

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, April 10, 2024
8:15 a.m.**

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

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

1. CALL THE MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION

(Communications received after agenda distribution for agenda items.)

5. PUBLIC COMMENT

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

6. CONSENT CALENDAR

a.) March 13, 2024 – Regular Commission Meeting Minutes

The Commission will consider approval of the March 13, 2024 meeting minutes.

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

The Commission will receive the third quarter financial report of Fiscal Year 2023-24.

c.) Legislative Report (April 2024)

The Commission will receive an update on current legislation and other legislative activities of LAFCO interest.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) Transfer to OC LAFCO Public Trust

The Commission will consider a transfer from the agency's unreserved cash balance to the post-employment benefits trust account administered by the Public Agency Retirement Services (PARS).

b.) Commissioner Handbook

The Commission will discuss and consider adoption of the Commissioner Handbook.

9. COMMISSIONER COMMENTS

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

10. EXECUTIVE OFFICER'S REPORT

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

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, May 8, 2024 at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701.

PUBLIC PARTICIPATION:

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

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

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

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

AMERICANS WITH DISABILITIES ACT (ADA)

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

2024 MEETING AND EVENTS CALENDAR

Approved November 8, 2023

2024



January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
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21	22	23	24	25	26	27
28	29	30	31			

April						
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July						
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August						
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March						
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31						

June						
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September						
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December						
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22	23	24	25	26	27	28
29	30	31				

- OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: County Administrative North, First Floor Multipurpose Room 101, 400 W. Civic Center Dr., Santa Ana, CA 92701.
- Office closure due to legal holidays and flexible work schedule.
- CALAFCO Annual Conference - October 16 - 18, 2024 at Tenaya Lodge at Yosemite.

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, March 13, 2024
8:15 a.m.

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

1. CALL TO ORDER

Chair Wagner called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:16 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Freshley led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners were present:

City Members

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

County Member

Donald P. Wagner **(Chair)**

Special District Members

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

Public Members

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

The following staff members and general counsel were present:

- Executive Officer Carolyn Emery
- Assistant Executive Officer Luis Tapia
- Policy Analyst II Gavin Centeno
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

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

The Commission Clerk noted that no supplemental communication was received.

5. PUBLIC COMMENT

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

Chair Wagner closed the hearing of public comments.

6. CONSENT CALENDAR

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

6a. – February 14, 2024 - Regular Commission Meeting and Study Session Minutes

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

MOTION PASSED: 6-0.

7. PUBLIC HEARING

7a. – Fiscal Year 2024-25 OC LAFCO Proposed Budget and Fee Schedule

Assistant Executive Officer Luis Tapia and OC LAFCO accountant, Scott Nelsen presented the staff report and recommended actions for Commission consideration.

Chair Wagner opened the public hearing. The Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** closed the public hearing.

Chair Wagner called for Commission discussion on the item. **Commissioner Fisler** inquired about the apportionment increase. Staff responded that the increase aligns with the practice approved by the Commission of drawing down the unreserved cash balance in line with

gradual increases to the apportionment until it fully funds the agency budget in accordance with State law. **Commissioner Moore** asked about appropriate planning for the agency’s future costs. Staff responded that in part to preparing the budget annually, the reserve funding levels set by the Commission are also reviewed and can be adjusted based on agency needs. There were other general comments made by Commissioners.

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

- MOTION:** 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; Direct staff to schedule a public hearing for consideration and adoption of the Final FY 2024-25 OC LAFCO Budget at the May 8, 2024 regular meeting; and Adopt Resolution No. CP24-03 approving the 2024-25 OC LAFCO Fee Schedule. (Wendy Bucknum)
- SECOND:** Douglass Davert
- FOR:** Wendy Bucknum, Douglass Davert, Derek J. McGregor, James Fisler, Bruce Whitaker, Donald P. Wagner
- AGAINST:** None
- ABSTAIN:** None

MOTION PASSED: 6-0.

8. COMMISSION DISCUSSION AND ACTION

8a. – Legislative Report (March 2024)

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

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments, and the Commission Clerk noted no requests received to speak on the item.

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

- MOTION:** Adopt a “*Watch*” position on AB 805 and “*Support*” position on AB 3277 and SB 1209; Direct staff to send position letters to bill authors. (Wendy Bucknum)
- SECOND:** Douglass Davert

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

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

8b. – Processing Incorporation Applications and Implementing Revenue Neutrality Provisions Policy

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

Chair Wagner called for Commission discussion and public comments. **Commissioner Davert** made comments on the requirement of a pre-filing meeting for applicants and needed clarification of whether the document is a policy or guidelines. Executive Officer Carolyn Emery provided a response relative to the purpose and benefit of the pre-filing meeting requirement. Commissioners made general comments, and the Commission Clerk noted no requests received to speak on the item.

Chair Wagner called for a motion on the item. **Commissioner Davert** motioned to approve the staff recommended action with removal of guidelines reference from policy, and **Vice Chair Bucknum** seconded the motion.

MOTION: Adopt the Policy and Procedures for Processing Incorporation Applications and Implementing Revenue Neutrality Provisions, as amended, including noted revisions. (Douglass Davert)

SECOND: Wendy Bucknum

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

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

8c. – Personnel Policies and Procedures

Executive Officer Carolyn Emery presented the staff report and recommended action for Commission consideration.

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments and inquired if changes are mainly due to law changes. General counsel responded affirmatively and added that changes also include clearer reporting and other direction for staff in personnel areas. The Commission Clerk noted that there were no requests received to speak on the item.

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

MOTION: Adopt the OC LAFCO Personnel Policies and Procedures, as amended. (Wendy Bucknum)
SECOND: Bruce Whitaker
FOR: Wendy Bucknum, Bruce Whitaker, Douglass Davert, Derek J. McGregor, James Fisler, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

8d. – California Public Records Act and Records Retention and Destruction Policies

Executive Officer Carolyn Emery presented the staff report and recommended actions. Commission Clerk Cheryl-Carter Benjamin added that reviews of the public records and retention policies are performed annually.

