

SAN MATEO



LOCAL AGENCY FORMATION COMMISSION

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January 14, 2026

To: LAFCo Commissioners
From: Rob Bartoli, Executive Officer
 Sarah Flamm, Management Analyst

Subject: Consideration of Final Municipal Service Reviews for the Town of Woodside and the Town of Portola Valley

Summary & Background

In 1985, San Mateo LAFCo first prepared comprehensive Sphere of Influence (SOI) studies and adopted SOIs for the County's cities and special districts. Subsequently, LAFCo reviewed and updated spheres on a three-year cycle. SOI updates focus on changes in service demand within the boundaries of cities and special districts. In 2003, in order to comply with the newly enacted CKH Act, LAFCo began the process of preparing SOI updates in conjunction with or following a Municipal Service Review (MSR).

This report reviews the following agencies in San Mateo County:

Town of Woodside: The Town of Woodside was incorporated on November 16, 1956 as a general law municipality. As of January 2025, the estimated population is 5,206. The Town covers approximately 12 square miles of rural and suburban San Mateo County. As of November 2025, the Town employs 24.75 Full Time Equivalent staff. The FY2025-26 adopted General Fund budget is \$12,662,540.

Town of Portola Valley: The Town of Portola Valley was incorporated in 1964 as a general law municipality. As of January 2025, the estimated population is 4,286. The Town covers approximately 9 square miles of rural and suburban San Mateo County. As of November 2025, the Town budget includes 15.5 Full Time Equivalent staff. The FY2025-26 adopted General Fund budget is \$8,167,859.

Updates to the Circulation Draft Municipal Service Reviews

San Mateo LAFCo received comments on the Town of Woodside MSR from the San Mateo County Department of Public Works. LAFCo received comments on the Town of Portola Valley MSR from Rebecca Flynn (Town of Portola Valley Council Member), Betsy Morgenthaler (Portola Valley

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resident and Chair of the Open Space Committee), and Emily Rubin (Intern to Vice Mayor Hufty). Responses to these comments are provided in Attachment C.

The final MSR for the Town of Woodside includes edits to and additional detail regarding the Fair Oaks Sewer Maintenance District and sewer service within the Town of Woodside.

The final MSR for the Town of Portola Valley includes revised data related to the number of parcels served by the West Bay Sanitary District, additional maps showing sewer service areas, and details regarding the allocation of the 1% property tax for parcels within the Town. Also, further detail was added to the discussion regarding the annexation options of the whole Ladera community or portions of Ladera, highlighting areas that the Town should evaluate before undertaking any annexation.

Current Key Issues

The Town of Woodside is a Tax Equity Allocation City, meaning the amount of property tax the Town receives is lower than its neighbors. Property tax is the Town's main source of revenue (51% of proposed revenue in FY2025-26). The adopted FY2025-26 general fund budget is \$12,662,540. In FY2025-26, the Town will pay \$3,120,703 to the County Sheriff for its policing contract. Based on Town projections, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1M gap between the contract cost and general fund revenue. This gap would need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

The Town's 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 323 units by year 2031, including rezoning certain housing sites and allowing a variety of housing types. Currently, the majority of the Town is served by on-site septic systems, however, there are some portions of the Town that receive sewer services from either the Town or from another sewer agency. As development occurs, the Town will need to consider whether expanding public sewer services will be required to support the Housing Element projects.

LAFCo last conducted an MSR and SOI update for the Town of Woodside in 2007. As part of the 2025 MSR, three parcels adjacent to the Town's boundaries in unincorporated County have been identified to be included in the Town's SOI. Each of these three parcels is currently developed with single-family homes utilizing onsite septic systems: 425 West Maple Way (APN 068-100-240), 445 West Maple Way (APN 068-100-260), and 465 West Maple Way (APN 068-100-250). In the future, if the property owners wanted to annex to a city for municipal services, the only city that they are adjacent to and hence would be eligible to annex to would be the Town of Woodside.

The Town of Portola Valley is a Tax Equity Allocation City, meaning the amount of property tax the Town receives is lower than its neighbors. Property tax is the Town's main source of revenue (53% of proposed revenue in FY2025-26). The Town has had a structural deficit for its General Fund since FY2021-22 necessitating the use of reserve funds to balance the budget. One of the largest drivers of rising costs has been the contract with the San Mateo County Sheriff's Office. From FY2018-23, the annual contract amount for Sheriff services was \$1.49M. Under the FY2023-25 two-year contract, the annual cost increased by 59% to \$2.38M. It is anticipated that the cost

of the contract with the Sheriff's Office will continue to outpace Town revenue. The Town Managers of Portola Valley and Woodside are conducting preliminary discussions regarding sharing a contract with the Sheriff's Office.

In order to balance the budget and not impact the Town's general fund reserve, the Town will need an additional \$1M in expenditure cuts in FY2026-27 through FY2029-30. The Town's reserve fund is on pace for a deficit by FY2029-30 without a new revenue source. The Town is currently exploring potential revenue measures to address this structural deficit.

The Town is behind on its financial audits, having only in September 2025 completed the FY2021-22 Annual Comprehensive Financial Report (ACFR). The Town has adopted a work program to catch up on outstanding audits, however, the lack of audited budget numbers has hindered fiscal forecasting.

Currently, due to budget constraints, the Town has adopted a one-year Capital Improvement Program (CIP) for FY2025-26 related to roads, storm drains, trails and IT enhancements. This CIP only identifies projects that will have expenditures in the upcoming fiscal year. According to Town staff, an expanded and compressive five-year CIP is currently being drafted and will be adopted as part of the budget cycle for FY2026-27.

The Town has a compliant 2023-31 Housing Element, but there were challenges in having the plan approved by the State. The Town is required to plan for 253 units, which is four times the amount required in the previous Housing Element. The formation and approval of the Housing Element plan required over \$1M for staff, consultants, and legal services. The Town has budgeted additional funds for the current fiscal year to implement the programs and policies associated with the newly adopted Housing Element.

MSR Determinations and Recommendations for the Town of Woodside

I. Growth and Population Determination: Over the next five years, the population of the Town of Woodside (5,206) is projected to grow between 2-4%. The Town's 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 323 units by year 2031, including rezoning certain housing sites and allowing a variety of housing types. Ultimately, the Town will need to consider whether expanding public sewer services is required for the planned housing sites.

Recommendation:

1. The Town should continue to evaluate potential options for providing sewer services within the Town, particularly if these services are required to support the development of properties identified in the Town's adopted Housing Element.

II. Disadvantaged Unincorporated Communities Determination: The Town's sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities.

Recommendation: None

III. Capacity and Adequacy of Public Facilities and Services Determination: Based on Town projections, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1M gap between the contract cost and Town General Fund revenue. This gap would

need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

The Town is currently exploring options for increased access to sewer services. In general, existing sewer services within the Town are in the areas around Cañada Rd. and Woodside Rd., meaning that most areas in the Town are not in the vicinity of sewer services. With no sewer treatment facility within Town boundaries, sewer service is reliant on treatment allocation from the City of Redwood and the Fair Oaks Sewer Maintenance District (FOSMD), and physical transport capacity from FOSMD and further downstream from the City of Redwood City, which have their own development pressures to address.

Recommendations:

2. The Town should have regular meetings with the FOSMD/County to align policies and processes on sewer allocations to parcels within the Town, especially in the Redwood Creek Sewer Assessment (RCS) area.
3. The Town and FOSMD/County should evaluate ways of streamlining the process for executing of a Town-FOSMD transport supplement agreement for when parcels are annexed to FOSMD that are outside of RCS. The boundaries and service area of FOSMD should be reviewed so that the current and future geographical boundaries of the District are clearly delineated for all parties involved (i.e. the Town, FOSMD, LAFCo, and residents). The agencies should seek alignment on the topic of what happens to district boundaries when reallocating unused RCS sewer connections to parcels outside of RCS and outside of FOSMD. Area plans depicting the probable extent of sewer service boundaries should be developed.
4. An audit of parcels in the Redwood Creek Sewer Assessment area should be conducted to identify which parcels have been connected to the FOSMD system, determine which connections are still outstanding, and to confirm which parcels have paid assessment fees. The audit should also review information about the sewer system flow and treatment capacity for FOSMD and the Town including verification that sufficient sewer assessments remain available for parcels within the original service area after any are granted to parcels outside of RCS.
5. In addition to the ongoing “Sanitary Sewer Master Plan” study by Freyer and Laureta, Inc., the Town should conduct a sewer feasibility study for areas in the Town that are outside, and contiguous to, existing sewer service boundaries. In areas where topography or parcel size could limit septic system replacement, a sewer system would be required for new development or to replace a failed septic system. The study should evaluate sewer service priority areas in Town that are outside of the current assessment districts and determine, how services could be provided, and how these services would be financed. This study would also provide neighboring and/or partner agencies visibility into Town priorities and objectives related to sewer services, and help evaluate potential impacts to their infrastructure.

IV. Financial Ability Determination: LAFCo staff has not identified any issues with the Town’s budgeting practices. The Town’s adopted general fund operating budget for FY2025-26 totals \$12,662,540. The estimated operating reserve amount is \$3,666,254. The Town of Woodside has a five-year Capital Improvement Program for which funding has been identified for approximately 93% of anticipated costs. The Town of Woodside is classified as Tax Equity

Allocation jurisdiction, which limits the amount of property tax that the Town receives. The Town general fund primary revenue source is property tax (51% of proposed revenue in FY2025-26). The Town staff and Council has expressed concerned about the continued increase in the cost of the Sheriff's Office contract and will continue to monitor the impact of the contract on the Town's general fund.

Recommendation: None

- V. Shared Service and Facilities Determination:** The Town has agreements and partnerships with various organizations. Contracting for services has the benefit of enabling the Town to adjust service levels depending on budget and needs.

Recommendation:

6. The Town should continue discussions with the Town of Portola Valley regarding the possibility of a joint contract with the Sheriff's Office for police services, as well as explore other opportunities for shared services or contracts.

- VI. Accountability, Structure, and Efficiencies Determination:** The Town of Woodside is general law city and utilizes a Council-Manager form of government. The five city council members are elected by District. Town Council meetings are held in-person at 7pm at Independence Hall, 2955 Woodside Road on the 2nd and 4th Tuesday of every month. The public may attend meetings in-person or online via Zoom. Public comment is accepted via Zoom as well as in-person. LAFCo has no current concerns regarding the governance accountability, structure or efficiencies of the Town.

Recommendation: None

- VII. Other Issues Determination:** The Town participates in the Local Hazard Mitigation Plan. It has an Emergency and Preparedness Committee. The Town works with the Woodside Fire Protection District for hazard mitigation efforts, including a matching fund program for homeowner's to enhance their defensible space and home hardening.

Recommendation:

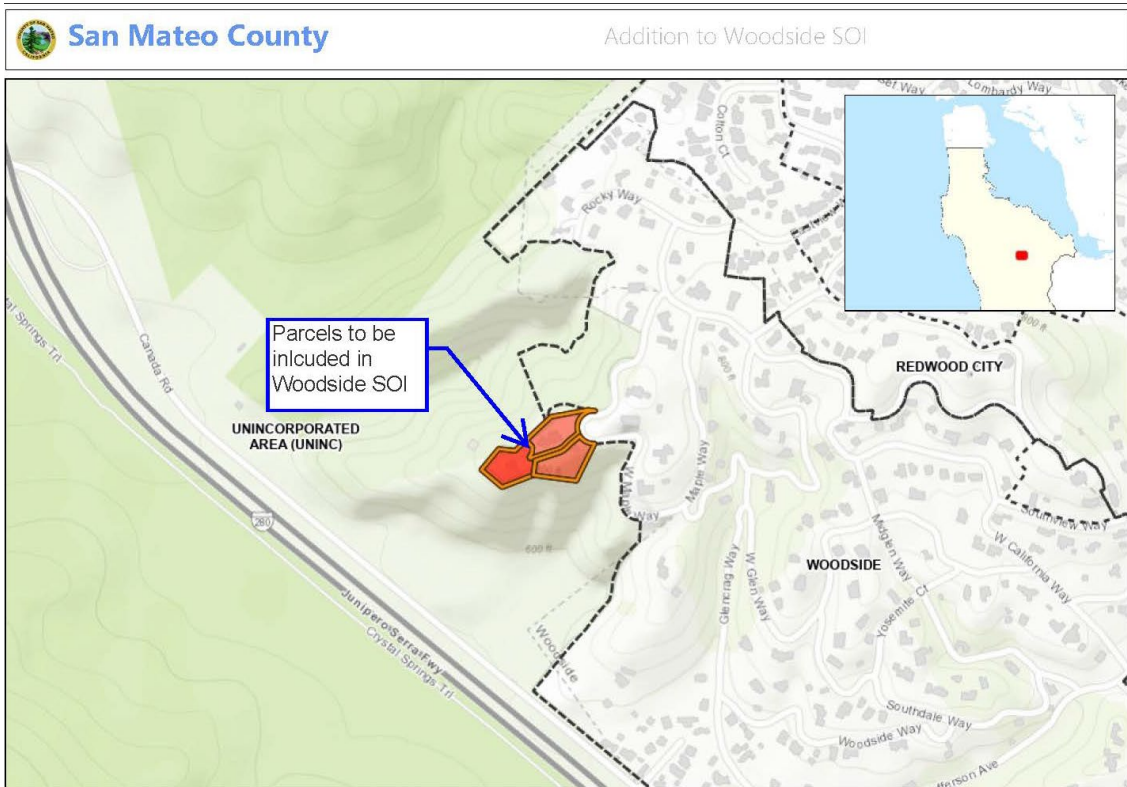
7. LAFCo encourages the Town of Woodside to continue its work in the areas of natural hazard mitigation and wildfire preparedness and to continue to coordinate with partner agencies.

