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Carol Moore

City Member

Lou Penrose

Public Member

VACANT

County Member

STAFF

Carolyn Emery

Executive Officer

Scott Smith

General Counsel

MEETING DATE: March 13, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer
Accountant

SUBJECT: Proposed Fiscal Year 2024-25 OC LAFCO Budget
and Fee Schedule

7a | Public
Hearing

BACKGROUND

The State Government Code Section 56381(a) requires the Commission to hold a public hearing to adopt a proposed annual budget. The proposed FY 2024-25 budget is presented in line-item detail and referenced as **Attachment 1** for Commission review and consideration.

In February, staff met with the Commission's Executive Committee to discuss and review the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee is comprised of the Chair (Donald Wagner), Vice Chair (Wendy Bucknum) and Immediate Past Chair (Douglass Davert) and responsible for reviewing the proposed agency budget and serving in an advisory role on this matter to the full Commission. Upon approval by the Commission, the proposed budget will be distributed for review and comment to the Board of Supervisors, the cities, and the independent special districts. Subsequently, the final budget, together with any submitted comments and changes, if applicable, will be considered by the Commission at a second public hearing during the May 8, 2024 regular meeting.

Fee Schedule Resolution

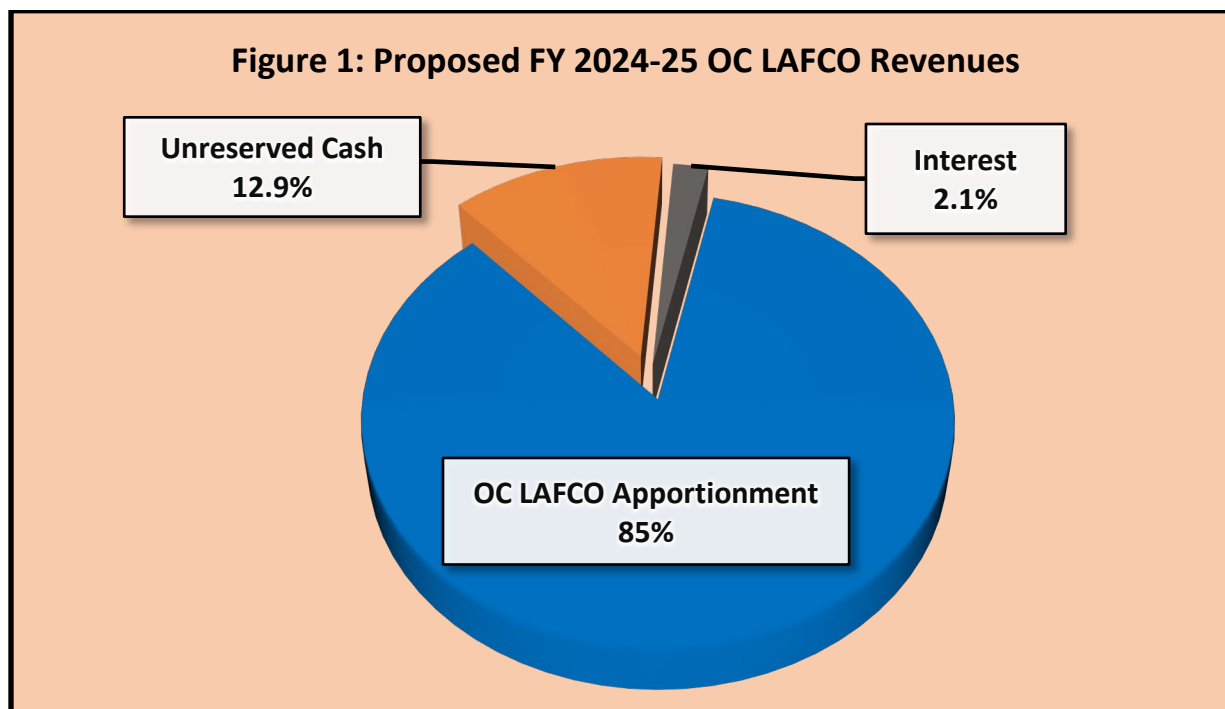
The OC LAFCO Fee Schedule, originally established in 1995, is structured to ensure that the agency is recovering actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rates for staff and legal counsel direct costs. There are no changes to the fee schedule being proposed, and recommended actions include adopting the Fee Schedule Resolution (**Attachment 3**) for charges that would be effective July 1, 2024.

FY 2024-25 OC LAFCO PROPOSED BUDGET

The proposed FY 2024-25 budget is balanced; the expected expenditures are funded by the projected ongoing revenues with a drawdown of unreserved cash. The proposed budget totals \$1,860,050, resulting in an overall increase of 6.6 percent from the FY 2023-24 budget. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2024-25 proposed budget.

REVENUES

Revenues in the proposed budget for FY 2024-25 total \$1,860,050 and include three categories: (1) OC LAFCO apportionment (funded by the County, cities, and independent special districts in accordance with Government Code Section 56381, (2) Interest, and (3) Unreserved Cash. As depicted in *Figure 1*, the OC LAFCO apportionment constitutes approximately 85 percent of the proposed revenues, with the remaining revenues attributed at 12.9 percent to the unreserved cash, and 2.1 percent expected from interest revenue.

