



COUNTY OF SANTA CRUZ

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CARLOS J. PALACIOS, COUNTY EXECUTIVE OFFICER

NEWS RELEASE



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CEO PALACIOS ANNOUNCES RETIREMENT

The Santa Cruz County Board of Supervisors today announced the upcoming retirement of County Executive Officer Carlos J. Palacios, who will step down in December 2025 after nearly 10 years of dedicated service as the County's top executive and more than three decades in local government leadership.

The first Latino leader in County history, Palacios' tenure marked a period of extraordinary transformation and resilience. Appointed in 2017 after 20 years as City Manager of Watsonville, Palacios brought a community-first mindset and bold vision to County government, shepherding the organization through a series of unprecedented challenges while laying the groundwork for long-term improvements in services, fiscal sustainability, and community health.

"It has been the honor of a lifetime to serve the people of Santa Cruz County," Palacios said. "I am incredibly proud of the progress we have made together—from responding to crises to building a stronger, healthier, and more equitable community. None of it would have been possible without the tireless work of County staff, the partnership of community organizations, and the leadership of the Board of Supervisors. I look forward to supporting a smooth transition and seeing what the future holds for this remarkable County."

"Carlos was Watsonville's City Manager when I served my first term as Councilmember. He has been one of the most consequential public servants in the history of Santa Cruz County," Board of Supervisors Chair Felipe Hernandez said. "He led us through some of the toughest times our community has ever faced — from wildfires to a pandemic to historic flooding — with grace, resolve, and a deep sense of compassion. He was the embodiment of an exceptional public servant, and we will miss his wisdom, counsel and leadership."

As the County's top administrator, Palacios guided the community through multiple major disasters, including the COVID-19 pandemic, the devastating CZU Lightning Complex Fire, and the 2023 winter storms. He played a key role in mobilizing

emergency response, recovery, and rebuilding efforts while maintaining continuity of services and protecting vulnerable populations.

One of Palacios' signature accomplishments was the creation of Santa Cruz County's first-ever Strategic Plan, a community-informed roadmap to guide operations and policy priorities. The plan was complemented by an Operational Plan and a public-facing dashboard to track progress, earning a 2021 California State Association of Counties (CSAC) Merit Award for innovation in government operations. He also instituted continuous process improvement efforts across County departments, modernizing services and increasing transparency.

Palacios' commitment to equity and regional service delivery was reflected in the acquisition and renovation of 500 Westridge Drive in Watsonville. The new South County Government Center brought much-needed services closer to residents in the Pajaro Valley, reducing access barriers and affirming the County's dedication to serving all communities.

Palacios also instituted numerous organizational changes to improve the delivery of services, including establishing the Office of Response, Recovery & Resilience (OR3), improving disaster preparedness and response efforts and laying the groundwork for improving community resilience to the impacts of climate change. OR3 has become a cornerstone of the County's approach to climate adaptation and emergency management.

Palacios also helped establish the Public Defender's Office, transitioning from a decades-long contract model, and worked with the Sheriff's Office to reopen the Sobering Center to provide care-first alternatives to incarceration. He also led a successful unification of the Planning and Public Works departments into the Community Development and Infrastructure Department, streamlining permitting processes and customer service and creating the Unified Permit Center.

Recognizing the critical intersection of housing and health, Palacios launched the County's Housing for Health Division, aligning homelessness response with behavioral health and supportive housing. His leadership has helped establish new transitional housing and supportive shelter projects, including the Behavioral Health Bridge Housing site in Mid-County and Westview Presbyterian Village in Watsonville. These efforts, combined with improved service coordination, have contributed to a reduction in homelessness across the county, according to recent point-in-time counts.

Palacios championed the development of the Children's Crisis Stabilization Center and the launch of Focused Intervention Teams and mobile crisis response units,

marking a substantial investment in behavioral health infrastructure. Palacios also spearheaded the transformation of Watsonville Community Hospital into a public entity, preserving vital health care services for the Pajaro Valley.

In the realm of environmental stewardship, Palacios oversaw the adoption of the County's Climate Action and Adaptation Plan, updated the General Plan with sustainability goals, and helped secure historic investments in active transportation. Under his leadership, the County is beginning work on the Coastal Rail Trail, and is implementing the vision outlined by voters in Measure Q, which created ongoing dedicated funding for the first time in County history to support clean water, wildfire risk reduction, and environmental and wildlife protection. He also served as a founding board member of 3CE (Central Coast Community Energy), helping to chart a path for the region to achieve 100 percent renewable energy by 2030.

Palacios also played a key role in securing voter approval for two local sales taxes, Measures G and K, and the hotel and vacation rental tax, Measure B, to boost funding for essential public services and support neighborhood improvements. As steward of the County's \$1 billion-plus budget, he maintained a strong fiscal position through prudent reserve management and earned high credit ratings, ensuring long-term financial sustainability.

Palacios began his local government career with the City of Watsonville in 1992, where he was promoted in 1996 to the position of City Manager, becoming one of the first Latino City Managers in the state of California. Over the next two decades, he became a trailblazer for inclusive governance and effective public administration, setting the stage for his influential work at the County.

With Palacios set to retire in December 2025, the Board of Supervisors will initiate a national search for the next County Executive Officer. The search process will reflect the County's commitment to transparency, equity, and visionary leadership.