Sphere of Influence Determinations for the Town of Woodside

- I. The present and planned land uses in the area, including agricultural and open space lands:** Land use designations within the Town of Woodside are Residential, Open Space, and some limited Community Commercial. Agricultural uses are permitted for those parcels designated as Open Space. The Town's General Plan emphasizes the preservation and protection of open space and environmentally sensitive areas.
- II. The present and probable need for public facilities and services in the area:** The Town of Woodside meets the municipal service needs of its residents and businesses. The Town anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area. The current SOI for the Town includes the unincorporated communities of Guernsey Field, Jasper Ridge, and western hills along Skyline Blvd./Highway

35. In reviewing the Town’s SOI and surrounding parcels, three parcels along West Maple Way near the northern boundary of the Town have been identified to be included in the Town’s SOI. These three parcels, 425 West Maple Way (APN 068-100-240), 445 West Maple Way (APN 068-100-260), and 465 West Maple Way (APN 068-100-250) are located in unincorporated County but are adjacent to the Town’s boundaries; the roadway of West Maple Way is already in Town boundaries as are the houses across the street.

Figure 1. Proposed Additions to the Town of Woodside SOI



Each of the three parcels is currently developed with single-family homes utilizing onsite septic systems. The three parcels are bordered by SFPUC Watershed lands to the north, south, and west. To the east is the Town of Woodside. The three parcels to be included in the Town’s SOI share similar characteristics of parcels within the Town. In the future, if the property owners wanted to annex to a city for municipal services, the only city that they are adjacent to and hence would be eligible to annex to would be the Town of Woodside. For these reasons, LAFCo is recommending that these parcel be included in the Town’s SOI.

III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide: The Town of Woodside currently provides adequate public services to its residents, including police protection (via contract), sanitary sewer, and storm water services. In addition, the Town routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the Town’s infrastructure and facilities.

IV. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency: There are no disadvantaged unincorporated communities within the SOI of the Town of Woodside.

- V. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:** There are no disadvantaged unincorporated communities within the Town's boundaries, or in the Town's Sphere of Influence.

MSR Determinations and Recommendations for the Town of Portola Valley

As required by State law, there are seven areas of MSR determination, including local policies as set forth in Section 56430. LAFCo has the following determinations and recommendations:

- I. Growth and Population Determination:** Over the next five years, the population of the Town of Portola Valley (4,286) is projected to grow between 2-4%. The Town's 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 253 units by year 2031. The Town hired a consultant to support the work associated with implementing the Town's Housing Element plans and programs.

Recommendation: None.

- II. Disadvantaged Unincorporated Communities Determination:** The Town's sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities nor does the Town provide sewer, municipal and industrial water, or structural fire protection services.

Recommendation: None

- III. Capacity and Adequacy of Public Facilities and Services Determination:** The Town meets the service needs of existing development within its sphere of influence and corporate boundaries. However, the cost of the present policing contract with the County Sheriff's office is anticipated to continue outpacing Town revenue, leading to a structural deficit and negatively impacting the finances of the Town.

Currently, due to budget constraints, the Town has adopted a one-year Capital Improvement Program (\$1.36M for FY2025-26). An expanded and compressive five-year CIP is anticipated to be created and adopted as part of the budget cycle for FY2026-27.

The Town does not provide sewer services, however the independent special district West Bay Sanitary District does. Developers and homeowners in Town may choose to switch from onsite septic systems to sewer services by first annexing their property into WBSD. Homeowners are responsible for applying for annexation and for paying the cost of extended sewer infrastructure.

Recommendations:

1. LAFCo encourages the Town to develop a comprehensive Capital Improvement Program and to review this plan against proposed housing development projects.
2. LAFCo encourages the Town to continue to coordinate with the West Bay Sanitary District and LAFCo in regards to future annexations of parcels to the Sanitary District for new sewer service

IV. Financial Ability Determination: The Town of Portola Valley is classified as Tax Equity Allocation (TEA) city. The primary source of general fund revenue is property tax and the accompanying TEA (53% of proposed revenue in FY2025-26). Town staff project that without additional revenue, expenses will exceed revenue by FY2027-28. In order to balance the budget and not impact the Town's general fund reserve, the Town will need an additional \$1M in expenditure cuts in FY2026-27 through FY2029-30. The Town's reserve fund would be in deficit by FY2029-30 without a new revenue source. The Town is aware of these issues and has presented reports and fiscal forecasts to the Town Council and the public. Currently, the Town is exploring potential revenue measures to address this structural deficit.

The Town is behind on its financial audits, having only recently completed the FY2021-22 Annual Comprehensive Financial Report (ACFR). The Town has adopted a work program to catch up on outstanding audits, however, the lack of audited budget numbers has hindered fiscal forecasting. The Town Council and management can benefit by making current financial data available as early as possible in the budgeting and planning process. According to a 2023 Krisch & Company report, there were several deficiencies related to internal controllers, accounting, and workflow in the Town's Finance Department. The Town has been working to implement these recommendations.

Recommendations:

3. LAFCo supports the Town's efforts to evaluate new potential revenue sources and encourages the Town to continue to explore revenue and expenditure options related to the Town's General Fund in order to adopt a balance annual budget.
4. LAFCo encourages the Town to adopt a long-term, comprehensive Capital Improvement Program for Town infrastructure projects.
5. LAFCo recommends that the signed resolutions for the adoption of the annual budgets and appropriation limits be uploaded to the Town's budget webpages.
6. The Town should continue to provide updates to the Town Council and the public regarding the finances of the Town and explore additional opportunities to enhance transparency related to finance documents and reports. This could include the creation of a webpage that provides a summary of the current and recent past financial information related to the Town's General Fund, reserve funds, and audits all in one location.
7. Budget documents and staff financial reports should explicitly show the amount of funds allocated to the Town's fund balance.

V. Shared Service and Facilities Determination: The Town of Portola Valley partners with several agencies to share resources and reduce costs. The Towns of Portola Valley and Woodside are currently reviewing police service options for future fiscal years.

Recommendations:

8. The Town should continue discussions with the Town of Woodside regarding the possibility of a joint contract with the Sheriff's Office for police services, as well as explore other opportunities for shared services or contracts.

9. LAFCo encourages the Town and the Los Trancos County Maintenance District to work together on stormwater management plans for areas that may be impacted by stormwater originating from the unincorporated area of Los Trancos Woods.

VI. Accountability, Structure, and Efficiencies Determination: There are no recommended actions to change the Town's governance structure in the MSR, however several options have been discussed by the Town Council and Town committees in the context of addressing the Town's budget and structural deficit. In recognition of these discussions, this report outlines several types of governance changes but makes no proposal to implement any option. There do not appear to be any issues with public meetings being accessible and well publicized. As highlighted in Section 4, the Town is behind on conducting audited financial statements, with the most recent audit completed for FY2021-22 in September 2025. The Town has a workplan to catch up on financial audits and is currently implementing the plan. The Town has experienced high levels of staff turnover in the past 3 years and is in the process of recruitment and evaluation of opportunities to hire staff on contract for certain positions. The Town has a culture of volunteerism, and there are approximately 125 volunteer members currently serving on Town standing committees and commissions.

Recommendation:

10. LAFCo recommends that the Town continue the process of implementing the audit workplan for past audits, and that a work program or policy be adopted to ensure that future audits are conducted in a timely manner.

VII. Other Issues Determination: The Town participates in the Local Hazard Mitigation Plan. It has several committees that work in cooperation with Town staff to address emergency preparedness.

Recommendation:

11. LAFCo encourages the Town of Portola Valley to continue its work in the areas of natural hazard mitigation and wildfire preparedness and to continue to coordinate with partner agencies.

Proposed Sphere of Influence Determinations for the Town of Portola Valley

As required by State law, LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency as set forth in Government Code Section 56425(e) that addresses the following:

- I. **The present and planned land uses in the area, including agricultural and open-space lands:** The Town of Portola Valley is comprised primarily of residential land use, with some commercial/office, open space, and institutional land use. The District boundaries contain land that is under the jurisdiction of the County of San Mateo, the Mid-Peninsula Open Space District, as well as other agencies that have land use review authority.
- II. **The present and probable need for public facilities and services in the area:** The Town meets the needs of its residents and businesses for municipal services, and the Town anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.

- III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The Town currently provides adequate public services to its residents, including public works, planning, recreation, police protection (via contract) and storm water services. In addition, the Town routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the Town’s infrastructure and facilities.
- IV. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the SOI of the Town of Portola Valley.
- V. For an update of a SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:** No change to the SOI for the Town of Portola Valley is proposed at this time.

Public/Agency Involvement: The primary source of information used in this report was collected from publicly available agency-adopted plans, budgets, reports, and policies. Information received by San Mateo LAFCo in response to requests for data from the Town of Portola Valley, the Town of Woodside, and West Bay Sanitary District has been incorporated into this report.

LAFCo staff presented the draft report to the Town of Woodside Town Council December 9, 2025. LAFCo staff also held a virtual community workshop for the Draft Portola Valley MSR on January 8, 2026 at 6:30pm to allow the public to ask questions and provide additional comments on the report. Seven members of the public attended the workshop.

Environmental Review/CEQA: The MSR is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for the basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. The MSR collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The MSR is also exempt from CEQA under section 15061(b)(3), the commonsense provision, which states that CEQA applies only to projects which have the potential to cause a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA.

The MSR and SOI update will not have a significant effect on the environment as there are no land use changes associated with the documents.

Staff Recommendations to Commission:

1. Open the public hearing and accept public comment.
2. Accept the Final Municipal Service Reviews and Sphere of Influence Updates for the Town of Woodside and Town of Portola Valley
3. Adopt the Determinations and Recommendations contained in this report.

Attachments

- A. Final Municipal Service Review for the Town of Woodside
- B. Final Municipal Service Review for the Town of Portola Valley
- C. Response to public comments received (To be provided under separate cover)
- D. Resolution 1346
- E. Resolution 1347



LOCAL AGENCY FORMATION COMMISSION

**Municipal Service Review and Sphere of Influence
Review for the Town of Woodside**

Final

Released January 14, 2026

Municipal Service Review and Sphere of Influence Review for the Town of Woodside

SUBJECT AGENCY:

Town of Woodside

2955 Woodside Rd.

Woodside, California 94062

Contact: Jason Ledbetter, Town Manager, 650-851-6790

CONDUCTED BY:

San Mateo Local Agency Formation Commission

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Ann Draper, Public Member

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Colleen You, Public Member

Katheryn Slater-Carter, Special District Member

Greg Wright, City Member

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Section I. Executive Summary

Purpose of Report

This report includes a Municipal Service Review (MSR) and Sphere of Influence (SOI) study for the Town of Woodside. California Government Code Section 56430 requires that Local Agency Formation Commissions (LAFCo's) complete MSR and SOI reviews on all cities and special districts. These state-mandated reports are studies of an agency's service provision and logical boundaries. The review process is intended to identify municipal service delivery challenges and opportunities, provide the public and affected agencies with a platform to comment on an agency's services and finances, and review opportunities to share governmental resources. Once the MSR determinations are adopted, the SOI—the plan for the boundaries of a city or special district— is reviewed, pursuant to Section 56425.

San Mateo Local Agency Formation Commission

San Mateo LAFCo is a State-mandated, independent entity with county-wide jurisdiction over the boundaries and organization of cities and special districts. LAFCo reviews annexations, detachments, incorporations, formations, and dissolutions. LAFCo also has authority over extensions of service outside city or district boundaries, and activation or divestiture of special district powers. The purpose of LAFCo includes discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

LAFCo operates pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in California Government Code Sections 56000 and 57000. The Commission includes two members of the County Board of Supervisors, two city councilmembers from two of the County's 20 cities, two special district board members from two of the 21 independent special districts, one member of the public, and four alternate members (county, city, special district, and public).

In 1985, San Mateo LAFCo first prepared comprehensive SOI studies and adopted SOI's for the County's cities and special districts. Subsequently, LAFCo reviewed and updated SOI's on a three-year cycle. SOI updates focus on changes in service demand within the boundaries of cities and special districts. In 2003, in order to comply with the newly enacted CKH Act, LAFCo began the process of preparing SOI updates/reviews in conjunction with or following a Municipal Service Review.

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County of San Mateo, 20 cities, 21 independent special districts, six subsidiary districts governed by city councils, and 33 County-governed special districts. Independent special districts provide a limited set of services based on their enabling legislation (i.e., fire, water, sanitation, etc.), while cities generally provide a wider array of basic services including police, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents across its cities, special districts and subsidiary districts, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. The County also provides basic municipal services for residents who live in unincorporated areas who are not part of any city or special district. According to Census 2020 data, 63,205 of the County's total 765,417 residents live in unincorporated areas.

MSR and SOI Determinations

Per Government Code Section 56430, LAFCo is required to include MSR Determinations that address the following areas for any local agency:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of the agency to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy.
 - a. Water Resiliency and Climate Change
 - b. Impact of Natural Hazards and Mitigation Planning

MSR Determinations must be adopted before the Commission updates or amends a SOI per Government Code Section 56425, LAFCo is required to make the following five written SOI determinations when establishing, amending, or updating an SOI for any local agency:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Report Review Process

This Circulation Draft Report is presented during a public hearing and afterwards circulated for comment to the agency under study, as well as interested individuals and groups. The Final Report will include the comments on the draft, as well as LAFCo staff's Determinations and Recommendations. This report has been written based on source documents that included Adopted Budgets, Capital Improvement Plans, Meeting Minutes, Staff Reports, Consultant Reports, and information provided by Town and County staff.

Disadvantaged Unincorporated Communities

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to "disadvantaged unincorporated communities," including the addition of MSR determination #2 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or "DUCs," are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. There are no disadvantaged unincorporated communities within the current boundaries or service area of the Town of Woodside.

Section II. Summary of Key Issues

The Town of Woodside is a Tax Equity Allocation City, meaning the amount of property tax the Town receives is lower than neighboring cities. Property tax is the Town's main source of revenue. The adopted FY2025-26 general fund budget is \$12,662,540. In FY2025-26, the Town will pay \$3,120,703 to the County Sheriff for its policing contract. Based on Town projections, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1M gap between the contract cost and general fund revenue. This gap would need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

The Town's 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 323 units by year 2031, including rezoning certain housing sites and allowing a variety of housing types. Currently, the majority of

the Town is served by on-site septic systems, however, there are some portions of the Town that receive sewer services from either the Town or from another sewer agency. As development occurs, the Town will need to consider whether expanding public sewer services will be required to support the Housing Element projects. There have also been inquiries to LAFCo and to FOSMD regarding sewer service in other areas outside of the existing sewer service areas.

