

**LOCAL AGENCY FORMATION COMMISSION OF
ORANGE COUNTY**

REGULAR MEETING AGENDA

**Wednesday, October 14, 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/DWL6Zbd-BHI?feature=share>

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

1. CALL THE MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. ANNOUNCEMENT OF SUPPLEMENTAL COMMUNICATION

(Communications received after agenda distribution for agenda items.)

5. PUBLIC COMMENT

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

6. CONSENT CALENDAR

a.) September 9 – Regular Commission Meeting Minutes

The Commission will consider approval of the September 9, 2026 meeting minutes.

7. PUBLIC HEARING

No public hearing items scheduled.

8. COMMISSION DISCUSSION AND ACTION

a.) Legislative Report (October 2026)

The Commission will receive an update on the legislative items reviewed by the Commission during the 2026 legislative cycle, recent activity by the Alliance of LAFCOs Legislative Committee, and the amicus brief.

b.) OCERS 2027-28 Contribution Rates

The Commission will consider adoption of the approved OCERS FY 2027-28 retirement contribution rates.

c.) Fiscal Year 2026-27 Quarterly Financial Report (First Quarter)

The Commission will receive the first quarter financial report for Fiscal Year 2026-27.

9. COMMISSIONER COMMENTS

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

10. EXECUTIVE OFFICER'S REPORT

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

11. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items or announcements.

12. CLOSED SESSION

a.) PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code section 54957
Title: Executive Officer

b.) CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6
Agency designated representatives: Commission Chair Wendy Bucknum and William Kelly of Kelly Associates Management Group LLC
Unrepresented employee: Executive Officer

13. ADJOURNMENT OF REGULAR COMMISSION MEETING

The next Regular Commission Meeting will be held on Wednesday, November 18, 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						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
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April						
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July						
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May						
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31						

August						
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30	31					

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September						
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December						
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20	21	22	23	24	25	26
27	28	29	30	31		

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

 No scheduled regular meeting due to legal holiday.

 April 8, 2026 Regular Meeting Cancelled.
July 8, 2026 Regular Meeting Cancelled.

 Office closure due to legal holidays and flexible work schedule.

 2026 CALAFCO Annual Conference - October 21-23, Sacramento, CA.

DRAFT MINUTES

OC LAFCO REGULAR MEETING

Wednesday, September 9, 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/gjW9e3aLlul?feature=share>

1. CALL TO ORDER

Vice Chair Fisler called the meeting of the Local Agency Formation Commission of Orange County (OC LAFCO) to order at 8:20 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner Wagner led the Pledge of Allegiance.

3. BOARD APPOINTMENTS – COMMISSIONERS HUANG AND WAGNER

The Executive Officer noted the recent board appointments, and Commission Clerk Cheryl Carter-Benjamin administered the Oaths of Office for the new appointments.

4. ROLL CALL

The following Commissioners were present:

City Members

Wendy Bucknum **(Chair)** (arrived at 8:32 a.m.)
Peggy Huang
Carol Moore **(Alt.)**

County Member

Donald P. Wagner

Special District Members

Douglass Davert
James Fisler **(Vice Chair)**
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

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

The Commission Clerk noted that no supplemental communication was received.

6. PUBLIC COMMENT

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

Vice Chair Fisler closed the hearing of public comments.

7. CONSENT CALENDAR

Vice Chair Fisler 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. **Vice Chair Fisler** called for a motion on the item. **Commissioner McGregor** moved to approve the consent calendar, and **Commissioner Wagner** seconded the motion.

7a. – August 12 - Regular Commission Meeting Minutes

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

MOTION PASSED: 5-0.

8. PUBLIC HEARING

No public hearing items are scheduled.

9. SPECIAL PRESENTATION

9a. – Santa Margarita Water District Annexation of San Juan Capistrano’s Water and Wastewater Utilities

Executive Officer Luis Tapia introduced Robert Grantham, General Manager of Santa Margarita Water District (SMWD), who provided a presentation on SMWD’s annexation of the City of San Juan Capistrano’s water and wastewater utilities approved by the Commission in 2021. Mr. Grantham’s presentation included an update on the transfer of the utilities, infrastructure investments, and service improvements.

