



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

ADOPTED MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, April 1, 2026

Start Time - 9:00 a.m.

1. ROLL CALL

Chair Rachél Lather 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. She asked staff to conduct a roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Joe Clarke (*Vice-Chair*)
- Commissioner Justin Cummings
- Commissioner Fred Keeley
- Commissioner Manu Koenig (*arrived at 9:05 a.m.*)
- Commissioner Rachél Lather (*Chair*)
- Alternate Commissioner Lani Faulkner (*arrived at 9:09 a.m.*)
- Alternate Commissioner John Hunt

Alternate Commissioner John Hunt will be a voting member on behalf of Commissioner Roger Anderson (Public).

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 Watsonville City 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.

Chair Rachél Lather moved on to the next agenda item.

3. ADOPTION OF MINUTES

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

Chair Rachél Lather called for a motion. **Commissioner Fred Keeley** motioned for approval of the March 4th Meeting Minutes and **Commissioner Joe Clarke** seconded the motion.

Chair Rachél Lather called for a voice vote on the approval of the draft minutes.

MOTION: Fred Keeley

SECOND: Joe Clarke

FOR: Jim Anderson, Joe Clarke, Justin Cummings, John Hunt, Fred Keeley, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

4. ORAL COMMUNICATIONS

Chair Rachél Lather requested public comments on any non-agenda items. **Executive Officer Joe Serrano** noted a request to provide public comment.

Becky Steinbruner, a member of the public, provided comments on the City of Watsonville regarding its 2050 General Plan Update, municipal airport, and the service review completed in 2023.

Chair Rachél Lather closed public comment and moved on to the next agenda item.

5. PUBLIC HEARINGS

5a. Draft Budget for Fiscal Year 2026-27

Chair Rachél Lather requested staff to provide a presentation to consider the adoption of a draft budget for the upcoming year.

Executive Officer Joe Serrano explained to the Commission that the proposed budget is less than 1% more than the previous year. Apportionment amounts for member agencies are expected to remain the same, but LAFCO staff have worked to successfully reduce total expenditures in recent years. Executive Officer Serrano recommended the Commission adopt the draft resolution approving the budget for the upcoming fiscal year.

Chair Rachél Lather 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 financial assistance for service review recommendations made by LAFCO and about professional services expenditures.

Executive Officer Joe Serrano added information on funding for professional services for the next fiscal year and noted the two active professional service contracts.

Chair Rachél Lather closed public comments and opened the floor to Commission comments or clarifying questions. **Commissioner Fred Keeley** asked a clarifying question on decreasing expenditures. **Executive Officer Joe Serrano** explained how staff adjusts the use of revenues each year and noted that reserve funds are used to balance the subsequent year's budget while apportionment amounts have been increased on a gradual scale for member agencies.

Chair Rachél Lather inquired about completing LAFCO-related projects in-house. **Executive Officer Joe Serrano** explained how staff have taken on added responsibilities and decreased the need for outside consultants. Chair Lather asked about reserves. Executive Officer Serrano explained the purpose of the two reserve funds, contingency and litigation.

Commissioner Manu Koenig made the motion to adopt the draft budget for the upcoming year, and **Commissioner Jim Anderson** seconded the motion.

Commissioner John Hunt asked for feedback from the member agencies about the budget projections. **Executive Officer Joe Serrano** explained the three-year projections are meant to be a planning tool and are subject to change when budgets are prepared each fiscal year. Commissioner Hunt had a follow-up question on proposed apportionment amounts. Executive Officer Serrano stated that staff have been mindful of the financial needs of member agencies.

Commissioner Jim Anderson provided comments on increasing apportionment amounts. **Chair Rachél Lather** spoke on the importance of maintaining healthy reserve funds.

Chair Rachél Lather called for a voice vote on staff recommendation: **Adopt the draft resolution (No. 2026-05) approving the draft budget for Fiscal Year 2026-27 with its identified conditions.**

MOTION: Manu Koenig

SECOND: Jim Anderson

FOR: Jim Anderson, Joe Clarke, Justin Cummings, John Hunt, Fred Keeley, Manu Koenig, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

6. OTHER BUSINESS

6a. Pajaro Valley Health Care District Annual Report

Chair Rachél Lather requested staff to provide an update on the healthcare district outlining their opportunities and challenges as the newest special district in Santa Cruz County.

Executive Officer Joe Serrano reminded the Commission that the Pajaro Valley Health Care District (PVHCD) is required to provide regular updates on their financial situation to LAFCO as part of their recent service review and expressed continued concern for its long-term sustainability.

Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** noted a request to address the Commission.

Becky Steinbruner, a member of the public, expressed concern for the District's financial position and provided comments on an article regarding property tax assessment errors made by the County.

Chair Rachél Lather closed public comment and opened the floor to Commission comments or clarifying questions. **Commissioner Fred Keeley** asked for clarification regarding LAFCO's role in supporting the health care district. **Executive Officer Joe Serrano** provided background information on the creation of PVHCD and the role of LAFCO as the agency with purview over it. Commissioner Keeley followed up with a question on supporting the success of the district. Executive Officer Serrano explained that LAFCO is focused on ensuring constituents receive the best level of service.

Commissioner Jim Anderson commented on PVHCD's improving financial performance. **Executive Officer Joe Serrano** agreed with the comments but also stated that the District's financial obstacles are significant. Commissioner Anderson added details on the district's anticipated revenues to be collected.

Commissioner John Hunt had a question about the cyber-attack on PVHCD. **Executive Officer Joe Serrano** did not have specific details about the recent online attack but will defer to the District when they provide an update to the commission in June.

