

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, September 17, 2025
8:15 a.m.**

**Orange County Transportation Authority
Conference Room 07**

550 South Main Street, Orange, CA 92868

Members of the public may access the audio live-streamed meeting at

https://youtube.com/live/OVwx6oE_xqo?feature=share

***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. CLOSED SESSION

a.) Public Employee Appointment

Pursuant to Government Code Section 54957(b)(1)

Title: Executive Officer (permanent position)

7. CONSENT CALENDAR

a.) July 9, 2025 – Regular Commission Meeting Minutes

The Commission will consider approval of the July 9, 2025 meeting minutes.

b.) Local Agency Investment Fund (LAIF) Account Update

The Commission will consider adopting the revised resolution authorizing designated staff to process transactions for the LAIF account.

c.) Bi-Annual News (“The Pulse”)

The Commission will receive a report on the fifth edition of the OC LAFCO Bi-Annual Newsletter.

8. PUBLIC HEARING

a.) Municipal Service Review and Sphere of Influence Reviews for Central Region (MSR 24-01 and SOI 24-02)

The Commission will consider the Municipal Service Review and Sphere of Influence reviews for agencies within the Central MSR Region prepared in accordance with Government Code Sections 56425 and 56430. As the lead agency, the Commission will consider the Notices of Exemption prepared for the MSR and SOIs in compliance with the California Environmental Quality Act (CEQA).

9. COMMISSION DISCUSSION AND ACTION

a.) Professional Consultant Services Agreement with RSG, Inc.

The Commission will consider approval of a professional services agreement with RSG, Inc. to conduct a Municipal Service Review and Sphere of Influence review for the North MSR Region.

b.) Legislative Report (September 2025)

The Commission will receive a report on the status of bills previously reviewed by the Commission and an update on the Alliance of California Local Agency Formation Commissions Legislative Committee’s activities.

c.) Request to Join an Amicus Brief

The Commission will consider the approval to join the effort with other Local Agency Formation Commissions as a party to an Amicus Brief in the appeal of *the Monterey Peninsula Water Management District (MPWMD) v. Monterey LAFCO*.

10. 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.

11. INTERIM EXECUTIVE OFFICER’S REPORT

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

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, October 8, 2025 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) **Audio Live Streaming:** The public may listen to the meeting live on YouTube using the link provided on the website homepage (www.oclafco.org). However, LAFCO cannot guarantee that the public's access will be uninterrupted, and technical difficulties may occur from time to time. The meeting will continue despite technical difficulties for participants using audio live streaming unless otherwise prohibited by State open meeting laws.
- 3) **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.

"Pursuant to State law, 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 may be required to disclose the contribution. If you are affected, please notify the Commission's staff before the hearing in order to determine whether disclosure is warranted."

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.

2025 MEETING AND EVENTS CALENDAR

Approved November 14, 2024

2025



January						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

July						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

October						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

May						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

March						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

September						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	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.
- August 13, 2025 Regular Meeting Cancelled. (Approved by Commission on July 9, 2025).
- Meeting rescheduled from September 10, 2025 to **Wednesday, September 17, 2025.**

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, July 9, 2025
8:15 a.m.

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

Members of the public may access the audio live-streamed meeting at:
https://www.youtube.com/watch?v=dOCWg_JfYP8&t=1935s

1. CALL TO ORDER

Chair Wagner called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:15 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Penrose led the Pledge of Allegiance.

3. COMMISSION APPOINTMENT

Interim Executive Officer Luis Tapia noted the recent Commission appointment of Commissioner Penrose for the Alternate Public Member, and Commission Clerk Cheryl Carter-Benjamin administered the Oath of Office.

4. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum **(Vice Chair)**
Peggy Huang
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:

- Interim Executive Officer Luis Tapia
- Policy Analyst I Aimee Diaz
- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

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

The Commission Clerk noted that no supplemental communication was received.

6. 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.

7. CONSENT CALENDAR

Chair Wagner called for requests to pull the consent calendar item 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 McGregor** motioned for approval of the consent calendar, and **Chair Wagner** seconded the motion.

7a. – June 11, 2025 - Regular Commission Meeting Minutes

MOTION: Approve Consent Calendar. (Derek J. McGregor)
SECOND: Donald P. Wagner
FOR: Derek J. McGregor, Donald P. Wagner, Douglass Davert,
James Fisler
AGAINST: None
ABSTAIN: Wendy Bucknum, Peggy Huang

MOTION PASSED: 4-0.

8. PUBLIC HEARING

8a. – Municipal Service Review and Sphere of Influence Update for Orange County Mosquito and Vector Control District (MSR 23-07 & SOI 23-08)

Chair Wagner opened the public hearing. The Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** closed the public hearing.

Policy Analyst Aimee Diaz presented the staff report and recommended actions for Commission consideration, noting that District Manager Lora Young was present and available to answer questions.

Chair Wagner called for Commission discussion. Commissioners made general comments and asked questions related to the agency's reserves, working capital, bonds, population growth and its impact, and board representation. **Commissioner Davert** noted that the District's Board requires 35 board members, as mandated by state law, which includes representation from the cities and the Board of Supervisors. District Manager Lora Young provided additional information related to the district's financial data and facility improvements. Lastly, Ms. Young noted that as some areas in the County become more urbanized and density increases, this leads to greater opportunities for mosquito breeding and rat encroachment, which contributes to higher rates of disease transmission.

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

MOTION: Receive and file the Municipal Service Review for the Orange County Mosquito and Vector Control District; Approve OC LAFCO Resolution No. MSR 23-07 adopting the Municipal Service Review Statement of Determinations for the Orange County Mosquito and Vector Control District; Approve OC LAFCO Resolution No. SOI 23-08 adopting the Sphere of Influence Statement of Determinations and reconfirming the Sphere of Influence for the Orange County Mosquito and Vector Control District; Approve the Notices of Exemption for MSR 23-07 and SOI 23-08. (Wendy Bucknum)

SECOND: Douglass Davert

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

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSION DISCUSSION AND ACTION

9a. – Fiscal Year 2024-2025 Year-End Comprehensive Report

Interim Executive Officer Luis Tapia presented the staff report and recommended action for Commission consideration.

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments. **Commissioner Davert** noted that, considering the agency's expenditures are at approximately 65% and most of the savings are generated by the vacant positions, he recommended considering potential adjustments to the budget for the next fiscal year. Commissioners made general comments regarding the ongoing analyst recruitment and appointment of the Executive Officer. General Counsel Scott Smith noted that the Commission previously recommended that a decision regarding the Executive Officer position would be made after the FY 2025-2026 budget was approved and in effect. **Chair Wagner** recommended that staff include a closed session item on the agenda for the next regular meeting to discuss the Executive Officer position. The Commission Clerk noted that there were no requests from the public to speak on the item.

Chair Wagner noted that this is a receive and file report and requires no action by the Commission.

9b. – Legislative Report (July 2025)

Interim Executive Officer Luis Tapia presented the staff report and recommended action for Commission consideration.

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** recommended that staff exercise discretion in submitting a support position for SB 858 once the bill is amended. **Chair Wagner** called for a motion on the item. **Commissioner Davert** motioned to approve maintaining an Oppose position on SB 777 and provide discretion to Mr. Tapia on submitting a letter of support for SB 858, and **Commissioner Bucknum** seconded the motion.

MOTION:	Maintain an Oppose position on SB 777 and provide discretion to the Interim Executive Officer to submit a support position once SB 858 is amended. (Douglass Davert)
SECOND:	Wendy Bucknum
FOR:	Douglass Davert, Wendy Bucknum, James Fisler, Peggy Huang, Derek J. McGregor, Donald P. Wagner
AGAINST:	None
ABSTAIN:	None

MOTION PASSED: 6-0.

9c. – Classification and Compensation Study

Interim Executive Officer Luis Tapia presented the staff report and recommended action for Commission consideration. Bill Kelly with Kelly Associates Management Group presented the report and findings of the study.

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments. **Commissioner Davert** clarified that the Senior Policy Analyst classification is for promotional purposes and does not create a new position. 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 action, and **Commissioner Bucknum** seconded the motion.

MOTION: Approve the recommendations prepared by Kelly Associates Management Group as outlined in the Classification and Compensation Study and the “Observation and Recommendations” section of the report. (Douglass Davert)
SECOND: Wendy Bucknum
FOR: Douglass Davert, Wendy Bucknum, James Fisler, Peggy Huang
Derek J. McGregor, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9d. – Appointment for the Southern Alliance of California Local Agency Formation Commissions

Chair Wagner called for nominations for the appointment to the Southern Alliance of California Local Agency Formation Commissions regular member and alternate member seats. **Chair Wagner** called for Commission discussion.

Chair Wagner nominated Derek J. McGregor as the regular member of the Southern Alliance of California Local Agency Formation Commissions, and **Commissioner Davert** seconded the motion.

MOTION: Appoint an OC LAFCO Commissioner, Derek J. McGregor, as the regular member to attend activities of the Southern Alliance of California Local Agency Formation Commissions. (Donald P. Wagner)
SECOND: Douglass Davert
FOR: Donald P. Wagner, Douglass Davert, Wendy Bucknum, James Fisler, Peggy Huang, Derek J. McGregor
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

Chair Wagner called for nominations for the appointment to the Southern Alliance of California Local Agency Formation Commissions alternate seat. **Chair Wagner** called for Commission discussion. Commissioners made general comments and suggested **Commissioner Moore** for the alternate seat. No motion was made.

Commissioner Davert nominated Peggy Huang as the alternate member of the Southern Alliance of California Local Agency Formation Commissions, and **Commissioner Fisler** seconded the motion.

MOTION: Appoint an OC LAFCO Commissioner, Peggy Huang, as the alternate member to attend activities of the Southern Alliance of California Local Agency Formation Commissions. (Douglass Davert)
SECOND: James Fisler
FOR: Douglass Davert, James Fisler, Wendy Bucknum, Peggy Huang, Derek J. McGregor, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9e. – Cancellation of August 2025 Regular Meeting

The Interim Executive Officer noted that there were no actionable items for the Commission's consideration for August and recommended cancellation of the August 13, 2025 Regular Meeting. There was no noted discussion from the Commissioners. **Commissioner Huang** motioned for the cancellation of the August 13, 2025, regular meeting, and **Commissioner Davert** seconded the motion.

MOTION: Cancellation of August 13, 2025 Regular Meeting. (Peggy Huang)
SECOND: Douglass Davert
FOR: Peggy Huang, Douglass Davert, James Fisler, Wendy Bucknum, Derek J. McGregor, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

10. COMMISSIONER COMMENTS

Commissioners made general comments.

11. INTERIM EXECUTIVE OFFICER’S REPORT

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

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

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

13. CLOSED SESSION

Chair Wagner and General Counsel Scott Smith noted that no closed session items were scheduled for discussion by the Commission.

14. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 9:08 a.m. to September 10, 2025.

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

ATTEST:

By: _____
Cheryl Carter-Benjamin
Commission Clerk

REGULAR MEMBERS

CHAIR

Donald P. Wagner
County Member

VICE CHAIR

Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR

Douglass Davert
Special District Member**James Fidler**

Special District Member

Peggy Huang

City Member

Derek J. McGregor

Public Member

VACANT

County Member

ALTERNATES**Kathryn Freshley**

Special District Member

Carol Moore

City Member

Lou Penrose

Public Member

VACANT

County Member

STAFF**Luis Tapia**

Interim Executive Officer

Scott Smith

General Counsel

MEETING DATE: September 17, 2025**TO:** Local Agency Formation Commission
of Orange County**FROM:** Interim Executive Officer**SUBJECT:** Local Agency Investment Fund (LAIF) Account
Update**BACKGROUND**

On February 8, 2006, the Commission established an investment account with the Local Agency Investment Fund (LAIF) for investment of OC LAFCO funds that are not required for the agency's immediate needs. LAIF is a voluntary program established by statute in 1977 as an investment alternative for California's local governments and special districts.

To participate in LAIF, local governmental agencies are required to file a resolution adopted by the agency's governing board with the State Treasurer's Office authorizing appropriate officials to act on behalf of the agency. The attached resolution updates the Commission's current resolution on file with LAIF and aligns with the Commission's current local policy for this matter.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt OC LAFCO Resolution No. CP 25-05 authorizing investment of monies in the Local Agency Investment Fund.

Respectfully Submitted,

**LUIS TAPIA**

Attachment:

1. OC LAFCO Resolution No. CP 25-05

RESOLUTION NO. CP 25-05

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF ORANGE COUNTY, CALIFORNIA
AUTHORIZING INVESTMENT OF MONIES IN
THE LOCAL AGENCY INVESTMENT FUND (LAIF)

September 17, 2025

WHEREAS, the Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Local Agency Formation Commission of Orange County ("OC LAFCO") hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the OC LAFCO;

NOW THEREFORE, BE IT RESOLVED, that OC LAFCO hereby authorizes the deposit and withdrawal of OC LAFCO monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following OC LAFCO officers holding the title(s) specified herein below or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Luis Tapia – Interim Executive Officer

Cheryl Carter-Benjamin – Commission Clerk/Office Manager

Section 2. This resolution shall remain in full force and effect until rescinded by the OC LAFCO by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

PASSED AND ADOPTED, by the Local Agency Formation Commission of Orange County, California, on September 17, 2025.

DONALD P. WAGNER
Chair of the Local Agency Formation
Commission of Orange County

By: _____
DONALD P. WAGNER

ATTEST:

Cheryl Carter-Benjamin, Commission Clerk

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

Peggy Huang
City Member

Derek J. McGregor
Public Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Luis Tapia
Interim Executive Officer

Scott Smith
General Counsel

MEETING DATE: September 17, 2025

7c | Consent
Calendar

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer
Policy Analyst I

SUBJECT: Bi-Annual News ("The Pulse")

BACKGROUND

The bi-annual newsletter "The Pulse" is an objective under Goal Three: Optimize Communication, included in the Commission's three-year Work Plan 2025-2028. The newsletter is published twice a year and features multiple summaries of projects, events, and initiatives undertaken by the Commission and its staff. The editions of the newsletter are distributed to the County Executive Officer, each of the 34 cities and 34 independent and dependent special districts (i.e., Clerks, City Managers, and General Managers), Orange County legislators, Independent Special District of Orange County (ISDOC), California Local Agency Formation Commission of Orange County, Alliance of California Local Agency Formation Commissions, and included in the media kit and posted on the OC LAFCO website.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the bi-annual newsletter, "The Pulse."

Respectfully Submitted,


LUIS TAPIA
AIMEE DIAZ

Attachment: The Pulse, Summer 2025



City of
Yorba
Linda



The OC LAFCO landscape reflects a season of transition, marked by the close of a multi-year work plan and early progress on the new three-year 2025-2028 Work Plan. This edition of The Pulse highlights recent appointments, key accomplishments, and summary of the newly adopted 2025-2028 Work Plan shaping agency's future goals.



Looking Ahead: New Appointments, New Goals, New Talent

As the 2022-2025 Work Plan came to a close, the Commission convened its 26th Strategic Planning Workshop to establish the new goals and objectives of the agency for the next three fiscal years. The Commission adopted a new three-year 2025-2028 Work Plan, which outlines the agency's goals and reflects OC LAFCO's Mission Statement. In tandem with the approval of a Work Plan, the Commission has welcomed new Commissioner appointments and a new staff member.

This edition of the Pulse highlights recent Commission appointments updates on Commission activity, the fourth cycle of MSRs, and a

look into the California Public Records Act and LAFCO, written by OC LAFCO's general counsel. It also includes a summary of the agency's latest legislative activity and interregional collaboration through the newly formed Alliance of California LAFCOs.

Did You Know?



Over the past decade, the Commission has conducted Municipal Service Reviews for a total of 45 cities and special districts.



SUMMER EDITION

Contents

- 2 Commission Activity
- 3 A New Sunrise Brings in the 2025-2028 Workplan
- 4 Municipal Service Reviews
- 5 Legislative Corner
- 6 California Public Records Act and LAFCO
- 7 From Screens to Streams: Connecting Online
- 8 Meet the Team

Commission Activity

Over the past few months, the Commission has welcomed the appointment of two Commissioners, appointed two OC LAFCO members to the Alliance of California Local Agency Formation Commissions, and adopted its new three-year 2025-2028 Work Plan. Below are summaries highlighting the Commission's recent key activity.

OC LAFCO Appointments

In accordance with state law, OC LAFCO Commissioners serve four-year terms with no term limits. Over the past year, the Commission welcomed Commissioner Peggy Huang from the City of Yorba Linda as the Regular City Member, following her appointment by the City Selection Committee to a term that began on July 1, 2022 and ends on June 30, 2026. Additionally, the Commission conducted the selection process for the appointment of an Alternate Public Member, which concluded with the reappointment of Commissioner Lou Penrose on July 9, 2025, for his third term (July 1, 2025 through June 30, 2029). To learn more about the appointment process and current terms for OC LAFCO members, click [here](#).



The Alliance of California LAFCOs

In May 2025, the Commission approved a Memorandum of Understanding (MOU) with the Los Angeles, San Bernardino, and San Diego LAFCOs to establish a collaborative partnership focused on sharing services, educational opportunities, and professional networking, with an emphasis on legislative advocacy. To support this collaboration, the Commission appointed Commissioner Derek J. McGregor as the Regular Member and Commissioner Peggy Huang as the Alternate Member to represent OC LAFCO's interests in the Alliance.

City of
San Juan
Capistrano

Commissioners and staff met on August 11, 2025, to discuss several topics related to the Alliance, including the branding of the group, a mission statement, legislative affairs, the creation of bylaws, and governing structure.

Following a robust discussion and key feedback from Commissioners McGregor and Huang, the Alliance recommended that the Executive Officers of the four LAFCOs schedule future meetings to address one or two items with recommended actions. During the meeting, attendees approved the Legislative Policies and Guidelines to assist the Alliance in reviewing key legislation and adopting positions for the upcoming legislative session, which is set to begin at the end of the year. The next meeting of the Alliance is scheduled on Monday, September 22, 2025 at 2:00 p.m.



Did You Know?

OC LAFCO has overseen 23 boundary changes over the past decade, including city and district annexations, detachments, and reorganizations.

A New Sunrise Brings in the 2025-2028 Workplan



The Commission held its 26th Strategic Planning Workshop on April 4, 2025, to develop its new three-year Work Plan 2025-2028. Facilitated by William “Bill” Kelly, president and CEO of Kelly Associates Management Group LLC, the workshop focused on evaluating the agency’s previous three-year Work Plan and identifying strategic priorities for the next Strategic Plan. Mr. Kelly, who previously facilitated the 2022 workshop, guided the Commission through a review of the agency’s existing goals and objectives. Commissioners participated in a structured discussion aimed at assessing progress to date and defining forward-looking initiatives aligned with OC LAFCO’s mission.

Following the workshop, the Commission formally approved the three-year Work Plan for Fiscal Years 2025-2028. A full version of the work plan is available at ocla Alco.org. Below is a summary of the adopted goals and objectives of the Work Plan.



City of
Anaheim

Goal One: Staff Development, Retention, and Recruitment



- ◆ Conduct Classification, Compensation and Benefits Assessment.
- ◆ Prepare a Succession Plan by identifying and developing a strategic process for successors for key positions at OC LAFCO.
- ◆ Complete Staff Assessment and Conduct Recruitment for Vacancy(ies).

Goal Two: Improve Municipal Service Review (MSR) Process for Future MSRs



- ◆ Develop criteria for future MSRs.
- ◆ Use of web-based programs (fiscal indicators, shared services, and MS dashboard) and update data.
- ◆ Develop pre- and post-MSR surveys.
- ◆ Analytics reports.

Goal Three: Promote Legislative Engagement



- ◆ Use agency communications tools to engage agencies and public to inform of OC LAFCO activities.
- ◆ Distribute bi-annual news to inform agencies of OC LAFCO activities.
- ◆ Conduct visits and distribute media kits to OC legislators and stakeholders.

Goal Four: Optimize External Communications



- ◆ Establish an MOU with the Southern Region LAFCOs.
- ◆ Distribute bi-annual news to agencies and stakeholders to inform them of OC LAFCO activities and efforts by the southern region LAFCOs.
- ◆ Target areas of collaboration with legislative, educational, and professional associations and groups.
- ◆ Conduct visits and provide information to stakeholders to inform them of OC LAFCO activities and establish relationships.
- ◆ Develop mechanisms to monitor key legislation of LAFCO interest with the southern region LAFCOs.

Municipal Service Reviews

Over the past months, OC LAFCO has continued to make progress on preparing fourth-cycle MSRs and sphere reviews for cities and special districts responsible for providing municipal services in Orange County. The MSR schedule for the current cycle is posted on the OC LAFCO website, click [here](#). Be sure to check the schedule periodically, as it is reviewed and updated as needed. Below is an update on MSRs that are currently underway.



Central MSR Region

During August 2025, staff released the Public Review draft for the Central MSR Region for a 30 day review period from July 18 to August 18. In collaboration with Commission staff, RSG Inc., a firm hired by the Commission to prepare the MSR, has engaged agencies within this region to assess the municipal services they respectively provide. Some topics included in the report are public safety, the adequacy of water and wastewater infrastructures, foreseeable proposed changes to the agencies' boundaries, shared services arrangements, and fiscal analysis. The MSR will include a fiscal analysis prepared by fiscal expert Richard Berkson of Berkson Associates, who, in collaboration with staff, developed the fiscal indicators for the MSR using data collected from audits, annual comprehensive reports, budgets, and feedback from agencies. The Final Draft MSR is scheduled for the Commission to receive a presentation during a public hearing on Wednesday, September 17, 2025. The Central region includes the following agencies:

Central MSR Region	
City	Special District
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	

North MSR Region

The next fourth-cycle MSR on the Commission’s calendar is the North MSR Region. Staff has initiated the process of moving forward with the MSR by conducting a Request for Proposals (RFP), which was made available to the public from June 19 through July 25. The RFP was released to approximately 20 firms, and following a review of the responses, staff will be recommending a consultant during the Commission’s regular meeting scheduled on Wednesday, September 17, 2025. The North MSR includes the following agencies:

North MSR Region	
Cities	Special Districts
Brea	Yorba Linda Water District
La Habra	Placentia Library District
Fullerton	
Placentia	
Yorba Linda	



OC San
Sanitation
Plant

Legislative Corner

Over the course of the three year work plan, OC LAFCO has remained proactive in monitoring and shaping legislation. This section highlights the Commission's positions on proposed bills, its outreach efforts, and how its legislative strategy is adapting for the future.



Through the use of the Commission's legislative policy and guidelines, OC LAFCO staff continued to monitor legislation of LAFCO interest and provided summaries with recommendations for Commission consideration during the three-year Work Plan 2022-2025. During the three-year workplan, the Commission adopted 18 positions on proposed legislation, of which 16 of those bills were signed by the Governor. Additionally, the Commission adopted a position on a proposed federal bill sponsored by the California Special Districts Association, focusing on establishing a definition of special districts under federal law.

In addition to the Commission's active role in monitoring legislation and adopting positions, staff also conducted external outreach with new legislators and stakeholders, a component of the Commission's legislative engagement. During the course of the Work Plan, staff held meetings with incoming California Senators and Assembly members to provide them with an introduction of OC LAFCO and an overview of the Commission's current activity and media kit. Additionally, staff met with city managers and general managers to provide updates on OC LAFCO activity.

Concurrently with the start of the new three-year Work Plan, OC LAFCO did not renew its membership with the California Association of Local Agency Formation Commissions (CALAFCO), which also ended staff's ability to participate as a member of the CALAFCO Legislative Committee. The legislative committee served as a platform for staff to identify legislation of interest to OC LAFCO and LAFCOs, which was presented to the Commission for recommended action. With the start of the new three-year Work Plan, staff will work with the recently formed Alliance of California Local Agency Formation Commissions (Alliance), which includes Los Angeles, Orange, San Bernardino, and San Diego to review and identify legislation of interest that may require an action by the Commission.



Did You Know?

For OC LAFCO, boundary changes between cities are more common than special districts, accounting for approximately 70% of the boundary changes in the last decade.



BBK

BEST BEST & KRIEGER LLP

California Public Records Act and LAFCO



Scott Smith

In collaborating with LAFCO in their proposals for boundary or service changes or in updating their regular municipal service reviews, local agencies may wish to share with LAFCO information they might otherwise consider confidential or privileged. For example, a city negotiating a pending pre-annexation agreement with a developer may find it helpful to share its negotiating stance with LAFCO as LAFCO contemplates the city's plan for services for the annexation area. A city facing vulnerabilities in its service capabilities may have important information about sales tax sources, audit comments, or even grand jury communications that it wishes LAFCO to consider, but which the city still considers confidential.

The California Public Records Act grants the public a right to access public records transmitted to or held by LAFCO, which can encompass any documents or communications related to the conduct of public business.¹ Although this right is not unlimited, courts interpret the right of access broadly while interpreting any exceptions to disclosure narrowly.² Thus, marking transmittals to LAFCO "confidential" has no real effect on whether those documents are in fact subject to PRA disclosure, even if they were exempt at city hall prior to the transmittal. Because most information transmitted to LAFCO pertains to the conduct of public business, it is presumed to fall within the PRA's broad definition of a public record.

Materials may still be exempt from disclosure at their home agency if a specific exemption applies, such as the attorney-client privilege or the "preliminary draft" exemption.³ However, the attorney-client privilege that may protect records held or maintained in the sole custody of a local agency and its counsel, may no longer apply when shared outside the relationship between that agency and its counsel, i.e., with LAFCO. It is also difficult to argue that an agency's inclusion of materials in its application package to LAFCO is a "preliminary draft" of a document not "ordinarily retained in the ordinary course of business."⁴ Those documents are almost always in final form. Whether a specific exemption applies depends on the content and context of the record; however, more likely than not, in sending documents "over the net" to LAFCO, affected agencies that considered those documents confidential should assume that their qualification for a PRA exemption lapses with that transmittal to LAFCO.

SCOTT C. SMITH of Best Best & Krieger LLP, General Counsel Orange County LAFCO

¹ Gov. Code, § 79250.545.

² City of San Jose v. Superior Court (2017) 2 Cal.5th 608, 617.

³ Exceptions to the PRA's disclosure rules are found in Government Code §§ 6254 and 6255.

⁴ See Gov't Code § 6254(a).

From Screens to Streams: Connecting Online

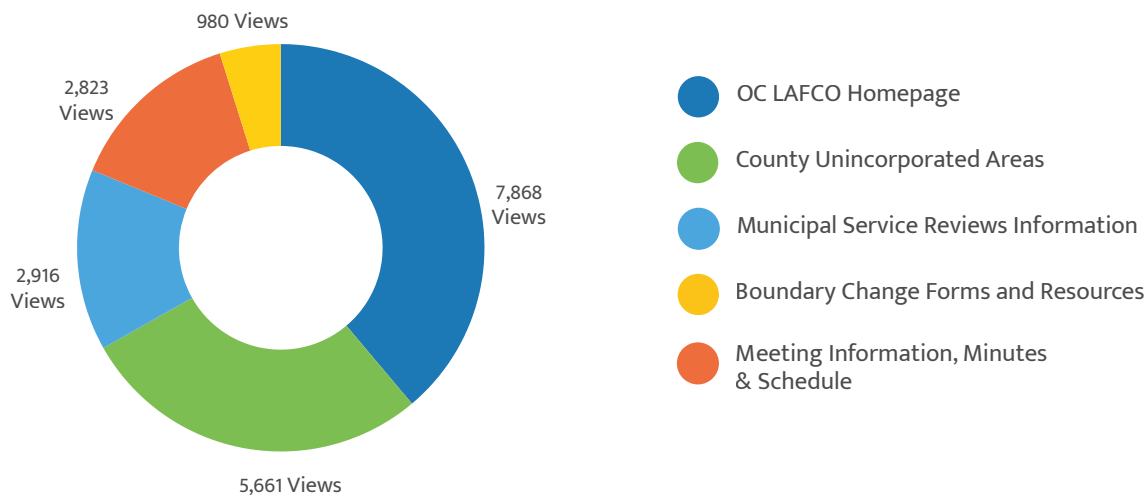
Over the past year, OC LAFCO’s digital presence has grown steadily, with notable increases in engagement on both the agency’s website and YouTube channel. Read on to see how these platforms are enhancing public access and transparency.



Website Metrics

Over the past year, OC LAFCO’s website has received over 27,000 page views, reflecting sustained public engagement with the agency’s work. Visitors explored a range of content, with particular interest in meeting agendas, application procedures, and agency operations. The chart below highlights the top five most visited pages during the last year. While these pages account for a significant portion of overall traffic, they represent just part of the broader site activity captured in the annual total.

Top Five Visited OC LAFCO Webpages

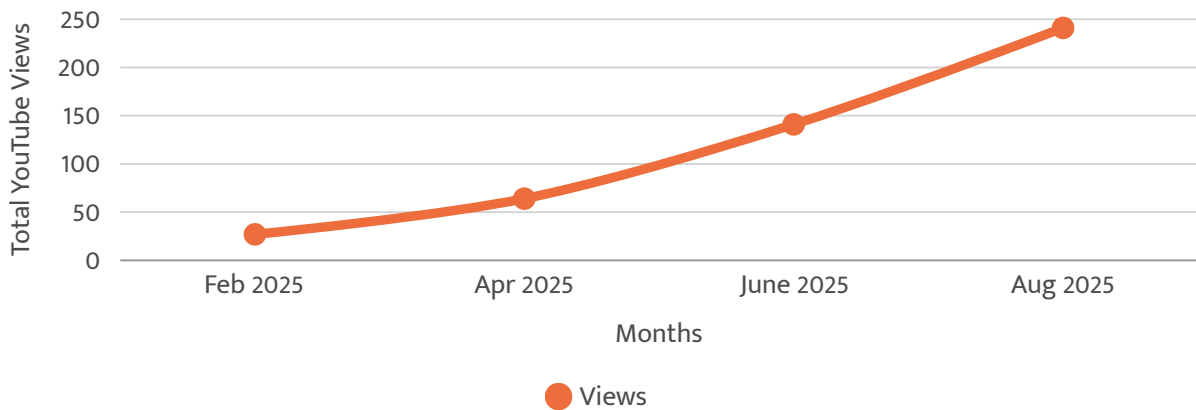


YouTube Performance

In February 2025, the Commission began audio live-streaming its regular meetings through a YouTube channel to further enhance the agency’s transparency. The Commission took a further step and implemented video livestreaming of its regular meeting in June 2025. The video livestreaming total views demonstrate an increase of almost 90 percent since the first audio livestream was introduced. The graph below shows the overall increase in views since February 2025, reflecting a growth in public engagement.

To follow along with OC LAFCO, visit oclafco.org or subscribe to the Agency’s YouTube channel @OrangeCountyLAFCO.

OC LAFCO YouTube Channel Views



Meet the Team: New Faces and Staff Stars



OC LAFCO Analyst Recruitment

In May 2025, OC LAFCO staff began the recruitment process for a Policy Analyst I. To attract top-tier talent, staff attended the University of California, Irvine Department of Urban Planning and Public Policy Career Fair to connect with students interested in local government and public policy. The position was also posted to the Orange County Human Resources website, and key employment platforms like LinkedIn, Handshake, and California State University CareerLink, ensuring visibility among a wide range of qualified candidates. This strategic approach resulted in approximately 60 applications. After a comprehensive review and interview process, OC LAFCO staff selected a highly qualified candidate who will bring valuable expertise to support the Commission's Work Plan and Mission Statement.