Chair Bucknum arrived at 8:32 a.m. during this agenda item, and **Vice Chair Fisler** turned this item and the remainder of the agenda items over to the **Chair**.

Chair Bucknum called for Commission discussion. Commissioners made general comments related to the success of the annexation and the value of receiving an update on the approved annexation. **Commissioner McGregor** asked whether the system’s fire flows were analyzed as part of the annexation or studied further after the annexation. Mr. Grantham noted that the fire flows are sufficient for the City, and to maintain the level of service, SMWD has scheduled infrastructure improvements. **Chair Bucknum** noted this is a receive and file report and requires no action by the Commission.

10. COMMISSION DISCUSSION AND ACTION

10a. – Legislative Report (September 2026)

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

Chair Bucknum called for Commission discussion and public comments. There was no Commission discussion. **Chair Bucknum** noted this is a receive and file report and requires no action by the Commission.

10b. – Orange County Water and Wastewater Service Providers

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

During the presentation, **Commissioner Wagner** noted Golden State Water was a service provider for portions of North Tustin but was not included on the map. Staff noted that the change would be applied to the final report. **Chair Bucknum** called for Commission discussion on the item. There was no further Commission discussion. **Chair Bucknum** noted that this is a receive and file report and requires no action by the Commission.

Commissioner Davert left during this agenda item at 9:31 a.m.

10c. – Post-MSR Survey

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

Chair Bucknum called for Commission discussion on the item. **Vice Chair Fisler** noted the importance of improving the Municipal Service Review (MSR) process and the value of agency feedback. **Chair Bucknum** noted this is a receive and file report and requires no action by the Commission.

11. COMMISSIONER COMMENTS

There were no general comments from Commissioners.

12. EXECUTIVE OFFICER’S REPORT

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

13. INFORMATIONAL ITEMS & ANNOUNCEMENTS

No informational items or announcements.

14. CLOSED SESSION

No closed session items scheduled.

15. ADJOURNMENT OF THE REGULAR COMMISSION MEETING

Chair Bucknum adjourned the Regular Commission Meeting at 9:34 a.m. to October 14, 2026.

Wendy Bucknum, 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: October 14, 2026

8a | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer
Policy Analyst I

SUBJECT: Legislative Report (October 2026)

DISCUSSION

The 2025-26 legislative session ended on September 30 with the deadline for Governor Newsom to sign or veto proposed legislation. This report includes a status update of legislation reviewed by the Commission during the current legislative session, a summary of recent activity by the Alliance Legislative Committee, and an update on the Amicus Brief for the *Monterey Peninsula Water Management District v. Monterey LAFCO* case. The 2027-28 legislative session is scheduled to start on December 7. With the start of a new legislative session, the next legislative report will provide a preview of expected legislation of LAFCO interest.

A Review of the 2026 Legislative Session

During the 2026 legislative session, 2,232 bills were introduced, of which 713 died in committee, 1,519 were enrolled to the Governor, and only 1,399 were signed by Governor Newsom. The Commission took positions on four bills the Governor signed. The table below provides additional information on each bill.

2026 Legislative Session – Bill Status			
Bill	Description	Adopted Positions	Status
AB 1821	AB 1821 amends the California Public Records Act by modifying an agency's response timeline for public records requests from calendar days to business days, including the allowable extension period.	Support	Signed by the Governor on September 30, 2026.
SB 1440 SB 1441 SB 1442	Annual Validating Acts are meant to retroactively fix typographical, grammatical, and procedural errors that might invalidate boundary changes or bond issues.	Support	Signed by the Governor on June 17, 2026.