Chair Wagner called for Commission discussion and public comments. There was no discussion from Commissioners, and the Commission Clerk noted no requests received to speak on the item.

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

MOTION: Adopt the California Public Records Act Policy, as amended; Adopt the Records Retention and Destruction Policy, as amended. (Douglass Davert)
SECOND: Bruce Whitaker
FOR: Douglass Davert, Bruce Whitaker, Wendy Bucknum, James Fisler, Derek J. McGregor, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSIONER COMMENTS

Commissioners made general comments.

10. EXECUTIVE OFFICER’S REPORT

Executive Officer Carolyn Emery provided a summary of the report prepared by the University of California Berkeley titled “LAFCO and Water System Consolidation: Bridging the Gap between Local and State Regulators to Stop and Reverse Water System Fragmentation.” She described her participation in surveys and exchanges with the university personnel during preparation of the report and concurred with their finding noting the need for more information sharing amongst local and state regulators. Ms. Emery added that discussion of the report was agendized as informational only and requires no Commission Action.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements scheduled.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 9:01 a.m. to April 10, 2024.

Donald P. Wagner, Chair
Orange County Local Agency Formation Commission

ATTEST:

By: _____
Cheryl Carter-Benjamin
Commission Clerk

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: April 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

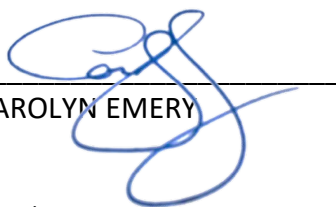
SUBJECT: Fiscal Year 2023-2024 Quarterly Financial Report
(*Third Quarter*)

The attached quarterly financial report provides an assessment of the agency’s budget and investment portfolio for the period of January 1 through March 31, 2024. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency’s website. The next review of the agency’s financial status will be presented in the July 10 year-end report.

RECOMMENDED ACTION

Receive and file item.

Respectfully Submitted,



CAROLYN EMERY

Attachment:

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



Quarterly Financial Report

Fiscal Year 2023-24 (Third Quarter)

Prepared: April 10, 2024

HIGHLIGHTS:

FY 2023-24 Budget Overview – Pages 2-4

Balance Sheet & Reserves Analysis – Pages 5-6

FY 2023-24 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of January 1, 2024 through March 31, 2024.¹ The Fiscal Year 2023-24 budget of approximately \$1.74 million supports the operations of the Commission and the resources needed to accomplish the work plan. During the third quarter, the overall expenditures were at approximately 60 percent, which is 15 percent below the target level of three quarters completed for the fiscal year.

Revenues

As of March 31, the OC LAFCO budgeted revenues were at approximately 102 percent (\$1,449,616), with majority of the revenue supported through the funding apportionment collected from the County, cities, and special districts, and the remaining attributed to the agency's interest earned from its investment portfolio. The total earned interest of \$37,726 currently exceeds total budgeted projections of \$14,200 for earnings by \$23,526.

Another source of OC LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with the processing of the respective applications. During the third quarter, no filing fees were received, and approximately \$148,892 remain on deposit for preparation of the Orange County Water District municipal service review, as shown in the financial overview as revenue within the Special Fund column. The Special Fund column in the chart on page 4 also includes an accounting of staff and consultant expenses incurred as of March 31 for the current fiscal year.

Expenditures

The General Fund expenditures as of March 31, 2024 are below the third quarter target level totaling \$1,038,863 or approximately 60 percent of the total budget. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	16%	39%	60%	-

Most expenditures during the third quarter are within target levels with expenses attributed to key operational costs, such as salaries, benefits, and professional services. Line items that are above the third quarter target level, including travel and registration, human resources, office equipment, and the office lease, are beginning to balance within budget levels as we move towards the end of the fiscal year. This pattern is a reoccurrence in fiscal cycles as these expenses are due or paid in advance in the earlier part of the respective fiscal year.

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

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

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of March 31, 2024:

As of 03/31/24	Balance
770-Payroll Account	\$408,186
Wells Fargo Checking	\$240,250
Wells Fargo Savings	<u>\$216,091</u>
Total	\$864,527

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF) and OC Fund accounts. Throughout the fiscal year, funds are transferred from the investment accounts to the bank accounts to cover the agency's operational expenses. Additionally, the agency earns investment revenue through the Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The current balance of the Trust account at the end of the third quarter is \$61,010. This represents an overall loss of approximately \$990 from the agency's initial deposit of \$62,000 and is an improvement since the second quarter and prior fiscal years. Under a separate report for the April agenda is a recommendation from staff to transfer \$15,000 to the Section 115 account. If approved by the Commission, this would bring the Trust account balance to approximately \$76K for the third quarter.

The following table illustrates the balance of OC LAFCO's investment portfolio as of March 31, 2024.

As of 03/31/24	Balance
LAIF	\$227,639
OC Fund	\$522,593
PARS Trust	<u>\$ 61,010</u>
Total	\$811,242

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
January 1, 2024 – March 31, 2024

