



Local Agency Formation Commission of Orange County

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Santa Ana, CA 92705

Municipal Service Review and Sphere of Influence Reviews

West Region

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



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LIST OF ABBREVIATIONS USED

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

I. EXECUTIVE SUMMARY

INTRODUCTION

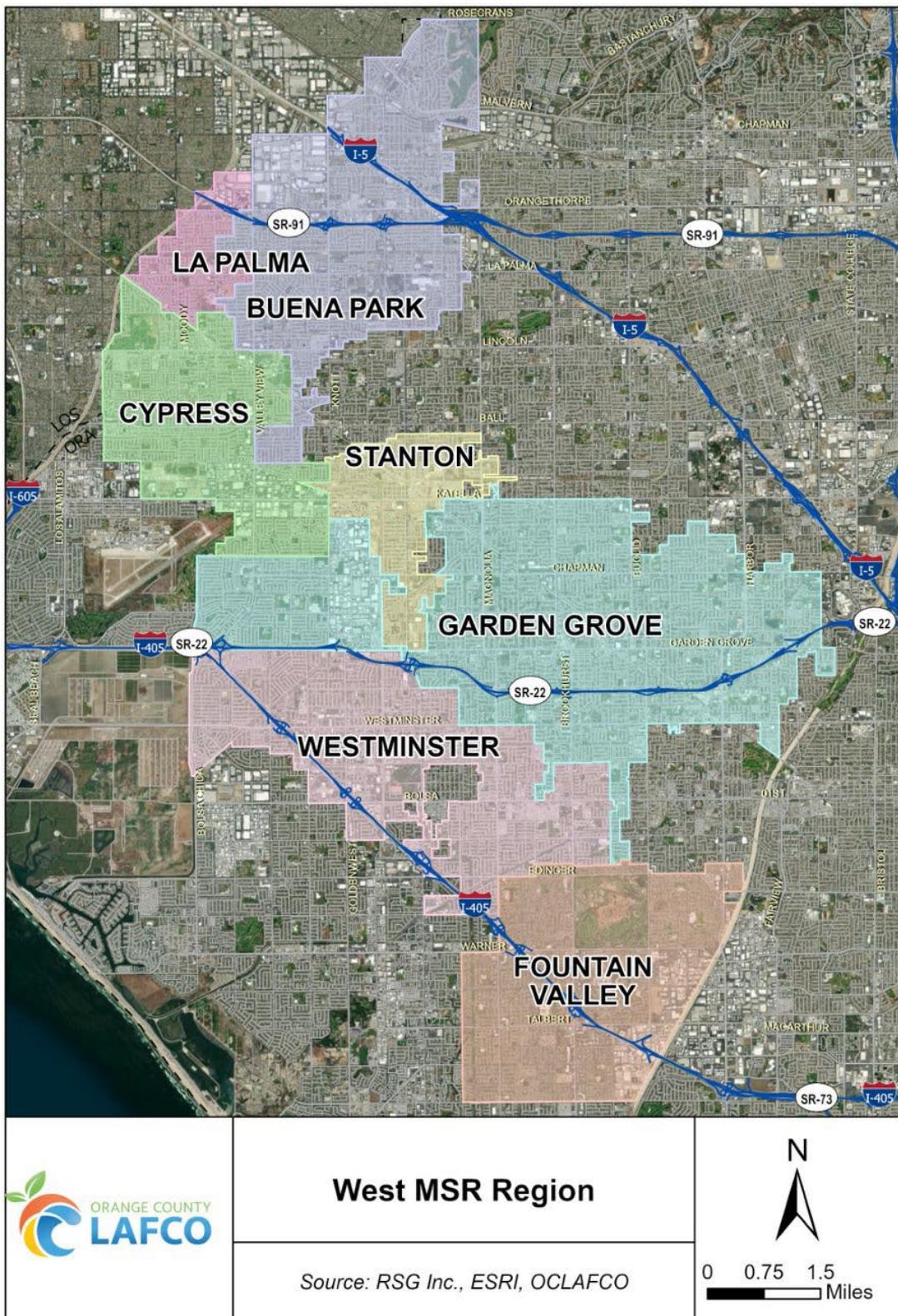
The Local Agency Formation Commission of Orange County (“OC LAFCO”) initiated this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update in 2022 for seven cities and four special districts in the OC LAFCO-designated “West Region” of the County. OC LAFCO retained consultant RSG, Inc.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

WEST REGION CITIES AND SPECIAL DISTRICTS REVIEWED

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

Table 1: Western Agencies

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



MSR DETERMINATIONS SUMMARY

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

1. Population, Growth, and Housing

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

2. Disadvantaged Unincorporated Communities

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

3. Capacity of Facilities and Adequacy of Services

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

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

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

4. Financial Ability to Provide Services

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

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

5. Opportunities for Shared Facilities

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

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

6. Accountability for Community Service Needs

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

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

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

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

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

SOI DETERMINATIONS SUMMARY AND RECOMMENDATIONS

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

1. Present and Planned Land Uses

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

2. Present and Probable Need for Facilities and Services

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

3. Present Capacity and Adequacy of Public Facilities and Services

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

4. Social or Economic Communities of Interest

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

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

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

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

Westminster is actively exploring annexing the DUCs within their SOI.

SOI Updates

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

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

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

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



II. BACKGROUND

LEGAL REQUIREMENTS AND PURPOSE

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

AUTHORITY AND POWERS OF LAFCO

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

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

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

LAFCO RESPONSIBILITIES

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

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

PLANNING AUTHORITIES

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

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

SPHERE OF INFLUENCE UPDATES

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

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

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

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

MUNICIPAL SERVICE REVIEWS

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

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

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

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

PRIOR MUNICIPAL SERVICE REVIEWS

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

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

DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS)

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

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

UNINCORPORATED AREAS

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

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

1. Andora/Fairhope Island: The Andora/Fairhope Island is an unincorporated area within the City of Buena Park’s SOI. It is in the northeast corner of the City’s SOI and is adjacent to Coyote Creek. The island is serviced by the following providers:
 - Water: Suburban Water Systems
 - Wastewater: Los Angeles County Sanitation Districts
 - Solid Waste: Republic Waste Services
 - Fire Protection: Orange County Fire Authority
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Planning: County of Orange
2. North Unincorporated Island: The North Island is an unincorporated area within the City of Fountain Valley’s SOI. It is in the northeast corner of the City’s SOI and is adjacent to the Santa Ana River. The island is serviced by the following providers:
 - Water: City of Fountain Valley
 - Wastewater: City of Fountain Valley
 - Solid Waste: Rainbow Environmental Services
 - Fire Protection: County of Orange
 - Law Enforcement: Orange County Sheriff
 - Animal Control: County of Orange
 - Library: County of Orange
 - Planning: County of Orange
3. Dale/Augusta Unincorporated Island: The Dale/Augusta Island is an unincorporated area within the City of Stanton’s SOI. The western portion of the island is identified as a DUC. The island is serviced by the following providers:

- Water: City of Garden Grove and the Hynes Estates Mutual Water Company
- Wastewater: Garden Grove Sanitary District
- Solid Waste: Republic Waste Services
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

4. Katella/Rustic Unincorporated Island: The Katella/Rustic Island is an unincorporated area within the City of Stanton's SOI. The island is serviced by the following providers:

- Water: Golden State Water District
- Wastewater: Garden Grove Sanitary District
- Solid Waste: Republic Waste Services
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

5. Mac/Syracuse Unincorporated Island: The Mac/Syracuse Island is a DUC within the City of Stanton's SOI. The island is serviced by the following providers:

- Water: Golden State Water Company
- Wastewater: Garden Grove Sanitary District
- Solid Waste: Republic Waste Services
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

6. Bolsa/Midway Unincorporated Island: The Bolsa/Midway Island is an unincorporated area within the City of Westminster's SOI. The western portion of the island is identified as a DUC. The island is serviced by the following providers:

- Water: City of Westminster (portion of the Island), Midway City Mutual Water Company, Eastside Water Association, and South Midway City Mutual Water Company (portions of the Island not serviced by the City)
- Wastewater: Midway City Sanitary District
- Solid Waste: Midway City Sanitary District
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

7. Bolsa/Pacific Unincorporated Island: The Bolsa/Pacific Island is a DUC within the City of Westminster's SOI. The island is serviced by the following providers:

- Water: City of Westminster
- Wastewater: Midway City Sanitary District
- Solid Waste: Midway City Sanitary District
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