Alliance of LAFCOs Legislative Committee

The Alliance of LAFCOs Legislative Committee met on September 28 to discuss the conclusion of the 2025-26 legislative session and began preparing for the upcoming 2027-28 legislative session. Discussions focused on identifying legislative priorities for the upcoming session and strategies to effectively monitor and track legislation. The Committee also discussed the importance of LAFCOs identifying additional legislation of interest to their individual agencies that may warrant monitoring or consideration by the Alliance. Looking ahead, the Committee anticipates focusing on topics such as water and wastewater service issues, including legislation addressing small or failing water systems, as well as legislation affecting LAFCO authority, governance, and administrative matters. The Committee agreed to revisit and expand its existing legislative priorities list and continue discussions at its next meeting.

Amicus Brief: Monterey Peninsula Water Management District v. Monterey LAFCO

The appellate proceedings in the court case continue to move forward, with responses to the amicus briefs submitted by the California Association of Local Agency Formation Commissions and other participating LAFCOs, as well as the Association of California Water Agencies and the California Special District Association. Following the completion of the time allotted to respond to the amicus briefs, the case will be submitted to the Court for consideration unless the Court requests supplemental briefings or schedules oral arguments. The table below provides a timeline of the proceedings and anticipated next steps. Staff will continue to monitor the proceedings and provide updates to the Commission at future meetings.

Date	Action
Feb. 28, 2022	Monterey LAFCO denies Monterey Peninsula Water Management District's request to activate latent powers.
April 2022	Monterey Peninsula Water Management District files lawsuit challenging Monterey LAFCO's denial.
Dec. 11, 2023	Trial court's judgment in favor of Monterey Peninsula Water Management District was filed.
Feb. 9, 2024	Monterey LAFCO filed its notice of appeal.
Feb. 15, 2024	Monterey Peninsula Water Management District filed its cross-appeal.
May 12, 2025	Monterey LAFCO files opening appellate brief.
Sept. 10, 2025	OC LAFCO approves participation in amicus brief.
Jul. 24, 2026	California Association of Local Agency Formation Commissions/Participating LAFCOs Amicus Brief filed.
Aug. 11, 2026	Association of California Water Agencies/California Special Districts Association Amicus Brief filed in support of the trial court's ruling.
Oct. 16, 2026	Responses to Amicus Briefs due/remaining briefing expected to conclude.

RECOMMENDED ACTION

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

Respectfully Submitted,



LUIS TAPIA

AIMEE DIAZ

REGULAR MEMBERS

CHAIR
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
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Lou Penrose
Public Member

VACANT
County Member

STAFF

Luis Tapia
Executive Officer

Scott Smith
General Counsel

MEETING DATE: October 14, 2026

8b | Commission
Discussion

TO: Local Agency Formation Commission
of Orange County

FROM: Executive Officer

SUBJECT: Orange County Employees Retirement System –
Fiscal Year 2027-28 Contribution Rates and
Prepayment Program

BACKGROUND

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

The next sections of this report provide additional information on the contribution and discount rates for fiscal year 2027-28.

Fiscal Year 2027-28 Contribution Rates

On June 15, 2026, the OCERS Board of Retirement adopted new employer and employee contribution rates for Fiscal Year 2027-28. The adopted rates are for three retirement plans that are available to current and future OC LAFCO employees. The employer contribution rates for all three plans include a decrease of approximately 0.46 percent from the current rates.

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

The Fiscal Year 2027-28 employer contribution rate for the 1.62% @ 65 non-PEPRA plan, which is available to OC LAFCO employees who are not new members to OCERS, is 32.16%. The Fiscal Year 2027-28 employer contribution rate for the 1.62% @ 65 PEPRA plan, which is available to OC LAFCO employees who are new members to OCERS, is 32.87%. The Fiscal Year 2027-28 employer contribution rate for the 2.7% @ 55 plan is 40.79%.

The contribution rates for the three plans available to OC LAFCO are referenced in **Attachment 1**. Staff recommends the Commission adopt the resolution, referenced as **Attachment 2**, approving the contribution rates adopted by OCERS for Fiscal Year 2027-28.

