



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

## REGULAR MEETING

### AGENDA

Wednesday, May 20, 2026

2:30 pm

San Mateo County Board of Supervisors Chambers

500 County Center

Redwood City, CA 94063

This meeting of the San Mateo Local Agency Formation Commission (LAFCo) will be in person at 500 County Center Redwood City, CA 94063. Members of the public may participate in the meeting remotely via the Zoom platform or in person. For information regarding how to participate in the meeting, please refer to the instructions at the end of the agenda.

#### **Hybrid Public Participation**

The May 20, 2026, LAFCo regular meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/96442908061>. The webinar ID is 964 4290 8061. The meeting may also be accessed by telephone by dialing +1 669 900 6833 (local) and entering webinar ID then #. Members of the public may also attend this meeting physically in the Board of Supervisors Chambers at 500 County Center, Redwood City, CA 94063.

\* Written public comments may be emailed to [lafco@smcgov.org](mailto:lafco@smcgov.org), and should reference the specific agenda item on which you are commenting.

\* Spoken public comments will be accepted during the meeting in person or remotely through Zoom. Public comments via Zoom will be taken first, followed by speakers in person.

**\*Please see instructions for written and spoken public comments at the end of this agenda.**

#### **ADA Requests**

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact LAFCo staff as early as possible but no later than 10:00 a.m. the day before the meeting at [lafco@smcgov.org](mailto:lafco@smcgov.org). Notification in advance of the meeting will enable Staff to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

(OVER)

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
DIANE ESTIPONA, CLERK

\*All items on the consent agenda may be approved by one roll call vote unless a request is made at the beginning of the meeting that an item be withdrawn. Any item on the consent agenda may be transferred to the regular agenda.

1. Roll Call and Oath of Office
2. Public Comment for Items Not on the Agenda and on the Consent Agenda
3. Consent Agenda\*
  - a. Approval of Action Minutes: March 18, 2026 *(Page 5)*
  - b. Consideration of LAFCo File No. 26-02 - Proposed Annexation of 12 Quail Meadows Drive, Woodside (APN 073-270-080) to the Fair Oaks Sewer Maintenance District *(Page 13)*
  - c. Consideration of LAFCo File No. 26-03 – Proposed Annexation of 155 Ravine Drive, Woodside (APN 073-022-260) and 160 Ravine Drive, Woodside (APN 073-021-050) to the Fair Oaks Sewer Maintenance District *(Page 27)*

#### Public Hearings

4. Consideration of Circulation Draft Municipal Service Review for the Ladera Recreation District and Highland Recreation District *(Page 41)*
5. Consideration of Adoption of Final Work Program and Final LAFCo Budget for Fiscal Year 2026-2027 *(Page 106)*
6. Consideration of a Resolution Authorizing an Agreement with the County of San Mateo for Staffing, Legal Counsel, Office Space, and Supplies for Fiscal Year 2026-2027 *(Page 126)*
7. Appointment of Ann Draper as Regular Public Member *(Page 136)*

#### Regular Agenda

8. Appointment of Alternate Public Member Recruitment Committee *(Page 138)*
9. Legislative and Policy Committee
  - a. Legislative Report – Information Only *(Page 139)*
10. Commissioner/Staff Reports – Information Only
  - a. Sewer service areas within the Town of Woodside *(Page 140)*
  - b. CALAFCO Staff Workshop
11. Adjournment

#### **\*Instructions for Public Comment During Teleconference Meetings**

During the LAFCo hybrid meeting, members of the public may address the Commission via

1. Written comment should be emailed to [lafco@smcgov.org](mailto:lafco@smcgov.org).
2. Email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is on the consent agenda, or is not on the agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received by 5:00 p.m. on the day before the meeting, it will be provided to the Commission and made publicly available on the agenda website under the specific item to which your comment pertains. If emailed comments are received after 5:00 p.m. on the day before the meeting, the Clerk will make every effort to either (i) provide such emailed comments to the Commission and make such emails publicly available on the agenda website prior to the meeting, or (ii) read such emails during the meeting. Regardless of whether such emailed comments are forwarded and posted or are read during the meeting, they will still be included in the administrative record.

**b) Spoken Comment:**

In-Person Participation: If you wish to speak to the Commission, please fill out a speaker's slip located at the entrance. If you have anything that you wish distributed to the Commission and included in the official record, hand it to the Clerk who will distribute the information to the Commission members and staff.

Via Teleconference (Zoom):

1. Access the Commission meeting through Zoom online <https://smcgov.zoom.us/j/96442908061>. The webinar ID is 964 4290 8061. The Commission meeting may also be accessed via telephone by dialing +1 669 900 6833 (local). Enter the webinar ID, then press #.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the Commission Chair or Clerk calls for the item on which you wish to speak, click on "raise hand." Speakers will be notified shortly before they are called to speak.

**\*Additional Information:**

For any questions or concerns regarding Zoom, including troubleshooting, privacy, or security settings, please contact Zoom directly.

Public records that relate to any item on the open session agenda for a regular Commission meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members or a majority of the members of the Commission.

**NOTICE:** State law requires that a participant in a LAFCo proceeding who has a financial interest in the decision and who has made a campaign contribution of more than \$250 to any Commissioner in the past year must disclose the contribution. If you are affected, please notify the commission staff before the hearing.

Agendas and meeting materials are available at [www.sanmateolafo.org](http://www.sanmateolafo.org)

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**Action Minutes****San Mateo Local Agency Formation Commission Meeting****March 18, 2026**

The regular meeting of the San Mateo Local Agency Formation Commission (LAFCo) was held on Wednesday, March 18, 2026, at 2:30 pm in the San Mateo Board of Supervisors Chambers, 500 County Center, Redwood City, CA 94063. Members of the public were also able to participate in the meeting remotely via Zoom.

**Call to Order**

The meeting was called to order at 2:30 p.m. by Chair Chang-Kiraly.

**1. Roll Call**

Members Present: Commissioners Virginia Chang Kiraly, Kati Martin, Ann Draper, Stephen Rainaldi, Jackie Speier, and David Canepa

Members Absent: Commissioner Debbie Ruddock

Alternate Members Present: Katherine Slater Carter, Greg Wright, and Colleen You (via Zoom)

Staff Present: Rob Bartoli, Executive Officer  
Timothy Fox, Legal Counsel  
Sarah Flamm, Management Analyst  
Diane Estipona, Clerk

The oath of office was conducted for Commissioner David J. Canepa.

**2. Public Comment**

Andrew Boston, Member of the public

Cid Young, Member of the public

**3. Consent Agenda**

- a) Approval of Action Minutes: January 21, 2026
- b) Time Extension for LAFCo File No. 26-01 – Proposed Annexation of 245 Shawnee Pass, Portola Valley (APN 077-331-080) to West Bay Sanitary District

### **Commission Action**

The Commission approved the January 21, 2026 Action Minutes with a correction to the Budget Committee member appointments to remove Chair Chang Kiraly as an assigned member.

Public Speakers: None.

Motion: Commissioner Rainaldi/ Second: Commissioner Draper

Ayes: Commissioners Martin, Canepa, Rainaldi, Speier, Wright, Draper, and Chang Kiraly

Motion passed 7-0 by roll call vote.

### **Public Hearings**

#### **4. Consideration of Adoption of a Provisional Sphere of Influence for the Fair Oaks Sewer Maintenance District**

The Commission received a presentation on the County's revised sewer district annexation and boundary change process specifically for the Fair Oaks Maintenance District. The county currently operates 10 sewer districts, including 3 County Sanitation Districts and 7 Sewer Maintenance Districts, all of which are now viewable through the County DPW Utilities interactive portal.

LAFCo staff explained that, historically, LAFCo processed boundary changes and established Spheres of Influence (SOIs) only for the County Sanitation Districts, while Sewer Maintenance District changes were processed by the County Department of Public Works and approved by the Board of Supervisors. Following discussions between LAFCo, legal counsel, and DPW staff, it was agreed that LAFCo would now process boundary and governance changes for Sewer Maintenance Districts.

LAFCo staff also noted that a prerequisite to annexation is that the land must be within a jurisdiction's dedicated sphere of influence so now each sewer maintenance district requires the establishment of a SOI as it represents the probable physical boundaries of a district encouraging orderly formation and service delivery.

LAFCo will now serve as the conducting authority for annexations into County Sewer Maintenance Districts and the same annexation process will apply to all sewer districts. Staff also highlighted benefits of the revised process, including improved transparency for property owners, coordinated review by County departments, reduced hearing requirements, and greater administrative efficiency.

The provisional SOI for the Fair Oaks Sewer Maintenance District is proposed to include parcels within the Town of Woodside that are located in the Redwood Creek Assessment District but have not yet been annexed into the Fair Oaks Sewer District. The remainder of the Fair Oaks boundary will remain coterminous with the current district boundaries. This map will be revisited during the FY2028–29 MSR review.

### **Summary of Commission Comments**

Vice Chair Draper expressed concern regarding gaps within the provisional map, noting that these areas could potentially be considered for future housing sites without adequate infrastructure. LAFCo staff confirmed that the previous MSR for the Town of Woodside identified the existing sewer service boundaries, including areas within the Town served by the Fair Oaks Sewer Maintenance District, while the West Bay Sanitary District operates and maintains portions of the sewer system in conjunction with septic systems. The proposed map is intended to identify the Redwood Creek Assessment District, which lies outside the current district boundaries, and future MSRs will continue to refine the mapping to more clearly identify sewer service providers in similar areas.

Commissioner Wright suggested that a topographical map could help identify areas that could be more easily served without extensive pumping. He also asked whether there is an annual limit on boundary amendments. LAFCo staff confirmed there is no annual limit, particularly when annexations and SOI amendments modify the political or corporate boundaries of an agency.

Commissioner Rainaldi asked whether there were any capacity issues. LAFCo staff clarified that there are none, as parcels within the Redwood Creek Assessment District have already been accounted for in existing connections. Any additional capacity considerations beyond those areas would be determined by the governing agencies.

Public Speakers: None.

### **Commission Action**

The Commission adopted the Provisional Sphere of Influence for the Fair Oaks Sewer Maintenance District.

Motion: Commissioner Speier / Second: Commissioner Rainaldi

Ayes: Commissioners Martin, Canepa, Wright, Draper, and Chang-Kiraly

Motion passed 7-0 by roll call vote.

### **5. Consideration of Adoption of Proposed Work Program and Draft LAFCo Budget for Fiscal Year 2026-2027**

The Commission received an update from LAFCo staff regarding the proposed Fiscal Year 2026–27 budget, which must be adopted by the Commission by May 1, 2026, in advance of the final budget deadline of June 15, 2026.

On February 25, 2026, the LAFCo Budget Committee reviewed the draft budget and work plan and recommended approval with several revisions and clarifications. Revisions to the work plan included identifying Joint Power Agreements and Joint Power Authorities (JPAs) to be addressed in each Municipal Service Review, preparing a report on properties potentially eligible for

annexation under previously approved Deferred Annexation Agreements, providing additional information on office furniture and the temporary office relocation, and removing the work program item related to the Broadmoor Police Protection District, as no updates are anticipated this year.

LAFCo staff also reported that Budget Committee members Wright, Draper, and Slater-Carter recommended no changes to the proposed LAFCo budget. A \$2,000 increase to the total budget was included in incidental costs associated with Executive Officer training. LAFCo staff noted that these costs will be fully reimbursed by the County through a corresponding increase in revenue, resulting in no change to member agency contributions.

### **Summary of Commission Comments**

Commissioner Wright thanked LAFCo staff for addressing questions raised at the previous Budget Committee meeting. He noted concerns regarding the County's current lack of compliant Housing Element and the potential budgetary impacts of future annexations related to housing development. LAFCo staff confirmed the County is actively working toward compliance, with adoption anticipated next year. LAFCo staff also explained that streamlined housing laws may increase requests for annexations and municipal service reviews, including sewer and water services. LAFCo charges application fees to offset staff processing costs, and applicants are responsible for any additional consultant or legal fees if outside services are required.

Commissioner Draper expressed support for including Joint Powers Authorities (JPAs) in future Municipal Service Reviews (MSRs), noting their role in providing essential community services and making significant policy decisions. She also emphasized the importance of ensuring public accessibility to JPA meetings consistent with standards applied through MSRs.

Commissioner Martin asked where the list of JPAs could be found, and LAFCo staff confirmed that the list is included in the Work Plan as an attachment to the budget item and is available online.

