



Voting Members

Jerry Gladbach
Chair

Donald Dear
1st Vice-Chair

Gerard McCallum
2nd Vice-Chair

Kathryn Barger
Richard Close
Margaret Finlay
John Mirisch
Holly Mitchell
Vacant
(City of Los Angeles)

Alternate Members

Lori Brogin-Falley
Michael Davitt
Janice Hahn
David Lesser
Mel Matthews
Vacant
(City of Los Angeles)

Staff

Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Adriana Flores
Michael Henderson
Alisha O'Brien

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Pasadena, CA 91101
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www.lalafco.org

LIVE VIRTUAL COMMISSION MEETING

LOCAL AGENCY FORMATION COMMISSION

Wednesday, May 12, 2021
9:00 a.m.

This meeting will be conducted as a virtual meeting with telephone 1-415-655-0001 (Access Code: 145 343 3238) and web access (<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e06eae02d01e4e5cdb52c0cde083a6974>), pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19".

FOR MEMBERS OF THE PUBLIC

TO LISTEN BY TELEPHONE AND PROVIDE PUBLIC COMMENT DIAL:

1-415-655-0001
Access Code: 145-343-3238 (English)

OR TO LISTEN VIA WEB AND PROVIDE COMMENT:

<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e06eae02d01e4e5cdb52c0cde083a6974>

TO PROVIDE WRITTEN PUBLIC COMMENT: Any interested person may submit written opposition or comments by email at info@lalafco.org prior to the conclusion of the Commission Meeting or by mail to the LAFCO Office at 80 S. Lake Avenue, Suite 870, Pasadena, CA 91101, no later than 5:00 p.m. on the business day preceding the date set for hearing/proceedings in order to be deemed timely and to be considered by the Commission. Any written opposition and/or comments will be read during the meeting for a maximum of three (3) minutes per comment, per item.

The entire agenda package and any meeting related writings or documents provided to a majority of the Commissioners after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are available at www.lalafco.org

1. **CALL MEETING TO ORDER**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIR GLADBACH**
3. **DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)**
4. **SWEARING-IN OF SPEAKER(S)**
5. **INFORMATION ITEM(S) – GOVERNMENT CODE §§ 56751 & 56857 NOTICE**

a. None.

6. **CONSENT ITEM(S)**

All matters are approved by one motion unless held by a Commissioner or member(s) of the public for discussion or separate action.

- a. Approve Minutes of April 14, 2021.
- b. Approve Operating Account Check Register for the month of April 2021.
- c. Receive and file Update on Pending Proposals.
- d. Annexation No. 2019-03 to the Santa Clarita Valley Water Agency; and Environmental Impact Report.
- e. Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County, and Negative Declaration.
- f. Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County, and California Environment Quality Act (CEQA) exemption.

7. **PUBLIC HEARING(S)**

- a. MSR No. 2021-01 – Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Point Dume Community Services District, and California Environmental Quality Act (CEQA) exemption (**staff is recommending that this item be continued to the July 14, 2021 Commission meeting without discussion**).
- b. Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County, and California Environment Quality Act (CEQA) exemption.
- c. Annexation No. 1092 to the Santa Clarita Valley Sanitation District of Los Angeles County, and California Environment Quality Act (CEQA) exemption (**staff is recommending that this item be continued to the June 9, 2021 Commission meeting without discussion**).
- d. Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County, and California Environment Quality Act (CEQA) exemption.

8. **PROTEST HEARING(S)**

a. None.

9. **OTHER ITEMS**

- a. Independent Auditor's Report for Fiscal Year 2019-20.
- b. Other Post-Employment Benefits (OPEB) Actuarial Study as of June of 30, 2019.
- c. California Employees Retiree Benefit Trust (CERBT) Fund Transfer.

10. **LEGISLATION**

- a. Legislative Update

11. **MISCELLANEOUS CORRESPONDENCE**

- a. Letter of April 15, 2020, from Inglewood Assistant City Manager/Public Works Director Louis A. Atwell, P.E., to LAFCO Executive Officer Paul A. Novak, withdrawing Formation No. 2020-05 of the Inglewood Transportation Management Community Services District

12. **COMMISSIONERS' REPORT**

Commissioners' questions for staff, announcements of upcoming events and opportunity for Commissioners to briefly report on their LAFCO-related activities since last meeting.

13. **EXECUTIVE OFFICER'S REPORT**

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

- a. Written Update
- b. Verbal Update

14. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

15. **FUTURE MEETINGS**

June 9, 2021
July 14, 2021
August 11, 2021

16. **ADJOURNMENT**

DRAFT

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MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
LIVE VIRTUAL MEETING

April 14, 2021

Present:

Jerry Gladbach, Chair

Kathryn Barger
Richard Close
Donald Dear
Margaret Finlay
Gerard McCallum
John Mirisch
Holly Mitchell

Lori Brogin-Falley, Alternate
Michael Davitt, Alternate
David Lesser, Alternate
Mel Matthews, Alternate

Paul Novak, Executive Officer
Carole Suzuki, Legal Counsel

Absent:

Janice Hahn, Alternate

Vacant:

City of Los Angeles, Member
City of Los Angeles, Alternate Member

1 CALL MEETING TO ORDER

The meeting was called to order at 9:03 a.m. as a live virtual Commission meeting, with public comment accepted via email or phone through the conclusion of public testimony.

2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Gladbach.

3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

The Executive Officer (EO) read an announcement, asking if any Commissioners had received a campaign contribution that would require disclosure on any item on today's agenda (None).

Commissioner Barger recused herself from the following Items: Agenda Item Nos. 6.d., 6.f., and 7.a.

ANNOUNCEMENT

The EO noted that today's meeting was conducted pursuant to the provisions of the Governor's Executive Orders No-25-20 and N-29-20, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19." LAFCO's legal counsel reviewed the notifications and agenda and has confirmed that the conduct of the meeting is consistent with State law as modified by the Governor and County orders.

The EO noted that all public hearing notices, and the agenda, clearly stated that interested persons were afforded the opportunity to submit written opposition or comments by email, or via United States mail. For any communications received after the agenda was posted, staff has forwarded copies via e-mail to the Commission (None). LAFCO staff continued to monitor e-mail and comments received during the meeting and prior to the conclusion of each hearing item were read to the Commission (None).

4 SWEARING-IN OF SPEAKER(S) AND PUBLIC TESTIMONY/COMMENT

The EO swore in two (2) member of the audience who planned to testify.

5 INFORMATION ITEM(S) – GOVERNMENT CODE §§ 56751 & 56857 NOTICE

None.

6 CONSENT ITEM(S)

The Commission took the following actions under Consent Items:

- a. Approved Minutes of March 10, 2021.

MOTION: Finlay SECOND: McCallum APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

- b. Approved Operating Account Check Register for the month of March 2021.

MOTION: Finlay SECOND: McCallum APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

- c. Received and filed update on Pending Proposals.

MOTION: Finlay SECOND: McCallum APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

- d. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1096 to the Santa Clarita Valley Sanitation District of Los Angeles County; Resolution No. 2021-03RMD.

MOTION: Finlay SECOND: McCallum APPROVED: 7-0-0
AYES: Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: Barger
ABSENT: None.

- e. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1099 to the Santa Clarita Valley Sanitation District of Los Angeles County; Resolution No. 2021-04RMD.

MOTION: Finlay SECOND: McCallum APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

- f. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1100 to the Santa Clarita Valley Sanitation District of Los Angeles County; Resolution No. 2021-05RMD.

MOTION: Finlay SECOND: Dear APPROVED: 7-0-0
AYES: Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: Barger
ABSENT: None

7 PUBLIC HEARING(S)

The following item was called up for consideration:

- a. Annexation No. 1095 to the Santa Clarita Valley Sanitation District of Los Angeles County.

The EO summarized the staff report on this item.

The public hearing was opened to receive all testimony on the annexation. There being no testimony and no written opposition, nor e-mails, submitted prior to the close of the public hearing, the public hearing was closed.

The Commission took the following action:

- There being no written opposition submitted by the landowners or registered voters within the affected territory before the conclusion of this hearing on the proposal, waived the protest proceedings pursuant to Government Code Section 56663 and Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1095 to the Santa Clarita Valley Sanitation District of Los Angeles County; Resolution No. 2021-06RMD.

MOTION: Finlay SECOND: Dear APPROVED: 6-0-0
AYES: Close, Dear, Finlay, McCallum, Mirisch, Gladbach
NOES: None.
ABSTAIN: Barger
ABSENT: Mitchell

7 PUBLIC HEARING(S)

The following item was called up for consideration:

- b. Recommended Final Budget for Fiscal Year 2021-22.

The EO summarized the staff report on this item.

The public hearing was opened to receive all testimony on the budget hearing. There being no testimony and no written opposition, nor e-mails, submitted prior to the close of the public hearing, the public hearing was closed.

The Commission took the following actions:

- Approved the Recommended Final Budget for Fiscal Year 2021-22; and
- Directed the Executive Officer to transmit the adopted Final Budget to local agencies and other parties as required by law.

MOTION: Finlay SECOND: Barger APPROVED: 7-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: Mitchell

8 PROTEST HEARING(S)

None.

9 OTHER ITEMS

The following item was called up for consideration:

- a. Oral Report of Summary of Recommendations for Final Action on Executive Officer Salary; Proposed Contract Amendment No. 3 to Executive Officer Employment Agreement.

Carole Suzuki (Legal Counsel) summarized Closed Session Item (CS-1) of the March 10, 2021

meeting.

[Commissioner Mitchell arrived at 9:18 a.m.]

Commissioner Mitchell indicated that she wanted to be counted as a "AYE" vote for the Consent Items (6.a. through 6.f.).

Chair Gladbach noted that the EO's next employment evaluation will occur July 2023. The Chair stated that the EO had received a very positive performance review from all commissioners, and therefore a merit increase was warranted.

The Commission took the following action:

- Approved the Amendment No. 3 to the Employment Agreement By and Between the Local Agency Formation Commission for the County of Los Angeles and Paul A. Novak and instructed the Chair to execute on behalf of the Commission.

MOTION:	Barger	SECOND:	Finlay	APPROVED:	8-0-0
AYES:	Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach				
NOES:	None.				
ABSTAIN:	None.				
ABSENT:	None.				

9 OTHER ITEMS

The following item was called up for consideration:

- b. Sativa Water System: County of Los Angeles Request to Extend the Interim Operating Period.

The EO summarized the staff report on this item.

Dan Lafferty (Deputy Director, Water Resources, Los Angeles County Department of Public Works) indicated that the Los Angeles County Department of Public Works is in the process of finalizing a transfer agreement with Suburban Water Systems (investor-owned utility), prior to the California Public Utilities Commission (CPUC) approving the sale of the Sativa Water System from Los Angeles County to Suburban Water Systems.

Warren Wellen (Principal Deputy, Los Angeles County Counsel's Office) indicated that an approval of the County's request would extend the existing liability protection for Los Angeles County Public Works, the Commission, and Suburban Water Systems.

Commissioner Lesser asked if there is anticipation of a third extension in the future. Mr. Wellen indicated that most likely there will be a third extension, as it may take upward of eighteen (18)

months for the CPUC to deliberate and approve the County's sale of the Sativa Water System to Suburban Water Systems.

The Commission took the following action:

- Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, extending the interim operations of the County of Los Angeles for one (1) year of the Sativa Water System; Resolution No. 2021-06RMD

MOTION: Mitchell SECOND: Finlay APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

10 LEGISLATION

The following item was called up for consideration:

- a. Legislative Update.

The EO summarized the staff report on this item.

The Commission took the following actions:

- Received and filed the Legislative Update; and
- Took a "SUPPORT" position relative to AB 703, and authorized the Chair to sign letters documenting this position, and directed staff to convey this support to the Governor, legislators, and other stakeholders.

MOTION: Dear SECOND: Finlay APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

Commissioners Lesser and Mirisch both indicated that they support AB 1053 and asked if it was in the interest of the Commission to take a "support" position relative to AB 1053.

The Commission took the following action:

- Took a "SUPPORT" position relative to AB 1053 and authorized the Chair to sign letters documenting this position, and directed staff to convey this support to the Governor,

legislators, and other stakeholders.

MOTION: Mirisch SECOND: Finlay APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

11 MISCELLANEOUS CORRESPONDENCE

- a. Letter of March 11, 2021, from Los Angeles City Selection Committee Deputy Secretary Twila P. Kerr to LAFCO Executive Officer Paul A. Novak concerning the re-appointment of Margaret Finlay for a four-year term.

The Commission congratulated Commissioner Finlay.

12 COMMISSIONERS' REPORT

None.

13 EXECUTIVE OFFICER'S REPORT

- a. Written Update
- b. Verbal Update

The EO summarized the EO report on this item.

Consistent with State law, and after soliciting nominations, the EO indicated that he appointed the following three (3) individuals to fill vacancies on three (3) Redevelopment Agency Oversight Boards (RDAs): Steven Appleton (Trustee, Greater Los Angeles County Vector Control District) to RDA No. 2; Danielle Soto (Director, Three Valleys Municipal Water District to RDA No. 4; and Lloyd Johnson (Trustee, San Gabriel Valley Mosquito & Vector Control District) to RDA No. 5.

The Commission took the following action:

- Received and filed the Executive Officer's Report.

MOTION: Barger SECOND: Finlay APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

14 FUTURE MEETINGS

May 12, 2021

June 9, 2021

July 14, 2021

15 FUTURE AGENDA ITEMS

None.

16 ADJOURNMENT MOTION

Chair Gladbach adjourned the live virtual meeting at 9:42 a.m.

Respectfully submitted,

Paul Novak, AICP
Executive Officer

8:50 AM
05/04/21
Cash Basis

LA LAFCO
Register Report
April 2021

Type	Date	Num	Name	Paid Amount	Balance
Apr 21					
Bill Pmt -Check	04/01/2021	10906	ATT	-230.96	-230.96
Bill Pmt -Check	04/01/2021	10907	Bank of America*	-16.99	-247.95
Bill Pmt -Check	04/01/2021	10908	FedEx	-38.65	-286.60
Bill Pmt -Check	04/01/2021	10909	LACERA	-15,234.44	-15,521.04
Bill Pmt -Check	04/01/2021	10910	Motor Parks	-630.00	-16,151.04
Bill Pmt -Check	04/01/2021	10911	Promac Image Syst...	-51.80	-16,202.84
Bill Pmt -Check	04/01/2021	10912	The Lincoln National	0.00	-16,202.84
Bill Pmt -Check	04/01/2021	10913	Tropical Interior Plants	-125.00	-16,327.84
Bill Pmt -Check	04/01/2021	10914	Yvonne Green CPA	-212.50	-16,540.34
Bill Pmt -Check	04/01/2021	10915	Wells Fargo	-385.89	-16,926.23
Check	04/02/2021	ADP	ADP	-172.38	-17,098.61
Check	04/02/2021	ADP	ADP	-39.37	-17,137.98
Check	04/05/2021	WIRE	TRPF 80 South Lak...	-5,525.64	-22,663.62
Check	04/12/2021	DD	Wells Fargo	-168.51	-22,832.13
Bill Pmt -Check	04/15/2021	10916	Daily Journal	-229.50	-23,061.63
Bill Pmt -Check	04/15/2021	10917	Allied Public Risk	-18,693.00	-41,754.63
Bill Pmt -Check	04/15/2021	10918	Certified Records M...	-1,554.44	-43,309.07
Bill Pmt -Check	04/15/2021	10919	Charter Communica...	-416.88	-43,725.95
Bill Pmt -Check	04/15/2021	10920	CoreLogic	-28.80	-43,754.75
Bill Pmt -Check	04/15/2021	10921	County Counsel	-6,730.81	-50,485.56
Bill Pmt -Check	04/15/2021	10922	CTS Clouds LLC	-637.50	-51,123.06
Bill Pmt -Check	04/15/2021	10923	Daily Journal*	-180.20	-51,303.26
Bill Pmt -Check	04/15/2021	10924	Eide Bailly	-1,361.65	-52,664.91
Bill Pmt -Check	04/15/2021	10925	LACERA-OPEB	-1,662.23	-54,327.14
Bill Pmt -Check	04/15/2021	10926	Motor Parks	-405.00	-54,732.14
Bill Pmt -Check	04/15/2021	10927	Quadient Leasing U...	-382.28	-55,114.42
Bill Pmt -Check	04/15/2021	10928	RSG, Inc.	-1,030.00	-56,144.42
Check	04/15/2021	DD	Ambar De La Torre	-2,131.02	-58,275.44
Check	04/15/2021	DD	Douglass S Dorado	-3,129.49	-61,404.93
Check	04/15/2021	DD	Adriana L Flores	-1,283.57	-62,688.50
Check	04/15/2021	DD	Michael E Henderson	-2,385.04	-65,073.54
Check	04/15/2021	DD	Paul A Novak	-5,888.08	-70,961.62
Check	04/15/2021	DD	Alisha O'Brien	-2,433.61	-73,395.23
Check	04/15/2021	DD	Adriana Romo	-3,891.76	-77,286.99
Check	04/15/2021	DD	Federal Tax Deposit	-3,897.60	-81,184.59
Check	04/15/2021	DD	State Income Tax	-1,158.05	-82,342.64
Check	04/23/2021	ADP	ADP	-291.66	-82,634.30
Check	04/23/2021	DD	Wells Fargo	-193.09	-82,827.39
Check	04/23/2021	DD	Wells Fargo	-163.71	-82,991.10
Check	04/23/2021	DD	Wells Fargo	-13.51	-83,004.61
Check	04/30/2021	DD	Ambar De La Torre	-2,131.02	-85,135.63
Check	04/30/2021	DD	Douglass S Dorado	-3,129.48	-88,265.11
Check	04/30/2021	DD	Michael E Henderson	-2,385.05	-90,650.16
Check	04/30/2021	DD	Adriana L Flores	-1,159.71	-91,809.87
Check	04/30/2021	DD	Paul A Novak	-9,863.14	-101,673.01
Check	04/30/2021	DD	Alisha O'Brien	-2,433.62	-104,106.63
Check	04/30/2021	DD	Adriana Romo	-3,891.75	-107,998.38
Check	04/30/2021	DD	Federal Tax Deposit	-6,071.70	-114,070.08
Check	04/30/2021	DD	State Income Tax	-1,886.32	-115,956.40
Check	04/30/2021	61836...	Kathryn Barger	-132.99	-116,089.39
Check	04/30/2021	61836...	Broglin-Falley Lori	-138.53	-116,227.92
Check	04/30/2021	DD	Richard Close	-138.53	-116,366.45
Check	04/30/2021	DD	Michael T Davitt	-138.52	-116,504.97
Check	04/30/2021	DD	Donald Dear	-138.52	-116,643.49
Check	04/30/2021	61836...	Margaret E Finlay	-138.53	-116,782.02
Check	04/30/2021	61836...	Edward G Gladbach	-138.52	-116,920.54
Check	04/30/2021	DD	David J Lesser	-138.53	-117,059.07
Check	04/30/2021	DD	Melvin L Mathews	-138.53	-117,197.60
Check	04/30/2021	DD	Gerard McCallum II	-138.52	-117,336.12
Check	04/30/2021	DD	John A Mirisch	-138.53	-117,474.65
Check	04/30/2021	DD	Holly J Mitchell	-124.87	-117,599.52
Check	04/30/2021	DD	Federal Tax Deposit	-256.85	-117,856.37
Check	04/30/2021	ADP	ADP	-39.37	-117,895.74
				-117,895.74	-117,895.74

