

REGULAR MEMBERS

CHAIR

Donald P. Wagner

County Member

VICE CHAIR

Wendy Bucknum

City Member

IMMEDIATE PAST CHAIR

Douglas Davert

Special District Member

James Fidler

Special District Member

Peggy Huang

City Member

Derek J. McGregor

Public Member

VACANT

County Member

ALTERNATES

Katrina Foley

County Member

Kathryn Freshley

Special District Member

Carol Moore

City Member

Lou Penrose

Public Member

STAFF

Carolyn Emery

Executive Officer

Scott Smith

General Counsel

MEETING DATE: January 8, 2025

TO: Local Agency Formation Commission
of Orange County

FROM: Assistant Executive Officer

SUBJECT: FY 24-25 Mid-Year Work Plan Update

BACKGROUND

On August 10, 2022, the Commission approved the 2022-2025 OC LAFCO Work Plan. The Plan identifies key objectives for the implementation of the agency's goals outlined in the three-year Strategic Plan. At mid-point of each fiscal year, staff provides a report to the Commission on the status of the objectives, as well as applications filed with the agency. This report provides an update on the activities of the work plan through the end of 2024.

DISCUSSION

Project Applications

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act"), OC LAFCO is required to efficiently process applications for changes of organization or reorganization. Because of statutory timelines, filed applications take precedence over other agency activities and projects. During the current fiscal year, staffing resources have been attributed to an application filed by the Orange County Water District (OCWD) to conduct a municipal service review involving the feasibility of potential consolidation of OCWD and the Municipal Water District of Orange County. The process also includes a comprehensive review of the services and operations of OCWD in part to the MSR schedule adopted by the Commission. The Public Review Draft MSR report was released for a 45-day comment period from November 15 through December 30. A final MSR draft is expected to be presented to the Commission during the general meeting in February.

In addition to processing the noted application, staff anticipates receiving at least three annexation applications during the current fiscal cycle and an application involving the authorization to provide parks and recreation services. Also, staff will be following up on previous dialogue with the City of Westminster regarding the potential annexation of unincorporated areas within the city's sphere of influence.

2022-2025 Strategic Plan Goals

This section of the report provides summaries of the progress of the Commission's multi-year work plan that has occurred since its approval in August 2022. The approved plan may also be referenced through **Attachment 1 (pages 4-7)** to this report.

Staff Development, Retention and Recruitment

Efforts focused on staff development and retention continued during the current fiscal year through the following efforts:

- ✓ Staff development in mapping, human resources, and leadership areas through participation in the Environmental Systems Research Institute (ESRI) webinars, California State University Human Resources Extension certificate program, and participation in regional conferences.
- ✓ Ongoing cross-training of staff in budgeting, auditing, digital archiving and legislative affairs areas.

An additional objective for this goal identified by the Commission within the current work plan is to update the classification, compensation, and benefits assessment approved by the Commission in March 2018. Staff will present a professional service contract with Kelly Associates Management Group LLC to conduct the assessment for Commission consideration during the general meeting on January 8, 2025.

Improve Municipal Service Review (MSR) Process for Future MSRs

As a key mandate for the Commission, the following activities involving MSRs and this goal were completed during the first half of the current fiscal cycle:

- ✓ **Completion of MSRs**
To date, the Commission has completed fourth cycle MSRs for 13 cities and 16 special districts. Staff is currently working on the MSR process for two regional special districts, Orange County Water District (OCWD) and Orange County Mosquito Vector District (OCMVCD) and the Central Region MSR. It is anticipated that the MSR for OCWD will be presented to the Commission in February, and the OCMVCD and Central MSRs will come before the Commission in early spring of 2025. Through a robust schedule and committed resources, it is anticipated that only three regions (Southeast, Coastal and North) will remain in the Commission's MSR queue by the summer of 2025. Completion of the multiple MSRs represents a huge milestone for the Commission's three-year goals. For reference, the MSR Schedule is attached to this report.

✓ **Web-based Programs**

The fiscal indicators, shared services and MS dashboard web-based programs were completed. The programs are available for viewing fiscal data for Orange County's cities and special districts, search the world of municipal service delivery, and our local agencies may continue exploring the platform for shared services opportunities.

