



STEERING COMMITTEE

Agenda Report

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File #: 2026-4896

Agenda Date: 5/27/2026

Agenda Item No: 3.

FROM: Robert Thompson, General Manager
Originator: Mike Dorman, Director of Engineering

SUBJECT:

PROPOSED ANNEXATION OF THE TERRITORY OF THE FORMER LOS ALISOS WATER DISTRICT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Authorize staff to take all steps necessary to work with Irvine Ranch Water District and the Orange County Local Agency Formation Commission to bring to effect the annexation of the area serviced by the Los Alisos Water Recycling Plant to Orane County Sanitation District;
- B. Authorize the General Manager to execute associated Annexation documents in a form approved by General Counsel; and
- C. Adopt Resolution No. OC SAN 26-XX, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing initiation of proceedings and requesting the Orange County Local Agency Formation Commission to undertake proceedings for the Annexation to the Orange County Sanitation District, of territory in the Irvine Ranch Water District".

BACKGROUND

A portion of Irvine Ranch Water District's (IRWD) service area formerly comprised the Los Alisos Water District. Currently, IRWD has sole authority to provide wastewater collection, transmission, and treatment of the "Los Alisos Area" via their operation of the Los Alisos Water Recycling Plant. Orange County Sanitation District (OC San) and IRWD's November 2025 Flow Exchange Agreement committed the parties to jointly apply to the Orange County Local Agency Formation Commission (OC LAFCO) to adopt concurrent resolutions proposing the annexation of the Los Alisos Area to OC San to potentially provide OC San's wastewater treatment capability to IRWD's service of that area. The Los Alisos Area is depicted in Exhibit "A" of the attached proposed Resolution.

RELEVANT STANDARDS

- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities

- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PROBLEM

Properties in the Los Alisos Area receive sewer service exclusively from IRWD. The Los Alisos Area is not currently within OC San's jurisdiction; therefore, OC San is not authorized to provide services for this area. With OC San's and IRWD's recent approvals of a new Flow Exchange Agreement and Green Acres Project ("GAP") Flows Agreement (the "2025 Agreements"), IRWD has the potential to build greater efficiency and economies into its wastewater treatment services if flows from this area could potentially be conveyed and treated by OC San's regional wastewater treatment and recycling systems.

PROPOSED SOLUTION

Adopt a Resolution to authorize the initiation of the application for annexation of the Los Alisos Area to OC San's service area through the OC LAFCO approval process.

TIMING CONCERNS

The annexation of the Los Alisos Area requires OC LAFCO approval and early initiation of this process is necessary to avoid unnecessary delays and to provide IRWD with the flexibility to optimize operations between its facilities.

RAMIFICATIONS OF NOT TAKING ACTION

IRWD's ability to build greater efficiency and economies into its wastewater treatment services would remain constrained and potential flows from the Los Alisos area could not be conveyed to OC San. These limitations could hinder regional efficiency, prevent the opportunity for OC San to receive additional flows and associated revenue, and leave the service area with inconsistent cost-of-service alignment.

PRIOR COMMITTEE/BOARD ACTIONS

November 2025 - Approved and authorized the General Manager to execute the Flow Exchange Agreement between Orange County Sanitation District and Irvine Ranch Water District, in a form approved by General Counsel; and approved and authorized the General Manager to execute the GAP Flows Agreement between Orange County Sanitation District, Irvine Ranch Water District, and Orange County Water District, for a term of 20 years, in a form approved by General Counsel.

ADDITIONAL INFORMATION

Annexation will provide IRWD additional treatment flexibility and provide IRWD and those it serves a more robust system. OC San has capacity to account for this annexation.

CEQA

The action is exempt from CEQA under the Class 20 categorical exemptions set forth in CEQA Guidelines (14 California Code of Regulations) Section 15320. Section 15320 (Class 20) "consists of

changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.” Specifically, this project is exempt because this annexation is only an administrative boundary change of OC San’s service area.

A Notice of Exemption will be filed with the Orange County Clerk-Recorder’s office after approval of this item.

FINANCIAL CONSIDERATIONS

Annexation of the area serviced by IRWD within the Los Alisos Area into OC San’s service boundary will provide long-term financial and operational benefits.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN 26-XX