

LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY

REGULAR MEETING AGENDA

**Wednesday, October 8, 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/video live-streamed meeting at

<https://youtube.com/live/E27Lso2lh7c?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 agenda items.)

5. PUBLIC COMMENT

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

6. CONSENT CALENDAR

a.) September 17, 2025 – Regular Commission Meeting Minutes

The Commission will consider approval of the September 17, 2025 meeting minutes.

b.) Legislative Report (October 2025)

The Commission will receive a report on the final status of bills previously reviewed by the Commission.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) Fiscal Year 2025-26 Quarterly Financial Report (First Quarter)

The Commission will receive the first quarter financial report for Fiscal Year 2025-26.

b.) OCERS FY 2026-27 Contribution Rates

The Commission will consider adoption of the FY 2026-27 retirement contribution rates.

c.) Adoption of a Resolution Approving the LAFCO Executive Officer Employment Agreement for Luis Tapia and Amending the LAFCO Salary Schedule to reflect the Agreement

The Commission will consider the adoption of a resolution approving the agreement for the position of Executive Officer and amending the LAFCO Salary Schedule to reflect the agreement.

9. COMMISSIONER COMMENTS

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

10. 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.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. CLOSED SESSION

a.) PUBLIC EMPLOYEE APPOINTMENT

Pursuant to Government Code section 54957

Title: Executive Officer

b.) CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency designated representative: Commission Executive Committee

Unrepresented employee: Interim Executive Officer

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, November 12, 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/Video Live Streaming:** The public may listen and view 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/video 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						
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July						
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27	28	29	30	31		

October						
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February						
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May						
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25	26	27	28	29	30	31

August						
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31						

November						
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March						
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30	31					

June						
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29	30					

September						
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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
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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, 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

1. CALL TO ORDER

Vice Chair Bucknum called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:29 a.m.

2. PLEDGE OF ALLEGIANCE

General Counsel Scott Smith led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum
Peggy Huang
Carol Moore (**Alt.**)

County Member

Donald P. Wagner (**Chair**) (arrived at 8:31 a.m.)

Special District Members

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

Public Member

Derek J. McGregor

The following staff members and general counsel were present:

- Interim Executive Officer Luis Tapia
- Policy Analyst I Aimee Diaz
- Policy Analyst I Leo Lara

- Commission Clerk Cheryl Carter-Benjamin
- General Counsel Scott Smith

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

The Commission Clerk noted that no supplemental communication was received.

5. PUBLIC COMMENT

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

Vice Chair Bucknum closed the hearing of public comments.

6. CLOSED SESSION

Vice Chair Bucknum acknowledged the arrival of **Chair Wagner** and turned the remainder of the Commission's meeting over to the **Chair**. **Chair Wagner** called for the closed session, and the Commission adjourned at 8:32 a.m. to the following item:

- 6a. – Public Employment Appointment**
Pursuant to Government Code section 54957(b)(1)
Title: Executive Officer (permanent position)

The Commission reconvened in open session at 8:55 a.m. General Counsel Scott Smith noted that the Commission discussed the closed session item, and there was no reportable action.

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 Davert** motioned for approval of the consent calendar, and **Commissioner McGregor** seconded the motion.

7a. – July 9, 2025 - Regular Commission Meeting Minutes

7b. – Local Agency Investment Fund (LAIF) Account Update

7c. – Bi-Annual News (“The Pulse”)

MOTION: Approve Consent Calendar. (Douglass Davert)
SECOND: Derek J. McGregor
FOR: Douglass Davert, Derek J. McGregor, Wendy Bucknum, James Fisler,

Peggy Huang, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

8. PUBLIC HEARING

8a. – Municipal Service Review and Sphere of Influence Reviews for Central Region (MSR 24-01 and SOI 24-02)

Interim Executive Officer Luis Tapia introduced the Municipal Service Review and noted that a 30-day public review and comment period was conducted for the Central Region MSR draft. Mr. Tapia noted that agency comments were received from Orange, Santa Ana, Villa Park, East Orange County Water District, and Irvine Ranch Water District, requesting non-substantive changes which were applied to the MSR. Mr. Tapia introduced Consultant Jim Simon from RSG, Inc., who provided a presentation on the Central Region MSR. The presentation concluded with recommended actions for Commission consideration.

Chair Wagner called for Commission discussion. Commissioners made general comments. **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.

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

MOTION: Receive and file the Municipal Service Review for the Central Region; Approve OC LAFCO Resolution No. MSR 24-01 adopting the Municipal Service Review Statement of Determinations for the Central Region; 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; Approve the Notices of Exemption for MSR 24-01 and SOI 24-02. (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.

9. COMMISSION DISCUSSION AND ACTION

9a. – Professional Consultant Services Agreement with RSG, Inc.

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

Chair Wagner called for Commission discussion and public comments. There was no noted discussion from Commissioners, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** called for a motion on the item. **Commissioner Davert** motioned to approve the recommended staff actions, and **Commissioner Fisler** seconded the motion.

MOTION: Approve the Professional Services Agreement with RSG to conduct the MSR and SOI reviews for the North MSR Region; Authorize the Interim Executive Officer to execute the agreement. (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.

9b. – Legislative Report (September 2025)

Policy Analyst Aimee Diaz presented the staff report and recommended action for Commission consideration.

Chair Wagner called for Commission discussion and public comments. There was no noted discussion from Commissioners, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** called for a motion on the item. **Vice Chair Bucknum** motioned to approve the staff recommended action, and **Commissioner Davert** seconded the motion.

