



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

ADOPTED MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, October 1, 2025
Start Time - 9:00 a.m.

1. ROLL CALL

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 staff to conduct the roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Joe Clarke
- Commissioner Justin Cummings
- Commissioner Manu Koenig (*Chair*)
- Commissioner Rachél Lather (*Vice Chair*)
- Commissioner Eduardo Montesino (*remotely, arrived at 9:02 a.m.*)
- Alternate Commissioner Lani Faulkner
- Alternate Commissioner John Hunt

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 welcomed everyone to the City of Scotts Valley chambers and 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.

Commissioner Eduardo Montesino noted that he was attending the meeting remotely in accordance with AB 2449 and **Executive Officer Joe Serrano** indicated that any commission action will require a roll call vote.

Finally, **Executive Officer Joe Serrano** discussed the recent formation of a local chapter under California Special Districts Association (CSDA) and the appointment of **Commissioner Rachél Lather** as its first Chapter President.

Chair Manu Koenig moved on to the next agenda item.

3. ADOPTION OF MINUTES

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

Chair Manu Koenig called for a motion. **Commissioner Roger Anderson** motioned for approval of the September 3rd Meeting Minutes and **Commissioner Jim Anderson** seconded the motion.

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

MOTION: Roger Anderson

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, and Eduardo Montesino.

AGAINST: None

ABSTAIN: Manu Koenig and Rachél Lather.

MOTION PASSES: 5-0-2

4. ORAL COMMUNICATIONS

Chair Manu Koenig requested public comments on any non-agenda items. **Executive Officer Joe Serrano** indicated that there was a request to address the Commission.

Becky Steinbruner, a member of the public, provided updates and comments on recent actions taken by the Felton Fire Protection Department (FFPD).

Chair Manu Koenig closed public comment and moved on to the next agenda item.

5. PUBLIC HEARINGS

5a. "Hawks Peak Road/Mark Doyle Extraterritorial Service Agreement"

Chair Manu Koenig requested staff to provide a presentation on the proposed extraterritorial service agreement (ESA) request for a single parcel to receive sewer service from the Santa Cruz County Sanitation District (SCCSD) under Government Code Section 56133.

Executive Officer Joe Serrano provided the Commission with an explanation of the rationale and justification behind the request made by a landowner (Doyle Family) to

receive sewer service from the County. Executive Officer Serrano indicated that the ESA request is a precursor to future annexation into the district and also meets the Commission's adopted policies. Executive Officer Serrano recommended adoption of the draft resolution (No. 2025-10) approving the proposed ESA.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions. There were no requests from the Commission.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was a request to address the Commission.

Becky Steinbruner, a member of the public, had questions regarding the environmental review and the timeline for the project. **Executive Officer Joe Serrano** provided additional information on the proposed ESA and the LAFCO process.

Chair Manu Koenig closed public comment and requested a motion approving staff recommendation. **Commissioner Rachél Lather** made the motion and **Commissioner Jim Anderson** seconded the motion.

Chair Manu Koenig called for a voice vote on staff recommendation: **Adopt the draft resolution (No. 2025-10) approving the extraterritorial service agreement involving the Santa Cruz County Sanitation District for sewer services.**

MOTION: Rachél Lather

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

5b. "Comprehensive Sanitation Service & Sphere Review"

Chair Manu Koenig requested staff to provide a presentation on the draft service and sphere of influence review for 10 sanitation districts.

Executive Officer Joe Serrano explained to the Commission that the comprehensive sanitation service and sphere review analyzed ten sanitation districts, eight of which are managed by Santa Cruz County (County). Additionally, staff conducted a financial analysis for each sanitation district, assessed transparency benchmarks, and made sphere amendment recommendations to address inconsistencies for certain sanitation districts throughout the county. Finally, staff recommended adoption of the draft resolution (No. 2025-11) approving the 2025 Comprehensive Sanitation Service and Sphere Review, with its terms and conditions.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions. **Commissioner Rachél Lather** provided comments and questions regarding financial and rate information from the sanitation service and sphere review. **Executive Officer Joe Serrano** noted the importance of the service and sphere review process to see

historical trends and the financial performance of the district over a period of six years. Executive Officer Serrano also stated that LAFCO and County staff worked together on the accuracy of the financial statements provided in the report.

Commissioner Lani Faulkner inquired about a parcel in the Davenport County Sanitation District. **Executive Officer Joe Serrano** stated that it receives sewer and water services through an ESA. Commissioner Faulkner also asked about areas outside the SCCSD sphere receiving services. Executive Officer Serrano mentioned that SCCSD is the only agency capable of providing services in these areas.

