ORANGE COUNTY LAFCO

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MEETING DATE: March 11, 2026

7a | Public Hearing

TO: Local Agency Formation Commission of Orange County

FROM: Executive Officer
Accountant

SUBJECT: Proposed Fiscal Year 2026-27 OC LAFCO Budget and Fee Schedule

BACKGROUND

The State Government Code Section 56381(a) requires the Commission to hold a public hearing to adopt a proposed annual budget. The proposed FY 2026-27 budget is presented in line-item detail and referenced as ***Attachment 1*** for Commission review and consideration.

In February, staff met with the Commission's Executive Committee to discuss and review the proposed budget. In accordance with the Commission's Bylaws, the Executive Committee is comprised of the Chair (Wendy Bucknum), Vice Chair (James Fisler), and Immediate Past Chair (Donald Wagner) who are responsible for reviewing the proposed agency budget and serving in an advisory role on this matter to the full Commission. Upon Commission approval, the proposed budget will be distributed for review and comment to the Board of Supervisors, the cities, and the independent special districts. Subsequently, the final budget, together with any submitted comments and changes, if applicable, will be considered by the Commission at a second public hearing during the May 13, 2026, regular meeting.

Fee Schedule Resolution

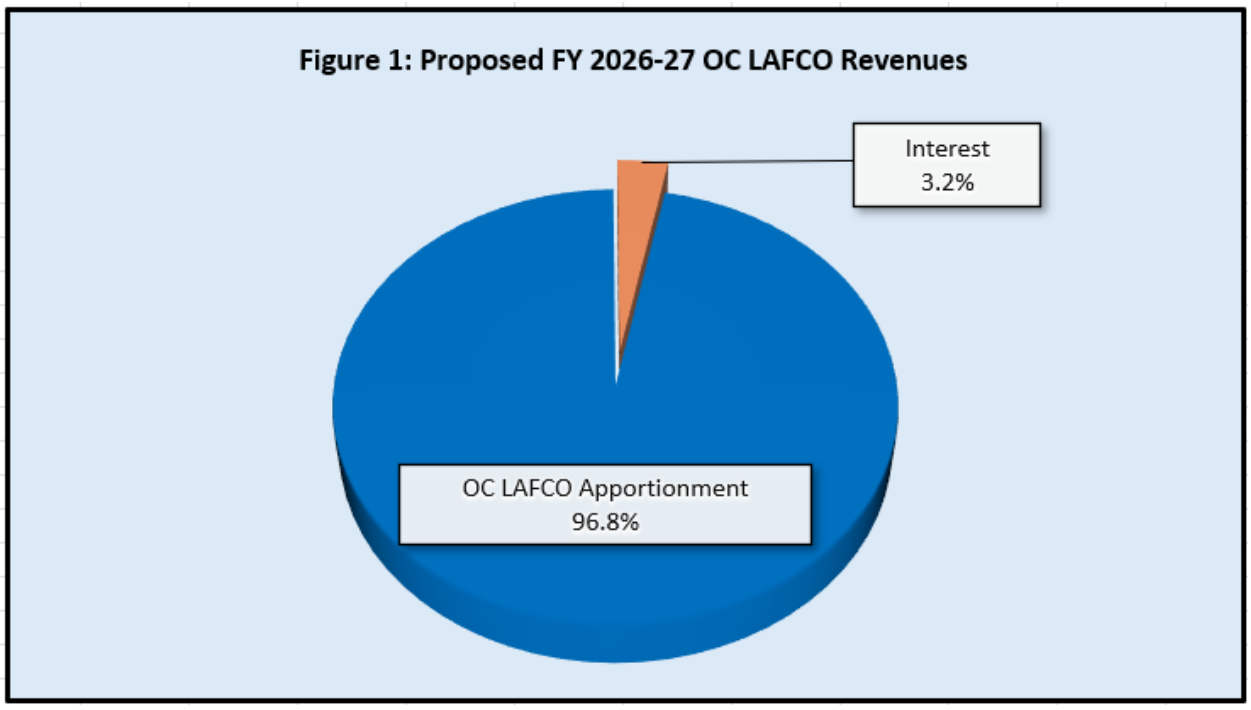
The OC LAFCO Fee Schedule, originally established in 1995, is structured to ensure the agency recovers actual costs associated with processing an application. The Fee Schedule includes application processing fees and charges and reflects the current rate for staff and legal counsel's direct costs. The staff rates have been updated to reflect the current staff, and recommended actions include adopting the Fee Schedule Resolution (***Attachment 3)*** for charges that would be effective July 1, 2026.

FY 2026-27 OC LAFCO PROPOSED BUDGET

The proposed FY 2026-27 budget is balanced; the expected expenditures are funded by the projected ongoing revenues. The proposed budget includes Revenues totaling $1,555,905, resulting in an overall decrease of 9.9 percent ($171,745) from FY 2025-26, and expenditures totaling $1,503,580, resulting in an overall decrease of 18.2 percent from FY 2025-26. The following provides a description and discussion of the revenues, expenditures, and reserves for the proposed FY 2026-27 budget.

REVENUES

Revenues in the proposed budget for FY 2026-27 total $1,555,905 and include two categories: (1) OC LAFCO apportionment (funded by County, cities, and independent special districts in accordance with Government Code Section 56381), and (2) interest. As depicted in Figure 1, the OC LAFCO apportionment constitutes approximately 96.8 percent of the proposed revenues, with remaining revenues attributable to approximately 3.2 percent expected from interest revenues earned from the agency's accounts.



