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City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: March 12, 2025

7a | Public
Hearing

TO: Local Agency Formation Commission
of Orange County

FROM: Assistant Executive Officer
Accountant

SUBJECT: Proposed Fiscal Year 2025-26 OC LAFCO Budget and
Fee Schedule

BACKGROUND

The State Government Code Section 56381(a) requires the Commission to hold a public hearing to adopt a proposed annual budget. The proposed FY 2025-26 budget is presented in line-item detail and referenced as **Attachment 1** for Commission review and consideration.

In February, staff met with the Commission's Executive Committee to discuss and review the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee is comprised of the Chair (Donald Wagner), Vice Chair (Wendy Bucknum) and Immediate Past Chair (Douglass Davert) and responsible for reviewing the proposed agency budget and serving in an advisory role on this matter to the full Commission. Upon approval by the Commission, the proposed budget will be distributed for review and comment to the Board of Supervisors, the cities, and the independent special districts. Subsequently, the final budget, together with any submitted comments and changes, if applicable, will be considered by the Commission at a second public hearing during the May 14, 2025 regular meeting.

Fee Schedule Resolution

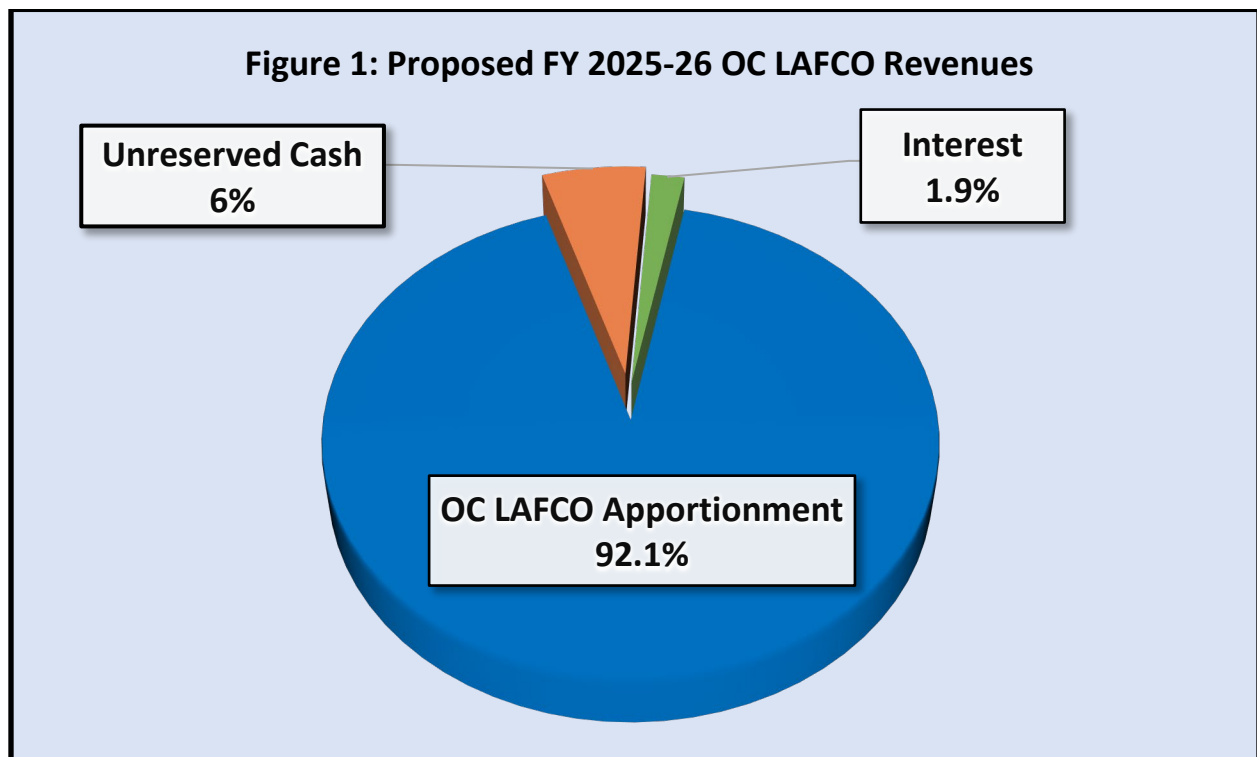
The OC LAFCO Fee Schedule, originally established in 1995, is structured to ensure that the agency is recovering actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rate for staff and legal counsel direct costs. There are no changes to the fee schedule being proposed, and recommended actions include adopting the Fee Schedule Resolution (**Attachment 3**) for charges that would be effective July 1, 2025.

