

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, November 13, 2024
8:15 a.m.**

**County Administrative North (CAN)
First Floor Multipurpose Room 101
400 W. Civic Center Drive, Santa Ana, CA 92701**

Any member of the public may request to speak on any agenda item at the time the Commission is considering the item.

1. CALL THE MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION

(Communications received after agenda distribution for agendized items.)

5. PUBLIC COMMENT

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken by the Commission on off-agenda items unless authorized by law.

6. CONSENT CALENDAR

a.) [October 9, 2024 – Regular Commission Meeting Minutes](#)

The Commission will consider approval of the October 9, 2024 meeting minutes.

b.) [2025 Meeting and Events Calendar](#)

The Commission will consider adoption of the meeting and events calendar for 2025.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) OCERS FY 2025-26 Contribution Rates and Annual Audit

The Commission will consider adoption of the FY 2024-25 retirement contribution rates and an adjustment to the Employer Pick Up involving legacy employees.

b.) Update to California Levine Act

The Commission will receive a report on recent changes to the Levine Act that apply to Commissioners and staff.

c.) Cancellation of December 2024 Regular Meeting

The Commission will consider cancellation of the December 11, 2024 Regular Meeting due to a lack of items requiring Commission action.

9. COMMISSIONER COMMENTS

This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken except to place the item on a future agenda if approved by the Commission majority.

10. EXECUTIVE OFFICER'S REPORT

Executive Officer's announcement of upcoming events and a brief report on activities of the Executive Officer since the last meeting.

- **Orange County Water District MSR Update**
- **Teleconferencing Availability for Regular Meetings**

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. CLOSED SESSION

No closed session items scheduled.

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, December 11, 2024, at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 W. Civic Center Drive, Santa Ana, CA 92701.

PUBLIC PARTICIPATION:

The Local Agency Formation Commission of Orange County welcomes your participation. The public may share general comments or comments on agenda items through the following options:

- 1) **In-person** comments may be provided during the general comment period on off-agenda items and during the hearing of a specific agenda item. In accordance with the OC LAFCO guidelines, each speaker's comments may not exceed three (3) minutes for the respective item. If you have documents for the Commission, please bring 15 copies and submit to the Commission Clerk for distribution.
- 2) **Written** general comments or comments on specific agenda items may be submitted by email to the Commission Clerk at ccarter-benjamin@oclafco.org. Comments received no less than twenty-four (24) hours prior to the regular meeting will be distributed to the Commission and included in the record.

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the OC LAFCO website at www.oclafco.org.

State law requires that a participant in an OC LAFCO proceeding who has a financial interest in a decision and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the hearing.

AMERICANS WITH DISABILITIES ACT (ADA)

All regular meeting agendas and associated reports are available at www.oclafco.org. Any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with OC LAFCO staff at (714) 640-5100 at least three business days prior to the respective meeting.

2024 MEETING AND EVENTS CALENDAR

Approved November 8, 2023

2024



January						
S	M	T	W	T	F	S
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December						
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- OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: County Administrative North, First Floor Multipurpose Room 101, 400 W. Civic Center Dr., Santa Ana, CA 92701.
- Office closure due to legal holidays and flexible work schedule.
- CALAFCO Annual Conference - October 16 - 18, 2024 at Tenaya Lodge at Yosemite.

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, October 9, 2024
8:15 a.m.

County Administrative North (CAN)
First Floor Multipurpose Room 101
400 W. Civic Center Drive, Santa Ana, CA 92701

1. CALL TO ORDER

Chair Wagner called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:16 a.m.

2. PLEDGE OF ALLEGIANCE

Executive Officer Carolyn Emery led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum (**Vice Chair**)
Carol Moore (**Alt.**)

County Member

Donald P. Wagner (**Chair**)

Special District Members

Douglass Davert
James Fisler
Kathryn Freshley (**Alt.**)

Public Members

Derek J. McGregor
Lou Penrose (**Alt.**)

The following staff members and general counsel were present:

- Executive Officer Carolyn Emery
- Assistant Executive Officer Luis Tapia
- Policy Analyst II Gavin Centeno
- Policy Analyst I Aimee Diaz
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

**4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION
(Received After Agenda Distribution)**

The Commission Clerk noted that no supplemental communication was received.

5. PUBLIC COMMENT

Chair Wagner requested public comments on any non-agenda items. The Commission Clerk noted that there were no requests to speak from the public.