OCERS PREPAYMENT PROGRAM

Since 2005, the Commission has participated in the OCERS Prepayment Program to realize savings in the agency's retirement costs. The program allows members to prepay all or a portion of their retirement contribution at a discounted rate. The discounted rate has historically been tied to the approved long-term rate of return on the retirement system's investments. On June 15, 2026, the OCERS board approved a discount rate of seven percent for early payment of employer contributions received by January 15, 2027. To realize some savings in retirement costs, staff will submit prepayment of the retirement employer contributions subsequent to the Commission's adoption of the OCERS contribution rates and prior to the OCERS deadline.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Adopt Resolution No. CP 26-10 approving the contribution rates adopted by OCERS for Fiscal Year 2027-28.

Respectfully submitted,



LUIS TAPIA

Attachments:

1. OCERS FY 2027-28 Contribution Rates
2. OC LAFCO Resolution No. CP 26-10



**Orange County Local Agency Formation Commission
Employer Contribution Rates
Effective Pay Period 15, July 09, 2027**

Rate Group	Plan	Rate	
#2	I & J **	Normal	15.25%
		UAAL	<u>25.54%</u>
		Total	40.79%
#2	P	Normal	6.62%
		UAAL	<u>25.54%</u>
		Total	32.16%
#2	T - PEPR	Normal	7.33%
		UAAL	<u>25.54%</u>
		Total	32.87%

**** Reverse Pickups:**

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

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



Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, July 09, 2027

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
16	10.25%	9.88%	6.41%	5.15%
17	10.44%	10.07%	6.53%	5.25%
18	10.64%	10.25%	6.65%	5.34%
19	10.83%	10.44%	6.77%	5.44%
20	11.03%	10.63%	6.90%	5.54%
21	11.24%	10.83%	7.02%	5.65%
22	11.44%	11.03%	7.15%	5.75%
23	11.66%	11.23%	7.28%	5.86%
24	11.87%	11.44%	7.42%	5.97%
25	12.09%	11.65%	7.56%	6.08%
26	12.32%	11.86%	7.69%	6.19%
27	12.55%	12.08%	7.84%	6.30%
28	12.78%	12.31%	7.98%	6.42%
29	13.02%	12.54%	8.13%	6.54%
30	13.27%	12.77%	8.28%	6.66%
31	13.52%	13.01%	8.43%	6.78%
32	13.78%	13.26%	8.59%	6.91%
33	14.04%	13.52%	8.75%	7.04%
34	14.32%	13.77%	8.91%	7.17%
35	14.60%	14.02%	9.08%	7.31%
36	14.87%	14.28%	9.25%	7.45%
37	15.15%	14.53%	9.42%	7.59%
38	15.43%	14.78%	9.61%	7.74%
39	15.70%	15.04%	9.79%	7.89%
40	15.99%	15.30%	9.97%	8.03%
41	16.29%	15.57%	10.15%	8.18%
42	16.59%	15.83%	10.32%	8.33%
43	16.89%	16.09%	10.51%	8.48%
44	17.20%	16.34%	10.69%	8.63%
45	17.50%	16.56%	10.88%	8.78%
46	17.80%	16.74%	11.06%	8.94%
47	18.01%	16.86%	11.25%	9.10%
48	18.21%	16.92%	11.43%	9.25%
49	18.33%	16.88%	11.62%	9.41%
50	18.36%	16.72%	11.77%	9.54%
51	18.26%	16.45%	11.90%	9.66%
52	18.01%	16.17%	11.98%	9.74%
53	17.60%	16.70%	12.02%	9.79%



Orange County Local Agency Formation Commission
Employee Contribution Rates
Effective Pay Period 15, July 09, 2027
 (continued)

Entry Age	Plan I (2.7% @ 55)	Plan J (2.7% @ 55)	Plan P (1.62% @ 65)	PEPRA
				Plan T (1.62% @ 65)
54	17.26%	17.26%	11.99%	9.79%
55	17.26%	17.26%	11.88%	9.73%
56	17.26%	17.26%	11.69%	9.61%
57	17.26%	17.26%	11.49%	9.52%
58	17.26%	17.26%	11.87%	9.83%
59	17.26%	17.26%	12.27%	10.16%
60	17.26%	17.26%	12.27%	10.16%
61	17.26%	17.26%	12.27%	10.16%
62	17.26%	17.26%	12.27%	10.16%
63	17.26%	17.26%	12.27%	10.16%
64	17.26%	17.26%	12.27%	10.16%
65	17.26%	17.26%	12.27%	10.16%
66 and thereafter	17.26%	17.26%	12.27%	10.16%

