

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, January 10, 2024
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. ROLL CALL

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

5. 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.

6. CONSENT CALENDAR

a.) December 13, 2023 – Regular Commission Meeting Minutes

The Commission will consider approval of the December 13, 2023 meeting minutes.

b.) Fiscal Year 2023-24 Quarterly Financial Report (*Second Quarter*)

The Commission will receive the second quarter financial report for Fiscal Year 2023-24.

c.) Appointment Processes for OC LAFCO Expiring Terms and Vacancy

The Commission will receive a report on the appointment processes for member seats with expiring terms in 2024 or currently vacant.

d.) OC LAFCO Professional Services Agreements Update

The Commission will receive the annual update on the current professional services agreements.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) Professional Consultant Services Agreement with RSG Inc.

The Commission will consider approval of a professional services agreement with RSG, Inc. to conduct a municipal service and sphere of influence reviews for the Central Region.

b.) Second Amendment to Agreement with Best Best & Krieger LLP

The Commission will consider approval of a second amendment to the professional services agreement with Best Best & Krieger to continue providing general counsel services.

c.) FY 23-24 Mid-Year Work Plan Update

The Commission will receive a report on the status of goals, objectives, and other projects of the agency's 2022-2025 Work Plan.

d.) County Unincorporated Areas Report

The Commission will receive a comprehensive report on the remaining county unincorporated areas and disadvantaged unincorporated communities.

9. 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.

10. EXECUTIVE OFFICER'S REPORT

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

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

a.) Commission Study Session

The Commission will conduct a study session on February 14, 2024 to discuss efforts involving enhancement of agency communication. The session will convene immediately following the agency's regular meeting.

b.) Multipurpose Room Teleconference Capabilities

The Commission Clerk will give an oral report on the status of video recording of future OC LAFCO regular meetings.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, February 14, 2024 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.

2024 MEETING AND EVENTS CALENDAR

Approved November 8, 2023

2024



January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April						
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28	29	30				

July						
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28	29	30	31			

October						
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27	28	29	30	31		

February						
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25	26	27	28	29		

May						
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August						
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November						
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March						
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24	25	26	27	28	29	30
31						

June						
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

September						
S	M	T	W	T	F	S
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	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 16 - 18, 2024 at Tenaya Lodge at Yosemite.

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, December 13, 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

Chair Davert asked former **State Senator John Lewis** to lead the Pledge of Allegiance.

3. 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

Douglass Davert **(Chair)**
James Fisler
Kathryn Freshley **(Alt.)**

Public Members

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

The following staff members and general counsel were present:

- Executive Officer Carolyn Emery
- Assistant Executive Officer Luis Tapia
- Policy Analyst II Gavin Centeno
- Policy Analyst I Amanda Castro
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Paula de Sousa

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

The Executive Officer noted that no supplemental communication was received.

5. 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.

6. CONSENT CALENDAR

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

6a. – November 8, 2023 - Regular Commission Meeting Minutes

MOTION: Approve the Consent Calendar. (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.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

8a. – Adoption of a Resolution Approving the Fourth Amendment to Memorandum of Agreement for the Position of Executive Officer with Carolyn Emery

General Counsel Paula de Sousa presented the staff report on the Fourth Amendment to the Memorandum of Agreement with Executive Officer, Carolyn Emery in accordance with Government Code Section 54953.

Chair Davert called for Commission discussion and public comments. There was no discussion from Commissioners, and no requests to speak on the item were submitted.

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

MOTION: Adopt Resolution No. CP 23-05 approving the Fourth Amendment to Memorandum of Agreement for the Position of LAFCO Executive Officer for Carolyn Emery; and Authorize Commission Chair Douglass Davert to execute and the Commission Clerk to attest to these documents. (Wendy Bucknum)

SECOND: Donald Wagner

FOR: Wendy Bucknum, Donald Wagner, James Fisler, Derek J. McGregor, Bruce Whitaker, Douglass Davert

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

8b. – Election of OC LAFCO Officers for 2024

Chair Davert nominated **Vice Chair Wagner** to serve as the Chair and **Commissioner Bucknum** to serve as Vice Chair for 2024. **Chair Davert** called for any additional nominations. There were no additional nominations, and the motion was seconded by **Commissioner McGregor**.

MOTION: Appoint Vice Chair Wagner to serve as OC LAFCO Chair for 2024; Appoint Commissioner Bucknum to serve as OC LAFCO Vice Chair for 2024. (Douglass Davert)

SECOND: Derek J. McGregor

FOR: Douglass Davert, Derek J. McGregor, Wendy Bucknum, James Fisler, Donald Wagner, Bruce Whitaker,

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSIONER COMMENTS

Chair Wagner assumed chairing of meeting and remaining agenda items. Commissioners made general comments.

10. EXECUTIVE OFFICER’S REPORT

The Executive Officer provided an update on the OCWD MSR project, anticipated applications and the potential for a Commission study session in February 2024 focused on efforts to enhance communication between the Commission and staff. Ms. Emery noted that she would first meet with the Executive Committee to discuss the session.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements scheduled.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 8:30 a.m. to January 10, 2024.

Douglass Davert, Immediate Past Chair
Orange County Local Agency Formation Commission

ATTEST:

By: _____
Cheryl Carter-Benjamin
Commission Clerk

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglas Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County 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

MEETING DATE: January 10, 2024

6b | Consent
Calendar

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

SUBJECT: Fiscal Year 2023-2024 Quarterly Financial Report
(*Second Quarter*)

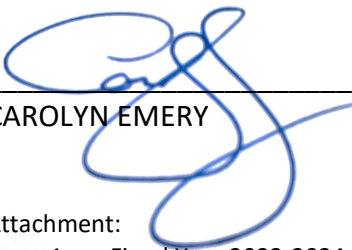
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of October 1 through December 31, 2023. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next review of the agency's financial status will be presented in April 2024.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2023-2024 Financial Quarterly Report (*Second Quarter*).

Respectfully Submitted,



CAROLYN EMERY

Attachment:

1. Fiscal Year 2023-2024 Quarterly Financial Report (Second Quarter)



Quarterly Financial Report

Fiscal Year 2023-24 (Second Quarter)

Prepared: January 10, 2024

HIGHLIGHTS:

FY 2023-24 Budget Overview – Pages 2-4

Balance Sheet & Reserves Analysis – Pages 5-6

FY 2023-24 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of October 1, 2023 through December 31, 2023.¹ The Fiscal Year 2023-24 budget of approximately \$1.7 million supports the operations of the Commission and the resources needed to accomplish the work plan. During the second quarter, overall expenditures were at approximately 40 percent of the approved budget.

Revenues

The OC LAFCO funding apportionment collected from the County, 34 cities and 27 special districts totaling \$1,411,890 was at 100 percent at the end of second quarter. The agency also earns interest from its investment portfolio. At the end of the second quarter, the Commission's earnings totaled \$15,457, which exceeds the projected earnings for this budget cycle by approximately nine percent with the remaining six months of earnings still expected.

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 the processing of the respective applications. During the second quarter, no filing fees were received and approximately \$7,016 of funds placed on deposit was returned due to the withdrawal of an application by the Capistrano Bay Community Services District. The remaining application fees on deposit are shown in the financial overview as revenue within the Special Fund column. The Special Fund column in the chart on page 4 also includes an accounting of application expenses incurred during the second quarter of the 2023-24 fiscal year.

Expenditures

The General Fund expenditures as of December 31, 2023 are below the second quarter target level totaling \$684,385 or 39.2 percent of the total budget. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	16%	39%	-	-

Most expenditures during the second quarter are within target levels with approximately 67 percent of the year-to-date expenses attributed to salaries and benefits. The remaining 33 percent of costs paid through the end of December 2023 were for the agency's operational costs, such as the office lease and legal, audit and accounting services. Budget trending and projections six months into the current fiscal cycle indicate overall balancing of the budget at the end of FY 2023-24. However, this does not consider any unanticipated occurrences.

¹ All financial statements contained in this report are on an accrual accounting basis.

² Actual expenditures for the quarterly reporting are unaudited and subject to change.

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of December 31, 2023:

As of 12/31/23	Balance
770-Payroll Account	\$446,839
Wells Fargo Checking	\$206,096
Wells Fargo Savings	<u>\$215,511</u>
Total	\$868,446

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, the agency earns investment revenue through the Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The current balance of the Trust account at the end of the second quarter is \$57,513. This represents an overall loss of approximately \$4,487 from the agency's initial deposit of \$62,000 in 2021. In accordance with the Commission's investment policy, deposits are made to the Trust following the annual audit and normally during the second quarter. As the agency audit was completed this past November, staff will be meeting with the OC LAFCO accounting team in January to identify the fund amount to be transferred to the Trust. While a transfer to the Trust was not advised for 2022, the OC LAFCO accountant, through a preliminary assessment, has indicated that a transfer to the Trust should be completed during this fiscal cycle.

The following table illustrates the balance of OC LAFCO's investment portfolio as of December 31, 2023.

As of 12/31/23	Balance
LAIF	\$591,799
OC Fund	\$517,214
PARS Trust	<u>\$ 57,513</u>
Total	\$1,166,526

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
October 1, 2023 – December 31, 2023

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	YTD General Fund	TOTAL FY 23/24 Budget	General Fund
Revenue:						
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ 318,390	0.0%
LAFCO Apportionment	-	1,286,153	125,737	1,411,890	1,411,890	100.0%
Filing Fees	291,537	-	-	-	-	0.0%
Misc Revenue	-	119	197	317	-	0.0%
Interest & Dividends	-	3,797	11,659	15,457	14,200	108.8%
PARS Trust Investment Gain/Loss	-	(1,938)	2,166	228	-	0.0%
Total Revenue	\$ 291,537	\$ 1,288,131	\$ 139,760	\$ 1,427,891	\$ 1,744,480	81.9%
Expenditures:						
Salaries	\$ 2,667	\$ 135,747	\$ 146,541	\$ 282,288	\$ 621,200	45.4%
Hourly Employees	-	4,037	4,347	8,384	20,800	40.3%
Benefits & Insurance						
Optional Benefit Plan	-	-	-	-	18,500	0.0%
Deferred Compensation	-	3,535	4,013	7,548	17,900	42.2%
Retirement Benefits	-	52,378	58,044	110,422	247,700	44.6%
Health Insurance	-	14,015	14,015	28,030	68,500	40.9%
Retiree Health Benefits	-	4,556	4,946	9,503	22,000	43.2%
Dental Insurance	-	1,521	1,521	3,041	6,900	44.1%
Life Insurance	-	89	89	178	420	42.3%
Workers Compensation	-	-	-	-	2,550	0.0%
Medicare	-	1,994	2,170	4,164	9,400	44.3%
Unemployment Insurance	-	-	-	-	620	0.0%
Health Reimbursement	-	1,800	1,800	3,600	-	0.0%
Salary Continuance	-	342	370	712	1,560	45.7%
Accidental Death Insurance	-	22	22	44	120	36.7%
Executive Car Allowance	-	1,200	1,800	3,000	7,200	41.7%
Total - Benefits & Insurance	2,667	81,452	88,791	170,242	403,370	42.2%
Information Technology	-	2,922	2,152	5,075	32,850	15.4%
Telephone & Internet	-	3,903	4,624	8,527	16,480	51.7%
County of Orange	-	1,045	269	1,314	10,300	12.8%
General Liability Insurance	-	2,869	2,869	5,739	14,030	40.9%
Memberships	-	9,758	5,083	14,840	39,900	37.2%
Office Equipment/Supplies	-	9,002	5,586	14,588	24,100	60.5%
Professional Services:						
Legal	-	12,032	7,821	19,853	60,000	33.1%
Accounting/Audit	-	15,340	14,975	30,315	53,000	57.2%
Human Resources	-	1,421	10,094	11,515	20,000	57.6%
Mapping/Archiving	-	935	935	1,870	13,900	13.5%
Other Professional Services	55,714	12,963	2,813	15,775	180,000	8.8%
Total - Professional Services	55,714	42,691	36,638	79,328	326,900	24.3%
Investment Admin Fees	-	140	145	284	850	33.4%
Public Noticing	-	2,288	-	2,288	14,800	15.5%
Unincorporated Areas Program	-	-	-	-	18,000	0.0%
Rents/Maintenance	-	36,647	27,485	64,133	111,600	57.5%
Equipment Leases	-	1,409	1,753	3,163	7,700	41.1%
Comm. & Staff Expense	-	2,468	1,167	3,636	7,000	51.9%
Comm. Stipends & Taxes/Fees	-	1,916	2,924	4,840	16,000	30.2%
Professional Development	-	-	52	52	25,000	0.2%
Transportation/Travel	-	7,303	7,807	15,109	21,300	70.9%
Commission Meeting Expense	-	363	194	557	12,300	4.5%
Refund of Deposit	7,016	-	-	-	-	0.0%
Total Expenditures	65,397	345,959	338,426	684,385	1,744,480	39.2%
Total Net Income (Loss)	\$ 226,140	\$ 942,172	\$ (198,666)	\$ 743,506	\$ -	