Chair Wagner closed the hearing of public comments.

6. CONSENT CALENDAR

Chair Wagner called for requests to pull any of the consent calendar items for discussion. There were no requests from Commissioners, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Commissioner Davert** motioned for approval of the consent calendar, and **Vice Chair Bucknum** seconded the motion.

6a. – September 11, 2024 - Regular Commission Meeting Minutes

6b. – Fiscal Year 2024-25 Quarterly Financial Report (First Quarter)

6c. – Legislative Report (October 2024)

MOTION: Approve the Consent Calendar. (Douglass Davert)
SECOND: Wendy Bucknum
FOR: Douglass Davert, Wendy Bucknum, James Fidler,
Derek J. McGregor, Carol Moore, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

7. PUBLIC HEARING

Chair Wagner noted that there were no public hearing items scheduled for consideration by the Commission.

8. COMMISSION DISCUSSION AND ACTION

8a. – Adoption of a Resolution Approving the Fifth Amendment to Memorandum of Agreement for the Position of Executive Officer with Carolyn Emery

General Counsel Scott Smith provided an overview of the staff report and recommended action for Commission consideration.

Chair Wagner called for Commission discussion and public comments. There was no noted discussion from Commissioners, and the Commission Clerk noted that there were no requests from the public to speak on the item.

Chair Wagner called for a motion on the item. **Commissioner Davert** motioned to approve the staff recommended actions, and **Vice Chair Bucknum** seconded the motion.

MOTION: Adopt Resolution No. CP 24-06 approving the Fifth Amendment to Memorandum of Agreement for the Position of LAFCO Executive Officer for Carolyn Emery; Authorize Commission Chair to execute and the Commission Clerk to attest to these documents. (Douglass Davert)

SECOND: Wendy Bucknum

FOR: Douglass Davert, Wendy Bucknum, James Fisler,
Derek J. McGregor, Carol Moore, Donald P. Wagner

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSIONER COMMENTS

Commissioners made general comments.

10. EXECUTIVE OFFICER'S REPORT

The Executive Officer noted that there were no additional items to report.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

Chair Wagner noted that there were no informational items or announcements.

12. CLOSED SESSION

General Counsel Scott Smith noted that no closed session was needed on the agenda items below.

a.) PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code section 54957

Title: Executive Officer

b.) CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency designated representative: Commission Chair Donald P. Wagner and William Kelly of Kelly Associates Management Group

Unrepresented employee: Executive Officer

13. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 8:23 a.m. to November 13, 2024.

Donald P. Wagner, Chair
Orange County Local Agency Formation Commission

ATTEST:

By: _____

Cheryl Carter-Benjamin
Commission Clerk

6b | Consent
Calendar

MEETING DATE: November 13, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Office Manager/Commission Clerk

SUBJECT: OC LAFCO 2025 Meeting and Events Calendar

In accordance with the OC LAFCO Bylaws, each year the Commission adopts an annual meeting calendar. The proposed 2025 Meeting and Events Calendar is attached for Commission approval. The calendar reflects the dates of the Commission’s regular meetings, identifies the proposed date of the Commission’s next Strategic Planning Workshop, and indicates dates of office closure in observance of legal holidays and the Commission’s flexible work schedule. The OC LAFCO regular meetings are held on the second Wednesday of every month at 8:15 a.m. at the County Administrative North (CAN), First Floor Multipurpose Room 101, 400 West Civic Center Drive in Santa Ana. For the month of February, staff recommends the Commission schedule its regular meeting on the third Wednesday, February 19, due to a holiday observance on February 12.

Additionally, in 2025 the Commission will conduct a strategic planning workshop to adopt the agency’s next Three-Year Strategic Plan (2025-2028). The calendar proposes that the half-day workshop take place on **Friday, April 18, 2025** from 9:00 a.m. to 1:00 p.m. (location to be determined) and that no regular meeting be convened during this month.

For reference, the calendar also highlights location and date for the 2025 CALAFCO Annual Conference, which will take place in San Diego, California, October 22-24.

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

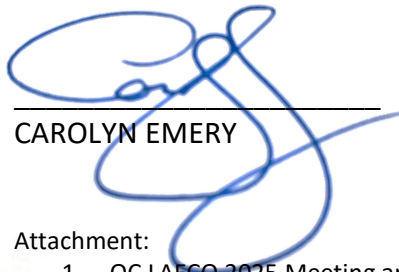
Scott Smith
General Counsel

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt the 2025 Meeting and Events Calendar.