MOTION: Adopt a *Watch* position on SB 777. (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.

9c. – Request to Join an Amicus Brief

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

Chair Wagner called for Commission discussion and public comments. Commissioners made general comments and asked clarifying questions, and the Commission Clerk noted that there were no requests from the public to speak on the item. **Chair Wagner** called for a motion on the item. **Commissioner Davert** motioned to approve the staff recommended actions, and **Commissioner Fisler** seconded the motion.

- MOTION:** Authorize the Interim Executive Officer to join the effort with other LAFCOs as a party to the amicus brief to be submitted in the appeal of Monterey Peninsula Water Management District v. Monterey LAFCO; 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; 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. (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.

10. COMMISSIONER COMMENTS

Commissioners made general comments.

11. INTERIM EXECUTIVE OFFICER'S REPORT

Interim Executive Officer Luis Tapia reported on three items:

- Mr. Tapia formally introduced the newest member of the OC LAFCO Team, Policy Analyst Leo Lara. He noted Mr. Lara's previous experience as an intern for the Irvine Ranch Water District and in data analysis.
- Mr. Tapia noted the recent public release of a Request for Proposals (RFP) by Trabuco Canyon Water District (TCWD). The focus of the RFP is to identify neighboring agencies that can provide rate relief to assist with sustaining the District's

infrastructure and delivery of services. Mr. Tapia noted that the RFP mentions the possibility of a partial or full annexation as an option for rate relief, which would need to be considered by the Commission.

- Mr. Tapia noted that the Alliance of LAFCOs met on August 11th, with the participation of Commissioners and staff, including **Commissioners McGregor and Huang**. He further stated that some of the topics discussed included drafting a mission statement, selecting a logo, defining roles and responsibilities, applying for a 501(c)(3) non-profit status, exploring education opportunities, and hiring a consultant to represent the Alliance in Sacramento. Mr. Tapia informed the Commission that the next meeting of the Alliance was scheduled for Monday, September 22. **Commissioner Davert** asked Mr. Tapia to provide additional details on the Legislative Policies and Guidelines adopted by the Alliance. Mr. Tapia noted that the policies and guidelines were drafted using OC LAFCO's legislative policy as a template and that he would send an email with a copy of the approved policies and guidelines to the Commission.

12. INFORMATIONAL ITEMS & ANNOUNCEMENTS

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

13. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 9:33 a.m. to October 8, 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: October 8, 2025

6b | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer
Policy Analyst I

SUBJECT: Legislative Report (October 2025)

BACKGROUND

Similar to past legislative sessions, the first year of the 2025-26 legislative session was marked by the introduction of 2,769 proposed bills. The session is near its end, with October 12th as the deadline for Governor Newsom to sign or veto bills. Once legislation is signed by the Governor, statutes are set to take effect on January 1, 2026. The 2026 legislative session will begin with legislators reconvening on January 5, 2026.

During the legislative year, staff identified and monitored two bills of relevance to LAFCOs. Both bills advanced through the legislative process and were sent to the Governor's desk, awaiting the Governor's signature or veto. Staff will continue to track legislative developments and update the Commission at a future meeting. The table below provides additional information on the status of each bill.

2025 Legislative Session – Bill Status			
Bill	Description	Adopted Position	Status
SB 777	Proposes to convene a stakeholder working group to explore options for ensuring long-term care, maintenance, and enhancements for abandoned endowment care cemeteries.	Watch	Enrolled to the Governor on September 18, 2025.

Bill	Description	Adopted Position	Status
SB 858	Proposes two minor amendments to the California Government Code, correcting a typo in Section 37396(b), and an inaccurate reference in Section 57002.	Support	Enrolled to the Governor on September 2, 2025.

Legislative activity is expected to remain minimal through the remainder of the calendar year as the Legislature enters its interim recess prior to the start of the new legislative session. Staff will continue to monitor any submitted legislation of interest to LAFCO and provide updates to the Commission on future reports.

RECOMMENDED ACTION

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

Respectfully Submitted,


 LUIS TAPIA


 AIMEE DIAZ

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: October 8, 2025

8a | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer

SUBJECT: Fiscal Year 2025-2026 Quarterly Financial Report
(*First Quarter*)

The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of July 1 through September 30, 2025. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next review of the agency's financial status will be presented in January 2026.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2025-2026 Quarterly Financial Report (*First Quarter*).

Respectfully submitted,



LUIS TAPIA

Attachments:

1. Fiscal Year 2025-2026 Quarterly Financial Report (*First Quarter*)

Quarterly Financial Report
Fiscal Year 2025-26
(First Quarter)

Prepared: October 8, 2025

Highlights:

FY 2025-26 Budget Overview - Pages 2-4

Balance Sheet & Reserves Analysis - Pages 5-6

FY 2025-26 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2025 through September 30, 2025.¹ The Fiscal Year 2025-26 budget of approximately \$1.83 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan. For the first quarter, as in past fiscal cycles, there was minimal activity with the start of a new fiscal year. However, the report does reflect that budget activities are generally within target levels.

Revenues

The majority of OC LAFCO's revenues are from the \$1,692,010 collected in apportionments from the funding agencies. This revenue source was at approximately 93% at the end of the first quarter, with apportionments received from 31 cities, 27 special districts, and one-third of the total apportionment paid by the County. OC LAFCO also earns interest from its investment portfolio. At the end of the first quarter, the agency earned approximately \$253 in interest, representing only 0.7 percent of the fiscal year expected earnings. Modest activity in this area is expected at the beginning of a new fiscal cycle, and it is anticipated that earnings will improve in future quarters.

