

Voting Members

Gerard McCallum
Chair

Margaret Finlay
1st Vice-Chair

Donald Dear
2nd Vice-Chair

Ryan Altoon
Kathryn Barger
John Lee
Robert Lewis
Angie Reyes English
Hilda Solis

Alternate Members

Wendy Celaya
Jorge Marquez
Holly Mitchell
Imelda Padilla
Panida Rzonca
Jeff Wood

Staff

Paul Novak

Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Adriana Flores
Taylor Morris
Alisha O'Brien

80 South Lake Avenue
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Pasadena, CA 91101
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www.lalafco.org

COMMISSION MEETING

LOCAL AGENCY FORMATION COMMISSION

Wednesday, October 14th, 2026
9:00 a.m.

Room 381-B

Kenneth Hahn Hall of Administration
500 West Temple Street, Los Angeles 90012

Entrance to the Commission Meetings requires entry through security screening at any of the public entrances to the Kenneth Hahn Hall of Administration (KHHA):

- 500 West Temple Street (third floor of KHHA)
- 225 N. Hill Street (first floor of KHHA)
- 222 N. Grand Avenue (fourth floor of KHHA)
- Civic Mall/ Grand Park, between KHHA and the Civil Court Building (second floor of the KHHA)

Entrance through any other exterior door of the KHHA is prohibited (all other entrances are locked) due to County of Los Angeles security restrictions.

A person with a disability may contact the LAFCO office at (626)204-6500 at least 72 hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodation, including auxiliary aids or services in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

This meeting is also available for members of the public to attend virtually by phone or web access as follows:

FOR MEMBERS OF THE PUBLIC

TO LISTEN BY TELEPHONE AND PROVIDE PUBLIC COMMENT DIAL:

1-213-306-3065

Access Code: 2538 713 0089 (English)

Password: 782542

OR TO LISTEN VIA WEB AND PROVIDE COMMENT:

<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/j.php?MTID=mc2ccab45f686cedc402c98e1eb478ed4>

Password: public

TO PROVIDE WRITTEN PUBLIC COMMENT: Any interested person may submit written opposition or comments by email at info@lalafo.org 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.

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.lalafo.org

1. **CALL MEETING TO ORDER**
 - a. Commissioner(s) request to participate remotely (None).
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIR DEAR**
3. **DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)**
4. **SWEARING-IN OF SPEAKER(S)**
5. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on any items, including those items that are on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Public comments are limited to three minutes per speaker.

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 September 9, 2026.
- b. Approve Operating Account Check Register for the month of September 2026.
- c. Receive and file Update on Pending Proposals.
- d. Legislative Update.
- e. Executive Officer's Written Report.
- f. Information Item(s) – Government Code § 56751 (city proposal). (None.)
- g. Information Item(s) – Government Code § 56857 (district proposal). (None.)
- h. Miscellaneous Communications. (None.)

7. **PUBLIC HEARING(S)**

- a. Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County (**Continued from the September 9, 2026 Meeting**).
- b. Annexation No. 1124 to Santa Clarita Valley Sanitation District of Los Angeles County and consideration of the Environmental Impact Report.
- c. Municipal Service Review (MSR) and Sphere of Influence (SOI) Update No. 2026-09 for the Cities of Pasadena and San Marino and consideration of the California Environmental Quality Act (CEQA) Exemption (**to be continued to the November 18, 2026 Meeting**).

8. **PROTEST HEARING(S)**

- a. None.

9. **OTHER ITEMS**

- a. Recommendation to Award the Contract for the Municipal Service Reviews and Sphere of Influence Updates for the Cities of Lancaster and Palmdale to RSG, Inc.
- b. Other Post-Employment Benefits Actuarial Study as of June 30, 2025.
- c. Potential Cancellation of the December 9, 2026 Commission Meeting.

10. **REQUESTED POSITION(S) ON LEGISLATION**

- a. None.

11. **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.

12. **EXECUTIVE OFFICER'S REPORT**

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

13. **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 per person time limitation.

14. **FUTURE MEETINGS**

November 18, 2026 Special Meeting (**the regular meeting date of the second Wednesday falls on Veterans Day**).

December 9, 2026

January 13, 2027

15. **ADJOURNMENT**

DRAFT

Voting Members

Donald Dear
Chair

Gerard McCallum
1st Vice-Chair

Margaret Finlay
2nd Vice-Chair

Ryan Altoon
Kathryn Barger
John Lee
Robert Lewis
Angie Reyes English
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Alternate Members

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

September 9, 2026

Present:

Kathryn Barger
Margaret Finlay
Robert Lewis
Gerard McCallum, Acting Chair
Angie Reyes English

Wendy Celaya, Alternate
Jorge Marquez, Alternate
Imelda Padilla, Alternate
Panida Rzonca, Alternate
Jeff Wood, Alternate

Adriana Romo, Deputy Executive Officer
Katherine Hardy, Legal Counsel

Absent:

Ryan Altoon
Donald Dear, Chair
John Lee
Hilda Solis

Holly Mitchell, Alternate

1 CALL MEETING TO ORDER

The meeting was called to order at 9:02 a.m. by Acting Chair Gerard McCallum, as an in-person and virtual meeting.

- a. Commissioner(s) request to participate remotely pursuant to Government Code § 54953.8.3:

(None).

2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Acting Chair McCallum.

3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

(None).

ANNOUNCEMENTS

Adriana Romo, Deputy Executive Officer (DEO), announced that the agenda for today's meeting was posted to the LAFCO website on Wednesday, September 2, 2026; and at the Kenneth Hahn Hall of Administration on Tuesday, September 1, 2026; in accordance with State law.

4 SWEARING-IN OF SPEAKER(S)

The DEO asked if any members of the public planned to testify, including remotely (None).

WELCOMING OF NEW COMMISSIONER

Acting Chair McCallum welcomed Commissioner Jeff Wood as the new Alternate Member, representing the City of Lakewood. Commissioner Wood's term expires in May of 2027.

5 PUBLIC COMMENT

(None).

6 CONSENT ITEM(S)

The Commission took the following action under Consent Item(s):

- a. Approved Minutes of August 12, 2026
- b. Approved Operating Account Check Register for the month of August 2026.

- c. Received and filed the Update on Pending Proposals.
- d. Received and filed the Legislative Update.
- e. Received and filed the Executive Officer's Written Report.
- f. Information Item(s) – Government Code § 56751 (city proposal).

(None).
- g. Received and filed Information Item(s) – Government Code § 56857 (district proposal).

(None).
- h. Miscellaneous Communications.

(None).
- i. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1139 to the Santa Clarita Valley Sanitation District of Los Angeles County; Resolution No. 2026-27RMD.
- j. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 59 to the County Sanitation District No. 2 of Los Angeles County; Resolution No. 2026-28RMD.
- k. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 451 to the County Sanitation District No. 14 of Los Angeles County; Resolution No. 2026-29RMD.
- l. Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 467 to the County Sanitation District No. 14 of Los Angeles County; Resolution No. 2026-30RMD.

MOTION: Barger SECOND: Finlay APPROVED: 7-0-1
AYES: Barger, Finlay, Lewis, Padilla (Alt. for Lee), Marquez (Alt. for Dear), Reyes English, McCallum (Acting Chair)
NOES: None.
ABSTAIN: Rzonca (Alt. for Altoon)
ABSENT: Altoon, Lee, Solis, Dear

7 PUBLIC HEARING(S)

The following item was called up for consideration:

- a. Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County (Continued to the October 14, 2026 Meeting).

The Commission took the following action:

- Continued Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County to the October 14, 2026 Meeting.

MOTION: Finlay SECOND: Reyes English APPROVED: 8-0-0
AYES: Barger, Finlay, Lewis, Padilla (Alt. for Lee), Marquez (Alt. for Dear), Reyes English, Rzonca (Alt. for Altoon), McCallum (Acting Chair)
NOES: None
ABSTAIN: None
ABSENT: Altoon, Lee, Solis, Dear

8 PROTEST HEARING(S)

(None).

9 OTHER ITEMS

The following item was called up for consideration:

- a. Annual Election of Commission Officers

The DEO summarized the staff report on this item.

The DEO answered questions to the satisfaction of the Commission.

The Commission took the following actions:

- Nominated and elected Commissioner McCallum to serve as LAFCO Chair for a term of one (1) year and until the election of a successor;
- Nominated and elected Commissioner Finlay to serve as LAFCO First Vice-Chair for a term of one (1) year and until the election of a successor; and

- Nominated and elected Commissioner Dear to serve as LAFCO Second Vice-Chair for a term of one (1) year and until the election of a successor.

MOTION: Lewis SECOND: Barger APPROVED: 8-0-0
AYES: Barger, Finlay, Lewis, Padilla (Alt. for Lee), Marquez (Alt. for Dear), Reyes English, Rzonca (Alt. for Altoon), McCallum (Acting Chair)
NOES: None
ABSTAIN: None
ABSENT: Altoon, Lee, Solis, Dear

9 OTHER ITEMS

The following item was called up for consideration:

- b. Fiscal Year (FY) 2025-26 Davis Farr LLP Audit Planning Letter to the Commission.

The DEO summarized the staff report on this item.

The DEO answered questions to the satisfaction of the Commission.

The Commission took the following action:

- Received and filed the Davis Farr LP Audit Planning Letter to the Commission dated August 26, 2026.

MOTION: Lewis SECOND: Marquez (Alt. for Dear) APPROVED: 8-0-0
AYES: Barger, Finlay, Lewis, Padilla (Alt. for Lee), Marquez (Alt. for Dear), Reyes English, Rzonca (Alt. for Altoon), McCallum (Acting Chair)
NOES: None
ABSTAIN: None
ABSENT: Altoon, Lee, Solis, Dear

10 REQUESTED POSITION(S) ON LEGISLATION

(None).

11 COMMISSIONERS' REPORT

Commissioner Lewis thanked Paul Novak, LAFCO Executive Officer, for attending the California Special Districts Association (CSDA) Annual Conference on August 24-27, 2026, in Palm Desert.

12 EXECUTIVE OFFICER'S REPORT

The DEO noted that the November 11th Meeting will be moved to Wednesday, November 18th, as November 11th is the Veterans Day Holiday.

13 PUBLIC COMMENT

(None).

14 FUTURE MEETINGS

October 14, 2026
November 18, 2026
December 9, 2026

15 ADJOURNMENT

On motion of Acting Chair McCallum, the meeting was adjourned at 9:19 a.m.

Respectfully submitted,

Paul Novak, AICP
Executive Officer

12:39 PM

09/29/26

Accrual Basis

LA LAFCO

Register Report

September 2026

Type	Date	Num	Name	Paid Through	Amount	Balance
Sep 26						
Check	09/01/2026	WIRE	TRPF 80 South Lak...		-12,139.32	-12,139.32
Bill Pmt -Check	09/10/2026	12560	Amazon Capital Ser...		-83.28	-12,222.60
Bill Pmt -Check	09/10/2026	12561	Allied Public Risk		-3,985.75	-16,208.35
Bill Pmt -Check	09/10/2026	12562	Allied Public Risk		-3,190.75	-19,399.10
Bill Pmt -Check	09/10/2026	12563	Certified Information...		-1,224.78	-20,623.88
Bill Pmt -Check	09/10/2026	12564	Charter Communica...		-520.33	-21,144.21
Bill Pmt -Check	09/10/2026	12565	CTS CLOUDS LLC		-1,505.00	-22,649.21
Bill Pmt -Check	09/10/2026	12566	FedEx		-199.80	-22,849.01
Bill Pmt -Check	09/10/2026	12567	MetLife Insurance C...		-1,308.00	-24,157.01
Bill Pmt -Check	09/10/2026	12568	Yvonne Green		-797.50	-24,954.51
Bill Pmt -Check	09/10/2026	12569	LACERA-OPEB		-1,367.33	-26,321.84
Check	09/11/2026	DD	Wells Fargo*		-66.45	-26,388.29
Check	09/15/2026	DD	Federal Tax Deposit		-7,329.27	-33,717.56
Check	09/15/2026	DD	State Income Tax		-2,263.11	-35,980.67
Check	09/15/2026	DD	Garnishments		-327.00	-36,307.67
Check	09/15/2026	DD	Ambar De La Torre		-3,087.29	-39,394.96
Check	09/15/2026	DD	Douglass S Dorado		-4,320.08	-43,715.04
Check	09/15/2026	DD	Adriana L Flores		-1,468.59	-45,183.63
Check	09/15/2026	DD	Taylor J Morris		-2,915.87	-48,099.50
Check	09/15/2026	DD	Paul A Novak		-8,155.25	-56,254.75
Check	09/15/2026	DD	Alisha O'Brien		-3,429.87	-59,684.62
Check	09/15/2026	DD	Adriana Romo		-5,881.74	-65,566.36
Check	09/15/2026	DD	Paychex		-237.99	-65,804.35
Bill Pmt -Check	09/17/2026	12572	Wells Fargo**		-1,322.27	-67,126.62
Bill Pmt -Check	09/17/2026	12571	SP Plus Corporation		-630.00	-67,756.62
Check	09/17/2026	12570	Wells Fargo**		0.00	-67,756.62
Bill Pmt -Check	09/24/2026	12573	Amazon Capital Ser...		-365.38	-68,122.00
Bill Pmt -Check	09/24/2026	12574	AT&T Mobility		-259.75	-68,381.75
Bill Pmt -Check	09/24/2026	12575	Canon Financial Ser...		-1,288.21	-69,669.96
Bill Pmt -Check	09/24/2026	12576	Daily Journal Corpor...		-1,657.51	-71,327.47
Bill Pmt -Check	09/24/2026	12577	FedEx		-37.82	-71,365.29
Bill Pmt -Check	09/24/2026	12578	Registrar-Recorder/...		-33.00	-71,398.29
Bill Pmt -Check	09/24/2026	12579	RSG, Inc.		-5,011.25	-76,409.54
Bill Pmt -Check	09/24/2026	12580	Stericycle, Inc.		-127.89	-76,537.43
Bill Pmt -Check	09/24/2026	12581	The Lincoln National...		-362.68	-76,900.11
Bill Pmt -Check	09/24/2026	12582	San Diego County L...		0.00	-76,900.11
Bill Pmt -Check	09/24/2026	12583	San Diego LAFCO		-2,200.00	-79,100.11
Check	09/24/2026	DD	Alisha O'Brien		-3,429.87	-82,529.98
Bill Pmt -Check	09/24/2026	12584	LACERA		-25,606.67	-108,136.65
Bill Pmt -Check	09/24/2026	12585	Quadient Finance U...		-300.00	-108,436.65
Bill Pmt -Check	09/24/2026	12586	Registrar-Recorder/...		-75.00	-108,511.65
Check	09/28/2026	DD	Federal Tax Deposit		-7,657.02	-116,168.67
Check	09/28/2026	DD	State Income Tax		-2,263.11	-118,431.78
Check	09/28/2026	DD	Garnishments		-327.00	-118,758.78
Bill Pmt -Check	09/29/2026	12587	Meijun, LLC		-300.00	-119,058.78
Check	09/30/2026	DD	Ambar De La Torre		-3,087.28	-122,146.06
Check	09/30/2026	DD	Douglass S Dorado		-4,320.07	-126,466.13
Check	09/30/2026	DD	Adriana L Flores		-1,468.60	-127,934.73
Check	09/30/2026	DD	Taylor J Morris		-2,915.88	-130,850.61
Check	09/30/2026	DD	Paul A Novak		-7,667.13	-138,517.74
Check	09/30/2026	DD	Adriana Romo		-5,612.67	-144,130.41
Check	09/30/2026	DD	Ryan Altoon		-138.52	-144,268.93
Check	09/30/2026	90269...	Kathryn Barger		-131.91	-144,400.84
Check	09/30/2026	DD	Wendy Celaya		-138.52	-144,539.36
Check	09/30/2026	DD	Angie R English		-138.53	-144,677.89
Check	09/30/2026	90269...	Margaret E Finlay		-277.05	-144,954.94
Check	09/30/2026	DD	Robert W Lewis		-138.52	-145,093.46
Check	09/30/2026	DD	Jorge A Marquez		-252.05	-145,345.51
Check	09/30/2026	DD	Gerard McCallum II		-277.05	-145,622.56
Check	09/30/2026	DD	Imelda Padilla		-138.52	-145,761.08
Check	09/30/2026	DD	Panida Rzonca		-138.53	-145,899.61
Check	09/30/2026	DD	Jeffrey Wood		-138.52	-146,038.13
Check	09/30/2026	DD	Paychex		-340.68	-146,378.81
Sep 26					-146,378.81	-146,378.81