FY 2025-26 OC LAFCO PROPOSED BUDGET

The proposed FY 2025-26 budget is balanced; the expected expenditures are funded by the projected ongoing revenues with a drawdown of unreserved cash. The proposed budget totals \$1,837,990, resulting in an overall decrease of 1.2 percent from the FY 2024-25 budget. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2025-26 proposed budget.

REVENUES

Revenues in the proposed budget for FY 2025-26 total \$1,837,990 and include three categories: (1) OC LAFCO apportionment (funded by the County, cities, and independent special districts in accordance with Government Code Section 56381), (2) Interest, and (3) Unreserved Cash. As depicted in *Figure 1*, the OC LAFCO apportionment constitutes approximately 92.1 percent of the proposed revenues, with the remaining revenues attributable at six percent to the unreserved cash, and 1.9 percent expected from interest revenue.

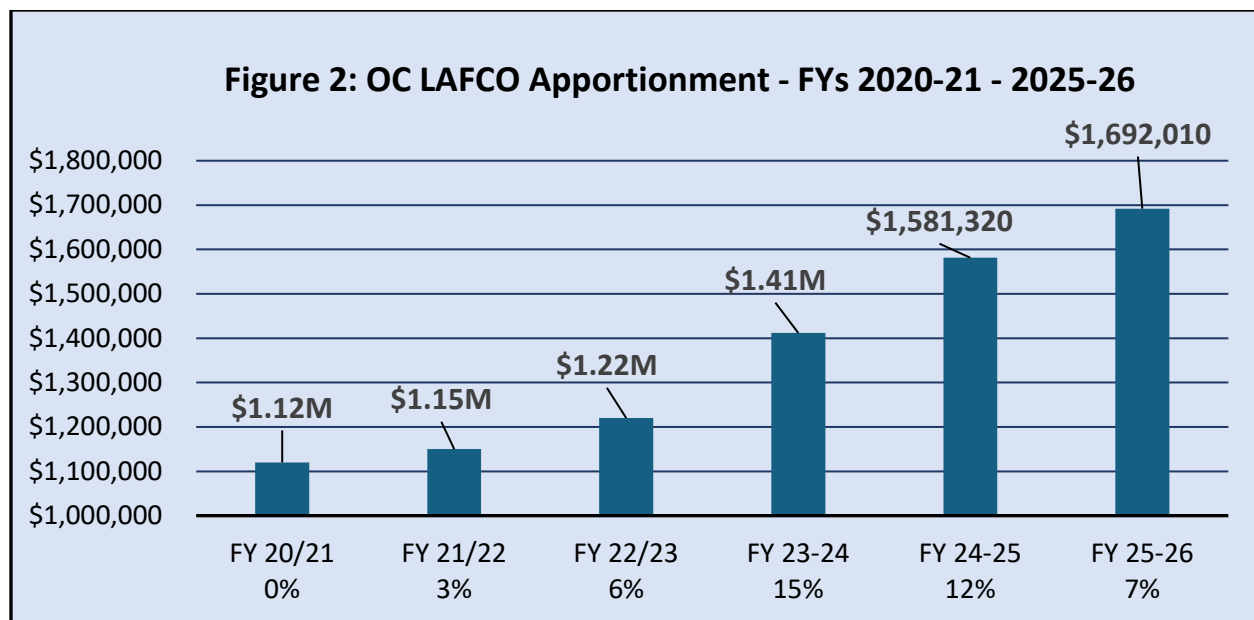


(1) OC LAFCO Apportionment

As presented in Figure 1, the agency's apportionment is the primary revenue source for OC LAFCO. Funded in three parts, the total apportionment for FY 2025-26 of \$1,692,010, to be collected from the County, cities, and independent special districts, reflects an overall increase of seven percent (\$110,690) from the FY 2024-25 budget. Initially, the apportionment is attributed at one-third to the County, cities, and independent special districts. Subsequently, the

individual amount due from each city and independent special district is calculated by the County Auditor-Controller using the formulas adopted by the City Selection Committee and the Independent Special District Selection Committee, respectively. The individual apportionment for the cities and special districts for FY 2025-26 are delineated in **Attachment 1B and 1C**.