Leo Lara joins the OC LAFCO team, bringing valuable experience from his recent work with the Irvine Ranch Water District's Water Efficiency team and water policy research with the University of California, Irvine. Having worked hands-on in water efficiency programs, GIS mapping, and legislative research on California's Conservation as a Way of Life framework, he supported compliance tracking and helped evaluate the effectiveness of rebate programs and conservation policies. A recent Master of Public Policy graduate from the University of California, Irvine, with a concentration in environmental and sustainability policy, Leo has developed a strong foundation in policy analysis, data management, and regulatory compliance, making him well-prepared to join the OC LAFCO team.

Leo is looking forward to taking on new challenges, particularly in projects that intersect with water and municipal governance. He is eager to contribute new ideas and collaborate with the team to help ensure efficient and effective delivery of municipal services across Orange County. When not in the office, Leo enjoys exploring new hiking trails in Orange County, traveling, trying out new coffee shops, and scuba diving in the crystal-clear waters of Catalina Island.



Leo Lara
Policy Analyst



Did You Know?

The Commission has received and filed a total of 13 MSRs over the past decade.

Staff Highlight: Commission Clerk and Office Manager Cheryl Carter-Benjamin



Cheryl Carter-Benjamin
Commission Clerk/Officer Manager
Joined OC LAFCO in 2011

For over 15 years, Cheryl Carter-Benjamin has played a pivotal role in the day-to-day operations of OC LAFCO. Before joining the agency, Cheryl worked as a legal secretary, bringing with her a solid foundation in administrative support and attention to detail that continues to serve the agency well.

In her dual role as Commission Clerk and Office Manager, Cheryl ensures that both the Commission's proceedings and the office's internal operations run smoothly. As Commission Clerk, she coordinates Commission meetings, prepares agendas, presents staff reports, and drafts official meeting minutes. As Office Manager, she oversees daily administrative functions, including managing office supplies, processing invoices, and maintaining the agency's records and archives. Cheryl's work often spans multiple functions in a given week, requiring flexibility and collaboration with staff across all areas of the agency.

Cheryl emphasizes the importance of supporting the agency's mission and noted that working with OC LAFCO staff and staff from other LAFCOs has been the most rewarding part of the role. In her spare time, Cheryl enjoys roller skating with her husband, going to the theater to watch recent movie releases, and spending time with family on vacations.

REGULAR MEMBERS**CHAIR**
Donald P. Wagner
County Member**VICE CHAIR**
Wendy Bucknum
City Member**IMMEDIATE PAST CHAIR**
Douglass Davert
Special District Member**James Fidler**
Special District Member**Peggy Huang**
City Member**Derek J. McGregor**
Public Member**VACANT**
County Member**ALTERNATES****Kathryn Freshley**
Special District Member**Carol Moore**
City Member**Lou Penrose**
Public Member**VACANT**
County Member**STAFF****Luis Tapia**
Interim Executive Officer**Scott Smith**
General Counsel**MEETING DATE:** September 17, 2025**8a** | **Public**
Hearing**TO:** Local Agency Formation Commission
of Orange County**FROM:** Interim Executive Officer**SUBJECT:** Municipal Service Review and Sphere of Influence
Reviews for the Central Region (MSR 24-01 and SOI
24-02)**BACKGROUND**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) was amended 25 years ago to include Municipal Service Reviews (MSR). The mandate (Government Code Section 56430) by the State Legislature requires LAFCOs to conduct comprehensive, regional studies on future growth and how local agencies are planning for their municipal services and infrastructure systems. To meet this mandate, OC LAFCO is required to conduct MSRs for 34 cities and 34 independent and dependent special districts providing services throughout Orange County. In conjunction with conducting MSRs, the Commission is required to review each agency's Sphere of Influence (SOI) every five years. An SOI is a tool used by LAFCOs to determine the probable physical boundaries and service area for a city or a special district.

Since 2000, OC LAFCO has completed and prepared three cycles of MSRs and SOI reviews. The Commission has streamlined this process by establishing regional study areas to include multiple agencies and the clustering of municipal services. Each cycle has incorporated the collaborative participation of representatives from the County, cities, special districts, and community members, as appropriate, and involved the review of how Orange County agencies deliver and plan to deliver municipal services effectively and efficiently.

A schedule was previously established by the Commission for completing the fourth MSR cycle, and an MSR for the West and Southwest Region has been prepared in line with that timeline. OC LAFCO retained consultant RSG, Inc. (RSG) to prepare the MSR for the Central Region, which included conducting interviews with each of the agencies in the region and collecting demographics, fiscal, and other data to support the MSR findings and determinations. The MSR addresses each of the areas required in accordance with State law and is attached to this staff report.

Additionally, a summary of the MSR and SOI determinations and staff recommendations are discussed in the next sections.

MSR SUMMARY

The agencies in the Central Region provide municipal services to approximately 1.2 million people residing in the central portion of the County, including unincorporated areas within the region. The four special districts in the Central Region provide municipal services to approximately 604,000 residents. Generally, the Central Region is located south of the 91 Freeway, north of the 405 Freeway, east of Beach Boulevard, and west of the 241 State Route. The Central Region includes six cities (Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park), four special districts (East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Parks District), and seven unincorporated areas adjacent to the cities of Anaheim and Orange.

Below is the schedule of the past MSRs conducted for the agencies within the Central Region. The 2025 Central MSR Region reviews how the agencies are delivering key municipal services and planning for their respective operations and infrastructures. For the 2025 review, staff is recommending that the SOI of each agency be reconfirmed. The key municipal services reviewed within the MSR include law enforcement, fire protection and emergency medical, retail water, wastewater, stormwater, solid waste, public works, parks, recreation and open space, library, and animal control.

Overall, the agencies in the Central Region are providing adequate services to their residents and customers. However, the MSR notes that some agencies are facing challenges with street maintenance.

Central MSR Region – Completed MSRs			
Cities	1 st MSR Cycle	2 nd MSR Cycle	3 rd MSR Cycle
Anaheim	2006	2008	2013
Irvine	2005	2008	2013
Orange	2005	2009	2013
Santa Ana	2006	2008	2013
Tustin	2007	2009	2013
Villa Park	2005	2008	2013
Special Districts	1 st MSR Cycle	2 nd MSR Cycle	3 rd MSR Cycle
East Orange County Water District	2005	2008	2013
Irvine Ranch Water District	2005	2008	2013
Serrano Water District	2005	2008	2013
Silverado-Modjeska Recreation and Parks District	2005	2008	2013

SOI SUMMARY

During the Central Region SOI reviews, no issues were identified for the agency SOIs. However, the City of Irvine and Irvine Ranch Water District noted that in the near future, each agency would be exploring the potential annexation of two areas, respectively. Maps depicting the areas are provided in the MSR report on pages 12 and 14.

The MSR also notes an inquiry made by the Silverado-Modjeska Recreation and Parks District regarding the District's current SOI. During the 2005 MSR, the District's SOI was reduced due to a proposed development by the City of Orange. Since the 2005 MSR, no significant development has occurred or is planned in the area. Currently, the area is designated as open space, and the District does not provide any services within the area. Therefore, the recommendation by the consultant RSG, Inc. is to reconfirm the current SOIs.

Central MSR Region – Sphere of Influence		
Cities	SOI Originally Adopted	SOI Last Updated
Anaheim	1973	2021
Irvine	1972	2013
Orange	1973	2021
Santa Ana	1973	2019
Tustin	1974	2022
Villa Park	1974	2013
Special Districts	SOI Originally Adopted	SOI Last Updated
East Orange County Water District	1974	2016
Irvine Ranch Water District	1976	2013
Serrano Water District	1984	2013
Silverado-Modjeska Recreation and Parks District	1984	2013

AGENCY/PUBLIC COMMENT

A 30-day review and comment period (July 18, 2025 through August 18, 2025) was conducted for the Public Draft MSR for the Central Region MSR. Each city and special district within the Central Region was notified of the review period and publishing of the draft MSR on the OC LAFCO website. Staff received comments from Orange, Santa Ana, Villa Park, East Orange County Water District, and Irvine Ranch Water District, which included minor corrections.

ENVIRONMENTAL REVIEW

OC LAFCO is the lead agency under the California Environmental Quality Act (CEQA) for the Central MSR and SOIs reviews. Staff reviewed the CEQA Guidelines and recommends the Commission find the Central MSR and SOI reviews exempt from CEQA under CEQA Guidelines §15262 (Feasibility and Planning Studies).

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Receive and file the Municipal Service Review for the Central Region (**Attachment 1**).
2. Approve OC LAFCO Resolution No. MSR 24-01 adopting the Municipal Service Review Statement of Determinations for the Central Region.
3. Approve OC LAFCO Resolution No. SOI 24-02 adopting the Sphere of Influence Statement of Determinations and reconfirming the sphere of influence for the cities and special districts identified in the Resolution (**Attachment 3**).
4. Approve the Notices of Exemption for MSR 24-01 and SOI 24-02 (respectively, **Attachment 2, Exhibit 1** and **Attachment 3, Exhibit 2**).

Respectfully Submitted,



LUIS TAPIA

Attachments:

1. Final Draft Municipal Service Review for Central MSR
2. OC LAFCO Resolution No. MSR 24-01 – Central MSR
3. OC LAFCO Resolution No. SOI 24-02 – Central MSR



Local Agency Formation Commission of Orange County

2677 North Main Street, Suite 1050
Santa Ana, CA 92705

Municipal Service Review and Sphere of Influence Reviews

Central Region

Administrative Draft

September 4, 2025

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



TABLE OF CONTENTS

Table of Figures	iii
List of Abbreviations Used	iv
I. Executive Summary	1
Introduction.....	1
Central Region Cities and Special Districts Reviewed	1
MSR Determinations Summary	3
SOI Determinations Summary and Recommendations.....	6
<i>SOI Updates</i>	9
II. Background.....	15
Legal Requirements and Purpose	15
Authority and Powers of LAFCO.....	15
<i>LAFCO Responsibilities</i>	15
<i>Planning Authorities</i>	16
<i>Sphere of Influence Updates</i>	16
Municipal Service Reviews	17
<i>Prior Municipal Service Reviews</i>	18
<i>Disadvantaged Unincorporated Communities (DUCs)</i>	19
<i>Unincorporated Areas</i>	19
Orange County Local Agency Formation Commission	23
<i>Commission Composition</i>	23
<i>Meeting and Contact Information</i>	24
Methodology and Data Sources.....	25
III. Agency Profiles	27
IV. Growth and Population Projections	63
V. Present and Planned Land Uses.....	66
VI. Location and Characteristics of Any DUCs	70

VII. Capacity of Facilities and Adequacy of Services	74
Law Enforcement	74
Fire Protection and Emergency Medical	75
Water Services	75
Wastewater, Stormwater, Solid Waste	79
Utilities (Electric, Lighting, And Other Utilities)	82
Street Maintenance	83
Parks, Recreation and Open Space	85
Library Services	86
Animal Control	88
Code Enforcement	88
VIII. Financial Ability to Provide Services	89
Regional Fiscal Concerns	112
IX. Opportunities for Shared Facilities	113
X. Accountability, Government Structure and Operational Efficiencies	114

TABLE OF FIGURES

Table 1: Central Region Agencies	1
Table 2: OC LAFCO Commission Roster.....	24
Table 3: Regional Population and Housing Trends.....	64
Table 4: Demographic Information for Unincorporated Area Within SOI	65
Table 5: RHNA Requirements for Central Region Cities.....	66
Table 6: Retail Water Providers in the Central Region.....	76
Table 7: City Wastewater Service Providers	80
Table 8: Special District Wastewater Service Providers.....	81
Table 9: OC Sanitation District Infrastructure	81
Table 10: Maintained Road Miles, Vehicle Miles Traveled, & Gas Taxes per City	84
Table 11: Public Parks and Open Space in the Central Region	86
Table 12: Library Service Providers in the Central Region	87
Table 13: Summary of Fiscal Indicators Project and CA Auditor Rankings.....	92

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

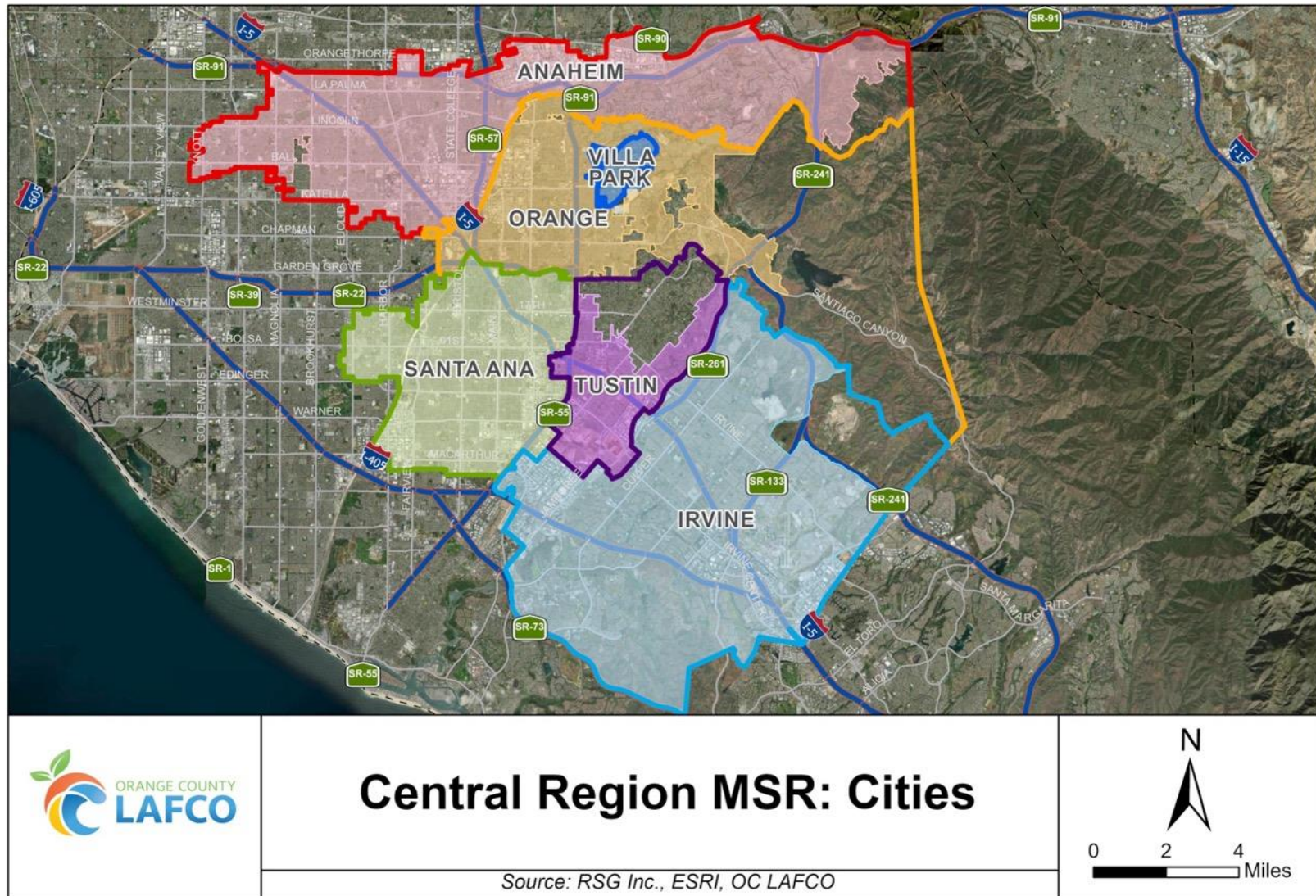
The Local Agency Formation Commission of Orange County (“OC LAFCO”) initiated this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update in 2024 for six cities and four special districts in the OC LAFCO-designated “Central Region” of the County. OC LAFCO retained consultant RSG, Inc. (“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

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	



MSR DETERMINATIONS SUMMARY

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 70 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

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 6th 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 69.

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 89.

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

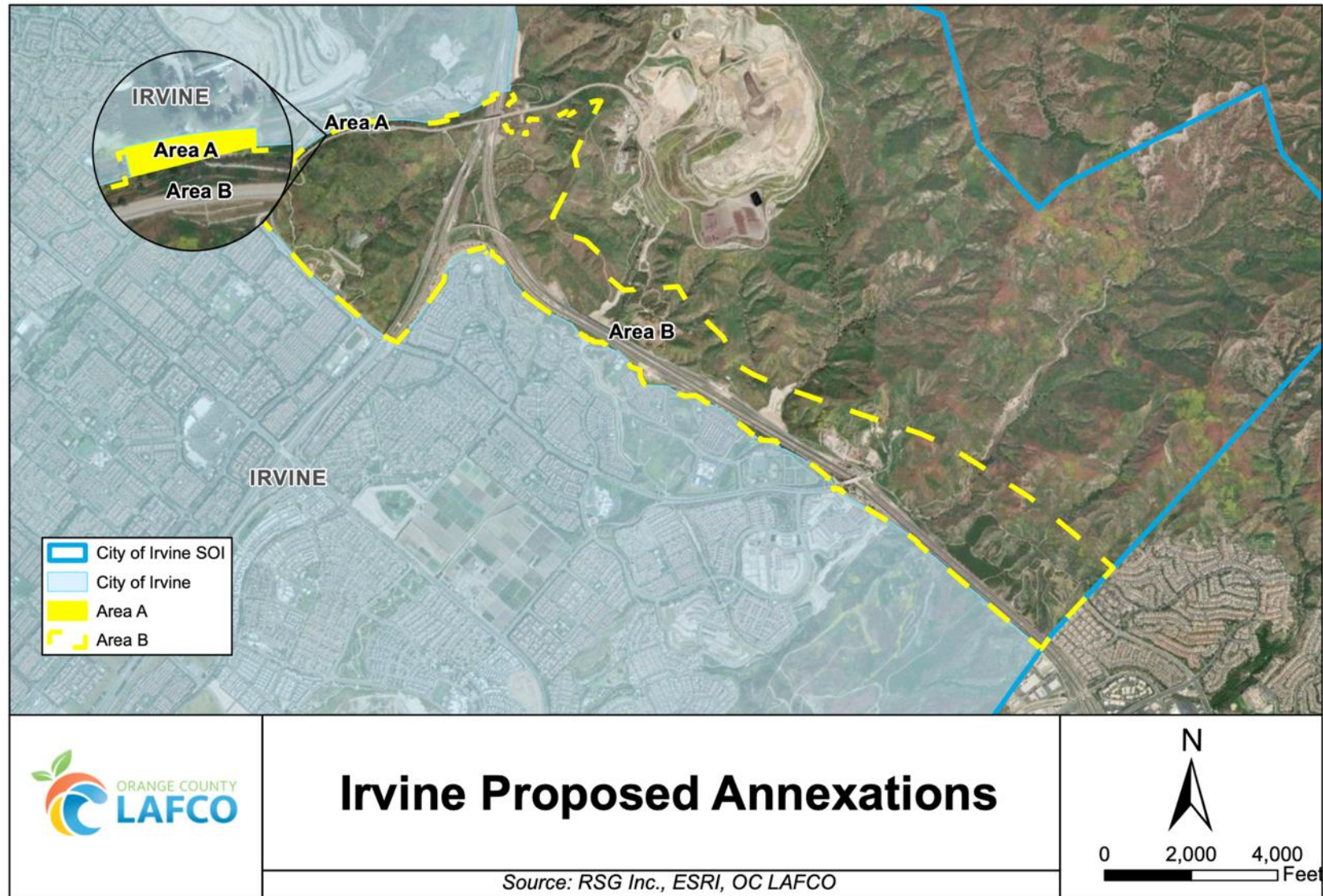


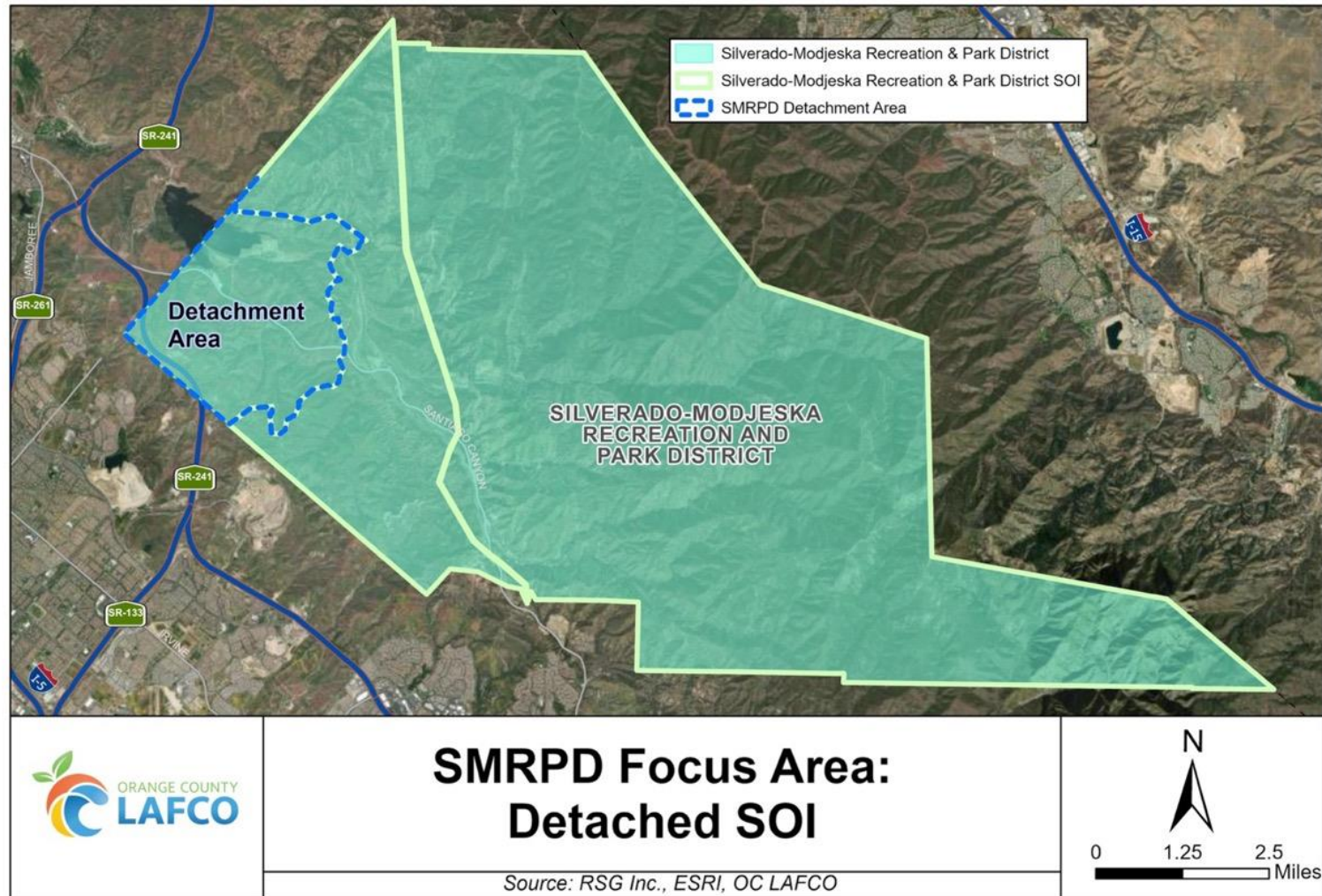
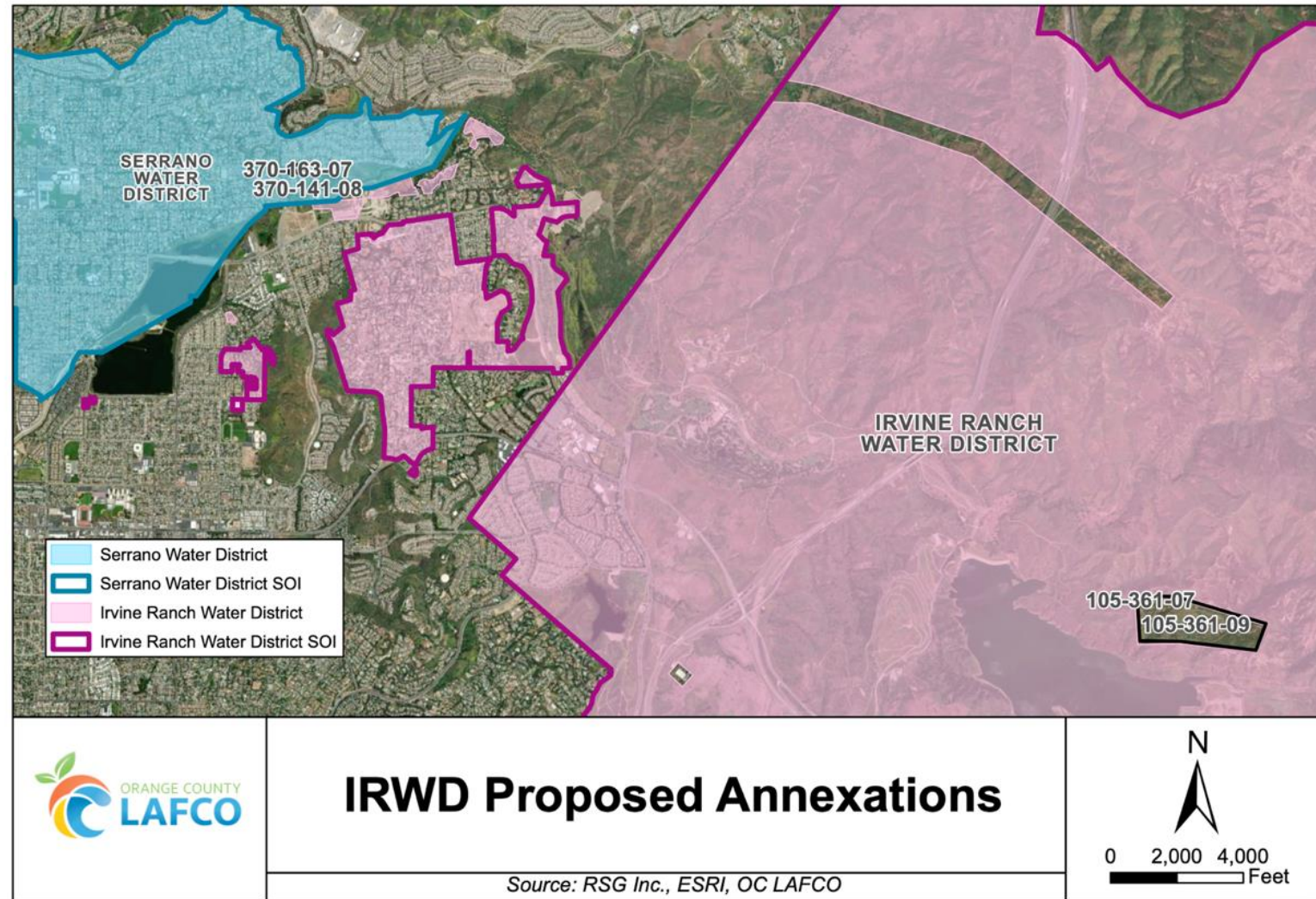
Figure 2: SMRPD Detachment Area

Figure 3: IRWD Proposed Annexations



II. BACKGROUND

LEGAL REQUIREMENTS AND PURPOSE

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

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

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

METHODOLOGY AND DATA SOURCES

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	
<i>Service or Department</i>	<i>Provider</i>
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
2023 Population	328,580	3,140,475
2028 Population ¹	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%

¹2028 Population estimate is a projection only.

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

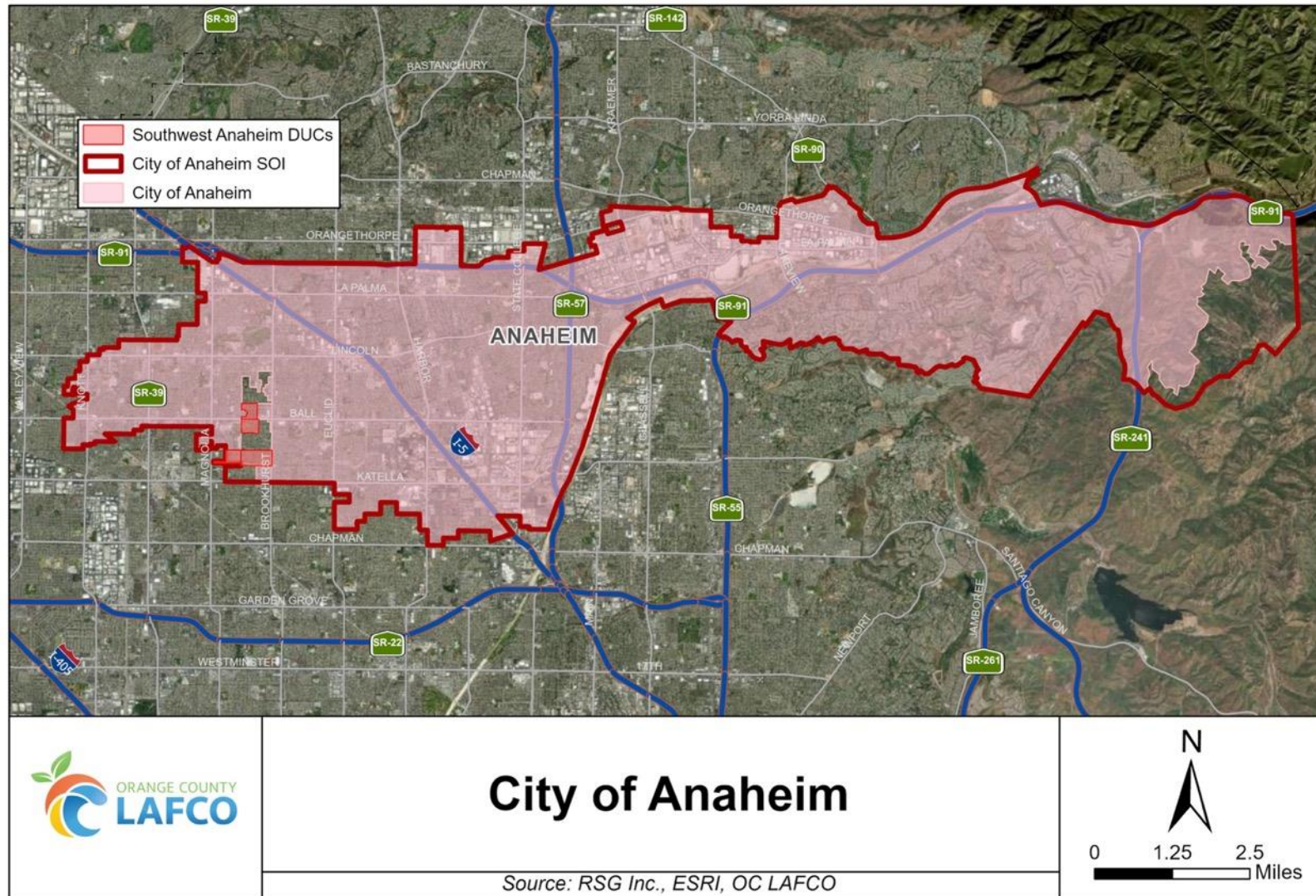
Financial Summary

Anaheim

Financial Summary ¹	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

¹"Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



City of Irvine 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
2023 Population	303,051	3,140,475
2028 Population ¹	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%

¹ 2028 Population estimate is a projection only.