LAFCo last conducted an MSR and SOI update for the Town of Woodside in 2007. As part of the 2025 MSR, three parcels adjacent to the Town's boundaries in unincorporated County have been identified to be included in the Town's SOI. Each of these three parcels is currently developed with single-family homes utilizing onsite septic systems: 425 West Maple Way (APN 068-100-240), 445 West Maple Way (APN 068-100-260), and 465 West Maple Way (APN 068-100-250). In the future, if the property owners wanted to annex to a city for municipal services, the only city that they are adjacent to and hence would be eligible to annex to would be the Town of Woodside.

Section III. Affected Agencies

Cities and County: San Mateo County

School Districts: Woodside School District, Redwood City School District, Las Lomas School District, Portola Valley School District, Cabrillo Unified School District

Independent Special Districts: Midpeninsula Regional Open Space District, Woodside Fire Protection District, West Bay Sanitation District

Dependent Special Districts: Fair Oaks Sewer Maintenance District

Section IV. Municipal Service Review for the Town of Woodside

Governance and Statutory Authority

The Town of Woodside was incorporated on November 16, 1956 as a general law municipality. As of January 2025, the estimated population is 5,206.¹ The Town covers approximately 12 square miles of rural and suburban San Mateo County. The Town's legislative body is the Town Council comprised of five members elected by district to serve four-year terms.² The Town Manager prepares two-year budgets, and the Town Council adopts the budget on or before June 30 every year. The Town Council also adopts ordinances, policies and regulations; establishes fee schedules; and has the power to declare an emergency. The Town Council annually appoints the positions of Mayor and Vice Mayor. The Town Council also appoints the Town Manager, Town Attorney, and all members of advisory committees and commissions. The Town employs 24.75 Full Time Equivalent (FTE) staff and the Town Council establishes salary ranges.

¹ State of California, Department of Finance, [E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2024 and 2025. Sacramento, California, May 2025.](#)

² Prior to the redistricting process in 2021, the Town Council had 7 members elected at-large.

Overview

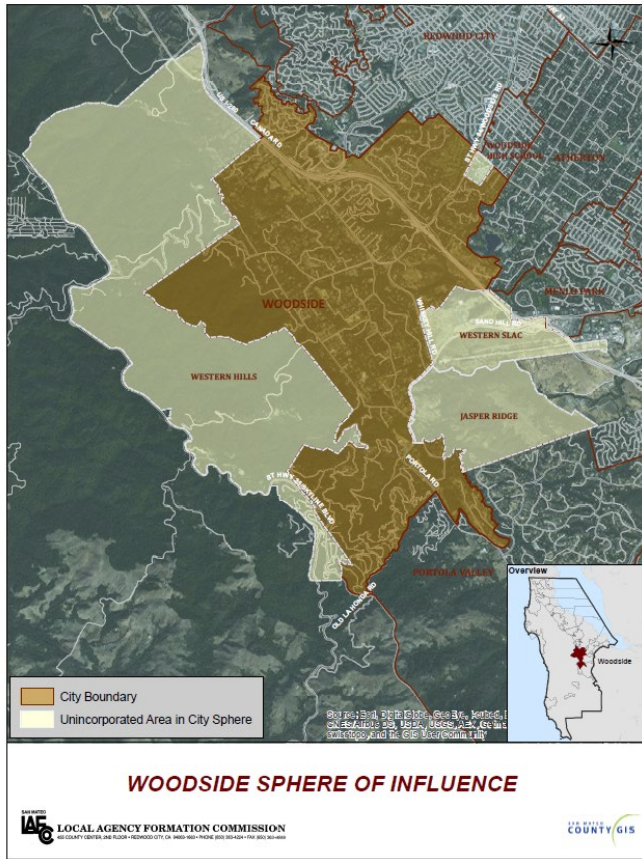
The Town of Woodside consists primarily of low-density single-family residential development, along with open space, institutional, and two small areas of commercial land in Town Center and Skylonda Center. The Town General Plan highlights that the Town is an urban/wildlife interface community that values maintaining the natural and scenic character of the land.

The Town of Woodside provides planning and zoning, public works, building regulation, and recreation services. The Town contracts for police services (via the San Mateo County Sheriff's Office); for sewer service within the Town Center Sewer Assessment Area (West Bay Sanitary District); and for solid waste (Greenwaste Recovery). Some portions of the Town also are within the boundaries of the Fair Oaks Sewer Maintenance District (governed by the County of San Mateo) for sewer service. Fire protection in the Town is provided by the Woodside Fire Protection District. Water service is provided by Cal Water and the City of Redwood City.

The Sphere of Influence (SOI) for the Town has remained unchanged since 1988.³ In order for a parcel to be eligible for annexation into a city/town, it must be within the agency's SOI. The most recent annexation into the Town was on February 20, 2003, annexing 33 acres of inhabited land called "Ward Way and Greenways". The Town does not anticipate additional annexations of new land into the Town in the near or medium term. As shown in Figure 1, unincorporated areas within the Town's SOI includes Wunderlich County Park and Huddart County Park (i.e. "Western Hills"), Skylonda, and Stanford lands (i.e. "Jasper Ridge" and "Western SLAC").

³ Latest SOI amendment was to include Woodside High School/Greenways Tract on Aug. 17, 1988, via LAFCo resolution No. 783.

Figure 1. Town of Woodside Sphere of Influence



The MSR determination checked below (i.e. “Capacity, Adequacy & Infrastructure to Provide Services”) is potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that an MSR update is not warranted.

Town of Woodside MSR Determination Summary

X	1) Growth and Population		2) Disadvantaged Unincorporated Communities
X	3) Capacity, Adequacy & Infrastructure to Provide Services	X	4) Financial Ability
X	5) Shared Services		6) Accountability, Structure, and Efficiencies
	7) Other		

1) Growth and Population MSR Determination

Growth and population projections for Town of Woodside	Yes	Maybe	No
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X
b) Will population changes have an impact on the subject agency’s service needs and demands?		X	
c) Will projected growth require a change in the agency’s service boundary?			X

a-c) As of January 2025, the estimated population for the Town of Woodside is 5,206.⁴ The Town’s population growth is estimated to be between 2-4% in the ten years between 2020 through 2030, which is less than the projected growth rates for the County of San Mateo (8%) and the State of California (9%).⁵ Population growth in the Town of Woodside is constrained by factors such as land use regulations, limited availability of sewer treatment capacity, and community opposition (i.e. “desire to maintain Town’s rural character”).

Housing Element

On July 23, 2024, the Town adopted the 2023-31 Housing Element which includes plans for how to meet the State-mandated Regional Housing Needs Allocation (RHNA). The Town’s “Cycle 6” RHNA is 328 units, which is more than 5 times the RHNA amount of 62 units identified in the Cycle 5 allocation (2015-23).⁶ Historically, the Town met its affordable housing allocations through the development of ADUs. The Town produced an average of 15 ADUs per year, between 2018 and 2022.⁷ The Town Housing Element includes strategies to increase the number of ADUs, including amending the Municipal Code to remove ADU construction barriers.⁸ The Housing Element also proposes sites that could be rezoned to allow increased density, and proposes amending local

⁴ State of California, Department of Finance.

⁵ Town General Plan 2013

⁶ State guidelines recommend including a buffer of additional units to adequately plan to meet the allocation. Woodside elected to include a 20% buffer (i.e. 65 units) in addition to the base allocation for a total of 393 planned units. For comparison, the neighboring Town of Portola Valley has a Cycle 6 RHNA base allocation of 253.

⁷ Town of Woodside 2023-2031 Housing Element

⁸ Town of Woodside ADU-related ordinances: Ordinance 2017-585 , Ordinance 2018-593, Ordinance 2018-597, and Ordinance 2020-610.

development regulations to allow for a variety housing unit types other than single family residences. One other barrier to development has been the lack of sewer services in the majority of the Town.

While the Housing Element represents the Town’s plan for development of the requisite Cycle 6 RHNA over the 8-year period from 2023-31, the actual development of the 328 units could occur within this same time frame or at a later date. Therefore no significant population change or development is expected within the Town of Woodside in the next 5-10 years.

MSR Determination No. 1: Over the next five years, the population of the Town of Woodside (5,206) is projected to grow between 2-4%. The Town’s 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 323 units by year 2031, including rezoning certain housing sites and allowing a variety of housing types. Ultimately, the Town will need to consider whether expanding public sewer services is required for the planned housing sites. Any expansion of sewer service by the Town will require working with the downstream agencies for transport and treatment.

Recommendation:

1. The Town should continue to evaluate potential options for providing sewer services within the Town, particularly if these services are required to support the development of properties identified in the Town’s adopted Housing Element. Any expansion of sewer service by the Town will require working with the downstream agencies for transport and treatment, including FOSMD and the City of Redwood City. (More discussion on sewer in Section 3).

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	Yes	Maybe	No
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	X		
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?			X

c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?			X
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a-c) The Town does provide sewer services within the Town Service Center, but does not provide municipal and industrial water or structural fire protection. While the SOI of the Town does include unincorporated territory, these unincorporated areas are not classified as disadvantaged.

MSR Determination No. 2: The Town’s sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities.

Recommendation: None.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?		X	
b) Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?		X	
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?		X	
e) Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?		X	
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency’s sphere of influence?			X

a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?

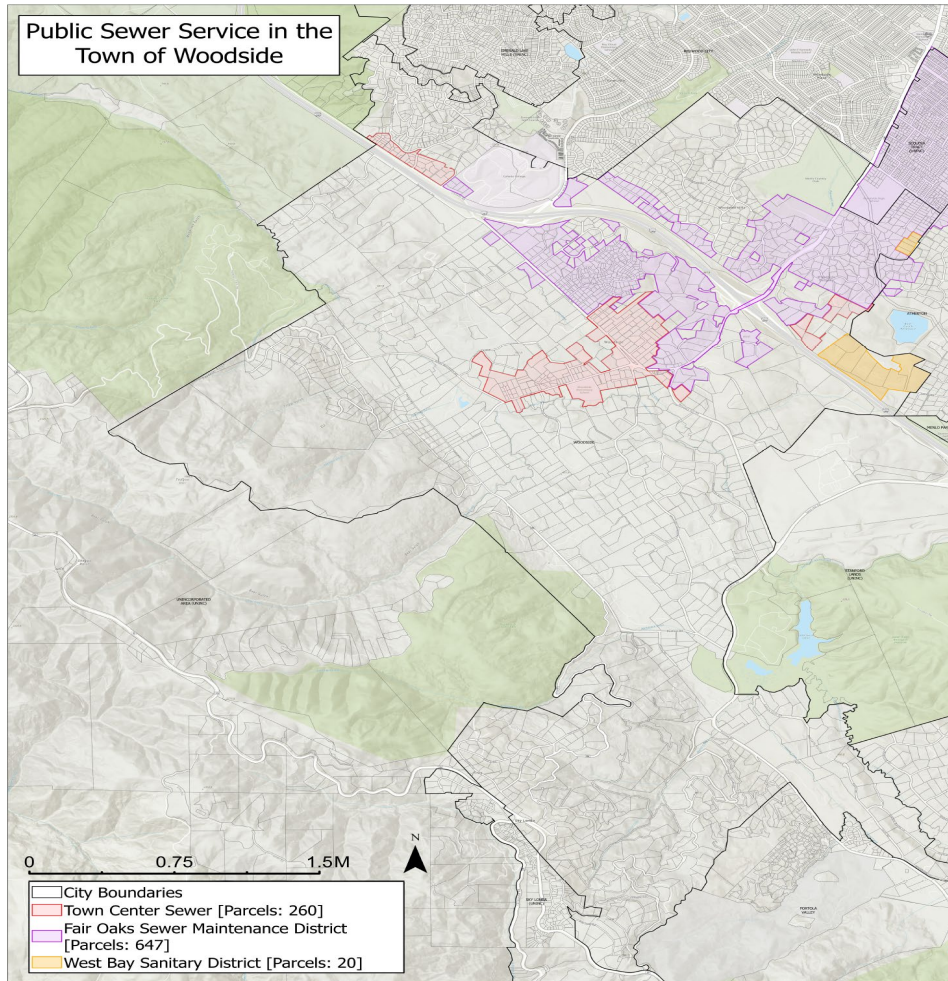
The Town meets the service needs of existing development within its SOI and corporate boundaries. The Town of Woodside provides planning and zoning, public works, building regulation, and recreation services. Police services are provided by a contract with the San Mateo County Sheriff's Office. Other municipal agencies provide structural fire protection (Woodside Fire Protection District), water (City of Redwood City), and sewer services (Fair Oaks Sewer Maintenance District and West Bay Sanitary District).

i. Sewer Services

Sewer services within the Town of Woodside are provided by three agencies: 1) the Town of Woodside through the Town Center Sewer Assessment area; 2) the Fair Oaks Sewer Maintenance District, a dependent special district governed by the County of San Mateo; and 3) the West Bay Sanitary District, an independent special district.

Between 30-40% of the 2,375 parcels in the Town of Woodside have access to public sewer service. Most parcels within the Town rely on private on-site septic systems to treat wastewater, as depicted by the uncolored areas in Figure 1 below.

Figure 1. Public Sewer Service Areas vs. Private Septic Systems in the Town of Woodside



Source: County GIS

Fair Oaks Sewer Maintenance District (FOSMD): As of October 2025, FOSMD serves 647 parcels in the Town of Woodside. The FOSMD is the largest of the ten County-governed sewer districts. FOSMD is unique among other County sewer districts as it includes both unincorporated and incorporated territory. Operated by the San Mateo County Department of Public Works, the District was formed in 1939 and includes territory located in portions of Woodside, Atherton, Redwood City, Menlo Park and unincorporated areas including North Fair Oaks. The district has 81 miles of pipelines and over 7,000 connections. Effluent flows to the Silicon Valley Clean Water wastewater treatment plant in Redwood City under an agreement between the District and the City of Redwood City for both sewer treatment capacity and for transmission of effluent through the City's sewer system. As an enterprise district, FOSMD's primary revenue source is sewer fees that are assessed on property tax bills. Silicon Valley Clean Water is a JPA between the cities of Belmont, San Carlos, and Redwood City and the West Bay Sanitary District. FOSMD and the County are not members of the JPA. FOSMD has an agreement with the City of Redwood City for

2.5 million gallons per day of wastewater generated by FOSMD to be treated at the Silicon Valley Clean Water wastewater treatment plant.