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

Rate Group	Plan	Discounted Percentage	Average Entry Age
#2	Plan I (General)	100.00%	50
#2	Plan J (General)	99.53%	50
#2	Plan P (General)	99.24%	50

CP 26-10

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF ORANGE
COUNTY, CALIFORNIA
ADOPTING RETIREMENT RATES FOR FY 2027-28**

October 14, 2026

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, the employer retirement rate for the 1.62% at 65 retirement plan, as established by OCERS, for 2027-28 is 32.16 percent for new OC LAFCO employees that are not New Members ("non-PEPRA" 1.62 Plan); and

WHEREAS, the employer retirement rate for the "PEPRA 1.62 Plan," as established by OCERS, for 2027-28 is 32.87 percent; and

WHEREAS, the employer retirement rate for the 2.7% at 55 retirement plan, as established by OCERS, for 2027-28 is 40.79 percent.

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

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

2. OC LAFCO adopts and approves implementation of FY 2027-28 retirement rates as established by OCERS, effective July 1, 2027.

AYES:

NOES:

STATE OF CALIFORNIA	)
	) SS.
COUNTY OF ORANGE	)

///

///

I, Wendy Bucknum, Chair of the Local Agency Formation Commission of Orange County, hereby certify that the above and foregoing resolution was duly and regularly adopted by said Commission at a regular meeting thereof, held on the 14th day of October 2026.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of October 2026.

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

By: _____
Wendy Bucknum

8c | Commission
Discussion**REGULAR MEMBERS****CHAIR**
Wendy Bucknum
City Member**VICE CHAIR**
James Fisler
Special District Member**IMMEDIATE PAST CHAIR**
Donald P. Wagner
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City Member**Lou Penrose**
Public Member**VACANT**
County Member**STAFF****Luis Tapia**
Executive Officer**Scott Smith**
General Counsel**MEETING DATE:** October 14, 2026**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2026-27 Quarterly Financial Report
(*First Quarter*)

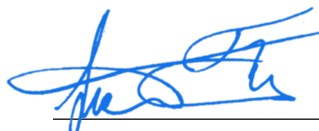
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of July 1 through September 30, 2026. Upon review by the Commission, the quarterly reports are published on the agency's website's Transparency page. The next review of the agency's financial status will be presented in January 2027.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2026-27 Quarterly Financial Report (*First Quarter*).

Respectfully submitted,



LUIS TAPIA

Attachments:

1. Fiscal Year 2026-27 Quarterly Financial Report (*First Quarter*)



Quarterly Financial Report
Fiscal Year 2026-27
(First Quarter)

Prepared: October 14, 2026

Highlights:

FY 2026-27 Budget Overview - Pages 2-4

Balance Sheet & Reserves Analysis - Pages 5-6

FY 2026-27 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2026 through September 30, 2026.¹ The Fiscal Year 2026-27 budget of approximately \$1.55 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan. In the first quarter, activity was regular as the agency began the new fiscal year. The report reflects that budget activities are generally within target levels.

Revenues

The majority of OC LAFCO's revenues are from the \$1,505,890 collected in apportionments from the funding agencies. This revenue source was at approximately 95.5% (\$1,437,907) at the end of the first quarter, with apportionments received from 32 cities, 34 special districts, and one-third of the total apportionment paid by the County. OC LAFCO also earns interest from its investment portfolio. At the end of the first quarter, the agency earned approximately \$2,195 in interest, representing only 4.4 percent of the fiscal year expected earnings. Modest activity in this area is expected at the beginning of a new fiscal cycle, and it is anticipated that earnings will improve in future quarters.

Another source of OC LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with processing the respective applications. There were no filing fees received during the first quarter. There was \$173 of expenses incurred, which was offset by \$173 in fees collected in the prior year. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$0.00.