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

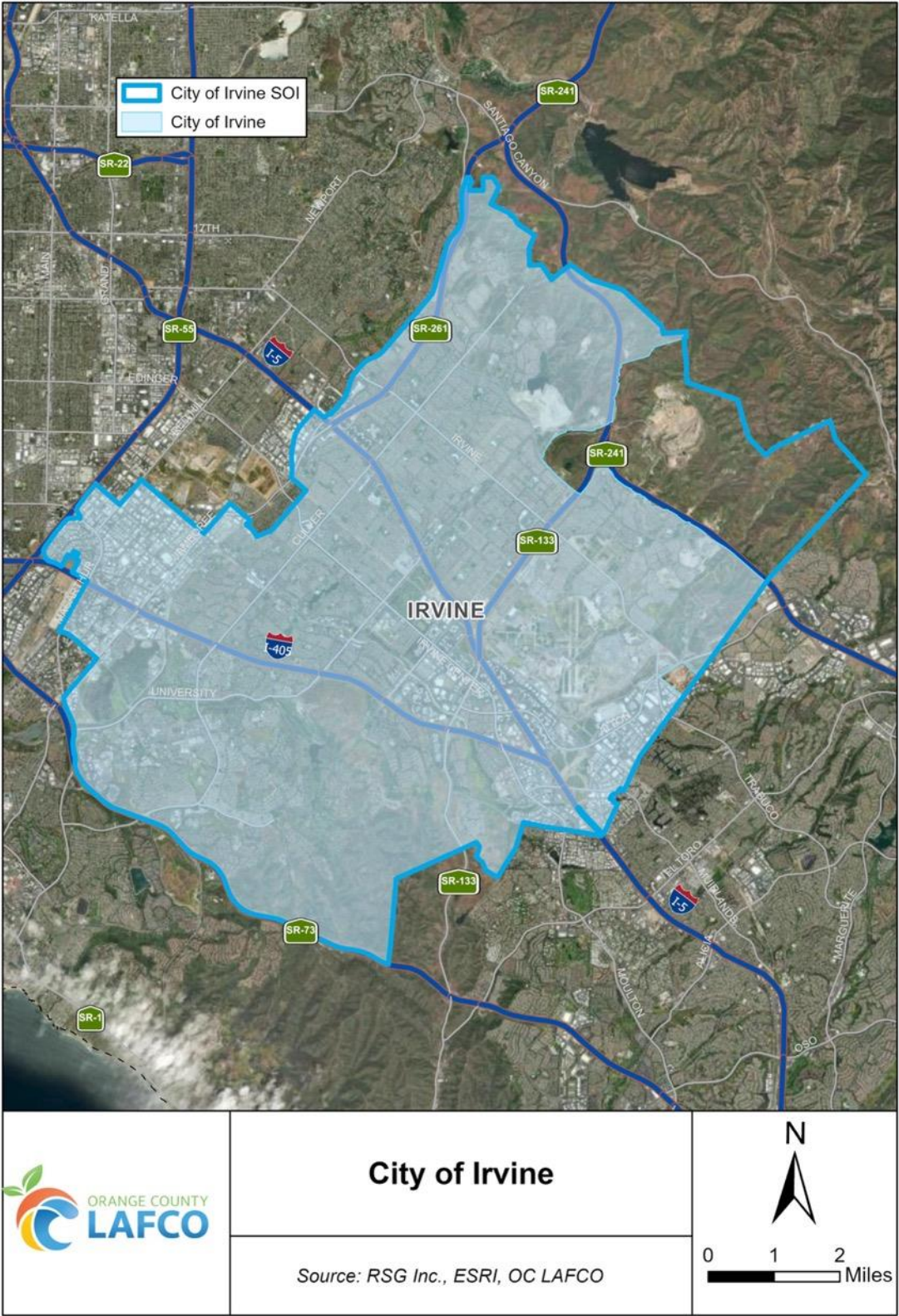
Financial Summary

Irvine

Financial Summary ¹	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 221,961,000	\$ 216,963,000	\$ 203,506,000	\$ 240,641,000	\$ 276,353,000
Expenditures	212,456,000	202,336,000	212,247,000	221,810,000	261,326,000
Net	\$ 9,505,000	\$ 14,627,000	\$ (8,741,000)	\$ 18,831,000	\$ 15,027,000
Net Operating Income	\$ 55,377,000	\$ 61,689,000	\$ 57,664,000	\$ 80,274,000	\$ 76,519,000

¹ Reserves shown are based on Unassigned General Fund Balance and Committed to Contingency Reserves.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



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	www.cityoforange.org
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
2023 Population	139,063	3,140,475
2028 Population ¹	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%

¹2028 Population estimate is a projection only.

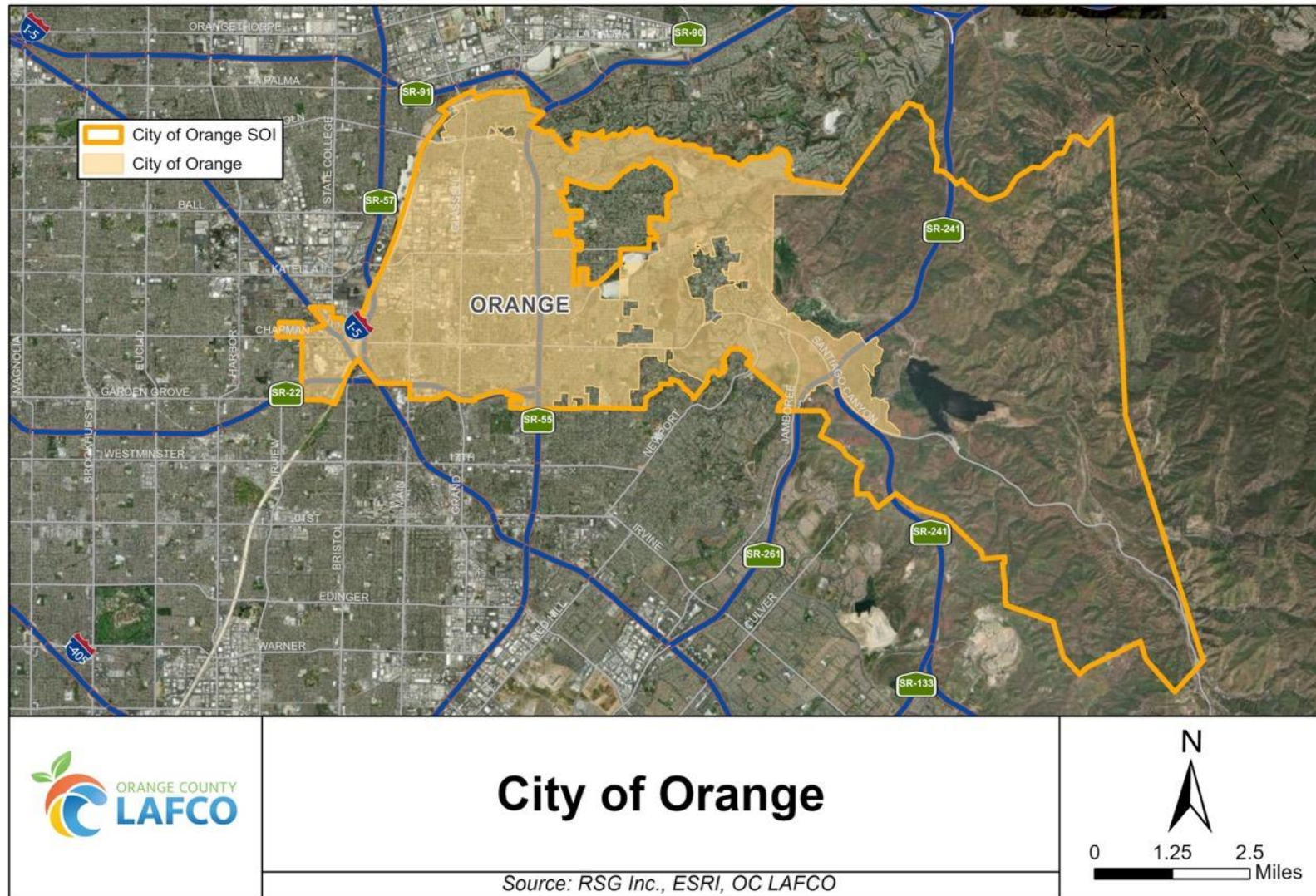
Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

Financial Summary

Orange					
Financial Summary¹	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

¹"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

Santa Ana		
Population & Density	Agency	County
2020 Population	310,520	3,187,189
2023 Population	310,604	3,140,475
2028 Population ¹	315,676	3,179,293
2023-2028 Projected Annual Growth Rate (%)	0.3% >	0.2%
Daytime Population	295,543	3,298,545
Unincorporated SOI Population	-	-
Households	78,067	1,089,171
Household Size	3.98 >	2.92
Area (Square Miles)	27.39	948.00
Density (Persons per Square Mile)	11,339 >	3,313
Housing		
Housing Units	82,058	1,150,154
Owner Occupied (%)	44% <	54%
Renter Occupied (%)	51% >	41%
Vacant (%)	5% <	5%
Median Home Value	\$ 636,245 <	\$ 895,768
Employment & Poverty		
Businesses	13,521	172,355
Employees	132,370	1,635,323
Median Household Income	\$ 81,103 <	\$ 105,332
Public Transportation Commuters (%)	3.5% >	1.5%
Commute Longer than 60 Minutes (%)	5.8% <	9.0%
Poverty Rate	12.3% >	9.9%

¹ 2028 Population estimate is a projection only.

Businesses reflect 2023 (SIC01-99) businesses. The City has approximately 30,000 business licenses in 2025.

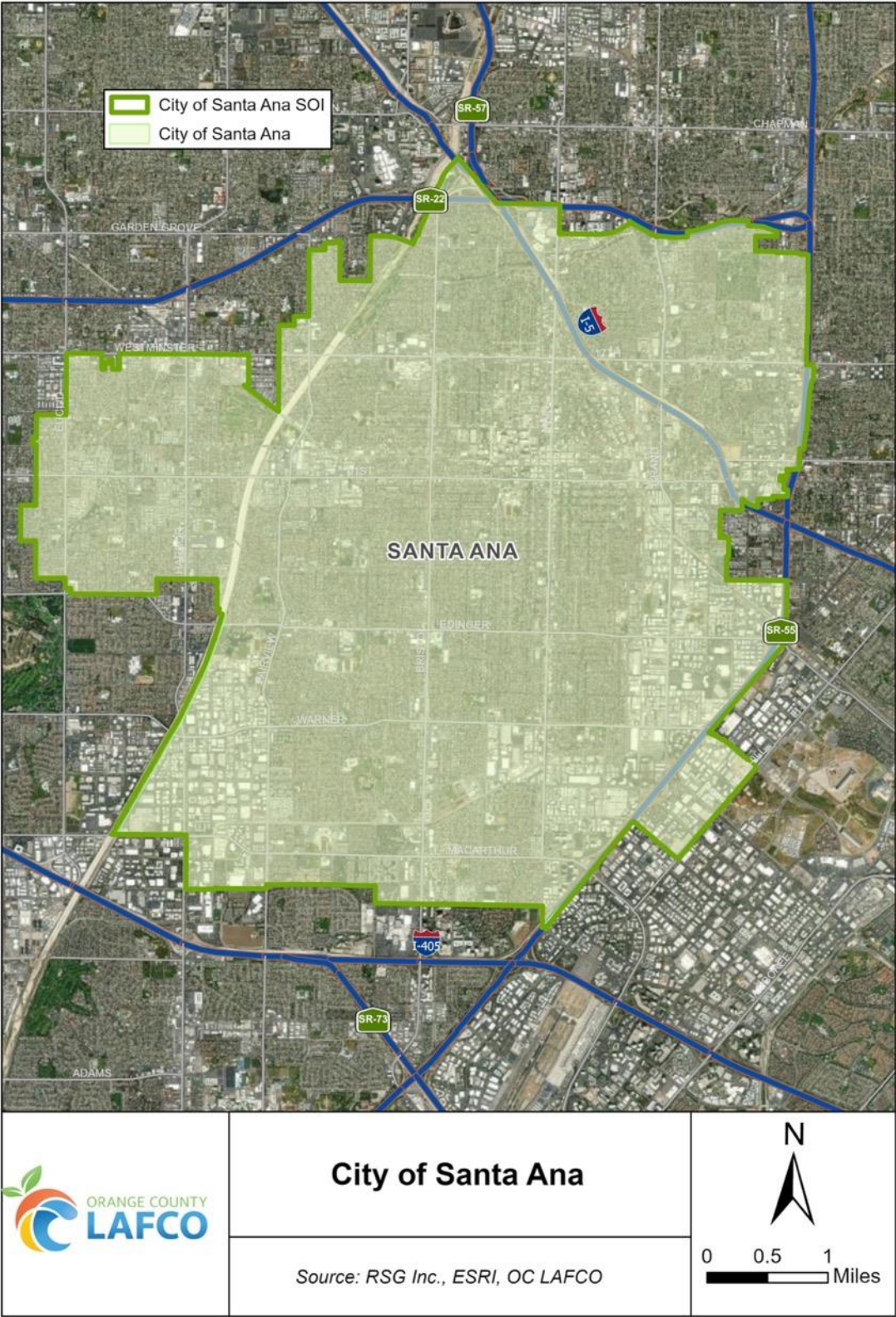
Source: US Census Bureau, DOF Population and Housing Estimates (Cities), ESRI Business Analyst

Financial Summary

Santa Ana					
Financial Summary¹	2018-19	2019-20	2020-21	2021-22	2022-23
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

¹ "Reserves" shown are based on Unassigned Fund Balance or Unrestricted Net Position.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates



City of Tustin Incorporated September 21, 1927	
Agency Information	
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
Service Area Information	
Incorporated Area (Sq. Mi.)	11.13
Population	79,558
Population of Unincorporated SOI	26,183
Service Summary	
<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
2023 Population	79,558	3,140,475
2028 Population ¹	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%

¹2028 Population estimate is a projection only.

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

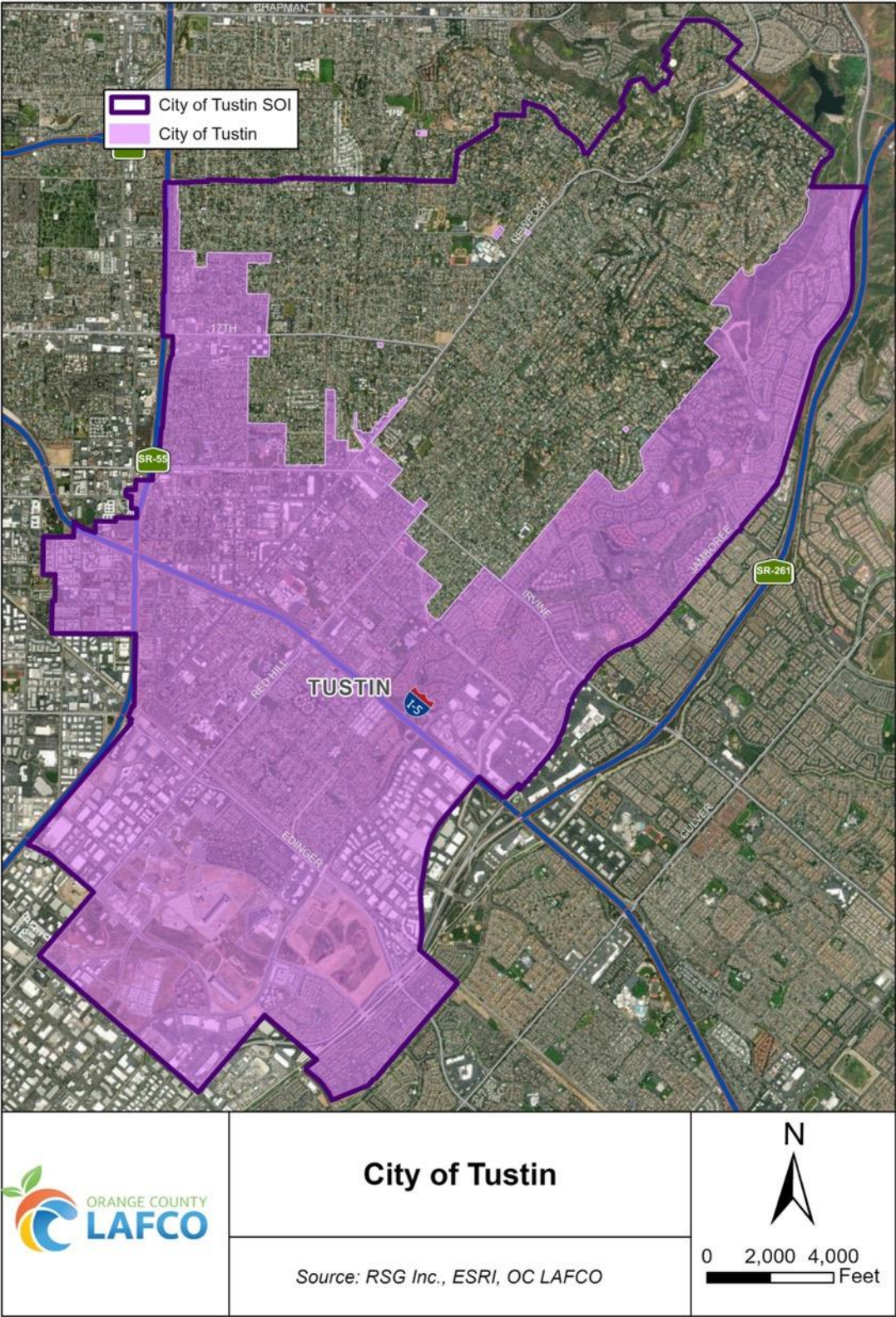
Financial Summary

Tustin

Financial Summary ¹	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

¹"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><i>Service or Department</i></u>	<u><i>Provider</i></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
2023 Population	5,790	3,140,475
2028 Population ¹	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%

¹2028 Population estimate is a projection only.

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

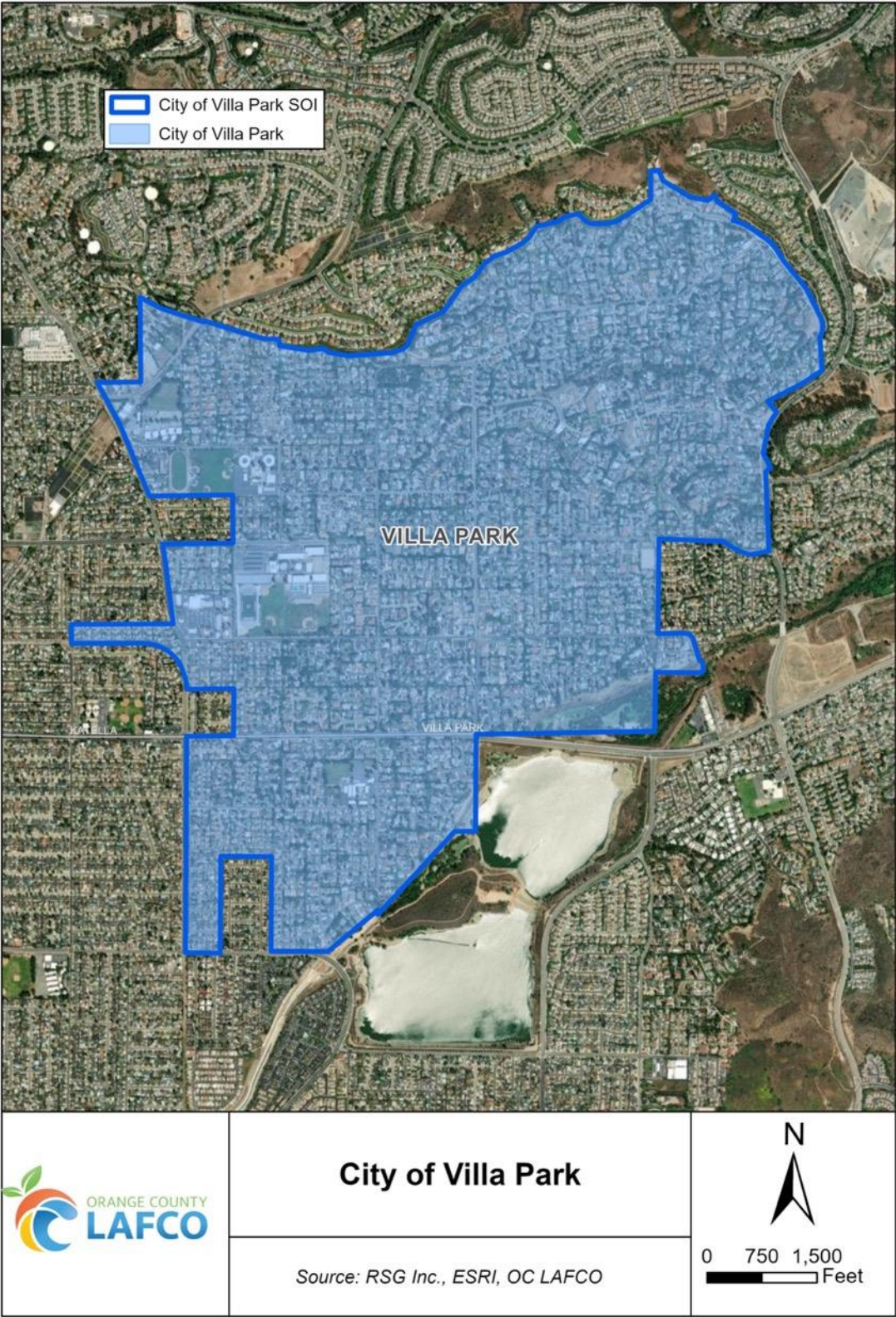
Financial Summary

Villa Park

Financial Summary ¹	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

¹"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	www.eocwd.com
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

East Orange County Water District

Financial Summary¹	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	\$ 13,723,921	\$ 12,990,858	\$ 14,666,591	\$ 17,753,825	\$ 16,818,695
Expenditures	8,849,131	8,427,001	13,623,686	16,279,464	14,191,550
Net	\$ 4,874,790	\$ 4,563,857	\$ 1,042,905	\$ 1,474,361	\$ 2,627,145
Reserves	\$ 13,929,861	\$ 14,868,399	\$ 15,413,441	\$ 19,968,549	\$ 21,835,980

¹Reserves shown are based on Unassigned General Fund Balance and Unrestricted Net Position.

²Reserves figure for 2022-23 is explained due to the misclassification of the debt-funded Browning project which incorrectly reduced the restricted sewer acquisition funds calculation in the 2022-23 audit presentation.

Source: OC LAFCO Fiscal Indicators, Berkson & Associates

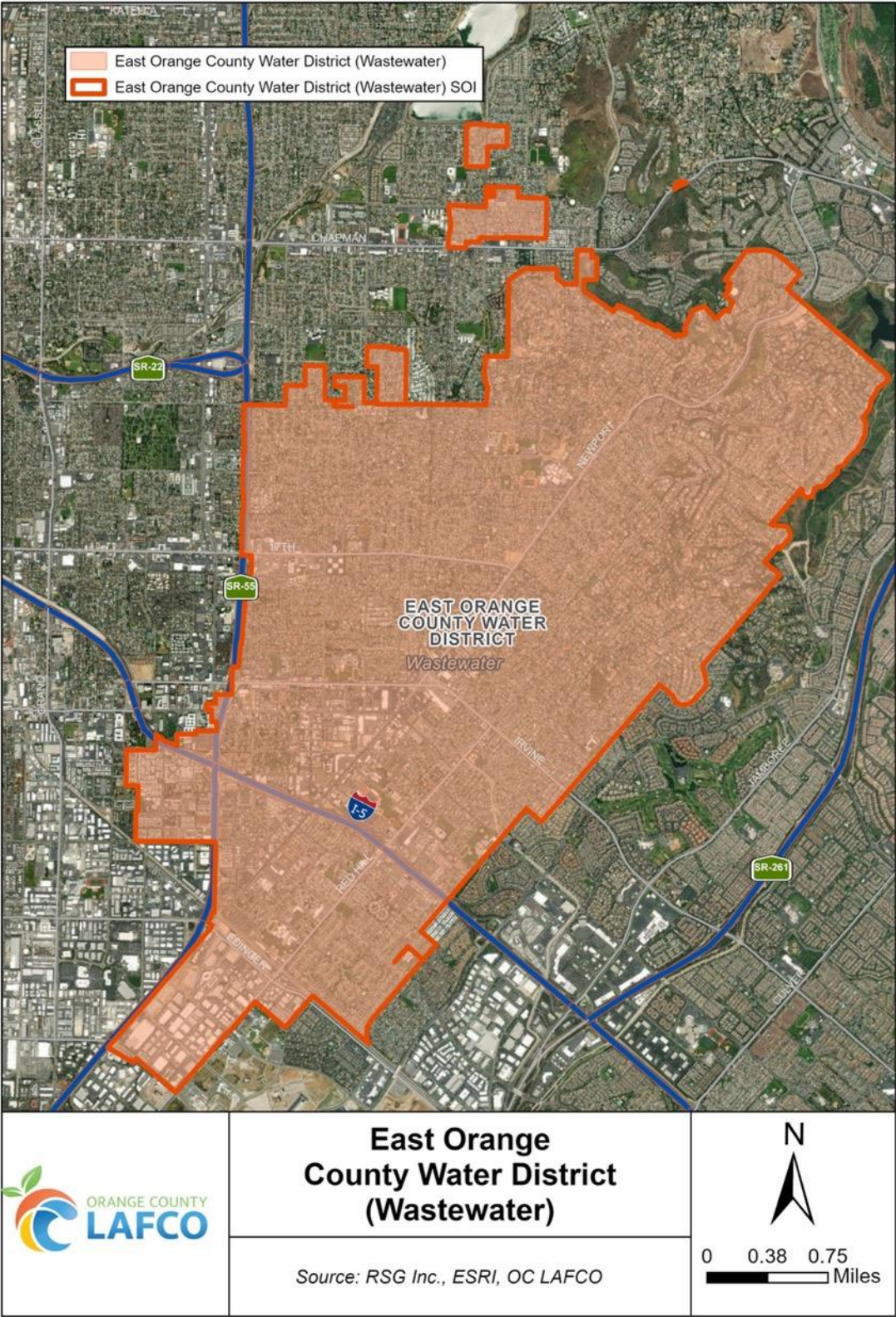
Demographic Summary (East Orange Wastewater Boundary)

East Orange County Water District (Wastewater)

Population & Density	Agency	County
2020 Population	75,296	3,187,189
2023 Population	75,402	3,140,475
2028 Population ¹	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
Housing		
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
Employment & Poverty		
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%

¹ 2028 Population estimate is a projection only.

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



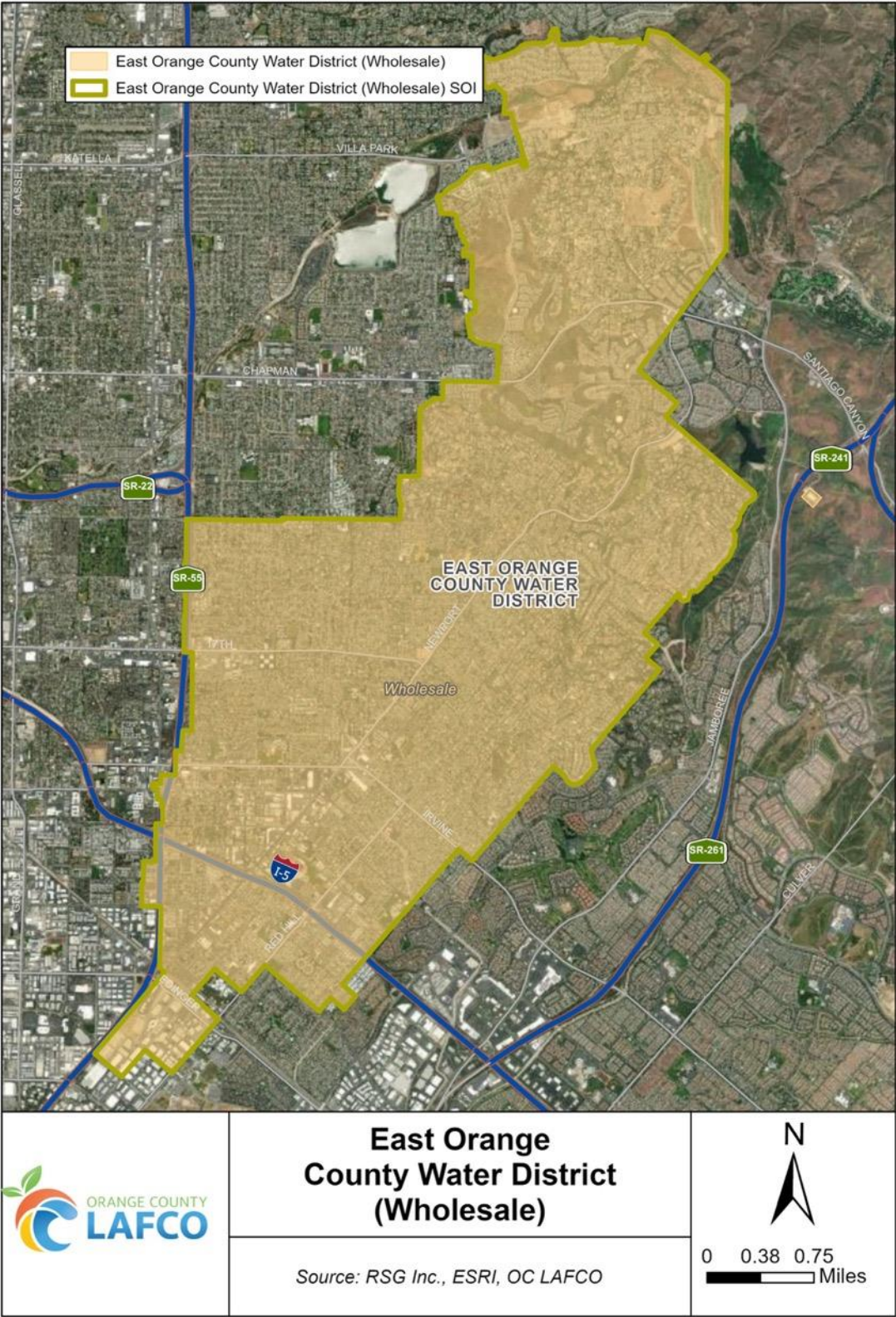
Demographic Summary (East Orange Wholesale Boundary)

East Orange County Water District (Wholesale)

Population & Density	Agency	County
2020 Population	74,308	3,187,189
2023 Population	74,379	3,140,475
2028 Population ¹	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
Housing		
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
Employment & Poverty		
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%

¹ 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)

East Orange County Water District (Retail)

Population & Density	Agency	County
2020 Population	3,487	3,187,189
2023 Population	3,443	3,140,475
2028 Population ¹	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
Housing		
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
Employment & Poverty		
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%

¹ 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	www.irwd.com
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

Population & Density	Agency	County
2020 Population	445,339	3,187,189
2023 Population	438,653	3,140,475
2028 Population ¹	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
Housing		
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
Employment & Poverty		
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%

¹2028 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 ¹	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 ²	N/A	N/A	\$ 15,043,000	\$ 11,504,000	\$ 9,622,333

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

² 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



Serrano Water District	
Incorporated in 1876	
District Information	
Address	18021 Lincoln Street, Villa Park, California 92861
Primary Contact	Jerry Vilander, General Manager
Contact Information	714-538-0079
Website	www.serranowater.org/default.html
Governance	5-Member Board of Directors, Elected By-District
Total Agency Staff	8 Full-Time, and 1 Part-Time Employee
Service Area Information	
Incorporated Area (Sq. Mi.)	2.99
Communities Served	Villa Park, Orange
Population in Boundary	10,351
Water Infrastructure Totals	
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
2023 Population	10,351	3,140,475
2028 Population ¹	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%

¹2028 Population estimate is a projection only.

