
LOCAL AGENCY FORMATION COMMISSION OF ORANGE COUNTY

REGULAR MEETING AGENDA

Wednesday, February 11, 2026
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/5TnCWqvVv8g?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. CONSENT CALENDAR

a.) January 14 – Regular Commission Meeting Minutes

The Commission will consider approval of the January 14, 2026 meeting minutes.

b.) OC LAFCO Personnel Policies and Procedures Update

The Commission will consider proposed amendments to the Personnel Policies and Procedures.

7. PUBLIC HEARING

a.) Activation of Latent Powers for Three Arch Bay Community Services District (LP 25-02)

The Commission will consider the proposed activation of latent powers for Three Arch Bay Community Services District for park and recreational services. As the responsible agency, the Commission will also consider the Notice of Exemption in accordance with the California Environmental Quality Act (CEQA) for the proposed activation of latent powers.

8. COMMISSION DISCUSSION AND ACTION

a.) Legislative Report (February 2026)

The Commission will receive an update on previously reviewed legislative efforts involving legislation of LAFCO interest and consider providing direction to staff.

9. COMMISSIONER COMMENTS

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

10. EXECUTIVE OFFICER'S REPORT

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

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items and announcements.

12. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, March 11, 2026 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 view and 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/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.

2026

MEETING AND EVENTS CALENDAR

Approved November 12, 2025

January							
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OC LAFCO Regular Meeting (*begins at 8:15 a.m.*)
Location: County Administrative North, First Floor
 Multipurpose Room 101, 400 W. Civic Center Dr.,
 Santa Ana, CA 92701.



Office closure due to legal holidays and flexible
 work schedule.



No scheduled regular meeting due to legal holiday.



2026 CALAFCO Annual Conference - October 21-23

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, January 14, 2026
8:15 a.m.

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

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<https://youtube.com/live/Yu2cyOJqTtI?feature=share>

1. CALL TO ORDER

Chair Wagner called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:17 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Freshley led the Pledge of Allegiance.

3. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum (**arrived at 8:21 a.m.**)
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:

- 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

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

Chair Wagner closed the hearing of public comments.

6. CONSENT CALENDAR

Chair Wagner called for requests to pull 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 Fisler** seconded the motion.

6a. – October 8, 2025 - Regular Commission Meeting Minutes

6b. – Fiscal Year 2025-26 Quarterly Financial Report (Second Quarter)

MOTION: Approve Consent Calendar. (Douglass Davert)

SECOND: James Fisler

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

AGAINST: None

ABSTAIN: None

MOTION PASSED: 5-0.

7. PUBLIC HEARING

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

8. COMMISSION DISCUSSION AND ACTION

8a. – Fiscal Year 2025-26 Mid-Year Work Plan Update

Executive Officer Luis Tapia presented the staff report and noted that this is a receive and file report.

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** noted this is a receive and file report and requires no action by the Commission.

8b. – OC LAFCO Professional Services Agreement Update

Policy Analyst Aimee Diaz presented the staff report and noted that this is a receive and file report.

Vice Chair Bucknum arrived during this item at 8:21 a.m.

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** noted this is a receive and file report and requires no action by the Commission.

8c. – Appointment Processes for OC LAFCO Expiring Terms and Vacancies

Policy Analyst Leo Lara presented the staff report and noted that this is a receive and file report.

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** noted this is a receive and file report and requires no action by the Commission.

8d. – Appointment of 2026 OC LAFCO Officers

Chair Wagner asked General Counsel if any special circumstances needed to be adhered to before nominations were taken. General Counsel noted that no special circumstances were needed and a “no vote” or roll call vote was not needed.

Commissioner McGregor nominated **Vice Chair Bucknum** to serve as the Chair and **Commissioner Fisler** to serve as Vice Chair. There were no additional nominations, and the motion was seconded by **Commissioner Davert**.

MOTION: Appoint Commissioner Bucknum to serve as OC LAFCO Chair for 2026 and Commissioner Fisler as OC LAFCO Vice Chair for 2026. (Derek J. McGregor)

SECOND: Douglass Davert

FOR: Derek J. McGregor, Douglass Davert, Wendy Bucknum, James Fisler, Peggy Huang, Donald P. Wagner
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0.

9. COMMISSIONER COMMENTS

Commissioners made general comments.

10. EXECUTIVE OFFICER'S REPORT

The Executive Officer provided the following updates:

- The FPPC will be administering the 700 Forms to each Commissioner for electronic filing, as all 700 Forms must now be filed electronically pursuant to recent changes to State law.
- The Executive Officer reported that the members of the Alliance have distributed a request for proposals for auditing services. Mr. Tapia noted that he would contact Commissioners McGregor or Huang to assist the Alliance with reviewing proposals on behalf of Orange LAFCO, as each participating LAFCO in the Alliance will have a Commissioner serving in this role.
- The Executive Officer noted that a request for proposals for the Coastal MSR Region is underway, and staff anticipates bringing a contract before the Commission during its regular meeting in April 2026.

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

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

12. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Wagner adjourned the Regular Commission Meeting at 8:31 a.m. to February 11, 2026, in memory of Paul Mesmer, President of Surfside Colony Community Services District and 1st Vice President of the Independent Special Districts of Orange County.

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

ATTEST:

By: _____

Cheryl Carter-Benjamin
Commission Clerk

REGULAR MEMBERS

CHAIR
Wendy Bucknum
 City Member

VICE CHAIR
James Fisler
 Special District Member

IMMEDIATE PAST CHAIR
Donald P. Wagner
 County Member

Douglass Davert
 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
 Executive Officer

Scott Smith
 General Counsel

MEETING DATE: February 11, 2026

**6b | Consent
Calendar**

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Office Manager/Commission Clerk
General Counsel

SUBJECT: OC LAFCO Personnel Policies and Procedures

BACKGROUND

Employment laws enacted by state and federal governments can change from year to year. Recognizing that, OC LAFCO staff and general counsel conduct annual reviews of the agency's Personnel Policies and Procedures to ensure that the Commission's local policy aligns with changes to those laws.

This report includes recommended amendments to the policy to align with recent changes to state and federal laws. The Personnel Policies and Procedures were adopted in 2003 and last reviewed in 2025. For ease of review, proposed amendments to the policy are indicated in redline format in Attachment 1 and are summarized in the table below.

Table 1: Summary of Proposed Amendments

Title	Section	Summary of Changes
Crime Victims' Leave	3.23 F	Added and updated language to conform with state law and further outlined for OC LAFCO provisions under the Crime Victim's Leave for employees.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt amendments to Part 3 Subsection 3.23 – Other Time Off of the OC LAFCO Personnel Policies and Procedures, as amended.

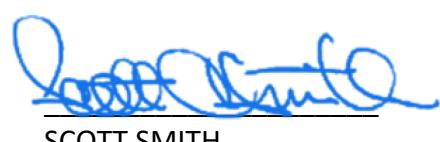
Respectfully submitted,



LUIS TAPIA



CHERYL CARTER-BENJAMIN



SCOTT SMITH

Attachments:

1. OC LAFCO Personnel Policies and Procedures, Part 3 Subsection 3.23-Other Time Off (Redline)
2. OC LAFCO Personnel Policies and Procedures, Part 3 Subsection 3.23-Other Time Off (As Amended)

PART 3 – BENEFITS

3.23 OTHER TIME OFF

A. Overview

This policy applies to all regular full-time and regular part-time employees of OC LAFCO. The intent of this policy is to outline other types of paid and unpaid time off available to eligible employees.

B. Bereavement Leave

Upon request, employees who have been employed for at least 30 days will be entitled to five (5) days of paid leave, which will be pro-rated for part-time employees based on hours worked, for each death in the employee's immediate family. For purposes of this section, immediate family is defined as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren; the employee's domestic partner or the child of a domestic partner; person whom the employee has/had a legal guardian relationship. To the extent allowed by law, OC LAFCO may request documentation from an employee availing themselves of this leave.

The days of bereavement leave do not need to be taken consecutively, however, the employee must complete the bereavement leave within three months of their family member's death, at which time any remaining unused bereavement leave will expire.

Employees may also, with the approval of the Executive Officer, use any available paid leave for additional time off as necessary. If more time off is requested, it will be granted only at the discretion of the Executive Officer. Bereavement pay is calculated based on the base pay rate at the time of absence and prorated for part-time employees.

C. Reproductive Loss Event

All employees who have been employed for OC LAFCO for at least 30 days are entitled to an unpaid leave of absence up to five (5) days in total following a reproductive loss event. Such leave must be taken within three (3) months of the reproductive loss event. If an employee experiences more than one reproductive loss event within a 12-month period, OC LAFCO will grant the employee a cumulative total of up to 20

(twenty) unpaid days of leave; subject to the limitation that each unpaid leave of absence shall not exceed five (5) days.

A reproductive loss event is defined as: failed adoption, failed surrogacy, miscarriage, stillbirth, or unsuccessful assisted reproduction. If the employee would have been recognized as a parent if the aforementioned events were successful, the employee will be covered under this definition. This includes the employee, the employee's current spouse or domestic partner, or another individual if the person would have been a parent of a child as a result of the event.

The leave of absence following a reproductive loss event is unpaid, though an employee may elect to utilize any accrued and available paid sick leave, vacation, personal leave, or compensatory time off that is otherwise available to the employee.

D. Jury Duty Leave

OC LAFCO encourages employees to fulfill their civic responsibilities by serving jury duty or appearing in court as a witness when required. OC LAFCO provides 30 days of paid time off at the employee's regular rate of pay for jury duty service provided the employee deposits fees paid for hours of jury duty excluding mileage. For service longer than 30 days, employees may use any accrued vacation leave or receive unpaid leave for jury duty service.

Employees must show the jury duty summons to the Executive Officer as soon as possible so that arrangements may be made to accommodate their absence. Employees are expected to report for work whenever the court schedule permits, including any remaining parts of a normally scheduled workday.

OC LAFCO will continue to provide health insurance benefits for the full term of the jury duty absence. Vacation, sick leave, and holiday benefits will continue to accrue during jury duty leave.

E. Domestic Violence Victim Leave, Sexual Assault or Stalking

OC LAFCO will provide time off to an employee who has been the victim of domestic violence, sexual assault or stalking to seek any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child. This includes time off for court proceedings, services from a domestic violence shelter, program or rape crisis

center, counseling, medical attention, and participation in safety planning programs. OC LAFCO requires reasonable advance notice of the leave when feasible. If time off is taken due to an emergency, the employee must, within 15 days of the absence, provide OC LAFCO with certification of the need for the leave such as a police report, court order, documentation from a healthcare provider, victims advocate, or counselor.

Employees eligible for paid sick leave benefits under California law may take any such available paid time off, consistent with such law, for the purposes set forth in this policy. For more information, please see the Sick Leave policy. In the event paid sick leave benefits are not available, employees taking leave under this policy may elect to apply accrued and unused vacation to such time.

OC LAFCO prohibits discrimination, discharge, or retaliation against an employee for taking time off or requesting an accommodation under this policy or based on the employee's status as a victim of domestic violence, sexual assault, and/or stalking.

F. Crime Victims' Leave

OC LAFCO will provide time off to an employee to attend judicial proceedings related to a crime (including any delinquency proceedings, a post-arrest release decision, plea, sentencing, postconviction release decision, or any proceeding where a right of that person is at issue), if that employee is a victim of crime, an immediate family member of a victim, a registered domestic partner of a victim, or the child of a registered domestic partner of a victim. A victim of a crime is defined in Government Code section 12945.8(j)(8)(c). OC LAFCO requires that, where feasible, in advance of taking leave, the employee provide it with a copy of the notice of each scheduled proceeding that is provided to the victim by the agency responsible for providing notice. If advance notice is not possible, the employee is required to provide OC LAFCO with a copy of the notice within a reasonable time.

