. 2. Assistance for agencies from treatment agencies on flow diversion and low flow funding mechanisms. 3. Water rate structures and conservation. 	Lake Forest Mission Viejo Rancho Santa Margarita San Clemente San Juan Capistrano	El Toro WD Irvine Ranch WD Moulton Niguel WD Santa Margarita WD South Coast WD Trabuco Canyon WD South Orange County Wastewater Authority(JPA)
Orange County Vector Control District <i>(in-progress)</i>	<ul style="list-style-type: none"> ■ Public Works: mosquito breeding and conveyance systems. ■ Parks and Recreation: mosquito breeding and lack of grounds maintenance. 		Countywide District




OC LAFCO
4TH Cycle - Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program

YEAR 2024-25

MSR Region	Areas of Interest	Cities	Special Districts
North	<ul style="list-style-type: none"> ■ Fire and Emergency Response <ol style="list-style-type: none"> 1. Integration of fire and water services for more effective response during emergency and disaster events. 2. Consolidation of internal services (i.e. procurement, HR, training). 3. Regionalization of service delivery involving medical calls and reduction in costs. 4. Maintaining of adequate fire suppression. ■ Police <ol style="list-style-type: none"> 1. Consolidation of specialty services that may include: CSI, dispatch, commercial and traffic enforcement. 2. External issues involving consolidation of departments. ■ Shared Services <ol style="list-style-type: none"> 1. Maximizing of funding opportunities supported by County for unincorporated islands. 2. Shared service models to increase funding for additional services that may include: IT, purchasing, training, HR, class comps. 3. Development of shared services system for areas such as: landscape and fleet maintenance. 	Brea Fullerton La Habra Placentia Yorba Linda	Placentia LD Yorba Linda WD
Coastal	<ul style="list-style-type: none"> ■ Public Works <ol style="list-style-type: none"> 1. Public outreach for better understanding of the financing of infrastructure. 2. Correlation of level and cost of services. 3. Economies of scale and potential shared services system for areas such as: fleet, tree trimming, and purchasing. ■ Solid Waste <ol style="list-style-type: none"> 1. Impacts of having fewer haulers on competitive bidding and rates. ■ Parks and Recreation ■ Police <ol style="list-style-type: none"> 1. Impediments involving consolidation of agencies. 2. Shared services database that includes: operational and staffing costs; population growth impacts on infrastructure and land use. 	Costa Mesa Huntington Beach Los Alamitos Newport Beach Seal Beach	Costa Mesa SD Irvine Ranch WD Mesa WD Rossmoor CSD Rossmoor/Los Alamitos SD Sunset Beach SD Surfside Colony CSD Surfside Colony SWSD

 <p style="text-align: center;">OC LAFCO Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</p> <p style="text-align: center;">COMPLETED MSR's</p>				
MSR Region	Services Provided	MSR Approved	SOI Status	Next Scheduled MSR
County Service Area Nos. 13, 22, and 26	Fund wastewater and park and recreation services countywide and within unincorporated areas adjacent to the cities of Buena Park and Yorba Linda.	August 2022	Reconfirmed	2027
Municipal Water District of Orange County	Manages Orange County's imported water supply and resource planning, with the exception of the cities of Anaheim, Fullerton, and Santa Ana.	September 2020	Reconfirmed	2025
Orange County Cemetery District	Owns and operates three public cemeteries located in the cities of Anaheim, Lake Forest and Santa Ana.	October 2022	Reconfirmed	2027
Orange County Sanitation District	Provides regional sewer collection and treatment for 20 cities, four special districts (containing five cities), and several unincorporated areas generally located in the northern and central parts of the County.	September 2020	Reconfirmed	2025