³ 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 on this page summarizes the agency's assets and liabilities as of December 31, 2023. Please note that the figures provided in this balance sheet are unaudited and subject to change. Additionally, an analysis of the agency's reserve balances is provided on page 6.

APPENDIX B OC LAFCO BALANCE SHEET As of December 31, 2023

	<u>Dec 31, 23</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 446,839
Wells Fargo Checking	206,096
Wells Fargo Savings	215,511
OC Fund	517,214
Investment Acct - LAIF	591,799
PARS Trust	57,513
Fair Market Value Adjustments	<u>(5,805)</u>
Total Cash and Investments	2,029,166
Other Current Asset	
Prepaid Expenses	16,513
Retirement Prepaid Expense	<u>118,356</u>
Total Other Current Asset	<u>134,869</u>
Total Current Assets	2,164,035
Fixed Assets	47,022
Other Assets	
Right to Use Assets	697,611
Pension Deposit	217,970
Def. Outflows Pension Related	515,973
Deferred OPEB Contributions	9,645
Deferred Outflows OPEB Related	<u>38,000</u>
Total Other Assets	<u>1,479,199</u>
TOTAL ASSETS	<u>\$ 3,690,257</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	7,560
Salaries Payable	41,026
Compensated Absences	<u>54,334</u>
Total Current Liabilities	102,920
Long Term Liabilities	
Lease Liabilities	739,733
Deferred Inflows OPEB Related	23,000
Net OPEB Liability	119,000
Net Pension Liability	1,587,646
Def. Inflows Pension Related	<u>229,870</u>
Total Long Term Liabilities	<u>2,699,249</u>
Total Liabilities	2,802,169
Equity	<u>888,087</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 3,690,257</u>

*Figures are subject to change as they have been projected through December 31, 2023 and represent pre-audited amounts.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of December 31, 2023

Cash & Investments Description	Dec. 31, 2023 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 446,839	\$ 261,343 ¹	\$ 185,496
Checking - Wells Fargo	206,096	174,778 ¹	31,318
Savings - Wells Fargo	215,511	205,000 ¹	10,511
OC Fund Investment	517,214	-	517,214
LAIF Investment	591,799	-	591,799
PARS Trust	57,513	-	57,513
Total	\$ 2,034,971	\$ 641,121	\$ 1,393,850²

Footnotes:

¹Per the Cash and Cash Management Policy, the Commission must maintain \$641,121 during fiscal year 2023/24 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.

²Remaining Available Cash to fund Operations and Reserves.

REGULAR MEMBERS

CHAIR

Donald P. Wagner
County Member

VICE CHAIR

Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR

Douglass Davert
Special District Member

James Fisler

Special District Member

Derek J. McGregor

Public Member

Bruce Whitaker

City Member

Vacant

County 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

MEETING DATE: January 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Office Manager/Commission Clerk

SUBJECT: Appointment Processes for OC LAFCO Expiring
Terms and Vacancy

BACKGROUND

In accordance with Government Code Section 56334, the term of office for each OC LAFCO Commissioner shall be four years, and there are no term limits. Pursuant to the OC LAFCO Bylaws, the term of office for each Commissioner begins on July 1st of the year appointed and expires June 30th of the final year of the term. On June 30, 2024, terms for the OC LAFCO member seats shown in the table below will expire.

<i>2024 OC LAFCO Expiring Terms</i>		
Incumbent	Member Seat	Current Term
Wendy Bucknum	City Member (Regular)	2020 – 2024
James Fisler	Special District Member (Regular)	2020 – 2024
Carol Moore	City Member (Alternate)	2020 – 2024

The following are summaries of the appointment processes conducted by the appointing authorities for each of the OC LAFCO seats, including the current vacancy of the regular county member seat.

County Member Seats

County member seats are appointed annually at the discretion of the Chair of the Board of Supervisors (BOS) with final approval by the County BOS. Appointments for this year will be considered by the BOS in early 2024. New county members appointed will be administered the Oath of Office during a Regular Commission Meeting or electronically.

City Member Seats

The City Selection Committee (comprised of 34 Orange County City Mayors) is responsible for appointing the Regular and Alternate City Members to OC LAFCO. When a term is expiring or a vacancy exists, the process is conducted by the Orange County Clerk of the Board (COB) during a committee meeting which occurs in May and November each year. Commission staff provides notification of OC LAFCO expiring terms and vacancies in advance to the COB. Notification to the COB satisfies the Commission’s responsibility with respect to this process. Once the appointments have been made by the Committee, the Oath of Office will be administered at the following Regular Commission meeting.

Special District Member Seats

OC LAFCO staff has a more prominent role in the appointment process for Special District Members in accordance with Government Code Section 56332 and the Special Districts Selection Committee By-Laws. A schedule of key appointment events and responsibilities for the Regular Special District seat expiring June 30, 2024 is outlined below. The member appointed through this process will be administered the Oath of Office and seated at the July 10, 2024 Regular Commission meeting.

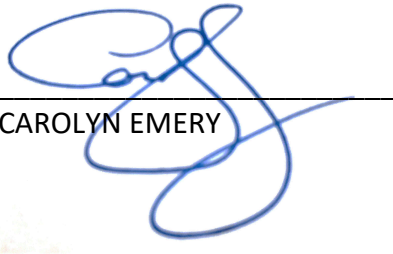
<i>2024 Appointment Process Schedule for OC LAFCO Regular Special District Member Seat</i>	
ACTION	DATE
LAFCO Executive Officer emails notification letters with nomination forms and Declaration of Qualification to Vote to independent special district presiding officers (c/o district clerk) and special district general managers.	March 11, 2024
Deadline for submitting nominations and declarations to OC LAFCO by 4:00 p.m.*	April 15, 2024 (4 PM)
Ballots emailed to special district presiding officers/designees (c/o district clerk).	May 6, 2024
Ballots due to OC LAFCO by 4:00 p.m.	June 10, 2024 (4 PM)
OC LAFCO staff (or designee) tabulates ballots and announces results.	June 17, 2024
Oath of Office Administered (Commission Hearing).	July 10, 2024
<i>* Pursuant to Government Code Section 56332(c)(1), if only one candidate is nominated for a vacant seat, that candidate shall be deemed selected with no further proceedings.</i>	

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the report on the appointment processes for the OC LAFCO expiring terms and vacancy.

Respectfully submitted,



CAROLYN EMERY



CHERYL CARTER-BENJAMIN

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County 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

MEETING DATE: January 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst II

SUBJECT: OC LAFCO Professional Services Agreements Update

BACKGROUND

OC LAFCO utilizes private sector firms to complement staff resources for a variety of professional services, such as accounting, auditing, legal counsel, project facilitation, and other services. In accordance with local policy, each year the Commission receives a report on the agency's current professional services agreements. Some of the agreements are for services that are ongoing or as needed, whereas others are for one-time projects.

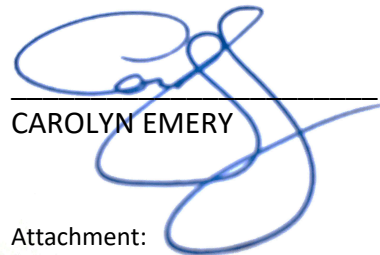
The comprehensive list, referenced as **Attachment 1** to this report, includes agreements approved by the Commission and within the signature authority of the Executive Officer. In accordance with OC LAFCO's Accounting and Financial Policies, the Commission delegates authority to the Executive Officer for: (1) the purchase of goods and materials for office use not exceeding \$10,000, and (2) the approval and execution of agreements not exceeding \$10,000. The list also includes an agreement with RSG, Inc. to prepare the Central Region MSR and an amendment to the current agreement with Best Best & Krieger to continue providing general counsel services to OC LAFCO. Both agreements are proposed for Commission consideration in reports prepared under the Commission Discussion section of the agenda.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the annual update of professional services agreements.

Respectfully submitted,



CAROLYN EMERY



GAVIN CENTENO

Attachment:

1. FY 23-24 OC LAFCO Professional Services Agreements Summary

**OC LAFCO Professional Services Agreements
Fiscal Year 2023-2024**

OC LAFCO Consultant	Primary Responsibilities	Agreement Status/Amount	Comments
Berkson Associates	Preparation of Fiscal Indicators for MSRs and staff training.	Current/not to exceed \$20K per fiscal year	Assist with fiscal analyses and preparation of fiscal indicators for MSRs and website.
Best Best & Krieger LLP	Legal Services	Proposed at \$60K for FY 2023-24	Ongoing agreement for all Commission legal services; some costs reimbursable by applicants.
Chase Design, Inc.	Website Design	Current/not to exceed \$30,000	One time agreement for website design services.
CSUF/Center for Demographic Research	Specialized Demographic Data and Reports	Current/not to exceed \$19,500 per fiscal year	Three-year MOU for FYs 2023-2026 to provide annual updates on specialized demographic data, prepare an annual countywide annexation boundary change report, and mapping of Orange County's disadvantaged unincorporated communities.
Davis Farr LLP	Annual Audit Services	Current/Budgeted at \$7,600 for FY 2023-24	Four-year agreement for auditing services through 2024.
Eide Bailly	Accounting, Budgeting and Bookkeeping	Current/not to exceed \$45K per fiscal year	Ongoing agreement for accounting, bookkeeping and budget services awarded through a competitive quote process.
Paycor	Commissioner Payroll Processing	Current/not to exceed \$1,700 per fiscal year	Ongoing agreement for processing of Commissioner stipends, mileage reimbursements, and W-2s awarded through a competitive quote process.
Respond Tech	Information Technology Support Services	Current/not to exceed \$10K per fiscal year	Ongoing agreement for information technology services awarded through a competitive quote process.
RSG, Inc.	Central Municipal Service Reviews	Proposed/not to exceed \$96,945	One time agreement for preparation of municipal service review and SOI reviews for the Central Region.