In 1968, the Town of Woodside formed an assessment district, the Redwood Creek Trunk Assessment District (RCAD). Per the Town's General Plan, the RCS was primarily formed because of health and safety concerns that existed within Woodside Glens, which had a history of failing septic systems dating back to 1959. RCAD is not an operational sewer district but instead is a funding mechanism for the construction of a sewer system within the Redwood Creek and Glens areas of the Town. To provide sewer services to parcels within the RCS, the Town of Woodside and FOSMD entered into an agreement in 1968 that would allocate 150,000 gallons per day of treatment and flow capacity to RCAD. The capacity was based upon an estimated 250 gallons per day per household use. About 573 assessments were originally levied, with 182 in the Glens and 391 outside of the Glens. The Town-constructed facilities are maintained and operated by the FOSMD, and parcels that are serviced by FOSMD within the RCAD area are annexed to FOSMD.

In recent years, parcels that were not within the original boundaries of the RCAD have been included in the service area and annexed to FOSMD. In order for these parcels to receive service, the Town transferred sewer capacity rights from parcels that are owned by the Town within the RCAD to privately owned parcels requesting service. These Town-owned parcels have multiple sewer connection assessments which allows for the transfer of these connections to other parcels seeking to connect to the FOSMD system. Currently, there are ongoing discussions between FOSMD and Woodside regarding sewer service to parcels in the Canada Rd. area.

Town Center Sewer Assessment District (TCSAD):

As of October 2025, the TCSAD serves 260 parcels in the Town of Woodside. The TCSAD was formed by the Town in 1987. This system is owned by the Town and operated and maintained by the West Bay Sanitary District under contract. It includes the Town's commercial, institutional, and residential properties generally located along Woodside Road, Martin Lane, Prospect Street, Audiffred Lane, Cedar Lane, and up Cañada Road to Bardet Road (the Cañada Corridor Area). TCSAD has an agreement with the Redwood City for sewer treatment allocation at the Silicon Valley Clean Water treatment plant for 100,000 gallons per day. The Town also has agreements with Redwood City and with FOSMD for the transmission of TCSAD wastewater through the City and District facilities.

West Bay Sanitary District (WBSD)

WBSD provides sewer services to approximately 20 parcels in the eastern portion of the Town of Woodside, located along Moore Rd. and Stockbridge Ave.. The SOI for WBSD includes the entire Town of Woodside. The WBSD is the regional sanitary sewer provider for the City of Menlo Park and portions of Woodside, Atherton, East Palo Alto, Portola Valley, Redwood City, south county unincorporated areas, and several parcels in Santa Clara County near Los Trancos Creek. The District was formed in 1902 and serves approximately 19,486 residential customers and 625

commercial customers with approximately 216 miles of sewer mains. WBSD is a member of Silicon Valley Clean Water JPA.

City of Redwood City

The City of Redwood City provides sewer service to one parcel at 115 Harcross Road in response to a failed septic system at the property. The sewer connection was permitted by LAFCo in 2019 via an Outside Service Agreement to address the on-going public and safety issue (LAFCo File 19-04). The 115 Harcross property is adjacent to Redwood City and the City's sanitary sewers were the only municipal wastewater sewer lines nearby and available to provide direct service.

ii. Police

The Town of Woodside contracts with the San Mateo County Sheriff's Office for law enforcement services. The contract includes a service level for two deputies during the day shift; two deputies during the night shift; two patrol deputies; a portion of a detective (50%); a portion of an administrative sergeant (25%); and a portion of a Captain (25%). In September 2025, the Town Council approved a new five-year contract for services for a total amount of \$3,320,703 for FY2025-26.⁹ This represents a 9% increase (\$276,191) from FY2024-25.

Prior to this contract, the previous five-year contract included a cap on annual increases. However, in the newly adopted contract, this cap was not included. The Town Council has an Ad Hoc Law Enforcement Subcommittee that has been working on the newly adopted contract. As part of this effort, the Town and Sheriff's Office will meet prior to the start of each fiscal year to review budget methodology and the breakdown of costs incurred by the Sheriff's Office to provide those services.

Based on a projected estimate by the Town, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1 million gap between the contract cost and Town General Fund revenue. This gap would need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

iii. Fire

The Town of Woodside is located within the service area of the Woodside Fire Protection District (WFPD), an independent special district. WFPD was formed in 1939 and then reestablished in 1949. WFPD provides fire services to the towns of Woodside and Portola Valley, and to the unincorporated areas of Ladera, Los Trancos Woods, Skyline, Vista Verde, and portions of Emerald Lake Hills. The District has three fire stations, with Fire Station No. 7 located in Town at 3111 Woodside Road. WFPD provides emergency operations, a hazardous materials response program, training, community risk reduction and fire prevention, office of emergency services, and administrative support. As of 2025, WFPD has 68 FTEs, and a FY2025-26 budget of \$30M.

⁹ The Town will pay \$3,120,703 rather than \$3,320,703 in year one of this agreement due to an invoicing error in the previous year (Town of Woodside, Town Council Staff Report, September 9, 2025)

iv. Water

The Town of Woodside receives water service from Cal Water, a private company. In some portions of the town near the unincorporated area of Emerald Lake Hills, the City of Redwood City is the provider of domestic water services.

v. Library

The Town of Woodside Library is a branch of the San Mateo County Library located at 3140 Woodside Road.

vi. Other Contract Services

The Town of Woodside contracts with Green Waste Recovery Inc. to collect solid waste, recycling and compost from residences and business.

b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?

The Town of Woodside's recently adopted Housing Element identifies the need to plan for 323 new residential units within the Town. One constraint on building these units is the limited sewer treatment capacity. Town staff has recently inquired with LAFCo and FOSMD/County staff about new sewer services to parcels both within the existing Redwood Creek Assessment District area and to parcels currently outside of RCSD and FOSMD. While on-site septic systems may be able to address the service needs for some parcels that have been identified in the Housing Element, it is likely that sewer service will be needed for larger, more dense development projects or developments that occur on properties that are constrained by size or topography. Most parcels in the Town have already been developed, and the remaining undeveloped parcels are either on slopes that would be too steep for septic (Town Municipal Code does not permit septic systems in slopes greater than 35%) or are too small to fit both a home structure and an appropriately sized septic system. These constraints may make it infeasible to serve more residents or increase density on a given parcel.

c) Are there any concerns regarding public services provided by the agency being considered adequate?

LAFCo does not have any concerns regarding the adequacy of the public services currently being delivered by the Town of Woodside.

d) Are there any significant infrastructure needs or deficiencies to be addressed?

Outside of sewer services, LAFCo does not have any concerns regarding the Town's infrastructure needs or deficiencies. In the adopted Housing Element and in conversations between LAFCo, the Town, and FOSMD/County staff, the topic of sewer service and infrastructure has been identified as an issue that will soon need to be addressed. Approximately two-thirds of the parcels in the Town of Woodside have private septic and leach field systems. The Town's ability to provide public

sewer service is limited because it does not have its own sewer treatment facility, nor does it have direct access to a sewer treatment facility. The Town and FOSMD are not members of the Joint Powers Authority that comprises the Silicon Valley Clean Water JPA. The JPA owns and maintains the sewer treatment plant in Redwood City. Public sewer service in the Town is only available to the extent that one of the JPA partners (Redwood City, Belmont, San Carlos, and the WBSD) has excess capacity and is willing to formally sell or lease that capacity to the Town. Treatment capacity agreements enable the Town to provide sewer in three areas.

As mentioned previously in this section, the Town has sewer treatment plant capacity allocation agreements with 1) the City of Redwood City for sewer services to parcels in the Town Center Area and the Cañada Corridor Area, and 2) the County FOSMD for sewer services to parcels in the Redwood Creek Sewer Assessment District Area (RCS).¹⁰ FOSMD allocated the RCS a portion of its treatment capacity (150,000 gallons per day of wastewater) from its 1985 capacity agreement with the City of Redwood City.

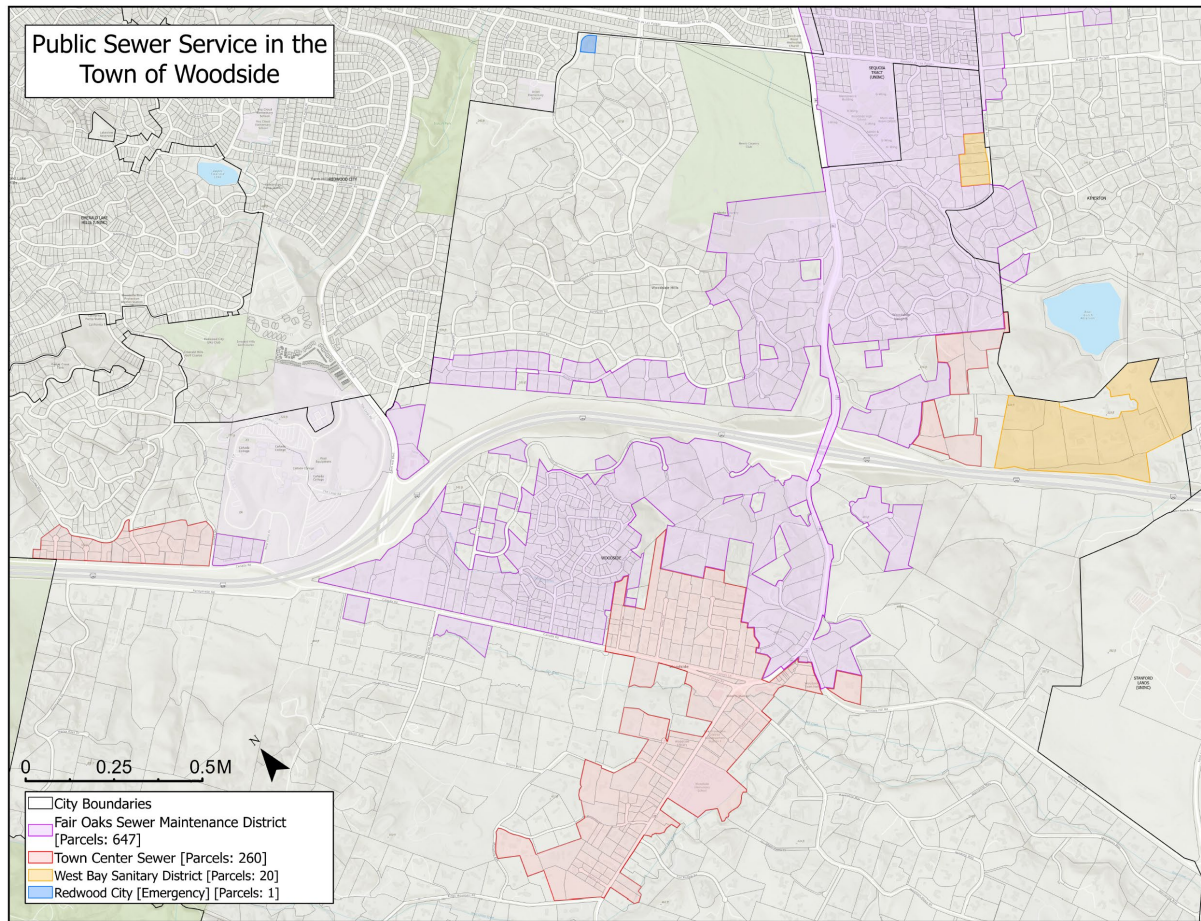
Further complicating the calculation of existing and available sewer treatment capacity is the fact that some properties in the RCS were not required to connect to the sewer system, and were provided the option to exercise their deferred “connection rights” later, upon request.¹¹ The Town Council occasionally approves the transfer of RCS unused capacity allocations to new “contiguous parcels” that “share at any point at least one property line with another parcel that is fully annexed as of the effective date of this section [May 24, 2007], into either the RCAD or the TCSAD or the FOSMD service Area”.¹² San Mateo LAFCo, FOSMD, and Woodside will continue to review and discuss the potential service area of FOSMD in the Town of Woodside.

¹⁰ The Redwood Creek Trunk Assessment District is a financing mechanism to support the infrastructure costs associated with connecting properties to FOMSD.

¹¹ There is no LAFCo process for annexation into FOMSD for these properties, since they were in the original sewer service area plan and guaranteed the option to connect at a later date.

¹² [Woodside Municipal Code Title V, Chapter 51, Article VIII.](#)

Figure 2. Public Sewer Service Providers in the Town of Woodside



Source: County GIS

Note: The number of parcels served by each system is approximate

Expansion of Current Public Sewer Service Areas is Limited

While Town municipal policy may allow expansion of sewer services beyond the existing sewer area boundaries for both RCS and TCSAD, the County’s FOSMD is constrained in its ability to serve more parcels due to the limited amount of treatment capacity that the City of Redwood City has granted FOSMD and the number of assessments allotted for RCS. Indeed, the County/FOSMD has the right to exercise its discretion as to whether it is able (given treatment capacity constraints, operating costs, infrastructure costs, etc.) and willing to expand sewer services. FOSMD must balance its limited treatment allocation between development occurring within the existing boundaries of the District and its existing customers, with any potential expansion of District boundaries to serve new customers.

As noted in the Town’s Housing Element, the Town is currently exploring options for increased access to sewer services. In general, existing sewer services within the Town are in the areas

around Cañada Rd. and Woodside Rd., meaning that most areas in the Town are not in vicinity of sewer services. While there are areas of the Town that can meet the requirements for septic systems, there are several other areas near Skyline Blvd. or the Emerald Lake Hills area that are constrained by topography and lot size. These areas do not have sewer services nearby, or if they do, the services are limited. With no sewer treatment facility within Town boundaries, sewer service is reliant on treatment allocation from the City of Redwood and FOSMD, and physical transport capacity from FOSMD, which have their own development pressures that they must address.

