



Local Agency Formation Commission of Orange County

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# **Municipal Service Review and Sphere of Influence Reviews**

## **Central Region**

**September 17, 2025**

**Prepared for the  
Local Agency Formation Commission of Orange County  
By RSG, Inc.**

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## LIST OF ABBREVIATIONS USED

ACS	American Community Survey
ADU	Accessory Dwelling Unit
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Reorganization Act of 2000
DOF	Department of Finance
DUC	Disadvantaged Unincorporated Communities
FTE	Full-Time Equivalents
FY	Fiscal Year
GBJPA	Groundwater Banking Joint Powers Authority
GIS	Geographic Information Systems
HCD	California Department of Housing and Community Development
IRWD	Irvine Ranch Water District
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
MHI	Median Household Income
MSR	Municipal Service Review
MWDOC	Municipal Water District of Orange County
NCCP	Natural Community Conservation Planning
OCFA	Orange County Fire Authority
OCPA	Orange County Power Authority
OCPL	Orange County Public Libraries
OCWD	Orange County Water District
OPEB	Other Post-Employment Benefits
PFAS	Per- and polyfluoroalkyl substances
RHNA	Regional Housing Needs Allocation
SCE	Southern California Edison
SMRPD	Silverado-Modjeska Recreation and Parks District
SOI	Sphere of Influence
UCI	University of California at Irvine

## I. EXECUTIVE SUMMARY

### INTRODUCTION

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The Local Agency Formation Commission of Orange County (“OC LAFCO”) initiated this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update in 2024 for six cities and four special districts in the OC LAFCO-designated “Central Region” of the County. OC LAFCO retained consultant RSG, Inc. (“RSG”) to prepare the MSR, which included conducting surveys and interviews with each of the agencies in the region, and collecting demographic, fiscal, and other data to support the MSR findings and determinations under State law. OC LAFCO also retained Berkson Associates (“Berkson”) to perform an analysis of available financial data and prepare a set of Fiscal Indicators to be published on the OC LAFCO website.

### CENTRAL REGION CITIES AND SPECIAL DISTRICTS REVIEWED

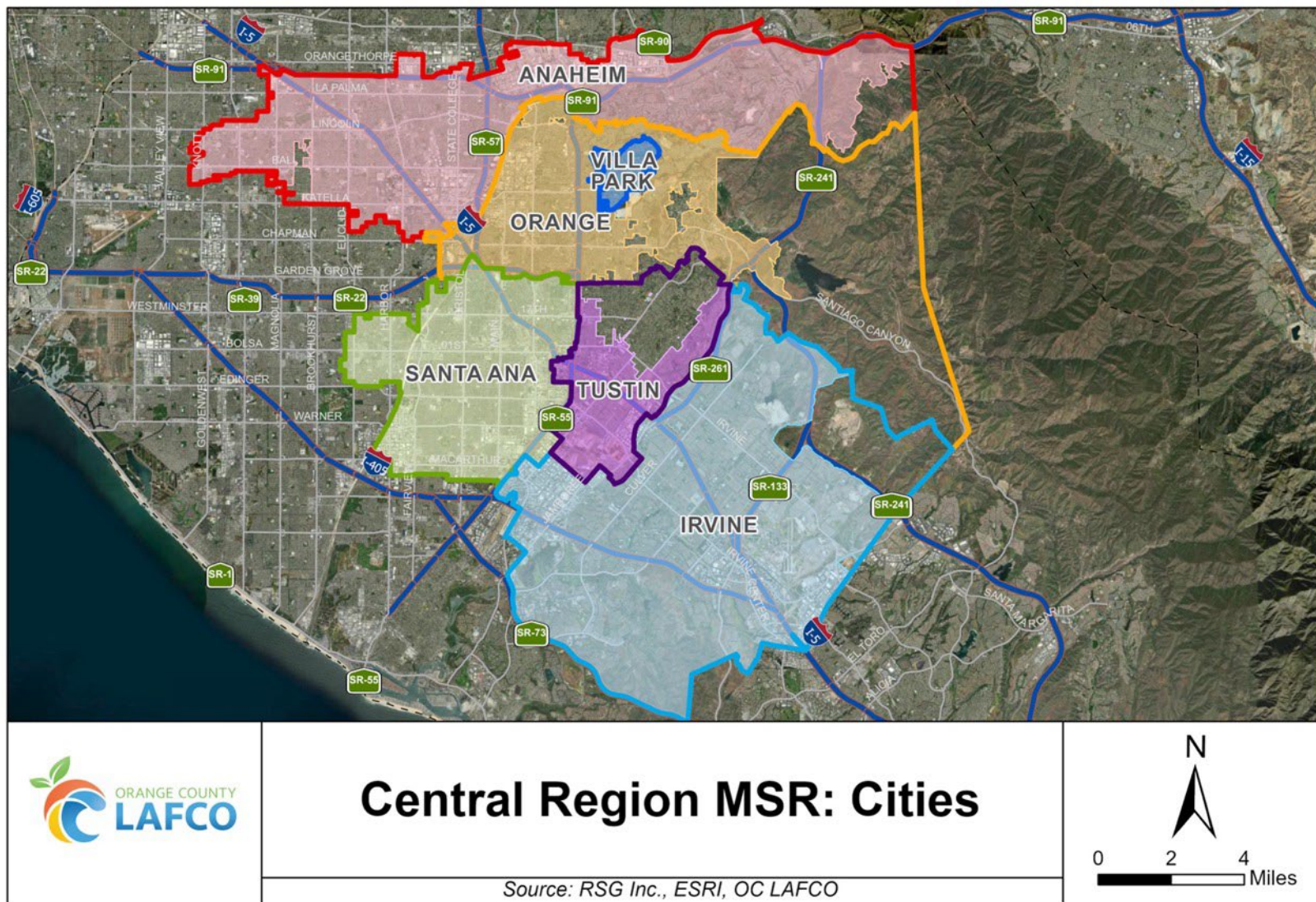
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The OC LAFCO Central Region consists of ten (10) agencies (the “Central Region Agencies”) located in the central part of the County, which is generally south of State Route 91 and northeast of Interstate 405. The ten agencies are listed in Table 1 and the incorporated cities of the Central Region are depicted in a map on the following page.

**Table 1: Central Region Agencies**

Cities	Special Districts
Anaheim	East Orange County Water District (“East Orange”)
Irvine	Irvine Ranch Water District (“IRWD”)
Orange	Serrano Water District (“Serrano”)
Santa Ana	Silverado-Modjeska Recreation and Parks District (“SMRPD”)
Tustin	
Villa Park	





As further detailed in the body of this report, RSG makes the following MSR determinations for the Central Region Agencies based on our data collection, surveys, and interviews:

### **1. Population, Growth, and Housing**

Generally, the population and number of housing units for agencies in the Central Region are expected to grow very slowly over the next five years. The Central Region Agencies are planning for increased population through their respective general plans, housing elements, and other planning documents. However, both the prior slow growth and the limited potential for new population and housing growth are attributed in large part to the existing buildout and the geography of the region.

### **2. Disadvantaged Unincorporated Communities**

There are 11 OC LAFCO-designated disadvantaged unincorporated communities (“DUCs”) in Orange County, four (4) of which are within the sphere of influence (“SOI”) of the City of Anaheim. Anaheim provides water, wastewater, and electric services to the DUCs, but none of the special districts evaluated as part of this MSR provide them with services. The City of Anaheim is not considering annexation of any of these DUCs.

In addition to the services provided by the City of Anaheim, the DUCs receive general municipal services from the County of Orange. The DUCs are within the service boundary of the Orange County Sanitation District (“OC SAN”) which provides regional wastewater services. They are also within the boundaries of the Orange County Water District, Cemetery District, and Vector Control District. Garden Grove Sanitary District also provides additional wastewater services to the DUCs. None of the agencies noted here are part of this MSR. More information about the DUCs can be found on page 71 of this report.



### **3. Capacity of Facilities and Adequacy of Services**

The agencies within the Central Region of the County are providing adequate law enforcement, fire, water, wastewater, public works, parks and recreation, library, animal control, and code enforcement services to their residents and customers. Agencies serving the region generally have the resources to maintain current levels of service and to meet expected demand in the future.

The City of Anaheim is facing significant costs in necessary upgrades for certain parts of its sewer system (specifically, the six-inch sewer lines which are approximately 100 years old). The City of Orange and The City of Santa Ana require upgrades to their street and road infrastructure. Santa Ana is facing challenges financing these improvements, which in turn leads to worse infrastructure conditions as repairs are delayed. Orange has noted the need for upgrades but does not currently have the level of funding needed to address them. Staff from all three cities reported these issues to RSG during the data collection process of this MSR.

Street and road infrastructure is in need of improvement across the region but is generally adequate to meet the current demands of residents. Agencies across the region are planning for improvements to infrastructure in their Capital Improvement Programs (“CIP”) and their Urban Water Management Plans, and have identified funding sources in these planning documents. The City of Orange and the City of Santa Ana are both experiencing difficulty allocating sufficient funding to make the street improvements needed to accommodate future growth.

### **4. Financial Ability to Provide Services**

The financial capacity of the Central Region Agencies is adequate for current service levels, but there are both general and specific financial challenges facing the region in the future. OC LAFCO’s fiscal indicators generally indicate that the agencies are reporting high or moderate revenue growth, but the status of expenditure growth and reserve balances is more varied from agency to agency. The cities have all adopted reserve policies, which they are able to meet on an ongoing basis.

The City of Orange is facing significant ongoing deficits which will require both long-term revenue enhancements and expenditure cuts to address. The City of Santa Ana will lose significant sales tax revenue in the future as its local sales tax measure is set to decrease and eventually sunset in 2039. As a result, both of these cities will face challenges with continuing to provide municipal services at the levels that residents are currently receiving. For Orange and Santa Ana, the cost of street infrastructure upgrades is a particular growing concern.

East Orange Water District reported mild concerns about the cost to the agency if there was an increase in requests from homeowners to convert from septic tanks to connecting to wastewater mains. However, staff reported costs would not apply to the agency unless enough homes with septic tanks request to be connected to the agency's infrastructure.

In late 2024, Serrano transferred its share of the Santiago Creek Dam Reservoir (commonly known as Irvine Lake) to IRWD due to the high costs of needed infrastructure improvements. Serrano and IRWD entered into a Purchase and Sale Agreement for IRWD to purchase all rights for the property, including water, mineral, and recreation rights, along with the Howiler Water Treatment Plant, in exchange for water reliability from IRWD. Serrano's conveyance rights between Irvine Lake and the water treatment plant were also transferred to IRWD. IRWD is interested in exploring the annexation of the two parcels which contain the Howiler Water Treatment Plant in the near future, because the plant will be used by IRWD to serve IRWD customers and to provide water reliability to Serrano.

## **5. Opportunities for Shared Facilities**

Central Region agencies did not express a need or desire for further shared facilities, nor did RSG identify potential opportunities for additional shared facilities during this review.

## **6. Accountability for Community Service Needs**

Central Region agencies implement policies and procedures that ensure transparency and accountability to the public, including public notice of City Council and District Board meetings and actions and regular elections. All agencies have websites and social media channels that provide information about their meetings, including ways to access the meetings virtually.

The Cities of Anaheim, Irvine, and Santa Ana are charter cities, while Orange, Tustin, and Villa Park are general law cities. The City of Villa Park holds at-large elections, while the other five cities hold district elections. The Cities of Tustin and Villa Park have five-member City Councils, while Anaheim, Irvine, Orange, and Santa Ana each have seven-member City Councils. In Villa Park, the Mayor is selected annually by the Council members. In the remaining cities, the Mayor is elected by the voters at-large. Council members serve staggered, four-year terms. All of the cities are operating under the Council-Manager form of government.

The four districts, East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Park District are independent special districts with a five-member board independently elected by district to four-year terms.

## **7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy**

No other matters were identified during the conducting of the Central Region MSR.

## **SOI DETERMINATIONS SUMMARY AND RECOMMENDATIONS**

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RSG makes the following SOI determinations for the Central Region agencies based on our data collection, surveys, and interviews:

## **1. Present and Planned Land Uses**

Cities, special districts, and unincorporated areas within the Central Region are largely built out with very little remaining open space for development. The cities anticipate modest population growth and are planning for increased housing stock through their respective planning documents, including General Plans and Housing Elements. The City of Irvine is currently going through a General Plan update.

Pursuant to Government Code Section 65302(c), general plans must include a housing element explaining how the jurisdiction will meet its part of the regional housing need. The cities are also required by State law to submit annual progress reports on their respective general plan and housing element by April 1 for the prior year. As of the date of this report, four of the six cities have received HCD certification of their 6<sup>th</sup> Round Housing Element and have submitted annual progress reports for 2023. Anaheim and Villa Park have not yet received HCD certification, although both cities have submitted annual progress reports.

Irvine is the only city with significant agricultural land identified within its SOI. The City's history as ranch land under the Irvine Ranch uniquely contributes to its current land uses, which include grazing land, prime farmland, and statewide importance farmland. The City also has significant open spaces, much of which is managed by the Irvine Ranch Conservancy, a non-profit organization. More information about Irvine's agricultural land uses can be found on page 70.

## **2. Present and Probable Need for Facilities and Services**

Central Region Agencies are currently providing adequate services to their residents and customers. While most have the resources to continue to provide these services in the future, Orange and Santa Ana are facing financial challenges that may impact their ability to provide municipal services and make capital improvements in the future. Specifically, Orange has ongoing deficits which will require revenue enhancements and expenditure cuts to balance its budget, and Santa Ana may lose significant sales tax

revenue in the near future. These challenges are discussed in greater detail starting on page 90.

Street and road infrastructure across the region is in need of improvements. The City of Orange and City of Santa Ana are particularly facing challenges funding the necessary infrastructure improvements to ensure their street networks are high quality. Agencies generally indicated that these issues are being addressed in their respective CIPs, although Orange and Santa Ana do not have the level of funding needed to make the necessary road improvements at this time. Wastewater infrastructure is also in need of upgrades in the City of Anaheim.

### **3. Present Capacity and Adequacy of Public Facilities and Services**

The present capacity of the public facilities operated by the cities and special districts in the Central Region is generally adequate to provide public services to their residents and customers.

However, the City of Orange noted that its street infrastructure needs improvements and the City does not currently have the level of funding needed to address current and projected demand. The City of Santa Ana is facing similar challenges with regards to its street infrastructure.

### **4. Social or Economic Communities of Interest**

The Central Region includes a number of unincorporated areas located within the SOIs of Anaheim, Irvine, Orange, Santa Ana, and Tustin. These areas include four DUCs within the SOI of Anaheim.

The unincorporated areas in the SOIs of Irvine and Santa Ana are open space areas which do not receive municipal services. Irvine has expressed interest in annexing a portion of unincorporated area located north of the CA State Route 241 and has initiated discussions with OC LAFCO.



The unincorporated areas within the City of Orange's SOI receive water and wastewater services from several agencies, including the City of Orange, East Orange County Water District, Serrano Water District, and the Irvine Ranch Water District. These areas are discussed individually starting on page 19.

The unincorporated "Southwest Island" in the City of Anaheim's SOI includes the four DUCs in the Central Region. The City of Anaheim provides water, electric and wastewater services, and additional wastewater services are provided by the Garden Grove Sanitary District (not reviewed as a part of this MSR).

The County provides other governance and municipal services to these areas, including planning, law enforcement, fire protection, and animal control.

#### **5. Present and Probable Need for Public Facilities and Services by any DUCs within the Existing SOIs**

All four DUCs in the Central Region are within the City of Anaheim's SOI. These DUCs receive services from the City of Anaheim, the Garden Grove Sanitary District, and the County. Anaheim is not considering annexation of these DUCs.

### **SOI UPDATES**

During the course of data collection for this MSR, three agencies in the Central Region expressed their interest in annexing various areas. The City of Irvine plans to annex two unincorporated areas within its SOI. SMRPD is inquiring about expanding its SOI to include an area of its boundary that is not in its SOI. Finally, IRWD notified OC LAFCO in March 2025 that it is interested in exploring the annexation and the possible submission of an application to annex four parcels.

More details on the potential SOI updates can be found below:

### City of Irvine

The City of Irvine is planning to annex two areas (Area A and Area B) in the northeast portion of the City's SOI. These two areas together make up Implementation District R, which is considered preservation area under the City's General Plan and open space reserve under the County's General Plan. The areas are currently open space managed under the California Department of Fish and Wildlife's Natural Community Conservation Planning ("NCCP") program. Area B also includes land owned and used by IRWD for its Syphon Reservoir. Should the areas be annexed, Area A would be a housing development and most of Area B would remain open space. The City has participated in several discussions on the proposed area for annexation with OC LAFCO. At this time, the City has not provided a timeframe for when an annexation application will be submitted to OC LAFCO.

Figure 1 on page 12 shows the location of Area A and Area B within Irvine's SOI.

### SMRPD

SMRPD is seeking to restore area to its SOI that had previously been removed. In the 2005 MSR process, the agency's SOI boundary was reduced in its western corner nearest the City of Orange and the City of Irvine. Figure 2 depicts this area. This detachment was intended to facilitate possible future annexation by the City of Orange due to plans that were then in motion for development in the area. However, since the detachment was made, no major development has occurred or appears to be planned in the area. In addition, the incorporated SMRPD boundary was not changed to align with the SOI, and still includes the detached area even though it was removed from the SOI. Because of this, SMRPD is requesting to initiate the process to restore this part of their boundary. The District has not yet submitted a formal application.

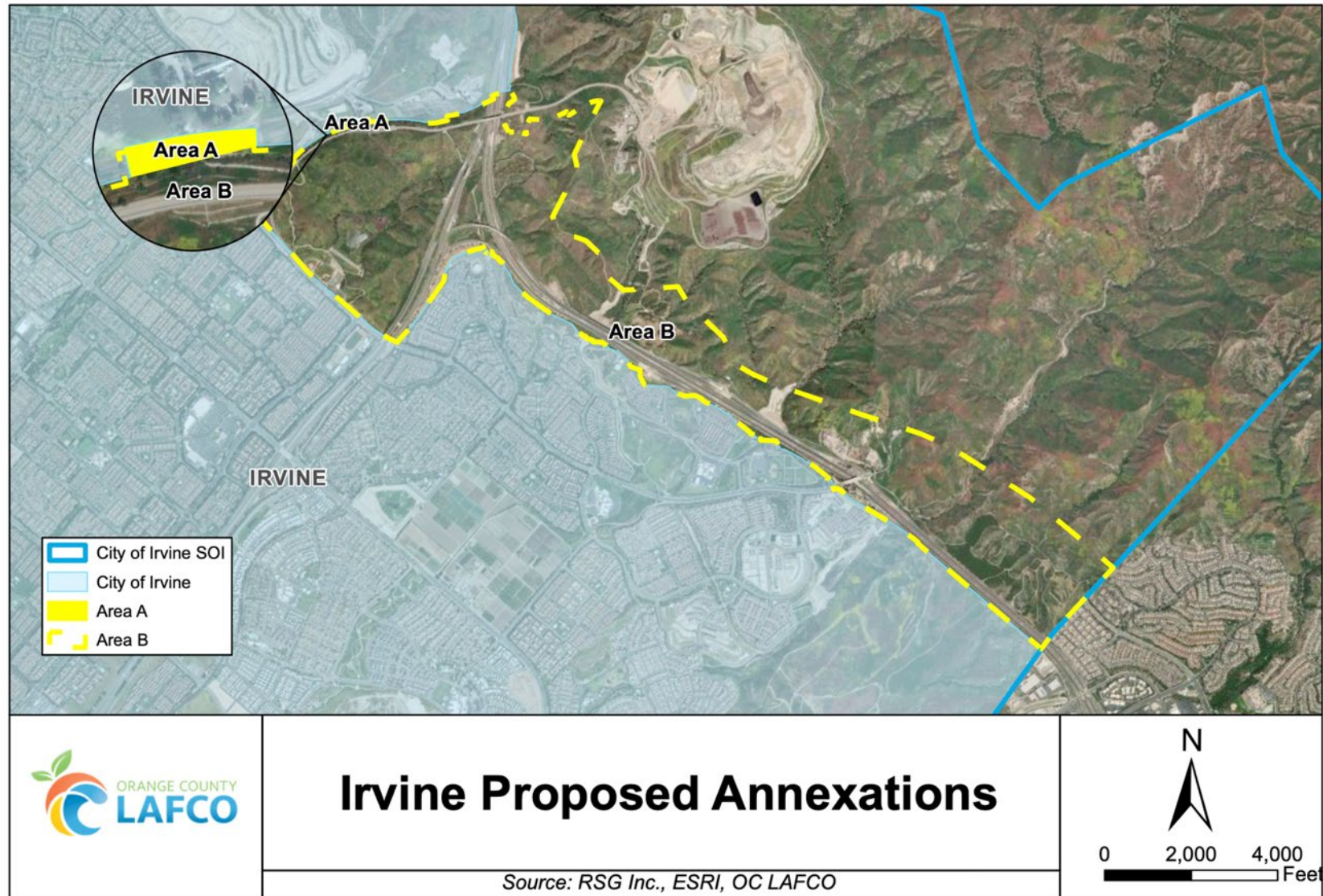
RSG notes that the area of SOI that was previously detached does not receive any services from SMRPD, and SMRPD does not collect any property taxes from this area. In addition, the area is designated as permanent open space. Therefore, RSG recommends that OC LAFCO reconfirm the existing boundary and SOI of SMRPD at this time. However,

RSG also recommends that OC LAFCO further study service provision to open space lands in the County.

### IRWD

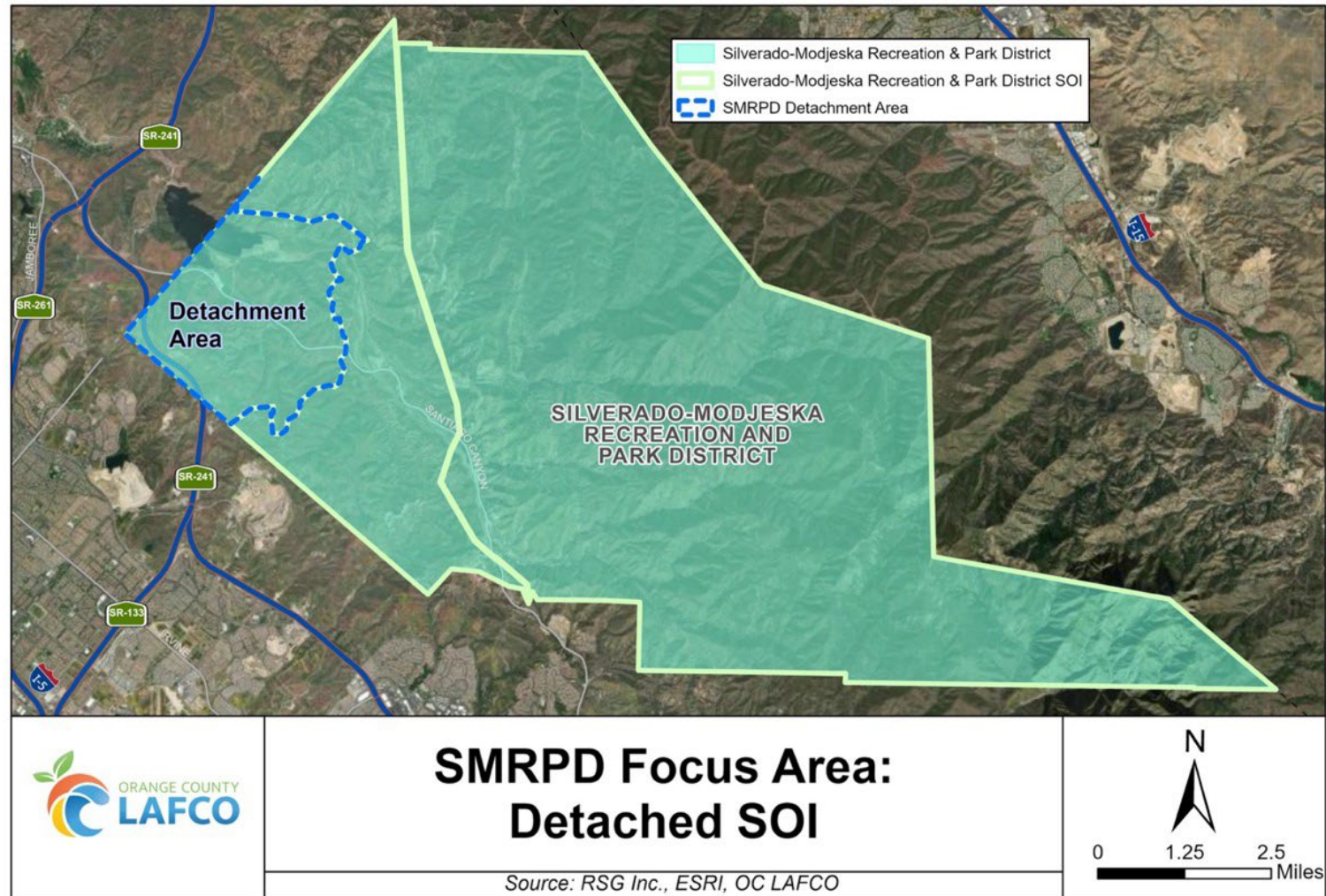
IRWD notified LAFCO of its interest in exploring the annexation of two unincorporated parcels within its SOI (parcel numbers 105-361-07 and 105-361-09), which are currently the site of the Santiago Coal Mine Property, an island within its current boundary. IRWD recently acquired those parcels. IRWD is also interested in exploring annexation of two additional parcels that are currently within Serrano's SOI (parcel numbers 370-141-08 and 370-163-07), which contain the Howiler Water Treatment Plant that IRWD recently acquired from Serrano. Figure 3 shows the location of the parcels, and further discussion of the Water Treatment Plant can be found on page 78.