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

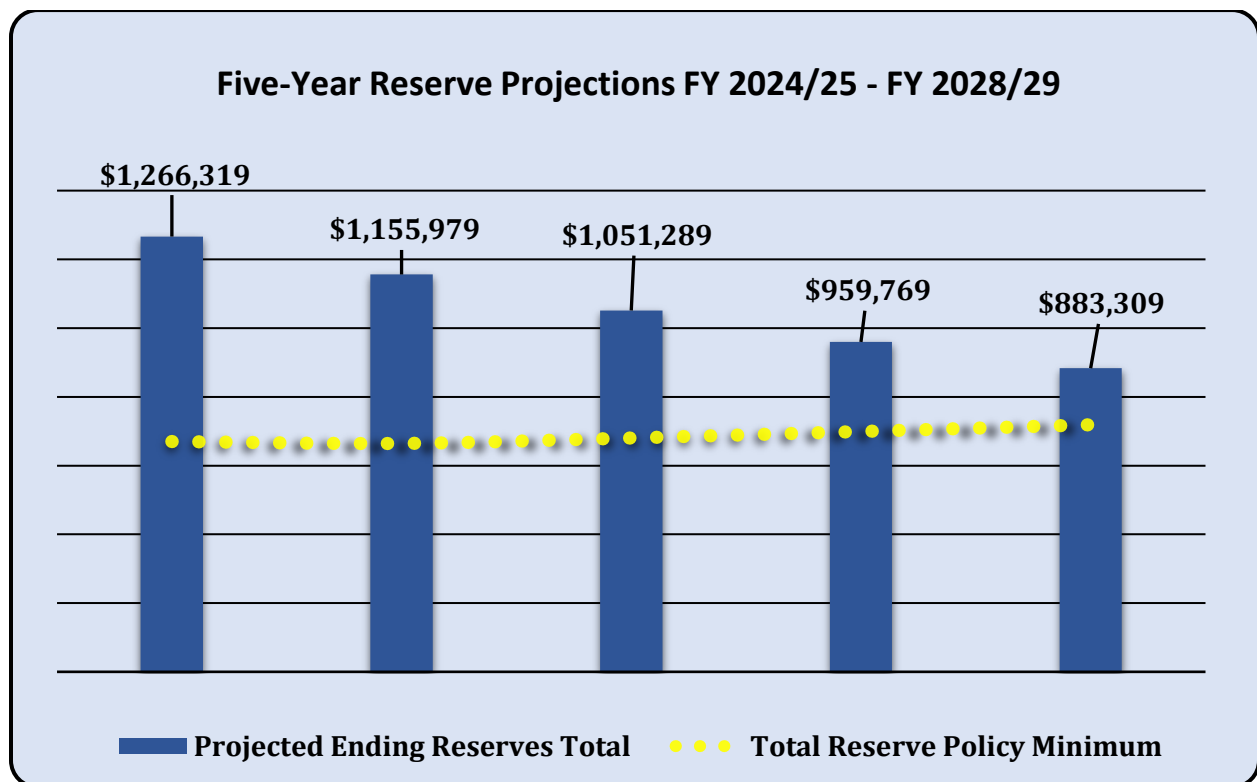


(2) Interest

This revenue category includes interest earned from the agency's savings account, payroll account and one investment account – the Local Agency Investment Fund (LAIF). Previously, OC LAFCO held an additional investment account (Orange County Fund) with the Office of the Treasurer-Tax Collector. However, as of February 27, 2025, staff was notified that the account would not be offered to OC LAFCO and the funds would be returned. Staff anticipates transferring the funds to the agency's LAIF account. Since the Commission receives an influx of revenues at the beginning of each fiscal year from funding agencies, the apportionment will be deposited into the accounts to cover the agency's expenses. Throughout the fiscal year, OC LAFCO staff, in consultation with the agency's independent accounting staff, withdraw funds from the accounts to cover the agency's operational expenses. Given the current market rates, the proposed FY 2025-26 budget projects that interest earned on the agency's investment account will generate \$35,640 or approximately 1.9 percent of the annual revenue.

(3) Unreserved Cash

The OC LAFCO reserve policy specifies minimum balances of \$100,000 for contingency reserves, \$75,000 for litigation reserves, and \$300,000 for unfunded liability reserves. Additionally, the Commission’s policy mandates that three months of operational expenses be maintained in the reserve account, which for FY 2025-26, amount to \$459,498. Unreserved cash is any balance available above the minimum specified in the reserve policy. The proposed FY 2025-26 budget revenue assumptions include \$110,340 from the unreserved cash, which represents approximately six percent of the total revenues. As already stated, over past fiscal cycles, it has been the practice of the Commission to use the unreserved cash as part of the revenue assumptions until the agency reaches reserve levels delineated in the OC LAFCO reserve policy. As represented in *Figure 3*, the reserve levels are approaching the agency’s reserve level by FY 2028-29.