8a | Commission
Discussion

REGULAR MEMBERS

CHAIR

Donald P. Wagner

County Member

VICE CHAIR

Wendy Bucknum

City Member

IMMEDIATE PAST CHAIR

Douglass Davert

Special District Member

James Fisler

Special District Member

Derek J. McGregor

Public Member

Bruce Whitaker

City Member

VACANT

County 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

MEETING DATE: January 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst I

SUBJECT: Professional Consultant Services Agreement with
RSG, Inc.

BACKGROUND

On October 17, 2023, OC LAFCO released a Request for Proposals (RFP) consistent with the Commission's policies and procedures. The process called for proposals to conduct the Municipal Service Review (MSR) and Sphere of Influence (SOI) reviews for the Central Region. The region includes six cities (Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park) and four special districts (East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Parks & Recreation District).

The next section of the report provides additional details on the RFP process and staff's recommendation to approve an agreement with RSG, Inc. to conduct the MSR and SOI reviews for the Central Region.

DISCUSSION

The RFP was distributed electronically to over 40 firms and posted on OC LAFCO's website. A proposal was received from RSG, Inc. (RSG) and has been reviewed by staff to ensure all requirements of the scope of services delineated in the RFP were addressed. RSG's proposal demonstrated the firm's knowledge and experience with the preparation of MSR and SOI reviews. Additionally, the firm has done prior work for OC LAFCO and RSG's team members are familiar with the intricacies of the Commission's MSR process, including the agency's fiscal indicators and survey instrument. Recent experience with OC LAFCO includes the firm's preparation of the Southwest and West MSRs at approximately \$54K under the agreement amount.

The professional services agreement for preparation of the Central Region MSR and the Scope of Services is referenced as Attachment 1 to this

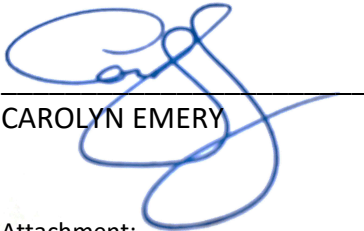
report. Staff is recommending the Commission approve the agreement for a total amount not-to-exceed \$95,645.

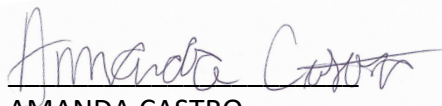
RECOMMENDED ACTION

Staff recommends the Commission:

1. Approve the professional services agreement with RSG to conduct the MSR and SOI reviews for the Central Region.
2. Authorize the Executive Officer to execute the agreement.

Respectfully Submitted,


CAROLYN EMERY


AMANDA CASTRO

Attachment:

1. Form of Professional Consultant Services Agreement with RSG, Inc.

**LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY
PROFESSIONAL CONSULTANT SERVICES AGREEMENT**

This Agreement is made effective, _____, 2024, by and between the LOCAL AGENCY FORMATION COMMISSION of ORANGE COUNTY (hereinafter referred to as “OC LAFCO”), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (Government Code Sections 56000 et seq.), and RSG, Inc. (hereinafter referred to as “Consultant”).

RECITALS

A. OC LAFCO is a public agency of the State of California and is in need of professional consulting services for the preparation and completion of a Municipal Service Review and Sphere of Influence Reviews for the Central Region (hereinafter referred to as “the Project”).

B. Consultant is qualified by virtue of experience, training, education and expertise to provide such services.

C. This Agreement is to establish the terms and conditions for OC LAFCO to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Term and Time of Performance.

The term of this Agreement shall be from the effective date through March 31, 2025, unless terminated in accordance with the procedures outlined in Section 15 of this Agreement. Consultant shall perform its services hereunder in a prompt and timely manner and shall commence performance upon the execution of this Agreement.

2. Services.

Consultant shall provide OC LAFCO with the services described in the Scope of Services attached hereto as Exhibit “A.”

3. Compensation.

a. Subject to paragraph 3(b) below, OC LAFCO shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit “B.”

b. The compensation for services rendered by the consultant pursuant to Exhibit “A” shall not exceed \$95,645. Any additional work must be approved in advance and agreed to by both parties as outlined in section 4.

c. Consultant shall invoice monthly for completed tasks in each phase to include reimbursable expenses incurred at actual costs (i.e., overnight shipping, teleconference services, and noticing) as shown in Exhibit B.

d. Consultant shall submit to OC LAFCO a statement for services rendered. OC LAFCO shall cause payment to be made to Consultant within thirty (30) working days from receipt of statement for services and OC LAFCO's determination that Consultant has adequately performed those services for which OC LAFCO has been invoiced.

4. Additional Work

If changes in the work seem merited by Consultant or OC LAFCO, and informal consultations with the other party indicate that a change is warranted, it shall be processed by OC LAFCO in the following manner: Consultant shall forward a letter outlining the changes to OC LAFCO with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by OC LAFCO and executed by both parties before performance of such services or OC LAFCO will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

5. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for four (4) years from the date of final payment under the contract for inspection by OC LAFCO.

6. Delays in Performance.

Neither OC LAFCO nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.

b. Consultant shall assist OC LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

8. Standard of Care.

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Sub-consultant.

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of OC LAFCO, which may be withheld for any reason. Nothing contained herein shall prevent Consultant from employing independent associates and sub-consultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor.

It is agreed that Consultant shall act and be an independent contractor and is not an agent or employee of OC LAFCO and is not entitled to participate in any compensation plans or other benefits OC LAFCO provides for its employees. All services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the services, subject to the requirements of this Agreement. Any additional personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of OC LAFCO and shall at all times be under Consultant's exclusive direction and control. Consultant shall be responsible for all reports and obligations respecting such personnel, including but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance and workers' compensation insurance.

11. Integration.

This Agreement represents the entire understanding of OC LAFCO and Consultant as to those matters contained herein and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

12. Insurance.

Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, all insurance set forth in "Exhibit C" hereto, in a form and with insurance companies acceptable to OC LAFCO.

13. Indemnification.

To the fullest extent permitted by law, Consultant shall defend, indemnify and hold OC LAFCO, its Board, members of the Board, employees, and authorized volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorney's fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant's services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

In addition, Consultant shall defend, with counsel of OC LAFCO's choosing and, to the extent permitted by Civil Code Section 2782.8, at Consultant's own cost, expense and risk, any and all claims, suits, actions or other proceedings of every kind covered by this section arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services or this Agreement that may be brought or instituted against OC LAFCO or its Board, members of the Board, employees, and authorized volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against OC LAFCO or its Board, members of the Board, employees, and authorized volunteers as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse OC LAFCO for the cost of any settlement paid by OC LAFCO or its Board, members of the Board, employees, or authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for OC LAFCO's attorney's fees and costs, including expert witness fees. Consultant shall reimburse OC LAFCO and its Board, members of the Board, employees, and/or authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by OC LAFCO, its Board, members of the Board, employees, or authorized volunteers. Consultant shall have no duty or obligation to defend, indemnify, and/or pay settlement expenses of OC LAFCO, its Board, its Board members, employees, or authorized volunteers due to the negligence, errors or omissions caused by the sole negligence, and/or willful misconduct of OC LAFCO, its Board, its Board members, employees or authorized volunteers.

14. Laws, Venue, and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

15. Termination or Abandonment.

a. OC LAFCO may terminate this Agreement for any reason or no reason by giving thirty (30) calendar days' written notice of termination. OC LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by OC LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. OC LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to OC LAFCO only in the event of substantial failure by OC LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16. Key Personnel.

Consultant shall assign James Simon as the Principal Consultant. The Principal Consultant shall not be removed from the Project or reassigned without the prior written consent of OC LAFCO.

17. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

OC LAFCO:
 Carolyn Emery, Executive Officer
 2677 N. Main Street
 Suite 1050
 Santa Ana, CA 92705

Consultant:
 James Simon, Principal
 RSG, Inc.
 170 Eucalyptus Ave, Suite 200
 Vista, CA 92084

and shall be effective upon receipt thereof.

18. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC LAFCO and the Consultant.

19. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

20. Acknowledgment.

Consultant acknowledges that by executing this agreement, they are also, in good faith, determining that the appointment meets each of the requirements set forth in Government Code Section 7522.56, including the unemployment insurance requirement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**LOCAL AGENCY FORMATION
COMMISSION OF ORANGE COUNTY**

RSG, Inc.

By: _____
Carolyn Emery, Executive Officer

By: _____
James Simon, Principal

Dated: _____

Dated: _____

Approved as to form:

Scott C. Smith, General Counsel
Local Agency Formation Commission of Orange County

Attest:

Cheryl Carter-Benjamin, Commission Clerk
OC LAFCO

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

The Consultant will conduct and prepare the MSR and SOI reviews for the Central Region. To prepare the required MSR and SOI determinations and recommendations, the Consultant will analyze the following areas of relevance:

Municipal Service Review Criteria Detail

- (1) *Growth and population projections for the affected area:* Consultant will analyze current and future population and demographic characteristics as they relate to the service plans and delivery for existing and proposed service areas of the affected agencies, including unincorporated areas in the region. Consultant will evaluate how each agency is planning to meet the municipal service demands of the existing and anticipated population through use of growth and population projections and trends.
- (2) *The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI:* Consultant will identify the location, population, land use and municipal service providers for disadvantaged unincorporated areas (DUCs) within each agency’s SOI and note **if/where the SOI boundaries (i.e. city and special district) overlap.**
- (3) *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies in any disadvantaged and unincorporated communities within or contiguous to the sphere of influence:* Consultant will evaluate infrastructure needs and deficiencies relative to existing and long-term demands for each agency based upon capacity, condition of facilities, and service levels, including specific assessment of needs and deficiencies within unincorporated areas and sewer and water services provided to DUCs in the region. Existing facility, real property assets, and infrastructure will be categorized and analyzed to determine present sufficiency and future requirements.
- (4) *Financial ability of agencies to provide services:* Consultant will conduct a detailed financial analysis on the present and future capacity of the affected agencies to support the current and future servicing needs of the service areas. Evaluation shall include an assessment of the data provided in the OC LAFCO fiscal indicators and unincorporated areas profiles and make relative findings. Collaboration with the OC LAFCO fiscal consultant is expected.
- (5) *Status of, and opportunities for, shared services:* Consultant will analyze existing facilities and service areas for duplication of efforts and to address potential economies of scale to be gained by alternative governance options, including the identification of opportunities for sharing of facilities and resources that support efficiency and cost-effectiveness.
- (6) *Accountability for community service needs, including governmental structure and operational efficiencies:* Consultant will review the current government structure of the affected agencies relative to responsiveness to accountability, public accessibility, and transparency involving community service needs and operational efficiencies.

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

- (7) *Any other matter related to effective service delivery as required by commission policy:* During the process, the Consultant may identify any other matter related to the effective and efficient delivery of municipal services within the Commission’s authority.