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr General Fund	YTD General Fund	TOTAL FY 23/24 Budget	General Fund
Revenue:							
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,390	0.0%
LAFCO Apportionment	-	1,286,153	125,737	-	1,411,890	1,411,890	100.0%
Filing Fees	291,537	-	-	-	-	-	0.0%
Misc Revenue	-	119	197	-	317	-	0.0%
Interest & Dividends	-	3,797	18,450	15,479	37,726	14,200	265.7%
PARS Trust Investment Gain/Loss	-	(1,938)	4,886	778	3,726	-	0.0%
Total Revenue	\$ 291,537	\$ 1,288,131	\$ 149,270	\$ 16,256	\$ 1,453,658	\$ 1,744,480	83.3%
Expenditures:							
Salaries	\$ 6,222	\$ 135,747	\$ 170,076	\$ 108,162	\$ 413,985	\$ 621,200	66.6%
Hourly Employees	-	4,037	5,037	3,795	12,869	20,800	61.9%
Benefits & Insurance							
Optional Benefit Plan	-	-	18,500	-	18,500	18,500	100.0%
Deferred Compensation	-	3,535	4,642	3,085	11,262	17,900	62.9%
Retirement Benefits	-	52,378	66,714	43,773	162,865	247,700	65.8%
Health Insurance	-	14,015	16,642	13,123	43,780	68,500	63.9%
Retiree Health Benefits	-	4,556	5,750	3,667	13,973	22,000	63.5%
Dental Insurance	-	1,521	1,594	325	3,440	6,900	49.9%
Life Insurance	-	89	104	66	258	420	61.4%
Workers Compensation	-	-	-	1,909	1,909	2,550	74.9%
Medicare	-	1,994	2,754	1,631	6,379	9,400	67.9%
Unemployment Insurance	-	-	-	-	-	620	0.0%
Health Reimbursement	-	1,800	2,100	1,320	5,220	-	0.0%
Salary Continuance	-	342	430	275	1,047	1,560	67.1%
Accidental Death Insurance	-	22	26	16	64	120	53.3%
Executive Car Allowance	-	1,200	2,400	1,200	4,800	7,200	66.7%
Total - Benefits & Insurance	6,222	81,452	121,655	70,388	273,495	403,370	67.8%
Information Technology	-	2,922	3,465	1,737	8,125	32,850	24.7%
Telephone & Internet	-	3,903	4,782	3,298	11,983	16,480	72.7%
County of Orange	-	1,045	462	2,047	3,554	10,300	34.5%
General Liability Insurance	-	2,869	2,869	2,869	8,608	14,030	61.4%
Memberships	-	9,758	5,083	5,128	19,968	39,900	50.0%
Office Equipment/Supplies	-	9,002	5,965	3,573	18,540	24,100	76.9%
Professional Services:							
Legal	-	12,032	10,192	7,875	30,099	60,000	50.2%
Accounting/Audit	-	15,340	11,195	15,120	41,655	53,000	78.6%
Human Resources	-	1,421	10,306	6,338	18,065	20,000	90.3%
Mapping/Archiving	-	935	935	935	2,805	13,900	20.2%
Other Professional Services	129,408	12,963	4,938	25,274	43,174	180,000	24.0%
Total - Professional Services	129,408	42,691	37,566	55,541	135,798	326,900	41.5%
Investment Admin Fees	-	140	189	(6)	322	850	37.9%
Public Noticing	-	2,288	-	819	3,107	14,800	21.0%
Unincorporated Areas Program	-	-	-	-	-	18,000	0.0%
Rents/Maintenance	-	36,647	27,485	27,199	91,332	111,600	81.8%
Equipment Leases	-	1,409	1,753	1,416	4,579	7,700	59.5%
Comm. & Staff Expense	-	2,468	1,167	927	4,563	7,000	65.2%
Comm. Stipends & Taxes/Fees	-	1,916	3,050	2,667	7,633	16,000	47.7%
Professional Development	-	-	52	2,053	2,105	25,000	8.4%
Transportation/Travel	-	7,303	7,807	2,280	17,389	21,300	81.6%
Commission Meeting Expense	-	363	253	294	910	12,300	7.4%
Refund of Deposit	7,016	-	-	-	-	-	0.0%
Total Expenditures	142,645	345,959	398,717	294,187	1,038,863	1,744,480	59.6%
Total Net Income (Loss)	\$ 148,892	\$ 942,172	\$ (249,446)	\$ (277,930)	\$ 414,795	\$ -	

³ Financial data represents pre-audited amounts, which does not include all year-end adjustments.

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of OC LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of March 31, 2024. Please note that the figures provided in this balance sheet are unaudited and subject to change. Additionally, an analysis of the agency's reserve balances is provided on page 6.

APPENDIX B OC LAFCO BALANCE SHEET As of March 31, 2024

	<u>Mar 31, 24</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 408,186
Wells Fargo Checking	240,250
Wells Fargo Savings	216,091
OC Fund	522,593
Investment Acct - LAIF	227,639
PARS Trust	61,010
Fair Market Value Adjustments	(5,805)
Total Cash and Investments	<u>1,669,964</u>
Other Current Asset	
Prepaid Expenses	11,751
Retirement Prepaid Expense	76,361
Total Other Current Asset	<u>88,113</u>
Total Current Assets	<u>1,758,077</u>
Fixed Assets	47,022
Other Assets	
Right to Use Assets	697,611
Pension Deposit	217,970
Def. Outflows Pension Related	515,973
Deferred OPEB Contributions	9,645
Deferred Outflows OPEB Related	38,000
Total Other Assets	<u>1,479,199</u>
TOTAL ASSETS	<u><u>\$ 3,284,298</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	7,560
Salaries Payable	41,026
Compensated Absences	54,334
Total Current Liabilities	<u>102,920</u>
Long Term Liabilities	
Lease Liabilities	739,733
Deferred Inflows OPEB Related	23,000
Net OPEB Liability	119,000
Net Pension Liability	1,587,646
Def. Inflows Pension Related	229,870
Total Long Term Liabilities	<u>2,699,249</u>
Total Liabilities	<u>2,802,169</u>
Fund Balance	<u>482,129</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 3,284,298</u></u>

*Figures are subject to change as they have been projected through March 31, 2024 and represent pre-audited amounts.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of March 31, 2024

Cash & Investments Description	March 31, 2024 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 408,186	\$ 261,343 ¹	\$ 146,843
Checking - Wells Fargo	240,250	174,778 ¹	65,472
Savings - Wells Fargo	216,091	205,000 ¹	11,091
OC Fund Investment	522,593	-	522,593
LAIF Investment	227,639	-	227,639
PARS Trust	61,010	-	61,010
Total	\$ 1,675,769	\$ 641,121	\$ 1,034,648²

Footnotes:

¹Per the Cash and Cash Management Policy, the Commission must maintain \$641,121 during fiscal year 2023/24 in order to cover three months of payroll costs (County Payroll), 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

²Remaining Available Cash to fund Operations and Reserves.