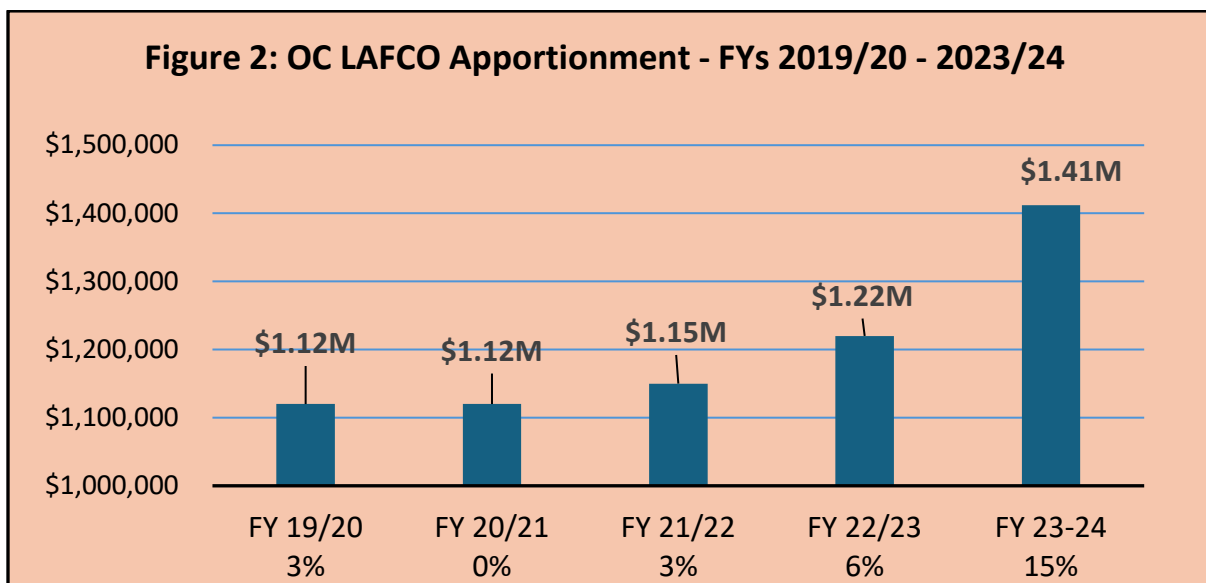


(1) OC LAFCO Apportionment

As represented in Figure 1, the agency's apportionment is the primary revenue source for OC LAFCO. Funded in three parts, the total apportionment for FY 2024-25 of \$1,581,320, to be collected from the County, cities, and independent special districts, reflects an overall increase of 12 percent (\$169,430) from the FY 2023-24 budget. Initially, the apportionment is attributed at one-third to the County, cities and independent special districts. Subsequently, the individual amount due from each city and independent special district is calculated by the County Auditor-

Controller using the formulas adopted by the City Selection Committee and the Independent Special District Selection Committee, respectively. The individual apportionments for the cities and special districts for FY 2024-25 are delineated in **Attachments 1B and 1C**.

For many prior budget cycles, the apportionment paid by the local agencies experienced zero to 15 percent increases through the use of the agency's unreserved cash, as shown in *Figure 2* below. As the agency's unreserved cash continues to decrease to Commission-approved reserve policy levels, the funding apportionment is expected to experience increases in order to fully fund the OC LAFCO budget.



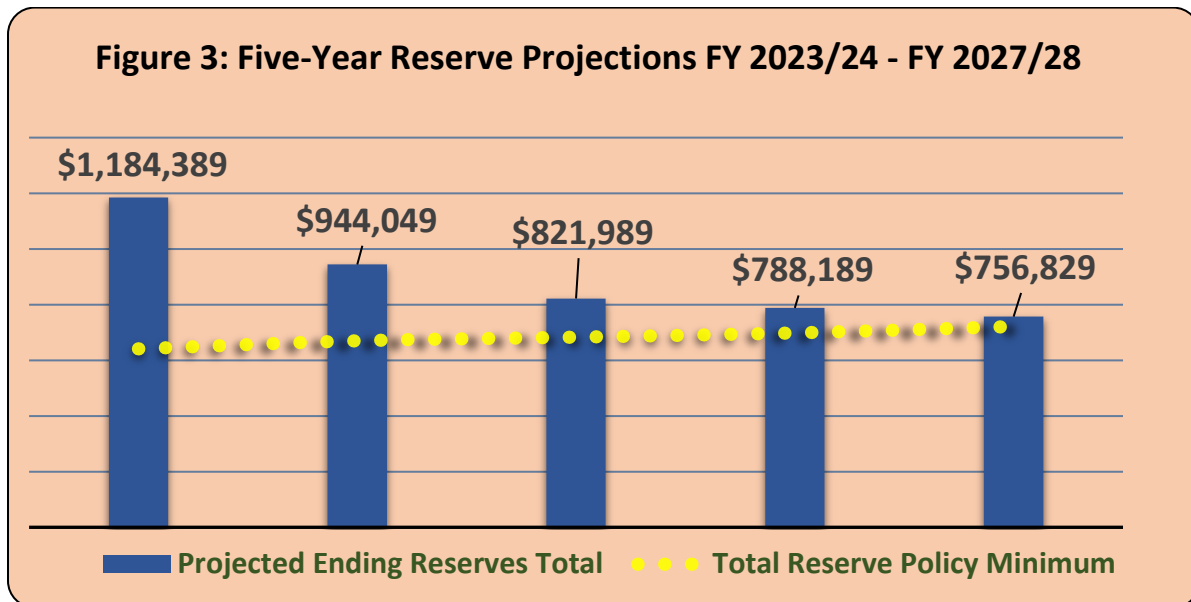
(2) Interest

This revenue category includes interest earned from the agency's savings account, payroll account and two investment accounts – the Local Agency Investment Fund and the Orange County Fund. Since the Commission receives an influx of revenues in the beginning of each fiscal year from the funding agencies, the apportionment is deposited into the highest interest earning accounts. Throughout the fiscal year, OC LAFCO staff, in consultation with the agency's independent accounting staff, withdraw funds from the accounts to cover the agency's operational expenses. Given the current market rates, the proposed FY 2024-25 budget projects that interest earned on the agency's investment accounts will generate \$38,390 or approximately 2.1 percent of the annual revenue.