Chair Chang-Kiraly asked whether LAFCo staff would coordinate with Santa Clara County regarding the Whole Creek JPA. Staff confirmed they would, noting the importance of maintaining strong regional partnerships due to the unique shared boundaries with San Mateo County. LAFCo staff added that outreach to Santa Clara County is anticipated next fiscal year in conjunction with the Menlo Park and Atherton MSRs.

Public Speakers: None

### **Commission Action**

The Commission accepted the proposed draft budget and work program for FY 2026-27.

Motion: Commissioner Speier / Second: Commissioner Ruddock

Ayes: Commissioners Martin, Canepa, Rainaldi, Speier, Wright, Draper, and Chang-Kiraly

Motion passed 7-0 by roll call vote.

### Regular Agenda

#### **6. Public Member Recruitment Process, Appointment of Public Member Recruitment Committee and Adoption of Revised Public Member Alternate Public Member Policy**

LAFCo staff reported that state law provides for a seven-member Commission consisting of two members appointed by the Board of Supervisors, two members selected by the Council of Mayors, two members selected by the presidents of the independent special districts, and one public member selected by the Commission.

LAFCo staff noted that the term for Alternate Public Member Colleen You will expire in May 2026 as she was appointed in 2025 to fill a vacancy and has stated that she will not seek reappointment. The upcoming term will begin in May 2026 and expire in May 2030. LAFCo staff indicated that a recruitment announcement will be published by March 23, 2026, with a minimum 30-day recruitment period.

LAFCo staff also reported that the term for Regular Public Member Ann Draper will expire in May 2026. Ms. Draper was originally appointed in 2016 to complete a partial two-year term and was subsequently reappointed in 2018 and 2022 for full four-year terms. The upcoming term will begin in May 2026 and expire in May 2030. Ms. Draper stated that she intends to seek reappointment.

The proposed policy language stated, "In lieu of a recruitment process, the Commission may direct the Executive Officer to schedule a public hearing to consider approving the reappointment of an existing incumbent public member." Furthermore, the Legislative and Policy Committee met on March 12 to review the proposed amendment. The Committee, consisting of Commissioners Martin, Rainaldi, and Ruddock, generally supported the proposed policy with additional clarifying language. The revised policy would apply only to public and alternate public members, require public notice prior to reappointment, include commissioner information in the staff report, and limit the reappointment process to two consecutive reappointments, after which an open recruitment process would be required.

Public Speakers: Cid Young

#### **Summary of Commission Comments**

Commissioner Rainaldi clarified that the proposal would permit incumbents to be reappointed for up to two terms, after which the position would reopen for recruitment to support public

trust. Commissioner Speier asked how other LAFCo Commissions operate and whether a member could potentially serve up to twelve years without reappointment.

LAFCo staff responded that the Commission has discretion to reappoint an incumbent Public Member for successive four-year terms, up to a maximum of two terms, or to initiate a public recruitment process at any time. Staff further noted that in some LAFCos, members are re-elected for extended periods despite open recruitment processes and no formal term limits, citing LA LAFCo as an example where a member has served for over 20 years.

### **Commission Action**

The Commission approved revisions to the San Mateo LAFCo Procedures to allow reappointment of an incumbent Public Member without an open recruitment process and scheduled a public hearing on May 20, 2026, to consider the reappointment.

Motion: Commissioner Rainaldi / Second: Commissioner Martin

Ayes: Commissioners Martin, Canepa, Rainaldi, Wright, Draper, and Chang-Kiraly

Nos: Commissioner Speier

Motion passed 6-1 by roll call vote.

### **7. Consider approval of the draft audit prepared by O'Connor & Company of the San Mateo Local Agency Formation Commission's Financial Statements for the Fiscal Year ending June 30, 2024**

The Commission received an update on the financial audit conducted by O'Connor & Company, which identified no deficiencies in internal controls and no instances of non-compliance. The audit also reported no issues with LAFCo's financial statements.

Additionally, the Budget Committee reviewed the draft audit on March 10, 2025, and recommended approval.

### **Summary of Commission Comments**

Commissioner Martin inquired about the frequency of issuing bids for auditing services. LAFCo staff explained that in prior years, when LAFCo was part of the County general fund, annual audits were required, and firms were typically retained on one-year contracts. Staff noted that since LAFCo transitioned to a trust fund, the Commission approved a three-year contract with the current audit firm, which extends through FY 2026.

Public Speakers: None

### **Commission Action**

The Commission approved the draft audit for FY23-24 by O'Connor & Company.

Motion: Commissioner Canepa / Second: Commissioner Rainaldi

Ayes: Commissioners Martin, Canepa, Rainaldi, Speier, Wright, Draper, and Chang Kiraly

Motion passed 7-0 by roll call vote.

### **8. CALAFCO – Update from February 23, 2026, Special CALAFCO Special Corporate Business Meeting**

The Commission received an update that on February 23, 2026, the CALAFCO Board held a Special Corporate Business Meeting and approved the bylaw amendments. San Mateo LAFCo subsequently voted to support the changes. The amendments were adopted with 40 LAFCos in favor and 2 opposed. Further bylaw discussions, including potential regional revisions, are expected to continue throughout the year.

LAFCo staff noted that there are no changes to the regional structure, which continues to consist of four regions: North, South, Coastal, and Central. Staff further reported that several LAFCos that had previously withdrawn from CALAFCO have expressed interest in rejoining, with LA LAFCo being the first to return.

Chair Chang Kiraly commented that individual LAFCos retain control over their votes for CALAFCO Board elections. She also noted that San Diego LAFCo is expected to rejoin, indicating increased participation from Southern California. Vice Chair Draper expressed appreciation to Chair Chang-Kiraly for her continued service on the CALAFCO Board and for keeping the Commission informed with updates.

Public Speakers: None

### **9. Legislative Report – Information Only**

The Commission received an update that, as of March 9, 2026, CALAFCO is tracking 16 legislative bills.

### **10. Commissioner/Staff Reports – Information Only**

#### **a. Joint Power Agreements/Joint Power Authorities in San Mateo County**

LAFCo staff reported that Municipal Service Reviews now include a list of relevant service providers within San Mateo County that operate under Joint Powers Agreements (JPAs), along with the services provided and the member agencies comprising each JPA.

**b. Update on LAFCo Commissioners' Terms for 2026**

LAFCo staff noted that the Public Special District Member and Public City Alternate positions are currently open for reappointment and election.

**11. Adjournment**

The Commission adjourned at 3:36 PM.

Approved on May 20, 2026

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Virginia Chang Kiraly, Chair  
Local Agency Formation Commission of the County of San Mateo

Prepared by: \_\_\_\_\_  
Diane Estipona, LAFCo Clerk

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

May 13, 2026

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

**Subject:** Consideration of LAFCo File No. 26-02 – Proposed Annexation of 12 Quail Meadows Drive, Woodside (APN 073-270-080) to Fair Oaks Sewer Maintenance District

## Summary

This proposal, submitted by landowner petition, requests annexation of 12 Quail Meadows Dr., Woodside (APN: 073-270-080) to Fair Oaks Sewer Maintenance District (FOSMD). The new sewer connection would allow for the potential development of the vacant lot to build a single-family residential home on the property. The proposal has 100 percent landowner consent. The property is within the sphere of influence of FOSMD.

Commission approval of the annexation is recommended, contingent upon the following condition: The San Mateo County Board of Supervisors shall approve an amendment to the existing agreement between the County of San Mateo and the Town of Woodside (specifically the Redwood Creek Assessment District) to annex 12 Quail Meadows Dr. (APN: 073-270-080) into the Fair Oaks Sewer Maintenance District. Evidence of the approved amendment shall be submitted to LAFCo prior to the recording of the annexation.

## Departmental Reports

*County Assessor:* The total net assessed land valuation for the parcel (APN 073-270-080) shown in the County Assessor records is \$4,099,753. The boundaries of the annexation as proposed conform to lines of assessment and ownership.

*County Clerk:* The territory has no registered voters. If the annexation is approved, no change in precinct boundary is necessary.

*County Environmental Health:* Prior to the connection to FOSMD, the property owner will need to have the septic tank properly abandoned with permit through County Environmental Health. Environmental Health recommends approval of the proposed annexation.

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
 ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
 DIANE ESTIPONA, CLERK

*County Public Works:* The Fair Oaks Sewer Maintenance District has no objection to the proposal to annex this parcel with the condition that a supplemental agreement between FOSMD and the Town of Woodside be approved by the County Board of Supervisors prior to finalizing the annexation.

*Town of Woodside:* The Town has no objection to the proposed annexation. A sewer connection was transferred to this property from the Town excess sewer allocations. The Town Council approved (subject to Board of Supervisors approval) the annexation, as well as a sewer allocation transfer to the property pursuant to a supplemental agreement between FOSMD and the Town (Resolution 2025-7757, adopted June 24, 2025). The property owner will pay the Town an equalization fee in exchange for the transferred sewer allocation and a connection fee, in addition to the monthly service fees to be assessed by the FOSMD.

### **Executive Officer's Report**

This proposal has been submitted by landowner petition. The 4.17 acre territory proposed for annexation into the County Fair Oaks Sewer Maintenance District (FOSMD) is located at 12 Quail Meadows Dr. (APN: 073-270-080) in the Town of Woodside. The property is currently vacant and the owner would like to build a single-family residence with a basement, attached garage, and detached accessory structure and swimming pool. The property is located within the provisional sphere of influence of FOSMD<sup>1</sup>, and thus eligible for annexation.

The property currently has an onsite septic system. The property owner must properly abandon the current septic tank through permit with County Environmental Health prior to connecting to FOSMD. While the property is now vacant, prior to 2014 the property was developed with a single-family house. The switch to sewer service would enable further development on the property.

This annexation would allow the County to bill for sewer service on the property tax bill, like other parcels within FOSMD, and it would clarify the service boundaries of the sewer district.

The following condition must be met prior to the annexation being recorded: The San Mateo County Board of Supervisors approves an amendment to the agreement between the County and the Town of Woodside (specifically the Redwood Creek Assessment District) to annex this parcel into the FOSMD.

California Environmental Quality Act: The proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) exempt under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities).

Waiver of Conducting Authority Proceedings: Section 56662(a) of the Cortese-Knox-Hertzberg (CKH) Act specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100 percent landowner consent provided that no objection is submitted by subject property owners or voters. The purpose of the conducting

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<sup>1</sup> At the March 18, 2026 meeting of the San Mateo County LAFCo, the Commission unanimously approved Resolution No. 1349 establishing a provisional sphere of influence for the Fair Oaks Sewer Maintenance District.

authority proceedings is to measure landowner or voter protest within the affected territory. The landowners have requested, and staff recommends waiver of conducting authority proceedings.

**Recommended Commission Action by Motion**

By resolution, approve File No. 26-02 - Proposed annexation of 12 Quail Meadows Dr., Woodside (APN: 073-270-080) to the Fair Oaks Sewer Maintenance District with the following condition of approval:

- 1) The San Mateo County Board of Supervisors shall approve an amendment to the existing agreement between the County of San Mateo and the Town of Woodside (specifically the Redwood Creek Assessment District) to annex 12 Quail Meadows Dr., Woodside (APN: 073-270-080) into the Fair Oaks Sewer Maintenance District. Evidence of the approved amendment shall be submitted to LAFCo prior to the recording of the annexation.

**Attachments**

- A. Annexation Application for 12 Quail Meadows Dr., Woodside and map and legal description
- B. LAFCo Notice of Public Hearing
- C. Resolution No. 1352

Cc: Melissa Cardinale, Town of Woodside  
Edgardo Diaz, San Mateo County Environmental Health  
Chephren Goree, San Mateo County Clerk  
Andrew Smith, San Mateo County Assessor  
Julie Young, County Public Works  
Porfirio Oscar Osuna, Applicant and Civil Engineering Consultant

**APPLICATION FOR A CHANGE OF ORGANIZATION, REORGANIZATION, OR OUTSIDE SERVICE AGREEMENT  
TO THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION**

**A. GENERAL INFORMATION**

1. Briefly describe the nature of the proposed change of organization, reorganization, or outside service agreement.

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2. An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):

Landowners or registered voters, by petition  
 An affected public agency, by resolution

**(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)**

3. What are the reasons for the proposal?

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4. Does this application have 100% consent of landowners in the affected area?

