



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

ADOPTED MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, August 7, 2024

Start Time - 9:00 a.m.

1. ROLL CALL

Chair John Hunt called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:02 a.m. and welcomed everyone in attendance. He asked the staff to conduct a roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Manu Koenig (*Arrived at 9:04 a.m.*)
- Commissioner Rachél Lather
- Commissioner Eduardo Montesino
- Commissioner Allan Timms
- Alternate Commissioner Ed Banks
- Alternate Commissioner John Hunt (*Chair*)

The following LAFCO staff members were present:

- LAFCO Analyst, Francisco Estrada
- Legal Counsel, Joshua Nelson
- Executive Officer, Joe Serrano

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual Meeting Process

Executive Officer Joe 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.

Chair John Hunt moved on to the next agenda item.

3. ADOPTION OF MINUTES

Chair John Hunt requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comment on the item. **Chair John Hunt** closed public comments.

Chair John Hunt called for a motion. **Commissioner Allan Timms** motioned for approval of the June 5th Meeting Minutes and **Commissioner Jim Anderson** seconded the motion.

Chair John Hunt called for a voice vote on the approval of the draft minutes.

MOTION: Allan Timms

SECOND: Jim Anderson

FOR: Jim Anderson, Manu Koenig, Rachél Lather, Eduardo Montesino, and Allan Timms.

AGAINST: None

ABSTAIN: Roger Anderson

MOTION PASSES: 5-0-1

4. ORAL COMMUNICATIONS

Chair John Hunt requested public comments on any non-agenda items. **Executive Officer Joe Serrano** indicated that there were two requests to address the Commission on the item.

Laura Chatham, a member of the public, discussed the importance of local jurisdictions working collaboratively to establish a 24/7 walk-in shelter for houseless residents before the start of the upcoming winter season.

Becky Steinbruner, a member of the public, suggested LAFCO hold a community event that addresses countywide water issues every two years, conducted in partnership with local affected agencies. Ms. Steinbruner also discussed recent actions taken by the board of directors for the Scotts Valley Fire Protection District regarding the Branciforte fire station.

Chair John Hunt closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

Chair John Hunt indicated that there was one public hearing item for Commission consideration today.

5a. "Santa Cruz Port District Service & Sphere Review"

Chair John Hunt requested staff to provide a presentation on the draft service and sphere of influence review for the Santa Cruz Port District.

Executive Officer Joe Serrano informed the Commission that the last service and sphere of influence review conducted for the District occurred in 2019. In his presentation,

Mr. Serrano stated that the District is unique in that it offers services to any visitors to the port. The agency is considered to be financially sound as they rely on charge for services to fund their operations. Additionally, the District has maintained a multi-agency joint agreement with the City of Santa Cruz and the County since the 1990s, one that automatically renews each year. Mr. Serrano highlighted the fact that the District's website meets the highest standards set for robustness and transparency. Mr. Serrano recommended an amendment be made to the sphere of influence to include the entirety of the City of Santa Cruz. Mr. Serrano concluded his presentation by explaining the service and sphere of influence review is exempt from CEQA, the report is consistent with LAFCO law, and recommended adopting the draft resolution with its identified conditions. Finally, Mr. Serrano noted that LAFCO staff made a presentation and answered questions on the draft report at the July 23, 2024 Port District board meeting.

Chair John Hunt 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, a member of the public, inquired why the City of Capitola was not a part of the District. **Executive Officer Joe Serrano** explained that the District's principal act only allows one municipality to be part of the port district. As of today, the City of Santa Cruz meets that restriction. **Chair John Hunt** closed public comments.

Chair John Hunt requested comments or clarifying questions from the Commission. **Commissioner Roger Anderson** inquired about the population size of the area currently excluded from the District but within the city limits of Santa Cruz. **Executive Officer Joe Serrano** was unsure of the population size but noted that landowners within the City but excluded from the District includes UC Santa Cruz.

Chair John Hunt closed public comments and called for a motion. **Commissioner Jim Anderson** motioned for approval of staff recommendation and **Commissioner Eduardo Montesino** seconded the motion.