Occasionally, a property owner of a parcel in the Town on private septic system may apply to be annexed into one of the Town's sewer system areas. The application approval process is different for each sewer system area. For example, annexing into the Town Center Sewer Assessment District involves one application to the Town Council. However, annexing into the FOSMD requires two applications, one contract amendment (to the Town-FOSMD capacity agreement), and ultimately approvals from the Town Council, San Mateo LAFCo, and the County Board of Supervisors acting as the governing body for FOSMD. The Town is currently in discussions with the County, the City of Redwood City, and LAFCo to clarify the annexation process to FOSMD and sewer service within the Town.

According to the Town Municipal Code, "The Town Engineer shall, on a biannual basis, review water usage records for parcels in the RCS and TCSAD, and shall meter the sewer flow from the RCS and the TCSAD and report to the Town Council on the status of sewer service capacity."¹³ On Nov. 18, 2025, the Town Council authorized the Town Manager to execute an agreement with Freyer and Laureta, Inc. for the completion of the Town Sanitary Sewer Master Plan. The scope of the study, currently underway, is limited to existing sewer service areas. According to staff, 2012 was the last time that the Town performed a formal capacity analysis that included flow monitoring. At that time, the Town estimated that it had excess sewer capacity that would allow for the addition of 100-150 new residential units, Townwide.

- e) Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?

There are no anticipated regulatory changes on the horizon, besides effective implementation of the programs included in the Town's 2023-31 Housing Element. As of January 29, 2025, the Town

¹³ Sec. 51.129 - Testing for sewer service capacity; report to Town Council.

is in substantial compliance with the Department of Housing Element law, however failure to make progress as monitored and reported annually to the State may revoke compliance status.¹⁴

- f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?

No, there are no disadvantaged unincorporated communities identified within or adjacent to the Town of Woodside.

MSR Determination No. 3: Based on Town projections, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1M gap between the contract cost and Town General Fund revenue. This gap would need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

The Town is currently exploring options for increased access to sewer services. In general, existing sewer services within the Town are in the areas around Cañada Rd. and Woodside Rd., meaning that most areas in the Town are not in the vicinity of sewer services. With no sewer treatment facility within Town boundaries, sewer service is reliant on treatment allocation from the City of Redwood and FOSMD, and physical transport capacity from FOSMD and further downstream from the City of Redwood City, which have their own development pressures to address.

Recommendations:

2. The Town should have regular meetings with the FOSMD/County to align policies and processes on sewer allocations to parcels within the Town, especially in the Redwood Creek Sewer Assessment (RCS) area.
3. The Town and FOSMD/County should evaluate ways of streamlining the process for executing of a Town-FOSMD transport supplemental agreement for when parcels are annexed to FOSMD that are outside of RCS. The boundaries and service area of FOSMD should be reviewed so that the current and future geographical boundaries of the District are clearly delineated for all parties involved (i.e. the Town, FOSMD, LAFCo, and residents). The agencies should seek alignment on the topic of what happens to district boundaries when reallocating unused RCS sewer connections to parcels outside of RCS and outside of FOSMD. Area plans depicting the probable extent of sewer service boundaries should be developed.

¹⁴ Department of Housing and Community Development Division of Housing Policy Development letter to Sage S. Schaan, Director of Woodside Planning and Community Development Department, January 29, 2025 RE: Town of Woodside 6th Cycle Adopted Housing Element.

4. An audit of parcels in the Redwood Creek Sewer Assessment area should be conducted to identify which parcels have been connected to the FOSMD system, determine which connections are still outstanding, and to confirm which parcels have paid assessment fees. The audit should also review information about the sewer system flow and treatment capacity for FOSMD and the Town including verification that sufficient sewer assessments remain available for parcels within the original service area after any are granted to parcels outside of RCS.
5. In addition to the ongoing “Sanitary Sewer Master Plan” study by Freyer and Laureta, Inc., the Town should conduct a sewer service feasibility study for areas in Town that are outside— not contiguous to— existing sewer service boundaries. In areas where topography or parcel size could limit septic system replacement, a sewer system would be required for new development or to replace a failed septic system. The study should evaluate sewer service priority areas in the Town that are outside of the current assessment districts and determine how services could be provided, and how these services would be financed. This study would also provide neighboring and/or partner agencies visibility into Town priorities and objectives related to sewer services, and help evaluate potential impacts to their infrastructure.

4) Financial Ability

Financial ability of agencies to provide service	Yes	Maybe	No
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization’s rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?		X	
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?			X
f) Is the organization’s debt at an unmanageable level?			X

a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?

LAFCo staff has not identified any issues with the Town’s budgeting practices. On an annual basis, the Town Manager prepares a two-year budget, and the Town Council consistently adopts the budget in a public meeting on or before June 30 every year. The Town Council hires independent auditor Maze & Associates to conduct annual financial audits. The most recent audit was conducted in January 2025 for the fiscal year ending June 30, 2024.¹⁵ This audit reported that the Town assets exceeded liabilities by \$27,024 for FY2023-24. An archive of the Town’s audited financial statements for every year since 2006 is available on the Town’s website.¹⁶ The Town’s adopted budget for FY2025-26 totals \$15,110,473 in anticipated expenditures.

The Town general fund primary revenue sources are property tax (51% of proposed revenue in FY2025-26) and permit fees (18% of proposed revenue in FY2025-26). As the Town is largely

¹⁵ [Basic Financial Statements for FY end June 30, 2024](#)

¹⁶ [Archive Center, Financial Reports](#)

residential, with only a small commercial base, sales tax equated to only 6% of total revenue to the general fund.

The Town of Woodside is classified as Tax Equity Allocation city¹⁷. When Proposition 13 passed in 1978, it froze property taxes at their current levels. Prop. 13 created significant problems for cities with low property tax rates at the time. These cities could not raise property tax rates to meet their community needs. Property tax share was frozen by the Legislature in the distribution formula from AB 8, passed in 1979. Tax Equity Allocation funding implemented through AB 709 and AB1197 is a mandated formula in which California's no or low property tax cities receive a minimum of 7% of the property tax revenue available within their boundaries. Prior to the changes in AB 709 and AB1197, the Town was only receiving approximately 4.9% of the property tax revenue.

b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?

The Town Council Financial Management Policy establishes that the Town shall maintain a minimum reserve level of 30% of estimated operating revenues for the Town's General Fund. The Town consistently meets this reserve target. In FY2025-26, the estimated operating reserve amount is \$3,666,254.

c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?

Fees and permit charges comprise approximately 25% of the anticipated Town total revenue in FY2025-26. Revenue from town-administered charges for services totaled \$4,431,861 in FY2024-25, which was a 33% increase compared to FY2023-24. The Town annually posts an updated Schedule of Fees and Charges available on its website, detailing user and regulatory fees for services and permits. The schedule was last updated on July 1, 2025.¹⁸ The fees adjust automatically to increases in the San Francisco-Oakland-Hayward Consumer Price Index (CPI).

Table 1, below is a comparison of the Town's total fees per unit (including entitlement, building permits, and impact fees) and those of the neighboring jurisdictions of the Town of Atherton, Town of Portola Valley and Unincorporated San Mateo County. There is no data for large multi-unit developments in Woodside since there are none, yet. The Town has waived permitting fees for ADU's and JADU's. In its Housing Element, the Town indicates it will "review fees by 2027 to determine if fees need to be further reduced if creating a barrier to the construction of multi-family housing."¹⁹

¹⁷ There are four TEA cities in San Mateo County: Colma, Half Moon Bay, Portola Valley, and Woodside.

¹⁸ Resolution No. 2025-7740, [4/8/2025](#)

¹⁹ Town of Woodside 2023-31 Housing Element, Policy H3.3- Incentivize Higher Density Housing.

Table 1. Total Town Fees Per New Unit Development

Jurisdiction	Single-Family	Small Multi-Unit	Large Multi-Unit
Atherton	\$15,941	No Data	No Data
Portola Valley	\$52,923	No Data	No Data
Woodside	\$70,957	\$82,764	No Data
Unincorporated SMC	\$36,429	\$27,978	\$10,012

Source: 21 Elements Survey, Portola Valley 2023-31 Housing Element

d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?

The Town has a 5-year Capital Improvement Program (CIP), revised annually, for which funding has been identified for approximately 93% of anticipated costs. The budgeted CIP amount for FY2025-26 is \$3,969,550. The projected actual CIP expenditures in FY2024-25 are \$1,044,328 (see Table 2, below). The increase is due in part to the one-time cost of \$1M for the Hillside Drive Rehabilitation Project.

Projects scheduled for completion in FY2025-26 include: Woodside Road Median Island Beautification, Woodside Road Bike Safety Improvements East of I-280, Hillside Drive Rehabilitation Project, and Emergency Access Improvements. In FY 2025-26, the General Fund budget includes one-time contributions of \$1.7M from fund balance towards the Capital Improvement Program. Town Council Financial Management Policy states that “no phase of a capital project should be initiated until all the resources required for its completion are available to the Town”.²⁰

The Town Public Works Department oversees the construction and maintenance of the public infrastructure, provides building code enforcement, and issues construction permits. The adopted budget for FY2025-26 includes funding to support a Storm Drain Master Plan and Traffic Study. The Road Program funds the ongoing maintenance and capital projects of the Town’s public road system and has over \$1M in funding available for FY2025-26. The Road Program includes a five-year running list of capital projects, funded by five funds: Road Impact Fees which are

²⁰ Adopted Budget FY 2025-26, Town Council Financial Management Policy No. 18.

assessed against all building projects; the Gas Tax, Measure A,²¹ Measure W,²² and the Traffic Safety Fund²³.

The Town has three enterprise funds to support public sewer services. The net position for each fund is positive as of June 30, 2024: The Cañada Corridor Sewer has a net position of \$319,410; the Sewer Utility Fund which includes Town Center sits at \$1,762,600; and the Redwood Creek Sewer has a net position of \$246,501.²⁴ Properties in these areas are assessed a fee that appears on their property tax bill. Fees have increased steadily each year.

As mentioned previously, the Town is concerned about the continued increase in the cost of the Sheriff's Office contract and will continue to monitor the impact of the contract on the Town's general fund.

e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?

The Town has a financial management policy that is printed in the annual budget. The policy includes the following elements: one-time revenues and resources should not be used to support ongoing operation; debt should be issued only to support capital and not operating expenses; and the Town Council should conduct a comprehensive review of the fiscal status of the Town on a quarterly basis. The Town currently has a policy of a minimum reserve level of thirty percent of estimated operating revenues for the Town's General Fund.

f) Is the organization's debt at an unmanageable level?

No. The Town has no outstanding debt. However, the Town has unfunded pension liabilities in the amount of \$2,809,493, which it has addressed by setting up a Section 115 Public Agency Retirement Services (PARS) account.

²¹ San Mateo County voters first approved Measure A in 1988. Measure A is a half-cent sales tax for local transportation improvement purposes. In 2004, voters reauthorized Measure A to remain in effect from Jan. 1, 2009 through Dec. 31, 2033. [Measure A & W Programs | SMCTA](#)

²² Measure W was approved by San Mateo County voters in 2018 to generate additional funds from another half-cent sales tax authorized for July 2019 through June 30, 2038. The measure includes funds for highway projects, local street repair, grade separations for Caltrain tracks, expanded bicycle and pedestrian facilities, and improved transit connections.

²³ The Traffic Safety Fund is comprised of fines and forfeitures from violations of the California Vehicle Code

²⁴

Table 2. Town of Woodside General Fund Budget

	FY2023-24 Actual	FY2024-25 Projected	FY2025-26 Proposed
<i>GF Revenue</i>			
Property Tax- Secured	4,876,330	5,207,920	5,520,395
Property Tax- Unsecured	205,932	220,000	235,000
Property Tax- Other	1,027,512	762,000	775,000
Sales Tax	739,742	776,100	776,100
Property Transfer Tax	404,935	325,000	350,000
Francise fees	655,926	720,831	735,000
Business License	185,592	185,000	185,000
Fees & Permits	2,037,577	2,040,556	2,279,250
Interest (LAIF)	428,721	316,000	300,000
Other Agencies	613,345	657,321	639,000
Current Services	248,625	339,840	319,100
Overhead Charges	350,000	360,000	375,000
Other Revenue	386,864	892,976	179,400
Total GF Revenue	\$12,061,101	\$12,803,544	\$12,668,245
<i>GF Expenditures</i>			
Salaries & Benefits	3,135,618	3,702,070	3,667,315
PERS & Retiree Health Benefits	654,243	834,550	813,200
Services & Supplies	4,045,793	4,186,294	4,179,395
Police Services Contract	2,645,338	2,844,512	3,057,630
Housing Element/Town Center Plan	73,695	230,000	500,000
Emergency Response/Hazardous Tree Removal	560,323	661,560	350,000
Equipment & Building Maintenance	51,837	153,691	95,000
Capital Contributions	1,077,469	569,768	1,751,250
Total GF Expenditures	\$12,244,316	\$13,182,445	\$14,413,790
Net position	(183,215)	(378,901)	(1,745,545)
Beginning Balance	7,700,382	7,517,167	7,138,266
Ending Balance	7,517,167	7,138,266	5,392,721
Balance as % of Revenue	62%	56%	43%

Source: Town of Woodside Adopted Budget 2025-26

MSR Determination No. 4: LAFCo staff has not identified any issues with the Town’s budgeting practices. The Town’s adopted general fund operating budget for FY2025-26 totals \$12,662,540. The estimated operating reserve amount is \$3,666,254. The Town of Woodside has a five-year Capital Improvement Program for which funding has been identified for approximately 93% of anticipated costs. The Town of Woodside is classified as Tax Equity Allocation jurisdiction, which limits the amount of property tax that the Town receives. The Town general fund primary revenue source is property tax (51% of proposed revenue in FY2025-26). The Town staff and Council has

expressed concern about the continued increase in the cost of the Sheriff’s Office contract and will continue to monitor the impact of the contract on the Town’s general fund.

