



**LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY**

ADOPTED MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, June 2, 2021

Start Time - 9:00 a.m.

Due to COVID-19, this meeting was conducted remotely pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspended certain requirements of the Ralph M. Brown Act.

1. ROLL CALL

Chair Justin Cummings called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:01 a.m. and welcomed everyone in attendance. He asked the Commission Clerk to conduct roll call.

The following Commissioners were present:

- Chair Justin Cummings
- Vice-Chair Rachél Lather
- Commissioner Jim Anderson (arrived at 9:57am)
- Commissioner Roger Anderson
- Commissioner Ryan Coonerty
- Commissioner Francisco Estrada
- Commissioner Manu Koenig
- Alternate Commissioner Ed Banks
- Alternate Commissioner John Hunt (arrived at 9:10am)

The following LAFCO staff members were present:

- Executive Officer Joe Serrano
- Commission Clerk Chris Carpenter
- Legal Counsel Daniel Zazueta

2. EXECUTIVE OFFICER'S MESSAGE

Executive Officer Joe Serrano announced that the Commission meeting is being conducted virtually through the Zoom Webinar platform and participation by Commissioners and staff are from remote locations. Members of the public will have access to the meeting by phone or online. Mr. Serrano believes the Commission may be able to begin conducting in-person meetings by August 2021 if the Governor lifts the shelter-in-place orders within the coming weeks.

3. ADOPTION OF MINUTES

Chair Justin Cummings requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed public comments.

Chair Justin Cummings called for the approval of the draft minutes. **Commissioner Roger Anderson** motioned for approval of the May 5th Meeting Minutes and **Commissioner Ryan Coonerty** seconded the motion.

Chair Justin Cummings called for a roll call vote on the approval of the draft minutes with no changes. **Commission Clerk Chris Carpenter** conducted a roll call vote on the item.

MOTION: Roger Anderson

SECOND: Ryan Coonerty

FOR: Roger Anderson, Ryan Coonerty, Justin Cummings,
Francisco Estrada, Rachél Lather

AGAINST: None

ABSTAIN: Manu Koenig

MOTION PASSED: 5-0 (with one abstention)

4. ORAL COMMUNICATIONS

Chair Justin Cummings requested public comments on any non-agenda items. **Executive Officer Joe Serrano** noted that Becky Steinbruner, a member of the public, has requested to address the Commission on two non-agendized items. **Becky Steinbruner** thanked LAFCO staff for assisting Soquel Creek Water District in their consideration of possible annexations adjacent to the District's service area. Ms. Steinbruner also informed the Commission that County Service Area 48 is reevaluating the benefit assessments that fund the delivery of fire protection to unincorporated territory that are not within a fire district or city fire department.

Executive Officer Joe Serrano indicated that there were no further requests to address the Commission. **Chair Justin Cummings** closed public comments.

5. PUBLIC HEARINGS

Chair Justin Cummings indicated that there is one public hearing item for Commission consideration today.

5a. Final Budget for Fiscal Year 2021-22

Chair Justin Cummings requested staff to provide a presentation on the final budget.

Executive Officer Joe Serrano indicated that a draft budget for Fiscal Year 2021-22 was previously adopted on April 7. After the April Meeting, LAFCO staff sent the draft budget to the funding agencies for their review. Mr. Serrano noted that LAFCO did not receive any formal comment. He believes that the overall reduction in the proposed budget is the primary reason why LAFCO did not receive any opposition or comments from the funding agencies. The Commission has conducted a thorough analysis of each expenditure since 2019, resulting in more accurate budgetary assumptions.

Executive Officer Joe Serrano explained that it may be beneficial if legal and data services are analyzed in more detail. This may result in further internal efficiencies. In the interim, LAFCO staff recommends that the Commission adopt the final budget for Fiscal Year 2021-22 and provide further direction to staff.

Chair Justin Cummings requested public comments on the draft budget. **Executive Officer Joe Serrano** noted that there is one request by Becky Steinbruner, member of the public. **Becky Steinbruner** thanked LAFCO staff for reducing the overall budget while also increasing the level of detail in staff reports and service reviews without the assistance of outside consultants.

There were no further requests to address the Commission from the public. **Chair Justin Cummings** closed public comments.