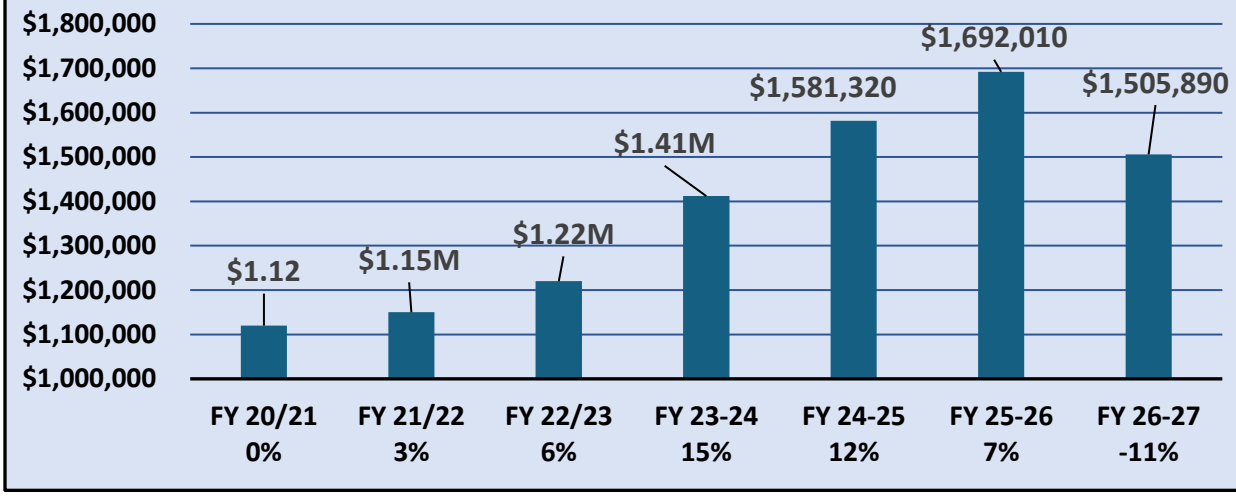
(1) OC LAFCO Apportionment

As presented in Figure 1, the agency's apportionment is the primary revenue source for OC LAFCO. Funded in two parts for this fiscal year, the total apportionment for FY 2026-27 of $1,505,890, to be collected from the County, cities, and independent special districts, reflects an overall decrease of 11 percent ($186,120) from the FY 2025-26 budget. Initially, the apportionment is allocated at one-third to the County, cities, and independent special districts.

Subsequently, the individual amount due from each city and independent special district is calculated by the County Auditor Controller using formulas adopted by the City Selection Committee and the Independent Special District Selection Committee, respectively. The individual apportionment for the cities and special districts for FY 2026-27 are delineated in ***Attachment 1B and 1C***.

For prior budget cycles, the apportionment paid by the local agencies experienced zero to 15 percent increases through the use of the agency's unreserved cash, as shown in *Figure 2* below. However, for the upcoming FY 2026-27 budget, due to a couple of factors, including the transition of employees in the analyst positions, the vacancy of the assistant executive officer and transition in the executive officer position, coupled with savings in some of the budget line items included in previous budgets and current proposed budget - staff is recommending a reduction of 11 percent in the total apportionment.

Figure 2: OC LAFCO Apportionment - FYs 2019-20 - 2026-27

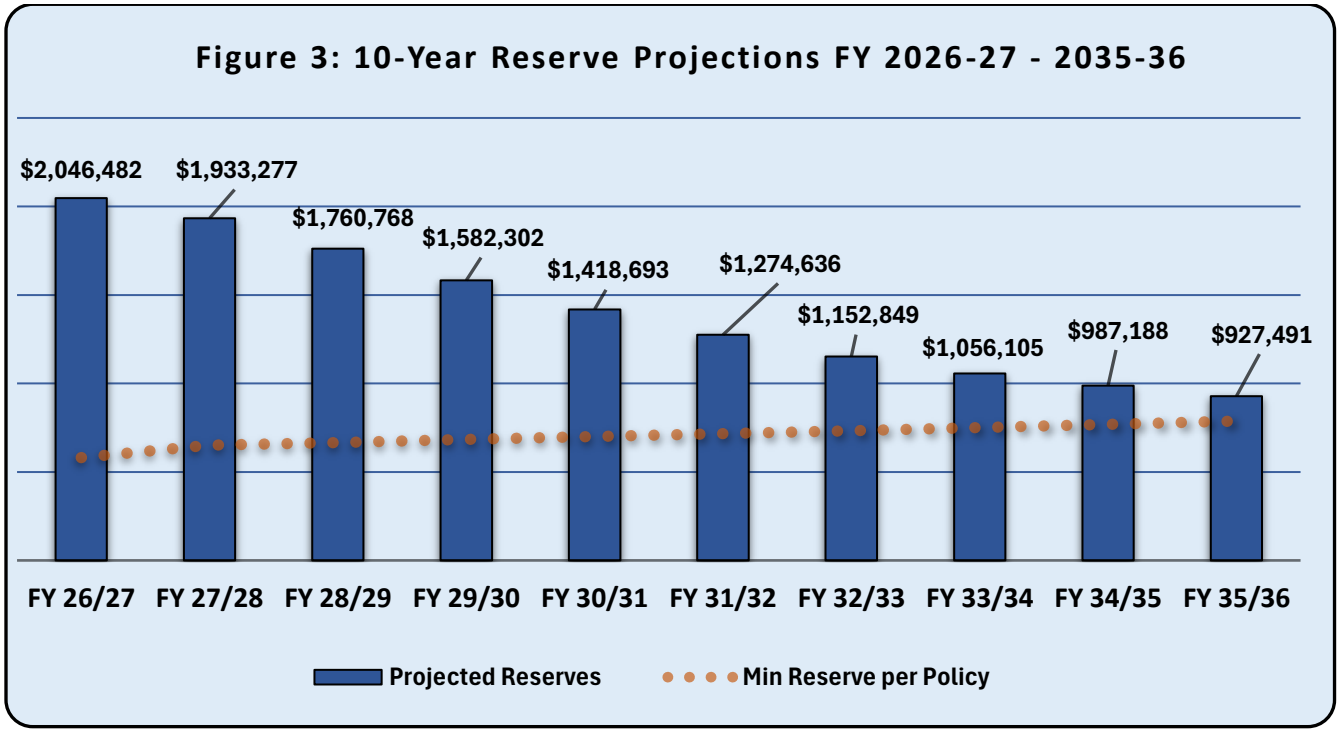


(2) Interest

This revenue category includes interest earned from the agency's savings account, payroll account, the Public Agency Retirement Services (PARS) account, and one investment account – the Local Agency Investment Fund (LAIF). The Commission, at the beginning of each fiscal year, receives the apportionments from the agencies, and staff initiates the transfer of the funds into accounts to cover the agency's expenses. Throughout the fiscal year, OC LAFCO staff, in consultation with the agency's independent accounting staff, withdraw funds from the accounts to cover the agency's expenses. Given the current market rates, the proposed FY 2026-27 budget projects that interest earned on the agency's investment account will generate $50,015 or approximately 3.2 percent of the annual revenue.