Recommendation: None

5) Shared Services and Facilities

Status of, and opportunities for, shared facilities	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?		X	
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?			X

a) Is the agency currently sharing services or facilities with other organizations?

The Town has agreements and partnerships with various organizations. Contracting for services has the benefit of enabling the Town to adjust service levels depending on budget and needs. The Town is a member of the San Mateo County Library Systems Joint Powers Agreement (JPA). The Town is also a member of the JPA for County emergency services dispatch. The Town contracts with the County Sheriff for policing (\$3,057,630 budgeted in FY2025-26). This contract provides for two deputies (day and night) and two dedicated motorcycle patrol units serving on a rotating 12-hour schedule from 7am to 7pm daily. The Town leases the Woodside equestrian facility to a non-profit 501(c)(3) organization called The Horse Park at Woodside. The Town governs the Town Center Sewer Maintenance District and has a contract for operation and maintenance of the sewer system with the West Bay Sanitary District.

The Town has a good working relationship with Woodside Fire Protection District, funding the annual Chipper program (\$70,000 in FY2025-26) to help encourage property owners to mitigate fire risk by clearing their property of potential fire fuel. The Town also appropriated \$500,000 in FY2025-26 to the Defensible Space and Home Hardening Matching Fund Program, reimbursing property owners up to \$3,000 to conduct fire fuel load reduction.

The Town is a member of various local agencies including the Association of Bay Area Governments, City/County Association of Governments, the Airport Roundtable and the League of California Cities.

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?

LAFCo encourages the Town to continue discussions with the neighboring Town of Portola Valley regarding opportunities for shared services and joint contracts, such as with the County Sheriff for policing services.

c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid the construction of extra or unnecessary infrastructure or eliminate duplicative resources?

None at this time.

MSR Determination No. 5: The Town has agreements and partnerships with various organizations. Contracting for services has the benefit of enabling the Town to adjust service levels depending on budget and needs.

Recommendation:

6. The Town should continue discussions with the Town of Portola Valley regarding the possibility of a joint contract with the Sheriff's Office for police services, as well as explore other opportunities for shared services or contracts.

6) Accountability, Structure, and Efficiencies:

Accountability for community service needs, including governmental structure and operational efficiencies	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with staff turnover or operational efficiencies?			X
c) Is there a lack of regular audits, adopted budgets and public access to these documents?			X
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?			X

a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

The Town of Woodside is general law city and utilizes a Council-Manager form of government. The five city council members are elected by District. Town Council meetings are held in-person at 7pm at Independence Hall, 2955 Woodside Road on the 2nd and 4th Tuesday of every month. The public may attend meetings in-person or online via Zoom. Public comment is accepted via Zoom as well as in-person. The link to the Zoom meeting is published in the agenda, which is posted on four physical bulletin boards in Town and published on the Town’s website.

Archived Town Council meeting agendas, minutes, and documents for each agenda item are available on the Town’s website. Recorded video and audio of meetings are also available on the website. Archives of other governing bodies, such as the Planning Commission, all 11 Citizen Advisory Committees, and architectural and Site Review Board are also available online. Neither

the Town of Woodside or LAFCo staff were able to identify any failures by the Town to comply with disclosure laws and the Brown Act.

b) Are there issues with staff turnover or operational efficiencies?

LAFCo has no current concerns regarding the governance accountability, structure or efficiencies of the Town. The FTE count for FY2025-26 is 24.75, which is the same as the year prior.

c) Is there a lack of regular audits, adopted budgets and public access to these documents?

The Town of Woodside regularly prepares an annual budget and contracts with the accounting firm Maze and Associates to conduct an annual ACFR, both of which are presented to the Town Council at a public hearing and are published on the Town’s website. The Town’s most recently accepted ACFR was for FY2023-24.

d-f) Changes in governance structure:

LAFCo staff does not recommend any changes to the Town’s governance structure that could increase accountability and efficiencies, enhance services and/or eliminate deficiencies.

MSR Determination No. 6: The Town of Woodside is a general law city and utilizes a Council-Manager form of government. The five city council members are elected by District. Town Council meetings are held in-person at 7pm at Independence Hall, 2955 Woodside Road on the 2nd and 4th Tuesday of every month. The public may attend meetings in-person or online via Zoom. Public comment is accepted via Zoom as well as in-person. LAFCo has no current concerns regarding the governance accountability, structure or efficiencies of the Town.

Recommendation: None

7) Other Issues:

Any other matter related to effective or efficient service delivery, as required by commission policy.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		

ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?		X	
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a-c) In September 2015, the Town in collaboration with the City/County Association of Governments of San Mateo County adopted a Climate Action Plan (CAP).²⁵ The CAP presents a program to achieve greenhouse gas emission reductions. On an annual basis, the Planning Director provides the Town Council reports describing progress on implanting the CAP measures. Along with the County and other San Mateo County cities, Woodside participated in the 2021 Local Hazard Mitigation Plan (LHMP) that assessed hazard vulnerabilities and identified opportunities for mitigation to reduce the level of injury, property damage and community disruption that could occur in manmade and natural disasters. The Town has an Emergency Preparedness Committee that works with Town staff to develop and maintain appropriate plans and procedures for responding to disasters, including wildfires, earthquakes, floods and other emergencies.

The Town contracts with the Woodside Fire Protection District for hazard mitigation efforts and creating defensible space along the Right of Way and Town-owned property. The majority of the Town is within an identified fire hazard severity zone. The Town Council has established the Defensible Space and Home Hardening Matching Fund Program. For approved projects, the Town will reimburse property owners 50% of the cost of creating defensible space and/or home hardening, up to a maximum of \$3,000.

MSR Determination No. 7: The Town has adopted a Climate Action Plan and participates in the Local Hazard Mitigation Plan. It has an Emergency and Preparedness Committee. The Town works with the Woodside Fire Protection District for hazard mitigation efforts, including a matching fund program for homeowners to enhance their defensible space and home hardening.

²⁵ [Climate Action Plan | Woodside, CA](#)

Recommendation:

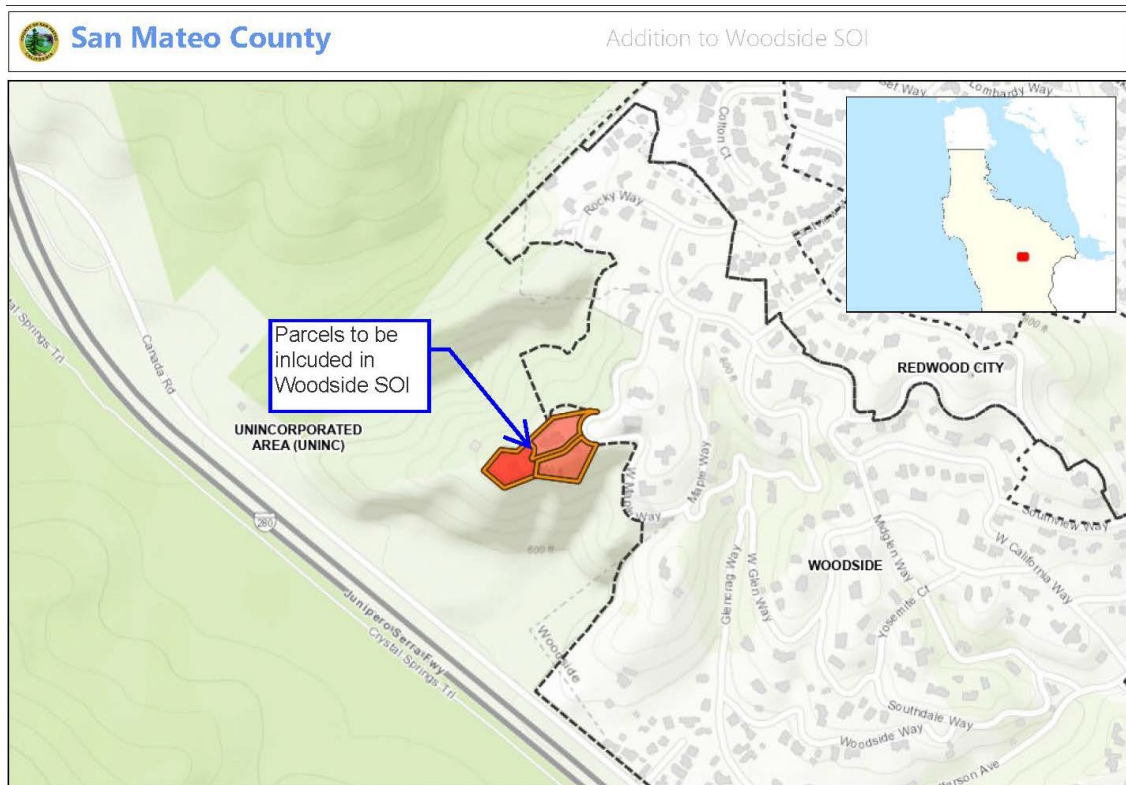
7. LAFCo encourages the Town of Woodside to continue its work in the areas of natural hazard mitigation and wildfire preparedness and to continue to coordinate with partner agencies.

Town of Woodside Sphere of Influence (SOI) Determinations

Section 56425 requires the Commission to make SOI determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These include the following determinations:

1. **The present and planned land uses in the area, including agricultural and open space lands:** Land use designations within the Town of Woodside are Residential, Open Space, and some limited Community Commercial. Agricultural uses are permitted for those parcels designated as Open Space. The Town's General Plan emphasizes the preservation and protection of open space and environmentally sensitive areas.
2. **The present and probable need for public facilities and services in the area:** The Town of Woodside meets the municipal service needs of its residents and businesses. The Town anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area. The current SOI for the Town includes the unincorporated communities of Guernsey Field, Jasper Ridge, and western hills along Skyline Blvd./Highway 35. In reviewing the Town's SOI and surrounding parcels, three parcels along West Maple Way near the northern boundary of the Town have been identified to be included in the Town's SOI. These three parcels, 425 West Maple Way (APN 068-100-240), 445 West Maple Way (APN 068-100-260), and 465 West Maple Way (APN 068-100-250) are located in unincorporated County but are adjacent to the Town's boundaries; the roadway of West Maple Way is already in Town boundaries as are the houses across the street.

Figure 3. Proposed Additions to the Town of Woodside Sphere of Influence (SOI)



Each of the three parcels is currently developed with single-family homes utilizing onsite septic systems. The three parcels are bordered by SFPUC Watershed lands to the north, south, and west. To the east is the Town of Woodside. The three parcels to be included in the Town’s SOI share similar characteristics of parcels within the Town. In the future, if the property owners wanted to annex to a city for municipal services, the only city that they are adjacent to and hence would be eligible to annex to would be the Town of Woodside. For these reasons, LAFCo is recommending that these parcels be included in the Town’s SOI.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The Town of Woodside currently provides adequate public services to its residents, including police protection (via contract), sanitary sewer, and storm water services. In addition, the Town routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the Town’s infrastructure and facilities.
4. **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the SOI of the Town of Woodside.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire**

protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence: There are no disadvantaged unincorporated communities within the Town's boundaries, or in the Town's Sphere of Influence.

On the basis of the Municipal Service Review:

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. Key Facts Town of Woodside

Town Manager: Jason Ledbetter

Address: 2955 Woodside Road, Woodside, CA 94062

Phone Number: 650-851-6790

Date of Incorporation: November 16, 1956

Town Councilmembers:

Mayor & Councilmembers	Term Expiration Date
Brian Dombkowski, Mayor	December 2026
Paul Goeld, Mayor Pro Tem	December 2028
Jon Froomin, Councilmember	December 2026
Hassan Aburish, Councilmember	December 2028
Jenn Wall, Councilmember	December 2028

Compensation: Each member of Town Council receives \$950 per month during their term (Ordinance No. 2024-641).

Public Meetings: Town Council meetings are held in-person at 7pm at Independence Hall, 2955 Woodside Road on the 2nd and 4th Tuesday of every month. The public may attend meetings in-person or online via Zoom. Public comment is accepted via Zoom as well as in-person. The link to the Zoom meeting is published in the Agenda, which is available for viewing on the Town’s website.

Services Provided: Planning and Building, Stormwater Control, Streets & Sidewalks, Lighting, Parks & Recreation

Agency staff: 24.75 Full time equivalent employees

Area Served: Town of Woodside

Population: 5,309

Sphere of Influence: Expansive – includes Wunderlich County Park, Huddart County Park (i.e. “Western Hills”), Skylonda, and Stanford lands (i.e. “Jasper Ridge” and “Western SLAC”).

FY2025-26 General Fund Budget: \$12,662,540

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for
the Town of Woodside**Areas of Determinations and Recommendations****Growth and population projections for the affected area.***Determination*

Over the next five years, the population of the Town of Woodside (5,206) is projected to grow between 2-4%. The Town's 2023-2031 Housing Element addresses how the Town plans to meet its state-mandated Regional Housing Needs Allocation allotment of 323 units by year 2031, including rezoning certain housing sites and allowing a variety of housing types. Ultimately, the Town will need to consider whether expanding public sewer services is required for the planned housing sites.

Recommendation:

1. The Town should continue to evaluate potential options for providing sewer services within the Town, particularly if these services are required to support the development of properties identified in the Town's adopted Housing Element.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.*Determination*

The Town's sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities.

Recommendation: None**Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.***Determination*

Based Town projections, costs for the Sheriff contract will continue to grow faster than overall Town revenue. By the end of the current contract term in FY2030-31, the Town estimates that there will be a \$1M gap between the contract cost and Town General Fund revenue. This gap would need to be resolved through use of reserves/fund balance, enhanced Town revenue, or the reduction of service levels provided in the contract.

The Town is currently exploring options for increased access to sewer services. In general, existing sewer services within the Town are in the areas around Cañada Rd. and Woodside Rd., meaning that most areas in the Town are not in the vicinity of sewer services. With no sewer treatment facility within Town boundaries, sewer service is reliant on treatment allocation from the City of Redwood and the Fair Oaks Sewer Maintenance District (FOSMD), and physical

transport capacity from FOSMD and further downstream from the City of Redwood City, which have their own development pressures to address.