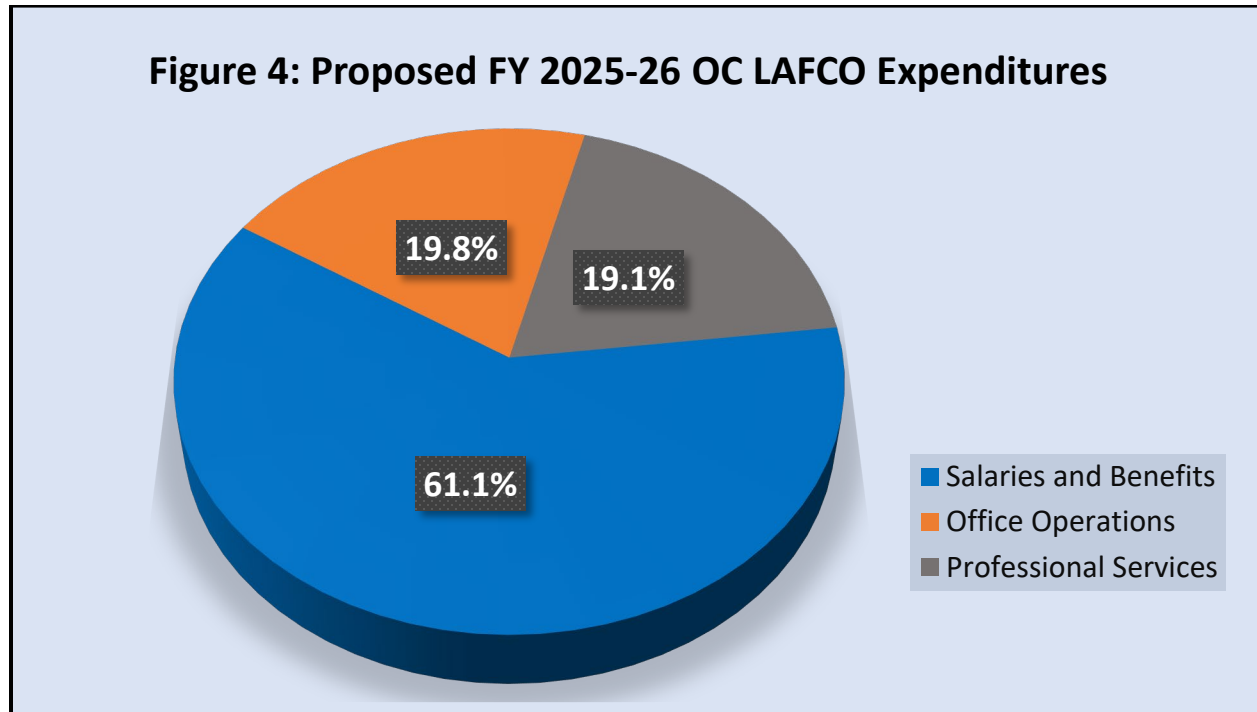


EXPENDITURES

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

The proposed budget includes adjustments to specific expenditure categories based on the national Consumer Price Index (CPI), past trending, actual expenditures and the budget instructions from the County for benefit costs. The Commission expenses are described in three

categories: (1) Salaries and Benefits, (2) Office Operations, and (3) Professional Services. The percentage of each category is depicted in *Figure 4* and described briefly in the following sections.



(1) Salaries & Benefits

The proposed FY 2025-26 budget for salaries and benefits for five full-time professional staff and any temporary or seasonal staff total \$1,123,230, which is an overall decrease of 0.7 percent from the budgeted amount in the current fiscal year. In addition to benefits costs, the projections for this budget line item include a Cost-of-Living Adjustment (COLA) of four percent and projected merit adjustments of up to two percent. Assumptions for employee benefits (health, dental, life and disability insurance, and retiree health) are based on information provided by the County of Orange, which provides these benefits to OC LAFCO employees through a contractual agreement.

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

(2) Office Operations & Supplies

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

➤ **Auditing and Accounting (line item 5600)**

This line item includes funding for the agency's bookkeeping, accounting, and auditing services. OC LAFCO audited financial statements are prepared by an independent auditor. The increase in funding is in accordance with the Commission's approval in January 2025 of an increase to the auditor's contract.

➤ **Insurance (line item 5250)**

This line item includes funding for insurance coverage. OC LAFCO contracts with the County and joint powers authority for General Liability, Crime, Property, and Worker's Compensation. The proposed increase is attributed to the recent increase in the insurance premiums from the county and joint powers authority.