 <p style="text-align: center;">OC LAFCO Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</p> <p style="text-align: center;">COMPLETED MSR's</p>					
MSR Region	Cities	Districts	MSR Approved	SOI Status	Next Scheduled MSR
Southwest	Aliso Viejo Dana Point Laguna Beach Laguna Hills Laguna Niguel Laguna Woods	Capistrano Bay CSD Emerald Bay CSD El Toro WD Laguna Beach County WD Moulton Niguel WD South Coast WD Three Arch Bay CSD JPA: South Orange County Wastewater Authority	<i>Pending Commission Approval</i>	<i>Pending Commission Approval</i>	2028
West	Cypress Buena Park Garden Grove Fountain Valley La Palma Stanton Westminster	Buena Park LD Cypress Rec. & Park District Garden Grove SD Midway SD	<i>Pending Commission Approval</i>	<i>Pending Commission Approval</i>	2028

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 Fidler
Special District Member

Bruce Whitaker
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

August 9, 2023

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Legislative Report (August 2023)

BACKGROUND

The Legislature is in summer recess and will return on August 14 for the final quarter of the 2023 legislative session. The following are the remaining key deadlines for both houses:

2023 Legislative Deadlines	
September 1	Last day for fiscal committees to meet and pass bills to the Floor.
September 8	Last day to amend bills on the Floor.
September 14	Last day for the Governor to sign or veto bills passed by the Legislature.

Beginning on the next page of this report is an update on legislation previously reviewed by the Commission. Additionally, staff has identified recently introduced legislation of LAFCO interest for discussion and consideration by the Commission. A summary of the bill (AB 399) and staff recommended action are also provided in this report.

PREVIOUSLY REVIEWED LEGISLATION

The table below provides the status of each bill reviewed by the Commission during the current legislation session.

Bill	Description	Adopted Position	Status
AB 557	Proposes to remove the sunset date of January 1, 2024, which would terminate the ability for local agencies to hold meetings by teleconference during a state of emergency previously established through the signing of AB 361 by the Governor.	Support	AB 557 is currently under review in the Senate Judiciary Committee. Next hearing date not identified as of August 2, 2023.
AB 1637	Proposes that by January 1, 2029, a city or county maintains an internet website for public use and employee emails to use “.gov” top-level or a “.ca.gov” second-level domains.	Neutral	SB 1637 is currently under review in the Senate Appropriations Committee. Next hearing date not identified as of August 2, 2023.
AB 1753	Makes minor and/or non-substantive changes to the CKH Act.	Support	Signed by the Governor on June 29, 2023.
SB 360	Proposes to expand the list of offices that a locally elected official may be seated on concurrently involving the Coastal Commission, LAFCO, and Joint Powers Authority.	Support	Signed by the Governor on July 21, 2023.
SB 878 SB 879 SB 880	Yearly Validating Acts are meant to retroactively fix typographical, grammatical, and procedural errors that might invalidate boundary changes or bond issues.	Support	Signed by the Governor on June 29, 2023.

NEWLY INTRODUCED LEGISLATION

AB 399 (Boerner) Water Ratepayers Protection Act of 2023: County Water Authority Act

The County Water Authority Act was signed into law by the Governor in 1944, and the only special district that has been formed under its provisions is the San Diego County Water Authority (SDCWA). SDCWA is an independent special district within San Diego County that provides wholesale water to six cities, 17 special districts, and Camp Pendleton. In 2020, two special districts, Fallbrook Public Utility District (Fallbrook PUD) and Rainbow Municipal Water District (Rainbow MWD), filed a joint application with San Diego Local Agency Formation Commission (San Diego LAFCO) to detach from SDCWA and concurrently annex to the Eastern Municipal Water District (EMWD), an independent district and wholesale water provider located in Riverside County. As wholesale water purveyors, SDCWA and EMWD receive water from the Southern California Metropolitan Water District (MWD). For the past three years, San Diego LAFCO's processing of the application has included the preparation of multiple studies and stakeholder outreach to the subject and affected agencies and other interested parties. Subsequent to this process and staff's determinations involving the detachment's feasibility, on July 10, 2023, SD LAFCO approved the application subject to a confirmation vote by a majority of the registered voters within Fallbrook PUD and Rainbow MWD service boundaries that is expected to occur this fall.