Another source of OC LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with processing the respective applications. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$7,123 that remain on deposit with the Commission for continued processing of the Three Arch Bay Community Services District application for the activation of latent powers. The initial deposit for this application was made during a prior fiscal year, and no new application fees were deposited with OC LAFCO during the first quarter.

Expenditures

The General Fund total expenditures as of September 30, 2025, are below the first quarter target level, totaling \$220,820 or approximately 12% of the total budget, with most expenses attributed to operational costs, such as salaries and benefits, professional services, and office lease. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	12%	-	-	-

¹ All financial statements contained in this report are on an accrual accounting basis.

² Actual expenditures for the quarterly reporting are unaudited and subject to change.

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of September 30, 2025.

As of 09/30/25	Balance
770-Payroll Account	\$ 501,455
Wells Fargo Checking	\$ 353,454
Wells Fargo Savings	\$ 218,876
Total	\$ 1,073,785

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF). Throughout the fiscal year, funds are transferred from the investment account to the bank accounts to cover the agency's operational expenses. Additionally, the agency earns investment revenue through the Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The balance of the Trust account at the end of the first quarter is \$113,286. The Trust has experienced three deposits totaling \$102,437 and a current gain of \$10,846 since being established by the Commission in 2021. Staff will complete a transfer to the agency's LAIF investment account during the second quarter and assess the opportunity to transfer to the Section 115 account following completion of the 2024-25 Fiscal Year audit in November.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2025.

As of 09/30/25	Balance
LAIF	\$ 1,650,975
PARS Trust	\$ 113,286
Total	\$ 1,764,261

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
July 1, 2025 – September 30, 2025

	YTD Special Revenue Funds	1st Qtr. General Fund	YTD General Fund	TOTAL FY 25/26 Budget	General Fund
Revenue:					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ 110,340	0.0%
LAFCO Apportionment	-	1,574,002	1,574,002	1,692,010	93.0%
Filing Fees	7,123	-	-	-	0.0%
Interest & Dividends	-	253	253	35,640	0.7%
PARS Trust Investment Gain/Loss	-	425	425	-	0.0%
Total Revenue	\$ 7,123	\$ 1,574,679	\$ 1,574,679	\$ 1,837,990	85.7%
Expenditures:					
Salaries	\$ 413	\$ 84,364	\$ 84,364	\$ 671,000	12.6%
Hourly Employees	-	4,287	4,287	20,800	20.6%
Benefits & Insurance					
Optional Benefit Plan	-	-	-	18,500	0.0%
Deferred Compensation	-	833	833	19,400	4.3%
Retirement Benefits	-	30,550	30,550	274,700	11.1%
Health Insurance	-	9,059	9,059	78,500	11.5%
Retiree Health Benefits	-	763	763	6,200	12.3%
Dental Insurance	-	436	436	5,600	7.8%
Life Insurance	-	49	49	420	11.7%
Medicare	-	1,255	1,255	10,300	12.2%
Unemployment Insurance	-	36	36	540	6.6%
Health Reimbursement	-	1,282	1,282	8,200	15.6%
Salary Continuance	-	220	220	1,750	12.6%
Accidental Death Insurance	-	15	15	120	12.2%
Executive Car Allowance	-	-	-	7,200	0.0%
Total - Benefits & Insurance	413	44,498	44,498	431,430	10.3%
Information Technology	-	1,801	1,801	21,600	8.3%
Telephone & Internet	-	4,421	4,421	21,500	20.6%
County of Orange	-	807	807	13,100	6.2%
General Liability Insurance	-	5,404	5,404	21,860	24.7%
Memberships	-	6,909	6,909	28,600	24.2%
Office Equipment/Supplies	-	3,807	3,807	28,400	13.4%
Professional Services:					
Legal	-	3,830	3,830	60,000	6.4%
Accounting/Audit	-	13,304	13,304	60,900	21.8%
Human Resources	-	143	143	30,000	0.5%
Mapping/Archiving	-	984	984	4,000	24.6%
Other Professional Services	-	2,375	2,375	200,000	1.2%
Total - Professional Services	-	20,635	20,635	354,900	5.8%
Investment Admin Fees	-	-	-	850	0.0%
Public Noticing	-	2,405	2,405	14,400	16.7%
Unincorporated Areas Program	-	-	-	11,000	0.0%
Rents/Maintenance	-	38,335	38,335	118,700	32.3%
Equipment Leases	-	2,045	2,045	8,100	25.3%
Comm. & Staff Expense	-	244	244	5,000	4.9%
Educations & Legislative Partn	-	250	250	16,000	1.6%
Comm. Stipends & Taxes/Fees	-	265	265	15,750	1.7%
Professional Development	-	145	145	20,000	0.7%
Transportation/Travel	-	-	-	5,000	0.0%
Commission Meeting Expense	-	199	199	10,000	2.0%
Total Expenditures	413	220,820	220,820	1,837,990	12.0%
Total Net Income (Loss)	\$ 6,710	\$ 1,353,859	\$ 1,353,859	\$ -	

³No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included. Financial data represents pre-audited amounts,

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of OC LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of September 30, 2025. Please note that the figures provided in this balance sheet are unaudited and subject to change. Additionally, an analysis of the agency's reserve balances is provided on page 6.