Sphere of Influence Criteria Detail

- (1) *Present and planned land uses including agricultural and open-space lands:* Consultant will evaluate for each agency and unincorporated area within the region, the existing and future land use designations, including protection of prime agricultural, open space and recreational lands, and compatibility with local general plans.
- (2) *Present and probable need for public facilities and services:* Consultant will evaluate for each agency and unincorporated area within the region, the present public services and facilities and probable need, if applicable, for public services and facilities.
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:* Consultant will evaluate the present infrastructure, facilities, and service programming and each agency’s ability to assess and address the local service demands.
- (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:* Consultant will review existing socio-economic communities of interest for each agency to determine current service deficiencies, challenges, and opportunities in addressing the needs of each community, including unincorporated areas within the region, while planning for the future.
- (5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection that occurs pursuant to subdivision (g)* on or after July 1, 2012 along with the present and probable need for those public facilities and services of any DUCs within the existing SOI:* Consultant will review and identify, if applicable, potential economies of scale that may be gained by future boundary changes or alternative governance structures.

TASK 1: PROJECT INITIATION

Prior to scheduling the kickoff meeting, Consultant will review past MSRs pertaining to the affected agencies, develop a matrix illustrating past determinations and other key findings, and then prepare an updated MSR/SOI review schedule, if warranted. The matrix in particular will facilitate a thoughtful and impactful discussion during the kickoff meeting.

Consultant will arrange a kickoff meeting with OC LAFCO staff within thirty (30) days of contract commencement. This will cover the collective understanding of the scope of work for the project, including known issues, concerns, and status of past determination and findings from the viewpoint of OC LAFCO staff.

**EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE**

Following the meeting, Consultant will issue a request for information from OC LAFCO, including requesting shapefiles and boundaries of each agency, each SOI, and any DUCs within the study area. Consultant will work with OC LAFCO staff and fiscal consultant to revise the survey template as necessary in order to receive complete and relevant information from the agencies needed by both consultants to prepare the required evaluation identified in the Scope of Services.

Timing and work products:

- February 2024
- Deliverables: Matrix of past determinations and findings by agency and updated schedule, if warranted.

TASK 2: DATA COLLECTION

Consultant will compile information from OC LAFCO’s fiscal indicators, through working with the OC LAFCO fiscal consultant, and credible third-party demographic data for purposes of developing background information on each agency in the matrix previously created under Task 1. Consultant will analyze this data across each agency, identifying types of services provided, fiscal data, and service issues and opportunities raised during prior MSRs. Data will also be collected for the unincorporated areas and DUCs within the region.

Consultant will distribute the aforementioned survey instrument to each of the affected agencies, including Golden State Water Company that will facilitate the capturing of information relevant to the authority of each agency to provide allowable services and understand the classes and levels of service provided in consultation with the pertinent principal acts for some of these agencies, including:

- Parks and recreation districts (Public Resources Code Sections 5780-5796.20)
- Water districts (Water Code Sections 34000-38051)
- Wastewater agencies (Water Code Sections 13910-13915)

Consultant will coordinate and conduct individual agency interviews to discuss responses to the survey provided and dive deeper into those responses and the issues raised. These discussions will center around topics such as growth, ability to serve, constraints, reserves, potential SOI changes or annexations, and any DUCs. The interviews will be conducted through one to two virtual meetings.

Following interviews, Consultant will analyze response results and begin drafting findings for the MSR and SOIs for staff discussion. Consultant will present these findings, broken down by agency and unincorporated area, to OC LAFCO staff for internal discussion purposes.

Timing and work products:

- March – July 2024
- Deliverables: Survey, summary of responses, agency profiles, draft findings and determinations.

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

TASK 3: ADMINISTRATIVE DRAFT AND REVIEW OF MSR REPORT

Consultant will prepare an Administrative Draft MSR report for review by OC LAFCO staff. The report will address the determinations required by CKH Sections 56425 and 56430 and any additional factors/criteria established by OC LAFCO policy and guidelines. The report will be sent electronically to OC LAFCO staff for review prior to a (virtual or in-person) meeting to discuss staff comments and edits. Consultant will incorporate comments, edits, and corrections based on staff comments.

Pursuant to the RFP, the Administrative Draft MSR and SOI Reviews will achieve the following objectives:

1. Comply with Government Code Sections 56430 and 56425, specifically, to enable the Commission to make determinations with respect to the factors delineated in each statute with respect to both the MSR and SOI Updates.
2. Include not only the existing boundaries of each agency but will also concentrate on the future planned growth of the area beyond the existing borders identified as the SOI. Furthermore, the study must include the proposed growth and any future annexation proposals contemplated by each of the agencies.
3. Conduct the required analyses in the most cost-effective manner possible.
4. Utilize information that is currently available rather than start new analyses.
5. Conduct the service review and SOI update process in a collaborative fashion with opportunities for input and review by each of the agencies being reviewed.
6. Create a product that will be useful to the Commission in reviewing SOIs and proposals for changes of organization.
7. Create a product that will be beneficial to public agencies as a planning tool.
8. Create a product that will allow practical direct comparison between agencies offering similar services.
9. Have all published work products be readily accessible to, and easily understandable by, the public.

Timing and work products:

- *July – October 2024*
- *Deliverables: Administrative Draft MSR and SOI Updates*

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

TASK 4: PUBLIC REVIEW AND PUBLIC HEARING DRAFT MSRS AND SOI UPDATES

Consultant will prepare the Public Review Draft MSR report with updated information addressing comments received from OC LAFCO staff. An electronic copy will be sent to OC LAFCO staff for final review and distribution to each of the affected agencies and appropriate posting for 30-day public review. Following the public review period, the Consultant will prepare and provide the Public Hearing Draft MSR to OC LAFCO for final review, updates/revisions, and publication.

Consultant will attend one Commission public hearing to provide a summary presentation of the report, discuss any issues or concerns, and respond to questions.

Timing and work products:

- *November 2024 – February 2025*
- *Deliverables: Public Review and Public Hearing Draft MSRs and SOI Updates*

TASK 5: FINAL DRAFT MSR AND SOI UPDATES

Consultant will prepare a comment log and incorporate all comments, edits, and corrections from the Commission, affected agencies, and the public, as warranted. If second public hearing is warranted, Consultant will attend one Commission meeting to provide a summary presentation of the report and respond to questions. Upon approval, Consultant will transmit one electronic version of the final-approved report to OC LAFCO staff.

Timing and work products:

- *February – March 2025*
- *Deliverables: Final MSR and SOI Updates*

EXHIBIT "B"**SCHEDULE OF CHARGES/PAYMENTS**

The following schedule for charges and payments shall apply to work performed under this Agreement:

Based on the Scope of Services described Exhibit A, the services provided by the Consultant shall not exceed \$95,645 inclusive of the hours and expenses pursuant to the Consultant's Billing Rate and Fee Schedule, as shown below. Services provided will be billed on a time and materials basis, so actual cost may be less than the not to exceed amount. A budget detail and workflow schedule is also presented as Exhibit B-1.

BILLING RATES & FEE SCHEDULE

Principal / Director	\$ 275
Senior Associate	\$ 200
Associate	\$ 185
Senior Analyst	\$ 150
Analyst	\$ 135
Research Assistant	\$ 125
Technician	\$ 100
Clerical	\$ 60

Consultant does not charge clients for travel or mileage (except direct costs related to field work/surveys), parking, standard telephone/fax expenses, general postage, or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs and teleconferencing services. We also charge for copies of reports, documents, notices, and support material more than five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge.

EXHIBIT B-1

Scope of Services	Task Hours & Billing Rate										Total Not to Exceed
	Central Region MSR and SOI Updates Orange County LAFCO (November 2023)										
	Principal \$	Director \$	Associate \$	Sr. Analyst \$	Analyst \$	Res. Asst. \$	Total Hrs	Total Hrs	Total Hrs	Total Hrs	
Task 1 Project Initiation	3	4	3	25	5	2	42	\$	\$	\$	7,155
<i>Identify and discuss past determinations, SOIs, changes to DUCs, concerns, and issues with LAFCO staff and affected agencies</i>											
Task 1.1	2	2	1	10	3	2	20				3,440
Task 1.2	-	-	-	10	2	-	12				1,770
Task 1.3	1	2	2	-	-	-	5				1,195
Task 1.4	-	-	-	5	-	-	5				750
Task 2 Data Collection	8	40	17	96	30	2	193	\$	\$	\$	35,045
<i>Prepare survey using LAFCO template, conduct 1-2 interviews per stakeholder to discuss responses and feedback, check accuracy of information provided</i>											
Task 2.1	2	5	-	25	10	2	44				7,275
Task 2.2	-	10	-	15	-	-	25				5,000
Task 2.3	-	10	5	25	15	-	55				9,450
Task 2.4	5	5	10	15	5	-	40				7,525
Task 2.5	1	5	2	8	-	-	16				3,220
Task 2.6	-	5	-	8	-	-	13				2,575
Task 3 Administrative Draft MSR	3	21	12	188	15	9	248	\$	\$	\$	40,170
<i>Draft 2 MSR (one for each region) for client internal review and comment</i>											
Task 3.1	2	15	7	165	10	5	204				32,685
Task 3.2	1	4	2	8	5	-	20				3,620
Task 3.3	-	2	3	15	-	4	24				3,855
Task 4 Public Review and Public Hearing Draft MSR	5	10	1	31	3	-	50	\$	\$	\$	9,365
<i>Prepare public review draft MSR, collect feedback from agencies, revise as necessary and as directed by LAFCO for public hearing drafts, present at public hearing</i>											
Task 4.1	-	5	-	20	3	-	28				4,780
Task 4.2	-	1	-	5	-	-	6				1,025
Task 4.3	-	1	1	2	-	-	4				760
Task 4.4	5	3	-	4	-	-	12				2,800
Task 5 Final Draft MSR	4	3	1	12	-	-	20	\$	\$	\$	3,910
<i>If not adopted at public hearing, prepare final draft MSR based on input from each public hearing; present to Commission for approval</i>											
Task 5.1	-	1	1	3	-	-	5				910
Task 5.2	1	2	-	5	-	-	8				1,575
Task 5.3	3	-	-	4	-	-	7				1,425
GRAND TOTAL BUDGET	23	78	34	352	53	13	553	\$	\$	\$	95,645

EXHIBIT “C”
INSURANCE REQUIREMENTS

1. Commercial General Liability

- a. The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to OC LAFCO.
- b. Coverage for Commercial General Liability insurance shall be at least as broad as the following: ISO Commercial General Liability coverage (Occurrence Form CG 0001)
- c. Commercial General Liability Insurance must include coverage for the following:
 - i. Bodily Injury and Property Damage
 - ii. Personal Injury/Advertising Injury
 - iii. Premises/Operations Liability
- d. All such policies shall give OC LAFCO, its Board, members of the Board, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent.
- e. The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by OC LAFCO.

2. Automobile Liability

- a. At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to OC LAFCO.
- b. Coverage for Automobile Liability Insurance shall be at least as broad as: ISO Form Number CA 0001 covering automobile liability (Coverage Symbol 1, any auto).
- c. The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by OC LAFCO.

3. Workers' Compensation/Employer's Liability

- a. Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions

of that code, and he/she will comply with such provisions before commencing work under this Agreement.

- b. Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the “Workers' Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period covered by the work under this Agreement, workers' compensation of the same type and limits as specified in this section.
- c. Such insurance shall include an insurer's Waiver of Subrogation in favor of OC LAFCO and will be in a form and with insurance companies acceptable to OC LAFCO.