No employee who is absent from work pursuant to this provision will be discharged or otherwise discriminated or retaliated against in compensation or other terms, conditions or privileges of employment, because of such absence. Such leave is unpaid. Employees taking leave under this policy may elect to apply vacation or sick leave time to such leave.

G. Leave for Organ and Bone Marrow Donation

OC LAFCO will grant an employee the following leaves of absence:

1. Bone Marrow Donation:

A paid leave of absence of up to five business days in any one-year period for the purpose of donating the employee's bone marrow to another person.

2. Organ Donation:

- a. A paid leave of absence of up to 30 business days in any one-year period for the purpose of the employee donating the employee's organ to another person.
- b. An additional unpaid leave of absence, not exceeding 30 business days in a one-year period, for the purpose of the employee donating the employee's organ to another person.

For leaves of absence under this policy that are paid, if an employee has earned and unused sick or vacation time is available, the employee is required to first use up to five days of such paid sick or vacation time for a bone marrow donation and up to two weeks of sick or vacation time for organ donation.

In order to receive a leave of absence pursuant to this policy, the employee must provide written verification to OC LAFCO that the employee is an organ or bone marrow donor and that there is a medical necessity for the donation of the organ or bone marrow.

Any leave taken for the donation of an organ or bone marrow will not constitute a break in service for purposes of the employee's right to salary adjustments, sick leave, vacation, annual leave, or seniority. During any leave taken under this policy, OC LAFCO will maintain and pay for coverage under any group health plan, for the full duration of this leave.

Leave provided under this policy may be taken in one or more periods. Leave taken under this policy will not run concurrently with any leave taken pursuant to the federal Family and Medical Leave Act or the California Family Rights Act.

Upon expiration of a leave of absence authorized by this policy, OC LAFCO will restore the employee to the position held by the employee when the leave began or to a position with equivalent seniority status, employee benefits, pay, and other terms and conditions of employment. OC LAFCO may decline to restore an employee because of reasons unrelated to the employee's exercise of rights under this policy.

H. Time Off to Vote

Generally, employees are able to find time to vote either before or after their regular work schedule. If, however, full-time employees are unable to vote in an election during their non-working hours, OC LAFCO will grant up to 2 hours of paid time off to vote.

Employees requiring time off to vote should make their requests at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule. Employees must submit a voter's receipt on the first working day following the election to qualify for paid time off.

I. Military Leave

Military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Military and Veterans Code Section 394.5. Advance notice of military serve is required, unless military necessity prevents such notice, or it is otherwise impossible or unreasonable. Employees who have been employed for at least one year are eligible for up to 30 days of paid leave for active-duty training.

Employees on military leave will receive rights and benefits comparable to those they would receive under OC LAFCO's policies for other types of leave. Continuation of health insurance benefits is available based on the length of the leave and subject to the terms, conditions and limitations of the applicable plan for which the employee is otherwise eligible. Employees on leave for no more than 30 days will receive continued health insurance benefits but are responsible for paying their portion of the health care coverage continuation rights. Vacation, sick leave and holiday benefits will continue to accrue during any paid portion of a military leave of absence.

CFRA permits employees to take up to 12 workweeks of unpaid protected leave during a 12-month period for a "qualifying exigency" related to the covered active duty or call to covered active duty of an employee's spouse, domestic partner, child or parent in the U.S. armed forces. The Federal Family and Medical Leave Act (FMLA) also entitles eligible employees to take leave for a covered family member's service in the Armed Forces. This policy supplements our Family and Medical Leave policy and provides a general notice of employee rights to this leave. Except as stated below, such rights and obligations for service member leave are governed by our existing Family Leave policy.

Service member FMLA/CFRA runs concurrent with other leave entitlements provided under federal, state and local law. Service member FMLA provides eligible employees unpaid leave for anyone, or combination of the following reasons:

1. A “qualifying exigency” arising when the employee’s spouse, son, daughter or parent, who is a member of the Armed Forces (including National Guard and Reserves), is on covered active duty or has been notified of an impending call to order to covered active duty; and/or
2. To care for a covered family member who has incurred an injury or illness while in the Armed Forces provided that such injury or illness renders the family member medically unfit to perform duties of the member’s office, grade, rank or rating and is certified by the service member’s healthcare provider.

When leave is due because of a “qualified exigency” concerning the military duty of a family member, an eligible employee may take up to 12 workweeks of leave during any 12-month period.

When leave is to care for an injured or ill service member, an eligible employee may take up to 26 weeks of leave during a single 12-month period to care for a service member. Leave to care for an injured or ill service member, when combined with other FMLA-qualifying leave, may not exceed 26 workweeks in a single 12-month period.

Where spouses are both employed by OC LAFCO, they may take up to, in aggregate, 26 workweeks of service member FMLA, provided that any portion of the aggregate leave that is not for care of a family service member does not exceed 12 workweeks.

In any case where it is foreseeable that an employee will need service member FMLA, that employee must provide notice of his or her intent to take leave as soon as reasonably possible and provide certification of either the “qualified exigency” or family service member’s need for care as soon as practicable.

J. Military Spouse Leave

Qualified California employees will be given up to 10 days leave during that time in which the employee’s spouse or domestic partner is on leave from deployment in a combat zone with the active duty or reserve military or national guard during a period of military conflict. Employees may use accrued vacation time to cover this absence. If the employee has no accrued vacation, the employee must request time off without pay.

Qualifying employees are employees who work an average of 20 hours per week and have a spouse or domestic partner who is serving as (1) a member of the U.S. Armed Forces and who has been deployed during a period of military conflict to an area designated as a combat theater or combat zone by the President of the United States or (2) a member of the Armed Forces Reserve Components or the National Guard and has been deployed during a period of military conflict.

Qualifying employees who wish to request this leave must provide OC LAFCO with a written request for such leave within two business days of receiving official notice that the military spouse or domestic partner will be on leave from deployment. The employee must also provide written documentation to OC LAFCO certifying that the military member will be on military leave from deployment.

K. Workers' Compensation Leave

If an employee sustains a work-related injury, he or she will be eligible for a medical leave of absence for a period of disability in accordance with all applicable laws covering occupational injuries.

Where an employee's work-related injury qualifies as a serious health condition, any Workers' Compensation Leave taken will be considered part of his or her entitlement, if any, to leave under the Family and Medical Rights Act ("FMLA") and the California Family Rights Act ("CFRA"). Employees on Workers' Compensation Leave should keep their supervisors informed as to their work status and will need to provide a doctor's release before returning to work.

For more information on how to apply for or obtain workers' compensation information, an employee may contact the County of Orange, Risk Management Department at (714) 285-5511. Additional information may also be found at the following worker's compensation resources:

1. State of CA Department of Industrial Relations Website: <https://www.dir.ca.gov/dwc/fileclaim.htm>.
2. Facts for Injured Workers: <https://www.dir.ca.gov/dwc/InjuredWorker.htm>.

L. Volunteer Emergency Leave and Training

If employees volunteer as a firefighter, reserve peace officer, or emergency rescue personnel, they may be entitled to unpaid leave to perform emergency duty. In

addition, they may take unpaid leave of up to 14 days per calendar year for the purpose of engaging in fire or law enforcement training. If an employee qualifies for these types of leave, he or she may use accrued vacation during the leave. Time spent on this leave counts for purposes of determining "length of service." However, vacation will not be accrued, and holiday pay will not be received during this leave.

M. Time Off for Parents to Attend School Activity

Employees, who are parents of one or more children in kindergarten, or in grades 1 through 12, may take time off of up to forty (40) hours per school year to attend authorized school activities which involve one or more of the employee's school age children. To be eligible for parental time off, the employee must obtain from the school, written verification that he or she attended or participated in the school activity. Parental time off may not exceed eight hours in any calendar month.

Employees may use any accrued vacation while they attend their child's school activities. If not, the employee's parental time off will be unpaid. For scheduling purposes, employees must notify the Executive Officer at least one (1) week before the date of the school activity, so that their work duties may be covered.

N. Literacy Education Leave

OC LAFCO will reasonably accommodate employees who are seeking to enroll in an adult literacy education program provided the accommodation requested would not result in undue hardship to OC LAFCO. OC LAFCO does not provide paid time off for participation in an adult literacy education program.

O. Kin Care Leave

Under California state law, employees who accrue sick leave are eligible for Kin Care Leave (KCL). An employee may use KCL for the following reasons:

1. Diagnosis, care, or treatment of an existing health condition of the employee, or preventive care for, an employee or an employee's covered family member.
2. For obtaining relief if the employee is a victim of domestic violence, sexual assault, or stalking.
3. If the employee is a victim of domestic violence, sexual assault, or stalking, the employee may take time off to: obtain medical treatment, counseling or other victims'

services, obtain or attempt to obtain any relief to help ensure the health, safety, or welfare of the employee or the employee's child, such as a temporary restraining order, restraining order, or other injunctive relief.

The number of days the employee can take off is calculated as an amount not less than the sick leave that would be accrued during 6 months of the employee's then-current rate of entitlement. Employees are able to use up to half of their sick leave for KCL. But, no more than one-half of the employee's annual accrued sick leave benefits can be counted as KCL. For a full-time career employee, for example, this would mean no more than 48 hours of sick leave can be counted as KCL.

To the extent possible, employees must provide reasonable advance notice of their need for leave under this policy. If the need for leave is not foreseeable, an employee must provide notice as soon as practicable.

For purposes of this policy, a family member means as a child (a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis), a parent (a biological, adoptive or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), a spouse or registered domestic partner, a grandparent, grandchild and sibling.

Please note, leave under this statute runs concurrently with paid sick leave and CFRA/FMLA leave.

P. Alcohol and Drug Rehabilitation Leave

Under California state law, employees who seek time off to voluntarily complete a rehabilitation program are eligible for this leave under this policy.

Employees may take reasonable unpaid leave as long as the leave does not cause OC LAFCO an undue hardship. This leave is unpaid but employees may choose to use available sick leave concurrently with rehabilitation leave.

Originally Adopted: 1/8/2003

Last Reviewed: 06/11/2025 02/11/2026

Last Revised: 06/11/2025 02/11/2026

PART 3 – BENEFITS

3.23 OTHER TIME OFF

A. Overview

This policy applies to all regular full-time and regular part-time employees of OC LAFCO. The intent of this policy is to outline other types of paid and unpaid time off available to eligible employees.

B. Bereavement Leave

Upon request, employees who have been employed for at least 30 days will be entitled to five (5) days of paid leave, which will be pro-rated for part-time employees based on hours worked, for each death in the employee's immediate family. For purposes of this section, immediate family is defined as the employee's spouse, parent, child, sibling; the employee's spouse's parent, child, or sibling; the employee's child's spouse; grandparents or grandchildren; the employee's domestic partner or the child of a domestic partner; person whom the employee has/had a legal guardian relationship. To the extent allowed by law, OC LAFCO may request documentation from an employee availing themselves of this leave.

The days of bereavement leave do not need to be taken consecutively, however, the employee must complete the bereavement leave within three months of their family member's death, at which time any remaining unused bereavement leave will expire.