APPENDIX B OC LAFCO BALANCE SHEET (Unaudited) As of September 30, 2025

	Sep 30, 25
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 501,455
Wells Fargo Checking	353,454
Wells Fargo Savings	218,876
Investment Acct - LAIF	1,650,975
PARS Trust	113,286
Fair Market Value Adjustments	627
Total Cash and Investments	2,838,674
Other Current Asset	
Interest Receivable	2,250
Prepaid Expenses	23,484
Retirement Prepaid Expense	266,183
Total Other Current Asset	291,918
Total Current Assets	3,130,592
Fixed Assets	31,744
Other Assets	
Right to Use Assets	520,141
Def. Outflows Pension Related	317,133
Deferred OPEB Contributions	8,874
Deferred Outflows OPEB Related	30,000
Total Other Assets	876,148
TOTAL ASSETS	\$ 4,038,483
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	8,203
Salaries Payable	25,840
Compensated Absences	46,218
Total Current Liabilities	80,261
Long Term Liabilities	
Lease Liabilities	582,914
Deferred Inflows OPEB Related	39,000
Net OPEB Liability	85,000
Net Pension Liability	1,274,187
Def. Inflows Pension Related	277,153
Total Long Term Liabilities	2,258,254
Total Liabilities	2,338,515
Equity	1,699,969
TOTAL LIABILITIES & EQUITY	\$ 4,038,483

*No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.

APPENDIX C
OC LAFCO RESERVE BALANCE ANALYSIS
As of September 30, 2025

Cash & Investments Description	Sept. 30, 2025 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 501,455	\$ 280,808 ₁	\$ 220,647
Checking - Wells Fargo	353,454	178,690 ₁	174,764
Savings - Wells Fargo	218,876	205,000 ₁	13,876
LAIF Investment	1,650,975	-	1,650,975
PARS Trust	113,286	-	113,286
Total	\$ 2,838,047	\$ 664,498	\$ 2,173,549 ₂

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$280,808 during fiscal year 2025/26 in order to cover three months of payroll costs (County Payroll), \$178,690 to cover 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

2 - Remaining Available Cash to fund Operations and Reserves.

8b | Commission
Discussion**REGULAR MEMBERS**

CHAIR
Donald P. Wagner
County Member

VICE CHAIR
Wendy Bucknum
City Member

IMMEDIATE PAST CHAIR
Douglass Davert
Special District Member

James Fisler
Special District Member

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: October 8, 2025

TO: Local Agency Formation Commission
of Orange County

FROM: Interim Executive Officer

SUBJECT: Orange County Employee Retirement System –
Fiscal Year 2026-27 Contribution Rates and
Prepayment Program

BACKGROUND

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

The next sections of this report provide additional information on the contribution and discount rates for fiscal year 2026-27.

Fiscal Year 2026-27 Contribution Rates

On June 16, 2025, the OCERS Board of Retirement adopted new employer and employee contribution rates for Fiscal Year 2026-27. The adopted rates are for three retirement plans that are available to current and future OC LAFCO employees. The employer contribution rates for all three plans include a decrease of approximately 0.7 percent from the current rates.

The Commission's current employees participate in two of the retirement plans available, the 2.7% @ 55 plan and the 1.62% @ 65 "PEPRA" plan. There are currently no Commission employees enrolled in the third plan, which is the 1.62% @ 65 "non-PEPRA" plan. The PEPRA and non-PEPRA retirement plans are a result of the enactment of the Public Employee's Pension Reform Act ("PEPRA") in 2013. Depending on certain qualifications, employees hired after the PEPRA Act may enroll in one of the two 1.62% @ 65 retirement plans.

The Fiscal Year 2026-27 employer contribution rate for the 1.62% @ 65 non-PEPRA plan, which is available to OC LAFCO employees who are not new members to OCERS, is 32.64%. The Fiscal Year 2026-27 employer contribution rate for the 1.62% @ 65 PEPRA plan, which is available to OC LAFCO employees who are new members to OCERS, is 33.33%. The Fiscal Year 2026-27 employer contribution rate for the 2.7% @ 55 plan is 41.25%.

The contribution rates for the three plans available to OC LAFCO are referenced in **Attachment 1**. Staff recommends the Commission adopt the resolution, referenced as **Attachment 2**, approving the contribution rates adopted by OCERS for Fiscal Year 2026-27.

OCERS PREPAYMENT PROGRAM

Since 2005, the Commission has participated in the OCERS Prepayment Program to realize savings in the agency's retirement costs. The program allows members to prepay all or a portion of their retirement contribution at a discounted rate. The discounted rate has historically been tied to the approved long-term rate of return on the retirement system's investments. On July 21, 2025 the OCERS board approved a discount rate of seven percent for early payment of employer contributions received by January 15, 2026. To realize some savings in retirement costs, staff will submit prepayment of the retirement employer contributions subsequent to the Commission's adoption of the OCERS contribution rates and prior to the OCERS deadline.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt Resolution No. CP 25-07 approving the contribution rates adopted by OCERS for Fiscal Year 2026-27.