During the final part of the SD LAFCO process, related special legislation, AB 399 was introduced by Assemblymember Boerner. The bill includes language that requires, in addition to a confirmation vote by a majority of the registered voters within the two districts, a second but separate confirmation vote by a majority of the registered voters within the entire SDCWA's service boundary. In addition to requiring two separate votes, staff also notes the following concerns with AB 399:

- The bill undermines the LAFCO process conducted by San Diego LAFCO in accordance with the existing provisions of the Cortese-Knox-Reorganization Act (CKH) and the County Water Authority Act by requiring an additional vote of registered voters of the entire SDCWA boundary.
- The additional vote requiring a confirmation vote of registered voters within the entire SDCWA boundary is in conflict with the current provisions of state law that were assumed to apply at the time SD LAFCO deemed the application complete and acceptable for hearing by the Commission and subsequently approved. Current provisions require voter confirmation of the registered voters within the two districts, and the second confirmation vote proposed by AB 399 would disenfranchise those voters mostly impacted by the approved detachment by diluting their votes.
- AB 399 sets a troubling precedent for a local agency to seek special legislation when it does not agree with an action of the Commission.
- While approval of AB 399 would effect a substantial change and includes an urgency clause, it was introduced through the gut and amend legislative process raising concerns about lack of stakeholder notice and transparency regarding the bill and that only one hearing in the Legislature on the bill has occurred.

On June 14, 2023, San Diego LAFCO sent a letter opposing AB 399 to the author and sent another request to other LAFCOs to also oppose the bill. The California Association of Local Agency Formation Commissions (CALAFCO) has also submitted a letter of opposition and met with the author to discuss concerns with the proposed bill. For the reasons stated above staff is recommending the Commission also adopt an **Oppose** position to AB 399. The recommended position aligns with OC LAFCO's policy to oppose legislation that circumvents the LAFCO process as delineated in state law and undermines LAFCO's authority by imposing alternative conditions to those delineated to LAFCOs by state law.

RECOMMENDED ACTION: Adopt an **Oppose** position on AB 399.

SUPPORT: California Labor Federation, San Diego County Water Authority, San Diego Regional Chamber of Commerce.

OPPOSE: California Association of Local Agency Formation Commissions, Department of the Navy, Fallbrook Public Utilities District, Rainbow Municipal Water District, Riverside Local Agency Formation Commission, Los Angeles Local Agency Formation Commission, San Diego Local Agency Formation Commission.

BILL LOCATION/STATUS: Senate Governance and Finance Committee. No hearing date scheduled.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt an **Oppose** position for AB 399.
2. Direct staff to send position letter to the bill author.

Respectfully submitted,


CAROLYN EMERY


LUIS TAPIA

Attachment:

1. Assembly Bill AB 399 (Boerner)

Exhibit:

- A. Letter of Opposition – AB 399



AB-399 Water Ratepayers Protections Act of 2023: County Water Authority Act: exclusion of territory: p

SHARE THIS:



Date Published: 06/14/2023 09:00 PM

AMENDED IN SENATE JUNE 14, 2023

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

ASSEMBLY BILL

NO. 399

Introduced by Assembly Member **Ting Boerner**

February 02, 2023

~~An act to amend Section 14602.1 of the Vehicle Code, relating to vehicles.~~ *An act to amend Section 11 of the County Water Authority Act (Chapter 545 of the Statutes of 1943), relating to water, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 399, as amended, **Ting Boerner**. ~~Vehicles: police pursuit data reporting.~~ *Water Ratepayers Protections Act of 2023: County Water Authority Act: exclusion of territory: procedure.*

The County Water Authority Act provides for the formation of county water authorities and grants to those authorities specified powers with regards to providing water service. The act provides 2 methods of excluding territory from any county water authority, one of which is that a public agency whose corporate area as a unit is part of a county water authority may obtain exclusion of the area by submitting to the electors within the public agency, at any general or special election, the proposition of excluding the public agency's corporate area from the county water authority. Existing law requires that, if a majority of the electors approve the proposition, specified actions take place to implement the exclusion.