(3) Unreserved Cash

The OC LAFCO reserve policy specifies minimum balances of \$100,000 for contingency reserves, \$75,000 for litigation reserves, and \$30,000 for unfunded liability reserves. Additionally, the Commission's policy mandates that three months of operational expenses be maintained in the reserve account, which for FY 2024-25, amount to \$465,013. Unreserved cash is any balance available above the minimum specified in the reserve policy. The proposed FY 2024-25 budget revenue assumptions include \$240,340 from the unreserved cash, which represents

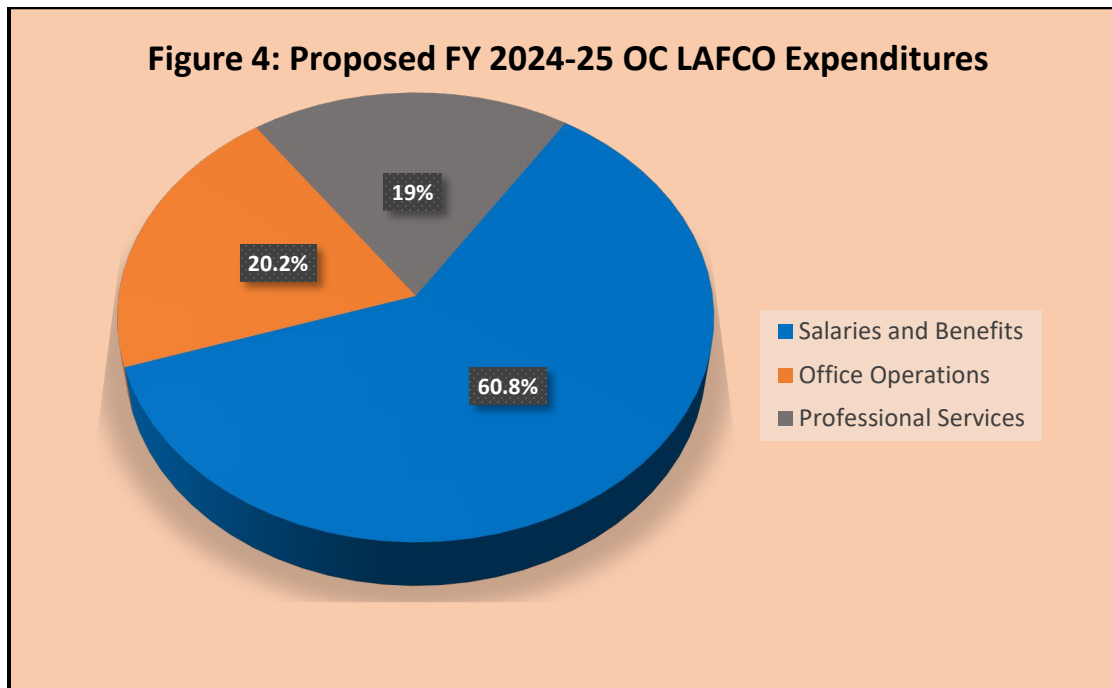
approximately 12.9 percent of the total revenues. As already stated, over past fiscal cycles, it has been the practice of the Commission to use the unreserved cash as part of the revenue assumptions until the agency reaches reserve levels delineated in the OC LAFCO reserve policy. As represented in *Figure 3*, it is expected that this will occur by FY 2027-28.



EXPENDITURES

The proposed budget expenditures reflect the resources necessary to support the agency’s operations and effectively manage the mandated projects that are not supported by applicant fees, such as preparing updates of agencies’ spheres of influence, conducting municipal service reviews and the Unincorporated Areas Program.

The proposed budget includes adjustments to specific expenditure categories based on the national Consumer Price Index (CPI), past trending, actual expenditures and the budget instructions from the County for benefit costs. The Commission expenses are described in three categories: (1) Salaries and Benefits, (2) Office Operations, and (3) Professional Services. The percentage of each category is depicted in *Figure 4* and described briefly in the following sections.



(1) Salaries & Benefits

The proposed FY 2024-25 budget for salaries and benefits for five full-time professional staff and any temporary or seasonal staff total \$1,131,590, which is an overall increase of 8.2 percent from the budgeted amount in the current fiscal year. In addition to benefits costs, the projections for this budget line item include a Cost-of-Living Adjustment (COLA) of 4.25 percent and projected merit adjustments of up to three percent. Assumptions for employee benefits (health, dental, life and disability insurance, and retiree health) are based on information provided by the County of Orange, which provides these benefits to OC LAFCO employees through a contractual agreement.

In accordance with best budgeting practices, the proposed budget provides for fully funding all staff positions. However, when personnel or other costs are associated with a project application, those costs are tracked in a special fund and reimbursed through the fees collected from the applicant. An accounting of the fees collected, personnel or other costs applied, and the balance remaining in these special funds are provided quarterly and annually to the Commission in the financial reports and the audited financial statements, respectively. Any adjustments in staff costs to the General Fund generated by the application of costs to a project special fund will effectively result in a reduction in the amount that will be drawn down from the unreserved cash at the end of the fiscal year. It is expected in the coming fiscal year that staff costs attributed to application fees will decrease significantly in comparison to recent prior years based on anticipated applications.