8. Beach/McFadden Unincorporated Island: The Beach/McFadden Unincorporated Island is a DUC within the City of Westminster's SOI. The island is serviced by the following providers:

- Water: City of Westminster
- Wastewater: Midway City Sanitary District
- Solid Waste: Midway City Sanitary District
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

9. McFadden/Monroe Unincorporated Island: The McFadden/Monroe Unincorporated Island is within the City of Westminster's SOI. The island is serviced by the following providers:

- Water: City of Westminster
- Wastewater: Midway City Sanitary District
- Solid Waste: Midway City Sanitary District
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Library: County of Orange
- Planning: County of Orange

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

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

MISSION:

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

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

COMMISSION COMPOSITION

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

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

Table 2: OC LAFCO Commission Roster

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

MEETING AND CONTACT INFORMATION

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

METHODOLOGY AND DATA SOURCES

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

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

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

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

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

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

III. AGENCY PROFILES

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

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

Below is a list of the agencies profiled:

Incorporated Cities

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

Special Districts

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

City of Buena Park

Incorporated January 27, 1963

Agency Information

Address	6650 Beach Blvd. Buena Park, CA 90622
Primary Contact	Aaron France, City Manager
Contact Information	714-562-3500
Website	www.buenapark.com
Governance	5 Council Members, Elected By-District
Total City Staff	250 Full-Time, 167 Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	10.53
Population Served	83,430
Population of Unincorporated Island in SOI	592

Service Summary

Service or Department	Provider
Law Enforcement	City of Buena Park Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Buena Park
Code Enforcement	City of Buena Park
Animal Control	City of Buena Park (through contractual agreement with the Southeast Area Animal Control Authority)
Parks and Recreation	City of Buena Park
Library	Buena Park Library District
Museum	Ralph Clark Paleontology Museum
Landscape Maintenance	City of Buena Park
Lighting	City of Buena Park, SoCal Edison
Streets/Road Maintenance	City of Buena Park
Electricity/Gas	Orange County Power Authority, SoCal Edison, SoCal Gas
Solid Waste	EDCO
Stormwater Drainage	City of Buena Park, County of Orange, Santa Ana Regional Water Quality Control Board
Water	City of Buena Park
Wastewater	City of Buena Park
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Buena Park

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

¹2027 Population estimate is a projection only.

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

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

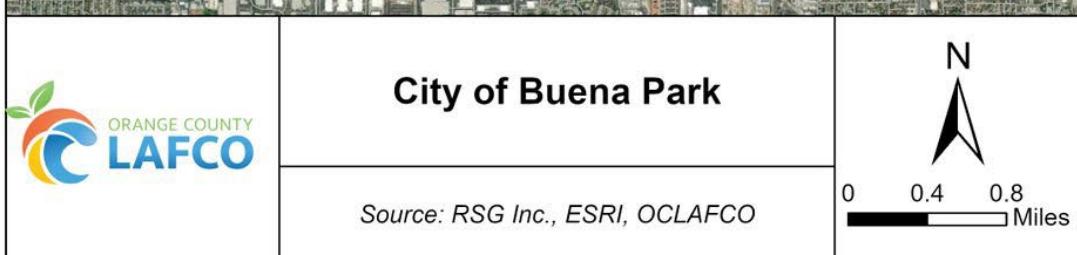
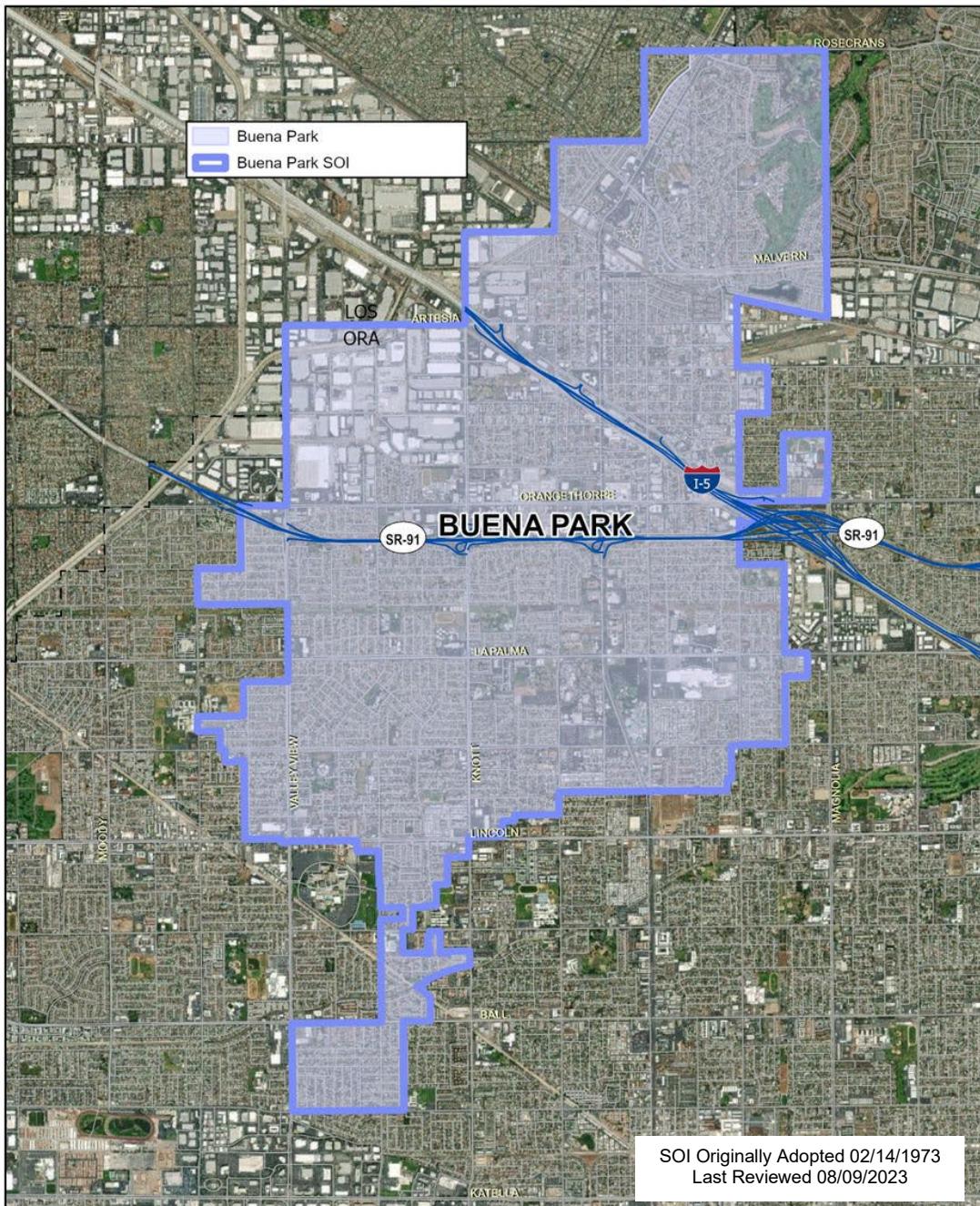
Buena Park

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 70,242,813	\$ 68,590,095	\$ 81,162,413
Expenditures	\$ 62,050,787	\$ 66,052,813	\$ 67,620,788
Net	\$ 8,192,026	\$ 2,537,282	\$ 13,541,625
Reserves	\$ 14,500,000	\$ 14,400,000	\$ 26,900,000

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Buena Park Library District

Established 1919

District Information

Address	7150 La Palma Ave. Buena Park, CA 90620
Primary Contact	Helen Medina, Library Director
Contact Information	714-826-4100
Website	www.buenaparklibrary.org
Governance	5 Board Members, Elected by Districts
District Type	Independent Special District
Total Agency Staff	16 Full-Time, 24 Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	10.67
Communities Served	City of Buena Park; all California residents can get a library card to the District by filling out an online form.
Population Served	Population of District Boundary: 84,022 Cardholders within Boundary: 25,278 Cardholders Outside Boundary: 22,763

Services Provided

- Traditional library services (loanable print, CDs, and DVDs) and other loanable services including Wi-Fi hotspots, tablets, and other objects
- Community services in the library space, including COVID-19 vaccine distributions, voting centers, and other community events

Demographics Summary

Buena Park Library District

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

¹2027 Population estimate is a projection only.