**Figure 1: Implementation District R – Tentative Future Annexation Areas**



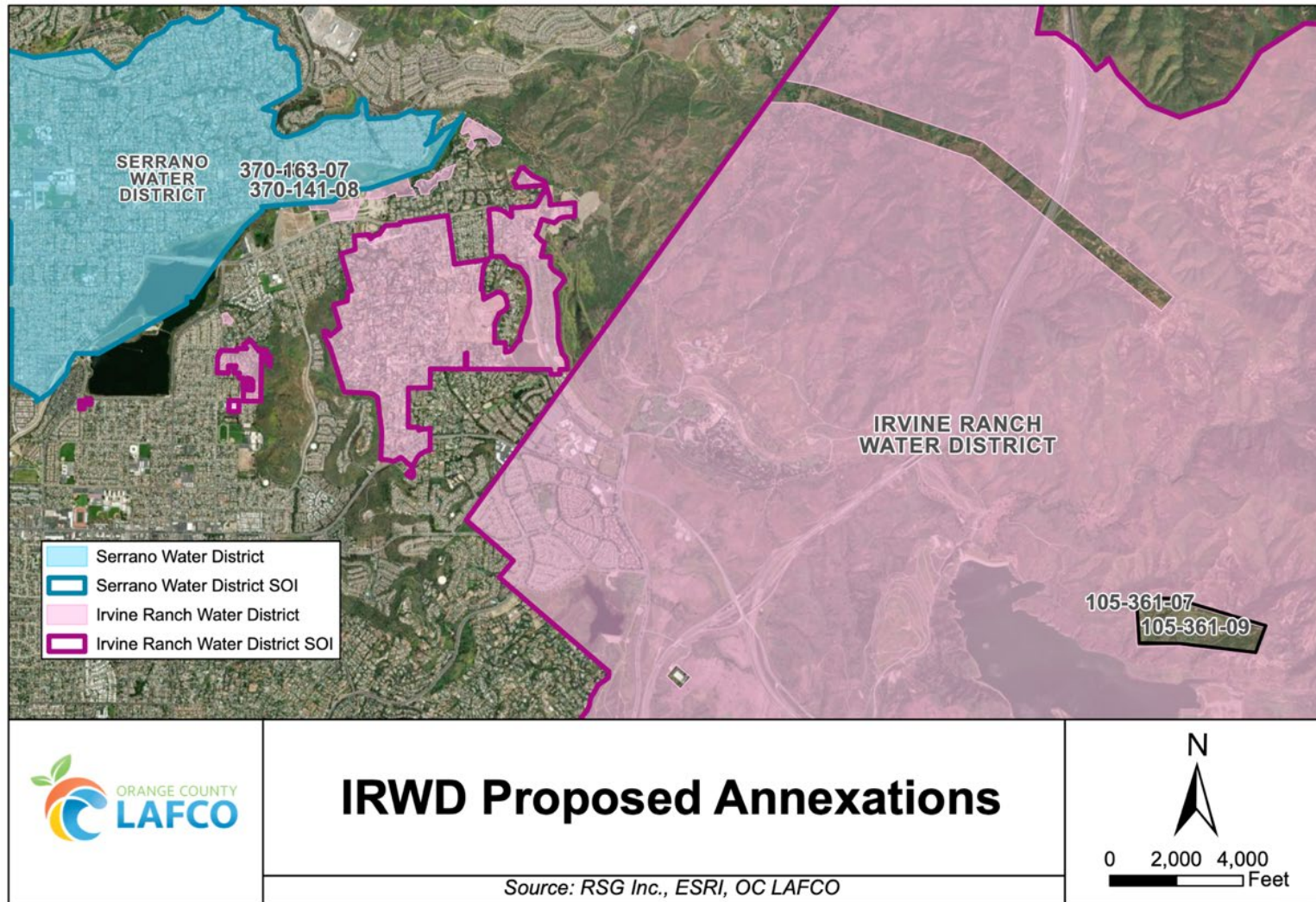


**Figure 2: SMRPD Detachment Area**





**Figure 3: IRWD Proposed Annexations**



## II. BACKGROUND

### LEGAL REQUIREMENTS AND PURPOSE

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In 1963 the California Legislature created for each County a Local Agency Formation Commission (“LAFCO”) to oversee the logical formation and determination of local agency boundaries that encourage orderly growth and development essential to the social, fiscal, and economic well-being of the State. LAFCOs’ authority to carry out this legislative charge is codified in the Cortese-Knox-Hertzberg Government Reorganization Act of 2000 (“CKH”). For nearly 60 years, CKH has been amended to give more direction to LAFCOs and, in some cases, expand the authorities of the Commissions. One of the most important revisions to CKH by the Legislature occurred in 2000, which added a requirement that LAFCOs review and update the “spheres of influence” for all cities and special districts every five years and, in conjunction with this responsibility, prepare comprehensive studies that are known as “municipal service reviews.”

### AUTHORITY AND POWERS OF LAFCO

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Codified within CKH are the procedures and processes for LAFCOs to carry out their purposes as established by the Legislature. LAFCOs’ purposes are guided and achieved through their regulatory and planning powers and acknowledge that the local conditions of the 58 California counties shall be considered in part to the Commissions’ authorities.

**CKH ACT (G.C. SECTION 56301) –  
PURPOSES OF LAFCOs**

*“Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.”*

### LAFCO RESPONSIBILITIES

LAFCOs’ regulatory authorities include the reviewing, approving, amending or denying of proposals to change the jurisdictional boundaries of cities and special districts. Specifically, these types of boundary changes commonly referred to as “changes of organization,” include:

- City Incorporation
- City Disincorporation
- District Formation
- District Dissolution
- City and District Annexations and Detachments
- City and District Consolidations
- Merger of a City and District
- Establishment of a Subsidiary District
- Activation of new or different functions or classes of services, or divestiture of power to provide services for special districts.

## **PLANNING AUTHORITIES**

LAFCOs' planning authorities are carried out through the establishment and updating of agencies' SOIs, which is a tool used to define a city or special district's future jurisdictional boundary and service areas. Through the reform of CKH in 2000, LAFCO's planning responsibility includes the preparation of comprehensive studies (MSRs) that analyze service or services within the county, region, subregion, or other designated geographic area. The determinations that LAFCOs must review, analyze, and adopt for SOIs and MSRs are discussed below.

## **SPHERE OF INFLUENCE UPDATES**

In 1972, LAFCOs throughout the State were tasked with determining and overseeing the SOIs for local government agencies. An SOI is a planning boundary that may be outside of an agency's jurisdictional boundary (such as the city limits or a special district's service area) that designates the agency's probable future boundary and service area. The purpose of an SOI is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands, and by preventing overlapping jurisdictions and duplication of services. On a regional level, LAFCOs coordinate the orderly development of a community through reconciling differences between different agency plans. This is intended to ensure the most efficient

urban service arrangements are created for the benefit of area residents and property owners. Factors considered in an SOI update include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

*Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on the following five (5) factors:*

- 1. The present and planned land use in the area, including agricultural and open-space lands.*
- 2. The present and probable need for public facilities and services in the area.*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*
- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*
- 5. If a city or special district provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection the present and probable need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

From time-to-time, an SOI may be modified as determined by LAFCO using the procedures for making sphere amendments as outlined by CKH. Pursuant to Government Code Section 56430, a LAFCO must first conduct an MSR prior to updating or amending an SOI.

## MUNICIPAL SERVICE REVIEWS

Section 56425(g) of CKH requires that LAFCOs evaluate an SOI every five years, or when necessary. The vehicle for doing this is known as a Municipal Service Review.

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics as follows:*

- 1. Growth and population projections for the affected area.*
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).*
- 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*
- 4. Financial ability of agencies to provide services.*
- 5. Status of, and opportunities for, shared facilities.*
- 6. Accountability for community service needs, including government structure and operational efficiencies.*
- 7. Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

The focus of an MSR is to ensure that public services are being carried out efficiently and the residents of any given area or community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of agricultural lands. If an MSR determines that certain services are not being carried out to an adequate standard, LAFCO can recommend changes be made through making sphere changes and dissolution or consolidation of service providers to provide the best service possible to the population.

## **PRIOR MUNICIPAL SERVICE REVIEWS**

Three cycles of MSRs were completed by OC LAFCO prior to this one. The first was produced in 2005, the second in 2008, and the third in 2013. Each MSR cycle has provided OC LAFCO with new and important information regarding the delivery of services to OC residents. OC LAFCO has learned that generally, all of the agencies in the County are well run and provide a high level of service.

In the interest of furthering OC LAFCO's goals, the MSR process has produced key resources developed over the prior cycles to help coordinate services, provide accountability, and increase transparency. Resources like the Fiscal Trends Analysis and the Shared Services programs have provided agencies with a central location to access OC LAFCO services. OC LAFCO has also partnered with local experts such as those in



the California State University of Fullerton's Center for Demographic Research, to track trends that develop the data for Disadvantaged Unincorporated Communities ("DUCs").

### **DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS)**

As part of this MSR, RSG was asked to consider the location, characteristics, and adequacy of services and public facilities related to Disadvantaged Unincorporated Communities in any of the SOIs within the Region. DUCs are defined as inhabited territory located within an unincorporated area of a county in which the annual median household income is less than 80 percent of the statewide median household income. State law considers an area with 12 or more registered voters to be an inhabited area. CKH requires identification and analysis of service issues within DUCs as part of MSR/SOI updates. State law (SB 244) also places restrictions on annexations to cities if the proposed annexation is adjacent to a DUC. More background on DUCs and SB 244 is provided in this MSR Section "Location and Characteristics of Any DUCS".

OC LAFCO previously designated a total of 11 DUCs in the County. Four of these DUCs are within the SOI of the City of Anaheim. None of the other cities in the Central Region have DUCs located within or adjacent to their boundaries. Using data from the 2015 American Community Survey ("ACS") published by the US Census Bureau, these areas were designated as DUCs because their Median Household Income ("MHI") was below 80% of the statewide MHI, which amounts to a limit no higher than \$49,454. Further discussion on the status of these DUCs as it applies to this MSR can be found in Section VI of this report.

### **UNINCORPORATED AREAS**

There are several unincorporated islands (territory completely or substantially surrounded by cities) that should eventually be transitioned to an adjacent city over time and when feasible. CKH, in various sections of the statute, requires LAFCO to address these areas during MSR/SOI updates and annexation proceedings. For over 20 years, OC LAFCO has worked collaboratively with the County and multiple cities on the transitioning of unincorporated areas to the jurisdiction of adjacent cities. Today, that effort continues and

includes addressing the feasibility of annexation and infrastructure deficiencies and other challenges.

The Central Region has a number of unincorporated areas located within the SOIs of the cities of Anaheim, Irvine, Orange, Santa Ana, and Tustin, identified as follows:

1. El Modena Island: The El Modena Island is an unincorporated area within the City of Orange's SOI. It is in the western part of the City's SOI and is near the El Modena Open Space near Chapman Avenue. The island is serviced by the following providers:

- Water: City of Orange
- Wastewater: East Orange County Water District
- Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Planning: County of Orange

2. Lincoln-Glassell Island: The Lincoln-Glassell unincorporated area is an unincorporated portion of the City of Orange's SOI and is also adjacent to the SOI of the City of Anaheim. It is in the northwest corner of the City's SOI and is adjacent to the Santa Ana River. The island is serviced by the following providers:

- Water: City of Orange, Serrano Water District
- Wastewater: City of Orange
- Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Planning: County of Orange

3. North El Modena Island: The North El Modena Island is an unincorporated area within the City of Orange's SOI. It is north of the El Modena Island and is in the central part

of the City's incorporated boundary, near the Santiago Creek Recharge Basin. The island is serviced by the following providers:

- Water: City of Orange
- Wastewater: East Orange County Water District
- Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Planning: County of Orange

4. Olive Heights Island: The Olive Heights Island is a small unincorporated area within the City of Orange's SOI. It is in the northwest part of the City's SOI. The island is serviced by the following providers:

- Water: City of Orange
- Wastewater: City of Orange
- Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Planning: County of Orange

5. Orange Park Acres Island: The Orange Park Acres island is an unincorporated area within the City of Orange's SOI. It is in the central part of the City's SOI east of the El Modena Open Space. The island is serviced by the following providers:

- Water: Irvine Ranch Water District
- Wastewater: Irvine Ranch Water District
- Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange

- Planning: County of Orange
6. Santiago Creek Island: The Santiago Creek island is an unincorporated area within the City of Orange's SOI. It is in the central part of the City's SOI west of the El Modena Open Space and adjacent to the boundary of the City of Villa Park. The island is not inhabited by any residents and is designated as open space in the City of Orange's General Plan. The island is serviced by the following providers:
- Water: N/A
  - Wastewater: City of Orange
  - Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
  - Fire Protection: Orange County Fire Authority
  - Law Enforcement: Orange County Sheriff
  - Animal Control: County of Orange
  - Planning: County of Orange
7. North Tustin: The North Tustin Area is an unincorporated area that is split between the City of Orange's SOI and the City of Tustin's SOI. The majority of the area is within the Tustin's SOI, with the northern part in Orange's SOI. The northeast part of this area includes Cowan Heights and is near the Peters Canyon Regional Park. The island is serviced by the following providers:
- Water: City of Tustin, City of Orange, East Orange
  - Wastewater: East Orange
  - Solid Waste: Ware Disposal, CR&R Inc., Waste Management Inc.
  - Fire Protection: Orange County Fire Authority
  - Law Enforcement: Orange County Sheriff
  - Animal Control: County of Orange
  - Planning: County of Orange
8. Southwest Island: The Southwest Island is an unincorporated area in the City of Anaheim's SOI. The Island includes all four of the Region's DUCs and is adjacent to

the boundary of the City of Stanton, not reviewed in this MSR. The island is serviced by the following providers:

- Water: City of Anaheim
- Wastewater: Garden Grove Sanitary District, City of Anaheim
- Solid Waste: Republic Waste Services
- Fire Protection: Orange County Fire Authority
- Law Enforcement: Orange County Sheriff
- Animal Control: County of Orange
- Planning: County of Orange

## ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION

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OC LAFCO is responsible for overseeing the boundaries, establishing and updating SOIs, and preparing MSRs for the County's 34 cities and 34 independent and dependent special districts. Since its creation, the

**MISSION:**

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

Commission has formed nine cities, approved multiple changes of organization and reorganization involving cities and special districts, and encouraged orderly development through the establishment of agency SOIs and preparation of numerous studies. OC LAFCO has also provided proactive leadership on efficient government through its Unincorporated Islands Program and an innovative presence through its Shared Services and Fiscal Indicators Web-based programs. In addition to State law, the Commission's authority is guided through adopted policies and procedures that assist in the implementation of the provisions of CKH and consideration of the local conditions and circumstances of Orange County.

## COMMISSION COMPOSITION

OC LAFCO is comprised of eleven (11) members, with seven serving as regular members and four serving as alternate members. The members include: three (3) County





Supervisors, three (3) City Council members, three (3) independent Special District members, and two (2) at-large representatives of the general public. All members serve four-year terms and there are no term limits. In accordance with the statute, while serving on the Commission, all Commission members shall exercise their independent judgement on behalf of the interests of residents, property owners, and the public as a whole. Table 2 depicts the current members of the Commission and their respective appointing authority and term.

**Table 2: OC LAFCO Commission Roster**

Commissioners	Appointing Authority	Current Term
<b>Regular Members</b>		
<b>Donald P. Wagner</b> , <i>Chair</i> County Member	Board of Supervisors	2022–2026
<b>Wendy Bucknum</b> , <i>Vice Chair</i> City Member	City Selection Committee	2024–2028
<b>Douglass Davert</b> , <i>Immediate Past Chair</i> Special District Member	Independent Special District Selection Committee	2022–2026
<b>James Fisler</b> , Special District Member	Independent Special District Selection Committee	2024–2028
<b>Derek J. McGregor</b> , Public Member	Commission	2022–2026
<b>Peggy Huang</b> , City Member	City Selection Committee	2022–2026
<b>Alternate Members</b>		
<b>Kathryn Freshley</b> , Alternate Special District Member	Independent Special District Selection Committee	2022–2026
<b>Lou Penrose</b> , Alternate Public Member	Commission	2025–2029
<b>Carol Moore</b> , Alternate City Member	City Selection Committee	2024–2028
<b>Luis Tapia</b> , Interim Executive Officer <b>Scott C. Smith</b> , General Counsel		

## MEETING AND CONTACT INFORMATION

The Commission's regular meetings are held on the second Wednesday of the month at 8:15 a.m. Currently, the meetings are conducted at County Administrative North (CAN) First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701. The OC LAFCO administrative offices are centrally located at 2677 North Main Street, Suite 1050, Santa Ana, CA 92701. Commission staff may be reached by telephone at (714) 640-

5100. The agency's agendas, reports and other resources are available online at [www.oclafco.org](http://www.oclafco.org).

## METHODOLOGY AND DATA SOURCES

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RSG worked in coordination with OC LAFCO staff throughout the duration of this MSR. To fully understand key factors and current issues involving the cities, RSG conducted an initial working session with OC LAFCO staff to determine the project scope and process and formalize overall MSR objectives, schedules, agency services to review, fiscal criteria, and roles and responsibilities of OC LAFCO, RSG, and other consultants. Key tasks and activities in the completion of this MSR included a thorough review of available relevant agency data and documents; interviews with agencies; development of agency profiles; MSR and SOI determination analysis; preparation of administrative and public review drafts of the MSR; incorporation of agency, OC LAFCO, and public comments; and consideration by OC LAFCO of adoption of the final MSR.

It is important to acknowledge that the data presented in this report represents the best information available during the data collection phase, which was largely completed between January and July 2024. This report represents a snapshot in time, and there may be material changes since then that are not reflected in this report.

This MSR generally uses the Federal Decennial Census ("Census") or California's State Department of Finance ("DOF") Population and Housing Estimates for cities and the County. The DOF's Demographic Research Unit publishes population estimates annually and are the official population and housing unit tallies used in most State programs and for jurisdictional appropriation limits. The estimates are restricted to cities and counties and do not encompass all potential taxing entities or districts in the State. The data from DOF only reports on total population, total housing units, housing type, and unit occupancy status.

Some of the demographic data reported in this MSR comes from ESRI's Business Analyst online software. The platform uses Geographic Information Systems ("GIS") to produce a variety of comparison reports for areas both smaller and larger than most official data

sources, such as the Census or DOF. DOF does not provide data for unincorporated areas within SOIs. In order to produce the demographic reports for these areas, RSG extracted demographic data from ESRI's Business Analyst software using GIS shapefiles provided by OC LAFCO. Subjects in this MSR pertaining to growth rates, poverty rates, number of workers in the jurisdiction, and number of businesses all were produced in part by inputting boundary shapefiles into the GIS functions of Business Analyst. Where applicable, this MSR notes agency disagreements with certain reported demographic numbers or rates. Population and housing unit data for the special districts was derived from ESRI, but not for the cities. Demographic data from ESRI is from 2023.

There are some instances where the data sources RSG used for this report are not aligned, either with each other or with information provided by the Central Region Agencies, particularly with regards to population and housing projections. In these instances, RSG made individual adjustments to mitigate the difference among the external sources, or presented figures provided by the agency in-lieu of data from ESRI or DOF.

Summary fiscal health data was researched and provided to RSG by another consultant, Berkson Associates, as part of a separate and independent engagement with OC LAFCO to populate a set of "Fiscal Indicators" that will appear on OC LAFCO's website. The Fiscal Indicators provide the latest three years of revenue, expenditures, net position, and reserves data reported in the agencies' financial audits and budgets. Berkson also provided a summary of the trends for each line item. OC LAFCO's partnership with Berkson to develop the Fiscal Indicators website aided RSG in the review of the Central Region agencies' finances. As a result, this MSR did not undertake any further detailed review of each agency's finances, but RSG consulted with Berkson to present and briefly summarize their findings.

### III. AGENCY PROFILES

As part of this MSR, OC LAFCO and RSG examined a range of municipal services provided by each agency in the Central Region. This section provides summaries of the governing structure, population and service area, types of services, and the service providers of each agency. The profile tables of each Central Region city covers the key services provided in the city, while the special district profiles provide detail only on the services they are legally authorized to provide. A demographic summary and a map of each agency are shown following the profile table. Due to East Orange's possession of three (3) different service boundaries, three (3) demographic tables and maps are shown for this one district.

Summary financial trends of each agency from FY 2018-19 to FY 2022-23 are also shown in this section. All financial tables were produced using the Fiscal Indicators data described in the prior section. Trends shown are exclusive of transfers in and out. Transfers of Net Revenue to capital funds and other uses are not shown; transfers to designated operating reserves may not be required if agency reserve targets are being met.