(2) Office Operations & Supplies

Overall, the Commission operations reflect prudent management of agency expenses. The following provides general discussion of line items experiencing changes in appropriations from the current year budget:

➤ **Internet and Electronic Services (line item 5151)**

This line item includes funding for costs incurred for the usage and technical support for the agency's electronic devices and internet services. The proposed increase of approximately \$4K for this line item is attributed to necessary equipment purchases.

➤ **Registration and Travel (line item 5800)**

This line item allocates funding for participation of Commissioners and staff in the CALAFCO annual conference and staff workshop, board meetings and other business-related meetings and activities. The proposed budget amounts vary from year to year based on the location and anticipated participation involving these events. The 2024 CALAFCO conference will take place in Yosemite at the Tenaya Lodge this Fall, and the staff workshop will take place in Temecula in Riverside County in Spring of 2025. Costs for these events are projected as some areas have not yet been finalized by CALAFCO.

(3) Professional

The Commission's staff performs the majority of the administrative and project-related work; however, the agency continues to utilize professional services for certain ongoing and project-related support. Ongoing administrative expenses for this line item include the Commission's accountant, general counsel, auditor and human resources support. The FY 2024-25 proposed budget allocation for this category includes the following: legal services (\$60,000); audit and accounting services (\$57,000), and human resources (\$35,000). Project-related professional services include ongoing maintenance and improvements to the website, continued evolution of the fiscal indicators web-based program, and preparation of the fourth cycle municipal service reviews and other studies, reports and services as required. The proposed allocation for that line item is \$200,000.

OC LAFCO THREE-YEAR PROJECTIONS

The three-year projections are intended to anticipate future changes to the OC LAFCO budget. Additionally, the projections provide the funding agencies with budget projections beyond a single fiscal year. The three-year budgetary projections provided in **Attachment 2** indicate potential apportionment increases ranging between five and 12 percent. The projections use the FY 2024-25 proposed budget as a baseline with personnel expenditures increased annually by the CPI and operational expenditures adjusted annually by factors such as current trends, contractual obligations for office and equipment leases, or the CPI. The projections reflect a transitional decrease of the use of the agency's unreserved cash to the OC LAFCO apportionment

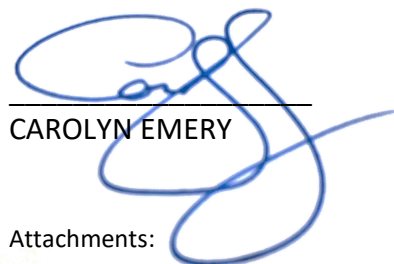
and interest revenue representing the agency's sole revenue sources. The projections for each respective fiscal year are subject to change and are used for trending purposes only.

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Adopt the Proposed FY 2024-25 Budget and direct the Executive Officer to distribute the document for review and comment to the Board of Supervisors, cities, and independent special districts.
2. Direct staff to schedule a public hearing, per Government Code Section 56381, for consideration and adoption of the Final FY 2024-25 OC LAFCO Budget at the May 8, 2024 regular meeting.
3. Adopt OC LAFCO Resolution No. CP 24-03 approving the OC LAFCO Fee Schedule, effective July 1, 2024.

Respectfully submitted,



CAROLYN EMERY



LUIS TAPIA



SCOTT NELSEN

Attachments:

1. Proposed FY 2024-25 OC LAFCO Budget
 - A. FY 2024-25 Budget Categories
 - B. OC LAFCO City Apportionments for FY 2024-25 (prepared by the County Auditor-Controller)
 - C. OC LAFCO Special District Apportionments for FY 2024-25 (prepared by County Auditor-Controller)
2. Three-year OC LAFCO Budget Projections (FYs 2025/26- 27/28)
3. OC LAFCO Resolution No. CP 24-03



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2024/25

	FY 23/24 Adopted Budget	FY 24/25 Proposed Budget	\$ Budget Variance	% Budget Variance
<i>Apportionment Increase Factor (%)</i>				
	15.0%	12.0%		
1 Revenue & Cash Reserves Use / (Addition)				
2 Cash Reserves Use / (Addition)	\$ 318,390	\$ 240,340	\$ (78,050)	-24.5%
3 4000 LAFCO Apportionment	1,411,890	1,581,320	169,430	12.0%
4 4200 Interest	14,200	38,390	24,190	170.4%
5 Total Revenue & Cash Reserves Use / (Addition)	1,744,480	1,860,050	115,570	6.6%
6 Expense				
7 Salaries & Benefits				
8 5000 Salaries	621,200	657,300	36,100	5.8%
9 5010 Hourly Employees	20,800	20,800	-	0.0%
10 5106 Retirement	247,700	265,900	18,200	7.3%
11 5109 Retiree Health Benefits	22,000	22,000	-	0.0%
12 5108 Health Insurance	68,500	88,900	20,400	29.8%
13 5110 Dental Insurance	6,900	11,600	4,700	68.1%
14 5112 Life Insurance	420	420	-	0.0%
15 5118 Unemployment Insurance	620	200	(420)	-67.7%
16 5119 Health Reimbursement Arrangement	-	7,800	7,800	0.0%
17 5102 Optional Benefit Plan	18,500	18,500	-	0.0%
18 5104 Deferred Compensation	17,900	19,000	1,100	6.1%
19 5116 Medicare	9,400	10,200	800	8.5%
20 5114 Worker's Compensation	2,550	-	(2,550)	0.0%
21 5120 Salary Continuance	1,560	1,650	90	5.8%
22 5122 Accidental Death Insurance	120	120	-	0.0%
23 5125 Executive Car Allowance	7,200	7,200	-	0.0%
24 Salaries & Benefits Total	1,045,370	1,131,590	86,220	8.2%
25 Operations, Prof. Services & Other				
26 Office Operations				
27 5150 Information Technology	32,850	21,600	(11,250)	-34.2%
28 5151 Internet & Electronic Services	16,480	20,500	4,020	24.4%
29 5200 County Charges	10,300	12,000	1,700	16.5%
30 5250 Insurance	14,030	15,760	1,730	12.3%
31 5350 Membership/Subscriptions	39,900	40,400	500	1.3%
32 5450 Office Equipment/Supplies	24,100	26,100	2,000	8.3%
33 Professional Services				
34 5510 Legal	60,000	60,000	-	0.0%
35 5520 Audit/Accounting	53,000	57,000	4,000	7.5%
36 5530 Human Resources	20,000	35,000	15,000	75.0%
37 5540 Other Professional	180,000	200,000	20,000	11.1%
38 Other Expense				
39 5535 Mapping	13,900	4,000	(9,900)	-71.2%
40 5550 Investment Admin Fees	850	850	-	0.0%
41 5600 Public Noticing / Communications	14,800	12,000	(2,800)	-18.9%
42 5610 Unincorporated Areas Program	18,000	11,000	(7,000)	-38.9%
43 5650 Rents/Improvements/Maintenance	111,600	115,000	3,400	3.0%
44 5675 Equipment Leases & Maintenance	7,700	8,100	400	5.2%
45 5700 Commissioner/Staff Expenses	7,000	5,000	(2,000)	-28.6%
46 5710 Commission Stipends & Taxes/Fees	16,000	16,450	450	2.8%
47 5750 Professional Development	25,000	20,000	(5,000)	-20.0%
48 5800 Registration/Travel	21,300	35,300	14,000	65.7%
49 5850 Commission Meeting Expenses	12,300	12,400	100	0.8%
50 Operations, Prof. Services & Other Total	699,110	728,460	29,350	4.2%
51 Total Expense	1,744,480	1,860,050	115,570	6.6%
52 Net Budget	\$ -	\$ -	\$ -	0%