**AGENDA ITEM NO. 6.c.
October 14, 2026**

PENDING PROPOSALS As of September 29, 2026						
		LAFCO Designation Number	Applicant	Description	Status	Est. Date of Completion
1	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 geographic. Need to include DUC.	Unknown
2	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.	protest hearing 8-12-26	Aug-2026
3	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 Cairnloch 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.	Unknown
4	DD	Annexation No. 2017-09 to the Los Angeles Harbor Area Cemetery District	Los Angeles Harbor Area Cemetery District	inhabited territory around Wilmington	Notice of Filing sent 6-10-17 Incomplete filing: property tax transfer resolution and approved map and geographic description	Unknown
5	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.	Unknown
6	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 Chandeleur and Rue Le Charlene, in the City of Los Angeles.	Notice of Filing Sent 5-14-19 Incomplete filing: property tax transfer resolution. City of Los Angeles is requiring additional documentation, emailed 1-21-25	Unknown
7	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, plan for services, and approved map and geographic description.	Unknown
8	AOB	Reorganization No. 2021-03 for the Artesia Cemetery District, the Downey Cemetery District, and the Little Lake Cemetery District	Artesia Cemetery District, and behalf of Downey Cemetery District and Little Lake Cemetery District	Reorganization of territories located within Cities of Bellflower, Bell Gardens, Cerritos, Downey, La Mirada, Lakewood, Norwalk, Paramount, Santa Fe Springs, South Gate; and Los Angeles County unincorporated territory (South Whittier).	Revised Notice of Filing Sent 05-20-26 Incomplete filing: property tax transfer resolution.	Unknown
9	DD	Reorganization No. 2021-11 to the City of Los Angeles	Television City Studios, LLC	.64± acres of uninhabited territory. The affected territory is located south of the intersection of Beverly Blvd and Genesee Ave, surrounded by the City of Los Angeles.	Notice of Filing sent 3-9-22: property tax transfer resolution, limiting address map & list, and BOE fees	Unknown

AGENDA ITEM NO. 6.c.
October 14, 2026

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
10	AD	Annexation 101 to District No. 20	Los Angeles County Sanitation Districts	39.29 acres of uninhabited territory. The affected territory is located on the north side of Pear Blossom Highway, southeast of Fort Tejon Road, all within the City of Palmdale.	Notice of Filing sent 6/6/23 Incomplete filing; property tax transfer resolution is missing.	5/30/2023	Unknown
11	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1126	Los Angeles County Sanitation Districts	1.4 acres of uninhabited territory. The affected territory is located south of Oak Orchard Rd. and north of Placeritos Blvd, all within the City of Santa Clarita.	Notice of Filing sent 06/14/23. Incomplete filing; property tax transfer resolution is missing.	6/1/2023	Unknown
12	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1129	Los Angeles County Sanitation Districts	0.81 acres of uninhabited territory. The affected territory is located on the south side of Violin Canyon Road approximately 650 southeast of Lake Hughes Road, all within unincorporated Los Angeles County.	awaiting CEQA clearance.	6/28/2023	Unknown
13	AOB	Annexation No. 2023-08 to the Resource Conservation District of the Santa Monica Mountains	Resource Conservation District of the Santa Monica Mountains	Acreage TBD. Inhabited territory. The affected territory to include the entire San Fernando Valley and the eastern Santa Monica Mountains (including Hollywood Hills and Griffith Park), the Verdugo Mountains and lower San Gabriel Foothills as far east as the Arroyo Seco, south through Northeast City of Los Angeles (including Elysian Park) to Downtown Los Angeles.	Notice of Filing TBD. Incomplete filing; property tax transfer resolution, CEQA, approved map and description.	6/29/2023	Unknown
14	DD	Formation No. 2023-11 of the Lower San Gabriel River Recreation and Park District	City of Pico Rivera	32,000 acres of inhabited territory. The affected territory is located along the San Gabriel River.	Notice of Filing 8-28-23 Incomplete filing; map, geographic description, auditors determination, plan for service	6/28/2023	Unknown
15	AOB	Annexation No. 2023-19 to the City of Industry (Amendment to the City of Industry Sphere of Influence)	Patrick Daniels/CRP IV Industry Valley Center, LLC	2.21 acres of uninhabited territory. The affected territory is located at the Southeast corner of Valley Blvd. and Sixth Street, all within the unincorporated Los Angeles County.	Notice of Filing sent 11-21-23 Incomplete filing; property tax transfer resolution, CEQA.	11/9/2023	Unknown
16	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1116	Los Angeles County Sanitation Districts	521.58 acres of uninhabited territory. The affected territory is located at the northeast extension of Shadow Pines Boulevard and east of Jasmine Valley Drive, a majority within Unincorporated Los Angeles County and a portion in the City of Santa Clarita.	Notice of Filing sent 03-26-23 Incomplete filing; property tax transfer resolution is missing.	3/18/2024	Unknown
17	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1133	Los Angeles County Sanitation Districts	15.47 acres of uninhabited territory. The affected territory is located north of Placerita Canyon Road, east of Aden Avenue, and west of Oakcreek Avenue, all within the City of Santa Clarita.	Notice of Filing sent 04-30-23 Incomplete filing; property tax transfer resolution is missing.	4/15/2024	Unknown
18	AD	Annexation 454 to District No. 14	Los Angeles County Sanitation Districts	40.56 acres of uninhabited territory. The affected territory is located on the southeast corner of Vista Sol Lane and 70th Street West, all within the City of Palmdale.	Notice of Filing sent 08-06-24 Incomplete filing; property tax transfer resolution is missing.	6/4/2024	Unknown
19	DD	Annexation 59 to District No. 2	Los Angeles County Sanitation Districts	1.26 acres of uninhabited territory. The affected territory is located on the south side of Arkansas Street east of Alburts Avenue, all within the City of Artesia.	August agenda	10/3/2024	Sep-2026

AGENDA ITEM NO. 6.c.
October 14, 2026

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
20	AOB	Reorganization No. 2018-08 for the Compton Creek Mosquito Abatement District and the Greater Los Angeles County Vector Control District (Amendments to the Compton Creek Mosquito Abatement District and the Greater Los Angeles County Vector Control District Spheres of Influence; Detachment from the Greater Los Angeles County Vector Control District; and Annexation to the Compton Creek Mosquito Abatement District)	Compton Creek Mosquito Abatement District	1,246,794± acres (or 1,948 square miles) of inhabited territory . The affected territory is generally located west of the 710 Freeway and north of the 91 Freeway, within a portion of the City of Compton and portions of unincorporated territory.	November agenda	12/17/2024	Dec-2026
21	AOB	Annexation No. 2024-11 to the Los Angeles County Waterworks District No. 40, Antelope Valley	DLJ Palmdale, LLC (NorthPoint processing application on behalf of landowner)	30.11 acres of uninhabited territory. The affected territory is generally located west of the State Route 14 (Antelope Valley Freeway), north of Avenue G, and adjacent to 30th Street West, all within the City of Lancaster.	Notice of Filing sent 01-28-25 Incomplete filing: approved map and geographic description, CEQA for APN: 3114-010-041	12/31/2024	Unknown
22	DD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1139	Los Angeles County Sanitation Districts	25.47 acres of uninhabited territory. The affected territory is located approximately 338 feet northeast of the intersection of via Princessa and Whites Canyon Road, all within the City of Santa Clarita.	August agenda	1/10/2025	Sep-2026
23	AOB	Annexation 467 to District No. 14	Los Angeles County Sanitation Districts	5.1 acres of unincorporated territory. The affected territory is located on the southwest corner of West Avenue L and 10th Street West, all within the City of Lancaster.	September agenda	6/30/2025	Oct-2026
24	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1137	Los Angeles County Sanitation Districts	5.1 acres of unincorporated territory. The affected territory is located on the southwest corner of Live Oak Springs Canyon Road and Circle Drive, and on the southwest corner of Live Oak Springs Canyon Road and Eaglehelm Drive, all within the City of Santa Clarita.	August agenda	6/30/2025	Sep-2026
25	DD	Reorganization No. 2025-02 to the City of Lancaster (14-470)	City of Lancaster	614 acres of uninhabited territory. The affected territory is located northeast of the intersection of Avenue J and 50th Street East, adjacent to the City of Lancaster	Notice of Filing sent 7-28-25 Incomplete filing's, CEQA, pre-zoning, labels, limiting address, and approved map and geographic description.	7/21/2025	Unknown
26	AD	Annexation 451 to District No. 14	Los Angeles County Sanitation Districts	164.09 acres of uninhabited territory. The affected territory is located on the northeast corner of East Avenue M and 30th Street East, all within the City of Palmdale.	Notice of Filing sent 10-7-25 Incomplete filing: property tax transfer resolution is missing.	10/2/2025	Oct-2026

AGENDA ITEM NO. 6.c.
October 14, 2026

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
27	DD	Annexation No. 2025-06 to the Los Angeles County Waterworks District No. 40, Antelope Valley	LA-DF Investment Fund 78, LLC	30.69 acres of uninhabited territory. The affected territory is generally located west of the intersection of Westcliff Street and Pampas Street, in the City of Palmdale	Notice of Filing sent 10-8-25 Incomplete filing: property tax transfer resolution, Findings for CEQA, and approved map and geographic description.	10/3/2025	Unknown
28	AD	Annexation 303 to District No. 15	Los Angeles County Sanitation Districts	0.88 acres of uninhabited territory. The affected territory is located approximately 315 feet east of Dunsweil Avenue and approximately 517 feet south of Gale Avenue, all within Unincorporated Los Angeles County.	Notice of Filing sent 12-17-25 Incomplete filing: property tax transfer resolution is missing.	12/16/2025	Unknown
29	AD	Annexation 468 to District No. 14	Los Angeles County Sanitation Districts	20.07 acres of uninhabited territory. The affected territory is generally located on the northwest corner of West Avenue K and 65th Street West, all within the City of Lancaster.	August agenda	1/8/2026	Sep-2026
30	AD	Annexation 469 to District No. 14	Los Angeles County Sanitation Districts	2.56 acres of uninhabited territory. The affected territory is generally located north of West Avenue L12 approximately 840 feet west of 10th Street West, all within the City of Lancaster.	Notice of Filing sent 1-13-26 Incomplete filing: property tax transfer resolution is missing.	1/8/2026	Unknown
31	DD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1124	Los Angeles County Sanitation Districts	32.2 acres of uninhabited territory. The affected territory is generally located on the west side of Wiley Canyon Road approximately 200 feet north of Calgrove Boulevard, all within the City of Santa Clarita.	October Agenda	1/8/2026	Nov-2026
32	AOB	Annexation No. 2026-03 to the Los Angeles County Waterworks District No. 40, Antelope Valley	Triple M Properties	4.5 acres of uninhabited territory. The affected territory is located south of W Avenue H and west of 23rd Street W, within the City of Lancaster.	Notice of Filing sent 2-12-26 Incomplete filing: property tax transfer resolution is missing; and approved map and geographic description	2/4/2026	Unknown
33	AD	Annexation 449 to District No. 22	Los Angeles County Sanitation Districts	4.32 acres of uninhabited territory. The affected territory is located on the northwest corner of East Via Verde Street and East Covina Hills Road, all within Unincorporated Los Angeles County.	Notice of Filing sent 02-25-26 Incomplete filing: property tax transfer resolution is missing.	2/23/2026	Unknown
34	AD	Annexation 471 to District No. 14	Los Angeles County Sanitation Districts	16.97 acres of uninhabited territory. The affected territory is located on the southeast corner of Avenue L12 and 70th Street West, all within Unincorporated Los Angeles County.	Notice of Filing sent 05-06-26 Incomplete filing: property tax transfer resolution is missing.	5/5/2026	Unknown
35	DD	Reorganization No. 2025-04 to the City of Burbank	City of Burbank	.98 acres of inhabited territory. The affected territory is located south of Roselli Street between 6th Street and Kenneth Road, in the City of Glendale	Notice of Filing sent 7-1-26 Incomplete filing: property tax transfer resolution, limiting addresses map and list, notice labels, approved map and geographic description	6/24/2026	Unknown
36	DD	Annexation No 2026-01 to the Santa Clarita Valley Water Agency	Santa Clarita Valley Water Agency	1607± acres of uninhabited territory. The affected territory is generally located west of the intersection of Old Rock Road and Valencia Blvd, in the unincorporated area known as Stevenson Ranch	Notice of Filing sent 7-7-26 Incomplete filing: property tax transfer resolution, notice labels, approved map and geographic description	6/23/2026	Unknown
37	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1142	Los Angeles County Sanitation Districts	3.49 acres of uninhabited territory. The affected territory is located on the eastern terminus of Walnut Springs Avenue, all within the City of Santa Clarita.	Notice of Filing sent 07-01-26 Incomplete filing: property tax transfer resolution is missing.	6/18/2026	Unknown