This bill, the Water Ratepayers Protections Act of 2023, would additionally require the public entity to submit the proposition of excluding the public agency's corporate area from the county water authority to the electors within the territory of the county water authority. The bill would require the 2 elections to be separate; however, the bill would authorize both elections to run concurrently. The bill would require a majority vote for withdrawal in both elections for the withdrawal of the public agency from the territory of the county water authority.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law requires every state and local law enforcement agency to report all vehicle pursuit data, as specified, to the Department of the California Highway Patrol no later than 30 days after a pursuit.~~

~~This bill would instead require every state and local law enforcement agency to report vehicle pursuit data to the department no later than 45 days after a pursuit.~~

Vote: ~~majority~~2/3 Appropriation: no Fiscal Committee: ~~yes~~no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. *This act shall be known, and may be cited, as the Water Ratepayers Protections Act of 2023.*

SEC. 2. *Section 11 of the County Water Authority Act (Chapter 545 of the Statutes of 1943), as amended by Section 3 of Chapter 1408 of the Statutes of 1985, is amended to read:*

Sec. 11. (a) Exclusion of territory from any county water authority may be effected by either of the following methods:

(1) Territory excluded from the portion of the corporate area of any public agency ~~which that~~ lies within the exterior boundaries of a county water authority, the public agency being a unit of the authority, and ~~which that~~ exclusion occurs in accordance with the provisions of law applicable to those exclusions, shall thereby be excluded from and shall no longer be a part of the authority; provided, that the taxable property within the excluded territory shall continue to be taxable by the county water authority for the purpose of paying the ~~bounded~~ *bonded* or other indebtedness outstanding or contracted for at the time of the exclusion and until the bonded or other indebtedness has been satisfied; provided further, that if the taxable property within the excluded territory or any part thereof shall be, at the time of the exclusion, subject to special taxes levied, or to be levied, by the county water authority pursuant to terms and conditions previously fixed under paragraph subdivision (c) or (d) of Section 10 for the annexation of the excluded territory or part thereof to the county water authority, the taxable property within the excluded territory or part thereof so subject to those special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies.

Exclusion of territory from a county water authority pursuant to this paragraph shall not occur if two or more public agencies that are included in a county water authority as separate units are subject to a reorganization of their boundaries under applicable provisions of law ~~which that~~ would result in an exchange or transfer, but not an overlapping, of territory that is entirely within the county water authority. The boundaries of those agencies within the county water authority, upon that reorganization and the filing with the secretary of the county water authority of a copy of the certificate of completion prepared, executed, and filed by the executive officer of the local agency formation commission responsible therefore constitute the boundaries of the agencies for all purposes of the county water authority, without action by the board of directors of the county water authority. If the exchange includes territory subject to special conditions and tax levies pursuant to the terms of annexation at the time the territory became a part of the county water authority, the territory shall continue to be subject to those conditions and to be taxable by the county water authority or those levies.

From and after the effective date of the inclusion of the territory by the including public agency, the territory shall be considered to be a part of the corporate area of the including agency; provided, however, that, if the taxable property within the territory, or any portion thereof, is subject to special taxes levied or to be levied by the county water authority pursuant to terms and ~~condition~~ *conditions* previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the territory or portion thereof to the county water authority, then the taxable property within the territory shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of the special taxes pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been ~~or so~~ raised by the special tax levy.