Commissioner Justin Cummings asked about annexing surrounding areas around SCCSD that are inconsistent or islands. **Executive Officer Joe Serrano** explained that the County is working to address these inconsistencies, however, the County is still conducting an internal review before submitting an application with LAFCO.

Commissioner Roger Anderson asked how many sanitation districts are operated by the County. **Executive Officer Joe Serrano** clarified that most struggling districts are under the umbrella of the County and noted that each district does not currently have their own capital improvement plan. Commissioner Anderson asked about the capital improvement plan created by the County. Executive Officer Serrano stated that having a plan for each sanitation district would be beneficial to prepare for future projects pertaining to each individual sewer agency. Commissioner Anderson suggested creating a committee to further study the financial analysis provided in the service and sphere review.

Commissioner Rachél Lather inquired how expenses are calculated and reported and asked if the report can be refined to provide additional clarity. **Executive Officer Joe Serrano** stated that the information found in the report is based on published financial audited statements and direct input from the County.

Chair Manu Koenig asked about conversations held with County staff on the audited financial statements. **Executive Officer Joe Serrano** provided a timeline for the service and sphere review process, including meetings with County staff.

Commissioner John Hunt had a question about the cost for treatment services for certain sanitation districts. **Executive Officer Joe Serrano** explained how those issues are managed through third party contracts. **Commissioner Rachél Lather** added information on how some districts account for treatment service financial information in their budget.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were four requests to address the Commission.

Becky Steinbruner, a member of the public, provided comments on the Salsipuedes Sanitary District, Rolling Green Estates, CSA 20, and requested a public hearing from the County.

CDI Senior Civil Engineer Ashely Trujillo, explained the process the County and LAFCO staff used to review the financial data provided, explained how the County works to balance rates changes and capital improvement projects for all the sanitation districts,

how the County plans and manages capital improvement projects for each district, public hearings for CPI changes, and on potential annexations for SCCSD in the future.

Commissioner Rachél Lather asked about the last Proposition 218 process held. **CDI Senior Civil Engineer Ashely Trujillo** stated that a public hearing is held by the County each year. Commissioner Lather asked about CSA 2 and CSA 7. Ms. Trujillo provided information on the projects for each CSA and how rates are determined on a yearly basis.

Jed Wilson, County Fire Chief, provided comments on the service and sphere review, specifically in regard to CSA 7.

Bruce Holloway, a member of the public, spoke on the distinct processes associated with Proposition 218.

Chair Manu Koenig closed public comment and requested a motion from the Commission. **Commissioner Roger Anderson** moved to defer adoption of the service and sphere review and establish an ad hoc committee authorized to further clarify the financial analysis in the service and sphere review and **Commissioner Jim Anderson** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **(A) Defer adoption of the Comprehensive Sanitation Service and Sphere Review; (B) Create an ad hoc committee consisting of Commissioner Cummings, Vice Chair Lather, and Chair Koenig to work with staff on the financial analysis, and (C) Present a revised draft of the municipal service review for Commission consideration in February 2026.**

MOTION: Roger Anderson

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

6. OTHER BUSINESS

6a. Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board – District Seat Vacancies

Chair Manu Koenig requested staff to provide a presentation on certifying the district representative appointments on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board.

Executive Officer Joe Serrano provided background information on the purpose and activities of the Santa Cruz Consolidated Redevelopment Successor Agency Oversight Board. LAFCO coordinates with the Independent Special Districts Committee to address vacancies on the board. In the second attempt, John Previsich (Central Water District) and Commissioner Lani Faulkner (Central Fire District) were appointed to the regular member and alternate member seats on the board, respectively.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. There were no requests from the Commission.

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

Chair Manu Koenig closed public comment and requested a motion approving staff recommendation. **Commissioner Rachél Lather** motioned to approve staff recommendation and **Commissioner Roger Anderson** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **Adopt the draft resolution (No. 2025-12) certifying the results of the appointment process.**

MOTION: Rachél Lather

SECOND: Roger Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

Commissioner Eduardo Montesino left the meeting at 10:25 a.m.

6b. Pajaro Valley Health Care District Apportionment Waiver Request

Chair Manu Koenig requested staff to provide a presentation to consider a request from the Pajaro Valley Health Care District (PVHCD) board to waive their allocation payment to LAFCO for Fiscal Year 2025-26.

Executive Officer Joe Serrano informed the Commission that staff received a request from the PVHCD requesting a waiver on their annual allocation payment to LAFCO. This is the first year the District was subject to the apportionment process, but due to budget restraints brought on by recent changes to federal law, the District is requesting the Commission waive this year's allocation payment to LAFCO. The District is working to address their financial situation for the upcoming fiscal year and laid out potential alternative pathways forward.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. **Commissioner Jim Anderson** asked about LAFCO's financial standing. **Executive Officer Joe Serrano** clarified that the request will not adversely affect LAFCO's finances since it is only less than half of one percent of LAFCO's entire allocation amount (\$610.17).