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City Member

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Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: April 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Legislative Report (April 2024)

BACKGROUND

As we approach Spring, some momentum has picked up in the Legislature with introduction of the budget by the Governor, support of State propositions, and the moving of many bills through committees. However, as anticipated earlier in the legislative session, proposed legislation of LAFCO interest continues to be minimal. Whether this pace will continue throughout the session, time will tell as the California Association of Local Agency Formation Commissions (CALAFCO) focuses on the effort of potential amendments to the provision that governs LAFCO’s authority involving the extension of services outside of an agency’s boundary and continuous appearance of open meeting and teleconferencing bills in the Capitol chambers.

Staff and Commissioner McGregor continue to stay engaged on the legislative front through participation in monthly meetings of the CALAFCO Legislative Committee. In addition to bills directly affecting LAFCOs, during the committee’s March 22 meeting, members discussed a request received from the California Special Districts Association (CSDA) to support the Special District Grant Accessibility Act (H.R. 7525). The next sections of this report provide the status of bills discussed and positions adopted by the Commission thus far for the current legislative session and additional background on the CSDA effort.

Update on Previously Reviewed Legislation

2023-2024 Legislative Session – Bill Status			
Bill	Description	Adopted Position	Status
AB 805	Proposes the designation of an “Administrator” by the State Water Resources Control Board involving inadequate and failing sewer systems serving disadvantaged communities.	Watch	AB 805 is under review in the Assembly Committee on Appropriations. Next hearing date: None scheduled.
AB 3277	Proposes to amend the CKH Act for proposals seeking formation of a special district to exclude the exchange of property tax revenue when an affected agency is not seeking a share of the property tax revenue.	Support	AB 3277 is currently under review in the Assembly Committee on Local Government. Next hearing date: April 10.
SB 1209	Proposes to amend current State law for explicit authorization by LAFCOs to require indemnification by applicants for litigation involving proposals.	Support	SB 1209 is currently under review in the Senate Local Government Committee. Next hearing date: None scheduled.

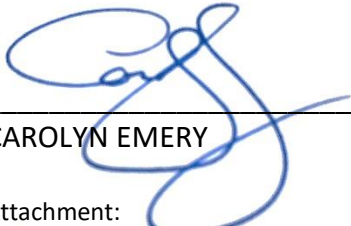
CALAFCO Review of CSDA Effort on H.R. 7525

In March 2024, CALAFCO received a request from CSDA to support proposed federal legislation, H.R. 7525 sponsored by House Representatives, Pat Fallon (Texas) and Brittany Pettersen (Colorado). H.R. 7525 proposes to codify a formal definition of special district in federal law and direct federal agencies to recognize special districts as local governments to ensure districts are eligible to receive federal assistance, including funding and grants. The CALAFCO legislative committee, which serves in an advisory role to the CALAFCO Board involving legislation that affects LAFCOs and other stakeholders, has submitted a recommendation to the Board to support CSDA’s request by adopting a support position on H.R. 7525. At the time of preparation of this report, the Board's position on the bill was pending. The bill language for H.R. 7525 is attached for your reference, and staff will keep the Commission apprised on this effort as warranted.

RECOMMENDED ACTION

Receive and file item.

Respectfully Submitted,


 CAROLYN EMERY


 LUIS TAPIA

Attachment:

1. House of Representatives (H.R. 7525): Special Grant Accessibility Act

118TH CONGRESS
2^D SESSION

H. R. 7525

To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2024

Mr. FALLON (for himself and Ms. PETTERSEN) introduced the following bill; which was referred to the Committee on Oversight and Accountability

A BILL

To require the Director of the Office of Management and Budget to issue guidance to agencies requiring special districts to be recognized as local government for the purpose of Federal financial assistance determinations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Special District Grant
5 Accessibility Act”.

1 **SEC. 2. AGENCY FINANCIAL ASSISTANCE GUIDANCE ON**
2 **SPECIAL DISTRICTS.**

3 (a) **REQUIREMENTS FOR AGENCY ACKNOWLEDG-**
4 **MENT OF SPECIAL DISTRICTS AS GRANT RECIPIENTS.—**

5 (1) **OMB GUIDANCE.—**Not later than 180 days
6 after the date of the enactment of this Act, the Di-
7 rector shall issue guidance that clarifies how an
8 agency recognizes a special district as a unit of local
9 government for the purpose of being eligible to re-
10 ceive Federal financial assistance.

11 (2) **AGENCY REQUIREMENTS.—**Not later than 1
12 year after the date on which the guidance is issued
13 pursuant to paragraph (1), the head of each agency
14 shall implement the requirements of such guidance
15 and conform any policy, principle, practice, proce-
16 dure, or guideline relating to the administration of
17 the Federal financial assistance programs of the
18 agency.

19 (3) **REPORTING REQUIREMENT.—**Not later than
20 2 years after the date of the enactment of this Act,
21 the Director shall submit to the Committee on Over-
22 sight and Accountability of the House of Represent-
23 atives and the Committee on Homeland Security and
24 Governmental Affairs of the Senate a report that
25 evaluates agency implementation of and conformity
26 to the guidance issued pursuant to paragraph (1).

1 (b) DEFINITIONS.—In this section:

2 (1) AGENCY.—The term “agency” has the
3 meaning given the term in section 552 of title 5,
4 United States Code.

5 (2) DIRECTOR.—The term “Director” means
6 the Director of the Office of Management and Budg-
7 et.

8 (3) FEDERAL FINANCIAL ASSISTANCE.—The
9 term “Federal financial assistance”—

10 (A) means assistance that a non-Federal
11 entity receives or administers in the form of a
12 grant, loan, loan guarantee, property, coopera-
13 tive agreement, interest subsidy, insurance, food
14 commodity, direct appropriation, or other as-
15 sistance; and

16 (B) does not include an amount received as
17 reimbursement for services rendered to an indi-
18 vidual in accordance with guidance issued by
19 the Director.