Below is a list of the agencies profiled:

#### *Incorporated Cities*

- Anaheim
- Irvine
- Orange
- Santa Ana
- Tustin
- Villa Park

#### *Special Districts*

- East Orange County Water District
- Irvine Ranch Water District
- Serrano Water District
- Silverado-Modjeska Recreation and Parks District

# City of Anaheim

Incorporated March 18, 1876

## Agency Information

Address	200 S. Anaheim Blvd., Anaheim, CA 92805
Primary Contact	James Vanderpool, City Manager
Contact Information	714-765-4311
Website	www.anaheim.net
Governance	6 Council Members, Elected By-District; Mayor Elected At-Large
Total City Staff	3,106 Staff Employed

## Service Area Information

Incorporated Area (Sq. Mi.)	50.87
Population	328,580
Population of Unincorporated SOI	10,025

## Service Summary

<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	Anaheim
Fire Protection/Emergency Medical	Anaheim
Building/Planning	Anaheim
Code Enforcement	Anaheim
Animal Control	County of Orange
Parks and Recreation	Anaheim
Library	Anaheim
Landscape Maintenance	Anaheim
Lighting	Anaheim
Streets/Road Maintenance	Anaheim
Electricity/Gas	Anaheim, SoCal Gas
Solid Waste	Anaheim (contractual agreement with Republic Services)
Stormwater Protection	Anaheim
Water	Anaheim
Wastewater	Anaheim
Wholesale Water	Metropolitan Water District of Southern California
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District



## Demographic Summary

### Anaheim

Population & Density	Agency	County
2020 Population	346,842	3,187,189
<b>2023 Population</b>	<b>328,580</b>	3,140,475
2028 Population <sup>1</sup>	345,983	3,179,293
2023-2028 Projected Annual Growth Rate (%)	1.1% >	0.2%
Daytime Population	372,962	3,298,545
Unincorporated SOI Population	10,025	-
Households	107,519	1,089,171
Household Size	3.06 >	2.92
Area (Square Miles)	50.87	948.00
Density (Persons per Square Mile)	6,459 >	3,313
Housing		
Housing Units	112,351	1,150,154
Owner Occupied (%)	44% <	54%
Renter Occupied (%)	51% >	41%
Vacant (%)	4% <	5%
Median Home Value	\$ 720,860 <	\$ 895,768
Employment & Poverty		
Businesses	16,756	172,355
Employees	199,415	1,635,323
Median Household Income	\$ 85,750 <	\$ 105,332
Public Transportation Commuters (%)	2.4% >	1.5%
Commute Longer than 60 Minutes (%)	10.1% >	9.0%
Poverty Rate	13.7% >	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

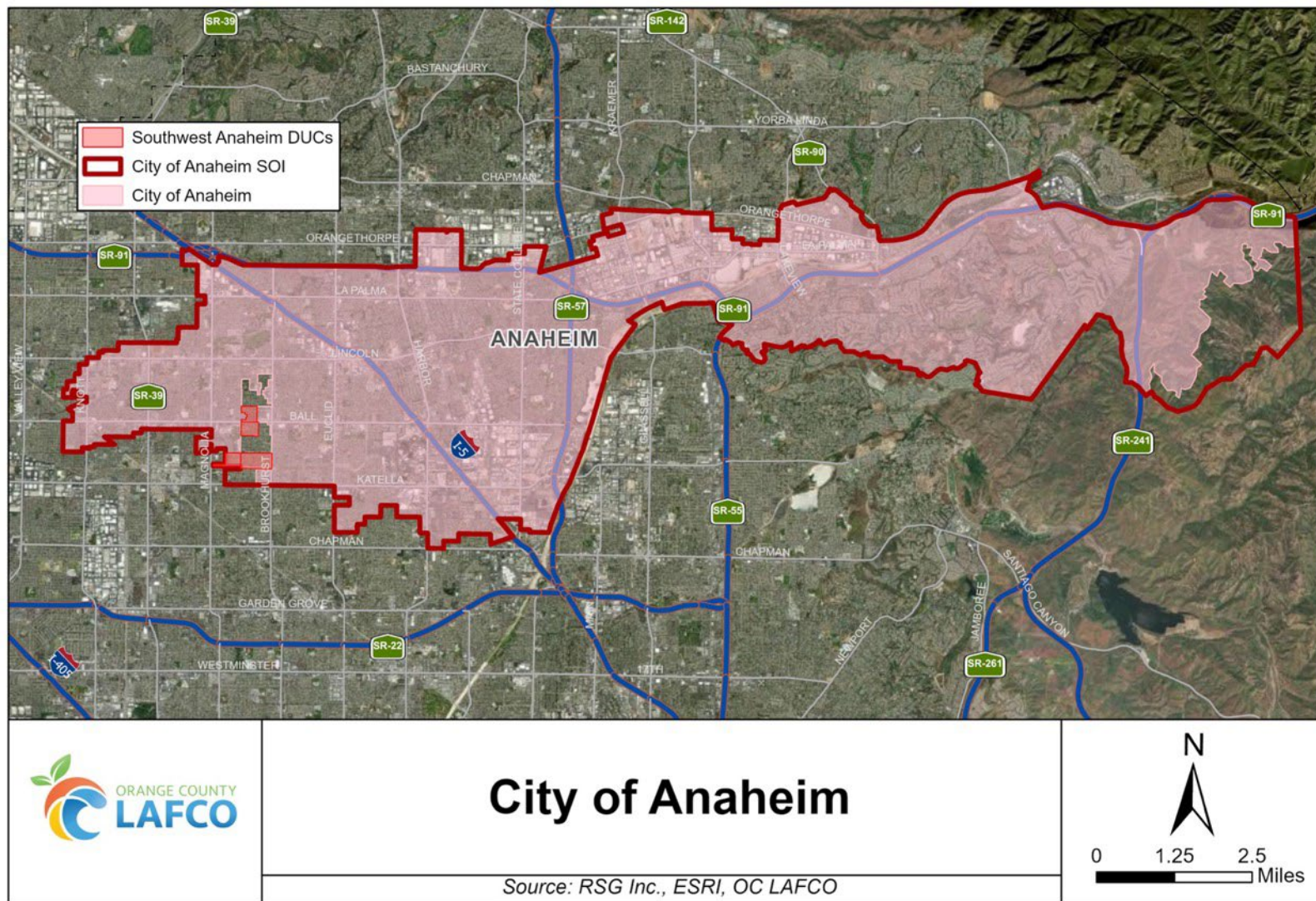
## Financial Summary

### Anaheim

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 412,996,000	\$ 379,206,000	\$ 354,290,000	\$ 535,703,000	\$ 544,136,000
Expenditures	346,637,000	376,112,000	377,018,000	411,932,000	455,250,000
Net	\$ 66,359,000	\$ 3,094,000	\$ (22,728,000)	\$ 123,771,000	\$ 88,886,000
Reserves	\$ 43,455,000	\$ 10,954,000	\$ 17,975,000	\$ 52,351,000	\$ 61,254,000

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



<b>City of Irvine</b> Incorporated December 28, 1971	
Agency Information	
Address	1 Civic Center Plaza, Irvine, CA 92606
Primary Contact	Sean Crumby, Interim City Manager
Contact Information	949-724-6000
Website	www.cityofirvine.org
Governance	7 Council Members, Elected By-District; Mayor Elected At-Large
Total City Staff	993 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	65.97
Population	303,051
Population of Unincorporated SOI	0
Service Summary	
<i>Service or Department</i>	<i>Provider</i>
Law Enforcement	Irvine
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	Irvine
Code Enforcement	Irvine
Animal Control	Irvine
Parks and Recreation	Irvine
Library	Orange County Public Libraries
Landscape Maintenance	Irvine
Lighting	Irvine
Streets/Road Maintenance	Irvine
Electricity/Gas	SCE, OC Power Authority, and SoCalGas
Solid Waste	Irvine (contractual agreement with Waste Management)
Stormwater Protection	Irvine
Water	Irvine Ranch Water District
Wastewater	Irvine Ranch Water District
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

## Demographic Summary

### Irvine

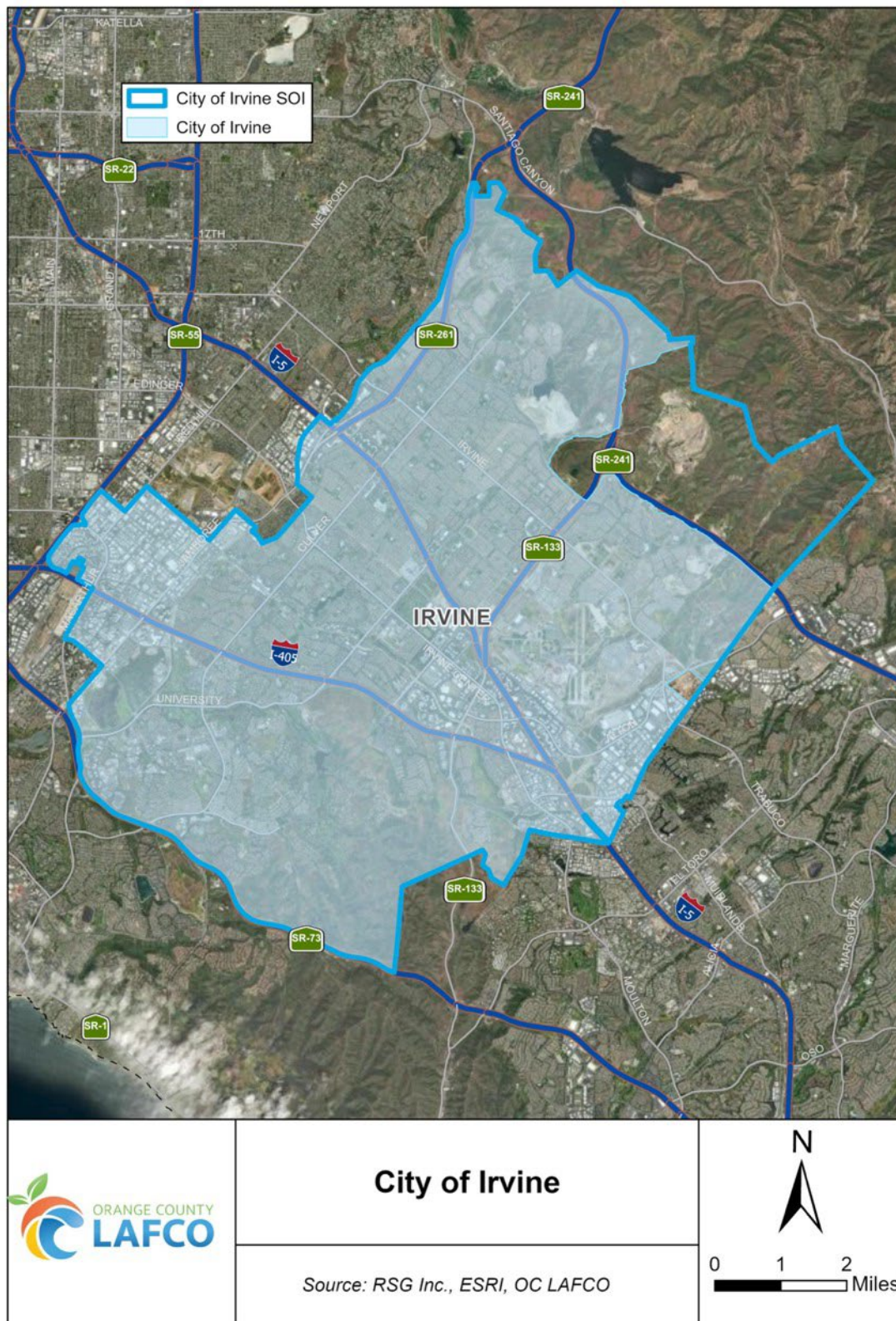
Population & Density	Agency	County
2020 Population	307,670	3,187,189
<b>2023 Population</b>	<b>303,051</b>	3,140,475
2028 Population <sup>1</sup>	306,908	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.3% >	0.2%
Daytime Population	445,964	3,298,545
Unincorporated SOI Population	-	-
Households	116,737	1,089,171
Household Size	2.60 <	2.92
Area (Square Miles)	65.97	948.00
Density (Persons per Square Mile)	4,594 >	3,313
Housing		
Housing Units	125,211	1,150,154
Owner Occupied (%)	44% <	54%
Renter Occupied (%)	49% >	41%
Vacant (%)	7% >	5%
Median Home Value	\$ 1,074,560 >	\$ 895,768
Employment & Poverty		
Businesses	21,358	172,355
Employees	262,485	1,635,323
Median Household Income	\$ 118,704 >	\$ 105,332
Public Transportation Commuters (%)	0.8% <	1.5%
Commute Longer than 60 Minutes (%)	7.2% <	9.0%
Poverty Rate	11.7% >	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

## Financial Summary







# City of Orange

Incorporated April 6, 1888

## Agency Information

Address	300 E. Chapman Ave. Orange, CA 92866
Primary Contact	Jarad Hildenbrand, City Manager
Contact Information	714-744-2225
Website	<a href="http://www.cityoforange.org">www.cityoforange.org</a>
Governance	6 Council Members, Elected By-District; Mayor Elected At-Large
Total City Staff	777 FTE

## Service Area Information

Incorporated Area (Sq. Mi.)	25.78
Population	139,063
Population of Unincorporated SOI	8,454

## Service Summary

<i>Service or Department</i>	<i>Provider</i>
Law Enforcement	Orange
Fire Protection/Emergency Medical	Orange
Building/Planning	Orange
Code Enforcement	Orange
Animal Control	OC Animal Care
Parks and Recreation	Orange
Library	Orange
Landscape Maintenance	Orange
Lighting	Orange
Streets/Road Maintenance	Orange
Electricity/Gas	SCE and SoCalGas
Solid Waste	Orange (contractual agreement with CR&R Environmental Services)
Stormwater Protection	Orange
Water	City of Orange, Irvine Ranch Water District, East Orange County Water District, City of Santa Ana
Wastewater	City of Orange, Irvine Ranch Water District, East Orange County Water District
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Wholesale Water	Municipal Water District of Orange County
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

## Demographic Summary

### Orange

Population & Density	Agency	County
2020 Population	139,756	3,187,189
<b>2023 Population</b>	<b>139,063</b>	3,140,475
2028 Population <sup>1</sup>	139,410	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.0% <	0.2%
Daytime Population	172,578	3,298,545
Unincorporated SOI Population	8,454	-
Households	45,827	1,089,171
Household Size	3.03 >	2.92
Area (Square Miles)	25.78	948.00
Density (Persons per Square Mile)	5,393 >	3,313
Housing		
Housing Units	48,100	1,150,154
Owner Occupied (%)	54% >	54%
Renter Occupied (%)	41% >	41%
Vacant (%)	5% <	5%
Median Home Value	\$ 878,840 <	\$ 895,768
Employment & Poverty		
Businesses	9,776	172,355
Employees	105,211	1,635,323
Median Household Income	\$ 106,706 >	\$ 105,332
Public Transportation Commuters (%)	1.5% <	1.5%
Commute Longer than 60 Minutes (%)	6.5% <	9.0%
Poverty Rate	9.7% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

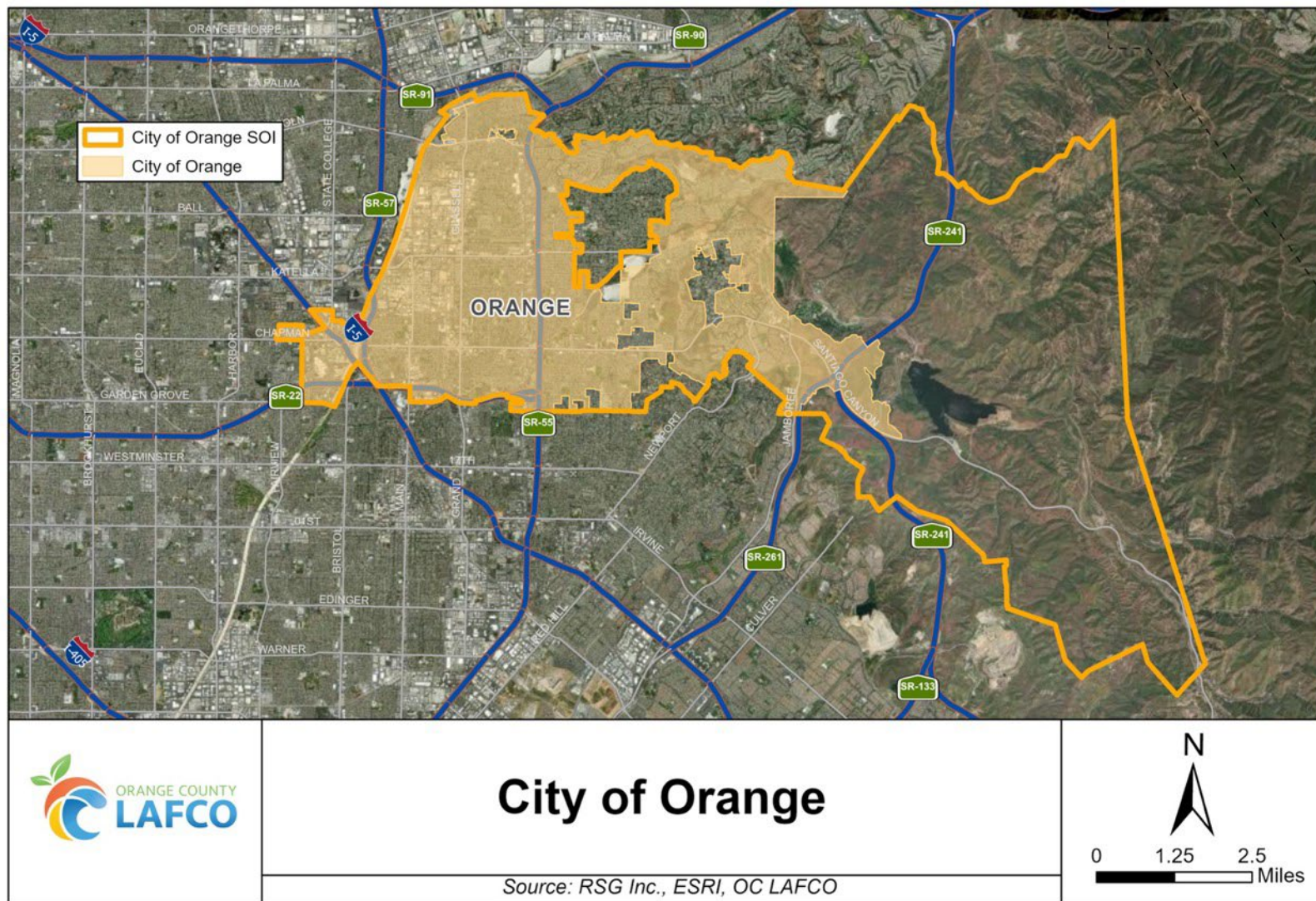
## Financial Summary

### Orange

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 124,241,260	\$ 118,315,015	\$ 140,333,300	\$ 142,448,181	\$ 140,221,828
Expenditures	115,378,298	122,885,706	125,085,652	127,994,382	138,337,618
Net	\$ 8,862,962	\$ (4,570,691)	\$ 15,247,648	\$ 14,453,799	\$ 1,884,210
Reserves	\$ 38,610,758	\$ 32,313,009	\$ 43,828,340	\$ 41,902,468	\$ 24,050,881

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



# City of Santa Ana

Incorporated June 1, 1886

## Agency Information

Address	20 Civic Center Plaza, Santa Ana, CA 92701
Primary Contact	Alvaro Nuñez, City Manager
Contact Information	(714) 647-5400
Website	www.santa-ana.org
Governance	Six Council Members Elected By District; Mayor Elected At-Large
Total City Staff	1,611 FTE

## Service Area Information

Incorporated Area (Sq. Mi.)	27.39
Population	310,604

## Service Summary

<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	Santa Ana Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	Santa Ana
Code Enforcement	Santa Ana
Animal Control	Santa Ana
Parks and Recreation	Santa Ana
Library	Santa Ana
Museum	Bowers Museum
Landscape Maintenance	Santa Ana
Lighting	Santa Ana
Streets/Road Maintenance	Santa Ana
Electricity/Gas	SCE, SoCalGas
Solid Waste	Santa Ana (through contractual agreement with Republic Services)
Stormwater Protection	Santa Ana
Water	Santa Ana
Wastewater	Santa Ana
Wholesale Water	Metropolitan Water District of Southern California
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

## Demographic Summary

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## Financial Summary

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### **Santa Ana**

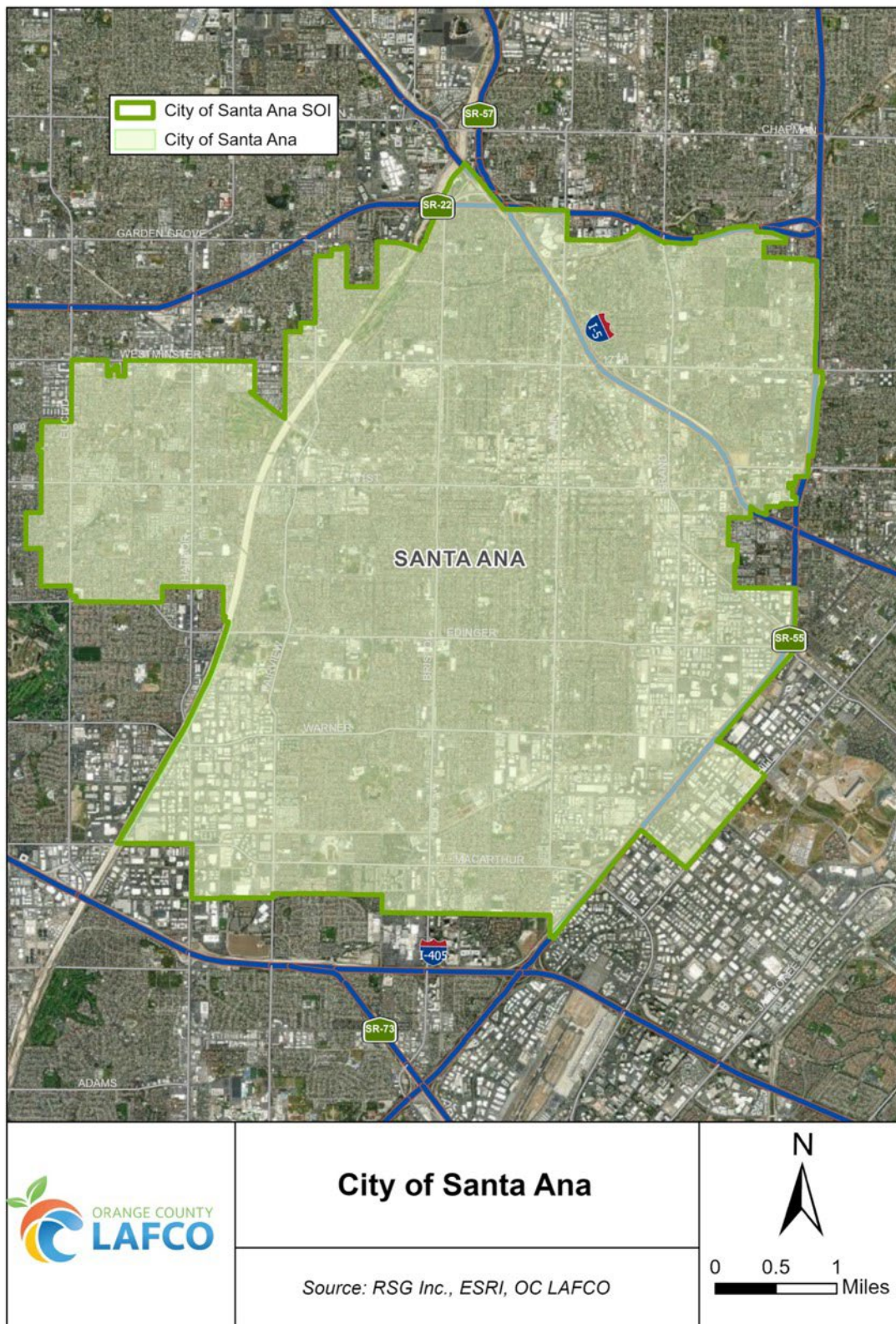
<b>Financial Summary<sup>1</sup></b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Revenue	\$ 275,532,227	\$ 323,202,309	\$ 355,112,284	\$ 389,797,982	\$ 408,289,444
Expenditures	258,760,164	297,065,776	308,361,755	326,450,901	348,509,305
Net	\$ 16,772,063	\$ 26,136,533	\$ 46,750,529	\$ 63,347,081	\$ 59,780,139
Reserves	\$ 62,636,096	\$ 73,969,432	\$ 105,373,496	\$ 113,530,064	\$ 106,298,215

<sup>1</sup>"Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates







<b>City of Tustin</b> <b>Incorporated September 21, 1927</b>	
<b>Agency Information</b>	
Address	300 Centennial Way, Tustin, CA 92780
Primary Contact	Aldo Schindler, City Manager
Contact Information	714-573-3010
Website	www.tustinca.org
Governance	4 City Council Members Elected By-District; Mayor Elected At-Large
Total City Staff	325 FTE
<b>Service Area Information</b>	
Incorporated Area (Sq. Mi.)	11.13
Population	79,558
Population of Unincorporated SOI	26,183
<b>Service Summary</b>	
<i>Service or Department</i>	<i>Provider</i>
Law Enforcement	Tustin Police Department
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	Tustin
Code Enforcement	Tustin
Animal Control	OC Animal Care
Parks and Recreation	Tustin
Library	Orange County Public Libraries
Landscape Maintenance	Tustin
Lighting	Tustin
Streets/Road Maintenance	Tustin
Electricity/Gas	SCE, SoCalGas
Solid Waste	Tustin (through contractual agreement with CR&R Environmental Services)
Stormwater Protection	Tustin
Water	Tustin, Irvine Ranch Water District
Wastewater	East Orange County Water District, Irvine Ranch Water District
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

## Demographic Summary

### *Tustin*

Population & Density	Agency	County
2020 Population	80,016	3,187,189
<b>2023 Population</b>	<b>79,558</b>	3,140,475
2028 Population <sup>1</sup>	79,818	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.1% <	0.2%
Daytime Population	82,407	3,298,545
Unincorporated SOI Population	26,183	-
Households	27,430	1,089,171
Household Size	2.90 <	2.92
Area (Square Miles)	11.13	948.00
Density (Persons per Square Mile)	7,148 >	3,313
Housing		
Housing Units	28,405	1,150,154
Owner Occupied (%)	48% <	54%
Renter Occupied (%)	49% >	41%
Vacant (%)	3% <	5%
Median Home Value	\$ 893,247 <	\$ 895,768
Employment & Poverty		
Businesses	5,354	172,355
Employees	45,261	1,635,323
Median Household Income	\$ 99,983 <	\$ 105,332
Public Transportation Commuters (%)	1.1% <	1.5%
Commute Longer than 60 Minutes (%)	6.4% <	9.0%
Poverty Rate	10.3% >	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

## Financial Summary

### *Tustin*

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 67,924,240	\$ 66,089,900	\$ 78,248,034	\$ 140,701,741	\$ 98,695,610
Expenditures	110,699,248	101,498,868	81,955,461	86,705,475	90,674,177
Net	\$ (42,775,008)	\$ (35,408,968)	\$ (3,707,427)	\$ 53,996,266	\$ 8,021,433
Reserves	\$ 88,769,803	\$ 74,972,202	\$ 78,811,634	\$ 136,230,562	\$ 139,772,869

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates





# City of Villa Park

Incorporated January 11, 1962

## Agency Information

Address	17855 Santiago Blvd., Villa Park, CA 92861
Primary Contact	Steve Franks, City Manager
Contact Information	714-998-1500
Website	villapark.org
Governance	5 Council Members, Elected At-Large
Total City Staff	7 FTE