Respectfully Submitted,



CAROLYN EMERY



CHERYL CARTER-BENJAMIN

Attachment:

1. OC LAFCO 2025 Meeting and Events Calendar

2025 MEETING AND EVENTS CALENDAR

Approved _____, 2024

2025



January							April							July							October						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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19	20	21	22	23	24	25	20	21	22	23	24	25	26	20	21	22	23	24	25	26	19	20	21	22	23	24	25
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February							May							August							November						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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March							June							September							December						
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9	10	11	12	13	14	15	15	16	17	18	19	20	21	14	15	16	17	18	19	20	14	15	16	17	18	19	20
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30	31																										

- OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: County Administrative North, First Floor Multipurpose Room 101, 400 W. Civic Center Dr., Santa Ana, CA 92701.
- No Scheduled Regular Meeting
- Strategic Planning Workshop (9:00 a.m. to 1:00 p.m.)
Location: To be determined.
- Office closure due to legal holidays and flexible work schedule.
- 2025 CALAFCO Annual Conference - October 22 - 24, San Diego, CA

8a | Commission
Discussion

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: November 13, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: OCERS FY 2025-26 Contribution Rates and Annual
Audit

BACKGROUND

The Local Agency Formation Commission of Orange County (OC LAFCO) has been an independent member of the Orange County Employees Retirement System (OCERS) since July 1, 2001. As an independent member, the Commission is required to annually adopt employer and employee contribution rates established by the OCERS Board of Retirement for retirement plans available to OC LAFCO employees. The OCERS Board also annually reviews and approves a discount rate for the system’s early payment program which allows OCERS members to experience cost-savings in employer contributions.

Additionally, earlier this year, OCERS informed OC LAFCO staff that an audit would be conducted by their team to review the Commission’s compliance with established standards and regulations of the retirement benefit plans offered to OC LAFCO employees through OCERS. In part to its review, OCERS noted observations involving the formula structure of the Employer Pick Up for 2.7% @ 55 Plan (“Plan J”) available to legacy members that was implemented in 2005.

This staff report provides an overview of the OCERS audit and observations, contribution rates for fiscal year 2025-26 and staff recommendations for Commission consideration. A brief discussion of the OCERS early payment program is also included in this report.

DISCUSSION

Retirement Audit

In February 2005, OC LAFCO approved an upgrade of the agency’s 1.62% @ 65 Plan to the 2.7% @ 55 Plan. The upgrade also included funding of a portion of employees’ contributions by the Commission but at the 1.62% @ 65 rates. Established as the “Employer Pick Up” and functionally developed by the County of Orange for OC LAFCO and special districts, the

Employer Pick Up allows OC LAFCO to provide funding of employee contributions in accordance with the California Labor Code 31581.1 and 31581.2. However, during the audit, OCERS noted discrepancies involving contributions generated by the Employer Pick Up that resulted in both an overpayment and underpayment of employee contributions for the fiscal year audited. OCERS staff attributes this issue to a function of the Employer Pick Up formula established by the County that currently uses the average age of entry for employees enrolled in the 2.7% @ 55 Plan.

Following multiple discussions with OCERS and a review with the Commission's general counsel and accounting team, staff is recommending the Commission adjust the function of the formula established for the Employer Pick Up to resolve the underpayment and overpayment of the portion of employee contributions funded by OC LAFCO. Adjustment to the formula maintains the portion of employees' contributions funded by OC LAFCO at the 1.62% @ 65 Plan rates and facilitates any remaining contributions are paid by employees. As a note, OC LAFCO currently has two employees enrolled in the 2.7% @55 Plan. For your reference is a sample of the Employer Pick Up function for the fiscal year audited prepared by OCERS and Commission staff. If approved by the Commission, the adjustment to the Employer Pick Up would be made in line with the fiscal year 2025-26 contribution rates discussed in the next section of this report.

Fiscal Year 2025-26 Contribution Rates

On June 17, 2024, the OCERS Board of Retirement adopted new employer and employee contribution rates for Fiscal Year 2025-26. The adopted rates are for three retirement plans that are available to current and future OC LAFCO employees. The Commission's current employees participate in two of the retirement plans available, the 2.7% @ 55 plan and the 1.62% @ 65 "PEPRA" plan. There are currently no Commission employees enrolled in the third plan, which is the 1.62% @ 65 "non-PEPRA" plan. The PEPRA and non-PEPRA retirement plans are a result of the enactment of the Public Employees' Pension Reform Act ("PEPRA") in 2013. Depending on certain qualifications, employees hired after the PEPRA Act may enroll in one of the two 1.62% @ 65 retirement plans.

