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MEETING DATE: January 14, 2026

8a | **Commission**
Discussion
TO: Local Agency Formation Commission
 of Orange County

FROM: Executive Officer

SUBJECT: Fiscal Year 2025-26 Mid-Year Work Plan Update

BACKGROUND

On May 14, 2025, the Commission approved the 2025-2028 OC LAFCO Work Plan with a start date of July 1, 2025. The Plan identifies key objectives for the implementation of the agency's goals outlined in the three-year plan. At the midpoint of each fiscal year, staff provides a report to the Commission on the status of objectives and applications filed with the agency. This report provides an update on the activities of the work plan through the end of 2025.

DISCUSSION
Project Applications

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act"), OC LAFCO is required to efficiently process applications for changes of organization or reorganization. Because of statutory timelines, filed applications take precedence over other agency activities and projects. During the current fiscal year, staffing resources have been attributed to an application filed by the Three Arch Bay Community Service District (Three Arch Bay CSD) for the activation of latent powers delineated in the District's principal act. Three Arch Bay CSD seeks to provide park and recreation services, including lifeguard services, maintenance of recreation facilities, and organization of recreational programs. The CKH Act requires that OC LAFCO must first approve the exercise of any new service by a district. Staff has been working diligently with the district's general manager, and the application is expected to be presented to the Commission for consideration during the initial months of 2026.

Additionally, over the past fiscal year, OC LAFCO staff provided guidance and support to the City of Irvine staff on application requirements for a proposed annexation. In December, staff received the application from the City for a proposed annexation of two unincorporated “notch areas” of approximately 1.97 acres located north of the intersection of Bee Canyon Access Road and Portola Parkway. The proposal is expected to be presented to the Commission for consideration in early summer. In addition to processing the noted applications, staff anticipate receiving at least two additional annexation applications during the second portion of the fiscal cycle from the cities of Anaheim and Cypress.

2025-2028 Work Plan Goals

This section of the report provides progress summaries of the Commission’s multi-year work plan since its start on July 1, 2025. The approved plan may also be referenced through **Attachment 1** to this report.

Staff Development, Retention and Recruitment

Efforts focused on staff development and retention continued during the current fiscal year through the following efforts:

- ✓ The Commission approved the Classification and Compensation study, which updated the employee salary schedule, position classifications, and included a new position classification of a senior analyst to provide promotional opportunities.
- ✓ The Executive Officer, in collaboration with staff, completed the recruitment of a new policy analyst.
- ✓ The Commission appointed a new Executive Officer.
- ✓ Ongoing cross-training of staff in budgeting, auditing, digital archiving, and legislative affairs areas.

Improve Municipal Service Review (MSR) Process for Future MSRs

As a key mandate for the Commission, the following activities involving MSRs and this goal were completed during the first half of the current fiscal cycle:

- ✓ **Completion of MSRs**

To date, the Commission has completed fourth-cycle MSRs for 19 cities, 21 special districts, and three county service areas. Staff is currently working on the MSR process for the north MSR region and will release a request for proposals for the coastal MSR region in January 2026. It is anticipated that the north MSR region will be presented to the Commission in June 2026. Through a robust schedule and committed resources, it is anticipated that only two regions (the coastal and southeast regions) will remain in the Commission’s MSR queue by summer 2026. Completion of the multiple MSRs represents a huge milestone for the Commission’s three-year goals. For reference, the MSR Schedule is attached to this report as **Attachment 2**.

✓ **Post-MSR Survey**

As part of the MSR process, the Commission identified the importance of receiving feedback from cities and special districts that completed the 4th cycle of MSRs. The Commission received a report in November 2025 with a summary of the responses provided by the agencies included in the Central MSR Region (the Cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park, and East Orange Water District, Silverado-Modjeska Recreation and Parks District), and regional agencies including Orange County Mosquito and Vector Control District, and Orange County Water District.

✓ **Web-based Programs**

The fiscal indicators program was developed to house the financial data of Orange County's cities and special districts, intended to depict their fiscal health through three key indicators: revenues, expenditures, and reserves. Staff is currently updating the fiscal indicators using data from fiscal year 2023-24 for the cities and special districts included in the completed MSRs of the fourth cycle. The update to the fiscal indicators will be completed during the beginning part of spring. The MS dashboard is undergoing updates to ensure the data is current and accessible to agencies and the public. The programs are available for viewing fiscal data for Orange County's cities and special districts and search the world of municipal service delivery.