AGENDA ITEM NO. 6.c.
October 14, 2026

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
38	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1144	Los Angeles County Sanitation Districts	113.9 acres of uninhabited territory. The affected territory is located on the northwest corner of Del Valle Road and Hunstock Street, all within Unincorporated Los Angeles County.	Notice of Filing sent 07-01-26 Incomplete filing; property tax transfer resolution is missing.	6/18/2026	Unknown
39	AD	Annexation 462 to District No.14	Los Angeles County Sanitation Districts	1.41 acres of uninhabited territory. The affected territory is located on the east side of the Sierra Highway with one parcel approximately 193 feet north of East Avenue and the other approximately 293 feet south of East Avenue, all within the City of Lancaster.	Notice of Filing sent 07-01-26 Incomplete filing; property tax transfer resolution is missing.	6/18/2026	Unknown
40	AD	Annexation 465 to District No.14	Los Angeles County Sanitation Districts	30.5 acres of uninhabited territory. The affected territory is located on the southeast corner of West Avenue F8 and 30th Street West, all within the City of Lancaster.	Notice of Filing sent 07-01-26 Incomplete filing; property tax transfer resolution is missing.	6/18/2026	Unknown
41	AD	Annexation 466 to District No.14	Los Angeles County Sanitation Districts	5 acres of uninhabited territory. The affected territory is located on the northwest corner of West Avenue M8 and 10th Street West, all within the City of Palmdale.	Notice of Filing sent 07-01-26 Incomplete filing; property tax transfer resolution is missing.	6/18/2026	Unknown
42	AD	Annexation 472 to District No.14	Los Angeles County Sanitation Districts	72.93 acres of uninhabited territory. The affected territory is located on the southwest corner of West Avenue K8 and 52nd Street West, all within the City of Lancaster.	Notice of Filing sent 07-01-26 Incomplete filing; property tax transfer resolution is missing.	6/18/2026	Unknown
43	AD	Annexation 452 to District No.22	Los Angeles County Sanitation Districts	0.9 acres of uninhabited territory. The affected territory is located on the west side of North Banna Avenue approximately 285 feet north of East Sierra Madre Avenue, all within the City of Glendora.	Notice of Filing sent 07-07-26 Incomplete filing; property tax transfer resolution is missing.	6/23/2026	Unknown
44	AD	Annexation 306 to District No.15	Los Angeles County Sanitation Districts	12.44 acres of uninhabited territory. The affected territory is located on the east side of Vallecito Drive approximately 271 feet north of Bernard Court, all within Unincorporated Los Angeles County.	Notice of Filing sent 07-07-26 Incomplete filing; property tax transfer resolution is missing.	6/30/2026	Unknown
45	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1147	Los Angeles County Sanitation Districts	1.1 acres of uninhabited territory. The affected territory is located on the southeast corner of Adon Avenue and Sierra Highway, all within the City of Santa Clarita.	Notice of Filing sent 07-07-26 Incomplete filing; property tax transfer resolution is missing.	6/30/2026	Unknown
46	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1148	Los Angeles County Sanitation Districts	0.98 acres of uninhabited territory. The affected territory is located on the west side of Sierra Highway approximately 840 feet northwest of Fitch Avenue, all within Unincorporated Los Angeles County.	Notice of Filing sent 07-07-26 Incomplete filing; property tax transfer resolution is missing.	6/30/2026	Unknown
47	AD	Annexation 451 to District No.22	Los Angeles County Sanitation Districts	2.66 acres of uninhabited territory. The affected territory is located on the northeast side of Mount Olive Drive, approximately 1,200 feet east of Woodlyn Lane, all within the City of Bradbury.	Notice of Filing sent 08-05-26 Incomplete filing; property tax transfer resolution is missing.	7/29/2026	Unknown
48	AD	Exercise of New or Different Functions or Classes of Services No. 2026-08 for Santa Clarita Valley Sanitation District of Los Angeles County	Los Angeles County Sanitation Districts	The reason for the Proposal is to provide stormwater and dry-weather urban runoff services within the District boundaries.	Notice of Filing sent 08-19-26	6/23/2026	Nov-2026
49	DD	Annexation No 2026-06 to the Rowland Water District	Rowland Water District	1.56 ± acres of uninhabited territory. The affected territory is generally located northeast of the intersection of Hambledon Avenue and Valley Boulevard in the City of Industry	Notice of Filing sent 09-23-26 Incomplete filing; property tax transfer resolution, SOI fees, and approved map and geographic description.	9/15/2026	Unknown

Staff Report

October 14, 2026

Agenda Item No. 6.d.

Legislative Update

The California Legislature has reconvened, and the deadline to introduce bills has passed. The Alliance of LAFCOs Legislative Committee has provided staff with a list of bills which may be of interest. Based upon a review of this list, staff has identified the following bills which may impact LAFCO:

- **AB 1821 (Pacheco):** The California Public Records Act requires each state or local agency to produce public records promptly upon request. Existing law requires each agency, within 10 (calendar) days of a public records request, to determine whether the agency is in possession of those records and whether it is a disclosable public record. This bill would instead require each agency to determine whether the agency is in possession of the records requested, whether the records are disclosable, and requires the agency to notify the requestor of its determination within 10 business days of a request. If the agency determines it is a disclosable public record in its possession, the agency is also required to provide an estimated date and time of when the records will be available. The bill further identifies “unusual circumstances” whereby the requestee may experience a justifiable delay in its response to the public record request. *On August 31, 2026, the bill was enrolled and presented to the Governor. The bill is now awaiting the Governor’s signature.*
- **AB 2180 (Ward):** Existing law, known as Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements and, authorizes an agency providing water, wastewater, sewer, refuse collection services to adopt a schedule of fees or charges or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation under certain circumstances. This bill would authorize a local government to demonstrate the proportional cost of service attributable to the parcel by any method that reasonably allocates the ascertainable cost of providing a service to all parcels, is substantiated. Further, local government is not required to provide the exact measure of cost per parcel and may instead impose uniform or tiered rates to a parcel or customer that are defined based on common characteristics indicative of likely water or sewer use. *On September 27, 2026, the bill was approved by the Governor and Chaptered by the Secretary of State.*
- **SB 992 (Niello):** If specified conditions are met, including that the special district’s annual revenues do not exceed \$150,000, current law authorizes a special district to replace the required annual audit with a financial review. Additionally, until January 1, 2027, a district may instead opt for an agreed-upon procedures engagement or an annual financial compilation, provided they continue to meet the specified revenue thresholds and conditions. This bill would extend the January 1, 2027 sunset date referenced above to January 1, 2037, would increase the revenue cap described above to \$250,000, and would authorize a special district with annual revenues of less than \$50,000 to replace the annual audit with a financial

review. *On August 27, 2026, the bill was approved by the Governor and Chaptered by the Secretary of State.*

- **SB 994 (Cabaldon):** This bill would prohibit a local agency official, as defined, acting in their official capacity from entering into, or requesting that another individual enter into, a nondisclosure agreement relating to public business that precludes their ability to share information with fellow local agency officials serving on the same council, board, commission, district, or agency. The bill would require a local agency official in violation of that provision to, among other things, disclose the existence of the nondisclosure agreement, as specified, and would provide that these requirements imposed on a local agency official also apply to a local agency official acting in their official capacity who entered into, or requested that another individual enter into, a nondisclosure agreement described above before January 1, 2027. Nondisclosure agreements that protect trade secrets, proprietary information, or financial information are exempt from the proposed regulations. Recent amendments limit the bill's applicability to a nondisclosure agreement in specified circumstances. *On September 27, 2026, the bill was approved by the Governor and Chaptered by the Secretary of State.*
- **SB 1187 (Durazo):** SB 1187 in its current form, continues to focus on “access” to public meetings. The Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. Existing law, beginning July 1, 2026, requires eligible legislative bodies, as defined, to have in place a system for electronically accepting and fulfilling requests for meeting agendas and documents. Existing law additionally requires these legislative bodies to translate the agenda for each meeting of that body and to reasonably assist members of the public who wish to translate a public meeting or receive interpretation, as specified. This bill would instead delete the above-described requirements on eligible legislative bodies and take effect immediately. An eligible legislative body is generally defined as a county board of supervisors, a city council, a board of directors of a special district that meets minimum population thresholds, or a board of directors of a special district that meets a minimum employee threshold or revenue threshold. *On September 18, 2026, the bill was approved by the Governor and Chaptered by the Secretary of State.*
- **SB 1417 (Perez):** This bill would prohibit a mutual water company from charging, issuing a bill, or otherwise seeking to hold tenants of shareholders responsible for the costs of water or its delivery, except for specified tenants, and would require all notices, recently amended to include electronic mail notice, of charges for water to be sent to the last known address of the shareholder or tenant, as applicable. The bill also adds notice and hearing requirements for proposed assessments or charges for water expected to increase over 20%; requires the mutual water companies to make certain records such as agendas and minutes “promptly available” to “eligible persons” (as defined by the proposed legislation) after the “direct costs” for producing those documents have been paid, would require the mutual water company to provide a copy of the written proposal and the notice of the public meeting, and record the individual votes of the board members on the assessment, or increase of the water charge. On August 18, 2026, the bill was amended to require a mutual water company to prepare, provide a copy of a written proposal, and provide notice of a public meeting at least 45 days before a public meeting to adopt a proposal to collect an assessment or to increase a

water charge. The amended bill would also prohibit the mutual water company from beginning to collect an assessment or increase a water charge earlier than 30 days after the public meeting where the proposed assessment is adopted. *On August 30, 2026, the bill was enrolled and presented to the Governor. The bill is now awaiting the Governor's signature.*

The recently amended bills are enclosed as attachments to this report for your reference and consideration.

Recommended Action:

Staff recommends that the Commission receive and file the Legislative Update.

Staff Report

October 14, 2026

Agenda Item No. 6.e.

Executive Officer's Written Report

The Executive Officer reports the following:

- **Staff Representation.** Executive Officer Paul Novak and A.P. Triton's Kathy Rollings-McDonald (MSR Consultant) made presentations before the Altadena Library District Board of Trustees on Monday, September 28th. Mr. Novak spoke about LAFCO history, authority, and procedures, followed by Ms. Rollings-McDonalds' presentation about the on-going MSR and SOI Update for the District. On Tuesday, October 6th, Paul Novak and Deputy Executive Officer, Adriana Romo attended a tour of the Greater Los Angeles Vector Control District's Sylmar Field Office, co-hosted by GLAVCD and the California Special District Association (CSDA).
- **Office Lease Ad Hoc Committee:** The Committee (composed of Commissioners Ryan Altoon, Margaret Finlay, Gerard McCallum, and Jorge Marquez) met with staff on September 14th. The Committee provided directed staff to retain a real estate broker to manage its analysis of leasing options once the existing lease at 80 South Lake in Pasadena terminates in March of 2027.
- **Commission Schedule.** The Commission's November Meeting will be a special meeting at 9:00 a.m. on Wednesday, November 18th (the regular meeting date of the second Wednesday falls on Veterans Day).
- **CALAFCO.** Consistent with your direction at the August 12th Commission Meeting, staff submitted nominations to the CALAFCO Board of Directors for Commission Chair Gerard McCallum (two-year term) and Executive Officer Paul Novak (one-year term); and both attended the mandatory candidate orientation on Thursday, September 10th. The Southern Region will elect four (4) members to the CALAFCO Board on Thursday, October 22nd at the CALAFCO Annual Conference in Sacramento. Commissioners Gerard McCallum, Wendy Celaya, Angie Reyes English, and staff Paul Novak and Adriana Romo plan to attend the Annual Conference.
- **Alliance of LAFCOs.** Staff continues its work on drafting articles of incorporation and bylaws, incorporating suggestions from commissioners and staff of the four LAFCOs.

Staff Recommendation:

1. Receive and file the Executive Officer's Report.

Staff Report

September 9, 2026

Agenda Item No. 7.a.

Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County

This is a proposal for the Santa Clarita Valley Sanitation District of Los Angeles County (“District”) to exercise new or different functions or classes of services (formerly referred to as an “activation of latent powers”) to provide stormwater and dry-weather urban runoff services within the boundaries of the District. New or different functions or classes of services are those powers authorized by the principal act under which the district was formed, but not currently exercised by the District.

Legislative amendments to the District’s principal act enacted in 2016 (SB 485) and the growing demand for the management and treatment of stormwater and dry-weather runoff services, has led to filing of this proposal for the District to exercise these new services.

Commission Authority: Commission proceedings for the exercise of new or different functions or classes of services within a special district are subject to the provisions of Article 1.5 of the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code Section 56000 *et seq.*, or “Act”) in Government Code Sections 56824.10 *et seq.* The Commission is authorized, pursuant to Government Code Section 56824.14, following a public hearing, and based upon a determination that the District will have sufficient revenues, to review and approve a proposal to exercise new or different functions or classes of services. The Commission is not authorized to approve such a proposal without a determination that the special district will have sufficient revenues to perform the new or different functions or classes of services.

Purpose/Background: The County Sanitation Districts were established in 1923 under the County Sanitation District Act (Health and Safety Code 4700 *et seq.*), to provide regional solid waste management in addition to wastewater collection and treatment services for 5.5 million people in cities and unincorporated communities in Los Angeles County.

In the fall of 2014, the Districts’ Board of Directors formally requested that the California Legislature authorize the districts to use its civil/environmental engineering and water quality expertise to assist cities in Los Angeles County, the Los Angeles County Flood Control District, and the County of Los Angeles in managing stormwater and dry-weather urban runoff in order to comply with the Municipal Separate Storm Sewer System Permit adopted by the California Regional Water Quality MS4 permit in an efficient and effective manner. The districts’ request was incorporated into a bill, Senate Bill 485 (SB 485). SB 485 was approved by the Legislature, signed by the Governor, and took effect on January 1, 2016. The language in SB 485, was codified as Health and Safety Code Section 4730.68, and authorizes the districts to provide these services.

As noted in the legislative findings of SB 485:

While SB 485 empowered sanitation districts in Los Angeles County to provide stormwater and dry-weather urban runoff services, this is a “new or different function or class of services” not previously performed by the Santa Clarita Valley Sanitation District, the Commission’s approval is required before the District can provide these services.

Subsequently, in March of 2016, nearly twenty sanitation districts (CSD Nos. 1, 2, 3, 4, 5, 8, 9, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 30, 34) filed an application to LAFCO to activate their latent power to provide the stormwater and dry-weather runoff services as authorized by SB 485. The Commission adopted a resolution for each of the sanitation districts authorizing the districts to provide stormwater services within their boundaries.

Location: The affected territory includes portions of the City of Santa Clarita and surrounding unincorporated areas, encompassing the boundaries of the Santa Clarita Valley Sanitation District in its entirety. The area can be generally described as south of the Castaic Lake Recreation Area, east of the Los Angeles/Ventura County Boundary line (including portions of the unincorporated areas of Castaic and Val Verde, and Stevenson Ranch), north of the City of Los Angeles, and west of Agua Dulce and Acton.

Size of the Affected Territory: +66.63 square miles

Sphere of Influence: The affected territory is within the Sphere of Influence of the District.

District Application and Notice: Pursuant to Government Code §56824.10, a special district can initiate a proposal to exercise new or different functions or classes of services by adopting a resolution of application. On June 15, 2026, the Santa Clarita Valley Sanitation District’s Board of Directors adopted a resolution of application requesting LAFCO authorize the District to provide stormwater services (a function and service authorized by the principal act, which the district is currently not providing, referred to as a latent power Government Code § 56050.5). The District’s resolution of application is on file with the Commission, and it conforms to the requirements of Government Code §56824.10.

Government Code §56824.10 and 56924.12 require that the District consider the resolution of application to initiate a proposal to exercise new or different functions or classes of services at a public hearing with adequate notice provided at least 21 days prior to the scheduled hearing. In accordance, the District has complied with the public noticing and hearing requirements prior to the adoption of the resolution of application. The District indicated that a public notice of intent to adopt the resolution of application was published in The Santa Clarita Valley Signal on May 22, 2026, which was 21 days prior to the District’s Board meeting on June 15, 2026 adopting the resolution of application.

ADDITIONAL INFORMATION: Since an activation of a latent power, to exercise new or different functions is a change of organization, provided below are the applicable statutes within

the 56000 et.seq.: Government Code § 56020.6 (Certificate of Filing), Government Code § 56653 (Plan for Providing Services), Government Code § 56668 (Factors to be Considered in Review of a Proposal), 56700 (Proposal for a Change or Organization or a Reorganization), and 56824.12 (Proposal to Provide New or Different Functions or Class of Services), and a few others as included below.

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 August 20, 2026. In conjunction with the issuance of the COF, the Executive Officer set the date of consideration for this proposal as Wednesday, September 9, 2026, unless cancelled or rescheduled by the Commission or the Commission Chair approves an alternative meeting location. As such the proposal was continued to today’s hearing, October 14, 2026.