➤ **Educational and Legislative Partnerships (line item 5740)**

During the February meeting, the Commission directed staff not to renew its membership with CALAFCO for fiscal year 2025-26. Staff noted that some of the resources previously allocated to CALAFCO would be redirected to other efforts. This line item includes funding associated with educational and legislative partnerships that will be done in collaboration with southern region LAFCOs, including educational presentations on LAFCO-related topics and tracking legislation that impacts LAFCOs. The line item will also support funding for registration costs to attend workshops, other business-related meetings, and activities.

(3) Professional

The Commission's staff performs the majority of the administrative and project-related work; however, the agency continues to utilize professional services for certain ongoing and project-related support. Ongoing administrative expenses for this line item include the Commission's accountant, general counsel, auditor and human resources support. The FY 2025-26 proposed budget allocation for this category includes the following: legal services (\$60,000); audit and accounting services (\$60,900), and human resources (\$30,000). Project-related professional services include the ongoing involvement of the fiscal indicators web-based program, preparation of the fourth cycle municipal service reviews and other studies, reports and services as required. The proposed allocation for that line item is \$200,000.

OC LAFCO THREE-YEAR PROJECTIONS

The three-year projections are intended to anticipate future changes to the OC LAFCO budget. Additionally, the projections provide the funding agencies with budget projections beyond a

single fiscal year. The three-year budgetary projections provided in **Attachment 2** indicate potential apportionment increases ranging between five and seven percent. The projections use the FY 2025-26 proposed budget as a baseline with personnel expenditures increased annually by the CPI and operational expenditures adjusted annually by factors such as current trends, contractual obligations for office and equipment leases, or the CPI. The projections reflect a transitional decrease of the use of the agency's unreversed cash to the OC LAFCO apportionment and interest revenue representing the agency's sole revenue resources. The projections for each respective fiscal year are subject to change and are used for trending purposes only.

RECOMMENDED ACTIONS

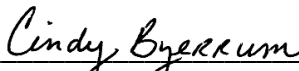
Staff Recommends the Commission:

1. Adopt the Proposed FY 2025-26 Budget and direct the Executive Officer to distribute the document for review and comment to the Board of Supervisors, cities, and independent special districts.
2. Direct staff to schedule a public hearing, per Government Code Section 56381, for consideration and adoption of the Final FY 2025-26 OC LAFCO Budget at the May 14, 2025 regular meeting.
3. Adopt OC LAFCO Resolution No. CP 25-01 approving the OC LAFCO Fee Schedule, effective July 1, 2025.

Respectfully submitted,



LUIS TAPIA



CINDY BYERRUM

Attachments:

1. Proposed FY 2025-26 OC LAFCO Budget
 - A. FY 2025-26 Budget Categories
 - B. OC LAFCO City Apportionments for FY 2025-26 (prepared by the County Auditor-Controller)
 - C. OC LAFCO Special District Apportionments for FY 2025-26 (prepared by County Auditor-Controller)
2. Three-year OC LAFCO Budget Projections (FYs 2026/27- 28/29)
3. OC LAFCO Resolution No. CP 25-01