Apr 21

AGENDA ITEM NO. 6.c. May 12, 2021						
PENDING PROPOSALS As of May 4, 2021						
	LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
1	DD Annexation 2006-12 to Los Angeles County Waterworks District No. 40	Land Resource Investors	Annex 20 acres of vacant land located at the northeast corner of Avenue J and 37th Street East, City of Lancaster. Will be developed into 80 single family homes.	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	5/16/2006	Unknown
2	DD Annexation No. 2006-46 to Los Angeles County Waterworks District No. 40	New Anaverde, LLC	Annex 1,567 acres of vacant land located near Lake Elizabeth Road and Avenue S in the city of Palmdale. Will be developed into 313 single family home.	Incomplete filing: CEQA, registered voter labels, landowner labels, and approved map and legal.	10/5/2006	Unknown
3	DD Annexation No. 2011-17 (2006-50) to Los Angeles County Waterworks District No. 40	Behrooz Haverim/Kamyar Lashgari	Annex 20.62 acres of vacant land located south of Avenue H between 42nd Street West and 45th Street West in the City of Lancaster. To be developed into single family homes	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	12/1/2006	Unknown
4	DD Annexation 2008-13 to Los Angeles County Waterworks District No. 40	Lancaster School Dist.	Annex 20.47 acres of vacant land located 2 miles west of the Antelope Valley frw. And the nearest paved major streets are ave. H, And Ave. I, in the City of Lancaster. For future construction of a school.	Need BOE fees to place on agenda for approval. Emailed district for fees on 4-18-17.	9/22/2008	Unknown
5	DD Reorganization 2010-04 Los Angeles County Waterworks District No. 29	Malitex Partners, LLC	Detach 88 acres of vacant land from the Las Virgenes Municipal Water District and annex same said territory to Los Angeles County Waterworks District No 29 and West Basin Municipal Water District. The project includes future construction of three homes and dedicates open space. The project site is located north of Pacific Coast Highway at the end of Murphy Way, in the unincorporated area adjacent to Malibu.	Notice of Filing sent 07-15-10. Incomplete filing: CEQA. EIR on hold 4-14-15. Applicant requested to keep this file open, pending details how to proceed with the project 04/29/15.	6/9/2010	Unknown
6	DD City of Palmdale Annexation 2010-05	City of Palmdale	49.6 acres located adjacent to residential properties to the southwest, southeast, and separated by the Amargosa Creek to the north.	Notice of Filing sent 1-3-11. Incomplete filing: property tax transfer resolution, insufficient CEQA, unclear pre-zoning ordinance, approved map and legal. Need to include DJC.	10/25/2010	Unknown
7	DD Reorganization 2011-16 (Tesoro del Valle)	Montalvo Properties LLC	Annexation to NCWD and CLWA SOI Amendments for both districts. 801.53 acres regional access is provided via Interstate 5 (1-5) for north/south travelers from the east, and State Route 126 (SR-126) for travelers from the west. The existing local thoroughfare that provides access to the proposed area is Copper Hill Drive, which can be accessed directly from Tesoro del Valle Drive or Avenida Rancho Tesoro.	Notice of Filing sent 05-31-11. Incomplete filing: property tax transfer resolution. Project has changed ownership. Need new application	5/5/2011	Unknown
8	DD City of Los Angeles Annexation 2011-27	Forestar Group	685 acres of uninhabited territory located east of Browns Canyon Road and northwest of Mason Ave, in the unincorporated area just north of the City of Los Angeles.	Notice of Filing sent 2-15-12. Incomplete filing: property tax transfer resolution, CEQA, pre-zoning ordinance, map of limiting addresses, list of limiting addresses, and approved map and legal.	12/8/2011	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
9	DD	City of Palmdale Annexation 2011-19	City of Palmdale	405 acres of uninhabited territory located between Palmdale Blvd and Ave S and 80th and 85th Street East.	Notice of Filing sent 3-22-12 Incomplete filing: property tax transfer resolution, inadequate CEQA, maps of limiting addresses, list of limiting addresses, and approved map and legal. DUC adjacent	3/8/2012	Unknown
10	DD	Reorganization No. 2014-03 to the City of Calabasas	City of Calabasas	176± acres immediately north of and adjacent to the 101 freeway between the City of Calabasas and Hidden Hills.	Notice of Filing sent 1-8-15, Incomplete filing: property tax transfer resolution and approved map and legal.	12/10/2014	Unknown
11	DD	Annexation No. 2015-11 to the City of Palmdale (Desert View Highlands)	City of Palmdale	284 acres inhabited territory. Generally located north and south of Elizabeth Lake Road between Amarigosa Creek and 10th street west, in Los Angeles County unincorporated territory surrounded by the City of Palmdale	Notice of Filing sent 9-22-15 Incomplete filing: property tax resolution, attachment 'A' plan for municipal services, CEQA (NOD), party disclosure, pre-zoning, map of limiting addresses, registered voter info	9/15/2015	Unknown
12	DD	Annexation No. 2015-10 to the City of Agoura Hills	City of Agoura Hills	117 acres uninhabited territory. Located northeast and southwest of Chesebro Road directly north of the Highway 101	Notice of Filing sent 11-3-15 Incomplete filing: property tax transfer resolution.	11/2/2015	Unknown
13	DD	Reorganization No. 2016-01 to the Las Virgenes Municipal Water District	Las Virgenes Municipal Water District	Detachment from West Basin Municipal Water District, and annexation to the Las Virgenes Municipal Water District. Both districts require SOI amendments. The territory consists of 26 single-family homes, generally located south of Carmichael Street, west of Summit Mountain Way, all within the City of Calabasas.	Notice of Filing sent 04-19-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	2/22/2016	Unknown
14	AD	Annexation No. 2017-02 to the Newhall County Water District	Newhall County Water District	uninhabited territory, located west of the 5 freeway and north of the intersection of The Old Road and Calgrove Blvd.	Notice of Filing sent 06-21-17 Incomplete filing: property tax transfer resolution, CEQA, approved map and legal.	6/15/2017	Unknown
15	DD	Annexation No. 2017-09 to the Wilmington Cemetery District	Wilmington Cemetery District	inhabited territory around Wilmington	Notice of Filing sent 6-10-17 Incomplete filing: property tax transfer resolution	7/10/2017	Unknown
16	DD	Annexation No. 2018-06 to the San Gabriel Valley Mosquito and Vector Control District	San Gabriel Valley Mosquito and Vector Control District	77.55± acres of inhabited territory. The affected territory is located north of the intersection of Mountain Laurel Way and Highwood Court in the City of Azusa.	Notice of Filing sent 11-1-18 Incomplete filing: property tax transfer resolution, missing map and legal, owners and registered voter labels	10/22/2018	Unknown
17	DD	Annexation No. 2018-12 to the City of Agoura Hills	City of Agoura Hills	82.58± acres of inhabited territory to the City of Agoura Hills. Area A of the affected territory is generally located east of the intersection of Liberty Canyon Road and Agoura Road and Area C is generally located west of the intersection of Liberty Canyon Road and Revere Way, in Los Angeles County unincorporated territory adjacent to the City of Agoura Hills	Notice of Filing sent 11-20-18 Incomplete filing: property tax transfer resolution, CEQA, map of limiting addresses, pre-zoning, register voter labels, approved map and geographic description.	11/19/2018	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
18	AD	Annexation 429 to District No. 14	Sanitation Districts	640.07± acres of uninhabited territory. The affected territory is located on the southeast corner of Sierra Highway and Columbia Way, all within the City of Palmdale.	Notice of Filing Sent 11-29-18 Incomplete filing: property tax transfer resolution.	1/28/2018	Unknown
19	DD	Reorganization No. 2019-01 to the City of Rancho Palos Verdes	Rajendra Makan	1.17± acres of uninhabited territory located along Re Le Chardlene, east of the intersection of Chandeaur and Rue Le Charlene, in the City of Los Angeles.	Notice of Filing Sent 5-14-19 Incomplete filing: property tax transfer resolution and approved map and legal.	5/14/2019	Unknown
20	DD	Annexation No 2019-07 to the Greater Los Angeles County Vector Control District (Entire City of Vernon)	City of Vernon	3.301± acres of inhabited territory, entire City of Vernon	Agenda 06-09-2021	7/23/2019	Jul-2021
21	DD	Annexation No. 2019-03 to the Santa Clarita Valley Water Agency	Santa Clarita Valley Water Agency	324± acres of uninhabited territory. The affected territory is generally located east and west of San Francisco Canyon Road approximately one mile north of the City of Santa Clarita, in Los Angeles County unincorporated territory near the City of Santa Clarita.	Agenda 05-12-2021	10/17/2019	Jun-2021
22	DD	Formation No. 2019-06 of the Lower Los Angeles River Recreation and Park District	City of South Gate	Inhabited territory, along the Los Angeles River between Vernon and Long Beach	TTR/Auditors determination and approved map and geographic description.	10/2/2019	Unknown
23	AOB	Annexation No. 2019-08 to the Santa Clarita Valley Water Agency	Santa Clarita Valley Water Agency	349± acres of inhabited territory. The affected territory is generally located southwest of the intersection of Old Rock Road and Valencia Boulevard, in Los Angeles County unincorporated territory near the City of Santa Clarita.	Notice of Filing Sent 1-15-2020 Incomplete filing: property tax resolution, approved map and legal.	12/30/2019	Unknown
24	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1092	Sanitation Districts	3.77± acres of uninhabited territory. The affected territory is located on the south side of Soledad Canyon Road at Mammoth Lane, all within the City of Santa Clarita.	Agenda, May 12, 2021	1/28/2020	Unknown
25	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1096	Sanitation Districts	5.11± acres of uninhabited territory. The affected territory is located on Sand Canyon Road approximately 400 feet south of Comet Way, all within the City of Santa Clarita.	Agenda, April 14, 2021	1/28/2020	Unknown
26	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1101	Sanitation Districts	2.5± acres of uninhabited territory. The affected territory is located on Arroyo Oak Lane approximately 300 feet south of Hasley Canyon, all within the unincorporated area of Los Angeles County.	Agenda, May 12, 2021	1/28/2020	Unknown
27	AD	Annexation 434 to District no. 22	Sanitation Districts	1.21± acres of uninhabited territory. The affected territory is located on Dancove Drive approximately 100 feet northeast of the terminus of Greenville Drive, all within the City of West Covina.	Agenda, May 12, 2021	2/4/2020	Unknown
28	DD	Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)	City of Santa Clarita	1609± acres of inhabited territory. The affected territory is generally located north of the intersection of Copper Hill Drive and Avenida Rancho Tesoro, in the Unincorporated area of Los Angeles County adjacent to the City of Santa Clarita.	Notice of Filing sent 02-18-20 Incomplete filing: property tax transfer resolution, approved map and legal. Reorg area within DUC.	1/27/2020	Unknown
29	AD	Annexation 436 to District no. 22	Sanitation Districts	6.356± acres of uninhabited territory. The affected territory is located on the north side of Mt. Olive Drive approximately 500 feet east of Woodlyn Lane, all within the City of Bradbury.	Notice of Filing Sent 03-12-20 Incomplete filing: property tax transfer resolution.	3/12/2020	Unknown
30	AD	Annexation 428 to District no. 14	Sanitation Districts	2.51± acres of uninhabited territory. The affected territory is located on the southwest corner of Avenue N and 10th Street West, all within the City of Palmdale.	Agenda, May 12, 2021	5/28/2020	Unknown
31	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1094	Sanitation Districts	79.084± acres of uninhabited territory. The affected territory is located north of Antelope Valley Freeway west of Oak Springs Canyon Road and east of Soledad Canyon Road, all within the City of Santa Clarita.	Notice of Filing Sent 07-16-20 Incomplete filing: property tax transfer resolution.	6/30/2020	Unknown

		LAFCO Designation	Applicant	Description	Status	Date Filed	Est. Date of Completion
32	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1095	Sanitation Districts	26.882± acres of uninhabited territory. The affected territory is located northwest of Sierra Highway, extending north of Dockweiler Drive, east of Oakleaf Canyon Drive, west of Antelope Freeway, all within the City of Santa Clarita.	Agenda, April 14, 2021	6/30/2020	Unknown
33	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1099	Sanitation Districts	2.077± acres of uninhabited territory. The affected territory is located on the west side of Sand Canyon Road south of Cornet Way, all within the City of Santa Clarita.	Agenda, April 14, 2021	6/30/2020	Unknown
34	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1100	Sanitation Districts	1.823± acres of uninhabited territory. The affected territory is located on Soledad Canyon Road approximately 400 feet north of Sandy Drive, all within the City of Santa Clarita.	Agenda, April 14, 2021	6/30/2020	Unknown
35	AD	Annexation 300 to District no. 15	Sanitation Districts	9.573± acres of uninhabited territory. The affected territory is located on Palm Hill Lane approximately 500 feet north of Deodar Lane, all within the City of Bradbury.	Notice of Filing Sent 10-05-20 Incomplete filing: property tax transfer resolution.	10/5/2020	Unknown
36	AD	Annexation 301 to District no. 15	Sanitation Districts	0.31 acres of uninhabited territory. The affected territory is located on Shrode Avenue approximately 550 feet east of California Avenue, all within the Unincorporated area of Los Angeles County.	Agenda, May 12, 2021	10/5/2020	Unknown
37	AD	Annexation 437 to District no. 22	Sanitation Districts	0.31 acres of uninhabited territory. The affected territory is located on Covina Hills Road approximately 300 feet north of Rancho Creek Road, all within the City of Covina.	Notice of Filing Sent 10-05-20 Incomplete filing: property tax transfer resolution.	10/5/2020	Unknown

Staff Report

May 12, 2021

Agenda Item No. 6.d.

Annexation No. 2019-03 to the Santa Clarita Valley Water Agency

PROPOSAL SUMMARY:

Size of Affected Territory:	324± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Water Agency
Resolution:	August 6, 2019
Application Filed with LAFCO:	October 17, 2019
Certificate of Filing	April 14, 2021
Location:	The affected territory is located east and west of San Francisquito Canyon Road approximately one mile north of the City of Santa Clarita.
City/County:	Los Angeles County unincorporated territory
Affected Territory:	The affected territory consists of vacant land and will be developed to include 346 homes, 2 water tanks, parks, open space, and a helistop. The topography is moderately steep to steep terrain.
Surrounding Territory:	Surrounding the affected territory is vacant land.
Landowner(s)/Real Party/ Parties of Interest:	BLC Tesoro, LLC Authorized Agents John Patterson & Todd Collins 100 Bayview Circle, Suite 240 Newport Beach, CA 92660
Registered Voters:	Zero (0) registered voters as of October 17, 2019

Purpose/Background:	The applicant states the annexation is necessary to place the affected territory in a water district that can provide water for the proposed development.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the Santa Clarita Valley Water Agency.
Within SOI:	Yes
Waiver of Public/Protest Hearing	Pursuant to Government Code § 56662(a), the Commission may waive notice and the public hearing for the annexation because the proposal meets all of the following criteria: the affected territory is uninhabited; no affected local agency has submitted a written demand for a notice and hearing within ten (10) days following the mailed hearing notice; and all owners of land within the affected territory have given their written consent to the proposal. Staff has therefore agendized the Proposal on the Commission “Consent Item(s)” portion of the Agenda as Agenda Item 6.d.
California Environmental Quality Act (CEQA) Clearance:	The California Environmental Quality Act (CEQA) clearance is a Supplemental Environmental Impact Report certified by the County of Los Angeles, as lead agency, on November 7, 2018.
Additional Information:	None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the executive officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on April 14, 2021. In conjunction with the issuance of the COF, the Executive Officer set the date of consideration as Wednesday, May 12, 2021.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT § 56668:

a. Affected population, territory and adjacent areas:

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 1,050 residents.

The affected territory is 324+/- acres. The affected territory consists of vacant land and will be developed to include 346 homes, 2 water tanks, parks, open space, and a helistop.

The assessed valuation is \$11,135,916 as of 2018/2019 tax roll.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On March 9, 2021, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography is moderately steep to steep terrain.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The nearest populated area is half a mile south of the affected territory. The affected territory is likely to experience significant growth in the next ten years. The adjacent areas are likely to experience significant growth in the next ten years.

b. Governmental Services and Controls:

The affected territory will be developed to include 346 homes, 2 water tanks, parks, open space, and a helistop which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas is minimal.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the governmental structure of the County.

The effect of alternate actions on mutual social and economic interests and on the local governmental structure of the County is minimal.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code §§ 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The Santa Clarita Valley Water Agency is a California water district. The proposed annexation to Santa Clarita Valley Water District is therefore subject to the provisions of its principal act, which is the California Water District Law (Water Code § 34000 *et seq.*). Pursuant to Water Code § 37485, "[l]and not a part of the district whether or not contiguous to it may be included within the district."

The affected territory in this proposed annexation is contiguous to the existing boundaries of the District, and the proposal therefore complies with the contiguity provisions of California Water District Law (Water Code § 37485).

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Regional Transportation Plan:*

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080, on September 3, 2020. The closest highway to the annexation is part of the RTP and SCS's State Highway improved program. The Closest highway in the RTP/SCS is Interstate 5, which is approximately one mile from the affected territory.

h. *Consistency with Plans:*

The proposal is consistent with the existing County General Plan designations of Residential 0–2 dwelling units/net acre (H2) and Residential Maximum 1 dwelling units/5 gross acre (RL5).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the Santa Clarita Valley Water Agency.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

New distribution piping will extend to each home by the developer and will be connected to the Santa Clarita Valley Water Agency's existing infrastructure. Two new storage tanks will also be installed by the developer. Santa Clarita Valley Water Agency has indicated that it has the ability to provide water service to the affected territory once the annexation is complete.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery.

m. *Regional Housing Needs:*

This proposal will assist the County's ability to achieve its fair share of the regional housing needs since the annexation area is being developed with 346 (single-family/multi-family residences).

n. *Comments from Landowners, Voters, or Residents:*

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing County General Plan designations of Residential 0–2 dwelling units/net acre (H2) and Residential Maximum 1 dwelling units/5 gross acre (RL5).

The proposal is consistent with the existing County zoning designations of Single-Family Residential (R1) and Heavy Agricultural (A-2-2).

p. Environmental Justice:

The proposal makes no representations on exclusions of peoples of any race, culture, and/or income with respect to the location of public facilities and public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

q. Hazard Mitigation Plan:

The County of Los Angeles All-Hazard Mitigation Plan (approved February 13, 2019) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the County of Los Angeles (approved October 6, 2015) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is within the maps that identify State Responsibility Area (SRA). Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE PROPOSAL):

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Supplemental Environmental Impact Report (SEIR) certified by the County of Los Angeles, as lead agency, on November 7, 2018. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096. The SEIR is available at this link: <https://planning.lacounty.gov/case/view/92074-5> and through the offices of the Los Angeles LAFCO.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code § 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code § 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Santa Clarita Valley Water Agency which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 2019-03 to the Santa Clarita Valley Water Agency.

ORIGINAL FILED

NOV 20 2018

Notice of Determination

Appendix D

LOS ANGELES, COUNTY CLERK

To:

☒ Office of Planning and Research

U.S. Mail:

P.O. Box 3044

Sacramento, CA 95812-3044

Street Address:

1400 Tenth St., Rm 113

Sacramento, CA 95814

From:

Public Agency: Los Angeles County

Address: 320 West Temple Street

Los Angeles, CA 90012

Contact: Marie Pavlovic

Phone: (213) 974-6433

☒ County Clerk

County of: Los Angeles

Address: 12400 Imperial Highway

Norwalk, CA 90650

Lead Agency (if different from above):

Address:

Contact:

Phone:

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): 2016101032

Project Title: Tesoro del Valle (Phases A, B, C)

Project Applicant: BLC Tesoro LLC, Michael Schlesinger, (949) 945-2290

Project Location (include county): unincorporated LA County, north of Ave Rancho Tesoro and west of Casa Luna

Project Description:

The proposed Project includes construction of 820 residential units, including 455 conventional single-family units and 365 age-qualified dwelling units; 19.1 acres of parks and other recreational amenities, including trails; a 2.1-acre helispot; an internal circulation system; and associated infrastructure and utility systems. Project site grading would require approximately 9.1 million cubic yards (mcy) of cut and 9.1 mcy of fill which would balance on site. Remedial grading would also require an additional 2.7 mcy of cut and 2.7 mcy of fill. Project development would occur on a development footprint of approximately 393.6 acres.

This is to advise that the County of Los Angeles has approved the above
(☒ Lead Agency or ☐ Responsible Agency)

described project on November 7, 2018 and has made the following determinations regarding the above
(date)
described project.