✓ **Unincorporated Island Profiles**

OC LAFCO staff has updated the unincorporated island profiles with the most recent fiscal data and demographics. The profiles provide an overview of current service-related costs and revenues, as well as potential opportunities for annexation of the unincorporated area to the adjacent city. The profiles are uploaded on the agency's website under "County Unincorporated Areas."

✓ **Disadvantaged Unincorporated Communities**

OC LAFCO staff has updated the disadvantaged unincorporated communities (DUC) profiles by identifying and mapping areas within unincorporated Orange County that meet the DUC definition. A DUC is defined as an inhabited territory located within unincorporated Orange County in which the annual median household income is less than 80 percent of the statewide median household income. The DUC profiles are uploaded on the agency's website under "Disadvantaged Unincorporated Communities."

✓ **Sphere of Influence Profiles**

OC LAFCO staff is updating the sphere of influence (SOI) maps for all cities and special districts included in an MSR during the fourth cycle. The SOI maps are uploaded on the agency's website under "Sphere of Influence."

During the February Commission regular meeting, staff will provide a presentation of the updated island profiles and disadvantaged unincorporated communities.

Optimize External Communication

Objectives set by the Commission for this goal are intended to raise awareness of OC LAFCO's project and activities through ongoing communication and outreach to our local agencies and communities. Halfway through the current work plan cycle, the following objectives have been met:

- ✓ The Fall Edition of The Pulse was published and distributed to local agencies and other interested parties.
- ✓ OC LAFCO staff regularly attend meetings to enhance communication and maintain relationships with local agencies. A list of the meetings is attached to this report (**Attachment 3**).
- ✓ In part of the effort to optimize external communications, the Executive Officer has met with several agencies to provide information on OC LAFCO's current and upcoming projects. Some of those agencies include the City of Anaheim, City of Irvine, City of Los Alamitos, Costa Mesa Sanitary District, Irvine Ranch Water District, City of Placentia, Moulton Niguel Water District, Santa Margarita Water District, South Coast Water District, and Trabucco Canyon Water District.

The effort to optimize the Commission's communications resources will continue in the latter part of the fiscal cycle through meetings with stakeholders and legislators to inform them about OC LAFCO's role, projects, and key resources.

Alliance of LAFCOs

The Commission approved a Memorandum of Understanding between the four LAFCOs (Los Angeles, Orange, San Diego, and San Bernardino) to focus on legislative advocacy, educational opportunities, professional networking, and shared resources. The Alliance of Local Agency Formation Commissions (Alliance) has held several meetings, resulting in the establishment of a mission statement and logo, and the scheduling of a one-day workshop for Commissioners and staff in March 2026. The Alliance is currently working to engage a firm to assist with tracking and reviewing legislation of interest to LAFCOs.

Promote Legislative Engagement

During the first half of the current work plan cycle, activity on the legislative front was relatively quiet. The Commission adopted positions on two bills, Senate Bills 777 and 858, which the Governor signed into law. For the upcoming 2026 legislative session, staff will collaborate with LAFCOs from the Alliance to identify and review legislation of interest to LAFCOs.

SUMMARY

During the second half of the current fiscal cycle, staff will continue to focus on the objectives of the Commission's multi-year work plan. Projects and activities will include processing filed

applications, continuing the fourth cycle of MSRs, meetings with legislators and stakeholders to enhance understanding of OC LAFCO's purpose and resources, and collaborating with the Alliance. The next update on the OC LAFCO Work Plan will be included in the agency's fiscal year-end comprehensive report.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the FY 25-26 Mid-Year Work Plan Update.

Respectfully submitted,



LUIS TAPIA

Attachments:

1. 2025-2028 Strategic Plan and Work Plan.
2. OC LAFCO MSR Schedule (Updated October 2025).
3. Meetings and Outreach Efforts.

Introduction

On April 4, 2025, the Orange County Local Agency Formation Commission (OC LAFCO) held its 26th Strategic Planning Workshop. The Commission retained William (Bill) Kelly, President and CEO of Kelly Associates Management Group LLC (KAMG), to facilitate the process of developing a new three-year plan.