Employees may also, with the approval of the Executive Officer, use any available paid leave for additional time off as necessary. If more time off is requested, it will be granted only at the discretion of the Executive Officer. Bereavement pay is calculated based on the base pay rate at the time of absence and prorated for part-time employees.

C. Reproductive Loss Event

All employees who have been employed for OC LAFCO for at least 30 days are entitled to an unpaid leave of absence up to five (5) days in total following a reproductive loss event. Such leave must be taken within three (3) months of the reproductive loss event. If an employee experiences more than one reproductive loss event within a 12-month period, OC LAFCO will grant the employee a cumulative total of up to 20 (twenty) unpaid days of leave; subject to the limitation that each unpaid leave of absence shall not exceed five (5) days.

A reproductive loss event is defined as: failed adoption, failed surrogacy, miscarriage, stillbirth, or unsuccessful assisted reproduction. If the employee would have been recognized as a parent if the aforementioned events were successful, the employee will be covered under this definition. This includes the employee, the employee's current spouse or domestic partner, or another individual if the person would have been a parent of a child as a result of the event.

The leave of absence following a reproductive loss event is unpaid, though an employee may elect to utilize any accrued and available paid sick leave, vacation, personal leave, or compensatory time off that is otherwise available to the employee.

D. Jury Duty Leave

OC LAFCO encourages employees to fulfill their civic responsibilities by serving jury duty or appearing in court as a witness when required. OC LAFCO provides 30 days of paid time off at the employee's regular rate of pay for jury duty service provided the employee deposits fees paid for hours of jury duty excluding mileage. For service longer than 30 days, employees may use any accrued vacation leave or receive unpaid leave for jury duty service.

Employees must show the jury duty summons to the Executive Officer as soon as possible so that arrangements may be made to accommodate their absence. Employees are expected to report for work whenever the court schedule permits, including any remaining parts of a normally scheduled workday.

OC LAFCO will continue to provide health insurance benefits for the full term of the jury duty absence. Vacation, sick leave, and holiday benefits will continue to accrue during jury duty leave.

E. Domestic Violence Victim Leave, Sexual Assault or Stalking

OC LAFCO will provide time off to an employee who has been the victim of domestic violence, sexual assault or stalking to seek any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child. This includes time off for

court proceedings, services from a domestic violence shelter, program or rape crisis center, counseling, medical attention, and participation in safety planning programs. OC LAFCO requires reasonable advance notice of the leave when feasible. If time off is taken due to an emergency, the employee must, within 15 days of the absence, provide

OC LAFCO with certification of the need for the leave such as a police report, court order, documentation from a healthcare provider, victims advocate, or counselor.

Employees eligible for paid sick leave benefits under California law may take any such available paid time off, consistent with such law, for the purposes set forth in this policy. For more information, please see the Sick Leave policy. In the event paid sick leave benefits are not available, employees taking leave under this policy may elect to apply accrued and unused vacation to such time.

OC LAFCO prohibits discrimination, discharge, or retaliation against an employee for taking time off or requesting an accommodation under this policy or based on the employee's status as a victim of domestic violence, sexual assault, and/or stalking.

F. Crime Victims' Leave

OC LAFCO will provide time off to an employee to attend judicial proceedings related to a crime (including any delinquency proceedings, a post-arrest release decision, plea, sentencing, postconviction release decision, or any proceeding where a right of that person is at issue), if that employee is a victim of crime, an immediate family member of a victim, a registered domestic partner of a victim, or the child of a registered domestic partner of a victim. A victim of a crime is defined in Government Code section 12945.8(j)(8)(c). OC LAFCO requires that, where feasible, in advance of taking leave, the employee provide it with a copy of the notice of each scheduled proceeding that is provided to the victim by the agency responsible for providing notice. If advance notice is not possible, the employee is required to provide OC LAFCO with a copy of the notice within a reasonable time.

No employee who is absent from work pursuant to this provision will be discharged or otherwise discriminated or retaliated against in compensation or other terms, conditions or privileges of employment, because of such absence. Such leave is unpaid. Employees taking leave under this policy may elect to apply vacation or sick leave time to such leave.

G. Leave for Organ and Bone Marrow Donation

OC LAFCO will grant an employee the following leaves of absence:

1. Bone Marrow Donation:

A paid leave of absence of up to five business days in any one-year period for the purpose of donating the employee's bone marrow to another person.

2. Organ Donation:

- a. A paid leave of absence of up to 30 business days in any one-year period for the purpose of the employee donating the employee's organ to another person.
- b. An additional unpaid leave of absence, not exceeding 30 business days in a one-year period, for the purpose of the employee donating the employee's organ to another person.

For leaves of absence under this policy that are paid, if an employee has earned and unused sick or vacation time is available, the employee is required to first use up to five days of such paid sick or vacation time for a bone marrow donation and up to two weeks of sick or vacation time for organ donation.

In order to receive a leave of absence pursuant to this policy, the employee must provide written verification to OC LAFCO that the employee is an organ or bone marrow donor and that there is a medical necessity for the donation of the organ or bone marrow.

Any leave taken for the donation of an organ or bone marrow will not constitute a break in service for purposes of the employee's right to salary adjustments, sick leave, vacation, annual leave, or seniority. During any leave taken under this policy, OC LAFCO will maintain and pay for coverage under any group health plan, for the full duration of this leave.

Leave provided under this policy may be taken in one or more periods. Leave taken under this policy will not run concurrently with any leave taken pursuant to the federal Family and Medical Leave Act or the California Family Rights Act.

Upon expiration of a leave of absence authorized by this policy, OC LAFCO will restore the employee to the position held by the employee when the leave began or to a position with equivalent seniority status, employee benefits, pay, and other terms and conditions of employment. OC LAFCO may decline to restore an employee because of reasons unrelated to the employee's exercise of rights under this policy.

H. Time Off to Vote

Generally, employees are able to find time to vote either before or after their regular work schedule. If, however, full-time employees are unable to vote in an election during their non-working hours, OC LAFCO will grant up to 2 hours of paid time off to vote.

Employees requiring time off to vote should make their requests at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule. Employees must submit a voter's receipt on the first working day following the election to qualify for paid time off.

I. Military Leave

Military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and Military and Veterans Code Section 394.5. Advance notice of military serve is required, unless military necessity prevents such notice, or it is otherwise impossible or unreasonable. Employees who have been employed for at least one year are eligible for up to 30 days of paid leave for active-duty training.

Employees on military leave will receive rights and benefits comparable to those they would receive under OC LAFCO's policies for other types of leave. Continuation of health insurance benefits is available based on the length of the leave and subject to the terms, conditions and limitations of the applicable plan for which the employee is otherwise eligible. Employees on leave for no more than 30 days will receive continued health insurance benefits but are responsible for paying their portion of the health care coverage continuation rights. Vacation, sick leave and holiday benefits will continue to accrue during any paid portion of a military leave of absence.

CFRA permits employees to take up to 12 workweeks of unpaid protected leave during a 12-month period for a "qualifying exigency" related to the covered active duty or call to covered active duty of an employee's spouse, domestic partner, child or parent in the U.S. armed forces. The Federal Family and Medical Leave Act (FMLA) also entitles eligible employees to take leave for a covered family member's service in the Armed Forces. This policy supplements our Family and Medical Leave policy and provides a general notice of employee rights to this leave. Except as stated below, such rights and

obligations for service member leave are governed by our existing Family Leave policy. Service member FMLA/CFRA runs concurrent with other leave entitlements provided under federal, state and local law. Service member FMLA provides eligible employees unpaid leave for anyone, or combination of the following reasons:

1. A "qualifying exigency" arising when the employee's spouse, son, daughter or parent, who is a member of the Armed Forces (including National Guard and Reserves), is on covered active duty or has been notified of an impending call to order to covered active duty; and/or

2. To care for a covered family member who has incurred an injury or illness while in the Armed Forces provided that such injury or illness renders the family member medically unfit to perform duties of the member's office, grade, rank or rating and is certified by the service member's healthcare provider.

When leave is due because of a "qualified exigency" concerning the military duty of a family member, an eligible employee may take up to 12 workweeks of leave during any 12-month period.

When leave is to care for an injured or ill service member, an eligible employee may take up to 26 weeks of leave during a single 12-month period to care for a service member. Leave to care for an injured or ill service member, when combined with other FMLA-qualifying leave, may not exceed 26 workweeks in a single 12-month period.

Where spouses are both employed by OC LAFCO, they may take up to, in aggregate, 26 workweeks of service member FMLA, provided that any portion of the aggregate leave that is not for care of a family service member does not exceed 12 workweeks.

In any case where it is foreseeable that an employee will need service member FMLA, that employee must provide notice of his or her intent to take leave as soon as reasonably possible and provide certification of either the "qualified exigency" or family service member's need for care as soon as practicable.

J. Military Spouse Leave

Qualified California employees will be given up to 10 days leave during that time in which the employee's spouse or domestic partner is on leave from deployment in a combat zone with the active duty or reserve military or national guard during a period of military conflict. Employees may use accrued vacation time to cover this absence. If the employee has no accrued vacation, the employee must request time off without pay.

Qualifying employees are employees who work an average of 20 hours per week and have a spouse or domestic partner who is serving as (1) a member of the U.S. Armed Forces and who has been deployed during a period of military conflict to an area designated as a combat theater or combat zone by the President of the United States or (2) a member of the Armed Forces Reserve Components or the National Guard and has been deployed during a period of military conflict.

Qualifying employees who wish to request this leave must provide OC LAFCO with a written request for such leave within two business days of receiving official notice that the military spouse or domestic partner will be on leave from deployment. The

employee must also provide written documentation to OC LAFCO certifying that the military member will be on military leave from deployment.

K. Workers' Compensation Leave

If an employee sustains a work-related injury, he or she will be eligible for a medical leave of absence for a period of disability in accordance with all applicable laws covering occupational injuries.

Where an employee's work-related injury qualifies as a serious health condition, any Workers' Compensation Leave taken will be considered part of his or her entitlement, if any, to leave under the Family and Medical Rights Act ("FMLA") and the California Family Rights Act ("CFRA"). Employees on Workers' Compensation Leave should keep their supervisors informed as to their work status and will need to provide a doctor's release before returning to work.

For more information on how to apply for or obtain workers' compensation information, an employee may contact the County of Orange, Risk Management Department at (714) 285-5511. Additional information may also be found at the following worker's compensation resources:

1. State of CA Department of Industrial Relations
Website: <https://www.dir.ca.gov/dwc/fileaclaim.htm>.
2. Facts for Injured Workers: <https://www.dir.ca.gov/dwc/InjuredWorker.htm>.

L. Volunteer Emergency Leave and Training

If employees volunteer as a firefighter, reserve peace officer, or emergency rescue personnel, they may be entitled to unpaid leave to perform emergency duty. In addition, they may take unpaid leave of up to 14 days per calendar year for the purpose of engaging in fire or law enforcement training. If an employee qualifies for these types of leave, he or she may use accrued vacation during the leave. Time spent on this leave counts for purposes of determining "length of service." However, vacation will not be accrued, and holiday pay will not be received during this leave.

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Employees, who are parents of one or more children in kindergarten, or in grades 1 through 12, may take time off of up to forty (40) hours per school year to attend authorized school activities which involve one or more of the employee's school age children. To be eligible for parental time off, the employee must obtain from the school,

written verification that he or she attended or participated in the school activity. Parental time off may not exceed eight hours in any calendar month.

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OC LAFCO will reasonably accommodate employees who are seeking to enroll in an adult literacy education program provided the accommodation requested would not result in undue hardship to OC LAFCO. OC LAFCO does not provide paid time off for participation in an adult literacy education program.