1. The project ☒ will ☐ will not have a significant effect on the environment.
2. ☒ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
☐ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures ☒ were ☐ were not made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan ☒ was ☐ was not adopted for this project.
5. A statement of Overriding Considerations ☒ was ☐ was not adopted for this project.
6. Findings ☒ were ☐ were not made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval, or the negative Declaration, is available to the General Public at:

County of Los Angeles, 320 West Temple Street, 13th Floor, Los Angeles, CA 90012

Signature (Public Agency): [Signature] Title: Senior Regional Planner

Date: November 13, 2018 Date Received for filing at OPR: _____

State of California—Natural Resources Agency
CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE
2018 ENVIRONMENTAL FILING FEE CASH RECEIPT

RECEIPT #

201811201230025

STATE CLEARING HOUSE # (If applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY

LEAD AGENCY			DATE
LOS ANGELES COUNTY			11/20/2018
COUNTY/STATE AGENCY OF FILING			DOCUMENT NUMBER
LACC			2018292055
PROJECT TITLE			
TESORO DEL VALLE (PHASES A,B,C)			
PROJECT APPLICANT NAME			PHONE NUMBER
MARIE PAVLOVIC			
PROJECT APPLICANT ADDRESS	CITY	STATE	ZIP CODE
320 WEST TEMPLE STREET	LOS ANGELES	CA	90012
PROJECT APPLICANT (Check appropriate box):			
<input checked="" type="checkbox"/> Local Public Agency <input type="checkbox"/> School District <input type="checkbox"/> Other Special District <input type="checkbox"/> State Agency <input type="checkbox"/> Private Entity			

CHECK APPLICABLE FEES:

<input checked="" type="checkbox"/> Environmental Impact Report (EIR)	\$3,168.00	\$ 3,168.00
<input type="checkbox"/> Negative Declaration (ND)(MND)	\$2,280.75	\$ 0.00
<input type="checkbox"/> Application Fee Water Diversion (State Water Resources Control Board Only)	\$850.00	\$ 0.00
<input type="checkbox"/> Projects Subject to Certified Regulatory Programs (CRP)	\$1,077.00	\$ 0.00
<input checked="" type="checkbox"/> County Administrative Fee	\$50.00	\$ 75.00
<input type="checkbox"/> Project that is exempt from fees		
<input type="checkbox"/> Notice of Exemption		
<input type="checkbox"/> CDFW No Effect Determination (Form Attached)		
<input type="checkbox"/> Other _____		\$ 0.00

PAYMENT METHOD:

☐ Cash ☐ Credit ☒ Check ☐ Other _____

\$ 3,243.00

SIGNATURE	TITLE
X 	

State of California—Natural Resources Agency
CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE
2018 ENVIRONMENTAL FILING FEE CASH RECEIPT

RECEIPT #
201811201230025
STATE CLEARING HOUSE # (If applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY

LEAD AGENCY			DATE
LOS ANGELES COUNTY			11/20/2018
COUNTY/STATE AGENCY OF FILING			DOCUMENT NUMBER
LACC			2018292055
PROJECT TITLE			
TESORO DEL VALLE (PHASES A,B,C)			
PROJECT APPLICANT NAME			PHONE NUMBER
MARIE PAVLOVIC			
PROJECT APPLICANT ADDRESS	CITY	STATE	ZIP CODE
320 WEST TEMPLE STREET	LOS ANGELES	CA	90012
PROJECT APPLICANT (Check appropriate box):			
<input checked="" type="checkbox"/> Local Public Agency <input type="checkbox"/> School District <input type="checkbox"/> Other Special District <input type="checkbox"/> State Agency <input type="checkbox"/> Private Entity			

CHECK APPLICABLE FEES:

<input checked="" type="checkbox"/> Environmental Impact Report (EIR)	\$3,168.00	\$ 3,168.00
<input type="checkbox"/> Negative Declaration (ND)(MND)	\$2,280.75	\$ 0.00
<input type="checkbox"/> Application Fee Water Diversion (State Water Resources Control Board Only)	\$850.00	\$ 0.00
<input type="checkbox"/> Projects Subject to Certified Regulatory Programs (CRP)	\$1,077.00	\$ 0.00
<input checked="" type="checkbox"/> County Administrative Fee	\$50.00	\$ 75.00
<input type="checkbox"/> Project that is exempt from fees		
<input type="checkbox"/> Notice of Exemption		
<input type="checkbox"/> CDFW No Effect Determination (Form Attached)		
<input type="checkbox"/> Other _____		\$ 0.00

PAYMENT METHOD:

☐ Cash ☐ Credit ☒ Check ☐ Other _____

\$ 3,243.00

SIGNATURE	TITLE
X 	ITC

Dean C. Logan
Los Angeles County Registrar / Recorder
12400 Imperial Highway, Norwalk, CA
(800)201-8999

BUSINESS FILINGS REGISTRATION

NORWALK DEPARTMENT HEADQUARTER

Cashier: A. MOVSISYAN



Tuesday, November 20, 2018 3:24 PM

Item(s)

<u>Fee</u>	<u>Qty</u>	<u>Total</u>
NoD - County Posting Fee	1	\$75.00
2018292055		
NoD - Environmental Impac	1	\$3,168.00
2018292055		
Total		\$3,243.00

Total Documents: 1

Customer payment(s):

Check \$3,243.00

Check List:

#514 \$3,243.00

**RESOLUTION NO. 2021-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 2019-03 TO THE SANTA CLARITA VALLEY WATER AGENCY"**

WHEREAS, the Santa Clarita Valley Water Agency (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the County of Los Angeles (County); and

WHEREAS, the proposed annexation consists of approximately 324± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 2019-03 to the Santa Clarita Valley Water Agency"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide water service to the proposed development; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the proposed annexation ("Proposal") meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code § 56662; and

WHEREAS, the Executive Officer set the item for consideration for May 12, 2021 at 9:00 a.m., at the Commission's virtual meeting held by teleconference and web access, pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19"; and

WHEREAS, on May 12, 2021, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 2019-03 to the Santa Clarita Valley Water Agency, pursuant to State CEQA Guidelines § 15096, the Commission considered the Final Supplemental Environmental Impact Report (SEIR) prepared and certified by the County of Los Angeles, as lead agency, on November 7, 2018 for the project; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the (SEIR); adopts the Tesoro Del Valle (Phases A, B, C) SEIR Mitigation Monitoring and Reporting Plan, finding that the Tesoro Del Valle (Phases A, B, C) SEIR Mitigation Monitoring and Reporting Plan is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency; finds that there are no further feasible alternatives or feasible mitigation measures within the Commission's power that would substantially lessen or avoid any significant effect the project would have on the environment; and determines that the significant adverse effects of the project have either been reduced to an

acceptable level or are outweighed by the specific considerations of the project, as outlined in the Findings of Fact and Statement of Overriding Considerations, which findings and statement are adopted and incorporated as applicable herein by reference.

2. Pursuant to Government Code § 56662(a), the Commission hereby finds and determines that:

- a. The territory encompassed by the annexation is uninhabited; and
- b. Pursuant to Government Code §§ 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and
- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code § 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
4. The affected territory consists of 324± acres, is uninhabited, and is assigned the following short form designation: "Annexation No. 2019-03 to the Santa Clarita Valley Water Agency".

5. Annexation No. 2019-03 to the Santa Clarita Valley Water Agency is hereby approved, subject to the following terms and conditions:

- a. The 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.
- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an

extension of time for that completion.

- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
 - f. The regular County assessment roll shall be utilized by the District.
 - g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
 - h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Santa Clarita Valley Water Agency.
7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.

8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*
9. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 12th day of May 2021.

MOTION:

SECOND:

AYES:

NOES:

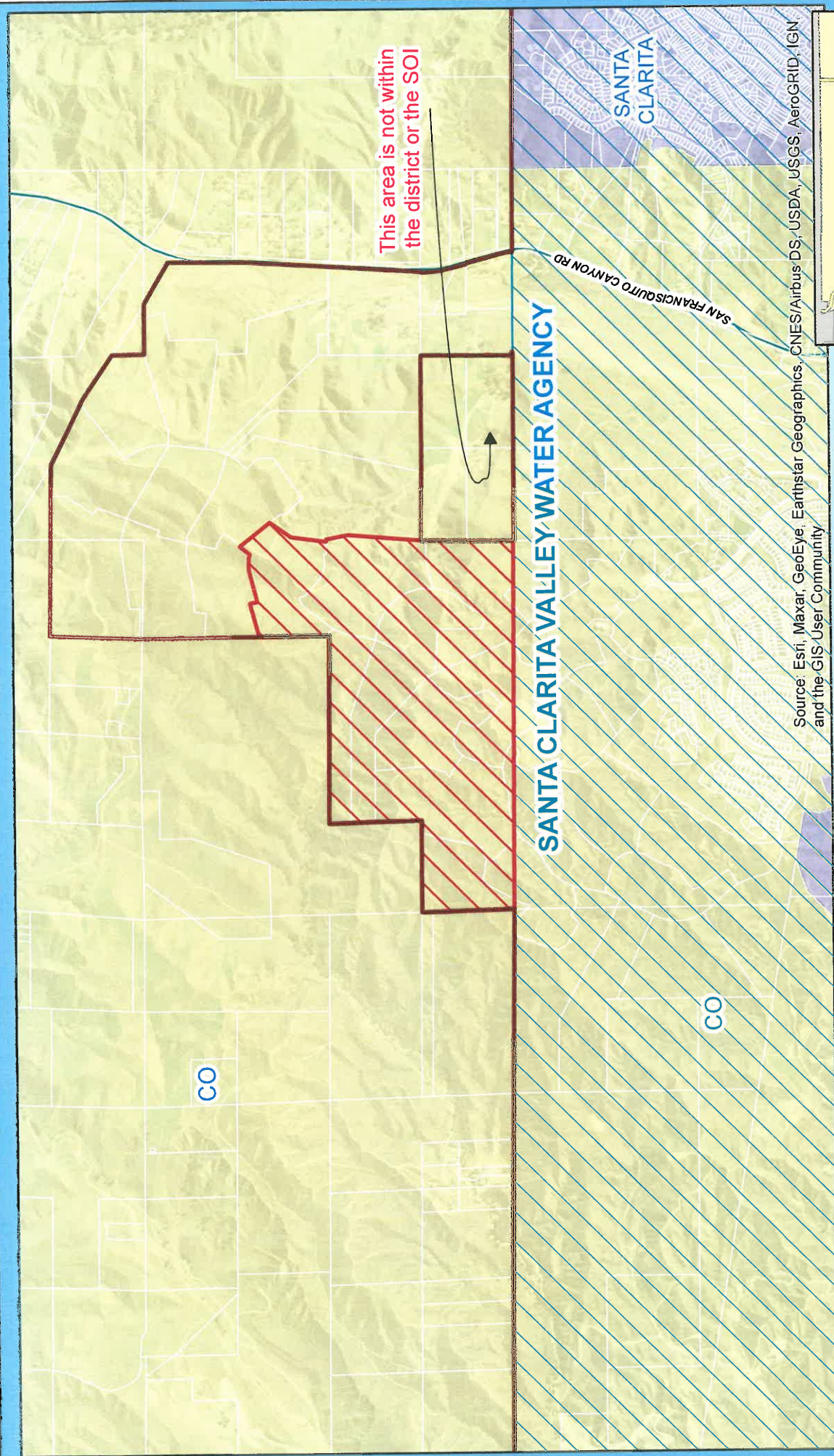
ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



This area is not within
the district or the SOI






SANTA CLARITA VALLEY WATER AGENCY

SANTA
CLARITA

SAN FRANCISCO CANYON RD

Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

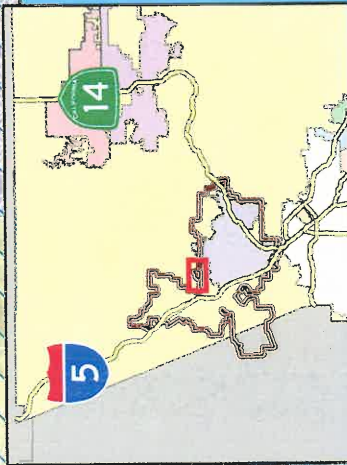
Legend

-  Annexation 2019-03
-  City of Santa Clarita
-  County Unincorporated
-  Santa Clarita Valley Water Agency
-  Santa Clarita Valley Water Agency Sphere of Influence (SOI)

Annexation No. 2019-03 to the Santa Clarita Valley Water Agency



LAFCO
Local Agency Formation Commission
for the County of Los Angeles



Staff Report

May 12, 2021

Agenda Item No. 6.e.

Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	2.51± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	County Sanitation District No. 14 of Los Angeles County (District)
Resolution:	April 9, 2020
Application Filed with LAFCO:	June 3, 2020
Certificate of Filing:	April 13, 2021
Location:	The affected territory is located on the southwest corner of Avenue N and 10 th Street West.
City/County:	City of Palmdale
Affected Territory:	The affected territory is commercial. The territory consists of one (1) proposed gas station. The topography is flat.
Surrounding Territory:	Surrounding territory is commercial.
Landowner:	ANJ Properties LLC
Registered Voters:	zero (0) registered voters as of October 11, 2017.
Purpose/Background:	For the District to provide off-site sewage disposal service.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the County Sanitation District No. 14 of Los Angeles County.
Within SOI:	Yes.

Waiver of Public Hearing:

Pursuant to Government Code § 56662(a), the Commission may waive notice and the public hearing for the annexation, because the proposal meets all of the following criteria: the affected territory is uninhabited; no affected local agency has submitted a written demand for notice and a hearing within ten (10) days following the mailed hearing notice; and all owners of land within the affected territory have given their written consent to the proposal. Staff has therefore agendaized the Proposal on the Commission "Consent Item(s)" portion of the Agenda as Agenda Item 6.e.

California Environmental
Quality Act (CEQA) Clearance:

The California Environmental Quality Act (CEQA) clearance is a Negative Declaration adopted by the City of Palmdale, as lead agency, on January 14, 2010.

Additional Information:

None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the executive officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on April 13, 2021. In conjunction with the issuance of the COF, the Executive Officer set the date of consideration as Wednesday, May 12, 2021.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT § 56668:

a. Affected population, territory and adjacent areas:

The existing population is zero (0) residents as of October 11, 2017.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is zero (0) residents (no anticipated change).

The affected territory is 2.51+/- acres. The affected territory is commercial. The territory consists of one (1) proposed gas station.

The assessed valuation is \$1,581,000 as of October 11, 2017.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On December 8, 2020, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The affected territory is surrounded by commercial to the north, residential to the west and vacant land to the east and south.

The affected territory is likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. *Governmental Services and Controls:*

The affected territory will be developed to include a gas station which requires organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, there is no other sewer service alternative. The Los Angeles County Department of Public Health prohibits the installation, alteration, or repair of any on-site wastewater treatment systems for any building for which connection to a public sewer system is available within 200 feet. Due to the proposed land uses within the annexation area and its proximity to existing sewer infrastructure, public sewer service is the only viable alternative for development to occur. The cost of sewage disposal by the District is relatively preferable since the annexation is relatively close to an existing public sewer system. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact of the local government structure of the County. There is no alternative to public sewage disposal. Service by the District is considered more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code §§ 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left to fallow under a crop rotation program, land enrolled in an agricultural subsidy, or set aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. Boundaries:

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. Regional Transportation Plan:

The Southern California Associated Governments (SCAG) adopted its 2016-2040 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the annexation is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is the Antelope Valley Freeway, which is approximately 1,200 feet from the affected territory.

h. Consistency with Plans:

The proposal is consistent with the existing City's General Plan designation of Business Park (BP).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. Sphere of Influence:

The affected territory is within the Sphere of Influence of the County Sanitation District No. 14 of Los Angeles County.

j. Comments from Public Agencies:

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. Ability to Provide Services:

Although the affected territory is not currently served by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Lancaster Water Reclamation Plant 2020 Facilities Plan.

l. Timely Availability of Water Supplies:

There are no known issues regarding water supply or delivery. The affected territory is within the boundaries of the Palmdale Water District which is the local water purveyor.

m. Regional Housing Needs:

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing City's General Plan designation of Business Park (BP).

The proposal is consistent with the existing City's zoning designation of Planned Industrial (M-4).

p. Environmental Justice:

All of the owners of real property within the affected territory have requested, in writing, that the District provide off-site sewage disposal service. Property owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal makes no representations on exclusions of peoples of any race, culture, and/or income with respect to the location of public facilities and public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

q. Hazard Mitigation Plan:

The City of Palmdale All-Hazard Mitigation Plan (revised September 30, 2016) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the City of Palmdale (approved January 25, 1993) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is not within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is not within the maps that identify State Responsibility Area (SRA). Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE PROPOSAL):

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Negative Declaration adopted by the City of Palmdale, as lead agency, on January 14, 2010. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096. The Negative Declaration is available at this link: <https://lalafco.org/wp-content/uploads/documents/14-428%20CEQA.pdf> and through the offices of the Los Angeles LAFCO.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code § 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code § 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the County Sanitation District No. 14 of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County.

**RESOLUTION NO. 2021-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
" ANNEXATION NO. 428 TO THE COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY "**

WHEREAS, the County Sanitation District No. 14 of Los Angeles County (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of Palmdale; and

WHEREAS, the proposed annexation consists of approximately 2.51± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to a proposed gas station; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, the Executive Officer set the item for consideration for May 12, 2021 at 9:00 a.m., at the Commission's virtual meeting held by teleconference and web access, pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19"; and

WHEREAS, on May 12, 2021, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County, pursuant to State CEQA Guidelines § 15096, the Commission considered the Negative Declaration prepared by the City of Palmdale, as lead agency, on January 14, 2010, together with any comments received during the public review process; and certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the proposed project as shown in the Negative Declaration.
2. Pursuant to Government Code § 56662(a), the Commission hereby finds and determines that:
 - a. The territory encompassed by the annexation is uninhabited; and
 - b. Pursuant to Government Code §§ 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected

local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and

- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code § 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

4. The affected territory consists of 2.51± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County".

5. Annexation No. 428 to the County Sanitation District No. 14 of Los Angeles County is hereby approved, subject to the following terms and conditions:

- a. The 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.
- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-

Recorder/County Clerk.

- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.
- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- f. The regular County assessment roll shall be utilized by the District.
- g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
- h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.

- i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the County Sanitation District No. 14 of Los Angeles County.
7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*
9. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 12th day of May 2021.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:

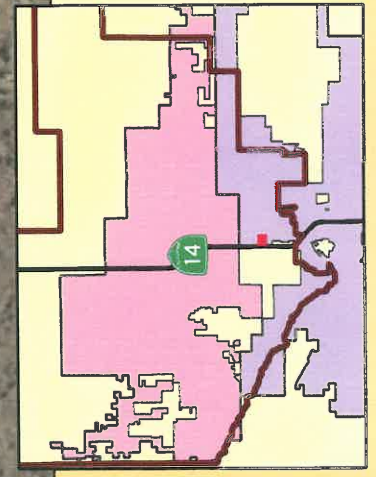
MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



May 12, 2021

Annexation No. 428 to County Sanitation District No. 14



Legend

- CSD Annexation 14-428
- City of Lancaster
- City of Palmdale
- Los Angeles County
- Sanitation District No. 14
- Sphere of Influence, CSD 14

Staff Report

May 12, 2021

Agenda Item No. 6.f.

Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	0.31± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	County Sanitation District No. 15 of Los Angeles County (District)
Resolution:	July 22, 2020
Application Filed with LAFCO:	October 5, 2020
Certificate of Filing:	April 13, 2021
Location:	The affected territory is located on Shrode Avenue, approximately 550 feet east of California Avenue, 550 feet west of Lincoln Avenue and 200 feet north of E. Camino Real.
City/County:	Los Angeles County unincorporated territory.
Affected Territory:	The affected territory is vacant. The territory consists of one (1) proposed single-family home. The topography is flat.
Surrounding Territory:	Surrounding territory is residential.
Landowner:	Irma Y. Nieves
Registered Voters:	zero (0) registered voters as of November 11, 2019.
Purpose/Background:	For the District to provide off-site sewage disposal service.

Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the County Sanitation District No. 15 of Los Angeles County.
Within SOI:	Yes.
Waiver of Public Hearing:	Pursuant to Government Code § 56662(a), the Commission may waive notice and the public hearing for the annexation, because the proposal meets all of the following criteria: the affected territory is uninhabited; no affected local agency has submitted a written demand for notice and a hearing within ten (10) days following the mailed hearing notice; and all owners of land within the affected territory have given their written consent to the proposal. Staff has therefore agendized the Proposal on the Commission “Consent Item(s)” portion of the Agenda as Agenda Item 6.f.
California Environmental Quality Act (CEQA) Clearance:	The proposal is categorically exempt from CEQA pursuant to State CEQA Guidelines § 15319 (b) because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures. A Categorical Exemption was adopted by County Sanitation District No. 15 of Los Angeles County, as lead agency, on July 22, 2020.
Additional Information:	None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the executive officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on April 13, 2021. In conjunction with the issuance of the COF, the Executive Officer set the date of consideration as Wednesday, May 12, 2021.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT § 56668:

a. Affected population, territory and adjacent areas:

The existing population is zero (0) residents as of September 11, 2019.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is two (2) residents.

The affected territory is 0.31+/- acres. The affected territory is vacant. The territory consists of one (1) proposed single-family home.

The assessed valuation is \$229,500 as of August 10, 2020.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On December 8, 2020, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The affected territory is surrounded by populated areas on all sides.

The affected territory is likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. *Governmental Services and Controls:*

The affected territory will be developed to include a one (1) proposed single-family home which will require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, there is no other sewer service alternative. The Los Angeles County Department of Public Health prohibits the installation, alteration, or repair of any on-site wastewater treatment systems for any building for which connection to a public sewer system is available within 200 feet. Due to the proposed land uses within the annexation area and its proximity to existing sewer infrastructure, public sewer service is the only viable alternative for development to occur. The cost of sewage disposal by the District is relatively preferable since the annexation is relatively close to an existing public sewer system. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact of the local government structure of the County. There is no alternative to public sewage disposal. Service by the District is considered more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code §§ 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left to fallow under a crop rotation program, land enrolled in an agricultural subsidy, or set aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. Boundaries:

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. Regional Transportation Plan:

The Southern California Associated Governments (SCAG) adopted its 2016-2040 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the annexation is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is the Arrow Highway, which is approximately 4,000 feet from the affected territory.

h. Consistency with Plans:

The proposal is consistent with the existing City's General Plan designation of Residential 9 (H9).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. Sphere of Influence:

The affected territory is within the Sphere of Influence of the County Sanitation District No. 15 of Los Angeles County.

j. Comments from Public Agencies:

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. Ability to Provide Services:

Although the affected territory is not currently served by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Joint Outfall System 2010 Master Facilities Plan.

l. Timely Availability of Water Supplies:

There are no known issues regarding water supply or delivery. The affected territory is within the boundaries of the California American Water Company which is the local water purveyor.

m. Regional Housing Needs:

This proposal will assist the County's ability to achieve its fair share of the regional housing needs since the annexation area is being developed with one (1) single-family home.

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing County's General Plan designation of Residential 9 (H9).

The proposal is consistent with the existing County's zoning designation of Light Agriculture (A-1-15000).

p. Environmental Justice:

The owner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal makes no representations on exclusions of peoples of any race, culture, and/or income with respect to the location of public facilities and public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

q. Hazard Mitigation Plan:

The County of Los Angeles All-Hazard Mitigation Plan (approved February 13, 2019) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the County of Los Angeles (approved October 6, 2015) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is not within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is not within the maps that identify State Responsibility Area (SRA). Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE PROPOSAL):

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319 (b) because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code § 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code § 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the County Sanitation District No. 15 of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County.

**RESOLUTION NO. 2021-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
" ANNEXATION NO. 301 TO THE COUNTY SANITATION DISTRICT NO. 15
OF LOS ANGELES COUNTY "**

WHEREAS, the County Sanitation District No. 15 of Los Angeles County (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the Los Angeles County unincorporated territory; and

WHEREAS, the proposed annexation consists of approximately 0.31± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to one (1) proposed single-family home; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the Proposal meets all of the criteria for the Commission to make a determination without notice and hearing and waive protest proceedings entirely, pursuant to Government Code Section 56662; and

WHEREAS, the Executive Officer set the item for consideration for May 12, 2021 at 9:00 a.m., at the Commission's virtual meeting held by teleconference and web access, pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19"; and

WHEREAS, on May 12, 2021, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission, with respect to Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County, finds that the annexation is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319(b), because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structure. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.
2. Pursuant to Government Code § 56662(a), the Commission hereby finds and determines that:
 - a. The territory encompassed by the annexation is uninhabited; and
 - b. Pursuant to Government Code §§ 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected

local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and

- c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code § 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

- 3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

- 4. The affected territory consists of 0.31± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County".

