



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

ADOPTED MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, May 1, 2024

Start Time - 9:00 a.m.

1. ROLL CALL

Vice-Chair Manu Koenig called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:00 a.m. and welcomed everyone in attendance. He asked the staff to conduct a roll call.

The following Commissioners were present:

- Commissioner Roger Anderson
- Commissioner Justin Cummings
- Commissioner Manu Koenig (*Vice-Chair*)
- Commissioner Rachél Lather (*Arrived at 9:04 a.m.*)
- Commissioner Eduardo Montesino
- Commissioner Allan Timms

Commissioner Manu Koenig will serve as Chair for the meeting in the absence of Alternate Commissioner John Hunt.

The following LAFCO staff members were present:

- LAFCO Analyst, Francisco Estrada
- Legal Counsel, Malathy Subramanian
- Executive Officer, Joe Serrano

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual Meeting Process

Executive Officer Joe Serrano shared two announcements with the Commission. First, Mr. Serrano indicated that the meeting was being conducted through a hybrid approach with Commissioners and staff attending in-person while members of the public have the option to attend virtually or in-person. In his second announcement, Mr. Serrano welcomed Roger Anderson and John Hunt to the Commission after they were reappointed as the Regular and Alternate Public Members at the April regular meeting.

3. ADOPTION OF MINUTES

Vice-Chair **Manu Koenig** requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comment on the item.

Vice-Chair **Manu Koenig** closed public comments and called for a motion. **Commissioner Allan Timms** motioned for approval of the April 3rd Meeting Minutes and **Commissioner Justin Cummings** seconded the motion.

Vice-Chair **Manu Koenig** called for a voice vote on the approval of the draft minutes.

MOTION: Allan Timms

SECOND: Justin Cummings

FOR: Justin Cummings, Manu Koenig, Eduardo Montesino, and Allan Timms.

AGAINST: None

ABSTAIN: Roger Anderson

MOTION PASSES: 4-0-1

4. ORAL COMMUNICATIONS

Vice-Chair **Manu Koenig** requested public comments on any non-agenda items. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item.

Vice-Chair **Manu Koenig** closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

Vice-Chair **Manu Koenig** indicated that there were two public hearing items for Commission consideration today.

5a. "Porter Gulch Road Parcel Annexation"

Vice-Chair **Manu Koenig** requested staff to provide a presentation on the proposed annexation of a single parcel to the Santa Cruz County Sanitation District (SCCSD) for sewer services.

Executive Officer Joe Serrano informed the Commission that LAFCO received an application, initiated by the landowner, requesting formal annexation of a single, 6.6-acre parcel into the SCCSD for the provision of sewer services to current and future dwelling units. The parcel is located within the sphere of influence of the District and the County has indicated that it is willing and capable of providing the requested services. Mr. Serrano stated that the request is consistent with LAFCO law, as well as the Commission's adopted policies, and recommended adopting the draft resolution approving the single parcel annexation into the SCCSD.

Vice-Chair Manu Koenig requested comments or clarifying questions from the Commission. **Commissioner Rachél Lather** inquired about the proposal area. Mr. Koenig indicated that the proposal area was located in Aptos near Cabrillo College.

Vice-Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item. **Vice-Chair Manu Koenig** closed public comments.

Commissioner Justin Cummings motioned for approval of staff recommendation and **Commissioner Eduardo Montesino** seconded the motion.

Vice-Chair Manu Koenig called for a voice vote on the motion based on the staff recommendation: **Adopt the draft resolution (No. 2024-10) approving the single parcel annexation into the Santa Cruz County Sanitation District.**

MOTION: Justin Cummings
SECOND: Eduardo Montesino
FOR: Roger Anderson, Justin Cummings, Manu Koenig, Rachél Lather, Eduardo Montesino, and Allan Timms.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 6-0

5b. Final Budget for Fiscal Year 2024-25

Vice-Chair Manu Koenig requested staff to provide a presentation on the final budget for the upcoming fiscal year.

Executive Officer Joe Serrano informed the Commission that the draft budget for FY 2024-25 was adopted at the last regular meeting in April. Staff then distributed the adopted draft budget to the corresponding funding agencies for feedback and did not receive comments or concerns. Mr. Serrano informed the Commission that minor modifications were made to the proposed final budget to facilitate the hiring of a firm for auditing services in the near future. The proposed changes will ensure enough funding will be available to contract the desired services while maintaining a balanced budget for the upcoming year. Mr. Serrano recommended the Commission adopt the final budget for FY 2024-25.

Vice-Chair Manu Koenig requested comments or clarifying questions from the Commission.

Commissioner Roger Anderson stated that by his analysis there may be a shortfall in the proposed budget and inquired about both carryover funds and past reserve fund policy advice.

Executive Officer Joe Serrano explained that the proposed final budget is the most transparent budget to date and that the Comprehensive Quarterly Report serves as an opportunity to keep the Commission apprised on the budget's performance and to make adjustments if warranted. Additionally, Mr. Serrano stated that the reserve fund policies adopted by the Commission were developed with the purpose of distinguishing the use

of annual carryforward funds. Finally, Mr. Serrano reminded the Commission that they have the authority to review and modify the reserve fund policy. Mr. Anderson followed up with a question on advice previously given to LAFCO by the County regarding reserve funds and also inquired about the management of liabilities. Mr. Serrano could not comment on the past advice or speak on behalf of the County but mentioned that staff coordinated with LAFCO's legal counsel when developing the reserve balances. Staff will also continue to monitor the status of the budget and provide regular updates to the Commission.