Promote Legislative Engagement

During the first half of the current work plan cycle, as with previous others, activity of the legislative front has been relatively quiet. This is attributed to the 2024 legislative session concluding in September and Legislature starting its winter recess in December. OC LAFCO staff and Commissioner McGregor will continue to participate in the CALAFCO legislative committee, and through their participation, will monitor legislation that may impact LAFCOs both locally and across the State, and provide legislative reports to the Commission during the latter part of the current fiscal cycle.

Optimize External Communication

Objectives set by the Commission for this goal are intended to raise awareness of OC LAFCO's project and activities through ongoing communication and outreach to our local agencies and communities. Halfway through the current work plan cycle, the following objectives have been met:

- ✓ The Fall Edition of The Pulse was published and distributed to local agencies and other interested parties.
- ✓ Consultants completed the enhancements to the agency's website.

The effort to optimize the Commission's communications resources will be continued during the latter part of the fiscal cycle through meetings with legislators and stakeholders to inform them of OC LAFCO's role, projects, and key resources.

SUMMARY

During the second half of the current fiscal cycle, staff will continue to focus on the objectives of the Commission's multi-year strategic plan. Projects and activities will include: processing of filed applications, continued conducting of MSRs, engaging County and cities on potential unincorporated island annexations, and meetings with legislators and stakeholders to enhance understanding of OC LAFCO's purpose and resources. The next update on the OC LAFCO work plan will be given in part to the agency's fiscal year-end comprehensive report.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the FY 24-25 Mid-Year Work Plan Update.

Respectfully submitted,



LUIS TAPIA

Attachments:

1. 2022-2025 Strategic Plan and Work Plan
2. OC LAFCO MSR Schedule (Upd. January 2025)

2022-2025 Work Plan

As directed by the Commission, the five goals identified by the Board have been refined by staff and KAMG to allow for implementation of respective objectives to effectively accomplish each goal. As a note, goals #2 and #5 were combined for efficiency as both are relative to the Commission's goal to improve the MSR process.

The 2022-2025 Work Plan depicted in the following section clearly defines the agency's goals, objectives, and schedules over the next three years. As a note, the multi-year work plan may be amended, if warranted, by the Commission.

GOAL 1:**Staff Development, Retention and Recruitment**

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
1.1	EO	Conduct Classification, Compensation and Benefits Assessment.	Consultant	2023-2024	Not started
1.2	EO/AEO/CC	Complete staff assessment and conduct recruitment for vacancy(ies).	Consultant	2022-2023	Staff assessment complete. Analyst recruitment complete.
1.3	EO/CC	Complete cross-training of staff in budgeting and auditing areas.		2022-2023	Complete

GOAL 2:

Improve Municipal Service Review (MSR) Process For Future MSRs

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
2.1	All	Create MSR schedule that eliminates the MSR cycles and identifies the next scheduled comprehensive MSR as five years from last date of agency MSR and SOI review.		2022-2025	Complete
2.2	EO/AEO/ Analyst	Develop criteria for conducting the following MSR and SOI review processes for future reviews: <ol style="list-style-type: none"> 1. Comprehensive 2. Reconfirm 3. Update 	Consultant	2025	Not started
2.3	AEO/Analyst	Develop and distribute the following MSR questionnaires: <ol style="list-style-type: none"> 1. Pre-MSR/SOI – to assess which process will be conducted. 2. Post-MSR/SOI -- to receive feedback on the MSR/SOI process. 		2025 2022	Not started Complete
2.4	AEO/Analyst	Continued use of web-based programs (fiscal indicators, shared services, and MS dashboard) to maintain agency data for MSR determinations.		2022-2025	Upgrades of programs complete. <i>Maintenance of programs ongoing.</i>
2.5	AEO/Analyst/CC	Present year-end report to the Commission that provides analytics on MSR agency feedback and the use of the agency's web-based programs.		2023-2025	Completed annually.