Unreserved Cash

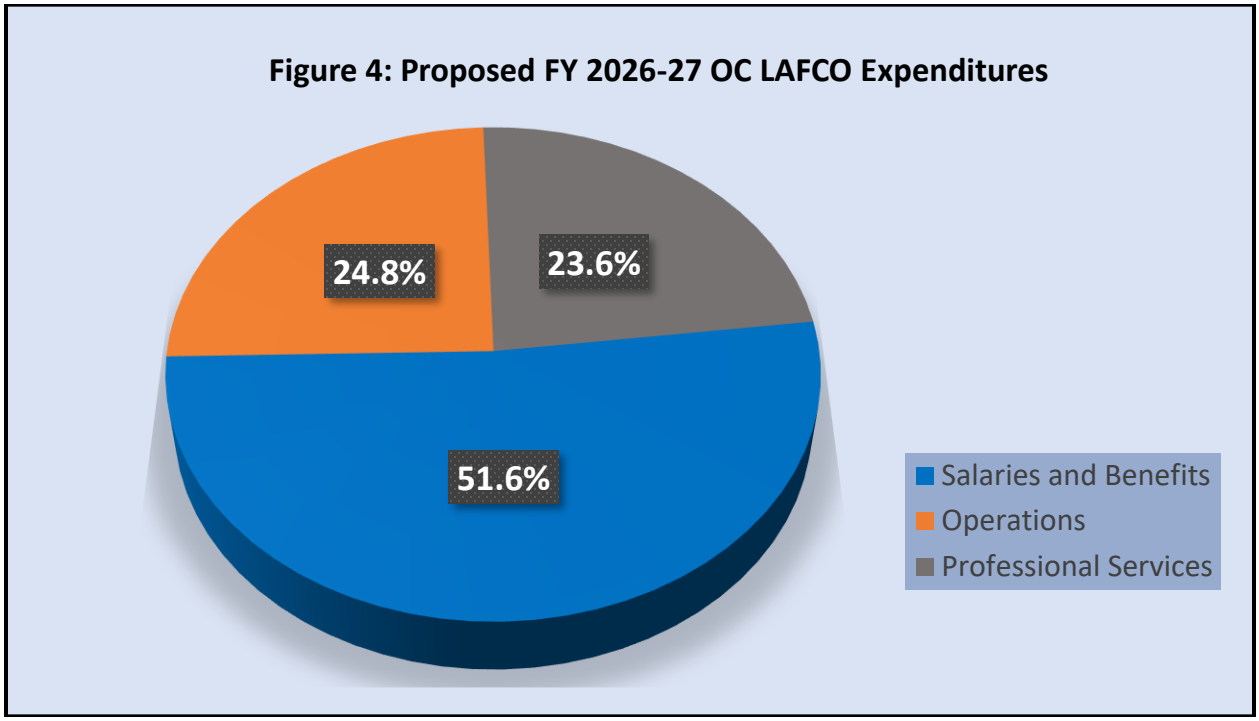
The OC LAFCO reserve policy specifies minimum balances of $100,000 for contingency reserves, $75,000 for litigation reserves, and $30,000 for unfunded liability reserves. Additionally, the Commission's policy mandates that three months of operational expenses be maintained in the reserve account, which for FY 2026-27, amounts to $375,895. Unreserved cash is any balance available above the minimum specified in the reserve policy. However, as already stated, for the proposed FY 2026-27 budget, the use of unreserved cash will not be necessary due to the previously mentioned factors that generated savings, including the transition of staff positions and savings in some budget line items over the past couple of fiscal years. Over the past fiscal cycles, it has been the Commission's practice to use unreserved cash as part of the revenue assumption until the agency reaches the reserve levels delineated in the OC LAFCO reserve policy. Although unreserved cash is not proposed to be included as part of the upcoming FY 2026-27 budget, the budget projections and use of reserves for the next ten fiscal years demonstrate that reserve levels are gradually trending toward the agency's minimum reserve level by FY 2035-36, as shown in *Figure 3*.



EXPENDITURES

The proposed budget expenditures for FY 2026-27 total $1,503,580, which reflects the resources necessary to support the agency's operations and effectively manage the mandated projects that are not supported by applicant fees, such as preparing updates of agencies' sphere of influence, conducting municipal service reviews, mapping disadvantaged unincorporated areas, and the Unincorporated Areas Program.

The proposed budget includes adjustments to specific expenditure categories based on the national Consumer Price Index (CPI), past trending, actual expenditures, and the budget instructions from the County for benefit costs. The Commission expenses are described in three categories: (1) Salaries and Benefits, (2) Operations, and (3) Professional Services. The percentage of each category is depicted in *Figure 4* and described briefly in the following sections.



(1) Salaries and Benefits

The proposed FY 2026-27 budget for salaries and benefits for four full-time professional staff and any temporary or seasonal staff total $776,080, which is an overall decrease of 31.3 percent from the budgeted amount in the current fiscal year. In addition to benefits costs, the projections for this line item include a Cost-of-Living Adjustment (COLA) of 2 percent and a projected merit adjustment of up to 2.5 percent. Assumptions for employee benefits (health, dental, life and disability insurance, and retiree health) are based on information provided by the County of Orange, which provides these benefits to OC LAFCO employees through a contractual agreement.

In accordance with best budgeting practices, the proposed budget provides for fully funding all staff positions. However, when personnel or other costs are associated with a project application, those costs are tracked in a special fund and reimbursed through the fees collected from the applicant. An accounting of the fees collected, personnel or other costs applied, and the balance remaining in these special funds are provided quarterly and annually to the Commission in the financial reports and the audited financial statements, respectively. Any adjustments in staff costs to the General Fund generated by the application of costs to a special project fund will effectively reduce the amount drawn down from the FY 2026-27 revenues. It is expected that in the coming fiscal year, staff costs attributed to application fees will increase compared to prior years, based on anticipated applications.

(2) Operations

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

- **Educational and Legislative Partnerships**
  This line item includes funding for the Commission's membership in the Alliance of LAFCOs (Los Angeles, Orange, San Bernardino, and San Diego) to provide educational presentations on LAFCO-related topics and to track legislation that impacts LAFCOs. The line item will also support funding for registration costs to attend workshops, other business-related meetings, and activities. The proposed increase supports upcoming Alliance-related events.

- **Commission and Staff Expenses**
  This category includes miscellaneous business expenses incurred by Commissioners and staff. The proposed increase is attributed to Commissioners and staff attending events and conferences.

- **Information technology**
  This category includes costs for the usage, technical support, equipment, leasing, and maintenance of business electronic devices and internet services. The proposed increase is attributed to the acquisition of a program for the agency's website, which will ensure PDF files are compliant with the Americans with Disabilities Act requirements per recently approved federal mandates for government agencies.

(3) Professional Services

The Commission's staff performs the majority of the administrative and project-related work; however, the agency continues to utilize professional services for certain ongoing and project-related support. Ongoing administrative expenses for this line item include the Commission's accountants, general counsel, auditor, and human resources support. The FY 2026-27 proposed budget allocation includes the following: legal services ($60,000); audit and accounting ($70,200); and human resources ($25,000). Project-related professional services include the ongoing evolvement of the fiscal indicators web-based program, preparation of the fourth cycle municipal service reviews, and other studies, reports and services required. The proposed allocation for that line item is $200,000.