(2) Any public agency whose corporate area as a unit has become or is a part of any county water authority may obtain the exclusion of the area therefrom *by elections conducted* in the following manner:

~~The~~

(A) (i) *The* governing body of any public agency may submit to the electors thereof at any general or special election the proposition of excluding from the county water authority the corporate area of the public agency. Notice of the election shall be given in the manner provided in subdivision (c) of Section 10. The election shall be conducted and the returns thereof canvassed in the manner provided by law for the conduct of elections in the public agency. If a majority of electors voting thereon vote in favor of withdrawal, the result thereof shall be certified by the governing body of the public agency to the board of directors of the county water authority. ~~A~~

(ii) The governing body of any public agency may submit to the electors within the territory of the county water authority at any general or special election the proposition of excluding from the county water authority the corporate area of the public agency. Notice of the election shall be given in the manner provided in subdivision (c) of Section 10. The election shall be conducted and the returns thereof canvassed in the manner provided by law for the conduct of elections in the public agency. If a majority of electors within the territory of the county water authority voting thereon vote in favor of withdrawal, the result thereof shall be certified by the governing body of the public agency to the board of directors of the county water authority.

(iii) The elections conducted pursuant to this subparagraph shall be separate elections; however, they may run concurrently with one another. A majority vote in both elections for withdrawal is necessary for the withdrawal of the public agency from the territory of the county water authority.

(B) A certificate of the proceedings shall be made by the secretary of the county water authority and filed with the Secretary of State. Upon the filing of the certificate, the corporate area of the public agency shall be excluded from the county water authority and shall no longer be a part thereof; provided, that the taxable property within the excluded area shall continue to be taxable by the county water authority for the purpose of paying the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion and until the bonded or other indebtedness has been satisfied; provided further, that if the taxable property within the excluded area or any part thereof

is, at the time of the exclusion, subject to special taxes levied or to be levied by the county water authority pursuant to the terms and conditions previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the excluded area or part thereof to the county water authority, the taxable property within the excluded area or part thereof so subject to the special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies. Upon the filing of the certificate of proceedings, the Secretary of State shall, within 10 days, issue a certificate reciting the filing of the papers in ~~his or her~~ *the Secretary of State's* office and the exclusion of the corporate area of the public agency from the county water authority. The Secretary of State shall transmit the original of the certificate to the secretary of the county water authority and shall forward a certified copy thereof to the county clerk of the county in which the county water authority is situated.

(b) Whenever territory is excluded from any public agency in accordance with paragraph (1) of subdivision (a), the governing body, or clerk thereof, of the public agency shall file with the board of directors of the county water authority a statement of the change of boundaries of the public agency, setting forth the legal description of the boundaries of the public agency, as so changed, and of the part thereof within the county water authority, which statement shall be accompanied by a map or plat indicating the boundaries.

(c) Whenever any territory has been excluded from any public agency prior to the effective date of this section, under conditions ~~which~~ *that* would have resulted in the exclusion of the territory from a county water authority had paragraph (1) of subdivision (a) then been in effect, upon compliance with the following provisions of this paragraph, the territory shall be excluded from and shall no longer be a part of, the authority, the last-mentioned provisions being as follows:

(1) The governing body of the public agency may adopt an ordinance ~~which;~~ *that*, after reciting that the territory has been excluded from the public agency by proceedings previously taken under statutory authority, and after referring to the applicable statutes and to the date or dates upon which the exclusion became effective, shall describe the territory and shall determine and declare that the territory shall be, and thereby is, excluded from the county water authority.

(2) The governing body, or clerk thereof, of the public agency shall file a certified copy of the ordinance with the Secretary of State. Upon the filing of the certified copy of the ordinance in the office of the Secretary of State, the territory shall be excluded from, and shall no longer be a part of, the county water authority; provided, that the taxable property within the excluded territory shall continue to be taxable by the county water authority for the purpose of paying the bonded or other indebtedness outstanding or contracted for at the time of the exclusion, and until the bonded or other indebtedness has been satisfied; provided further, that if the taxable property within the excluded territory or any part thereof is, at the time of the exclusion, subject to special taxes levied or to be levied by the county water authority pursuant to terms and conditions previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the excluded territory or part thereof to the county water authority, the taxable property within the excluded territory or part thereof so subject to the special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed, and until the aggregate sums have been so raised by the special tax levies.