Chair Justin Cummings thanked staff for the budget preparation and supported staff's effort in analyzing the current delivery of legal and data services.

Chair Justin Cummings called for Commission comments on the report.

Commissioner Roger Anderson asked when staff would complete and present their evaluation of legal and data services to the Commission. **Executive Officer Joe Serrano** indicated that staff would begin reviewing the two services once the Commission gives direction as part of the final budget adoption. Staff's findings may be ready for Commission consideration by the end of this year.

Chair Justin Cummings called for the approval of the final budget. **Commissioner Rachél Lather** motioned for the approval based on staff's recommendation and **Commissioner Manu Koenig** seconded the motion.

Chair Justin Cummings noted no further Commission discussion and called for a roll call vote on the adoption of the final budget based on staff's recommendation: **Adopt the draft resolution (No. 2021-14), Authorize the Executive Officer to request the Auditor-Controller's Office to distribute the final budget and apportionment amount**

to the funding agencies by July 2021 and, Provide any additional direction to staff including but not limited to analyzing the current legal and data services.

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Rachél Lather

SECOND: Manu Koenig

FOR: Roger Anderson, Ryan Coonerty, Justin Cummings,
Francisco Estrada, Manu Koenig, Rachél Lather

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0

6. OTHER BUSINESS

Chair Justin Cummings indicated that there are four business items for Commission consideration today.

6a. CALPERS Side Fund

Chair Justin Cummings requested staff to provide a presentation on LAFCO's side fund under the California Public Employees' Retirement System (CALPERS).

Executive Officer Joe Serrano explained how the Commission has been submitting additional payments to CALPERS each year to amortize the side fund balance. This unfunded liability was established by CALPERS for local agencies with a small number of employees, including Santa Cruz LAFCO. The total side fund balance will be fully paid by 2024 if the Commission continues their additional lump sum payment schedule.

Chair Justin Cummings requested public comments on the side fund payment process. **Executive Officer Joe Serrano** noted that there is one request by Becky Steinbruner, member of the public. **Becky Steinbruner** thanked LAFCO for addressing their unfunded liabilities.

There were no further requests to address the Commission from the public. **Chair Justin Cummings** closed public comments.

Chair Justin Cummings called for Commission comments on the report. The Commission did not have any questions for staff on this item.

Chair Justin Cummings called for the approval of the one-time payment towards the side fund. **Commissioner Manu Koenig** motioned for the approval based on staff's recommendation and **Commissioner Rachél Lather** seconded the motion.

Chair Justin Cummings noted no further Commission discussion and called for a roll call vote to approve the additional payment based on staff's recommendation: **Direct an additional one-time payment of \$10,000 towards the CALPERS Side Fund.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Manu Koenig

SECOND: Rachél Lather

FOR: Roger Anderson, Ryan Coonerty, Justin Cummings,
Francisco Estrada, Manu Koenig, Rachél Lather

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0

6b. Educational Workshops

Chair Justin Cummings requested staff to provide a presentation on the partnership between LAFCO and the California Special Districts Association (CSDA).

Executive Officer Joe Serrano highlighted the common goal between CSDA and LAFCO in advocating the highest level of transparency and accountability for public agencies, specifically the 22 independent special districts in Santa Cruz County. Mr. Serrano explained the benefits in hosting educational workshops with CSDA and how they would be an opportunity for special districts to jointly explore solutions to common issues, share best practices, learn about current and new legislation, and understand the rules and regulations that govern district board members and employees.

Chair Justin Cummings requested public comments on the educational workshop concept. **Executive Officer Joe Serrano** noted that there is one request by Becky Steinbruner, member of the public. **Becky Steinbruner** thanked LAFCO for offering these opportunities to special districts and asked whether members of the public can also attend these workshops.

Executive Officer Joe Serrano clarified that, if approved, the first workshop will be held in August and will be tailored specifically for independent special districts' board members and their staff. Mr. Serrano did point out that there may be other workshops in the future that will expand the audience to include members of the public and other local agencies, such as cities and the County.

There were no further requests to address the Commission from the public. **Chair Justin Cummings** closed public comments.

Chair Justin Cummings called for Commission comments on the report.