Commissioner Roger Anderson spoke on the potential precedent that may be set by this action. **Executive Officer Joe Serrano** requested direction from the Commission on this unique request. **Allyson Violante**, Director of PVHCD Government Community Relations, explained what actions the District has taken to address their current financial situation, provided information on their long-term financial outlook, and why the waiver is only needed for this fiscal year.

Commissioner John Hunt spoke on the unprecedented nature of the challenges faced by the District and why this was not a normal request.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was a request to address the Commission.

Becky Steinbruner, a member of the public, commented on the precedent being set by the request for other struggling districts and inquired about the effects of the cyber-attack.

Chair Manu Koenig requested a motion. **Commissioner Justin Cummings** made a motion to approve the staff recommendation and **Commissioner Jim Anderson** seconded the motion.

Commissioner Roger Anderson inquired about the legal authority from the Commission to waive the allocation payment. **Legal Counsel Joshua Nelson** clarified that it is within the discretion of the Commission.

Commissioner Rachél Lather made a substitute motion to defer payment and combine it with the allocation payment scheduled for the next fiscal year. The motion was seconded by **Commissioner Roger Anderson**.

Commissioner Justin Cummings asked for clarification on the allocation payment. **Executive Officer Joe Serrano** explained that the allocation payment for this year will be added to the amount for the next fiscal year. Commissioner Cummings requested an update on the issue sometime in 2026. Executive Officer Serrano also mentioned that a policy will be developed to provide future guidance for similar future requests.

Allyson Violante, Director of PVHCD Government Community Relations, provided financial projections for the next fiscal year. **Commissioner Justin Cummings** spoke on the importance of providing flexibility to local special districts with uncertainty at the federal level. **Commissioner Roger Anderson** asked about other financial contributions to the PVCHD. Allyson Violante explained the current accounts payable situation for the hospital and the need for the forbearance request.

Chair Manu Koenig called for voice vote on the motion: **(A) Defer allocation payment for the PVHCD to Fiscal Year 2026-27; and (B) Direct staff to develop a policy for future requests.**

MOTION: Rachél Lather

SECOND: Roger Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6c. Policies & Procedures Handbook – Proposed Amendments

Chair Manu Koenig requested staff to provide a presentation to consider amendments to the comprehensive handbook detailing all the current policies and procedures.

Executive Officer Joe Serrano explained to the Commission that staff updated the Policies & Procedures Handbook with grammatical and minor non-substantial amendments.

Chair Manu Koenig opened the floor for Commission comments or clarifying questions. **Commissioner Roger Anderson** asked if LAFCO's legal counsel reviewed the proposed changes. **Executive Officer Joe Serrano** indicated that legal counsel reviewed the proposed changes. Commissioner Anderson requested a hard copy of the manual.

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

Chair Manu Koenig closed public comment and requested a motion approving staff recommendation. **Commissioner Roger Anderson** made a motion and **Commissioner Jim Anderson** seconded the motion.

MOTION: Roger Anderson

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6d. Fire-Related Projects – Status Update

Chair Manu Koenig requested staff to provide an update on the ongoing reorganization efforts involving CSA 48 and other fire agencies.

Executive Officer Joe Serrano provided an update on the ongoing fire-related projects for the Reorganization of CSA 48, FFPD, PVFPD, and on the fire memorandum of understanding.

Chair Manu Koenig opened the floor for Commission comments or clarifying questions. There were no requests from the Commission.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were two requests to address the Commission.

Bruce Holloway, a member of the public, provided Proposition 218 clarification regarding the FFPD effort.

Becky Steinbruner, a member of the public, asked about the potential timeline for the CSA 48 reorganization, commented on clarifying comments made on Proposition 218, and spoke on actions taken at the recent FFPD board meeting.

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

7. WRITTEN CORRESPONDENCE

Chair Manu Koenig inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that no written correspondence had been submitted.

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

8. PRESS ARTICLES

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.

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

9. COMMISSIONERS' BUSINESS

Chair Manu Koenig inquired whether any Commissioner would like to share any information. There were no requests from the Commission.

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

10. ADJOURNMENT

Chair Manu Koenig adjourned the Regular Commission Meeting at 10:52 a.m. for the next regular LAFCO meeting scheduled for Wednesday, November 5, 2025 at 9:00 a.m. in the Watsonville City Council Chambers.

 11/10/25

MANU KOENIG, CHAIRPERSON

Attest:



FRANCISCO ESTRADA, LAFCO ANALYST