## Service Area Information

Incorporated Area (Sq. Mi.)	2.08
Population	5,790

## Service Summary

<u>Service or Department</u>	<u>Provider</u>
Law Enforcement	Villa Park (through contractual agreement with Orange County Sheriff's Department)
Fire Protection/Emergency Medical	Orange County Fire Authority
Building/Planning	Villa Park
Code Enforcement	Villa Park
Animal Control	Orange County Animal Care
Parks and Recreation	N/A
Library	Orange County Public Libraries
Landscape Maintenance	Villa Park
Lighting	Villa Park
Streets/Road Maintenance	Villa Park
Electricity/Gas	SCE, SoCalGas
Solid Waste	Villa Park (through contractual agreement with Republic Services)
Stormwater Protection	Villa Park
Water	Serrano Water District
Wastewater	Villa Park
Wholesale Water	Municipal Water District of Orange County
Groundwater	Orange County Water District
Sanitation	Orange County Sanitation District
Cemetery	Orange County Cemetery District
Vector Control	Orange County Mosquito & Vector Control District

## Demographic Summary

### Villa Park

Population & Density	Agency	County
2020 Population	5,843	3,187,189
<b>2023 Population</b>	<b>5,790</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	5,829	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.1% <	0.2%
Daytime Population	4,646	3,298,545
Unincorporated SOI Population	-	-
Households	1,922	1,089,171
Household Size	3.01 >	2.92
Area (Square Miles)	2.08	948.00
Density (Persons per Square Mile)	2,786 <	3,313
Housing		
Housing Units	2,030	1,150,154
Owner Occupied (%)	90% >	54%
Renter Occupied (%)	4% <	41%
Vacant (%)	5% >	5%
Median Home Value	\$ 1,404,200 >	\$ 895,768
Employment & Poverty		
Businesses	227	172,355
Employees	1,337	1,635,323
Median Household Income	\$ 193,473 >	\$ 105,332
Public Transportation Commuters (%)	0.2% <	1.5%
Commute Longer than 60 Minutes (%)	4.4% <	9.0%
Poverty Rate	7.2% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

## Financial Summary

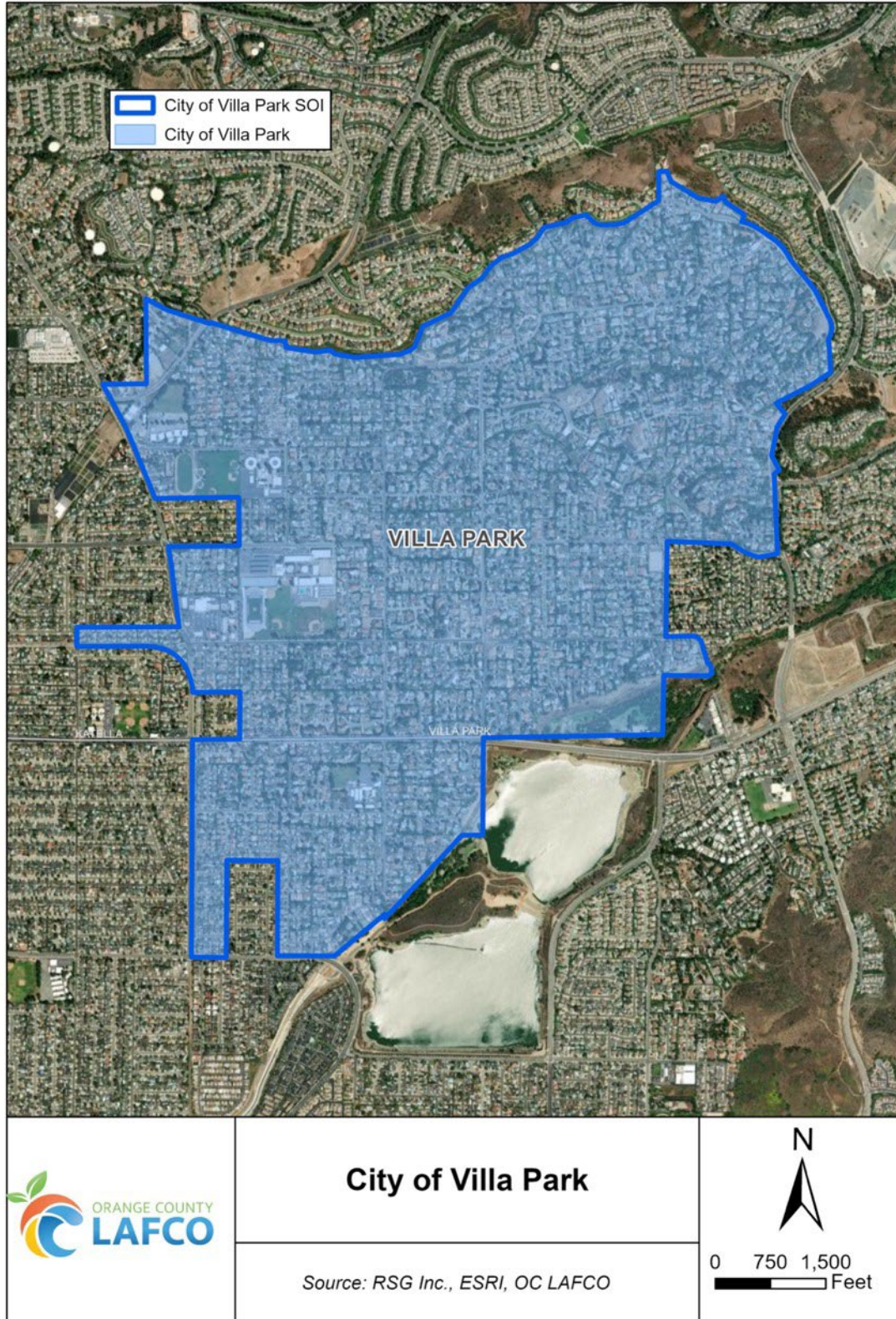
### Villa Park

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 3,722,258	\$ 4,028,653	\$ 4,336,390	\$ 4,835,550	\$ 5,286,219
Expenditures	4,392,123	3,532,224	4,889,049	4,150,830	4,193,011
Net	\$ (669,865)	\$ 496,429	\$ (552,659)	\$ 684,720	\$ 1,093,208
Reserves	\$ 2,839,641	\$ 3,298,438	\$ 2,701,621	\$ 2,915,894	\$ 3,690,423

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates





East Orange County Water District	
Incorporated 1961	
District Information	
Address	185 N. McPherson Road, Orange CA 92869
Primary Contact	David Youngblood, General Manager
Contact Information	714-573-3101
Website	<a href="http://www.eocwd.com">www.eocwd.com</a>
Governance	5-Member Board of Directors, Elected By-District
Total Agency Staff	15 Full-Time, 1 Part-Time Employee
Service Area Information	
Incorporated Area (Sq. Mi.)	14.95
Communities Served	Tustin, Orange; North Tustin
Population in Boundary	89,542 (Total) ...75,402 (Wastewater Boundary) ...74,379 (Wholesale Boundary) ...3,443 (Retail Boundary)
Water Infrastructure Totals	
Wells	2 domestic wells
Water Connections	1,210 connections
Miles of Infrastructure	24 miles
Estimated Age of Infrastructure	~50 years old
Wastewater Infrastructure Totals	
Manholes	3,700
Miles of Infrastructure	171 miles
Estimated Age of Infrastructure	~60 years old

## Financial Summary

## Demographic Summary (East Orange Wastewater Boundary)

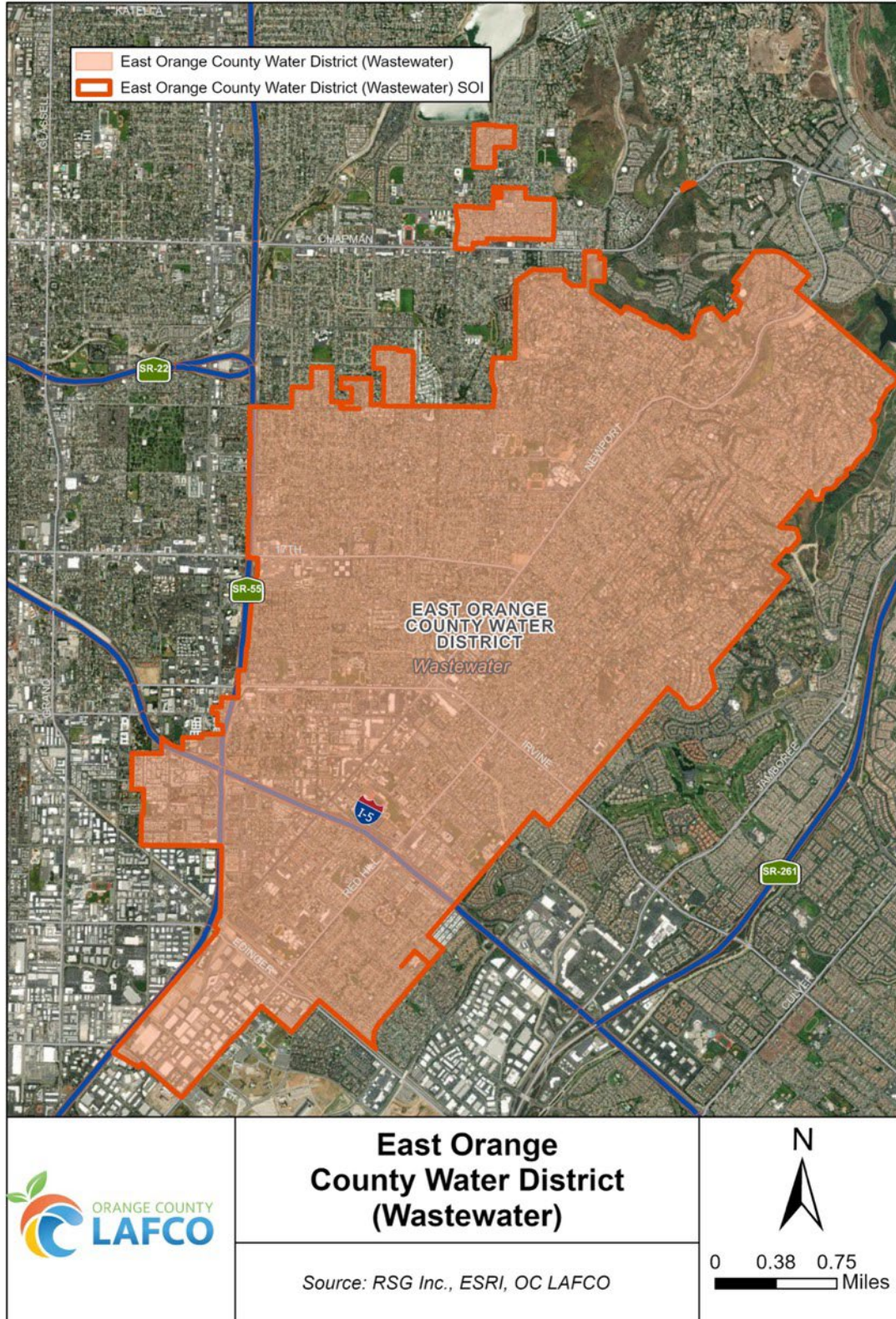
### ***East Orange County Water District (Wastewater)***

<b>Population &amp; Density</b>	<b>Agency</b>	<b>County</b>
2020 Population	75,296	3,187,189
<b>2023 Population</b>	<b>75,402</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	75,109	3,179,293
2023-2028 Projected Annual Growth Rate (%)	-0.1% <	0.2%
Daytime Population	66,232	3,298,545
Unincorporated SOI Population	-	-
Households	24,747	1,089,171
Household Size	3.05 >	2.92
Area (Square Miles)	12.16	948.00
Density (Persons per Square Mile)	6,199 >	3,313
<b>Housing</b>		
Housing Units	25,670	1,150,154
Owner Occupied (%)	57% >	54%
Renter Occupied (%)	39% <	41%
Vacant (%)	4% <	5%
Median Home Value	\$ 936,425 >	\$ 895,768
<b>Employment &amp; Poverty</b>		
Businesses	4,221	172,355
Employees	30,221	1,635,323
Median Household Income	\$ 104,894 <	\$ 105,332
Public Transportation Commuters (%)	1.1% <	1.5%
Commute Longer than 60 Minutes (%)	7.2% <	9.0%
Poverty Rate	8.4% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst





## Demographic Summary (East Orange Wholesale Boundary)

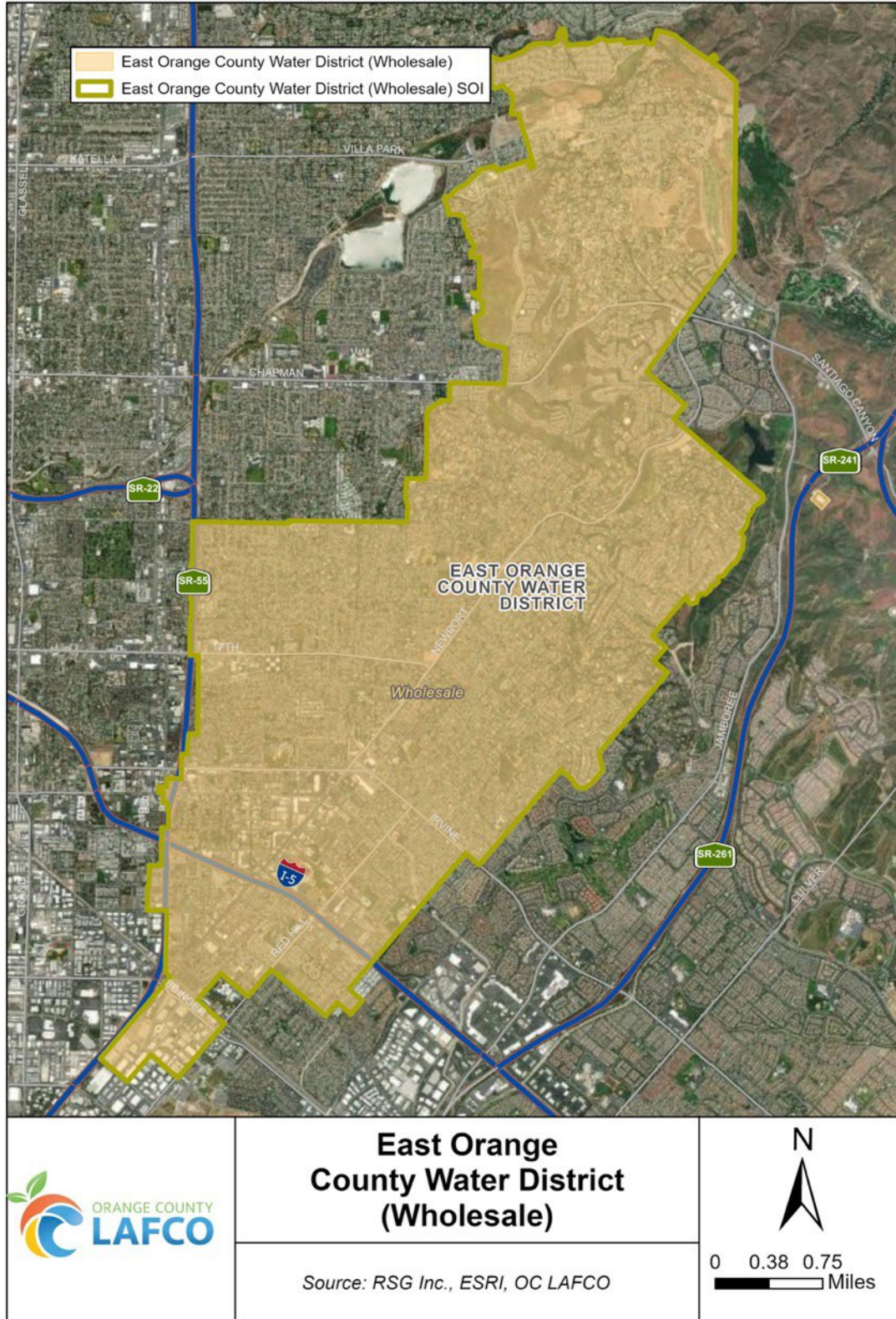
### ***East Orange County Water District (Wholesale)***

<b>Population &amp; Density</b>	<b>Agency</b>	<b>County</b>
2020 Population	74,308	3,187,189
<b>2023 Population</b>	<b>74,379</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	74,124	3,179,293
2023-2028 Projected Annual Growth Rate (%)	-0.1% <	0.2%
Daytime Population	63,000	3,298,545
Unincorporated SOI Population	-	-
Households	25,086	1,089,171
Household Size	2.96 >	2.92
Area (Square Miles)	14.95	948.00
Density (Persons per Square Mile)	4,976 >	3,313
<b>Housing</b>		
Housing Units	26,006	1,150,154
Owner Occupied (%)	64% >	54%
Renter Occupied (%)	33% <	41%
Vacant (%)	4% <	5%
Median Home Value	\$ 977,786 >	\$ 895,768
<b>Employment &amp; Poverty</b>		
Businesses	3,933	172,355
Employees	27,016	1,635,323
Median Household Income	\$ 116,509 >	\$ 105,332
Public Transportation Commuters (%)	0.9% <	1.5%
Commute Longer than 60 Minutes (%)	7.0% <	9.0%
Poverty Rate	7.4% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst







## Demographic Summary (East Orange Retail Boundary)

<b>East Orange County Water District (Retail)</b>		
<b>Population &amp; Density</b>	<b>Agency</b>	<b>County</b>
2020 Population	3,487	3,187,189
<b>2023 Population</b>	<b>3,443</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	3,478	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.2% <	0.2%
Daytime Population	2,022	3,298,545
Unincorporated SOI Population	-	-
Households	1,162	1,089,171
Household Size	2.96 >	2.92
Area (Square Miles)	0.92	948.00
Density (Persons per Square Mile)	3,742 >	3,313
<b>Housing</b>		
Housing Units	1,197	1,150,154
Owner Occupied (%)	83% >	54%
Renter Occupied (%)	14% <	41%
Vacant (%)	3% <	5%
Median Home Value	\$ 1,161,881 >	\$ 895,768
<b>Employment &amp; Poverty</b>		
Businesses	84	172,355
Employees	371	1,635,323
Median Household Income	\$ 176,863 >	\$ 105,332
Public Transportation Commuters (%)	1.2% <	1.5%
Commute Longer than 60 Minutes (%)	9.9% >	9.0%
Poverty Rate	4.2% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst



Irvine Ranch Water District	
Incorporated January 23, 1961	
District Information	
Address	15600 Sand Canyon Ave., Irvine, CA 92618
Primary Contact	Paul Cook, General Manager
Contact Information	949-453-5340
Website	<a href="http://www.irwd.com">www.irwd.com</a>
Governance	5-Member Board of Directors, Elected By-District
Total Agency Staff	424 FTE
Service Area Information	
Incorporated Area (Sq. Mi.)	180.25
Communities Served	Irvine, Tustin, Orange, Lake Forest, Newport Beach, Costa Mesa; Silverado & Modjeska
Population in Boundary	438,653
Water Infrastructure Totals	
Wells	26 groundwater wells
Water Connections	126,599 connections
Miles of Infrastructure	2,014 miles
Estimated Age of Infrastructure	~40 years old
Wastewater Infrastructure Totals	
Manholes	24,300
Miles of Infrastructure	1,486 miles
Estimated Age of Infrastructure	>30 years old

## Demographic Summary

### ***Irvine Ranch Water District***

<b>Population &amp; Density</b>	<b>Agency</b>	<b>County</b>
2020 Population	445,339	3,187,189
<b>2023 Population</b>	<b>438,653</b>	3,140,475
2028 Population <sup>1</sup>	444,236	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.3% >	0.2%
Daytime Population	601,342	3,298,545
Unincorporated SOI Population	-	-
Households	169,302	1,089,171
Household Size	2.59 <	2.92
Area (Square Miles)	180.25	948.00
Density (Persons per Square Mile)	2,434 <	3,313
<b>Housing</b>		
Housing Units	198,995	1,150,154
Owner Occupied (%)	45% <	54%
Renter Occupied (%)	40% <	41%
Vacant (%)	15% >	5%
Median Home Value	\$ 1,013,460 >	\$ 895,768
<b>Employment &amp; Poverty</b>		
Businesses	30,519	172,355
Employees	352,004	1,635,323
Median Household Income	\$ 122,891 >	\$ 105,332
Public Transportation Commuters (%)	0.8% <	1.5%
Commute Longer than 60 Minutes (%)	6.9% <	9.0%
Poverty Rate	10.3% >	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI  
Business Analyst



## Financial Summary

### *Irvine Ranch Water District*

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 283,512,000	\$ 273,991,000	\$ 324,160,000	\$ 294,489,000	\$ 320,996,000
Expenditures	245,809,000	256,643,000	273,125,000	303,080,000	297,797,000
Net	\$ 37,703,000	\$ 17,348,000	\$ 51,035,000	\$ (8,591,000)	\$ 23,199,000
Net Operating Income Before Depreciation <sup>2</sup>	N/A	N/A	\$ 15,043,000	\$ 11,504,000	\$ 9,622,333

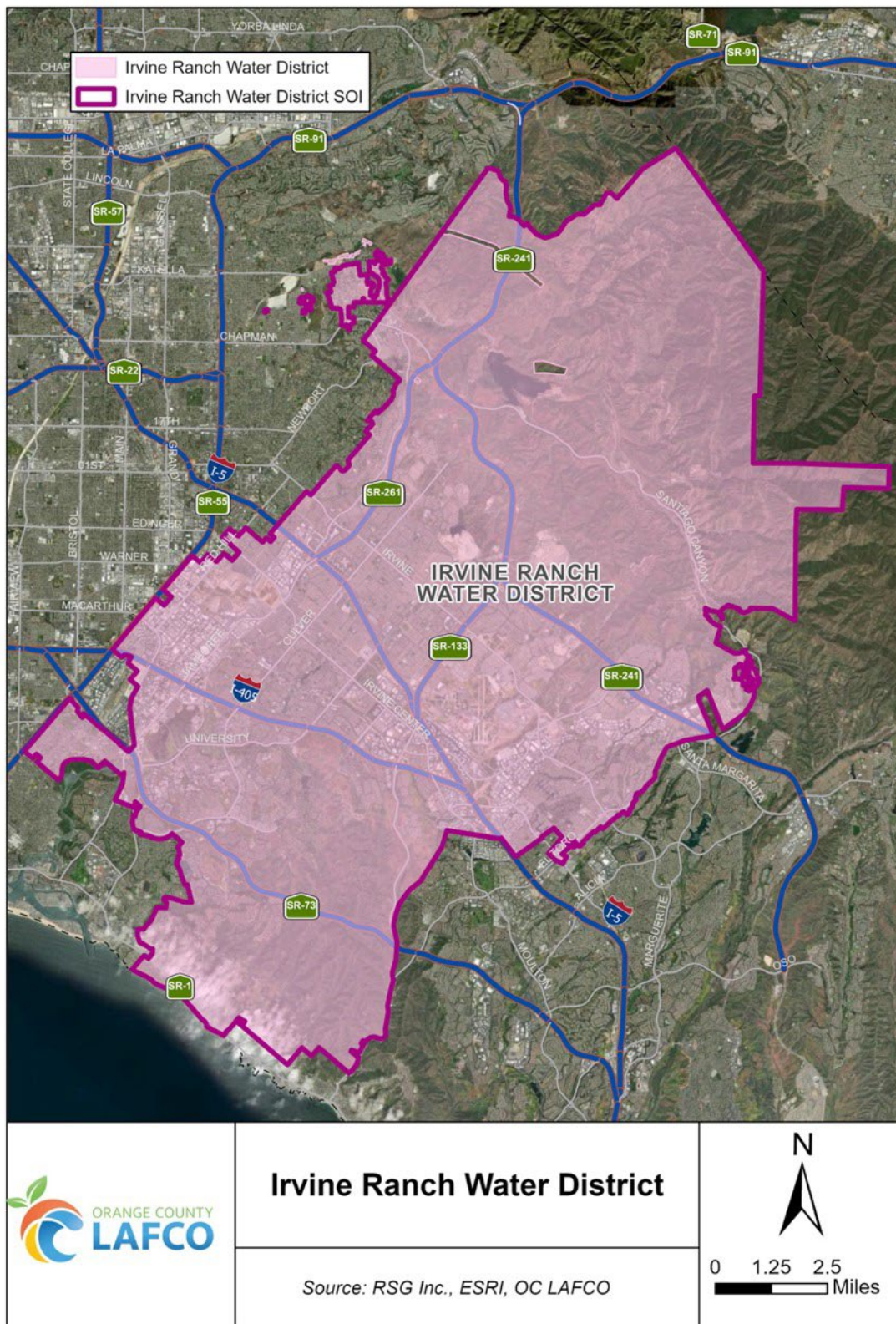
<sup>1</sup> Total operating and non-operating revenues and expenditures; expenditure include depreciation; annual capital spending is excluded.

<sup>2</sup> Reserves (per IRWD correspondence to LAFCO on 10/10/2024) to provide rate stabilization and operating liquidity for potential shortfalls in operating revenues or unplanned expenditures. IRWD's reserve target is a three-year average of net operating income (before depreciation). IRWD maintains other reserves for long-term capital replacement, emergencies, and catastrophic loss which could also be utilized if needed for operating liquidity.