- 5. Annexation No. 301 to the County Sanitation District No. 15 of Los Angeles County is hereby approved, subject to the following terms and conditions:

- a. The 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.
- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-

Recorder/County Clerk.

- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.
- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- f. The regular County assessment roll shall be utilized by the District.
- g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
- h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.

- i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the County Sanitation District No. 15 of Los Angeles County.
7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*
9. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 12th day of May 2021.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0






**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Legend

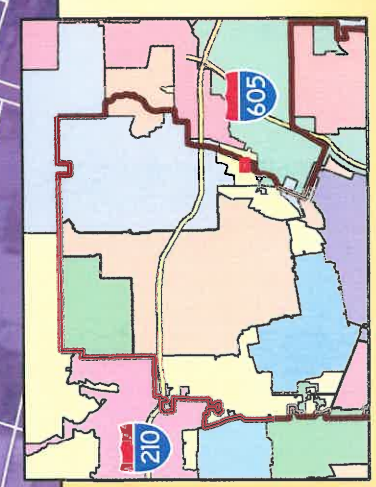
-  CSD Annexation 15-301
-  County Unincorporated
-  City of Inwindale
-  Los Angeles County Sanitation District No. 15
-  Sphere of Influence, CSD 15

Annexation No. 301 to County Sanitation District No. 15



LAFCO
Local Agency Formation Commission
for the County of Los Angeles

May 12, 2021



Staff Report

May 12, 2021

Agenda Item No. 7.b.

Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	1.21± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	County Sanitation District No. 22 of Los Angeles County (District)
Resolution:	January 22, 2020
Application Filed with LAFCO:	February 4, 2020
Certificate of Filing:	April 13, 2021
Location:	The affected territory is located on Dancove Drive approximately 100 feet northeast of the terminus of Greenville Drive and 600 feet south of Novarro St.
City/County:	City of West Covina.
Affected Territory:	The affected territory is vacant. The territory consists of two (2) single-family homes. The topography is flat.
Surrounding Territory:	Surrounding the affected territory is residential.
Landowner:	Kevin E. Rodriguez. Devore J/E Living Trust.
Registered Voters:	Zero (0) registered voters as of December 18, 2018.
Purpose/Background:	For the District to provide off-site sewage disposal service.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the County Sanitation District No. 22 of Los Angeles County.

Within SOI:	The affected territory is within County Sanitation District No. 22 SOI.
Public Hearing:	Pursuant to Government Code § 56658(h), and upon issuing a Certificate of Filing, the Executive Officer set the proposal for public hearing and gave published notice thereof, within the required ninety (90) days.
Waiver of Protest Hearing:	Pursuant to Government Code Section 56663, the Commission may waive protest proceedings that would otherwise be required if all of the requirements therein have occurred.
California Environmental Quality Act (CEQA) Clearance:	The proposal is categorically exempt from CEQA pursuant to State CEQA Guidelines § 15319 (b) because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures. A Categorical Exemption was adopted by County Sanitation District of Los Angeles County, as lead agency, on January 22, 2020.
Additional Information:	None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the executive officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on April 13, 2021. In conjunction with the issuance of the COF, the Executive Officer set the public hearing date as Wednesday, May 12, 2021.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT § 56668:

a. Affected population, territory and adjacent areas:

The existing population is zero (0) residents as of December 18, 2018.

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is five (5) residents.

The affected territory is 1.21+/- acres. The affected territory is vacant. The territory consists of two (2) single-family homes.

The assessed valuation is \$398,575 as of December 18, 2018.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On December 8, 2020, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The affected territory is surrounded by populated areas on all sides.

The affected territory is not likely to experience modest growth in the next ten years. The adjacent areas are likely to experience no growth in the next ten years.

b. *Governmental Services and Controls:*

The affected territory includes two (2) single-family homes which require organized governmental services.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, there is no other sewer service alternative. The Los Angeles County Department of Public Health prohibits the installation, alteration, or repair of any on-site wastewater treatment systems for any building for which connection to a public sewer system is available within 200 feet. Due to the proposed land uses within the annexation area and its proximity to existing sewer infrastructure, public sewer service is the only viable alternative for development to occur. The cost of sewage disposal by the District is relatively preferable since the annexation is relatively close to an existing public sewer system. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. *Proposed Action and Alternative Actions:*

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact of the local government structure of the City. There is no alternative to public sewage disposal. Service by the District is considered more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. *Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:*

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code §§ 56377(a) and 56377(b).

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left to fallow under a crop rotation program, land enrolled in an agricultural subsidy, or set aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Regional Transportation Plan:*

The Southern California Associated Governments (SCAG) adopted its 2016-2040 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the annexation is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is the Interstate-10 Freeway, which is approximately 6,300 feet from the affected territory.

h. *Consistency with Plans:*

The proposal is consistent with the existing City's General Plan designation of Low Density Residential (NL).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the County Sanitation District No. 22 of Los Angeles County.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

Although the affected territory is not currently served by the District, the area was included in the future service area that might be served by the District. The District's future wastewater management needs were addressed in the Joint Outfall System 2010 Master Facilities Plan.

l. *Timely Availability of Water Supplies:*

There are no known issues regarding water supply or delivery. The affected territory is within the boundaries of the Suburban Water Systems which is the local water purveyor.

m. Regional Housing Needs:

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing City's General Plan designation of Low Density Residential (NL).

The proposal is consistent with the existing City's zoning designation of Single-Family Residential (R-1).

p. Environmental Justice:

A landowner of real property within the affected territory has requested, in writing, that the District provide off-site sewage disposal service. Property owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal makes no representations on exclusions of peoples of any race, culture, and/or income with respect to the location of public facilities and public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

q. Hazard Mitigation Plan:

The City of West Covina Natural Hazard Mitigation Plan establishes the City's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the City of West Covina addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is not within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is not within the maps that identify State Responsibility Area (SRA). Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE PROPOSAL):

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319 (b) because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.

PUBLIC HEARING NOTICE:

Newspaper Notice: LAFCO is required to provide notice of the public hearing “in one or more newspapers of general circulation within each affected county, affected city, or affected district,” pursuant to Government Code § 56153, and notice “shall be commenced at least 21 days prior to the date specified in the notice for the public hearing,” pursuant to Government Code § 56154. LAFCO published a hearing notice in the Daily Commerce on April 15, 2021.

Mailed Notice: LAFCO is required to provide notice of the public hearing to “landowners within the affected territory” and to “all landowners within 300 feet” of the affected territory pursuant to Government Code § 56157(d); notice “shall be sent first class and deposited, postage prepaid, in the United States mails” pursuant to Government Code § 56155; and notice “shall be mailed at least 21 days prior to the date specified in the notice for hearing” pursuant to Government Code § 56156.

WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code § 56663, the Commission may waive protest proceedings if all of the following have occurred: 1) mailed notice pursuant to Government Code § 56157 has been given to landowners and registered voters within the affected territory; 2) the mailed notice discloses the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the City and/or District in the affected territory; 3) the mailed notice discloses that unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and 4) no written opposition to the proposal from landowners or registered voters within the affected territory is received before the conclusion of the Commission proceedings on the proposal.

All criteria have been met for the Commission to waive protest proceedings; however should written opposition be received by the Commission prior to the conclusion of the Commission proceeding, the matter should be referred to staff to schedule protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the County Sanitation District No. 22 of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Open the public hearing and receive testimony on the annexation;
2. There being no further testimony, close the public hearing; and
3. There being no written opposition submitted by the landowners or registered voters within the affected territory before the conclusion of this hearing on the proposal, waive the protest proceedings pursuant to Government Code § 56663 and Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County.

**RESOLUTION NO. 2021-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 434 TO THE COUNTY SANITATION DISTRICT NO. 22
OF LOS ANGELES COUNTY"**

WHEREAS, the County Sanitation District No. 22 of Los Angeles County (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the City of West Covina; and

WHEREAS, the proposed annexation consists of approximately 1.21± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to two (2) single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Executive Officer has given notice of the public hearing pursuant to Government Code §§ 56150-56160, 57025, and 57026, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on April 15, 2021,

which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, in accordance with Government Code Section 56663, mailed notice pursuant to Government Code Section 56157 has been given to landowners and registered voters within the affected territory; and the mailed notice discloses that: 1) the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the City and/or District in the affected territory, and 2) unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and

WHEREAS, on May 12, 2021, after being duly and properly noticed, this proposal came on for hearing, at which time this Commission heard and received all oral and written testimony, 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, the Commission, acting as the conducting authority, has the ministerial duty of accepting any written opposition to the proposal and either, waive protest proceedings entirely, pursuant to Government Code § 56663, if no written opposition was received, or pursuant to Government Code § 57002, set the protest hearing to the following LAFCO hearing.

WHEREAS, the Commission, having not received written opposition to the proposal from landowners or registered voters before the conclusion of the proceeding/hearing hereby waives protest proceedings pursuant to Government Code Section § 56663.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission, with respect to Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County, finds that the annexation is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319(b), because the annexation consists of an individual small parcel of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.
2. The Commission finds the number of written opposition filed by landowners and registered voters is ____.
3. Mailed notice has been provided pursuant to Government Code § 56663 on April 20, 2021.
4. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
5. The affected territory consists of 1.21± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County".
6. Annexation No. 434 to the County Sanitation District No. 22 of Los Angeles County is hereby approved, subject to the following terms and conditions:
 - a. The 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.

- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.
- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
- f. The regular County assessment roll shall be utilized by the District.

- g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
 - h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
7. Pursuant to Government Code § 56663, the Commission finds that all the following have occurred: 1) mailed notice pursuant to Government Code Section 56157 has been given to landowners and registered voters within the affected territory; 2) the mailed notice discloses the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the City and/or District in the affected territory; 3) the mailed notice discloses that unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and 4) no written opposition to the proposal from

landowners or registered voters before the conclusion of the proceeding/hearing.

Therefore, pursuant to Government Code Section 56663, the Commission hereby waives protest proceedings.

8. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the County Sanitation District No. 22 of Los Angeles County.
9. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*
10. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 12th day of May 2021.

MOTION:

SECOND:

AYES:

NOES:

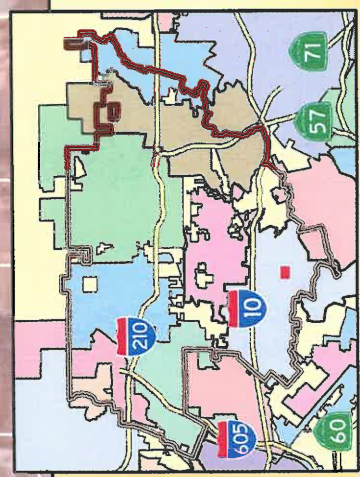
ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0





**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Paul A. Novak, AICP
Executive Officer**



Annexation No. 434 to County Sanitation District No. 22

Legend

-  CSD Annexation 22-434
-  City of West Covina
-  Los Angeles County Sanitation District No. 22
-  Sphere of Influence, CSD 22



Staff Report

May 12, 2021

Agenda Item No. 7.d.

Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	2.5± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Sanitation District of Los Angeles County (District)
Resolution:	January 13, 2020
Application Filed with LAFCO:	January 28, 2020
Certificate of Filing:	April 13, 2021
Location:	The affected territory is located on Arroyo Oak Lane approximately 300 feet south of Hasley Canyon.
City/County:	Los Angeles County unincorporated territory.
Affected Territory:	The affected territory is residential. The territory consists of one (1) existing single-family home. The topography is flat.
Surrounding Territory:	Surrounding the affected territory is residential.
Landowner:	Travis Reed/Jocelyn Evans
Registered Voters:	Two (2) registered voters as of April 16, 2019.
Purpose/Background:	For the District to provide off-site sewage disposal service.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the Santa Clarita Valley Sanitation District of Los Angeles County.

Within SOI:	The affected territory is within the Santa Clarita Valley Sanitation District SOI.
Public Hearing:	Pursuant to Government Code Section 56658(h), and upon issuing a Certificate of Filing, the Executive Officer set the proposal for public hearing and gave published notice thereof, within the required ninety (90) days.
Waiver of Protest Hearing:	Pursuant to Government Code Section 56663, the Commission may waive protest proceedings that would otherwise be required if all of the requirements therein have occurred.
California Environmental Quality Act (CEQA) Clearance:	The proposal is categorically exempt from CEQA pursuant to State CEQA Guidelines § 15319 (a) because the annexation consists of an existing private single-family home developed to the density allowed by the current zoning and extension of services to the existing residence will serve only that residence. A Categorical Exemption was adopted by the Santa Clarita Valley Sanitation District of Los Angeles County, as lead agency, on January 13, 2020.
Additional Information:	None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the Executive Officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on April 13, 2021. In conjunction with the issuance of the COF, the Executive Officer set the public hearing date as Wednesday, May 12, 2021.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE 56668:

a. Affected population, territory and adjacent areas:

The existing population is approximately four (4) residents. The population density is 1.60 persons per acre.

The estimated population is four (4) residents (no anticipated change).

The affected territory is 2.5+/- acres. The affected territory is residential. The territory consists of one (1) existing single-family home.

The assessed valuation is \$450,550 as of January 16, 2020.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On December 8, 2020, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The affected territory is residential to the west, vacant land to the north, east and south.

The affected territory is not likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. Governmental Services and Controls:

The affected territory includes one (1) existing single-family home which requires organized governmental services.

The present cost and adequacy of governmental services and controls in the area are acceptable. With respect to sanitary sewage disposal, other than service provided by the District, there is no other sewer service alternative. The Los Angeles County Department of Public Health prohibits the installation, alteration, or repair of any on-site wastewater treatment systems for any building for which connection to a public sewer system is available within 200 feet. Due to the proposed land uses within the annexation area and its proximity to existing sewer infrastructure, public sewer service is the only viable alternative for development to occur. The cost of sewage disposal by the District is relatively preferable since the annexation is relatively close to an existing public sewer system. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

c. Proposed Action and Alternative Actions:

The proposed action will have no effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact of the local government structure of the County. There is no alternative to public sewage disposal. Service by the District is considered more reliable than septic systems. Service by the District is environmentally superior in terms of wastewater treatment, effluent discharge, and impacts on surface water bodies and groundwater.

d. Conformity with Commission Policies on Urban Development and Open Space Conversion Policies:

There are no conformance issues because the Commission has not adopted any policies relative to providing planned, orderly, efficient patterns of urban development.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code Sections 56377(a) and 56377(b).

e. Agricultural Lands:

There are no effects on agricultural lands, as defined. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2012 Status Report).

f. Boundaries:

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. Regional Transportation Plan:

The Southern California Associated Governments (SCAG) adopted its 2016-2040 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code Section 65080. The closest highway to the annexation is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is the Interstate 5 Freeway, which is approximately 13,000 feet from the affected territory.

h. Consistency with Plans:

The proposal is consistent with the existing County's General Plan designation of Rural Land 2 (RL2).

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. Sphere of Influence:

The affected territory is within the Sphere of Influence of the Santa Clarita Valley Sanitation District of Los Angeles County.

j. Comments from Public Agencies:

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. Ability to Provide Services:

The affected territory is currently served by the District and was included in the 2015 Santa Clarita Joint Sewerage System Facilities Plan and Environmental Impact Report (EIR).

l. Timely Availability of Water Supplies:

There are no known issues regarding water supply or delivery. The affected territory is within the boundaries of the Santa Clarita Valley Water Agency which is the local water purveyor.

m. Regional Housing Needs:

As a special district annexation, the proposal will not affect any city, nor the county, in achieving their respective fair shares of the regional housing needs as determined by the Southern California Association of Governments (SCAG).

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing County's General Plan designation of Rural Land 2 (RL2).

The proposal is consistent with the existing County's zoning designation of Heavy Agricultural (A-2-2).

p. Environmental Justice:

Owner of real property within the affected territory requested, in writing, that the District provide off-site sewage disposal service. Property-owners of adjacent areas did not request such service, and/or were contacted by Sanitation District staff and were not interested in securing such service or did not respond. The proposal makes no representations on exclusions of peoples of any race, culture, and/or income with respect to the location of public facilities and public services.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory.

q. Hazard Mitigation Plan:

The County of Los Angeles All-Hazard Mitigation Plan (approved February 13, 2019) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the County of Los Angeles (approved October 6, 2015) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is within the maps that identify a State Responsibility Area (SRA). Both the County of Los Angeles All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE PROPOSAL):

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The proposal is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319 (a) because the annexation consists of an existing private single-family home developed to the density allowed by the current zoning and extension of services to the existing

residence will serve only that residence. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.

PUBLIC HEARING NOTICE:

Newspaper Notice: LAFCO is required to provide notice of the public hearing “in one or more newspapers of general circulation within each affected county, affected city, or affected district,” pursuant to Government Code §56153, and notice “shall be commenced at least 21 days prior to the date specified in the notice for the public hearing,” pursuant to Government Code §56154. LAFCO published a hearing notice in the Daily Commerce on April 15, 2021.

Mailed Notice: LAFCO is required to provide notice of the public hearing to “landowners within the affected territory” and to “all landowners within 300 feet” of the affected territory pursuant to Government Code §56157(d); notice “shall be sent first class and deposited, postage prepaid, in the United States mails” pursuant to Government Code §56155; and notice “shall be mailed at least 21 days prior to the date specified in the notice for hearing” pursuant to Government Code §56156.

WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code Section 56663, the Commission may waive protest proceedings if all of the following have occurred: 1) mailed notice pursuant to Government Code Section 56157 has been given to landowners and registered voters within the affected territory; 2) the mailed notice discloses the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the City and/or District in the affected territory; 3) the mailed notice discloses that unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and 4) no written opposition to the proposal from landowners or registered voters within the affected territory is received before the conclusion of the Commission proceedings on the proposal.

All criteria have been met for the Commission to waive protest proceedings; however should written opposition be received by the Commission prior to the conclusion of the Commission proceeding, the matter should be referred to staff to schedule protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Santa Clarita Valley Sanitation District of Los Angeles County which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Open the public hearing and receive testimony on the annexation;
2. There being no further testimony, close the public hearing; and
3. There being no written opposition submitted by the landowners or registered voters within the affected territory before the conclusion of this hearing on the proposal, waive the protest proceedings pursuant to Government Code Section 56663 and Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County.

**RESOLUTION NO. 2021-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 1101 TO THE SANTA CLARITA VALLEY SANITATION DISTRICT
OF LOS ANGELES COUNTY"**

WHEREAS, the Santa Clarita Valley Sanitation District (District) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the District, all within the Los Angeles County unincorporated area; and

WHEREAS, the proposed annexation consists of approximately 2.5± acres of uninhabited territory and is assigned the following distinctive short-form designation:

"Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide off-site sewage disposal to one (1) existing single-family home; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Executive Officer has given notice of the public hearing pursuant to Government Code §§ 56150-56160, 57025, and 57026, wherein the public hearing notice was published in a newspaper of general circulation in the County of Los Angeles on April 15, 2021,

which is at least 21 days prior to the public hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, in accordance with Government Code § 56663, mailed notice pursuant to Government Code § 56157 has been given to landowners and registered voters within the affected territory; and the mailed notice discloses that: 1) the potential for the extension or continuation of any previously authorized charge, fee, assessment, or tax by the City and/or District in the affected territory, and 2) unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and

WHEREAS, on May 12, 2021, after being duly and properly noticed, this proposal came on for hearing, at which time this Commission heard and received all oral and written testimony, 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, the Commission, acting as the conducting authority, has the ministerial duty of accepting any written opposition to the proposal and either, waive protest proceedings entirely, pursuant to Government Code § 56663, if no written opposition was received, or pursuant to Government Code § 57002, set the protest hearing to the following LAFCO hearing.

WHEREAS, the Commission, having not received written opposition to the proposal from landowners or registered voters before the conclusion of the proceeding/hearing hereby waives protest proceedings pursuant to Government Code Section § 56663.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission, with respect to Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County, finds that the annexation is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines § 15319(a), because the annexation consists of an existing private single-family home developed to the density allowed by the current zoning and extension of services to the existing residence will serve only that residence. In addition, there are no cumulative impacts, unusual circumstances, nor other exceptions that would make the exemption inapplicable based on the proposal records.
2. The Commission finds the number of written opposition filed by landowners and registered voters is ____.
3. Mailed notice has been provided pursuant to Government Code § 56663 on April 20, 2021.
4. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
5. The affected territory consists of 2.5± acres, is uninhabited, and is assigned the following short form designation:

"Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County".
6. Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County is hereby approved, subject to the following terms and conditions:

- a. The 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.
- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.

- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the District.
 - f. The regular County assessment roll shall be utilized by the District.
 - g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.
 - h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
7. Pursuant to Government Code § 56663, the Commission finds that all the following have occurred: 1) mailed notice pursuant to Government Code Section 56157 has been given to landowners and registered voters within the affected territory; 2) the mailed notice discloses the potential for the extension or continuation of any previously authorized

charge, fee, assessment, or tax by the City and/or District in the affected territory; 3) the mailed notice discloses that unless written opposition to the proposal is received before the conclusion of the Commission proceeding on the proposal, the Commission intends to waive protest proceedings; and 4) no written opposition to the proposal from landowners or registered voters before the conclusion of the proceeding/hearing. Therefore, pursuant to Government Code § 56663, the Commission hereby waives protest proceedings.

8. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the District.
9. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
10. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*
11. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 12th day of May 2021.

MOTION:

SECOND:

AYES:

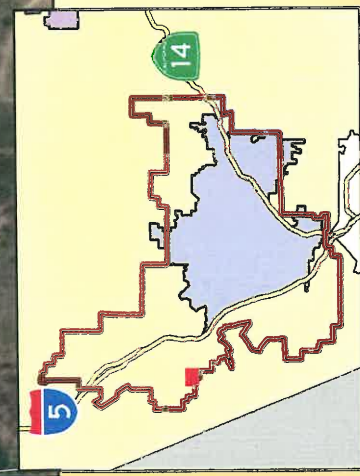
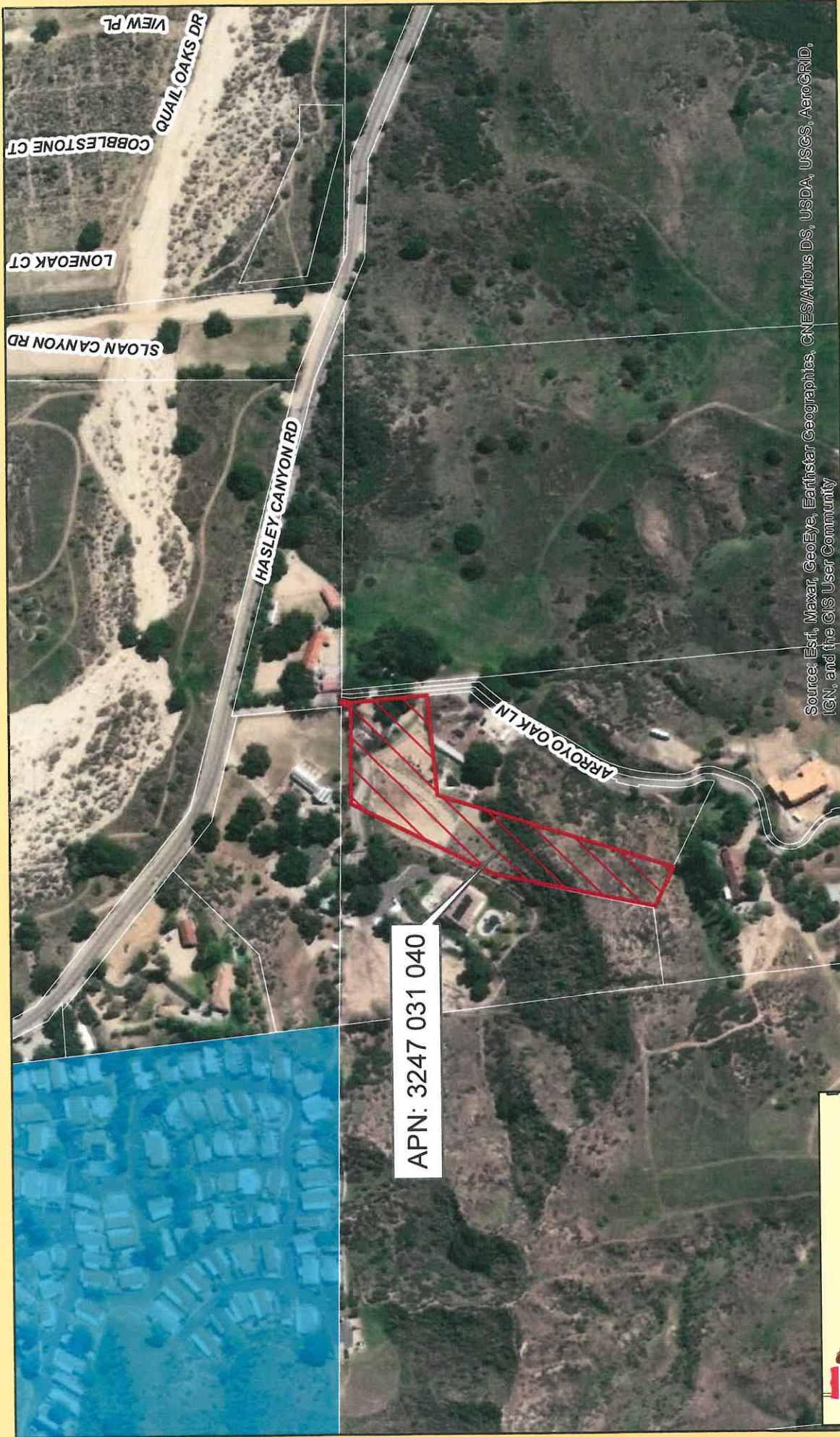
NOES:

ABSTAIN:

ABSENT:
MOTION PASSES: 0/0/0

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Paul A. Novak, AICP
Executive Officer



Annexation No. 1101 to the Santa Clarita Valley Sanitation District of Los Angeles County

Legend

- CSD Annexation SCV-1101
- City of Santa Clarita
- Santa Clarita Valley Sanitation District of Los Angeles County
- Sphere of Influence, CSD SCV



Staff Report

May 12, 2021

Agenda Item No. 9.a.

Independent Auditor's Report for Fiscal Year 2019-20

In August of 2016, the Commission awarded Davis Farr LLP a contract to provide auditing services for four fiscal years, beginning with Fiscal Year (FY) 2015-16 through FY 2018-19, with an option to extend for an additional fiscal year, FY 2019-20. In February of 2020, the Commission exercised its option to extend its contract through FY 2019-20. This agenda item includes the final year of auditing services, consistent with the initial contract.

Jennifer Farr of Davis Farr LLP will present the findings of the FY 2019-20 Independent Auditor's Report, and she will be available to answer questions from the Commission. LAFCO's accountant, Cindy Byerrum, will also be available to answer questions from the Commission.

This year's audit was conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. The auditors have provided a favorable opinion of LAFCO's financial statements. The auditor did not identify any deficiencies in internal controls, nor did they find any instances of noncompliance or any material misstatements.

The Audited Financial Statements for FY 2019-20 are attached for your consideration and review. The documents include the: Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplemental Information, and the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Also attached is a letter from Davis Farr, dated April 22, 2021 concerning the responsibilities in performing the audit, consistent with governmental and professional standards.

Staff Recommendation

1. Receive and file the enclosed Independent Auditor's Report, audited financial statements, and associated documents for Fiscal Year 2019-20, ending June 30, 2020.



Davis Farr LLP
 18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
 Main: 949.474.2020 | Fax: 949.263.5520

To the Board of Commissioners
 Los Angeles Local Agency Formation Commission

We have audited the financial statements of the governmental activities, and each major fund of the Local Agency Formation Commission of the County of Los Angeles ("Commission") for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 16, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. The application of existing policies was not changed during fiscal year ended June 30, 2020. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Commission's financial statements was judgements involving the funded status of the OPEB and pension liabilities. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are Footnote 5: Pension Plan and Footnote 6: OPEB Plan. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, budgetary comparison information, the Schedule of the Plan's Proportionate Share of the Net Pension Liability, the Schedule of Plan Contributions for the Defined Benefit Pension Plan, the Schedule of the Proportionate Share of the Net OPEB Liability, the Schedule of Plan Contributions for the Defined Benefit OPEB Plan and the Schedule of Collective OPEB Expense for the Defined Benefit OPEB Plan which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of Board of Commissioners and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 23, 2021

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2020

(With Independent Auditor's Report Thereon)

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**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Basic Financial Statements

Year ended June 30, 2020

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Independent Auditor's Report

The Commission Members
Los Angeles Local Agency Formation Commission
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Local Agency Formation Commission for the County of Los Angeles (the Commission) as of June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Commission, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Commission's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, budgetary comparison information, the Schedule of the Plan's Proportionate Share of the Net Pension Liability, the Schedule of Plan Contributions for the Defined Benefit Pension Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of the Proportionate Share of the Net OPEB Liability, the Schedule of Plan Contributions for the Defined Benefit OPEB Plan and the Schedule of Collective OPEB Expense for the Defined Benefit OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis".

Irvine, California
April 23, 2021

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020 (CONTINUED)**

The following management's discussion and analysis of the financial performance of the Los Angeles County Local Agency Formation Commission (the Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of two parts – *management's discussion and analysis* (this section), and the *basic financial statements*.

The *government-wide financial statements* provide both *long-term* and *short-term* information about the Commission's overall financial status. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Reporting the Commission as a Whole

The accompanying **government-wide financial statement** presents financial data for the Commission as a whole. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses has been considered regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position – the difference between assets and liabilities – as one way to measure the Commission's financial health, or *financial position*. Over time, *increases and decreases* in the Commission's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the Commission's revenues, to assess the *overall health* of the Commission.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020 (CONTINUED)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Net Position* follows:

**Table 1
Statements of Net Position
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>%</u>
ASSETS & DEFERRED OUTFLOWS:				
Current assets	\$2,031,609	\$1,981,188	\$ 50,421	2.54%
Capital assets, net	16,072	13,026	3,046	23.38%
Total assets	<u>2,047,681</u>	<u>1,994,214</u>	<u>53,467</u>	<u>2.68%</u>
Deferred outflows of resources	<u>545,702</u>	<u>549,911</u>	<u>(4,209)</u>	<u>-0.77%</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION:				
Current liabilities	112,837	80,504	32,333	40.16%
Long-term liabilities	<u>1,502,213</u>	<u>1,775,105</u>	<u>(272,892)</u>	<u>-15.37%</u>
Total liabilities	<u>1,615,050</u>	<u>1,855,609</u>	<u>(240,559)</u>	<u>-12.96%</u>
Deferred inflows of resources	<u>620,898</u>	<u>433,000</u>	<u>187,898</u>	<u>43.39%</u>
Investment in capital assets	16,072	13,026	3,046	23.38%
Unrestricted	<u>341,363</u>	<u>242,490</u>	<u>98,873</u>	<u>40.77%</u>
Total net position	<u>\$ 357,435</u>	<u>\$ 255,516</u>	<u>\$ 101,919</u>	<u>39.89%</u>

Total assets have increased by \$53,467, or 2.68%, primarily due to an increase in the Commission's cash and investments. Current liabilities have increased by 40.16% due primarily to an increase in accounts payable. Long-term liabilities have decreased by 15.37% due a decrease in the Commission's net OPEB (Other Post-Employment Benefits) liability. Net position increased 39.89% with the change in net position for the year ended June 30, 2020 of \$101,919.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020 (CONTINUED)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Activities* follows:

The increase or decrease in net position can provide an indication as to whether the overall financial position of the Commission improved or deteriorated during the year.

**Table 2
Statements of Activities
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>%</u>
REVENUES:				
Assessments	\$1,539,253	\$1,322,443	\$ 216,810	14.09%
Charges for services	215,222	107,141	108,081	100.88%
Operating Grants & Contributions	-	126,000	(126,000)	0.00%
Investment income	51,046	76,369	(25,323)	-33.16%
Total revenues	<u>1,805,521</u>	<u>1,631,953</u>	<u>173,568</u>	<u>10.64%</u>
EXPENSES:				
General government	<u>1,703,602</u>	<u>1,499,012</u>	<u>204,590</u>	<u>13.65%</u>
Total expenses	<u>1,703,602</u>	<u>1,499,012</u>	<u>204,590</u>	<u>13.65%</u>
Change in net position	101,919	132,941	(31,022)	-23.34%
NET POSITION:				
Beginning of year	<u>255,516</u>	<u>122,575</u>	<u>132,941</u>	<u>108.46%</u>
End of year	<u>\$ 357,435</u>	<u>\$ 255,516</u>	<u>\$ 101,919</u>	<u>39.89%</u>

Assessments and Charges for services increased significantly due to an increase in filing fees and an increase in apportionment dues. Expenses increased by \$204,590 primarily due to an increase in municipal service reviews, as well as an increase in pension obligations. The pension expense increase is a non-cash expenses that affects financial reporting but do not affect cash outflow in the current fiscal year.

MAJOR FUNDS

Major Governmental Funds. The **General Fund** is the only fund of the Commission and is considered to be a governmental fund for financial reporting purposes.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020 (CONTINUED)**

GENERAL FUND BUDGET

Major deviations between the budget of the General Fund and its operating results are as follows (see table on page 42 of the supplementary information):

Revenues

Filing Fees revenues are budgeted based on prior year amounts, although they are generally unpredictable from year to year. The majority of filing fees submitted to this LAFCO office are for annexation to sanitation districts, followed by water districts for wastewater services and water services, respectively. Fee revenues for FY 19-20 were greater than the budgeted amounts due to increased activity.

Expenses

Overall, total expenses were approximately \$118,000 over budget, primarily due to pension expenses that are recorded for the audit, and are non-cash expenses that are not budgeted for.

**Capital Assets
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Leasehold improvements	\$ 19,454	\$ 19,454	\$ -
Office equipment	20,277	12,696	7,581
Furniture and fixtures	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets	39,731	32,150	7,581
Accum depreciation	<u>(23,659)</u>	<u>(19,124)</u>	<u>(4,535)</u>
Capital assets, net	<u>\$ 16,072</u>	<u>\$ 13,026</u>	<u>\$ 3,046</u>

At the end of fiscal year 2020, the Commission's investment in capital assets amounted to \$16,072 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture & fixtures and tenant improvements. (See Note 3 for further information)

**Long-term Liabilities
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Compensated Absences	<u>\$ 122,044</u>	<u>\$ 102,551</u>	<u>\$ 19,493</u>

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2020 (CONTINUED)**

Long-term liabilities, such as *Compensated Absences* are not due and payable in the current period. Additional information on long-term liabilities may be found in Note 4 of the Notes to Financial Statements.

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

At the end of first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the Commission's operations and investment earnings for the remainder of the calendar year 2020 and beyond. However, the potential impact to the Commission is unknown at this time.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer, Paul Novak at 80 South Lake Avenue, Suite 870, Pasadena, CA 91101.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Statement of Net Position
June 30, 2020
(With comparative information for the prior year)**

	Governmental Activities	
	2020	2019
Assets:		
Cash and investments (note 2)	\$ 1,928,822	1,653,550
Restricted cash and investments (note 2)	-	214,713
Accounts receivable	74	721
Interest receivable	3,246	3,181
Prepaid expenses	91,235	100,791
Security deposits	8,232	8,232
Capital assets, net (note 3)	16,072	13,026
Total assets	<u>2,047,681</u>	<u>1,994,214</u>
Deferred outflow of resources:		
Deferred outflows - pension contributions (note 5)	120,583	118,911
Deferred outflows - pension actuarial (note 5)	318,000	334,000
Deferred outflows - OPEB contribution (note 6)	21,194	22,000
Deferred outflows - OPEB actuarial (note 6)	85,925	75,000
Total deferred outflow of resources	<u>545,702</u>	<u>549,911</u>
Liabilities:		
Accounts payable	38,264	18,226
Long-term liabilities (notes 4 to 6):		
Due within one year:		
Compensated absences	59,191	49,738
Deferred rent obligation	15,382	12,540
Due beyond one year:		
Compensated absences	62,853	52,813
Deferred rent obligation	6,911	22,292
Net OPEB liability	575,449	952,000
Net pension liability	857,000	748,000
Total liabilities	<u>1,615,050</u>	<u>1,855,609</u>
Deferred inflow of resources:		
Deferred inflow of resources - pension actuarial (note 5)	186,000	257,000
Deferred inflow of resources - OPEB actuarial (note 6)	434,898	176,000
Total deferred inflow of resources	<u>620,898</u>	<u>433,000</u>
Net position:		
Investment in capital assets	16,072	13,026
Unrestricted	<u>341,363</u>	<u>242,490</u>
Total net position	<u>\$ 357,435</u>	<u>255,516</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Statement of Activities
Year ended June 30, 2020
(With comparative information for the prior year)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2020</u>	<u>2019</u>
Governmental activities:						
General government	<u>\$ 1,703,602</u>	<u>215,222</u>	<u>-</u>	<u>-</u>	<u>(1,488,380)</u>	<u>(1,265,871)</u>
Total governmental activities	<u>\$ 1,703,602</u>	<u>215,222</u>	<u>-</u>	<u>-</u>	<u>(1,488,380)</u>	<u>(1,265,871)</u>
General revenues:						
Apportionment					1,539,253	1,322,443
Investment income					<u>51,046</u>	<u>76,369</u>
Total general revenues					<u>1,590,299</u>	<u>1,398,812</u>
Change in net position					101,919	132,941
Net position, beginning of year					<u>255,516</u>	<u>122,575</u>
Net position, end of year					<u>\$ 357,435</u>	<u>255,516</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Balance Sheet
June 30, 2020
(With comparative information for the prior year)**

		General Fund	
		2020	2019
	<u>Assets</u>		
Cash and investments		\$ 1,928,822	1,653,550
Restricted cash and investments		-	214,713
Accounts receivable		74	721
Interest receivable		3,246	3,181
Prepaid expenses		91,235	100,791
Security deposits		8,232	8,232
Total assets		<u>\$ 2,031,609</u>	<u>1,981,188</u>
	<u>Liabilities and Fund Balance</u>		
Liabilities:			
Accounts payable		\$ 38,264	18,226
Total liabilities		<u>38,264</u>	<u>18,226</u>
Fund balance:			
Nonspendable:			
Prepaid expenses and deposits		99,467	109,023
Restricted for OPEB plan		-	214,713
Unassigned		1,893,878	1,639,226
Total fund balance		<u>1,993,345</u>	<u>1,962,962</u>
Total liabilities and fund balance		<u>\$ 2,031,609</u>	<u>1,981,188</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2020**

Fund balances of governmental funds	\$ 1,993,345
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the Commission as a whole.

Capital assets	39,731
Accumulated depreciation	(23,659)

Long-Term Liability Transactions

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Compensated absences	(122,044)
Deferred rent obligation	(22,293)
Net OPEB liability	(575,449)
Net pension liability	(857,000)

Deferred Outflows and Inflows of Resources

Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental funds.

Deferred outflows - contributions	141,777
Deferred outflows - actuarial	403,925
Deferred inflows - actuarial	<u>(620,898)</u>

Net position of governmental activities	<u>\$ 357,435</u>
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See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2020
(With comparative information for the prior year)**

	General Fund	
	2020	2019
Revenues:		
Apportionment	\$ 1,539,253	1,322,443
Filing fees	213,720	100,920
Charges for services	1,502	6,221
Investment income	51,046	76,369
Total revenues	<u>1,805,521</u>	<u>1,505,953</u>
Expenditures:		
Current:		
General government:		
Salaries and benefits	1,172,782	928,270
Services and supplies	245,227	254,693
Professional service charges	349,548	157,006
Capital outlay	7,581	8,125
Total expenditures	<u>1,775,138</u>	<u>1,348,094</u>
Excess (deficiency) of revenues over (under) expenditures	30,383	157,859
Fund balances at beginning of year	<u>1,962,962</u>	<u>1,805,103</u>
Fund balances at end of year	<u>\$ 1,993,345</u>	<u>\$ 1,962,962</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2020**

Net changes in fund balances - total governmental funds	\$	30,383
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures		7,581
Depreciation expense		(4,535)

Long-Term Liability Transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Commission as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net change in net pension liability		(52,328)
Net change in net OPEB obligation		127,772
Net change in deferred rent obligation		12,539
Net change in compensated absences		(19,493)
		(19,493)
Change in net position of governmental activities	\$	101,919

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to the Basic Financial Statements
Year ended June 30, 2020**

1) Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Local Agency Formation Commission for the County of Los Angeles (the "Commission") was established by state law, "The Knox-Nisbet Act of 1963", to discourage urban sprawl and encourage the orderly formation and development of local government agencies. The Commission is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporation of cities, formation of special districts as well as consolidations, mergers, and dissolutions of districts, among others.

The Commission is governed by Commissioners composed of nine regular members: two members from the County Board of Supervisors, two city representatives, one City of Los Angeles representative, two special district representatives and two public members, one of which represents the San Fernando Valley Statistical area. Since implementation of the Cortese-Knox-Hertzberg Local Government Reorganization Act in 2001, the Commission has operated as a legally separate and independent entity from the County government. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

The accompanying financial statements reflect the financial activities of the Commission. The Commission has no component units.

b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Commission are composed of the following:

- (a) Government-wide financial statements
- (b) Fund financial statements
- (c) Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

The net position reported on the Statement of Net Position in the government-wide financial statements consist of the following categories:

Net Investment in Capital Assets – This component of net position is not available for spending as it represents net assets already invested in capital assets less than related debt and accumulated depreciation.

Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is no Restricted Net Position at June 30, 2020.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Commission uses an availability period of 60 days for all revenues.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution, to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such delegation of authority has not yet been granted.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

Fund Balance Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned, fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The Commission reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

c. Cash and Investments

The Commission considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

d. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

e. Capital Assets

Capital assets are recorded at cost for purchases in excess of \$1,000. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

expense against operations and accumulated depreciation is reported on the respective balance sheet. Estimated useful lives of the assets are as follows:

Office equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Tenant improvements	10 years

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission reports deferred outflows related to the pension and OPEB liabilities resulting from actuarial calculations and pension and OPEB contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows related to the pension and OPEB liabilities resulting from actuarial calculations.

g. Deferred Rent Obligation

The Commission's policy is to average any defined rental escalations or rent concessions over the term of the related lease in order to provide a level recognition of rent expense. The Commission's total accrued rent obligation was \$22,293 at June 30, 2020.

h. Compensated Absences

Permanent Commission employees earn from approximately 5 to 16 vacation days a year and approximately 5 to 10 sick days a year, depending on their length of employment. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave and 50% of unused sick leave, up to the maximum hours specified in individual employment contracts.

i. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Los Angeles County Employees Retirement Association

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

(LACERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. LACERA audited financial statements are publicly available reports that can be obtained at LACERA's website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

j. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Commission's plan (Plan) additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

k. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

l. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's prior year financial statements, from which this selected financial data was derived.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

2) Cash and Investments

Cash and investments as of June 30, 2020, consist of the following:

Demand deposits	\$ 32,403
Cash held by the County of Los Angeles	<u>1,896,419</u>
Total	<u>\$ 1,928,822</u>

Investments Authorized by California Government Code and the Commission's Investment Policy

The Los Angeles Local Agency Formation Commission (Commission) has the authority to invest surplus funds required for the immediate needs of the Commission. The Commission has delegated its Executive Officer the authority to invest such funds in the following Investment Funds:

Los Angeles County Treasury Pooled Investment Funds, which is administered by the County Treasurer as delegated by the County Board of Supervisors.