Yes  No

5. Estimated acreage:

**B. SERVICES**

1. List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.

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2. List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none")

if service is not now provided), the proposed source of service and the source of funding for construction of necessary facilities (if any) and operation. Example is given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
<i>Police (example)</i>	<i>Co. Sheriff</i>	<i>City Police</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer (example)</i>	<i>None</i>	<i>City of . . .</i>	<i>Proponent</i>	<i>Fees</i>

**C. PROJECT PROPOSAL INFORMATION**

1. Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads and topographical features.

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2. Describe the present land use(s) in the subject territory.

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3. How are adjacent lands used?

North: \_\_\_\_\_

South: \_\_\_\_\_

East: \_\_\_\_\_

West: \_\_\_\_\_

4. Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?

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5. What is the general plan designation of the subject territory?

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6. What is the existing zoning designation of the subject territory?

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7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?

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8. What additional approvals will be required to proceed?

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9. Does any portion of the subject territory contain any of the following --agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction?

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10. If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?

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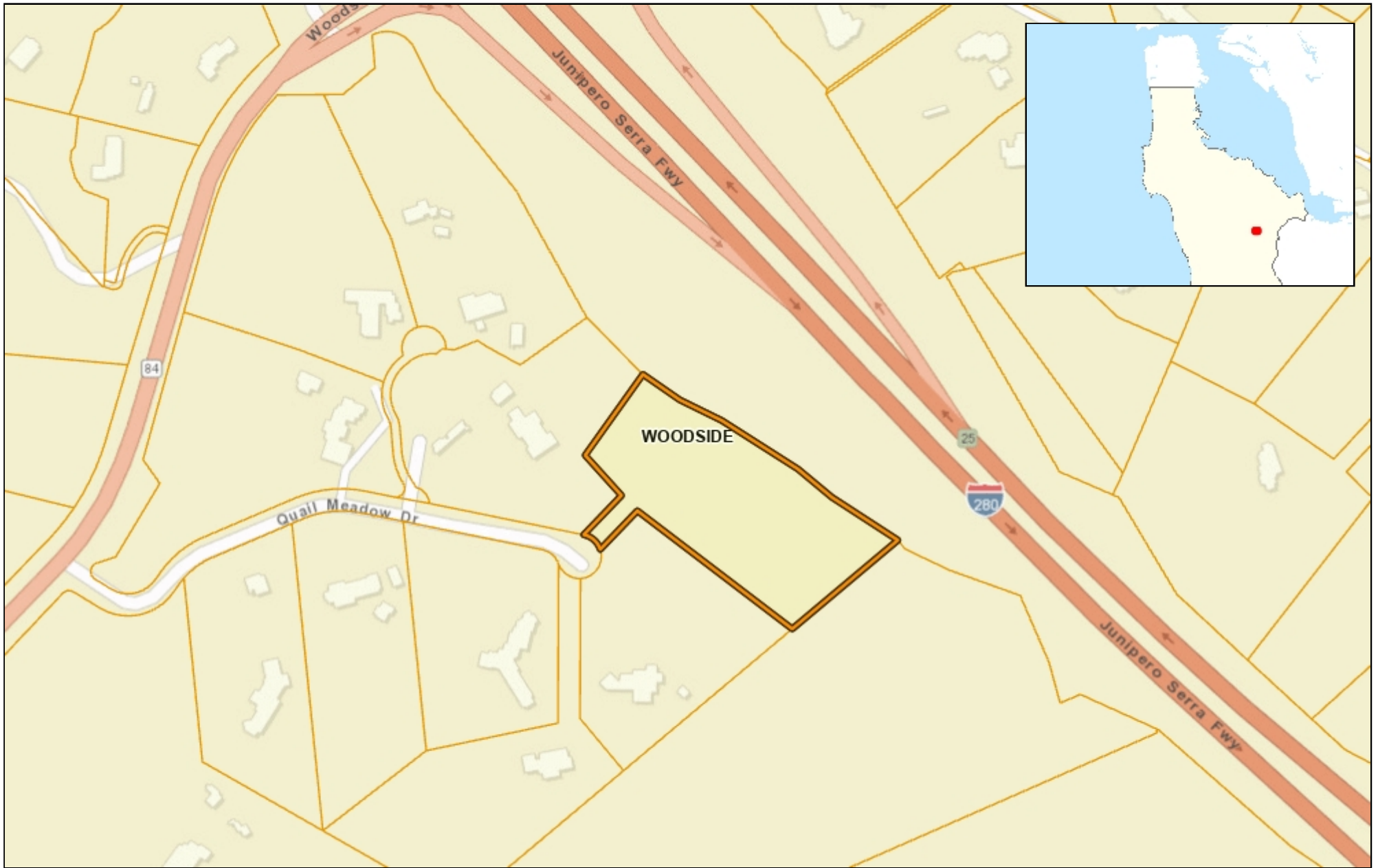
\* \* \* \* \*

LAFCo will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed to the proponent at:

NAME: Porfirio Oscar Osuna (As Civil Engineering Consultant) EMAIL: oscar@osunaengineering.com

ADDRESS: \_\_\_\_\_ TELEPHONE: \_\_\_\_\_

ATTN: \_\_\_\_\_



0.14 0 0.07 0.14 Miles

WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
© Latitude Geographics Group Ltd.

1:4,514



This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

**THIS MAP IS NOT TO BE USED FOR NAVIGATION**

**EXHIBIT "A"**

ANNEXATION NO. \_\_\_\_\_

**ANNEXATION TO FAIR OAKS SEWER MAINTENANCE DISTRICT**

**GEOGRAPHIC DESCRIPTION**

All that real property, situated in the Town of Woodside, county of San Mateo, state of California and is described as follows:

Lot 4, as shown on that certain map entitled, "subdivision map no. 137, quail meadows", filed in the office of the recorder of San Mateo county, state of California, on march 23, 1981, in book 104 of maps, at pages 79, 80, 81 and 82, , more particularly described as follows:

**COMMENCING** at the center line of the cul-de-sac of Quail Meadows Drive

Thence, (1) N 12° 23' 54" E 50.0 feet to a point on the northerly line of Quail Meadows Drive, said point also being the existing Fair Oaks Sewer Maintenance District (FOSMD) boundary, and said point also being the **TRUE POINT OF BEGINNING**;

Thence, (2) North 44° 55' 54" East 123.57 feet along the existing FOSMD boundary;

Thence, (3) North 41° 16' 36" West 123.01 feet;

Thence, (4) North 36° 33' 10" East 225.28 feet;

Thence, (5) leaving the existing FOSMD boundary, South 54° 27' 44" East 101.8 feet;

Thence, (6) South 62° 59' 38" East 105.96 feet;

Thence, (7) South 56° 39' 25" East 205.23 feet;

Thence, (8) South 49° 24' 54" East 100.30 feet;

Thence, (9) South 56° 06' 42" East 178.68 feet;

Thence, (10) South 51° 00' 00" West 313.00 feet to a point on the existing Fair Oaks Sewer Maintenance District (FOSMD) boundary;

Thence, (11) North 51° 49' 46" West 442.11 feet along the existing FOSMD boundary;

Thence, (12) South 44° 55' 54" West 121.38 feet;

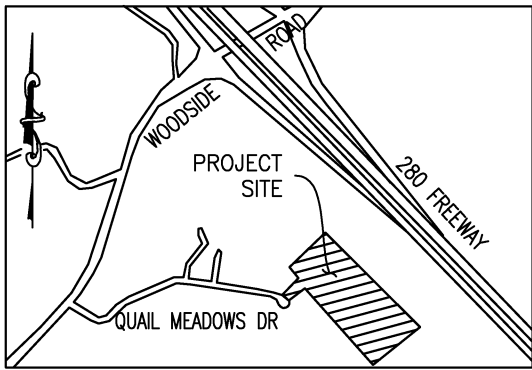
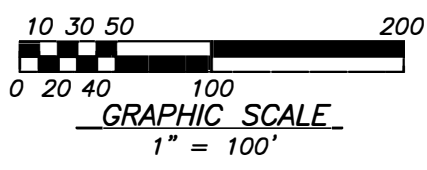
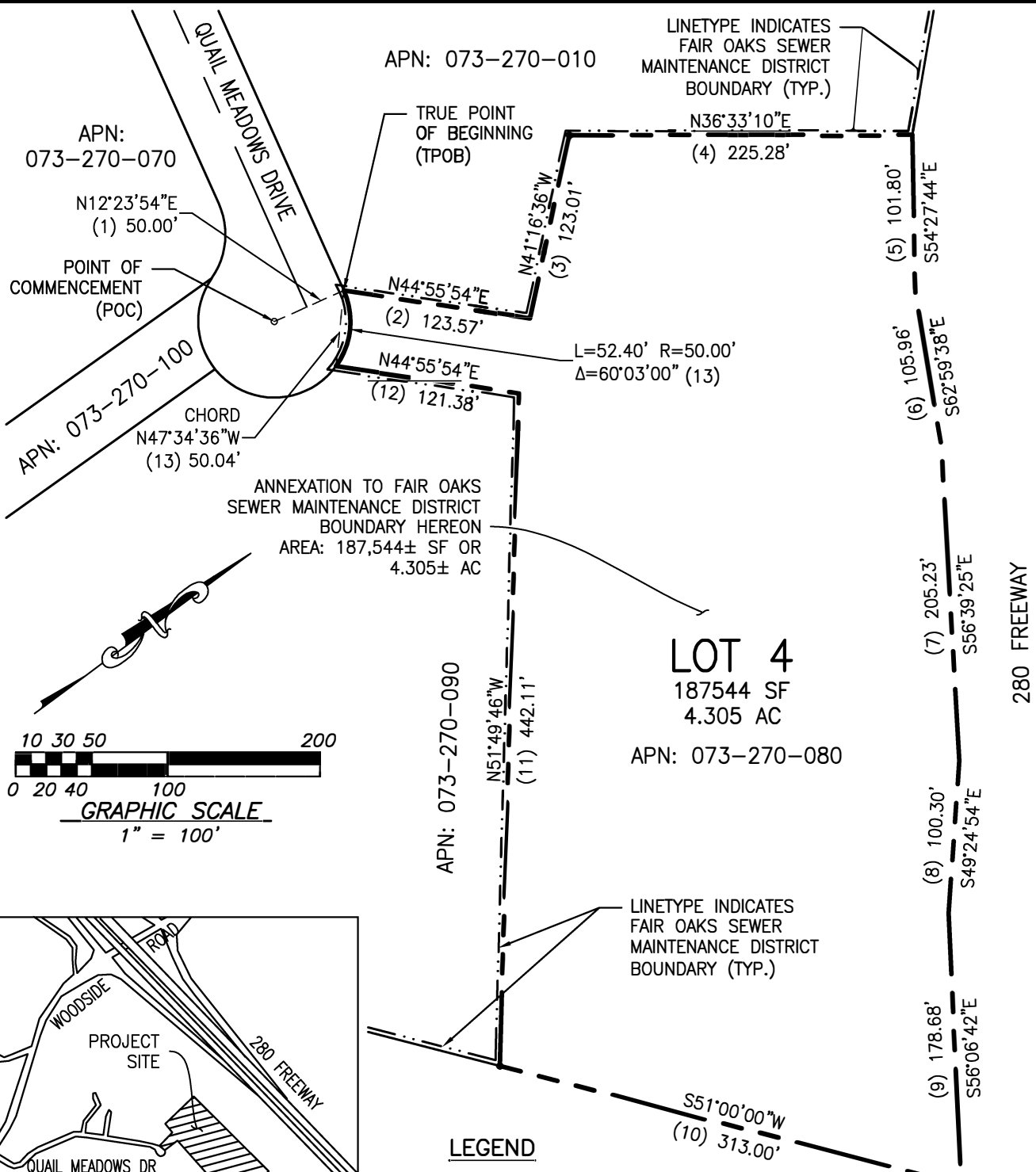
Thence, (13) Said curve concave to the left through 60° 03' 00", having a radius of 50.00 feet, and whose long chord bears North 47° 34' 36" West 50.04 feet to the **TRUE POINT OF BEGINNING** and containing 4.305 acres of land more or less.

*For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.*



Porfirio Oscar Osuna  
President  
Osuna Engineering Inc.





VICINITY MAP  
N.T.S.