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

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

Buena Park Library District

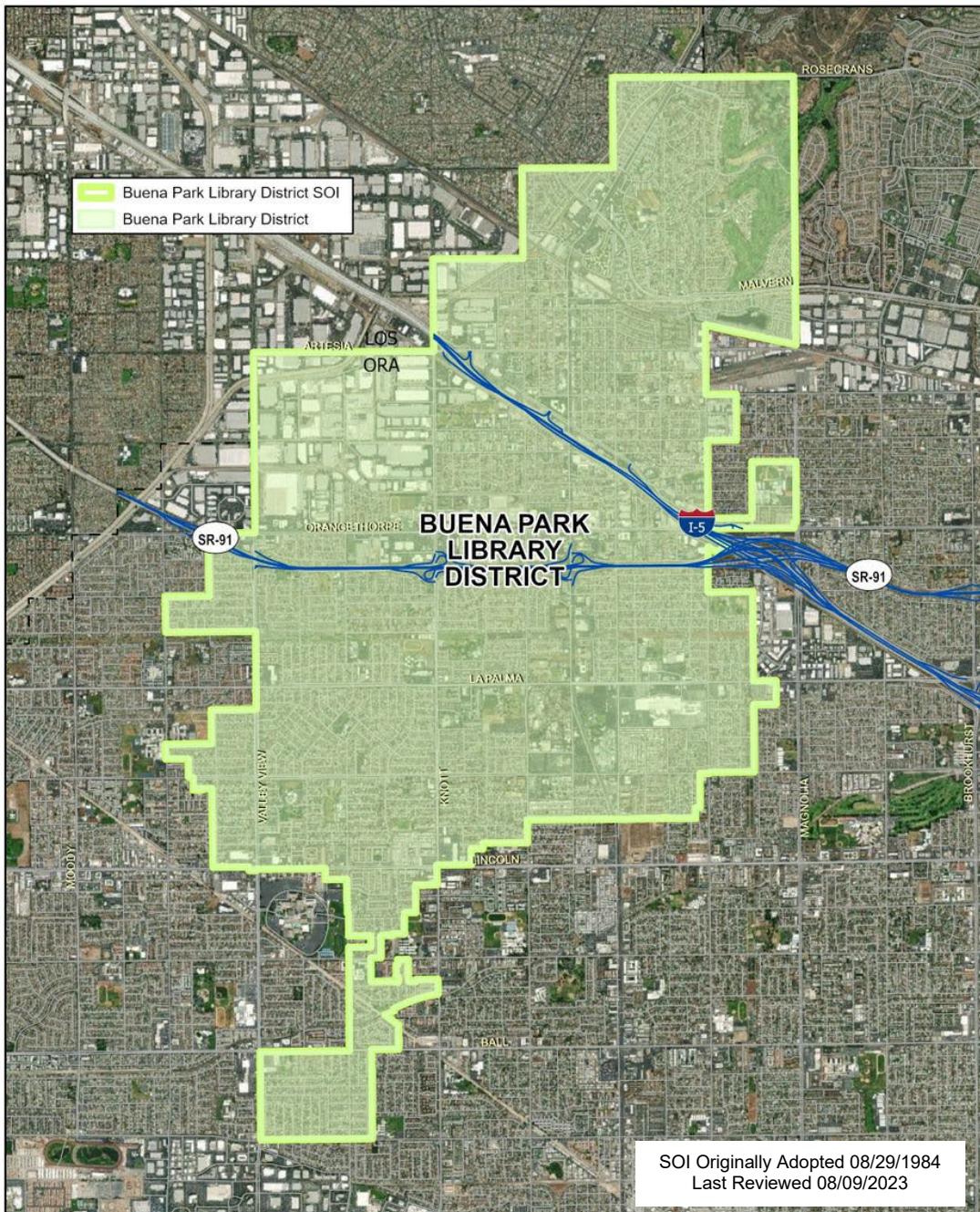
Financial Summary ¹	2018-19	2019-20 ²	2020-21
Revenue	\$ 3,968,952	\$ 3,870,178	\$ 3,653,125
Expenditures	\$ 4,418,800	\$ 3,051,001	\$ 2,738,436
Net	\$ (449,848)	\$ 819,177	\$ 914,689
Reserves	\$ 6,228,031	\$ 7,070,718	\$ 7,985,015

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

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

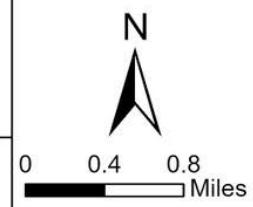
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Buena Park Library District

Source: RSG Inc., ESRI, OCLAFCO



City of Cypress

Incorporated July 24, 1956

Agency Information

Address	5275 Orange Ave. Cypress, CA 90630
Primary Contact	Peter Grant, City Manager
Contact Information	714-229-6700
Website	www.cypressca.org
Governance	5 Council Members, Elected At-Large
Total City Staff	153.5 Full-Time Equivalents

Service Area Information

Incorporated Area (Sq. Mi.)	6.62
Population Served	49,810
Population of Unincorporated Islands in SOI	0

Service Summary

Service or Department	Provider
Law Enforcement	City of Cypress
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Cypress
Code Enforcement	City of Cypress
Animal Control	County of Orange
Parks and Recreation	Cypress Recreation and Park District
Library	County of Orange
Landscape Maintenance	City of Cypress
Lighting	City of Cypress
Streets/Road Maintenance	City of Cypress
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Valley Vista Services
Stormwater Drainage	City of Cypress
Water	Golden State Water
Wastewater	City of Cypress
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Cypress

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

¹2027 Population estimate is a projection only.

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

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

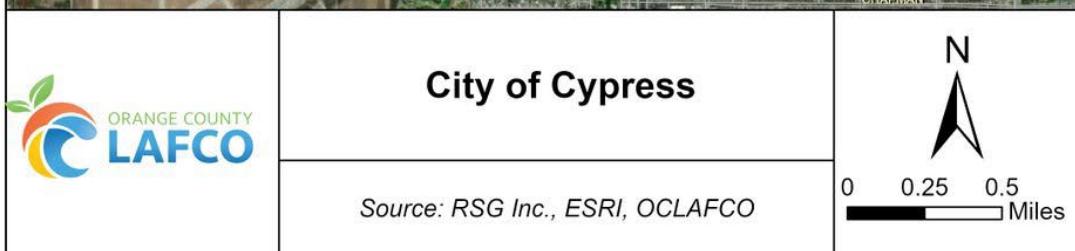
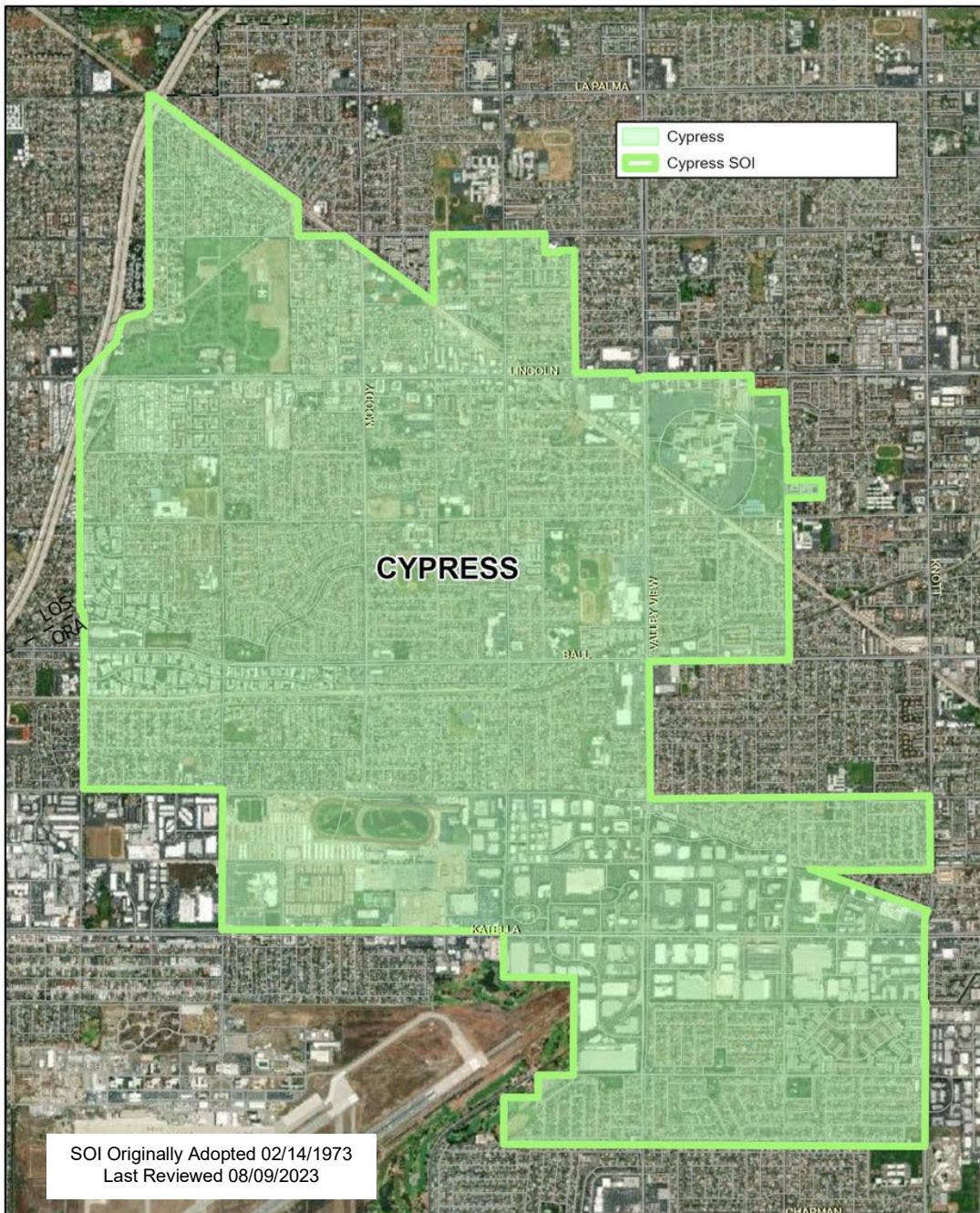
Cypress