PLAN OF SERVICES:

56653 (b)(1): An enumeration and description of the services to be extended to the affected territory: The District will use its civil/environmental engineering and water quality expertise, as well as its wastewater facilities, to assist the City of Santa Clarita and the County of Los Angeles (including its Department of Public Works and the County Flood Control District) with Stormwater Diversion Projects to manage stormwater and dry-weather urban runoff in order to comply with the Municipal Separate Storm Sewer System Permit adopted by the California Regional Water Quality MS4 permit on an as-requested basis.

56653(b)(2): The level and range of those services: As authorized by the Principal Act, the District requests the Commission’s approval to acquire, construct, operate, maintain, and furnish facilities for any of the following purposes: (1) the diversion of stormwater and dry weather runoff from the stormwater drainage system within the district, (2) the management and treatment of the stormwater and dry weather runoff, (3) the discharge of water to the stormwater drainage system or receiving waters, and (4) the beneficial use of water.

To exercise the services authorized by the Principal Act, services provided by the District may include and are not limited to monitoring and analytical support for stormwater and dry-weather urban runoff permit compliance; consultation, coordination, and implementation assistance for stormwater and dry-weather urban runoff capture, storage, and/or treatment system projects; design, construction, and operation and maintenance services; integration of dry-weather runoff and/or stormwater projects that provide water for beneficial reuse; assistance identifying potential project funding sources; and inspections for implementation of stormwater compliance best management practices.

56653(b)(3): An indication of when those services can feasibly be extended to the affected territory: Should the Commission approve this request, stormwater and dry-weather urban runoff services would, thereafter, be available as-requested and implemented by contracts with the requesting public agencies within the District.

56653(b)(4): An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other condition the local agency would impose or require within the affected territory if change of organization (in this instance an exercise of new or different functions or classes of services) or reorganization is completed: Upgrades to the District's existing sewerage system facilities may be required in the future, and will depend on the scope of any proposed Stormwater Diversion Projects that the District may elect to support. To the extent possible, the District will use its existing facilities to provide requested stormwater and dry-weather urban runoff compliance. It is also possible that the District will enter into agreements for use of facilities owned by other agencies or for services to be provided by other agencies (e.g., the Los Angeles County Flood Control District).

56653(b)(5): Information with respect to how those services will be financed: Stormwater and dry-weather urban runoff services would be provided to the County of Los Angeles and the City of Santa Clarita on an as-requested basis. The requesting entity would be responsible for all costs associated with the requested services. Once the proposed services and deliverables are identified, a service agreement or joint powers agreement will be developed, which will include all costs associated with the proposed services to be rendered. The requesting entity could use general funds, parcel tax revenue, special assessment fees, grants, low interest loans, developer fees, and/or other mechanisms as funding. Development costs or non-reimbursable costs incurred by the Santa Clarita Valley Sanitation District prior to the execution of an agreement with a requesting entity are expected to be minimal and will be funded from sources that are not subject to Proposition 218.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668:

a. Affected population, territory and adjacent areas:

56668(a): (Population): The proposal requests authorization to provide additional services within the District's existing boundaries. The District provides wastewater collection and treatment services to approximately 275,000 residents and the businesses in the City of Santa Clarita and adjacent unincorporated areas of the County of Los Angeles, such as Castaic and Stevenson Ranch. The District is in a largely built-out, urban/suburban area, and no new development is proposed within this application. The proposal will have no impact upon the current population, future population, population density, size of the affected territory, assessed valuation of the territory, natural boundaries, and existing drainage basins on or near the affected territory, the future growth rate of the affected territory, nor the future growth rate adjacent territories during the next ten years.

b. Governmental Services and Controls:

The affected territory includes a variety of existing uses which require organized governmental services. The present cost and adequacy of government services and controls in the area is acceptable.

c. Governmental Services and Controls:

The proposal requests authorization to provide additional services within the District's existing boundaries. The current alternative service providers for stormwater management are the County of Los Angeles the Los Angeles County Flood Control District, and the City of Santa Clarita. The agencies are seeking to enter into an agreement to allow the Santa Clarita Valley Sanitation District to assist in the provision of this service. Through a partnership and with the cooperation of the affected agencies stormwater and dry-weather urban runoff services will be improved in the area . Supplementing the on-going work of these other public agencies with the District's resources and expertise is a superior and preferred method of service delivery that is likely to enhance the efficacy of stormwater and dry-weather urban runoff services within the boundaries of the District.

d. Conformity with Commission Policies on Urban Development and Open Space, and Conformity with Open Space Land Conversion Policies in Government Code § 56377:

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 the affected area. The proposal conforms to 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. 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 proposed action will not make any changes in the District's existing jurisdictional boundary, which is on file with the Commission. As a special district action, 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. The closest highways to the affected area are the Antelope Valley Freeway (14 Freeway) and the Interstate 5 Freeway (I-5 Freeway), which are part of the RTP and SCS's State Highway improved program.

h. Consistency with Plans:

The proposal requests authorization to provide additional services within the District's existing boundaries, and no new development is proposed. In this regard, the proposal will have no impact upon existing City or county General Plan or Specific Plan boundaries or designations.

i. Sphere of Influence:

The affected territory is within the Sphere of Influence of the District.

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:

Stormwater services are currently provided by the County of Los Angeles, the Los Angeles County Flood Control District, and the City of Santa Clarita. Supplementing the on-going work of these other public agencies with the District's resources and expertise is a superior and preferred method of service delivery that is likely to enhance the efficacy of stormwater and dry-weather urban runoff services within the boundaries of the District. Stormwater and dry-weather urban runoff services would be available on an as-requested basis, and the requesting entity would be responsible for all costs associated with the requested services. To assist the County and City in achieving compliance with the California Regional Water Quality Board-Los Angeles Division Municipal Separate Storm Sewer System (MS4) permit conditions, the District would divert runoff into its sanitary sewer system when sewer and treatment plant capacity are available and other regulatory requirements are met. This diversion technique is referred to as the "Stormwater Diversion Projects."

The District will not be financing these services independently. Once the proposed services and deliverables are identified, the District and the requesting entity would negotiate and approve an agreement. The requesting entity could use general funds, parcel tax revenue, special assessment fees, grants, low interest loans, developer fees, and/or other mechanisms as funding sources, as the District would not be financing the as-needed services

independently. Development costs or non-reimbursable costs incurred by the District are expected to be minimal and will be funded from sources that are not subject to Proposition 218.

l. Timely Availability of Water Supplies:

The proposed action will not impact the current or future demand for water supplies within the affected territory.

m. Regional Housing Needs:

The proposal to exercise new or different functions or classes of services 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 concerning the proposal.

o. Land Use Designations

The proposal requests authorization to provide additional services within the District's existing boundaries, and no new development is proposed. In this regard, the proposal will have no impact upon existing city or county General Plan or Specific Plan boundaries or designations. Pre-zoning is not a requirement for this proposal.

p. Environmental Justice:

The Proposal makes no representations on exclusions of peoples of any race, culture, income and/or national origins with respect to the location of public facilities and public services, to ensure a healthy environment for all people such that the effects of the pollution are not disproportionately borne by any particular populations or communities.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2016-2020 American Community Survey (ACS).

q. Hazard Mitigation Plan:

The City of Santa Clarita Hazard Mitigation Plan (approved September 2021) and the County of Los Angeles All-Hazard Mitigation Plan (approved September 9, 2025) establish the City's emergency policies and procedures in the event of a disaster and address the allocation of resources and the protection of the public in the event of an emergency.

The Safety Element of the General Plan for the City of Santa Clarita (adopted May 2022) and the Safety Element of the General Plan for the County of Los Angeles (adopted July 12, 2022) address the 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. Both the City's and the County's Hazard Mitigation Plans and the Safety Element of the General Plans include information relating to the mitigation and management of wildfire and fire hazard severity zones.

Proposal to Provide a New or Different Function or Class or Services

- 56700(a)(1): State that the proposal is made pursuant to this section: The proposal so states.
- 56700(a)(2): State the nature of the proposal and list all changes of organization: The District will use its civil/environmental engineering and water quality expertise to assist, as well as its wastewater facilities, to assist the City of Santa Clarita and the County of Los Angeles (including its Department of Public Works and County Flood Control District) with Stormwater Diversion Projects to manage stormwater and dry-weather urban runoff in order to comply with the Municipal Separate Storm Sewer System Permit adopted by the California Regional Water Quality MS4 permit on an as-requested basis. The change of organization is the exercise of new or different functions or classes of services as defined in Government Code Section 56021(m).
- 56700(a)(3): Set forth a description of the boundaries of affected territory accompanied by the staff report map showing the boundaries.
- 56700(a)(4): Set forth any proposed terms and conditions: The applicant has not requested any terms and conditions. The service agreements between the District and other public agency (or agencies) will provide for the District cost recovery from the requesting public agency (or agencies) so there will be sufficient revenues for each service provided on an as-needed basis to the requesting agency (or agencies).
- 56700(a)(5): State the reasons for the proposal: The District would like to utilize its civil/environmental engineering and water quality expertise, as well as wastewater facilities, to assist the local jurisdictions within its service area such the City of Santa Clarita, and the County of Los Angeles, including the Los Angeles County Flood Control District to manage stormwater and dry-weather urban runoff to comply with the Los Angeles Region-MS4 permit in an efficient and effective manner pursuant to the powers in its principal act as authorized by SB 485.

- 56700(a)(7): Designate up to three persons as chief petitioners: The proposal identifies the Chief Engineer and General Manager of the District Robert C. Ferrante.
- 56700(a)(8): Request that the proceedings be taken for the proposal pursuant to this part: The proposal so states whereby the District requests that proceedings be taken to exercise statutory authority to provide stormwater and dry weather urban runoff services within the District's service area.
- 56700(a)(9): State whether the proposal is consistent with the sphere of influence of any affected city or affected district: The proposal is consistent with the sphere of influence of the District.

New or Different Services

- 56824.12(a)(1): Service costs: The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries and 56824.12(a)(2): The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class: Stormwater and dry-weather urban runoff services would be available on an as-requested basis, and the requesting entity would be responsible for all costs associated with the requested services. Once the proposed services and deliverables are identified, a service agreement or joint powers agreement will be developed, which will include all costs associated with the proposed services to be rendered. The requesting entity may use its general funds, parcel tax revenue, special assessment fees, grants, low interest loans, developer fees, and/or other mechanisms as funding sources. Development costs or non-reimbursable costs incurred by the District prior to the execution of an agreement with a requesting entity are expected to be minimal and will be funded from sources that are not subject to Proposition 218.
- 56824.12(a)(3): Existing Service Providers: An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers: Existing providers include the City of Santa Clarita, the County of Los Angeles, including the Los Angeles County Flood Control District that are regulated under MS4 permits. They currently have the authority to provide these services, and they may choose to provide those services without the assistance of the District. Since the proposed services will only be provided at the request of these existing providers by agreement between the existing providers and the District, there will be no service duplication. Services to be provided the District are expected to be integrated into each jurisdiction's plans to comply with the MS4 permit. Any fiscal impacts to customers or rate payers of those existing providers will remain the responsibility of the existing providers and will depend on the project each provider decides to implement.

- 56824.12(a)(4): A written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to subdivision (b) of Section 56654, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services: The principal act provides the District with the statutory authority to manage and treat stormwater and dry-weather urban runoff. Commission approval of this proposal to exercise new or different functions or classes of services is required before the District can provide these new services.

56824.12(a)(5): A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries:

Stormwater and dry-weather urban runoff services would be provided to the County of Los Angeles and the City of Santa Clarita on an as-requested basis. The requesting entity would be responsible for all costs associated with the requested services. Once the proposed services and deliverables are identified, a service agreement or joint powers agreement will be developed, which will include all costs associated with the proposed services to be rendered. The requesting entity could use general funds, parcel tax revenue, special assessment fees, grants, low interest loans, developer fees, and/or other mechanisms as funding. Development costs or non-reimbursable costs incurred by the District prior to the execution of an agreement with a requesting entity are expected to be minimal and will be funded from sources that are not subject to Proposition 218.

- 56824.12(a)(6): Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries: The City of Santa Clarita and the County of Los Angeles are regulated under MS4 permits and have the primary responsibility to undertake Stormwater Diversion Projects and activities to comply with the permit requirements. They may use their own staff and resources or procure the services of private consulting firms. Using District's staff and resources will be an alternative.

56824.14(a)(1): Determination of Revenue Sufficiency: Stormwater and dry-weather urban runoff services are already being provided by other service providers (the City of Santa Clarita, the County of Los Angeles, including the Los Angeles County Flood Control District). Supplementing the on-going work of these other public agencies with the District's resources and expertise is a superior and preferred method of service delivery that is likely to enhance the efficacy of stormwater and dry-weather urban runoff services within the boundaries of the District.

Stormwater and dry-weather urban runoff services would be provided to the County of Los Angeles and the City of Santa Clarita on an as-requested basis. The requesting entity would be responsible for all costs associated with the requested services. Once the proposed services and deliverables are identified, a service agreement or joint powers agreement will be developed, which will include all costs associated with the proposed

services to be rendered. The requesting entity could use general funds, parcel tax revenue, special assessment fees, grants, low interest loans, developer fees, and/or other mechanisms as funding. Development costs or non-reimbursable costs incurred by the District prior to the execution of an agreement with a requesting entity are expected to be minimal and will be funded from sources that are not subject to Proposition 218.

- Because each service agreement will provide for District cost recovery from the requesting public agency, there will be sufficient revenues for each service provided on an as-needed basis to the requesting agencies, and any costs incurred prior to the execution of an agreement are expected to be minimal and incurred by the District, the Commission can, therefore, make the required determination of revenue sufficiency in compliance with Government Code §56824.14(a).

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The proposed “Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County” is categorically exempt from environmental review pursuant to CEQA Guidelines 15061(b)(3)—also known as the General Rule Exemption—which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. With respect to this proposal, the District’s jurisdictional and SOI boundaries will not change, and no new development or development-related activity is proposed. Further, to the extent that the District enters into agreements, if any, with other public agencies to undertake future projects, each agreement and the associated activities thereunder, would be subject to CEQA review and documentation.

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 of a minimum of a one-eighth page in the Daily Commerce on September 9, 2026 and The Santa Clarita Valley Signal “The Signal” on September 10, 2026.

All requirements for the public hearing notice have been satisfied.

Mailed Notice: Government Code § 56824.14(b) requires staff to notify each affected local agency or county” of today’s public hearing, in writing, and to provide that notice by mail at least 21 days in advance. On September 3, 2026, staff mailed a copy of the public hearing notice to the County of Los Angeles, the City of Santa Clarita, and the affected special districts in the County.

Pursuant to Government Code § 56157(h), if the total number of notices required to be mailed in accordance with Government Code § 56157 (d) and (f) exceed 1,000, then notice may instead be provided by publishing a display advertisement of at least one-eighth page in a newspaper, as specified in Government Code § 56153, at least 21 days prior to the hearing.

As such, the statutory requirements for hearing notice have been met.

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.

Pursuant to Government Code § 56157(h), the number of notices to be mailed exceed 1,000 and as allowed, a one-eighth display ad was published in the Daily Commerce and The Signal in lieu of a mailed notice.

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.

EFFECTIVE DATE:

Should the Commission approve and order the change of organization, the effective date will be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk on November 17, 2026. This date presumes that no requests for reconsideration (pursuant to Government Code § 56895) are filed, and that LAFCO has not received written protests which meet or exceed the protest thresholds (pursuant to Government Code Sections 57093—57094, as applicable).