- LEGEND**
- BOUNDARY LINE OF PROPOSED ANNEXATION
  - - - - EXISTING FAIR OAKS SEWER MAINTENANCE DISTRICT BOUNDARY
  - — — CENTERLINE



DISCLAIMER:  
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

**EXHIBIT "B"**  
**FAIR OAKS SEWER MAINTENANCE DISTRICT ANNEXATION NO. \_\_\_\_\_**  
WOODSIDE, CALIFORNIA

DATE: 2/25/26  
SCALE: 1"=100'  
DRAWN BY: 0.0.  
CHECKED BY:  
JOB NO.: \_\_\_\_\_

**OSUNA ENGINEERING, INC.**  
1949 O'TOOLE WAY  
SAN JOSE, CALIFORNIA  
PH. (408) 721-2100  
PLS NO. 8921  
PORFIRIO OSCAR OSUNA

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**NOTICE OF PUBLIC HEARING  
BY THE SAN MATEO LOCAL AGENCY  
FORMATION COMMISSION**

NOTICE IS HEREBY GIVEN by the San Mateo Local Agency Formation Commission that a public hearing is scheduled for a Regular Meeting on March 18, 2026, at 2:30 pm in the San Mateo County Board of Supervisors Chambers, 500 County Center, Redwood City, CA 94063. At this meeting the following will be considered:

1. Consideration of Adoption of a Provisional Sphere of Influence for the Fair Oaks Sewer Maintenance District
2. Consideration of Adoption of Proposed Work Program and Draft LAFCo Budget for Fiscal Year 2026-2027

The Local Agency Formation Commission March 18, 2026, meeting can be accessed through Zoom. Information about how to access this meeting will be posted on the San Mateo LAFCo website at [www.smcgov.org/lafco](http://www.smcgov.org/lafco).

**Information/Contact:** Staff reports and attachments will be available March 11, 2026, at [www.smcgov.org/lafco](http://www.smcgov.org/lafco). If you have any questions, please contact Rob Bartoli, Executive Officer at (650) 363-4224 or [rbartoli@smcgov.org](mailto:rbartoli@smcgov.org)

Dated: February 25, 2026

Rob Bartoli  
Executive Officer

LAFCo File No. 26-02

RESOLUTION NO. 1352

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SAN MATEO  
MAKING DETERMINATIONS, APPROVING LAFCO FILE 26-02 -  
ANNEXATION OF 12 QUAIL MEADOWS DRIVE, WOODSIDE (APN 073-270-080)  
TO THE FAIR OAKS SEWER MAINTENANCE DISTRICT**

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

**WHEREAS**, a proposal for the annexation of certain territory to the Fair Oaks Sewer Maintenance District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

**WHEREAS**, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

**WHEREAS**, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

**WHEREAS**, a public hearing by this Commission was held on the proposal 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 proposed annexation is within the Sphere of Influence of the Fair Oaks Sewer Maintenance District;

**WHEREAS**, the proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities); and

**NOW, THEREFORE**, the Local Agency Formation Commission of the County of San Mateo DOES

HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. This proposal is approved, subject to the following condition:

**County of San Mateo - Fair Oaks Sewer Maintenance District**

- 1) The San Mateo County Board of Supervisors shall authorize the execution of the supplemental agreement between the County of San Mateo and the Town of Woodside (specifically the Redwood Creek Assessment District) to annex 1210 Cañada Rd., Woodside (APN: 072-130-440) into the Fair Oaks Sewer Maintenance District. Evidence of the executed supplemental agreement shall be submitted to LAFCo prior to the recording of the annexation.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 4.17 acres, is found to be "uninhabited," and is assigned the following distinctive short form designation: Annexation of 12 Quail Meadows Dr., Woodside to the Fair Oaks Sewer Maintenance District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56662(a) and this annexation is hereby ordered.

Regularly passed and adopted this \_ day of \_\_\_\_\_, 2026.

Ayes and in favor of said resolution:

Commissioners:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes and against said resolution:

Commissioner(s):

\_\_\_\_\_

Absent and/or Abstentions:

Commissioner(s):

\_\_\_\_\_

\_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

Roberto J Bartoli Jr.  
 Executive Officer  
 Local Agency Formation Commission

Date: \_\_\_\_\_

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

\_\_\_\_\_

Clerk to the Commission  
 Local Agency Formation Commission

Date: \_\_\_\_\_

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

May 13, 2026

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

**Subject:** Consideration of LAFCo File No. 26-03 – Proposed Annexation of 155 Ravine Drive (APN: 073-022-260) & 160 Ravine Drive, Woodside (APN: 073-021-050) to Fair Oaks Sewer Maintenance District

## Summary

This proposal, submitted by landowner petition, requests annexation of two properties, 155 Ravine Drive (APN: 073-022-260) & 160 Ravine Drive, Woodside (APN: 073-021-050), to Fair Oaks Sewer Maintenance District (FOSMD). The two new sewer connections would allow for the abandonment of the private septic systems. The proposal has 100 percent landowner consent. These properties are both in the Redwood Creek Assessment District and within the FOSMD sphere of influence. Commission approval of the annexation is recommended.

## Departmental Reports

*County Assessor:* The total net assessed land valuation for both parcels (APN 073-022-260 and APN 073-021-050) shown in the County Assessor records is \$5,630,631. The boundaries of the annexation as proposed conform to lines of assessment and ownership.

*County Clerk:* The two parcels within the annexation area have a total of 8 registered voters. If the annexation is approved, no change in precinct boundary is necessary.

*County Environmental Health:* Prior to the connection to FOSMD, the property owners will need to have all septic tanks properly abandoned with permit through County Environmental Health. Environmental Health recommends approving the proposed annexation.

*County Public Works:* The FOSMD has no objection to the proposal to annex these two parcels. New sewer laterals to be constructed shall not conflict with or impact the existing FOSMD sewer facilities. Specific comments will be provided during future reviews for the sewer connections.

*Town of Woodside:* The Town has no objection to the proposed annexation. The two properties are in the Redwood Creek Sewer Assessment District. On January 13, 2026, Town Council

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
 ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
 DIANE ESTIPONA, CLERK

approved their annexation to FOSMD by Resolution No. 2026-7538 and Resolution No. 2026-7539.

### **Executive Officer's Report**

This proposal has been submitted by landowner petition. The 2.9 acres proposed for annexation into the County Fair Oaks Sewer Maintenance District (FOSMD) are located at 155 Ravine Dr. (APN: 073-022-260) and 160 Ravine Dr., Woodside (APN: 073-021-050) in the Town of Woodside. The property owners would like to switch from onsite septic to sewer service. The properties are located in the Redwood Creek Sewer Assessment District which is within the provisional sphere of influence of FOSMD<sup>1</sup>, and thus eligible for annexation. This annexation would allow the County to bill for sewer service on the property tax bill, like other parcels within FOSMD. Both properties currently have onsite septic systems. The property owners must properly abandon the current septic tanks through permit with County Environmental Health prior to connecting to FOSMD. The switch to sewer service would enable further development on the properties.

California Environmental Quality Act: The proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) exempt under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities).

Waiver of Conducting Authority Proceedings: Section 56662(a) of the Cortese-Knox-Hertzberg (CKH) Act specifies that the Commission may waive conducting authority proceedings for annexations of uninhabited territory with 100 percent landowner consent provided that no objection is submitted by subject property owners or voters. The purpose of the conducting authority proceedings is to measure landowner or voter protest within the affected territory. The landowners have requested, and staff recommends waiver of conducting authority proceedings.

### **Recommended Commission Action by Motion**

By resolution, approve File No. 26-03 - Proposed annexation of 155 Ravine Dr. (073-022-260) and 160 Ravine Dr., Woodside (APN: 073-021-050) to the Fair Oaks Sewer Maintenance District.

### **Attachments**

- A. Annexation Application for 155 and 160 Ravine Dr., Woodside and maps and legal descriptions
- B. LAFCo Notice of Public Hearing
- C. Resolution No. 1353

Cc: Melissa Cardinale, Town of Woodside  
Edgardo Diaz, San Mateo County Environmental Health  
Chephren Goree, San Mateo County Clerk  
Andrew Smith, San Mateo County Assessor  
Julie Young, County Public Works  
Travis Lutz, Applicant and Civil Engineering Consultant

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<sup>1</sup> At the March 18, 2026 meeting of the San Mateo County LAFCo, the Commission unanimously approved Resolution No. 1349 establishing a provisional sphere of influence for the Fair Oaks Sewer Maintenance District.  
LAFCo Meeting Packet Page 28

**APPLICATION FOR A CHANGE OF ORGANIZATION, REORGANIZATION, OR OUTSIDE SERVICE AGREEMENT TO THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION**

**A. GENERAL INFORMATION**

1. Briefly describe the nature of the proposed change of organization, reorganization, or outside service agreement.

The existing residential properties located at 155 and 160 Ravine Drive, Woodside, CA 94062 (APN 073-022-260 & 073-021-050) currently have private septic systems and are currently within the Redwood Creek Sewer District. The Town of Woodside has consented to annexing the property into the Fair Oaks Sewer District which the property owners would like to pursue. Annexation to the Fair Oaks Sewer Maintenance District is requested.

2. An application for a change of organization or reorganization may be submitted by individuals in the form of a petition or by an affected public agency in the form of a certified resolution. This application is submitted by (check one):

- Landowners or registered voters, by petition
- An affected public agency, by resolution

**(If this application is submitted by petition of landowners or registered voters in the affected territory, complete the petition form.)**

3. What are the reasons for the proposal?

The owners would like to abandon their private septic systems and annex into the Fair Oaks Sewer Maintenance District, and install necessary infrastructure to receive sewer services.

4. Does this application have 100% consent of landowners in the affected area?

- Yes
- No

5. Estimated acreage: 2.9 acres

**B. SERVICES**

1. List the name or names of all existing cities and special districts whose service area or service responsibility would be altered by the proposed change of organization or reorganization.

Fair Oaks Sewer District  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. List all changes to the pattern of delivery of local services to the affected area. For each service affected by the proposed change(s) of organization, list the present source of service (state "none")

if service is not now provided), the proposed source of service and the source of funding for construction of necessary facilities (if any) and operation. Example is given on the first two lines of the space provided for your response.

SERVICE	PRESENT SOURCE	PROPOSED SOURCE	FUNDING SOURCE	
			CONSTRUCTION	OPERATING
<i>Police (example)</i>	<i>Co. Sheriff</i>	<i>City Police</i>	<i>N/A</i>	<i>Taxes</i>
<i>Sewer (example)</i>	<i>None</i>	<i>City of . . .</i>	<i>Proponent</i>	<i>Fees</i>
<b>Sewer</b>	<b>Private</b>	Fair Oaks Sewer District	Landowner	<b>Fees</b>

**C. PROJECT PROPOSAL INFORMATION**

1. Please describe the general location of the territory which is the subject of this proposal. Refer to major highways, roads and topographical features.

The existing residential properties located at 155 and 160 Ravine Drive, Woodside, CA 94062 (APNs 073-022-260 & 073-021-050) and near the intersection with Jane Drive.

2. Describe the present land use(s) in the subject territory.

Single family residential.

3. How are adjacent lands used?

North: Single family residential.

South: Single family residential.

East: Single family residential.

West: Single family residential.

4. Will the proposed change of organization result in additional development? If so, how is the subject territory to be developed?

No.

5. What is the general plan designation of the subject territory?

Single family residential.

6. What is the existing zoning designation of the subject territory?

SR - Suburban Residential

7. What rezoning, environmental review or development approvals have already been obtained for development in the subject territory?

None.

8. What additional approvals will be required to proceed?

Building permit and encroachment permits from the Town of Woodside, septic system abandonment permit from the County Environmental Health Services, and connection permit from FOSMD. The applicants will be responsible for the map and geographical description for the annexation.

9. Does any portion of the subject territory contain any of the following --agricultural preserves, sewer or other service moratorium or wetlands subject to the State Lands Commission jurisdiction?

No.

10. If no specific development projects are associated with this proposal, will the proposal increase the potential for development of the property? If so, how?