Los Angeles Investment Fund of the State Treasury (LAIF). LAIF is a voluntary program created by statute in 1977 and is administered by the California State Treasurer.

CalTRUST is a Joint Power Authority (JPA) created in 2005 by the League of California Cities and the California State Association of Counties' Finance Corporation to pool local agency assets for investing purposes. The JPA is administered by a Board of Trustees consisting of local agency professionals.

Investments that are not consistent with this Investment Policy are prohibited. The Commission shall not engage in leveraged investing, including but not limited to margin accounts, hedging, or any form of borrowing for the purpose of investing.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2020, the Commission's funds are held as short-term deposits in the Los Angeles County Treasury Pool.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Los Angeles County Treasury Pool is not rated.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

2) Cash and Investments (Continued)

Disclosures Relating to Custodial Credit Risk

Custodial credit risk is the risk that the Commission will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

Fair Value Measurement

The Los Angeles County Treasury Pool is a pooled investment fund program governed by the Los Angeles County Board of Supervisors and is administered by the County Treasurer. Investments in the pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Commission's fair value of its share in the pool is the same value of the pool shares, which amounted to \$1,896,419 as of June 30, 2020. This investment is not required to be categorized within the fair value hierarchy.

3) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets:				
Office equipment	\$ 12,696	7,581	-	20,277
Tenant improvements	19,454	-	-	19,454
Total capital assets	<u>32,150</u>	<u>7,581</u>	<u>-</u>	<u>39,731</u>
Less accumulated depreciation for:				
Office equipment	(9,961)	(2,589)	-	(12,550)
Tenant improvements	(9,163)	(1,946)	-	(11,109)
Total accumulated depreciation	<u>(19,124)</u>	<u>(4,535)</u>	<u>-</u>	<u>(23,659)</u>
Total capital assets, net	<u>\$ 13,026</u>	<u>3,046</u>	<u>-</u>	<u>16,072</u>

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

4) Compensated Absences Payable

Compensated absences payable activity for the year ended June 30, 2020, was as follows:

Compensated absences payable at beginning of year	\$ 102,551
Compensated absences payable earned	51,209
Compensated absences payable used	<u>(31,716)</u>
Compensated absences payable at end of year	<u>\$ 122,044</u>

Compensated absences expected to be paid within one year is \$59,191 at June 30, 2020.

5) Pension Plan

a. General Information about the Pension Plan

Plan Description

The Los Angeles County Employees Retirement Association (LACERA) was established under the County Employees Retirement Law of 1937. LACERA operates as a cost-sharing, multi-employer defined benefit pension plan (the Plan) and provides benefits to employees of the County of Los Angeles as well as four other entities, including the Commission that are not part of the County's reporting entity. Benefits are authorized in accordance with the County Employees Retirement Law, the by-laws and procedures adopted by LACERA's Boards of Retirement and Investments and County Board of Supervisors' resolutions.

Benefits Provided

LACERA provides retirement, disability, death benefits, and cost of living adjustments to eligible employees. Eligibility to participate in the retirement plan is determined by having completed thirty days of credited service. The retirement benefits within the plan are tiered based on the date of LACERA membership.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

5) Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	General		
	Prior to January 1, 2013	If elected, on or after January 4, 1982 and before November 28, 2012	On or After January 1, 2013
Hire date			
Plan name	Plan D	Plan E	Plan G
Benefit vesting schedule	5 years of service	10 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-70	55-70	52 - 67
Monthly benefits, as a % of eligible compensation	1.18% - 2.43%	0.75% - 2.0%	1.0%- 2.5%
Required employee contribution rates (1)	5.13% - 11.65%	0%	8.43%
Required employer contribution rates	19.42%	17.49%	19.42%

(1) Based on age at entry into the Plan

**LOCAL AGENCY FORMATION COMMISSION
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**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

5) Pension Plan (Continued)

a. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The following table shows the Commission's proportionate share of the net pension liability over the measurement period:

	<u>Net Pension Liability</u>
Balance at: 06/30/2018	\$748,000
Balance at: 06/30/2019	857,000
Net change during 2019	109,000

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	<u>General</u>
Proportion – June 30, 2018	0.00695%
Proportion – June 30, 2019	0.00713%
Change – Increase (Decrease)	0.00018%

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

5) Pension Plan (Continued)

For the year ended June 30, 2020, the Commission recognized pension expense of \$172,911. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$120,583	-
Changes in assumptions	137,000	-
Differences between expected and actual experience	48,000	(37,000)
Changes in proportion	133,000	(146,000)
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>(3,000)</u>
Totals	<u>\$438,583</u>	<u>(186,000)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$120,583 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 36,955
2022	(9,913)
2023	22,941
2024	40,057
2025	31,265
Thereafter	10,695

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

5) Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.38%
Investment Rate of Return	7.25%
Inflation	2.75%
Cost of Living Adjustments (1)	
Mortality (2)	

(1) As noted in the June 30, 2018 actuarial valuation, with one modification: STAR COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.

(2) Various rates based on RP-2014 mortality tables and using MP-2014 Ultimate Projection Scale. See June 30, 2018 actuarial valuation for details.

Discount Rate

The discount rate to measure the total pension liability is 7.38 percent. The rate reflects the long-term assumed rate of return on assets for funding purposes of 7.25 percent, net of all expenses, increased by .13 percent, gross administrative expenses.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employer's will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the plan's fiduciary net position was projected to be sufficient to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block approach in which best-estimate ranges of expected future real rates of returns (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation. The target allocation and best estimates of the geometric real rates of return for each major asset class are summarized in the following table. The asset class return assumptions

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

5) Pension Plan (Continued)

are presented on a real basis, after the effects of inflation, and all assumptions incorporate a base inflation rate assumption of 2.75 percent.

<u>Asset Class</u>	<u>Target Allocation</u>	2019 Weighted average Long- term Expected <u>Real Rate of Return</u>
Global	47.00%	6.50%
Credit	12.00%	3.40%
Real Asset and Inflation Hedges	17.00%	3.80%
Risk Reduction and Mitigation	<u>24.00%</u>	1.40%
Total	<u>100.00%</u>	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate – 1% (6.38%)	Current Discount Rate (7.38%)	Discount Rate + 1% (8.38%)
Commission's proportionate share of the Net Pension Liability	\$1,531,000	\$857,000	\$299,000

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued LACERA financial reports.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

6) Other Post-Employment Benefits Plan

a. Plan Description

The Commission provides a defined benefit healthcare plan to retirees. Spouses are also covered throughout their lives. The Commission pays 4% of the annual premiums for each year of service of the retiree. The retiree is responsible for payment of the remaining premiums. Retirees must have worked a minimum of 10 years with the Commission in order to be eligible for these benefits.

b. Employees Covered

The following employee statistics as of June 30, 2019 were used in the actuarial valuation:

Active employees	6
Inactive – receiving benefits	4
Inactive – not receiving benefits	<u>0</u>
Total participants	<u>10</u>

c. Contributions

During the fiscal year ending June 30, 2018, the Commission opened a trust account with California Employers' Retiree Benefits Trust (CERBT) dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

CERBT is administered by the California Public Employees' Retirement System (CalPERS). The CERBT consists of participating employers of the State of California, public agencies and schools. CalPERS is governed by the Board of Administration that is responsible for the management and control of CalPERS, including the exclusive control of the administration of and investment of CERBT.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

d. Actuarial Methods and Assumptions Used to Determine OPEB Liability

The June 30, 2019 OPEB liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	3.25%
Payroll Increase	3.25%
Mortality Table	Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025

e. Discount Rate

Discount Rate	7.00%
Long-term expected rate of return, net of investment expenses	7.00%

A discount rate of 7.00% was used in the valuation. The interest rate used in the prior valuation was 5.11%. The actuary assumed that all contributions are from the employer. The actuary used historic 35-year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The actuary offset the expected investment return by investment expenses of 20 basis points.

The following is the assumed asset allocation and assumed rate of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Assumed Real Rate of Return</u>
All Equities	40.00%	8.295%
All Fixed Income	43.00%	5.000%
Real Estate (REITs)	8.00%	8.000%
All Commodities	4.00%	8.295%
Currency Bonds		
TIPS	<u>5.00%</u>	3.750%
Total	<u>100.00%</u>	

The actuary looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average. The actuary used geometric means.

**LOCAL AGENCY FORMATION COMMISSION
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**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

f. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balance at June 30, 2018	\$ 952,000	\$ 200,698	\$ 751,302
Changes in the Year:			
Service cost	103,250	-	103,250
Interest on the total OPEB liability	50,774	14,090	36,684
Administrative expenses	-	(43)	43
Employer contributions	-	-	-
Employer contributions to trust	-	-	-
Employer contributions as benefit payments	-	22,000	(22,000)
Actual benefit payments from trust	-	-	-
Actual benefit payments from employer	(22,000)	(22,000)	-
Expected minus actual benefit payments	2,000	-	2,000
Experience (gains)/losses	76,365	-	76,365
Changes in assumptions	(372,195)	-	(372,195)
Net Changes	(161,806)	14,047	(175,853)
Balance at June 30, 2019 (Measurement Date)	\$ 790,194	\$ 214,745	\$ 575,449

g. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Discount Rate – 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Net OPEB Liability	\$705,060	575,449	469,916

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the changes in the healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using the healthcare cost trend rate that is

**LOCAL AGENCY FORMATION COMMISSION
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**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

1 percentage-point lower or 1 percentage-point higher than the current rate:

	Trend Rate 1% Decrease	Current Healthcare Cost Trend Rate	Trend Rate 1% Increase
Net OPEB Liability	\$447,042	575,449	741,746

h. Amortization of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first amortized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future OPEB expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�)

i. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Commission recognized expense of \$295,738 for the OPEB Plan. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$21,194	-
Changes in assumptions	-	(432,018)
Differences between expected and actual experience	85,925	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,880)
Totals	<u>\$107,119</u>	<u>(434,898)</u>

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

The Commission reported \$21,194 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (47,304)
2022	(47,304)
2023	(47,304)
2024	(47,304)
2025	(47,014)
Thereafter	(112,743)

7) Commitments

The Commission has entered into office space and equipment leases under long-term lease agreements through November 2021. Future minimum rental payment under non-cancelable leases are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 97,582
2022	41,158
Total	<u>\$ 138,740</u>

Total rent expense for the year ended June 30, 2020 amounted to \$95,558.

8) Excess Expenditures over Appropriations

Excess of expenditures over appropriations in the Commission's governmental fund is as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$1,775,138	1,656,516	118,622

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2020**

(Continued)

9) Insurance

The Commission is exposed to various risks including loss or damage to property, general liability, and injuries to employees. To address this risk the Commission participates in a risk pool with Special District Risk Management Authority (SDRMA) and uses SDRMA for both general liability and worker's compensation insurance coverages. Under SDRMA for the year ended June 30, 2020, insurance coverage limits per occurrence were as follows; Property \$1,000,000,000, pollution \$2,000,000, cyber limits on file, general liability \$5,000,000, and workers compensation \$5,000,000.

Liabilities are recorded when it is probable that a loss has been incurred, and the amount for claims can be reasonably estimated net of the respective insurance coverage. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Plan Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the Collective Net Pension Liability	0.00713%	0.00695%	0.00621%	0.00775%	0.00907%	0.00800%
Proportionate Share of the Collective Net Pension Liability	\$857,000	\$748,000	\$701,000	\$806,000	\$703,000	\$580,000
Covered Payroll	\$633,905	\$597,839	\$507,467	\$564,082	\$594,657	\$575,750
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll	135.19%	125.12%	138.14%	142.89%	118.22%	100.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.91%	83.96%	82.37%	81.75%	86.30%	86.80%

Notes to Schedule:

Benefit Changes – There were no changes in benefits.

Changes in Assumptions – For the measurement period ended June 30, 2017, the discount rate was changed from 7.63% to 7.38%.

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Plan Contributions – Defined Benefit Pension Plan
Last Ten Fiscal Years ***

	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18
Actuarially Determined Contribution	\$ 120,583	118,911	106,432
Contributions in Relation to the Actuarially Determined Contribution	<u>(120,583)</u>	<u>(118,911)</u>	<u>(106,432)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 621,077	633,905	597,839
Contributions as a Percentage of Covered Payroll	19.42%	18.76%	17.80%

	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 84,079	106,091	116,988
Contributions in Relation to the Actuarially Determined Contribution	<u>(84,079)</u>	<u>(106,091)</u>	<u>(116,988)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 507,467	564,082	594,657
Contributions as a Percentage of Covered Payroll	16.56%	18.81%	19.67%

Notes to Schedule:

Fiscal Year End June 30, 2020

Valuation Date June 30, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Remaining Amortization Period	30 years
Inflation	2.75%
Investment Rate of Return	7.25%, net of pension plan investment expenses
Retirement Age	50-67 years
Mortality	Society of Actuaries Pub-2010 Mortality for Active and Retired Employees with MP-2019 Projection to 2025.

*Fiscal year 2015 was the first year of implementation, therefore only six years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Changes in the Net OPEB Liability and Related Ratios
Agent Plan
Last Ten Fiscal Years***

Measurement date	June 30, 2019
Total OPEB liability:	
Service cost	\$ 103,250
Interest on the total OPEB liability	50,774
Actual benefit payments from employer	(22,000)
Expected minus actual benefit payments	2,000
Experience (gains)/losses	76,365
Changes in assumptions	(372,195)
Net Change in Total OPEB Liability	(161,806)
Total OPEB liability - beginning of year	952,000
Total OPEB liability - End of Year (a)	\$ 790,194
Plan Fiduciary Net Position:	
Expected investment income	\$ -
Administrative expenses	(43)
Employer contributions as benefit payments	22,000
Actual benefit payments from employer	(22,000)
Investment gains/(losses)	-
Net change in plan fiduciary net position	14,047
Plan fiduciary net position - beginning of year	200,698
Plan fiduciary net position - end of year (b)	\$ 214,745
Net OPEB liability - ending (a)-(b)	\$ 575,449
Plan fiduciary net position as a percentage of the total OPEB liability	27.18%
Covered - employee payroll	\$ 633,905
Net OPEB liability as a percentage of covered payroll	90.78%

Notes to schedule:

Changes in assumptions:

The interest assumption changed from 5.11% to 7.00%. The medical trend rate was updated from a schedule to 4.0% in all years. The participation rate was changed to 90% from a schedule based on years of service.

* - Fiscal year 2020 was the first year OPEB was reported as a multiple employer agent plan, therefore only one year is shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Proportionate Share of the Net OPEB Liability
Last Ten Fiscal Years ***

Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Proportion of the Collective Net OPEB Liability	0.00385%	0.00355%
Proportionate Share of the Collective Net OPEB Liability	\$952,000	940,000
Covered-Employee Payroll	\$594,840	504,171
Proportionate Share of the Collective Net OPEB Liability as percentage of covered-employee payroll	160.04%	186.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.60%	0.00%

* Fiscal year 2018 was the first year of implementation. Only two years of information are shown because the Commission now reports OPEB as a multiple employer agent plan as of the measurement period ending June 30, 2019.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Plan Contributions – Defined Benefit OPEB Plan
Last Ten Fiscal Years ***

	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18
Actuarially Determined Contribution	\$ 21,194	22,000	23,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(21,194)</u>	<u>(22,000)</u>	<u>(223,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>(200,000)</u>
Covered-Employee Payroll	\$ 621,077	633,905	594,840
Contributions as a Percentage of Covered- Employee Payroll	3.41%	3.47%	37.49%

Notes to Schedule:

Fiscal Year End June 30, 2020

Valuation Date June 30, 2019

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	3.25%
Investment Rate of Return	7.00% long term rate
Discount Rate	7.00%
Mortality	Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025

* - Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Collective OPEB Expense – Defined Benefit OPEB Plan
Last Ten Fiscal Years ***

Measurement Period	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Total Proportionate Share of Collective OPEB Expense	\$ -	126,000	106,000

* - Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Apportionment	\$ 1,539,253	1,539,253	1,539,253	-
Filing fees	71,000	71,000	213,720	142,720
Charges for services	350	350	1,502	1,152
Investment income	15,000	15,000	51,046	36,046
Total revenues	<u>1,625,603</u>	<u>1,625,603</u>	<u>1,805,521</u>	<u>179,918</u>
Expenditures:				
Current:				
General government:				
Salaries and benefits	1,026,516	1,026,516	1,172,782	(146,266)
Services and supplies	251,400	251,400	245,227	6,173
Professional service charges	378,100	378,100	349,548	28,552
Capital outlay	500	500	7,581	(7,081)
Total expenditures	<u>1,656,516</u>	<u>1,656,516</u>	<u>1,775,138</u>	<u>(118,622)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,913)</u>	<u>(30,913)</u>	<u>30,383</u>	<u>61,296</u>
Net change in fund balances	(30,913)	(30,913)	30,383	61,296
Fund balances at beginning of year	<u>1,962,962</u>	<u>1,962,962</u>	<u>1,962,962</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,932,049</u>	<u>1,932,049</u>	<u>1,993,345</u>	<u>61,296</u>

See accompanying notes to the required supplementary information

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Notes to the Required Supplementary Information

Year ended June 30, 2020

1) Budgetary Reporting

The Commission adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the Commission to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Commission's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

Excess of expenditures over appropriations in the Commission's governmental fund is as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$1,775,138	1,656,516	118,622

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Commission Members
Los Angeles Local Agency Formation Commission
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Local Agency Formation Commission for the County of Los Angeles (the Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
April 23, 2021

Staff Report

May 12, 2021

Agenda Item No. 9.b.

Other Post-Employment Benefits Actuarial Study as of June of 30, 2019

In March of 2020, the Commission directed staff to undergo a formal bidding process to select an actuarial firm to perform an Alternative Measurement Method (AMM) actuarial valuation report to determine the Commission's financial liability and ongoing annual costs for Other Post-Employment Benefits (OPEB) as of June 30, 2019.

Consistent with the Commission's Procurement Policy, staff selected Total Compensation Solutions (TCS) to prepare its OPEB Actuarial Study. TCS prepared the accompanying Actuarial Study, showing a decrease in the Commission's Total OPEB Liability (TOL) from \$952,000 as of June 30, 2018 to \$790,194 as of June 30, 2019. The decline is largely attributable to the increase in the discount rate by nearly 2%, from 5.11% to 7.0%. As referenced in the study, *the discount rate is the assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.* The Commission's OPEB investments are currently held in the California Employee Retirement Benefit Trust (CERBT) fund. As of the March 31, 2021, CERBT quarterly statement, the Commission's CERBT fund balance was \$255,178, providing funding for 32% of LAFCO's TOL.

The Actuarial Study is a component of the Commission's Audited Financial Statements and affects the Commission's overall net position. At this time, the Actuarial Study of Retiree Health Liabilities Under GASB 74/75, Valuation Date of June 30, 2019 is being provided to the Commission for its consideration.

Recommended Action:

Staff recommends that the Commission:

1. Receive and file the enclosed "Local Agency Formation Commission for the County of Los Angeles Actuarial Study of Retiree Health Liabilities Under GASB 74/75, Valuation Date: June 30, 2019".

Total Compensation Systems, Inc.

**Local Agency Formation Commission for the
County of Los Angeles
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2019
Measurement Date: June 30, 2019
For Fiscal Year-End: June 30, 2020**

Prepared by:
Total Compensation Systems, Inc.

Date: April 1, 2021

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Local Agency Formation Commission for the County of Los Angeles
Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

This report was produced by Total Compensation Systems, Inc. for Local Agency Formation Commission for the County of Los Angeles to determine the liabilities associated with its current retiree health program as of a June 30, 2019 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2020. This report may not be suitable for other purposes such as determining employer contributions or assessing the potential impact of changes in plan design.

Different users of this report will likely be interested in different sections of information contained within. We anticipate that the following portions may be of most interest depending on the reader:

- A high level comparison of key results from the current year to the prior year is shown on this page.
- The values we anticipate will be disclosed in the June 30, 2020 year-end financials are shown on pages 2 and 3.
- Additional accounting information is shown on page 12 and Appendices C and D.
- Description and details of measured valuation liabilities can be found beginning on page 10.
- Guidance regarding the next actuarial valuation for the June 30, 2020 measurement date is provided on page 13.

B. Key Results

LAFCO uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2019 will be used on a look back basis for the June 30, 2020 Fiscal Year-End.

Key Results	Current Year	Prior Year
	<i>June 30, 2019 Measurement Date for June 30, 2020 Fiscal Year-End</i>	<i>June 30, 2018 Measurement Date for June 30, 2019 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$790,194	\$952,000
Fiduciary Net Position (FNP)	\$214,745	\$200,698
Net OPEB Liability (NOL)	\$575,449	\$751,302
Service Cost <i>(for year following)</i>	\$30,732	Not Available*
Estimated Pay-as-you-go Cost <i>(for year following)</i>	\$26,165	Not Available*
GASB 75 OPEB Expense <i>(for year ending)</i>	\$94,120	Not Available*

*The prior valuation was performed by LACERA and did not provide breakouts of this information specific to LAFCO.