GOAL 3:


Promote Legislative Engagement

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
3.1	Commissioners/ EO/AEO	Establish a legislative ad-hoc committee to develop engagement principles and guidelines involving external organizations (CSDA, CSAC, League of CA Cities, OC League of CA Cities).		2022-2023	Complete
3.2	EO/AEO	Monitor key legislation of LAFCO-interest through participation on CALAFCO legislative and advisory committees.		2022-2025	Completed annually.

GOAL 4:

Optimize External Communication

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
4.1	All	Use agency communications tools (bi-annual news, website, video FAQs, fiscal indicators and shared services programs) to engage agencies and public to inform of OC LAFCO activities.		2023-2025	Complete Ongoing
4.2	Analyst/CC	Conduct visits and disseminate media kits to OC legislators and stakeholders.		2023-2025	Complete
4.3	Analyst	Deploy video FAQs on website to inform OC LAFCO stakeholders.	Consultant	2022	Complete
4.4	EO/Analyst	Distribute bi-annual news to inform of OC LAFCO activities.	Consultant	2022-2025	"The Pulse" published twice each year.


 OC LAFCO 4TH Cycle - Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program YEAR 2024-25			
MSR Region	Areas of Interest	Cities	Special Districts
Orange County Water District <i>(in-progress)</i>	<ul style="list-style-type: none"> ■ Water: recycled water efforts, addressing the drought and water conservation. ■ Use of MSRs as a tool/resource to update on services provided by the district. ■ Focused review of potential consolidation of OCWD and MWDOC 		Countywide District
Central <i>(in-progress)</i>	<ul style="list-style-type: none"> ■ Police ■ Public Works <ol style="list-style-type: none"> 1. Affordable housing. 2. Lack of alignment regarding Infrastructure limitations and legislative mandates on affordable and regular housing. 3. Population growth demands on existing infrastructure. ■ Accessory dwellings’ impact on service delivery. 	Anaheim Irvine Orange Santa Ana Tustin Villa Park	East Orange County WD Irvine Ranch WD Serrano WD Silverado-Modjeska Parks & Rec. District
Southeast	<ul style="list-style-type: none"> ■ Public Works <ol style="list-style-type: none"> 1. Location and condition of public infrastructure. ■ Police <ol style="list-style-type: none"> 1. Fiscal sustainability of increasing costs of contracts with County Sheriff. 2. Impacts of and ability to maintain related pension costs. ■ Water <ol style="list-style-type: none"> 1. Water quality involving low flow run-off issues. 2. Assistance for agencies from treatment agencies on flow diversion and low flow funding mechanisms. 1. Water rate structures and conservation. 	Lake Forest Mission Viejo Rancho Santa Margarita San Clemente San Juan Capistrano	El Toro WD Irvine Ranch WD Moulton Niguel WD Santa Margarita WD South Coast WD Trabuco Canyon WD South Orange County Wastewater Authority(JPA)
Orange County Vector Control District <i>(in-progress)</i>	<ul style="list-style-type: none"> ■ Public Works: mosquito breeding and conveyance systems. ■ Parks and Recreation: mosquito breeding and lack of grounds maintenance. 		Countywide District




OC LAFCO
4TH Cycle - Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program

YEAR 2024-25

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

 <p style="text-align: center;">OC LAFCO Municipal Service Review (MSR) and Sphere of Influence Update (SOI) Program</p> <p style="text-align: center;">COMPLETED MSR's</p>				
MSR Region	Services Provided	MSR Approved	SOI Status	Next Scheduled MSR
County Service Area Nos. 13, 22, and 26	Fund wastewater and park and recreation services countywide and within unincorporated areas adjacent to the cities of Buena Park and Yorba Linda.	August 2022	Reconfirmed	2027
Municipal Water District of Orange County	Manages Orange County's imported water supply and resource planning, with the exception of the cities of Anaheim, Fullerton, and Santa Ana.	September 2020	Reconfirmed	2025
Orange County Cemetery District	Owns and operates three public cemeteries located in the cities of Anaheim, Lake Forest and Santa Ana.	October 2022	Reconfirmed	2027
Orange County Sanitation District	Provides regional sewer collection and treatment for 20 cities, four special districts (containing five cities), and several unincorporated areas generally located in the northern and central parts of the County.	September 2020	Reconfirmed	2025

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