OC LAFCO THREE-YEAR PROJECTIONS

The three-year projections are intended to anticipate future changes to the OC LAFCO budget. Additionally, the projections provide the funding agencies with budget projections beyond a single fiscal year. The three-year budgetary projections provided in ***Attachment 2*** indicate potential apportionment increases of four percent. The projections use the FY 2026-27 proposed

budget as a baseline, with personnel expenditures increased annually by the CPI and operational expenditures adjusted annually by factors such as current trends, contractual obligations for office and equipment leases, or the CPI. The projections reflect a transitional decrease in the use of the agency's unreserved cash to the OC LAFCO apportionment and interest revenue, representing the agency's sole revenue resources. The projections for each fiscal year are subject to change and are used for trend analysis only.

RECOMMENDED ACTIONS

Staff Recommends the Commission:

1. Adopt the Proposed FY 2026-27 Budget and direct the Executive Officer to distribute the document for review and comment to the Board of Supervisors, cities, and independent special districts.

2. Direct staff to schedule a public hearing, per Government Code Section 56381, for consideration and adoption of the Final FY 2026-27 OC LAFCO Budget at the May 13, 2026, regular meeting.

3. Adopt OC LAFCO Resolution No CP 26-01 approving the OC LAFCO Fee Schedule, effective July 1, 2026.

Respectfully submitted,

LUIS TAPIA

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Attachments:

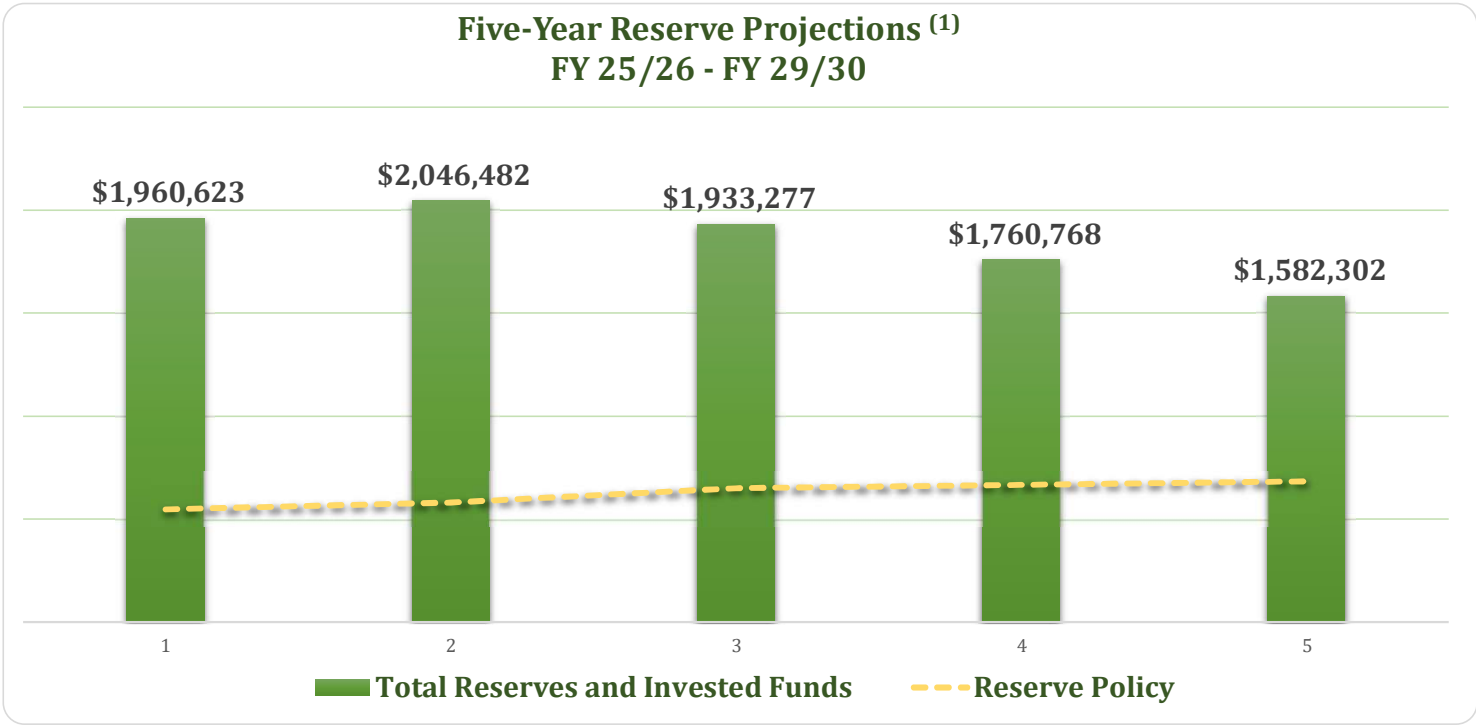
1. Proposed FY 2026-27 Budget
    A. FY 2026-27 Budget Categories.
    B. OC LAFCO City Apportionments for FY 2026-27 (prepared by the County Auditor-Controller).
    C. OC LAFCO Special District Apportionments for FY 2026-27 (prepared by the Auditor-Controller).
2. Three-year OC LAFCO Budget Projections (FYs 2027/28 – 2029/30).
3. OC LAFCO Resolution No. CP 26-01.

Orange County Local Agency Formation Commission
Proposed Budget
Fiscal Year 2026/27