Chair Rachél Lather requested a motion from the Commission. **Commissioner Justin Cummings** motioned to approve staff recommendation and **Commissioner Jim Anderson** seconded the motion. **Chair Rachél Lather** called for a voice vote on the motion: **Receive and file the 2026 PVHCD Annual Report.**

MOTION: Justin Cummings

SECOND: Jim Anderson

FOR: Jim Anderson, Joe Clarke, Justin Cummings, John Hunt, Fred Keeley, Manu Koenig, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

6b. Fiscal Year End Audit Report (FY 2024-25)

Chair Rachél Lather requested staff to provide a presentation on the audited financial statements drafted by Davis Farr, LLP.

Executive Officer Joe Serrano explained to the Commission that Santa Cruz LAFCO joined with other LAFCOs in 2024 to search for an auditing firm and ultimately hired Davis Farr, LLP as Santa Cruz LAFCO's new auditor. Mr. Serrano then introduced **Shannon Ayala**, auditor for Davis Farr, LLP, who summarized the key findings from LAFCO's second of six contracted independent audits. Ms. Ayala shared with the Commission the responsibilities of the auditor and stated that their findings are meant to provide reasonable assurances to the Commission, not absolute. Ms. Ayala went on to explain the process and timeline for the standard auditing process, spoke about areas of audit focus, and how their team performed a review of recently implemented governmental accounting standards. The culmination of their work is the independent auditor's report and the internal control letter, which is meant to address any material deficiencies, which there were none for Santa Cruz LAFCO.

Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** noted no request to address the Commission.

Chair Rachél Lather closed public comment and noted no requests from the Commission to provide comments or ask clarifying questions. **Commissioner Jim Anderson** motioned to approve staff recommendation and **Commissioner Manu Koenig** seconded the motion.

Chair Rachél Lather called for a voice vote on the motion: **Adopt the audit for Fiscal Year 2024-25.**

MOTION: Jim Anderson

SECOND: Manu Koenig

FOR: Jim Anderson, Joe Clarke, Justin Cummings, John Hunt, Fred Keeley, Manu Koenig, and Rachél Lather.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

6c. Employee Performance Evaluation

Chair Rachél Lather requested staff to provide a presentation on adjusting staff's salary based on their annual performance evaluation.

Executive Officer Joe Serrano indicated that the proposed resolution reflects the comments and requests made by the Commission during their last closed session meeting in March regarding staff's performance evaluation for the 2025 calendar year.

Chair Rachél Lather 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 LAFCO's staff and their performance during the past year.

Chair Rachél Lather closed public comments and opened the floor to Commission comments or clarifying questions. **Commissioner Lani Faulkner** provided comments on the performance of LAFCO staff. **Commissioner Justin Cummings** also provided comments on the quality of work produced by LAFCO staff.

Chair Rachél Lather added comments on the Personnel Committee process and requested a motion approving staff recommendation. **Commissioner Jim Anderson** motioned for approval of staff recommendation and **Commissioner Justin Cummings** seconded the motion.

Chair Rachél Lather called for a voice vote on the motion: **Adopt the draft resolution (No. 2026-06) approving the salary adjustment for LAFCO's Executive Officer and Analyst.**

MOTION: Jim Anderson
SECOND: Justin Cummings
FOR: Jim Anderson, Joe Clarke, Justin Cummings, John Hunt, Fred Keeley, Manu Koenig, and Rachél Lather.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

6d. Fire-Related Projects (Recurring Item)

Chair Rachél Lather requested staff to provide a verbal update on the ongoing reorganization efforts involving CSA 48 and other fire agencies.

Executive Officer Joe Serrano provided the Commission with an update on the following topics: the upcoming workshop with Pajaro Valley Fire Protection District; the initial meeting for the fire-related ad hoc committee; the draft countywide fire service review; and, on an upcoming presentation by staff at the Fire Districts Association of California Annual Conference in Seaside, CA.

Chair Rachél Lather 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 PVFPD reorganization, the status of Felton FPD, and the proposed CSA 48 reorganization.

Chair Rachél Lather closed public comments and opened the floor to clarifying questions or comments. **Commissioner Justin Cummings** inquired about the timeline. **Executive Officer Joe Serrano** stated that the service review will be presented for Commission consideration in June 2026. **Commissioner Lani Faulkner** inquired about draft administrative copies shared with the fire agencies. Executive Officer Serrano explained the benefits of the internal review by the affected agencies before the report is finalized.

Chair Rachél Lather moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

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

Chair Rachél Lather moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Chair Rachél Lather 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 Rachél Lather moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Chair Rachél Lather inquired whether any Commissioner would like to share any information. There were no requests from the Commission. Chair Lather shared information on the first California Special Districts Association meeting for the Santa Cruz County chapter. **Commissioner Lani Faulkner** inquired about the advertisement process of CSDA events. **Executive Officer Joe Serrano** stated that staff will coordinate with CSDA staff regarding future communication methods.

Chair Rachél Lather moved to the next item since no Commission action was required.

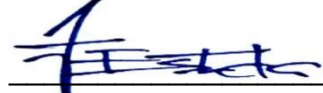
10. ADJOURNMENT

Chair Rachél Lather adjourned the Regular Commission Meeting at 10:13 a.m. for the next regular LAFCO meeting scheduled for Wednesday, May 6, 2026 at 9:00 a.m.



RACHÉL LATHER, CHAIRPERSON

Attest:



FRANCISCO ESTRADA, LAFCO ANALYST