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

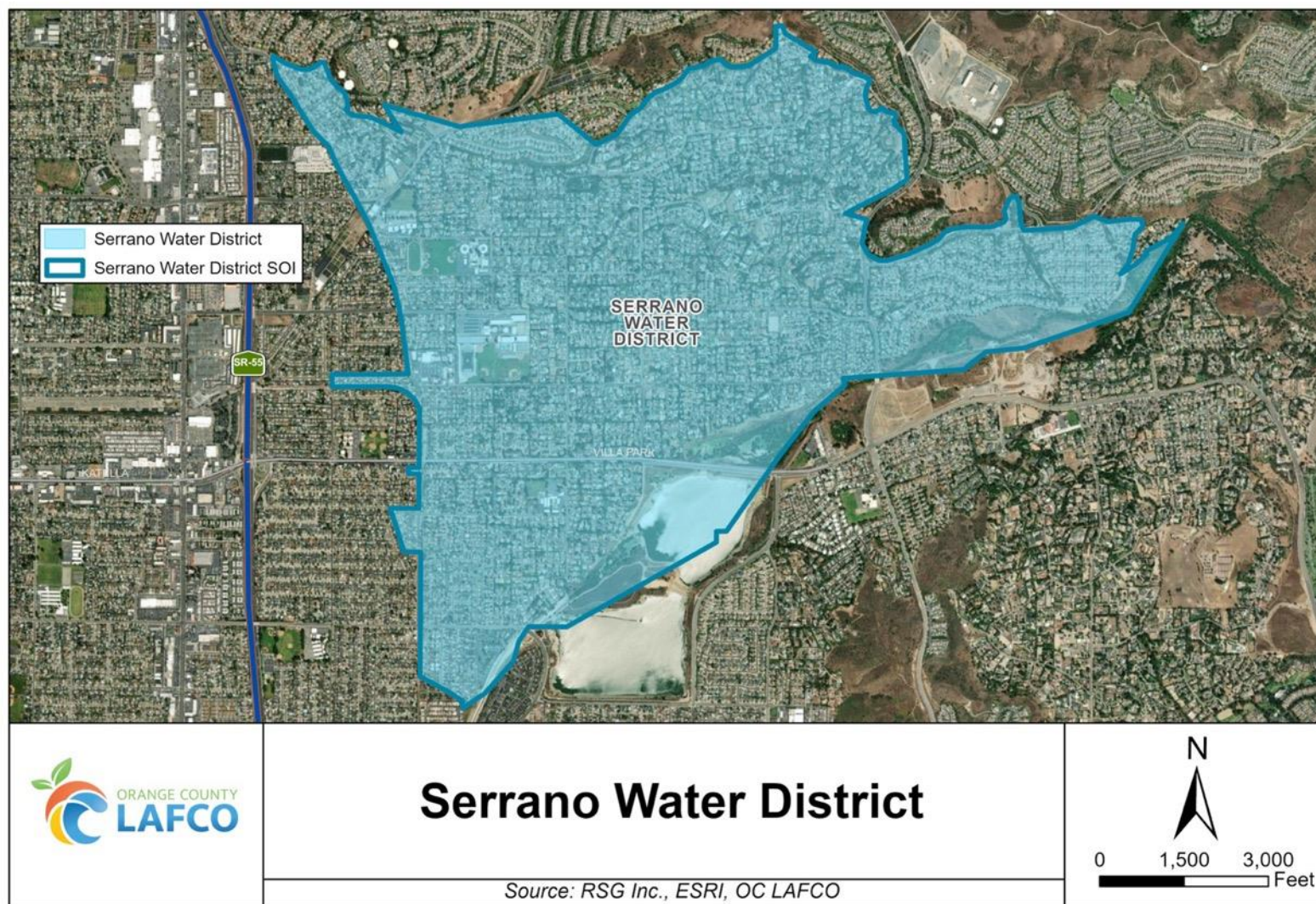
Financial Summary

Serrano Water District

Financial Summary ¹	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

¹"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 Dixson-Griggs, General Manager
Contact Information	contact-us@smrpd.org
Website	www.smrpd.org
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	
<ul style="list-style-type: none"> • 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

Population & Density	Agency	County
2020 Population	1,684	3,187,189
2023 Population	1,675	3,140,475
2028 Population ¹	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
Housing		
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
Employment & Poverty		
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%

¹2028 Population estimate is a projection only.

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

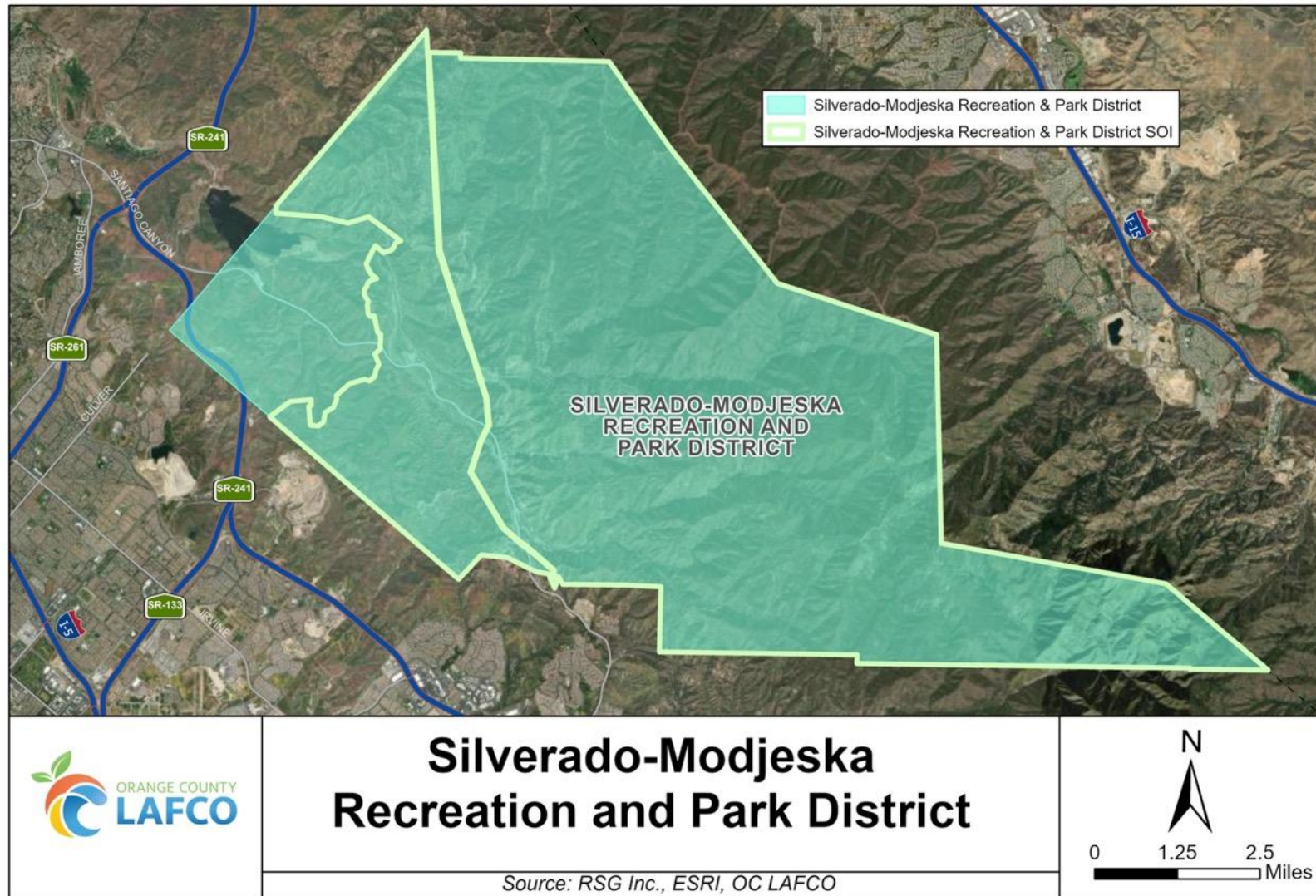
Financial Summary

Silverado-Modjeska Recreation and Park District

Financial Summary¹	2018-19	2019-20	2020-21	2021-22	2022-23
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

¹"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

Central Region				
Population		Cities	Special Districts	County
2020 Population		1,190,647	610,582	3,187,189
2023 Population		1,155,672	603,903	3,140,475
2028 Population ¹		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%
Housing				
2010 Units		335,860	188,289	1,048,907
2020 Units		374,695	229,784	1,129,785
2023 Units		398,155	256,097	1,150,154
2028 Units ¹		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%

¹ 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.¹

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.

¹ 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

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

¹ 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 6th 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 6th 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:

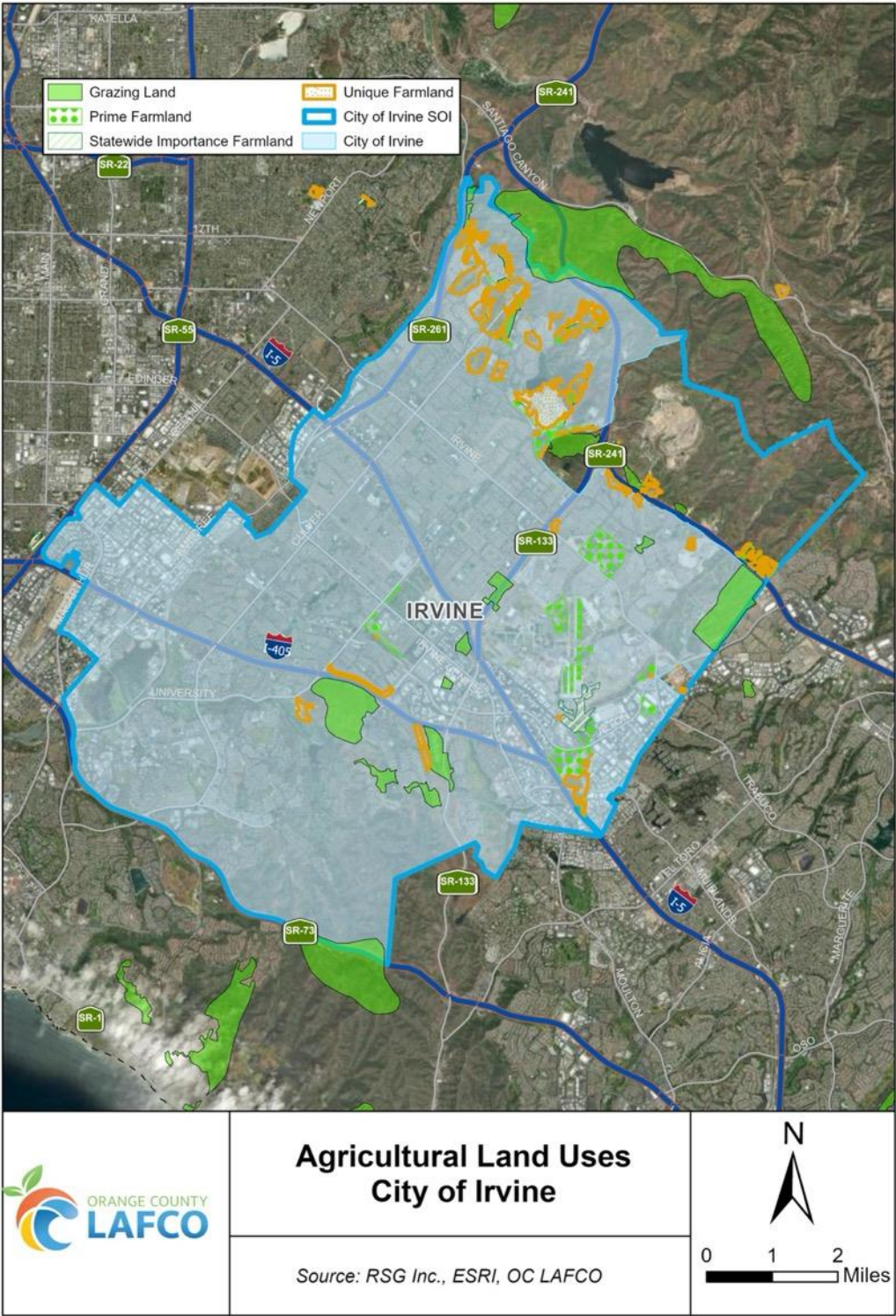
- The City of Irvine has two developments underway, the Gateway Preserve and University Research Park, and staff anticipate they will be completed within the next five years. Gateway Preserve will add approximately 70 acres of housing with up to 900 housing units. The University Research Park community 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

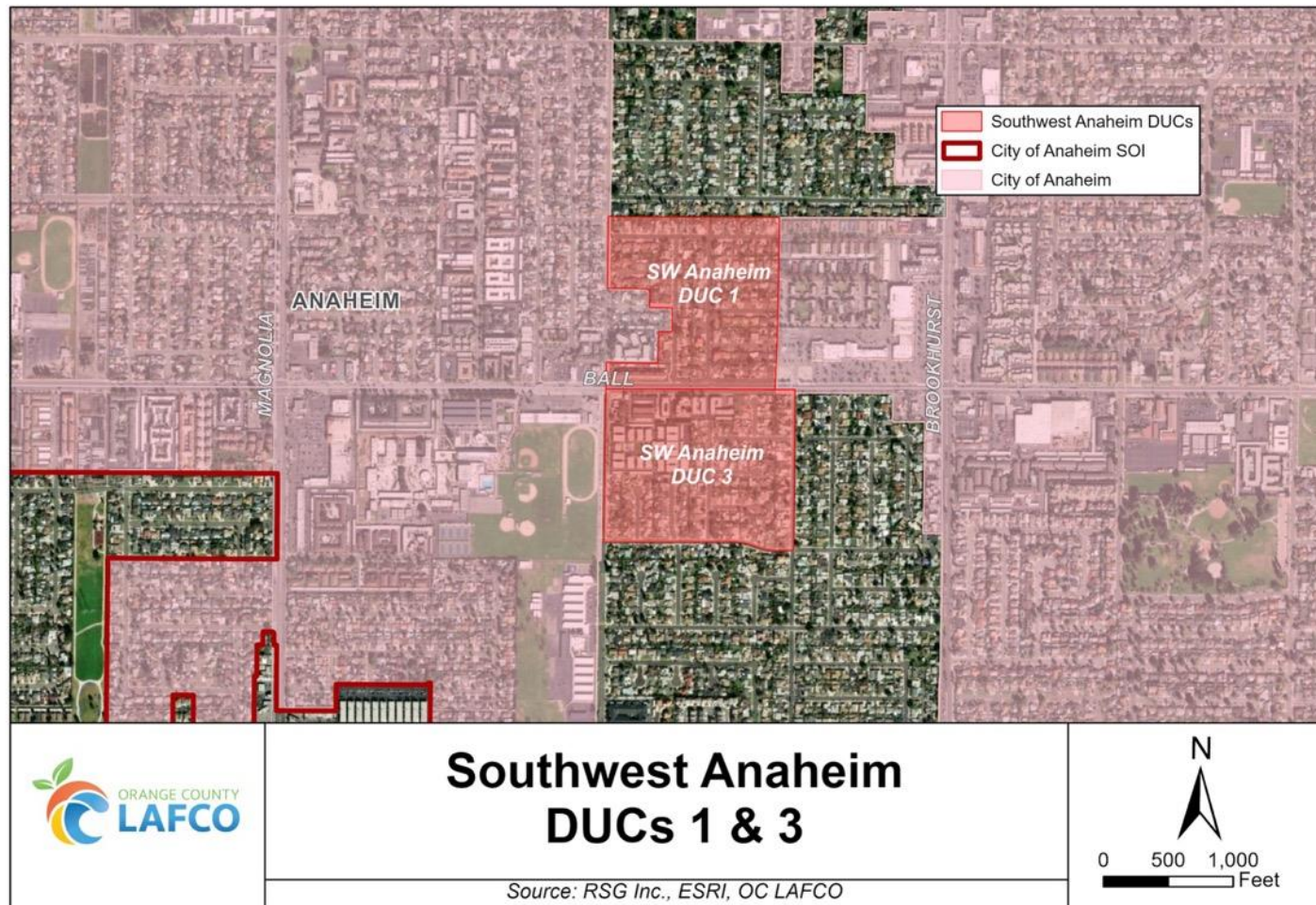
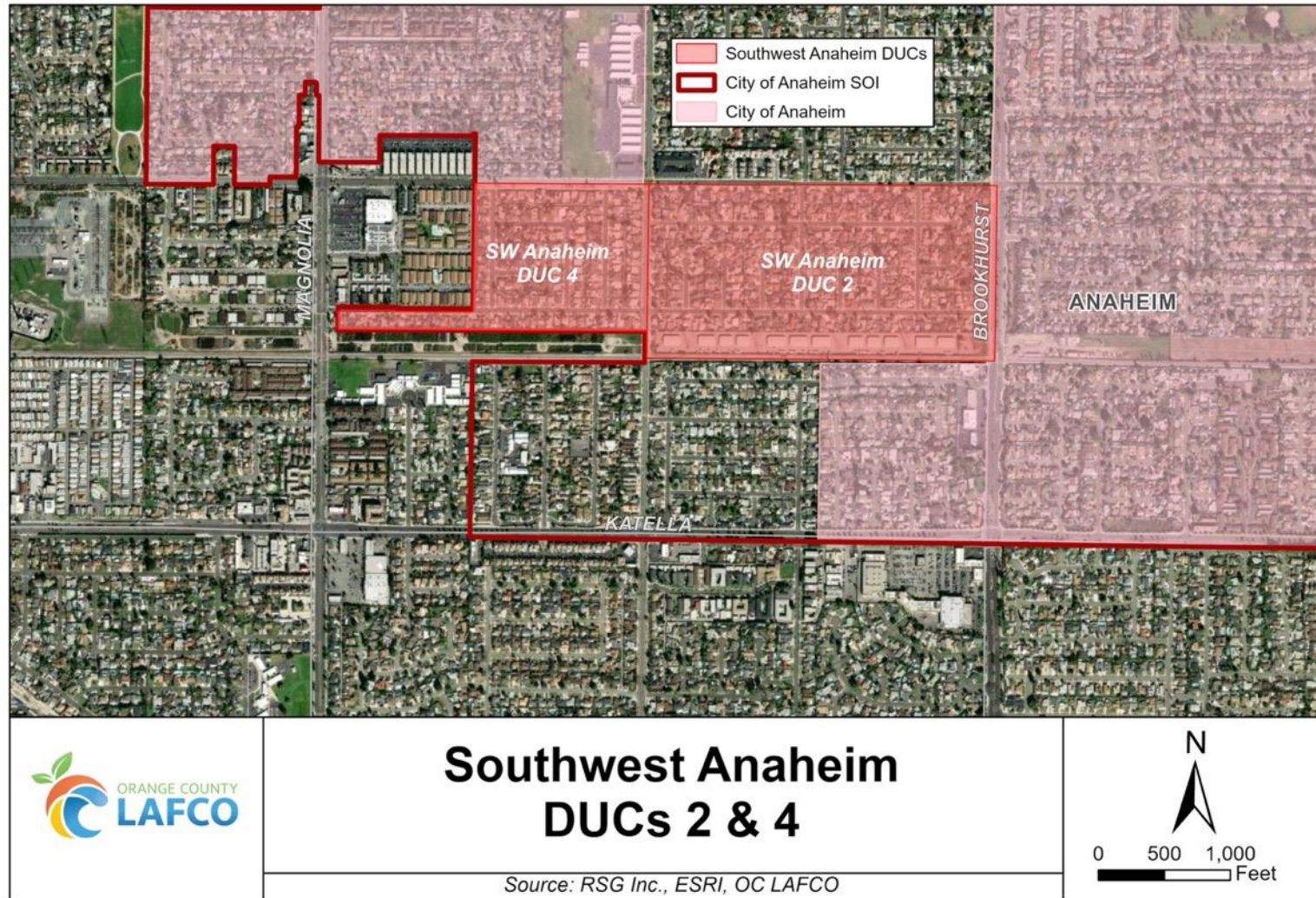


Figure 6: Southwest Anaheim DUCs 2 and 4



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

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

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

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

City of Anaheim	
Service Area	City of Anaheim
Average Age of Infrastructure	50 Years
Number of Wells	18 ²
Number of Water Connections	64,166
Miles of Infrastructure	758
City of Orange	
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
City of Santa Ana	
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
City of Tustin	
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
East Orange County Water District	
Service Area	Tustin, Orange
Average Age of Infrastructure	50 Years
Number of Wells	2
Number of Water Connections	1,204
Miles of Infrastructure	24
Irvine Ranch Water District	
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
Serrano Water District	
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

² 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 17th 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

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: City Wastewater Service Providers**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

City of Anaheim	
Wastewater Service Provider	City of Anaheim
Average Age of Infrastructure	50-60 Years
Number of Manholes	12,308
Miles of Infrastructure	584
City of Orange	
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
City of Santa Ana	
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
City of Villa Park	
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: Special District Wastewater Service Providers**⁸ shows an inventory of the infrastructure belonging to East Orange and IRWD.

Table 8: Special District Wastewater Service Providers

East Orange County Water District	
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
Irvine Ranch Water District	
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: **OC Sanitation District Infrastructure** provides an inventory of the infrastructure that is part of the OC Sanitation District.

Table 9: OC Sanitation District Infrastructure

OC Sanitation District	
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)

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

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

Central Region			
	<i>Urbanized Roads</i>		<i>City Budgeted</i>
City	Maintained Miles	Daily Vehicle Miles Traveled	FY 23-24 Gas Tax Expenditures¹
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

¹ 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

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

County or Federal	Open Space
Federal	<i>Cleveland National Forest</i>
County	<i>Irvine Lake</i>
County	<i>Irvine Ranch Open Space¹</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>

¹ 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

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

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.³ 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:

³ 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.

Reserve Indicator	Range
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

Central Region		Growth of Agency...		
Agency		Revenues	Expenditures	Reserves
Anaheim		High	High	Low
Irvine		Moderate	Moderate	Moderate
Orange		Moderate	Moderate	Moderate
Santa Ana		High	High	Moderate
Tustin		High	Declining	High
Villa Park		High	Declining	High
East Orange County Water District		High	High	High
Irvine Ranch Water District ¹		Moderate	Moderate	N/A
Serrano Water District		Low	Declining	High
Silverado-Modjeska Recreation and Park District		High	High	High

¹ IRWD does not report unrestricted net position utilized by LAFCO indicators.

Source: Berkson & Associates Fiscal Indicators Report

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	-	-	-	-	-
Total Revenues	\$412,996,000	\$379,206,000	\$354,290,000	\$535,703,000	\$544,136,000
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	-	-
Total Expenses	\$346,637,000	\$376,112,000	\$377,018,000	\$411,932,000	\$455,250,000
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$66,359,000	\$3,094,000	\$(22,728,000)	\$123,771,000	\$88,886,000
Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Unassigned Fund Balance "Reserves"	\$43,455,000	\$10,954,000	\$17,975,000	\$52,351,000	\$61,254,000
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
Total Revenues	\$221,961,000	\$216,963,000	\$203,506,000	\$240,641,000	\$276,353,000
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	-
Total Expenses	\$212,456,000	\$202,336,000	\$212,247,000	\$221,810,000	\$261,326,000

Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$9,505,000	\$14,627,000	\$(8,741,000)	\$18,831,000	\$15,027,000
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
Unassigned General Fund Balance Plus Committed Reserves	\$55,377,000	\$61,689,000	\$57,664,000	\$80,274,000	\$76,519,000
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
Total Revenues	\$124,241,260	\$118,315,015	\$140,333,300	\$142,448,181	\$140,221,828
Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Total Expenses	\$115,378,298	\$122,885,706	\$125,085,652	\$127,994,382	\$138,337,618
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$8,862,962	\$(4,570,691)	\$15,247,648	\$14,453,799	\$1,884,210
Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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	-
Unassigned Fund Balance "Reserves"	\$38,610,758	\$32,313,009	\$25,568,686	\$21,234,508	\$913,339
Year-end Total Fund Balance	\$38,771,518	\$32,400,827	\$43,828,340	\$41,902,468	\$24,050,881

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
Total Revenues	\$275,532,227	\$323,202,309	\$355,112,284	\$389,797,982	\$408,289,444
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	-
Total Expenses	\$258,760,164	\$297,065,776	\$308,361,755	\$326,450,901	\$348,509,305
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$16,772,063	\$26,136,533	\$46,750,529	\$63,347,081	\$59,780,139
Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Unassigned Fund Balance "Reserves"	\$62,636,096	\$73,969,432	\$105,373,496	\$113,530,064	\$106,298,215
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	-
Total Revenues	\$67,924,240	\$66,089,900	\$78,248,034	\$140,701,741	\$98,695,619
Expenditures					

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Total Expenses	\$110,699,248	\$101,498,868	\$81,955,461	\$86,705,475	\$90,674,177
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$(42,775,008)	\$(35,498,968)	\$(3,707,427)	\$53,996,266	\$8,021,442
Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Unassigned Fund Balance "Reserves"	\$88,768,803	\$74,972,202	\$78,811,634	\$136,230,562	\$139,772,869
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
Total Revenues	\$3,722,258	\$4,028,653	\$4,336,390	\$4,835,550	\$5,286,219
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
Total Expenses	\$4,392,123	\$3,532,224	\$4,889,049	\$4,150,830	\$4,193,011
Revenues/Expenditures					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenues Over (Under) Expenditures	\$(669,865)	\$496,429	\$(552,659)	\$684,720	\$1,093,208

Fund Balances/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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
Unassigned Fund Balance "Reserves"	\$2,839,641	\$3,298,438	\$2,701,621	\$2,915,894	\$3,690,423
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
Total Revenues	\$9,987,321	\$9,030,048	\$12,629,543	\$15,376,016	\$13,988,024
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
Total Operating Expenses	\$8,113,186	\$7,458,022	\$10,862,561	\$12,780,482	\$14,191,550
Net Operating Income (Loss)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Net Operating Income (Loss)	\$1,874,135	\$1,572,026	\$1,766,982	\$2,595,534	\$(203,526)
Depreciation	(691,866)	(972,239)	(1,096,590)	(1,067,048)	(1,290,617)

Total Net Operating Income (Loss)	\$1,182,269	\$599,787	\$670,392	\$1,528,486	\$(1,494,143)
Non-Operating Revenues (Expenses)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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)
Total Net Non-Operating Revenues	\$3,692,521	\$3,964,070	\$372,513	\$(54,125)	\$2,397,262
Change in Net Position After Capital Contributions					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Change in Net Position	\$4,896,525	\$5,127,467	\$1,305,362	\$1,556,355	\$2,326,563
Unrestricted Net Position/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Unrestricted Net Position "Reserves"	\$13,929,861	\$14,868,399	\$15,413,441	\$19,968,549	\$35,461,882

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
Total Revenues	\$170,948,000	\$167,400,000	\$178,843,000	\$188,241,000	\$188,316,000
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

Total Operating Expenses	\$143,384,000	\$155,995,000	\$172,683,000	\$171,294,000	\$182,556,000
Net Operating Income (Loss)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Net Operating Income (Loss)	\$27,564,000	\$11,405,000	\$6,160,000	\$16,947,000	\$5,760,000
Depreciation	64,835,000	67,554,000	68,002,000	78,975,000	83,535,000
Total Net Operating Income (Loss)	\$(37,271,000)	\$(56,149,000)	\$(61,842,000)	\$(62,028,000)	\$(77,775,000)
Non-Operating Revenues (Expenses)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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)
Total Net Non-Operating Revenues	\$74,974,000	\$73,497,000	\$112,877,000	\$53,437,000	\$100,974,000
Income (Loss) Before Capital Contributions					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Income (Loss) Before Capital Contributions	\$37,703,000	\$17,348,000	\$51,035,000	\$(8,591,000)	\$23,199,000
Three-Year Average Net Operating Income (Before Depreciation)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Net Operating Income (Before Depreciation)	N/A	N/A	15,043,000	\$11,504,000	\$9,622,233

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
Total Revenues	\$5,912,664	\$6,062,118	\$5,535,277	\$5,981,982	\$6,243,185
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
Total Operating Expenses	\$5,463,865	\$4,682,870	\$4,885,330	\$3,159,667	\$7,074,745

Net Operating Income (Loss)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Net Operating Income (Loss)	\$448,799	\$1,379,248	\$649,947	\$2,822,315	\$(831,560)
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)	-
Total Net Non-Operating Revenues	\$183,358	\$103,922	\$104,792	\$(2,882)	\$301,488
Net Income (Loss) Before Capital Contributions					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Net Income (Loss) Before Capital Contributions	\$632,157	\$1,483,170	\$754,739	\$2,819,433	\$(530,072)
Unrestricted Net Position/Reserves (End of Year)					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Unrestricted Net Position "Reserves"	\$2,923,545	\$4,403,020	\$4,969,884	\$6,954,219	\$4,508,853

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
Total Revenues	\$25,240	\$9,480	\$2,126	\$16,201	\$65,385
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
Total Operating Expenses	\$160,359	\$79,717	\$83,399	\$89,333	\$274,834
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	-
Total Non-Operating Revenues	\$122,921	\$109,828	\$133,953	\$146,672	\$172,092

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

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.

MSR 24-01

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA**

**MAKING DETERMINATIONS AND APPROVING THE
MUNICIPAL SERVICE REVIEW FOR THE FOLLOWING CITIES AND SPECIAL
DISTRICTS IN THE CENTRAL REGION:
CITIES**

ANAHEIM, IRVINE, ORANGE, SANTA ANA, TUSTIN, AND VILLA PARK.

SPECIAL DISTRICTS

**EAST ORANGE COUNTY WATER DISTRICT, IRVINE RANCH WATER DISTRICT, SERRANO
WATER DISTRICT, AND SILVERADO-MODJESKA RECREATION AND PARK DISTRICT.**

September 17, 2025

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

WHEREAS, California Government Code Section 56430 requires that in order to prepare and to update Spheres of Influence, the Commission shall conduct Municipal Service Reviews (MSRs) prior to or in conjunction with action to update or adopt a sphere of influence; and

WHEREAS, the Local Agency Formation Commission of Orange County (OC LAFCO) has completed three previous cycles of MSRs, and has prepared an MSR for the Central Region that includes the following cities: Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park to address the seven MSR determinations; and

WHEREAS, the Local Agency Formation Commission of Orange County (OC LAFCO) has completed three previous cycles of MSRs, and has prepared an MSR for the Central Region that includes the following special districts: East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Park District to address the seven MSR determinations; and

WHEREAS, the report identified in this Resolution (MSR 24-01) contains a statement of determinations as required by California Government Code Section 56430 for the municipal services provided by cities and special districts identified within this resolution; and

WHEREAS, copies of the MSR report and Statement of Determinations in this Resolution are available for public review in the OC LAFCO offices and on the OC LAFCO website; and

WHEREAS, the Interim Executive Officer, pursuant to Government Code Section 56427, set September 17, 2025 as the hearing date on this MSR report and Statement of Determinations and gave the required notice of public hearing; and

WHEREAS, the Interim Executive Officer, pursuant to Government Code Section 56427, has prepared a report, including his recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the report consists of the adoption of the MSR Statement of Determinations for the cities and special districts identified in this Resolution; and

WHEREAS, this Commission called for and held a public hearing on the MSR report and Statement of Determinations on September 17, 2025, and at the hearing this Commission heard and received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this MSR and the report of the Interim Executive Officer; and

WHEREAS, pursuant to the California Environmental Quality Act, the MSR for the Central Region was determined to be exempt from CEQA under State CEQA Guidelines.