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2025/26

	FY 24/25 Adopted Budget	FY 25/26 Proposed Budget	\$ Budget Variance	% Budget Variance
<i>Apportionment Increase Factor (%)</i>				
	12.0%	7.0%		
1 Revenue & Cash Reserves Use / (Addition)				
2 Cash Reserves Use / (Addition)	\$ 240,340	\$ 110,340	\$ (130,000)	-54.1%
3 4000 LAFCO Apportionment	1,581,320	1,692,010	110,690	7.0%
4 4200 Interest	38,390	35,640	(2,750)	-7.2%
5 Total Revenue & Cash Reserves Use / (Addition)	1,860,050	1,837,990	(22,060)	-1.2%
6 Expense				
7 Salaries & Benefits				
8 5000 Salaries	657,300	671,000	13,700	2.1%
9 5010 Hourly Employees	20,800	20,800	-	0.0%
10 5106 Retirement	265,900	274,700	8,800	3.3%
11 5109 Retiree Health Benefits	22,000	6,200	(15,800)	-71.8%
12 5108 Health Insurance	88,900	78,500	(10,400)	-11.7%
13 5110 Dental Insurance	11,600	5,600	(6,000)	-51.7%
14 5112 Life Insurance	420	420	-	0.0%
15 5118 Unemployment Insurance	200	540	340	170.0%
16 5119 Health Reimbursement Arrangement	7,800	8,200	400	5.1%
17 5102 Optional Benefit Plan	18,500	18,500	-	0.0%
18 5104 Deferred Compensation	19,000	19,400	400	2.1%
19 5116 Medicare	10,200	10,300	100	1.0%
20 5120 Salary Continuance	1,650	1,750	100	6.1%
21 5122 Accidental Death Insurance	120	120	-	0.0%
22 5125 Executive Car Allowance	7,200	7,200	-	0.0%
23 Salaries & Benefits Total	1,131,590	1,123,230	(8,360)	-0.7%
24 Operations, Prof. Services & Other				
25 Office Operations				
26 5150 Information Technology	21,600	21,600	-	0.0%
27 5151 Internet & Electronic Services	20,500	21,500	1,000	4.9%
28 5200 County Charges	12,000	13,100	1,100	9.2%
29 5250 Insurance	15,760	21,860	6,100	38.7%
30 5350 Membership/Subscriptions	40,400	28,600	(11,800)	-29.2%
31 5450 Office Equipment/Supplies	26,100	28,400	2,300	8.8%
32 Professional Services				
33 5510 Legal	60,000	60,000	-	0.0%
34 5520 Audit/Accounting	57,000	60,900	3,900	6.8%
35 5530 Human Resources	35,000	30,000	(5,000)	-14.3%
36 5540 Other Professional	200,000	200,000	-	0.0%
37 Other Expense				
38 5535 Mapping	4,000	4,000	-	0.0%
39 5550 Investment Admin Fees	850	850	-	0.0%
40 5600 Public Noticing / Communications	12,000	14,400	2,400	20.0%
41 5610 Unincorporated Areas Program	11,000	11,000	-	0.0%
42 5650 Rents/Improvements/Maintenance	115,000	118,700	3,700	3.2%
43 5675 Equipment Leases & Maintenance	8,100	8,100	-	0.0%
44 5700 Commissioner/Staff Expenses	5,000	5,000	-	0.0%
45 5710 Commission Stipends & Taxes/Fees	16,450	15,750	(700)	-4.3%
46 5740 Educational & Legislative Partnerships	-	16,000	16,000	0.0%
47 5750 Professional Development	20,000	20,000	-	0.0%
48 5800 Transportation & Travel	35,300	5,000	(30,300)	-85.8%
49 5850 Commission Meeting Expenses	12,400	10,000	(2,400)	-19.4%
50 Operations, Prof. Services & Other Total	728,460	714,760	(13,700)	-1.9%
51 Total Expense	1,860,050	1,837,990	(22,060)	-1.2%
52 Net Budget	\$ -	\$ -	\$ -	0%



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2025/26

	FY 24/25 Adopted Budget	FY 25/26 Proposed 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)	465,013	459,498		
Total Reserved Cash	670,013	664,498		
Unreserved Cash				
Balance at the Beginning of FY	718,367	601,822		
Addition / (Drawdown) to Unreserved Cash	(240,340)	(110,340)		
Total Unreserved Cash	478,027	491,482		
Total Projected Cash Reserves	\$ 1,148,039	\$ 1,155,979		

OC LAFCO FY 2025-26 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.

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 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.

- ✓ **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.

5740 Educational and Legislative Partnerships

This category includes costs incurred for educational partnerships and legislative engagement efforts and registration costs to attend workshops, other business-related meetings and activities.

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 and Travel

This category includes costs incurred for transportation, and travel expenses for

commissioners and staff to attend 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.

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 2025-26 City Allocations

City	FY 2025-26 City Allocation
Aliso Viejo	\$ 8,723.25
Anaheim	60,592.75
Brea	10,490.47
Buena Park	14,081.28
Costa Mesa	19,288.91
Cypress	8,497.65
Dana Point	6,429.63
Fountain Valley	10,283.66
Fullerton	25,530.55
Garden Grove	27,692.57
Huntington Beach	33,877.80
Irvine	62,811.17
Laguna Beach	5,978.44
Laguna Hills	6,147.63
Laguna Niguel	13,310.48
Laguna Woods	3,327.62
La Habra	10,302.46
Lake Forest	16,844.90
La Palma	2,519.22
Los Alamitos	2,970.42
Mission Viejo	17,803.71
Newport Beach	19,570.91
Orange	26,489.35
Placentia	8,911.25
Rancho Santa Margarita	10,377.66
San Clemente	14,325.69
San Juan Capistrano	9,512.86
Santa Ana	48,504.29
Seal Beach	7,294.45
Stanton	6,110.04
Tustin	13,799.28
Villa Park	1,466.40
Westminster	14,739.29
Yorba Linda	15,397.29
TOTAL	\$ 564,003.33