Refer to results section beginning on page 10 or the glossary on page 26 for descriptions of the above items.

Key Assumptions	Current Year	Prior Year
	<i>June 30, 2019 Measurement Date for June 30, 2020 Fiscal Year-End</i>	<i>June 30, 2018 Measurement Date for June 30, 2019 Fiscal Year-End</i>
Valuation Interest Rate	7.00%	5.11%
Expected Rate of Return on Assets	7.00%	6.30%
Long-Term Medical Trend Rate	4.00%	6.40% down to 4.40%
		6.30% down to 4.50%
Projected Payroll Growth	3.25%	3.25%

Total Compensation Systems, Inc.

C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2018 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2019 NOL. A more detailed version of this table can be found on page 12.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2018 Measurement Date	\$952,000	\$200,698	\$751,302
Service Cost	\$103,250	\$0	\$103,250
Interest on TOL / Return on FNP	\$50,774	\$14,090	\$36,684
Employer Contributions	\$0	\$22,000	(\$22,000)
Benefit Payments	(\$22,000)	(\$22,000)	\$0
Administrative Expenses	\$0	(\$43)	\$43
Experience (Gains)/Losses	\$78,365	\$0	\$78,365
Changes in Assumptions	(\$372,195)	\$0	(\$372,195)
Other	\$0	\$0	\$0
Net Change	(\$161,806)	\$14,047	(\$175,853)
Actual Balance at June 30, 2019 Measurement Date	\$790,194	\$214,745	\$575,449

2. Deferred Inflows and Outflows

Changes in the NOL arising from certain sources are recognized on a deferred basis. The following tables show the balance of each deferral item as of the measurement date and the scheduled future recognition. A reconciliation of these balances can be found on page 12 while the complete deferral history is shown beginning on page 23.

Balances at June 30, 2020 Fiscal Year-End	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$85,925	\$0
Changes in assumptions	\$0	(\$432,018)
Differences between projected and actual return on assets	\$0	(\$2,880)
Total	\$85,925	(\$434,898)

To be recognized fiscal year ending June 30:	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2021	\$11,440	(\$58,744)
2022	\$11,440	(\$58,744)
2023	\$11,440	(\$58,744)
2024	\$11,440	(\$58,741)
2025	\$11,440	(\$58,454)
Thereafter	\$28,725	(\$141,471)
Total	\$85,925	(\$434,898)

Total Compensation Systems, Inc.

3. OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

To be recognized fiscal year ending June 30, 2020	<i>Expense Component</i>
Service Cost	\$103,250
Interest Cost	\$50,774
Expected Return on Assets	(\$12,643)
Administrative Expenses	\$43
Recognition of Experience (Gain)/Loss Deferrals	\$11,440
Recognition of Assumption Change Deferrals	(\$58,177)
Recognition of Investment (Gain)/Loss Deferrals	(\$567)
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2020	\$94,120

* May include a slight rounding error.

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2019 to June 30, 2020 minus prior contributions after the measurement date of \$22,000 should also be reflected in OPEB expense. June 30, 2020 deferred outflows should include contributions from July 1, 2019 to June 30, 2020.

5. Trend and Interest Rate Sensitivities

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

Net OPEB Liability at June 30, 2019 Measurement Date	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$705,060	\$447,042
Current Assumption	\$575,449	\$575,449
1% Increase in Assumption	\$469,916	\$741,746

Total Compensation Systems, Inc.

D. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

	<i>Hired Before June 30, 2014</i>	<i>Hired After June 30, 2014</i>
Benefit types provided***	Medical, Dental, Vision, & \$5,000 death benefit	Medical, Dental, Vision, & \$5,000 death benefit
Duration of Benefits	Lifetime	Lifetime
Required Service	Varies by plan*	Varies by plan*
Minimum Age	Varies by plan*	Varies by plan*
Dependent Coverage	Yes	Self-paid
Commission Contribution %	Varies by service**	Varies by service**
Commission Cap	Pro-rated benchmark plan**	Pro-rated benchmark plan**

*Plan A-D eligibility: Age 50 with 10 years of commission service or any age with 30 years of commission service or age 70 regardless of service.

Plan E eligibility: Age 55 with 10 years of commission service

Plan G eligibility: Age 52 with 5 years of commission service

**LAFCO contributes 40% of the lesser of the benchmark plan and the elected plan at 10 years of service, plus 4% per additional year of service up to 100% at 25 years of service. Participants reaching Medicare age also receive a contribution for Medicare Part B premiums.

***Employees hired prior to January 1, 2013 fall under LACERA's Plan D. Employees hired after January 1, 2013 fall under Plan G. Those who were hired by LAFCO from a retirement system with a reciprocity agreement will be eligible for eligible for OPEB benefits under Plan D if they entered the prior retirement system prior to 2013. All employees and retirees currently fall under Plan D.

This valuation does not reflect any cash benefits paid unless the cash benefits are limited to be used for or reimburse the retiree's cost of health benefits and TCS was made aware of the existence of such cash benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under applicable Governmental Accounting Standards Board (GASB) Standards.

E. Summary of Valuation Data

This report is based on census data provided to us as of July, 2019. Distributions of participants by age and service can be found on page 17.

	Current Year <i>June 30, 2019 Valuation Date</i> <i>June 30, 2019 Measurement Date</i>	Prior Year <i>July 1, 2018 Valuation Date</i> <i>June 30, 2018 Measurement Date</i>
Active Employees eligible for future benefits		
Count	6	Not Available
Average Age	44.3	Not Available
Average Years of Service	11.5	Not Available
Retirees currently receiving benefits		
Count	4	Not Available
Average Age	71.3	Not Available

We were not provided with information about any terminated, vested employees.

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F. Certification

The actuarial information in this report is intended solely to assist LAFCO in complying with Governmental Accounting Standards Board Accounting Statement 74 and 75 and, unless otherwise stated, fully and fairly discloses actuarial information required for compliance. Nothing in this report should be construed as an accounting opinion, accounting advice or legal advice. TCS recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. TCS's work is prepared solely for the use and benefit of LAFCO. Release of this report may be subject to provisions of the Agreement between LAFCO and TCS. No third party recipient of this report product should rely on the report for any purpose other than accounting compliance. Any other use of this report is unauthorized without first consulting with TCS.

This report is for fiscal year July 1, 2019 to June 30, 2020, using a measurement date of June 30, 2019. The calculations in this report have been made based on our understanding of plan provisions and actual practice at the time we were provided the required information. We relied on information provided by LAFCO. Much or all of this information was unaudited at the time of our evaluation. We reviewed the information provided for reasonableness, but this review should not be viewed as fulfilling any audit requirements. We relied on the following materials to complete this study:

- We used paper reports and digital files containing participant demographic data from the Commission personnel records.
- We used relevant sections of collective bargaining agreements provided by the Commission.

All costs, liabilities, and other estimates are based on actuarial assumptions and methods that comply with all applicable Actuarial Standards of Practice (ASOPs). Each assumption is deemed to be reasonable by itself, taking into account plan experience and reasonable future expectations and in combination represent our estimate of anticipated experience of the Plan.

This report contains estimates of the Plan's financial condition and future results only as of a single date. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. This valuation cannot predict the Plan's future condition nor guarantee its future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. Determining results using alternative assumptions (except for the alternate discount and trend rates shown in this report) is outside the scope of our engagement.

Future actuarial measurements may differ significantly from those presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the measurement methodology (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. We were not asked to perform analyses to estimate the potential range of such future measurements.

The signing actuary is independent of LAFCO and any plan sponsor. TCS does not intend to benefit from and assumes no duty or liability to other parties who receive this report. TCS is not aware of any relationship that would impair the objectivity of the opinion.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and has been prepared in accordance with generally accepted actuarial principles and practices and all

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applicable Actuarial Standards of Practice. I meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Luis Murillo".

Luis Murillo, ASA, MAAA
Actuary
Total Compensation Systems, Inc.
(805) 496-1700

PART II: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefit payments (APVPBP) separately for each participant. We determined eligibility for retiree benefits based on information supplied by LAFCO. We then selected assumptions that, based on plan provisions and our training and experience, represent our best prediction of future plan experience. For each participant, we applied the appropriate assumption factors based on the participant's age, sex, length of service, and employee classification.

The actuarial assumptions used for this study are summarized beginning on page 14.

B. Liability for Retiree Benefits.

For each participant, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent LAFCO uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the participant is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the participant is not eligible. The participant is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We multiplied the above expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan. Finally, we discounted the expected cost for each year to the measurement date June 30, 2019 at 7.00% interest.

For any **current retirees**, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 100%).

The value generated from the process described above is called the actuarial present value of projected benefit payments (APVPBP). We added APVPBP for each participant to get the total APVPBP for all participants which is the estimated present value of all future retiree health benefits for all **current** participants. The APVPBP is the amount on June 30, 2019 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last participant dies or reaches the maximum eligibility age. However, for most actuarial and accounting purposes, the APVPBP is not used directly but is instead apportioned over the lifetime of each participant as described in the following sections.

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C. Actuarial Accrual

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”).

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method” and uses the APVPBP to develop expense and liability figures. Furthermore, the APVPBP should be accrued over the working lifetime of employees.

In order to accrue the APVPBP over the working lifetime of employees, actuarial cost methods apportion the APVPBP into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability or present value of future service costs). Of the future service liability, the portion attributable to the single year immediately following the measurement date is known as the normal cost or Service Cost under GASB 74 and 75.

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under the entry age actuarial cost method, the actuary determines the service cost as the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

D. Actuarial Assumptions

The APVPBP and service cost are determined using several key assumptions:

- The current **cost of retiree health benefits** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “**trend**” **rate** at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on Commission contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- **Mortality rates** varying by age and sex (and sometimes retirement or disability status). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- **Employment termination rates** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The **service requirement** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the **real** rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

E. Total OPEB Liability

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

Changes in the TOL can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. Change in the TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience. GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses are deferred five years.
- Experience gains and losses are deferred over the Expected Average Remaining Service Lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the EARSL.
- Liability changes resulting from plan changes, for example, cannot be deferred.

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F. Valuation Results

This section details the measured values of the concepts described on the previous pages.

1. Actuarial Present Value of Projected Benefit Payments (APVPBP)

Actuarial Present Value of Projected Benefit Payments as of June 30, 2019 Valuation Date

	<i><u>Total</u></i>
Active: Pre-65 Benefit	\$199,534
Post-65 Benefit	\$601,656
Subtotal	\$801,190
Retiree: Pre-65 Benefit	\$36,219
Post-65 Benefit	\$318,291
Subtotal	\$354,510
Grand Total	<u>\$1,155,700</u>
Subtotal Pre-65 Benefit	\$235,753
Subtotal Post-65 Benefit	<u>\$919,947</u>

2. Service Cost

The service cost represents the value of the benefit earned during a single year of employment. It is the APVPBP spread over the expected working lifetime of the employee and divided into annual segments. We applied an "entry age" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated service cost.

Service Cost Valuation Year Beginning July 1, 2019

	<i><u>Total</u></i>
# of Eligible Employees	6
First Year Service Cost	
Pre-65 Benefit	\$7,362
Post-65 Benefit	\$23,370
Total	<u>\$30,732</u>

Accruing retiree health benefit costs using service costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. While the service cost for each employee is targeted to remain level as a percentage of covered payroll, the service cost as a dollar amount would increase each year based on covered payroll. Additionally, the overall service cost may grow or shrink based on changes in the demographic makeup of the employees from year to year.

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3. Total OPEB Liability and Net OPEB Liability

If actuarial assumptions are borne out by experience, the Commission will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability. We calculated the Total OPEB Liability (TOL) as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables as shown in the table on page 15.

Total OPEB Liability and Net OPEB Liability as of June 30, 2019 Valuation Date

	<i>Total</i>
Active: Pre-65 Benefit	\$108,308
Active: Post-65 Benefit	\$327,376
Subtotal	\$435,684
Retiree: Pre-65 Benefit	\$36,219
Retiree: Post-65 Benefit	\$318,291
Subtotal	\$354,510
Subtotal: Pre-65 Benefit	\$144,527
Subtotal: Post-65 Benefit	\$645,667
Total OPEB Liability (TOL)	\$790,194
Fiduciary Net Position as of June 30, 2019	\$214,745
Net OPEB Liability (NOL)	\$575,449

4. "Pay As You Go" Projection of Retiree Benefit Payments

We used the actuarial assumptions shown in Appendix C to project the Commission's ten year retiree benefit outlay. Because these cost estimates reflect average assumptions applied to a relatively small number of participants, estimates for individual years are **certain** to be *inaccurate*. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the Commission's share of retiree health costs.

<i>Year Beginning July 1</i>	<i>Total</i>
2019	\$26,165
2020	\$26,434
2021	\$27,168
2022	\$27,737
2023	\$29,387
2024	\$30,869
2025	\$33,689
2026	\$38,153
2027	\$41,447
2028	\$45,858

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G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2018 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2019 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2018	\$952,000	\$200,698	\$751,302
Service Cost	\$103,250	\$0	\$103,250
Interest on Total OPEB Liability	\$50,774	\$0	\$50,774
Expected Investment Income	\$0	\$12,643	(\$12,643)
Administrative Expenses	\$0	(\$43)	\$43
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments	\$0	\$22,000	(\$22,000)
Actual Benefit Payments from Trust	\$0	\$0	\$0
Actual Benefit Payments from Employer	(\$22,000)	(\$22,000)	\$0
Expected Minus Actual Benefit Payments**	\$2,000	\$0	\$2,000
Expected Balance at June 30, 2019	\$1,086,024	\$213,298	\$872,726
Experience (Gains)/Losses	\$76,365	\$0	\$76,365
Changes in Assumptions	(\$372,195)	\$0	(\$372,195)
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$1,447	(\$1,447)
Other	\$0	\$0	\$0
Net Change during 2019	(\$161,806)	\$14,047	(\$175,853)
Actual Balance at June 30, 2019*	\$790,194	\$214,745	\$575,449

* May include a slight rounding error.

** Deferrable as an Experience Gain or Loss.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for LAFCO is shown beginning on page 23. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2020

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	\$19,000	\$78,365	(\$11,440)	\$85,925
Assumption Changes	(\$118,000)	(\$372,195)	\$58,177	(\$432,018)
Investment (Gains)/Losses	(\$2,000)	(\$1,447)	\$567	(\$2,880)
Deferred Balances	(\$101,000)	(\$295,277)	\$47,304	(\$348,973)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$751,302	\$575,449	(\$175,853)
Deferred Balances	(\$101,000)	(\$348,973)	(\$247,973)
Net Position	\$852,302	\$924,422	\$72,120
Adjust Out Employer Contributions			\$22,000
OPEB Expense			\$94,120

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H. Procedures for Future Valuations

GASB 74/75 require annual measurements of liability with a full actuarial valuation required every two years. This means that for the measurement date one year following a full actuarial valuation, a streamlined “roll-forward” valuation may be performed in place of a full valuation. The following outlines the key differences between full and roll-forward valuations.

	Full Actuarial Valuation	Roll-Forward Valuation
Collect New Census Data	Yes	No
Reflect Updates to Plan Design	Yes	No
Update Actuarial Assumptions	Yes	Typically Not
Update Valuation Interest Rate	Yes	Yes
Actual Assets as of Measurement Date	Yes	Yes
Timing	4-6 weeks after information is received	1-2 weeks after information is received
Fees	Full	Reduced
Information Needed from Employer	Moderate	Minimal
Required Frequency	At least every two years	Each year, unless a full valuation is performed

The majority of employers use an alternating cycle of a full valuation one year followed by a roll-forward valuation the next year. However, a full valuation may be required or preferred under certain circumstances. Following are examples of actions that could cause the employer to consider a full valuation instead of a roll-forward valuation.

- The employer considers or puts in place an early retirement incentive program.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer desires the measured liability to incorporate more recent census data or assumptions.
- The employer forms a qualifying trust or changes its investment policy.
- The employer adds or terminates a group of participants that constitutes a significant part of the covered group.

We anticipate that the next valuation we perform for LAFCO will be a roll-forward valuation with a measurement date of June 30, 2020 which will be used for the fiscal year ending June 30, 2021. Please let us know if LAFCO would like to discuss whether another full valuation would be preferable based on any of the examples listed above.

PART III: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The Commission should carefully review these assumptions and methods to make sure they reflect the Commission's assessment of its underlying experience. It is important for LAFCO to understand that the appropriateness of all selected actuarial assumptions and methods are LAFCO's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, LAFCO's actual historical experience, and TCS's judgment based on experience and training.

A. ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74 and 75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on a participant by participant basis and then aggregated.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by LAFCO regarding practices with respect to employer and employee contributions and other relevant factors.

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B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 3.25% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7.00% per year net of expenses. This is based on assumed long-term return on employer assets.. We used the “Building Block Method”. (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 3.25% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by LAFCO.

Fiduciary Net Position as of June 30, 2019

	<u>06/30/2018</u>	<u>06/30/2019</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$200,698	\$214,745
Capital Assets	\$0	\$0
Total Assets	<u>\$200,698</u>	<u>\$214,745</u>
Benefits Payable	\$0	\$0
Fiduciary Net Position	<u>\$200,698</u>	<u>\$214,745</u>

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C. NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix C, Paragraph 52 for more information.

MORTALITY

<i>Participant Type</i>	<i>Mortality Tables</i>
General Employees	Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025 Society of Actuaries Pub-2010 Mortality for Retired Employees with MP-2019 Projection to 2025

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Miscellaneous	LACERA Retirement Plan D LACERA Retirement Plan G

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) Section 3.7.7(c)(3) provides that unadjusted premium may be used as the basis for retiree liabilities if retiree premium rates are not subsidized by active premium rates. We evaluated active and retiree rates and determined that there is not likely to be a subsidy between active and retiree rates. Therefore, retiree liabilities are based on actual employer contributions. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any Commission contribution caps.

<i>Participant Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
General Employees	Plan G cost: \$15,456 Plan D cost: \$25,514	Plan G cost: \$8,404 Plan D cost: \$15,167

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Miscellaneous	90%	90%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	LACERA Turnover

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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PART IV: APPENDICES

APPENDIX A: DEMOGRAPHIC DATA BY AGE

ELIGIBLE ACTIVE EMPLOYEES BY AGE AND SERVICE

	<i>Total</i>	<i>Under 5 Years of Service</i>	<i>5 – 9 Years of Service</i>	<i>10 – 14 Years of Service</i>	<i>15 – 19 Years of Service</i>	<i>20 – 24 Years of Service</i>	<i>25 – 29 Years of Service</i>	<i>30 – 34 Years of Service</i>	<i>Over 34 Years of Service</i>
Under 25	0								
25 – 29	0								
30 – 34	0								
35 – 39	2	1			1				
40 – 44	1		1						
45 – 49	2				2				
50 – 54	0								
55 – 59	1		1						
60 – 64	0								
65 and older	0								
Total	6	1	2	0	3	0	0	0	0

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>
Under 50	0
50 – 54	0
55 – 59	1
60 – 64	1
65 – 69	0
70 – 74	0
75 – 79	1
80 – 84	1
85 – 89	0
90 and older	0
Total	4

APPENDIX B: ADMINISTRATIVE BEST PRACTICES

It is outside the scope of this report to make specific recommendations of actions LAFCO should take to manage the liability created by the current retiree health program. The following items are intended only to allow the Commission to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of LAFCO's practices, it is possible that LAFCO is already complying with some or all of these suggestions.

- We suggest that LAFCO maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, LAFCO should determine whether the benefit is material and subject to GASB 74 and/or 75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. LAFCO should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, LAFCO should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- LAFCO should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for Commission-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under LAFCO's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Part III of this report for a summary of assumptions.) For example, LAFCO should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for LAFCO to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

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APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The Commission should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the Commission in complying with GASB 74/75 disclosure requirements:

Paragraph 50: Information about the OPEB Plan

Most of the information about the OPEB plan should be supplied by LAFCO. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	4
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	6
Total Number of participants	10

*We were not provided with information about any terminated, vested employees

Paragraph 51: Significant Assumptions and Other Inputs

Shown in Appendix C.

Paragraph 52: Information Related to Assumptions and Other Inputs

The following information is intended to assist LAFCO in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025
Disclosure	The mortality assumptions are based on the Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025.

Mortality Table	Society of Actuaries Pub-2010 Mortality for Retired Employees with MP-2019 Projection to 2025
Disclosure	The mortality assumptions are based on the Society of Actuaries Pub-2010 Mortality for Retired Employees with MP-2019 Projection to 2025.

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52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	LACERA Retirement Plan D
Disclosure	The retirement assumptions are based on the Los Angeles County Employees' Retirement Association Retirement Plan D table.

Turnover Tables

Turnover Table	LACERA Turnover
Disclosure	The turnover assumptions are based on the Los Angeles County Employees' Retirement Association Turnover table.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$447,042	\$575,449	\$741,746

Paragraph 53:

Discount Rate

The following information is intended to assist LAFCO to comply with Paragraph 53 requirements.

53.a: A discount rate of 7.00% was used in the valuation. The interest rate used in the prior valuation was 5.11%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 35 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 20 basis points.

53.d: The interest assumption does not reflect a municipal bond rate.

53.e: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.