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

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Cypress Recreation and Park District

Established 1949

District Information

Address	5275 Orange Avenue, Cypress, CA 90630
Primary Contact	Jeff Draper, Director of Recreation
Contact Information	714-229-6780
Website	https://www.cypressca.org/activities/recreation-community-services
Governance	City Council
District Type	Dependent Special District
Total Agency Staff	12.5 Full-Time Equivalents , 60 seasonal staff

Service Area Information

Incorporated Area (Sq. Mi.)	6.51
Communities Served	City of Cypress; facilities are open to residents outside the District's boundary
Population Served	49,515
Population Serviced Outside City Boundaries	374

Services Provided

- Manages approximately 100 acres of open space and recreational facilities
- Provides programming such as classes, activities, youth and adult sports, and senior activities

Demographics Summary

Cypress Recreation and Park District

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

¹2027 Population estimate is a projection only.

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

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

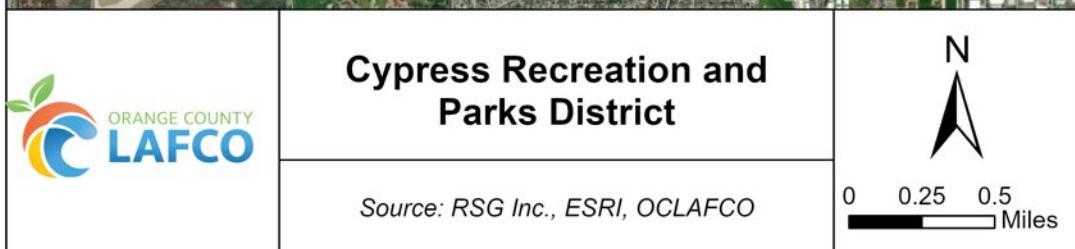
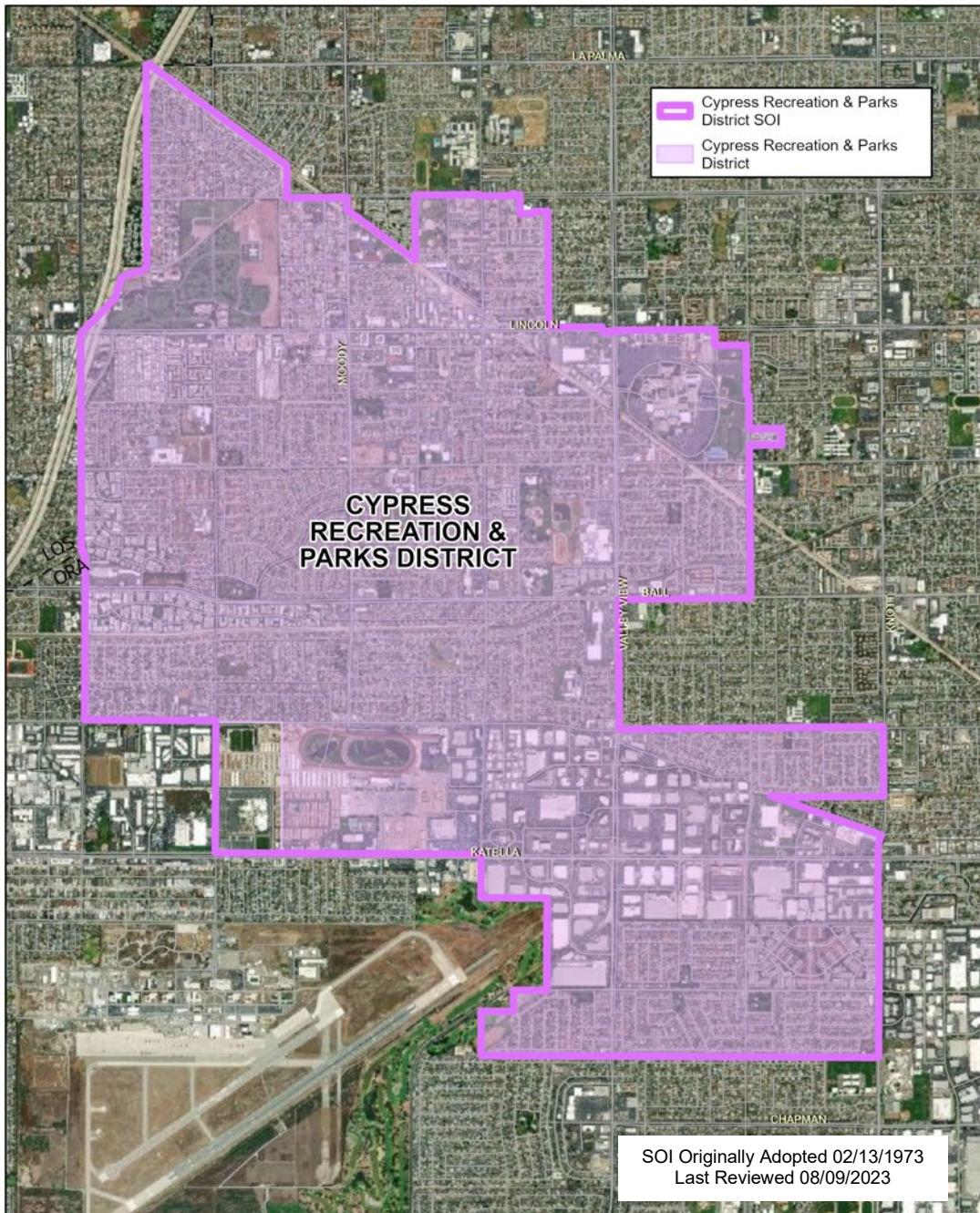
Cypress Recreation and Park District

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

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



City of Fountain Valley

Incorporated June 13, 1957

Agency Information

Address	10200 Slater Ave. Fountain Valley, CA 92708
Primary Contact	Maggie Le, City Manager
Contact Information	714-593-4400
Website	www.fountainvalley.org
Governance	5 Council Members, Elected At-Large
Total City Staff	238.75 Full-Time Equivalents

Service Area Information

Incorporated Area (Sq. Mi.)	9.06
Population Served	56,564
Population of Unincorporated Island in SOI	1,387

Service Summary

Service or Department	Provider
Law Enforcement	City of Fountain Valley
Fire Protection/Emergency Medical	City of Fountain Valley
Building/Planning	City of Fountain Valley
Code Enforcement	City of Fountain Valley
Animal Control	County of Orange
Parks and Recreation	City of Fountain Valley
Library	County of Orange
Landscape Maintenance	City of Fountain Valley
Lighting	City of Fountain Valley
Streets/Road Maintenance	City of Fountain Valley
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Republic Services
Stormwater Drainage	City of Fountain Valley
Water	City of Fountain Valley
Wastewater	City of Fountain Valley
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Fountain Valley

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

¹2027 Population estimate is a projection only.