Strategic Planning Workshop

During the workshop, Commissioners reviewed and discussed the 2022 – 2025 Work Plan and identified the agency's new goals and objectives for the 2025 – 2028 Work Plan. Based on the feedback from Commissioners and staff, the following four goals were identified:

- 1:** Staff Development, Retention and Recruitment
- 2:** Improve Municipal Service Review (MSR) Process for Future MSRs
- 3:** Optimize Communication
- 4:** Southern Region LAFCOs Educational and Legislative Partnership

2025-2028 Work Plan

The 2025 – 2028 Work Plan on the following pages depicts the agency's goals, objectives and schedules over the next three fiscal years. As a note, the Commission may amend the multi-year plan if warranted.

GOAL 1:

Staff Development, Retention and Recruitment

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
1.1	EO/Consultant	Conduct Classification, Compensation and Benefits Assessment.	Consultant	2024-2025	Classification, compensation, and benefits assessment complete.
1.2	EO/AEO/CC	Complete staff assessment and conduct recruitment for vacancy(ies).	Consultant	2025-2026	Staff assessment complete. Recruitment of analyst complete.
1.3	EO/Consultant	Prepare a Succession Plan by identifying and developing a strategic process for successors for key positions at OC LAFCO.	Staff/Consultant	2025-2026	Ongoing

GOAL 2:

Improve Municipal Service Review (MSR) Process For Future MSRs

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
2.1	EO/AEO/ Analyst	Develop criteria for conducting the following MSR and SOI review processes for future reviews: <ol style="list-style-type: none">1. Comprehensive2. Reconfirm3. Update	Consultant	2026-2028	Not yet started.
2.2	AEO/Analyst	Develop and distribute the following MSR questionnaires: <ol style="list-style-type: none">1. Pre-MSR/SOI – to assess which process will be conducted.	Staff	2026-2028	Not yet started.
2.3	AEO/Analyst	Continued use of web-based programs (fiscal indicators, shared services, and MS dashboard) to maintain agency data for MSR determinations.	Staff	2025-2028	Ongoing <ul style="list-style-type: none"> • Fiscal Indicators updated with data from FY 22-23. • Staff is updating the MS Dashboard data and its features to improve the program.
2.4	AEO/Analyst/CC	Present year-end report to the Commission that provides analytics on MSR agency feedback and the use of the agency's web-based programs.	Staff	2025-2028	As needed and/or biannually <ul style="list-style-type: none"> • Report presented to the Commission with feedback from: Central MSR Region (Cities of Anaheim, Irvine, Orange, Santa Ana, Tustin, and Villa Park and East Orange County Water District, Serrano Water District, and Silverado Modjeska Recreation and Parks District), Orange County Mosquito and Vector Control District, and Orange County Water District.

GOAL 3:

Optimize Communication

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
3.1	All	Use agency communications tools (bi-annual news, website, video FAQs, fiscal indicators and shared services programs) to engage agencies and public to inform of OC LAFCO activities.	Staff	2025-2028	Complete Ongoing
3.2	Analyst/CC	Conduct visits and disseminate media kits to OC legislators and stakeholders.	Staff	2025-2028	Ongoing
3.3	EO/Analyst	Distribute bi-annual news to inform of OC LAFCO activities.	Staff	2025-2028	Ongoing The Pulse was distributed twice this year.

GOAL 4:

Southern Region LAFCOs Educational and Legislative Partnership

Obj. No.	Staff Assigned	Objective Description	Resources	Schedule	Status
4.1	EO	Establish a memorandum of understanding with southern region LAFCOs to develop a collaborative structure on issues that all/each LAFCO(s) encounter.	Commission approved an MOU with Los Angeles, San Bernardino, and San Diego, allocating \$10,000 to support the collaborative effort.	Started July 1, 2025.	Ongoing
4.2	All	Target areas of collaboration with legislative, educational, and professional associations and groups.	Staff/Alliance of LAFCOs	July 1, 2025	Ongoing
4.3	Analyst	Develop mechanisms to monitor key legislation of LAFCO interest through the partnership with the southern region LAFCOs.	Pending to complete an agreement in collaboration with the Alliance of LAFCOs and lobbyist firm for legislative services.	January 2026	Ongoing
4.4	EO/Analyst	Conduct visits and disseminate information to OC legislators and stakeholders (CSDA, CSAC, League of CA Cities, OC League of CA Cities) to establish legislative partnerships.	Staff	Annual process of disseminating OC LAFCO report information to stakeholders.	Ongoing
4.5	Analyst/CC	Distribute bi-annual news to agencies and stakeholders to inform them of OC LAFCO activities and efforts by the southern region LAFCOs.	Staff	Annually. <i>The Pulse was distributed twice this year.</i>	Ongoing