Expenditures

The General Fund total expenditures as of September 30, 2026, are below the first quarter target level, totaling \$271,679 or approximately 18.1% of the total budget, with most expenses attributed to operational costs, such as salaries and benefits, professional services, and office lease. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used (as of September 30, 2026)				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	18.1%	-	-	-

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

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

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of September 30, 2026.

As of September 30, 2026	Balance
770-Payroll Account	\$ 635,029
Wells Fargo Checking	\$ 352,071
Wells Fargo Savings	\$ 219,975
Total	\$ 1,207,075

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF). Throughout the fiscal year, funds are transferred from the investment account to the bank accounts to cover the agency's operational expenses. Additionally, the agency earns investment revenue through the Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The balance of the Trust account at the end of the first quarter is \$127,786. The Trust has experienced three deposits totaling \$102,437 and a current gain of \$25,349 since being established by the Commission in 2021. Staff will complete a transfer to the agency's LAIF investment account during the second quarter and assess the opportunity to transfer to the Section 115 Trust account following completion of the 2025-26 Fiscal Year audit in November.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2026.

As of September 30, 2026	Balance
LAIF	\$ 1,924,267
PARS Trust	<u>\$ 127,786</u>
Total	\$ 2,052,053

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
July 1, 2026 – September 30, 2026

	YTD Special Revenue Funds	1st Qtr. General Fund	YTD General Fund	TOTAL FY 26/27 Budget	General Fund
Revenue:					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -		0.0%
LAFCO Apportionment	-	1,437,907	1,437,907	1,505,890	95.5%
Filing Fees	-	-	-	-	0.0%
Filing Fees - Collected in PY	173				
Misc Revenue	-	-	-	-	0.0%
Interest & Dividends	-	2,195	2,195	50,015	4.4%
PARS Trust Investment Gain/Loss	-	560	560	-	0.0%
Total Revenue	173	1,440,662	1,440,662	1,555,905	92.6%
Expenditures:					
Salaries	160	100,135	100,135	465,400	21.5%
Hourly Employees	-	1,227	1,227	20,800	5.9%
Benefits & Insurance					
Retirement Benefits	-	35,379	35,379	154,600	22.9%
Health Insurance	-	12,167	12,167	61,300	19.8%
Dental Insurance	-	1,228	1,228	5,600	21.9%
Life Insurance	-	68	68	350	19.4%
Unemployment Insurance	-	107	107	480	22.3%
Health Reimbursement	-	1,461	1,461	6,730	21.7%
Optional Benefit Plan	-	-	-	14,000	0.0%
Deferred Compensation	-	3,504	3,504	14,000	25.0%
Medicare	-	1,522	1,522	7,300	20.8%
Workers Compensation	-	3,173	3,173	12,700	25.0%
Salary Continuance	-	256	256	1,210	21.2%
Accidental Death Insurance	-	20	20	110	18.2%
Executive Car Allowance	-	1,200	1,200	7,200	16.7%
Retiree Health Benefits	-	913	913	4,300	21.2%
Total - Benefits & Insurance	-	60,998	60,998	289,880	21.0%
Rents/Maintenance	-	29,486	29,486	122,100	24.1%
Equipment Leases	-	1,525	1,525	8,100	18.8%
Insurance	-	4,067	4,067	16,610	24.5%
Educations & Legislative Partn	-	2,200	2,200	21,000	10.5%
Unincorporated Areas Program	-	-	-	10,000	0.0%
Mapping/Archiving	-	748	748	4,300	17.4%
Public Noticing and Communication	-	1,924	1,924	14,400	13.4%
Comm. Stipends & Taxes/Fees	-	2,182	2,182	15,900	13.7%
Commission Meeting Expense	-	240	240	7,700	3.1%
Comm. & Staff Expense	-	209	209	10,000	2.1%
Information Technology	-	2,277	2,277	27,640	8.2%
Internet and Electronic Service	-	4,553	4,553	21,700	21.0%
County Charges	-	1,112	1,112	13,100	8.5%
Memberships and Subscriptions	-	6,968	6,968	29,600	23.5%
Professional Development	-	3,582	3,582	20,000	17.9%
Travel and Training	-	210	210	5,000	4.2%
Office Equipment/Supplies	13	2,483	2,483	24,300	10.2%
Investment Admin Fees	-	32	32	850	3.8%
Professional Services:					
Legal	-	2,522	2,522	60,000	4.2%
Accounting/Audit	-	9,116	9,116	70,200	13.0%
Human Resources	-	-	-	25,000	0.0%
Other Professional Services	-	33,883	33,883	200,000	16.9%
Total - Professional Services	-	45,521	45,521	355,200	12.8%
Total Expenditures	173	271,679	271,679	1,503,580	18.1%
Total Net Income (Loss)	\$ (0)	\$ 1,168,983	\$ 1,168,983	\$ 52,325	

