



## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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### ADOPTED MINUTES

#### LAFCO REGULAR MEETING AGENDA

**Wednesday, November 5, 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 9:04 a.m. and welcomed everyone in attendance. He asked staff to conduct a 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 (*arrived at 9:34 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 Watsonville 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.

Additionally, Executive Officer Serrano reported on the CALAFCO Annual Conference and spoke on the upcoming city seat appointments for the LAFCO Commission in 2026.

**Commissioner Roger Anderson** provided comments on his experience at the CALAFCO Annual Conference.

**Commissioner John Hunt** provided comments on the appointment of Commissioner Roger Anderson and Executive Officer Joe Serrano to the CALAFCO Board of Directors.

**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 October 1st 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, Manu Koenig, and Rachél Lather.**  
**AGAINST:** **None**  
**ABSTAIN:** **None**

**MOTION PASSES: 6-0**

### **4. ORAL COMMUNICATIONS**

**Chair Manu Koenig** requested public comments on any non-agenda items. **Executive Officer Joe Serrano** noted no public comment on the item.

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

### **5. PUBLIC HEARINGS**

#### **5a. "Pajaro Valley Health Care District and Sphere Review"**

**Chair Manu Koenig** requested staff to provide a presentation on the draft service and sphere of influence review for the sole healthcare district in Santa Cruz County.

**Executive Officer Joe Serrano** provided an overview of the District and explained the purpose for its formation. The District serves over 93,000 residents living within the service area encompassing two neighboring counties, with Santa Cruz LAFCO acting as the Principal LAFCO. Staff considers the financial health of the agency to be "distressed" due to its fiscal struggles since its inception despite their significant progress over the last few years. Executive Officer Serrano noted the District is operating and adhering to transparency benchmarks and recommended expanding the current sphere to include an unrepresented area. Finally, it was recommended to adopt draft resolution No. 2025-14 approving the service review with several conditions.

**Chair Manu Koenig** opened the floor to Commission comments or clarifying questions. **Commissioner John Hunt** inquired about Senate Bill 418. **Executive Officer Joe Serrano** explained the purpose of providing annual reports to LAFCO.

**Commissioner Jim Anderson** inquired about additional revenue related to potential annexations. **Executive Officer Joe Serrano** stated that it would depend on a case-by-case basis. Commissioner Anderson asked a follow-up question on the profitability of health care districts. Executive Officer Serrano explained the revenue challenges experienced by struggling health care districts across the state.

**Commissioner Justin Cummings** noted the improving conditions under the new health care district administration and spoke on the need to support its success and longevity. **Executive Officer Joe Serrano** agreed and stated that LAFCO wants to be part of the solution after years of failed private ownership.

**Commissioner Rachél Lather** inquired about the locations and demographics for struggling health care districts throughout the state. **Executive Officer Joe Serrano** explained that he did not have specifics but added that those factors may contribute to the long-term financial outlook for any health care district.

**Commissioner Roger Anderson** asked about a potential supporting role for UC Santa Cruz. **Executive Officer Joe Serrano** clarified that reaching out can be added as a recommendation.

**Commissioner John Hunt** inquired about the proposed annexation area. **Executive Officer Joe Serrano** provided a description of the area which is located in the southeast portion of Santa Cruz County bordering the Counties of San Benito and Santa Clara.

**Commissioner Lani Faulkner** agreed with Roger Anderson's comment regarding UC Santa Cruz and commented on the financial standing of health care districts in California.

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

**Allyson Violante**, Director of PVHCD Government Community Relations, spoke on the importance of the community hospital to the region, explained the financial outlook for the health care district and efforts to establish new partnerships to address sustainability.

**Becky Steinbruner**, a member of the public, spoke on her experience at Watsonville Community Hospital and provided suggestions regarding revenues, district boundaries, and potential partnerships.

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

**Chair Manu Koenig** called for a voice vote on staff recommendation: **Adopt the draft resolution (No. 2025-14) approving the 2025 Service and Sphere Review for the healthcare district with its identified conditions.**

**MOTION:** Justin Cummings  
**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**

## **6. OTHER BUSINESS**

### **6a. LAFCO Meeting Schedule (2026 Calendar Year)**

**Chair Manu Koenig** requested staff to provide a presentation on next year's meeting schedule.

**Executive Officer Joe Serrano** provided an explanation for the proposed 2026 meeting schedule. One thing to note is the ongoing renovations to the Board of Supervisors chambers which will continue into early next year.

**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 a request to address the Commission.

**Becky Steinbruner**, a member of the public, provided comments on the proposed schedule of meetings for 2026.

**Chair Manu Koenig** closed public comment and requested a motion approving staff recommendation. **Commissioner Eduardo Montesino** motioned to approve staff recommendation and **Commissioner Justin Cummings** seconded the motion.

**Chair Manu Koenig** called for a voice vote on the motion: **Adopt the meeting schedule for the 2026 calendar year.**

**MOTION:** Eduardo Montesino  
**SECOND:** Justin Cummings  
**FOR:** Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings, Manu Koenig, Rachél Lather, and Eduardo Montesino.  
**AGAINST:** None  
**ABSTAIN:** None

**MOTION PASSES: 7-0**

### **6b. 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 updates on various fire-related projects including but not limited to the following items. Executive Officer Serrano informed the Commission that the application submitted by the Pajaro Valley Fire Protection District to dissolve and concurrently annex the service area into County Service Area 48 (CSA 48) is underway but still in the preliminary stage of the LAFCO process. A parallel yet separate reorganization involving the conversion of CSA 48 into an independent special district has slowed down due to turnover in County leadership. A proposed MOU between Central Fire District, the City of Santa Cruz, and Scotts Valley Fire Protection District did not move forward, but staff from all agencies continue to meet to explore potential alternatives. The upcoming countywide fire report, which is scheduled to be published in June 2026, will provide the Commission with an opportunity to make appropriate recommendations. Finally, the Felton Fire Protection District (FFPD) has decided to focus on a potential benefit assessment and/or parcel tax to remain as a standalone agency and discontinued its efforts to explore any reorganization effort until June 2026.