Chair John Hunt called for a voice vote on the motion based on the staff recommendation: **(1) Find the report to be exempt from CEQA, (2) Determine that the report fulfills the requirements under GCS 56425, (3) Determine that the report fulfills the requirements under GCS 56430, and (4) Adopt LAFCO Resolution (No. 2024-15) approving the 2024 Service and Sphere of Influence Review for the Santa Cruz Port District with the following conditions: (A) Amend the District's sphere of influence to include the previously excluded portions of the City of Santa Cruz; and (B) Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the District representatives and any other interested or affected parties, including but not limited to the County and the City of Santa Cruz.**

MOTION: Jim Anderson

SECOND: Eduardo Montesino

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6. OTHER BUSINESS

Chair John Hunt indicated that there were four business items for Commission consideration today.

6a. “Reclamation District No. 2049 Dissolution” – Protest Results

Chair John Hunt requested staff to provide a presentation on the results of the protest proceeding held from Monday, July 8 to Wednesday, July 31, 2024.

Executive Officer Joe Serrano reminded the Commission about their approval of the reclamation district dissolution during the June 5th LAFCO meeting. Per state law, LAFCO is then required to hold a protest proceeding and hearing to provide the affected residents with an opportunity to voice their opposition to the dissolution. LAFCO did not receive any protest petitions from the affected residents at the conclusion of the 24-day protest period. Once LAFCO coordinates with representatives from the successor agency and the reclamation district, the dissolution will be recorded and the District will cease to exist on that date. Mr. Serrano recommended adopting the draft minutes from the protest hearing and draft resolution certifying the protest period results.

Chair John Hunt requested public comments on the item. **Executive Officer Joe Serrano** noted no public comment on the item. **Chair John Hunt** closed public comments.

Chair John Hunt requested comments or clarifying questions from the Commission. **Executive Officer Joe Serrano** noted no requests for comments or clarifications from the Commission.

Chair John Hunt called for a motion. **Commissioner Allan Timms** motioned for approval of staff recommendation and **Vice-Chair Manu Koenig** seconded the motion.

Chair John Hunt called for a voice vote on the motion based on the staff recommendation: **Adopt the draft minutes from the July 31, 2024 Protest Hearing and draft resolution (No. 2024-16) certifying the protest period results.**

MOTION: Allan Timms

SECOND: Manu Koenig

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6b. AP Triton – Feasibility Study

Chair John Hunt requested staff to provide a presentation on the feasibility study evaluating the fiscal impacts of annexations involving fire districts’ sphere boundaries.

Executive Officer Joe Serrano began by explaining to the Commission that in October 2021, as part of the determinations made in the countywide fire service review, LAFCO

requested that the fire districts develop annexation plans based on their existing spheres. As a result of the responses, including Pajaro Valley Fire Protection District (PVFPD) submittal of an application to annex the entire area within their sphere, LAFCO hired AP Triton in August 2022 to conduct a feasibility study to determine the fiscal impact of any sphere-related annexation. Since the hiring of AP Triton in 2022, other developments in fire protection services have occurred, including the City of Santa Cruz and Central Fire District exploring a potential fire reorganization, Branciforte Fire Protection District being annexed into the SVFPD, PVFPD reducing its level of service due to insufficient funding, CSA 4 approving a new benefit assessment, and Felton Fire Protection District is currently negotiating a contract with CalFIRE.

The feasibility study produced by AP Triton concluded that the financial impact of sphere annexations would have minimal benefits to local fire districts but would destabilize CSA 48, which serves as a funding mechanism for the County to contract for countywide fire protection services in the unincorporated areas. Data from the study has also determined that the current structure of CSA 48 may be unsustainable and a potential governance reorganization warrants further exploration. Potential benefits of a reorganization that would convert CSA 48 into a standalone fire district includes increased representation, transparency, accountability, and financial sustainability. An independent district would also provide struggling fire districts with an option to consider in case their financial situations continue to deteriorate. In order to determine the viability of an independent fire district, Mr. Serrano recommended that LAFCO coordinate with the County and CalFIRE to produce a draft transition plan. This would be the first step in a multi-year process to determine the sustainability of an independent fire district providing efficient and reliable fire protection services to the residents currently within CSA 48.