The Fiscal Year 2025-26 employer contribution rate for the 1.62% @ 65 non-PEPRA plan, which is available to OC LAFCO employees who are not new members to OCERS, is 33.32%. The Fiscal Year 2025-26 employer contribution rate for the 1.62% @ 65 PEPRA plan, which is available to OC LAFCO employees who are new members to OCERS, is 34.12%. The Fiscal Year 2025-26 employer contribution rate for the 2.7% @ 55 plan is 42.07%. The employer contribution rates for the three plans, as well as the employee contribution rates, are referenced in **Attachment 2**, and the form of resolution approving the contribution rates and adjustment to the Employer Pick Up discussed in the previous section of this report is referenced in **Attachment 3**.

OCERS Early Payment Program

Since 2005, the Commission has participated in the OCERS Early Payment of Employer Contributions Program to realize savings in the agency's retirement costs. The program allows members to prepay all or a portion of their retirement contribution at a discounted rate. The discount rate has historically been tied to the approved long-term rate of return on the retirement system's investments. On July 15, 2024, the OCERS Board approved a discount rate

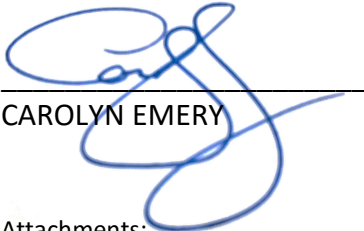
of seven percent for early payment of employer contributions received by January 15, 2025. To realize some savings in retirement costs, staff will submit prepayment of the employer retirement contributions subsequent to the Commission's adoption of the OCERS contribution rates and prior to the OCERS deadline.

RECOMMENDED ACTIONS

Staff Recommends the Commission:

1. Adopt Resolution No. CP 24-07 approving the contribution rates adopted by OCERS for Fiscal Year 2025-26 and establishing the Employer Pick Up for the 2.7% @ 55 Plan.

Respectfully Submitted,



CAROLYN EMERY



LUIS TAPIA

Attachments:

1. OCERS Calculation for FY 2023-24
2. OCERS FY 25-26 Contribution Rates
3. OC LAFCO Form of Resolution Adopting FY 25-26 Retirement Rates

OCERS Calculation

Member #1: Legacy employee at Entry age of 26

Pensionable salary	\$8,848.00	
Using AVERAGE entry age for the \$31581.1 pickup		
Board approved employee rate for Plan J for FY 2023/2024	11.88%	\$ 1,051.14 A
LAFCO's employee contribution rate paid per transmittal data		
* Employee paid portion	3.52%	\$ 311.45
** Employer pickup of employee's contribution (\$31581.2)	4.18%	\$ 369.85
*** Employer pickup of employee's contribution (\$31581.1)	5.11%	\$ 452.47
	12.81%	\$ 1,133.77 B
Difference in employee contribution rates/dollar amount	0.93%	\$ 82.63 B-A (overpaid per pay period)

Member #2: Legacy employee at Entry age of 50

Pensionable salary	\$ 2,898.40	
Using AVERAGE entry age for the \$31581.1 pickup		
Board approved employee rate for Plan J for FY 2023/2024	16.80%	\$ 486.93 A
LAFCO's employee contribution rate paid per transmittal data		
* Employee paid portion	4.16%	\$ 120.57
** Employer pickup of employee's contribution (\$31581.2)	6.32%	\$ 183.18
*** Employer pickup of employee's contribution (\$31581.1)	5.11%	\$ 148.22
	15.59%	\$ 451.97 B
Difference in employee contribution rates/dollar amount	-1.21%	\$ (34.96) B-A (underpaid per pay period)



**Orange County Local Agency Formation Commission
Employer Contribution Rates
Effective Pay Period 15, June 27, 2025**

Rate Group	Plan	Rate	
#2	I & J **	Normal	15.29%
		UAAL	<u>26.78%</u>
		Total	42.07%
#2	P	Normal	6.54%
		UAAL	<u>26.78%</u>
		Total	33.32%
#2	T - PEPRA	Normal	7.34%
		UAAL	<u>26.78%</u>
		Total	34.12%