20 (4) SPECIAL DISTRICT.—The term “special dis-
21 trict” means a political subdivision of a State, with
22 specified boundaries and significant budgetary au-
23 tonomy or control, created by or pursuant to the
24 laws of the State, for the purpose of performing lim-
25 ited and specific governmental or proprietary func-

4

1 tions that distinguish it as a significantly separate
2 entity from the administrative governance structure
3 of any other form of local government unit within a
4 State.

5 (5) STATE.—The term “State” means each of
6 the several States, the District of Columbia, each
7 commonwealth, territory, or possession of the United
8 States, and each federally recognized Indian Tribe.

○

8a | Commission
Discussion

MEETING DATE: April 10, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Transfer to OC LAFCO Public Trust

BACKGROUND

In October 2021, the Commission established a Section 115 Public Agencies Post-Employment Benefits Trust (Trust) through an administrative agreement with Public Agency Retirement Services (PARS). The Commission established the Trust to earn investment revenue that can be used to contribute to the payment of pension obligations and other post-employment benefits costs. PARS currently provides investment and costs management, GASB compliant financial reporting and streamlined transfers and reimbursements involving the OC LAFCO Trust.

In accordance with the Commission’s accounting and financial policies delineating the purpose and funding procedures of the Trust (See **Attachment 1, page 3**), transfers to the Trust may be authorized by the Executive Officer when there is excess cash net income at the end of a fiscal year. The policy also provides that transfers not involving excess cash net income must be approved by the Commission. Staff’s recommendation for Commission approval of a one-time transfer of funds to the Trust is discussed in the next section of this report.

Transfer to OC LAFCO Trust

In accordance with Commission policy, the agency’s Trust account has experienced a single deposit of \$62K in 2021. Since that time, no other transfers have been authorized due to market volatility and the absence of excess cash net income during the last fiscal year. While it is anticipated that the agency will not experience excess cash net income at the end of fiscal year 2023-24, staff is recommending a transfer of \$15,000 to the Trust.

In part to preparing the proposed fiscal year 2024-25 budget, staff and the OC LAFCO accounting team reviewed options and current market volatility involving transfers to the Trust. It was determined that while the Commission is not expected to experience excess cash at year-end, a

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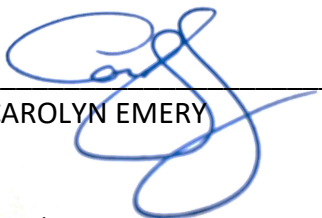
Scott Smith
General Counsel

transfer to the Trust during the current fiscal year would be timely given improvement in the market rates. The transfer would also continue planning for long-term post-employment costs, including the Commission's net pension liability which is approximately 74 percent funded. The potential transfer of \$15,000 to the Trust has been included in the three-year budget projections, and if approved by the Commission, will not have a negative effect on the overall budget and reserve funds. Staff, therefore, recommends the Commission approve this one-time transfer to the Trust.

RECOMMENDED ACTION

1. Approve transfer of \$15,000 to the OC LAFCO Trust administered by PARS.

Respectfully submitted,



CAROLYN EMERY



LUIS YAPIA

Attachment:

1. OC LAFCO Accounting & Financial Policies (Part 5: Section 2.14D)

**Accounting and Financial Policies of the
Orange County Local Agency Formation Commission**

PART 5 – Policies Pertaining to Specific Asset and Liability Accounts

2.1 CASH AND CASH MANAGEMENT

A. Cash Accounts

The primary operating account provides for routine business check disbursements. All cash and credit card deposits are made to this account. Bank reconciliations are performed by the OC LAFCO accounting firm staff. The following minimum balances shall be maintained in the agency's accounts at all times to ensure there are sufficient funds to cover ongoing operating and payroll expenses:

Savings:	\$205,000
Payroll:	3 Months of Current Payroll Expenses
Checking:	3 Months of Operational Expenses

B. Reserve Policy

OC LAFCO currently has three reserve funds restricted to the agency's savings account. These funds are as follows: (1) Contingency; (2) Litigation; and (3) Un funded Liability. These accounts are considered "restricted" accounts and are only used for the specific purposes described below:

1. Contingency Reserves – restricted funds to cover any unforeseen future agency loss and/or urgency which includes but is not limited to property or equipment damage, loss or theft. The minimum balance in the Contingency Reserve Account shall be \$100,000.
2. Litigation Reserves – restricted funds for cost related to agency legal challenges. The minimum balance in the Litigation Reserve Account shall be \$75,000.
3. Unfunded Liability Reserve – restricted funds to offset anticipated agency liabilities including employee vacation and administrative leave payouts. The minimum balance in the Unfunded Liability Reserve Account shall be \$30,000.

2.2 INVESTMENTS

A. Authority

In accordance with California Government Code Section 56300 et seq., the authority to invest public funds not required for the immediate needs of the agency is expressly delegated to the Orange County Local Agency Formation Commission (OC LAFCO). The Commission may also delegate this responsibility to the OC LAFCO Executive Committee and the Executive Officer.

The purpose of this section of the policy is to establish investment guidelines for OC LAFCO officials to ensure the stewardship of agency funds. Pursuant to state law, the Commission, Executive Committee, Executive Officer, and Executive Officer Designee, when investing OC LAFCO funds, shall act with care, skill, prudence, and diligence under the circumstance than prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency. All investments shall be in conformance with federal, state and other legal requirements.

Investments made pursuant to this policy are limited to those instruments specified by OC LAFCO. The Commission shall review the investment program quarterly.

B. Investment Objectives

The specific objectives for all funds invested as defined by this policy are listed in priority order as follows:

1. Safety of Principal

The preservation of principal is of primary importance. Each transaction shall seek to ensure that capital losses are avoided.

2. Legality

Each transaction and the entire investment program must comply with the California Government Code and OC LAFCO's investment policy as defined herein.

