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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

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**BACKGROUND**

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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.

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**DISCUSSION**

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**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 Another application requesting the authorization of powers to provide flood protection services was withdrawn by the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.

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**SUMMARY**

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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

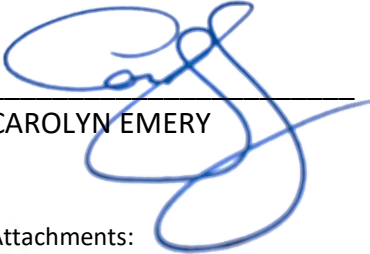
unincorporated island annexations, and development of workshops and webinar to enhance agencies and interested parties' understanding of OC LAFCO's purpose and resources. The next update on the OC LAFCO work plan will be given in part to agency's fiscal year-end comprehensive report.

**RECOMMENDED ACTION**

Staff recommends the Commission:

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

Respectfully submitted,



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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<br>Ongoing         |
| 2.2      | EO/AEO/<br>Analyst | Develop criteria for conducting the following MSR and SOI review processes for future reviews: <ol style="list-style-type: none"> <li>1. Comprehensive</li> <li>2. Reconfirm</li> <li>3. Update</li> </ol>  | Consultant | 2025             | Not started                 |
| 2.3      | AEO/Analyst        | Develop and distribute the following MSR questionnaires: <ol style="list-style-type: none"> <li>1. Pre-MSR/SOI – to assess which process will be conducted.</li> <li>2. Post-MSR/SOI process – to receive feedback on the MSR/SOI process.</li> </ol> |            | 2025<br><br>2022 | Not started<br><br>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<br>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<br>Ongoing         |


## GOAL 3: Promote Legislative Engagement

| Obj. No. | Staff Assigned           | Objective Description  | Resources | Schedule  | Status              |
|----------|--------------------------|--|-----------|-----------|---------------------|
| 3.1      | Commissioners/<br>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<br>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<br>Ongoing          |




|  <b>OC LAFCO</b><br><b>4<sup>TH</sup> Cycle - Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</b><br><b>YEAR 2023-24</b> |  |  |  |
|--|--|--|--|
| MSR Region   | Areas of Interest  | Cities   | Special Districts  |
| <b>Orange County Water District</b><br><i>(in-progress)</i>  | <ul style="list-style-type: none"> <li>■ Water: recycled water efforts, addressing the drought and water conservation.</li> <li>■ Use of MSRs as tool/resource to update on services provided by the district.</li> <li>■ Focused review of potential consolidation of OCWD and MWDOC</li> </ul>   |  | <b>Countywide District</b>   |
| <b>Central</b><br><i>(in-progress)</i>   | <ul style="list-style-type: none"> <li>■ Police</li> <li>■ Public Works                             <ol style="list-style-type: none"> <li>1. Affordable housing.</li> <li>2. Lack of alignment regarding Infrastructure limitations and legislative mandates on affordable and regular housing.</li> <li>3. Population growth demands on existing infrastructure.</li> </ol> </li> <li>■ Accessory dwellings’ impact on service delivery.</li> </ul>  | Anaheim<br>Irvine<br>Orange<br>Santa Ana<br>Tustin<br>Villa Park                                 | East Orange County WD<br>Irvine Ranch WD<br>Serrano WD<br>Silverado-Modjeska Parks & Rec. District   |
| <b>Southeast</b>   | <ul style="list-style-type: none"> <li>■ Public Works                             <ol style="list-style-type: none"> <li>1. Location and condition of public infrastructure.</li> </ol> </li> <li>■ Police                             <ol style="list-style-type: none"> <li>1. Fiscal sustainability of increasing costs of contracts with County Sheriff.</li> <li>2. Impacts of and ability to maintain related pension costs.</li> </ol> </li> <li>■ Water                             <ol style="list-style-type: none"> <li>1. Water quality involving low flow run-off issues.</li> <li>2. Assistance for agencies from treatment agencies on flow diversion and low flow funding mechanisms.</li> <li>1. Water rate structures and conservation.</li> </ol> </li> </ul> | Lake Forest<br>Mission Viejo<br>Rancho Santa Margarita<br>San Clemente<br>San Juan<br>Capistrano | El Toro WD<br>Irvine Ranch WD<br>Moulton Niguel WD<br>Santa Margarita WD<br>South Coast WD<br>Trabuco Canyon WD<br>South Orange County Wastewater Authority(JPA) |
| <b>Orange County Vector Control District</b><br><i>(in-progress)</i>   | <ul style="list-style-type: none"> <li>■ Public Works: mosquito breeding and conveyance systems.</li> <li>■ Parks and Recreation: mosquito breeding and lack of grounds maintenance.</li> </ul>  |  | <b>Countywide District</b>   |