**** Reverse Pickups:**

Orange County LAFCO bargaining units under the 2.7% at 55 plans are subject to an employee-paid reverse pickup which has not been accounted for in the employer rate above. Any reverse pickup arrangements are between the employer and employee bargaining units. The reverse pickup rate schedule is available online at:

<https://www.ocers.org/sites/main/files/file-attachments/reversepickups.pdf>



**Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 27, 2025**

Entry Age	PEPRA			
	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	Plan T (1.62% @ 65)
16	10.24%	9.87%	6.37%	5.13%
17	10.43%	10.05%	6.48%	5.23%
18	10.62%	10.23%	6.60%	5.33%
19	10.81%	10.42%	6.73%	5.42%
20	11.01%	10.61%	6.85%	5.52%
21	11.22%	10.81%	6.98%	5.63%
22	11.42%	11.01%	7.11%	5.73%
23	11.63%	11.21%	7.24%	5.84%
24	11.85%	11.42%	7.37%	5.94%
25	12.07%	11.63%	7.51%	6.05%
26	12.29%	11.84%	7.64%	6.17%
27	12.52%	12.06%	7.78%	6.28%
28	12.76%	12.29%	7.93%	6.40%
29	13.00%	12.52%	8.07%	6.52%
30	13.24%	12.75%	8.22%	6.64%
31	13.49%	12.99%	8.37%	6.76%
32	13.75%	13.24%	8.53%	6.89%
33	14.02%	13.49%	8.69%	7.02%
34	14.29%	13.75%	8.85%	7.15%
35	14.58%	14.00%	9.02%	7.28%
36	14.85%	14.25%	9.19%	7.42%
37	15.12%	14.50%	9.36%	7.56%
38	15.40%	14.76%	9.54%	7.71%
39	15.68%	15.02%	9.72%	7.86%
40	15.96%	15.28%	9.90%	8.01%
41	16.26%	15.54%	10.08%	8.15%
42	16.56%	15.80%	10.26%	8.30%
43	16.86%	16.06%	10.44%	8.45%
44	17.17%	16.32%	10.62%	8.60%
45	17.47%	16.53%	10.80%	8.75%
46	17.77%	16.71%	10.99%	8.91%
47	17.98%	16.83%	11.18%	9.06%
48	18.18%	16.89%	11.36%	9.22%
49	18.30%	16.85%	11.54%	9.37%
50	18.33%	16.69%	11.69%	9.51%
51	18.23%	16.42%	11.82%	9.62%
52	17.98%	16.14%	11.91%	9.70%
53	17.57%	16.67%	11.94%	9.75%



Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 27, 2025
 (continued)

Entry Age	Plan I	Plan J	Plan P	PEPRA
	(2.7% @ 55)	(2.7% @ 55)	(1.62% @ 65)	Plan T
				(1.62% @ 65)
54	17.23%	17.23%	11.91%	9.75%
55	17.23%	17.23%	11.81%	9.69%
56	17.23%	17.23%	11.61%	9.58%
57	17.23%	17.23%	11.42%	9.49%
58	17.23%	17.23%	11.79%	9.80%
59	17.23%	17.23%	12.19%	10.13%
60	17.23%	17.23%	12.19%	10.13%
61	17.23%	17.23%	12.19%	10.13%
62	17.23%	17.23%	12.19%	10.13%
63	17.23%	17.23%	12.19%	10.13%
64	17.23%	17.23%	12.19%	10.13%
65	17.23%	17.23%	12.19%	10.13%
66 and thereafter	17.23%	17.23%	12.19%	10.13%

Average entry age and discounted percentages applicable to employee contributions paid under Section 31581.1 are:

Rate Group	Plan	Discounted Percentage	Average Entry Age
#2	Plan I (General)	100.00%	38
#2	Plan J (General)	99.46%	38
#2	Plan P (General)	99.09%	38

CP 24-07

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY, CALIFORNIA
ADOPTING RETIREMENT RATES FOR FY 2025-26**

November 13, 2024

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

WHEREAS, the California State Legislature adopted AB 2838 in its 1999-2000 legislative session, which, in part, required that Local Agency Formation Commissions throughout the State of California become independent public agencies effective January 1, 2001; and

WHEREAS, the Local Agency Formation Commission of Orange County (“OC LAFCO”) applied and was accepted as an independent member agency under the Orange County Employees Retirement System (“OCERS”) on or about July 1, 2001; and