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2024/25

	FY 23/24 Adopted Budget	FY 24/25 Proposed Budget
Projected Cash Reserves		
Reserved Cash		
Contingency Reserve	100,000	\$ 100,000
Litigation Reserve	75,000	75,000
Unfunded Liability Reserve	30,000	30,000
Operating Reserve (25% Budgeted Expenses)	436,120	465,013
Total Reserved Cash	641,120	670,013
Unreserved Cash		
Balance at the Beginning of FY	825,635	514,377
Addition / (Drawdown) to Unreserved Cash	(318,390)	(240,340)
Total Unreserved Cash	507,245	274,037
Total Projected Cash Reserves	\$ 1,148,365	\$ 944,049

OC LAFCO FY 2024-25 BUDGET CATEGORIES

REVENUES

The following summarizes the revenue categories of the OC LAFCO Budget:

4000 OC LAFCO Apportionment

These funds are provided by the County, independent special districts and cities. The County pays 1/3 of the total apportionment cost. The cost allocation formulas for the cities and special districts are in accordance with the alternative formulas adopted by the City Selection Committee and the Independent Special Districts Selection Committee respectively.

4050 Filing Fees

These funds are provided by incoming project applications, including but not limited to annexations, reorganizations, incorporations, dissolutions, and consolidations. Filing fees vary with each project received and are not budgeted as revenue due to the uncertainty of when applications will be filed. Filing fees are collected to offset OC LAFCO salaries, benefits and other expenditures associated with applications.

4150 Miscellaneous Revenue

These funds are incurred by nonoperational income including but not limited to reimbursements.

4200 Interest

These funds are the interest earned from the agency's bank and County payroll accounts and investment portfolio, including the Local Agency Investment Fund (LAIF) and Orange County Fund (OC Fund).

EXPENDITURES

The following summarizes the expenditure categories of the OC LAFCO Budget:

5000-5125 Salaries and Benefits

These categories include costs incurred for OC LAFCO employee salaries and benefits, including retirement, life, accidental and disability insurance, health and dental insurance, and Medicare. OC LAFCO contracts with the County of Orange for payroll and benefit services.

5150 Information Technology

This category includes costs incurred for the technical support for regular maintenance and upgrades to the OC LAFCO computer systems and website. OC LAFCO contracts with independent consultants for IT and website services.

5151 Internet and Electronic Services

This category includes costs for the usage, technical support, equipment, leasing and maintenance of business electronic devices and internet services.

OC LAFCO FY 2024-25 BUDGET CATEGORIES

5200 County Charges

This category includes costs incurred for payroll processing, records archiving and storage, and billing, collection and intranet services provided by the County of Orange.

5250 Insurance

This category includes costs incurred for insurance coverage. OC LAFCO contracts with the County and a joint powers authority for the following coverages for instances that occur during the general operation of the agency.

- General Liability– Includes coverage for personal injury (including bodily injury and property damage), non-owned auto liability, public officials’ errors and omissions and employment practices liability.
- Crime – Includes coverage for employee or non-employee theft, burglary, forgery or alteration, computer fraud, funds transfer fraud.
- Property - Includes per occurrence, all perils coverage for damage to property including personal property and business interruption coverage.
- Workers’ Compensation – Includes coverage for employees involving work-related injuries.

5350 Membership/Subscriptions

This category includes memberships and subscriptions fees to CALAFCO, CSDA, OCBC, CDR and other applicable memberships.

5450 Office Equipment and Supplies

This category includes costs incurred for the purchase of office supplies and equipment, computers, and software that support agency operations.