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Under California state law, employees who accrue sick leave are eligible for Kin Care Leave (KCL). An employee may use KCL for the following reasons:

1. Diagnosis, care, or treatment of an existing health condition of the employee, or preventive care for, an employee or an employee's covered family member.
2. For obtaining relief if the employee is a victim of domestic violence, sexual assault, or stalking.
3. If the employee is a victim of domestic violence, sexual assault, or stalking, the employee may take time off to: obtain medical treatment, counseling or other victims' services, obtain or attempt to obtain any relief to help ensure the health, safety, or welfare of the employee or the employee's child, such as a temporary restraining order, restraining order, or other injunctive relief.

The number of days the employee can take off is calculated as an amount not less than the sick leave that would be accrued during 6 months of the employee's then-current rate of entitlement. Employees are able to use up to half of their sick leave for KCL. But, no more than one-half of the employee's annual accrued sick leave benefits can be counted as KCL. For a full-time career employee, for example, this would mean no more than 48 hours of sick leave can be counted as KCL.

To the extent possible, employees must provide reasonable advance notice of their need for leave under this policy. If the need for leave is not foreseeable, an employee must provide notice as soon as practicable.

For purposes of this policy, a family member means as a child (a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis), a parent (a biological, adoptive or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), a spouse or registered domestic partner, a grandparent, grandchild and sibling.

Please note, leave under this statute runs concurrently with paid sick leave and CFRA/FMLA leave.

P. Alcohol and Drug Rehabilitation Leave

Under California state law, employees who seek time off to voluntarily complete a rehabilitation program are eligible for this leave under this policy.

Employees may take reasonable unpaid leave as long as the leave does not cause OC LAFCO an undue hardship. This leave is unpaid but employees may choose to use available sick leave concurrently with rehabilitation leave.

Originally Adopted: 1/8/2003
Last Reviewed: 02/11/2026
Last Revised: 02/11/2026

REGULAR MEMBERS

CHAIR
Wendy Bucknum
 City Member

VICE CHAIR
James Fisler
 Special District Member

IMMEDIATE PAST CHAIR
Donald P. Wagner
 County Member

Douglass Davert
 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
 Executive Officer

Scott Smith
 General Counsel

MEETING DATE: February 11, 2026

7a | Public
Hearing

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

SUBJECT: Proposed “Activation of Latent Powers for Three Arch Bay Community Services District” (LP 25-02)

BACKGROUND

The Three Arch Bay Community Services District (Three Arch Bay CSD) submitted an application by resolution and Plan for Service for the activation of latent powers for park and recreation services¹, included in the Community Services District Act, G.C. Sections 61000-61250. Three Arch Bay CSD intends to provide lifeguard services, maintenance to recreation facilities, and organization of community recreation programs within its jurisdictional boundary.

Latent powers or services, in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), are those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not currently exercised. Additionally, the CKH Act delineates that a district must obtain approval from the LAFCO Commission prior to exercising latent powers.

¹ Community Services District Act, G.C. §§ 61000-61250: (a) acquire, construct, improve, maintain, and operate recreation facilities, including but not limited to, parks and open space; (b) organize, promote, conduct, and advertise programs of community recreation; (c) acquire, construct, improve, maintain, and operate community facilities.

DISCUSSION

In 2025, Three Arch Bay CSD submitted an application and Plan for Service to activate the District's latent powers to provide park and recreation services, which include the provision of lifeguard services, maintenance of recreation facilities, and organization of recreation programs. The following sections provide information on the proposed activation of latent powers and the submitted Plan for Service, which outlines the services the District would provide and the financing plan for the proposed services.

PLAN FOR SERVICE REQUIREMENTS (GOVT. CODE §§ 56653 and 56824.12)

The CKH Act requires that the applicant submit a Plan for Service (Govt. Code § 56653) for the activation of the latent powers to provide park and recreation services. The Plan for Service requires the following: 1) an enumeration and description of the services currently provided or to be extended to the affected territory; 2) the level and range of those services; 3) an indication of when those services can feasibly be extended to the affected territory; 4) an indication of any improvements or upgrading of structures, roads, sewer or water facilities; and 5) how those services will be financed.

Additionally, the CKH Act under Government Code § 56824.12, requires that the Plan for Service include all of the following information: 1) a total cost to provide the new or different function or class of services within the special district's jurisdictional boundaries; 2) the estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries and estimated costs may be identified by customer class; 3) an identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers; 4) a written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to subdivision (b) of section 56654, will involve the activation or divestiture of the powers to provide a particular service or services, service function or functions, or class of service or services; 5) a plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries; and 6) alternatives of the new or different functions or class of services within the special district's jurisdictional boundaries.

The following section provides staff's review and analysis of Three Arch Bay CSD's Plan for Service and addresses the statutory and Commission requirements. In addition to the factors within Government Code §§ 56653 and 56824.12, State law requires the Commission to also review and consider the factors outlined in Government Code § 56668, which are presented in Attachment 1.

Three Arch Bay CSD

Formed in 1957, under the Community Services District Law, Three Arch Bay CSD is located in the southern part of the City of Laguna Beach, bisected by Pacific Coast Highway. The District provides security and stormwater protection services to approximately 1,004 residents within a service boundary of about 0.23 square miles (Exhibit 1). The district is governed by a five-member board elected at large.

Three Arch Bay CSD provides security and stormwater services to the community through the acquisition of contracts with private vendors. In accordance with the most recent *Municipal Service Review and Sphere of Influence Reviews for the Southwest Region* (MSR), which was received and approved by the Commission in August 2023, Three Arch Bay CSD maintained positive net revenues and increasing reserves during the three fiscal years examined as part of the MSR (FY 18-19 to FY 20-21). The fiscal findings of the MSR demonstrated that the District is in good fiscal standing to provide security and stormwater services. The Three Arch Bay CSD staff includes a general manager, a secretary, and clerical staff, provided through a contract with the local Three Arch Bay Homeowners Association.

Exhibit 1: Three Arch Bay CSD



THREE ARCH BAY CSD PLAN FOR SERVICE

The Three Arch Bay CSD was established under the Community Services District Act (G.C. §§ 61000-61250), which outlines the provisions for CSDs to provide local public services within their designated service area. In accordance with the Act, CSDs are authorized to provide recreation and park services, including the operation and maintenance of facilities such as parks, open spaces, and swimming areas, as well as lifeguard services. Accordingly, the provision allows CSDs to conduct recreation programs in the same manner as a recreation and parks district.

Historically, recreation and park services within the Three Arch Bay community, including replacement, operation, and maintenance of park area, sports court, and beach, have been provided by the Three Arch Bay Homeowners Association through vendor contracts. In addition to maintaining the beach, the Association has provided lifeguard services under contract with the City of Laguna Beach Marine Safety Division. However, the association has expressed concerns about the continued provision of maintenance to the park, sports court, and beach, including lifeguard services, due to fiscal constraints.

Three Arch Bay CSD's request to provide parks and recreation services would enhance maintenance frequency to the community park, sports court, and beach amenities. Park maintenance would include upgrades to turf areas, planter beds, hardscape areas, sports courts, and the recreation building, as well as ongoing maintenance of these areas. Additionally, the District would provide beach maintenance, including general cleanup of debris and trash and cleaning of beach amenities. Lastly, the District intends to organize recreational programs for the community.

The proposed recreational programs include sports activities, community events, and beach lifeguard services. The District anticipates that lifeguard services will be provided as needed, including nine days during spring break (between March and April), Memorial Day weekend, weekends during “non-peak” days in late May, the first two weekends in June and September, and daily from mid-June to early September.

Three Arch Bay CSD Financial Forecast

To address the statutory requirements for activating the proposed latent powers, Three Arch Bay CSD has provided a financial forecast demonstrating how the district would finance park and recreation services upon activation. The financial plan provides forecasts of expenditures, revenues, and reserve balances associated with the District's current services, including security and stormwater, as well as the projected costs to provide park and recreation services. The District's revenues are generated from three sources: a portion of the ad valorem property tax, security assessments, and stormwater assessments. The portions from the property tax and security assessment are collected annually, and the storm revenue assessment is billed quarterly to property owners by Three Arch Bay CSD. Table A presents the District's projected revenues and expenditures for six fiscal years, commencing with FY 2025-26, indicating approximately \$2.72 million in revenues and approximately \$2.09 million in expenditures. Expenditures generally include expenses for security services, storm drain maintenance, and allocating revenues to reserves for a management plan that encompasses the maintenance of the stormwater system infrastructure.

The projections provided in the Three Arch Bay CSD Plan of Service, and reflected in Table A, demonstrate that upon receiving approval to provide park and recreation services, the District will have sufficient revenues to fund the services. In addition to the expenditures associated with the current services provided by the District, the projections include the costs for the new services, with a projected annual increase of \$5,000 for maintenance of parks, beaches, and organization of recreation programs, and an annual increase of five percent in costs per year for lifeguard services. The following are descriptions of the revenues, expenses, and projected expenses for the proposed park and recreation services:

Revenues:

- **Ad Valorem Property Tax**
A portion of the ad valorem property tax received by Three Arch Bay CSD which is generated from properties within the District.
- **Security Assessment**
Assessment included as part of the property tax bill for properties within the Three Arch Bay CSD, allocated to security services.
- **Storm Revenue Assessment**
Quarterly assessment billed by Three Arch Bay CSD to the properties within the District, allocated to stormwater services.

Expenditures:

- **Security Services:**
Security services are provided through contracts with external companies, including patrol services and gate attendants.
- **Storm Drain Maintenance/Inspections/Reserve Designation:**
Maintenance, repairs, and monitoring of the storm drain system costs.
- **Management/General/Administrative:**
Staff, general maintenance, and administrative service costs.
- **Park and Recreation Services**
Maintenance of recreation facilities, including parks and beaches, and organization of recreation programs.
- **Lifeguard Services**
Lifeguard service costs for nine days during spring break (between March and April), Memorial Day weekend, weekends during “non-peak” days in late May, the first two weekends in June and September, and daily from mid-June to early September.

The table on the following page provides the District’s fiscal projections, including the current provision of security and stormwater services, and the proposed park and recreation services.

**Table A: Fiscal Projections
Security, Stormwater, and Park and Recreation Services**

Revenues						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Property Tax	\$2,206,599	\$2,361,061	\$2,526,335	\$2,703,179	\$2,892,401	\$3,094,869
Security Assessment	\$101,830	\$102,029	\$102,029	\$102,029	\$102,029	\$102,029
Storm Assessment	\$415,140	\$415,140	\$415,140	\$415,140	\$415,140	\$415,140
Total Revenues	\$2,723,569	\$2,878,230	\$3,043,504	\$3,220,348	\$3,409,570	\$3,612,038
Expenditures						
Security Services	\$696,000	\$696,000	\$696,000	\$716,880	\$738,386	\$760,538
Storm Drain Maintenance	\$166,046	\$175,000	\$180,000	\$182,500	\$185,000	\$187,500
Management-General-Administrative	\$1,228,449	\$1,265,302	\$1,303,262	\$1,342,359	\$1,382,630	\$1,424,109
Total Expenses	\$2,090,495	\$2,136,302	\$2,179,262	\$2,241,739	\$2,306,016	\$2,372,147
Revenues/Expenditures Totals	\$633,074	\$741,928	\$864,242	\$978,609	\$1,103,554	\$1,239,891
Expenditures for Proposed Park and Recreation Services						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Parks, Maintenance of Recreation Facilities, Organization of Recreation Activities	\$165,000	\$170,000	\$175,000	\$180,000	\$185,000	\$190,000
Lifeguard Services	\$135,000	\$141,750	\$148,838	\$156,280	\$164,094	\$172,299
Transfer to Reserves	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000
Total Revenue Balance	\$133,074	\$180,177	\$240,404	\$292,329	\$354,459	\$427,592

Three Arch Bay CSD's Plan for Service demonstrates that the financial projections will effectively fund all services, including park and recreation services. The annual projected total revenue balance is applied to infrastructure maintenance, invested in T-Bills², or transferred to reserves. Included in the financial projections is the allocation of revenues to the District's reserves, which are designated for infrastructure replacements associated with the stormwater system. The District is currently developing a new Stormwater Master Plan that will include a maintenance schedule and repair cost estimates for the stormwater system. Starting FY 2025-26, the allocation of revenues to reserves is \$200,000 and projected to increase by \$50,000 each fiscal

² Short-term, low-risk U.S. government debt securities with maturities of approximately one year.

year. Table B provides the projected reserves assigned for future repairs and replacements of the stormwater system.

