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Public Member

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STAFF

Luis Tapia
Interim Executive Officer

Scott Smith
General Counsel

MEETING DATE: May 14, 2025

7a | Public
Hearing

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer

SUBJECT: Final OC LAFCO Fiscal Year 2025-26 Budget

BACKGROUND

On March 12, 2025, the Commission adopted the proposed FY 2025-26 budget. Following the meeting, the documents were distributed to each of the agencies for review and comment. State law requires the Commission to also adopt a final budget at a public hearing.

The final OC LAFCO budget for FY 2025-26 (Attachment 1) totals \$1,837,990. The final budget revenues include a total apportionment of \$1,692,010, which is equally divided amongst the County, cities, and special districts. The proposed apportionment for the County is \$564,003.34. The FY 2025-26 apportionments of each city and special district are reflected in Attachments 1a and 1b. Upon the Commission's approval of the final budget, the County Auditor-Controller will request remittance of the respective payment from each funding agency.

AGENCY COMMENTS

On March 12, the proposed FY 2025-26 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 22, 2025. At the time of the agenda posting on May 7, 2025, OC LAFCO staff had not received any written comments.

RECOMMENDED ACTIONS

Staff Recommends the Commission:

1. Adopt the Final Fiscal Year 2025-26 Budget.
2. Direct the Interim Executive Officer to transmit the final budget to the Board of Supervisors, cities, independent special districts, and the County Auditor-Controller.

Respectfully Submitted,



LUIS TAPIA

Attachments:

1. Final OC LAFCO FY 2025-26 Budget
 - A. OC LAFCO City Apportionment for FY 2025-26 Budget.
 - B. OC LAFCO Special District Apportionments for FY 2025-26 prepared by the Auditor-Controller.



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

	FY 24/25 Adopted Budget	FY 25/26 Final Budget	\$ Budget Variance	% Budget Variance
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
Final Budget
 Fiscal Year 2025/26

	FY 24/25 Adopted Budget	FY 25/26 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)	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.

OC LAFCO FY 2025-26 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 Memberships/Subscriptions

This category includes membership and subscription 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.

OC LAFCO FY 2025-26 BUDGET CATEGORIES

- ✓ **5540 Other Professional Services** – Consulting and professional services for meeting facilitation, peer reviews, and preparation of municipal service and sphere 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, legislative engagement efforts and registration expenses to attend workshops and 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 workshops and business-related meetings and activities.

5850 Commission Meeting Expenses

OC LAFCO FY 2025-26 BUDGET CATEGORIES

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