3. Liquidity

The invested funds should remain sufficiently flexible to enable OC LAFCO to meet all operating requirements which may be reasonably anticipated.

The managing of OC LAFCO investments shall be subject to the prudent investor standard, a standard of conduct requiring that any investment be made with care, skill, prudence, and diligence in order to safeguard agency funds and maintain the liquidity needs of the agency.

C. Return on Investment

Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

Authority to manage OC LAFCO's investment program is delegated to the OC LAFCO Commission. Management Responsibility is hereby delegated to the Executive Committee and the Executive Officer under the direction of the full OC LAFCO Commission.

D. Authorized Investments

Agency funds are not required for the immediate needs of OC LAFCO but may be invested as follows:

- Investment Funds
Agency funds not required for immediate needs of OC LAFCO may be remitted to the State Local Agency Investment Fund (LAIF) or the Orange County Investment Pool (OC Fund) for the purpose of investment (Government Code Section 16429.1).
- Section 115 Public Agencies Post-Employment Benefits Trust
Agency funds from excess cash net income and not required for immediate needs of OC LAFCO may be deposited to the benefits trust account managed through an agreement with the Public Agency Retirement Services (PARS). The account is established for agency contributions and lowering of the agency's overall net pension expenses. The annual transfer to the benefits trust account must not exceed fifty percent (50%) of the excess cash net income at fiscal year- end, unless approved by the Commission.

- Other Investments

Other investments are permitted by Government Code Section 53600 may be made subject to prior approval of the Commission and may include the following:

- U.S. Government and Agencies Obligations.

- Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a state or federal savings and loan association, or a savings bank with ratings equivalent by Fitch to F1 or better.

As deemed appropriate, the Commission may, at any time, further restrict the securities approved for investment.

E. Reporting

The Executive Officer shall submit a quarterly report to the Commission showing investment activity, including yield and earnings and the status of cash by depository.

As part of the Commission's annual audit, the independent auditor shall also evaluate investment performance and conduct an operations audit. The purpose of these examinations shall be to obtain suggestions for improved future performance and to verify that investments has been done in accordance with the policy and all applicable laws.

2.3 FIXED ASSET MANAGEMENT

A. Capitalization Policy

Physical assets acquired with unit costs in excess of \$2,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, for government-wide financial statements in accordance with GASB Statement No. 34.

B. Contributed Assets

Assets with fair market values in excess of \$2,000 (per unit) that are contributed to OC LAFCO shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land, are subject to depreciation for government-wide financial statements.

C. Establishment and Maintenance of a Fixed Asset Listing

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition.
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis by OC LAFCO. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Executive Officer.

D. Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group. Fixed assets are depreciated over their estimated useful lives using the straight- line method only when presenting government-wide financial statements. Fund financial statements do not include fixed assets or depreciation.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year).

Estimated useful lives of capitalized assets shall be determined by the Executive Officer. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs.
General office equipment	5 yrs.
Computer hardware and peripherals	3-5 yrs.
Computer software	2-3 yrs.
Leased assets	Life of Lease

For accounting and interim financial reporting purposes, depreciation expense will be calculated on an annual basis in conjunction with the annual audit.

E. Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

F. Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log.

2.4 ACCRUED LIABILITIES

A. Identification of Liabilities

The accounting department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by OC LAFCO at the end of an accounting period are:

1. Salaries and wages
2. Payroll taxes
3. Vacation pay
4. Facility expenses payable to the County

In addition, OC LAFCO shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual.

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General Counsel

MEETING DATE: April 10, 2024
TO: Local Agency Formation Commission
of Orange County
FROM: Executive Officer
SUBJECT: Commissioner Handbook

SUMMARY

On February 14, 2024, the Commission conducted a study session to receive a presentation from OC LAFCO consultant, Bill Kelly of KAMG on the draft Commissioner Handbook. Brief and general feedback from Commissioners was given during the session, and members were asked to complete a review of the draft document for further discussion at the April 10 Regular Meeting. Bill Kelly will be present at the meeting to continue facilitation of Commission discussion. Additionally, staff and general counsel have included within the current draft version (see Attachment 1) changes for Commission consideration.

The next section of this report identifies alternatives for Commission action through a single motion for this item.

ALTERNATIVES FOR COMMISSION ACTION

The following alternatives for Commission action have been identified:

Alternative One

Adopt the Commissioner Handbook in final form with or without revisions.

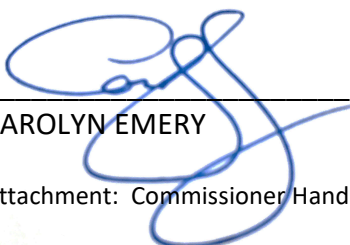
Alternative Two

Continue consideration of the Handbook to the next or future regular meeting.

Alternative Three

Not adopt the Commissioner Handbook.

Respectfully Submitted,



CAROLYN EMERY

Attachment: Commissioner Handbook (Version:4-2024)

DRAFT

COMMISSIONER HANDBOOK



TABLE OF CONTENTS [to be appended]

In support of the Orange County Local Agency Formation Commission’s (OC LAFCO) mission, the Commission will develop, adopt, and maintain the Commissioner Handbook. The intent is to educate and continually guide the Commission to govern and conduct the affairs of OC LAFCO at a high level through strategic planning and achievement in accord with best practices. This Handbook is in addition to the “Bylaws, Policies and Procedures of OC LAFCO, generally and most recently updated on March 8, 2023, which contains additional information concerning controlling legislation and rules and regulations having authority per the Cortese-Knox-Hertzberg Reorganization Act of 2000 (“CKH Act”), as well as local policies enacted by the Commission. The Handbook will serve as a resource for commissioners, staff and members of the public in determining the manner in which matters of Commission business are to be conducted.