Yes. There is potential to add additional bedrooms to the main houses or add ADU's to the properties

\* \* \* \* \*

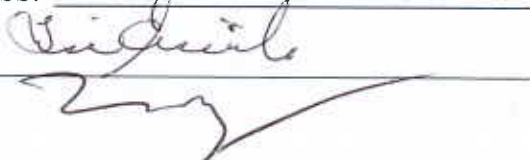
LAFCo will consider the person signing this application as the proponent of the proposed action(s). Notice and other communications regarding this application (including fee payment) will be directed to the proponent at:

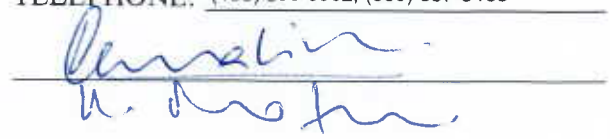
NAME: Kishore and Kavitha Moturi & Tim Kelly & Lisa Risetto

EMAIL: kmoturi@gmail.com, Tkelly94062@yahoo.com

ADDRESS: 155 and 160 Ravine Drive, Woodside, CA 94062

TELEPHONE: (408) 396-5962, (650) 867-3183

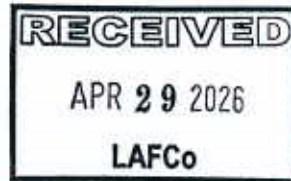
ATTN: 



Applica\_blk.doc  
(10/6/2000)

Signature of Proponent

*Virginia  
Wright*  
*Amelia  
Wright*

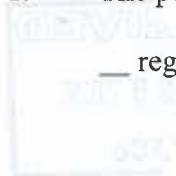




**PETITION  
FOR PROCEEDINGS PURSUANT TO  
THE CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT  
OF 2000**

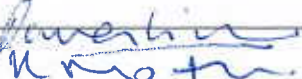

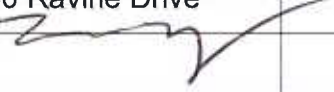
The undersigned hereby petition(s) the Local Agency Formation Commission of San Mateo County for approval of a proposed change of organization or reorganization, and stipulate(s) as follows:

1. This proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with Section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
2. The specific change(s) of organization proposed (i.e., annexation, detachment, reorganization, etc. is/are:  
Annexation of 155 Ravine Drive, Woodside (APN: 073-022-260) and 160 Ravine Drive, Woodside (APN: 073-021-050), to the Fair Oaks Sewer Maintenance District is requested.
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) A attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are:  
 inhabited (12 or more registered voters)  Uninhabited
5. This proposal is  is not  consistent with the sphere of influence of the affected city and/or district(s). LAFCo is set to review a new Sphere of Influence for FOSMD that would include all the parcels in Redwood Creek Assessment District; so by the time this application is reviewed it is likely that it will be consistent.
6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are:  
The owner would like to abandon the private septic system and annex into the Fair Oaks Sewer Maintenance District, and install necessary infrastructure to receive sewer services.
7. The proposed annexation is requested to be made subject to the following terms and conditions:  
None.
8. The persons signing this petition have signed as:  
 registered voters or  Owners of land (check one) within the subject territory.



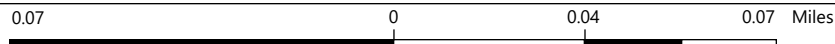
Wherefore, petitioner(s) request(s) that proceedings be taken in accordance with the provisions of Section 56000, et seq. Of the Government Code and herewith affix signatures as follows:

Chief Petitioners (not to exceed three):

Date:	Printed Name:	Signature/Residence Address:	APN*
4-20-26	Kishore Moturi and Kavitha Moturi	 155 Ravine Drive	073-022-260
4-20-26	Tim Kelly and Lisa Risetto	 160 Ravine Drive	073-021-050
			

\*Assessor's Parcel Number of parcel(s) proposed for annexation.



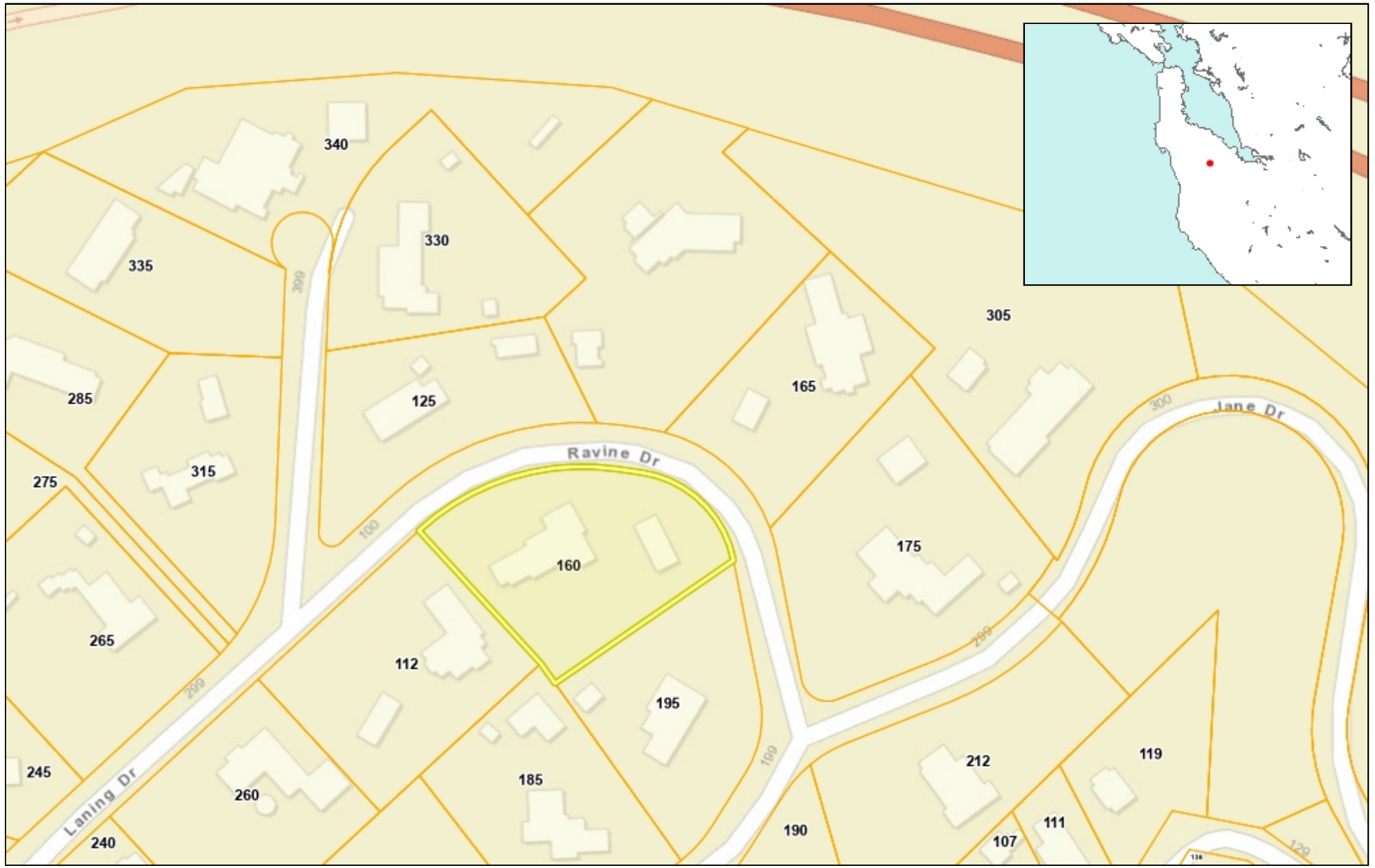


WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
 © Latitude Geographics Group Ltd.


1:2,257 

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**THIS MAP IS NOT TO BE USED FOR NAVIGATION**



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1:2,257 

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SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

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FORMATION COMMISSION**

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1. Consideration of Adoption of a Provisional Sphere of Influence for the Fair Oaks Sewer Maintenance District
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**Information/Contact:** Staff reports and attachments will be available March 11, 2026, at [www.smcgov.org/lafco](http://www.smcgov.org/lafco). If you have any questions, please contact Rob Bartoli, Executive Officer at (650) 363-4224 or [rbartoli@smcgov.org](mailto:rbartoli@smcgov.org)

Dated: February 25, 2026

Rob Bartoli  
Executive Officer

RESOLUTION NO. 1353

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SAN MATEO  
MAKING DETERMINATIONS, APPROVING LAFCO FILE 26-03 -  
ANNEXATION OF 155 RAVINE DRIVE (APN 073-022-260) AND 160 RAVINE DRIVE, (APN 073-021-050),  
WOODSIDE  
TO THE FAIR OAKS SEWER MAINTENANCE DISTRICT**

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

**WHEREAS**, a proposal for the annexation of certain territory to the Fair Oaks Sewer Maintenance District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

**WHEREAS**, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

**WHEREAS**, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

**WHEREAS**, a public hearing by this Commission was held on the proposal 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 proposed annexation is within the Sphere of Influence of the Fair Oaks Sewer Maintenance District;

**WHEREAS**, the proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities); and

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

Section 1. This proposal is approved.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 2.9 acres, is found to be "uninhabited," and is assigned the following distinctive short form designation: Annexation of 155 & 160 Ravine Dr., Woodside to the Fair Oaks Sewer Maintenance District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56662(a) and this annexation is hereby ordered.

Regularly passed and adopted this \_ day of \_\_\_\_\_, 2026.

Ayes and in favor of said resolution:

Commissioners:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes and against said resolution:

Commissioner(s):

\_\_\_\_\_

Absent and/or Abstentions:

Commissioner(s):

\_\_\_\_\_

\_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

Roberto J Bartoli Jr.  
 Executive Officer  
 Local Agency Formation Commission

Date: \_\_\_\_\_

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

\_\_\_\_\_

Clerk to the Commission  
 Local Agency Formation Commission

Date: \_\_\_\_\_

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer  
Sarah Flamm, Management Analyst

**Subject:** Consideration of Circulation Draft Municipal Service Reviews and Sphere of Influence Updates for the Ladera Recreation District and the Highlands Recreation District

## Summary and 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 draft report includes MSR and SOI updates for the Ladera Recreation District (LRD) and the Highlands Recreation District (HRD). LAFCo last conducted MSR's and SOI updates for the two Districts in 2007.

**Ladera Recreation District:** In April 1958, local voters and the Board of Supervisors established the Ladera Recreation District (LRD), an independent Community Services District. LRD was formed for the purpose of providing public recreation by means of parks, playgrounds, swimming pools or recreation buildings. LRD is operating pursuant to Section 61000 et seq of the CA Government Code (Community Services District Law).

**Highlands Recreation District:** In September 1957, local voters and the Board of Supervisors established the Highlands Recreation District (HRD), an independent Community Services District. HRD was formed for the purpose of providing public recreation by means of parks, playgrounds, swimming pools, or recreation buildings. HRD is operating pursuant to Section 61000 et seq of the CA Government Code (Community Services District Law).

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

### **Current Key Issues**

**The Ladera Recreation District** meets the recreational service needs of the Ladera community, as well as residents outside its boundary. LRD's main revenue source is recreation fees (75%) from residents who sign up for memberships or utilize LRD facilities or classes. LRD operates with three full-time staff and 87 part-time staff (2026). LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations.

LRD operates on a calendar-year budget cycle, with budgets regularly adopted on time each January. In 2011-12, the LRD Board made the shift from fiscal years to calendar year cycles. The LRD 2025-26 budget projects \$1.6M in revenue and \$1.3M in expenditures. Over each of the past five years, LRD has maintained a positive General Fund balance. The fund balance is allocated to capital improvement projects. While the District has a practice of this making this allocation, LRD does not have specific financial policies addressing target fund balance levels and restrictions on use of reserve funds. LRD also does not have a formal Capital Improvement Plan.

The District does not livestream or record its public Board Meetings; remote attendance or historical review of meetings is not currently an option. The LRD website does not provide staff reports to agenda items, and is not updated; the past three years of financial audits are unavailable on the website. LRD is completing its 2024 independent financial audit. The independent audit Management Reports for the years ending in December 2023 and December 2022 each had three recommendations for LRD. The LRD website does not publish these reports, at the time of this MSR.

**The Highlands Recreation District** meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. HRD Staff turnover rates are high, with 70% turnover Districtwide in FY2024-25, partially explained by part-time or seasonal staff related to recreation classes.

The financial position of HRD appears healthy. Regarding audits, however additional information is required as the annual independent financial audits utilize projected figures and not actual revenues and expenditures. HRD budgeted 35% more in total expenditures for FY2025-26 (\$4.5M) compared to \$3.3M FY2024-25, largely due to planned facility maintenance to address the backlog of deferred maintenance items. According to HRD staff, as of January 31, 2026, the HRD fund balance held in total reserves was \$5,477,387, an amount that exceeds the annual budgeted expenditures of the District. HRD does not have policies that set target reserve levels for any of its five reserve accounts: the General Fund reserve, Contingency Reserve, Capital Reserve, EEC Building Reserve and the Building Renovation Reserve.

Facilities and equipment are well maintained and annually inspected. However, currently, there is no process for adopting a formal multi-year Capital Improvement Plan, or a similar document.