Respectfully submitted,



LUIS TAPIA

Attachments:

1. OCERS FY 2026-27 Contribution Rates
2. OC LAFCO Resolution No. CP 25-07



**Orange County Local Agency Formation Commission
Employer Contribution Rates
Effective Pay Period 15, June 26, 2026**

Rate Group	Plan	Rate	
#2	I & J **	Normal	15.29%
		UAAL	<u>25.96%</u>
		Total	41.25%
#2	P	Normal	6.68%
		UAAL	<u>25.96%</u>
		Total	32.64%
#2	T - PEPRA	Normal	7.37%
		UAAL	<u>25.96%</u>
		Total	33.33%

**** Reverse Pickups:**

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

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



Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 26, 2026

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
16	10.25%	9.88%	6.39%	5.16%
17	10.44%	10.06%	6.51%	5.26%
18	10.63%	10.24%	6.63%	5.35%
19	10.82%	10.43%	6.75%	5.45%
20	11.02%	10.62%	6.88%	5.56%
21	11.23%	10.82%	7.00%	5.66%
22	11.44%	11.02%	7.13%	5.76%
23	11.65%	11.22%	7.26%	5.87%
24	11.86%	11.43%	7.40%	5.98%
25	12.08%	11.64%	7.53%	6.09%
26	12.31%	11.85%	7.67%	6.20%
27	12.54%	12.07%	7.81%	6.32%
28	12.77%	12.30%	7.96%	6.43%
29	13.01%	12.53%	8.10%	6.55%
30	13.26%	12.76%	8.25%	6.67%
31	13.51%	13.00%	8.41%	6.80%
32	13.77%	13.25%	8.56%	6.92%
33	14.03%	13.51%	8.72%	7.05%
34	14.31%	13.76%	8.88%	7.19%
35	14.59%	14.01%	9.05%	7.32%
36	14.86%	14.26%	9.22%	7.46%
37	15.14%	14.52%	9.40%	7.61%
38	15.42%	14.77%	9.58%	7.75%
39	15.69%	15.03%	9.76%	7.90%
40	15.98%	15.29%	9.94%	8.05%
41	16.28%	15.56%	10.11%	8.20%
42	16.57%	15.82%	10.29%	8.34%
43	16.87%	16.08%	10.47%	8.49%
44	17.18%	16.33%	10.66%	8.65%
45	17.48%	16.55%	10.84%	8.80%
46	17.79%	16.73%	11.03%	8.96%
47	18.00%	16.85%	11.22%	9.11%
48	18.20%	16.91%	11.40%	9.27%
49	18.32%	16.86%	11.58%	9.42%
50	18.35%	16.71%	11.74%	9.56%
51	18.24%	16.44%	11.86%	9.68%
52	17.99%	16.16%	11.95%	9.76%
53	17.58%	16.69%	11.99%	9.81%



Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, June 26, 2026
 (continued)

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
54	17.25%	17.25%	11.96%	9.81%
55	17.25%	17.25%	11.85%	9.75%
56	17.25%	17.25%	11.65%	9.63%
57	17.25%	17.25%	11.46%	9.54%
58	17.25%	17.25%	11.83%	9.85%
59	17.25%	17.25%	12.23%	10.18%
60	17.25%	17.25%	12.23%	10.18%
61	17.25%	17.25%	12.23%	10.18%
62	17.25%	17.25%	12.23%	10.18%
63	17.25%	17.25%	12.23%	10.18%
64	17.25%	17.25%	12.23%	10.18%
65	17.25%	17.25%	12.23%	10.18%
66 and thereafter	17.25%	17.25%	12.23%	10.18%

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

Rate Group	Plan	Discounted Percentage	Average Entry Age
#2	Plan I (General)	100.00%	38
#2	Plan J (General)	99.50%	38
#2	Plan P (General)	99.18%	38

CP 25-07

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA
ADOPTING RETIREMENT RATES FOR FY 2026-27**

October 8, 2025

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

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

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

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

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

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

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

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

WHEREAS, the new 2.7% at 55 retirement formula only applies to active employees and new employees hired between July 1, 2005 and December 11, 2012; and

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

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

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

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

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

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

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

WHEREAS, the employer retirement rate for the 1.62% at 65 retirement plan, as established by OCERS, for 2026-27 is 32.64 percent for new OC LAFCO employees that are not New Members ("non-PEPRA" 1.62 Plan); and

WHEREAS, the employer retirement rate for the "PEPRA 1.62 Plan," as established by OCERS, for 2026-27 is 33.33 percent; and

WHEREAS, the employer retirement rate for the 2.7% at 55 retirement plan, as established by OCERS, for 2026-27 is 41.25 percent.

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

1. LAFCO employer pick up of the employee's contribution toward the 2.7% at 55 Plan retirement formula is hereafter limited of .51 percent, which complies with the Government Code §31581.2 and §31581.1 towards the employee's contribution rate, and LAFCO employees shall be obligated to pay any remainder effective July 1, 2025; and

2. OC LAFCO adopts and approves implementation of FY 2026-27 retirement rates as established by OCERS, effective July 1, 2026.

AYES:

NOES:

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, Donald P. Wagner, Chair of the Local Agency Formation Commission of Orange County, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 8th day of October 2025.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of October 2025.

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

By: _____
Donald P. Wagner

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: October 8, 2025**8c** | **Comission**
Discussion**TO:** Local Agency Formation Commission
of Orange County**FROM:** Commission Chair
General Counsel**SUBJECT:** Adoption of a Resolution Approving the LAFCO
Executive Officer Employment Agreement for Luis
Tapia and Amending the LAFCO Salary Schedule to
reflect the Agreement**BACKGROUND**

Luis Tapia has been serving as Interim Executive Officer since April 2025 due to the recent vacancy in the LAFCO Executive Officer position. In light of his performance in the interim role since April, the Commission has decided to make an offer of employment to Mr. Tapia to serve as Executive Officer. LAFCO's Executive Committee and Mr. Tapia have agreed on contract terms to present to the Commission for public approval.

DISCUSSION

The Commission wishes to employ Tapia in this capacity given his previous experience as Assistant Executive Officer and as the current Interim Executive Officer. Upon approval of the Executive Officer's Employment Agreement, the Commission will also need to update the LAFCO salary schedule to take the new appointment into account.