Recommendations:

2. The Town should have regular meetings with the FOSMD/County to align policies and processes on sewer allocations to parcels within the Town, especially in the Redwood Creek Sewer Assessment (RCS) area.
3. The Town and FOSMD/County should evaluate ways of streamlining the process for executing of a Town-FOSMD transport supplement agreement for when parcels are annexed to FOSMD that are outside of RCS. The boundaries and service area of FOSMD should be reviewed so that the current and future geographical boundaries of the District are clearly delineated for all parties involved (i.e. the Town, FOSMD, LAFCo, and residents). The agencies should seek alignment on the topic of what happens to district boundaries when reallocating unused RCS sewer connections to parcels outside of RCS and outside of FOSMD. Area plans depicting the probable extent of sewer service boundaries should be developed.
4. An audit of parcels in the Redwood Creek Sewer Assessment area should be conducted to identify which parcels have been connected to the FOSMD system, determine which connections are still outstanding, and to confirm which parcels have paid assessment fees. The audit should also review information about the sewer system flow and treatment capacity for FOSMD and the Town including verification that sufficient sewer assessments remain available for parcels within the original service area after any are granted to parcels outside of RCS.
5. In addition to the ongoing “Sanitary Sewer Master Plan” study by Freyer and Laureta, Inc the Town should conduct a sewer feasibility study for areas in the Town that are outside, and contiguous to, existing sewer service boundaries. In areas where topography or parcel size could limit septic system replacement, a sewer system would be required for new development or to replace a failed septic system. The study should evaluate sewer service priority areas in Town that are outside of the current assessment districts and determine, how services could be provided, and how these services would be financed. This study would also provide neighboring and/or partner agencies visibility into Town priorities and objectives related to sewer services, and help evaluate potential impacts to their infrastructure.

Financial ability of agency to provide services.

Determination

LAFCo staff has not identified any issues with the Town’s budgeting practices. The Town’s adopted general fund operating budget for FY2025-26 totals \$12,662,540. The estimated operating reserve amount is \$3,666,254. The Town of Woodside has a five-year Capital Improvement Program for which funding has been identified for approximately 93% of anticipated costs. The Town of Woodside is classified as Tax Equity Allocation jurisdiction, which limits the amount of property tax that the Town receives. The Town general fund primary revenue source is property tax (51% of proposed revenue in FY2025-26). The Town staff and

Council has expressed concerned about the continued increase in the cost of the Sheriff's Office contract and will continue to monitor the impact of the contract on the Town's general fund.

Recommendation: None

Status of, and opportunities for, shared facilities.

Determination

The Town has agreements and partnerships with various organizations. Contracting for services has the benefit of enabling the Town to adjust service levels depending on budget and needs.

Recommendation:

6. The Town should continue discussions with the Town of Portola Valley regarding the possibility of a joint contract with the Sheriff's Office for police services, as well as explore other opportunities for shared services or contracts.

Accountability for community service needs, including governmental structure and operational efficiencies.

Determination

The Town of Woodside is general law city and utilizes a Council-Manager form of government. The five city council members are elected by District. Town Council meetings are held in-person at 7pm at Independence Hall, 2955 Woodside Road on the 2nd and 4th Tuesday of every month. The public may attend meetings in-person or online via Zoom. Public comment is accepted via Zoom as well as in-person. LAFCo has no current concerns regarding the governance accountability, structure or efficiencies of the Town.

Recommendation: None

Any other matter related to effective or efficient service delivery, as required by LAFCo policy including the following:

- i. Water Resiliency and Climate Change**
- ii. Impact of Natural Hazards and Mitigation Planning**

Determination

The Town has adopted a Climate Action Plan and participates in the Local Hazard Mitigation Plan. It has an Emergency and Preparedness Committee. The Town works with the Woodside Fire Protection District for hazard mitigation efforts, including a matching fund program for homeowner's to enhance their defensible space and home hardening.

Recommendation:

7. LAFCo encourages the Town of Woodside to continue its work in the areas of natural hazard mitigation and wildfire preparedness and to continue to coordinate with partner agencies.

RESOLUTION NO. 1346

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE
SECTION 56430 FOR THE TOWN OF WOODSIDE**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that:

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, set forth in Government Code Section 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Government Code Section 56000 et seq.,

WHEREAS, Government Code Section 56425 et seq. requires the Local Agency Formation Commission (LAFCo or Commission) to develop and determine the sphere of influence of each local governmental agency within the County; and

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the Town of Woodside;

WHEREAS, the Executive Officer prepared a written report of the Municipal Service Review that was provided to the Commission and affected agencies; and

WHEREAS, the Executive Officer set a public hearing date for January 21, 2026 for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on January 21, 2026; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and

be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the Commission is required pursuant to Government Code Section 56430 to make statement of written determinations with regards to certain factors; and

WHEREAS, the Commission is required pursuant to Government Code Section 56425 and local Commission policy to make statement of written determinations with regards to the following factors:

- 1. The present and planned land uses in the area, including agricultural and open-space lands:** Land use designations within the Town of Woodside are Residential, Open Space, and some limited Community Commercial. Agricultural uses are permitted for those parcels designated as Open Space. The Town's General Plan emphasizes the preservation and protection of open space and environmentally sensitive areas.
- 2. The present and probable need for public facilities and services in the area:** The Town of Woodside meets the municipal service needs of its residents and businesses. The Town anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area. The current SOI for the Town includes the unincorporated communities of Guernsey Field, Jasper Ridge, and western hills along Skyline Blvd./Highway 35. In reviewing the Town's SOI and surrounding parcels, three parcels along West Maple Way near the northern boundary of the Town have been identified to be included in the Town's SOI. These three parcels, 425 West Maple Way (APN 068-100-240), 445 West Maple Way (APN 068-100-260), and 465 West Maple Way (APN 068-100-250) are located in unincorporated County but are adjacent to the Town's boundaries; the roadway of West Maple Way is already in Town boundaries as are the houses across the street.

Each of the three parcels is currently developed with single-family homes utilizing onsite septic systems. The three parcels are bordered by SFPUC Watershed lands to the north, south, and west. To the east is the Town of Woodside. The three parcels to be included in the Town's SOI share similar characteristics of parcels within the Town. In the future, if the property owners wanted to annex to a city for municipal services, the only city that they are adjacent to and hence would be eligible to annex to would be the Town of Woodside. For these reasons, LAFCo is recommending that these parcel be included in the Town's SOI.

- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The Town of Woodside currently provides adequate public services to its residents, including police protection (via contract), sanitary sewer, and storm water services. In addition, the Town routinely adopts a Capital Improvement

Program to fund critical repairs, replacements and improvements to the Town's infrastructure and facilities.

4. **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the SOI of the Town of Woodside.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:** There are no disadvantaged unincorporated communities within the Town's boundaries, or in the Town's Sphere of Influence.

WHEREAS, based on the results of the Municipal Service Review, staff has determined that the SOI for the Town of Woodside does need to be updated at this time; and

WHEREAS, the Municipal Service Review is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under Section 15303, Class 6, which allows for basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The Municipal Service Review collects data for the purpose of evaluating municipal services provided by an agency. There are no land use changes or environmental impacts created by this study.

The Municipal Service Review also is exempt from CEQA under the section 15061(b)(3), the common-sense provision, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment and where it is certain that the activity will have no possible significant effect on the environment, the activity is exempt from CEQA; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated January 14, 2026, Final Municipal Service Review for the Town of Woodside, and all written

comments and attachments incorporated herein and contained in attached "Exhibit A."

Section 2. By Motion, the Commission adopts the Municipal Service Review determinations set forth in "Exhibit B" which is attached and hereby incorporated by reference.

Regularly passed and adopted this 21 day of January, 2026.

Ayes and in favor of said resolution:

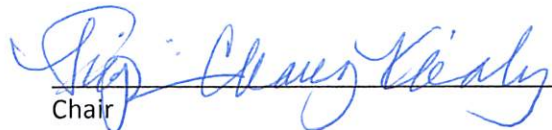
Commissioners: Stephen Rainaldi
Kati Martin
Debbie Ruddock
Ann Draper
Virginia Chang-Kiraly

Noes and against said resolution:

Commissioner(s): _____

Absent and/or Abstentions:

Commissioner(s): Jackie Speier and David Canepa



Chair
Local Agency Formation Commission
County of San Mateo
State of California

ATTEST:

Roberto Bartoli
Executive Officer
Local Agency Formation Commission

Date: _____

I certify that this is a true and correct copy of the resolution above set forth.

Diane Estipona
Clerk to the Commission
Local Agency Formation Commission

Date: 1/21/2026

SUMMARY OF COMMENTS FOR TOWN OF WOODSIDE DRAFT MSR				
Letter	Date Received	Respondent	Comment	LAFCo Response
1	1/9/2026	San Mateo County Department of Public Works	Staff comments related to the operation of the Fair Oaks Sewer Maintenance District, existing service area of the District, process for changing the boundaries of the District, and other comments related to sewer services provided by the District.	Comments noted. Details added regarding the Fair Oaks Sewer Maintenance District and sewer service within the Town of Woodside.
SUMMARY OF COMMENTS ON TOWN OF PORTOLA VALLEY DRAFT MSR				
Letter	Date Received	Respondent	Comment	LAFCo Response
1	1/11/2026	Emily Rubin, Intern to Vice Mayor Mary Hufty	The letter suggests additional topics of analysis related to the financial ability MSR determination area and comparison to peer Tax Equity Allocation (TEA) cities.	Comments noted. As the MSR notes, there are four TEA in San Mateo County – Portola Valley, Woodside, Colma, and Half Moon Bay. The Towns of Woodside and Portola Valley have a similar makeup in population size, demographics, geographic, services provided, and revenue streams (vast majority of revenue is from property tax). The other two cities, Half Moon Bay and Colma have vastly different demographics, levels of services, and revenue (Colma’s revenue mostly comes from sales tax and a tax on a local cardroom; Half Moon Bay relies mainly on Transient Occupancy Tax and sales/use taxes). The Towns of Woodside and Portola Valley are the most apt comparison in the County. While both Town’s budgets rely mostly on property tax, the Town of Woodside receives a greater amount (\$6 million) than Portola Valley (\$4 million) largely due to greater assessed property values in Woodside

				(average of \$4.2 million per property) compared to Portola Valley (\$3.1 million per property) and a greater number of parcels in Woodside (2,358) compared to Portola Valley (1,759).
2	1/12/2026	Betsy Morgenthaler, Portola Valley resident and Chair of the Portola Valley Open Space Committee	The letter expresses concern with the Town's fiscal management and accountability. The letter notes dissatisfaction with the Town's General Fund reserves, financial policies, financial transparency, and accounting practices. The letter offers the Town five recommendations to address the concerns. The letter is satisfied with LAFCo Draft Recommendations 3, 4, 5, & 6. The letter also included typographical edits.	Comments noted. New recommendation No. 6 added to report: "The Town should continue to provide updates to the Town Council and the public regarding the finances of the Town and explore additional opportunities to enhance transparency related to finance documents and reports..."
3	1/13/2026	Rebecca Flynn, Town Councilmember, Portola Valley	The letter provides LAFCo staff with copy edits, informational updates, and the correction that the Town has <i>not</i> adopted a Climate Action Plan. The letter suggests the MSR include more discussion regarding: the distribution of property taxes; the option to annex the Ladera commercial district as a subset of Ladera; and logistics and administrative costs for comprehensive sewer annexation options and/or phased approaches.	Comments noted. Figure 4, "1% Property Tax Distribution Sample Tax Rate Area" added to MSR. MSR updated to reflect that the Town has not adopted a Climate Action Plan. Comments were added for additional clarity regarding the potential of annexing commercial areas of Ladera as opposed to the whole unincorporated area of Ladera. A comment was incorporated into the MSR regarding future discussions between the Town, WBSD and LAFCo related to sewer services and annexations.
3	1/13/2026	Rebecca Flynn, Town Councilmember, Portola Valley	Suggestion to include data to confirm that the Town is receiving the full 7% of the 1% property taxes.	Not incorporated into this MSR since this investigation is beyond the scope of the LAFCo MSR process. LAFCo would recommend that the Town contact the County Controller's Office regarding this inquiry.

Fw: Public Comment on the MSR for the PV Town

From: Emily Rubin [REDACTED]
Sent: Sunday, January 11, 2026 4:40:06 PM
To: Sarah Flamm <sflamm@smcgov.org>
Subject: Public Comment on the MSR for the PV Town

CAUTION: This email originated from outside of San Mateo County. Unless you recognize the sender's email address and know the content is safe, do not click links, open attachments or reply.

Hello Ms. Flamm,

I am working as Vice Mayor Hufty's intern, and I have the following comments about the document and was hoping it isn't too late to get more information back before the final reading of this review. We are so grateful for the guidance LAFCo is giving us.

The review shows Portola Valley's fiscal issues and its status as a TEA city, but more clarification would strengthen the document's analysis for us. The review would also benefit from adding whether LAFCo's analysis concludes that Portola Valley's fiscal stress is primarily structural (driven by TEA constraints combined with limited tax base, or primarily operational) related to cost structure, staffing levels, or service delivery models. This would help us better understand what the challenges are within management control versus what is systemic.

The Review notes recurring deficits, reserve drawdowns, and rising contract costs. It would also be beneficial for LAFCo to clarify whether, absent new revenue authority or voter-approved revenue measures, the Town's current fiscal trajectory is viewed as unsustainable over the medium to long term, even assuming continued cost containment and service adjustments.

The MSR references TEA status but does not discuss comparative outcomes. Additional context on whether LAFCo is aware of peer TEA cities (in San Mateo County or elsewhere in California) that have successfully stabilized their finances without adopting new local taxes would be valuable. If such examples exist, identifying the structural differences that mattered most (for example, service models, shared services, governance arrangements, boundary conditions) would provide important context for evaluating Portola Valley's options.

We look forward to getting more information for our future approach to our town situation at the upcoming meeting on January 21st.