Table B: Reserve Funds Projections						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Beginning Reserve Balance	\$6,963,667	\$7,163,667	\$7,413,667	\$7,713,667	\$8,063,667	\$8,463,667
Transfer from FY Revenues	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000
Total Reserve Balance	\$7,163,667	\$7,413,667	\$7,713,667	\$8,063,667	\$8,463,667	\$8,913,667

Additional Statutory Requirements (Govt. Code §§ 56653 and 56824.12)

The proposed activation of park and recreation services for Three Arch Bay CSD will not result in any additional assessments to the residents, and there are no identified impacts to nonresidents. Additionally, no other public agencies have requested to provide park and recreation services to the District or have been designated as the service providers.

Environmental Review

On October 23, 2024, Three Arch Bay CSD, as the lead agency under the California Environmental Quality Act (CEQA), filed a Notice of Exemption with the Orange County Clerk-Recorder. As a responsible agency, the Commission will review the environmental documentation prepared by the District in its consideration of the proposed activation of the latent powers. A Notice of Exemption is included within this report for the Commission's review.

Protest Proceedings

An approval of the proposed activation of latent powers by OC LAFCO would require protest proceedings under Government Code Section 57000. In accordance with State law and following the expiration of the required 30-day reconsideration period, the Commission shall set a protest period of no less than 21 days or no more than 60 days, during which registered voters and landowners within the Three Arch Bay CSD may submit written protests against the proposed activation of latent powers. Given the nature of the proposed activation of latent powers, staff is recommending that the Commission set a 30-day protest period.

SUMMARY CONCLUSION

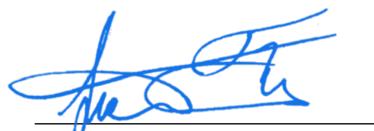
Three Arch Bay CSD has submitted a Plan for Service that supports the District's operational and financial capacity for the consideration of the proposed activation of latent powers. The proposed request for the provision of park and recreation services allows for these services to be provided at an enhanced level and will not have a fiscal impact on the residents of Three Arch Bay CSD or those in the surrounding areas. The Homeowners Association will continue to provide park and recreation services, including upkeep and replacement of infrastructure associated with recreational facilities, maintenance of trees, recreational activities, and other services not listed by Three Arch Bay CSD's request. Further, no alternative service providers have expressed interest in providing these services. If the proposed activation of latent powers is approved, Three Arch Bay CSD would assume the services at the start of Fiscal Year 2026-27.

RECOMMENDED ACTIONS

Staff recommends that the Commission take the following actions:

1. Approve the activation of the latent powers for the Three Arch Bay Community Services District to provide park and recreation services as delineated by the Community Services District Act, G.C. §§ 61000-61250.
2. As a responsible agency, direct the Executive Officer to file the Notice of Exemption (Attachment-2) for the “Activation of Latent Powers for the Three Arch Bay Community Services District (LP 25-02)” with the Orange County Clerk Recorder.
3. Adopt the LAFCO Resolution No. LP 25-02 (Attachment 3) approving the “Activation of Latent Powers for the Three Arch Bay Community Services District (LP 25-02).”
4. Authorize and direct the Executive Officer to conduct protest proceedings pursuant to Government Code Section 57000 et seq. and set a 30-day protest period following the 30-day reconsideration period that is required pursuant to Government Code Section 56895.

Respectfully Submitted,



Luis Tapia

Attachments:

1. G.C. § 56668 Factors Considered by the Commission
2. Notice of Exemption
3. OC LAFCO Resolution No. LP 25-02

FACTORS CONSIDERED IN THE REVIEW OF THE
Activation of Latent Powers for the Three Arch Bay Community Services District (LP 25-02)
(Government Code Section 56668)

I. Population and Population Density, Land Area and Land Use, and Assessed Valuation

- The population within the Three Arch Bay Community Services District (Three Arch Bay CSD) is approximately 1,004 residents.
- The land use designation within Three Arch Bay CSD's approximately 147.2 acres is identified as village low and medium density and local business.
- The subject area is generally located within the southern part of the City of Laguna Beach, bisected by Pacific Coast Highway.
- The subject area is located within Tax Rate Areas 5-029, 5-035, and 5-040.
- The total assessed valuation for the subject area is \$1,595,828,995.

II. Organized Community Services, Present Cost and Adequacy, and Future Needs of Governmental Services, and Probable Effect of the Proposed Activation of Latent Powers

- Three Arch Bay Community Services District is located in the southern part of the City of Laguna Beach. South Coast Water District provides water and wastewater services to the residents within the District.
- If the Commission approves the proposed activation of latent powers for park and recreation services¹, the Three Arch Bay CSD would provide lifeguard services, maintenance to recreation facilities, and organization of community recreation programs within its jurisdictional boundary.

Table A – Activation of Latent Powers for the Three Arch Bay Community Services District (LP25-02)

Services	Provider (Existing)	Provider (Upon Activation of Latent Powers)
Animal Control	City of Laguna Beach	City of Laguna Beach
Fire Protection	City of Laguna Beach	City of Laguna Beach
Library Service	County of Orange	County of Orange
Parks & Recreation	Three Arch Bay Homeowners Association	Three Arch Bay CSD/Three Arch Bay Homeowners Association
Planning	City of Laguna Beach	City of Laguna Beach
Police Service	City of Laguna Beach	City of Laguna Beach
Local Water/Wastewater	South Coast Water District	South Coast Water District
Wholesale Water	Municipal Water District of Orange County	Municipal Water District of Orange County
Regional Providers (No Change)		
Orange County Cemetery District (countywide public cemetery)		
South Orange County Water Authority (regional wastewater)		
Orange County Mosquito and Vector Control District (countywide vector control)		

¹ Community Services District Act, G.C. §§ 61000-61250: (a) acquire, construct, improve, maintain, and operate recreation facilities, including but not limited to, parks and open space; (b) organize, promote, conduct, and advertise programs of community recreation; (c) acquire, construct, improve, maintain, and operate community facilities.

- III. **Effect on Adjacent Areas, Mutual Social and Economic Interests, Local Government Structure**
 - The approval of the proposed activation of latent powers will not have an effect on adjacent areas, mutual social and economic interests, and local government structure.
- IV. **The Conformity of the Proposal and its Anticipated Effects with both the Adopted Commission Policies on Providing Planned, Orderly, Efficient Patterns of Urban Development, and the Policies and Priorities set forth in Government Code Section 56377**
 - The proposed activation of latent powers was processed in accordance with Commission policies and procedures and is consistent with priorities set forth in Government Code Section 56377.
- V. **Effect on Maintaining the Physical and Economic Integrity of Agricultural Lands**
 - No agricultural land is contained within or adjacent to the proposed subject territory.
- VI. **The Definiteness and Certainty of the Boundaries of the Territory, the Nonconformance of Proposed Boundaries with Lines of Assessment or ownership, the Creation of Islands or Corridors of Unincorporated Territory, and other Similar Matters Affecting the Proposed Boundaries**
 - The proposed activation of latent powers does not modify any lines of assessment and ownership within the subject territory and does not create any islands or corridors of unincorporated territory.
- VII. **Regional Transportation Plan (RTP) Adopted and Consistency with City or County General and Specific Plans**
 - The proposed activation of latent powers does not have an impact on the Regional Transportation Plan and Sustainable Communities Strategy that has been adopted for the region by the Southern California Association of Governments.
- VIII. **Sphere of Influence Local Agencies**
 - The proposed activation of latent powers does not modify Three Arch Bay CSD's sphere of influence.
 - The Three Arch Bay CSD is within the following local agencies' sphere of influence: City of Laguna Beach, Orange County Mosquito Vector Control District, and Orange County Cemetery District.
- IX. **The Proposal's consistency with city or county general and specific plans.**
 - Land use for the subject territory within the City of Laguna Beach's General Plan is identified as village low and medium-density and local business.
- X. **Comments from Affected Agencies and/or other Public Agencies**
 - All affected and public agencies were notified of the proposal, and no comments on the proposed activation of latent powers were received.

- XI. **Ability of Newly Formed or Receiving Entity to Provide Services to Proposal Area and Sufficiency of Revenues for those Services**
- The Three Arch Bay CSD has sufficient revenues and can provide the proposed activation of latent powers, which includes park and recreation services.
- XII. **Timely Availability of Water Supplies Adequate for Project Needs as Specified in Government Code Section 65352.5**
- The proposed activation of latent powers for park and recreation services will not interrupt or alter the current service provision and the availability of water supplies as specified in Government Code Section 65352.5. South Coast Water District is the current retail water provider within the affected territory.
- XIII. **Extent to which the Proposal will Affect a City(ies) and the County in Achieving their respective fair Shares of the Regional Housing Needs**
- There were no comments received from the City of Laguna Beach and the County of Orange regarding the extent to which the proposal will affect their respective allocation of the regional housing needs.
- XIV. **Information or Comments from Landowners, Voters, or Residents within Affected Territory**
- Pursuant to Government Code Section 56824.14, a public notice was published in the Orange County Register. As of the date of the agenda distribution on February 4, 2026, staff has not received comments.
- XV. **Information relating to Existing Land Use Designations**
- The land use designations within Three Arch Bay CSD, according to the City of Laguna's General Plan, are village low and medium density and local business
- XVI. **The Extent to which the Proposal will Promote Environmental Justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.**
- If the proposed latent powers are approved, the area will receive the same level of municipal services currently provided within the Three Arch Bay CSD.
- XVII. **Information contained in a local hazard mitigation plan, information contained in safety elements of a general plan, and any maps that identify land as very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be in a state responsibility area pursuant to 4102 of the Public Resources Code.**
- The City of Laguna Beach adopted a Fire Hazard Severity Zones map included within their respective fire hazard mitigation plans. The Three Arch Bay CSD includes areas designated as very high, medium, and moderate fire hazard severity zones.