4. Minimum Policy Limits Required

- a. The following insurance limits are required for the Agreement:

	Combined Single Limit
Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability/ Workers' Compensation	\$1,000,000 per occurrence/ Statutory

5. Evidence Required

- a. Prior to execution of the Agreement, the Consultant shall file with OC LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

6. Required Policy Provisions

- a. Certificates of insurance and policy endorsements shall require 30 days (10 days for non-payment of premium) notice of cancellation to OC LAFCO. Statements that the carrier “will endeavor” and “that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives,” will not be acceptable on certificates. If any of the required coverage expires during the term of this Agreement, the Contractor shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to OC LAFCO at least ten (10) days prior to the expiration date.
- b. The Commercial General Liability policy shall contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by OC LAFCO or any named insureds shall not be called upon to contribute to any loss.
- c. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three (3) years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

7. Qualifying Insurers

- a. All policies required shall be issued by acceptable insurance companies, as determined by OC LAFCO, which satisfy the following minimum requirements:
- b. Insurance carriers shall have a current AM Best rating of not less than “A-” policyholder's rating and a financial rating of not less than “Class VII,” unless otherwise approved in advance by OC LAFCO.

8. Additional Insurance Provisions

- a. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by OC LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.
- b. If at any time during the life of the Agreement, the Consultant fails to maintain in full force any insurance required by the Agreement documents OC LAFCO may terminate the Agreement.

- c. The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.
- d. OC LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.
- e. Neither OC LAFCO, its Board, members of the Board, employees, or authorized volunteers shall be personally responsible for any liability arising under or by virtue of the Agreement.

8b | Commission
Discussion

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County 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

MEETING DATE: January 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst II

SUBJECT: Second Amendment to Agreement with Best Best &
Krieger for General Counsel Services

BACKGROUND

On June 9, 2021, the Commission approved the First Amendment to extend the agreement between Best Best & Krieger and OC LAFCO for general counsel services through July 31, 2023. Staff is recommending the Commission approve the Second Amendment to the Agreement allowing continued provision of legal services by the firm. Additional discussion on this matter is provided in the next section of this report.

DISCUSSION

Best Best & Krieger is California's oldest and largest full-service public agency law firm and currently provides comprehensive legal services to OC LAFCO in the areas of the Cortese-Knox-Hertzberg Reorganization Act of 2000, California Environmental Quality Act (CEQA), Public Records Act, ethics laws and training, and personnel and employment law. The original agreement between Best Best & Krieger and OC LAFCO was approved in 1994. In September 2017, the Commission conducted a competitive selection process, and Best Best & Krieger was selected on July 11, 2018 to continue providing services under a three-year agreement through July 31, 2021. On June 9, 2021, OC LAFCO and Best Best & Krieger entered into a First Amendment to extend the Agreement for two one-year terms with a culmination date of July 31, 2023.

The Second Amendment referenced as **Attachment 2** proposes for Best Best & Krieger to continue providing legal services to the Commission and eliminates the fixed term included in the current Agreement. Eliminating the fixed term is based on staff's assessment of the importance of continuity in the provision of legal and specialized services to the Commission and impact of the renewal and competitive processes on staff resources. Additionally, staff has been pleased with the knowledge, professionalism and prompt responsiveness provided by Best Best &

Krieger over the years, and the firm's broad experience in LAFCO law and matters are paramount to the Commission's proposals and other activities.

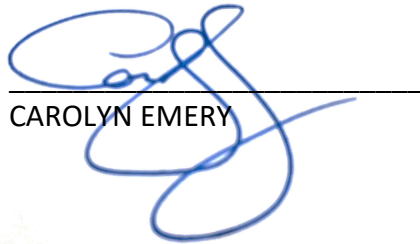
For these stated reasons, staff recommends the Commission approve the Second Amendment modifying the term of the Agreement to remain open and at-will, while reserving OC LAFCO's ability to terminate the Agreement with written notice at any time with or without cause. The Amendment provides that all other provisions of the Agreement remain unchanged and continue in full effect. Finally, should the Commission approve the Amendment, the firm's partners, Scott C. Smith and Paula de Sousa, will continue to serve as lead and backup counsel, respectively.

RECOMMENDED ACTION:

Staff recommends the Commission:

1. Approve the Second Amendment to the Agreement between OC LAFCO and Best Best & Krieger for legal services.

Respectfully submitted,



CAROLYN EMERY



GAVIN CENTENO

Attachments:

1. Best Best & Krieger Proposal Letter (December 22, 2023)
2. Form of Second Amendment to OC LAFCO Professional Consultant Services Agreement with Best Best & Krieger
3. Professional Consultant Services Agreement with Best Best & Krieger



Scott C. Smith
Partner
(949) 263-6561
scott.smith@bbklaw.com

December 22, 2023

Local Agency Formation Commission
c/o Executive Officer Carolyn Emery
Local Agency Formation Commission of Orange County
2677 N. Main St., Unit 1050
Santa Ana, CA 92705

Dear Commission and Carolyn:

Best Best & Krieger LLP (“BB&K”) has been honored to serve as your general counsel for nearly 30 years. Your Commission was one of California’s first independent commissions to hire independent outside counsel, and we were happy to have prevailed in two RFP processes, one to land this contract and one to keep it. that competition and one additional RFP process for that distinction. Nevertheless, we believe that we must earn your trust every day of our service with our expertise, leadership, institutional memory, commitment, professionalism, and excellent rapport with your Orange County stakeholder agencies.

Partly because it is so unusual with our general counsel clients, as it is with you and your home agencies and attorneys, we overlooked the expiry date in our current contract this August. We’ve been serving month to month since August. For the reasons explained below, we are proposing that the Commission amend our agreement to eliminate the contract term date, but leave it at-will. This way, you could still solicit legal services any time you want, but wouldn’t be compelled to run a regular RFP process. Again, we don’t think this will strike you as unusual since we’re almost certain you use this system with your home agency lawyers whether in-house or contract.

The proposed retainer amendment eliminates the fixed term in our services agreement. We are not sure what the intent of this provision was when it was proposed and included previously, but we noted then and will note now that it is very unusual. I don’t believe that any other of our Orange County legal services agreements contains a fixed term. In my experience, regular auditions for renewal of a general counsel services agreement can be disruptive, labor-intensive, and potentially negatively political considering. It’s also a process that is surplus; to a dissatisfied Commission, the term of an at-will service agreement is meaningless anyway – the Commission may terminate the contract at any time. Most commissions conclude that institutional knowledge, continuity, history, trust, and succession are very important.

We recognize, by contrast, that in other contexts (e.g., auditors), “fresh eyes” without client history might actually be a benefit, but when it comes to legal services most public agencies assume that institutional knowledge, continuity, history, and succession are very important. For this reason, you’ll note, several Orange County cities, including one of our clients, employ the same firms they’ve used since incorporation.

Local Agency Formation Commission

December 20, 2023

Page 2

Our experience is that a legal services agreement with a “shot clock” term has a negative effect on our ability to attract good lawyers to client service teams. Success at our firm requires longstanding client relationships, so our most dedicated associates logically seek a “long game” when it comes to their client investments. They want to invest in client relationships they see as longstanding. Their dedication and mine doesn’t hinge on the length of our contracts. But if those relationships appear tentative, as much as our lawyers are committed to providing quality service for every hour they log, capable junior lawyers tend to gravitate to surer bets.

For all these reasons, we are requesting that the Commission eliminate the term restriction in our engagement and convert it to a much more typical at-will engagement with this proposed amendment. We still expect, of course, to meet the Commission’s every demand in terms of performance and value.

Sincerely,

Scott C. Smith
of BEST BEST & KRIEGER LLP

SECOND AMENDMENT TO AGREEMENT FOR LEGAL SERVICES

This Second Amendment to Professional Services Agreement for Legal Services (“Second Amendment”) is made and entered into by and between the Local Agency Formation Commission of Orange County, hereinafter referred to as "OC LAFCO," and the law firm of Best Best & Krieger LLP, hereinafter referred to as "Counsel." OC LAFCO and Counsel agree to the following terms and conditions by which Counsel will be engaged to represent OC LAFCO in connection with the provision of legal services.

RECITALS

- A. WHEREAS, on August 1, 2018, OC LAFCO and Counsel entered into a Professional Services Agreement for Legal Services ("Agreement") under which Counsel serves as General Counsel of the Local Agency Formation Commission of Orange County.
- B. WHEREAS, on June 9, 2021, OC LAFCO and Counsel entered into a First Amendment to Professional Services Agreement for Legal Services (“First Amendment”) in order to extend the term of the Agreement.
- C. WHEREAS, Section 6 of the Agreement prescribed a fixed date for its expiration, yet OC LAFCO is also empowered to terminate the Agreement at-will. OC LAFCO now desires to enter into this Second Amendment in order for the Agreement’s term to remain open and at-will, while reserving for itself the ability to terminate the Agreement at any time with or without cause.

NOW, THEREFORE, OC LAFCO and Counsel, for the consideration hereinafter named, agree as follows:

- 1.0 **Term of Agreement.** Section 6.0 of the Agreement is hereby amended in its entirety to read as follows:

"This Agreement is at-will and terminable by OC LAFCO at any time with 30 days’ written notice to Counsel.”

- 2.0 **Binding Effect.** Except as specifically amended by the terms of this Second Amendment, all remaining provisions of the Agreement shall remain unchanged and continue in full force and effect.

Signatures on following page

Dated this ____ day of January 2024.

LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY

By: _____
Donald P. Wagner, Chair

BEST BEST & KRIEGER LLP

By: _____
Scott C. Smith, Partner

Attest:

Cheryl Carter-Benjamin, Commission Clerk
OC LAFCO

AGREEMENT FOR LEGAL SERVICES

This AGREEMENT is made and entered into by and between the Local Agency Formation Commission of Orange County, hereinafter referred to as "LAFCO", and the law firm of Best Best & Krieger LLP, hereinafter referred to as "Counsel". LAFCO and Counsel agree to the following terms and conditions by which Counsel will be engaged to represent LAFCO in connection with the provision of legal services.

RECITALS

- A. WHEREAS, LAFCO desires to obtain from Counsel all legal services which Counsel can provide in the capacity of legal counsel for LAFCO; and
- B. WHEREAS, this Agreement is entered into pursuant to the provisions of Government Code Section 56384(b).

NOW, THEREFORE, LAFCO and Counsel, for the consideration hereinafter named, agree as follows:

1.0 Scope of Services

- 1.1 Counsel shall perform all general and specialized legal services as may be required by LAFCO.
- 1.2 Counsel shall attend all meetings of LAFCO as well as other meetings as required.

2.0 Personnel

- 2.1 Scott Smith shall serve as legal counsel to LAFCO. Mr. Smith shall be responsible for the performance of services hereunder and shall supervise any services performed by other members of Counsel.
- 2.2 Paula de Sousa Mills shall provide backup to Mr. Smith regarding the provision of legal services. In addition, Ms. de Sousa Mills shall be available to provide any legal services specifically requested by LAFCO or its staff.