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

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

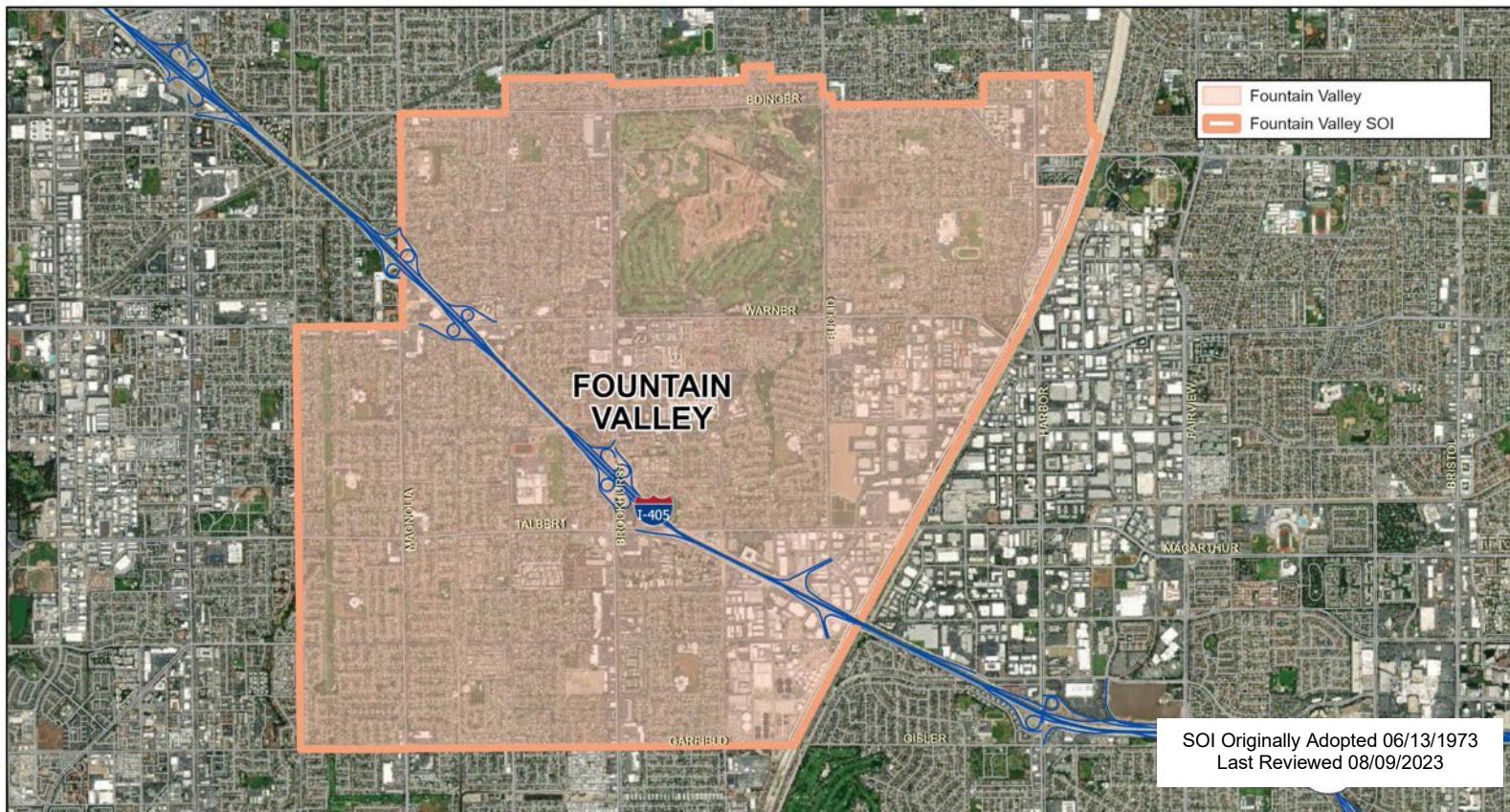
Fountain Valley

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 61,380,673	\$ 58,462,708	\$ 70,498,187
Expenditures	\$ 54,491,526	\$ 54,666,309	\$ 57,502,674
Net	\$ 6,889,147	\$ 3,796,399	\$ 12,995,513
Reserves	\$ 14,702,412	\$ 14,203,760	\$ 16,130,504

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



City of Fountain Valley

Source: RSG Inc., ESRI, OCLAFCO



0 0.45 0.9 Miles

City of Garden Grove

Incorporated June 18, 1956

Agency Information

Address	11222 Acacia Pkwy. Garden Grove, CA 92840
Primary Contact	Lisa Kim, City Manager
Contact Information	714-741-5000
Website	www.ggcity.org
Governance	7 Council Members, Elected By-District
Total City Staff	669 Full- and Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	17.92
Population Served	170,526
Population of Unincorporated Islands in SOI	0

Service Summary

Service or Department	Provider
Law Enforcement	Garden Grove Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Garden Grove
Code Enforcement	City of Garden Grove
Animal Control	City of Garden Grove
Parks and Recreation	City of Garden Grove
Library	County of Orange
Lighting	City of Garden Grove
Streets/Road Maintenance	City of Garden Grove
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	City of Garden Grove & Republic Services
Stormwater Drainage	City of Garden Grove
Water	City of Garden Grove
Wastewater	Garden Grove Sanitary District
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Garden Grove

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

¹2027 Population estimate is a projection only.

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

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

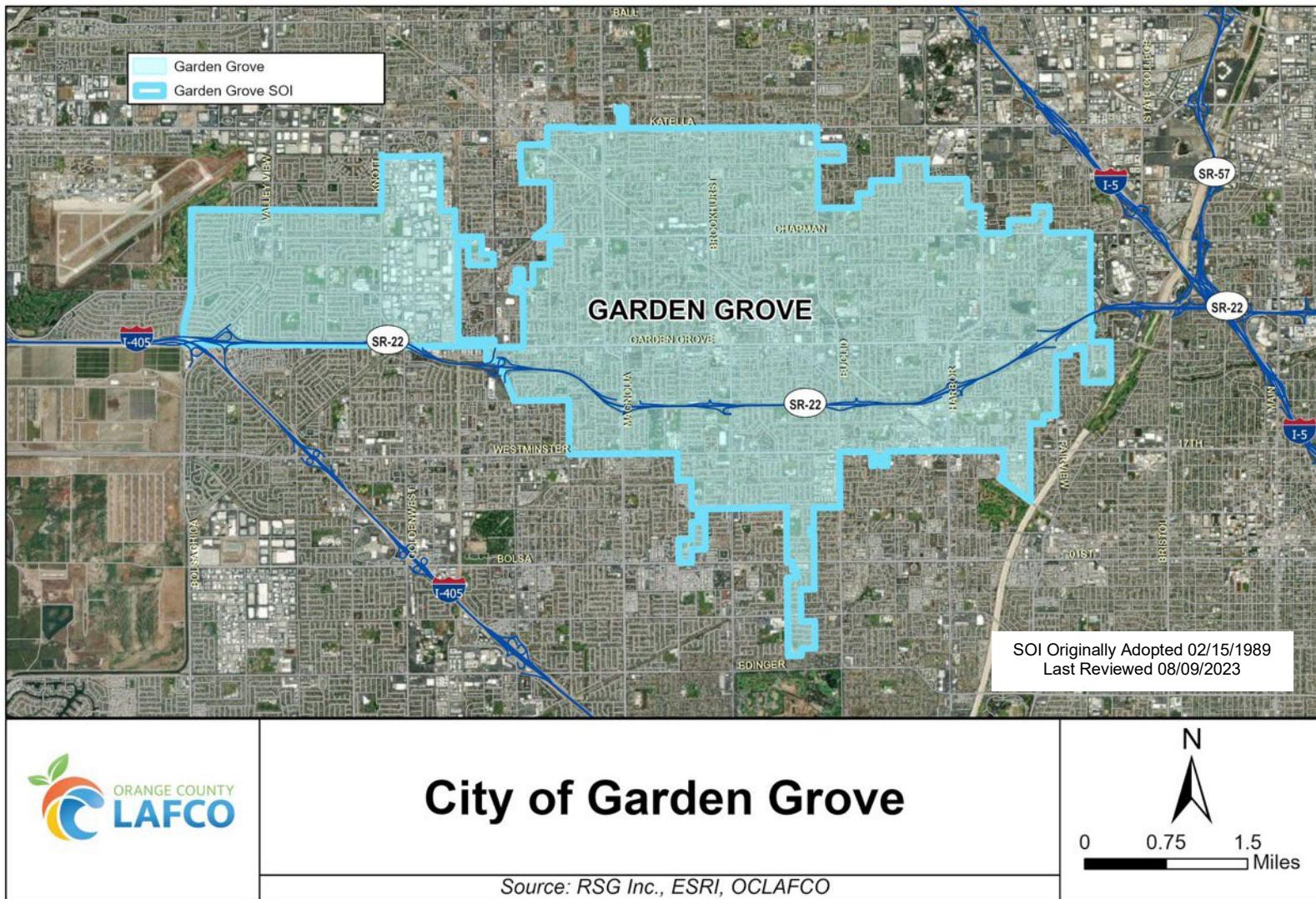
Garden Grove

Financial Summary ¹	2018-19	2019-20	2020-21
Revenue	\$ 129,838,910	\$ 140,127,431	\$ 158,432,493
Expenditures	\$ 112,682,884	\$ 124,910,705	\$ 128,882,556
Net	\$ 17,156,026	\$ 15,216,726	\$ 29,549,937
Reserves	\$ 47,448,000	\$ 22,500,000	\$ 22,500,000