Commissioner Roger Anderson asked what are the annual dues to become a CSDA member. **CSDA Public Affairs Field Coordinator Charlotte Holifield** stated that the membership dues are determined by the district's annual operating revenue. Ms. Holifield also noted that CSDA has introduced a new payment program which allows districts within limited funds an opportunity to "pay-what-you-can" rather than the traditional price amount. **Commissioner Rachél Lather** noted the benefits for districts to participate in these workshops and appreciated LAFCO's proactive efforts on this matter.

Chair Justin Cummings called for the approval of the educational workshop concept. **Commissioner Rachél Lather** motioned for the approval based on staff's recommendation and **Commissioner Manu Koenig** seconded the motion.

Chair Justin Cummings noted no further Commission discussion and called for a roll call vote to approve the partnership between LAFCO and CSDA based on staff's recommendation: **Direct LAFCO staff to coordinate with CSDA to conduct educational workshops for local agencies within Santa Cruz County.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Rachél Lather

SECOND: Manu Koenig

FOR: Roger Anderson, Ryan Coonerty, Justin Cummings,
Francisco Estrada, Manu Koenig, Rachél Lather

AGAINST: None

ABSTAIN: None

MOTION PASSED: 6-0

6c. UCSC Long Range Development Plan – LAFCO Comment Letter

Chair Justin Cummings requested staff to provide a presentation on the draft comment letter pertaining to the recent lawsuit between the City of Santa Cruz and the University regarding the delivery of water and sewer services.

Executive Officer Joe Serrano explained that the University continues to work on its new Long Range Development Plan (LRDP) for 2020-2040. Under this plan, UCSC has identified the City of Santa Cruz as the water and sewer service provider to the proposed development areas within and outside the City limits. Mr. Serrano noted that in accordance with State law, LAFCO action is required before the City can provide municipal services to the unincorporated campus area. He also highlighted the fact that there is currently a lawsuit between the City and UCSC regarding the delivery of these services and whether or not LAFCO action is required.

Executive Officer Joe Serrano recommended that the Commission consider sending a letter indicating LAFCO's position on two areas: (1) LAFCO's position on being included in the lawsuit, and (2) the clarification that LAFCO's approval is needed for the extension of services outside the City limits of Santa Cruz. This letter would illustrate LAFCO's statutory obligations towards a potential annexation or an extraterritorial service agreement should the City or University submit an application for LAFCO action. Mr. Serrano reminded the Commission that a previous letter was sent to the University during the environmental review of UCSC's draft environmental impact report regarding the LRDP. This supplemental letter further explains LAFCO's statutory role in overseeing the delivery of municipal services. Staff is recommending that the Commission approve the draft comment letter, with two minor edits to the letter which were identified after the distribution of the agenda packet.

Chair Justin Cummings requested public comments on the draft comment letter. **Executive Officer Joe Serrano** noted that there are three members of the public that wish to address the Commission on this item: Becky Steinbruner, Morgan Bostic, and Don Stevens.

Becky Steinbruner referred to one of the factors identified in LAFCO's Water Policy which allows boundary changes to occur if it involves a net decrease in impacts on water resources for cases where a basin is overdrafted or existing services are not sustainable. Ms. Steinbruner emphasized the fact that anticipated water demand and the City's water supply needs to be analyzed thoroughly. She also thanked LAFCO for producing a detailed letter.

Morgan Bostic is a recent UCSC graduate and an advocate for the Santa Cruz City-County Task Force which focuses on the University's growth plans. This task force is a working group of City and County elected officials that was formed in response to local ballot Measure U which passed in 2018 with 77% of the voters. The measure contains specific policies to restrain UCSC growth and insure mitigation and all of its impacts on campus. Ms. Bostic, on behalf of the task force, extends their support on LAFCO's draft comment letter.

Don Stevens requested that the Commission consider amending the last paragraph in the draft comment letter. Mr. Stevens believed that the current language implies the delivery of municipal services to the proposed campus projects may not have significant issues. He encouraged the Commission to consider revising that language or remove it entirely.

Executive Officer Joe Serrano notes that there were no further requests from the public to address the Commission. **Chair Justin Cummings** closed public comments.