(3) Upon the filing of the certified copy of the ordinance, the Secretary of State shall, within 10 days issue a certificate describing the territory, reciting the filing of certified copy of the ordinance and the exclusion of the territory from the county water authority, and declaring that the territory is no longer a part of the county water authority. The Secretary of State shall transmit the original of the certificate to the secretary of the county water authority and shall forward a certified copy of the certificate to the county clerk of the county in which the county water authority is situated.

(d) Whenever any territory has been exchanged or transferred pursuant to law prior to January 1, 1986, among two or more public agencies that are included in a county water authority as separate units, the territory shall not be deemed excluded from the county water authority, notwithstanding the failure of the county water authority to give its consent to the exchange or transfer of the territory, if there has been filed with the board of directors of the county water authority prior to January 1, 1986, a statement of the change of boundaries of the agencies, as so changed, and of the part within the county water authority, which statement shall be accompanied by a map or plat indicating those boundaries.

SEC. 3. *This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:*

In order to provide immediate relief for ratepayers to have a voice in decisions affecting their access to affordable and safe water, essential to public health, it is necessary that this act take effect immediately.

~~SECTION 1. Section 14602.1 of the Vehicle Code is amended to read:~~

~~14602.1.(a) Every state and local law enforcement agency, including, but not limited to, city police departments and county sheriffs' offices, shall report to the Department of the California Highway Patrol, on a paper or electronic form developed and approved by the Department of the California Highway Patrol, all motor vehicle pursuit data.~~

~~(b) Effective January 1, 2006, the form shall require the reporting of all motor vehicle pursuit data, which shall include, but not be limited to, all of the following:~~

~~(1) Whether a person involved in a pursuit or a subsequent arrest was injured, specifying the nature of that injury. For all purposes of this section, the form shall differentiate between the suspect driver, a suspect passenger, and the peace officers~~

~~involved:~~

~~(2)The violations that caused the pursuit to be initiated:~~

~~(3)The identity of the peace officers involved in the pursuit:~~

~~(4)The means or methods used to stop the suspect being pursued:~~

~~(5)All charges filed with the court by the district attorney:~~

~~(6)The conditions of the pursuit, including, but not limited to, all of the following:~~

~~(A)Duration:~~

~~(B)Mileage:~~

~~(C)Number of peace officers involved:~~

~~(D)Maximum number of law enforcement vehicles involved:~~

~~(E)Time of day:~~

~~(F)Weather conditions:~~

~~(G)Maximum speeds:~~

~~(7)Whether a pursuit resulted in a collision, and a resulting injury or fatality to an uninvolved third party, and the corresponding number of persons involved:~~

~~(8)Whether the pursuit involved multiple law enforcement agencies:~~

~~(9)How the pursuit was terminated:~~

~~(c)In order to minimize costs, the department, upon updating the form, shall update the corresponding database to include all of the reporting requirements specified in subdivision (b):~~

~~(d)All motor vehicle pursuit data obtained pursuant to subdivision (b) shall be submitted to the Department of the California Highway Patrol no later than 45 days following a motor vehicle pursuit:~~

~~(e)The Department of the California Highway Patrol shall submit annually to the Legislature a report that includes, but is not limited to, the following information:~~

~~(1)The number of motor vehicle pursuits reported to the Department of the California Highway Patrol during that year:~~

~~(2)The number of those motor vehicle pursuits that reportedly resulted in a collision in which an injury or fatality to an uninvolved third party occurred:~~

~~(3)The total number of uninvolved third parties who were injured or killed as a result of those collisions during that year:~~

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Carolyn Emery
Executive Officer

Scott Smith
General Counsel

August 9, 2023

Assemblymember Tasha Boerner
California State Assembly
1021 O Street, Suite 4150
Sacramento, CA 94249

RE: **Oppose** – AB 399 (Boerner) Water Ratepayers Protections Act of 2023: County Water Authority Act: Exclusion of Territory: Procedure.

