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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: May 8, 2024

7a | Public
Hearing

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Final OC LAFCO Fiscal Year 2024-25 Budget

BACKGROUND

On March 13, 2024, the Commission adopted the proposed FY 2024-25 budget. Subsequently, the documents were distributed to each of the agencies for review and comment. State law requires that the Commission also adopt a final budget at a public hearing.

The final OC LAFCO budget for FY 2024-25 (Attachment 1) totals \$1,860,050. The final budget revenues include a total apportionment of \$1,581,320, which is equally divided amongst the County, cities, and special districts. The proposed apportionment for the County is \$527,107. The FY 2024-25 apportionments of each city and special district are reflected in Attachments 1a and 1b. Upon approval of the final budget by the Commission, the County Auditor-Controller will request remittance of the respective payment from each of the funding agencies.

AGENCY COMMENTS

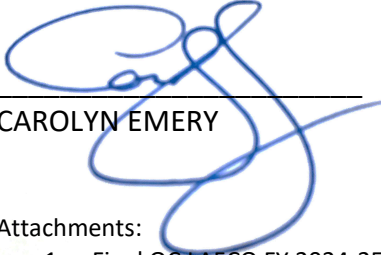
On March 13, 2024, the proposed FY 2024-25 OC LAFCO Budget was distributed to the Board of Supervisors, County Executive Office, and each city and independent special district for review and comment. Additionally, in accordance with State law, a notice of public hearing of the final budget was published in the Orange County Register on April 16, 2024. At the time of the agenda posting on May 1, 2024, OC LAFCO had not received any written comments.

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Adopt the Final Fiscal Year 2024-25 Budget.
2. Direct the Executive Officer to transmit the final budget to the Board of Supervisors, cities, independent special districts, and the County Auditor-Controller.

Respectfully Submitted,



CAROLYN EMERY



LUIS TAPIA

Attachments:

1. Final OC LAFCO FY 2024-25 Budget
 - a. OC LAFCO City Apportionments for FY 2024-25 (prepared by the Auditor-Controller)
 - b. OC LAFCO Special District Apportionments for FY 2024-25 (prepared by the Auditor-Controller)



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

	FY 23/24 Adopted Budget	FY 24/25 Final 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
Final Budget
 Fiscal Year 2024/25

	FY 23/24 Adopted Budget	FY 24/25 Final Budget	\$ Budget Variance	% Budget Variance
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