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

Section 1. Environmental Actions.

- a) The “Municipal Service Review for the Central Region (MSR 24-01)” together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.
- b) The Commission directs the Interim Executive Officer to file a Notice of Exemption, shown as “Exhibit 1,” with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation:
“Municipal Service Review for the Central Region (MSR 24-01).”
- b) The Interim Executive Officer’s staff report and recommendation for the approval of the MSR for the Central Region, dated September 17, 2025, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the Central Region, shown as “Exhibit 1A.”

Section 3. Mail Copy of Resolution.

The Interim Executive Officer shall mail a copy of this Resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the offices of OC LAFCO. The custodian for these records is Orange County Local Agency Formation Commission, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, Donald P. Wagner, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 17th day of September 2025.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of September 2025.

DONALD P. WAGNER
Chair of the Local Agency Formation
Commission of Orange County

By: _____
DONALD P. WAGNER

EXHIBIT: 1
NOTICE OF EXEMPTION

TO: <input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	FROM: (Public Agency) Local Agency Formation Commission of Orange County (Lead Agency)
<input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 601 N. Ross Street Santa Ana, CA 92701	Address 2677 North Main Street Suite 1050 Santa Ana, CA 92705

1. Project Title:	"Municipal Service Review for the Central Region (MSR 24-01)"
2. Project Applicant:	Local Agency Formation Commission of Orange County
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	The project area encompasses the city boundaries of Anaheim, Irvine, Orange, Santa Ana, Tustin and Villa Park and portions of unincorporated Orange County.
4. (a) Project Location – Cities and Special Districts	The project area encompasses the cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, Villa Park, and portions of unincorporated Orange County, and the service boundaries of East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Park District.
(b) Project Location – County	Orange
5. Description of nature, purpose, and beneficiaries of Project:	Conduct a review of the municipal services provided by the cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, Villa Park, East Orange County Water District, Irvine Ranch Water District, Serrano Water District, Silverado Modjeska Recreation and Park District, and within portions of unincorporated Orange County.
6. Name of Public Agency approving project:	Local Agency Formation Commission of Orange County
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Local Agency Formation Commission of Orange County
8. Exempt status: (check one)	
(a) <input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)

(b)	<input type="checkbox"/>	Not a project.	
(c)	<input type="checkbox"/>	Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
(d)	<input type="checkbox"/>	Categorical Exemption.	One single-family residence, or second dwelling unit in residential zone.
		State type and section number:	Class 3 § 15303(a)
(e)	<input type="checkbox"/>	Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f)	<input checked="" type="checkbox"/>	Statutory Exemption.	CEQA Guidelines §15262
		State Code section number:	(Feasibility and Planning Studies)
(g)	<input type="checkbox"/>	Other. Explanation:	
9.	Reason why project was exempt:		The Municipal Service Review and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10.	Lead Agency Contact Person:		Luis Tapia, Interim Executive Officer
	Telephone:		(714) 640-5100
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.		
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: September 17, 2025		

Signature: _____ Date: _____ Title: Interim Executive Officer

Name:

☒ Signed by Lead Agency ☐ Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code. Reference: Sections 21108, 21152, and 21152.1, Public Resources Code

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Central Region**

DETERMINATION 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

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.

DETERMINATION 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

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 boundaries of the Orange County Sanitation District (“OC SAN”) and the Metropolitan Water District of Southern California (“Metropolitan Water”), which provide regional wastewater services and wholesale water services, respectively. 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.

DETERMINATION 3: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES INCLUDING NEEDS OR DEFICIENCIES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, AND STRUCTURAL FIRE PROTECTION IN ANY DISADVANTAGED, UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AFFECTED SPHERE OF INFLUENCE.

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 requires upgrades to its street and road infrastructure, as well as its water and wastewater infrastructure. The City of Santa Ana also requires significant upgrades to its street and road infrastructure. Both Santa Ana and Orange are facing challenges in financing these improvements, which in turn leads to worse infrastructure conditions as repairs are delayed. Staff from all three cities reported these issues to RSG during the data collection process of this MSR.

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Central Region 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.

DETERMINATION 4: FINANCIAL ABILITY OF AGENCIES 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 County 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.

DETERMINATION 5: STATUS OF, AND 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.

**EXHIBIT 1A: MSR STATEMENT OF DETERMINATIONS
for the Central Region MSR**

DETERMINATION 6: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

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.

DETERMINATION 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 24-02

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA
MAKING DETERMINATIONS AND RECONFIRMING THE
SPHERES OF INFLUENCE FOR THE FOLLOWING CITIES AND SPECIAL DISTRICTS:**

CITIES

ANAHEIM, IRVINE, ORANGE, SANTA ANA, TUSTIN, AND VILLA PARK.

SPECIAL DISTRICTS

**EAST ORANGE COUNTY WATER DISTRICT, IRVINE RANCH WATER DISTRICT, SERRANO WATER
DISTRICT, SILVERADO-MODJESKA RECREATION AND PARK DISTRICT.**

September 17, 2025

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

WHEREAS, California Government Code Section 56425 requires that the Local Agency Formation Commission of Orange County (OC LAFCO) adopt Spheres of Influence (SOI) for all agencies in its jurisdiction and to review, and update as necessary, those spheres every five years; and

WHEREAS, the SOI is the primary planning tool for OC LAFCO and defines the probable physical boundaries and service area of a local agency as determined by OC LAFCO; and

WHEREAS, proceedings for adoption, update and amendment of an SOI are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Section 56000 et seq. of the Government Code; and

WHEREAS, the California Government Code Section 56430 requires that in order to prepare and update SOIs, the Commission shall conduct Municipal Service Reviews (MSR) prior to or in conjunction with action to update or adopt an SOI; and

WHEREAS, OC LAFCO has previously reviewed and adopted SOIs for Orange County cities and special districts as required by Government Code Section 56425 and during the conducting of MSRs for Orange County cities and special districts as required by Government Code Section 56430; and

WHEREAS, on September 17, 2025, OC LAFCO adopted new MSR determinations provided within the Central Region MSR for the following cities and special districts: Anaheim, Irvine, Orange,

Santa Ana, Tustin, Villa Park, East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Park District; and

WHEREAS, the information and findings contained in the MSR and SOI reviews for the cities and special districts identified in this Resolution are current and do not raise any significant service-related issues; and

WHEREAS, copies of the MSR and SOI report, SOI maps, and statement of determinations for the cities and special districts identified in this Resolution have been reviewed by the Commission and are available for public review in the OC LAFCO offices and on the OC LAFCO website; and

WHEREAS, the Interim Executive Officer, pursuant to Government Code Section 56427, set September 17, 2025, as the hearing date of the SOI reviews of the cities and special districts identified in this Resolution and gave the required notice of public hearing; and

WHEREAS, the Interim Executive Officer, pursuant to Government Code Section 56427 has prepared a report, including his recommendations thereon, and has provided a copy of this report to each affected agency entitled to a copy; and

WHEREAS, the review consists of the reconfirmation of the SOIs for the following cities: Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park; and

WHEREAS, the review consists of the reconfirmation of the SOIs for the following special districts: East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado Modjeska Recreation and Park District; and

WHEREAS, this Commission called for and held a public hearing on the SOI reviews for the cities and special districts identified in this Resolution on September 17, 2025, and at the hearing this Commission received all oral and written comments, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to these reviews and the report of the Interim Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this review, including but not limited to, factors specified in Government Code Sections 56425 and 56430; and

WHEREAS, pursuant to the California Environmental Quality Act, the SOI reviews and reconfirmation of the existing SOIs of the cities and special districts identified in this Resolution were determined to be exempt from CEQA under State CEQA Guidelines.

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

Section 1. Environmental Actions.

- a) The “Sphere of Influence Reviews for the Central Region (SOI 24-02)” together with the written Statement of Determinations are determined by the Commission, as the lead agency, to be exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines §15262, Feasibility and Planning Studies.
- b) The Commission directs the Executive Officer to file a Notice of Exemption, shown as “Exhibit 2,” with the Orange County Clerk-Recorder as the lead agency under Section 15062.

Section 2. Determinations.

- a) This review is assigned the following distinctive short-form designation: “Sphere of Influence Reviews for the Central Region (SOI 24-02).”
- b) The Executive Officer’s staff report and recommendation to reconfirm the SOIs, including the SOI maps attached as “Exhibit 2B” hereto for the cities and special districts identified in this Resolution dated September 17, 2025, are hereby approved.
- c) The Commission has adopted the accompanying Statement of Determinations for the cities and special districts identified in this Resolution, shown as “Exhibit 2A.”

Section 3. Mail Copy of Resolution.

The Executive Officer shall mail a copy of this Resolution as provided in Government Code Section 56882.

Section 4. Custodian of Records.

The documents and materials that constitute the record of proceedings on which this Resolution and the above findings have been based are located at the office of OC LAFCO. The custodian for these records is Orange County Local Agency Formation Commission, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

AYES:

NOES:

STATE OF CALIFORNIA)

) SS.

COUNTY OF ORANGE)

I, Donald P. Wagner, Chair of the Local Agency Formation Commission of Orange County, California, hereby certify that the above and foregoing Resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 17th day of September 2025.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of September 2025.

DONALD P. WAGNER
Chair of the Local Agency Formation
Commission of Orange County

By: _____
Donald P. Wagner

EXHIBIT: 2

NOTICE OF EXEMPTION

TO:	FROM:	Local Agency Formation Commission of Orange County (Lead Agency)
<input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	(Public Agency)	
<input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 601 N. Ross Street Santa Ana, CA 92701	Address	2677 North Main Street Suite 1050 Santa Ana, CA 92705

1. Project Title:	"Sphere of Influence Reviews for the Central MSR Region (SOI 24-02)"
2. Project Applicant:	Local Agency Formation Commission of Orange County
3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15' or 7 1/2' topographical map identified by quadrangle name):	The project area encompasses the city boundaries of Anaheim, Irvine, Orange, Santa Ana, Tustin, Villa Park, and portions of unincorporated Orange County.
4. (a) Project Location – Cities and Special Districts	The project area encompasses the cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, Villa Park, and portions of unincorporated Orange County, and the service boundaries of East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado-Modjeska Recreation and Park District.
(b) Project Location – County	Orange
5. Description of nature, purpose, and beneficiaries of Project:	Conduct SOI reviews and adopt the Statement of Determinations for the cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, Villa Park, and portions of unincorporated Orange County, and the service boundaries of East Orange County Water District, Irvine Ranch Water District, Serrano Water District, and Silverado Modjeska Recreation and Park District.
6. Name of Public Agency approving project:	Local Agency Formation Commission of Orange County
7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Local Agency Formation Commission of Orange County
8. Exempt status: (check one)	
<input type="checkbox"/> Ministerial project.	(Pub. Res. Code § 21080(b)(1); State CEQA Guidelines § 15268)

<input type="checkbox"/>	Not a project.	
<input type="checkbox"/>	Emergency Project.	(Pub. Res. Code § 21080(b)(4); State CEQA Guidelines § 15269(b), (c))
<input type="checkbox"/>	Categorical Exemption. State type and section number:	One single-family residence, or second dwelling unit in residential zone. Class 3 § 15303(a)
<input type="checkbox"/>	Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
<input checked="" type="checkbox"/>	Statutory Exemption. State Code section number:	CEQA Guidelines §15262 (Feasibility and Planning Studies)
<input type="checkbox"/>	Other. Explanation:	
9.	Reason why project was exempt:	The Sphere of Influence Reviews and Statement of Determinations are exempt from CEQA under CEQA Guidelines Section 15262: Feasibility and Planning Studies. A project involving only feasibility or planning studies for possible future actions which the agency, board or commission has not approved, adopted or funded does not require the preparation of an EIR or Negative Declaration.
10.	Lead Agency Contact Person:	Luis Tapia, Assistant Executive Officer
	Telephone:	(714) 640-5100
11.	If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing.	
12.	Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
13.	Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: September 17, 2025	

Signature: _____ Date: _____ Title: Interim Executive Officer
Name: _____

☒ Signed by Lead Agency ☐ Signed by Applicant

Date Received for Filing: _____

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

**EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the Central Region**

DETERMINATION 1: THE PRESENT AND PLANNED LAND USES IN THE AREA, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

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 6th 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.

DETERMINATION 2: THE PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

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.

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 funding needed to make the necessary road improvements at this time. Wastewater infrastructure is also in need of upgrades in the City of Anaheim.

**EXHIBIT 2A: SOI STATEMENT OF DETERMINATIONS
for the Central Region**

DETERMINATION 3: THE PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

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.

DETERMINATION 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 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.

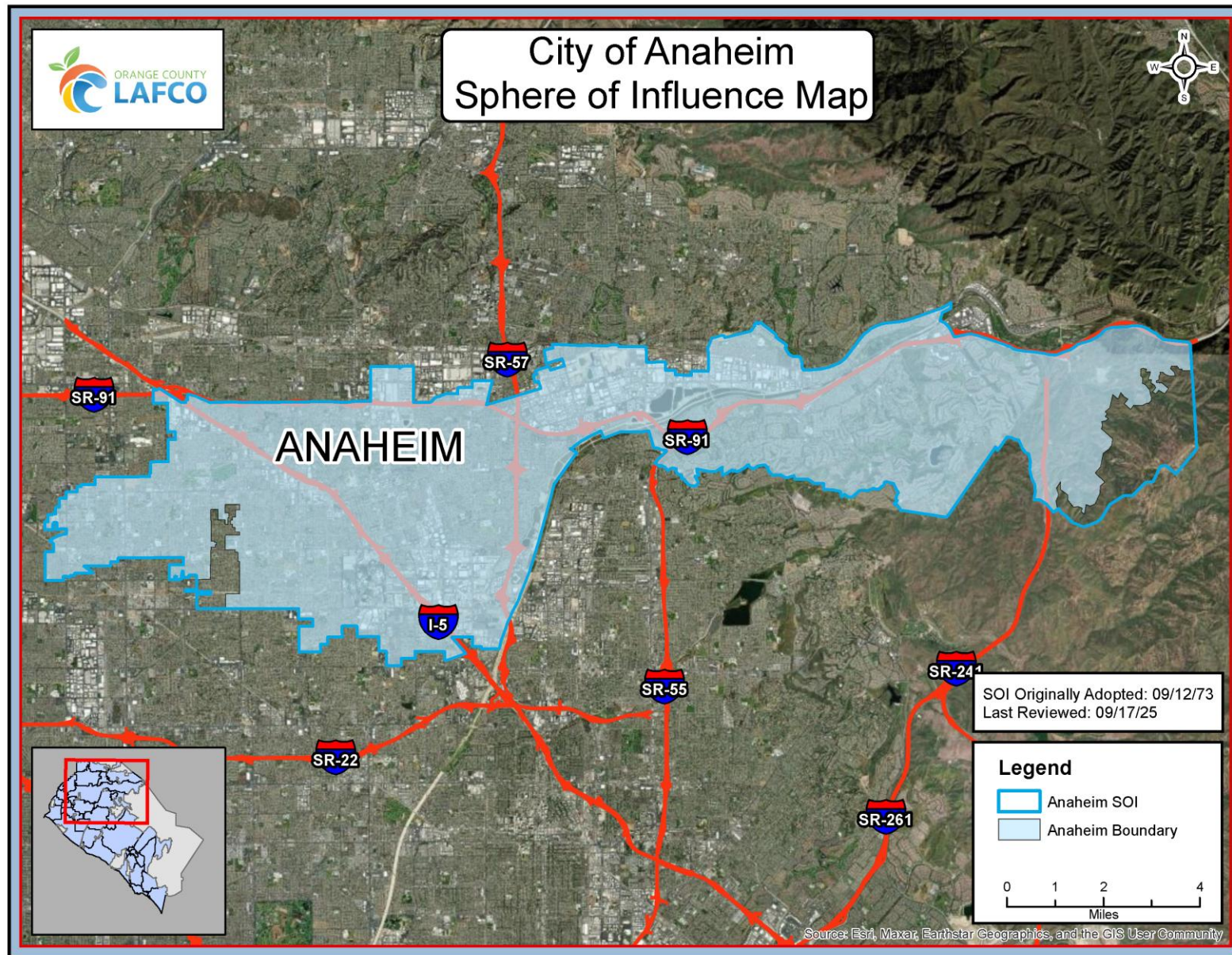
The unincorporated areas within the City of Orange's SOI receive water and wastewater services from several agencies, including the City of Orange, East Orange County Water District, Serrano Water District, and the Irvine Ranch Water District.

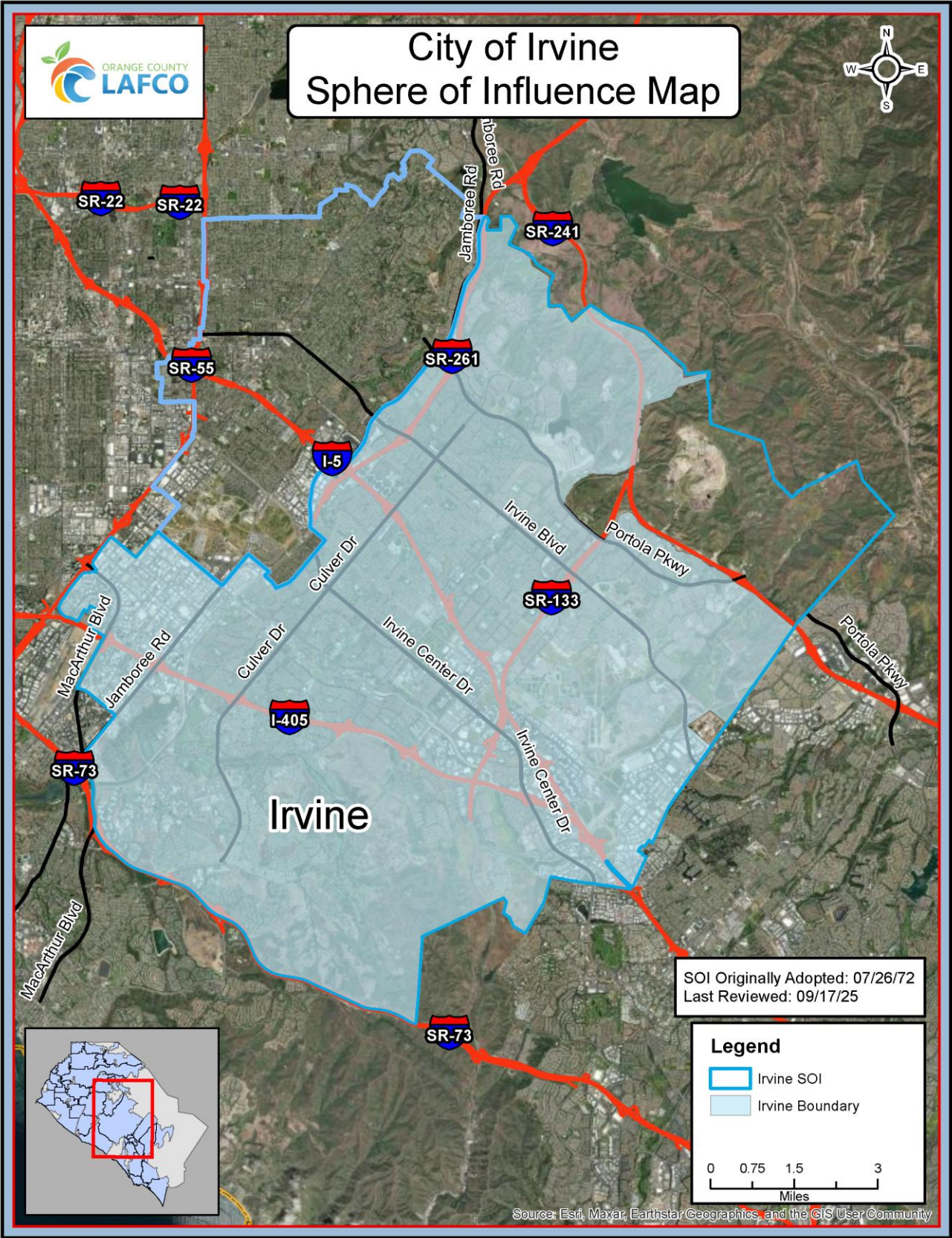
The unincorporated "Southwest Island" in the City of Anaheim's SOI includes the four DUCs in the Central Region. The City of Anaheim provides water, electric and wastewater services, and additional wastewater services are provided by the Garden Grove Sanitary District (not reviewed as a part of this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

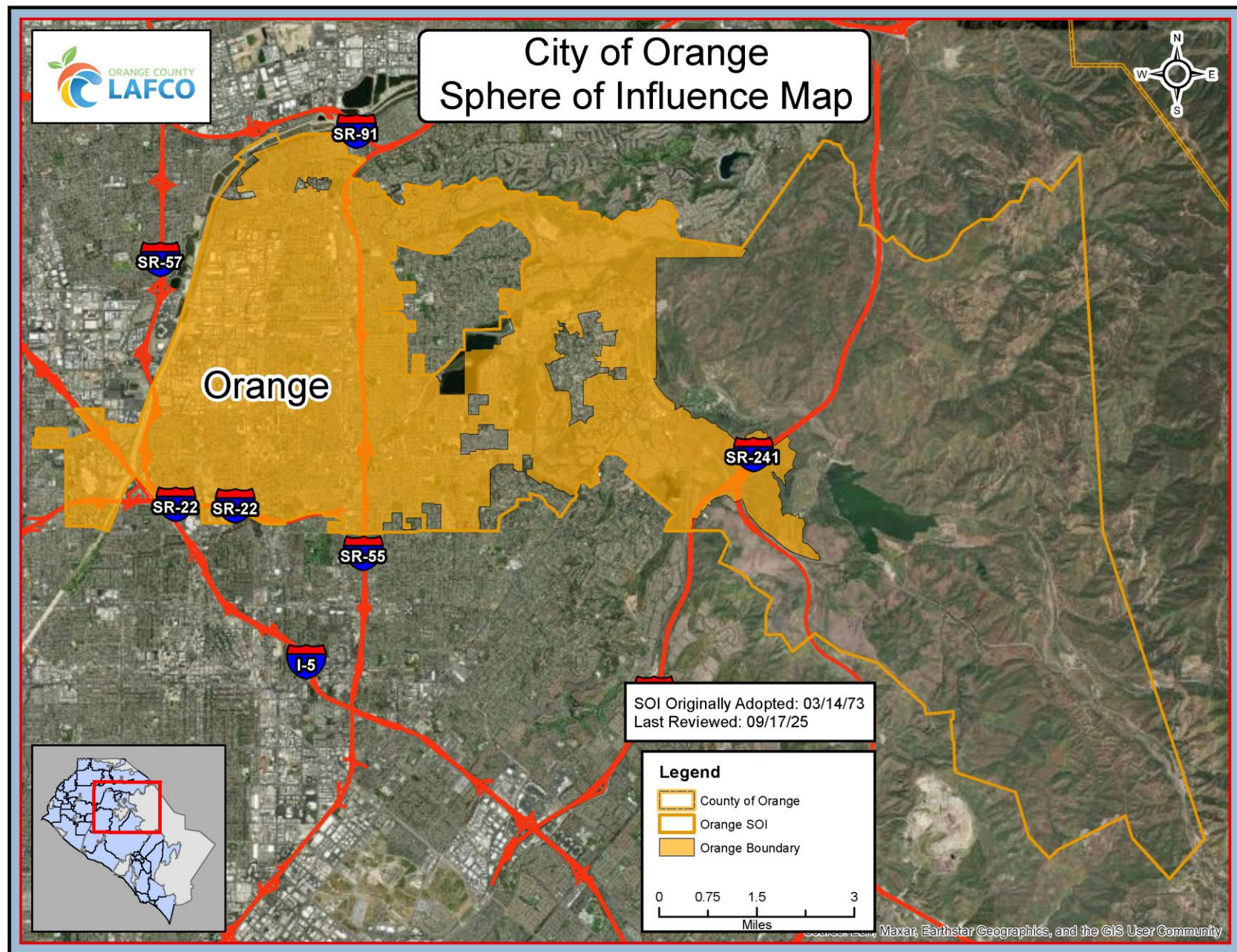
DETERMINATION 5: IF A CITY OR SPECIAL DISTRICT PROVIDES PUBLIC FACILITIES OR SERVICES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, OR STRUCTURAL FIRE PROTECTION, THE PRESENT AND PROBABLE NEED FOR THOSE FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE.

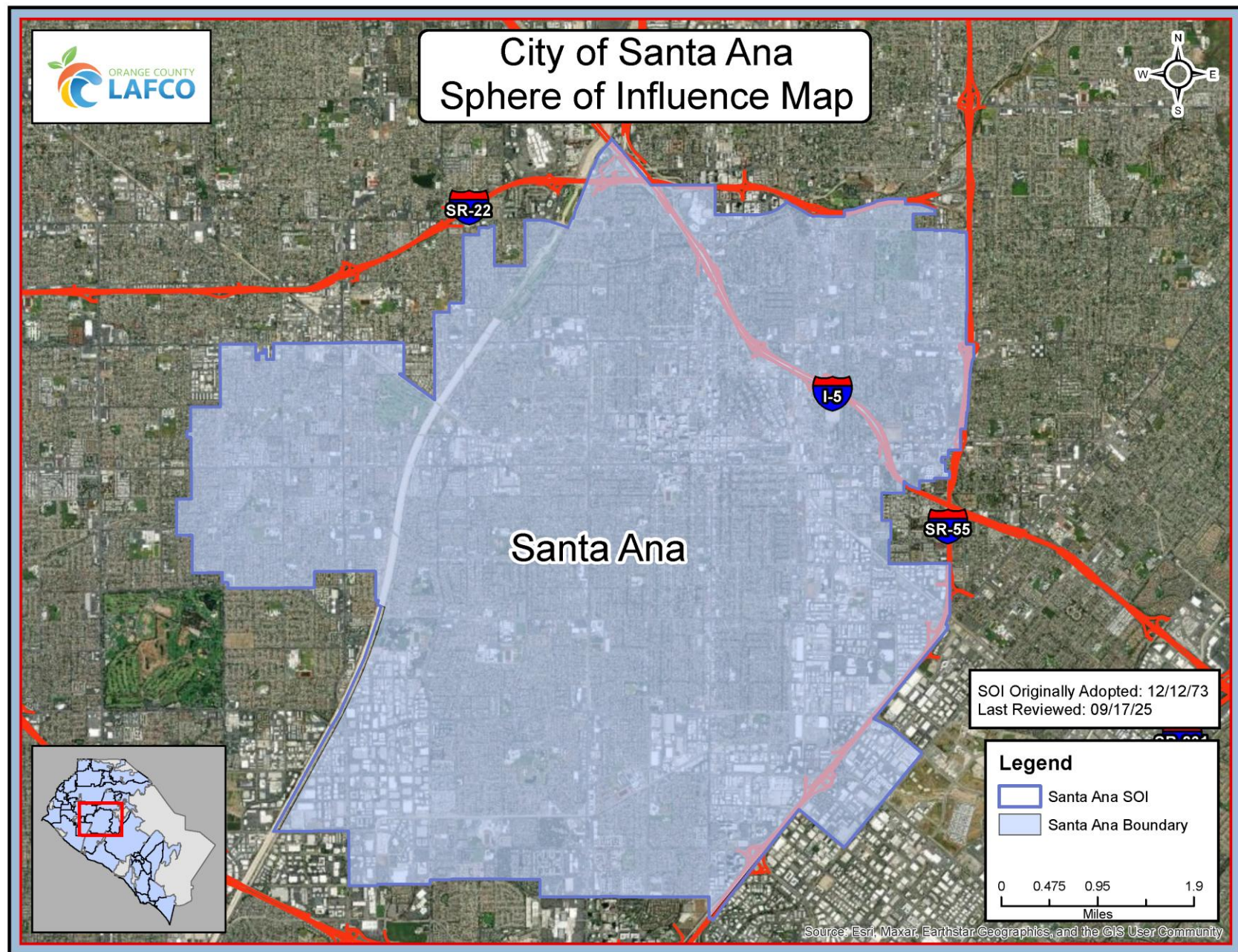
All four DUCs in the Central Region are within the City of Anaheim's SOI. These DUCs receive services from the City of Anaheim, the Garden Grove Sanitary District, and the County. Anaheim is not considering annexation of these DUCs.