Dear Assemblymember Boerner:

The Orange County Local Agency Formation Commission (OC LAFCO) respectfully opposes AB 399, which seeks to amend the County Water Authority Act (CWAA) through action that is in conflict with state law involving LAFCO proceedings for a special district detachment.

Currently, the CWAA provides that the approval of any member agency detachment from the San Diego County Water Authority (SDCWA) is contingent upon a confirmation vote of the registered voters of the affected agency. AB 399 seeks to require an additional confirmation vote of the registered voters within the entire SDCWA's boundary which is in conflict with the proceedings conducted by San Diego LAFCO for the detachment of the Fallbrook Utility District and Rainbow Municipal Water District from SDCWA. If enacted, AB 399 would disenfranchise the registered voters most affected by the detachment by effectively diluting their votes.

Additionally and of high concern for OC LAFCO is the precedent that AB 399 would set involving LAFCO actions. As you are aware, the Legislature granted LAFCOs authority over their respective local boundaries, and AB 399 opens the door for a public agency that is not in agreement with a Commission's action to seek remedy through the Legislature to undermine that granted authority.

For these reasons, OC LAFCO opposes AB 399. If you have any questions regarding the Commission's position, you may contact our Executive Officer, Carolyn Emery at (714) 640-5100 or cemery@oclafco.org.

Respectfully,

Douglass Davert
Chair

cc: René LaRoche, Executive Director, CALAFCO
Keene Simmonds, San Diego LAFCO
Orange County Legislators

August 9, 2023

9c | Commission
Discussion

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Scott Smith

General Counsel

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst I

SUBJECT: Limited English Proficiency Services Policy

BACKGROUND

Over the past two years, the Commission has proactively enhanced the agency's communication tools and resources. At a previous regular Commission meeting, staff was directed to explore opportunities to expand this effort to communicate more effectively with persons or communities with limited English proficiency that are seeking OC LAFCO services.

The next section of this report includes a discussion and key highlights of the proposed policy to assist the agency in providing Limited English Proficiency (LEP) services.

PROPOSED POLICY

The proposed "Limited English Proficiency (LEP) Services Policy" has been developed to establish the intent and guidelines for the agency to provide translation and interpretative services to LEP individuals through the OC LAFCO website and materials in equivalent languages for key projects and activities. The proposed policy, shown in Attachment 1, incorporates existing and related practices and implementation guidelines for the following key areas:

➤ **Agency Website**

The OC LAFCO website is the main gateway to the agency's information and services repository that includes the current agenda and web pages dedicated to communicating the agency's key projects and resources (e.g., Commissioners and staff contact information, meeting location, MSR, unincorporated islands). The site contains an interactive language translation tool that may be used by site visitors to access the agency web pages in languages other than English. Currently, this tool includes translation for the Chinese, English and Spanish languages. Upon completion of the

improvements to the website currently underway and anticipated to be completed by September, two other languages, Korean and Vietnamese, will be added.

➤ **Agency Materials for Key Proposals, Reports and Studies**

Guidelines for providing LEP access to written materials for key OC LAFCO projects and activities. This includes OC LAFCO's review of applications and conducting of studies or workshops that may significantly impact affected communities.