		FY 25/26 Adopted Budget	FY 26/27 Proposed Budget	$ Budget Variance	% Budget Variance
	Apportionment Increase Factor (%)	*7.0%*	*-11.0%*		
1	**Revenue**				
2	Apportionment	$ 1,692,010	$ 1,505,890	$ (186,120)	-11.0%
3	Investment Income	35,640	50,015	14,375	40.3%
4	**Total Revenue**	**1,727,650**	**1,555,905**	**(171,745)**	**-9.9%**
5	**Expenses**				
6	**Salaries and Benefits**				
7	Salaries	671,000	465,400	(205,600)	-30.6%
8	Hourly Wages	20,800	20,800	-	0.0%
9	Retirement	274,700	154,600	(120,100)	-43.7%
10	Health Insurance	78,500	61,300	(17,200)	-21.9%
11	Dental Insurance	5,600	5,600	-	0.0%
12	Life Insurance	420	350	(70)	-16.7%
13	Unemployment Insurance	540	480	(60)	-11.1%
14	Health Reimbursement Arrangement	8,200	6,730	(1,470)	-17.9%
15	Optional Benefit Plan	18,500	14,000	(4,500)	-24.3%
16	Deferred Compensation	19,400	14,000	(5,400)	-27.8%
17	Medicare	10,300	7,300	(3,000)	-29.1%
18	Worker's Compensation	6,760	12,700	5,940	87.9%
19	Salary Continuance	1,750	1,210	(540)	-30.9%
20	Accidental Death Insurance	120	110	(10)	-8.3%
21	Executive Car Allowance	7,200	7,200	-	0.0%
22	Retiree Health Benefit Contributions	6,200	4,300	(1,900)	-30.6%
23	**Total Salaries and Benefits**	1,129,990	776,080	(353,910)	-31.3%
24	**Operations and Professional Services**				
25	**Operations**				
26	Rents, Improvements, and Maintenance	118,700	122,100	3,400	2.9%
27	Equipment Leases and Maintenance	8,100	8,100	-	0.0%
28	Insurance	15,100	16,610	1,510	10.0%
29	Educational and Legislative Partnerships	16,000	21,000	5,000	31.3%
30	Unincorporated Areas Program	11,000	10,000	(1,000)	-9.1%
31	Mapping	4,000	4,300	300	7.5%
32	Public Noticing and Communications	14,400	14,400	-	0.0%
33	Commission Stipends, Taxes, and Fees	15,750	15,900	150	1.0%
34	Commission Meeting Expenses	10,000	7,700	(2,300)	-23.0%
35	Commission and Staff Expenses	5,000	10,000	5,000	100.0%
36	Information Technology	21,600	27,640	6,040	28.0%
37	Internet and Electronic Services	21,500	21,700	200	0.9%
38	County Charges	13,100	13,100	-	0.0%
39	Memberships and Subscriptions	28,600	29,600	1,000	3.5%
40	Professional Development	20,000	20,000	-	0.0%
41	Travel and Training	5,000	5,000	-	0.0%
42	Office Equipment and Supplies	28,400	24,300	(4,100)	-14.4%
43	Investment Fees	850	850	-	0.0%
44	**Professional Services**				
45	Legal	60,000	60,000	-	0.0%
46	Audit and Accounting	60,900	70,200	9,300	15.3%
47	Human Resources	30,000	25,000	(5,000)	-16.7%
48	Other Consulting	200,000	200,000	-	0.0%
49	**Total Operations and Professional Services**	708,000	727,500	19,500	2.8%
50	**Total Expenses**	**1,837,990**	**1,503,580**	**(334,410)**	**-18.2%**
51	**Net Revenue / (Expenses)**	**(110,340)**	**52,325**	**162,665**	**-147%**
52	Use Of / (Addition To) Reserves	**$ 110,340**	**$ (52,325)**	**$ (162,665)**	
53	**Net Balance**	**-**	**-**		

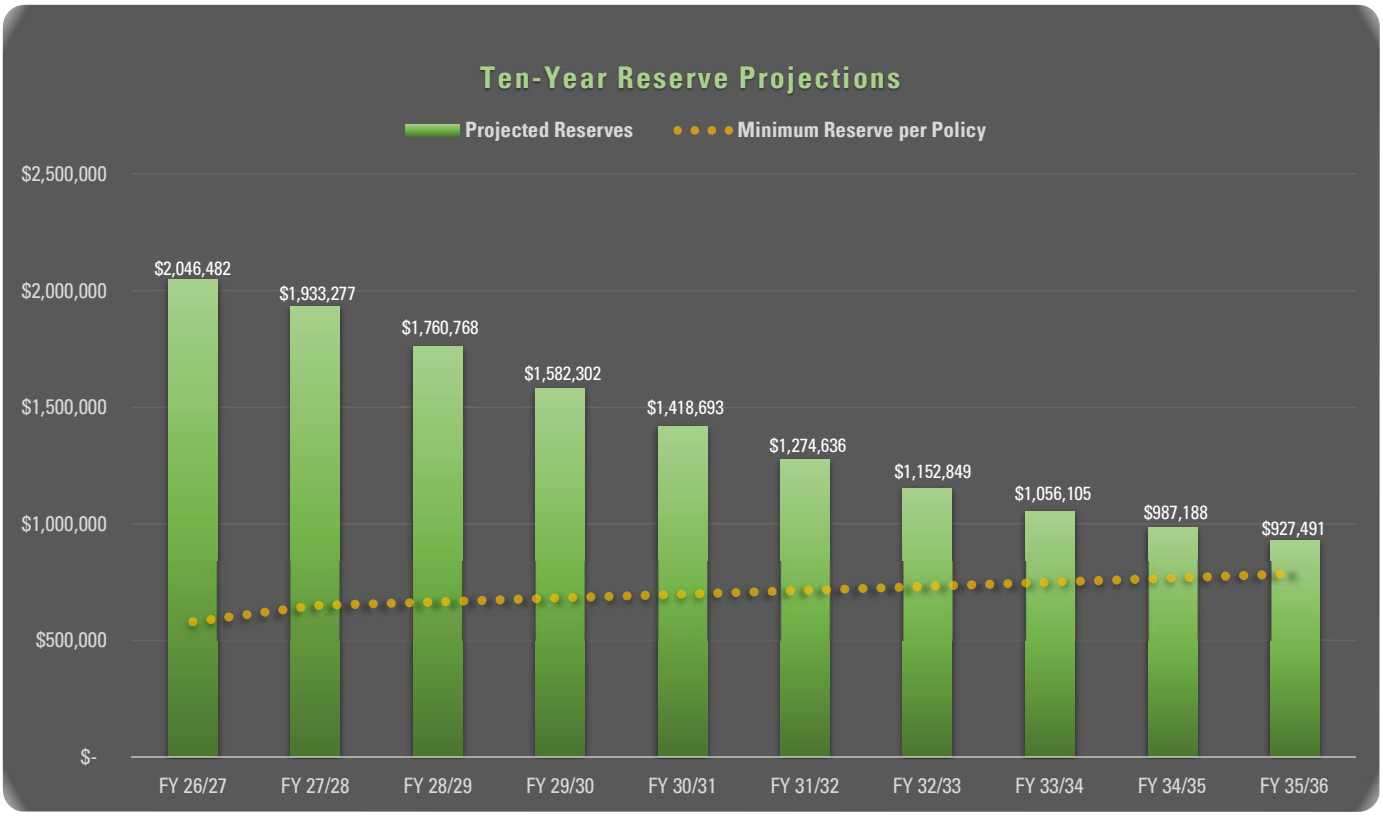
Orange County Local Agency Formation Commission
Reserve Projections
Fiscal Year 2026/27

	Apportionment Increase Factor (%)	7.0%	-11.0%	4.0%	4.0%	4.0%
		FY 25/26 Year-End Projection	FY 26/27 Proposed Budget	FY 27/28 Projections	FY 28/29 Projections	FY 29/30 Projections
1	**Reserves**					
2	Contingency Reserve	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
3	Litigation Reserve	75,000	75,000	75,000	75,000	75,000
4	Unfunded Liability Reserve	30,000	30,000	30,000	30,000	30,000
5	Operating Reserve (25% Budgeted Expenses)	342,362	375,895	445,694	461,554	478,400
6	**Total Reserves**	**547,362**	**580,895**	**650,694**	**666,554**	**683,400**
7	**Restricted Cash**					
8	PARS Trust	119,940	119,940	119,940	119,940	119,940
9	**Total Reserves and Restricted Cash**	**667,302**	**700,835**	**770,634**	**786,494**	**803,340**
10	**Unrestricted Cash**					
11	Beginning Balance	924,639	1,293,322	1,345,647	1,162,643	974,274
12	Addition / (Drawdown) to Unrestricted	368,683	52,325	(183,003)	(188,369)	(195,312)
13	**Total Unrestricted Cash**	**1,293,322**	**1,345,647**	**1,162,643**	**974,274**	**778,963**
14	**Total Reserves and Invested Funds**	**$ 1,960,623**	**$ 2,046,482**	**$ 1,933,277**	**$ 1,760,768**	**$ 1,582,302**



(1) Future projections are based on current assumptions and estimates. Actual results will vary. Figures presented in future years beyond the upcoming budget year are for planning and analysis purposes only. Conditions are subject to change.