CONCLUSION: Staff recommends approval of the proposal in the application by Santa Clarita Valley Sanitation District of Los Angeles County to exercise new or different functions or classes of services to acquire, construct, operate, maintain, and furnish facilities for any of the following purposes: (1) the diversion of stormwater and dry weather runoff from the stormwater drainage system within the district, (2) the management and treatment of the stormwater and dry weather runoff, (3) the discharge of water to the stormwater drainage system or receiving waters, and (4) the beneficial use of water, as authorized by the District's principal act (Health & Safety Code 4730.68)

RECOMMENDED ACTION:

1. Open the public hearing and receive testimony for the change of organization;
2. There being no further testimony, close the public hearing;
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 the Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County.

Attachments: Proposal
Map

RESOLUTION NO. 2026-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"EXERCISE OF NEW OR DIFFERENT FUNCTIONS OR CLASSES OF SERVICES NO. 2026-08
FOR THE SANTA CLARITA VALLEY SANITATION DISTRICT OF LOS ANGELES COUNTY"

WHEREAS, the Santa Clarita Valley Sanitation District 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 (LAFCO or 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 Exercise of New or Different Functions or Classes of Services ("Proposal") and

WHEREAS, the proposed change of organization consists of approximately 66.63± acres of inhabited territory and is assigned the following distinctive short-form designation: "Exercise of New or Different Functions or Classes of Services"; and

WHEREAS, the proposed was assigned the following distinctive short-form designation: "Exercise of New or Different Functions or Classes of Services No. 2026-08, for Santa Clarita Valley Sanitation District of Los Angeles County"; and

WHEREAS, a map of the proposed change of organization is attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposal is to provide stormwater and dry-weather urban runoff services within the affected territory, which is the boundary of the District; 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 September 9, 2026, 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 October 14, 2026, 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 for the next available meeting date, and held at the Los Angeles County Board of Supervisors Hearing Room, Kenneth Hahn Hall of Administration Room 381-B, located at 500 West Temple Street, Los Angeles, California, 90012, unless cancelled or rescheduled by the Commission or the Commission Chair approves an alternative meeting location.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The proposed Exercise of New or Different Functions or Classes of Services No. 2026-08 for the District is categorically exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3)—also known as the General Rule Exemption—which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. With respect to this proposal, the District’s jurisdictional and SOI boundaries will not change, and no new development or development-related activity is proposed. Further, to the extent that the District enters into agreements and contracts with other public agencies to undertake future projects, each such agreement or contract, and the associated activities thereunder, would be subject to CEQA..
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 September 3, 2026.

4. A map of the proposal, as approved by this Commission, is attached hereto and by this reference incorporated herein.
5. The affected territory was assigned the following short form designation:

"Exercise of New or Different Functions or Classes of Services No. 2026-08, for the Santa Clarita Valley Sanitation District of Los Angeles County".
6. "Exercise of New or Different Functions or Classes of Services No. 2026-08, for 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 change of organization 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 change of organization for the affected territory described in Exhibit "A" to the District.
 - f. 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.
 - g. Except to the extent in conflict with "a" through "g", 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 change of organization.
7. Pursuant to Government Code § 56663, the Commission finds that all 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 have been submitted 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 change of organization described in Exhibit A authorizing the “Exercise of New or Different Functions or Classes of Services No. 2026-08 for Santa Clarita Valley Sanitation District of Los Angeles County”.
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 14th day of October 2026.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

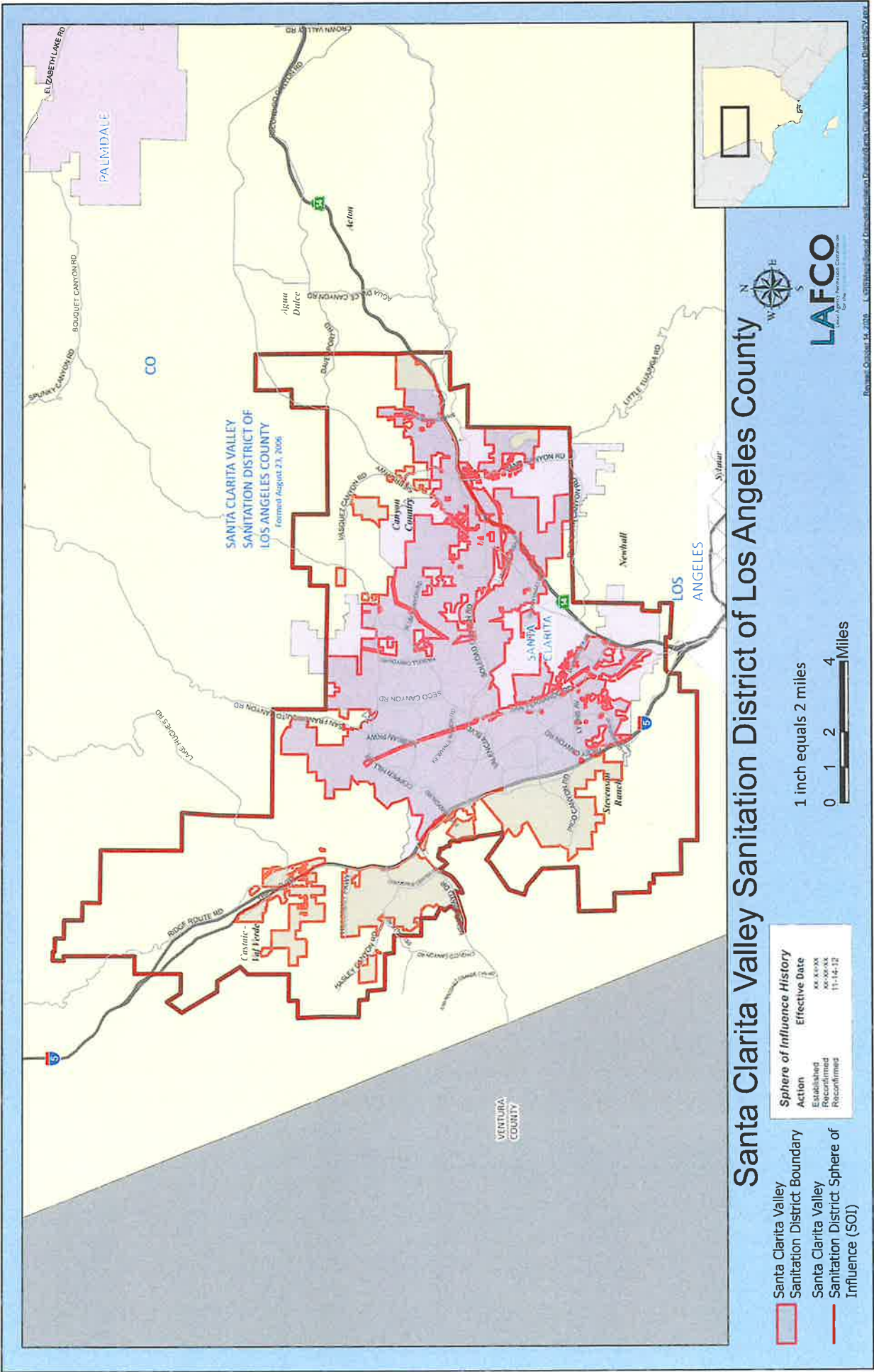
ABSENT:

MOTION PASSES: 0/0/0

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

Paul A. Novak, AICP
Executive Officer

Exercise of New or Different Functions or Classes of Services No. 2026-08 for the Santa Clarita Valley Sanitation District of Los Angeles County



Staff Report

October 14, 2026

Agenda Item No. 7.b.

Annexation No. 1124 to the Santa Clarita Valley Sanitation District of Los Angeles County

PROPOSAL SUMMARY:

Size of Affected Territory:	32.2± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	Santa Clarita Valley Sanitation District of Los Angeles County
Resolution:	December 8, 2025
Application Filed with LAFCO:	January 8, 2026
Certificate of Filing	September 14, 2026
Location:	The affected territory is generally located northwest of the intersection of Seley Canyon Road and Calgrove Blvd.
City/County:	City of Santa Clarita
Affected Territory:	The affected territory consists of commercial and vacant land that will be developed to include one (1) commercial building, 179 townhomes, eight (8) accessory dwelling units, 45 single-family homes, and 120 assisted living units. The topography is flat.
Surrounding Territory:	Residential and vacant land surrounds the affected territory.
Landowners/Real Party/ Parties of Interest:	Wiley Canyon, LLC City of Santa Clarita Los Angeles County Flood Control District
Registered Voters:	Zero (0) registered voters as of January 8, 2026.
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:	Yes
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 § 56663, the Commission may waive protest proceedings that would otherwise be required if all of the criteria therein have occurred.
California Environmental Quality Act (CEQA) Clearance:	The CEQA clearance is an Environmental Impact Report (EIR) certified by the City of Santa Clarita Planning Commission, as lead agency, on September 16, 2025. As a responsible agency pursuant to State CEQA Guidelines § 15096 the Commission certifies they have independently reviewed and considered and reached its own conclusion regarding the environmental effects of the proposed change of organization. A copy of the EIR along with the Mitigation Monitoring Program, and Statement of Overriding Considerations, are available through the offices of the Los Angeles LAFCO or at: https://lalafo.org/wp-content/uploads/documents/A-SCV-1124%20CEQA%20docs%20(1).PDF
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 September 14, 2026. In conjunction with the issuance of the COF, the Executive Officer set the public hearing date as Wednesday, October 14, 2026.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668:

a. Affected population, territory and adjacent areas:

The existing population is zero (0) residents as of January 8, 2026.

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

The estimated future population is 1,419 residents.

The affected territory is 32.2+/- acres. The affected territory consists of commercial and vacant land that will be developed to include one (1) commercial building, 179 townhomes, eight (8) accessory dwelling units, 45 single-family homes, and 120 assisted living units.

The assessed valuation is \$8,754,420 as tax roll 2025.

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

On May 5, 2026, 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 significant 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 will be developed to include one (1) commercial building, 179 townhomes, eight (8) accessory dwelling units, 45 single-family homes, and 120 assisted living units. 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, and Conformity with Open Space Land Conversion Policies in Government Code § 56377:

The proposal does not conflict with any Commission-adopted policies on urban development and open space conversion.

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

e. Agricultural Lands:

There are no effects on agricultural lands, as defined by Government Code § 56016. 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 rotation 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 2020-2021 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 Sanitation District of Los Angeles County is a county sanitation district. The proposed annexation to the Santa Clarita Valley Sanitation District of Los Angeles County is therefore subject to the provisions of its principal act, which is the County Sanitation District Act of 1923, Health and Safety Code § 4700 et seq. Pursuant to Health and Safety Code § 4830 as summarized below:

“Territory, whether situated within the same or another county and whether incorporated or unincorporated, which is:

(a) not included in any other county sanitation district, or other district formed for similar purposes, OR

(b) which is included in any district, which district is not, at the time of the proposed annexation, performing similar services in the area proposed to be annexed,

may be annexed to a county sanitation district if the directors find and determine that the additional territory will be benefited by annexation.”

The land proposed to be annexed need not consist of contiguous parcels nor be contiguous with the county sanitation district when such land is within the same county.

When land proposed to be annexed is not within the same county such land shall be contiguous to the district.”

The affected territory in this proposed annexation is located in Los Angeles County, which is the same county in which the Santa Clarita Valley Sanitation District of Los Angeles County is located, and the proposal therefore complies with Health and Safety Code § 4830.

The affected territory in this proposed annexation is contiguous to the existing boundaries of the District, is not within the boundaries of a County Sanitation District, or is within the boundaries of a district not performing similar services, and the sanitation district board of directors find and determine that the additional territory will be benefited by annexation, therefore complying with the contiguity provisions of the County Sanitation District Act of 1923 (Health and Safety Code § 4830).

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. 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 Freeway, which is adjacent to the affected territory.

h. Consistency with Plans:

The proposal is consistent with the existing City of Santa Clarita General Plan designation of Mixed Use – Neighborhood (MX-N).

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:

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 in its Sewer Facilities Plan. The District's future wastewater management needs were addressed in the 2015 Santa Clarita Joint Sewerage System 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 Santa Clarita Valley Water Agency, which is the local water purveyor.

m. Regional Housing Needs:

This proposal will assist the City of Santa Clarita's ability to achieve its fair share of the regional housing needs since the annexation area is being developed with 352 (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 City of Santa Clarita General Plan designation of Mixed Use – Neighborhood (MX-N).

The proposal is consistent with the existing City of Santa Clarita zoning designation of Mixed Use – Neighborhood (MX-N).

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, income and/or national origins with respect to the location of public facilities and public services, to ensure a healthy environment for all people such that the effects of the pollution are not disproportionately borne by any particular populations or communities.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2016-2020 American Community Survey (ACS).

q. Hazard Mitigation Plan:

The City of Santa Clarita Local Hazard Mitigation Plan (approved September 2021) 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 Santa Clarita (adopted May 2022) 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. 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 FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668.3:

a) District Annexation or City Detachment:

The proposed action involves a district annexation.

(1) Interest in landowners/inhabitants, district annexations:

The proposed action will be for the interest of the landowners and/or present and/or future inhabitants within the district and within the affected territory.

(2) *Interest in landowners/inhabitants, city detachments:*

The proposed action does not involve a city detachment.

(3) *Any factors which may be considered by the commission provided in Government Code § 56668:*

The Commission has addressed the factors in *Government Code* § 56668, subsections (a) through (q), above.

(4) *Any resolution raising objections to the action that may be filed by an affected agency:*

No affected agency has filed a resolution raising objections to the proposed action.

(5) *Any other matters which the commission deems material:*

There are no additional matters which the commission deems material to the proposed action.

REGIONAL GROWTH CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668.5:

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080.

Regional growth goals and policies were a consideration of the proposed action.

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

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is an Environmental Impact Report (EIR) certified by the City of Santa Clarita Planning Commission, as lead agency, on September 16, 2025.

The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096, and certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effect of the Commission's approval related to the proposed project as shown in the EIR.

The EIR and the Mitigation Monitoring Program, and Statement of Overriding Considerations, adopted by the City of Santa Clarita Planning Commission, are available through the offices of the Los Angeles LAFCO.

Independent of LAFCO's determinations, the EIR was considered adequate by the Santa Clarita Valley Sanitation District of Los Angeles County, also a responsible agency, on December 8, 2025.

PUBLIC HEARING NOTICE:

Mailed Notice: LAFCO is required to provide notice of the public hearing to "landowners and registered voters within the affected territory" and to "all landowners and registered voters within 300 feet" of the affected territory pursuant to Government Code § 56157(d) and (f); 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.

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 September 11, 2026.

All requirements for the public hearing notice have been satisfied.

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.

RECONSIDERATION:

Pursuant to Government Code § 56895(a), "any person or affected agency may file a **written request** with the Executive Officer requesting amendments to or reconsideration of the Resolution Making Determinations."

The written request “shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.”

A request for reconsideration and associated fees shall be submitted to the LAFCO office no later than 5:00 p.m. on Monday, November 16, 2026. Upon receipt, staff will place the request on the agenda of the next meeting of the Commission for which notice can be given.

EFFECTIVE DATE:

Should the Commission approve and order the annexation, the effective date will be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk. This date presumes that no requests for reconsideration (pursuant to Government Code § 56895) are filed, and that LAFCO has not received written protests which meet or exceed the protest thresholds (pursuant to Government Code Sections 57093—57094, as applicable).

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of 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 § 56663 and Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 1124 to the Santa Clarita Valley Sanitation District of Los Angeles County.