NOTICE OF EXEMPTION

TO:	FROM:	
<input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044	(Public Agency)	Local Agency Formation Commission of Orange County (Responsible Agency)
<input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk County of: Orange Address: 211 W. Santa Ana Blvd., Santa Ana, CA 92701	Address	2677 North Main Street, Suite 1050 Santa Ana, CA 92705

1. Project Title:	“Activation of Latent Powers for Three Arch Bay Community Services District” (LP 25-02)
2. Project Applicant:	Three Arch Bay Community Services District 5 Bay Drive, Laguna Beach, CA 92651
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 is located within the Three Arch Bay Community Services District jurisdictional boundary, located in the southern part of the City of Laguna Beach. (see map attached)
4. (a) Project Location – City	City of Laguna Beach
(b) Project Location – County	Orange
5. Description of nature, purpose, and beneficiaries of Project:	The project involves activating the latent powers for the provision of parks and recreation, including (a) acquire, construct, improve, maintain, and operate recreation facilities, including but not limited to, parks and open space; (b) organize, promote, conduct, and advertise programs of community recreation; (c) acquire, construct, improve, maintain, and operate community facilities park and recreation services by the Three Arch Bay Community Services 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:	Three Arch Bay Community Services District
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 checked="" type="checkbox"/> Categorical Exemption. State type and section number:	Changes in Organization of Local Agencies Class 20 § 15320
(e) <input type="checkbox"/> Declared Emergency.	(Pub. Res. Code § 21080(b)(3); State CEQA Guidelines § 15269(a))
(f) <input type="checkbox"/> Statutory Exemption. State Code section number:	CEQA Guidelines §15262 (Feasibility and Planning Studies)
(g) <input type="checkbox"/> Other. Explanation:	
9. Reason why project was exempt:	The change in the organization of a local governmental agency does not change the geographical area.
10. Lead Agency Contact Person:	Jeremmy Pipp
Telephone:	(949) 499-4567
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 checked="" type="checkbox"/> No <input 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: October 23, 2024	

Signature: _____ Date: _____ Title: Executive Officer

Name:

Signed by Responsible 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.

LP 25-02

**RESOLUTION OF THE LOCAL AGENCY
FORMATION COMMISSION OF ORANGE COUNTY, CALIFORNIA
MAKING RESPONSIBLE AGENCY FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL
QUALITY ACT AND APPROVING THE “ACTIVATION OF LATENT POWERS FOR THREE ARCH BAY
COMMUNITY SERVICES DISTRICT (LP 25-02)”**

FEBRUARY 11, 2026

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

WHEREAS, the change of organization, designated as “Activation of Latent Powers for Three Arch Bay Community Services District (LP 25-02),” proposed in Resolution No. 2024-01 of the District (attached hereto as Exhibit “A”) was hereto filed with and accepted for filing on January 30, 2025, by the Executive Officer of the Local Agency Formation Commission of Orange County (“LAFCO”) pursuant to Title 5, Division 3, commencing with Section 56000 et seq. of the Government Code; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658 set February 11, 2026, as the hearing date of this proposal; and

WHEREAS, as the Executive Officer, pursuant to Government Code Section 56665 has reviewed this proposal and prepared a report including his recommendation therein and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the proposed activation of latent powers consists of park and recreation services, including (a) acquire, construct, improve, maintain, and operate recreation facilities, including but not limited to, parks and open space; (b) organize, promote, conduct, and advertise programs of community recreation; (c) acquire, construct, improve, maintain, and operate community facilities, (park and recreation services) included in the Community Services District Act, G.C. Sections 61000-61250 with the District focusing on providing lifeguard services,

Resolution (LP 25-02)

maintenance of recreation facilities, and organization of recreation programs within the Three Arch Bay Community Service District (Three Arch Bay CSD) 148-acre community; and

WHEREAS, Three Arch Bay CSD as the lead agency for the environmental review, analysis, and approval pursuant to the requirements of the (Public Resources Code Section 21000 et seq.) and the State CEQA Guidelines (14 Cal. Code Regs., §15000 et seq.) ("CEQA"); and

WHEREAS, pursuant to CEQA, on October 23, 2024, the Three Arch Bay Community Services District adopted a Notice of Exemption ("NOE"), as the lead agency; and

WHEREAS, the LAFCO has been asked to approve the proposed "Activation of Latent Powers for Three Arch Bay Community Services District (LP 25-02)"; and

WHEREAS, LAFCO is thus a "responsible agency" for the proposed change of organization under CEQA ; and

WHEREAS, LAFCO, at its agendized public meeting on February 11, 2026, independently reviewed and considered the NOE and other related documents in the record before it; and

WHEREAS, as contained herein, LAFCO has endeavored in good faith to set forth the basis for its decision; and

WHEREAS, this Commission called for and held a public meeting on the proposal on February 11, 2026, and at the meeting, this Commission heard and received all oral and written protests, 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 proposal and the report of the Executive Officer; and

WHEREAS, all of the findings and conclusions made by LAFCO pursuant to this Resolution are based upon the oral and written evidence presented to it as a whole and not based solely on the information provided in this Resolution; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the LAFCO does hereby resolve as follows:

Resolution (LP 25-02)

Section 1. LAFCO Findings.

The Three Arch Bay CSD is located in the southern part of the City of Laguna Beach and encompasses approximately 1,004 residents within a service boundary of approximately 0.23 square miles. The activation of latent powers for park and recreation services for Three Arch Bay Community Services District is assigned the following distinctive short-form designation, "Activation of Latent Powers for Three Arch Bay Community Service District (LP 25-02)." (Vicity Map attached as Exhibit B)

Section 2. Compliance with the Environmental Quality Act.

As the decision-making body for LAFCO, and in LAFCO's limited role as a responsible agency under CEQA, the Commission has reviewed and considered the information contained in the NOE, and all supporting documentation, copies of which are on file at LAFCO's office and are incorporated by reference as though set forth fully herein. Based on this review, the Commission concurs with the Three Arch Bay Community Services District's conclusion that the proposal is exempt from CEQA, as set forth in greater detail in the District's NOE, which was filed with the Orange County Clerk-Recorder on October 23, 2024. Specifically, the Commission finds that the Project is categorically exempt from CEQA under the Class 20 exemption set forth in State CEQA Guidelines section 15320 concerning changes in organization of local agencies. The Commission additionally finds that the Project is exempt from CEQA under the common sense exemption set forth in State CEQA Guidelines section 15061, subdivision (b)(3) as it can be seen with certainty that there is no possibility that the change of organization may have a significant effect on the environment. Rather, the Project is comprised of administrative action (i.e., government reorganization and administrative boundary changes) that would not result in either a direct, or reasonably foreseeable indirect, physical change in the environment.

Section 3. The proposal is approved subject to the following terms and conditions.

- a) Payment by the applicant of Notice of Protest for registered voters and landowners within the Three Arch Bay CSD, County Clerk-Recorder, and State

Resolution (LP 25-02)

- Board of Equalization fees.
- b) Three Arch Bay Community Services District agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers, and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this Proposal or any action relating to or arising out of such approval.
 - c) The effective date shall be the date of recordation of the OC LAFCO Certificate of Completion.

Section 4. Notice of Exemption.

The Commission directs staff to file a Notice of Exemption with the Orange County Clerk-Recorder within five working days of the adoption of this Resolution.

Section 5. Conducting Authority Proceedings.

The Commission authorizes and directs the Executive Officer to conduct protest proceedings pursuant to Government Code Sections 57000et seq. and set a 30-day protest period to begin after the 30-day reconsideration period by Government Code Section 56895.

Section 6. Mail Copy of Resolution

The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Section 562882 of the Government Code Section.

Section 7. 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 LAFCO. The custodian for these records is the Local Agency Formation Commission of Orange County, 2677 North Main Street, Suite 1050, Santa Ana, California 92705.

AYES:

NOES:

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

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

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

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

By: _____
WENDY BUCKNUM

RESOLUTION NO. 2024-01

A RESOLUTION OF APPLICATION BY THE THREE ARCH BAY COMMUNITY SERVICES DISTRICT REQUESTING THE ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR THE ACTIVATION OF LATENT POWERS

WHEREAS, the Three Arch Bay Community Services District (the “District”) desires to initiate proceedings pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 (California Government Code § 56000, *et seq.*), for the purpose of approving the exercise of certain latent powers vested in but not currently exercised by the District; and

WHEREAS, the District is a Community Services District organized and operating pursuant to the Community Services District Law (Cal. Gov’t Code §§ 61000-61250) (the “CSDL”); and

WHEREAS, the CSDL requires the District to do the following before exercising a latent power: (a) receive approval from the Orange County Local Agency Formation Commission; and (b) after receiving approval from the Orange County Local Agency Formation Commission, enact an ordinance ordering the exercise of the latent power (Cal. Gov’t Code § 61106); and

WHEREAS, the CSDL authorizes the District to (a) “[a]cquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code;[]” (b) “[o]rganize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code []” (Cal. Gov’t Code § 61100(f)); (Cal. Gov’t Code § 61100(e)); and (c) [a]cquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities (collectively, the “Latent Powers”); and

WHEREAS, the District requests approval and activation of the Latent Powers because the District desires to enhance the recreational opportunities available to its residents; and

WHEREAS, the District requests that approval and activation of the Latent Powers not be subject to any conditions:

WHEREAS, the District held a duly noticed public hearing on September 25, 2024, regarding the adoption of this Resolution; and

WHEREAS, the District requests that its exercise of the Latent Powers be approved and activated with respect to the entire territory within the District’s jurisdictional boundaries, a map of which is attached hereto as Exhibit “A” and incorporated herein by reference; and

WHEREAS, the District has duly considered and adopted the Notice of Exemption attached hereto as Exhibit “B” and incorporated herein by reference; and

WHEREAS, this proposal is consistent with the adopted sphere of influence for any affected city and any affected district.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE THREE ARCH BAY COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true, correct and a substantive part of this Resolution of Application.

SECTION 2. This Resolution of Application is hereby approved and adopted by the Board of Directors of the Three Arch Bay Community Services District.

SECTION 3. The Local Agency Formation Commission of Orange County is hereby requested to take proceedings for the approval and activation of the Three Arch Bay Community Services District's Latent Powers (as defined above) according to the terms and conditions stated above and in the manner provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.

SECTION 4. The General Manager of the Three Arch Bay Community Services District, or any individual acting in the capacity of interim General Manager, is hereby authorized and directed to prepare and execute any and all application(s) required by the Local Agency Formation Commission of Orange County and is authorized and directed to transmit a certified copy of this Resolution of Application and any required application(s) to the Local Agency Formation Commission of Orange County. The General Manager of the Three Arch Bay Community Services District, or any individual acting in the capacity of interim General Manager, is further authorized and directed to prepare and execute any additional document(s) required by law or by the Local Agency Formation Commission of Orange County, which includes, without limitation, a plan for providing services as required by Section 56653 of the California Government Code, in order to carry out the purpose and intent of this Resolution of Application.

ADOPTED, SIGNED AND APPROVED this 23 day of October, 2024.



President of the Board of Directors of
Three Arch Bay Community Services District

ATTEST:



Secretary of the Board of Directors of
Three Arch Bay Community Services District

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Tim Hanchuk, Secretary of the Board of Directors of the Three Arch Bay Community Services District, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said District at a regular meeting held on the 23 day of October, 2024, and that it was so adopted by the following vote:

AYES: 4 DIRECTORS: Rubel, Darr, Hanchuk, Barker

NOES: 0 DIRECTORS:

ABSENT: 1 DIRECTORS: Yorke

ABSTAIN: 0 DIRECTORS:



Secretary of the Board of Directors of
Three Arch Bay Community Services District

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Tim Hanchuk, Secretary of the Board of Directors of the Three Arch Bay Community Services District, do hereby certify that the above and foregoing is a full, true and correct copy of RESOLUTION NO. 2024-Q1, of said Board, and that the same has not been amended or repealed.