In December 2010, HRD assumed a debt of \$3,195,000 for the purpose of constructing a new early childcare center. As of February 2026, the remaining balance on the loan is \$1,578,000, and for FY2025-26, HRD anticipates spending 5% (\$204,290) of total annual expenditures on debt payment.

**Proposed MSR Determinations and Recommendations for Ladera Recreation District**

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 Ladera (est. 2,500) is projected to grow between 2-4%. There are minimal opportunities for subdivision or infill in Ladera, as the community is largely built out.

**Recommendation:** None

- II. Disadvantaged Unincorporated Communities Determination:** LRD'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:** LRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. LRD's staffing model allows for seasonal fluctuations, with three full-time staff and 87 part-time staff in calendar year 2026. LRD maintains a list of assets and an associated depreciation schedule. LRD does not have a multi-year capital improvement plan. Funds for capital projects are annually deposited into LRD's account in San Mateo County's Investment Pool Fund.

**Recommendations:**

1. Establish a process for adopting a comprehensive multi-year Capital Improvement Plan or other similar plan to identify LRD-owned and maintained facilities, and to allocate funds for replacement/maintenance or the construction of new facilities.
2. Formalize funds held in the County's Investment Pool as capital project reserves and general reserves in the District's budget documents. Adopt and publish a reserve policy that sets a target reserve size and purpose, including adding limits on withdrawing these funds for other purposes.

- IV. Financial Ability Determination:** Over each of the past five years, LRD has maintained a positive General Fund balance (revenue exceeding expenditures) by at least \$200,000. These monies are deposited annually in the County's Investment Pool for the purpose of financing capital projects. LRD has over \$1.4M in reserves as of Dec. 2025. Membership fees and other charges for services comprise LRD's largest revenue source (70%), followed by Property tax revenue (25%). Employee salaries are the largest expenditure (50%), followed by Maintenance, Repairs and Supplies (15%). The annual debt payment on a loan used to construct a new pool that opened in 2023 represents less than 7% of total expenditures. LRD is behind on its financial audits, currently completing its 2023-24 audit.

**Recommendations:**

3. LAFCo supports the LRD's efforts to become current on independent financial audits and to make these audits (2021, 2022, 2023) along with their associated Management Reports available for public viewing.

4. Adopt and publish a reserve policy for the General Fund, explicitly describing the annual target size and purpose of the reserve account.<sup>1</sup>
5. Explicitly show in all budget documents and staff financial reports the amount of funds allocated to the District's reserve fund.
6. Explore shifting from a calendar year to a fiscal year budget cycle to align with San Mateo County and other special districts.

**V. Shared Service and Facilities Determination:** LRD shares its facilities with the Ladera Community Association and other neighborhood groups for their meetings, free of charge. LRD leases its facilities for a fee to contractors offering classes and programs to LRD members, as captured in the "Park and Recreation Fees" revenue category.

**Recommendation:** None.

**VI. Accountability, Structure, and Efficiencies Determination:** The District could improve its transparency by posting on its website all historical budgets, historical Board Meeting agendas and minutes, and publishing staff reports. LRD does not livestream or record meetings. The District annually commissions independent financial audits, and is completing its 2024 audit. LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations.

**Recommendations:**

7. Post historical agendas, meeting minutes and written staff reports for agenda items at public Board meetings.
8. Consider livestreaming public Board Meetings for a remote audience to facilitate accessibility, engagement, and transparency.
9. Continue efforts to increase staff retention, for example by offering employee benefits.

**VII. Other Issues Determination:** LRD participates in the County-wide Local Hazard Mitigation Plan. LRD coordinates with the Ladera Emergency Preparedness group for disaster response, in alignment with the Woodside Fire Protection District.

**Recommendation:**

10. LAFCo encourages LRD to continue its efforts in the area of hazard mitigation.

### **Ladera Recreation District Sphere of Influence (SOI) Determinations**

- I. **The present and planned land uses in the area, including agricultural and open space lands:** LRD is comprised primarily of residential land use, with some commercial, and institutional land use. LRD boundaries contain land that is under the jurisdiction of the County of San Mateo.
- II. **The present and probable need for public facilities and services in the area:** LRD meets the needs of its residents and businesses for recreation services, and LRD staff anticipate that they will be able to provide adequate facilities and services for the anticipated growth within the service area.

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<sup>1</sup> Little Hoover Commission, Report #239 "Special Districts: Improving Oversight & Transparency," August 2017  
LAFCo Meeting Packet Page 44

- III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** LRD currently provides adequate public services to LRD residents and out of district members, including tennis courts, pool, playground, recreation building, and more. In addition, LRD maintains an infrastructure depreciation schedule to monitor necessary capital improvements, repairs, and replacements to LRD 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 LRD.
- 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 LRD's boundaries, or SOI.

**Proposed MSR Determinations and Recommendations for the Highlands Recreation District**

- I. Growth and Population Determination:** Over the next five years, the population of HRD (est. 3,120) is projected to grow between 2-4%. There are minimal opportunities for subdivision or infill, as the community is almost entirely built out. The district owns 40 acres of undeveloped land which has a restriction on the 1986 deed that specifies no structures are to be built on the land and it is reserved for open space use.

**Recommendation:** None.

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

**Recommendation:** None

- III. Capacity and Adequacy of Public Facilities and Services Determination:** HRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. In FY2025-26, LRD has 20 full-time staff and 7.4 part-time staff. Funds for capital projects are maintained in the HRD Capital Reserve, which as of April 2026 had a balance of \$473,296. There is no process for adopting a formal multi-year Capital Improvement Plan or other facility planning document.

**Recommendation:**

1. Consider adopting a process for the Board of Directors to approve a 3 to 5-year Capital Improvement Plan or facility planning document and publish the plan on the District website.

- IV. Financial Ability Determination:** The financial position of the district is adequate. HRD budgeted 35% more in total expenditures for FY2025-26 (\$4.5M) compared to \$3.3M FY2024-25, largely due to planned facility maintenance to address the backlog of deferred maintenance items. According to HRD staff, as of January 31, 2026, the HRD fund balance held in the San Mateo County Investment Pool was \$5,477,387. This amount exceeds the annual budgeted expenditures of the District. HRD does not have policies that set target reserve levels for the District reserve funds.

**Recommendations:**

2. For each of the past three years, the annual independent financial audits were not conducted using actual budget figures. Fiscal documents with final actuals and auditor figures may allow for enhanced financial planning for the District, and greater transparency for the public. HRD should consider adjusting procedures and calendars to ensure that the Auditor is able to audit actual revenues and expenditures. Audits, along with their associated Management Reports should be made available for public viewing within one year of publication.
3. Adopt and publish a reserve policy that explicitly describes the target size and purpose of the General Fund reserve, Contingency Reserve, Capital Reserve, EEC Building Reserve

and the Building Renovation Reserve. The purpose of these reserve funds should clearly articulate the need for and the size of reserves.<sup>23</sup>

4. Review the currently unassigned reserves (approximately \$4M) and consider designating these funds to dedicated reserve accounts, including the Capital Reserve account, and to specific capital improvement projects.
5. Reevaluate the General Fund budget and reserve account to achieve target fund balance, as established in a new HRD reserve policy (per Recommendation No. 2).

- V. **Shared Service and Facilities Determination:** HRD permits the Highlands Community Association to use District facilities for meetings and events.

**Recommendations:** None.

- VI. **Accountability, Structure, and Efficiencies Determination:** HRD Staff turnover rates are high, with 70% turnover Districtwide in FY2024-25. Efforts to increase retention by adjusting salaries and dedicating staff time to recruitment are underway. On its website, HRD maintains from 2019-present archived Board Meeting agendas, minutes, agenda packets with staff reports and attachments, and as of March 2026, video recording of the meeting. HRD theoretically could apply to LAFCo to provide any of the services offered by other districts in its area, however LAFCo is not aware of any application to do so.

**Recommendations:**

6. Continue exploring policies and practices that will improve staff retention.
7. Consider posting historical budgets for at least the past five years on the dedicated "Agency Budget" page on the HRD website.

- VII. **Other Issues Determination:** HRD participates in the San Mateo County Local Hazard Mitigation Plan. HRD utilizes San Mateo County Fire Department for defensible space inspections and Highlands CERT for drill reviews and feedback.

**Recommendation:** None.

### **Proposed Sphere of Influence Determinations for the Highlands Recreation District**

State law requires LAFCo 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 Highlands Recreation District (HRD) is comprised primarily of medium-low density residential land use with some institutional land use and open space land. HRD 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:** HRD meets the needs of its residents and businesses for recreation services, and the District staff anticipate

<sup>2</sup> Little Hoover Commission, Report #239 "Special Districts: Improving Oversight & Transparency," August 2017

<sup>3</sup> California Special District Association "Special District Reserve Guidelines, 2<sup>nd</sup> Edition 2013  
LAFCo Meeting Packet Page 47

that they will be able to provide adequate facilities and services for the minimal anticipated growth within the service area.

- III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The HRD currently provides adequate public services to District residents and out of district visitors, including childcare programs, camps, tennis courts, pool, playground, recreation building, and more. In addition, the HRD maintains a list of capital projects and an infrastructure depreciation schedule to monitor necessary capital improvements, repairs, and replacements to District 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 HRD.
- 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 HRD is proposed at this time.

**Public/Agency Involvement:** The primary sources of information used in this report were publicly available agency-adopted plans, budgets, reports, and policies. Information received by San Mateo LAFCo in response to requests for data from the County and special district staff has also been incorporated into this report.

**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 Recommendation to Commission**

1. Open the public hearing and accept public comment.
2. Provide Commissioner comment.
3. Direct the Executive Officer to schedule the public hearing for the Ladera Recreation District and the Highlands Recreation District Final Municipal Service Reviews and Sphere of Influence updates at the next Commission meeting on July 15, 2026; and to circulate the drafts to the County, cities, and independent special districts.

4. Direct the Executive Officer to schedule a virtual public workshop for the MSR's or to coordinate with the two recreation districts regarding possible presentations to their respective Boards of Directors.

**Attachments**

- A. Draft Municipal Service Review and Sphere of Influence Update for Ladera Recreation District
- B. Draft Municipal Service Review and Sphere of Influence Update for the Highlands Recreation District
- C. Sphere of Influence Maps



**Municipal Service Review and Sphere of  
Influence Review for  
Ladera Recreation District**

**Circulation Draft  
Released May 13, 2026**

Municipal Service Review and Sphere of Influence Review for the Ladera Recreation District

**Ladera Recreation District**

150 Andeta Way

Portola Valley, California 94028

Contact: Sarah Gutierrez, General Manager, (650) 854-3242

**CONDUCTED BY:**

San Mateo Local Agency Formation Commission

455 County Center, 2<sup>nd</sup> Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Virginia Chang Kiraly, Chair, Special District Member

Ann Draper, Vice Chair, Public Member

David Canepa, County Member

Kati Martin, Special District Member

Debbie Ruddock, City Member

Stephen Rainaldi, City Member

Jackie Speier, County Member

Commission Alternates:

Katheryn Slater-Carter, Special District Member

Noelia Corzo, County Member

Greg Wright, City Member

Colleen You, Public Member

Staff:

Rob Bartoli, Executive Officer

Sarah Flamm, Management Analyst

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel

## **EXECUTIVE SUMMARY**

### **Section I: Report Overview**

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) study for the Ladera Recreation District, an independent special district governed by a five-member board of directors.

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 is comprised of 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 an MSR

### **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 764,442 residents (8%) 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<sup>1</sup> 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 and 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 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

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<sup>1</sup> "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the Statewide annual median household income. This area of determination does not apply to the study area.

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

A hearing for the Draft Report will be held at LAFCo’s May 20, 2026 meeting. The report will subsequently be circulated for comment to the agencies under study, as well as interested individuals and groups. This report has been written based on source documents that include Adopted Budgets, Capital Improvement Plans, Meeting Minutes, Staff Reports, Consultant Reports, and information provided directly to LAFCo by the special district 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 “DUC’s,” 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 DUC’s within the current boundaries or service areas of Ladera Recreation District or Highlands Recreation District.

### Section II. Summary of Key Issues

**The Ladera Recreation District** meets the recreational service needs of the Ladera community, as well as residents outside its boundary. LRD’s main revenue source is recreation fees (75%) from residents who sign up for memberships or utilize LRD facilities or classes. LRD operates with three full-time staff and 87 part-time staff (2026). LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations.