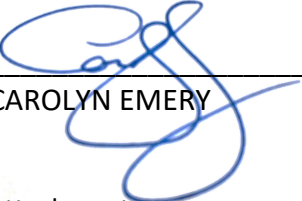
In part to this effort, OC LAFCO staff has begun discussions with a company with expertise in providing translation and interpretative services to assist in the implementation of this policy should it be approved by the Commission. The company, Language Network, gave a presentation on their expertise and work with other local governments in this area, and staff is further assessing their experience, including the costs of services.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt the "Limited English Proficiency (LEP) Services Policy."

Respectfully Submitted,



CAROLYN EMERY



AMANDA CASTRO

Attachment:

1. Limited English Proficiency Services (LEP) Policy

Limited English Proficiency (LEP) Services Policy

I. PURPOSE

The Orange County Local Agency Formation Commission (OC LAFCO) acknowledges the diversity of Orange County's population and demographics and is committed to effectively communicating and providing access to OC LAFCO's key services, projects, and resources to all persons. Therefore, it is the intent of this policy to establish procedural guidelines for providing OC LAFCO materials and resources to persons with Limited English Proficiency (LEP).

II. DEFINITIONS

The following definitions apply to this policy:

- A. **Limited English Proficiency.**¹ An individual's fluency and limited capacity to read, write, speak and comprehend the English language. Often involves individuals whereby English is not his/her primary language.
- B. **Translation.** The replacement of written text from English language into an equivalent written text.
- C. **Interpretation.** The process of oral or spoken transfer of a message from the English language into another equivalent language.
- D. **Equivalent Language.** Commonly spoken language other than English.

III. POLICY AND PROCEDURAL GUIDELINES

OC LAFCO oversees the jurisdictional boundaries of Orange County's 34 cities, and 33 independent and dependent special districts that provide key municipal services to approximately 3.1 million residents. To assist in providing access to OC LAFCO's services and resources by LEP individuals, the Commission will use the following guidelines:

A. Use of Agency Website ([OC LAFCO.org](http://OC.LAFCO.org))

Persons with limited English proficiency may access information on varying OC LAFCO services through the translation tool available on the agency website. The tool currently provides translation for the following languages: Chinese, English, and Spanish.

¹ [Title VI Legal Manual, Civil Rights Division U.S. Department of Justice](#)

B. Complex Proposals, Municipal Service Reviews (MSRs), and Special Studies

For proposals or Commission-initiated actions involving the following changes of organization or reorganization, MSRs, or other special studies, OC LAFCO will provide translation services to individuals with limited English proficiency:

- Incorporations
- District Formations or Consolidations
- Five-year Cycle MSRs
- Focused MSR or Special Studies
- Unincorporated Island Annexations and Community Workshops

Translation services would include the provision of written information (e.g., staff report, study, workshop materials) related to the respective proposal in the requested equivalent language.

- C.** For unincorporated island annexations, OC LAFCO staff will work collaboratively with the County and affected city to identify communities requiring translation services involving OC LAFCO services and materials.
- D.** OC LAFCO will use the agency's Geographical Information System and other demographic resources to assist with identifying communities to provide translation services involving OC LAFCO proposals and other activities mentioned within this policy.

Originally Adopted: 08/09/2023

August 9, 2023

9d | Commission
Discussion

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TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

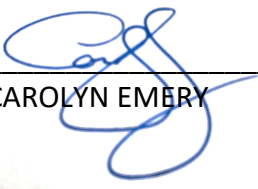
SUBJECT: Bi-Annual News (“The Pulse”)

BACKGROUND

Staff was directed to agendize the distribution of the agency’s bi-annual news, **The Pulse**, for Commission discussion. Currently, editions of the publication are produced twice annually (Spring and Winter) and shared with the staff of the County Executive Officer, each of our 34 cities and 27 independent special districts, Orange County legislators, Independent Special Districts of Orange County (ISDOC), CALAFCO, and included in the agency’s media kit and posted on the OC LAFCO website.

As this was a directive from the OC LAFCO Chair for Commission discussion, there is no staff recommendation for this item.

Respectfully submitted,



CAROLYN EMERY