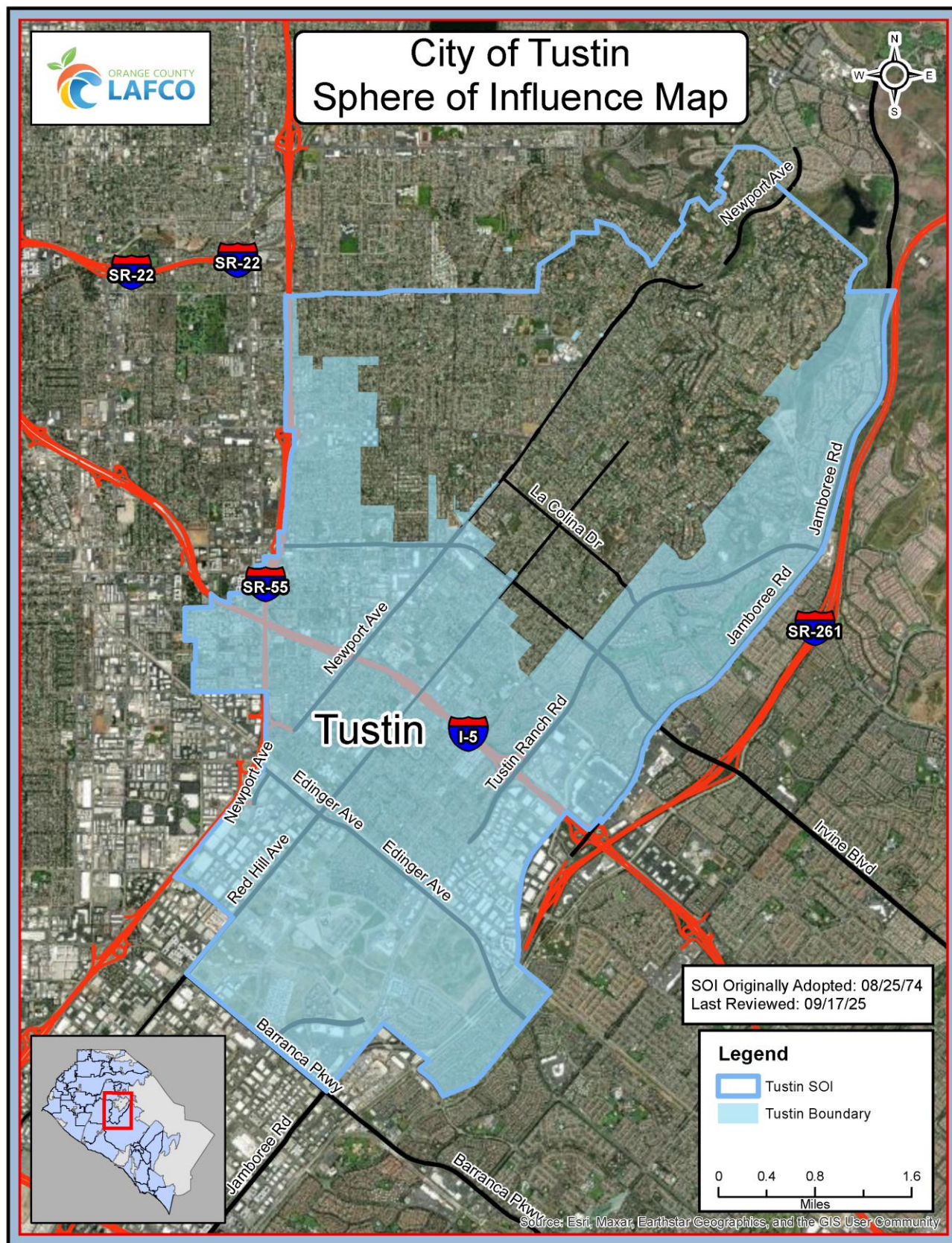
EXHIBIT 2B

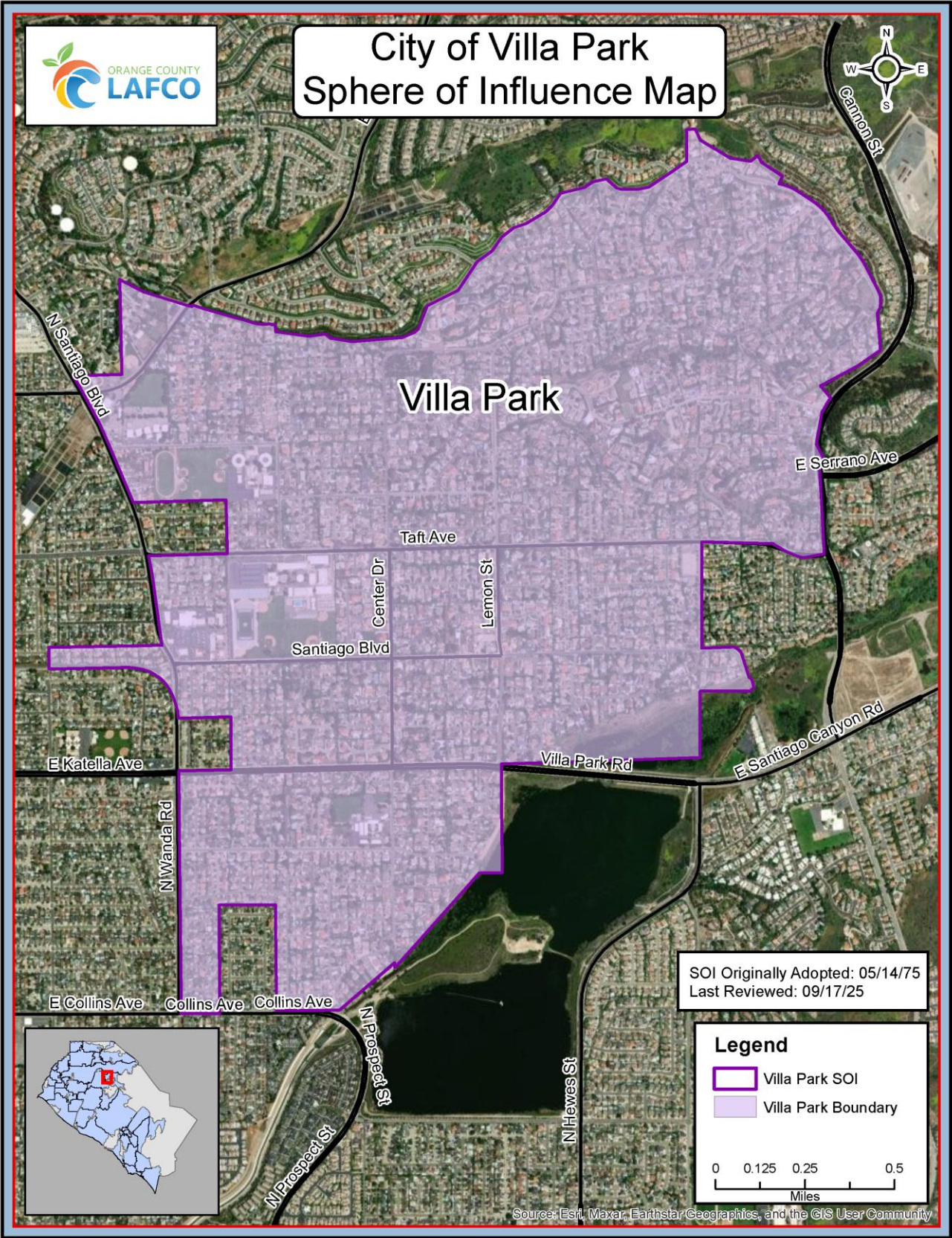


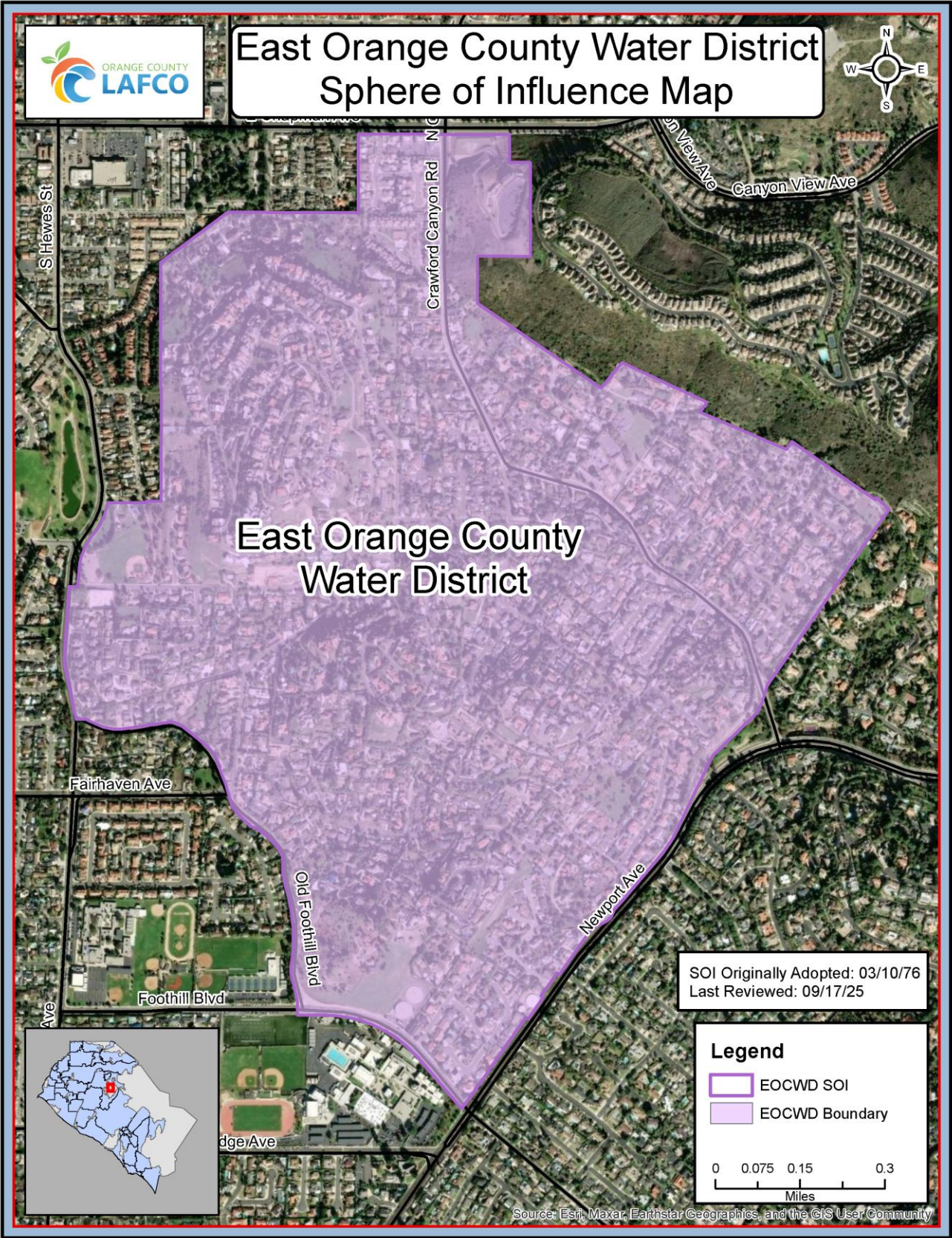


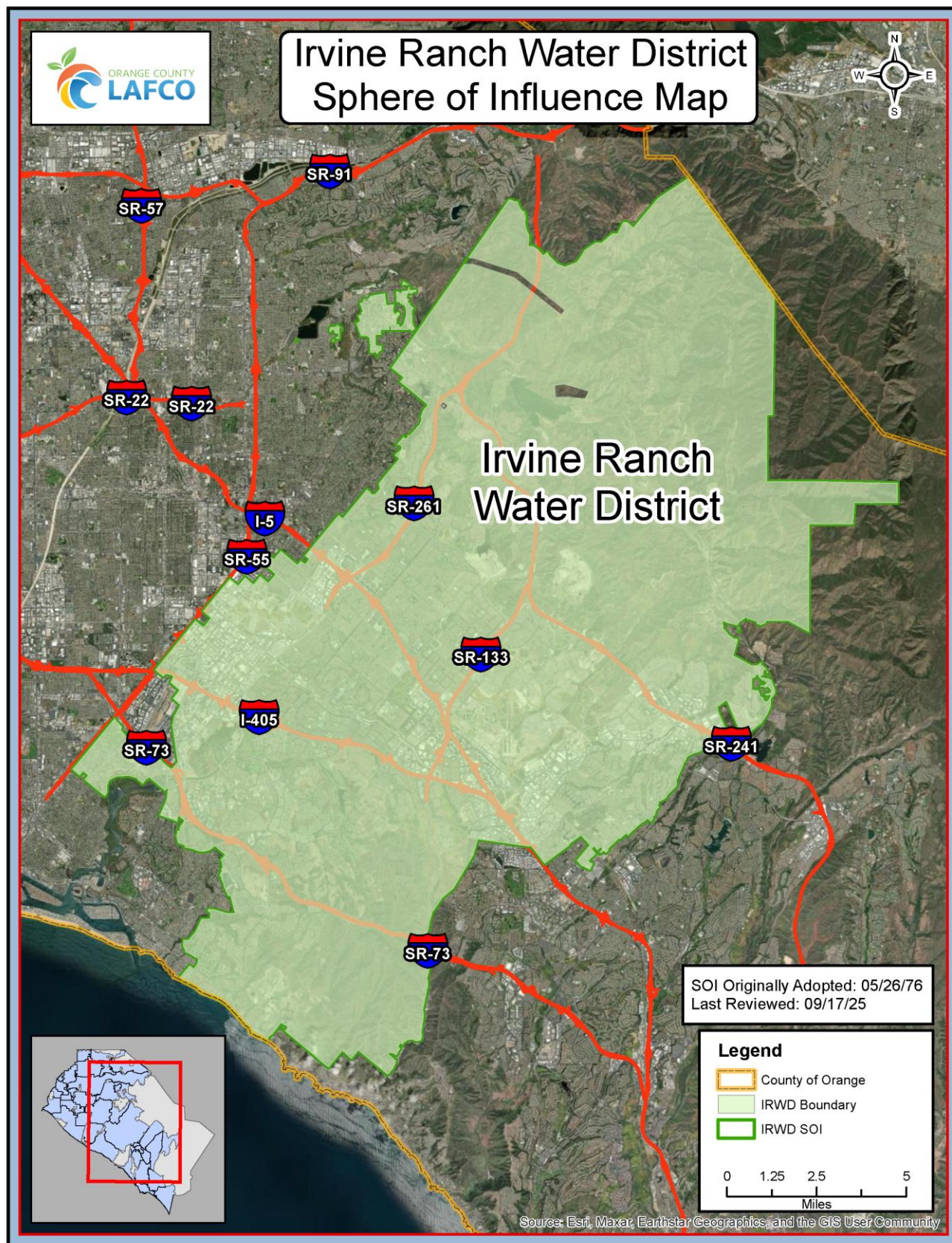


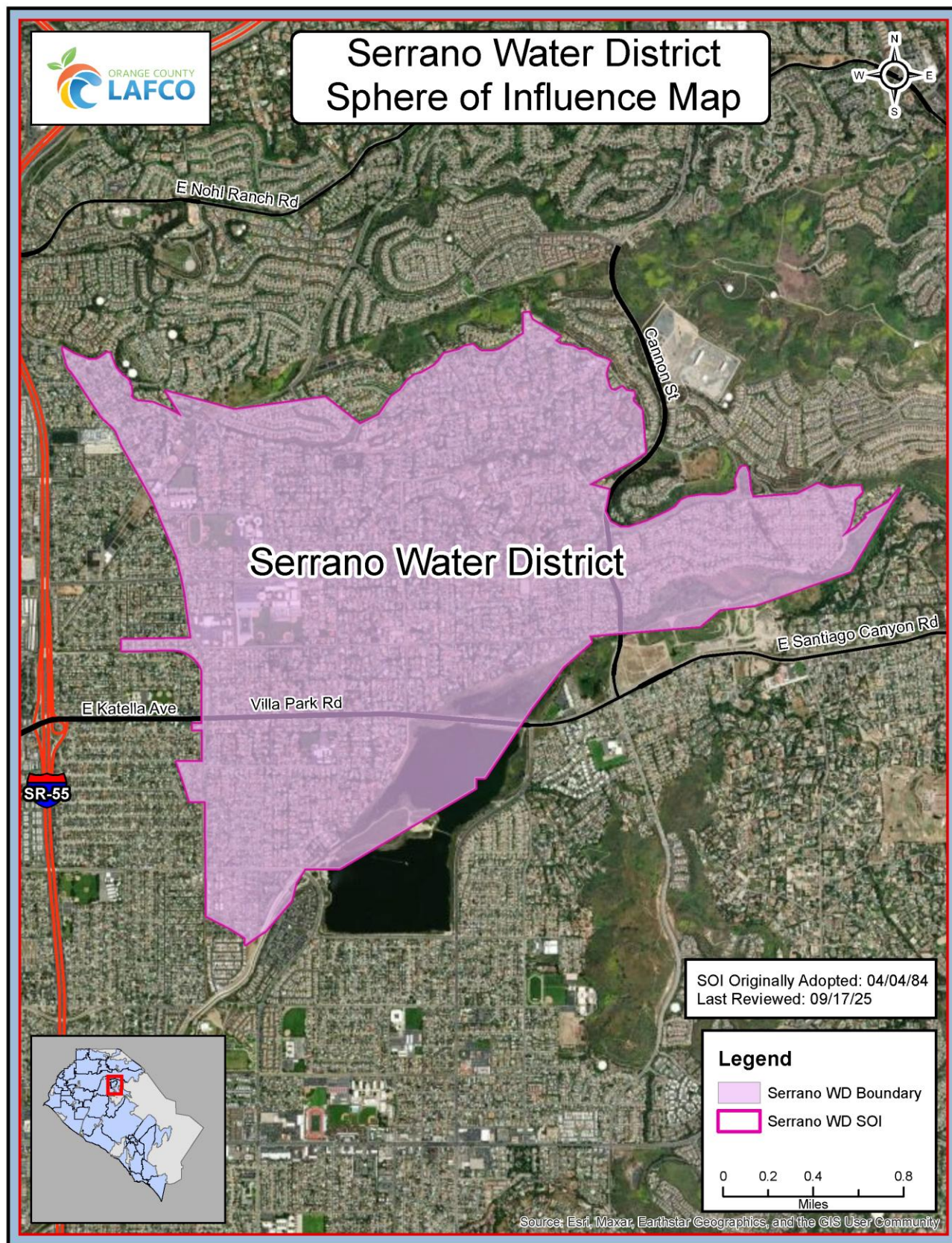


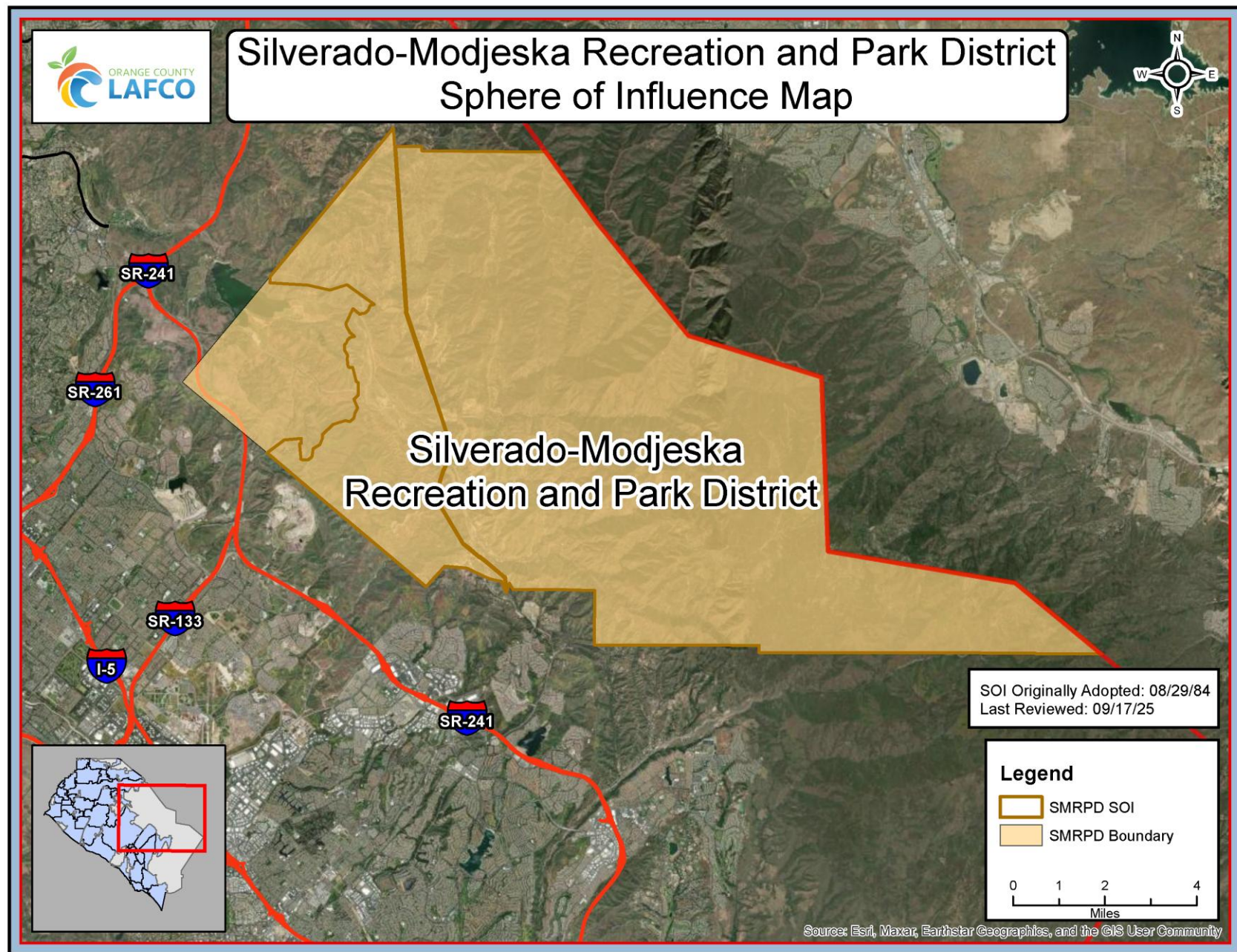












REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fidler
Special District Member

Peggy Huang
City Member

Derek J. McGregor
Public Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Luis Tapia
Interim Executive Officer

Scott Smith
General Counsel

MEETING DATE: September 17, 2025

9a | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer

SUBJECT: Proposed Professional Consultant Services
Agreement with RSG, Inc.

BACKGROUND

On June 19, 2025, OC LAFCO released a Request for Proposals (RFP) consistent with the Commission's policies and procedures. The process called for proposals to conduct the Municipal Service Review (MSR) and Sphere of Influence reviews for the North Region. The region includes five cities (Brea, Fullerton, La Habra, Placentia, and Yorba Linda) and two special districts (Placentia Library District and Yorba Linda Water District).

The next section of the report provides additional details on the RFP process and staff's recommendation to approve an agreement with RSG Inc., to conduct the MSR and SOI reviews for the North MSR Region.

DISCUSSION

In June, staff initiated a competitive bidding process for selecting a firm to conduct the North MSR. The RFP was distributed electronically to over 20 firms and posted on OC LAFCO's website. Two firms responded to the RFP, and after evaluating the proposals, RSG, Inc. (RSG) was selected for this MSR. The response has been reviewed by staff to ensure all requirements of the scope of services delineated in the RFP were addressed. RSG's proposal demonstrated the firm's knowledge and experience with the preparation of MSR and SOI reviews. Additionally, the firm has worked with OC LAFCO staff on different projects and is familiar with the Commission's MSR process, including the fiscal indicators program and pre-survey and post-survey provided to the agencies. The most recent work completed by RSG includes the MSRs for the Central, Southwest, and West regions.

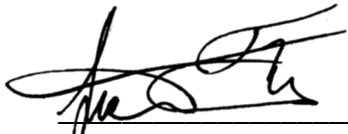
The Professional Services Agreement for the preparation of the North MSR Region and the Scope of Services is referenced as **Attachment 1** to the report. Staff is recommending that the Commission approve the agreement for a total amount not to exceed \$84,965.

RECOMMENDED ACTIONS

Staff recommends the Commission:

1. Approve the Professional Services Agreement with RSG to conduct the MSR and SOI reviews for the North MSR Region.
2. Authorize the Interim Executive Officer to execute the agreement.

Respectfully Submitted,



LUIS TAPIA

Attachment:

1. Form of Professional Consultant Services Agreement with RSG, Inc.

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY PROFESSIONAL CONSULTANT SERVICES AGREEMENT**

This Agreement is made effective, _____, 2025, by and between the LOCAL AGENCY FORMATION COMMISSION of ORANGE COUNTY (hereinafter referred to as “OC LAFCO”), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (Government Code Sections 56000 et seq.), and RSG, Inc. (hereinafter referred to as “Consultant”).

RECITALS

A. OC LAFCO is a public agency of the State of California and is in need of professional consulting services for the preparation and completion of a Municipal Service Review and Sphere of Influence Reviews for the North Region (hereinafter referred to as “the Project”), which includes the five cities Brea, Fullerton, La Habra, Placentia, and Yorba Linda and two special districts Placentia Library District and Yorba Linda Water District.

B. Consultant is qualified by virtue of experience, training, education and expertise to provide such services.

C. This Agreement is to establish the terms and conditions for OC LAFCO to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Term and Time of Performance.

The term of this Agreement shall be 12 months from the effective date, unless terminated in accordance with the procedures outlined in Section 15 of this Agreement. Consultant shall perform its services hereunder in a prompt and timely manner and shall commence performance upon the execution of this Agreement.

2. Services.

Consultant shall provide OC LAFCO with the services described in the Scope of Services attached hereto as Exhibit “A.”

3. Compensation.

a. Subject to paragraph 3(b) below, OC LAFCO shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit “B.”

b. The compensation for services rendered by the consultant pursuant to Exhibit "A" shall not exceed \$84,965. Any additional work must be approved in advance and agreed to by both parties as outlined in section 4.

c. Consultant shall invoice monthly for completed tasks in each phase to include reimbursable expenses incurred at actual costs (i.e., overnight shipping, teleconference services, and noticing) as shown in Exhibit B.

d. Consultant shall submit to OC LAFCO a statement for services rendered. OC LAFCO shall cause payment to be made to Consultant within thirty (30) working days from receipt of statement for services and OC LAFCO's determination that Consultant has adequately performed those services for which OC LAFCO has been invoiced.

4. Additional Work

If changes in the work seem merited by Consultant or OC LAFCO, and informal consultations with the other party indicate that a change is warranted, it shall be processed by OC LAFCO in the following manner: Consultant shall forward a letter outlining the changes to OC LAFCO with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by OC LAFCO and executed by both parties before performance of such services or OC LAFCO will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

5. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for four (4) years from the date of final payment under the contract for inspection by OC LAFCO.

6. Delays in Performance.

Neither OC LAFCO nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.

b. Consultant shall assist OC LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

8. Standard of Care.

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Sub-consultant.

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of OC LAFCO, which may be withheld for any reason. Nothing contained herein shall prevent Consultant from employing independent associates and sub-consultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor.

It is agreed that Consultant shall act and be an independent contractor and is not an agent or employee of OC LAFCO and is not entitled to participate in any compensation plans or other benefits OC LAFCO provides for its employees. All services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the services, subject to the requirements of this Agreement. Any additional personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of OC LAFCO and shall at all times be under Consultant's exclusive direction and control. Consultant shall be responsible for all reports and obligations respecting such personnel, including but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance and workers' compensation insurance.

11. Integration.

This Agreement represents the entire understanding of OC LAFCO and Consultant as to those matters contained herein and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

12. Insurance.

Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, all insurance set forth in “Exhibit C” hereto, in a form and with insurance companies acceptable to OC LAFCO.

13. Indemnification.

To the fullest extent permitted by law, Consultant shall defend, indemnify and hold OC LAFCO, its Board, members of the Board, employees, and authorized volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant’s services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorney’s fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant’s services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

In addition, Consultant shall defend, with counsel of OC LAFCO’s choosing and, to the extent permitted by Civil Code Section 2782.8, at Consultant’s own cost, expense and risk, any and all claims, suits, actions or other proceedings of every kind covered by this section arising out of, pertaining to, or incident to the alleged negligent acts, errors or omissions caused by the negligence, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant’s services or this Agreement that may be brought or instituted against OC LAFCO or its Board, members of the Board, employees, and authorized volunteers. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against OC LAFCO or its Board, members of the Board, employees, and authorized volunteers as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse OC LAFCO for the cost of any settlement paid by OC LAFCO or its Board, members of the Board, employees, or authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for OC LAFCO’s attorney’s fees and costs, including expert witness fees. Consultant shall reimburse OC LAFCO and its Board, members of the Board, employees, and/or authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant’s obligation to indemnify shall not be restricted to insurance proceeds, if any, received by OC LAFCO, its Board, members of the Board, employees, or authorized volunteers. Consultant shall have no duty or obligation to defend, indemnify, and/or pay settlement expenses of OC LAFCO, its Board, its Board members, employees, or authorized volunteers due to the negligence, errors or omissions caused by the sole negligence, and/or willful misconduct of OC LAFCO, its Board, its Board members, employees or authorized volunteers.

14. Laws, Venue, and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Orange, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

15. Termination or Abandonment.

a. OC LAFCO may terminate this Agreement for any reason or no reason by giving thirty (30) calendar days' written notice of termination. OC LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by OC LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. OC LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to OC LAFCO only in the event of substantial failure by OC LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16. Key Personnel.

Consultant shall assign James Simon as the Principal Consultant. The Principal Consultant shall not be removed from the Project or reassigned without the prior written consent of OC LAFCO.

17. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

OC LAFCO:
Luis Tapia, Interim Executive Officer
2677 N. Main Street, Suite 1050
Santa Ana, CA 92705

Consultant:
James Simon, Principal
RSG, Inc.
170 Eucalyptus Ave, Suite 200
Vista, CA 92084

and shall be effective upon receipt thereof.

18. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC LAFCO and the Consultant.

19. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

20. Acknowledgment.

Consultant acknowledges that by executing this agreement, they are also, in good faith, determining that the appointment meets each of the requirements set forth in Government Code Section 7522.56, including the unemployment insurance requirement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**LOCAL AGENCY FORMATION
COMMISSION OF ORANGE COUNTY**

RSG, Inc.

By: _____
Luis Tapia, Interim Executive Officer

By: _____
James Simon, Principal

Dated: _____

Dated: _____

Approved as to form:

Scott C. Smith, General Counsel
Local Agency Formation Commission of Orange County

Attest:

Cheryl Carter-Benjamin, Commission Clerk
OC LAFCO

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

The Consultant will conduct and prepare the MSR and SOI reviews for the North Region. To prepare the required MSR and SOI determinations and recommendations, the Consultant will analyze the following areas of relevance:

Municipal Service Review Criteria Detail

- (1) *Growth and population projections for the affected area:* Consultant will analyze current and future population and demographic characteristics as they relate to the service plans and delivery for existing and proposed service areas of the affected agencies, including unincorporated areas in the region. Consultant will evaluate how each agency is planning to meet the municipal service demands of the existing and anticipated population through use of growth and population projections and trends.
- (2) *The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI:* Consultant will identify the location, population, land use and municipal service providers for disadvantaged unincorporated areas (DUCs) within each agency’s SOI and note **if/where the SOI boundaries (i.e., city and special district) overlap.**
- (3) *Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies in any disadvantaged and unincorporated communities within or contiguous to the sphere of influence:* Consultant will evaluate infrastructure needs and deficiencies relative to existing and long-term demands for each agency based upon capacity, condition of facilities, and service levels, including specific assessment of needs and deficiencies within unincorporated areas and sewer and water services provided to DUCs in the region. Existing facility, real property assets, and infrastructure will be categorized and analyzed to determine present sufficiency and future requirements.
- (4) *Financial ability of agencies to provide services:* Consultant will conduct a detailed financial analysis on the present and future capacity of the affected agencies to support the current and future servicing needs of the service areas. Evaluation shall include an assessment of the data provided in the OC LAFCO fiscal indicators and unincorporated areas profiles and make relative findings. Collaboration with the OC LAFCO fiscal consultant is expected.
- (5) *Status of, and opportunities for, shared services:* Consultant will analyze existing facilities and service areas for duplication of efforts and to address potential economies of scale to be gained by alternative governance options, including the identification of opportunities for sharing of facilities and resources that support efficiency and cost-effectiveness.
- (6) *Accountability for community service needs, including governmental structure and operational efficiencies:* Consultant will review the current government structure of the affected agencies relative to responsiveness to accountability, public accessibility, and transparency involving community service needs and operational efficiencies.

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

- (7) *Any other matter related to effective service delivery as required by commission policy:* During the process, the Consultant may identify any other matter related to the effective and efficient delivery of municipal services within the Commission’s authority.

Sphere of Influence Criteria Detail

- (1) *Present and planned land uses including agricultural and open-space lands:* Consultant will evaluate for each agency and unincorporated area within the region, the existing and future land use designations, including protection of prime agricultural, open space and recreational lands, and compatibility with local general plans.
- (2) *Present and probable need for public facilities and services:* Consultant will evaluate for each agency and unincorporated area within the region, the present public services and facilities and probable need, if applicable, for public services and facilities.
- (3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:* Consultant will evaluate the present infrastructure, facilities, and service programming and each agency’s ability to assess and address the local service demands.
- (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:* Consultant will review existing socio-economic communities of interest for each agency to determine current service deficiencies, challenges, and opportunities in addressing the needs of each community, including unincorporated areas within the region, while planning for the future.
- (5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection that occurs pursuant to subdivision (g)* on or after July 1, 2012 along with the present and probable need for those public facilities and services of any DUCs within the existing SOI:* Consultant will review and identify, if applicable, potential economies of scale that may be gained by future boundary changes or alternative governance structures.

TASK 1: PROJECT INITIATION

Prior to scheduling the kickoff meeting, Consultant will review past MSRs pertaining to the affected agencies, develop a matrix illustrating past determinations and other key findings, and then prepare an updated MSR/SOI review schedule, if warranted. The matrix in particular, will facilitate a thoughtful and impactful discussion during the kickoff meeting.

Consultant will arrange a kickoff meeting with OC LAFCO staff within thirty (30) days of contract commencement. This will cover the collective understanding of the scope of work for the project, including known issues, concerns, and status of past determination and findings from the viewpoint of OC LAFCO staff.