WHEREAS, as a result of OC LAFCO being an independent member agency under OCERS since 2001, OC LAFCO must annually adopt both the employee and employer rates as approved by OCERS; and

WHEREAS, in August 2004, the County of Orange reached agreement with a number of General Member bargaining units and certain unrepresented employees to implement a 2.7% at 55 retirement formula for both past and future service; and

WHEREAS, on February 9, 2005, OC LAFCO approved implementation of a 2.7% at 55 retirement formula, for future service only, beginning July 1, 2005; and

WHEREAS, the cost to migrate to the 2.7% at 55 retirement formula was paid for by OC LAFCO employees and did not result in additional cost to OC LAFCO except for an annual employer contribution of 0.51 percent and annual modifications made in the retirement rates as determined by OCERS; and

WHEREAS, on December 12, 2012, OC LAFCO rescinded the 2.7% at 55 retirement formula for employees hired by OC LAFCO on or after December 12, 2012; and

WHEREAS, the new 2.7% at 55 retirement formula only applies to active employees

and new employees hired between July 1, 2005 and December 11, 2012; and

WHEREAS, on April 20, 2010, the County of Orange approved implementation of a 1.62% at 65 retirement formula for new County employees hires only effective on or after July 1, 2010; and

WHEREAS, on June 9, 2010, OC LAFCO approved implementation of a 1.62% at 65 retirement formula, for new OC LAFCO employees hires only, beginning July 1, 2010; and

WHEREAS, on February 9, 2011, OC LAFCO adopted a temporary resolution establishing that new employees enrolled in the 1.62% at 65 retirement formula are subject to pay the reverse pickup cost; and

WHEREAS, on June 8, 2011, OC LAFCO adopted a revised resolution replacing the February 9, 2011 resolution, establishing OC LAFCO as responsible for the employee reverse pickup, the annual employer contribution of 0.51 percent and annual modifications made in the retirement rates for the 1.62% at 65 as determined by OCERS; and

WHEREAS, on September 12, 2012, the California Public Employees' Pension Reform Act (AB 340) was chaptered into law and became effective January 1, 2013; and

WHEREAS, the California Public Employees' Pension Reform Act (AB 340) imposed certain limitations on public employee pension formulas for public employees considered new members, as that term is defined by Government Code Section 7522.04(f) ("New Members"); and

WHEREAS, the enactment of the California Public Employees' Pension Reform Act (AB 340) required OCERS to establish two versions of the 1.62% at 65 retirement plan, one for new OC LAFCO employees that are not New Members ("non-PEPRA 1.62 Plan") and one for new OC LAFCO employees that are New Members ("PEPRA 1.62 Plan"); and

WHEREAS, the employer retirement rate for the 1.62% at 65 retirement plan, as established by OCERS, for 2025-26 is 33.32 percent for new OC LAFCO employees that are not New Members ("non-PEPRA" 1.62 Plan); and

WHEREAS, the employer retirement rate for the "PEPRA 1.62 Plan," as established by OCERS, for 2025-26 is 34.12 percent; and

WHEREAS, the employer retirement rate for the 2.7% at 55 retirement plan, as established by OCERS, for 2025-26 is 42.07 percent.

NOW, THEREFORE, the Local Agency Formation Commission of Orange County DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. LAFCO employer pick up of the employee’s contribution toward the 2.7% @ 55 Plan retirement formula is hereafter limited of .51 percent, and LAFCO employees shall be obligated to pay any remainder effective July 1, 2025; and

2. OC LAFCO adopts and approves implementation of 2025-26 retirement rates as established by OCERS, effective July 1, 2025.

AYES:

NOES:

STATE OF CALIFORNIA)
)SS.
COUNTY OF ORANGE)

I, Donald P. Wagner, Chair of the Local Agency Formation Commission of Orange County, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 13th day of November 2024.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of November 2024.

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

By: _____
Donald P. Wagner

8b | Commission
Discussion

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

Derek J. McGregor
Public Member

Bruce Whitaker
City Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Carolyn Emery
Executive Officer

Scott Smith
General Counsel

MEETING DATE: November 13, 2024

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
General Counsel

SUBJECT: **Update to the Levine Act effective January 1, 2025**

BACKGROUND

The Levine Act, California’s “pay to play” campaign contribution law, has long restricted officers of public agencies from accepting, soliciting, or directing contributions exceeding \$250 from parties or participants in proceedings involving licenses, permits, or other entitlements. This prohibition applies both while the proceeding is pending and for 12 months after a decision by the agency.