Dated: October 23, 2024



Secretary of the Board of Directors of
Three Arch Bay Community Services District

Three Arch Bay Community Service District

EXHIBIT A



NOTICE OF EXEMPTION

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

From: Three Arch Bay Community Services District
5 Bay Drive
Laguna Beach, CA

- County Clerk-Recorder
County of Orange
601 N. Ross Street
Santa Ana, CA 92701
- \$50 Filing Fee Attached**
- No Fee – Public Agency exempt from filing fee**

Project Title: Three Arch Bay Community Services District Activation of Latent Powers.

Project Location: Three Arch Bay Community Services District is located in the southern portion of the City of Laguna Beach

Project Location – City: Laguna Beach **Project Location – County:** Orange

Description of Nature, Purpose, and Beneficiaries of Project:

The District desires to (a) “[a]cquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code; []” (b) “[o]rganize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code []” (Cal. Gov’t Code § 61100(f)); (Cal. Gov’t Code § 61100(e)); and (c) [a]cquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities (collectively, the “Latent Powers”), in order to enhance the recreational opportunities available to its residents.

Name of Public Agency Approving Project: Three Arch Bay Community Services District conducted a noticed public hearing on October 23, 2024 at 5:00 p.m. at the community center located at 5 Bay Drive, Laguna Beach, California. Additional information is available on Three Arch Bay Community Services District’s website: <https://www.threearchbaycsd.org/>

Name & Address Person/ Agency Carrying Out Project: Orange County LAFCO
2677 North Main St., Suite 1050, Santa Ana, CA 92705

Exempt Status: (Check One)

- Ministerial (Sec. 21080(b)(1); 15268);**
- Declared Emergency (Sec. 21080(b)(3); 15269(a));**
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));**

Categorical Exemption. State type and section numbers

Statutory Exemptions. State code number:

Reasons why project is exempt:

The application to activate latent powers is categorically exempt under Class 20, Section 15320 and qualifies for a general rule exemption under Section 15061(b)(3). There is no possibility that the activation of latent powers will have a significant

The application to activate latent

effect on the environment because there are no land use changes associated with the activation of latent powers. Therefore, the activation of latent powers is found to be exempt from CEQA pursuant to section 15061(b)(3) and section 15320 of the State Guidelines. Three Arch Bay Community Services District will file this Notice of Exemption upon approval of the Resolution of Application by its Board of Directors

powers is

Lead Agency Contact Person: Jeremy Pipp, General Manager **Phone:** 949 499 4567

If filed by applicant:

Signature :



Date: October 23, 2024

Jeremy Pipp, General Manager.

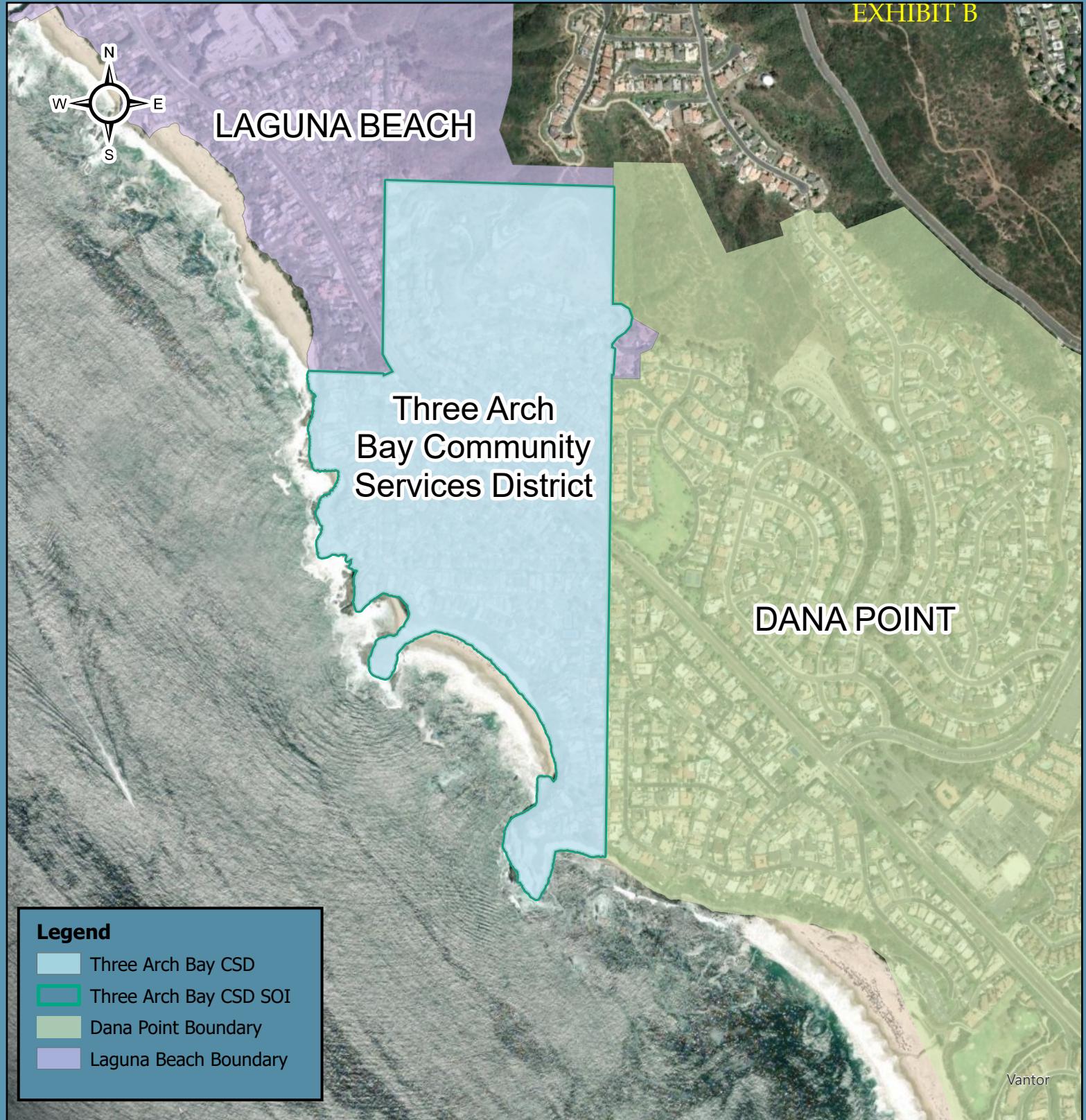
Signed by Lead Agency

Date received for filing at OPR:

Signed by Applicant

Filed with the County Clerk: Yes No

Date Filed: _____



Three Arch Bay CSD Vicinity Map

0 0.13 0.25 0.5 Miles



REGULAR MEMBERS

CHAIR
Wendy Bucknum
 City Member

VICE CHAIR
James Fisler
 Special District Member

IMMEDIATE PAST CHAIR
Donald P. Wagner
 County Member

Douglass Davert
 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
 Executive Officer

Scott Smith
 General Counsel

MEETING DATE: February 11, 2026

8a | Commission
 Discussion

TO: Local Agency Formation Commission
 of Orange County

FROM: Interim Executive Officer
 Policy Analyst I

SUBJECT: Legislative Report (February 2026)

On January 5, 2026, the Legislature reconvened for its second year of the 2025-26 legislative session. As expected, proposed legislation is moving through multiple committees represented by Senate and Assembly members, and amendments to bills are anticipated as they travel through the Capitol. As the legislature proceeds with the second year of the session, key procedural deadlines occur early in the year. The first important deadline for the Legislature was January 31, 2026, the last date for legislators to take action on bills introduced in 2025 to remain eligible for further consideration in 2026. Legislators have until February 20, 2026, to introduce new bills for the remainder of the legislative session.

This report provides an update on previously reviewed legislation of LAFCO interest and recent legislative activity of the Alliance of Local Agency Formation Commissions (Alliance).

UPDATE ON PREVIOUSLY REVIEWED LEGISLATIVE EFFORTS

WATER AND WASTEWATER SERVICE

In January 2024, the University of California, Berkeley published a report titled *“LAFCO and Water System Consolidation: Bridging the gap between local and state regulators to stop and reverse water system fragmentation,”* identifying coordination gaps between state and local regulators related to water system consolidation, particularly affecting small and failing water systems. Following the report’s release, staff participated in discussions held by a stakeholder group consisting of one of the report’s authors, Professor Kristin Dobbin, staff from other LAFCOs (Alameda, Butte, Orange, Napa, Sacramento, San Diego, and Santa Cruz LAFCO), and representatives from the Community Water Center and Leadership Counsel for Justice and Accountability. Initial discussions focused on barriers to consolidating small, failing water systems. At the February 2025 Regular Commission meeting, staff provided an update on these efforts.

As discussions among stakeholders continued through 2025, the group shifted its focus to amending legislative concepts included in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act). The proposed amendments are intended to further strengthen LAFCO's ability to support the provision of safe and reliable water and wastewater services and improve coordination between state and local regulators. These efforts are intended to ensure that any proposed changes remain consistent with LAFCO's mission to promote orderly growth and the efficient delivery of municipal services, particularly in communities that have documented public health and safety threats involving the provision of water or wastewater.

The group identified three legislative changes: 1) authorize LAFCO Commissions to initiate boundary changes and extraterritorial services (out-of-area service agreements) in response to documented public health and safety threats involving the provision of water and wastewater with the support of agencies; 2) require noticed hearings for municipal service reviews by LAFCOs and written responses from subject agencies; and 3) extend information-sharing requirements to mobile home parks operating community water systems. A summary of each change is provided below.

- **Providing LAFCOs with the Authority to Initiate Boundary Changes and Out-of-Area Service Agreements**

Under the CKH Act, LAFCOs can approve out-of-area agreements for cities or special districts to provide new or extended services outside their boundaries, but only after the agency submits a request to the local LAFCO for review and possible approval. Among the provisions, LAFCOs can approve an agreement that provides documentation of a public health or safety threat. LAFCOs are otherwise limited in their ability to initiate an out-of-area service agreement.

The proposed amendments would provide LAFCOs with initiating powers to include boundary changes and out-of-area service agreements when warranted to address documented public health or safety threats related to water or wastewater services. LAFCOs would only be allowed to initiate proceedings after a health threat has been confirmed by appropriate regulatory agencies, such as the State Water Resources Control Board, the applicable Regional Water Quality Control Board, or county departments responsible for environmental or public health. Additionally, any initiation by the LAFCO would be subject to the process delineated by the CKH Act and support from the local agencies. Lastly, in part to the initiating process, the Commission would hold at least one public meeting in or near the affected community to assess local support and to provide an opportunity for public comment.

These proposed changes to the CKH Act would enable LAFCOs to respond more effectively to urgent service needs while protecting public health, prioritizing affected communities, and upholding LAFCO's role in facilitating orderly and effective delivery of municipal services.

- **Amplifying MSR's Role in Communicating Community Needs**

State law requires LAFCOs to conduct Municipal Service Reviews (MSRs) to evaluate an agency's ability to deliver essential services to its community. The CKH Act provides the Commission with the authority to review service delivery and make determinations regarding service adequacy, but it does not require formal engagement or acknowledgement from the affected agencies included in the MSR report. The proposed amendments would establish notice requirements for LAFCOs and response acknowledgement from agencies included in the MSR. LAFCOs would be required to receive an MSR at a noticed public hearing and, within 30 days, transmit a summary of actions taken and associated determinations to the agencies included in the MSR. The agencies would be required to receive the MSR during their own meeting as they see fit and provide confirmation to LAFCO.