Thank You,

Emily Rubin

1185 Portola Road

Portola Valley CA 94028

January 12, 2026

San Mateo Local Agency Formation Commission
Rob Bartoli, Executive Director
Sara Flamm, Management Analyst

I write as a 13-year Portola Valley engaged resident. The Town faces a vitally important 2026 year and priority to get its fiscal house in order. Because the Town noticed Thursday's meeting with LAFCo regarding the Municipal Service and Sphere of Influence Review, it came to my attention, and I am glad to have the chance to share a perspective.

The LAFCo Review will be effective if it relates fully to today's concerns, most importantly fiscal management and accountability. The purpose of taking stock of where we are is to calibrate more closely where we are headed. As it stands, at least in the realm of finances, the draft MSR left a question mark over the commitment to take stock of where we are. My comments are made with this interest in mind.

My comments refer to the Executive Summary (pg 2), Key Issues (pg 4), and the chapter on Financial Ability (pg 14-21).

Note: When referencing the document, the 1st 35 pages pertain to Woodside. The 2nd chapter paged 1-32 pertain to Portola Valley's. These page numbers relate to the second set of pages 1-32.

Page 4, paragraph 2

— Section II. The Summary of Key Issues

"the Town's Reserve Fund is on pace for a deficit by 2029-30 without a new revenue source".

The Town depleted its General Fund Reserves a while ago, as we came to learn in May 2024. This fiscal year 2025-26, the Council passed a budget with a roughly \$200k General Fund deficit. "The Town's Reserve Fund" is a misnomer and likely refers to the Open Space Fund and the Affordable Housing Fund. The Open Space Fund is the largest of the Town's restricted funds (\$9 – 10 mil in value), unambiguously restricted to Open Space purposes. It is *not* the Town's Reserve Fund. It is in a co-mingled account shared by the General Fund.

Page 4, end of paragraph 3; and Page 21, last paragraph (redundant sentence)

— Section II. The Summary of Key Issues

"the lack of audited budget numbers has hindered fiscal forecasting"

Providing good budgets for review depends on access to past actuals. The Town Council members, the Commissioners, the Committees, the residents do not have access to our actuals, making oversight effectively impossible. This has been Portola Valley's continuous state for many years, and in order that we address it, our Review had/has the opportunity to be reasonably forthcoming.

— Page 15, top

(a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?

[Response]

The primary source of revenue for the Town's general fund is property tax (53% of proposed

revenue in FY2025-26), followed by a Utility Users Tax (14%) and permit fees (11%). As the Town is largely residential, with only a small commercial base, sales tax equated to only 4% of total revenue to the general fund.

The Town of Portola Valley is classified as Tax Equity Allocation (TEA) city, because it had low or no property taxes in 1978, when Proposition 13 was passed and froze property taxes at their current levels in perpetuity.10 To help solve the problem of TEA cities lacking sufficient property tax revenue to support the growing costs of basic services, a series of bills were signed into law in 1980s. This legislation mandated a formula in which California’s no or low property tax cities receive a minimum of 7% of the property tax revenue available within their boundaries. For cities in San Mateo County, the County Controller’s Office is charged with implementing the TEA formula. In 2005, Portola Valley discovered it was not being allocated property taxes in accordance with the TEA formula.11 The County of San Mateo agreed that there were missed payments and five months later, paid Portola Valley the funds, \$2.5 million in total, that they had failed to allocate over the previous 15 years. Since that correction in 2005, LAFCo is not aware of any other issues related to the TEA funding formula for the Town.

Does this respond to the question asked?

— Page 14, bottom

Financial Ability Provision grid

Question (a), the response is “Maybe”.

In recent years the Town has suffered a great deal and continues to suffer from our financial issues. In November 2023, residents learned that our bookkeeping was in very serious disarray; the accounting omissions were significant. In May 2024, the residents learned our General Fund account balance was overstated by \$3.8 million, and we were faced with an insufficiency issue years before we thought we would be. Our still outstanding audits present staff with a daunting task they evidently struggle to stay abreast with. Meanwhile Council members and residents have severely limited access to actual expenditure information (warrant list), making oversight infeasible.

Does the response, “Maybe” point to an accountability problem, or why would the Review skirt this?

— Page 14 bottom

Financial Ability Provision grid

(e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?

Question (e), the response is “No”.

— On Page 21, paragraph 2

Three Policies are provided to support the answer “no”:

- General Fund Minimum Fund Balance Policy (2025 revision),
- Investment Policy (2012 revision), and
- Donation Policy (adopted 2025).

Independently and at the time unaware of the LAFCo Review, I emailed the Town last week to request Portola Valley's written policy of how we allocate investment returns and expenses across our pooled assets. The Investment Policy nods to the pooling of funds, respective fund participation, and GAAP but without specificity.

I would like to make stewardship possible. Looking to the LAFCo Review, the Town appears satisfied with the status of existing policies. I am not yet confident.

Page 22, top

— Recommendations

LAFCo's Recommendations 3, 4, 5, and 6 seemingly flow from what has been provided. They are fine, and I offer a handful more for consideration.

- Strengthen monthly accountability through the warrant list/check register by including each check's account classification/category.
- Comply with California Govt Code 41004 (2023) such that the Town posts monthly Treasurer reports including receipts, disbursements, beginning/ending balances for all accounts.
- Create a separate Audit Committee who meet with the Auditor. Currently our Finance and Audit Committee serve a dual role. In the 5 years the Town has been in behind on our Audits, the F & A Committee has met with the Auditor a single time. Checks and balances in Portola Valley could use strengthening.
- Open-up Open Gov, our financial portal. For too long those allowed access have been limited to Town Finance, Town Manager, and more recently, the auditor.
- To avoid ongoing confusion and regularly arising accounting questions, create a separate account for the restricted Open Space Fund.

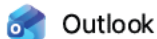
Though the Draft currently lacks a fully forthcoming assessment of our finances, the final MSR could serve as an important catalyst. The Town truly needs to leverage these next 7.5 months.

Thank you for your attention and oversight.

Sincerely,

Betsy Morgenthaler

Portola Valley resident and Chair of the Open Space Committee



timely Re: Comments to LAFCo, Portola Valley's Draft Municipal Services Review

From Betsy Morgenthaler [REDACTED]
Date Fri 1/16/2026 11:26 AM
To CTL_LAFCO <lafco@smcgov.org>
Cc Sarah Flamm <sflamm@smcgov.org>

CAUTION: This email originated from outside of San Mateo County. Unless you recognize the sender's email address and know the content is safe, do not click links, open attachments or reply.

Dear Mr. Bartoli,

Thank you for the opportunity to participate in Portola Valley's Municipal Services Review and acknowledging receipt of my comments made prior to your deadline, Monday October 13th.

- Most importantly I'd like to make a one word correction to my comments as I discovered a typo-word omission. The typo omission appears on my 2nd page, 2/3rds down, and as you received the sentence reads:
Meanwhile Council members and residents have severely limited access to actual expenditure information (warrant list), making oversight infeasible.
whereas, I intended the parenthesis to note the warrant list as an exception, so intended it to read "*(warrant list excepted)*".

It is an important correction, as since September 11, 2024, our warrant lists have been in order.

- Secondly, I understand LAFCo reached out to Portola Valley for information in late spring/ early summer 2025. Our permanent Town Manager Darcy Smith would not have been included in that response as she had not been hired.

Recent 5 Portola Valley Town Managers, a recap — Following the departure of Town Manager "A" in March 2023, the then Council appointed Interim Manager "b" who served from March 2023 - Aug 2023, the Council then appointed a permanent Town Manager "C" who served us for 1 year Aug 2023 - Sept 2024. The Council then appointed Interim Manager "d" who served us from Dec 2024 - late July 2025. Permanent Town Manager Darcy Smith "E" began July 26, 2025.

- Lastly for the sake of background, and although LAFCo's deadline has passed, a pair of pages (5 and 6) posted to the Finance and Audit Committee Agenda October 15, 2024 by Portola Valley Town Finance illustrate our financial situation, though for some reason the circumstances were not represented in fact or spirit in the LAFCo MSR report.

<https://www.portolavalley.net/home/showpublisheddocument/18762/638642416283800000>

Prior to the current Sheriff contract issues, Town spending regularly exceeded revenue. Over years of sparing access to financial information, the Town needs more revenue, timely reporting, and oversight. It will take *all* of our commitment, though if we have the will, we are in a position to reset ourselves on a solid course including timely financial reporting, structural oversight, and from there able to make a strong case for increased revenue.

Regards,
Betsy Morgenthaler

PV MSR

CAUTION: This email originated from outside of San Mateo County. Unless you recognize the sender's email address and know the content is safe, do not click links, open attachments or reply.

Hi Rob and Sarah,

Thank you for updating Portola Valley's MSR and SOI. It's great to have a new one after nearly 20 years.

My comments are the following: (I included page numbers for the full combined WD/PV document and the page numbers for just the PV document)

1. The option to annex the Ladera commercial district(as opposed to all of Ladera) is not discussed as a separate option.
2. A table detailing the 1% property tax distribution, showing where our community's property taxes go is not provided in the MSR. See attached for the 2007 version. It's important that residents understand how their full property taxes are being allocated.
3. The MSR doesn't provide any details on the logistics and administrative costs for more comprehensive sewer annexation options and/or for phased approaches.
4. The data to confirm that the Town is receiving the full 7% of the 1% property taxes is not provided.
5. Adequacy of services for planned RHNA growth
 - a. "Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?" answered "NO" page 44. With the requirement to plan for 253 new housing units, the potential for 253 to 506 to 759 to even more new residents, depending on the makeup of the sizes of the units, could increase the population by 3-10% in the next 5 to 10` years. That seems significant enough to qualify at least as a "maybe" impact. This contrasts with the text in

the MSR: “As of January 2025, the estimated population is 4,286.2 The Town’s population is estimated to grow between 0-2% in the ten years between 2020 through 2030”. page 44/7 In addition the community is characterized by many longstanding (50-60+ years) residents who are now moving into care facilities or passing away. This aging out is accelerating the changeover of houses and adding more residents. The Town is also actively working to facilitate new ADUs and some multifamily developments so population will likely increase in the next 5 years but we will reach growth limits for future units due to our terrain and fire and geological hazards at the end of this RHNA cycle.

6. MSR Determination No. 3 Recommendations: Missing is the need for the Town to continue to coordinate with the SMC Sheriff’s office and Woodside or other municipalities on a reasonable public safety contract.
7. WFPD: “Furthermore, the Town has a contract with WFPD for enhanced services, financed entirely by the general fund. In FY2023 24, actual contract costs totaled \$171,446.” It would be helpful to indicate that 17.24% (updated number?) of PV property owners’ property taxes are paid to the WFPD to provide fire protection services. The contract for PV for \$171K is only for extra trimming and hardening services. It’s important that the MSR reflect the reality of how our taxes are distributed.
8. MSR Determination No. 7: The Town has adopted a Climate Action Plan. This is incorrect. The Town has NOT adopted a Climate Action Plan. Page 67/30
9. Minor updates to the information
 - a. new Mayor and Vice Mayor as of December 2025; page 69/32. The new Mayor is Craig Taylor and the Vice Mayor is Mary Hufty.
 - b. “and the formation of the ad-hoc Housing Element Post-Adoption Plan Town Council Subcommittee.” Actually, the Town formed four separate Ad-hoc committees: the Ad-Hoc Housing Element Committee, the Ad-hoc Housing Element Post-Adoption Plan Town Council Subcommittee, the Site Selection Town Council Subcommittee, and the Ad-Hoc Site Evaluation Committee
 - c. “MSR Determination No. 1: Over the next five years, the population of the Town of Portola Valley (4,286) is projected to grow between 2-4%.” Page 9/46. This conflicts with the information provided on page 44/7 which says 0-2%.

- d. “Funding for Housing Element policy implementation and other long-range housing planning work is sourced from the Affordable Housing Fund.” page 49/13. This statement is not correct. Only HE policy implementation and housing planning work that relates to *affordable housing* is eligible to use the Affordable Housing fund. All activities not related to affordable housing are funded through the General fund.
- e. “and the interim Planning Director position is currently being filled by a retired annuitant.” Page 50/13. This is now out of date. We have hired a new permanent Planning and Building Director, Sarah Cawrse. She started at the end of 2025.
- f. “The Town reports that it has recovered the costs associated with hiring the consultants through permit-fee collections.” Only the costs associated with development applications have been covered by permit fee collections. Consultant costs for general planning and building tasks have come out of the General Fund and have been covered by the unused salaries of the vacant positions.
- g. Table 4 shows the Town’s total expenditures but doesn’t separate out the cost of the Sheriff’s contract which would be helpful as that section discusses the issues of the extreme costs of the contract.

10. Minor typos

- a. Dependent Special Districts: Los Trancos Cofunty Maintenance District, page 42
- b. “the actual development of the 253 units could to occur within this same time frame or at a later date.” Page 44/7. Words would appear to be missing from this sentence.
- c. “The Town has budgeted in the Town Affordable Housing Fund, which a fund that is separate from the Town’s General Fund, for a consultant support this work.” Page 46/9 missing words.
- d. “However, West Bay Sanitary District (WBSD) does have 1,320 properties in the Town that are connected to its sewer system.” As mentioned in the meeting, this number is much too high. Page 48/11
- e. “there were several deficiencies related to internal controllers”. This should read internal controls. Page 52/15

- f. “In the FY2022-23 budget, the general fund deficient was estimated to be” This should read deficiency page 53/16
- g. “deferred maintenance will increases capital project costs in the future” Should read increase. Pag 54/17
- h. Table 1 numbers for FY23-24 and 22-23 do not match the verbiage on the previous page. “In the FY2022-23 budget, the general fund deficient was estimated to be \$793,544, which subsequently grew to \$1,577,538 for just the next year.”
- i. I find the term “non-operating revenue” when referring to property taxes confusing as property taxes are the largest source of the Town’s revenue. I don’t understand the concept of “operating revenue” wrt a Town government.
- j. “Sherriff’s” Sheriff’s- typo
- k. “there were several deficiencies related to internal controllers, accounting, and workflow in the Town’s Finance Department.” Should read controls. Page 58/21
- l. “This committee works in cooperation...” Should read: The EPC committee works in ... page 67-8/29-30

Thanks for your work on the MSR.

Regards,

Rebecca Flynn

Town Councilmember

Portola Valley