Chair John Hunt requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were three requests to address the Commission on the item.

Michael Beaton, Director of General Services for the County of Santa Cruz, informed the Commission that the County recently developed a draft fire master plan that included a recommendation to consider new governance options. The Fire Department Advisory Commission also analyzed the governance structure of the CSA and will submit a recommendation to the Board of Supervisors to work with LAFCO and explore options.

Becky Steinbruner, a member of the public, suggested the Commission postpone action until September for additional time to review AP Triton's feasibility study.

Jeff Maxwell, Zayante Fire Protection District Fire Chief, inquired about the option of annexing CSA 48 into an existing agency. **Executive Officer Joe Serrano** informed the Commission that the suggestion could be an option, however, it is unlikely that any existing fire district is equipped to assume a large area based on LAFCO's findings from the 2021 fire report. Mr. Serrano reiterated that this is the preliminary step of a multi-year process to determine if this is the appropriate course of action for all the affected parties.

Charlie Eade, representative for CSA 4, informed the Commission that residents of the Pajaro Dunes had recently approved a higher benefit assessment for fire protection services and oppose a potential merger with PVFPD.

Chair John Hunt closed public comments and opened the floor for Commission discussion. **Commissioner Roger Anderson** commented that the feasibility study has typos throughout the document. Mr. Anderson also wanted to know how much staff time the transition plan would require. **Clay Stewart**, a representative from AP Triton, agreed to update the report and explained that developing a transition plan in-house is a priority, while **Executive Officer Joe Serrano** assured the Commission that the transition plan development should not affect staff's productivity.

Commissioner Eduardo Montesino noted that consideration of reorganizations and governance options are occurring more often throughout the county. **Executive Officer Joe Serrano** agreed and added that some fire districts are gradually realizing that they may need to consider alternative governance options for sustainability.

Commissioner Jim Anderson asked about CSA 48's total budget. **Michael Beaton**, Director of General Services for the County of Santa Cruz, mentioned that the budget is about \$6.8 million dollars with additional funding from the State. Mr. Anderson asked if CSA 48 was underfunded. Mr. Beaton stated that a special benefit was approved in FY 2019-20 and additional funding has allowed revenues and expenses to stay flat, mitigating a need for augmented funding from the County.

Commissioner Eduardo Montesino motioned for approval of staff recommendation and **Vice-Chair Manu Koenig** seconded the motion. **Chair John Hunt** asked **Commissioner Roger Anderson** about amending the motion to address his concerns. Mr. Anderson considered delaying action until the next meeting to better understand the objectives of the proposed in the study. **Vice-Chair Manu Koenig** reminded the public that although this was the preliminary step to a potential multi-year process, there is some urgency to move forward due to the financial situation of PVFPD. Mr. Koenig stated that the purpose of the transition plan is to explore improving the efficiency and management of the public service and expressed support for the recommended actions. **Executive Officer Joe Serrano** suggested that the Commission direct staff to provide an outline of the transition plan process at the next regular meeting for further discussion. **Commissioner Eduardo Montesino** amended his motion to include further direction to staff in developing an outline of the transition plan for consideration at the next meeting. **Vice-Chair Manu Koenig**, as the second motion, agreed with the amendment.

Chair John Hunt called for a voice vote on the motion based on the staff recommendation: **(1) Receive and file the feasibility study; and (2) Direct staff to coordinate with the County of Santa Cruz and CalFire to develop a transition plan to reorganize County Service Area 48 from a dependent special district to an independent fire protection district with the condition that staff return at the September regular meeting with an outline and timeline for the proposed plan.**

MOTION: Eduardo Montesino

SECOND: Manu Koenig

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6c. Grand Jury Report – LAFCO Response

Chair John Hunt requested staff to provide a presentation on the response letter to the Grand Jury’s report titled “Santa Cruz County Local Roads: *A smooth path through paradise or a hell of a road.*”

Executive Officer Joe Serrano explained that the Civil Grand Jury recently published a report detailing the current road conditions in unincorporated areas of the county. As part of their process, the Grand Jury has reached out to affected agencies, including LAFCO, to provide comments on their findings and recommendations. LAFCO staff has drafted a response letter to the Civil Grand Jury. In addition to the comment letter, LAFCO has also agreed to implement a recommendation from the report and conduct a service and sphere review for County Service Area 9, along with its corresponding zones, in March 2025. Mr. Serrano concluded by recommending approval of the draft comment letter and its submission prior to the September 3, 2024 deadline.