RECOMMENDED ACTIONS

It is recommended that the Commission:

1. Adopt Resolution No. CP 25-10 Approving an Executive Officer Employment Agreement with Luis Tapia and Amending the Salary Schedule to Reflect the Agreement, and
2. Authorize Commission Chair Donald P. Wagner to execute, and the Commission Clerk to attest to these documents.

Respectfully submitted,



SCOTT C. SMITH
General Counsel

Attachments:

- 1. Form of Resolution No. 25-10*

CP 25-10

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY, CALIFORNIA APPROVING AN EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT WITH LUIS TAPIA AND AMENDING THE LAFCO
SALARY SCHEDULE TO REFLECT THE AGREEMENT

October 1, 2025

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

WHEREAS, the position of Executive Officer of the Local Agency Formation Commission, County of Orange (“LAFCO”) was recently rendered vacant; and

WHEREAS, to assure the efficient continued administration pending employment and appointment of a new Executive Officer, LAFCO employed Luis Tapia (“Tapia”) as Interim Executive Officer in April 2025; and

WHEREAS, Tapia has served capably as Interim Executive Officer and previously as LAFCO’s Assistant Executive Officer; and

WHEREAS, the Commission wishes to appoint Tapia as Executive Officer and Tapia wishes to serve in the capacity of Executive Officer; and

WHEREAS, LAFCO and Tapia have agreed to the compensation, duties, and other terms and conditions in the attached Executive Officer Employment Agreement; and

NOW, THEREFORE, the Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER

1. That the Executive Officer Employment Agreement between LAFCO and Luis Tapia, attached to this Resolution as Exhibit "A" and incorporated herein by this reference is hereby approved (“Agreement”).

2. That the LAFCO salary schedule reflecting the terms of compensation in the Agreement, attached to this Resolution as Exhibit “B” and incorporated herein by this reference is hereby approved as amended.

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 1st day of October 2025.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____ 2025.

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

By: _____
DONALD P. WAGNER

ATTEST:

Cheryl Carter-Benjamin, Commission Clerk
Orange County LAFCO

EXECUTIVE OFFICER EMPLOYMENT AGREEMENT

October 1, 2025

This Executive Officer Employment Agreement (“Agreement”) is made by and between the Local Agency Formation Commission, County of Orange (“LAFCO” or the “Commission”) and Luis Tapia (“Tapia”), an individual, both of whom agree as follows:

RECITALS

WHEREAS, Tapia has been serving as Interim Executive Officer since April 2025 and previously served as LAFCO’s Assistant Executive Officer, and possesses the professional skills and qualifications necessary to provide the services required of Executive Officer; and

WHEREAS, LAFCO desires to employ Tapia as Executive Officer, and Tapia desires to accept the position of Executive Officer; and

WHEREAS, the Commission’s intent in entering into this Agreement is to provide for certain benefits, establish conditions of employment and to set working conditions for Tapia during his service as Executive Officer.

NOW, THEREFORE, in consideration for the mutual covenants herein, these parties agree as follows:

1. **Appointment:** Pursuant to Government Code Section 56384, LAFCO hereby appoints Tapia and Tapia accepts appointment to the position of LAFCO Executive Officer.
2. **Term:** The term of this Agreement shall be from October 1, 2025 to September 30, 2028, unless earlier terminated as provided herein. This initial three (3) year term will, pursuant to the provisions below, automatically extend from year to year unless the Commission takes action to prevent the automatic extension. In the even the Commission does not want this Agreement to automatically extend, it will provide written notice to Tapia, within the deadlines described below, that the Agreement will not be extended and consequently will terminate as of the end of the current term. Any such decision by the Commission not to extend the Term by one additional year shall not constitute a termination for purposes of Section 9 of this Agreement.

If action is not taken by the Commission at least six (6) months before the September 30, 2028 expiration of the initial term of this Agreement (i.e., by March 31, 2028), this Agreement shall on April 1, 2028 automatically extend for one (1) year from September 30, 2028 until September 30, 2029; and if the Commission does not take action to extend or terminate the extended Agreement by March 31, 2029, it shall automatically extend for one (1) additional year from September 30, 2029 to September 30, 2030. Similarly, for each succeeding year that the Commission does not take action to extend or terminate this Agreement at least six (6) months before the expiration of the then current term of the Agreement, the Agreement shall automatically extend for an additional year.