3.0 Compensation

- 3.1 LAFCO shall compensate Counsel on an hourly basis for general counsel services rendered as follows:

\$250 per hour for attorneys
\$135 per hour for paralegals

- 3.2 The hourly rates for any applicant-initiated services shall be at BB&K's current published standard private client rates, less ten percent (10%), which shall be provided to LAFCO at the beginning of each calendar year. The 2018 rates are provided as Attachment A.
- 3.2 Reimbursement of costs advanced by Counsel on LAFCO's behalf, as well as other expenses, shall be billed in addition to the amount billed for fees. These include automobile mileage at the current IRS approved rate per mile, actual expenses away from Counsel's offices on LAFCO's business, and extraordinary photocopy charges at \$0.17 per page and \$0.85 per page for color copies. All costs will be itemized on LAFCO's monthly statement and supporting documents of the direct costs will be provided to LAFCO for payment.
- 3.3 For purposes of mileage reimbursement to and from LAFCO meetings the parties agree that Counsel shall bill for mileage to and from its Orange County office.
- 3.4 Counsel shall submit monthly to LAFCO a statement of account for services which clearly sets forth by date the type of work for which the billing is submitted. LAFCO shall review Counsel's monthly statements and pay Counsel for services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.
- 3.5 For as long as BB&K maintains the staffing team designated in section 2.0 of this Agreement, beginning on August 1, 2018 and continuing on July 1 of each year thereafter, BB&K's hourly rates (with the exception of Applicant-Initiated rates, which shall be adjusted as described above) shall automatically increase by the lesser amount of either the percentage increase in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange Counties for the previous calendar year or five percent (5%).

4. Insurance Coverage

Counsel carries errors and omissions insurance with Lloyd's of London. After a standard deductible amount, this insurance provides coverage which exceeds what is required by the State of California. Counsel shall provide LAFCO with a copy of this insurance policy. Counsel agrees to notify LAFCO if this policy is cancelled or non-renewed.

5. Mutual Cooperation

- 5.1 Counsel has an extensive public law practice on a regional basis. Counsel represents various public agencies in Orange County. Counsel will not represent LAFCO and one of Counsel's public agency clients interacting with LAFCO unless both LAFCO and the public agency client have consented to such dual representation.
- 5.2 Counsel understands that clients interested in matters under California Rule of Professional Conduct 3-310 are clients qualifying as "affected agencies" under the Cortese-Knox-Hertzberg Act. Counsel will provide the Executive Officer notice under Rule 3-310 as clients appear on staff's work in progress matrix or as counsel otherwise becomes aware of their involvement as "affected agencies". The Executive Officer will forward such notices to the Commission prior to Commission workshops, or if no workshop occurs, with notices of hearings. The Executive Officer may acknowledge disclosures and may waive conflicts under Rule 3-310, subject to revocation by the Commission prior to the workshop or hearing.
- 5.3 In the event that one of Counsel's public agency clients appears before LAFCO, subject to Rule 3-310, Counsel shall represent LAFCO and shall not represent Counsel's public agency client on the LAFCO matter.

6.0 Term of Agreement

The term of this Agreement shall be for three (3) years from August 1, 2018 until July 30, 2021 unless terminated earlier with sixty (60) days' written notice from either party with or without cause. Upon mutual written agreement of the Parties, the Agreement may be extended for two (2) additional one-year terms.

7.0 Enforcement

This Agreement shall be construed and enforced in accordance with the laws of the State of California.

8.0 Entire Agreement

This Agreement constitutes the entire written agreement between LAFCO and Counsel and may be modified only by further written agreement between the parties.

Dated this 11th day of July 2018.

LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY

By: 
Derek J. McGregor, Chair

BEST BEST & KRIEGER LLP

By: 
Scott Smith, Partner

ATTACHMENT “A”

RATE LIST - ALPHA SORT

TIMEKEEPER NAME	TITLE	RATE	TIMEKEEPER NAME	TITLE	RATE	TIMEKEEPER NAME	TITLE	RATE
ABZUG, JANE	ASSOCIATE	260	GUIBOA, RYAN	ASSOCIATE	280	PROCK, MARNIE	PARALEGAL	250
ACKERMAN, JASON	PARTNER	460	HABTE, LEEANN	PARTNER	525	PUCKETT, LINDSAY	PARTNER	460
ADAMS, FRANKLIN	PARTNER	550	HAGERTY, SHAWN	PARTNER	525	QUINN, EDWARD	PARTNER	500
ALLEN, DAVID	PENSION CONSULTANT	365	HAN, ELIZABETH	ASSOCIATE	325	REESE, BRITTANY	PARALEGAL	260
ALPERT, ALISON	PARTNER	480	HANNA, ROBERT	PARTNER	545	REIDER, BRIAN	PARTNER	525
ALSOP, CLARK	PARTNER	560	HARGREAVES, ROBERT	PARTNER	525	REYES, GEORGE	PARTNER	575
AMON, SHAUNA	ASSOCIATE 2	235	HARPER, JAMES	PARTNER	525	RICE, THOMAS	ASSOCIATE	280
ANDERSON, PRISCILLA	PARALEGAL	250	HARRIS, DINA	PARTNER	500	RICHARDS, DANIEL	ASSOCIATE	265
ANDERSON, STEVE	PARTNER	535	HAWKINS, T. BRENT	PARTNER	495	RICHARDSON, MATTHEW	PARTNER	450
ANDREWS, REBECCA	ASSOCIATE	325	HAYES, CRAIG	ASSOCIATE 2	235	RIDDELL, MICHAEL	PARTNER	575
ARROWSMITH, LAURI	OF COUNSEL	450	HEAD, ELLEN	ASSOCIATE	350	RIVERA, RIKI	PARALEGAL	265
ASMUNDSON, SIGRID	OF COUNSEL	425	HESTER, VICTORIA	ASSOCIATE	275	ROBINSON, RICK	PARTNER	550
BACA, ALEXANDRA	ASSOCIATE	260	HICKEY, CHRISTINA	OF COUNSEL	450	RODRIGUEZ, GREGORY	OF COUNSEL	400
BALLINGER, JEFF	PARTNER	460	HICKMAN, JAMIE	ADMINISTRATION	165	ROMERO, TERESA L.	MUNI ANALYST	230
BALLOUE, ELIZABETH	PARALEGAL	250	HO, ALLEN WEI-LUN	ASSOCIATE 2	245	ROSEN, ISAAC	ASSOCIATE	275
BARKET, ELIZABETH	ASSOCIATE	275	HOBSON, JAMES	OF COUNSEL	575	ROTSCHAEFER, JOHN	PARTNER	575
BARNES, PEGGY	PARALEGAL	265	HOFFMAN, WENDY	ADMIN. ASST.	100	RUBIO, TANYA	ADMIN. ASST.	180
BARON, RYAN	OF COUNSEL	460	HOGIN, CHRISTI	OF COUNSEL	550	RUSIN, TREVOR	PARTNER	425
BEACH, BRUCE	PARTNER	575	HOLLOWAY, JOHN	PARTNER	515	SAFIE, ISABEL	PARTNER	500
BECK, LINDA	PARTNER	450	HOLMES, CATHY	PARTNER	515	SAGHIAN, ANDREW	ASSOCIATE 2	235
BEHRENS, RUSSELL	PARTNER	695	HONG, NOWLAND	OF COUNSEL	575	SAKAI, DANIELLE	PARTNER	475
BENJAMIN, DAKOTAH G.	ASSOCIATE	300	HOOD, KIMBERLY	PARTNER	450	SALENKO, CATHY DEUBEL	PARTNER	545
BLACKHURST, WHITNEY	ASSOCIATE	275	HOSKING, MARGARET	PARTNER	475	SALT, KELLY	PARTNER	485
BRAND, ALEXANDER	ASSOCIATE	260	HOWARD, DANA	ASSOCIATE	300	SANCHEZ, BRANDON	ASSOCIATE	275
BRENNER, SABRINA	ADMIN. ASST.	220	HULL, ELIZABETH	PARTNER	525	SANCHEZ, CAROL	PARALEGAL	260
BROWN, JOHN	PARTNER	575	IBARRA, LAURIE	PARALEGAL	260	SANCHEZ, JOSEPH	PARTNER	475
BYRENS, KIM	PARTNER	535	INGRAM, TAMMY	PARALEGAL	245	SANTIAGO, RACHEL	PACE CLOSER	70
BYRNE, JOSEPH	PARTNER	525	JENKINS, MICHAEL	OF COUNSEL	550	SCHARTIGER, HANNAH	ASSOCIATE	350
CAMPBELL, SCOTT	PARTNER	575	JOHNSTON, ARTHUR	PARALEGAL	270	SCHILLER, CHARITY	PARTNER	495
CAMPOS, CARLOS	PARTNER	450	KARISH, GAIL	PARTNER	535	SCHONS, GARY	OF COUNSEL	575
CARNEY, BEN	ASSOCIATE 2	245	KARLSON, MARY	PARALEGAL	240	SCHWAB, ANA	AST DIR GOV AFF	250
CARPENTER, CHRISTOPHER	OF COUNSEL	575	KETTLES, GREGG	PARTNER	485	SCHWING, ANN TAYLOR	OF COUNSEL	525
CARVALHO, SONIA	PARTNER	550	KHARUF, LUTFI	ASSOCIATE	350	SHAH, MRUNAL	OF COUNSEL	460
CHAIDEZ, EMILY	ASSOCIATE	275	KIM, KANDICE	ASSOCIATE	275	SHANE, HAVIVA	OF COUNSEL	425
CHANDLER, MARILYN	PARALEGAL	265	KING, WILLIAM	LIT ANALYST	250	SHESTON, STACEY	PARTNER	450
CHANG, JEFFREY	PARTNER	695	KRIEGER, MILES B. H.	ASSOCIATE 2	255	SHIMELL, DANIEL	ASSOCIATE	475
CHAPARRO, REBECCA	ASSOCIATE	275	LANGER, LAUREN	PARTNER	425	SIMMONS, WARD	OF COUNSEL	260
CHARNE, AMANDA	ASSOCIATE	310	LEDERER, GERARD LAVERY	PARTNER	550	SIPRELLE, ANN	PARTNER	500
CHAVEZ, ANTHONY	ASSOCIATE	300	LEE, HEATHER	OF COUNSEL	500	SKANCHY, ANDREW	OF COUNSEL	440
CHEN, SAMANTHA	ASSOCIATE	260	LEE, JEREMIAH	ASSOCIATE	350	SLEEPER, LYNN	PARALEGAL	290
CLARKE, JACK	PARTNER	550	LEISHMAN, TODD	OF COUNSEL	375	SMITH, MONICA	PARALEGAL	260
COBURN, MARY BETH	PARTNER	480	LeVOTA, JOSEPH	ASSOCIATE	350	SMITH, SCOTT	PARTNER	560
COHEN, MARVIN	PARALEGAL	265	LINDLEY, ALLAN	PACE CLOSER	70	SNARR, GREGORY	PARTNER	350
COLESON, JANET	PARTNER	500	LITTLEWORTH, ARTHUR	PARTNER	695	SPENCER, LISA	ADMIN. ASST.	170
COLLINSON, BRENT	OF COUNSEL	500	LOCKWOOD, KIRSTIN	ADMIN. ASST.	180	STEELE, KRYSSTEN	PARALEGAL	265
COOMES, JOSEPH	OF COUNSEL	525	LOMAKIN, JESSICA	ASSOCIATE	300	STEINER, HARRIET	PARTNER	495
COTTI, JOHN	PARTNER	500	LOPEZ, CHRISTY	OF COUNSEL	450	STEWART, HOLLAND	ASSOCIATE 2	235
CRAWFORD, ROGER	PARTNER	550	LOVERIDGE, GARY	OF COUNSEL	625	STRACKE, MARY	PARALEGAL	265
DAAMS, AMANDA	ASSOCIATE	350	LYNCH, JENNIFER	ASSOCIATE	290	STRICKROTH, LAUREN	PARTNER	450
DALLARDA, PIERO	PARTNER	550	MACVEY, KENDALL	PARTNER	575	STUBBS, NANCY	PARALEGAL	265
DE ANDA, DAISY	RESEARCH ANALYST	150	MALDONADO, ALBERT	ASSOCIATE 2	235	SUBRAMANIAN, MALATHY	PARTNER	460
de SOUSA MILLS, PAULA	PARTNER	480	MARTINEZ, MARCO	PARTNER	500	TA, CATHY	OF COUNSEL	400
DEAL, CHRISTOPHER	PARTNER	450	MAURER, MICHAEL	PARTNER	360	TALLEY, CRISTINA	OF COUNSEL	500
DEBAUN, STEVEN	PARTNER	575	MCCOY, HEATHER	PARALEGAL	250	TANAKA, GENE	PARTNER	595
DEITSCH, STEPHEN	PARTNER	575	MCLAUGHLIN, DOROTHY	OF COUNSEL	425	THOMPSON, PAMELA	OF COUNSEL	500
DEVERS, SYRUS	SR DIR GOV AFF	525	MEREWITZ, SETH	PARTNER	475	TRAN, MARC	ASSOCIATE	260
DIAZ, CHRISTOPHER	PARTNER	450	MILLER, NICHOLAS	PARTNER	600	TREMBLAY, JILL	ASSOCIATE	260
DITFURTH, SCOTT	PARTNER	450	MOFFITT, CHRIS	ASSOCIATE 2	360	TUCKER, SHERRY	PARALEGAL	365
DIVEN, WARREN	PARTNER	575	MONETTE, ANDRE	PARTNER	450	UEDA, KARA	PARTNER	425
DIJANG, CAROLINE	PARTNER	495	MOOS, DAMIAN	PARTNER	425	VALDEZ, DIANNA	PARALEGAL	265
DONEGAN, PATRICK	ASSOCIATE	275	MORIMOTO, MARISSA	ASSOCIATE 2	235	VAN DIJK, KAREN	PARTNER	470
DORWARD, TYREE	PARTNER	465	MORRIS, STEFANIE	PARTNER	425	VAN EATON, JOSEPH	PARTNER	575
DUNN, JEFFREY	PARTNER	625	NEETHLING, SUSAN	OF COUNSEL	500	WAGNER, DONALD	OF COUNSEL	500
DURAN, RUBEN	PARTNER	475	NELSON, JOSHUA	PARTNER	385	WAHLIN, JOHN	PARTNER	550
EASTER, MARK	PARTNER	575	NGUYEN, HONGDAO	ASSOCIATE	350	WALSETH, RANDI	PARALEGAL	260
EGGER, RICHARD	PARTNER	550	NOREEN, BRIANA	PARALEGAL	210	WALSH, ETHAN	PARTNER	425
ELIAS, ANDREW	ADMIN. ASST.	180	NORTHCUTT, DAMIAN	ASSOCIATE	360	WALSTON, RODERICK	OF COUNSEL	600
ENCHILL, MICHELLE	ASSOCIATE	350	NORVELL, NICHOLAS	ASSOCIATE	270	WANG, KEVIN	ASSOCIATE	350
FERRE, JEFF	PARTNER	575	O'BRIEN, NORA	ASSOCIATE	360	WANG, WENDY	OF COUNSEL	425
FOGARTY, KAREN	PARALEGAL	260	O'CONNELL, THOMAS	ASSOCIATE	350	WELLES, G. HENRY	PARTNER	450
FOLEY, SARAH	ASSOCIATE	325	OLSON, ALICE	RESEARCH ANALYST	245	WENZLAU, SOPHIE	ASSOCIATE 2	235
FOWLER, LAURA	OF COUNSEL	450	ORNELAS, JUAN	LIT ANALYST	270	WHITLEY, BRIAN	PARTNER	435
FRANKEL, TODD	PARALEGAL	280	ORTIZ, JOSEPH	PARTNER	470	WINTERSWYK, ALISHA	PARTNER	495
FRESHMAN, JOHN	SR DIR GOV AFF	550	OTTO, KYLEE	OF COUNSEL	475	WOLF, VICTOR	PARTNER	550
FRIAS, GUILLERMO	OF COUNSEL	450	OUELLETTE, MICHELLE	PARTNER	675	WOOD, CHRISTINE	ASSOCIATE	275
GARNER, ERIC	PARTNER	750	OWEN, EPIPHANY	PARTNER	450	WORDHAM, DEBORAH	OF COUNSEL	525
GASPARINI, JOHN	ASSOCIATE	260	OWSOWITZ, SARAH	OF COUNSEL	535	WRIGHT, NATALIE	PARALEGAL	250
GEDIMAN, MARK	RESEARCH ANALYST	245	PARK, NANCY	PARTNER	500	YAEGER, JACQUELINE	ASSOCIATE 2	235
GERMANO, CYNTHIA	PARTNER	550	PICO, NICOLE	ADMIN. ASST.	175	YANDEL, DAWN	PARALEGAL	250
GILPIN, JAMES	PARTNER	550	PIERUCCI, DAVID	ASSOCIATE	275	YANG, IRIS	PARTNER	495
GLESS, MARIA	PARTNER	485	PISANO, CHRISTOPHER	PARTNER	500	YOUNG, SHELBY	PARALEGAL	275
GOLDS, HOWARD	PARTNER	550	PONTO, VICTOR	ASSOCIATE	385	ZAMBRANO, ASHLEY E.	ASSOCIATE	275
GOLUB, HOWARD V.	OF COUNSEL	695	PRATER, ARLENE	PARTNER	550	ZARIF, JESSICA	ADMIN. ASST.	180
GRACE, MATTHEW	ASSOCIATE	350	PRICE, GLEN	PARTNER	525	ZIMMERMAN, JOYCE	PARALEGAL	260
GREEN, MATTHEW	OF COUNSEL	460	PRIEST, WILLIAM	OF COUNSEL	440			
GRIMES, DENISE	OF COUNSEL	385						