RESOLUTION NO. 2026-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 1124 TO THE SANTA CLARITA VALLEY SANITATION DISTRICT
OF LOS ANGELES COUNTY"

WHEREAS, the Santa Clarita Valley Sanitation District 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 or LAFCO), 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 Santa Clarita (City); and

WHEREAS, the proposed annexation consists of approximately 32.2± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 1124 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 service; 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 September 11,

2026, 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 October 14, 2026, 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 for November 18, 2026 at 9:00 a.m., at the Los Angeles County Board of Supervisors Hearing Room, Kenneth Hahn Hall of Administration Room 381-B, located at 500 West Temple Street, Los Angeles, California, 90012.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 1124 to the Santa Clarita Valley Sanitation District of Los Angeles County, pursuant to State CEQA Guidelines § 15096, the Commission considered the Final Environmental Impact Report prepared and certified by the City of Santa Clarita Planning Department, as lead agency, on September 16, 2025 for the project; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the Commission's Approval related to the project as shown in the Final Environmental Impact Report; adopts the mitigation monitoring program, finding that the mitigation monitoring program 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 Statement of Overriding Considerations, which statement are adopted and incorporated as applicable herein by reference.
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 September 14, 2026.

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 32.20± acres, is uninhabited, and is assigned the following short form designation: "Annexation No. 1124 to the Santa Clarita Valley Sanitation District of Los Angeles County".
6. Annexation No. 1124 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 § 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 have been submitted 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 Santa Clarita Valley Sanitation District of Los Angeles County.
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 14th October 2026.

MOTION:

SECOND:

AYES:

NOES:

ABSTAIN:

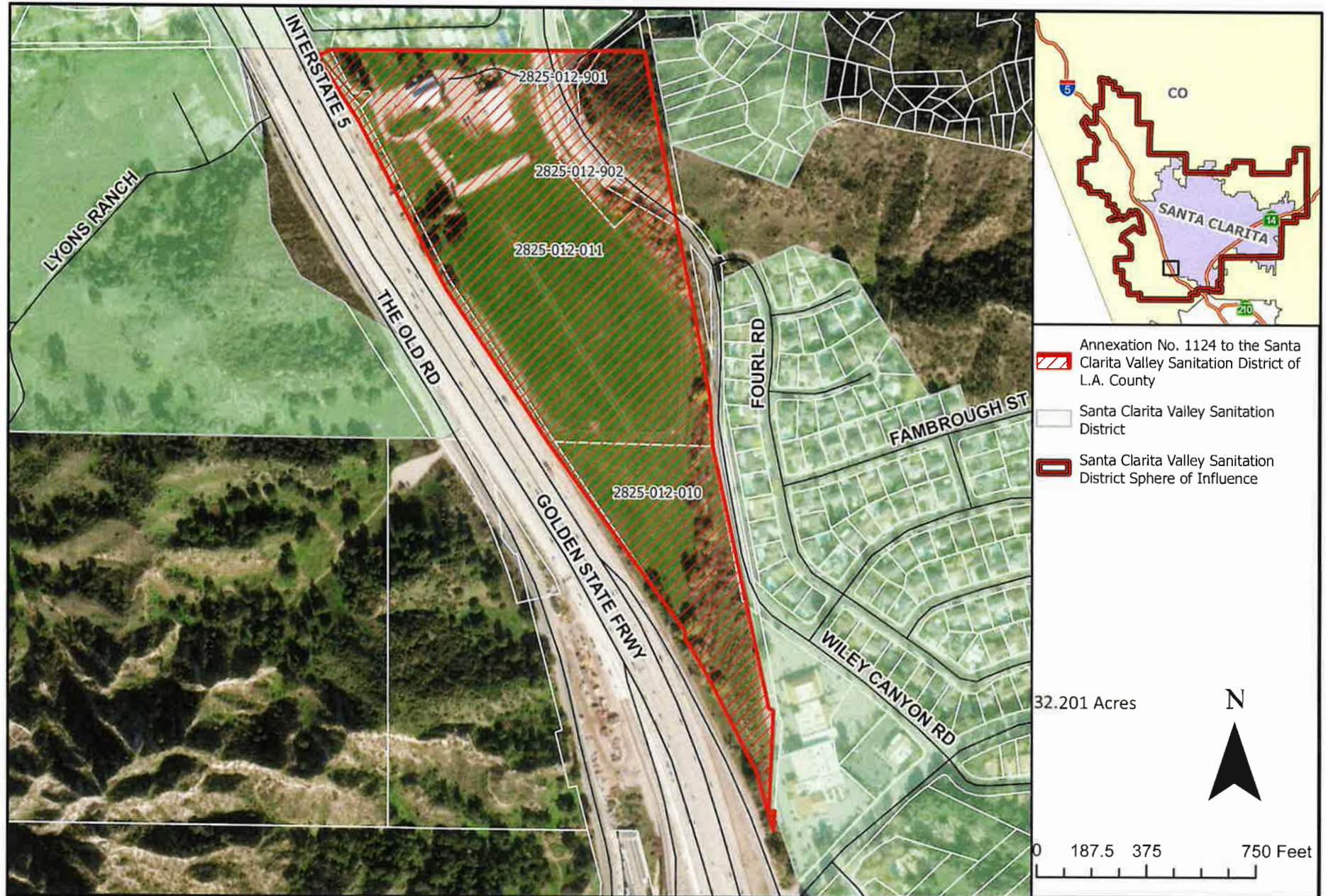
ABSENT:

MOTION PASSES: 0/0/0

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

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

Annexation No. 1124 to Santa Clarita Valley Sanitation District of L.A. County



Staff Report

October 14, 2026

Agenda Item No. 9.a.

Recommendation to Award the Contract for the Municipal Service Reviews and Sphere of Influence Updates for the Cities of Lancaster and Palmdale to RSG, Inc.

Background: In May of 2025, the Commission received and filed the Sphere and Influence (SOI) Updates and Municipal Service Reviews (MSRs) schedule for the upcoming five fiscal years (2025-26 to 2029-30). The schedule included the MSRs and SOI Updates for the Cities of Lancaster and Palmdale under Phase II/Fiscal Year (FY) 2026-27. The FY 2026-27 Budget, previously adopted by the Commission, allocated funds for multiple MSRs to be outsourced to private consulting firms, including the subject cities.

Selection Process: On July 30, 2026, staff issued a Request for Proposals (RFP) for the Municipal Service Reviews and Sphere of Influence Updates for the Cities of Lancaster and Palmdale. At the close of the solicitation period, two (2) proposals were received.

Staff formed an evaluation committee consisting of the Executive Officer, the Deputy Executive Officer, and the CALAFCO Executive Director. The bidders were evaluated and scored according to the RFP's evaluation criteria, which includes cost, the proposer's work plan, qualifications, and the project schedule. Based on the criteria considered by the evaluation committee, it has been determined that the most responsible and responsive bidder for the Cities of Lancaster and Palmdale is RSG, Inc.

Recommended Action:

Staff recommends that the Commission:

1. Select RSG, Inc. to prepare the Municipal Service Reviews and Sphere of Influence Updates, as described in the RFP and the proposal submitted by RSG, Inc. for "Municipal Service Review(s) and Sphere of Influence Update(s) for the Cities of Lancaster and Palmdale", and as such authorize the Executive Officer to execute the professional services agreement with RSG, Inc., which will be substantially in the form attached hereto in an amount not to exceed **\$81,060** in FY 2026-27; with said agreement being approved as to form by LAFCO Counsel.

Professional Service Agreement
Between the Local Agency Formation Commission for the County of Los Angeles and
CONTRACTOR NAME

This Agreement is, made and entered into this ____ day of _____, 2026,
by and between CONTRACTOR NAME (herein referred to as "Contractor"), and the
Local Agency Formation Commission for the County of Los Angeles, (herein referred to
as "LAFCO" or "Commission").

WITNESSETH

FIRST: The Contractor, for the consideration hereinafter set forth and the acceptance by the Commission of the Contractor's Proposal filed with LAFCO on Month day, YEAR, hereby agrees to provide services as described in this Contract for _____.

SECOND: This Agreement, together with the Request for Proposals for the Municipal Service Reviews and Sphere of Influence Updates for the Cities of Lancaster and Palmdale, including its Exhibit A, Scope of Services, Exhibit B, Terms and Conditions, Pricing Sheet (Attachment 1), and Project Schedule (Attachment 2) and the Contractor's Proposal are agreed by LAFCO and the Contractor to constitute the Contract.

THIRD: LAFCO agrees, in consideration of satisfactory performance of the foregoing services in strict accordance with the Contract specifications to the satisfaction of LAFCO's Executive Officer or Deputy Executive Officer, to pay the Contractor pursuant to the Pricing Sheet set forth in the Proposal, an amount not to exceed the Maximum Contract Sum of \$_____. Notwithstanding the foregoing, LAFCO shall have no obligation to purchase any specified amount of service or products from Contractor.

FOURTH: This Contract's initial term shall be for a period of one year commencing upon execution by LAFCO and Contractor. LAFCO shall have the sole option to renew this Contract term on a month to month basis, for up to six months, until the necessary Contract work is completed. LAFCO, acting through the Executive Officer, may give a written notice of intent to renew this Contract at least ten days prior to the end of any term. The Executive Officer may provide a written notice of nonrenewal at least ten days before the last day of any term, in which case this Contract shall expire as of midnight on the last day of that term.

FIFTH: The Contractor shall bill monthly in arrears, for the work performed during the preceding month. Work performed shall be billed at the hourly rates quoted in the Proposal's Pricing Sheet (Attachment 1).

SIXTH: LAFCO will make payment to the Contractor within 30 days of receipt and approval of a properly completed and undisputed invoice. Each invoice shall be in triplicate (original and two copies) and shall itemize the work completed. The invoices shall be submitted to:

Local Agency Formation Commission
Attention: Adriana Romo
80 South Lake Ave., Ste. 870
Pasadena, CA 91101

SEVENTH: In no event shall the aggregate total amount of compensation paid to the Contractor exceed the amount of compensation authorized by the Commission. Such aggregate total amount is the Maximum Contract Sum.

EIGHTH: The Contractor understands and agrees that only the designated Executive Officer or Deputy Executive Officer are authorized to request or order work under this Contract. The Executive Officer or Deputy Executive Officer are not authorized to request or order any work that would result in the Contractor earning an aggregate compensation in excess of this Contract's Maximum Contract Sum.

NINTH: The Contractor shall not perform or accept work requests from the Executive Officer or Deputy Executive Officer or any other person that will cause the Maximum Contract Sum of this Contract to be exceeded. The Contractor shall monitor the balance of this Contract's Maximum Contract Sum. When the total of the Contractor's paid invoices, invoices pending payment, invoices yet to be submitted, and ordered services reaches 75 percent of the Maximum Contract Sum, the Contractor shall immediately notify LAFCO in writing. The Contractor shall send written notification to the Executive Officer when this Contract is within sixty days from expiration of the initial term as provided for hereinabove.

TENTH: No Cost-of-Living Adjustment shall be granted for this Contract.

ELEVENTH: In the event that terms and conditions, which may be listed in the Contractor's Proposal, conflict with LAFCO'S specifications, requirements, and terms and conditions as reflected in this Contract, LAFCO's provisions shall control and be binding.

TWELFTH: This Contract constitutes the entire agreement between LAFCO and the Contractor with respect to the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings. This Contract may be signed by the parties hereto in separate counterparts, each of which shall be deemed an original. All counterparts, taken together, constitute the executed Agreement. The Contract may modify only in writing by the parties.

The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, used in connection with the execution of this Agreement and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Agreement had been delivered and had been signed using a handwritten signature. Contractor and County (i) agree that an electronic signature, whether digital or encrypted, of a party to this Agreement is intended to authentic this writing and to have the same force and effect as a manual signature, (ii) intend to be bound by the signatures (whether original, faxed or electronic) on any

document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive an defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature. If this Agreement has been executed by electronic signature, all parties executing this document are expressly consenting under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (E-SIGN) and California Uniform Electronic Transactions Act (UETA)(Cal. Civ. Code § 1633.1, et seq.), that a signature by fax, e-mail or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN an UETA with respect to this transaction.

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IN WITNESS WHEREOF, LAFCO has, by order of its Commission, caused these presents to be subscribed by the Executive Officer, and the Contractor has subscribed its name by and through its duly authorized officers, as of the day, month and year first written above.

LAFCO
Local Agency Formation Commission
for the County of Los Angeles

CONTRACTOR
CONTRACTOR NAME

Print Name:
Title: Executive Officer
Date:

Print Name:
Title: President
Date:

APPROVED AS TO FORM:

CONTRACTOR
CONTRACTOR NAME

County Counsel

Print Name:
Title: Secretary
Date:

By _____
Deputy

EXHIBIT B
STANDARD TERMS AND CONDITIONS PERTAINING TO
CONTRACT ADMINISTRATION

1. Hold Harmless/Indemnification

1.1 Contractor shall indemnify and hold harmless LAFCO, its Commissioners, officers, employees, agents and representatives, (individually and collectively referred to as "Indemnitees"), from and against any and all claims, damages, losses and expenses, including reasonable attorneys' fees, to the extent caused by the acts, errors, omissions, or willful misconduct of the Contractor, its officers, employees, subcontractors, agents, or representatives in the performance of this Contract, including but not limited to property damage, bodily injury, or death or any other injury of any kind or nature whatsoever. This indemnification obligation includes, but is not limited to, Contractor being required to pay for all costs and fees including, but not limited to, reasonable attorneys' fees, costs of investigation, defense and settlements or awards incurred or anticipated to be incurred by LAFCO in connection with any such claim or action to the extent such costs are attributable to Contractor's actions or performance. Contractor shall defend, at its sole expense, with counsel reasonably acceptable to the Indemnitees, all Indemnitees in any claim or action described herein. The obligations of this section shall survive the termination of this Contract.

1.2 The specified insurance limits required in this Contract shall in no way limit or circumscribe Contractor's obligations to indemnify and hold harmless LAFCO from third party claims.

2. Waiver Of Default

Any waiver by LAFCO of any breach of any one or more of the terms of this Contract shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term hereof. Failure on the part of LAFCO to require exact, full and complete compliance with any terms of this Contract shall not be construed as in any manner changing the terms hereof, or estopping LAFCO from enforcement thereof.

2. Termination/Suspension

2.1. LAFCO may terminate this Contract and/or the Executive Officer may suspend this Contract without cause upon 30 days written notice served upon Contractor stating the extent and effective date of termination or suspension.

2.2. Notwithstanding the foregoing, LAFCO may, upon five (5) days written notice, suspend or terminate this Contract for Contractor's default, including by not limited to, if Contractor materially breaches this Contract, refuses or fails to comply with the provisions of this Contract or fails to make progress so as to endanger performance and does not cure such

failure within a reasonable period of time. In the event of such termination, LAFCO may proceed with the work in any manner deemed proper to LAFCO.

2.3. After receipt of the Notice of Termination or Suspension pursuant to paragraph 2.1 or 2.2 above, Contractor shall:

- a.) Complete only those items of work which are at various stages of completion if directed to do so by the Executive Officer and shall stop all work under this Contract on the date specified in the Notice of Termination.
- b.) Transfer to LAFCO and deliver in the manner, and to the extent, if any, as directed by LAFCO, any information, data or reports prepared by Contractor under this Contract which shall be delivered to LAFCO upon request and shall become the property of LAFCO.