Orange County Local Agency Formation Commission
Reserve Projections
Fiscal Year 2026/27



OC LAFCO FY 2026-27 BUDGET CATEGORIES

REVENUES

The following summarizes the revenue categories of the OC LAFCO Budget:

Apportionment

These funds are provided by the County, independent special districts, and cities. The County pays 1/3 of the total apportionment cost. The cost allocation formulas for the cities and special districts are in accordance with the alternative formulas adopted by the City Selection Committee and the Independent Special Districts Selection Committee respectively.

Filing Fees

These funds are provided by incoming project applications, including but not limited to annexations, reorganizations, incorporations, dissolutions, and consolidations. Filing fees vary with each project received and are not budgeted as revenue due to the uncertainty of when applications will be filed. Filing fees are collected to offset OC LAFCO salaries, benefits and other expenditures associated with applications.

Miscellaneous Revenue

These funds are incurred by nonoperational income including but not limited to reimbursements.

Investment Income

These funds are the interest earned from the agency's bank and County payroll accounts and investment portfolio, including the Local Agency Investment Fund (LAIF) and the Public Agency Retirement Services (PARS) account.

EXPENDITURES

The following summarizes the expenditure categories of the OC LAFCO Budget:

SALARIES AND BENEFITS

These categories include costs incurred for OC LAFCO employee salaries and benefits, including retirement, life, accidental and disability insurance, worker's compensation, health and dental insurance, and Medicare. OC LAFCO contracts with the County of Orange for payroll and benefit services.

- Workers' Compensation – Includes coverage for employees involving work-related injuries.

OPERATIONS

Rents, Improvements, and Maintenance

This category includes costs for leasing, improvements, and maintenance of OC LAFCO office space.

Equipment Leases and Maintenance

This category includes costs for leasing and maintenance of the OC LAFCO copier and printers. **(TOSHIBA/WELLS FARGO – XEROX PRINTER/AVACOM)**

Insurance

This category includes costs incurred for insurance coverage. OC LAFCO contracts with the joint powers authority for the following coverages for instances that occur during the general operation of the agency. **(JPRIMA – CAL MUTUALS)**

- General Liability – Includes coverage for personal injury (including bodily injury and property damage), non-owned auto liability, public officials' errors and omissions and employment practices liability.
- Crime – Includes coverage for employee or non-employee theft, burglary, forgery or alteration, computer fraud, funds transfer fraud.
- Property – Includes per occurrence, all perils coverage for damage to property including personal property and business interruption coverage.

Educational and Legislative Partnerships

This category includes costs incurred for educational partnerships, legislative engagement efforts and registration expenses to attend workshops and business-related meetings and activities. **(ISDOC – OCCMA – ICMA – MMASC – EDUCATIONAL PARTNERSHIPS & LEG. ENGAGEMENT)**

Unincorporated Areas Program

This category includes costs incurred for the processing of applications under the Commission's Unincorporated Areas Program. **(MAILING AND PUBLIC NOTICE)**

Mapping

OC LAFCO's Geographic Information System (GIS) and other mapping programs. **ARCGIS CONTRACT & LICENSES)**

Public Noticing and Communications

This category includes costs incurred for required legal notices and other communications for Commission-initiated and other projects (e.g., spheres of influence reviews and updates, municipal service reviews, and annual budget adoption) that are not reimbursable through application fees. **(BUDGET – MSRs – PUBLIC MEMBER SEAT)**

Commission Stipends, Taxes, and Fees

This category includes Commissioner meeting stipends and related employment taxes and fees. **(COMMISSION MEETINGS – EXEC COMMITTEE MEETINGS – PAYCORE TAXES & FEES)**

OC LAFCO FY 2026-27 BUDGET CATEGORIES

Commission Meeting Expenses

This category includes costs incurred for communications, room rental, parking and miscellaneous expenses for Commission meetings. **(COUNTY PARKING – COUNTY HEARING ROOM – ZOOM SUBSCRIPTON – STRATEGIC PLAN)**

Commission and Staff Expenses

This category includes miscellaneous business expenses incurred by Commissioners and staff. **(BUSINESS MTGS – OTHER EXPENSES FOR STAFF/COMM (I.E. MILEAGE))**

Information Technology

This category includes costs incurred for the technical support for regular maintenance and upgrades to the OC LAFCO computer systems and website. OC LAFCO contracts with independent consultants for IT and website services. **(RESPOND TECH – GOOGLE/MICROSOFT – WEBSITE DOMAIN – WORD PRESS ENGINE – WEBSITE PLUGINS – ADA – WP ROCKET PLUGIN – CHASE DESIGN – ACCESSIBLE)**

Internet and Electronic Services

This category includes costs for the usage, technical support, equipment, leasing and maintenance of business electronic devices and internet services. **(SPECTRUM – VERIZON – ADT/EVERON)**

County Charges

This category includes costs incurred for payroll processing, records archiving and storage, billing, collection and intranet services provided by the County of Orange. **(VPN/FOB – PAYROLL PROCESSING – A/C APPORTIONMENT – OC TIME – OC RECORDS STORAGE)**

Memberships and Subscriptions

This category includes membership and subscription fees to CSDA, OCBC, CDR and other applicable memberships. **(CDR – OCBC – CSDA – MMASC – ICMA – CLERK ASSN – WLG – CAL MUTUALS)**

Professional Development

This category includes costs related to employee professional development (e.g., college/university degree programs and courses, certificate programs, leadership seminars). **(STAFF PROFESSIONAL DEVELOPMENT/TRAINING)**

Travel and Training

This category includes costs incurred for transportation and travel expenses for commissioners and staff to attend workshops and business-related meetings and activities. **(CONFERENCE)**

Office Equipment and Supplies

This category includes costs incurred for the purchase of office supplies and equipment, computers, and software that support agency operations. **(OFFICE SUPPLIES – EQUIP REPLACEMENT – ADOBE – MAVENLINK – SURVEY MONKEY – LASERFICHE – DROPBOX – QUICKBOOKS – WORDSHARE – SPARKLETTS – POSTAGE – STAPLES – SHUTTERSTOCK – CANVA – AMAZON – COPY X - BUSINESS CARDS & ENVELOPES)**

Investment Fees

This category includes costs incurred for administrative fees charged by the County of Orange for financial services related to the payroll account.