On September 30, 2023, Governor Newsom signed Senate Bill 1243 (“SB 1243”), which introduces amendments to the Levine Act that will take effect on January 1, 2025.

DISCUSSION

Among other things, SB 1243 will raise the threshold for contributions regulated under the Levine Act from \$250 to \$500, adjust the timelines for officers to “cure” contributions in excess of the allowed threshold, and clarify key terms to reflect other changes in campaign finance regulation.

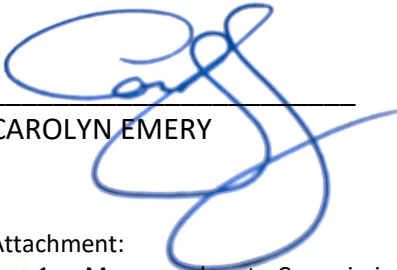
Despite SB 1243 taking effect on January 1, 2025, the current provisions of the Levine Act, including the \$250 contribution limit, will remain in place through the remainder of the 2024 election cycle.

The attached memorandum further explains this bill and its impacts on LAFCO Commissioners and officials.

RECOMMENDED ACTION

This is a receive and file report and requires no action by the Commission.

Respectfully submitted,



CAROLYN EMERY



SCOTT C. SMITH

Attachment:

1. Memorandum to Commission re State Legislation - Senate Bill 1243



Scott Smith
 (949) 263-6561
 Scott.smith@bbklaw.com

Memorandum

To: Commission Chair, Commissioners and Executive Officer
 Orange County Local Agency Formation Commission

From: General Counsel

Date: October 28, 2024

Re: State Legislation – SB 1243

INTRODUCTION

This memorandum provides a summary of a recent bill, Senate Bill 1243 (“SB 1243”), and its effect on LAFCO Commissioners and officials. SB 1243 changes state campaign contribution laws and updates the State’s “pay to play” campaign contribution law known as the “Levine Act.”¹ as explained in detail below.

ANALYSIS

I. SB 1243

The Levine Act currently prohibits agency officers from accepting, soliciting or directing a contribution of more than \$250 from a party or participant (or their agents) (1) while a proceeding involving a license, permit, or other entitlement for use, including most contracts, is pending before the agency and (2) for 12 months after a decision. The law also contains disclosure, recusal, and other requirements for officers who receive such contributions, and similar requirements applicable to parties, participants, and their agents.

Senate Bill 1243 (“SB 1243”) makes the following changes to the Act effective January 1, 2025:

1. Raises the threshold for covered contributions to officers from \$250 to \$500;

¹ The full text of this bill can be found at https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB1243.

2. Extends from 14 days to 30 days the period during which an officer can return and “cure” a contribution in excess of the threshold that the officer accepted, solicited, or received during the 12 months following a final decision on a license, permit or entitlement;
3. Establishes that the term “participant” excludes individuals whose only financial interest results from a change in membership dues; and
4. Codifies that the term “pending,” as it relates to the officer, is when:
 - a. The item involving the license, permit, or other entitlement for use is placed on the agenda; or
 - b. The officer knows such license, permit, or other entitlement for use is within the jurisdiction of the officer’s agency, and it is reasonably foreseeable that the decision will come before the officer for a decision.
5. Excludes the following contracts from the definition of “licenses, permits, or other entitlements for use” for the purposes of the Act:
 - a. Contracts under \$50,000;
 - b. Contracts between two or more government agencies;
 - c. Contracts where no party receives financial compensation; and
 - d. Periodic review or renewal of development agreements or competitively bid contracts with non-material modifications.

Additionally, SB 1243 exempts a city attorney or county counsel from the definition of “officer” covered by the Act if the attorney’s role in the decision is solely to provide legal advice and the attorney has no authority to make a final decision in the proceeding.

The current provisions of the Levine Act, including the \$250 contribution amount, remain in effect through 2024, and certain prohibitions or requirements arising from existing law may continue for up to 12 months after the law is updated as of January 1, 2025. As it did with the major update to the Levine Act in 2023, the Fair Political Practices Commission (“FPPC”) will likely need to provide guidance on certain timing issues for 2025 contributions that may relate to 2024 proceedings.

CONCLUSION

The above analysis is intended as a general overview regarding these new legislative changes. Please do not hesitate to contact our office with any questions.

SCOTT SMITH
MICHAEL ERVIN