OC LAFCO  
4<sup>TH</sup> 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"> <li>■ Fire and Emergency Response                             <ol style="list-style-type: none"> <li>1. Integration of fire and water services for more effective response during emergency and disaster events.</li> <li>2. Consolidation of internal services (i.e. procurement, HR, training).</li> <li>3. Regionalization of service delivery involving medical calls and reduction in costs.</li> <li>4. Maintaining of adequate fire suppression.</li> </ol> </li> <li>■ Police                             <ol style="list-style-type: none"> <li>1. Consolidation of specialty services that may include: CSI, dispatch, commercial and traffic enforcement.</li> <li>2. External issues involving consolidation of departments.</li> </ol> </li> <li>■ Shared Services                             <ol style="list-style-type: none"> <li>1. Maximizing of funding opportunities supported by County for unincorporated islands.</li> <li>2. Shared service models to increase funding for additional services that may include: IT, purchasing, training, HR, class comps.</li> </ol> </li> <li>■ Development of shared services system for areas such as: landscape and fleet maintenance.</li> </ul> | <p>Brea<br/>Fullerton<br/>La Habra<br/>Placentia<br/>Yorba Linda</p>                     | <p>Placentia LD<br/>Yorba Linda WD</p>  |
| Coastal    | <ul style="list-style-type: none"> <li>■ Public Works                             <ol style="list-style-type: none"> <li>1. Public outreach for better understanding of the financing of infrastructure.</li> <li>2. Correlation of level and cost of services.</li> <li>3. Economies of scale and potential shared services system for areas such as: fleet, tree trimming, and purchasing.</li> </ol> </li> <li>■ Solid Waste                             <ol style="list-style-type: none"> <li>1. Impacts of having fewer haulers on competitive bidding and rates.</li> </ol> </li> <li>■ Parks and Recreation</li> <li>■ Police                             <ol style="list-style-type: none"> <li>2. Impediments involving consolidation of agencies Shared services database that includes: operational and staffing costs; population growth impacts on infrastructure and land use.</li> </ol> </li> </ul>  | <p>Costa Mesa<br/>Huntington Beach<br/>Los Alamitos<br/>Newport Beach<br/>Seal Beach</p> | <p>Costa Mesa SD<br/>Irvine Ranch WD<br/>Mesa WD<br/>Rossmoor CSD<br/>Rossmoor/Los Alamitos SD<br/>Sunset Beach SD<br/>Surfside Colony CSD<br/>Surfside Colony SWSD</p> |

|  <p style="text-align: center;"><b>OC LAFCO</b><br/> <b>Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</b></p> <p style="text-align: center;"><b>COMPLETED MSR's</b></p> |  |                     |                    |                           |
|--|--|---------------------|--------------------|---------------------------|
| <b>MSR Region</b>  | <b>Services Provided</b>   | <b>MSR Approved</b> | <b>SOI Status</b>  | <b>Next Scheduled MSR</b> |
| <b>County Service Area Nos. 13, 22, and 26</b>   | Fund wastewater and park and recreation services countywide and within unincorporated areas adjacent to the cities of Buena Park and Yorba Linda.  | August 2022         | <b>Reconfirmed</b> | <b>2027</b>               |
| <b>Municipal Water District of Orange County</b>   | Manages Orange County's imported water supply and resource planning, with the exception of the cities of Anaheim, Fullerton, and Santa Ana.  | September 2020      | <b>Reconfirmed</b> | <b>2025</b>               |
| <b>Orange County Cemetery District</b>   | Owns and operates three public cemeteries located in the cities of Anaheim, Lake Forest and Santa Ana.   | October 2022        | <b>Reconfirmed</b> | <b>2027</b>               |
| <b>Orange County Sanitation District</b>   | 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      | <b>Reconfirmed</b> | <b>2025</b>               |

|  <p style="text-align: center;"><b>OC LAFCO</b><br/> <b>Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</b></p> <p style="text-align: center;"><b>COMPLETED MSRs</b></p> |   |  |                   |  |                    |
|---|---|--|-------------------|--|--------------------|
| MSR Region  | Cities  | Districts  | MSR Approved      | SOI Status   | Next Scheduled MSR |
| <b>Southwest</b>  | Aliso Viejo<br>Dana Point<br>Laguna Beach<br>Laguna Hills<br>Laguna Niguel<br>Laguna Woods        | Capistrano Bay CSD<br>Emerald Bay CSD<br>El Toro WD<br>Laguna Beach County<br>WD<br>Moulton Niguel WD<br>South Coast WD<br>Three Arch Bay CSD<br><br>JPA: South Orange<br>County<br>Wastewater Authority | August<br>2023    | <b>All city and six special district SOIs reconfirmed. South Coast SOI continued to discuss South Laguna annexation.</b> | <b>2028</b>        |
| <b>West</b>   | Cypress<br>Buena Park<br>Garden Grove<br>Fountain<br>Valley<br>La Palma<br>Stanton<br>Westminster | Buena Park LD<br>Cypress Rec. & Park<br>District<br>Garden Grove SD<br>Midway SD   | September<br>2020 | <b>All city and special district SOIs reconfirmed.</b>   | <b>2028</b>        |