Note: Average net operating income shown above differs from IRWD Replacement Fund Policy (May 13, 2019) which recommends average net operating working capital as metric for rate stabilization and operating liquidity.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates





<b>Serrano Water District</b>	
<b>Incorporated in 1876</b>	
<b>District Information</b>	
Address	18021 Lincoln Street, Villa Park, California 92861
Primary Contact	Jerry Vilander, General Manager
Contact Information	714-538-0079
Website	<a href="http://www.serranowater.org/default.html">www.serranowater.org/default.html</a>
Governance	5-Member Board of Directors, Elected By-District
Total Agency Staff	8 Full-Time, and 1 Part-Time Employee
<b>Service Area Information</b>	
Incorporated Area (Sq. Mi.)	2.99
Communities Served	Villa Park, Orange
Population in Boundary	10,351
<b>Water Infrastructure Totals</b>	
Wells	3 wells
Water Connections	2,269 connections
Miles of Infrastructure	43 miles
Estimated Age of Infrastructure	~60 years old

## Demographic Summary

### Serrano Water District

Population & Density	Agency	County
2020 Population	10,468	3,187,189
<b>2023 Population</b>	<b>10,351</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	10,442	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.2% <	0.2%
Daytime Population	7,632	3,298,545
Unincorporated SOI Population	-	-
Households	3,385	1,089,171
Household Size	3.06 >	2.92
Area (Square Miles)	2.99	948.00
Density (Persons per Square Mile)	3,457 >	3,313
Housing		
Housing Units	3,506	1,150,154
Owner Occupied (%)	81% >	54%
Renter Occupied (%)	16% <	41%
Vacant (%)	3% <	5%
Median Home Value	\$ 1,293,461 >	\$ 895,768
Employment & Poverty		
Businesses	321	172,355
Employees	1,650	1,635,323
Median Household Income	\$ 153,658 >	\$ 105,332
Public Transportation Commuters (%)	0.8% <	1.5%
Commute Longer than 60 Minutes (%)	4.5% <	9.0%
Poverty Rate	8.1% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

## Financial Summary

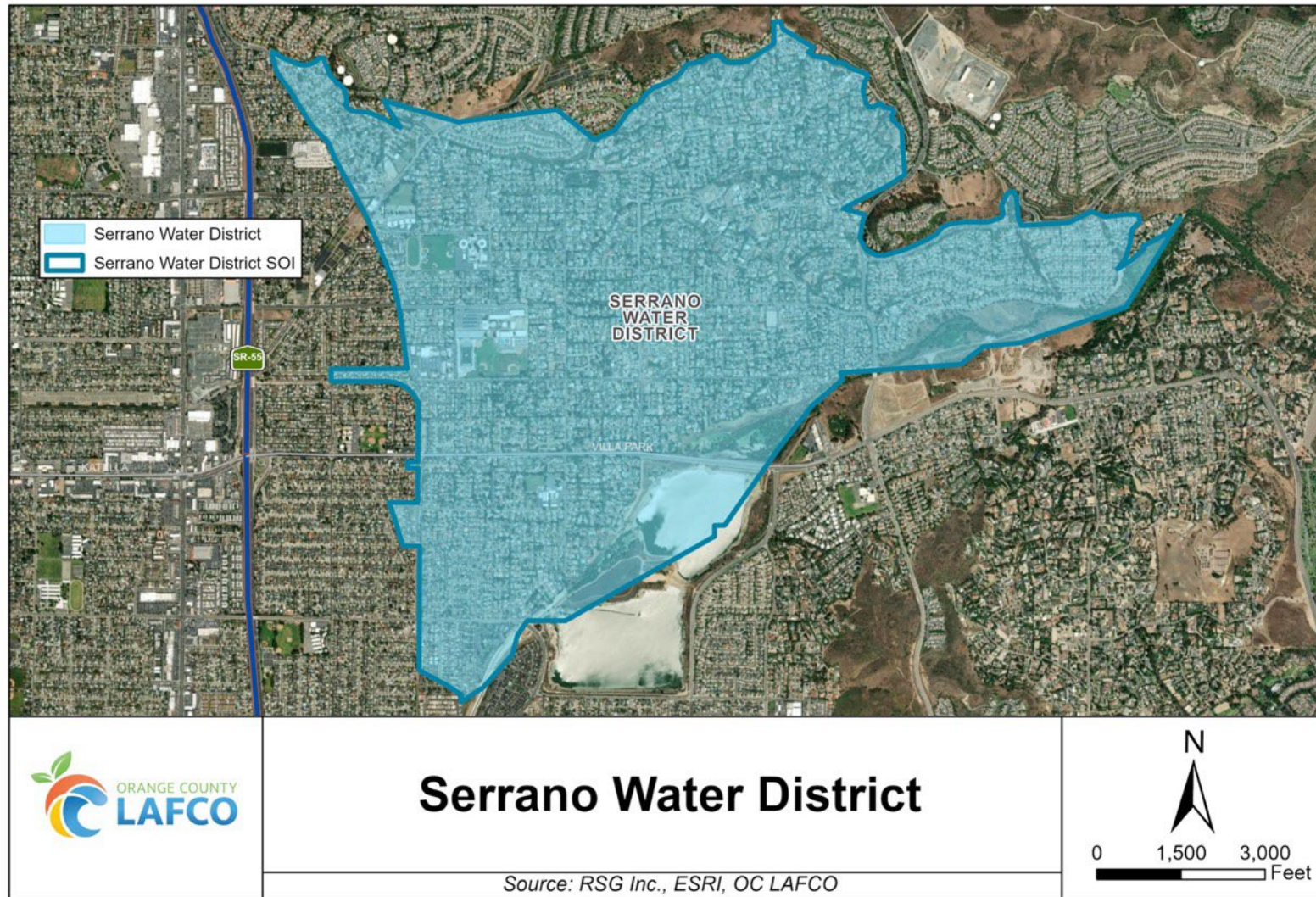
### Serrano Water District

Financial Summary <sup>1</sup>	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 6,262,140	\$ 6,259,915	\$ 5,722,165	\$ 6,050,938	\$ 6,612,140
Expenditures	5,629,983	4,776,745	4,967,426	3,231,505	5,269,449
Net	\$ 632,157	\$ 1,483,170	\$ 754,739	\$ 2,819,433	\$ 1,342,691
Reserves	\$ 2,923,545	\$ 4,403,020	\$ 4,969,884	\$ 6,954,219	\$ 4,508,853

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates





## Silverado-Modjeska Recreation and Park District

### District Information

Address	27641 Silverado Canyon Rd., Silverado, CA 92676
Primary Contact	Alexa Dixon-Griggs, General Manager
Contact Information	<a href="mailto:contact-us@smrpd.org">contact-us@smrpd.org</a>
Website	<a href="http://www.smrpd.org">www.smrpd.org</a>
Governance	5-Member Board of Directors, Elected By-District
Total Agency Staff	1 Full-Time

### Service Area Information

Incorporated Area (Sq. Mi.)	73.17
Communities Served	Silverado, Modjeska, Cleveland National Forest
Population in Boundary	1,675

### Services Provided

- Operates the Silverado Children's Center in partnership with OC Parks
- Maintains the Silverado Park & Community Center and the Modjeska Park & Community Center
- Provides recreational facility rentals, recreational activity programs, and hosts some recreational events for residents and guests



## Demographic Summary

### ***Silverado-Modjeska Recreation and Park District***

<b>Population &amp; Density</b>	<b>Agency</b>	<b>County</b>
2020 Population	1,684	3,187,189
<b>2023 Population</b>	<b>1,675</b>	<b>3,140,475</b>
2028 Population <sup>1</sup>	1,680	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.1% <	0.2%
Daytime Population	1,255	3,298,545
Unincorporated SOI Population	-	-
Households	681	1,089,171
Household Size	2.46 <	2.92
Area (Square Miles)	73.17	948.00
Density (Persons per Square Mile)	23 <	3,313
<b>Housing</b>		
Housing Units	723	1,150,154
Owner Occupied (%)	81% >	54%
Renter Occupied (%)	13% <	41%
Vacant (%)	6% >	5%
Median Home Value	\$ 1,343,750 >	\$ 895,768
<b>Employment &amp; Poverty</b>		
Businesses	58	172,355
Employees	231	1,635,323
Median Household Income	\$ 107,661 >	\$ 105,332
Public Transportation Commuters (%)	0.0% <	1.5%
Commute Longer than 60 Minutes (%)	6.1% <	9.0%
Poverty Rate	8.4% <	9.9%

<sup>1</sup> 2028 Population estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

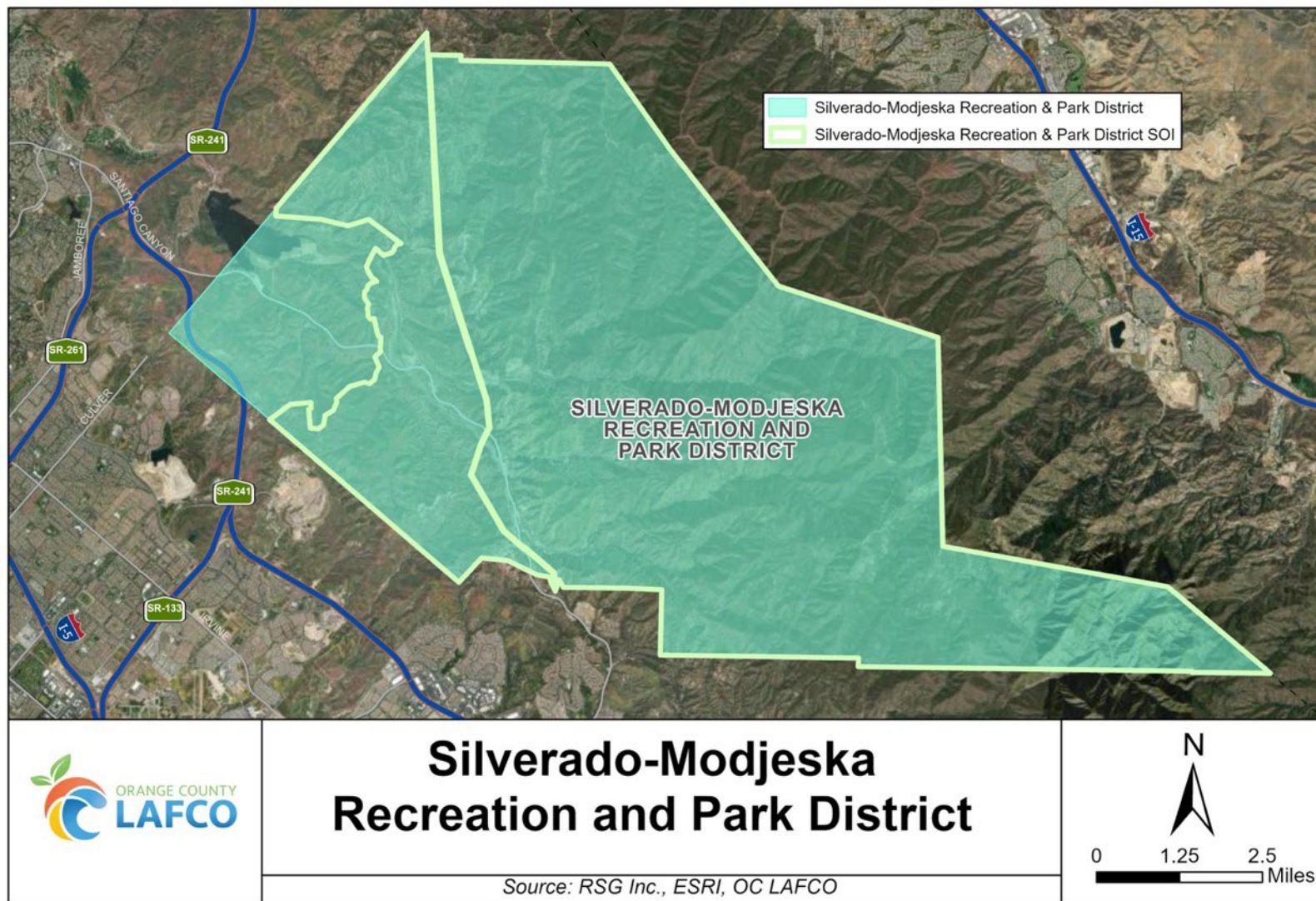
## Financial Summary

### ***Silverado-Modjeska Recreation and Park District***

<b>Financial Summary<sup>1</sup></b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Revenue	\$ 148,161	\$ 119,308	\$ 136,079	\$ 162,873	\$ 237,477
Expenditures	160,359	79,717	83,399	89,333	274,834
Net	\$ (12,198)	\$ 39,591	\$ 52,680	\$ 73,540	\$ (37,357)
Reserves	\$ 328,015	\$ 367,606	\$ 420,286	\$ 493,826	\$ 324,223

<sup>1</sup> "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



#### IV. GROWTH AND POPULATION PROJECTIONS

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

- 1. Growth and population projections for the affected area.*

The Central Region covers an incorporated population of approximately 1.15 million people spread across the seven cities under review, and a total population including unincorporated areas of approximately 1.2 million. The four special districts covered in this MSR in the Central Region provide services to approximately 604,000 people.

ESRI projects that both incorporated cities and special districts in the Region are expected to experience a small increase in population by 2028, with cities growing by 0.6 percent annually and special districts growing by 0.2 percent annually. ESRI projects that housing unit growth, like population growth, will be positive across the Region.

Consistent with the larger trend across the County and State of California, development of new housing units has slowed in recent years. Estimates from the DOF show that the Central Region cities developed approximately 62,000 new units, an increase of 1.4 percent, between 2010 and 2023. ESRI projects that the cities will increase their housing supply by 0.5 percent annually over the next five years.

Table 3 shows both population and housing trends for the Central Region.

**Table 3: Regional Population and Housing Trends**

<b>Central Region</b>				
<b>Population</b>		<b>Cities</b>	<b>Special Districts</b>	<b>County</b>
	2020 Population	1,190,647	610,582	3,187,189
	<b>2023 Population</b>	<b>1,155,672</b>	<b>603,903</b>	3,140,475
	2028 Population <sup>1</sup>	1,187,697	609,069	3,179,293
	2020-2023 Annual Growth Rate (%)	-1.0%	-0.2%	-0.3%
	2023-2028 Projected Annual Growth Rate (%)	0.6%	0.2%	0.2%
<b>Housing</b>				
	2010 Units	335,860	188,289	1,048,907
	2020 Units	374,695	229,784	1,129,785
	<b>2023 Units</b>	<b>398,155</b>	<b>256,097</b>	1,150,154
	2028 Units <sup>1</sup>	407,965	265,855	1,164,523
	2023 Household Size	2.9	2.4	2.7
	2010-2023 Unit Annual Growth Rate (%)	1.4%	2.8%	0.7%
	2023-2028 Projected Unit Annual Growth Rate (%)	0.5%	0.8%	0.2%

<sup>1</sup> 2028 estimates are only projections.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

RSG has not included individual population projections for each of the agencies. The COVID-19 pandemic created unique migration patterns in the United States, with many urban areas rapidly gaining population in 2020, then losing said gains by 2023. RSG's projections show that the cities of the Central Region will grow in the future, but data provided by DOF and ESRI are not aligned on how much. Additionally, both DOF and ESRI diverge from some agencies' self-reported housing development pipelines which can include units under construction, but also projects approved that may or may not be built in the near future. For these reasons RSG has opted to display a summary of the region's historical and projected growth, capturing what is occurring regionally rather than by a side-by-side comparison of each of the agencies.<sup>1</sup>

According to LAFCO's SOI maps, five of the six cities reviewed as a part of this MSR have unincorporated areas within their SOI which together total approximately 55 square miles. These unincorporated areas of the County include four DUCs, all within the SOI of the City of Anaheim, as well as several islands and other small unincorporated areas within the SOIs of the other cities.

<sup>1</sup> See each agency profile for historical and projected population numbers.

According to ESRI, the unincorporated areas within the SOIs of Anaheim, Orange, and Tustin experienced relatively small amounts of growth between 2020 and 2023, but are expected to grow more over the next five years. The unincorporated areas within the SOIs of both Irvine and Santa Ana are not populated. ESRI projects that the SOI of Anaheim will have the most significant population and housing growth over the next five years, while Tustin's SOI (although having the largest population of the three cities) is expected to have the slowest population and housing growth. Table 4 shows detailed demographic information for each of the cities that have inhabited, unincorporated area within their SOIs.

**Table 4: Demographic Information for Unincorporated Area Within SOI**

<b>Central Region</b>		<i>Unincorporated Only</i>		
<b>Population</b>		<b>Anaheim SOI</b>	<b>Orange SOI</b>	<b>Tustin SOI</b>
	2020 Population	9,385	7,832	25,718
	<b>2023 Population</b>	<b>10,025</b>	<b>8,454</b>	<b>26,183</b>
	2028 Population <sup>1</sup>	13,665	8,458	26,344
	2023-2028 Population Annual Growth Rate (%)	9.12%	1.60%	0.49%
<b>Housing</b>				
	2023 Housing Units	2,549	4,127	9,035
	Owner (%)	53%	69%	87%
	Renter (%)	38%	26%	9%
	Vacant (%)	10%	5%	4%
	2028 Housing Units <sup>1</sup>	3,155	4,171	9,046
	2023-2028 Housing Unit Annual Growth Rate (%)	4.75%	0.21%	0.02%
<b>Economy</b>				
	2023 Businesses	128	163	462
	2023 Employees	496	843	2,715

<sup>1</sup> 2028 estimate is a projection only.

Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst



## V. PRESENT AND PLANNED LAND USES

*Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:*

- 1. The present and planned land use in the area, including agricultural and open space lands.*

The agencies of the Central Region are largely built out with very little remaining land available or designated to allow development and that is not zoned for open space. The vast majority of land is zoned for residential uses with pockets of commercial and industrial use. Since they are mostly built out, the cities are planning for infill growth, minimally supplemented by acquisition and rezoning of incremental amounts of land. There are no significant agriculture uses in the Central Region outside of the City of Irvine.

Pursuant to Government Code Section 65302(c), general plans must include a housing element explaining how the jurisdiction will meet its part of the regional housing need. The County is part of the Southern California Association of Governments planning agency, which established jurisdictional housing goals for the 6<sup>th</sup> Round planning cycle (2021 through 2029); these goals are known as the Regional Housing Needs Allocation (“RHNA”) and are shown in Table 5. Each city is required to prepare and seek HCD approval of their local housing element. As of the writing of this report, Anaheim and Villa Park are the only cities in the Central Region that have not yet received HCD certification of their 6<sup>th</sup> Round Housing Element.

**Table 5: RHNA Requirements for Central Region Cities**

City	RHNA Requirement
Anaheim	17,453
Irvine	23,610
Orange	3,936
Santa Ana	3,137
Tustin	6,782
Villa Park	296

Government Code Sections 65400 and 65700 require all jurisdictions to submit annual progress reports on their respective general plan and housing element by April 1 for the

prior year. The cities in the Central Region have submitted their annual progress reports for 2023.

Following are individual agency notes on development and land use:

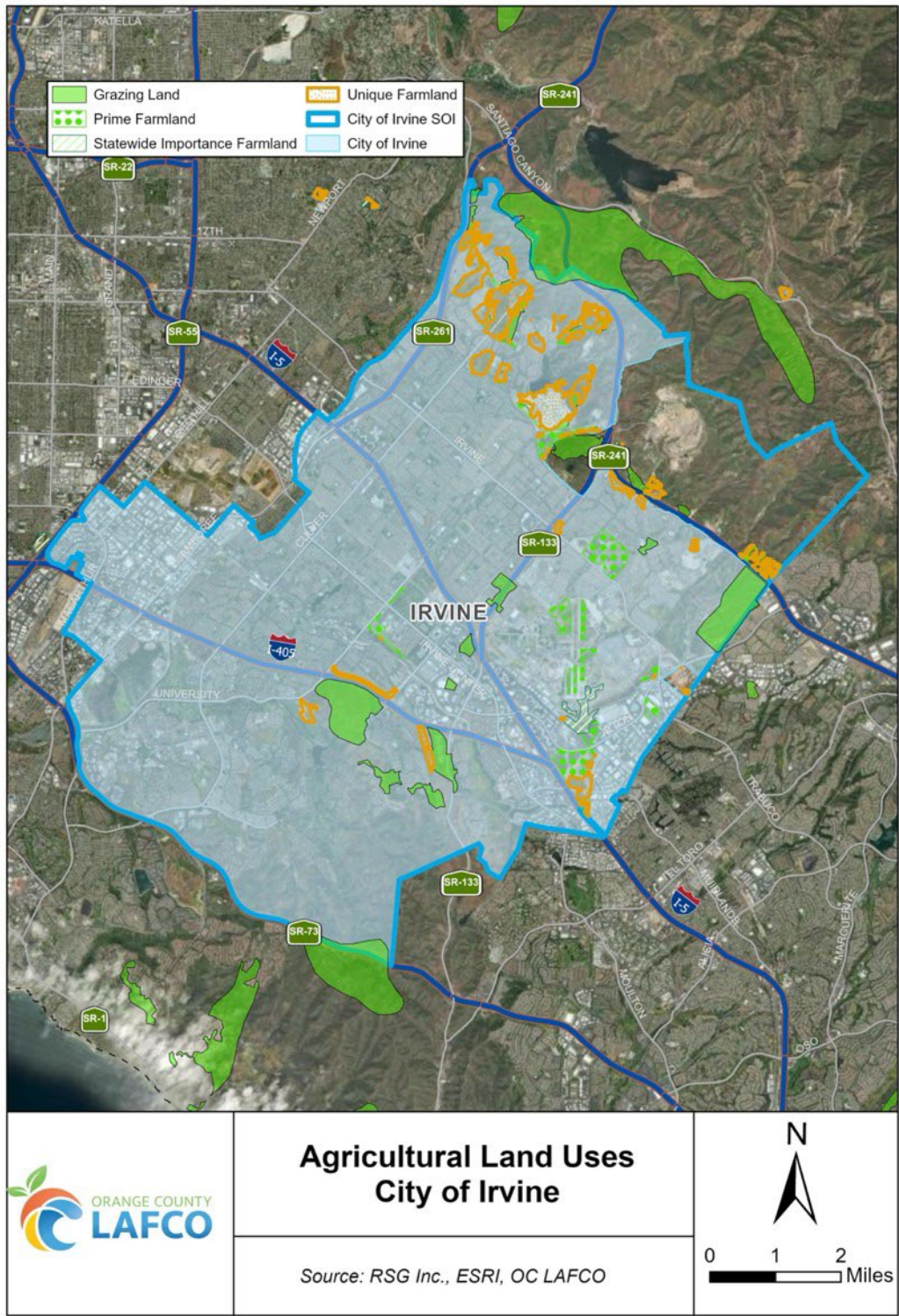
- The City of Irvine has two developments underway, the Gateway Preserve and University Research Park, and staff anticipate they will be completed within the next five years. Gateway Preserve will add approximately 70 acres of housing with up to 900 housing units. The University Research Park community development could add up to 1,200 housing units. Both of these projects would have impacts on the City's population and number of housing units. Additionally, the City is undergoing a General Plan update, which will increase residential and residential mixed-use opportunities in three focus areas.
- The City of Orange has over 400 units that are under construction or entitled (approved but not known when they may get built) or as of May 2024.
- The City of Santa Ana has approximately 7,000 housing units in the development pipeline (under construction, approved/entitled, and in planning stages) as of May 2024.

The City of Irvine is the only city in the Region with notable agriculture, grazing, and farmland. Prior to incorporation, Irvine was known as the Irvine Ranch, a vast stretch of farming and grazing land that maintained its farming nature well into the 1970s. The ranch incorporated itself as the Irvine Company in 1894, which is now a multi-billion dollar real estate company. Other cities in the Central Region, including Anaheim, Orange, Santa Ana, and Tustin, began their development in the late 1800s as central hubs to surrounding farmland. However, the area encompassing Irvine was uniquely preserved as farming land until the 1961 sale of approximately 990 acres to the University of California Regents for the development of the University of California, Irvine ("UCI"). During the development of UCI, the Irvine Company, in conjunction with the University, began planning the incorporation of the City of Irvine. In 1971, the City of Irvine was incorporated. Today, the City of Irvine still has remnants of the original Irvine Ranch in the north unincorporated area located within the City's SOI. Some of this area has been preserved and protected

by the Irvine Ranch Conservancy. The Conservancy is a non-profit organization which was created in 2005 to care for and manage approximately 50,000 acres of protected wildlands and parks on the historic Irvine Ranch, some of which is in the City's current SOI.

Figure 4 displays the different types of remaining agricultural land within the City's boundary and SOI.

Figure 4: Farmland Mapping & Monitoring Program (2018) Land in Irvine's SOI





## VI. LOCATION AND CHARACTERISTICS OF ANY DUCS

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).*

*Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on five (5) factors, including:*

- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

The OC-LAFCO designated Central Region contains four DUCs that are all within the SOI of the City of Anaheim. The City is not considering the annexation of these areas at this time.