2.4. After termination or suspension of the Contract pursuant to this section, LAFCO shall make payment for all services performed in accordance with this Contract and the Notice of Suspension or Termination. Contractor shall have no claim against LAFCO for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration, suspension or other termination of this Contract. This provision shall survive the expiration, suspension or termination of this Contract.

2.5. The rights and remedies of LAFCO provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

3. Disputes

Except as otherwise provided in this Contract, any dispute concerning a question of fact arising under this Contract shall be decided by the Executive Officer who shall furnish the decision in writing. The decision of the Executive Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith. Contractor shall proceed diligently with the performance of the Contract work pending the Executive Officer's decision.

4. Amendments/Change Order

Modifications or changes to the Scope of Services or this Contract may only be made by written amendment or change order to this Contract signed by the Executive Officer and Contractor.

5. Independent Contractor

5.1 Contractor is, for purposes of this Contract, an independent Contractor and shall not be deemed an employee of LAFCO. It is expressly understood and agreed that Contractor shall in no event, as a result of this Contract, be entitled to any benefits to which LAFCO employees are entitled, including but not limited to overtime, any retirement benefits, worker's compensation benefits, and injury leave or other leave benefits. Contractor hereby holds LAFCO harmless from any and all claims that may be made against LAFCO based upon any contention by any third party that an employer-employee relationship exists by reason of this Contract. The employees or agents of each party shall not be construed to be the employees or agents of the other party for any purpose whatsoever. Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work under this Contract, all compensation and benefits. Contractor agrees that all persons performing work are, for purposes of Worker's Compensation liability, solely employees of Contractor and not employees of LAFCO.

5.2 It is further understood and agreed by the parties hereto that Contractor, in the performance of its obligations herein, is subject to the control or direction of LAFCO merely as to the result to be accomplished by the work hereunder agreed to be rendered and performed and not as to the means and methods for accomplishing the results.

5.3 Contractor shall provide and maintain, throughout the term of this Contract, their own workplace, tools, equipment, and supplies necessary to perform the duties set forth under this Contract. Notwithstanding the foregoing, LAFCO may, in its sole discretion, and with its prior written consent, provide access to LAFCO facilities, offices, or meeting rooms during regular work hours for meetings, conferences, or other work of Contractor.

5.4 Contractor has the right to perform services for other clients during the term of this Contract as long as such services are not in direct conflict with the services provided to LAFCO.

6. Subcontract For Work Or Services

No Contract shall be made by Contractor with any party for furnishing any of the work or services herein contained without the prior written approval of the Executive Officer but this provision

shall not require the approval of Contracts of employment between Contractor and personnel assigned for services hereunder, or for parties named in the proposal and agreed to under this Contract.

7. Interest Of Contractor

Contractor covenants that it presently has no interest, including but not limited to, other projects or independent Contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Contract. Contractor further covenants that in the performance of this Contract, no person having any such interest shall be employed or retained by it under this Contract.

8. Conduct Of Contractor

- 8.1.** Contractor agrees to inform LAFCO of all Contractor's interest, if any, which are or which Contractor believes to be incompatible with any interest of LAFCO.
- 8.2.** Contractor shall not, under circumstances, which might reasonably be interpreted as an attempt to influence the Contract work, or to accept any gratuity or special favor from individuals or organizations with whom Contractor is doing business or proposing to do business, in accomplishing the work under the Contract.
- 8.3.** Contractor or employees thereof shall not offer gifts, gratuity, favors and/or entertainment directly or indirectly to LAFCO employees or to any employees of the affected cities in accomplishing the Contract work.

9. Disallowance

In the event Contractor receives payment for services under this Contract which is later disallowed for nonconformance with the terms and conditions herein by LAFCO, Contractor shall promptly refund the disallowed amount to LAFCO on request, or at its option, LAFCO may offset the amount disallowed from any payment due to Contractor under any Contract with LAFCO.

10. Governing Law; Jurisdiction; Severability

This Contract and its construction and interpretation as to validity, performance and breach shall be construed under the laws of the State of California. Any legal action related to this Contract shall be filed in the Superior Court of the State of California located in Los Angeles, California. In the event any provision in this Contract is held by a court of competent jurisdiction to be invalid, void, or

unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

11. Insurance Requirements

Without limiting or diminishing Contractor's obligation to indemnify or hold LAFCO harmless, Contractor shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Contract:

A. Workers' Compensation

If Contractor has employees as defined in the State of California, Contractor shall procure and maintain for the life of the Contract, Worker's Compensation Insurance covering all employees with limits meeting all applicable state and federal laws. This coverage shall also include Employer's Liability with limits all applicable to state and federal laws. As mandated by California State Law, the Contractor shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. The policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than **\$1,000,000** per person per accident. The policy shall be endorsed to waive subrogation in favor of LAFCO, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

B. Commercial General Liability

The Contractor shall procure and maintain for the life of the Contract Commercial General Liability insurance coverage, including but not limited to, premises liability, Contractual liability, products and completed operations liability, personal and advertising injury covering claims which may arise from or out of Contractor's performance of its obligations hereunder. The policy shall name LAFCO, its Commissioners, officers, employees, agents and representatives as Additional Insureds. Policy's limit of liability shall not be less than **\$1,000,000** per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Contract or be no less than two (2) times the occurrence limit.

C. Vehicle Liability

If Contractor's vehicles or mobile equipment are used in the performance of the obligations under this Contract, then Contractor shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than **\$1,000,000** per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Contract work or be no less than two (2) times the occurrence limit.

D. Professional Liability Insurance

The Contractor shall procure and maintain for the life of the Contract Professional Liability Insurance providing coverage for Contractor's performance of Contract work, with a limit of liability of not less than **\$1,000,000** per occurrence and **\$2,000,000** annual aggregate. If Contractor's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Contract and Contractor shall purchase at their sole expense either 1) an Extended Reporting Endorsement (also known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, the commencement of this Contract; or 3) demonstrate through Certificates of Insurance that Contractor has maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will continue for a period of five (5) years beyond the termination of this Contract.

Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an AM BEST rating of not less than A: VII (A:8) unless such requirements are waived, in writing, by LAFCO. If LAFCO waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

E. General Insurance Provisions - All lines

- 1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by LAFCO. If LAFCO waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.
- 2) Contractor's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000 per occurrence such deductibles and/or retentions shall have the prior written consent of the LAFCO before the commencement of operations under this Contract. Upon notification of

deductibles or self-insured retention's unacceptable to LAFCO, and at the election of LAFCO, Contractor's carriers shall either; 1) reduce or eliminate such deductibles or self-insured retention's as respects this Contract, or 2) Contractor or their carrier shall procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

- 3) Contractor shall cause Contractor's insurance carrier(s) to furnish LAFCO with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, or 2) if requested to do so orally or in writing by LAFCO, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to LAFCO prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Contract shall be terminated or suspended forthwith, unless LAFCO receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Contractor shall not commence operations until LAFCO has been furnished and approved original Certificate(s) of Insurance and certified original copies of endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Section.
- 4) It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and LAFCO'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.
- 5) LAFCO'S Reserved Rights--Insurance. If, during the term of this Contract or any extension thereof, there is a material change in the scope of services; LAFCO reserves the right to adjust the types of insurance required under this Contract and the monetary limits of liability for the insurance coverage's currently required herein, if in LAFCO's reasonable judgment, the amount or type of insurance carried by Contractor has become inadequate.

- 6) Contractor shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Contract.

12. Licensing And Permits

12.1 Contractor shall be licensed, if required, in accordance with the laws of this State and if not so licensed is subject to the penalties imposed by such laws.

13.2 Contractor further warrants that it has all necessary permits, approvals, certificates, waivers and exemptions necessary for the provision of services hereunder and required by the laws and regulations of the United States, State of California, the County of Los Angeles and all other appropriate governmental agencies, and shall maintain these throughout the term of this Contract.

14. Contractor's Responsibility

14.1 It is understood that Contractor has the skills, experience and knowledge necessary to perform the services agreed to be performed under this Contract, and that LAFCO relies upon Contractor's representations about its skills, experience and knowledge to perform Contractor's services in a competent manner. Acceptance by LAFCO of the services to be performed under this Contract does not operate as a release of said Contractor from responsibility for the work performed.

14.2 It is further understood and agreed that Contractor is apprised of the Scope of Services, EXHIBIT A, to be performed under this Contract and Contractor agrees that said work can and shall be performed in a fully competent manner.

15. Ownership of Contract Materials

15.1 Contractor and LAFCO agree that all materials including, but not limited to, designs, specifications, techniques, plans, reports, deliverables, data, photographs, diagrams, maps, images, graphics, text, videos, advertising, software, source codes, website plans and designs, interactive media, drafts, working papers, outlines, sketches, summaries, edited and/or unedited versions of deliverables, and any other materials or information developed under this Contract and any and all Intellectual Property rights to these materials, including any copyrights, trademarks, service marks, trade secrets, trade names, unpatented inventions, patent applications, patents, design rights, domain rights, know-how, and any other proprietary rights and derivatives thereof, is and shall be the sole property of LAFCO (hereafter collectively, "LAFCO Materials"). Contractor hereby assigns and transfers to LAFCO all Contractor's right, title, and interest in and to all such LAFCO Materials developed under this Contract.

15.2 Notwithstanding such LAFCO ownership in the LAFCO Materials, Contractor may retain possession of working papers and materials prepared by Contractor under this Contract. During and for a minimum of five years subsequent to the term of this Contract, LAFCO shall have the right to inspect any and all such working papers and materials, make copies thereof and use the working papers and materials and the information contained therein.

16. Non-Discrimination & Equal Opportunity

Contractor shall be an equal opportunity employer that does not discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Contract; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Practices Act (commencing with Section 1410 of the Labor Code), the Federal Civil Rights Act of 1964 (P.L. 88-352), and the Americans with Disabilities Act of 1990 (42 U.S.C. 51210 et seq.) and all other applicable laws and regulations.

17. Assurances

Contractor will comply with all applicable LAFCO policies and procedures. In the event that the policies and procedures promulgated by LAFCO are more restrictive, but not in conflict with Federal or State policies and procedures, those issued by LAFCO will prevail.

18. Records and Documents

Contractor shall make available, upon written request by LAFCO and any duly authorized Federal, State or County agency, a copy of this Contract and such books, documents and records as are necessary to certify the nature and extent of the costs of the services provided by Contractor. All such books and records shall be maintained by Contractor for at least five years from the termination of this Contract and be available for audit by LAFCO. Contractor shall provide LAFCO with reports and information relative to this Contract and in accordance with terms set forth herein, as requested by LAFCO.

19. Confidentiality

CONTRACTOR shall maintain the confidentiality of all records obtained from LAFCO under this Contract in accordance with all applicable Federal, State, and local laws, ordinances, regulations, and

directives relating to confidentiality. In addition, the Contractor shall maintain strict privacy of all LAFCO records, data and files (regardless of media), including any copyrighted material received from LAFCO.

20. Administration/Contract Liaison

The Executive Officer, or designee, shall administer this Contract on behalf of LAFCO.

21. Notices

All correspondence and notices required or contemplated by this Contract shall be delivered to the respective parties at the addresses set forth below and are deemed submitted one day after their deposit in the United States mail, postage prepaid:

Local Agency Formation Commission for
the County Los Angeles
Attn: Paul A. Novak, Executive Officer
80 South Lake Avenue., Ste. 870
Pasadena, CA 91101

Contractor NAME _____
Attn Contact Name: _____
Address Line 1: _____
Address Line 2: _____
City, State, Zip: _____

22. Force Majeure

22.1 In the event Contractor is unable to comply with any provision of this Contract due to causes beyond their control such as acts of God, acts of war, civil disorders, or other similar acts, Contractor shall not be held liable to LAFCO for such failure to comply.

22.2 In the event LAFCO is unable to comply with any provision of this Contract due to causes beyond its control, such as acts of God, acts of war, civil disorders, or other similar acts, LAFCO shall not be held liable to Contractor for such failure to comply.

23. Mutual Cooperation

LAFCO agrees to cooperate with Contractor in Contractor's performance of services for LAFCO under this Contract, including providing Contractor with reasonable facilities and timely access to LAFCO data, information and personnel. LAFCO shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to Contractor.

24. EDD Reporting Requirements

In order to comply with child support enforcement requirements of the State of California, LAFCO may be required to submit a Report of Independent Contractor(s) form DE 542 to the Employment Development Department.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders and for no other purposes and will be held confidential by those agencies. Failure of Contractor to timely submit the data and/or certificates required may result in Contract being awarded to another Contractor. In the event a Contract has been issued, failure of Contractor to comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignments Orders and Notices of Assignment shall constitute a material breach of the Contract. Failure to cure such breach within 60 calendar days of notice from LAFCO shall constitute grounds for termination of the Contract.

If you have any questions concerning this reporting requirement, please call (916) 657-0529. You may also contact your local Employment Tax Customer Service Office listed in your telephone directory in the State Government section under "Employment Development Department," or you may access their Internet site at www.edd.ca.gov.

Staff Report

October 14, 2026

Agenda Item No. 9.b.

Other Post-Employment Benefits Actuarial Study as of June 30, 2025

In 2020, through a formal bidding process, the Commission selected Total Compensation Systems, Inc. (TCS) to prepare biannual and annual Other Post Employment Benefit (OPEB) valuation reports to comply with the Governmental Accounting Standards Board (GASB) Standards. After completing the initial contract for actuarial services, TCS and LAFCO staff executed a second and third agreement for actuarial services consistent with LAFCO's Procurement Policy. The third agreement calls for a full valuation as of June 30, 2025, and a roll-forward valuation as of June 30, 2026.

On July 1, 2025, after the execution of the agreement, Foster & Foster, Inc. acquired Total Compensation Systems, Inc. In August of 2026, Foster & Foster prepared the accompanying actuarial study showing an increase in the Commission's Total OPEB Liability (TOL) from \$1,047,080 as of June 30, 2025, to \$1,170,773 as of June 30, 2025. The increase is attributable to changes in assumptions, including an increase in service costs as employees earned an additional year of service, higher interest costs resulting from an additional year of interest accrual on the TOL, and healthcare costs increasing beyond initial projections.

To offset the OPEB liability, the Commission maintains its OPEB investments in the California Employee Retirement Benefit Trust (CERBT) fund. In 2018, the Commission established the CERBT account with an initial contribution of \$200,000, followed by two additional \$200,000 contributions in FYs 2020-21 and 2021-22. As of June 30, 2026, the Commission's CERBT fund balance was \$862,066 providing funding for approximately 82% 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, 2025, 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, 2025".

**Local Agency Formation Commission for the
County of Los Angeles
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2025
Measurement Date: June 30, 2025
For Fiscal Year-End: June 30, 2026**

*Prepared by:
Foster & Foster Actuaries and Consultants
(Formerly Total Compensation Systems, Inc.)*



Date: September 8, 2026

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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 Foster & Foster, 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, 2025 measurement date and to provide the necessary information to determine accounting entries for the fiscal year ending June 30, 2026. 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, 2026 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, 2026 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, 2025 will be used on a look back basis for the June 30, 2026 Fiscal Year-End.