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Garden Grove Sanitary District

Established 1924

District Information

Address	13802 Newhope St. Garden Grove, CA 92843
Primary Contact	Lisa Kim, General Manager
Contact Information	714-741-5000
Website	www.ggcity.org/sewers
Governance	City Council
District Type	Dependent Special District
Total Agency Staff	30 Full- and Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	18.15
Communities Served	Garden Grove and portions of the unincorporated islands located in the Cities of Stanton and Anaheim's respective SOIs
Population Served	179,465
Population Serviced Outside City Boundaries	3,281
Number of Manholes	9,700
Miles of Sewer Lines	312
Lift Stations	4
Average Age of Infrastructure	40-60 years

Services Provided

- Responsible for refuse collection, which is contracted out to Republic Services
- Responsible for sewer utilities (sewer lines, manholes, and lift stations)

Demographics Summary

Garden Grove Sanitary District

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

¹2027 Population estimate is a projection only.

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

General Fund Cash Flow FY 18-19 to FY 20-21⁷

Garden Grove Sanitary District

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

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

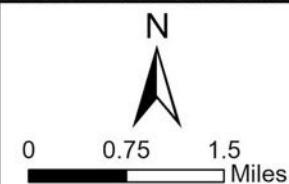
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Garden Grove Sanitary District

Source: RSG Inc., ESRI, OCLAFCO



City of La Palma

Incorporated October 26, 1955

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

Demographics Summary

La Palma

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

¹2027 Population estimate is a projection only.

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

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

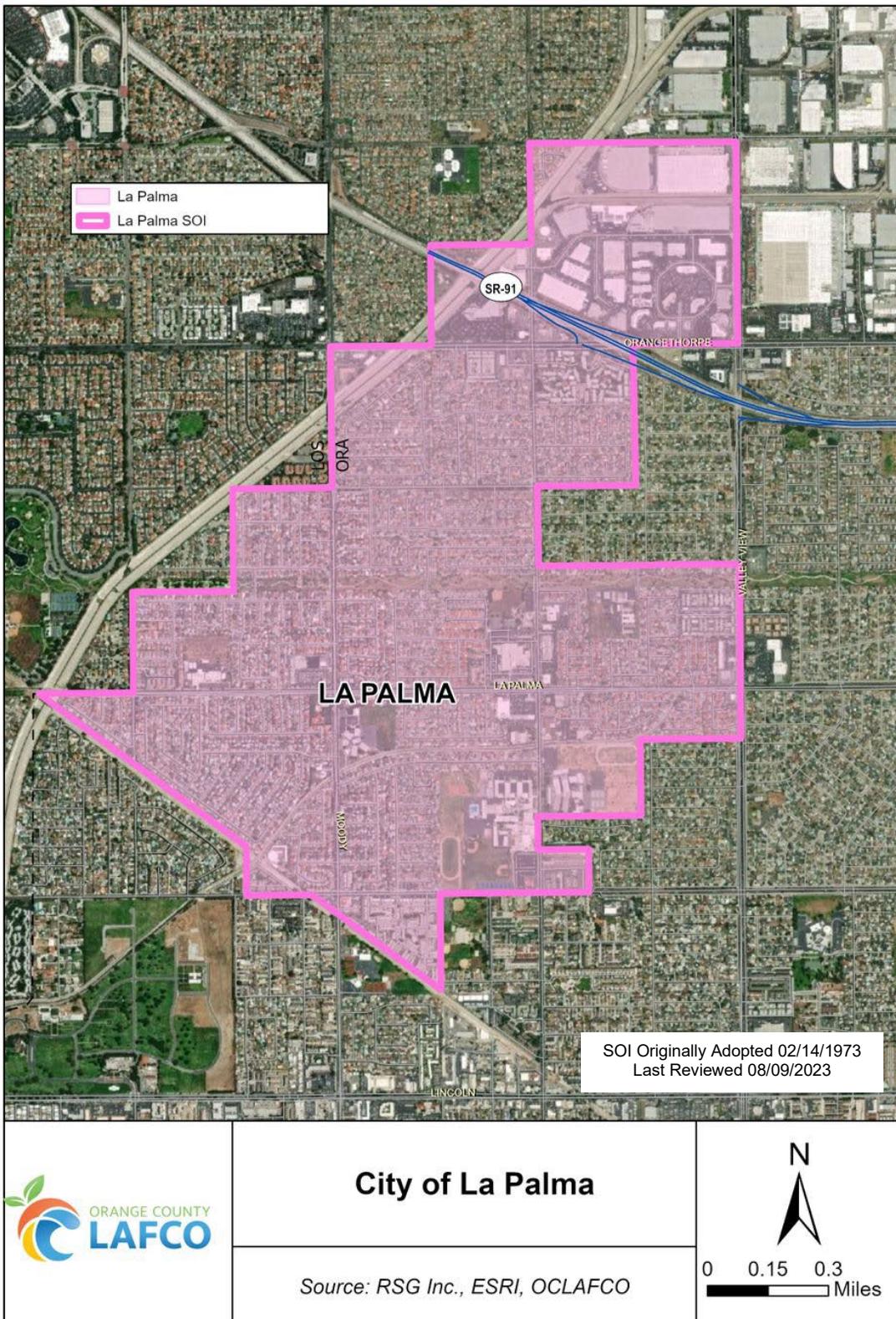
La Palma

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

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



City of Stanton

Incorporated June 4, 1956

Agency Information

Address	7800 Katella Ave. Stanton, CA 90680
Primary Contact	Hannah Shin-Heydorn, City Manager
Contact Information	714-379-9222
Website	www.stantonca.gov
Governance	1 Mayor Elected At-Large and 4 Council Members Elected By-District
Total City Staff	63 Full-Time Equivalents

Service Area Information

Incorporated Area (Sq. Mi.)	3.10
Population Served	39,275
Population of Unincorporated Islands in SOI	1,494

Service Summary

Service or Department	Provider
Law Enforcement	Orange County Sheriff's Department (through contract with the city)
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Stanton
Code Enforcement	City of Stanton
Animal Control	Westminster Animal Control Services
Parks and Recreation	City of Stanton
Library	County of Orange
Landscape Maintenance	City of Stanton
Lighting	City of Stanton
Streets/Road Maintenance	City of Stanton
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	CR&R
Stormwater Drainage	City of Stanton
Water	Golden State Water
Wastewater	City of Stanton
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Stanton

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

¹2027 Population estimate is a projection only.