The CKH Act defines a disadvantaged unincorporated community (DUC) as “inhabited territory, as defined by Gov. Code Section 56046, or as determined by commission policy, that constitutes all or a portion of a “disadvantaged community” as defined by Section 79505.5 of the Water Code.” Inhabited territory is defined as an area within which 12 or more registered voters reside. “Disadvantaged Community” in Water Code Section 79505.5 is defined as “a community with an annual median household income that is less than 80 percent of the statewide annual median household income.”

Senate Bill 244 (Wolk; effective January 1, 2012) imposed several new MSR requirements with regard to DUCs. The Legislature found DUCs lack access to basic infrastructure, including but not limited to streets, sidewalks, storm drainage, clean drinking water, and adequate sewer service. The purpose of the new requirements was to include DUCs in the scope of MSR and SOI updates prepared by each LAFCO in order to avoid a situation where an agency might exclude a DUC from a future annexation or provision of key services, such as water and sewer. The CKH Act requires an MSR to include determinations regarding the present and probable need for public facilities or services related to water in any DUC that is within an existing sphere of influence.

Figure 5 and

Figure 6 show the location of the four DUCs in the Central Region. The DUCs receive municipal services from numerous service providers, including the following:

- Water: City of Anaheim
- Wastewater: Garden Grove Sanitary District, City of Anaheim
- Law Enforcement: Orange County Sheriff
- Fire Protection and Emergency Medical: Orange County Fire Authority
- Solid Waste: Republic Waste Services
- Street Sweeping: County of Orange
- Parks and Recreation: Orange County Parks
- Library: County of Orange
- Animal Control: County of Orange
- Code Enforcement: County of Orange
- Planning: County of Orange

Figure 5: Southwest Anaheim DUCs 1 and 3

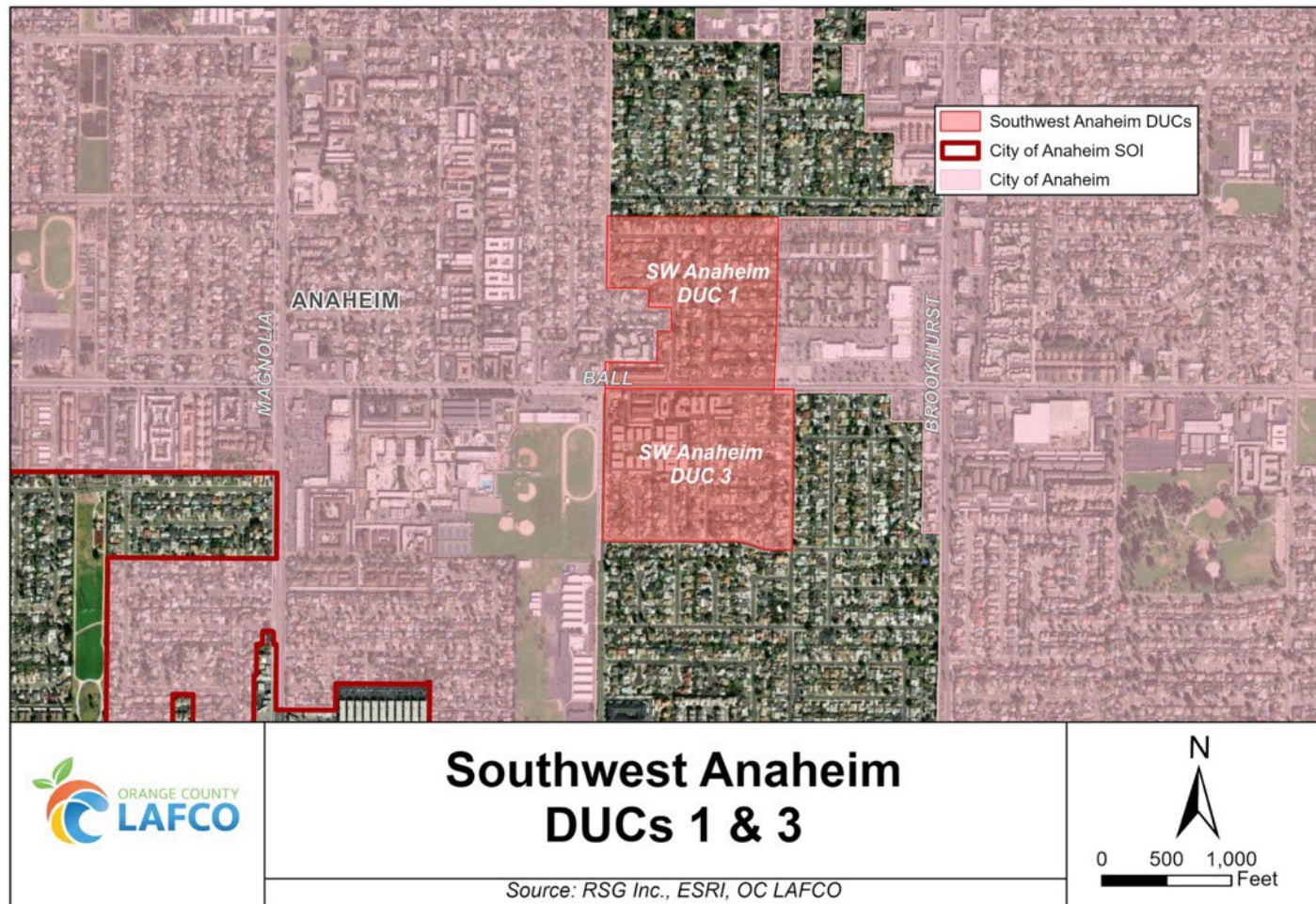
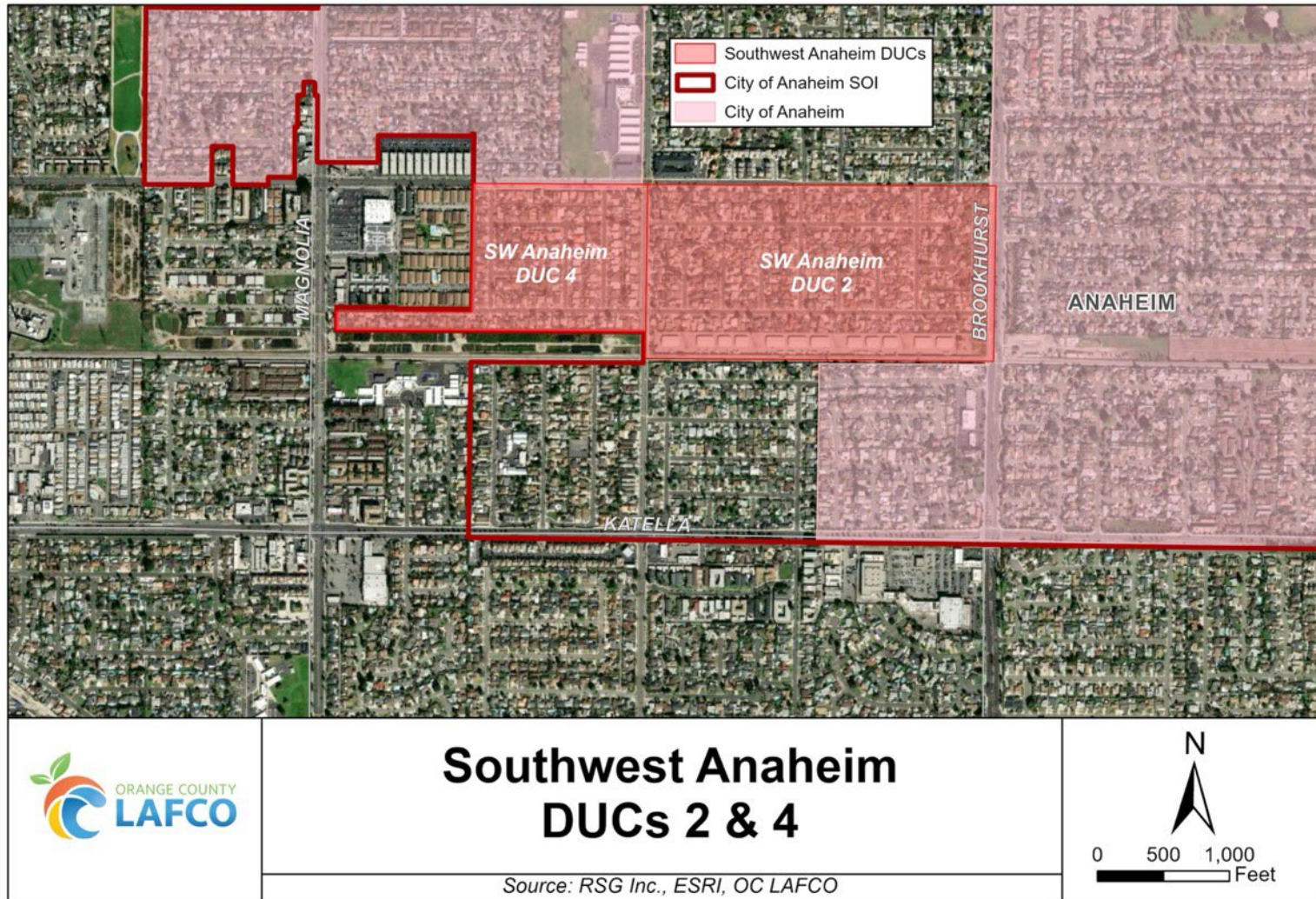




Figure 6: Southwest Anaheim DUCs 2 and 4





*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

- 3. Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.*

*Per Government Code Section 56425, a LAFCO shall consider and prepare a written statement of its SOI determinations on the five (5) factors, including:*

- 2. The present and probable need for public facilities and services in the area;*
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and*
- 5. The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

## **VII. CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES**

Overall, agencies in the Central Region are providing adequate services to their residents and customers. Agencies reported no complaints from residents and customers and all agencies expressed confidence that they have the resources to maintain the current levels of service. This section of the report discusses the major public services provided by the agencies in the Central Region and their capacity to deliver those services with the existing staff and public facilities.

### **LAW ENFORCEMENT**

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The Orange County Sheriff's Department provides law enforcement services to one city in the Region, the City of Villa Park. The remaining cities in the Central Region have police departments.

Except for Santa Ana and Orange, the cities generally reported no issues or concerns relating to the quality or adequacy of law enforcement services in the Region. The City of Santa Ana staff noted that the City could use additional officers and dispatchers. However, budget constraints limit the ability of the City to hire additional staff. The City of Orange also reports concerns with its budget constraints while it continues to prioritize the necessary support for the Orange Police Department.

## FIRE PROTECTION AND EMERGENCY MEDICAL

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The Orange County Fire Authority (“OCFA”) provides fire protection and emergency medical services to all cities in the Central Region except for the City of Anaheim, which offers such services to its residents through its own Anaheim Fire and Rescue Department.

OCFA formed originally as a department of the County in 1980. The department was governed by the County Board of Supervisors at that time. However, as the County expanded and more cities incorporated, local residents and governments requested more input on how the department was run. As a result, OCFA was organized into a JPA on March 1, 1995, and has since expanded to include 23 cities, 77 fire stations, and approximately 2 million residents. The OCFA Board of Directors includes a councilmember from each member city along with two County Supervisors. Member cities have two membership options: one is to join as a Structural Fire Fund member and pay for service through a portion of property taxes; the other option is to join as a Cash Contract City and pay for services on an agreed-upon schedule.

Agencies reported no complaints regarding fire protection and emergency medical services in their jurisdictions, nor any concerns about adequacy of service or capacity.

## WATER SERVICES

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Water services in the Central Region are provided by three water districts (Serrano, East Orange, and IRWD), and four of the six cities (Anaheim, Orange, Santa Ana, and Tustin) provide retail water services to their residents. The cities of Villa Park and Irvine receive water services from Serrano and IRWD, respectively. Water infrastructure, including water mains and pumps, ranges in age from about 30 to 40 years old in Irvine, to about 60 to 75 years old in the rest of the Central Region. Table 6 presents an infrastructure inventory of the city water providers in the Central Region.

**Table 6: Retail Water Providers in the Central Region**

<b>City of Anaheim</b>	
Service Area	City of Anaheim
Average Age of Infrastructure	50 Years
Number of Wells	18 <sup>2</sup>
Number of Water Connections	64,166
Miles of Infrastructure	758
<b>City of Orange</b>	
Service Area	City of Orange
Average Age of Infrastructure	50-60 Years
Number of Wells	13
Number of Water Connections	35,417
Miles of Infrastructure	462
<b>City of Santa Ana</b>	
Service Area	City of Santa Ana
Average Age of Infrastructure	75 Years
Number of Wells	21
Number of Water Connections	45,037
Miles of Infrastructure	510
<b>City of Tustin</b>	
Service Area	City of Tustin
Average Age of Infrastructure	60 Years
Number of Wells	13
Number of Water Connections	14,341
Miles of Infrastructure	172
<b>East Orange County Water District</b>	
Service Area	Tustin, Orange
Average Age of Infrastructure	50 Years
Number of Wells	2
Number of Water Connections	1,204
Miles of Infrastructure	24
<b>Irvine Ranch Water District</b>	
Service Area	Irvine, Tustin, Orange, Lake Forest, Newport Beach, Costa Mesa; Silverado & Modjeska
Average Age of Infrastructure	40 Years
Number of Wells	26
Number of Water Connections	126,599
Miles of Infrastructure	2,200
<b>Serrano Water District</b>	
Service Area	Villa Park, Orange
Average Age of Infrastructure	60 Years
Number of Wells	3
Number of Water Connections	2,269
Miles of Infrastructure	43

<sup>2</sup> As noted in the City of Anaheim's 2020 Urban Water Management Plan, the city removed 14 of its wells from service due to water quality concerns from PFAS contamination. The City now has 18 active wells.

Anaheim and Santa Ana receive wholesale water services from the Metropolitan Water District of Southern California ("Metropolitan Water"). Metropolitan Water was created in 1928 to build and operate the Colorado River Aqueduct, and today is the water wholesaler for 26 agencies in the Southern California region. The District is governed by a 38-member board of directors. The member agencies are each represented by at least one member of the board, but some have more than one representative based on their relatively higher level of assessed value for properties served by that agency. Anaheim and Santa Ana are each represented by one member of the board.

The Municipal Water District of Orange County ("MWDOC") provides wholesale water services to Irvine, Orange, Tustin, Villa Park, East Orange, IRWD, and Serrano in the Central Region. MWDOC was formed in 1951 to import wholesale water from the Metropolitan Water District of Southern California, discussed above. MWDOC has a countywide service area that includes fourteen cities, thirteen special districts, and one private water agency, and it is governed by a seven-member board. In addition to wholesale water services, MWDOC also provides other water resources and programs within the Central Region that include planning efforts in water supply development, water use efficiency, and water education and emergency preparedness.

Groundwater service within the Central Region is managed by the Orange County Water District ("OCWD"). OCWD was established in 1933 by the State Legislature to protect Orange County's water rights in the Santa Ana River and to manage the quality and quantity of water in the groundwater basin beneath northern and central Orange County. The district is governed by a 10-member board which represents thirteen cities (including all Central Region cities), five special districts (including the three water districts reviewed in this report), and one private water agency. The OCWD board is charged with implementing policies that foster sound management of the groundwater basin, including providing adequate, reliable, high-quality water supply at the lowest reasonable cost and in an environmentally responsible manner.

IRWD participates in the Groundwater Banking Joint Powers Authority ("GBJPA") with the Rosedale-Rio Water Storage District ("Rosedale-Rio"). The GBJPA was formed to assist



both districts in improving their water reliability. The GBJPA helps IRWD in its development of emergency water supplies, which IRWD is developing and targeting at 15% of its total water demands. The GBJPA is one of eight entities funded by the State of California to help expand water storage.

Several of the agencies in the region noted that state regulations involving per- and polyfluoroalkyl substances (“PFAS”) have caused an increase in costs to the water systems. These agencies are studying or commissioning a study to understand the magnitude of additional costs, and how fees will need to increase to accommodate the costs. Some agencies, namely the three water districts, have already taken steps to ensure their wells are compliant, including taking certain ground wells and/or pumps offline, supplementing water supplies with more expensive imported water, designing, constructing, and operating PFAS treatment systems on the wells, and returning the wells to service with higher operating and maintenance costs to pay for the PFAS treatment systems.

Following are specific individual agency findings:

- The City of Orange provides some water services outside of the City’s boundaries, including a small area in the City of Anaheim, some unincorporated areas within the City’s SOI, and the Irvine Regional Park. There are also some areas within the City of Orange’s boundaries that are serviced by the City of Santa Ana. The City of Tustin provides some water services to a small piece of the City of Santa Ana, located north of 17<sup>th</sup> Street and west of Deodar Street. This area was originally unincorporated when Tustin first began servicing it but was later annexed by Santa Ana. Tustin staff indicated that the agreement to provide service to this area is expected to end in 2024 due to Santa Ana’s construction of their own water infrastructure.
- The City of Santa Ana provides water services to a small area in the City of Orange. Neither agency expressed concern about this arrangement.

Serrano and IRWD have historically shared access to Irvine Lake as well as the financial burden of managing this large resource. Irvine Lake, an impoundment created

by the Santiago Creek Dam, is one of the largest reservoirs in the County with a permitted storage capacity of 25,000 acre-feet of water. The agreement of shared ownership came about after the construction of the reservoir in 1933 as a way to preserve Serrano's access to some of the water coming down Santiago Creek. Serrano received 25% of the water, while IRWD received 75%. Under the agreement, the agencies shared the commensurate costs of managing and maintaining the reservoir. According to IRWD, the outlet tower and spillway facilities that control water flow out of the Santiago Creek Dam needs to be replaced. IRWD also reports that other improvements to the face of the Dam have been deemed necessary to modernize the facility. The project is expected to be completed in 2032. However, Serrano had expressed some concerns as the costs for the safety improvements needed at Irvine Lake increased. In late 2024, Serrano transferred its share of Irvine Lake to IRWD in exchange for water reliability from IRWD due to the high costs of needed infrastructure improvements at Irvine Lake. Serrano and IRWD entered into a Purchase and Sale Agreement for IRWD to purchase all rights for the property, including water, mineral, and recreation rights, along with the Howiler Water Treatment Plant. Serrano's conveyance rights between the Irvine Lake and the water treatment plant were also transferred to IRWD. IRWD is interested in exploring the annexation of the parcels associated with the Howiler Water Treatment Plant, which will be used to serve IRWD customers and to provide water reliability to Serrano.

IRWD has also expressed its interest in exploring the annexation of two unincorporated island parcels within its SOI but outside of its service boundary. These parcels are currently the site of the Santiago Coal Mine Property, and IRWD recently acquired them for the purpose of environmental mitigation. Further discussion and a map of this annexation can be found on page 14.

## WASTEWATER, STORMWATER, SOLID WASTE

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Wastewater services in the Central Region are provided by East Orange, IRWD, as well as the cities of Anaheim, Orange, Santa Ana, and Villa Park. East Orange provides wastewater services to the City of Tustin and the unincorporated area within its SOI, as

well as some unincorporated islands within the City of Orange's SOI. IRWD provides wastewater collection, treatment, and reuse to the City of Irvine, City of Tustin, and some unincorporated islands within the City of Orange's SOI. Information about the infrastructure of those two districts can be found in their respective agency profiles. Table 7 below provides an inventory of the wastewater infrastructure provided by cities in the Central Region.

Overall, the agencies in the Central Region have the capacity to continue to provide local wastewater, stormwater, and solid waste services to current residents at current levels of service. Similarly to the water infrastructure, wastewater infrastructure was generally built between 40 and 70 years ago in the Central Region.

**Table 7: City Wastewater Service Providers**

<b>City of Anaheim</b>	
Wastewater Service Provider	City of Anaheim
Average Age of Infrastructure	50-60 Years
Number of Manholes	12,308
Miles of Infrastructure	584
<b>City of Orange</b>	
Wastewater Service Provider	City of Orange
Average Age of Infrastructure	75 Years
Number of Lift Stations	2
Number of Manholes	7,074
Miles of Infrastructure	312
<b>City of Santa Ana</b>	
Wastewater Service Provider	City of Santa Ana
Average Age of Infrastructure	60-70 Years
Number of Lift Stations	2
Number of Manholes	7,630
Miles of Infrastructure	390
<b>City of Villa Park</b>	
Wastewater Service Provider	City of Villa Park
Average Age of Infrastructure	40-60 Years
Number of Lift Stations	1
Number of Manholes	795
Miles of Infrastructure	29

Table 8 shows an inventory of the infrastructure belonging to East Orange and IRWD.

**Table 8: Special District Wastewater Service Providers**

<b>East Orange County Water District</b>	
Wastewater Service area	Tustin (incl. unincorporated areas), parts of unincorporated area in Orange's SOI
Average Age of Infrastructure	60 Years
Number of Lift Stations	0
Number of Manholes	3,700
Miles of Infrastructure	171
<b>Irvine Ranch Water District</b>	
Wastewater Service Area	Irvine, Tustin, Orange, Lake Forest, Newport Beach, Costa Mesa; Silverado & Modjeska
Average Age of Infrastructure	30 Years
Number of Lift Stations	12
Number of Manholes	24,300
Miles of Infrastructure	1,524

All of the cities in the Central Region are part of the Orange County Sanitation District, which is responsible for regional wastewater collection, treatment, and disposal services within central and northwest Orange County. The District is governed by a 25-member board representative of 20 cities, four special districts, and the County of Orange.

Table 9 provides an inventory of the infrastructure that is part of the OC Sanitation District.

**Table 9: OC Sanitation District Infrastructure**

<b>OC Sanitation District</b>	
Service Area	Entire Central Region
Miles of Regional Pipelines	386
Miles of Local Pipelines	1.2
Number of Pump Stations	15
Number of Treatment Plants	2

In general, staff from each of the agencies expect that their respective infrastructure improvements will likely be financed through development impact fees or be required directly of developers. Agencies are planning for improvements through their Capital Improvement Programs (CIPs) which are available on their websites.

Following are specific individual agency findings:



- The City of Anaheim is facing approximately \$80 million in necessary upgrades for its six-inch sewer lines. Most of these lines are around 100 years old and exceed the average age of the City's sewer lines (60-70 years old).
- The City of Orange's wastewater infrastructure requires upgrades in order to address deficiencies caused by increased density from infill developments and ADUs. These upgrades will be funded through the City's sanitation fee.
- There are some areas of the City of Santa Ana's sewer system that are serviced directly by the Orange County Sanitation District. Santa Ana additionally provides sewer services to a small number of parcels within the City of Garden Grove. Santa Ana and Garden Grove have a shared sewer services agreement and some out-of-area sewer service agreements where applicable.
- East Orange has indicated an ongoing concern with septic tanks in the North Tustin area. Many of the homes in North Tustin developed independently through the subdivision of larger farm lots, as opposed to the large tract developments in most of the County. As a result, many homes possess septic tanks, which is more typical of a rural area. Septic tank conversion is encouraged due to the likelihood of deterioration and environmental damage. East Orange has encouraged residents to identify if their property is hooked to a septic tank and explore the opportunity to connect to the main sewer lines in the area. However, costs are estimated to be above \$70,000, which has made it difficult for many residents to complete the transition. East Orange estimates up to 500 tanks may remain in the area and expects additional infrastructure may be needed to connect the properties to the local sewer main.

#### UTILITIES (ELECTRIC, LIGHTING, AND OTHER UTILITIES)

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Lighting services are provided to each city or agency by their own Public Works department and by Southern California Edison ("SCE"). The agencies did not report any issues with lighting services.

Electricity and gas services are generally provided to Central Region agencies by SCE and Southern California Gas ("SoCal Gas"), with the exception of the City of Anaheim. The agencies did not report any issues with these utility providers.

The City of Anaheim provides electric service through Anaheim Public Utilities, a city-owned, not-for-profit electric and water utility. The City Council appoints a seven-member public utilities board, which makes recommendations to Council regarding the operation of the utilities, including the establishment of rates.

The City of Irvine receives most of its electricity from the Orange County Power Authority (“OCPA”). OCPA is a Community Choice Aggregation, which offers customers the opportunity to choose the source of their electricity and the amount of renewable energy they want OCPA to purchase. This ultimately helps the City reduce its carbon footprint and move toward cleaner energy. OCPA is governed by a five-member Board, which is made up of elected officials from each of its four member agencies (Fullerton, Buena Park, Irvine, and Huntington Beach). Currently, two council members from Irvine serve on the board of OCPA.

## STREET MAINTENANCE

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Streets and road maintenance services are provided to the cities by their own Public Works departments. Most of the cities in the Central Region expect to be able to provide this service at current levels with plans for needed improvements included in their CIPs. However, both Orange and Santa Ana do not have the level of funding adequate to maintain their roads at a high level of service. Neither city forecasts being able to meet their necessary level of spending in the near future.

Table 10 shows the maintained miles of urbanized roads for each of the cities, along with their respective budgeted gas tax expenditures.