Preamble

The population served by OC LAFCO is entitled to appointed Commissioners who are fair, ethical, and accountable and exercise their independent judgement on behalf of the interests of Orange County’s residents, property owners, and the public as a whole. Such Commissioners constantly seek to reflect the following qualities:

- They comply with both the letter and the spirit of the laws and policies affecting the operations of the Commission;
- They are independent, impartial, and fair in their judgment and actions;
- They use their public office for the public good, not for personal gain; and
- They conduct public deliberations and processes openly, unless legally confidential, in an atmosphere of respect, civility and transparency.

To this end, OC LAFCO has adopted this Commissioner’s Handbook, along with its Bylaws, Policies, and Procedures, to encourage public confidence in the integrity of the Commission and its fair and effective operation. The Commission’s commitment to these principles is captured in the following Mission Statement and Governing Principles and messaging of **“ONE MESSAGE, ONE VOICE.”**

Chapter 1 – ROLE AND AUTHORITY

OC LAFCO Mission Statement

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

Role of the ~~Board~~Commission

The Commission's primary role ~~of the Commission~~ is to establish policies that guide OC LAFCO ~~in to meeting~~ its mission. The Commission's policy decisions and actions ~~of the Commission~~ constitute “action” of the Commission as one governing body. In order to fulfill these responsibilities, Commissioners shall adhere to the following general guidelines:

1. That the Commission provides policy direction and leadership to support OC LAFCO's mission ~~statement~~ and legislative actions.
2. That the Commission ~~will hire~~s an Executive Officer to manage the Commission's day-to-day operations ~~of the Commission~~. The Commission supports and holds the Executive Officer accountable for OC LAFCO's ~~the~~ effective operational management ~~of OC LAFCO~~ and ~~will~~ properly evaluates the Executive Officer annually based on the goals and objectives ~~adopted by~~ the Commission adopts and outlines ~~sd~~ in the OC LAFCO three-year strategic plan.
3. That Commission ~~ers~~ members recognize and respect the distinction between ~~its~~ the policy setting role and ~~staff's~~ the day-to-day implementation of policy ~~by staff~~.
4. That ~~it is the responsibility of~~ the Commission is responsible (from a policy perspective) to ensure that the Commission is a progressive, innovative, and well-managed agency.
5. That the Commission exercises authority only collectively as a Commission, and individual Commission members shall not act on their own volition in representing the Commission as a whole.
6. That the Commission respects the role of Orange County's local agencies, residents, communities and other interested parties involving the Commission's role and authority and encourages public participation.

Authority

Established in 1963 by the California Legislature, OC LAFCO is responsible for overseeing the boundaries, establishing spheres of influence (probably physical boundaries), and preparing municipal service reviews (analysis of municipal services) for Orange County's 34 cities and 34 independent and dependent special districts. The Commission is governed by a seven-member ~~governing body~~~~board~~, with an additional four members that serve as alternate members. The Commission's authority operates under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The Commission has ~~retained~~ authority to employ and set the terms and conditions of employment for the Executive Officer, but the Executive Officer has hiring and management authority over all other OC LAFCO employees.

In order for the Commission to function ~~in an effectively manner, it is important that~~ each Commissioner ~~must~~ understand ~~their~~~~his~~~~her~~ respective role and the relationship they have to other Commissioners and to the Executive Officer. This also requires an understanding of the level of performance required to carry out the duties of a Commissioner. The officers of the Commission include the Chair, Vice Chair, and Immediate Past Chair. In addition to preserving order and decorum at the Commission's regular meetings, the Chair has the authority, in consultation with the Executive Officer, to act outside of the regular meetings involving procedural or administrative matters.

Chapter 2 – GUIDING PRINCIPLES

Adherence to established organizational principles can help to promote collegiality amongst ~~Commissioners~~~~board members~~ and a collaborative work environment that encourages Commissioners and staff working together as a team to facilitate internal efficiencies and supports effective decision-making involving the population OC LAFCO serves.

1. OC LAFCO bridges local government agencies and community service needs.
2. OC LAFCO connects governance solutions to local government agencies and their communities.
3. OC LAFCO leads ~~and facilitates~~ conversations and develops governance solutions to ensure improved service efficiencies and financial sustainability of local government agencies.
4. OC LAFCO, with an eye towards the future, studies current trends and anticipates potential jurisdictional challenges ~~and changes of organization and reorganization~~ to assist the Commission with identifying opportunities that guide local government.



5. OC LAFCO conducts the Commission’s processes and operations ~~with objectivity~~objectively and ~~transparency~~transparently, understanding that it provides leadership in state, county and regional issues affecting the mission and operations of OC LAFCO.

Chapter 3 – REPRESENTING AN OFFICIAL COMMISSION DECISION OR POSITION

In order to ensure that they are properly representing their positions as officials of OC LAFCO, Commission members should adhere to the following guidelines:

1. Commission~~ers~~ ~~members~~ may use their title only when conducting official Commission business, for information purposes, or as an indication of background and expertise.
2. Once the Commission has taken a position on an issue, all official Commission correspondence regarding that issue will reflect the Commission's adopted position and logo.
3. Commission members may represent the Commission in business related matters at meetings and events other than regular meetings of the Commission.
4. No Commission member is permitted to attend a meeting of any outside agency or organization or distribute communication as an official representative of the Commission without prior authorization from the Commission Chair or majority.
5. If a member of the Commission appears before the meeting of another governmental agency organization to give a statement on an issue affecting the Commission, the Commission member shall indicate the majority position and opinion of the Commission or that the Commission has no official position on the issue.
6. Personal opinions and comments that may be contrary to adopted policy may be expressed only if the Commission~~er~~~~member~~ clarifies that these statements do not reflect the official position of the Commission or that the Commission has no such position.
7. Commission members should exercise caution when utilizing the news media, social media or other forms of communications to specifically express views which are in opposition to adopted Commission policy or for matters that have not yet been formally voted upon by the Commission.

8. Commissioners may share their current, individual position on a proposal, but should not commit to voting for or against a proposal before hearing evidence of alternatives present that the Commission hearing on the proposal.