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Carol Moore

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Lou Penrose

Public Member

STAFF

Carolyn Emery

Executive Officer

Scott Smith

General Counsel

MEETING DATE: January 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

SUBJECT: FY 23-24 Mid-Year Work Plan Update

BACKGROUND

On August 10, 2022, the Commission approved the 2022-2025 OC LAFCO Work Plan. The Plan identifies key objectives for the implementation of the agency's goals outlined in the three-year Strategic Plan. At mid-point of each fiscal year, staff provides a report to the Commission on the status of the objectives, as well as applications filed with the agency. This report provides an update on the activities of the work plan through the end of 2023.

DISCUSSION

Project Applications

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act"), OC LAFCO is required to efficiently process applications for changes of organization or reorganization. Because of statutory timelines, filed applications take precedence over other agency activities and projects. During the current fiscal year, staffing resources have been attributed to an application filed by the Orange County Water District (OCWD) to conduct a municipal service review involving the feasibility of potential consolidation of OCWD and the Municipal Water District of Orange County. The process also includes a comprehensive review of the services and operations of OCWD in part to the MSR schedule adopted by the Commission. The MSR process is well underway and a public draft of the MSR is expected to be released in Summer 2024. Another application requesting the authorization of powers to provide flood protection services was withdrawn by the

Capistrano Bay Community Services District in October, and therefore, will not require further staff resources.

In addition to processing the noted application, staff anticipates receiving at least one annexation application during the current fiscal cycle and is in discussion with another agency involving the authorization of police protection powers. Also, staff will be initiating discussions and following up on previous dialogue with the cities of Buena Park, Westminster and Yorba Linda regarding potential annexation of unincorporated areas within their respective spheres of influence.

2022-2025 Strategic Plan Goals

This section of the report provides summaries of the progress of the Commission's multi-year work plan that has occurred since its approval in August 2022. The approved plan may also be referenced through **Attachment 1 (pages 4-7)** to this report.

Staff Development, Retention and Recruitment

Efforts focused on staff development and retention continued during the current fiscal year through the following efforts:

- ✓ Enhancement of vacation leave accrual benefit for existing and future OC LAFCO employees.
- ✓ Staff development in planning, mapping and clerking areas through participation in the Environmental Systems Research Institute (ESRI) and City Clerks Association of California regional conferences.
- ✓ Ongoing cross-training of staff in budgeting, auditing, digital archiving and legislative affairs areas.

An additional objective for this goal identified by the Commission within the current work plan is to update the classification, compensation and benefits assessment approved by the Commission in March 2018. Staff will meet with the Executive Committee in February to discuss the process for this objective.

Improve Municipal Service Review (MSR) Process for Future MSRs

As a key mandate for the Commission, the following activities involving MSRs and this goal were completed during the first half of the current fiscal cycle:

- ✓ **Completion of MSRs**
To date, the Commission has completed fourth cycle MSRs for 13 cities and 16 special districts, while the MSR process for two regional special districts and the Central Region are underway. Through a robust schedule and committed resources, it is anticipated that only three regions (Southeast, Coastal and North) will remain in the Commission's MSR queue by December 2024. Completion of the multiple MSRs represent a huge milestone for the Commission's three-year goals. For reference, the MSR Schedule is attached to this report.

✓ **Web-based Programs**

The fiscal indicators, shared services and MS dashboard web-based programs are one step closer to being live on the agency's improved website. Once launched, there will be an entry to each program where the user may begin the journey of viewing fiscal data for Orange County's cities and special districts, search the world of municipal service delivery, and our local agencies may continue exploring the platform for shared services opportunities. Once development and migration testing are complete, a formal and widespread announcement will be distributed to Commissioners and varying OC LAFCO stakeholders. Additionally, these resources will be highlighted during the upcoming LAFCO 101 sessions.

Promote Legislative Engagement

During the first half of the current work plan cycle, as with previous others, activity of the legislative front has been relatively quiet. This is attributed to recess of the Legislature and the norm of CALAFCO's focus on prioritizing areas of LAFCO interest that may be introduced during the new session. However, during this quiet time, OC LAFCO staff and Commissioner McGregor were appointed to the CALAFCO legislative committee, and through their participation, the Commission will stay in front of legislation that may impact LAFCOs, both locally and across the State. The committee will meet next on January 12, 2024

Optimize External Communication

Objectives set by the Commission for this goal are intended to raise awareness of OC LAFCO's project and activities through ongoing communication and outreach to our local agencies and communities. Halfway through the current work plan cycle, the following objectives have been met:

- ✓ December Edition of The Pulse published and distributed to local agencies and other interested parties.
- ✓ Engaged consultant to perform enhancements to agency's website. *(Near completion)*

Additionally, in February, the Commission will revisit the agency's Communication Plan adopted by the Commission in August 2020. The study session is intended to review the implementation of pertinent components of the plan and engage in feedback on their effectiveness and any opportunities to adjust them.