LRD operates on a calendar-year budget cycle, with budgets regularly adopted on time each January. In 2011-12, the LRD Board made the shift from fiscal years to calendar year cycles. The LRD 2025-26 budget projects \$1.6M in revenue and \$1.3M in expenditures. Over each of the past five years, LRD has maintained a positive General Fund balance. The fund balance is allocated to capital improvement projects. While the District has a practice of this allocation, LRD does not have specific financial policies addressing target fund balance levels and restrictions on use of reserve funds. LRD also does not have a formal Capital Improvement Plan.

The District does not livestream or record its public Board Meetings; remote attendance or historical review of meetings is not currently an option. The LRD website does not provide staff reports to agenda items, and is not updated; the past three years of financial audits are unavailable. LRD is completing its 2024 independent financial audit. The independent audit Management Reports for the years ending in December 2023 and December 2022 each had three recommendations for LRD. The LRD website does not publish these reports, at the time of this MSR.

### **Section III. Affected Agencies**

*Cities/Towns and County:* San Mateo County, Town of Portola Valley, Unincorporated community of Ladera

*School Districts:* Las Lomas Elementary School District, Sequoia High School District

*Independent Special Districts:* Woodside Fire Protection District, West Bay Sanitation District

*Dependent Special Districts:* None

### **Section IV. Municipal Service Review for Ladera Recreation District**

**Background:** In April 1958, local voters and the Board of Supervisors established the Ladera Recreation District (LRD), an independent Community Services District. LRD was formed for the purpose of providing public recreation by means of parks, playgrounds, swimming pools or recreation buildings.<sup>2</sup> LRD is operating pursuant to Section 61000 et seq of the CA Government Code (Community Services District Law).

LRD is located in the unincorporated community of Ladera, adjacent to the Town of Portola Valley. The community of Ladera was founded earlier, in 1946. LRD is comprised of 552 parcels, the vast majority of which are residential. Fewer than 10 parcels are zoned “commercial,” and these form the Ladera Shopping Center, which includes approximately 17 storefronts.<sup>3</sup> The boundaries of LRD have remained the same since formation, apart from the 1960 annexation of Stanford land (150 Andeta Way) for the purpose of building the District’s facilities (i.e. recreation center, pool, playground, tennis and pickleball courts, etc.).

**Inventory of Active Services:** Provisions of the CKH Act require that LAFCo identify which services a multi-purpose district is actively providing, and which are inactive. Pursuant to Government Code Section 56425(i), in preparing a MSR and SOI update, LAFCo is required to prepare a statement of the nature and location of functions and services provided. If a district proposes to add a new service permitted under district enabling legislation, the District must apply to LAFCo for approval. Ladera Recreation District currently provides only park and recreation services, although its enabling legislation permits the district to provide a broad set of services similar to those of a city with the exception that community services districts do not have land use authority.

LRD Active services, per the 1959 LRD formation document:

- **Construction of parks, playgrounds, swimming pools, recreation buildings, a community meeting hall, and such other buildings and facilities as are necessary to the operation of such a district.**<sup>4</sup>

If in the future, if it is determined that other services permitted in Community Services District enabling legislation should be provided and funded by Ladera Recreation District, the Board of Directors as governing body of the District could apply to LAFCo. The application would include a

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<sup>2</sup> Resolution No. 12803

<sup>3</sup> [Portola-Valley-Ladera-SC-Fully-Leased-Brochure.pdf](#)

<sup>4</sup> Government Code Sections 61100(e) and (f)

plan for providing services and a proposed budget, including revenues to fund services and any associated revenue sources such as an assessment, fee, or tax.

Overview: The Ladera Recreation District (LRD) is governed by an elected five-member Board of Directors each serving a four-year term. There are no term limits, meaning Board members may run for re-election as many times as they choose, provided they remain registered voters living within the district boundaries. The board members do not receive any compensation. The Board typically holds public meetings on the second Monday of each month at 7PM at 150 Andeta Way, Portola Valley.

As of January 2026, the LRD employs three full-time staff (FTE's) and 87 part-time/seasonal staff. LRD facilities include a 6-lane swimming pool, wading pool, tennis and pickleball courts, a recreation room, playground, bocce ball court, barbecue grills, volleyball courts, and a parking lot. A membership (or drop-in fee for LRD residents) is required to use the facilities. LRD membership is available for purchase by LRD residents or non-residents, at separate rates published on the LRD website. LRD also maintains approximately two miles of pathways located on easements adjacent to private properties in portions of the Ladera community (Attachment A).

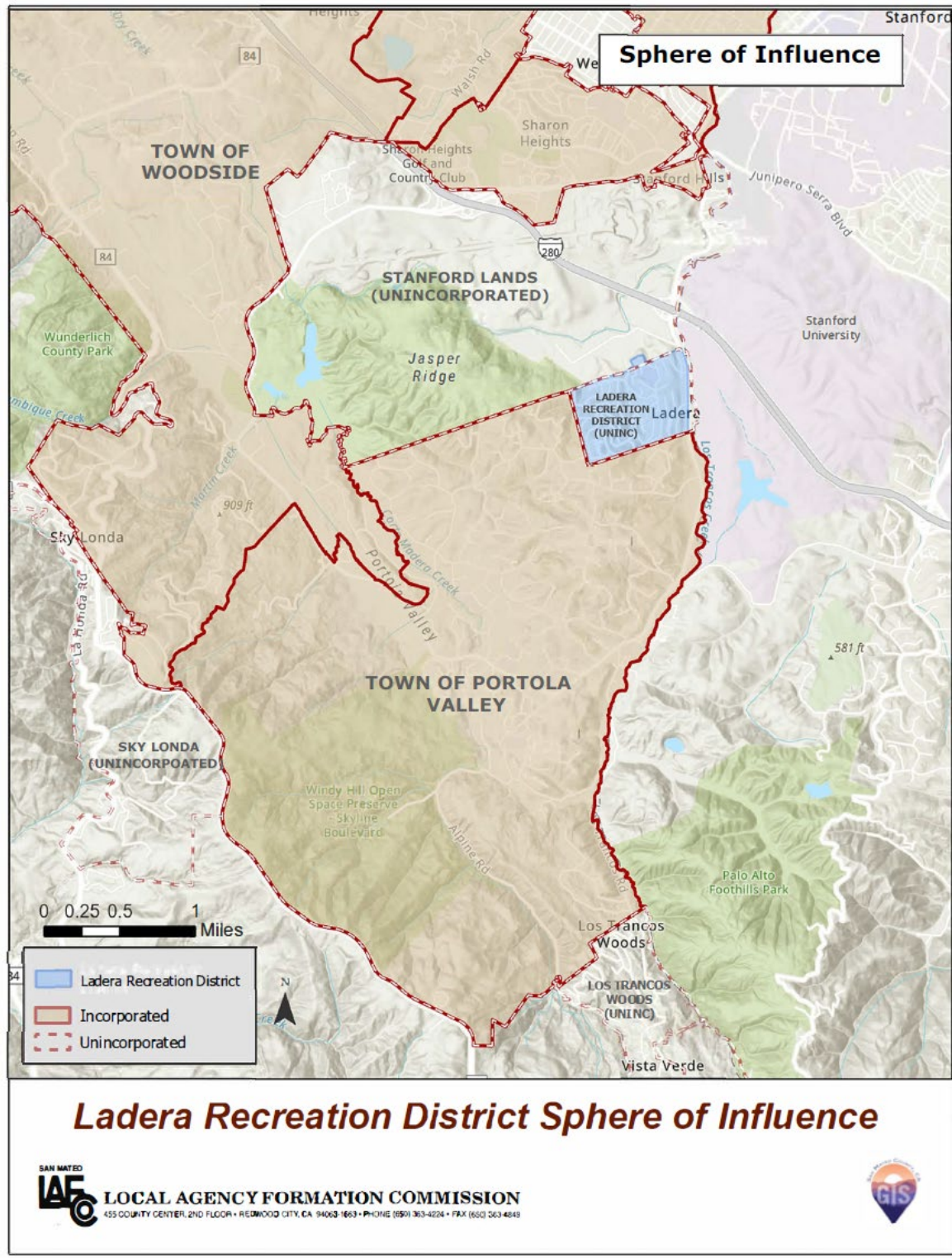
LAFCo last conducted an MSR and sphere of influence (SOI) review for LRD in December 2007. The LRD SOI is coterminous with the District boundaries, as shown in Figure 1.

LRD is a separate entity from the Ladera Community Association (LCA), a non-governmental, non-profit neighborhood organization which, among other things, maintains a website with a member portal for neighborhood information.<sup>5</sup> The LCA has a board of nine elected members that meets monthly at the LRD office.

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<sup>5</sup> Ladera Community Association, [laderaonline.org](http://laderaonline.org)

Figure 1. Sphere of Influence Map for of Ladera Recreation District



**1) Growth and Population: Ladera Recreation District**

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist. If most or all determinations are not significant, the Commission may find that an MSR update is not warranted.

Growth and population projections	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> 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>b)</b> Will population changes have an impact on the subject agency’s service needs and demands?			X
<b>c)</b> Will projected growth require a change in the agency’s service boundary?			X

**a-c)** The unincorporated community of Ladera is comprised of single-family residential uses, along with a commercial portion (Ladera Shopping Center), and a school (Woodland School). As of 2020, the population count for Ladera is approximately 2,500.<sup>6</sup> The average age in LRD is approximately 58, while the average age in San Mateo County is 40.3.<sup>7</sup> Over the next 5-10 years, no significant population change or new development is expected within the current LRD boundaries, based on a review of planning documents from the County of San Mateo and the Association of Bay Area Governments. There are minimal opportunities for subdivision or infill in Ladera, as the community is already built out. The LRD itself is within the sphere of influence of the Town of Portola Valley, which is also anticipated to have minimal population growth over the next ten years. The projected population growth rate for this area for the ten-year period from 2020-2030 is between 2-4%, which is less than the projected growth rates for the County of San Mateo (8%) and the State of California (9%).<sup>8</sup>

**MSR Determination No. 1:** Over the next five years, the population of Ladera (est. 2,500) is projected to grow between 2-4%. There are minimal opportunities for subdivision or infill in Ladera, as the community is largely built out.

**Recommendation:** None.

<sup>6</sup> The Ladera Census Designated Place (CDP) is smaller (0.44 square miles) than the official Ladera Recreation District boundaries (2 square miles).

<sup>7</sup> SMC Housing Element 2023-31, [25-211 - 20250325\\_att\\_att C Exhibit A to Resolution.pdf](#)

<sup>8</sup> Association of Bay Area Governments (ABAG) [Projections 2040 - Forecasts for Population Households and Jobs](#)

**2) Disadvantaged Unincorporated Communities**

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
<b>b)</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
<b>c)</b> If “yes” to both a) and b), is it 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

**a-c)** The Ladera Recreation District does not provide sewer, municipal or industrial water, or structural fire protection services. While the sphere of influence of LRD is within unincorporated territory, this area is not classified as disadvantaged under State law.

**MSR Determination No. 2:** LRD’s sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities, nor does LRD provide sewer, municipal and industrial water, or structural fire protection services.

**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 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 sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
<b>b)</b> Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
<b>c)</b> Are there any concerns regarding public services provided by the agency being considered adequate?			X
<b>d)</b> Are there any significant infrastructure needs or deficiencies to be addressed?			X
<b>e)</b> Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
<b>f)</b> 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-d)** LRD meets the service needs of existing development within its boundaries. Any LRD resident or non-resident may register at any time to become a member. As of February 2026, LRD has a membership of 408; 239 of which are residents (58%) while 169 (41%) reside outside the district boundary. In 2025, LRD counted 405 members; 438 members in 2024, 451 members in 2023 and 430 members in 2022.

LRD staff includes three full-time staff and 87 part-time/seasonal staff. The number of staff has increased over the past five years, with the number of part-time staff nearly doubling from 2022 (45) to 2025 (87). See Table 1 below.

Full-time staff include the General Manager appointed by the Board of Directors, the Accounting and Aquatics Manager, and the Administrative Assistant. Part-time staff include facility operations workers, maintenance workers, and various swim instructors, lifeguards, and tennis coaches, among others. Seasonal staff teach fee-based classes and programs (e.g. swimming,

tennis, yoga) for youth and adults at the facilities. New full-time staff hires require LRD Board approval.

LRD hires outside contractors for cleaning and pool maintenance services. LRD legal services are provided as needed by Shute, Mihaly & Weinberger LLP, a public interest law firm based in San Francisco.