MSR Region	Cities	Special Districts	Areas of Interest
● North Underway	<ul style="list-style-type: none"> ● Brea ● Fullerton ● La Habra ● Placentia ● Yorba Linda 	<ul style="list-style-type: none"> ● Placentia Library District ● Yorba Linda Water District 	<ul style="list-style-type: none"> ● Fire and Emergency Response <ul style="list-style-type: none"> ○ Integration of fire and water services for more effective response during emergency and disaster events. ○ Consolidation of internal services (i.e. procurement, HR, training). ○ Regionalization of service delivery involving medical calls and reduction in costs. ○ Maintaining of adequate fire suppression. ● Police <ul style="list-style-type: none"> ○ Consolidation of specialty services that may include: CSI, dispatch, commercial and traffic enforcement. ○ External issues involving consolidation of departments. ● Shared Services <ul style="list-style-type: none"> ○ Maximizing of funding opportunities supported by County for unincorporated islands. ○ Shared service models to increase funding for additional services that may include: IT, purchasing, training, HR, class comps. ● Development of shared services system for areas such as: landscape and fleet maintenance.
● Southeast	<ul style="list-style-type: none"> ● Lake Forest ● Mission Viejo ● Rancho Santa Margarita ● San Clemente ● San Juan Capistrano 	<ul style="list-style-type: none"> ● El Toro Water District ● Irvine Ranch Water District ● Moulton Niguel Water District ● Santa Margarita Water District ● South Coast Water District ● Trabuco Canyon Water District ● South Orange County Wastewater Authority (JPA) 	<ul style="list-style-type: none"> ● Public Works <ul style="list-style-type: none"> ○ Location and condition of public infrastructure. ● Police <ul style="list-style-type: none"> ○ Fiscal sustainability of increasing costs of contracts with County Sheriff ○ Impacts of and ability to maintain related pension costs. ● Water <ul style="list-style-type: none"> ○ Water quality involving low flow run-off issues. ○ Assistance for agencies from treatment agencies on flow diversion and low flow funding mechanisms. ○ Water rate structures and conservation.

MSR Region	Cities	Special Districts	Areas of Interest
• Coastal	<ul style="list-style-type: none"> • Costa Mesa • Huntington Beach • Los Alamitos • Newport Beach • Seal Beach 	<ul style="list-style-type: none"> • Costa Mesa Sanitary District • Irvine Ranch Water District • Mesa Water District • Rossmoor Community Services District • Rossmoor/Los Alamitos Sewer District • Sunset Beach Sewer District • Surfside Colony CSD • Surfside Colony SPD 	<ul style="list-style-type: none"> • Public Works <ul style="list-style-type: none"> ◦ Public outreach for better understanding of the financing of infrastructure. ◦ Correlation of level and cost of services. ◦ Economies of scale and potential shared services system for areas such as: fleet, tree trimming, and purchasing. • Solid Waste <ul style="list-style-type: none"> ◦ Impacts of having fewer haulers on competitive bidding and rates. • Parks and Recreation • Police <ul style="list-style-type: none"> ◦ Impediments involving consolidation of agencies Shared services database that includes: operational and staffing costs; population growth impacts on infrastructure and land use.