PROFESSIONAL SERVICES

Legal

This category includes costs incurred for OC LAFCO general counsel services.

Auditing and Accounting

This category includes costs for bookkeeping, accounting and auditing services. Audited financial statements are prepared by an independent auditor. **(EIDE BAILLY – DAVIS FARR)**

Human Resources

This category includes costs for personnel services that may be provided by an independent consultant for assistance with recruitment, employment labor, professional development and other human resource areas. **(EO EVAL – HR/EMPLOYMENT LABOR SERVICES – RECRUITMENT)**

Other Consulting

This category includes costs for onsulting and professional services for meeting facilitation, peer reviews, and preparation of municipal service and sphere reviews, fiscal studies and other studies, reports and projects. **(MSR AND OTHER)**

RESERVES

Contingency Reserve

Restricted funds used to cover any unforeseen future agency loss and/or urgency (i.e., property or equipment damage, loss or theft).

Litigation Reserve

Restricted funds used for costs related to agency litigation not covered by application fees and deposits.

Unfunded Liability Reserve

Restricted funds used to offset anticipated agency liabilities (i.e., employee compensated absences).

Operating Reserve

Funds available to meet the agency's expenditures for a 3-month period.

OC LAFCO FY 2026-27 City Allocations

City	FY 2026-27 City Allocation
Aliso Viejo	$ 7,730.24
Anaheim	53,793.74
Brea	9,303.05
Buena Park	12,465.42
Costa Mesa	17,200.61
Cypress	7,562.92
Dana Point	5,722.39
Fountain Valley	9,119.01
Fullerton	22,722.20
Garden Grove	24,579.47
Huntington Beach	30,050.87
Irvine	56,069.30
Laguna Beach	5,354.28
Laguna Hills	5,471.40
Laguna Niguel	11,879.80
Laguna Woods	2,928.12
La Habra	9,135.73
Lake Forest	14,991.98
La Palma	2,242.10
Los Alamitos	2,610.20
Mission Viejo	15,845.31
Newport Beach	17,384.66
Orange	23,575.55
Placentia	8,064.88
Rancho Santa Margarita	9,202.66
San Clemente	12,783.33
San Juan Capistrano	8,466.45
Santa Ana	43,403.09
Seal Beach	6,458.60
Stanton	5,437.93
Tustin	12,281.37
Villa Park	1,305.10
Westminster	13,151.44
Yorba Linda	13,670.13
TOTAL	**$ 501,963.33**

Prepared by AC/GA: David Lee
Completed date: 2/10/2026
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OC LAFCO FY 2026-27 Special District Allocations

District	ISDOC Formula Calulation FY 2026-27
Silverado-Modjeska Rec. & Park	$ 552.16
Surfside Colony Stormwater	552.16
Surfside Colony CSD	552.16
Rossmoor/Los Alamitos Area Sewer District	2,861.19
Capistrano Bay CSD	2,861.19
Rossmoor CSD	2,861.19
Three Arch Bay CSD	2,861.19
Emerald Bay CSD	2,861.19
Placentia Library District	2,861.19
Buena Park Library District	4,266.69
Orange County Cemetery District	5,722.38
Orange County Vector Control District	5,722.38
Total Non-Enterprise Districts	**$ 34,535.07**
Sunset Beach Sanitary District	5,772.59
Serrano Water District	17,116.95
East Orange Co. Water District	22,789.14
Midway City Sanitary District	22,789.14
Trabuco Canyon Water District	22,789.14
Costa Mesa Sanitary District	22,789.14
El Toro Water District	28,511.52
Mesa Water District	34,183.70
Yorba Linda Water District	34,183.70
South Coast Water District	34,183.70
Moulton Niguel Water District	39,906.08
Santa Margarita Water District	39,906.08
Municipal Water District of O.C.	39,906.08
Orange County Water District	51,300.65
Irvine Ranch Water District	51,300.65
Total Enterprise Districts	**$ 467,428.26**
Total Special Districts	**$ 501,963.33**

Prepared by AC/GA: David Lee
Completed date: 2/10/2026
Printed on: 2/19/2026

ORANGE COUNTY LAFCO

Orange County Local Agency Formation Commission
Proposed Budget
Fiscal Year 2026/27 - 2029/30

		FY 26/27 Proposed Budget	FY 27/28 Projections	FY 28/29 Projections	FY 29/30 Projections
	Apportionment Increase Factor (%)	*-11.0%*	*4.0%*	*4.0%*	*4.0%*
1	**Revenue**				
2	Apportionment	$ 1,505,890	1,566,130	1,628,780	1,693,930
3	Investment Income	50,015	33,641	29,066	24,357
4	**Total Revenue**	**1,555,905**	**1,599,771**	**1,657,846**	**1,718,287**
5	**Expenses**				
6	**Salaries and Benefits**				
7	Salaries	465,400	628,600	656,900	686,500
8	Hourly Wages	20,800	21,800	22,800	23,900
9	Retirement	154,600	208,800	218,200	228,000
10	Health Insurance	61,300	80,200	84,300	88,600
11	Dental Insurance	5,600	7,160	7,400	7,700
12	Life Insurance	350	400	500	600
13	Unemployment Insurance	480	630	660	700
14	Health Reimbursement Arrangement	6,730	8,400	8,700	9,000
15	Optional Benefit Plan	14,000	18,500	18,500	18,500
16	Deferred Compensation	14,000	24,990	26,120	27,300
17	Medicare	7,300	9,700	10,200	10,600
18	Worker's Compensation	12,700	13,300	13,900	14,600
19	Salary Continuance	1,210	1,640	1,710	1,800
20	Accidental Death Insurance	110	132	132	132
21	Executive Car Allowance	7,200	7,400	7,600	7,800
22	Retiree Health Benefit Contributions	4,300	5,800	6,100	6,500
23	**Total Salaries and Benefits**	776,080	1,031,652	1,077,622	1,125,732
24	**Operations and Professional Services**				
25	**Operations**				
26	Rents, Improvements, and Maintenance	122,100	125,823	129,843	133,667
27	Equipment Leases and Maintenance	8,100	8,310	8,480	8,700
28	Insurance	16,610	18,300	20,200	22,300
29	Educational and Legislative Partnerships	21,000	21,600	22,100	22,600
30	Unincorporated Areas Program	10,000	10,000	10,000	10,000
31	Mapping	4,300	4,410	4,500	4,600
32	Public Noticing and Communications	14,400	14,760	15,060	15,400
33	Commission Stipends, Taxes, and Fees	15,900	16,300	16,700	17,100
34	Commission Meeting Expenses	7,700	7,900	8,100	8,300
35	Commission and Staff Expenses	10,000	10,300	10,600	10,900
36	Information Technology	27,640	28,400	29,000	29,600
37	Internet and Electronic Services	21,700	22,300	22,800	23,300
38	County Charges	13,100	13,500	13,800	14,100
39	Memberships and Subscriptions	29,600	30,340	30,950	31,600
40	Professional Development	20,000	20,500	21,000	21,500
41	Travel and Training	5,000	5,200	5,400	5,600
42	Office Equipment and Supplies	24,300	24,910	25,410	26,000
43	Investment Fees	850	880	900	1,000
44	**Professional Services**				
45	Legal	60,000	60,000	60,000	61,200
46	Audit and Accounting	70,200	71,960	73,400	74,900
47	Human Resources	25,000	25,630	26,150	26,700
48	Other Consulting	200,000	204,000	208,100	212,300
49	**Total Operations and Professional Services**	727,500	745,323	762,493	781,367
50	**Total Expenses**	**1,503,580**	**1,782,775**	**1,846,215**	**1,913,599**
51	**Net Revenue / (Expenses)**	**52,325**	**$ (183,003)**	**$ (188,369)**	**$ (195,312)**
52	Use Of / (Addition To) Reserves	**$ (52,325)**	**$ 183,003**	**$ 188,369**	**$ 195,312**
53	**Net Balance**	**-**	**-**	**-**	**-**