Chair John Hunt 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, a member of the public, expressed gratitude to the Civil Grand Jury for its recent report on road conditions in the unincorporated areas. Ms. Steinbruner recommended the County establish a webpage dedicated to providing financial information on CSA 9 and updates on the other CSAs.

Chair John Hunt closed public comments and opened the floor for Commission discussion. **Commissioner Jim Anderson** motioned for approval of staff recommendation and **Vice-Chair Manu Koenig** seconded the motion.

Chair John Hunt called for a voice vote on the motion based on the staff recommendation: **Approve the draft comments and direct the Executive Officer to distribute the attached comment letter to the Grand Jury before the September 3, 2024 deadline.**

MOTION: Jim Anderson

SECOND: Manu Koenig

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6d. CALAFCO Annual Conference

Chair John Hunt requested staff to provide an update on this year’s upcoming annual conference and the CALAFCO Board of Directors election process.

Executive Officer Joe Serrano reported that the next CALAFCO Annual Conference will take place in October and be hosted at the Tenaya Lodge in Yosemite. Two commissioners and two staff members are scheduled to attend the conference. Mr.

Serrano explained that the Commission will need to designate a regular and alternate voting member for the CALAFCO board election. Mr. Serrano also added that staff is nominating the Big Basin Water Company governance options report for an award. Finally, Mr. Serrano recommended approval of lodging and traveling expenses for a representative from the nonprofit Moonshot Missions to participate as a panelist on behalf of Santa Cruz LAFCO at the annual conference.

Chair John Hunt 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, a member of the public, spoke on the importance of assessing the state of private water systems in the County and expressed support for covering the costs of the Moonshot Missions representative.

Chair John Hunt closed public comments and opened the floor for Commission discussion. **Commissioner Roger Anderson** motioned for approval of staff recommendation, nominated Jim Anderson as a regular voting delegate, and encouraged other Commissioners to attend the annual conference. **Commissioner Rachél Lather** seconded the motion.

Chair John Hunt called for a voice vote on the motion based on the staff recommendation: **(1) Designate Jim Anderson as the Regular Voting Delegate and Roger Anderson as the Alternate Voting Delegate for the upcoming election; (2) Approve the proposed nomination for the Mike Gotch Excellence In Public Service Award; and (3) Approve covering traveling expenses for Moonshot Missions' representative to participate in a breakout session on behalf of Santa Cruz LAFCO at the upcoming CALAFCO Annual Conference.**

MOTION: Roger Anderson

SECOND: Rachél Lather

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6e. Comprehensive Quarterly Report – Fourth Quarter (FY 2023-24)

Chair John Hunt 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 during the final quarter of FY 2023-24.

Chair John Hunt requested public comments on the item. **Executive Officer Joe Serrano** noted no public comment on the item. **Chair John Hunt** closed public comments.

Chair John Hunt moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Chair John Hunt inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** informed the Commission it had received correspondence from LAFCO's new auditors, Davis Farr LLC. The letters outline the upcoming audit process.

Chair John Hunt moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Chair John Hunt 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.

Chair John Hunt moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Chair John Hunt inquired whether any Commissioner would like to share any information. **Executive Officer Joe Serrano** indicated that there were no requests to share any information.

Chair John Hunt moved to the next item since no Commission action was required.


10. ADJOURNMENT

Chair John Hunt adjourned the Regular Commission Meeting at 10:20 a.m. to the next regular LAFCO meeting scheduled for Wednesday, September 4, 2024 at 9:00 a.m.



JOHN HUNT, CHAIRPERSON

Attest:



JOE A. SERRANO, EXECUTIVE OFFICER