OC LAFCO FY 2025-26 Special District Allocations

District	ISDOC Formula Calculation FY 2025-26
Silverado-Modjeska Rec. & Park	\$ 620.40
Surfside Colony Stormwater	620.40
Surfside Colony CSD	620.40
Rossmoor/Los Alamitos Area Sewer District	3,214.82
Capistrano Bay CSD	3,214.82
Rossmoor CSD	3,214.82
Three Arch Bay CSD	3,214.82
Emerald Bay CSD	3,214.82
Buena Park Library District	3,214.82
Placentia Library District	3,214.82
Orange County Cemetery District	6,429.64
Orange County Vector Control District	6,429.64
Total Non-Enterprise Districts	\$ 37,224.22
Sunset Beach Sanitary District	6,486.04
Serrano Water District	19,288.91
East Orange Co. Water District	25,718.55
Midway City Sanitary District	25,718.55
Trabuco Canyon Water District	25,718.55
Costa Mesa Sanitary District	25,718.55
El Toro Water District	32,091.79
Mesa Water District	38,521.43
Yorba Linda Water District	38,521.43
South Coast Water District	38,521.43
Moulton Niguel Water District	44,951.07
Santa Margarita Water District	44,951.07
Municipal Water District of O.C.	51,380.70
Orange County Water District	51,380.70
Irvine Ranch Water District	57,810.34
Total Enterprise Districts	\$ 526,779.11
Total Special Districts	\$ 564,003.33



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2025/26-2028/29

	FY 25/26 Proposed Budget	FY 26/27 Projection	FY 27/28 Projection	FY 28/29 Projection
<i>Apportionment Increase Factor (%)</i>				
	7.0%	5.0%	5.0%	5.0%
1 Revenue & Cash Reserves Use / (Addition)				
2 Cash Reserves Use / (Addition)	\$ 110,340	\$ 104,690	\$ 91,520	\$ 76,460
3 4000 LAFCO Apportionment	1,692,010	1,776,610	1,865,440	1,958,700
4 4200 Interest	35,640	20,000	20,000	20,000
5 Total Revenue & Cash Reserves Use / (Addition)	1,837,990	1,901,300	1,976,960	2,055,160
6 Expense				
7 Salaries & Benefits				
8 5000 Salaries	671,000	711,300	750,500	788,100
9 5010 Hourly Employees	20,800	22,100	23,400	24,600
10 5106 Retirement	274,700	291,200	307,200	322,600
11 5109 Retiree Health Benefits	6,200	6,600	7,000	7,400
12 5108 Health Insurance	78,500	82,500	86,700	91,100
13 5110 Dental Insurance	5,600	5,790	5,990	6,200
14 5112 Life Insurance	420	450	480	510
15 5118 Unemployment Insurance	540	570	610	700
16 5119 Health Reimbursement Arrangement	8,200	8,200	8,200	8,200
17 5102 Optional Benefit Plan	18,500	18,500	18,500	18,500
18 5104 Deferred Compensation	19,400	20,570	21,710	22,800
19 5116 Medicare	10,300	11,000	11,500	12,100
20 5120 Salary Continuance	1,750	1,850	1,960	2,100
21 5122 Accidental Death Insurance	120	130	140	150
22 5125 Executive Car Allowance	7,200	7,200	7,200	7,400
23 Salaries & Benefits Total	1,123,230	1,187,960	1,251,090	1,312,460
24 Operations, Prof. Services & Other				
25 Office Operations				
26 5150 Information Technology	21,600	12,300	12,700	13,000
27 5151 Internet & Electronic Services	21,500	22,200	22,800	23,300
28 5200 County Charges	13,100	13,500	13,900	14,200
29 5250 Insurance	21,860	22,600	23,200	23,700
30 5350 Membership/Subscriptions	28,600	29,460	30,200	30,900
31 5450 Office Equipment/Supplies	28,400	29,260	30,000	30,600
32 Professional Services				
33 5510 Legal	60,000	60,000	60,000	61,200
34 5520 Audit/Accounting	60,900	62,730	64,300	65,600
35 5530 Human Resources	30,000	25,900	26,550	27,100
36 5540 Other Professional	200,000	200,000	200,000	204,000
37 Other Expense				
38 5535 Mapping	4,000	4,120	4,230	4,400
39 5550 Investment Admin Fees	850	880	910	1,000
40 5600 Public Noticing / Communications	14,400	14,840	15,220	15,600
41 5610 Unincorporated Areas Program	11,000	11,000	11,000	11,000
42 5650 Rents/Improvements/Maintenance	118,700	122,100	125,900	129,900
43 5675 Equipment Leases & Maintenance	8,100	8,350	8,560	8,800
44 5700 Commissioner/Staff Expenses	5,000	5,200	5,400	5,600
45 5710 Commission Stipends & Taxes/Fees	15,750	16,300	16,800	17,200
46 5740 Educational & Legislative Partnerships	16,000	16,500	17,000	17,400
47 5750 Professional Development	20,000	20,600	21,200	21,700
48 5800 Transportation & Travel	5,000	5,200	5,400	5,600
49 5850 Commission Meeting Expenses	10,000	10,300	10,600	10,900
50 Operations, Prof. Services & Other Total	714,760	713,340	725,870	742,700
51 Total Expense	1,837,990	1,901,300	1,976,960	2,055,160
52 Net Budget	\$ -	\$ -	\$ -	\$ -