Chair Justin Cummings called for Commission comments on the report. **Commissioner Roger Anderson** recalled the water restrictions in 2014 and how water supply continues to be issue. Mr. Anderson suggested that the draft comment letter be modified to include reference of LAFCO's Water Policy at the end of the letter.

Legal Counsel Daniel Zazueta reiterated the purpose of the draft comment letter and recommended that the Commission refrain from going beyond the scope of the document by adding emphasis on policy requirements and other conditions without having an actual application in place. Mr. Zazueta indicated that it may be more beneficial for the letter to focus on LAFCO's position on the lawsuit and the Commission's role in approving the delivery of municipal services.

Commissioner Ryan Coonerty appreciated Commissioner Roger Anderson's comments and concerns. Mr. Coonerty noted that this will be a long process and further water-related discussions will be required. At this time, the language outlined in the draft letter should focus on LAFCO's statutory responsibility. He motioned to approve staff's recommendation. **Commissioner Manu Koenig** seconded the motion.

Commissioner Roger Anderson indicated he would support the motion if it included a friendly amendment to remove the word “likely” from the following sentence: “A preliminary analysis of the 5 development projects proposed for outside the City boundaries under the 2020 LRDP (shown in the attached map) likely may not pose major issues in accordance with the Act.”

Commissioners Ryan Coonerty and Manu Koenig, who motioned and seconded staff’s recommendation, accepted the friendly amendment by removing the word likely from the sentence shown above.

Chair Justin Cummings noted no further Commission discussion and called for a roll call vote to approve the draft comment letter based on staff’s recommendation: **Discuss and approve the proposed comment letter with two minor edits identified by LAFCO staff and one friendly amendment made by Commissioner Roger Anderson.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Ryan Coonerty
SECOND: Manu Koenig
FOR: Roger Anderson, Ryan Coonerty, Justin Cummings,
Francisco Estrada, Manu Koenig, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 6-0

6d. Water Consolidation Effort Update

Chair Justin Cummings requested staff to provide an update on the ongoing consolidation discussions between Scotts Valley and San Lorenzo Valley Water Districts.

Executive Officer Joe Serrano informed the Commission that San Lorenzo Valley Water District has decided not to move forward with exploring the concept of consolidation. Mr. Serrano extended his appreciation to the District General Managers, Rick Rogers and Piret Harmon, for their preliminary consideration. Consolidation is a difficult endeavor and the fact that the two districts held open discussions shows how the districts are continuously searching for ways to be more efficient. LAFCO staff will continue to work closely with both districts on other collaborative opportunities.

Certain Commissioners, including the Chair and Vice-Chair, experienced technical difficulties around 10:05am. Agenda Item No. 6d was an informational item and no Commission action was required. Therefore, staff and the remaining Commissioners moved forward with the meeting.

7. WRITTEN CORRESPONDENCE

Executive Officer Joe Serrano highlighted the correspondence shared by CALAFCO.

Commissioner Roger Anderson asked whether there have been any changes to the CALAFCO membership dues structure. **Executive Officer Joe Serrano** noted that he was unaware of any changes but would provide a formal update at the next LAFCO meeting. Mr. Serrano moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Executive Officer Joe Serrano indicated that this item highlights LAFCO-related articles recently circulated in local newspapers. Mr. Serrano moved to the next item since no Commission action was required.

*** Commissioners who experienced technical difficulties were able to reconnect around 10:11am. Agenda Item Nos. 7-8 were informational items and no Commission action was required for either item. ***

9. COMMISSIONERS' BUSINESS

Chair Justin Cummings inquired whether any Commissioner would like to share any information. There were no comments. **Chair Justin Cummings** moved to the next item since no Commission action was required.

10. LEGAL COUNSEL'S REPORT

Legal Counsel Daniel Zazueta indicated that there was nothing to report. **Chair Justin Cummings** moved to the next item since no Commission action was required.

11. ADJOURNMENT

Chair Justin Cummings adjourned the Regular Commission Meeting at 10:17 a.m. to the next regular LAFCO meeting scheduled for Wednesday, August 4, 2021 at 9:00 a.m.



JUSTIN CUMMINGS, CHAIRPERSON

Attest:



JOE A. SERRANO, EXECUTIVE OFFICER