**Table 10: Maintained Road Miles, Vehicle Miles Traveled, & Gas Taxes per City**

<b>Central Region</b>			
	<i>Urbanized Roads</i>		<i>City Budgeted</i>
<b>City</b>	<b>Maintained Miles</b>	<b>Daily Vehicle Miles Traveled</b>	<b>FY 23-24 Gas Tax Expenditures<sup>1</sup></b>
Anaheim	578	2,976,160	\$41,756,166
Irvine	427	2,520,580	\$39,639,891
Orange	318	1,291,410	\$7,131,690
Santa Ana	432	2,672,810	\$18,075,410
Tustin	111	825,760	\$8,304,074
Villa Park	32	54,960	\$626,060

<sup>1</sup> Gas Tax expenditures include those included under the Road Maintenance and Rehabilitation Account (SB 1, 2017) funds

Source: Caltrans 2021 Public Road Data Report, City Budgets

The cities fund street and road maintenance in a variety of ways. They can use funding from their General Funds and Enterprise Funds, along with money from impact fees and grants. Cities in California receive a share of the statewide gas tax, which can be used for research, planning, construction, improvement, maintenance, and operation of public streets. For many cities, the gas tax is one of the single largest funding sources in their CIP.

Orange County also has a countywide sales tax that can be used for transportation improvements. Measure M2 (otherwise known as “OC Go”) is a voter-approved countywide half-cent transportation sales tax that can be used to expand Metrolink (the southern California regional rail system), improve street conditions, relieve congestion, and reduce pollution, along with other transportation-related goals. The Measure was originally approved by the voters in 1991 for thirty years and was extended in 2011 through 2041. Measure M2 is often a major source of funding for cities’ capital improvement programs.

Following are individual agency comments about their ability to provide street maintenance and lighting services:

- The City of Orange's 2024 Pavement Management Program recommended that the City implement a number of overlay projects and schedule regular preventative maintenance in order to maintain the quality of the City's street network, which is currently rated as "Good." However, the City is not presently able to budget enough annual funds to maintain streets and sidewalks pursuant to these recommendations. As a result, the sections of the street network that are considered in "Poor" condition will be exacerbated due to the ongoing lack of funding.
- The City of Santa Ana does not have enough capital funding available to maintain its street network at a high level. While the City does have a Pavement Management Plan in place with recommendations for annual expenditures, the City is not able to meet those spending benchmarks.

## PARKS, RECREATION AND OPEN SPACE

Parks and Recreation services in the Central Region cities are provided by city departments, except for the City of Villa Park, which does not have parks or a parks and recreation department. The Silverado-Modjeska Recreation and Park District is the only Recreation and Park District in the Region. SMRPD manages three facilities: the Silverado Children's Center, the Silverado Community Center and Park, and the Modjeska Community Center and Park. SMRPD provides recreational activities such as hiking, camps, and gardening, along with rental of facilities. Table 11 shows an inventory of the public parks and open space for all agencies in the Central Region.



**Table 11: Public Parks and Open Space in the Central Region**

<b>Central Region</b>	
<b>Agency</b>	<b>Public Parks</b>
Anaheim	59
Irvine	62
Orange	22
Santa Ana	47
Tustin	19
Villa Park	-
Silverado-Modjeska RPD	3

<b>County or Federal</b>	<b>Open Space</b>
Federal	<i>Cleveland National Forest</i>
County	<i>Irvine Lake</i>
County	<i>Irvine Ranch Open Space<sup>1</sup></i>
County	<i>Irvine Regional Park</i>
County	<i>Peters Canyon Regional Park</i>
County	<i>Santiago Oaks Regional Park</i>
County	<i>William R Mason Regional Park</i>
County	<i>Yorba Regional Park</i>

<sup>1</sup> Contains several smaller regional parks such as Black Star Canyon and Gypsum Canyon

Source: City websites, OC Parks, US Forest Service

The Central Region agencies reported that they have the capacity to continue to provide these services at current levels. However, the City of Santa Ana noted that Measure X, a local 1.5 percent sales tax which will sunset in 2039, has allowed the City to double recreation spending and increase park maintenance spending by over 60 percent since it was passed by the voters in 2019. When the Measure sunsets, the City may experience negative impacts to parks and recreation services.

## LIBRARY SERVICES

Anaheim, Orange, and Santa Ana each have their own city-staffed library departments. Irvine, Tustin, and Villa Park are currently serviced by the Orange County Public Library (“OCPL”) system, although Irvine will be leaving the OCPL system by June 30, 2025. The agencies generally expressed satisfaction with the services provided by OCPL and expect that OCPL will continue to provide library services, with the exception of Irvine. Table 12 provides an inventory of the number of libraries in each community.

**Table 12: Library Service Providers in the Central Region**

City	Library Service Provider	Number of Library Branches
Anaheim	Anaheim Public Library	7
Irvine	OCPL	3
Orange	City of Orange Public Library	3
Santa Ana	Santa Ana Public Library	2
Tustin	OCPL	1
Villa Park	OCPL	1

OCPL is a dependent special governed by the Orange County Board of Supervisors. It has an advisory board with one representative from each of the member cities and two representatives from the Board of Supervisors.

Following are individual agency comments about their ability to provide library services:

- Santa Ana indicated that library spending has doubled since the adoption of Measure X. When the Measure sunsets in 2039, the City will likely need to reduce library services unless new funding is identified.
- In the City of Orange, staff presented the sale of the Taft Library to City Council as an option for revenue enhancement at the May 14 Council meeting. The City is facing a significant structural deficit, as discussed further on page 97. The Taft Branch is a full-service library with different amenities including computers and WiFi. It is not clear at this time how the potential sale of the library would impact library services for residents, but service levels could decrease if the library was sold to an entity which changed it to a different use.
- In 2023, Irvine's City Council sent the County a letter of intent to withdraw from the OCPL system. There are three libraries in the City of Irvine: the Irvine Heritage Park Library, the Irvine University Park Library, and the Irvine Katie Wheeler Library. The Irvine University Park and Irvine Katie Wheeler branches are owned and operated by OCPL, and the Irvine Heritage Park branch is owned by the City with a 55-year lease to the County.

On July 31, 2024, the City and County entered into an agreement to transfer library services to the City. This agreement includes a property tax exchange and transfer of

certain library property (including 167,000 items of library collection materials) from OCPL to the City. The County will pay the City \$9 million (split between two installments on July 1, 2025, and April 20, 2026) and the share of property tax revenue that would have been allocated to OCPL from property taxes in Irvine will be split evenly between the City and County effective July 1, 2026. The City will take over the operation and maintenance of the University Park branch and will terminate the lease with the County for the Heritage Park branch. The County will close the Katie Wheeler branch. OCPL will continue to provide library services in the City through June 30, 2025.

## ANIMAL CONTROL

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Two cities in the Central Region (Irvine and Santa Ana) provide their own animal control services. The other four cities are serviced by Orange County Animal Care. All Central Region cities expressed that they have the funding available to either contract with a service provider for animal control services or provide the services themselves at current levels. None indicated any issues or concerns with service delivery.

## CODE ENFORCEMENT

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All Central Region agencies expressed that they had the capacity to handle code enforcement services at current levels. Each city in the region provides this service within its boundary and the County provides the service within unincorporated areas.

The City of Santa Ana has used Measure X funding to increase its code enforcement staff by 70 percent. When Measure X sunsets in 2039, there may be reductions to code enforcement service unless another funding source is identified.

## VIII. FINANCIAL ABILITY TO PROVIDE SERVICES

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

*4. Financial ability of agencies to provide services.*

The development of the Fiscal Indicators web-based program (formerly fiscal trends) began in 2008. The intent of the program began with the opportunity to generally compare the performance of Orange County local agencies and ultimately became a resource for the Commission in the preparation of MSRs through the housing of accurate and meaningful data, and providing a consistent and structured approach to understanding fiscal conditions. Since that time, the web-program has experienced functional improvements and structure enhancements that assist in evaluating the efficiency and effectiveness of municipal service delivery in Orange County. More recently, the Fiscal Indicators have been simplified while maintaining the goal of its effectiveness as one of OC LAFCO's living and ongoing resources.

The Central MSR process included the gathering of data needed for the Fiscal Indicators and was discussed with the agencies of the Central region. More details on each of the indicators is provided in the next section of the report as well as the performance of each agency relative to the indicators.

### OC LAFCO FISCAL INDICATORS

Fiscal indicators help measure and describe prospects for fiscal health. Indicators can flag trends that warrant further evaluation and planning to avoid potential service reductions and declining reserves. The OC LAFCO Fiscal Indicators are based on the past State of California Auditor's indicators of cities' fiscal risk.<sup>3</sup> Multi-year trends in growth (or decline) of agency operating revenues and expenditures, and levels of reserves, are adapted and applied to agencies in Orange County. Agency annual financial reports provide the source data for three key indicators used by OC LAFCO and further described below:

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<sup>3</sup> The California Auditor no longer publishes its fiscal risk analysis.



- **Annual Change in Revenues** compares revenue growth over multiple years to long-term inflation (historically about 2-3%). Low revenue growth below inflation indicates a potential long-term problem keeping pace with inflationary cost increases. Declining revenues can be a symptom of the pandemic and/or weakening economic conditions.

Indicator	Range (Average Annual Change)
Declining Revenues	Less than 0%
Low Growth	0%-3%
Moderate Growth	3%-6%
High Growth	> 6%

- **Annual Change in Expenditures** compares expenditure growth over multiple years to long-term inflation. Expenditure growth consistently above inflation and/or above revenue growth indicates a potential structural imbalance and potential future revenue shortfalls. Excessive expenditures could require reserve drawdowns and service reductions.

Indicator	Range (Average Annual Change)
Declining Revenues	Less than 0%
Low Growth	0%-3%
Moderate Growth	3%-6%
High Growth	> 6%

This indicator generally favors low or declining expenditures. A comparison of revenue indicators, if favorable, can help confirm that declining expenditures are a benefit and not an adverse response to weak revenues.

- **Adequate Operating Reserves** are essential to manage cash flow during the year, handle contingencies and emergencies, provide a "rainy day" account for future economic downturns. Operating reserves typically provide at least two months of operating funds (i.e., 16.7% of annual expenditures). If financial audits do not distinguish operating from capital and other reserves, other metrics include total unallocated fund balances or unrestricted net position. "Cash" does not always indicate unencumbered funds available for cash flow and contingencies. Additional reserves

above the 16.7% are usually required for capital improvements, pensions, & other uses.

<b>Reserve Indicator</b>	<b>Range</b>
Low	Less than 17% of Expenditures
Moderate	17%-40% of Expenditures
High	> 40% of Expenditures

Depending on the type of agency and the timing of revenues and expenditures, higher minimum reserves may be required. Some agencies do not distinguish operating from capital and other reserves in their audit documents which may produce a “high” reserve indicator; further analysis is necessary to determine adequacy of capital reserves.

The Fiscal Indicators are intended to provide an initial review of annually reported financial data. Further in-depth analysis may be needed to better understand the cause of financial trends and potential remedies. For example, additional research could clarify whether declining expenditures positively reflect prudent management or are the result of weak revenues. Other factors that could influence indicators include the impacts of the pandemic; the economic climate; State and Federal regulatory changes; infrastructure needs and improvements; changes in service levels and contracts; unfunded OPEB and pension obligations; development, population growth, and increased need for services.

#### **Fiscal Indicators for the Central Region**

The financial capacity of each agency in the Central Region is generally adequate for providing services at the current levels, but many of the agencies have concerns about their abilities to continue to provide services at their current levels into the future. This is due to a number of factors, but pension obligations and decreasing sales tax revenues are two of the most pressing concerns. This MSR relies on data from the concurrent Fiscal Indicators project conducted by Berkson Associates on behalf of OC LAFCO, which assesses the short-term financial trends of the Central Region agencies. Table 13 shows a summary of each agency’s trends reported by the Fiscal Indicators. Three variables (revenues, expenditures, and reserves) are measured for each Central Region agency over five fiscal years (FY 18-19 through FY 22-23).

***Table 13: Summary of Fiscal Indicators Project and CA Auditor Rankings***

## ANAHEIM

The City of Anaheim experienced both high revenue and high expenditure growth between FY 18-19 and FY 22-23. The City's net balance was positive for four of the five years in the focus period, with the exception of FY 20-21, which was impacted by the COVID-19 pandemic. Revenue for charges for services more than doubled over the five-year period. Police and fire and rescue services were the highest expenditures in all five years. The City had a low unassigned fund balance as of FY 22-23.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Property Taxes	\$80,822,000	\$86,256,000	\$90,222,000	\$94,554,000	\$99,439,000
Sales and Use Taxes	84,792,000	76,898,000	76,907,000	103,421,000	108,171,000
Transient Occupancy Tax	161,948,000	122,351,000	30,180,000	177,057,000	224,352,000
Other Taxes	8,175,000	8,024,000	8,139,000	8,689,000	8,729,000
License, fees, and permits	28,070,000	21,234,000	21,037,000	20,341,000	23,612,000
Intergovernmental Revenues	8,390,000	24,946,000	91,480,000	94,500,000	16,432,000
Charges for Services	20,276,000	31,279,000	27,249,000	32,763,000	45,267,000
Fines, Forfeits, and Penalties	2,937,000	2,658,000	3,096,000	3,257,000	2,875,000
Use of Money and Property	16,626,000	4,438,000	4,449,000	92,000	13,913,000
Lease Revenue	-	-	-	617,000	800,000
Other	960,000	1,122,000	1,531,000	412,000	546,000
Contribution from Property Owners	-	-	-	-	-
<b>Total Revenues</b>	<b>\$412,996,000</b>	<b>\$379,206,000</b>	<b>\$354,290,000</b>	<b>\$535,703,000</b>	<b>\$544,136,000</b>
Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
City Council	\$847,000	\$871,000	\$858,000	\$753,000	\$856,000
City Administration	9,494,000	15,979,000	14,761,000	12,158,000	16,033,000
City Attorney	6,682,000	7,603,000	7,775,000	7,606,000	9,119,000
City Clerk	1,333,000	985,000	1,013,000	1,240,000	1,763,000

Human Resources	2,250,000	2,048,000	1,856,000	2,034,000	2,663,000
Finance	5,934,000	5,978,000	6,178,000	9,009,000	6,969,000
Police	154,398,000	163,939,000	157,793,000	165,518,000	186,934,000
Fire & Rescue	76,251,000	85,164,000	91,797,000	91,064,000	106,171,000
Housing & Community	1,921,000	2,571,000	10,759,000	39,912,000	5,750,000
Economic Development	See above	See above	See above	1,645,000	2,919,000
Planning & Building	22,846,000	23,134,000	23,332,000	23,291,000	25,653,000
Public Works	20,658,000	22,941,000	23,086,000	24,415,000	29,396,000
Community Services	33,880,000	39,554,000	31,106,000	34,998,000	40,753,000
Public Utilities	2,448,000	2,397,000	2,187,000	2,121,000	2,126,000
Convention, Sports	1,020,000	816,000	308,000	472,000	383,000
Capital Outlay	6,675,000	2,132,000	1,144,000	3,922,000	14,614,000
Debts Service: Retirement	-	-	-	172,000	2,179,000
Debt Service: Interest Charges	-	-	654,000	602,000	969,000
Debt Service: Bond Issuance	-	-	1,411,000	-	-
<b>Total Expenses</b>	<b>\$346,637,000</b>	<b>\$376,112,000</b>	<b>\$377,018,000</b>	<b>\$411,932,000</b>	<b>\$455,250,000</b>
<b>Revenues/Expenditures</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$66,359,000</b>	<b>\$3,094,000</b>	<b>\$(22,728,000)</b>	<b>\$123,771,000</b>	<b>\$88,886,000</b>
<b>Fund Balances/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Non-spendable	\$756,000	\$308,000	\$402,000	\$601,000	\$646,000
Restricted	4,627,000	12,577,000	13,538,000	10,030,000	11,379,000
Committed	-	2,250,000	-	-	-
Assigned	15,221,000	6,752,000	104,212,000	114,039,000	115,434,000
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$43,455,000</b>	<b>\$10,954,000</b>	<b>\$17,975,000</b>	<b>\$52,351,000</b>	<b>\$61,254,000</b>
Year-end Total Fund Balance	\$64,059,000	\$32,841,000	\$136,127,000	\$177,021,000	\$191,144,000



## IRVINE

The City of Irvine experienced moderate revenue growth and moderate expenditure growth between FY 18-19 and FY 22-23. The net balance was positive in four of the five years, with the exception of FY 20-21, which was impacted by the pandemic. There was a significant donation in FY 22-23, and investment income declined over the five-year period. Irvine also had a low unassigned fund balance in FY 22-23 at 7.4% of General Fund expenditures.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Taxes	\$174,472,000	\$169,620,000	\$172,437,000	\$201,656,000	\$225,897,000
Licenses and Permits	8,442,000	9,399,000	8,559,000	10,069,000	11,251,000
Fines and Forfeitures	1,348,000	1,167,000	1,238,000	1,112,000	1,254,000
Investment Income	5,270,000	7,115,000	(137,000)	(6,134,000)	1,175,000
Intergovernmental	611,000	523,000	515,000	773,000	901,000
Charges for Services	27,098,000	25,259,000	18,629,000	28,966,000	30,715,000
Donations	13,000	21,000	8,000	14,000	411,000
Other	4,707,000	3,859,000	2,257,000	4,185,000	4,749,000
<b>Total Revenues</b>	<b>\$221,961,000</b>	<b>\$216,963,000</b>	<b>\$203,506,000</b>	<b>\$240,641,000</b>	<b>\$276,353,000</b>
Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
General Government	\$36,214,000	\$22,384,000	\$22,533,000	\$23,511,000	\$27,384,000
Public Safety	78,359,000	83,461,000	92,188,000	92,570,000	103,520,000
Public Works	27,721,000	28,679,000	34,314,000	40,345,000	56,310,000
Community Development	27,932,000	27,706,000	26,982,000	25,499,000	29,173,000
Community Services	38,068,000	36,124,000	36,230,000	39,860,000	44,939,000
Transportation	4,162,000	3,982,000	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service	-	-	-	25,000	-
<b>Total Expenses</b>	<b>\$212,456,000</b>	<b>\$202,336,000</b>	<b>\$212,247,000</b>	<b>\$221,810,000</b>	<b>\$261,326,000</b>

Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenues Over (Under) Expenditures</b>	<b>\$9,505,000</b>	<b>\$14,627,000</b>	<b>\$(8,741,000)</b>	<b>\$18,831,000</b>	<b>\$15,027,000</b>
Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Non-spendable	\$1,358,000	-	\$1,396,000	\$38,000	\$118,000
Restricted	419,000	356,000	212,000	-	-
Committed	43,783,000	51,700,000	57,664,000	50,388,000	57,175,000
Assigned	69,526,000	95,729,000	99,374,000	147,342,000	154,143,000
Unassigned Fund Balance	11,594,000	9,989,000	-	29,886,000	19,344,000
<b>Unassigned General Fund Balance Plus Committed Reserves</b>	<b>\$55,377,000</b>	<b>\$61,689,000</b>	<b>\$57,664,000</b>	<b>\$80,274,000</b>	<b>\$76,519,000</b>
Year-end Total Fund Balance	\$126,680,000	\$157,774,000	\$158,646,000	\$227,654,000	\$230,780,000

## ORANGE

The City of Orange experienced moderate revenue growth and moderate expenditure growth in its General Fund between FY 18-19 and FY 22-23. The City had a moderate unassigned fund balance in FY 22-23. Public safety was the largest expenditure category in all five years. Community development expenditures increased significantly between FY 21-22 and FY 22-23, and charges for service revenues decreased significantly between the same two years. The net balance decreased over the five-year period and was negative in FY 19-20. The City maintained a moderate fund balance in FY 22-23.

As of this writing, Orange was facing a projected \$19 million structural budget deficit for FY 24-25, which staff anticipate will continue to grow over time if not addressed. At the May 14, 2024, City Council meeting, staff presented a potential General Fund reduction of approximately \$12.9 million. This includes approximately \$3 million in expenditure reductions for fire protection services and \$5.3 million in reductions for law enforcement services. Staff also presented opportunities for revenue enhancements, including the sale of one of its libraries, implementation of paid parking in the Old Towne shopping district, and increased parking enforcement citations. In November 2024, voters rejected a sales tax measure that proposed a 0.5% increase, which would have raised Orange's rate from 7.75% to 8.25%.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Taxes	\$96,937,045	\$92,576,274	\$101,602,320	\$105,026,342	\$108,952,940
Franchise Fees	2,551,456	2,557,950	2,541,744	2,677,392	2,622,044
Licenses and Permits	5,770,360	5,710,263	5,479,862	5,963,284	6,583,598
Use of Money/Property	3,279,397	2,652,584	793,144	(1,736,921)	2,409,120
Intergovernmental	1,963,642	2,871,390	16,835,997	15,780,753	1,246,649
Charges for Services and Fees	8,393,003	8,264,333	7,976,427	8,475,235	10,899,719
Fines and Forfeitures	2,194,948	1,772,867	1,485,230	1,942,715	2,006,648

Other Revenues	3,151,409	1,909,354	3,618,576	4,319,381	5,501,110
<b>Total Revenues</b>	<b>\$124,241,260</b>	<b>\$118,315,015</b>	<b>\$140,333,300</b>	<b>\$142,448,181</b>	<b>\$140,221,828</b>
<b>Expenditures</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
General Government	\$12,709,494	\$14,990,350	\$14,321,557	\$9,881,360	\$14,805,544
Public Safety	76,141,504	81,056,959	84,549,654	87,494,203	91,457,920
Public Works	7,779,267	7,689,225	7,566,001	9,659,210	3,648,820
Community Development	4,479,327	4,768,190	4,509,489	3,189,864	16,543,427
Parks and Library	13,903,160	13,838,130	13,593,895	15,238,458	9,799,538
Economic Development	196,787	216,993	223,442	204,847	137,853
Debt Service: Principal	92,339	237,778	237,778	757,778	706,439
Capital Outlay	76,420	88,081	83,836	381,862	72,677
Interest	-	-	-	1,186,800	1,165,400
<b>Total Expenses</b>	<b>\$115,378,298</b>	<b>\$122,885,706</b>	<b>\$125,085,652</b>	<b>\$127,994,382</b>	<b>\$138,337,618</b>
<b>Revenues/Expenditures</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$8,862,962</b>	<b>\$(4,570,691)</b>	<b>\$15,247,648</b>	<b>\$14,453,799</b>	<b>\$1,884,210</b>
<b>Fund Balances/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Non-spendable	\$160,760	\$87,818	\$101,737	\$102,858	\$130,663
Restricted	-	-	-	-	22,506,997
Committed	-	-	18,259,654	20,667,960	630,545
Carryover Appropriations	-	-	2,038,454	1,556,871	-
Bldg. Records Mgmt.	-	-	890,326	1,558,743	-
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$38,610,758</b>	<b>\$32,313,009</b>	<b>\$25,568,686</b>	<b>\$21,234,508</b>	<b>\$913,339</b>
<b>Year-end Total Fund Balance</b>	<b>\$38,771,518</b>	<b>\$32,400,827</b>	<b>\$43,828,340</b>	<b>\$41,902,468</b>	<b>\$24,050,881</b>

## SANTA ANA

The City of Santa Ana had a positive cash flow for every year between FY 18-19 and FY 22-23, and experienced both high revenue growth and high expenditure growth over the past five years and maintained a moderate unassigned fund balance.