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

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

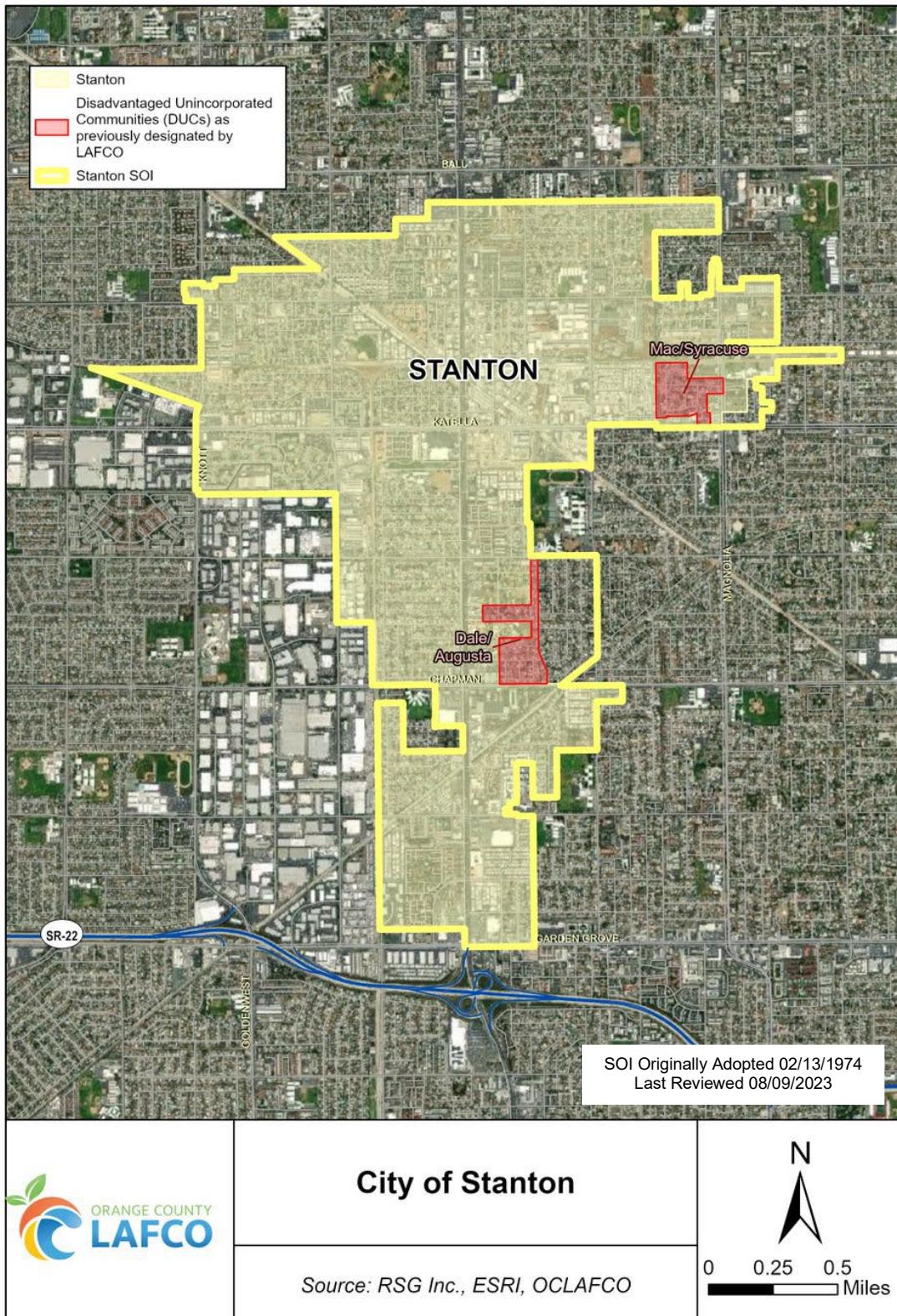
Stanton

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

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



City of Westminster

Incorporated 1951

Agency Information

Address	8200 Westminster Blvd. Westminster, CA 92683
Primary Contact	Christine Cordon, City Manager
Contact Information	714-898-3311
Website	www.westminster-ca.gov
Governance	5 Council Members, Elected By-District
Total City Staff	331 Full- and Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	10.07
Population Served	90,393
Population of Unincorporated Islands in SOI	9,515

Service Summary

Service or Department	Provider
Law Enforcement	City of Westminster
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	City of Westminster
Housing	City of Westminster
Code Enforcement	City of Westminster
Animal Control	City of Westminster
Parks and Recreation	City of Westminster
Library	Orange County Public Libraries
Landscape Maintenance	City of Westminster
Lighting	SoCal Edison
Streets/Road Maintenance	City of Westminster
Electricity/Gas	SoCal Edison, SoCal Gas
Solid Waste	Midway City Sanitary District
Stormwater Drainage	City of Westminster
Water	City of Westminster
Wastewater	Midway City Sanitary District
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

Demographics Summary

Westminster

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

¹2027 Population estimate is a projection only.

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

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

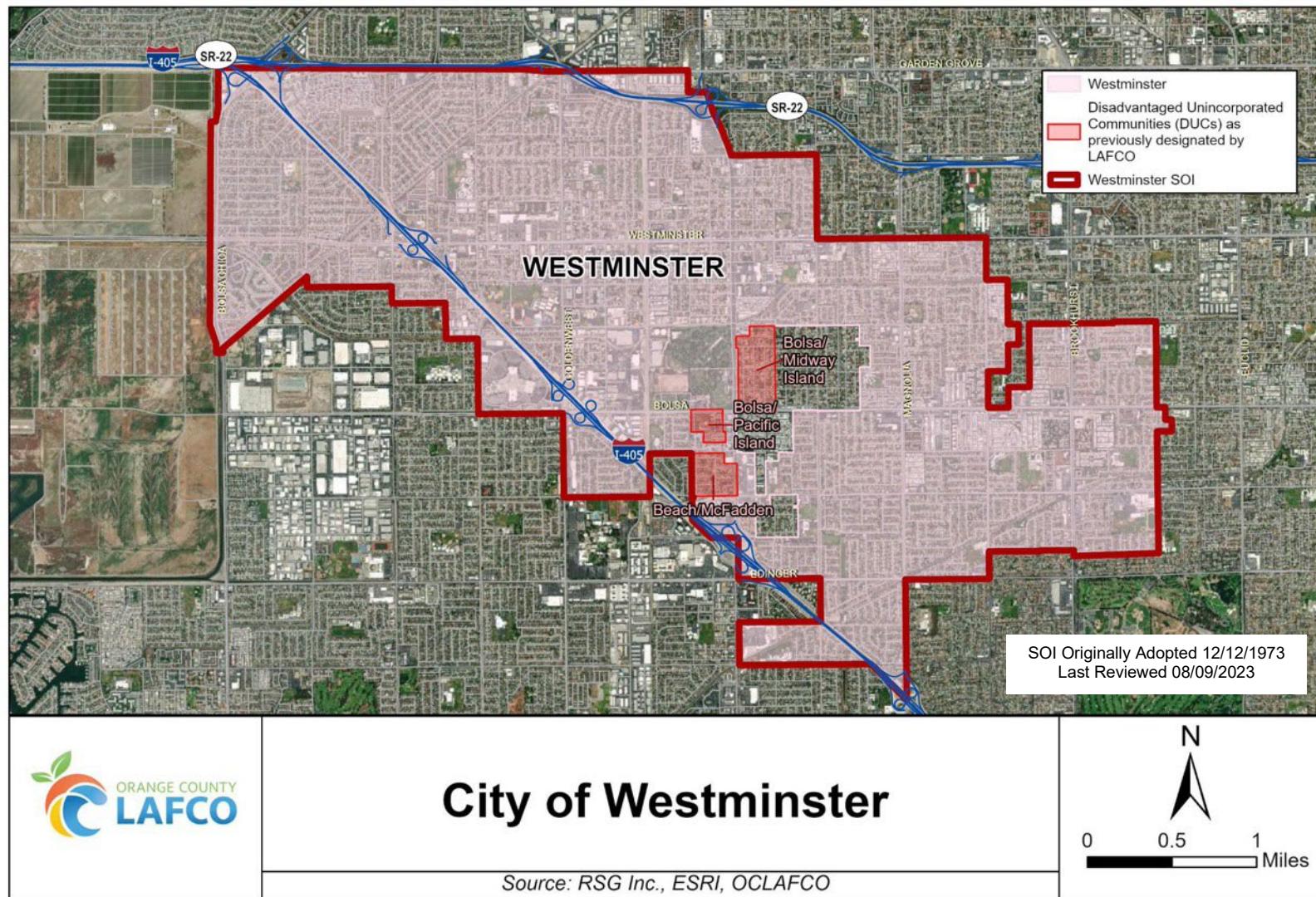
Westminster

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

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

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Midway City Sanitary District

Established 1939

District Information

Address	14451 Cedarwood Ave. Westminster, CA 92683
Primary Contact	Robert Housley, General Manager
Contact Information	714-893-3553
Website	www.midwaycitysanitaryca.gov
Governance	5 Board Members, Elected At-Large
District Type	Independent Special District
Total Agency Staff	33 Full- and Part-Time

Service Area Information

Incorporated Area (Sq. Mi.)	10.4
Communities Served	Westminster and Unincorporated Midway City
Population Served	96,888
Population Serviced Outside District Boundaries	0
Number of Manholes	3,888
Miles of Sewer Lines	174
Lift Stations	4
Average Age of Infrastructure	60 years

Services Provided

- Curbside trash collection
- Sewer collection

Demographics Summary

Midway City Sanitary District

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

¹2027 Population estimate is a projection only.