MSR Region	Cities	Special Districts	MSR Approved	SOI Status	Next Scheduled MSR
Southwest	<ul style="list-style-type: none"> • Aliso Viejo • Dana Point • Laguna Beach • Laguna Hills • Laguna Niguel • Laguna Woods 	<ul style="list-style-type: none"> • Capistrano Bay Community Services District • Emerald Bay Community Services District • El Toro Water District • Laguna Beach County Water District • Moulton Niguel Water District • South Coast Water District • Three Arc Bay Community Services District • Joint Powers Authority: South Orange County Wastewater Authority 	August 2023	All city and six special district SOIs reconfirmed. South Coast SOI continued to discuss South Laguna annexation.	2028
West	<ul style="list-style-type: none"> • Cypress • Buena Park • Garden Grove • Fountain Valley • La Palma • Stanton • Westminster 	<ul style="list-style-type: none"> • Buena Park Library District • Cypress Recreation and Park District • Garden Grove Sanitary District • Midway Sanitary District 	August 2023	All city and special district SOIs reconfirmed	2028
Central	<ul style="list-style-type: none"> • Anaheim • Irvine • Orange • Santa Ana • Tustin • Villa Park 	<ul style="list-style-type: none"> • East Orange County Water District • Irvine Ranch Water District • Serrano Water District • Silverado-Modjeska Recreation and Park District 	September 2025		2030

MSR Region	Services Provided	MSR Approved	SOI Status	Next Scheduled MSR
County Service Area Nos. 13, 22, and 26	Fund wastewater and park and recreation services countywide and within unincorporated areas adjacent to the cities of Buena Park and Yorba Linda.	August 2022	Reconfirmed	2027
Municipal Water District of Orange County	Manages Orange County's imported water supply and resource planning, with the exception of the cities of Anaheim, Fullerton, and Santa Ana	September 2020	Reconfirmed	2025
Orange County Cemetery District	Owns and operates three public cemeteries located in the cities of Anaheim, Lake Forest, and Santa Ana	October 2022	Reconfirmed	2027
Orange County Sanitation District	Provides regional sewer collection and treatment for 20 cities, four special district (containing five cities), and several unincorporated areas generally located in the northern and central parts of the County.	September 2020	Reconfirmed	2025
Orange County Water District	Responsible for managing the Basin in order for the 19 retail water suppliers ("Groundwater Producers") that have wells in the basin to serve approximately 2.44 million northern and central Orange County residents.	March 2025	Reconfirmed	2029
Orange County Vector Control District	Provides vector control services including mosquito and pest abatement, public health protection, and environmental monitoring throughout the northern, central, and southern regions of Orange County.	July 2025	Reconfirmed	2029

Meeting & Outreach Efforts

ATTACHMENT 3

July - December 2025

July Meetings	<ul style="list-style-type: none">• CALAFCO Legislative Committee• Center for Demographic Research - Technical Advisory Committee Meeting• Independent Special Districts of Orange County Executive Committee
August Meetings	<ul style="list-style-type: none">• Alliance of Local Agency Formation Commissions Legislative Committee Meeting• Alliance of Local Agency Formation Commissions Meeting• Independent Special Districts of Orange County Executive Committee• OCCOG - Monthly Meeting• OCBC - Infrastructure Committee Meeting• OCBC - Housing Committee Meeting• Orange County GIS Users Group Meeting
September Meetings	<ul style="list-style-type: none">• Alliance of Local Agency Formation Commissions Meeting• Alliance of Local Agency Formation Commissions Legislative Committee Meeting• Independent Special Districts of Orange County Executive Committee• Meeting with Davis Farr regarding Annual Audit• OCERS Financial Update Meeting• OCCOG - Monthly Meeting• OCBC - Workforce Committee Meeting
October Meetings	<ul style="list-style-type: none">• Alliance of Local Agency Formation Commissions Meeting• CALAFCO Conference• Center for Demographic Research - Technical Advisory Committee Meeting• Independent Special Districts of Orange County Executive Meeting• Independent Special Districts of Orange County Quarterly Meeting• OCCMA - Monthly Meeting• OCERS Financial Update Meeting• OCBC - Economic Development Committee Meeting• OCBC - Workforce Committee Meeting
November Meetings	<ul style="list-style-type: none">• Center for Demographic Research - Management Oversight Committee• Independent Special Districts of Orange County Executive Meeting• OCCMA - Monthly Meeting• Orange County Business Council Housing Meeting
December Meetings	<ul style="list-style-type: none">• Alliance of Local Agency Formation Commissions Meeting• Center for Demographic Research - Management Oversight Committee• Center for Demographic Research - Technical Advisory Committee Meeting• Independent Special Districts of Orange County Executive Committee Meeting• OCBC - Infrastructure Committee Meeting• OCBC - Workforce Committee Meeting