5500 Professional Services

This category includes costs incurred for professional services provided to OC LAFCO. The following are subcategories for professional services:

- ✓ **5510 Legal** – OC LAFCO general counsel services.
- ✓ **5520 Auditing/Accounting** – Bookkeeping, accounting and auditing services. OC LAFCO audited financial statements are prepared by an independent auditor.
- ✓ **5530 Human Resources** – Personnel services that may be provided by an independent consultant for assistance with recruitment, employment labor, professional development and other human resource areas.
- ✓ **5535 Mapping** – OC LAFCO’s Geographic Information System (GIS) and other mapping programs.

OC LAFCO FY 2024-25 BUDGET CATEGORIES

- ✓ **5540 Other Professional Services** – Consulting and professional services for meeting facilitation, peer reviews, and preparation of Municipal Service Reviews, fiscal studies and other studies, reports and projects.

5550 Investment Admin Fees

This category includes costs incurred for administrative fees charged by the County of Orange for financial services related to the investment and payroll accounts.

5600 Public Noticing/Communications

This category includes costs incurred for required legal notices and other communications for Commission-initiated and other projects (e.g., spheres of influence reviews and updates, municipal service reviews, and annual budget adoption) that are not reimbursable through application fees.

5610 Unincorporated Areas Program

This category includes costs incurred for the processing of applications under the Commission's Unincorporated Areas Program.

5650 Rents/Improvements/Maintenance

This category includes costs for leasing, improvements, and maintenance of OC LAFCO office space.

5675 Equipment Leases/Maintenance

This category includes costs for leasing and maintenance of the OC LAFCO copier and printers.

5700 Commissioner/Staff Expenses

This category includes miscellaneous business expenses incurred by Commissioners and staff.

5710 Commissioner Stipends & Taxes/Fees

This category includes Commissioner meeting stipends and related employment taxes and fees.

5750 Professional Development

This category includes costs related to employee professional development (e.g., college/university degree programs and courses, certificate programs, leadership seminars).

5800 Transportation/Travel/Registration

This category includes costs incurred for registration, transportation, and travel expenses for commissioners and staff to attend CALAFCO conference, workshop, and board meetings and other business-related meetings and activities.

5850 Commission Meeting Expenses

This category includes costs incurred for communications, room rental, parking and miscellaneous expenses for Commission meetings.

OC LAFCO FY 2024-25 BUDGET CATEGORIES

RESERVES**Contingency Reserve**

Restricted funds used to cover any unforeseen future agency loss and/or urgency (i.e., property or equipment damage, loss or theft).

Reserve for Litigation

Restricted funds used for costs related to agency litigation not covered by application fees and deposits.

Unfunded Liability Reserve

Restricted funds used to offset anticipated agency liabilities (i.e., employee compensated absences).

OC LAFCO FY 2024-25 City Allocations

City	FY 2024-25 City Allocation
Aliso Viejo	\$ 8,258.01
Anaheim	55,434.05
Brea	9,874.46
Buena Park	13,300.65
Costa Mesa	18,308.17
Cypress	8,047.16
Dana Point	6,079.30
Fountain Valley	9,716.33
Fullerton	24,211.77
Garden Grove	26,021.50
Huntington Beach	32,118.37
Irvine	57,507.33
Laguna Beach	5,622.47
Laguna Hills	5,815.75
Laguna Niguel	12,510.00
Laguna Woods	3,145.07
La Habra	9,769.04
Lake Forest	15,813.20
La Palma	2,389.55
Los Alamitos	2,776.10
Mission Viejo	16,779.57
Newport Beach	18,466.30
Orange	24,897.01
Placentia	8,398.57
Rancho Santa Margarita	9,839.32
San Clemente	13,529.07
San Juan Capistrano	8,925.67
Santa Ana	44,206.68
Seal Beach	6,852.39
Stanton	5,604.90
Tustin	13,037.11
Villa Park	1,370.48
Westminster	13,950.75
Yorba Linda	14,530.57
TOTAL	\$ 527,106.67

OC LAFCO FY 2024-25 Special District Allocations

District	ISDOC Formula Calculation FY 2024-25
Silverado-Modjeska Rec. & Park	\$ 632.53
Surfside Colony Stormwater	632.53
Surfside Colony CSD	632.53
Rossmoor/Los Alamitos Area Sewer District	3,057.22
Capistrano Bay CSD	3,057.22
Rossmoor CSD	3,057.22
Three Arch Bay CSD	3,057.22
Emerald Bay CSD	3,057.22
Buena Park Library District	3,057.22
Placentia Library District	3,057.22
Orange County Cemetery District	4,585.83
Orange County Vector Control District	6,114.44
Total Non-Enterprise Districts	\$ 33,998.40
Sunset Beach Sanitary District	6,114.44
Serrano Water District	18,290.60
East Orange Co. Water District	24,352.33
Midway City Sanitary District	24,352.33
Trabuco Canyon Water District	24,352.33
Costa Mesa Sanitary District	24,352.33
El Toro Water District	30,466.77
Mesa Water District	30,466.77
Yorba Linda Water District	36,528.49
South Coast Water District	36,528.49
Moulton Niguel Water District	42,642.93
Santa Margarita Water District	42,642.93
Municipal Water District of O.C.	48,651.94
Orange County Water District	48,651.94
Irvine Ranch Water District	54,713.65
Total Enterprise Districts	\$ 493,108.27
Total Special Districts	\$ 527,106.67