**Chair Manu Koenig** opened the floor to Commission comments or clarifying questions on the item. **Commissioner Jim Anderson** provided clarification on a potential funding mechanism for Felton FPD.

**Commissioner Lani Faulkner** had questions about fire coverage for the PVFPD service area and on the potential fiscal impact of the proposed CSA 48 reorganization. **Executive Officer Joe Serrano** stated that a transition in fire service would not be difficult between PVFPD and CSA 48 since both contract with CAL FIRE for administrative support and fire protection.

**Commissioner Eduardo Montesino** inquired about further consolidation or collaboration between fire agencies throughout the County. **Executive Officer Joe Serrano** discussed shared service opportunities throughout the County and the importance of holding conversations that can later lead to exploring other governance options including but not limited to reorganizations or consolidations. Executive Officer Serrano stated that all affected parties must agree for any proposed changes in organization to occur but said he aims to have LAFCO at the table.

**Commissioner Roger Anderson** asked about timelines for each project. **Executive Officer Joe Serrano** stated that staff will provide timelines for the next fire-related update.

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

**Becky Steinbruner**, a member of the public, commented on shared services between fire agencies, on fire service for the proposed battery storage facility on Minto Road, and the MOU between the City of Watsonville and PVFPD.

**Ilo Nielson**, a member of the public, spoke on her participation with the Felton Citizen's Fire Group and requested a feasibility study to consider the proposed reorganization options for FFPD.

**Timothy Litgate**, a member of the public, commented on a feasibility study to consider the governance options for the FFPD.

**Jason Nee**, Central Fire District Fire Chief, provided clarity on joint dispatch services in the County and on existing shared services with partner agencies countywide.

**Rich Alter**, a member of the public, asked about a potential feasibility study for FFPD.

**Liz Taylor-Selling**, a member of the public, spoke in favor of a feasibility study and informed the Commission of other fire-related meetings occurring at the same time.

**Executive Officer Joe Serrano** provided clarity regarding meeting held with the Felton Fire Citizen's Group and LAFCO's effort to spearhead a feasibility study with cooperation with FFPD, however, he noted that the District has decided to discontinue its efforts to explore reorganization options which limits LAFCO's ability to provide assistance.

**Chair Manu Koenig** closed public comments. **Commissioner Jim Anderson** provided clarification on meetings with PVFPD and SCI Consulting Group.

**Commissioner Lani Faulkner** agreed with Chief Jason Nee's comments regarding culture and politics when considering changes of reorganization.

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

#### **6c. Comprehensive Quarterly Report – First Quarter (FY 2025-26)**

**Chair Manu Koenig** requested staff to provide an update on all staff activities.

**LAFCO Analyst Francisco Estrada** noted that this 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. Estrada addressed these areas, highlighted meetings held and reported that approximately 21% of the Commission's anticipated annual expenditures had been incurred during the first three months of the fiscal year, reflecting a favorable budgetary position.

**Chair Manu Koenig** opened the floor to Commission comments or clarifying questions on the item. **Commissioner Justin Cummings** inquired about the shared services agreement with Monterey LAFCO. **Executive Officer Joe Serrano** provided an update on Monterey LAFCO's search for a new staff member. **LAFCO Analyst Francisco Estrada** provided details on his experience with Monterey LAFCO and indicated that our assistance under the agreement will end by December 2025.

**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, inquired about a proposed countywide mosquito-vector district. **Executive Officer Joe Serrano** stated that LAFCO had not received an application for such a proposal.

**Chair Manu Koenig** closed public comments and moved to the next item since no Commission action was required.

#### **6d. Legislative Update**

**LAFCO Analyst Francisco Estrada** provided the Commission with a final update on the state legislative session and on proposed LAFCO-related bills being tracked by staff.

**Chair Manu Koenig** opened the floor to Commission comments or clarifying questions on the item. **Commissioner Rachél Lather** inquired about Davenport Sanitation District. **Executive Officer Joe Serrano** clarified that the sanitation district was not connected to any specific bill.

**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 two written correspondences had been submitted.

One correspondence was regarding Carlos Palacios' Retirement Party and the second was a copy of CALAFCO's statewide magazine known as The Sphere.

**Chair Manu Koenig** opened the floor to Commission comments or clarifying questions on the item. **Commissioner Roger Anderson** requested a copy of the letter submitted by the Felton Citizen's Fire Group.

**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.

**Commissioner Rachél Lather** inquired about a timeline for the comprehensive sanitation municipal service review ad-hoc group. **Executive Officer Joe Serrano** provided details on the process.

**Commissioner Eduardo Montesino** provided comments on his experience at the CALAFCO Annual Conference in San Diego.

**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, February 4, 2026 at 9:00 a.m. in the Watsonville City Chambers.

  
MANU KOENIG CHAIRPERSON

Attest:

  
FRANCISCO ESTRADA, LAFCO ANALYST