3. **Duties:** Tapia shall do and perform all acts necessary or advisable to manage and conduct the business of LAFCO, subject always to the policies set by LAFCO. Tapia shall perform the duties of LAFCO Executive Officer and such other duties as may be prescribed by LAFCO in a legal and professional manner.
4. **Performance Evaluation:** LAFCO shall conduct an annual performance evaluation and an annual salary review using best efforts to perform that review in conformance with LAFCO policy for the performance evaluation process.
5. **Salary:** As salary for services rendered as Executive Officer, Tapia shall receive \$206,000 per annum (or \$17,166.67 per month) during the term of this Agreement, paid biweekly, which shall be paid in the same manner and at the same times as County of Orange employees generally.
6. **Salary Adjustment and Performance Bonus:** At its sole discretion, LAFCO, by resolution and/or amendment to this Agreement, may increase the salary specified in Section 5 and/or award a performance bonus. Such salary adjustments and bonuses, if any, will be considered following the completion of the written performance evaluation specified in Section 4 and LAFCO policy.
7. **Benefits:** In addition to the salary specified in Sections 5 and 6, Tapia shall receive the following benefits:
 - a. Health Insurance, Dental Insurance and Salary Continuation Benefits: Tapia shall receive health insurance, dental insurance and salary continuation benefits in accordance with current LAFCO programs and benefits in existence upon commencement of his employment. Tapia understands and accepts that these LAFCO benefits are subject to amendment and/or renegotiation with benefit providers from time to time, and that any amendments, changes, or modifications to LAFCO benefits shall apply to Tapia and shall be deemed incorporated herein.
 - b. Transportation Allowance: Tapia shall receive a transportation allowance in the amount of \$600 per month.
 - c. Reimbursement of Necessary Expenses: Tapia shall receive reimbursement of necessary expenses in accordance with the current LAFCO reimbursement regulations, policies, and procedures in existence upon commencement of his employment. Tapia understands and accepts that these LAFCO reimbursement regulations, policies, and procedures are subject to amendment and/or modification from time to time, and that any amendments, changes, or modifications to LAFCO reimbursement regulations, policies, and procedures shall apply to Tapia and shall be deemed incorporated herein.
 - d. Life Insurance and AD&D: Tapia shall receive life insurance and accidental death and dismemberment benefits in accordance with current LAFCO programs and benefits in existence upon commencement of his employment. Tapia understands and accepts that these LAFCO benefits are subject to amendment and/or renegotiation with benefit providers

from time to time, and that any amendments, changes, or modifications to LAFCO benefits shall apply to Tapia and shall be deemed incorporated herein.

e. Holidays: Tapia shall receive holidays in accordance with the LAFCO policies on holidays. Tapia understands and accepts that the holidays designated by LAFCO are subject to amendment and modification from time to time, any amendments or modifications to LAFCO designated holidays benefits shall apply to Tapia and shall be deemed incorporated herein.

f. Vacation: Tapia shall accrue vacation in accordance with LAFCO policies on vacation accrual in existence upon commencement of his employment. Tapia shall be subject to the same rules on accrual caps and cash out of benefits as other LAFCO employees.

g. Sick Leave: Sick leave time shall be provided to Tapia in accordance with the LAFCO policies in existence upon commencement of his employment.

h. Retirement and Retirement Contribution: Tapia shall receive retirement benefits in accordance with current LAFCO retirement benefits in existence during this employment. Tapia understands and accepts that these LAFCO benefits are subject to amendment and/or renegotiation with benefit providers from time to time, and that any amendments, changes, or modifications to LAFCO retirement benefits shall apply to Tapia and shall be deemed incorporated herein.

i. Deferred Compensation: Effective October 1, 2025, Tapia shall receive an additional 5% of compensation paid by LAFCO into the County of Orange Deferred Compensation Plan (401a Plan), available to Executive Employees of Orange County. Tapia understands and accepts that these LAFCO benefits are subject to amendment and/or renegotiation with benefit providers from time to time, and that any amendments, changes, or modifications to LAFCO retirement benefits shall apply to Tapia and shall be deemed incorporated herein.

j. Severance Pay: LAFCO shall have the right to terminate Tapia's employment at any time during the term of this Agreement, with or without cause. In the event that Tapia's employment is terminated by LAFCO under Section 9 without cause, Tapia shall be entitled to the severance benefits stated in this Section 7(j), upon execution of an agreement with a general waiver of claims as set forth below.

Severance benefits under this Section 7(j), shall be computed based upon Tapia's monthly base salary in effect at the time of termination.

(i). Amount of Severance. The amount of severance benefits shall be (1) a lump sum equal to six (6) months' base salary at the time of termination and (2) continued payment by LAFCO of health and dental benefits for Tapia and his eligible dependents for the same number of months as are paid for salary severance benefits, or until Tapia obtains new employment, whichever is sooner. However, if less than six (6) months is left on the term of the Agreement, in accordance with applicable law, the maximum severance payment will be a lump sum equal to the number of months left in the Agreement multiplied by the monthly base

salary, and continued benefits for the same number of months as are paid for salary severance benefits, or until Tapia obtains new employment, whichever is sooner.

(ii). Separately Negotiated Waiver. The Parties expressly acknowledge and agree that these severance pay provisions have been independently negotiated. Acceptance at the time of termination by Tapia of the severance pay benefits provided by this Section 7(j) shall operate as a full and complete waiver and release of any and all rights, claims, and/or causes of action which Tapia may have, or have had, at any time, in the past or in the future, arising out of Tapia's employment by LAFCO including but not limited to claims for wrongful termination. If Tapia wishes to retain any such rights, Tapia must decline to accept the severance benefits provided by this Section. To receive severance benefits, Tapia must execute a Settlement Agreement and General Release satisfactory to LAFCO and Tapia. In the event Tapia elects not to sign the Settlement Agreement and General Release, Tapia will not be entitled to severance benefits.

Acceptance of the severance benefits under this Section will operate as a general release on the part of Tapia as to all claims, known or unknown, and Tapia specifically waives the provisions of California Civil Code Section 1542 which provides:

“GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

(iii). Legal Limitations on Severance. This Section is intended to comply with the provisions of Government Code Section 53260, et seq., and in no event shall Tapia be entitled to severance benefits greater than provided for therein. This Agreement in no way affects Tapia's rights to continue health insurance coverage as required under COBRA for Tapia and Tapia's eligible dependents.

k. Abuse of Office: Pursuant to Government Code section 53243, et seq. which became effective on January 1, 2012, if Tapia were convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if Tapia is provided with administrative leave pay pending an investigation, Tapia shall be required to fully reimburse such amounts paid; (2) if LAFCO pays for the criminal legal defense of Tapia (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Tapia shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that Tapia may receive from LAFCO shall be fully reimbursed to LAFCO. For this Section, “abuse of office or position” means either: (1) an abuse of public authority, including but not limited to waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85), or Title 7 (commencing with section 92) of the Penal Code.