Orange County Local Agency Formation Commission
Proposed Budget
 Fiscal Year 2025/26-2028/29

	FY 25/26 Proposed Budget	FY 26/27 Projection	FY 27/28 Projection	FY 28/29 Projection
Projected Cash Reserves				
Reserved Cash				
Contingency Reserve	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Litigation Reserve	75,000	75,000	75,000	75,000
Unfunded Liability Reserve	30,000	30,000	30,000	30,000
Operating Reserve (25% Budgeted Expenses)	459,498	475,325	494,240	513,790
Total Reserved Cash	664,498	680,325	699,240	718,790
Unreserved Cash				
Balance at the Beginning of FY	601,822	475,654	352,049	240,979
Addition / (Drawdown) to Unreserved Cash	(110,340)	(104,690)	(91,520)	(76,460)
Total Unreserved Cash	491,482	370,964	260,529	164,519
Total Projected Cash Reserves	\$ 1,155,979	\$ 1,051,289	\$ 959,769	\$ 883,309

CP 25-01
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
UPDATING THE OC LAFCO FEE SCHEDULE

March 12, 2025

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

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

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

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

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

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

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

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

1. The fee schedule set forth in Attachment 1 attached hereto is hereby adopted, to become effective on July 1, 2025.
2. The fees set forth in Attachment 1 attached hereto do not exceed the estimated reasonable costs of providing the services for which the fees are charged and are necessary to pay the costs of operations related to filing and processing applications to the Local Agency Formation Commission of Orange County.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, Donald P. Wagner, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 12th day of March 2025.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of March 2025.

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

By: _____
Donald P. Wagner

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

Effective July 1, 2025

FEE SCHEDULE OVERVIEW

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

PROVISIONS

1. **Additional Deposits:**

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

2. **Indemnification Agreement Requirement**

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

ORANGE COUNTY LAFCO FEE SCHEDULE

OC LAFCO PROCESSING FEES

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

OC LAFCO STAFF/LEGAL COUNSEL BILLING RATES

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

*See Exhibit A.

PROJECT COMPLETION FEES AND CHARGES

Public Noticing and Publication Costs	Actual Costs <i>(Based on noticing required by Government Code Section 56661)</i>
State Board of Equalization Fees	Actual Costs <i>(Payable to the State Board of Equalization and based on their latest fee schedule.)</i>
Compliance with California Environmental Quality Act (CEQA)	Actual Costs <i>(May include OC LAFCO staff time to prepare environmental documentation, actual consultant costs, and appropriate filing fees. Department of Fish and Wildlife filing fees are required to be paid at the time OC LAFCO files the Notice of Determination with the Clerk of the Board. The fees listed below include the county's \$50 filing fee and are current as of January 1, 2021)</i> <ul style="list-style-type: none"> a. Negative Declaration: \$2,968.75 b. Environmental Impact Report: \$4,123.5
Comprehensive Fiscal Analysis for Incorporation or Disincorporation Proposals	Actual Costs <i>(A \$50,000 deposit is required at the time the application is submitted. All excess costs will be the responsibility of the project proponent; any balance will be refunded at the conclusion of the project.)</i>
State Controller's Fiscal Review for Incorporations	Actual Costs <i>(A \$25,000 deposit is required at the time a Request for State Controller Review is submitted. All excess costs will be the responsibility of the project proponent, any balance will be refunded at the conclusion of the project.)</i>
Registrar of Voters – Verification of Signatures	Actual Costs
Special Legal Counsel Costs	Actual Costs
Consultants	Actual Costs

MATERIALS CHARGES

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

*See Exhibit A.

EXHIBIT A
ORANGE COUNTY LAFCO FEE SCHEDULE
DIRECT COSTS

Effective July 1, 2025

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	\$ 212
Assistant Executive Officer	\$ 122
Policy Analyst*	\$ 67-77
Commission Clerk	\$ 77

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates: \$306 (OC LAFCO-initiated services)
 \$607.50 (project applicant-initiated services)
3. Reproduction Cost - 0.25 per page
4. Audio Disc Reproduction Cost - \$15