Chapter 4 – INTERACTION WITH COMMISSION STAFF

Carrying out the Commission’s legislative authority and adopted mission statement is a collaborative effort of Commissioners and staff. The following guidelines are intended to help define the relationship between the Executive Officer and Commission staff:

Interaction with the Executive Officer

1. Commissioners ~~members~~ are encouraged to contact the Executive Officer about any subject related to the Commission’s agenda or operations ~~of the Commission~~.
2. The Commission is comprised of Commissioners who are elected to their home agencies’ governing bodies. Further, some Commissioners are appointed by other bodies (e.g., the County Board of Supervisors, the City Selection Committee, or the Independent Special District Selection Committee. In other words, the Act anticipates that Commissioners wear at least two legislative hats. Nevertheless, Commissioners should interact with staff as members of the Commission. If their interaction with staff is on behalf of their home agency or their appointing body, they should clearly advise the Executive Officer of that fact.
3. Commissioners will maintain a high level of communication with the Executive Officer when ~~he/she they~~ will not be attending the regular meeting in order for the alternate member to be notified in a timely manner.
4. Concerns regarding overall Commission operations or specific issues are to be addressed with the Executive Officer. Unresolved issues between Commissioners and the Executive Officer will be elevated to the Commission’s Chair/Executive Committee/Commission for resolution.
5. The Executive Officer handles internal operation ~~sal matters or issues~~.
6. The Executive Officer shall advise the Commission when ~~the Officer he/she~~ is out of the office for an extended period ~~of time~~ and shall designate the Assistant Executive Officer or other staff designee to act on ~~their/his/her~~ behalf during that time.

Interaction with Commission Staff and General Counsel

Commission staff and general counsel serve the entire Commission as a whole. Consequently, the Commission should adhere to the following guidelines in its interaction with the staff and general counsel:

1. A Commission member shall not direct staff to initiate any action, change a course of action, or prepare any report without the approval of the Executive Officer and, if necessary, a majority of the Board.
2. Commission members shall not attempt to pressure or influence staff recommendations, schedules, legislative requirement, or priorities.
3. When preparing for Commission meetings, Commission members should direct questions ahead of time to the Executive Officer so that staff can provide the desired information at the Commission meeting.
4. Any concerns by a member of the Commission regarding the behavior or work of a Commission employee should be directed to the Executive Officer privately to ensure that the concern is addressed. Commission members shall not reprimand employees directly nor should they communicate their concerns to anyone other than the Executive Officer.
5. Individual Commission member requests for research or other staff work must be directed to the Executive Officer. Legal inquiries or matters may be directed to the Commission's general counsel. If, in the judgment of the Executive Officer, more than one hour of staff time will be required to complete the requested task/project, the item may be agendized to solicit Commission authorization to expend the additional time necessary on the requested item. Staff responses to individual Commission member requests shall be distributed to all Commission members.
6. Commission members are provided the same information, where practical, including staff reports, meeting agendas, background information, and other communication as deemed appropriate by the Executive Officer and in order to comply with any required laws.
7. Commission members are responsible for informing the Executive Officer of any specific information they want to receive from outside agencies or organizations. Staff is responsible for providing the same in a timely manner.

8. Commission members are aware that all written and electronic documentation and communication are legally considered in the public domain. This excludes information protected by attorney-client privilege.

Chapter 5 – KEY COMMUNICATION ELEMENTS: *One Message, One Voice*

Developed for internal use by Commissioners and staff, the following represent key OC LAFCO messaging to ensure consistent and cohesive communications with Orange County’s local agencies, communities, and other interested parties:

1. OC LAFCO values its objectivity, public outreach, involvement, and transparency when considering changes of organization and reorganization, establishing spheres of influence, conducting municipal service reviews, and proactively annexing unincorporated areas.
2. OC LAFCO is committed to informing local government agencies and the public of the Commission’s State mandates, local mission and resources.
3. In regulating the boundaries of cities and special districts, OC LAFCO gives great consideration of community needs involving critical, reliable, and sustainable municipal services such as water, wastewater, public safety, and parks and recreation.
4. OC LAFCO works effectively and collaborative with various stakeholders to benefit the residents of Orange County to ensure efficient and sustainable delivery of municipal services by local government agencies.
5. When determining spheres of influence and local agency boundaries, OC LAFCO carefully considers the interests of residents of disadvantaged communities ~~are carefully considered~~. This ensures all residents~~people~~ are afforded equal access to vital municipal services.
6. OC LAFCO plays a key role in ensuring local government agencies benefit the residents within their jurisdictions.
7. To ensure that all Orange County residents receive the most efficient, cost-effective, and equitable municipal services, OC LAFCO works to reduce the number of unincorporated areas surrounded by cities.

8. Consolidation of agencies will be conducted by the Commission in a deliberate and transparent manner, with a priority placed on the needs of affected residents and direct benefits of consolidation, and include input from the subject and affected agencies.
9. In addition to its legislative authority, OC LAFCO serves as a resource to the County’s local agencies and residential and business communities involving municipal services and governance options.

Chapter 6 – Strategic Plan 2022-2025 Implementation

On July 13, 2022 the OC LAFCO 2022-2025 was approved by the Commission. This plan outlined four goals as follows:

Goal 1: Staff Development, Retention and Recruitment

To promote staff development, talent building and acquisition.

Goal 2: Improve Municipal Service Review (MSR) Process for Future MSRs

Further refine the MSR process to support the efficiency and more effectiveness in preparing MSRs and completing SOI updates.

Goal 3: Promote Legislative Engagement

To build coalitions with external organizations (ACC-OC, CALAFCO, CSDA, CSAC, League of California Cities, OCCOG, and Orange County Division-League of Cities) on policy issues of mutual interest.

Goal 4: Optimize External Communication

To promote “ONE MESSAGE, ONE VOICE” through Commissioners and staff working jointly in carrying out the state and local missions and authority of the agency. Externally, effectively communicating OC LAFCO’s mission and authority to local agencies, affected communities, and other interested parties through consistent messaging of the Commission’s key communication elements.