SUMMARY

During the second half of the current fiscal cycle, staff will continue to focus on the objectives of the Commission's multi-year strategic plan. Projects and activities will include: processing of filed applications, continued conducting of MSRs, engaging County and cities on potential

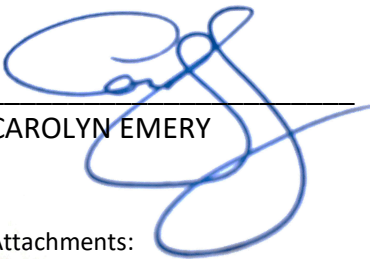
unincorporated island annexations, and development of workshops and webinar to enhance agencies and interested parties' understanding of OC LAFCO's purpose and resources. The next update on the OC LAFCO work plan will be given in part to agency's fiscal year-end comprehensive report.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the FY 23-24 Mid-Year Work Plan Update.

Respectfully submitted,



CAROLYN EMERY

Attachments:

1. 2022-2025 Strategic Plan and Work Plan
2. OC LAFCO MSR Schedule (Upd. January 2024)

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	Course development underway.
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 <i>(in-progress)</i>	<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. 1. 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. ■ Development of shared services system for areas such as: landscape and fleet maintenance. 	<p>Brea Fullerton La Habra Placentia Yorba Linda</p>	<p>Placentia LD Yorba Linda WD</p>
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"> 2. Impediments involving consolidation of agencies Shared services database that includes: operational and staffing costs; population growth impacts on infrastructure and land use. 	<p>Costa Mesa Huntington Beach Los Alamitos Newport Beach Seal Beach</p>	<p>Costa Mesa SD Irvine Ranch WD Mesa WD Rossmoor CSD Rossmoor/Los Alamitos SD Sunset Beach SD Surfside Colony CSD Surfside Colony SWSD</p>

 <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 MSRs</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	August 2023	All city and six special district SOIs reconfirmed. South Coast SOI continued to discuss South Laguna annexation.	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	September 2020	All city and special district SOIs reconfirmed.	2028

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STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: January 10, 2024

8d | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst I

SUBJECT: County Unincorporated Areas Report

BACKGROUND

Initiated in 2000, the Commission's Unincorporated Islands Program and policy have successfully facilitated over 50 annexations throughout Orange County. The collaboration of OC LAFCO, the County and several cities has also contributed to this long-standing effort. Today, the inventory includes 23 (large and small) unincorporated areas and delivering municipal services to the respective residential and business communities continues as one of OC LAFCO's key priorities. With the addition of new Commissioners, recent interest in annexation from select cities, and state law requirements, staff has prepared this comprehensive report to provide some brief historical context and demographic information on the county's unincorporated areas and disadvantaged unincorporated communities.

DISCUSSION

The transitioning of unincorporated areas to adjacent cities to facilitate more logical boundaries and improve efficiency in the delivery of municipal services is supported through California law and OC LAFCO's local efforts. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) codifies provisions for the streamline processing of small island (150 acres and under) annexations. The government code allows for the annexation of these areas without the opportunity for protests by registered voters or landowners within the affected area, and the Commission's local policy waives the fees for processing an annexation proposal filed by a city. The state and local provisions for these affected areas have contributed to the success of several small island annexations in Orange County. The following sections provide additional discussion on: 1) the Commission's latest effort to facilitate potential annexation discussions with cities; 2) unincorporated areas of high interest; and 3) OC LAFCO's mandate involving disadvantaged unincorporated communities (DUCs).

Fiscal Profiles

As part of the OC LAFCO Unincorporated Areas Program, staff has developed and annually maintains profiles of the remaining county unincorporated areas. The profiles include demographic and fiscal data relative to the revenue and expenditures generated within each area and are key in discussions with cities regarding annexation. In addition to the informative data, the profiles also include vicinity maps and physical depictions of the areas. The profiles recently experienced a modernization of their format and will be a part of the website’s upcoming migration. Agencies will be notified of the availability of the profiles on the website in the coming weeks, and the new profiles will be shared with cities with unincorporated areas of interest located in their respective sphere of influence. Under development are profiles for the South Orange County Unincorporated Communities (SOCUC). For your reference, an inventory of the County’s unincorporated areas and SOCUC is attached to this report.

Orange County Revenue & Expenditure Data				
Yorba Linda Unincorporated Islands (ID#36 - #37)				
County Revenue (2021-22)				
Island	Island ID#	Sales Tax	Property Tax	Total Taxes
Country Club	ID# 36 (Yorba Linda – 1)	\$69,141	\$144,694	\$213,835
Fairlynn	ID# 37 (Yorba Linda – 2)	\$241,511	\$120,793	\$362,304
Total Revenue:		\$310,652	\$265,487	\$576,139

Potential Property Tax Revenue upon annexation (based on the City/County Master Property Tax Exchange Agreement adopted on October 28, 1980):

Island	Island ID#	City Tax %	County Tax %	City Revenue	County Revenue
Country Club	ID# 36 (Yorba Linda – 1)	~56.3%	~43.6%	\$81,463	\$63,087
Fairlynn	ID# 37 (Yorba Linda – 2)	~56.3%	~43.6%	\$68,006	\$52,665

County Expenditures (FY2021-22)							
	Operations and Maintenance						
	OC Waste & Recycling	Animal Care Services	Sheriff	OCPW Road Maint.	OCPW Infra. Maint.	Code Enf.	O & M Totals
Country Club	\$987	\$2,207	\$231,971	\$48,947	\$8,614	\$2,832	\$295,558
Fairlynn	\$2,075	\$1,519	\$404,885	\$34,517	\$8,269	\$8,496	\$459,761
Total Expenditures	\$3,062	\$3,726	\$636,856	\$83,464	\$16,883	\$11,328	\$755,319

Island Profile

Areas of Interest

Staff has identified unincorporated areas of interest for Fiscal Year 2023-24 based on recently completed Municipal Service Reviews (MSRs) and previous discussions with cities. The table below highlights the areas of interest that staff will engage cities on during the current fiscal cycle. Additional demographics on these areas may be found in Attachment 1 to this report.

Table 1: Unincorporated Areas of Interest

Area	SOI	Effort
<p>(1) Large Island:</p> <ul style="list-style-type: none"> Bolsa-Midway <p>(3) Small Islands:</p> <ul style="list-style-type: none"> Bolsa-Pacific McFadden-Monroe Beach-McFadden 	Westminster	OC LAFCO/City/County discussions. City is currently assessing profiles and other information relative to annexation.
<p>(1) Small Island:</p> <ul style="list-style-type: none"> Andora-Hope 	Buena Park	OC LAFCO to meet with City and County to discuss annexation as follow up to MSR determination where County expressed interest.

Disadvantaged Unincorporated Communities (DUCs)

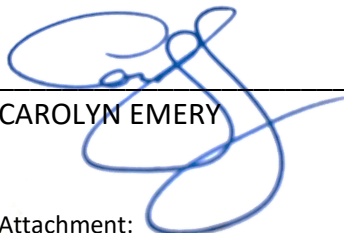
In 2012, the Legislature began requiring LAFCOs to identify and map DUCs within their respective county. The codified mandate is one of many efforts led by the State to address the deficiency in water and wastewater service delivery to DUCs. A DUC is an unincorporated area with an average median household income that is less than 80 percent of the statewide annual median household income. To meet this mandate, OC LAFCO has developed profiles and maps for each of the eleven DUCs adjacent to the cities of Anaheim, Stanton, and Westminster. In part to this effort, staff has provided notice to these cities regarding OC LAFCO's mandate and other requirements that they must meet involving DUCs. More recently, staff worked with the Center for Demographic Research (CDR) to review the status of DUCs in Orange County following the most recent census conducted in 2020. Staff is currently developing profiles for the DUCs that will be available on the agency website in the future. Additionally, the agency's local policy on DUCs and the agreement with CDR support ongoing maintenance of DUC mapping and data and processing DUC annexations in accordance with the Commission's state mandate.

RECOMMENDED ACTION

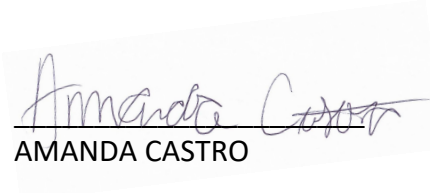
Staff recommends the Commission:

1. Receive and file the report on the county unincorporated areas.

Respectfully Submitted,



CAROLYN EMERY



AMANDA CASTRO

Attachment:

1. County Unincorporated Areas Inventory

Table 1: COUNTY UNINCORPORATED AREAS INVENTORY

Small Unincorporated Areas (150 acres and under)		
CITY (Sphere)	AREA	DEMOGRAPHICS
Buena Park	Andora-Fairhope	Acreage: 39.02 Population: 396
Fountain Valley	Fountain Valley	Acreage: 20.92 Population: 1,223
Orange	El Modena	Acreage: 101.67 Population: 2,851
	Lincoln-Glassell	Acreage: 103.03 Population: None
	North El Modena	Acreage: 31.59 Population: 530
	Olive Heights	Acreage: 32.47 Population: 506
Stanton	Dale-Augusta	Acreage: 98.79 Population: 1,928
	Katella-Rustic	Acreage: 10.57 Population: 297
	Mac-Syracuse	Acreage: 27.28 Population: 453
Westminster	Beach-McFadden	Acreage: 40.77 Population: 569
	Bolsa-Pacific	Acreage: 21.14 Population: 669
	McFadden-Monroe	Acreage: 32.84 Population: 519
Yorba Linda	Fairlynn	Acreage: 146.62 Population: 1,522
Large Unincorporated Areas (over 150 acres)		
CITY	AREA	DEMOGRAPHICS
Anaheim	Southwest Anaheim	Acreage: 493.46 Population: 9,231
Costa Mesa	Santa Ana Country Club/South Mesa	Acreage: 195.02 Population: 822
Huntington Beach	Bolsa Chica	Acreage: 1,489.76 Population: None
Los Alamitos	Rossmoor	Acreage: 988.37 Population: 10,511
Newport Beach	Banning Ranch	Acreage: 526.44 Population: 23

Table 1: COUNTY UNINCORPORATED AREAS INVENTORY

Large Unincorporated Areas (over 150 acres)		
Orange	Santiago Creek	Acreage: 187.25 Population: 0
	Orange Park Acres	Acreage: 394.02 Population: 1,088
Orange/Tustin	North Tustin	Acreage: 4,214.03 Population: 25,440
Westminster	Bolsa-Midway	Acreage: 296.85 Population: 7,084
Yorba Linda	Country Club	Acreage: 221.60 Population: 872

Table 2: SOUTH ORANGE COUNTY UNINCORPORATED COMMUNITIES (SOCUC)		
AREA	DEMOGRAPHICS	CITY (Sphere)
Coto de Caza	Acreage: 4,959 Population: 15,873	Rancho Santa Margarita
Las Flores	Acreage: 1,414 Population: 5,227	
Stonecliffe	Acreage: 64 Population: 515	
Wagon Wheel	Acreage: 219 Population: 2,463	
Ladera Ranch	Acreage: 3,170 Population: 25,526	NOT WITHIN CITY SPHERE
Rancho Mission Viejo	Acreage: 23,000 Population: 38,000 (<i>projected</i>)	NOT WITHIN CITY SPHERE