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

Following the meeting, Consultant will issue a request for information from OC LAFCO, including requesting shapefiles and boundaries of each agency, each SOI, and any DUCs within the study area. Consultant will work with OC LAFCO staff and fiscal consultant to revise the survey template as necessary in order to receive complete and relevant information from the agencies needed by both consultants to prepare the required evaluation identified in the Scope of Services.

Timing and work products:

- *August – September 2025*
- *Deliverables: Matrix of past determinations and findings by agency and updated schedule, if warranted.*

TASK 2: DATA COLLECTION

Consultant will compile information from OC LAFCO’s fiscal indicators, through working with the OC LAFCO fiscal consultant, and credible third-party demographic data for purposes of developing background information on each agency in the matrix previously created under Task 1. Consultant will analyze this data across each agency, identifying types of services provided, fiscal data, and service issues and opportunities raised during prior MSRs. Data will also be collected for the unincorporated areas and DUCs within the region.

Consultant will distribute the aforementioned survey instrument to each of the affected agencies, including Golden State Water Company, that will facilitate the capturing of information relevant to the authority of each agency to provide allowable services and understand the classes and levels of service provided in consultation with the pertinent principal acts for some of these agencies, including:

- Library districts (Education Code Section 19400-19532)
- Water districts (Water Code Sections 34000-38051)
- Wastewater agencies (Water Code Sections 13910-13915)

Consultant will coordinate and conduct individual agency interviews to discuss responses to the survey provided and dive deeper into those responses and the issues raised. These discussions will center around topics such as growth, ability to serve, constraints, reserves, potential SOI changes or annexations, and any DUCs. The interviews will be conducted through one to two virtual meetings.

Following interviews, Consultant will analyze response results and begin drafting findings for the MSR and SOIs for staff discussion. Consultant will present these findings, broken down by agency and unincorporated area, to OC LAFCO staff for internal discussion purposes.

Timing and work products:

- *August – November 2025*
- *Deliverables: Survey, summary of responses, agency profiles, draft findings and determinations.*

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

TASK 3: ADMINISTRATIVE DRAFT AND REVIEW OF MSR REPORT

Consultant will prepare an Administrative Draft MSR report for review by OC LAFCO staff. The report will address the determinations required by CKH Sections 56425 and 56430 and any additional factors/criteria established by OC LAFCO policy and guidelines. The report will be sent electronically to OC LAFCO staff for review prior to a (virtual or in-person) meeting to discuss staff comments and edits. Consultant will incorporate comments, edits, and corrections based on staff comments.

Pursuant to the RFP, the Administrative Draft MSR and SOI Reviews will achieve the following objectives:

1. Comply with Government Code Sections 56430 and 56425, specifically, to enable the Commission to make determinations with respect to the factors delineated in each statute with respect to both the MSR and SOI Updates.
2. Include not only the existing boundaries of each agency but will also concentrate on the future planned growth of the area beyond the existing borders identified as the SOI. Furthermore, the study must include the proposed growth and any future annexation proposals contemplated by each of the agencies.
3. Conduct the required analyses in the most cost-effective manner possible.
4. Utilize information that is currently available rather than start new analyses.
5. Utilize key providers in each sub-region to help direct the project.
6. Conduct the service review and SOI update process in a collaborative fashion with opportunities for input and review by each of the agencies being reviewed.
7. Create a product that will be useful to the Commission in reviewing SOIs and proposals for changes of organization.
8. Create a product that will be beneficial to public agencies as a planning tool.
9. Create a product that will allow practical direct comparison between agencies offering similar services.
10. Have all published work products be readily accessible to, and easily understandable by, the public.

Timing and work products:

- *October – February 2026*
- *Deliverables: Administrative Draft MSR and SOI Updates*

EXHIBIT “A”
SCOPE OF SERVICES and SCHEDULE

TASK 4: PUBLIC REVIEW AND PUBLIC HEARING DRAFT MSRS AND SOI UPDATES

Consultant will prepare the Public Review Draft MSR report with updated information addressing comments received from OC LAFCO staff. An electronic copy will be sent to OC LAFCO staff for final review and distribution to each of the affected agencies and appropriate posting for a 30-day public review. Following the public review period, the Consultant will prepare and provide the Public Hearing Draft MSR to OC LAFCO for final review, updates/revisions, and publication.

Consultant will attend one Commission public hearing to provide a summary presentation of the report, discuss any issues or concerns, and respond to questions.

Timing and work products:

- *February 2026 – July 2026*
- *Deliverables: Public Review and Public Hearing Draft MSRs and SOI Updates*

TASK 5: FINAL DRAFT MSR AND SOI UPDATES

Consultant will prepare a comment log and incorporate all comments, edits, and corrections from the Commission, affected agencies, and the public, as warranted. If second public hearing is warranted, Consultant will attend one Commission meeting to provide a summary presentation of the report and respond to questions. Upon approval, Consultant will transmit one electronic version of the final-approved report to OC LAFCO staff.

Timing and work products:

- *September 2026*
- *Deliverables: Final MSR and SOI Updates*

EXHIBIT “B”**SCHEDULE OF CHARGES/PAYMENTS**

The following schedule for charges and payments shall apply to work performed under this Agreement:

Based on the Scope of Services described Exhibit A, the services provided by the Consultant shall not exceed \$84,965 inclusive of the hours and expenses pursuant to the Consultant’s Billing Rate and Fee Schedule, as shown below. Services provided will be billed on a time and materials basis, so actual cost may be less than the not to exceed amount. A budget detail and workflow schedule is also presented as Exhibit B-1.

BILLING RATES & FEE SCHEDULE

Principal	\$ 295
Director	\$275
Senior Associate	\$ 225
Associate	\$ 195
Senior Analyst	\$ 160
Analyst	\$ 145
Research Assistant	\$ 135
Technician	\$ 100
Clerical	\$ 60

Consultant does not charge clients for travel or mileage (except direct costs related to field work/surveys), parking, standard telephone/fax expenses, general postage, or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs and teleconferencing services. We also charge for copies of reports, documents, notices, and support material more than five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge.

EXHIBIT B-1

Scope of Services

Northern Region MSR and SOI Updates
Orange County LAFCO (July 2025)



		Task Hours & Billing Rate						Total Hrs	Total Not to Exceed
		Principal \$ 295	Director \$ 275	Associate \$ 195	Sr. Analyst \$ 160	Analyst \$ 145	Res. Asst. \$ 135		
Task 1	Project Initiation	1	3	2	13	8	9	36	\$ 5,965
<i>Identify and discuss past determinations, SOIs, changes to DUCs, concerns, and issues with LAFCO staff and affected agencies</i>									
Task 1.1	Kickoff: review agencies, past determinations, issues, & schedules	1	2	2	3	8	1	17	3,010
Task 1.2	Obtain boundary, SOI and DUCs maps for each agency from LAFCO	-	-	-	2	-	8	10	1,400
Task 1.3	Obtain and review pertinent stakeholder notes and survey templates	-	1	-	5	-	-	6	1,075
Task 1.4	Initiate contact with agencies (see Task 2.2)	-	-	-	3	-	-	3	480
Task 2	Data Collection	-	16	7	96	7	23	149	\$ 25,245
<i>Prepare survey using LAFCO template, conduct 1-2 interviews per stakeholder to discuss responses and feedback, check accuracy of information provided</i>									
Task 2.1	Collect third party data (fiscal indicators, demographics, etc)	-	-	-	25	2	8	35	5,370
Task 2.2	Issue agency survey, followup to ensure timely completion	-	3	-	15	-	-	18	3,225
Task 2.3	Coordinate, prep, and conduct agency interviews (1-2 each, as needed)	-	5	5	25	-	15	50	8,375
Task 2.4	Review survey and interview results, analyze data, and draft findings	-	3	2	15	5	-	25	4,340
Task 2.5	Discuss preliminary findings with client	-	2	-	8	-	-	10	1,830
Task 2.6	Revise findings and recommendations	-	3	-	8	-	-	11	2,105
Task 3	Administrative Draft MSR	2	21	20	120	65	10	238	\$ 40,240
<i>Draft 2 MSR (one for each region) for client internal review and comment</i>									
Task 3.1	Prepare screencheck draft MSR	2	15	20	100	60	10	207	34,665
Task 3.2	Present draft to client, collect feedback and comments	-	4	-	15	5	-	24	4,225
Task 3.3	Finalize report after client review	-	2	-	5	-	-	7	1,350
Task 4	Public Review and Public Hearing Draft MSR	-	12	1	36	3	-	52	\$ 9,690
<i>Prepare public review draft MSR, collect feedback from agencies, revise as necessary and as directed by LAFCO for public hearing drafts, present at public hearing</i>									
Task 4.1	Circulate public review draft MSR to agencies (via LAFCO), collect feedback	-	2	-	25	3	-	30	4,985
Task 4.2	Prepare public hearing draft MSR; provide to LAFCO for review and comment	-	1	-	5	-	-	6	1,075
Task 4.3	Finalize public hearing draft MSR, prepare public hearing presentation	-	1	1	2	-	-	4	790
Task 4.4	Present MSR at Commission public hearing (1 meeting for both)	-	8	-	4	-	-	12	2,840
Task 5	Final Draft MSR	3	3	1	12	-	-	19	\$ 3,825
<i>If not adopted at public hearing, prepare final draft MSR based on input from each public hearing; present to Commission for approval</i>									
Task 5.1	Make revisions to public hearing draft MSR as warranted	-	1	1	3	-	-	5	950
Task 5.2	Circulate to client for final approval, revision, and completion	-	2	-	5	-	-	7	1,350
Task 5.3	Attend Commission meeting for final approval (if not adopted at hearing)	3	-	-	4	-	-	7	1,525
GRAND TOTAL BUDGET		6	55	31	277	83	42	494	\$ 84,965

EXHIBIT “C”

INSURANCE REQUIREMENTS

1. Commercial General Liability

- a. The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to OC LAFCO.
- b. Coverage for Commercial General Liability insurance shall be at least as broad as the following: ISO Commercial General Liability coverage (Occurrence Form CG 0001)
- c. Commercial General Liability Insurance must include coverage for the following:
 - i. Bodily Injury and Property Damage
 - ii. Personal Injury/Advertising Injury
 - iii. Premises/Operations Liability
- d. All such policies shall give OC LAFCO, its Board, members of the Board, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent.
- e. The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by OC LAFCO.

2. Automobile Liability

- a. At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to OC LAFCO.
- b. Coverage for Automobile Liability Insurance shall be at least as broad as: ISO Form Number CA 0001 covering automobile liability (Coverage Symbol 1, any auto).
- c. The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by OC LAFCO.

3. Workers' Compensation/Employer's Liability

- a. Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions

of that code, and he/she will comply with such provisions before commencing work under this Agreement.

- b. Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period covered by the work under this Agreement, workers' compensation of the same type and limits as specified in this section.
- c. Such insurance shall include an insurer's Waiver of Subrogation in favor of OC LAFCO and will be in a form and with insurance companies acceptable to OC LAFCO.

4. Minimum Policy Limits Required

- a. The following insurance limits are required for the Agreement:

	Combined Single Limit
Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability/ Workers' Compensation	\$1,000,000 per occurrence/ Statutory

5. Evidence Required

- a. Prior to execution of the Agreement, the Consultant shall file with OC LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

6. Required Policy Provisions

- a. Certificates of insurance and policy endorsements shall require 30 days (10 days for non-payment of premium) notice of cancellation to OC LAFCO. Statements that the carrier “will endeavor” and “that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives,” will not be acceptable on certificates. If any of the required coverage expires during the term of this Agreement, the Contractor shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to OC LAFCO at least ten (10) days prior to the expiration date.
- b. The Commercial General Liability policy shall contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by OC LAFCO or any named insureds shall not be called upon to contribute to any loss.
- c. The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three (3) years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

7. Qualifying Insurers

- a. All policies required shall be issued by acceptable insurance companies, as determined by OC LAFCO, which satisfy the following minimum requirements:
- b. Insurance carriers shall have a current AM Best rating of not less than “A-” policyholder's rating and a financial rating of not less than “Class VII,” unless otherwise approved in advance by OC LAFCO.

8. Additional Insurance Provisions

- a. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by OC LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.
- b. If at any time during the life of the Agreement, the Consultant fails to maintain in full force any insurance required by the Agreement documents OC LAFCO may terminate the Agreement.

- c. The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.
- d. OC LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.
- e. Neither OC LAFCO, its Board, members of the Board, employees, or authorized volunteers shall be personally responsible for any liability arising under or by virtue of the Agreement.

REGULAR MEMBERS

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fidler
Special District Member

Peggy Huang
City Member

Derek J. McGregor
Public Member

VACANT
County Member

ALTERNATES

Kathryn Freshley
Special District Member

Carol Moore
City Member

Lou Penrose
Public Member

VACANT
County Member

STAFF

Luis Tapia
Interim Executive Officer

Scott Smith
General Counsel

MEETING DATE: September 17, 2025

9b | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer
Policy Analyst I

SUBJECT: Legislative Report (September 2025)

BACKGROUND

Since the Legislature reconvened from its summer recess on August 18, legislators from the Assembly and Senate have continued to advance proposed legislation through the legislative committees. The deadline for bills to pass through the respective committees and reach Governor Newsom's office is September 12. Governor Newsom will have until October 12 to sign or veto proposed bills.

During the Commission's July meeting, the Commission received an update on Senate Bill 777 and Senate Bill 858. This report provides an update on the bills and a staff-recommended position for Commission consideration on Senate Bill 777. Additionally, the report includes an update on the legislative efforts undertaken by the Alliance of California Local Agency Formation Commissions (Alliance).

UPDATE ON PREVIOUSLY REVIEWED LEGISLATION**Senate Bill 777 (Richardson) Abandoned endowment care cemeteries: local agency possession and responsibility.**

During the July 10 regular meeting, the Commission received a summary of SB 777, which proposed statutory procedures for transferring ownership and maintenance responsibilities of abandoned endowment care cemeteries. One of the proposed procedures included in the bill stated that a city, county, or both that has an existing abandoned endowment care cemetery within its jurisdictional boundaries would submit an application for a change of organization to the local LAFCO. The application would be for the annexation of the cemetery to an existing cemetery special district or the creation of a new cemetery district. The Commission reaffirmed its **Oppose** position as the bill's language did not identify a legitimate solution to provide the necessary funding for the long-term maintenance of an abandoned endowment cemetery.

Since the July meeting, concerned stakeholders held meetings with the author of the bill to continue expressing their concerns. The author agreed to shift the focus of the bill and amended the language to direct the Cemetery and Funeral Bureau to convene a working group that should include representatives from the following agencies: cemetery industry, League of California Cities, California State Association of Counties, Urban Counties of California, Rural Counties Representatives of California, public cemeteries, legislative committees, California Association of Local Agencies Formation Commissions, and other agencies that have an interest in the bill. Staff of the recently created Alliance have submitted a request to the author to participate in the working group discussions. The purpose of the working group is to explore options for ensuring long-term care, maintenance, and enhancements for abandoned endowment care cemeteries.

The amendments to SB 777 have shifted the bill's focus, eliminating the previously identified concerns by OC LAFCO and other LAFCOs. However, the bill remains of interest to LAFCOs as the working group proposes solutions for the long-term maintenance of abandoned endowment care cemeteries. Staff recommends that the Commission consider modifying its position and adopt a **Watch** position. The recommended position also aligns with the Commission's legislative policy of adopting a watch position on legislation that is of interest to OC LAFCO and may impact LAFCOs. Staff will continue to monitor the progress of the working group and provide an update to the Commission at a future meeting.

OC LAFCO POSITION: **Oppose** position adopted June 11, 2025.

SUPPORT: None on record.

OPPOSE: California Association of Local Agency Formation Commissions, California Special Districts Association, California State Association of Counties, Cemetery and Mortuary Association of California, Coachella Valley Public Cemetery District, County of Butte, County of Marin, Imperial LAFCO, League of California Cities, Los Angeles LAFCO, Orange LAFCO, Marin LAFCO, Mendocino LAFCO, Napa LAFCO, Nevada County LAFCO, Orlando Cemetery District, Riverside LAFCO, Rural County Representatives of California, Russian River Cemetery District, Sacramento LAFCO, San Bernardino County, San Bernardino LAFCO, Sonoma LAFCO, Urban Counties of California, Vacaville-Elmira Cemetery District.

BILL LOCATION/STATUS: Assembly.

SB 858 (Senate Local Government Committee): Local Government Omnibus Act of 2025.

During the July 10 regular meeting, the Commission received a summary of the California Local Agency Formation Commission's (CALAFCO) annual Omnibus Bill effort. The Omnibus Bill is CALAFCO's annual vehicle to introduce technical and non-substantive amendments to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) that address minor inconsistencies and provide clarification to remove ambiguity in the Act. CALAFCO staff submitted two non-substantive amendments to the Senate Local Government Committee for inclusion as part of the committee's annual Omnibus Bill. The amendments address two incorrect cross-references included in the following government code sections:

- Correct a typo in the California Government Code Section 37396(b), which regulates the types of leases a city, county, or city and county can enter into for annexed property that is non-contiguous to a city or county. Correct a typo by replacing Government Code Section 56472 with 56742.
- Correct a reference in Government Code Section 57002 of the CKH Act regarding the noticing requirement.

The Commission adopted a Support position during the July meeting, and staff submitted a letter of support on July 31, 2025. No further action is required from the Commission.

RECOMMENDED ACTION: Support position adopted on July 9, 2025. No additional action recommended.

SUPPORT: California Association of Clerks & Election Officials, California Association of Local Agency Formation Commissions, California Association of County Treasurers and Tax Collectors, County of Kern, County of Nevada, East Bay Municipal Utility District, Mendocino LAFCO, Nevada LAFCO, Santa Cruz LAFCO, Yolo LAFCO.

OPPOSE: None on Record.

BILL LOCATION/STATUS: Enrolled to the Governor.

ALLIANCE OF CALIFORNIA LAFCOs Legislative Committee

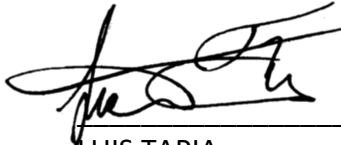
The Executive Officers of the Alliance formed a legislative committee, represented by staff from each of the four LAFCOs (Los Angeles, Orange, San Bernardino, and San Diego), to develop legislative policies and procedures and identify a consultant who can assist with tracking legislation of LAFCO interest for the upcoming 2026 legislative session. During a meeting held by the Alliance on August 11, 2025, the group approved the Legislative Policies and Guidelines to serve as a framework for reviewing legislation of interest to LAFCOs and adopting legislative positions. The Alliance directed the committee to continue its search and selection of a consultant to assist with tracking legislation for the upcoming legislative session. Staff will continue to participate in the Alliance's legislative committee meetings and provide updates to the Commission during future meetings.

RECOMMENDED ACTION

Staff Recommends the Commission:

1. Adopt a **Watch** position on SB 777.

Respectfully Submitted,



LUIS TAPIA

AIMEE DIAZ

Attachments:

1. Senate Bill 777 (Richardson)
2. Senate Bill 858 (Durazo, Arreguín, Cabaldon, Choi, Laird, Seyarto, and Wiener)



California LEGISLATIVE INFORMATION

[Home](#)
[Bill Information](#)
[California Law](#)
[Publications](#)
[Other Resources](#)
[My Subscriptions](#)
[My Favorites](#)

SB-777 Abandoned cemeteries: report. (2025-2026)

SHARE THIS:



Date Published: 07/09/2025 09:00 PM

AMENDED IN ASSEMBLY JULY 09, 2025

AMENDED IN ASSEMBLY JUNE 16, 2025

AMENDED IN SENATE MARCH 26, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 777
Introduced by Senator Richardson
February 21, 2025

An act to amend ~~Sections 7612.6, 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, 7730.11, and 7731.4 of the Business and Professions Code, and to amend the heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of, and to add Chapter 6 (commencing with Section 8800) to Part 3 of Division 8 of, the Health and Safety Code, relating to cemeteries, and making an appropriation therefor.~~ *Section 7612.12 of the Business and Professions Code, relating to cemeteries.*

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as amended, Richardson. ~~Cemeteries.~~ *Abandoned cemeteries: report.*

~~(1)Existing~~

Existing law, the Cemetery and Funeral Act, establishes the Cemetery and Funeral Bureau within the Department of Consumer Affairs and sets forth its powers and duties relating to the licensure and regulation ~~of, among others, cemeteries and cemetery authorities, which includes cemetery associations, corporations, limited liability companies, and other persons owning or controlling cemetery lands or property. A violation of the act is a crime.~~ *of cemeteries, crematories, funeral establishments, and their personnel. Existing law requires the bureau, on or before July 1, 2027, to convene a workgroup composed of representatives from the cemetery, county government, and other interested stakeholders to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for abandoned cemeteries. Existing law requires the bureau to submit a report to the Legislature summarizing the workgroup's discussions and its recommendations by January 1, 2028. Existing law repeals those provisions on January 1, 2029.*

This bill would instead require the bureau to convene the workgroup on or before March 1, 2026, would revise the list of representatives required to be included in the workgroup, and would instead require the workgroup to discuss the possibility of requiring counties to assume responsibility for maintenance, irrigation, public works, and burial services for abandoned cemeteries. The bill would require the board to submit the report on June 1, 2026, and would repeal those provisions on January 1, 2027.

~~Existing law requires a cemetery authority to file with the bureau an annual written report that includes, among other things, the amount collected and deposited in endowment care funds segregated as to the amounts for crypts, niches, and grave space, as specified. Existing law requires that information to be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. Existing law requires the scope of the audit to include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, including the balance sheet, statement of revenues, expenditures, and changes in fund balance.~~

~~This bill would require the annual audit report to include a cemetery's 4th quarter bank statement. The bill would require the cemetery authority's financial institution to provide the bank statement electronically, and directly, to the bureau. The bill would require the above-described annual written report to include a map of the deceased and their location by parcel. The bill would require the bureau to submit the map to the applicable county recorder.~~

~~By expanding the crime of violating the Cemetery and Funeral Act, and to the extent the bill would impose a higher level of service on counties, the bill would impose a state-mandated local program.~~

~~(2) Existing law authorizes a cemetery authority that maintains a cemetery to place its cemetery under endowment care and to establish, maintain, and operate an endowment care fund. Ninety days following the cancellation, surrender, or revocation of a certificate of authority, existing law gives the bureau title to any endowment care funds of a cemetery authority and possession of all necessary books, records, property, real and personal, and assets, and requires the bureau to act as conservator over the management of the endowment care funds.~~

~~Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides for the formation and change of organization of cities and special districts and establishes a local agency formation commission (LAFCO) in each county. Existing law, the Public Cemetery District Law, provides for the formation of public cemetery districts, and authorizes those districts to own, operate, improve, and maintain cemeteries and provide interment services within their boundaries.~~

~~This bill would require the bureau to notify the applicable city, county, or city and county with jurisdiction over Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery, or cemeteries that become abandoned endowment care cemeteries, as defined, after January 1, 2026. Upon receipt of notice, the bill would require the city, county, or city and county, within 120 days, to adopt and submit a resolution of application to the LAFCO in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district for the purpose of maintaining the abandoned endowment care cemetery. The bill would require the bureau to cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to these provisions, and would require the bureau to provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, as specified. The bill would require the LAFCO to determine whether to form a new public cemetery district or reorganize an existing public cemetery district within one year of receiving an application for a change of organization pursuant to these provisions. Upon that determination being made, the bill would require the bureau to work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.~~

~~By imposing new duties on cities and counties, the bill would impose a state-mandated local program.~~

~~Existing law imposes various fees under the Cemetery and Funeral Act, including, among others, the application and renewal fees for a funeral director's, embalmer's, or cemetery manager's license, regulatory charges for cemetery authorities, timely filing fees for specified annual reports, and fees to obtain or renew a hydrolysis facility license. Existing law creates the Cemetery and Funeral Fund, a continuously appropriated fund, in the State Treasury for the deposit of those fees. Existing law requires moneys in the fund to be expended on actual and necessary expenses incurred in implementing the act.~~

~~This bill would increase those fees by 150%. The bill would require the bureau to establish and administer the Abandonment Grant Funding Program (program) to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries. The bill would require the program to be funded by 50% of moneys assessed from the increased fees, and would expand the purposes of the Cemetery and Funeral Fund to include the program. Because additional moneys would be deposited into a continuously appropriated fund, and by expanding the purposes of a continuously appropriated fund, the bill would make an appropriation.~~

~~This bill would authorize a private entity, as specified, to acquire title to an abandoned endowment care cemetery. The bill would require a public cemetery district or a private entity that takes over an abandoned endowment care cemetery to have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~By imposing new duties on public cemetery districts, this bill would impose a state-mandated local program.~~

~~(3)The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.~~

~~With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute for Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery.~~

Vote: ~~two-thirds~~majority Appropriation: ~~yes~~no Fiscal Committee: yes Local Program: ~~yes~~no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. *Section 7612.12 of the Business and Professions Code is amended to read:*

7612.12. (a) On or before ~~July 1, 2027,~~ *March 1, 2026*, the bureau shall convene a workgroup ~~comprised of representatives from the cemetery industry, county government, and other~~ *composed of* interested stakeholders *including, but not limited to, representatives from the cemetery industry, the California Association of Local Agency Formation Commissions, the League of California Cities, the California State Association of Counties, the Urban Counties of California, the Rural County Representatives of California, public cemeteries, and legislative staff for the appropriate committees of the Legislature,* to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for *maintenance, irrigation, public works, and burial services for* cemeteries located within their boundaries that become abandoned.

(b) In accordance with Section 9795 of the Government Code, the bureau shall submit a report to the Legislature summarizing the discussions of the ~~workgroup, along with any recommendations,~~ *workgroup and its recommendations* no later than ~~January 1, 2028.~~ *June 1, 2026.*

(c) This section shall remain in effect only until January 1, ~~2029,~~ *2027*, and as of that date is repealed.

~~SECTION 1.~~*Section 7612.6 of the Business and Professions Code is amended to read:*

~~7612.6.(a)Each cemetery authority shall file with the bureau annually, on or before June 1, or within five months after close of their fiscal year provided approval has been granted by the bureau as provided for in Section 7612.7, a written report in a form prescribed by the bureau setting forth the following:~~

~~(1)The number of square feet of grave space and the number of crypts and niches sold or disposed of under endowment care by specific periods as set forth in the form prescribed.~~

~~(2)The amount collected and deposited in both the general and special endowment care funds segregated as to the amounts for crypts, niches, and grave space by specific periods as set forth either on the accrual or cash basis at the option of the cemetery authority.~~

~~(3)A statement showing separately the total amount of the general and special endowment care funds invested in each of the investments authorized by law and the amount of cash on hand not invested, which statement shall actually show the financial condition of the funds.~~

~~(4)A statement showing separately the location, description, and character of the investments in which the special endowment care funds are invested. The statement shall show the valuations of any securities held in the endowment care fund as valued pursuant to Section 7614.7.~~

~~(5)A statement showing the transactions entered into between the corporation or any officer, employee, or stockholder thereof and the trustees of the endowment care funds with respect to those endowment care funds. The statement shall show the dates, amounts of the transactions, and shall contain a statement of the reasons for those transactions.~~

~~(6)(A)A map of the deceased and their location by parcel.~~

~~(B)The bureau shall submit the map described in subparagraph (A) to the applicable county recorder.~~

~~(b)(1)The report shall be verified by the president or vice president and one other officer of the cemetery corporation. The information submitted pursuant to paragraphs (2), (3), (4), (5), and (6) of subdivision (a) shall be accompanied by an annual audit report, prepared in accordance with generally accepted accounting principles, of the endowment care fund and special care fund signed by a certified public accountant or public accountant. The scope of the audit shall include the inspection, review, and audit of the general purpose financial statements of the endowment care fund and special care fund, which shall include the balance sheet, the statement of revenues, expenditures, and changes in fund balance.~~

~~(2)The annual audit report described in paragraph (1) shall include a cemetery's fourth quarter bank statement. The cemetery authority's financial institution shall provide the bank statement electronically, and directly, to the bureau.~~

~~(c)If a cemetery authority files a written request prior to the date the report is due, the bureau may, in its discretion, grant an extension for no more than an additional nine months within which to file the report.~~

~~SEC. 2. Section 7653 of the Business and Professions Code is amended to read:~~

~~7653.(a)The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for certificates of authority. In reviewing an application for a certificate of authority, the bureau may consider acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a certificate of authority under Division 1.5 (commencing with Section 475).~~

~~(b)Upon receipt of an application for a certificate of authority, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed cemetery, and any other qualifications required of the applicant under this act, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~

~~(c)At the time of the filing of the application required by this section, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars (\$1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request, deposit an additional sum sufficient to defray those expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars (\$2,250).~~

~~SEC. 3. Section 7712.5 of the Business and Professions Code is amended to read:~~

~~7712.5.(a)The bureau shall adopt, and may from time to time amend, rules and regulations prescribing standards of knowledge and experience and financial responsibility for applicants for a crematory license. In reviewing an application for a crematory license, the bureau may consider acts of the applicant, including acts of incorporators, officers, directors, and stockholders of the applicant, which shall constitute grounds for the denial of a crematory license under Division 1.5 (commencing with Section 475).~~

~~(b)Upon receipt of an application for a crematory license, the bureau may cause an investigation to be made of the physical status, plans, specifications, and financing of the proposed crematory, the character of the applicant, including, if applicable, its officers, directors, shareholders, or members, and any other qualifications required of the applicant under this article, and for this purpose may subpoena witnesses, administer oaths, and take testimony.~~

~~(c)At the time of the filing of the application required by this article, the applicant shall pay to the Cemetery and Funeral Fund the sum of one thousand eight hundred seventy-five dollars (\$1,875) to defray the expenses of investigation. In the event the sum shall be insufficient to defray all of the expenses, the applicant shall, within five days after request therefor, deposit an additional sum sufficient to defray such expenses, provided that the total sum shall not exceed two thousand two hundred fifty dollars (\$2,250).~~

~~SEC. 4. Section 7729 of the Business and Professions Code is amended to read:~~

~~7729. The amount of the fees prescribed by this chapter shall be fixed according to the following schedule:~~

~~(a) The application fee for a funeral director's license shall be nine hundred fifty dollars (\$950).~~

~~(b) The application fee for change of location of a funeral establishment's license shall be one thousand one hundred seventy-five dollars (\$1,175).~~

~~(c) The application fee for permission to assign a funeral establishment's license shall be one thousand four hundred dollars (\$1,400).~~

~~(d) The license renewal fee payable by a licensed funeral director shall be nine hundred fifty dollars (\$950). The fee for a delinquent renewal of a funeral director's license shall be 150 percent of the timely renewal fee.~~

~~(e) The application fee for an embalmer's license and the examination on the state's laws required under paragraph (2) of subdivision (a) of Section 7646 for the license shall be seven hundred dollars (\$700).~~

~~(f) The renewal fee payable by a licensed embalmer shall be four hundred seventy-five dollars (\$475). The fee for a delinquent renewal of an embalmer's license shall be 150 percent of the timely renewal fee.~~

~~(g) The application fee for a certificate of registration as an apprentice embalmer shall be three hundred dollars (\$300).~~

~~(h) The fee for an application by a funeral establishment for approval to train apprentice embalmers and for renewal of that approval shall be four hundred seventy-five dollars (\$475).~~