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2024/25-2027-28

	FY 24/25 Proposed Budget	FY 25/26 Projection	FY 26/27 Projection	FY 27/28 Projection
Apportionment Increase Factor (%)				
	12.0%	12.0%	8.5%	5.0%
1 Revenue & Cash Reserves Use / (Addition)				
2 Cash Reserves Use / (Addition)	\$ 240,340	\$ 122,060	\$ 33,800	\$ 31,360
3 4000 LAFCO Apportionment	1,581,320	1,771,080	1,921,620	2,017,700
4 4200 Interest	38,390	19,300	17,300	16,400
5 Total Revenue & Cash Reserves Use / (Addition)	1,860,050	1,912,440	1,972,720	2,065,460
6 Expense				
7 Salaries & Benefits				
8 5000 Salaries	657,300	693,500	731,700	768,300
9 5010 Hourly Employees	20,800	22,000	23,300	24,500
10 5106 Retirement	265,900	280,500	296,000	310,800
11 5109 Retiree Health Benefits	22,000	23,100	24,300	25,600
12 5108 Health Insurance	88,900	93,400	98,100	103,100
13 5110 Dental Insurance	11,600	11,990	12,400	12,900
14 5112 Life Insurance	420	450	480	510
15 5118 Unemployment Insurance	200	210	220	300
16 5119 Health Reimbursement Arrangement	7,800	7,800	7,800	7,800
17 5102 Optional Benefit Plan	18,500	18,500	18,500	18,500
18 5104 Deferred Compensation	19,000	20,050	21,160	22,300
19 5116 Medicare	10,200	10,700	11,300	11,800
20 5114 Worker's Compensation	-	-	-	-
21 5120 Salary Continuance	1,650	1,740	1,830	2,000
22 5122 Accidental Death Insurance	120	130	140	150
23 5125 Executive Car Allowance	7,200	7,200	7,200	7,400
24 Salaries & Benefits Total	1,131,590	1,191,270	1,254,430	1,315,960
25 Operations, Prof. Services & Other				
26 Office Operations				
27 5150 Information Technology	21,600	12,200	12,600	12,900
28 5151 Internet & Electronic Services	20,500	21,100	21,700	22,200
29 5200 County Charges	12,000	12,300	12,700	13,000
30 5250 Insurance	15,760	16,200	16,700	17,100
31 5350 Membership/Subscriptions	40,400	41,410	42,450	43,300
32 5450 Office Equipment/Supplies	26,100	26,760	27,430	28,000
33 Professional Services				
34 5510 Legal	60,000	60,000	60,000	61,200
35 5520 Audit/Accounting	57,000	58,430	59,900	61,100
36 5530 Human Resources	35,000	10,880	11,160	11,400
37 5540 Other Professional	200,000	200,000	200,000	204,000
38 Other Expense				
39 5535 Mapping	4,000	4,100	4,210	4,300
40 5550 Investment Admin Fees	850	880	910	1,000
41 5600 Public Noticing / Communications	12,000	12,300	12,610	12,900
42 5610 Unincorporated Areas Program	11,000	11,000	11,000	11,000
43 5650 Rents/Improvements/Maintenance	115,000	118,700	122,100	125,900
44 5675 Equipment Leases & Maintenance	8,100	8,310	8,520	8,700
45 5700 Commissioner/Staff Expenses	5,000	5,200	5,400	5,600
46 5710 Commission Stipends & Taxes/Fees	16,450	16,900	17,400	17,800
47 5750 Professional Development	20,000	20,500	21,100	21,600
48 5800 Registration/Travel	35,300	36,200	37,200	38,000
49 5850 Commission Meeting Expenses	12,400	12,800	13,200	13,500
50 Operations, Prof. Services & Other Total	728,460	721,170	718,290	749,500
51 Total Expense	1,860,050	1,912,440	1,972,720	2,065,460
52 Net Budget	\$ -	\$ -	\$ -	\$ -



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2024/25-2027-28

	FY 24/25 Proposed Budget	FY 25/26 Projection	FY 26/27 Projection	FY 27/28 Projection
Projected Cash Reserves				
Reserved Cash				
Contingency Reserve	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Litigation Reserve	75,000	75,000	75,000	75,000
Unfunded Liability Reserve	30,000	30,000	30,000	30,000
Operating Reserve (25% Budgeted Expenses)	465,013	478,110	493,180	516,365
Total Reserved Cash	670,013	683,110	698,180	721,365
Unreserved Cash				
Balance at the Beginning of FY	514,377	260,939	123,809	66,824
Addition / (Drawdown) to Unreserved Cash	(240,340)	(122,060)	(33,800)	(31,360)
Total Unreserved Cash	274,037	138,879	90,009	35,464
Total Projected Cash Reserves	\$ 944,049	\$ 821,989	\$ 788,189	\$ 756,829

CP 24-03

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
UPDATING THE OC LAFCO FEE SCHEDULE**

March 13, 2024

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

WHEREAS, California Government Code Section 56383 allows for a Local Agency Formation Commission to establish a schedule of fees for the costs of proceedings; and

WHEREAS, it is the Commission's policy that fees should be based on actual processing costs plus the costs of necessary indirect and administrative functions; and

WHEREAS, the Executive Officer gave notice of this matter in the manner required by law; and

WHEREAS, the Commission complied with the requirements of Government Code Section 66016; and

WHEREAS, the Commission discussed and considered all written testimony for and against this matter including, but not limited to, the staff report and recommendations from the Executive Officer.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County based on the findings, discussion, and conclusions set forth in the staff report, which is

incorporated herein by this reference, DOES HEREBY RESOLVE, DETERMINE and ORDER as follows:

1. The fee schedule set forth in Attachment 1 attached hereto is hereby adopted, to become effective on July 1, 2024.
2. The fees set forth in Attachment 1 attached hereto do not exceed the estimated reasonable costs of providing the services for which the fees are charged and are necessary to pay the costs of operations related to filing and processing applications to the Local Agency Formation Commission of Orange County.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, Donald Wagner, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 13th day of March 2024.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of March 2024.