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

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

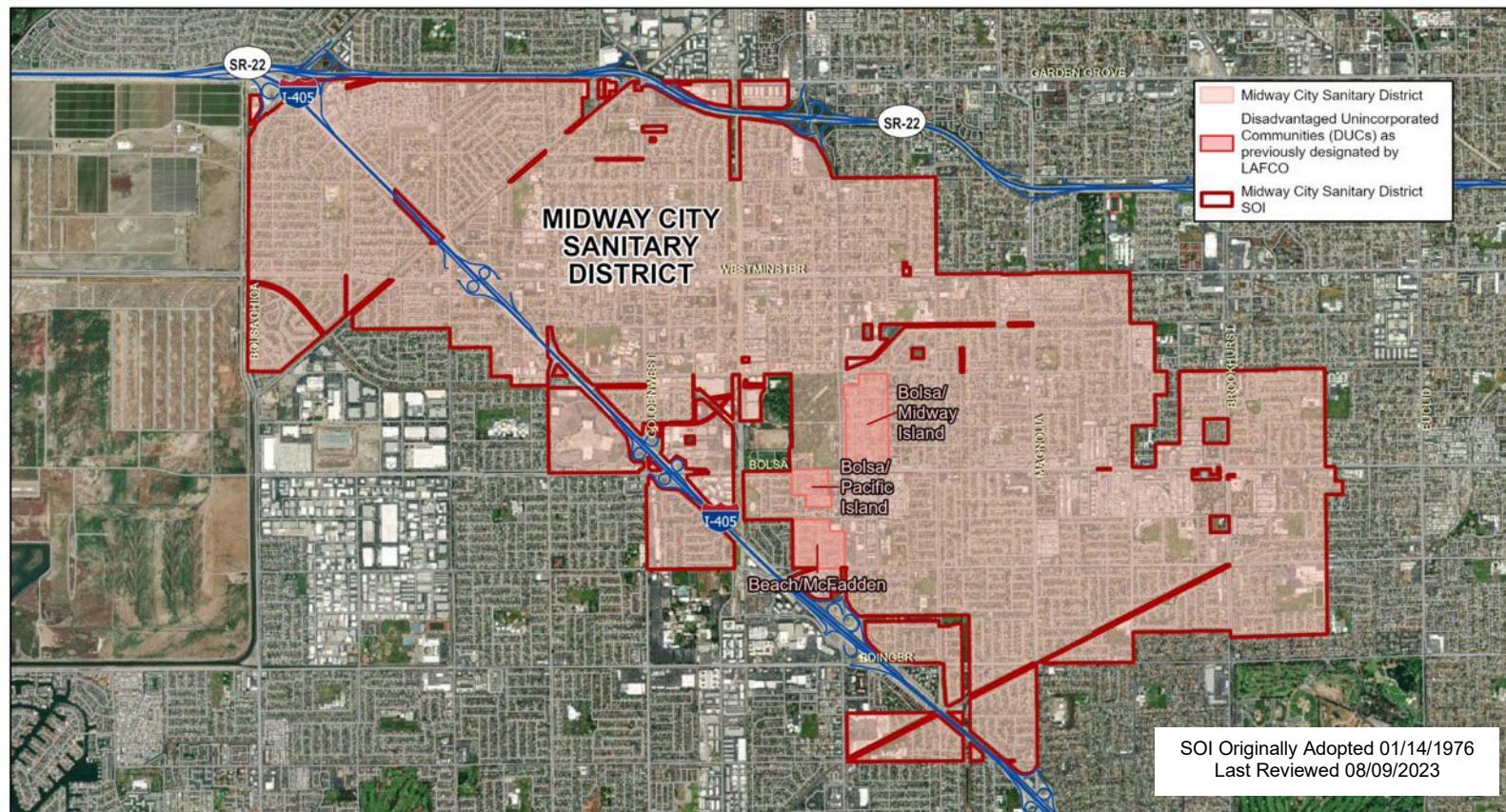
Midway City Sanitary District

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

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

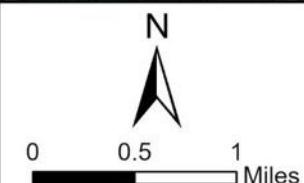
Source: OC LAFCO Fiscal Indicators, Berkson & Associates

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



Midway City Sanitary District

Source: RSG Inc., ESRI, OCLAFCO



IV. GROWTH AND POPULATION PROJECTIONS

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

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

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

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

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

Table 3: Regional Population and Housing Trends

West

Population	Cities	Special Districts	County
2020 Population	507,635	410,697	3,186,989
2022 Population	505,330	409,890	3,203,504
2027 Population ¹	501,608	407,295	3,198,933
2020-2022 Growth Rate (%)	-0.5%	-0.2%	0.5%
2022-2027 Projected Growth Rate (%)	-0.7%	-0.6%	-0.1%

Housing	Cities	Special Districts	County
2010 Units	151,749	119,030	1,048,907
2020 Units	155,168	122,047	1,129,785
2022 Units	156,823	122,280	1,142,029
2027 Units ¹	156,438	123,265	1,153,825
2022 Household Size	3.2	3.4	2.8
2010-2022 Unit Growth Rate (%)	3.3%	2.7%	8.9%
2022-2027 Projected Unit Growth Rate (%)	-0.2%	0.8%	1.0%

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

¹2027 estimates are only projections.

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

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

Table 4: Agency Individual Population Growth

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

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

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

Table 5: Agency Individual Housing Unit Growth

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

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

V. PRESENT AND PLANNED LAND USES

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

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

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

Following are individual agency notes on development and land use:

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

VI. LOCATION AND CHARACTERISTICS OF ANY DUCS

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

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

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

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

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

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

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

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

VII. CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

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

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

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

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

REGIONAL OVERVIEW

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

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

LAW ENFORCEMENT

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

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

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

FIRE PROTECTION AND EMERGENCY MEDICAL

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

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

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

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

WATER SERVICES

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

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

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

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

Table 6: Local Retail Water Providers in the West Region

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

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

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

Following are specific individual agency findings:

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

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

WASTEWATER, STORMWATER, SOLID WASTE

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

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

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

Table 7: OC Sanitation District Infrastructure

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

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

Table 8: Local Wastewater Service Providers

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

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

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

Following are specific individual agency findings:

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

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

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

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

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

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

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

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

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

PARKS, RECREATION AND OPEN SPACE

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

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

LIBRARY SERVICES

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

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

ANIMAL CONTROL

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

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

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

CODE ENFORCEMENT

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

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

VIII. FINANCIAL ABILITY TO PROVIDE SERVICES

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

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

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

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

OC LAFCO FISCAL INDICATORS

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

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

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

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

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

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

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

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

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

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

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

Fiscal Indicators for West Region

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

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

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

West	Growth of Agency...			CA Auditor
	Revenues	Expenditures	Reserves	
Agency				Fiscal Condition Rank ¹
Buena Park	High	Low	Moderate	227
Cypress	Low	Moderate	High	217
Fountain Valley	High	Low	Moderate	240
Garden Grove	High	Moderate	Moderate	218
La Palma	Moderate	Declining	High	301
Stanton	High	Low	High	419
Westminster	Moderate	Moderate	Moderate	104
Buena Park Library District	Declining	Declining	High	
Cypress Recreation and Park District	Declining	Declining	High	
Garden Grove Sanitary District	Low	Declining	High	
Midway City Sanitary District	Low	High	High	

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

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

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

CITY OF BUENA PARK

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

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

¹⁵ Audited Financial Statements

BUENA PARK LIBRARY DISTRICT

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

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

¹⁶ Audited Financial Statements

CITY OF CYPRESS

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

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

¹⁷ Audited Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

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

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

¹⁸ Audited Financial Statements

CITY OF FOUNTAIN VALLEY

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

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

¹⁹ Audited Financial Statements

CITY OF GARDEN GROVE

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

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

²⁰ Audited Financial Statements

GARDEN GROVE SANITARY DISTRICT

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

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

²¹ Audited Financial Statements

CITY OF LA PALMA

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

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

²² Audited Financial Statements

CITY OF STANTON

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

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

²³ Audited Financial Statements

CITY OF WESTMINSTER

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

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

²⁴ Audited Financial Statements

MIDWAY CITY SANITARY DISTRICT

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

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

²⁵ Audited Financial Statements

IX. OPPORTUNITIES FOR SHARED FACILITIES

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

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

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

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

X. ACCOUNTABILITY, GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

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

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

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

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

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

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

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

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