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CERBT - Strategy 2

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	40.0000	8.2950
All Fixed Income	43.0000	5.0000
Real Estate Investment Trusts	8.0000	8.0000
All Commodities	4.0000	8.2950
Treasury Inflation Protected Securities (TIPS)	5.0000	3.7500

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$705,060	\$575,449	\$469,916

Paragraph 55:

Changes in the Net OPEB Liability

Please see reconciliation on pages 2 or 12.

Paragraph 56:

Additional Net OPEB Liability Information

The following information is intended to assist LAFCO to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2019.

The measurement date is June 30, 2019.

56.b: We are not aware of a special funding arrangement.

56.c: The interest assumption changed from 5.11% to 7.00%. The medical trend rate was updated from a schedule to 4.0% in all years. The participation rate was changed to 90% from a schedule based on years of service.

56.d: There were no changes in benefit terms since the prior measurement date.

56.e: Not applicable

56.f: To be determined by the employer

56.g: To be determined by the employer

56.h: Other than contributions after the measurement, all deferred inflow and outflow balances are shown on page 12 and in Appendix D

56.i: Future recognition of deferred inflows and outflows is shown in Appendix D

Paragraph 57:

Required Supplementary Information

57.a: Please see reconciliation on pages 2 or 12. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on pages 2 and 12 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount. We assume the Commission contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 35 years.

Total Compensation Systems, Inc.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: **Actuarially Determined Contributions**

We have not been asked to calculate an actuarially determined contribution amount. We assume the Commission contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 35 years.

Paragraph 244: **Transition Option**

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX D: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

EXPERIENCE GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Experience Gains and Losses (Measurement Periods)											
Measurement Period	Experience (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	Amounts to be Recognized in OPEB Expense after 2019	2019	2020	2021	2022	2023	2024	Thereafter
2017-18	\$19,000	7.2	\$0	\$16,366	\$2,634	\$2,634	\$2,634	\$2,634	\$2,634	\$2,634	\$3,196
2018-19	\$78,365	8.9	\$0	\$69,559	\$8,806	\$8,806	\$8,806	\$8,806	\$8,806	\$8,806	\$25,529
Net Increase (Decrease) in OPEB Expense			\$0	\$85,925	\$11,440	\$11,440	\$11,440	\$11,440	\$11,440	\$11,440	\$28,725

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CHANGES OF ASSUMPTIONS

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of

Changes of Assumptions (Measurement Periods)

Measurement Period	Changes of Assumptions	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	Amounts to be Recognized in OPEB Expense after 2019	2019	2020	2021	2022	2023	2024	Thereafter
2017-18	(\$118,000)	7.2	\$0	(\$101,643)	(\$16,357)	(\$16,357)	(\$16,357)	(\$16,357)	(\$16,357)	(\$16,357)	(\$19,858)
2018-19	(\$372,195)	8.9	\$0	(\$330,375)	(\$41,820)	(\$41,820)	(\$41,820)	(\$41,820)	(\$41,820)	(\$41,820)	(\$121,275)
Net Increase (Decrease) in OPEB Expense				(\$432,018)	(\$58,177)	(\$58,177)	(\$58,177)	(\$58,177)	(\$58,177)	(\$58,177)	(\$141,133)

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INVESTMENT GAINS AND LOSSES

Increase (Decrease) in OPEB Expense Arising from the Recognition of Effects of Investment Gains and Losses (Measurement Periods)

Measurement Period	Investment (Gain)/Loss	Original Recognition Period (Years)	Amounts Recognized in OPEB Expense through 2018	2019	Amounts to be Recognized in OPEB Expense after 2019	2020	2021	2022	2023	2024	Thereafter
2017-18	(\$2,000)	7.2	\$0	(\$277)	(\$1,723)	(\$277)	(\$277)	(\$277)	(\$277)	(\$277)	(\$338)
2018-19	(\$1,447)	5	\$0	(\$290)	(\$1,157)	(\$290)	(\$290)	(\$290)	(\$287)		
Net Increase (Decrease) in OPEB Expense			\$0	(\$567)	(\$2,880)	(\$567)	(\$567)	(\$567)	(\$564)	(\$277)	(\$338)

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APPENDIX E: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally, medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.

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<u>Pay As You Go Cost:</u>	The projected benefit payments to retirees in a given year as estimated by the actuarial valuation. Actual benefit payments are likely to differ from these estimated amounts. For OPEB plans that do not pre-fund through an irrevocable trust, the Pay As You Go Cost serves as an estimated amount to budget for annual OPEB payments.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to participants’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.

Staff Report

May 12, 2021

Agenda Item No. 9.c.

California Employees Retiree Benefit Trust (CERBT) Fund Transfer

Background: In May of 2018, the Commission selected the California Public Employees Retirement System (CalPERS)—California Employees Retiree Benefit Trust (CERBT) Fund Division as its Other Post-Employment Benefit (OPEB) Fund Administrator. In June of 2018, \$200,000 of the earmarked funds were transferred to the CERBT fund. As of the March 31, 2021, CERBT quarterly statement, the Commission's CERBT fund balance was \$255,178.

Prior to transferring additional funds into the CERBT fund, LAFCO is required to prepare a current OPEB valuation report or an Alternative Measurement Method (AMM) actuarial valuation report to determine the Commission's financial liability and ongoing annual costs for OPEB. Recently, an Actuarial Valuation was performed for LAFCO as of June 30, 2019, allowing for the transfer of additional funds to its CERBT fund.

At this time, staff is requesting the Commission direct staff to transfer an additional \$200,000 to the CERBT fund, consistent with the prior transfer amount authorized by the Commission, allowing for the funding of approximately 58% of its TOL.

Recommended Action:

Staff recommends that the Commission:

1. Direct staff to transfer \$200,000 to the California Employee Retirement Benefits Trust (CERBT) fund in the current fiscal year, FY 2020-21.

Staff Report

May 12, 2021

Agenda Item No. 10.a.

Legislative Update

Legislation:

Several bills of interest to the Commission are moving forward in the committee review process in the Capitol. Information that is new (compared to last month's update) is provided in bold).

Bills on which the Commission has taken a Position:

- **AB 1581 (Assembly Local Government Committee):** This is the annual Omnibus Bill sponsored by CALAFCO. AB 1581 was introduced on March 9th. CALAFCO and LA LAFCO are on record in support of AB 1581. AB 1581 is pending before the Assembly Local Government Committee. **The bill was amended on April 19th, and now includes a total of seventeen (17) items (eleven “traditional” items, and six items repealing “special provisions” which relate exclusively to Los Angeles, Marin, and Santa Cruz Counties). The Assembly Local Government Committee is scheduled to consider AB 1581 on May 15th.**

Commission Position: **SUPPORT** (March 10th Meeting)

- **AB 703 (Rubio, B):** Post-pandemic, AB 703 (introduced on February 16th) would allow legislative bodies to utilize teleconferencing for public Brown Act meetings, subject to certain requirements concerning posting, notice, and the ability of the public to observe the meetings and provide public comment; would remove the requirement to post agendas and provide for public attendance at each virtual meeting location for teleconferencing meetings; and would require public agencies to respond to requests for reasonable ADA accommodation requests. The bill is sponsored by the Three Valleys Municipal Water Agency, and has garnered the support of the Association of California Water Agencies (ACWA), California Mutual Utilities Association, Foothill Municipal Water District, Metropolitan Water District of Southern California (MWD), Municipal Water District of Orange County (MWDOC), Public Water Agency Group (PWAG), Rowland Water District, San Gabriel Valley Economic Partnership, Southern California Water Coalition (SCWC), and Walnut Valley Water District. AB 703 is pending before the Assembly Local Government Committee.

Commission Position: **SUPPORT** (April 14th Meeting)

- **AB 1053 (Gabriel):** Current law states that a majority of city representatives is required to establish a quorum for the City Selection Committee in each county; AB 1053, introduced on February 18th) would reduce that quorum, for the same agenda items only, to one-third of city representatives if the first meeting was postponed for lack of a quorum. Current law states that City Selection Committees must meet in person; this bill would authorize city selection committee meetings to be conducted by teleconferencing and electronic means.

The bill was amended on April 20th to apply exclusively to the Los Angeles County City Selection Committee (given this change, CALFCO has withdrawn its initial opposition to the bill). AB 1053 is pending before the Assembly Local Government Committee.

Commission Position: **SUPPORT** (April 14th Meeting)

Other Bills:

- **AB 1195 (Cristina Garcia):** This bill, introduced on February 18th, would form a new Southern Los Angeles County Regional Water Agency (SLACRWA) as a regional water agency serving Southeast Los Angeles County. The boundary of the proposed SLACRWA would be the same territory as the existing boundary of the Water Replenishment District of Southern California (WRD), and the combined territory of the existing boundaries of the Central Basin Municipal Water District and the West Basin Municipal Water District. The SLACRWA would be governed by a five-member board appointed by the Governor, the Los Angeles County Board of Supervisors, the Gateway Cities Council of Government, the South Bay Cities Council of Governments, and the San Gabriel Valley Council of Governments. Under AB 1195, when directed by the State Water Resources Control Board, the SLACRWA will consolidate operation of public water systems (defined as systems for human water consumption that have 15 or more service connections) or serve as an administrator of a public water system. The bill is special legislation without LAFCO involvement in the formation of the SLACRWA. **The Environmental Safety & Toxic Materials Committee approved AB 1195 on April 21st, and the Assembly Local Government Committee approved AB 1195 on April 28th. Staff is working with the author to secure amendments to the bill to preserve LAFCO's essential role in consolidations and dissolutions of water providers.**
- **SB 268 (Archuleta):** Current law authorizes the submittal of a proposal to LAFCO to form a new Lower Los Angeles River Recreation and Parks District (LLARRPD), and the City of South Gate submitted a proposal to form the LLARRPD with LAFCO on October 2, 2019, which is currently pending); SB 268 would alter the composition of the governing board for the proposed district. Current law authorizes, no later than January 1, 2020, the submittal of a proposal to LAFCO to form a new Lower San Gabriel Valley Recreation and Park District; SB 268 would extend that deadline to January 1, 2024. Staff does not see a reason for LAFCO to take a position on SB 268. Co-authored by Senator Lena Gonzalez, and Assembly Members Cristina Garcia, Lisa Calderon, and Patrick O'Donnell, the bill is supported by the Cities of Artesia, Bellflower, Commerce, Downey, Lakewood, Pico Rivera, and Santa Fe Springs. Introduced on January 28th, SB 268 was approved by the Senate Governance and Finance Committee on March 25th. **The bill was approved by the Senate Appropriations Committee on April 19th.**
- **AB 850 (Gallagher):** Current law, and until January 1, 2022, authorizes the City of El Monte, the City of Montebello, and the City of Willows to sell its public utility for furnishing water service for the purpose of consolidating the system with another public water system; this bill would extend the deadline to January 1, 2024. Co-authored by Assemblyman Mike Gipson, the bill was introduced on February 17th. **The Assembly**

Water, Parks, & Wildlife Committee approved AB 850 on April 12th; the Assembly Local Government Committee approved AB 850 on April 28th.

- **AB 339 (Lee and Cristina Garcia):** Once public meetings return to an “in-person” format (post COVID restrictions), AB 339 would require that public agencies provide both call-in access (landline telephone) and internet access (computer, laptop, or cell phone) for all public meetings. Additionally, the bill would require public agencies to provide closed captioning for all meetings, to translate all agendas and instructions for accessing the meeting into all languages for which five-percent (5%) of the population in the area governed by the local agency is a speaker. CALAFCO has taken a “watch” position on AB 339. The bill was introduced on January 28th. **On April 15th, the author amended the bill to remove the blanket requirement to translate the agenda and meeting access information and makes those an on-request requirements; and to remove the blanket requirement for agencies to have sufficient qualified bilingual translators during meetings and changes that requirement to on-request, and requires agencies to make public the process to make such a request. The Assembly Local Government Committee approved AB 339 on April 28th.**
- **SB 273 (Hertzberg):** Under current law, most county sanitation districts do not have the authority to provide stormwater management services; the two exceptions are in Los Angeles County and Orange County, both of which are the result of special legislation. SB 273 would allow all other county sanitation districts statewide to provide stormwater management services, while keeping the LAFCO process to activate these latent powers intact. The bill is sponsored by the California Association of Sanitation Agencies (CASA), and it is supported by CALAFCO, who worked with the author on proposed amendments. **The Assembly approved SB 273 on April 12th, and the bill is now pending in the Assembly, awaiting assignment to a policy committee.**
- **SB 403 (Gonzalez):** Current law authorizes the State Water Resources Control Board (SWRCB) to order the “forced consolidation” of small water systems with a receiving system for certain disadvantaged communities. SB 403 would expand this authority to encompass a water system or domestic well(s) that are at risk of failing to provide adequate drinking water. CALAFCO has reached out to the author’s office to address concerns and to discuss amendments. The Senate Environmental Quality Committee approved SB 403 on March 16th. **The Senate Governance & Finance Committee approved the bill on April 26th; SB 403 is now pending before the Senate Appropriations Committee.**
- **SB 55 (Stern and Allen):** This bill would prohibit the creation or approval of a new development, as defined, in a Very High Fire Hazard Severity Zone or a State Responsibility Area. CALAFCO has taken a “watch” position on SB 55. Introduced by Senators Henry Stern and Ben Allen on December 7, 2020, the bill was double-referred to the Governance & Finance Committee and the Housing Committee. **The author amended the bill on April 5th, and so as to “not result in a decrease in the state’s supply of housing,” the “intent of the Legislature [is] to help prevent such a decrease by offering alternative density bonus line incentives.”**

- **AB 1295 (Muratsuchi):** This bill would prohibit a city or county from entering into a development agreement for property located in a designated “Very High Fire Hazard Severity Zone.” Introduced on February 19th, the bill was double-referred to the Assembly Local Government Committee and the Housing and Community Development Committee.
- **AB 11 (Ward):** Introduced by Assemblyman Chris Ward on December 7, 2020, AB 11 would require the Strategic Growth Council to establish up to 12 regional climate change authorities to coordinate climate adaptation and mitigation activities in their regions, and coordinate with other regional climate adaptation authorities, state agencies, and other relevant stakeholders. CALAFCO has taken a “watch” position on AB 11. AB 11 was referred to the Assembly Natural Resources Committee.

Recommended Action:

Staff recommends that the Commission:

1. Receive and file the Legislative Update.

Attachments:

- Letter of April 14, 2021 from Commission Chair Jerry Gladbach to the Honorable Blanca Rubio in support of AB 703.
- Letter of April 20, 2021 from Commission Chair Jerry Gladbach to the Honorable Jesse Gabriel in support of AB 1053.



Voting Members
Jerry Gladbach
Chair

Donald Dear
1st Vice-Chair

Gerard McCallum
2nd Vice-Chair

Kathryn Barger
Richard Close
Margaret Finlay
John Mirtsch
Holly Mischell
Vacant
(City of Los Angeles)

Alternate Members
Lori Brogin-Failey
Janice Hann
David Lesner
Mel Mathews
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Vacant
(Cities in Los Angeles
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www.lalafco.org

April 14, 2021

Assembly Member Blanca Rubio
California State Assembly
State Capitol, Room 5175
P.O. Box 942849
Sacramento, CA 94249-0048

RE: SUPPORT of Assembly Bill 703

Dear Assembly Member Rubio:

The Local Agency Formation Commission for the County of Los Angeles (LA LAFCO) is pleased to support your **Assembly Bill 703**, related to enhancing public access through teleconferencing in a public meeting setting. The Commission met this morning, and voted unanimously to support the bill.

As part of his response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 in March 2020 to expand public access to meetings of local agencies by suspending some of the restrictions on teleconferencing. Allowing local agencies to utilize teleconferencing for meetings of the legislative body has enhanced public access and increased participation by the public.

When the Governor's Executive Order expires one day, local agencies will again be required to comply with antiquated provisions of existing law which make it much more difficult to hold meetings of the legislative body by teleconference. Current law refers to "teleconference locations" and requires various actions to be taken at "teleconference locations" by local governments wishing to teleconference meetings. Current law does not recognize that a teleconference location is now wherever there is a person with a computer, a tablet, or even a mobile phone.

AB 703 will eliminate the previously existing concept of "teleconference locations" and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing, rather it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies who choose to utilize teleconferencing.

AB 703 also expresses legislative intent to improve and enhance public access to local agency meetings, consistent with the digital age, by allowing broader access through teleconferencing options consistent with the Governor's Executive Order.

For these reasons, LAFCO is pleased to support your Assembly Bill 703 (Rubio). If you have questions about our position or would like to discuss further, you may contact Executive Officer, Paul Novak, at 626-204-6500 or via email at pnovak@lalafco.org.

Yours sincerely,

Jerry Gladbach
Chair

Copy to: Honorable Commissioners, LA LAFCO
Kirk Howie, Three Valleys Municipal Water District (khowie@tvmwd.com)
Kristi Foy, Mike Arnold & Associates (kfoymjarnold.com)



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April 20, 2021

Assemblymember Jesse Gabriel
State Capitol, Room 4117
Sacramento, CA 94249-0045

RE: AB 1053 (Gabriel) -- SUPPORT

Dear Assembly Member Gabriel:

The Local Agency Formation Commission for the County of Los Angeles (LA LAFCO or Commission) is pleased to **SUPPORT** your Assembly Bill 1053, which will provide local governments with greater flexibility by lowering quorum requirements and improving transparency by allowing them to move more of their operations remotely.

Any county in California with two or more incorporated cities has a City Selection Committee (CSC). CSCs are used to appoint city representatives to different boards, commissions, or agencies. They are typically made up of the mayor or the mayor's appointee for each city that resides within the county.

In large counties like Los Angeles, the CSC is made up of 87 members. The challenge of getting a quorum with a committee as large as this is incredibly difficult. Due to the lack of a quorum, vacancies persist for critical positions on transportation agencies, air quality boards, and commissions that are vital to local government. In several instances, a LAFCO Commissioner representing cities in Los Angeles County has "held over" (remained in office after his or her term of office expired) for several months due to city selection committee meetings being canceled due to the lack of a quorum.

AB 1053 would authorize city selection committee meetings to meet by teleconferencing and electronic means. The bill would, additionally, reduce the required quota—from half to one-third—for subsequent meetings after an initial meeting failed to reach a quorum. The combination of these measures would make it significantly easier for the Los Angeles County City Selection Committee to fulfill its mission of making appointments to various commissions, boards, and committees in Los Angeles County.

In response to the COVID-19 pandemic, CSCs have transitioned to virtual/remote meetings. Because CSCs are still required to provide access for in-person comment in public, this requires 87 individual access points in Los Angeles County (one for each city). This past year has shown that successful remote testimony is possible, and that there is no longer a need for separate remote access locations.

For these reasons, LA LAFCO is pleased to support your Assembly Bill 1053. Should you have any questions or concerns, please feel free to contact LA LAFCO Executive Officer Paul Novak (email is pnovak@lalafo.org and telephone at 626/204-6500).

Sincerely,

A handwritten signature in cursive script, reading "Jerry Gladbach".

Jerry Gladbach
Chair

Copy to: Raquel Mason, Legislative Aide (Raquel.Mason@asm.ca.gov)
 Pamela Miller, Executive Director, California Association of Local
 Agency Formation Commissions (CALAFCO)



Inglewood

California

Public Works Department

ONE MANCHESTER BOULEVARD / INGLEWOOD, CA. 90301 / P.O. BOX 6500 / INGLEWOOD, CA. 90312

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LOUIS A. ATWELL, P.E.

ASSISTANT CITY MANAGER/PW DIRECTOR

April 15, 2020

Paul A. Novak, Executive Officer
Local Agency Formation Commission for the County of Los Angeles
80 South Lake Avenue, Suite 870
Pasadena, CA 91101

**Re: Withdrawal of Application for Formation No. 2020-05 of the Inglewood
Transportation Management Community Services District**

Dear Mr. Novak:

Please accept this letter as a request by the City of Inglewood (**City**) to withdraw the application it previously submitted to the Local Agency Formation Commission for the County of Los Angeles (**LAFCO**) on or about June 15, 2020. The proposed formation was for the Inglewood Transportation Management Community Services District (**ITMCSD**) with the LAFCO Proposal Designation No. of Formation No. 2020-05.

The City is extremely appreciative of the work and efforts undertaken by LAFCO to process the ITMCSD application in a prompt, expedient manner.

Should you have any further questions, please contact me directly.

Sincerely,


Louis Atwell, P.E.

Assistant City Manager/Public Works Director

2021 APR 22 PM 12:00

Executive Officer Report

May 12, 2021

Agenda Item No. 13.a.

The Executive Officer hereby reports the following:

- **Staff Schedule:** Based upon the Executive Officer's continued consultation with the Chair and legal counsel, LAFCO staff continue to work remotely, in furtherance of State and County emergency orders. Given recent changes, however, the Executive Officer and Deputy Executive Officer have formulated a schedule contemplating that staff would return to the office—on a part-time basis, in shifts—beginning the first week in June (and otherwise would continue to work remotely). Given that the State and/or County may modify emergency orders to allow more re-openings, staff anticipates being able to make the office open to the public by June 15, 2021. Staff notes that any schedule changes are dependent on the continued widespread availability of vaccines, an improving COVID-19 climate in Los Angeles County, and health orders issued by the State and the County; in this regard, proposed changes to work schedules are subject to modification as conditions dictate. Staff will maintain its ongoing dialogue with the Chair and legal counsel on these matters, in the interest of ensuring a proper balance of protecting the health and safety of LAFCO employees with providing access to the general public.

Staff Recommendation:

1. Receive and file the Executive Officer Report.