OC LAFCO currently conducts nearly all of these practices, including holding a noticed public hearing for MSRs, notifying affected agencies of the written determinations during the drafting process of an MSR, and as part of a final MSR.

- **Information Sharing from Mobile Home Parks for MSRs**

Under the CKH Act, LAFCOs may request information from private entities when conducting MSRs related to drinking water and wastewater. The proposed legislation would expand the request to also include mobile home parks that operate community water systems. The amendment would require mobile home parks operating public water systems to submit boundary maps to LAFCOs and respond to information requests within specified timeframes, consistent with existing requirements for mutual water companies.

As of the distribution of the February agenda, the proposed amendments were distributed to legislators to solicit a potential author. The proposed language was presented to Senator Laird's office, which is currently under review.

ANALYSIS

The proposed amendments would allow LAFCOs, under limited circumstances, to intervene when documented health and safety threats affect the delivery of public water or wastewater services. This authority could include initiating boundary changes and approving out-of-area service agreements to address the threat. Currently, there are no known documented health and safety issues in Orange County that prevent water or wastewater service delivery. The language would also create a formal process for agencies to receive an MSR and its recommendations during a meeting and submit a formal acknowledgement of receipt to the local LAFCO. OC LAFCO's existing MSR process already uses a collaborative approach in which agencies review the draft and final MSR reports and concur with the findings. In addition, the amendments would add mobile home parks that operate water systems to the list of private entities subject to LAFCO information requests for MSR purposes. Orange County does not have mobile home parks that operate water systems.

In January, the Alliance of LAFCOs (Alliance) reviewed the proposed amendments and discussed the possibility of adopting a support position or co-sponsoring a bill. Ultimately, each LAFCO committed to taking the item to their Commission for consideration and then discussing the Alliance's position at a future meeting. Staff recognize that the proposed amendments are consistent with OC LAFCO's legislative policies, which support strengthening LAFCO's authority and promoting good governance by ensuring the effective and efficient delivery of municipal services. However, staff acknowledges the importance of distributing the amendments to other stakeholders – including the California League of Cities, the California State Association of Counties, the California Special Districts Association, and local agencies – to gather feedback, identify concerns or needed revisions, and ensure broader support beyond LAFCOs. Therefore, staff is requesting that the Commission continue to direct staff to participate in discussions with the stakeholder group and provide an update during the March meeting.

AMICUS BRIEF - MONTEREY PENINSULA WATER MANAGEMENT DISTRICT V. MONTEREY LAFCO

During the September 2025 Commission regular meeting, the Commission received a summary of the court case, *Monterey Peninsula Water Management District v. Monterey LAFCO*, which resulted from Monterey LAFCO's denial of the District's request to activate latent powers to provide retail water to a portion of Monterey County. The court ruled in favor of the Monterey Peninsula Water Management District (MPWMD), stating that Monterey LAFCO used an incorrect substantial evidentiary standard framework to deny MPWMD's proposal. Monterey LAFCO appealed the court's decision, contending that the court erred by applying a legally unsupported "rational connection" standard rather than the substantial evidence test delineated in the CKH Act. The Commission approved OC LAFCO's participation as a party to an amicus brief to provide additional information on the policy context of the CKH Act regarding the statutory substantial evidence test and highlight the precedent-setting potential of the court's ruling.

Bill Pellman of Nossaman LLP is expected to submit the amicus brief following MPWMD's cross-appeal response to the appellate court. The table below summarizes the anticipated timeline for the remaining appellate filings, assuming no further extensions are requested or granted.

Filing	Responsible Party	Due Date
Reply Brief (response to MPWMD Cross-Appeal)	Monterey LAFCO	March 6, 2026
Reply Brief on Monterey's Cross-Appeal	MPWMD	March 26, 2026
Bill Pellman - Amicus Brief	Participating LAFCOs	April 9, 2026

ALLIANCE OF LAFCOs - LEGISLATIVE EFFORT

At the January 26 Alliance meeting, the legislative committee provided an update on the search and selection of a consultant to assist the members with monitoring legislation of LAFCO interest during the current legislative session. The Alliance selected Chris Lee from the Politico Group under a contract not to exceed \$40,000, with each of the four Alliance members committing to one-fourth of the cost. 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. Direct staff to continue to partake in the stakeholder discussions related to the “Water and Wastewater Coordination Effort” and provide an update during the March meeting with a recommendation for Commission consideration.

Respectfully Submitted,



LUIS TAPIA



AIMEE DIAZ

Attachments:

1. Draft Proposed Language

Proposed Draft
*******Unofficial Copy*******

An act to amend Sections 56375, 56133 and 56430 of the Government Code, relating to local government.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS

SECTION 1. Section 56375 of the Government Code is amended to read:

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) (1) To review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.

(2) The commission may initiate proposals by resolution of application for any of the following:

(A) The consolidation of a district, as defined in Section 56036.

(B) The dissolution of a district.

(C) A merger.

(D) The establishment of a subsidiary district.

(E) The formation of a new district or districts.

(F) A reorganization that includes any of the changes specified in subparagraph (A), (B), (C), (D), or (E).

(G) The reorganization of territory to a city or district, or the provision of extraterritorial services described in paragraph (3).

(GH) The dissolution of an inactive district pursuant to Section 56879.

(HI) The dissolution of a district pursuant to Section 56375.1.

(3) A commission may initiate a proposal or request described in paragraph (2)(G) only if that change of organization, or reorganization, or extraterritorial service directly facilitates the provision of water or wastewater in response to a documented public health and safety threat to the community, as determined by the commission.

(A) In determining the applicability of a documented public health and safety threat, the commission shall prioritize information provided by any of the following:

(i) The State Water Resources Control Board including related to potential water system consolidations under Health and Safety Code Section 116682.

(ii) Applicable California regional water quality control board

(iii) The applicable county department of public health

(iv) The applicable Local Primacy Agency

(B) Prior to taking action, the commission shall host at least one meeting in a place as close as feasible to the affected community and consider the level of support for the reorganization among residents of the affected community.

(C) Based on the documented public health and safety threat to the community the commission may petition the State Water Resources Control Board to consider ordering consolidation under Section 116682 of the Health and Safety Code.

(34) A commission may initiate a proposal described in paragraph (2) only if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378, 56425, or 56430, and the commission makes the determinations specified in subdivision (b) of Section 56881.

(45) A commission shall not disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(A) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(B) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(C) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

(56) As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

(67) A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

(78) The decision of the commission with regard to a proposal to annex territory to a city shall be based upon the general plan and prezoning of the city. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed or present evidence satisfactory to the commission that the existing development entitlements on the territory are vested or are already at build-out, and are consistent with the city's general plan. However, the commission shall not specify how, or in what manner, the territory shall be prezoned.

(89) (A) Except for those changes of organization or reorganization authorized under Section 56375.3, and except as provided by subparagraph (B), a commission shall not approve an annexation to a city of any territory greater than 10 acres, or smaller as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community to the subject city has been filed with the executive officer.

(B) An application to annex a contiguous disadvantaged unincorporated community shall not be required if either of the following apply:

(i) A prior application for annexation of the same disadvantaged unincorporated community has been made in the preceding five years.

(ii) The commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

(C) This paragraph shall also apply to the annexation of two or more contiguous areas that take place within five years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and prezoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the prezoning designations for a period of two years after the completion

of the annexation, unless the legislative body for the city makes a finding at a public hearing with written notice provided no less than 21 days to the commission that a substantial change has occurred in circumstances that necessitate a departure from the rezoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district or, for a landowner-voter special district, the number of owners of land and the assessed value of their land within the territory proposed to be included in the new special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation. The assessed value of the land within the territory proposed to be included in a new landowner-voter special district shall be calculated as shown on the last equalized assessment roll.

(g) To adopt written procedures for the evaluation of proposals, including written definitions consistent with existing state law. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision (a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health, safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

- (o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810. If the proposal includes the disincorporation of a city, as defined in Section 56034, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56813.
- (p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.
- (q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.
- (r) To approve with or without amendment, wholly, partially, or conditionally, or disapprove pursuant to this section the annexation of territory served by a mutual water company formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code that operates a public water system to a city or special district. Any annexation approved in accordance with this subdivision shall be subject to the state and federal constitutional prohibitions against the taking of private property without the payment of just compensation. This subdivision shall not impair the authority of a public agency or public utility to exercise eminent domain authority.

SECTION 2. Section 56133 of the Government Code is amended to read:

(a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission of the county in which the affected territory is located.

(b) The commission may initiate proceedings for a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary under the circumstances described in Section 56375(a)(3).

(~~b~~c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

(~~d~~e) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory and determinations of available and adequate service to the affected territory, if both of the following requirements are met:

(1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(~~d~~e) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(~~e~~f) This section does not apply to any of the following:

(1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by

the existing service provider.

(2) The transfer of nonpotable or nontreated water.

(3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

(4) An extended service that a city or district was providing on or before January 1, 2001.

(5) A local publicly owned electric utility, as defined by Section 224.3 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.

(6) A fire protection contract, as defined in subdivision (a) of Section 56134.

SECTION 3. Section 56430 of the Government Code is amended to read:

(a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (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.
- (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 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 governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.

(c) In conducting a service review related to drinking water or wastewater services, the commission shall to the best of their ability identify all regulated providers of the relevant service within or adjacent to the applicable spheres of influence of the reviewed agencies in Section 56430(b)

(ed) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence or water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.

(d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, mobile home parks formed pursuant to Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.

(e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or 56426.5 or to update a sphere of influence pursuant to Section 56425.

(f) The commission shall conduct a public hearing for which notice has been published, to consider the service review and written determinations prepared under subdivision (a). Notice of the public hearing shall be provided to agencies that provide one or more services evaluated in the review.

(g) The commission shall notify in writing all agencies that provide one or more services evaluated in the municipal service review within 30 days following the commission's adoption, approval, or otherwise concluding action on the written determinations prepared under subdivision (a). The notification shall include a listing of the written determinations made by the commission.

(1) Agencies receiving notification must review the communications, including the relevant written determinations at a noticed public meeting.

(2) Agencies must transmit to LAFCo written confirmation that they have received the review in a public meeting within 6 months.

(3) Agencies which fail to transmit written confirmation with the commission required by this section within one calendar year of notice by the executive officer shall not thereafter, and until those conformations are completed, issue any bonds or incur indebtedness of any kind.

SECTION 4. Section XXXX of the Health and Safety Code is amended to read:

(a) No later than July 1, 2027, each mobile home park that operates a public water system shall submit to the local agency formation commission for its county a map depicting the approximate boundaries of the property that mobile home park serves.

(b) A mobile home park that operates a public water system shall respond to a request from a local agency formation commission, located within a county that the mobile home park operates in, for information in connection with the preparation of municipal service reviews or spheres of influence pursuant to Chapter 4 (commencing with Section 56425) of Part 2 of Division 3 of Title 5 of the Government Code within 45 days of the request. The mobile home park shall provide all reasonably available nonconfidential information relating to the operation of the public water system. The mobile home park shall explain, in writing, why any requested information is not reasonably available. The mobile home park shall not be required to disclose any information pertaining to the names, addresses, or water usage of any specific shareholder. This subdivision shall not be interpreted to require a mobile home park to undertake any study or investigation. A mobile home park may comply with this section by submitting to the local agency formation commission the same information that the mobile home park submitted to the State Water Resources Control Board Division of Drinking Water.