Donald P. Wagner
Chair of the Local Agency Formation Commission
of Orange County

By: _____
Donald P. Wagner

LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY
SCHEDULE OF FILING AND PROCESSING FEES

Effective July 1, 2024

FEE SCHEDULE OVERVIEW

In accordance with Government Code Section 56383, the Commission may establish a schedule of fees and a schedule of service charges for the Local Agency Formation Commission of Orange County (OC LAFCO) proceedings. The submission of an application to OC LAFCO is not officially accepted for processing until the filing fee deposits have been received by the agency. The fees associated with an application or petition are calculated on a time and materials schedule as detailed in the Fee Schedule.

PROVISIONS

1. Additional Deposits:

- a. The Executive Officer may require an additional deposit from applicants to cover actual costs for review and processing of any application if the Executive Officer determines the project is extraordinary in scope. For example, the Executive Officer may determine that the processing of the proposal will require advice and counsel from OC LAFCO's General Counsel beyond routine review of the Executive Officer's report, Commission resolutions, and agenda materials. Further, OC LAFCO reserves the right to require reimbursement for additional expenses not listed in the fee schedule but incurred as a result of processing an application.
- b. If the actual charges exceed the amount of the deposit, the applicant or petitioner shall be notified and shall pay the excess within 15 days of receipt of a statement from OC LAFCO. Failure to pay may be cause for delay and/or denial of the application/petition, and no proceeding or application shall be completed until all fees due have been paid in full.

2. Indemnification Agreement Requirement

As a condition of approval of any change of organization or reorganization, out-of-agency service agreement, sphere of influence or municipal service review by OC LAFCO, the applicant(s) and real party(ies) in interest are required to defend, indemnify, hold harmless, and release OC LAFCO and its agents, officers, attorneys, and employees from any claim, action, or proceeding against OC LAFCO, and its agents, officers, attorneys, and employees to attack, set aside, void, or annul the approval of OC LAFCO concerning the proposal or any action relating to, or arising out of, such approval. In accordance with the Commission's Policy for Indemnification of OC LAFCO by Applicants (adopted March 8, 2000), the applicant(s) and real party (ies) in interest are required to submit a signed indemnification agreement as part of the application.

ORANGE COUNTY LAFCO FEE SCHEDULE

OC LAFCO PROCESSING FEES

TYPE OF ACTION	COST SCHEDULE	INITIAL DEPOSIT
Change of Organization (e.g., annexation or detachment)	Time and Materials	\$4,600
Change of Organization with Sphere of Influence Change	Time and Materials	\$5,600
Reorganization (two or more changes of organization/sphere of influence change)	Time and Materials	\$7,900
District Formations or Consolidations	Time and Materials	\$10,000
District Dissolutions, Mergers, or Establishment of a Subsidiary District	Time and Materials	\$7,900
City Incorporations/Dis-incorporations <i>(Also see additional project completion fees.)</i>	Time and Materials	\$10,000
Activation of Latent Powers	Time and Materials	\$7,900
Request for Municipal Service Review and/or Sphere of Influence Review/Update	Time and Materials	\$7,900
Out-of-Agency Service Agreement	Time and Materials	\$4,600
Request for Reconsideration	Time and Materials	\$3,200
Request for Extension of Time to Complete Proceedings	Time and Materials	\$1,000

OC LAFCO STAFF/LEGAL COUNSEL BILLING RATES

OC LAFCO Staff Rate	Fully Burdened Hourly Rate*
OC LAFCO Legal Counsel	Actual Costs*

*See Exhibit A.

PROJECT COMPLETION FEES AND CHARGES

Public Noticing and Publication Costs	Actual Costs <i>(Based on noticing required by Government Code Section 56661)</i>
State Board of Equalization Fees	Actual Costs <i>(Payable to the State Board of Equalization and based on their latest fee schedule.)</i>
Compliance with California Environmental Quality Act (CEQA)	Actual Costs <i>(May include OC LAFCO staff time to prepare environmental documentation, actual consultant costs, and appropriate filing fees. Department of Fish and Wildlife filing fees are required to be paid at the time OC LAFCO files the Notice of Determination with the Clerk of the Board. The fees listed below include the county's \$50 filing fee and are current as of January 1, 2021)</i> <ul style="list-style-type: none"> a. Negative Declaration: \$2,764 b. Environmental Impact Report: \$3,839.25
Comprehensive Fiscal Analysis for Incorporation or Disincorporation Proposals	Actual Costs <i>(A \$50,000 deposit is required at the time the application is submitted. All excess costs will be the responsibility of the project proponent; any balance will be refunded at the conclusion of the project.)</i>
State Controller's Fiscal Review for Incorporations	Actual Costs <i>(A \$25,000 deposit is required at the time a Request for State Controller Review is submitted. All excess costs will be the responsibility of the project proponent, any balance will be refunded at the conclusion of the project.)</i>
Registrar of Voters – Verification of Signatures	Actual Costs
Special Legal Counsel Costs	Actual Costs
Consultants	Actual Costs

MATERIALS CHARGES

Reproduction and Faxing Costs	Actual Cost*
Postage or Overnight Service	Actual Cost
Monthly Agenda Packet (hard copy)	Actual Cost *

*See Exhibit A.

EXHIBIT A
ORANGE COUNTY LAFCO FEE SCHEDULE
DIRECT COSTS

Effective July 1, 2024

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	\$ 210
Assistant Executive Officer	\$ 117
Policy Analyst*	\$ 67-77
Commission Clerk	\$ 75

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates: \$296 (OC LAFCO-initiated services)
 \$607.50 (project applicant-initiated services)
3. Reproduction Cost - 0.25 per page
4. Audio Disc Reproduction Cost - \$15