Key Results	Current Year <i>June 30, 2025 Measurement Date for June 30, 2026 Fiscal Year-End</i>	Prior Year <i>June 30, 2024 Measurement Date for June 30, 2025 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$1,170,773	\$1,047,080
Fiduciary Net Position (FNP)	\$755,554	\$683,533
Net OPEB Liability (NOL)	\$415,219	\$363,547
Service Cost <i>(for year following)</i>	\$40,746	\$38,087
Estimated Pay-as-you-go Amount <i>(for year following)</i>	\$23,098	\$21,383
GASB 75 OPEB Expense <i>(for year ending)</i>	\$19,305	\$19,028

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

Key Assumptions	Current Year <i>June 30, 2025 Measurement Date for June 30, 2026 Fiscal Year-End</i>	Prior Year <i>June 30, 2024 Measurement Date for June 30, 2025 Fiscal Year-End</i>
Valuation Interest Rate	6.25%	6.25%
Expected Rate of Return on Assets	6.25%	6.25%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

The following table shows the “pay as you go” projection of annual payments for the employer share of retiree health costs. Although actual payments are certain to vary from those shown below, these projections can be useful for planning purposes. See page 11 for amounts below broken out by employee classification, if applicable.

<i>Year Beginning July 1</i>	<i>Projected Benefit Payments</i>
2025	\$23,098
2026	\$25,076
2027	\$28,027
2028	\$32,421
2029	\$33,370
2030	\$37,722
2031	\$42,865
2032	\$49,631
2033	\$57,656
2034	\$67,771

C. Summary of GASB 75 Accounting Results

1. Changes in Net OPEB Liability

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 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, 2024 Measurement Date	\$1,047,080	\$683,533	\$363,547
Service Cost	\$38,087	\$0	\$38,087
Interest on TOL / Return on FNP	\$65,964	\$72,234	(\$6,270)
Employer Contributions	\$0	\$21,383	(\$21,383)
Benefit Payments	(\$21,383)	(\$21,383)	\$0
Administrative Expenses	\$0	(\$213)	\$213
Experience (Gains)/Losses	\$41,025	\$0	\$41,025
Changes in Assumptions	\$0	\$0	\$0
Other	\$0	\$0	\$0
Net Change	\$123,693	\$72,021	\$51,672
Actual Balance at June 30, 2025 Measurement Date	\$1,170,773	\$755,554	\$415,219

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, 2026 Fiscal Year-End	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$55,220	(\$135,044)
Changes in assumptions	\$71,374	(\$82,956)
Differences between projected and actual return on assets	\$0	(\$4,738)
Total	\$126,594	(\$222,738)

To be recognized fiscal year ending June 30:	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
2027	\$28,790	(\$55,713)
2028	\$27,339	(\$67,682)
2029	\$19,422	(\$33,269)
2030	\$17,497	(\$24,106)
2031	\$11,153	(\$11,993)
Thereafter	\$22,393	(\$29,975)
Total	\$126,594	(\$222,738)

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, 2026	<i>Expense Component</i>
Service Cost	\$38,087
Interest Cost	\$65,964
Expected Return on Assets	(\$42,714)
Administrative Expenses	\$213
Recognition of Experience (Gain)/Loss Deferrals	(\$9,221)
Recognition of Assumption Change Deferrals	(\$43,072)
Recognition of Investment (Gain)/Loss Deferrals	\$10,048
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2026	\$19,305

4. Adjustments

The above OPEB expense includes all deferred inflows and outflows except any contributions after the measurement date. Contributions from July 1, 2025 to June 30, 2026 minus prior contributions after the measurement date of \$23,036 should also be reflected in OPEB expense. June 30, 2026 deferred outflows should include contributions from July 1, 2025 to June 30, 2026.

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, 2025 Measurement Date	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	\$617,768	\$215,363
Current Assumption	\$415,219	\$415,219
1% Increase in Assumption	\$250,435	\$672,484

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.

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 October, 2025. Distributions of participants by age and service can be found on page 17. For non-lifetime benefits, the active count below excludes employees for whom it is not possible to receive retiree benefits (e.g. employees who are already older than the maximum age to which benefits are payable or who will not accrue the required service prior to reaching the maximum age).

	Current Year <i>June 30, 2025 Valuation Date</i> <i>June 30, 2025 Measurement Date</i>	Prior Year <i>June 30, 2023 Valuation Date</i> <i>June 30, 2024 Measurement Date</i>
Active Employees eligible for future benefits		
Count	6	6
Average Age	48.2	46.2
Average Years of Service	15.8	13.8
Retirees currently receiving benefits		
Count	3	3
Average Age	75.0	73.0

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

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. Foster & Foster recommends that third parties retain their own actuary or other qualified professionals when reviewing this report. Foster & Foster'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 Foster & Foster. 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 Foster & Foster.

This report is for fiscal year July 1, 2025 to June 30, 2026, using a measurement date of June 30, 2025. 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. Foster & Foster does not intend to benefit from and assumes no duty or liability to other parties who receive this report. Foster & Foster 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

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, reading "Luis Murillo". The signature is written in a cursive style with a large initial "L" and "M".

Luis Murillo, ASA, MAAA, FCA
Senior Consulting Actuary
Foster & Foster, Inc.

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 future 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 in any future year is zero if the participant will not be eligible. The participant will not be eligible if s/he will not have 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, 2025 at 6.25% 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, 2025 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.

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.

- **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.

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, 2025 Valuation Date

	<i><u>Total</u></i>
Active: Pre-65 Benefit	\$249,661
Post-65 Benefit	\$1,042,870
Subtotal	\$1,292,531
Retiree: Pre-65 Benefit	\$11,024
Post-65 Benefit	\$268,359
Subtotal	\$279,383
Grand Total	\$1,571,914
Subtotal Pre-65 Benefit	\$260,685
Subtotal Post-65 Benefit	\$1,311,229

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, 2025

	<i><u>Total</u></i>
# of Eligible Employees	6
First Year Service Cost	
Pre-65 Benefit	\$8,736
Post-65 Benefit	\$32,010
Total	\$40,746

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.

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, 2025 Valuation Date

	<i>Total</i>
Active: Pre-65 Benefit	\$158,148
Active: Post-65 Benefit	\$733,241
Subtotal	\$891,389
Retiree: Pre-65 Benefit	\$11,025
Retiree: Post-65 Benefit	\$268,359
Subtotal	\$279,384
Subtotal: Pre-65 Benefit	\$169,173
Subtotal: Post-65 Benefit	\$1,001,600
Total OPEB Liability (TOL)	\$1,170,773
Fiduciary Net Position as of June 30, 2025	\$755,554
Net OPEB Liability (NOL)	\$415,219

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 **in**accurate. 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>
2025	\$23,098
2026	\$25,076
2027	\$28,027
2028	\$32,421
2029	\$33,370
2030	\$37,722
2031	\$42,865
2032	\$49,631
2033	\$57,656
2034	\$67,771

G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2024 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2025 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, 2024	\$1,047,080	\$683,533	\$363,547
Service Cost	\$38,087	\$0	\$38,087
Interest on Total OPEB Liability	\$65,964	\$0	\$65,964
Expected Investment Income	\$0	\$42,714	(\$42,714)
Administrative Expenses	\$0	(\$213)	\$213
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments	\$0	\$21,383	(\$21,383)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer	(\$21,383)	(\$21,383)	\$0
Expected Balance at June 30, 2025	\$1,129,748	\$726,034	\$403,714
Experience (Gains)/Losses	\$41,025	\$0	\$41,025
Changes in Assumptions	\$0	\$0	\$0
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$29,520	(\$29,520)
Other	\$0	\$0	\$0
Net Change during 2025	\$123,693	\$72,021	\$51,672
Actual Balance at June 30, 2025*	\$1,170,773	\$755,554	\$415,219

* May include a slight rounding error.

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, 2026

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$130,070)	\$41,025	\$9,221	(\$79,824)
Assumption Changes	(\$54,654)	\$0	\$43,072	(\$11,582)
Investment (Gains)/Losses	\$34,830	(\$29,520)	(\$10,048)	(\$4,738)
Deferred Balances	(\$149,894)	\$11,505	\$42,245	(\$96,144)

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, 2026

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$363,547	\$415,219	\$51,672
Deferred Balances	(\$149,894)	(\$96,144)	\$53,750
Net Position	\$513,441	\$511,363	(\$2,078)
Adjust Out Employer Contributions			\$21,383
OPEB Expense			\$19,305

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 adds or terminates a group of participants that constitutes a significant part of the covered group.
- The employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- The employer considers or puts in place an early retirement incentive program.
- The employer desires the measured liability to incorporate more recent census data or assumptions.

We anticipate that the next valuation we perform for LAFCO will be a roll-forward valuation with a measurement date of June 30, 2026 which will be used for the fiscal year ending June 30, 2027. 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, Foster & Foster 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 Foster & Foster'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.

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 2.50% 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 6.25% 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 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

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, 2025

	<u>06/30/2024</u>	<u>06/30/2025</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$683,533	\$755,554
Capital Assets	\$0	\$0
Total Assets	\$683,533	\$755,554
Benefits Payable	\$0	\$0
Fiduciary Net Position	\$683,533	\$755,554

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>
Miscellaneous	2024 LACERA PUBG 2010 w MP2021 projections

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
General Employees	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	Hired after June 30, 2014: \$19,574 Hired on or before June 30, 2014: \$32,197	Hired after June 30, 2014: \$10,501 Hired on or before June 30, 2014: \$18,791

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.

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	1	1							
35 – 39	0								
40 – 44	2		1			1			
45 – 49	0								
50 – 54	2					2			
55 – 59	0								
60 – 64	1			1					
65 and older	0								
Total	6	1	1	1	0	3	0	0	0

ELIGIBLE RETIREES BY AGE AND EMPLOYEE CLASS

<i>Age</i>	<i>Total</i>
Under 50	0
50 – 54	0
55 – 59	0
60 – 64	1
65 – 69	0
70 – 74	1
75 – 79	0
80 – 84	0
85 – 89	1
90 and older	0
Total	3

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.

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	3
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	6
Total Number of participants	9

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

Paragraph 51: Significant Assumptions and Other Inputs

Shown in Part III.

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 is the table the mortality assumptions are based upon. Inasmuch as this table is based on appropriate populations, and that this table is used for pension purposes, we believe this table to be the most appropriate for the valuation.

Mortality Table	2022 LACERA Mortality for General Employees
Disclosure	The mortality assumptions are based on the June 30, 2022 LACERA Valuation Report. LACERA periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on LACERA analysis.

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	2022 LACERA Retirement Plan D
Disclosure	The retirement assumptions are based on the LACERA Retirement Plan D table created by LACERA. LACERA periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2022 LACERA Retirement Plan G
Disclosure	The retirement assumptions are based on the LACERA Retirement Plan G table created by LACERA. LACERA periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2022 LACERA Turnover
Disclosure	The turnover assumptions are based on the LACERA Turnover table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

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	\$215,363	\$415,219	\$672,484

Paragraph 53: **Discount Rate**

The following information is intended to assist LAFCO to comply with Paragraph 53 requirements.

53.a: A discount rate of 6.25% was used in the valuation. The interest rate used in the prior valuation was 6.25%.

53.b: We assumed that all contributions are from the employer.

53.c: We used historic 33 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 50 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.

CERBT - Strategy 2

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	34.0000	7.2500
All Fixed Income	41.0000	4.2500
Real Estate Investment Trusts	17.0000	7.2500
All Commodities	3.0000	7.2500
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000

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	\$617,768	\$415,219	\$250,435

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, 2025.

The measurement date is June 30, 2025.

56.b: We are not aware of a special funding arrangement.

56.c: Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems.

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 33 years.

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 33 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.

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 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2017-18	\$19,000	7.2	\$15,804	\$2,634	\$562	\$562					
2018-19	\$78,365	8.9	\$52,836	\$8,806	\$16,723	\$8,806	\$7,917				
2019-20	(\$4,971)	8.9	(\$2,795)	(\$559)	(\$1,617)	(\$559)	(\$559)	(\$499)			
2020-21	(\$105,617)	8.5	(\$49,704)	(\$12,426)	(\$43,487)	(\$12,426)	(\$12,426)	(\$12,426)	(\$6,209)		
2022-23	(\$125,919)	10.5	(\$23,986)	(\$11,993)	(\$89,940)	(\$11,993)	(\$11,993)	(\$11,993)	(\$11,993)	(\$11,993)	(\$29,975)
2023-24	\$1,357	10.5	\$130	\$130	\$1,097	\$130	\$130	\$130	\$130	\$130	\$447
2024-25	\$41,025	9.8	\$0	\$4,187	\$36,838	\$4,187	\$4,187	\$4,187	\$4,187	\$4,187	\$15,903
Net Increase (Decrease) in OPEB Expense			(\$7,715)	(\$9,221)	(\$79,824)	(\$11,293)	(\$12,744)	(\$20,601)	(\$13,885)	(\$7,676)	(\$13,625)

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 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2017-18	(\$118,000)	7.2	(\$98,142)	(\$16,357)	(\$3,501)	(\$3,501)					
2018-19	(\$372,195)	8.9	(\$250,920)	(\$41,820)	(\$79,455)	(\$41,820)	(\$37,635)				
2020-21	\$32,653	8.5	\$15,368	\$3,842	\$13,443	\$3,842	\$3,842	\$3,842	\$1,917		
2021-22	\$75,169	8.5	\$26,532	\$8,844	\$39,793	\$8,844	\$8,844	\$8,844	\$8,844	\$4,417	
2022-23	\$25,395	10.5	\$4,838	\$2,419	\$18,138	\$2,419	\$2,419	\$2,419	\$2,419	\$2,419	\$6,043
2023-24	\$0	0	\$0	\$0	\$0						
2024-25	\$0	0	\$0	\$0	\$0						
Net Increase (Decrease) in OPEB Expense			(\$302,324)	(\$43,072)	(\$11,582)	(\$30,216)	(\$22,530)	\$15,105	\$13,180	\$6,836	\$6,043

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 2024	2025	Amounts to be Recognized in OPEB Expense after 2025	2026	2027	2028	2029	2030	Thereafter
2017-18	(\$2,000)	7.2	(\$1,662)	(\$277)	(\$61)	(\$61)					
2019-20	\$3,412	5	\$3,412	\$0	\$0						
2020-21	(\$21,622)	5	(\$17,300)	(\$4,322)	\$0						
2021-22	\$98,580	5	\$59,148	\$19,716	\$19,716	\$19,716					
2022-23	\$16,410	5	\$6,564	\$3,282	\$6,564	\$3,282	\$3,282				
2023-24	(\$12,235)	5	(\$2,447)	(\$2,447)	(\$7,341)	(\$2,447)	(\$2,447)	(\$2,447)			
2024-25	(\$29,520)	5	\$0	(\$5,904)	(\$23,616)	(\$5,904)	(\$5,904)	(\$5,904)	(\$5,904)		
Net Increase (Decrease) in OPEB Expense			\$47,715	\$10,048	(\$4,738)	\$14,586	(\$5,069)	(\$8,351)	(\$5,904)	\$0	\$0

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.

<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

October 14, 2026

Agenda Item No. 9.c.

Potential Cancellation of the December 9, 2026 Commission Meeting

For the last fifteen (15) years, the Commission has canceled its regular meeting in December due to the winter holidays. The two exceptions were in 2018 and 2025 when, due to the urgency associated with one or more pending proposals, the Commission met in December.

Staff has reviewed its workload, and it has been determined that existing proposals can be considered in a timely manner at either the November 18, 2026 special meeting or at the January 13, 2026 regular meeting. Staff therefore recommends canceling the December 9, 2026 meeting.

Recommended Action:

1. Cancel the December 9, 2026 Commission Meeting; and
2. Direct the Executive Officer to send notice via the LAFCO e-mail alert notification system and post the associated notice on the LAFCO website.