The City noted that it is heavily dependent on Measure X, a voter-approved 1.5% sales tax measure which was approved in 2019 and contributes approximately 22 percent of the City's General Fund. Measure X will automatically be reduced to a 1% sales tax in 2029, and then sunset in 2039. The City is planning for adjustments to service levels upon the decrease and eventual disappearance of the additional sales tax revenue. Staff does not anticipate the sales tax measure will be extended beyond the sunset date. Increased expenditures can also be partially attributed to post-pandemic American Rescue Plan Act funding, which the City has used to supplement spending on services like library and parks and recreation services.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Taxes	\$142,002,496	\$151,190,715	\$163,206,871	\$178,633,537	\$185,062,691
Licenses and Permits	9,946,891	5,215,322	6,116,269	6,840,367	8,989,083
Intergovernmental	67,951,954	110,861,657	133,612,227	152,228,176	151,875,339
Charges for Services	16,776,893	17,460,104	15,803,279	20,890,365	23,153,942
Fines and Forfeitures	5,651,372	5,916,559	5,124,784	6,470,702	5,763,188
Investment Income	2,179,290	1,981,897	724,101	(8,672,887)	(364,844)
Cost Recoveries	12,044,426	13,740,176	12,307,176	14,372,311	16,090,049
Rental Income	16,848,228	16,714,523	18,020,915	18,807,405	17,189,813
Misc.	2,130,677	121,356	196,662	228,006	530,183
<b>Total Revenues</b>	<b>\$275,532,227</b>	<b>\$323,202,309</b>	<b>\$355,112,284</b>	<b>\$389,797,982</b>	<b>\$408,289,444</b>
Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23



General Government	\$11,762,239	\$45,321,534	\$50,935,559	\$50,936,856	\$34,091,926
Human Resources	1,858,518	2,070,213	2,514,296	2,978,080	3,546,594
Finance and Management Svcs.	6,073,730	8,696,994	8,787,670	9,424,178	10,512,592
Museum	1,472,784	1,472,977	1,472,977	1,473,170	1,541,833
Library	4,253,772	4,304,748	4,761,794	5,918,914	7,039,420
Recreation and Community Services	17,734,237	18,900,061	21,966,072	24,709,961	15,171,299
Police Department	132,101,981	133,356,220	132,940,555	140,218,773	141,714,665
Fire Department	52,410,181	47,480,567	46,608,405	51,176,055	53,066,710
Public Works	8,481,824	10,044,017	14,064,157	14,963,210	38,801,156
Community Development	1,772,463	2,910,203	3,564,649	3,789,048	5,639,467
Capital Outlay	7,250,711	7,071,511	3,237,473	2,896,677	15,607,296
Debt Service: Principal	1,298,230	1,871,017	1,607,197	1,679,876	2,952,358
Debt Service: Interest	337,279	573,995	459,373	317,734	342,134
Leases: Principal	-	-	-	124,585	-
Leases: Interest	-	-	-	83,993	-
<b>Total Expenses</b>	<b>\$258,760,164</b>	<b>\$297,065,776</b>	<b>\$308,361,755</b>	<b>\$326,450,901</b>	<b>\$348,509,305</b>
<b>Revenues/Expenditures</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$16,772,063</b>	<b>\$26,136,533</b>	<b>\$46,750,529</b>	<b>\$63,347,081</b>	<b>\$59,780,139</b>
<b>Fund Balances/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Non-spendable	-	-	-	-	\$51,639
Restricted	2,080,555	1,997,089	1,790,369	1,792,026	10,265,635
Assigned	10,695,577	21,457,380	26,558,796	55,405,944	82,029,459
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$62,636,096</b>	<b>\$73,969,432</b>	<b>\$105,373,496</b>	<b>\$113,530,064</b>	<b>\$106,298,215</b>
Year-end Total Fund Balance	\$75,412,228	\$97,423,901	\$133,722,661	\$170,728,034	\$198,644,948

## TUSTIN

The City of Tustin experienced high revenue growth and declining expenditures over the five-year study period. From FY 18-19 and FY 20-21, the City had a deficiency of revenues under expenditures, but in both FY 21-22 and FY 22-23 revenues exceeded expenditures. The City also has a high unassigned fund balance at over 100% of annual expenditures in both of the past two years. Taxes, mostly comprised of property and sales taxes, increased significantly between FY 19-20 and FY 20-21 due to a change in the classification of some intergovernmental revenues. City staff noted in interviews that the US Navy has authorized reimbursements of up to \$88 million to finance the clean-up of the Tustin Marine Base hangar fire that occurred in 2023. Staff indicated that the Navy has been regularly providing portions of the reimbursements to the City as needed without issue. According to City budget documents, all costs relating to the hangar incident have been reimbursed resulting in a net zero impact on the City's budget.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Taxes	\$26,332,916	\$26,977,144	\$58,534,615	\$63,868,163	\$67,627,570
Licenses and Permits	1,212,696	1,280,180	1,227,707	2,179,335	3,007,410
Fines and Forfeitures	909,355	841,747	929,637	1,011,519	1,160,608
Investment Income	5,501,731	3,410,022	1,577,658	(3,301,154)	4,988,709
Intergovernmental Revenue	28,441,706	27,564,940	5,047,719	2,107,144	556,238
Charges for Service	1,806,032	1,765,424	1,992,336	4,209,793	5,018,259
Rental Income	1,822,751	1,867,572	1,599,274	2,866,998	2,925,421
Other Revenue	1,684,402	1,368,360	7,253,848	11,711,168	13,411,404
Profit Participation	212,651	-	-	-	-
Gain on Sale of Land	-	1,014,511	85,240	56,048,775	-
<b>Total Revenues</b>	<b>\$67,924,240</b>	<b>\$66,089,900</b>	<b>\$78,248,034</b>	<b>\$140,701,741</b>	<b>\$98,695,619</b>
Expenditures					

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
General Government	\$24,372,135	\$25,834,612	\$23,807,225	\$18,524,141	\$19,831,017
Public Safety	33,080,635	36,177,669	37,456,271	41,389,452	44,298,391
Public Works	8,936,153	7,924,563	8,494,468	15,550,797	16,765,571
Community Services	18,652,582	3,662,055	3,344,152	6,307,129	5,357,382
Capital Outlay	25,576,538	27,818,762	8,772,139	4,801,758	3,757,886
Debt Service: Principal Retirement	71,908	74,763	77,730	107,990	638,528
Debt Service: Interest Expenditure	9,297	6,444	3,476	24,208	25,402
<b>Total Expenses</b>	<b>\$110,699,248</b>	<b>\$101,498,868</b>	<b>\$81,955,461</b>	<b>\$86,705,475</b>	<b>\$90,674,177</b>
<b>Revenues/Expenditures</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$(42,775,008)</b>	<b>\$(35,498,968)</b>	<b>\$(3,707,427)</b>	<b>\$53,996,266</b>	<b>\$8,021,442</b>
<b>Fund Balances/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Non-spendable	\$82,902,130	\$80,847,357	\$108,201,957	\$103,464,420	\$107,508,711
Restricted	31,250,893	16,438,469	15,684,164	24,668,684	27,466,991
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$88,768,803</b>	<b>\$74,972,202</b>	<b>\$78,811,634</b>	<b>\$136,230,562</b>	<b>\$139,772,869</b>
Year-end Total Fund Balance	\$202,921,826	\$172,258,028	\$202,697,755	\$264,363,666	\$274,748,571

## VILLA PARK

The City of Villa Park had high revenue growth and declining expenditures between FY 18-19 and FY 22-23. The City had a high unassigned fund balance in every year of the focus period. The net balance was positive in three of the past five years. Charges for services increased significantly between FY 18-19 and FY 22-23.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Taxes	\$2,975,900	\$3,082,151	\$3,289,456	\$3,745,564	\$3,956,390
Intergovernmental	13,034	214,790	350,661	779,610	713,360
Licenses and Permits	405,822	432,165	457,727	231,813	238,975
Fines and Forfeitures	46,559	38,315	42,165	37,536	34,487
Rental and Investment Income	151,849	130,586	75,648	(113,221)	145,264
Charges for Services	46,307	59,487	82,776	107,835	138,747
Miscellaneous	82,787	71,159	37,957	46,413	58,996
<b>Total Revenues</b>	<b>\$3,722,258</b>	<b>\$4,028,653</b>	<b>\$4,336,390</b>	<b>\$4,835,550</b>	<b>\$5,286,219</b>
Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
General Government	\$1,216,967	\$1,375,867	\$1,511,530	\$1,616,149	\$1,198,270
Public Safety	1,569,500	1,713,101	1,764,301	1,886,054	1,949,903
Public Works	415,863	367,462	444,653	458,226	550,519
Community Development	-	-	-	-	416,421
Capital Outlay	1,189,793	75,794	1,168,565	190,401	77,898
<b>Total Expenses</b>	<b>\$4,392,123</b>	<b>\$3,532,224</b>	<b>\$4,889,049</b>	<b>\$4,150,830</b>	<b>\$4,193,011</b>
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenues Over (Under) Expenditures</b>	<b>\$(669,865)</b>	<b>\$496,429</b>	<b>\$(552,659)</b>	<b>\$684,720</b>	<b>\$1,093,208</b>

<b>Fund Balances/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Non-spendable	\$109,686	\$114,825	\$149,330	\$148,001	\$143,609
Restricted	210,307	100,000	100,000	510,347	648,932
Assigned	136,200	269,100	284,000	276,000	251,000
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$2,839,641</b>	<b>\$3,298,438</b>	<b>\$2,701,621</b>	<b>\$2,915,894</b>	<b>\$3,690,423</b>
Year-end Total Fund Balance	\$3,295,834	\$3,782,363	\$3,234,951	\$3,850,242	\$4,733,964



## EAST ORANGE COUNTY WATER DISTRICT

East Orange County Water District had moderate revenue growth and high expenditure growth between FY 18-19 and FY 22-23. The District had a high unrestricted net position in FY 22-23.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Operating Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Use Sales	\$5,413,349	\$4,437,961	\$7,887,798	\$10,202,597	\$8,657,574
Meter and Standby Service Charges	606,512	611,386	637,245	1,994,631	2,071,857
Capacity and Connection Fees	880,651	810,367	815,122	-	-
Sewer Use Fees	3,007,647	3,000,161	3,101,177	3,093,772	3,079,234
Other Connection Fees	51,616	111,514	148,526	33,405	113,742
Other Service Charges	27,546	58,659	39,675	51,611	65,617
<b>Total Revenues</b>	<b>\$9,987,321</b>	<b>\$9,030,048</b>	<b>\$12,629,543</b>	<b>\$15,376,016</b>	<b>\$13,988,024</b>
Operating Expenses					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Source of Supply	\$4,904,003	\$4,005,563	\$7,300,958	\$10,054,006	\$8,754,851
Pumping	90,563	18,080	23,327	25,447	23,447
Transmission and Distribution	1,137,465	1,193,919	1,610,839	466,081	534,343
Sewer System Maintenance	512,616	145,447	264,243	201,442	203,152
General and Administrative	1,468,539	2,095,013	1,663,194	972,362	1,238,672
Salaries and Benefits	-	-	-	1,061,144	3,437,085
<b>Total Operating Expenses</b>	<b>\$8,113,186</b>	<b>\$7,458,022</b>	<b>\$10,862,561</b>	<b>\$12,780,482</b>	<b>\$14,191,550</b>
Net Operating Income (Loss)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Net Operating Income (Loss)</b>	<b>\$1,874,135</b>	<b>\$1,572,026</b>	<b>\$1,766,982</b>	<b>\$2,595,534</b>	<b>\$(203,526)</b>
Depreciation	(691,866)	(972,239)	(1,096,590)	(1,067,048)	(1,290,617)

<b>Total Net Operating Income (Loss)</b>	<b>\$1,182,269</b>	<b>\$599,787</b>	<b>\$670,392</b>	<b>\$1,528,486</b>	<b>\$(1,494,143)</b>
<b>Non-Operating Revenues (Expenses)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Property Taxes	\$1,681,051	\$1,748,584	\$1,832,792	\$1,905,287	\$2,074,715
Rental Income	121,927	131,848	131,492	173,090	143,834
Investment Earnings	1,850,253	2,065,454	27,206	(1,793,085)	540,648
Other Revenues	83,369	14,924	42,132	299,432	38,924
Other Expenses	(1,903)	(3,511)	(1,424,151)	(184,299)	-
Gain (loss) on Sale of Assets	(42,176)	6,771	3,426	(1,764)	32,550
Interest Expense	-	-	(240,384)	(452,786)	(433,409)
<b>Total Net Non-Operating Revenues</b>	<b>\$3,692,521</b>	<b>\$3,964,070</b>	<b>\$372,513</b>	<b>\$(54,125)</b>	<b>\$2,397,262</b>
<b>Change in Net Position After Capital Contributions</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Change in Net Position</b>	<b>\$4,896,525</b>	<b>\$5,127,467</b>	<b>\$1,305,362</b>	<b>\$1,556,355</b>	<b>\$2,326,563</b>
<b>Unrestricted Net Position/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Unrestricted Net Position "Reserves"</b>	<b>\$13,929,861</b>	<b>\$14,868,399</b>	<b>\$15,413,441</b>	<b>\$19,968,549</b>	<b>\$35,461,882</b>

## IRVINE RANCH WATER DISTRICT

Irvine Ranch Water District had moderate revenue growth and moderate expenditure growth between FY 18-19 and FY 22-23. In all five years of the study period, the District had a negative net operating income. However, the operating shortfall was covered by non-operating income in four of the five years. The District utilized net income along with other capital funds to pay for capital improvements. The District does not report an unrestricted net position.

IRWD's Replacement Fund Policy (May 13, 2019) establishes a target to provide rate stabilization and operating liquidity for potential shortfalls in operating revenues or unplanned expenditures; IRWD's policy targets a three-year average of "net operating working capital." IRWD maintains other reserves for long term capital replacement, emergencies, and catastrophic loss which it can draw upon if necessary for operating liquidity. IRWD also calculates its three-year average net operating income (before depreciation) to indicate needed liquidity reserves.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Operating Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Sales and Service Charges	\$94,107,000	\$90,213,000	\$96,609,000	\$103,286,000	\$103,623,000
Sewer Sales and Service Charges	76,841,000	77,187,000	82,234,000	84,955,000	84,693,000
<b>Total Revenues</b>	<b>\$170,948,000</b>	<b>\$167,400,000</b>	<b>\$178,843,000</b>	<b>\$188,241,000</b>	<b>\$188,316,000</b>
Operating Expenses					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Services	\$64,004,000	\$67,792,000	\$79,221,000	\$89,186,000	\$87,070,000
Water General Administrative	19,860,000	21,600,000	22,433,000	17,262,000	23,091,000
Sewer Services	43,734,000	49,497,000	51,540,000	48,353,000	50,751,000
Sewer General Administrative	15,786,000	17,106,000	19,489,000	16,493,000	21,644,000

<b>Total Operating Expenses</b>	<b>\$143,384,000</b>	<b>\$155,995,000</b>	<b>\$172,683,000</b>	<b>\$171,294,000</b>	<b>\$182,556,000</b>
<b>Net Operating Income (Loss)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Net Operating Income (Loss)</b>	<b>\$27,564,000</b>	<b>\$11,405,000</b>	<b>\$6,160,000</b>	<b>\$16,947,000</b>	<b>\$5,760,000</b>
Depreciation	64,835,000	67,554,000	68,002,000	78,975,000	83,535,000
<b>Total Net Operating Income (Loss)</b>	<b>\$(37,271,000)</b>	<b>\$(56,149,000)</b>	<b>\$(61,842,000)</b>	<b>\$(62,028,000)</b>	<b>\$(77,775,000)</b>
<b>Non-Operating Revenues (Expenses)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
Property Taxes	\$63,057,000	\$66,375,000	\$67,734,000	\$70,829,000	\$77,021,000
Other Non-Operating Rev.	49,507,000	40,216,000	77,583,000	35,419,000	55,659,000
Other Non-Operating Exp.	(37,590,000)	(33,094,000)	(32,440,000)	(52,811,000)	(31,706,000)
<b>Total Net Non-Operating Revenues</b>	<b>\$74,974,000</b>	<b>\$73,497,000</b>	<b>\$112,877,000</b>	<b>\$53,437,000</b>	<b>\$100,974,000</b>
<b>Income (Loss) Before Capital Contributions</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>\$37,703,000</b>	<b>\$17,348,000</b>	<b>\$51,035,000</b>	<b>\$(8,591,000)</b>	<b>\$23,199,000</b>
<b>Three-Year Average Net Operating Income (Before Depreciation)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Net Operating Income (Before Depreciation)</b>	<b>N/A</b>	<b>N/A</b>	<b>15,043,000</b>	<b>\$11,504,000</b>	<b>\$9,622,233</b>

## SERRANO WATER DISTRICT

Serrano Water District had low revenue growth and declining expenditures over the five-year study period. Between FY 18-19 and FY 21-22, the District had a positive net operating income, but in FY 22-23, the net operating income was negative. The District had a high unrestricted net position in FY 22-23. There was a significant increase in maintenance and supplies expenditures for source of supply operations between FY 21-22 and FY 22-23.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Operating Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Sales – Domestic	\$4,667,048	\$4,714,824	\$5,336,916	\$5,375,589	\$5,164,802
Water Sales – Bulk (Audit Note 6)	1,240,792	1,343,485	195,423	604,086	1,077,018
Water Sales - Irrigation	4,824	3,809	2,938	2,307	1,365
<b>Total Revenues</b>	<b>\$5,912,664</b>	<b>\$6,062,118</b>	<b>\$5,535,277</b>	<b>\$5,981,982</b>	<b>\$6,243,185</b>
Operating Expenses/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Source of Supply	\$2,574,868	\$1,432,924	\$1,409,992	\$2,434,028	\$2,639,600
Water Treatment	206,209	331,696	339,691	459,603	476,138
Transmission and Distribution	790,443	692,820	702,243	762,149	940,421
Administrative and General	727,544	821,845	905,156	934,397	1,213,290
Insurance Expense	60,309	56,811	66,942	64,595	89,251
Employee Benefits	687,355	934,941	1,004,163	(1,941,024)	1,306,582
Payroll Taxes	64,341	67,984	68,914	74,842	82,428
Less: reimbursed Overhead & Labor	(169,332)	(194,279)	(149,488)	(156,437)	(244,522)
Depreciation	522,128	538,128	537,717	527,514	571,557
<b>Total Operating Expenses</b>	<b>\$5,463,865</b>	<b>\$4,682,870</b>	<b>\$4,885,330</b>	<b>\$3,159,667</b>	<b>\$7,074,745</b>



Net Operating Income (Loss)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Net Operating Income (Loss)</b>	<b>\$448,799</b>	<b>\$1,379,248</b>	<b>\$649,947</b>	<b>\$2,822,315</b>	<b>\$(831,560)</b>
Non-Operating Revenues (Expenses)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Recreation Income	\$-	\$46,519	\$52,481	\$54,000	\$54,000
Interest Income	133,359	107,884	51,463	(83,856)	207,278
Development and other Non-operating Revenues	216,117	37,340	82,944	98,812	107,677
Interest Expense	(154,768)	(93,875)	(80,722)	(67,809)	(67,467)
Other Non-operating Expenses	(11,350)	6,054	(1,374)	(4,029)	-
<b>Total Net Non-Operating Revenues</b>	<b>\$183,358</b>	<b>\$103,922</b>	<b>\$104,792</b>	<b>\$(2,882)</b>	<b>\$301,488</b>
Net Income (Loss) Before Capital Contributions					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Net Income (Loss) Before Capital Contributions</b>	<b>\$632,157</b>	<b>\$1,483,170</b>	<b>\$754,739</b>	<b>\$2,819,433</b>	<b>\$(530,072)</b>
Unrestricted Net Position/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Unrestricted Net Position "Reserves"</b>	<b>\$2,923,545</b>	<b>\$4,403,020</b>	<b>\$4,969,884</b>	<b>\$6,954,219</b>	<b>\$4,508,853</b>

## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

The Silverado-Modjeska Recreation and Parks District experienced high revenue and operating expenditure growth from FY 18-19 to FY 22-23. In FY 18-19, the District had high costs for maintenance and stage repair. The District has continued to increase its high unassigned General Fund balance.

### General Fund Cash Flow Detail FY 18-19 through FY 22-23

Operating Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Recreation, Rental, & Event Income	\$25,240	\$9,480	\$2,126	\$16,201	-
Charges for Services	-	-	-	-	5,859
Operating Grants	-	-	-	-	31,405
Rental Income	-	-	-	-	28,121
<b>Total Revenues</b>	<b>\$25,240</b>	<b>\$9,480</b>	<b>\$2,126</b>	<b>\$16,201</b>	<b>\$65,385</b>
Operating Expenses/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Recreation and Park Services	\$160,359	\$77,817	\$83,399	\$89,333	-
Salaries and Benefits	-	-	-	-	23,273
Materials and Services	-	-	-	-	119,430
Capital Outlay	-	1,900	-	-	132,131
<b>Total Operating Expenses</b>	<b>\$160,359</b>	<b>\$79,717</b>	<b>\$83,399</b>	<b>\$89,333</b>	<b>\$274,834</b>
Non-Operating Revenues					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Property Taxes	\$25,590	\$25,292	\$44,293	\$28,713	\$168,836
Interest Income	1,248	1,438	692	905	3,256
Pass Thru Fees	60,751	79,250	78,935	109,511	-
Donations	2,689	870	2,237	3,458	-
Miscellaneous	32,643	2,978	7,796	4,085	-
<b>Total Non-Operating Revenues</b>	<b>\$122,921</b>	<b>\$109,828</b>	<b>\$133,953</b>	<b>\$146,672</b>	<b>\$172,092</b>

<b>Excess (Expenditures)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Excess (Expenditures)</b>	<b>\$(12,198)</b>	<b>\$39,591</b>	<b>\$52,680</b>	<b>\$73,540</b>	<b>\$(37,357)</b>
<b>Unassigned Fund Balance/Reserves (End of Year)</b>					
	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Unassigned Fund Balance "Reserves"</b>	<b>\$328,015</b>	<b>\$367,606</b>	<b>\$420,286</b>	<b>\$493,826</b>	<b>\$324,223</b>

## REGIONAL FISCAL CONCERNS

There are some regional economic trends impacting the fiscal condition of the agencies in the Central Region, which could have impacts on service provision in the near future. As previously noted, the City of Orange is facing a significant structural deficit and the City of Santa Ana is facing significantly decreased sales tax revenue over the next 15 years. The other agencies may not have such pressing fiscal concerns, but are also impacted by similar trends.

Sales tax revenue going to local governments has generally been in decline. As more retail shopping occurs online, less sales tax revenue is being directly collected or allocated to local governments. Many cities mitigate this by passing voter-approved measures to increase the local sales tax rate, but these typically have sunset dates which require them to go back to the voters for extensions on a periodic basis, or face service reductions in the future.

The cost of government operations is also rising. Pension obligations are a concern for many agencies, as are the rising cost of salaries and benefits. Agencies across the state have reported to RSG that they struggle to offer competitive salaries to both recruit and retain quality staff, which adds additional pressure on current staff workloads. The cost of public safety services has also risen significantly statewide, either through in-house law enforcement and fire departments or through contracted services with the County.

In order to address these challenges, agencies may need to both find additional sources of revenue and cut services.

## IX. OPPORTUNITIES FOR SHARED FACILITIES

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

*5. Status of, and opportunities for, shared facilities;*

The Central Region has three water districts that provide multi-jurisdictional services and are generally providing adequate services to their respective members. The Region also has a parks and recreation district which provides parks and recreation services to the unincorporated communities of Silverado and Modjeska. The services provided to its residents are generally adequate.

Several agencies provide water or wastewater services to small areas outside their boundaries for logical geographic or logistical reasons. The City of Santa Ana largely provides sewer services to residents within its boundary, but there are some areas of the City which are serviced directly by Orange County Sanitation District. Santa Ana additionally provides sewer services to a small number of parcels within the City of Garden Grove, not evaluated in this MSR. It also provides water services to a small area in the City of Orange. None of the agencies expressed concern about these arrangements, and they have agreements where necessary.

None of the agencies identified any opportunities for further shared facilities in the MSR surveys or interviews.

## X. ACCOUNTABILITY, GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

*Pursuant to Government Code Section 56430, MSRs make determinations on seven (7) required topics, including:*

- 6. Accountability for community service needs, including government structure and operational efficiencies.*
- 7. Any other matter related to effective or efficient service delivery, as required by Commission Policy.*

Overall, the Central Region agencies implement policies and procedures that ensure transparency and accountability to the public, including appropriate elections and public notice of agency meetings and actions. Each agency has a formal governing body that is elected, and all the agencies conduct regularly scheduled public hearings. Many agencies stream their public hearings on platforms such as Zoom. All of the Central Region agencies maintain websites that contain general information on City and District departments, activities, and events. Overall, agencies in the Central Region function efficiently and are structurally strong.

The Cities of Anaheim, Irvine, and Santa Ana are charter cities, while Orange, Tustin, and Villa Park are general law cities. All are operating under the Council-Manager form of government whereby Council members appoint a City Manager who is responsible for both the operations of the City and for implementing policies.

The City of Villa Park holds at-large elections, while the remaining cities hold district elections. In Villa Park, the Mayor is selected annually by the Council members. In Anaheim, Orange, Santa Ana, and Tustin, the Mayor is elected by the voters at-large. Tustin and Villa Park both have a five-member City Council, while Anaheim, Orange, and Santa Ana have a seven-member City Council.

Starting in November of 2024, Irvine will move from a five-member City Council to a seven-member City Council. The City's elections will also change from at-large elections to by-district elections.

The City of Santa Ana implemented a "Sunshine Ordinance" which aims to make public records and meetings more accessible to the public. This ordinance clarifies and specifies



which documents need to be made available to the public, when they need to be posted, and provide mechanisms for residents to file complaints about transparency.

The City of Irvine implemented a lobbying ordinance in 2006 which requires people or entities who are paid to attempt to influence City decisions to register with the City Clerk and to disclose certain lobbying activities on a quarterly basis. Lobbyists also must pay an annual fee to the City both for themselves and for each of their clients.

The three water districts (East Orange, IRWD and Serrano) and SMRPD are all independent special districts, all of which are governed by a five-member board of directors elected by-district. Each board member is elected to four-year terms.

*No additional matters related to effective and efficient service delivery have been identified for review in this MSR by OC LAFCO or the Central Region agencies.*