Orange County Local Agency Formation Commission
Proposed Budget
Fiscal Year 2026/27 - 2029/30

	FY 26/27 Proposed Budget	FY 27/28 Projections	FY 28/29 Projections	FY 29/30 Projections
Projected Cash Reserves				
Reserves				
Contingency Reserve	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Litigation Reserve	75,000	75,000	75,000	75,000
Unfunded Liability Reserve	30,000	30,000	30,000	30,000
Operating Reserve (25% Budgeted Expenses)	375,895	445,694	461,554	478,400
Total Reserves	**580,895**	**650,694**	**666,554**	**683,400**
Restricted Cash				
PARS Trust	119,940	119,940	119,940	119,940
Total Reserves and Restricted Cash	**700,835**	**770,634**	**786,494**	**803,340**
Unrestricted Cash				
Beginning Balance	1,293,322	1,345,647	1,162,643	974,274
Addition / (Drawdown) to Unrestricted	52,325	(183,003)	(188,369)	(195,312)
Total Unrestricted Cash	**1,345,647**	**1,162,643**	**974,274**	**778,963**
Total Cash and Investments	**$ 2,046,482**	**$ 1,933,277**	**$ 1,760,768**	**$ 1,582,302**

CP 26-01

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION

OF ORANGE COUNTY, CALIFORNIA

UPDATING THE OC LAFCO FEE SCHEDULE

March 11, 2026

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

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

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

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

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

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

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

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

1. The fee schedule set forth in Attachment 1 attached hereto is hereby adopted, to become effective on July 1, 2026.
2. The fees set forth in Attachment 1 attached hereto do not exceed the estimated reasonable costs of providing the services for which the fees are charged and are necessary to pay the costs of operations related to filing and processing applications to the Local Agency Formation Commission of Orange County.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, Wendy Bucknum, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 11th day of March 2026.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of March 2026.

Wendy Bucknum
Chair of the Local Agency Formation Commission
of Orange County

By: _____
Wendy Bucknum

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

Effective July 1, 2026

FEE SCHEDULE OVERVIEW

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

PROVISIONS

1. Additional Deposits:

a. The Executive Officer may require an additional deposit from applicants to cover actual costs for review and processing of any application if the Executive Officer determines the project is extraordinary in scope. For example, the Executive Officer may determine that the processing of the proposal will require advice and counsel from OC LAFCO's General Counsel beyond routine review of the Executive Officer's report, Commission resolutions, and agenda materials. Further, OC LAFCO reserves the right to require reimbursement for additional expenses not listed in the fee schedule but incurred as a result of processing an application.

b. If the actual charges exceed the amount of the deposit, the applicant or petitioner shall be notified and shall pay the excess within 15 days of receipt of a statement from OC LAFCO. Failure to pay may be cause for delay and/or denial of the application/petition, and no proceeding or application shall be completed until all fees due have been paid in full.

2. Indemnification Agreement Requirement

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

ORANGE COUNTY LAFCO FEE SCHEDULE

OC LAFCO PROCESSING FEES

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

OC LAFCO STAFF/LEGAL COUNSEL BILLING RATES

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

See Exhibit A.

PROJECT COMPLETION FEES AND CHARGES

Public Noticing and Publication Costs	Actual Costs *(Based on noticing required by Government Code Section 56661)*
State Board of Equalization Fees	Actual Costs *(Payable to the State Board of Equalization and based on their latest fee schedule.)*
Compliance with California Environmental Quality Act (CEQA)	Actual Costs *(May include OC LAFCO staff time to prepare environmental documentation, actual consultant costs, and appropriate filing fees. Department of Fish and Wildlife filing fees are required to be paid at the time OC LAFCO files the Notice of Determination with the Clerk of the Board. The fees listed below include the county's $50 filing fee and are current as of January 1, 2026)* *a. Negative Declaration: $2,968.75* *b. Environmental Impact Report: $4,123.50*
Comprehensive Fiscal Analysis for Incorporation or Disincorporation Proposals	Actual Costs *(A $50,000 deposit is required at the time the application is submitted. All excess costs will be the responsibility of the project proponent; any balance will be refunded at the conclusion of the project.)*
State Controller's Fiscal Review for Incorporations	Actual Costs *(A $25,000 deposit is required at the time a Request for State Controller Review is submitted. All excess costs will be the responsibility of the project proponent, any balance will be refunded at the conclusion of the project.)*
Registrar of Voters – Verification of Signatures	Actual Costs
Special Legal Counsel Costs	Actual Costs
Consultants	Actual Costs

MATERIALS CHARGES

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

See Exhibit A.

EXHIBIT A
ORANGE COUNTY LAFCO FEE SCHEDULE
DIRECT COSTS

Effective July 1, 2026

1. Fully burdened staff hourly rates:

Position	Hourly Rate
Executive Officer	$ 166
Assistant Executive Officer	$ 105
Policy Analyst*	$ 61-63
Commission Clerk	$ 73

*Analyst I and Analyst II Class Series

2. Legal Counsel Hourly Rates: $306 (OC LAFCO-initiated services)
   $607.50 (project applicant-initiated services)

3. Reproduction Cost - $0.25 per page

4. Audio Disc Reproduction Cost - $15