~~(i) The application fee for a funeral director's examination shall be four hundred seventy-five dollars (\$475).~~

~~(j) The fee for a timely filing of an individual report or a combined report on preneed trust funds shall be one thousand two hundred fifty dollars (\$1,250). The fee for a late filing of any report on preneed trust funds shall be 150 percent of the applicable timely fee.~~

~~(k) The application fee for permission to change the name appearing on a funeral establishment's license shall be seven hundred fifty dollars (\$750), and for permission to change the name on any other license or certificate, shall be sixty-two dollars and fifty cents (\$62.50).~~

~~(l) The application fee for a duplicate funeral director's license, a duplicate funeral establishment's license, a duplicate embalmer's license, or a duplicate certificate of registration as an apprentice embalmer, shall be one hundred twenty-five dollars (\$125).~~

~~(m) The fee for filing a report of a change of corporate officers, managers, or preneed trust fund trustees shall be one hundred twenty-five dollars (\$125).~~

~~(n) The application fee for a funeral establishment license shall be one thousand eight hundred seventy-five dollars (\$1,875).~~

~~(o) The license renewal fee for a licensed funeral establishment shall be one thousand eight hundred seventy-five dollars (\$1,875). The fee for a delinquent renewal of a funeral establishment license shall be 150 percent of the timely renewal fee.~~

~~SEC. 5. Section 7729.11 of the Business and Professions Code is amended to read:~~

~~7729.11. The fee for a timely filing of an annual report on the endowment care fund and special care fund by a certificate of authority shall be one thousand two hundred fifty dollars (\$1,250). The fee for a late filing of an annual report on the endowment care fund and special care fund shall be 150 percent of the applicable timely fee.~~

~~SEC. 6. Section 7730.3 of the Business and Professions Code is amended to read:~~

~~7730.3. For change of name or of address of licensee on the records of the bureau, the fee shall be sixty-two~~

~~dollars and fifty cents (\$62.50):~~

~~SEC. 7. Section 7730.8 of the Business and Professions Code is amended to read:~~

~~7730.8.(a) The fee for a cemetery manager examination shall be two thousand dollars (\$2,000):~~

~~(b) The license fee to obtain a cemetery manager license shall be three hundred twenty-five dollars (\$325):~~

~~(c) The renewal fee for a cemetery manager license shall be three hundred seventy-five dollars (\$375):~~

~~SEC. 8. Section 7730.10 of the Business and Professions Code is amended to read:~~

~~7730.10. Every cemetery authority operating a cemetery shall pay an annual regulatory charge for each cemetery of one thousand eight hundred seventy-five dollars (\$1,875). In addition to an annual regulatory charge for each cemetery, an additional quarterly charge of twenty-eight dollars and seventy-five cents (\$28.75) for each burial, entombment, or inurnment made during the preceding quarter shall be paid to the bureau and these charges shall be deposited in the Cemetery and Funeral Fund. If the cemetery authority performs a burial, entombment, or inurnment, and the cremation was performed at a crematory located on the grounds of the cemetery and under common ownership with the cemetery authority, the total of all additional charges shall be not more than twenty-eight dollars and seventy-five cents (\$28.75):~~

~~SEC. 9. Section 7730.11 of the Business and Professions Code is amended to read:~~

~~7730.11.(a) The bureau shall establish the fee to obtain or renew a hydrolysis facility license, which shall not exceed the reasonable cost of license administration:~~

~~(b) Every licensee operating a hydrolysis facility pursuant to a license issued pursuant to this article shall pay an additional charge of twenty-eight dollars and seventy-five cents (\$28.75) per hydrolysis made during the preceding quarter, which charges shall be deposited into the Cemetery and Funeral Fund:~~

~~SEC. 10. Section 7731.4 of the Business and Professions Code is amended to read:~~

~~7731.4.(a) All moneys paid into the State Treasury and credited to the Cemetery and Funeral Fund shall be expended in accordance with law for both of the following:~~

~~(1) The payment of all actual and necessary expenses incurred in carrying out the provisions of this act:~~

~~(2) The Abandonment Grant Funding Program, as described in Section 8803 of the Health and Safety Code:~~

~~(b) This section shall become operative on July 1, 2016:~~

~~SEC. 11. Chapter 6 (commencing with Section 8800) is added to Part 3 of Division 8 of the Health and Safety Code, to read:~~

~~6. Abandonment of Endowment Care Cemeteries~~

~~8800. For purposes of this chapter, the following definitions apply:~~

~~(a) "Abandoned endowment care cemetery" means a cemetery for which an endowment care fund was maintained, that was formerly licensed by the bureau, and for which the certificate of authority has been canceled, surrendered, or revoked and ownership has not been transferred pursuant to Section 8585 within one year of the cancellation, surrender, or revocation:~~

~~(b) "Private entity" means a non-public entity that acquires title to an abandoned endowment care cemetery pursuant to this chapter. "Private entity" includes, but is not limited to, a corporation, LLC, or individual:~~

~~(c) "Public cemetery district" means a public cemetery district, as described in Part 4 (commencing with Section 9000), that is formed or reorganized and acquires title to an abandoned endowment care cemetery pursuant to this chapter:~~

~~8801.(a) Upon the expiration of the one-year period described in Section 8800, the bureau shall notify the applicable city, county, or city and county with jurisdiction over each of the following abandoned endowment care cemeteries:~~

~~(1) Lincoln Memorial Park Cemetery:~~

~~(2) Dambacher Mountain Memorial Cemetery:~~

~~(3) Verdugo Hills Cemetery:~~

~~(4)Chapel of the Light:~~

~~(5)Evergreen Cemetery:~~

~~(6)Mount Tamalpais Cemetery:~~

~~(b)Upon the expiration of the one-year period described in Section 8800, the bureau shall review, and shall subsequently notify the applicable city, county, or city and county of, other cemeteries that are not listed in subdivision (a) and that become an abandoned endowment care cemetery after January 1, 2026.~~

~~(c)(1)Upon receipt of notice pursuant to subdivision (a) or (b), a city, county, or city and county shall, within 120 days, adopt and submit a resolution of application to the local agency formation commission (LAFCO) in the applicable county for a change of organization to form a new public cemetery district or reorganize an existing public cemetery district pursuant to Part 3 (commencing with Section 56650) of Division 3 of Title 5 of the Government Code and Chapter 2 (commencing with Section 9010) of Part 4 of this division for the purpose of maintaining the abandoned endowment care cemetery.~~

~~(2)(A)For an application for a change of organization required by this subdivision, the bureau shall provide the information required by Section 56652 of the Government Code.~~

~~(B)The bureau shall ensure that a resolution of application prepared pursuant to this section establishes long-term viability for the public cemetery district.~~

~~8802.(a)(1)When a LAFCO receives an application for a change of organization pursuant to Section 8801, the bureau shall provide the necessary resources to the city, county, or city and county to facilitate the LAFCO process, including resources for preparing documents required by the California Environmental Quality Act (CEQA):~~

~~(2)The bureau shall cover the costs for creating a new public cemetery district or reorganizing an existing public cemetery district pursuant to this chapter, including costs associated with all of the following:~~

~~(A)The LAFCO process.~~

~~(B)The Department of Fish and Wildlife.~~

~~(C)The county clerk and recorder.~~

~~(D)The State Board of Equalization.~~

~~(b)Within one year of receiving an application for a change of organization pursuant to Section 8810, the LAFCO shall determine whether to form a new public cemetery district or reorganize an existing public cemetery district to maintain the abandoned endowment care cemetery.~~

~~(c)After a determination is made pursuant to subdivision (b), the bureau shall work with the vacated owner or the county assessor to secure the title of the abandoned cemetery to ensure that fee title of the abandoned endowment care cemetery ultimately vests in the public cemetery district.~~

~~8803.(a)The bureau shall establish and administer the Abandonment Grant Funding Program to provide long-term viability to ensure services are maintained for abandoned endowment care cemeteries.~~

~~(b)Commencing January 1, 2026, the program shall be funded by 50 percent of moneys from the assessed fees described in Sections 7653, 7712.5, 7729, 7729.11, 7730.3, 7730.8, 7730.10, and 7730.11 of the Business and Professions Code.~~

~~(c)The bureau shall have discretion over the disbursement of program funds and shall disburse those funds in accordance with the purpose described in subdivision (a).~~

~~(d)The bureau may use program funds to cover the reasonable costs of administering the program.~~

~~8804.(a)The public cemetery district formed or reorganized pursuant to Section 8802 shall have access to the endowment fund, including principal and interest, of the applicable abandoned endowment care cemetery, and Abandonment Grant Funding Program funding to manage cemetery maintenance, burial services, and security items, and to address issues, including, but not limited to, prior repairs, deferred maintenance, or vandalism of property or gravesites, as necessary.~~

~~(b)The public cemetery district shall determine the hours of operation, maintenance schedules, embellishment,~~

~~and modicum of security, including gate locks, cameras, or alarms.~~

~~8805.(a)A private entity that is licensed and regulated pursuant to the Cemetery and Funeral Act may acquire title to an abandoned endowment care cemetery.~~

~~(b)If eligible, a private entity that acquires title to an abandoned endowment care cemetery shall manage the cemetery's endowment care trust fund, including principal and interest, in accordance with Chapter 5 (commencing with Section 8700).~~

~~(c)The bureau may provide funds from the Abandonment Grant Funding Program to a private entity that acquires title to an abandoned endowment care cemetery. Use of program funds shall be limited to the purposes described in Section 8804.~~

~~8806.(a)A public cemetery district or private entity that acquires title to an abandoned endowment care cemetery shall keep a record of, and honor, all remaining contracts for burial executed by the prior cemetery authority.~~

~~(b)(1)A public cemetery district or a private entity that acquires title to an abandoned endowment care cemetery shall not be responsible for any actions of the vacated owner, including, but not limited to, mismanagement of the endowment fund or cemetery.~~

~~(2)This subdivision shall not be applied to impair the obligation of any contract that is in effect as of January 1, 2026, in a manner that would violate either Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution.~~

~~SEC. 12.The heading of Chapter 7 (commencing with Section 8825) of Part 3 of Division 8 of the Health and Safety Code is amended to read:~~

~~7.Abandoned Nonendowment Care Cemeteries~~

~~SEC. 13.The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because, due to unique circumstances, Lincoln Memorial Park Cemetery, Dambacher Mountain Memorial Cemetery, Verdugo Hills Cemetery, Chapel of the Light, Evergreen Cemetery, and Mount Tamalpais Cemetery are abandoned and not being maintained.~~

~~SEC. 14.No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~

~~However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.~~


[Home](#)
[Bill Information](#)
[California Law](#)
[Publications](#)
[Other Resources](#)
[My Subscriptions](#)
[My Favorites](#)

SB-858 Local Government Omnibus Act of 2025. (2025-2026)

SHARE THIS:



Date Published: 07/08/2025 09:00 PM

AMENDED IN ASSEMBLY JULY 08, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 858

Introduced by Committee on Local Government (Senators Durazo (Chair), Arreguín, Cabaldon, Choi, Laird, Seyarto, and Wiener)

March 12, 2025

An act to amend Sections 25103, 25105, [25121](#), 26802.5, ~~and 53601~~ [36932](#), [37396](#), [53601](#), [57002](#), [62463](#), and [62464](#) of the Government Code, *to amend Section 21221 of, and to amend the heading of Article 89 (commencing with Section 21220) of Chapter 1.5 of Part 3 of Division 2 of, the Public Contract Code*, and to amend Section 11865 of the Public Utilities Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 858, as amended, Committee on Local Government. Local Government Omnibus Act of 2025.

(1) Existing law authorizes a county board of supervisors, by resolution, to authorize the use of a facsimile signature of the chairperson of the board on all papers, documents, or instruments requiring the signature of the chairperson, as provided, if certain requirements are met relating to the personal signature of the chairperson. Under existing law, if those requirements are met, the papers, documents, or instruments bearing the facsimile signature are accorded the same force and effect as though personally signed by the chairperson.

This bill would remove the requirement for that authorization to occur by resolution of the board. The bill would authorize the board, in addition to authorizing a facsimile signature, to authorize the use of an electronic *or digital* signature of the chairperson on all papers, documents, or instruments requiring the signature of the chairperson. Under the bill, a document bearing the electronic *or digital* signature of the chairperson would have the same force and effect as if personally signed by the chairperson.

Existing law also requires ordinances enacted by a county board of supervisors to be signed by the chairperson of the board and attested by the clerk. Existing law requires city ordinances passed by a city council to be signed by the mayor and attested by the city clerk. Existing law specifies that, when attesting to a digital signature, a county clerk or a city clerk may presume that the signature is genuine and attributable to the signatory if the digital signature complies with specified requirements.

This bill would additionally apply the above-described presumption to electronic signatures, as provided.

(2) Existing law authorizes a county board of supervisors to authorize the use of photographs, microphotographs, electronic data processing records, optical disks, or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document, or photocopies of all records, books, and minutes of the board. Under existing law, if the documents are signed using a digital signature, the reproduced documents are considered authenticated if the reproduced documents are created by a trusted system, as defined in pertinent digital signature regulations.

This bill would provide that if the documents are signed using an electronic or digital signature, the reproduced documents are considered authenticated if the reproduced documents are created by a trusted system, as defined in pertinent digital signature regulations, or in compliance with the Uniform Electronic Transactions Act.

(3) Existing law authorizes a registrar of voters to be appointed by the board of supervisors in specified counties to discharge all duties vested by law in the county clerk that relate to and are a part of election procedure.

This bill would include the ~~County~~ *Counties* of Kern *and Nevada* among those counties in which the board of supervisors is authorized to appoint a registrar of voters.

This bill would make legislative findings and declarations as to the necessity of a special statute for the ~~County of Kern.~~ *Counties of Kern and Nevada.*

(4) Existing law regulates the investment of public funds by local agencies, as defined. Existing law authorizes the legislative body of a local agency, as specified, that has money in a sinking fund or in its treasury not required for immediate needs to invest the money as it deems wise or expedient in certain securities and financial instruments. In this regard, existing law authorizes investment in prime quality commercial paper issued by entities meeting certain criteria, if the eligible commercial paper has a maximum maturity of 270 days or less.

This bill would revise the maximum maturity periods for the investments in prime quality commercial paper to 397 days.

(5) Existing law, the Vallejo Flood and Wastewater District Act, provides for contracting by the Vallejo Flood and Wastewater District. Existing law requires the district, in all work of improvement or repair of any of the works or property of the district and in the furnishing of materials or supplies, when the expenditures exceed \$4,000, to do the work by contract let to the lowest responsible bidder, after prescribed notice, as specified.

This bill would specify that "furnishing of materials and supplies" referenced in the above-described provision is for work of improvement or repair of any of the works or property of the district. The bill would also make a nonsubstantive change with respect to the act.

Existing law further authorizes the board of trustees of the district to declare a state of emergency and take prescribed actions. Existing law requires the board of trustees to comply with certain emergency contracting procedures, if, with regard to actions taken during the emergency, notice for bids to let contracts will not be given.

This bill would delete the authorization for the board of trustees to declare a state of emergency and take prescribed actions and would delete the above-described requirement.

~~(5)~~

(6) Existing law, the Municipal Utility District Act, governs the formation and governance of municipal utility districts. The act provides that the government of every district is vested in a board of 5 or 7 directors and specifies procedures for filling a vacancy on a board. Those procedures authorize the remaining board members to fill a vacancy by appointment until the next district general election that is scheduled 90 or more days after the effective date of the vacancy, as provided.

This bill would require the person appointed to fill a vacancy to hold office until the person elected at the next district general election that is scheduled 90 or more days after the effective date of the vacancy has been qualified and takes office.

(7) The bill would also correct various cross-references, as provided.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) This act shall be known, and may be cited, as the Local Government Omnibus Act of 2025.

(b) The Legislature finds and declares that Californians want their governments to be run efficiently and economically and that public officials should avoid waste and duplication whenever possible. The Legislature further finds and declares that it desires to control its own costs by reducing the number of separate bills. Therefore, it is the intent of the Legislature in enacting this act to combine several minor, noncontroversial statutory changes relating to the common theme, purpose, and subject of local government into a single measure.

SEC. 2. Section 25103 of the Government Code is amended to read:

25103. (a) The records and minutes of the board, acting in any capacity, shall be signed by the chairperson and the clerk. The board may authorize the use of a facsimile or electronic *or digital* signature of the chairperson of the board acting in any capacity, where the board sits as the governing body, agency, or entity on all papers, documents, or instruments requiring the signature of the chairperson of the board, including all resolutions, orders, ordinances, contracts, minutes, notices, deeds, leases, ~~papers~~ *papers*, and records of the board except that, in the case of a facsimile signature, the original copy thereof, or the copy thereof filed in the office of the clerk of the board, shall bear the personal signature of the chairperson or shall have been delivered to the chairperson, and those papers, documents, or instruments bearing the facsimile signature shall be accorded the same force and effect as though personally signed by the chairperson. A certificate by the clerk that a copy of that document has been delivered to the chairperson of the board shall be prima facie evidence of the delivery. A document bearing the electronic *or digital* signature of the chairperson shall have the same force and effect as if personally signed by the chairperson.

(b) If, in order to be recorded by the county recorder, the paper, document, or instrument requires the acknowledgement or verification of the person by whom it is executed, then it shall be recordable when the clerk acknowledges the person's signature upon the certificate that indicates that a copy of the paper, document, or instrument has been delivered to the chairperson.

(c) In the case of a public security or any instrument of payment, the Uniform Facsimile Signature of Public Officials Act (Chapter 6 (commencing with Section 5500) of Division 6 of Title 1) shall govern.

(d) If the facsimile signature of the chairperson of the board of supervisors is affixed to any document prior to November 23, 1970, the document shall have the same force and effect from the time of affixing as if the facsimile signature had been affixed after that date.

SEC. 3. Section 25105 of the Government Code is amended to read:

25105. The board of supervisors may authorize the use of photographs, microphotographs, electronic data processing records, optical disks, or any other medium that is a trusted system and that does not permit additions, deletions, or changes to the original document, or photocopies of all records, books, and minutes of the board.

(a) Each photograph, microphotograph, or photocopy shall be made in a manner and on paper that will comply with Section 12168.7 for recording of permanent records or nonpermanent records, whichever applies. Every reproduction shall be deemed and considered an original. A transcript, exemplification, or certified copy of any reproduction shall be deemed and considered a transcript, exemplification, or certified copy, as the case may be, of the original. Each roll of microfilm shall be deemed and constitute a book and shall be designated and numbered, and provision shall be made for preserving, examining, and using it. A duplicate of each roll of microfilm shall be made and kept in a safe and separate place.

(b) Electronic data processing records, records recorded on optical disk, and records recorded on any other medium shall comply with Section 12168.7. A duplicate copy of any record reproduced in compliance with Section 12168.7 for recording of permanent records or nonpermanent records, whichever applies, shall be deemed an original.

(c) In the event the authorization provided herein is granted, the personal signatures required by Section 25103, if technically feasible, may be reproduced by the authorized process, and the reproduced signatures shall be deemed to satisfy the requirement of Section 25103. If the documents are signed using an electronic or digital signature, reproduced documents shall be considered authenticated if the reproduced documents are created by

a trusted system, as defined in pertinent digital signature regulations, or in compliance with the Uniform Electronic Transactions Act (Title 2.5 (commencing with Section 1633.1) of Part 2 of Division 3 of the Civil Code).

SEC. 4. *Section 25121 of the Government Code is amended to read:*

25121. (a) Every ordinance shall be signed by the chairperson of the board and attested by the clerk. When attesting to ~~a~~ *an electronic or* digital signature, the clerk may presume that the signature is genuine and attributable to the signatory if the *electronic or* digital signature complies with the requirement set forth in subdivision (a) of Section 16.5.

(b) The amendments made to this section by the act that added this subdivision shall not be construed to affect the validity of a clerk's attestation to any other digital or electronic signature.

~~SEC. 4.~~ **SEC. 5.** Section 26802.5 of the Government Code is amended to read:

26802.5. In the Counties of El Dorado, Imperial, Kern, Kings, Lake, Marin, Merced, Modoc, Monterey, Napa, *Nevada*, Riverside, San Joaquin, Solano, Sonoma, and Tulare, a registrar of voters may be appointed by the board of supervisors in the same manner as other county officers are appointed. In those counties, the county clerk is not ex officio registrar of voters, and the registrar of voters shall discharge all duties vested by law in the county elections official that relate to and are a part of the election procedure.

SEC. 6. *Section 36932 of the Government Code is amended to read:*

36932. (a) Ordinances shall be signed by the mayor and attested by the city clerk. When attesting to ~~a~~ *an electronic or* digital signature, the clerk may presume that the signature is genuine and attributable to the signatory if the *electronic or* digital signature complies with the requirement set forth in subdivision (a) of Section 16.5.

(b) The amendments made to this section by the act that added this subdivision shall not be construed to affect the validity of a clerk's attestation to any other digital or electronic signature.

SEC. 7. *Section 37396 of the Government Code is amended to read:*

37396. (a) A city, county, or city and county may lease property owned, held, or controlled by it for not to exceed 99 years, for stadium, park, recreational, fair, exposition, or exhibition purposes, or for general sports purposes such as training and competitive sports.

(b) On and after April 24, 2002, a lease executed pursuant to this section on territory annexed pursuant to Section ~~56472~~, *56742*, may not include a shopping center, hotel, motel, or lodging house, but may include a lease for all other purposes authorized under this section, including a lease for either or both of the following purposes:

(1) Any dormitory or medical facility that exclusively, except in the case of a medical emergency, serves individuals participating in training or competitions held at the site leased pursuant to subdivision (a).

(2) Any food facility, as defined by Section 113785 of the Health and Safety Code, food vending, and sales of goods and services incidental to, and in support of, the purposes of the lease.

(c) A lease made by a county pursuant to this section is subject to Article 8 (commencing with Section 25520) of Chapter 5 of Part 2 of Division 2 of Title 3.

~~SEC. 5.~~ **SEC. 8.** Section 53601 of the Government Code, as amended by Section 6 of Chapter 187 of the Statutes of 2023, is amended to read:

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those

purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decisionmaking authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

- (i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.
- (ii) Financing of a local agency's activities.
- (iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) (1) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

SEC. 9. *Section 57002 of the Government Code is amended to read:*

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in ~~Chapter 4 (commencing with Section 56150) of Part 1.~~ *Section 57025.* The hearing shall not be held prior to the expiration of the reconsideration period specified in subdivision (b) of Section 56895. The date of that hearing shall not be less than 21 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district as a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) Where the proceeding is for the dissolution of a district initiated by the commission pursuant to Section 56375.1, the date of the hearing shall be at least 60 days, but no more than 90 days, from the date the notice is given.

(d) If authorized by the commission pursuant to Section 56662 or 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

SEC. 10. *Section 62463 of the Government Code is amended to read:*

62463. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of a downtown revitalization financing plan, including a division of taxes, shall be commenced within 30 days after the enactment of the resolution creating the district pursuant to ~~Section 62451.~~ *62458.* Consistent with the time limitations of this section, an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

SEC. 11. *Section 62464 of the Government Code is amended to read:*

62464. This section implements and fulfills the intent of this ~~chapter~~ *division* and of Article XIII B of the California Constitution. The allocation and payment to a district of the portion of taxes specified in ~~Section 62453~~ *62457* for the ~~purpose of paying principal of, or interest on, loans, or advances incurred by the district pursuant to this chapter,~~ *purposes specified in this division,* shall not be deemed the receipt by a district of proceeds of taxes levied by or on behalf of the district within the meaning or for the purposes of Article XIII B of the California Constitution, nor shall that portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to limitation of, any other public body within the meaning or for purposes of Article XIII B of the California Constitution or any statutory provision enacted in implementation of Article XIII B of the California Constitution.

SEC. 12. *The heading of Article 89 (commencing with Section 21220) of Chapter 1.5 of Part 3 of Division 2 of the Public Contract Code is amended to read:*

Article 89. ~~Vallejo Sanitation and Flood Control and Wastewater District~~

SEC. 13. *Section 21221 of the Public Contract Code is amended to read:*

21221. ~~(a)~~ In all work of improvement or repair of any of the works or property of the district and in the furnishing of materials or ~~supplies,~~ *supplies therefor,* when the expenditures exceed four thousand dollars (\$4,000), the

work shall be done by contract, and shall be let to the lowest responsible bidder, after notice by publication in the district pursuant to Section 6066 of the Government Code and by posting the notice for at least five days at or near the door of the meeting place of the board of trustees prior to the date set for opening bids; the notices shall distinctly state the work contemplated or the materials or supplies ~~required;~~ *required therefor*; provided the board of trustees may reject any bid presented and readvertise and post in their discretion, and provided further, that the board may declare and determine that in its opinion the work in question can be performed more economically by day labor or the materials or supplies can be furnished at a lower price in the open market, and they may proceed to have the work done or the materials purchased without further observance of the provisions of this section.

~~(b) In case of an emergency, the board of trustees may declare a state of great public emergency and proceed to have all necessary work done and materials and supplies furnished without regard to this section. Any work or improvement provided for in this act may be located, constructed, and maintained in, along, or across any public road or highway in the County of Solano, in a manner that ensures security for life and property, but the board of trustees shall restore, or cause to be restored, the road or highway to its former state as near as possible, to preserve its usefulness. If notice for bids to let contracts will not be given, the board shall comply with Chapter 2.5 (commencing with Section 22050).~~

~~SEC. 6.~~ *SEC. 14.* Section 11865 of the Public Utilities Code is amended to read:

11865. Vacancies on the board shall be filled as provided in this section:

(a) (1) The remaining board members may fill the vacancy by appointment. The person appointed to fill the vacancy shall hold office until the person elected at the next district general election that is scheduled 90 or more days after the effective date of the vacancy has been qualified and takes office. The appointment shall be made within a period of 60 days immediately subsequent to the effective date of the vacancy. A notice of the vacancy shall be posted in three or more conspicuous places in the district at least 15 days before the appointment is made.

(2) In lieu of making an appointment, the remaining members of the board may within 60 days of the vacancy call a special election to fill the vacancy. The person elected at the special election shall hold office for the remainder of the term in which the vacancy occurred.

(b) If the vacancy is not filled by appointment as provided in paragraph (1) of subdivision (a), or if the board has not called for a special election within 60 days of the vacancy as provided in paragraph (2) of subdivision (a), the board of supervisors of the county representing the larger portion of the district area in which the election to fill the vacancy will be held may fill the vacancy by appointment within 90 days of the effective date of the vacancy or may order the district to call a special election to fill the vacancy.

(c) If within 90 days of the effective date of the vacancy, the remaining members of the board or the appropriate board of supervisors have not filled the vacancy by appointment and no election has been called for, the district shall call a special election to fill the vacancy.

(d) A person elected at an election to fill a position to which an appointment was made pursuant to this section shall take office immediately upon issuance of the certificate of election by the secretary of the district, after qualifying according to law, and shall hold office for the remainder of the term in which the vacancy occurs.

~~SEC. 7.~~ *SEC. 15.* The Legislature finds and declares, with respect to Section 4 of this act, that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the County of ~~Kern.~~ *Kern and the County of Nevada.* The facts constituting the special circumstances include the need to reorganize the structure and duties of county officers to reduce costs and increase productivity within the county government.

REGULAR MEMBERS

CHAIR

Donald P. Wagner
County Member

VICE CHAIR

Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR

Douglass Davert
Special District Member**James Fidler**

Special District Member

Peggy Huang

City Member

Derek J. McGregor

Public Member

VACANT

County Member

ALTERNATES**Kathryn Freshley**

Special District Member

Carol Moore

City Member

Lou Penrose

Public Member

VACANT

County Member

STAFF**Luis Tapia**

Interim Executive Officer

Scott Smith

General Counsel

MEETING DATE: September 17, 2025**TO:** Local Agency Formation Commission
of Orange County**FROM:** Interim Executive Officer**SUBJECT:** Request to Join an Amicus Brief effort in the Appeal
of Monterey Peninsula Water Management District
v. Monterey LAFCO.**BACKGROUND**

Similar to other agencies in the public sector, LAFCOs are occasionally confronted with legal court challenges. In 2022, the Monterey LAFCO Commission denied an application seeking the activation of latent powers for the Monterey Peninsula Water Management District (MPWMD) to provide retail water service to a portion of Monterey County, which the District would accomplish by acquiring the California American Water Company (Cal-Am) system through eminent domain. Cal Am is an investor-owned utility regulated by the California Public Utilities Commission. The Monterey LAFCO Commission exercised its discretionary powers by considering factors relevant to the application supported by substantial evidence. Following the denial, MPWMD challenged the ruling in court, claiming the decision violated the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act).

Monterey LAFCO's counsel, Best Best & Krieger, responded to the legal challenge by emphasizing that the Monterey Commission denied the activation of latent powers for MPWMD based on substantial evidence as required by the CKH Act. In accordance with the CKH Act (G.C. Section 56107), a court can only overturn a LAFCO decision if it caused substantial harm and was unsupported by substantial evidence. The trial court acknowledged that some of the reasons cited by Monterey LAFCO to deny the request were well supported by substantial evidence, nevertheless, the court ruled in favor of MPWMD by applying an incorrect legal standard of "rational connection," which is not a standard of measurement for analyzing applications as delineated by the CKH Act.

Monterey LAFCO has appealed the decision of the trial court, contending that the court erred by applying a legally unsupported "rational connection" standard instead of the statutory substantial evidence test outlined in the CKH Act (G.C. Section 56107). Additionally, Monterey LAFCO states that a Commission's decision can only be overturned if it

lacks substantial evidentiary support. OC LAFCO staff and legal counsel agree that this case may have statewide implications. If the appellate court affirms the trial court's ruling, it may significantly raise the burden on all LAFCOs by requiring the Commissions to prove a rational connection for every factor of consideration for a review of an application, instead of the substantial evidence test provided by the CKH Act.

Amicus Brief Effort

Monterey LAFCO and representatives of several LAFCOs (i.e., Los Angeles, Marin, Placer, Sacramento, San Bernardino, San Diego, and San Joaquin) and the California Association of Local Agency Formation Commissions (CALAFCO), began discussing the opportunity to submit an amicus brief, which is a legal document submitted by an entity who is not a party to a court case, but has a strong interest in the matter. The amicus brief would focus on the policy context included in the CKH Act and highlight the precedent-setting potential. Sacramento LAFCO has identified attorney Bill Pellman of Nossaman LLP to prepare and submit the amicus brief. Previously, Mr. Pellman served as Los Angeles LAFCO's general counsel for over two decades. Mr. Pellman has estimated the cost to generate the brief at \$7,500.

Staff recommends that the Commission consider the approval for OC LAFCO to participate in the brief effort and contribute up to \$1,200 towards the cost of generating the amicus brief from the *Other Professional Services* account included in the approved OC LAFCO Fiscal Year 2025-26 Budget.

RECOMMENDED ACTION

Staff Recommends the Commission:

1. On behalf of the Commission, authorize the Interim Executive Officer to join the effort with the other LAFCOs as a party to the amicus brief to be submitted in the appeal of Monterey Peninsula Water Management District v. Monterey LAFCO.
2. Authorize the expenditure of up to \$1,200 from the *Other Professional Services* account included in the approved OC LAFCO Fiscal Year 2025-26 Budget, to cover OC LAFCO's portion of the cost to generate the amicus brief.
3. Direct the Interim Executive Officer to provide the Commission with periodic updates on the amicus brief and the status of the case, Monterey Peninsula Water Management District (MPWMD) v. Monterey LAFCO.

Respectfully Submitted,


LUIS TAPIA