Vice-Chair Manu Koenig requested public comments on the item.

Executive Officer Joe Serrano indicated that there was one request to address the Commission on the item.

Becky Steinbruner, member of the public, requested the Commission include in the proposed final budget funding to support the Scotts Valley Fire Protection District (SVFPD) in transitioning to district-based elections. If no action is taken by the Commission, Ms. Steinbruner stated she may pursue legal action.

Vice-Chair Manu Koenig had a clarifying question on how the "Aptos/La Selva and Central Fire Consolidation" addressed the transition to district-based elections.

Executive Officer Joe Serrano explained the transition to district-based elections was a mutual decision made by the affected agencies prior to taking formal action and LAFCO did not play a role post-consolidation. Mr. Koenig added that it is ultimately up to the respective agencies to pursue such courses of action but noted that upcoming fire reports and studies can provide further clarity on the status of fire protection services countywide.

Vice-Chair Manu Koenig closed public comments and called for a motion. **Commissioner Allan Timms** motioned for approval of staff recommendation and **Commissioner Eduardo Montesino** seconded the motion.

Vice-Chair Manu Koenig called for a voice vote on the motion based on the staff recommendation: **Adopt LAFCO Resolution (No. 2024-11) approving the final budget for Fiscal Year 2024-25, and authorizing staff to request the Auditor-Controller's Office to distribute the final budget and apportionment amounts to the funding agencies by July 2024.**

MOTION: Allan Timms

SECOND: Eduardo Montesino

FOR: Roger Anderson, Justin Cummings, Manu Koenig, Rachél Lather, Eduardo Montesino, and Allan Timms.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6. OTHER BUSINESS

Vice-Chair Manu Koenig indicated that there was one business item for Commission consideration today.

6a. Comprehensive Quarterly Report – Third Quarter (FY 2023-24)

Vice-Chair Manu Koenig requested staff to provide a presentation on the quarterly report.

Executive Officer Joe Serrano explained that the report is meant to keep the Commission informed about all LAFCO-related activities, including the status of active proposals, the schedule of upcoming service reviews, the current financial performance of LAFCO's adopted budget, and other projects. Mr. Serrano covered these areas and indicated that the third quarter ended with approximately 55% of anticipated expenses met and with approximately \$425,000 in reserves. Mr. Serrano added that a chart illustrating the actual and projected fund balance will be part of the quarterly report and presentation moving forward.

Vice-Chair Manu Koenig opened the floor for Commission discussion. **Commissioner Allan Timms** commended the staff on their hard work during the past quarter.

Vice-Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item. **Vice-Chair Manu Koenig** closed public comments.

Commissioner Roger Anderson inquired about the status of the Pajaro Valley Fire Protection District (PVFPD). **Executive Officer Joe Serrano** noted that after the failure of a benefit assessment election in March 2024, the PVFPD board analyzed its options at a special meeting and will pursue a new benefit assessment in November and consider annexing the fire district into CSA 48. Mr. Serrano mentioned that he, along with LAFCO's fire consultant, have been in coordination with the affected agencies and elected representatives to develop a long-term solution. Mr. Anderson followed up with a question regarding tracking fire agencies struggling financially. Mr. Serrano assured the Commission that staff is continually monitoring the financial status of fire agencies throughout the county.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Vice-Chair Manu Koenig inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** informed the Commission it had received a late correspondence from Becky Steinbruner regarding district-based elections for SVFPD. Mr. Serrano remarked that the transition to district-based elections was not a condition for approval set forth by LAFCO as part of the reorganization between the two fire agencies and noted that SVFPD itself had not made a formal request for financial assistance. Finally, Mr. Serrano reminded the Commission that matters pertaining to an election process are outside the purview of LAFCO law.

Vice-Chair Manu Koenig opened the floor for Commission discussion. **Commissioner Justin Cummings** explained that potentially providing financial assistance to fund demographers can become an expensive effort when considering all the public agencies in the county and should be the responsibility of the affected agency. **Executive Officer Joe Serrano** added that LAFCO has historically considered requests that are based on findings or recommendations made in their statutorily mandated service and sphere of influence reviews.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Vice-Chair Manu Koenig requested staff to provide a presentation on the press articles. **Executive Officer Joe Serrano** indicated that this item highlights LAFCO-related articles recently circulated in local newspapers.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Vice-Chair Manu Koenig inquired whether any Commissioner would like to share any information. Mr. Koenig indicated that there were no requests to share any information.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

10. ADJOURNMENT

Vice-Chair Manu Koenig adjourned the Regular Commission Meeting at 9:32 a.m. to the next regular LAFCO meeting scheduled for Wednesday, June 5, 2024 at 9:00 a.m.



JOHN HUNT, CHAIRPERSON

Attest:



JOE A. SERRANO, EXECUTIVE OFFICER