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

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of OC LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of September 30, 2026. Please note that the figures provided in this balance sheet are unaudited and subject to change. Additionally, an analysis of the agency's reserve balances is provided on page 6.

APPENDIX B OC LAFCO BALANCE SHEET (Unaudited) As of September 30, 2026

	9/30/2026
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	635,029
Wells Fargo Checking	352,071
Wells Fargo Savings	219,975
Investment Acct - LAIF	1,924,267
PARS Trust	127,786
Fair Market Value Adjustments	(1,394)
Total Cash and Investments	3,257,734
Other Current Asset	
Interest Receivable	38,256
Prepaid Expenses	208,975
Retirement Prepaid Expense	-
Total Other Current Asset	247,231
Total Current Assets	3,504,965
Fixed Assets	16,951
Other Assets	
Pension Deposit	-
Right to Use Assets	418,385
Def. Outflows Pension Related	204,580
Deferred OPEB Contributions	2,055
Deferred Outflows OPEB Related	18,000
Total Other Assets	643,020
TOTAL ASSETS	\$ 4,164,936
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	-
Accrued Liabilities	3,039
Salaries Payable	9,173
Compensated Absences	41,762
Total Current Liabilities	53,974
Long Term Liabilities	
Lease Liabilities	482,756
Deferred Inflows OPEB Related	61,000
Net OPEB Liability	45,000
Net Pension Liability	520,664
Def. Inflows Pension Related	499,991
Total Long Term Liabilities	1,609,411
Total Liabilities	1,663,385
Equity	2,501,551
TOTAL LIABILITIES & EQUITY	\$ 4,164,936

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

APPENDIX C
OC LAFCO RESERVE BALANCE ANALYSIS
As of September 30, 2026

Cash & Investments	September 30,	Commission	Balance Excess
Description	2026 Balance	Approved	/ (Deficiency)
		Balances	
County Payroll	635,029	266,648 ¹	368,381
Checking - Wells Fargo	352,071	120,196 ¹	231,875
Savings - Wells Fargo	219,975	205,000 ¹	14,975
LAIF Investment	1,924,267	-	1,924,267
PARS Trust	127,786	-	127,786
Total	\$ 3,259,129	\$ 591,844	\$ 2,667,285

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$266,648 during fiscal year 2026/27 in order to cover three months of payroll costs (County Payroll), \$120,196 to cover 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

2 - Remaining Available Cash to fund Operations and Reserves.

8c | Commission
Discussion**REGULAR MEMBERS****CHAIR**
Wendy Bucknum
City Member**VICE CHAIR**
James Fisler
Special District Member**IMMEDIATE PAST CHAIR**
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Executive Officer**Scott Smith**
General Counsel**MEETING DATE:** October 14, 2026**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2026-27 Quarterly Financial Report
(*First Quarter*)

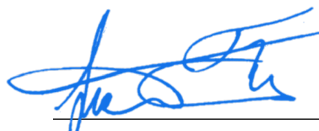
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RECOMMENDED ACTION

Staff recommends the Commission:

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Respectfully submitted,



LUIS TAPIA

Attachments:

1. Fiscal Year 2026-27 Quarterly Financial Report (*First Quarter*)