1. **Benefits:** Tapia shall be entitled to those benefits specified in this Agreement, as may be modified in accordance with Section 7, and any other benefits provided to other LAFCO employees (as modified by this Agreement) or required to be provided by LAFCO to its Executive Management employees, in accordance with LAFCO's Memorandum of Understanding with the County of Orange.

8. **Compliance with Employer's Rules:** Tapia agrees to comply with all of the policies, rules and regulations of Orange County LAFCO, including but not limited to, policies regarding minimum working hours, office availability, notices and approvals, safety, and conduct.

9. **Termination:** This Agreement may be terminated as follows:

The Commission may, by a majority vote, terminate this Agreement and Tapia's employment at any time during the Term, or any extension thereof, with or without cause. Except as provided hereinafter, nothing in this Agreement, nor any statute, ordinance, or rule shall prevent, limit or otherwise interfere with the right of the Commission to terminate this Agreement and the employment of Tapia without cause or with cause. Thus, Tapia agrees that this Agreement sets forth the only terms and conditions applicable to the termination of his employment and he hereby waives any rights he would otherwise have thereunder.

Termination shall be under one of the following Subsections:

a. **Termination by LAFCO without Cause.** LAFCO, in its sole discretion, may terminate this Agreement and Tapia's employment without cause by providing Tapia written notice that his employment is being terminated. In the event that this Agreement is terminated by LAFCO without cause, Tapia shall be entitled to the severance benefits under this Agreement as provided in Section 7(j).

b. **Termination by LAFCO for Cause.** At any time during the current term or any extended term, LAFCO may immediately terminate this Agreement and Tapia's employment upon written notice for cause as determined by the Commission. The written notice shall indicate the cause(s) giving rise to the termination. "Cause" shall include the willful unauthorized taking of LAFCO funds or property (e.g. theft or embezzlement), failure to carry out the primary duties and responsibilities of this position for a period in excess of thirty (30) days (excluding time periods where Tapia is disabled and unable to perform the essential functions of his position with or without reasonable accommodation for not more than ninety (90) days or on authorized leave), death, conviction of a felony, or gross misconduct. Prior to termination with cause, Tapia shall be provided an opportunity to rebut the charges in a closed session meeting with the Commission.

c. **Resignation by Tapia.** Tapia may terminate this Agreement at any time by giving the Commission ninety (90) days' advance written notice of his intent to terminate, or sooner by mutual agreement.

10. **Merger and Modification:** Pursuant to Code of Civil Procedure Section 1856, this Agreement is intended both as the final expression of agreement of the parties with respect to the terms and conditions herein, and as a complete and exclusive statement of the terms and conditions of the agreement of the parties. Each party to this Agreement acknowledges

that no representations, inducements or promises and/or agreements, oral or written, whether contained in any LAFCO promotional material, LAFCO job classifications, or otherwise, have been made by any party or by any person acting on behalf of any party which is not embodied herein, and that no other agreement, statement or promise not contained in this agreement shall be valid or binding.

11. **Severability:** The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.

12. **Governing Law and Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of California. Parties agree that venue for any dispute shall be in Orange County, California.

13. **Attorneys' Fees:** If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover such amount as the court may award as reasonable attorneys' fees and costs.

14. **Waiver:** Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

15. **Amendments:** No amendment of this Agreement shall be effective unless and until such modification is set forth in writing and signed by Tapia and approved by LAFCO.

16. **Acknowledgment and Consent:** I, Luis Tapia, acknowledge that I have read and fully understand the terms and conditions of this Executive Officer Employment Agreement, and I consent and agree to each and every term and condition contained herein.

Luis Tapia

Donald P. Wagner, Chair

Date

Date

Approved as to form:

Best Best & Krieger LLP, General
Counsel

Date

OC LAFCO SALARY RANGES

EXHIBIT B

CLASSIFICATION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9	STEP 10
Executive Officer	\$ 206,000.00									
Assistant Executive Officer	\$ 135,187.97	\$ 138,567.67	\$ 142,031.86	\$ 145,582.66	\$ 149,222.23	\$ 152,952.78	\$ 156,776.60	\$ 160,696.01	\$ 164,713.42	\$ 168,831.25
Senior Policy Analyst	\$ 95,662.91	\$ 98,115.81	\$ 100,631.60	\$ 103,211.90	\$ 105,858.36	\$ 108,572.68	\$ 111,356.59	\$ 114,211.89	\$ 117,140.40	\$ 120,144.00
Policy Analyst II	\$ 83,654.31	\$ 85,745.67	\$ 87,889.31	\$ 90,086.54	\$ 92,338.71	\$ 94,647.18	\$ 97,013.36	\$ 99,438.69	\$ 101,924.66	\$ 104,472.77
Policy Analyst I	\$ 76,053.22	\$ 77,954.55	\$ 79,903.41	\$ 81,932.72	\$ 83,948.53	\$ 86,047.24	\$ 88,198.42	\$ 90,403.38	\$ 92,663.47	\$ 94,980.05
Office Manager/ Commission Clerk	\$ 67,343.34	\$ 69,026.93	\$ 70,752.59	\$ 72,521.42	\$ 74,334.45	\$ 76,192.81	\$ 78,097.64	\$ 80,050.07	\$ 82,051.32	\$ 84,102.61