*Table 1. Ladera Recreation District Staff Count*

Year	Full-Time Staff	Part-Time/Seasonal Staff
2022	2	45
2023	2	70
2024	3	83
2025	3	87

Source: LRD

**Capital Projects:** LRD maintains a “Capitol Projects” spreadsheet that lists District assets, their acquisition date, expected life, and associated depreciation schedule. This list is used to evaluate necessary replacements and improvements of LRD infrastructure and select capital projects. LRD has two funds: a Capital Fund and a General Fund. Donations are often made into the Capital Fund. Funds for capital projects are deposited into the San Mateo County Investment Pool Fund to offset annual depreciation (approx. \$300,000 annually).

Over the five-year period from 2020-2025, LRD has spent \$6M on capital projects. These projects included: New competition pool and wading pool (\$5.1M); New pool parking lot (\$157,584); Donor wall (\$11,712); Lighting for the pool area, trellis & entrance (\$28,941); Recreation Room equipment (\$18,302); Tennis Courts 3 & 4 Resurfacing and Lighting (\$90,300); Pool area landscaping \$(105,309); Bathroom Lighting (\$21,060); Path (\$6,068); and Tennis Courts 1 & 2 Resurfacing (\$10,100).<sup>9</sup>

LRD maintains approximately two miles of pathways located on easements adjacent to private properties in lower Ladera. Regular debris and leaf removal occur on a quarterly basis and repairs and maintenance are performed as needed according to the depreciation schedule.

**e-f)** LRD staff do not foresee changes in State regulations that would require significant facility and/or infrastructure upgrades. There are no disadvantaged unincorporated communities within or contiguous to LRD boundaries.

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<sup>9</sup> LRD Capital Projects 2020-25 list provided by District Staff to San Mateo LAFCo.

**MSR Determination No. 3:** LRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. LRD’s staffing model allows for seasonal fluctuations, with three full-time staff and 87 part-time staff in calendar year 2026. LRD maintains a list of LRD assets and their associated depreciation schedule. LRD does not have a multi-year capital improvement plan. Funds for capital projects are annually deposited into LRD’s account in San Mateo County’s Investment Pool Fund.

**Recommendations:**

1. Establish a process for adopting a comprehensive multi-year Capital Improvement Plan or other similar plan to identify LRD-owned and maintained facilities, and to allocate funds for replacement/maintenance or the construction of new facilities.
2. Formalize funds held in the County’s Investment Pool as capital project reserves and general reserves in the District’s budget documents. Adopt and publish a reserve policy that sets a target reserve size and purpose, including adding limits on withdrawing these funds for other purposes.

4) Financial Ability

Financial ability of the agency to provide service	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
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-f)** Ladera Recreation District (LRD) operates on a calendar year budget cycle (January 1-December 31). LRD adopts an annual budget in January for the ensuing year. The LRD budget is comprised of a General Fund and a Capital Projects Fund. LRD has consistently maintained a net

positive General Fund balance over the past five years (as reviewed by San Mateo LAFCo). See Table 2. LRD’s adopted budget for 2025-26 is \$1,284,600 in expenditures, and \$1,655,800 in anticipated revenues. The main sources of revenue are Park and Recreation Fees (approximately 75% of total revenue) followed by Property Tax Revenue (approximately 24%). The main expenditure categories are Employee Salaries (approximately 50% of total expenditures) and Maintenance, Repairs and Supplies (approximately 15%).

Table 2. Ladera Recreation District, General Fund Actuals (2022-2025)

	2025-26 (Budgeted)	2024-25 (Unaudited)	2023-24 (Unaudited)	2022-23 (Audited)	2021-22 (Audited)
<b>General Fund Revenue</b>					
Property Tax	\$393,700	\$393,451	\$374,730	\$355,445	\$321,407
Park and Recreation Fees	\$1,220,600	\$1,175,871	\$1,202,349	\$921,595	\$698,546
Investment Income	\$41,500	\$46,316	\$41,196	\$35,689	\$9,550
<b>Total Revenue</b>	<b>\$1,655,800</b>	<b>\$1,615,638</b>	<b>\$1,618,275</b>	<b>\$1,312,729</b>	<b>\$1,029,503</b>
<b>General Fund Expenditures</b>					
Employee Salaries	\$608,400	\$599,551	\$600,174	\$536,268	\$439,136
Maintenance, Repairs, Supplies	\$181,700	\$172,699	\$180,088	\$138,440	\$85,711
Bank Fees, Insurance, Taxes	\$86,200	\$90,873	\$79,598	\$64,963	\$53,049
Other <sup>1</sup>	\$408,300	\$353,600	\$295,572	\$142,316	\$162,406
<b>Total Expenditures</b>	<b>\$1,284,600</b>	<b>\$1,216,723</b>	<b>\$1,155,432</b>	<b>\$881,987</b>	<b>\$740,302</b>
<i>Net</i>	<i>\$371,200</i>	<i>\$398,915</i>	<i>\$462,843</i>	<i>\$430,742</i>	<i>\$289,201</i>

Source: LRD Budget

<sup>1</sup> “Other” expenditures include Payroll Expenses, Outside Services, Program expenses, and Utilities

**Park and Recreation Fees:** The LRD Park and Recreation Fee revenue category is comprised of membership fees, program fees, and facility rentals. LRD offers its members various fee-based programs such as Camp Ladera, the Dolphin Swim Team, pickleball clinics, swim lessons, and the masters swim program.<sup>10</sup> Fees and memberships equate to approximately 70% of revenue for LRD.

Approximately 50% of LRD’s total revenue is from annual membership fees. For both residents and non-residents, there are various types of annual memberships (individual, couple family), and the membership year is February to February of the following year. Member fees are reviewed and updated annually, and not necessarily linearly. For instance, rate increases between 2022 and 2024 were higher to take into account the cost of the pool renovation project which was completed in 2023. From 2021 to 2026, membership rates for residents in the “Family”, “Couple”, and “Individual” categories increased by approximately 25%, and for residents in the “Senior Couple” and “Senior Individual” categories, rates increased by approximately 17%. Rates for non-residents increased by 45-50% over the same time period across the member categories. Non-resident membership fees are higher in part because they

<sup>10</sup> Program sign-ups are available on the LRD website: <https://laderarec.activityreg.com/selectActivity>

do not pay the local LRD property tax. In 2026, the LRD Board introduced 10 free guest passes for members and extended the age of “child” on family memberships to 26 years old. See Figure 2.

Figure 2. LRD Membership Rates

	Resident Rate		Non-Resident Rate	
	Early Bird	Late Bird (3/6)	Early Bird	Late Bird (3/6)
Family	\$1,525	\$1,690	\$3,700	\$3,990
Couple	\$1,150	\$1,275	\$2,940	\$3,240
Individual	\$710	\$780	\$1,800	\$1,985
Senior Couple	\$530	\$590	\$1,600	\$1,750
Senior Individual	\$350	\$390	\$975	\$1,075
Individual Tennis Only	\$400	\$475	\$790	\$875

**Property Tax Revenue:** Property tax revenue is consistently LRD’s second largest revenue source (approximately 25%). See Table 3. According to the County Assessor, as of 2026, LRD has 552 parcels, valued at an average \$2.2M per parcel. In comparison, Highlands Recreation District (HRD) has more parcels (789) with a lower average value (\$1.2M). Property tax revenue comprises the same portion of total revenue for both recreation districts.

Table 3. LRD Property Tax as Share of Total Revenue, 2022-2026 (Actuals)

	2026 (Projected)	2025	2024	2023 (Audited)	2022 (Audited)
Property Tax Revenue	\$393,700	\$393,451	\$374,730	\$355,445	\$321,407
Total Revenue	\$1,655,800	\$1,615,638	\$1,618,323	\$1,312,727	\$1,029,503
<b>Share of Total</b>	<b>24%</b>	<b>24%</b>	<b>23%</b>	<b>27%</b>	<b>31%</b>

Ladera residents who are not enrolled members still pay property taxes towards the District. These residents have the option to pay a \$20 drop-in fee to utilize the LRD pool and tennis courts (non-resident, non-members cannot drop-in to LRD).

LRD receives a share (approximately 3%) of the 1% property tax as a result of Proposition 13. Table 4 below shows the distribution of the 1% property tax in a sample LRD tax rate area.

*Table 4. 1% Property Tax Distribution – Sample Tax Rate Area for Ladera Recreation District*

<b>Agency</b>	<b>Share</b>
County of San Mateo	24%
Las Lomas Elementary School District	21%
Woodside Fire District	17%
Sequoia High School District	16%
San Mateo Community College District	7%
County Education Tax	4%
Library	3%
Ladera Recreation District	3%
Midpeninsula Regional Open Space District	2%
Sequoia Health Care District	1%
County Harbor District	0.36%
San Francisquito Creek Flood Zone 2	0.23%
Bay Area Air Quality Management District	0.21%
Mosquito Abatement District	0.19%
Total	100%*

*Note: Shares vary between tax rate areas. May not total 100 due to rounding.*

**Independent Financial Audits:** LRD contracts with the independent auditing firm O’Connor & Company to conduct annual financial statement audits. The most recent audit of LRD finances was completed in July 2025 for calendar year 2023. In the Management Report to the audit (which is not currently available on the LRD website), the Auditor had one current year recommendation: 1) to hire an educated and trained outside accountant to assist the accounting manager in order to reduce risk of errors and two updates on prior year recommendations: 1) To consider formalizing a capitalization policy to only record leases and IT subscriptions as assets and liabilities if they are worth more than \$80,000 (this recommendation has not been implemented); 2) To maintain a cash receipts ledger with supporting copies of checks and deposit slips (this recommendation has been implemented).

The 2024 audit is in progress, and per LRD staff, it will be completed by the end of the first quarter of 2026. The 2025 audit is scheduled for completion by the end of 2026. As District’s budget corresponds to calendar years instead of fiscal years, audit documents align to a calendar year.

**Fund Balance and Reserves:** LRD invests in the San Mateo County Investment Pool Fund. LRD staff report that annual contributions are made to offset capital asset depreciation. There is no policy that sets a target annual contribution level. Current investment funds total \$1,438,742. For four out of the past five years, reserve levels have exceeded operating expenditures (see

Table 5). LRD does not have its own investment or fund balance policy, but rather follows the County’s investment policy (which is updated annually).

*Table 5. LRD Fund Balance*

Year	Reserve Amount	Available reserves as percent of operating expenditures
2021-22	\$1,014,138	137%
2022-23	\$1,035,538	117%
2023-24	\$1,073,532	93%
2024-25	\$1,412,256	116%
Dec. 2025	\$1,438,742	112%

**Transparency:** The LRD website makes publicly available its financial audits for 2012-20 only. As of May 2026, LRD is completing its 2023-24 audit. The audits for 2021-23 are not available online as of May 2026. The LRD website also posts District budget documents for years 2012-24. Historical Board meeting Agendas and Minutes are not currently available as of May 2026.

**LRD Debt:** On April 1, 2021, following a competitive RFP process, the District entered into a lease-back financing arrangement to fund the approximately \$1.3M construction of a new pool. The debt was issued by Sterling National Bank (now Webster Bank) with a maturity of May 1, 2041, and carries an interest rate of 2.63%. The pool reopened in 2023. As of February 2026, the current loan balance is approximately \$982,000. Table 6 below is a schedule of the debt service requirements. The annual debt service expenditure is 7% of total expenditures.

*Table 6. LRD Debt Service Requirements for New Pool*

Year Ending June 30	Principal	Interest	Debt Service Total
2024	\$ 50,000	\$ 28,154	\$ 78,154
2025	51,000	26,839	77,839
2026	52,000	25,484	77,484
2027	54,000	24,104	78,104
2028	55,000	22,683	77,683
2029	56,000	21,224	77,224
2030	58,000	19,738	77,738
2031	60,000	18,200	78,200
2032	61,000	16,622	77,622
2033	62,000	15,004	77,004
2034	64,000	13,361	77,361
2035	66,000	11,664	77,664
2036	68,000	9,915	77,915
2037	69,000	8,127	77,127
2038	71,000	6,299	77,299
2039	73,000	4,419	77,419
2040	75,000	2,485	77,485
2041	38,000	500	38,500
Total	<u>\$ 1,083,000</u>	<u>\$ 274,822</u>	<u>\$ 1,357,822</u>

*Source: LRD Staff*

**MSR Determination No. 4:** Over each of the past five years, LRD has maintained a positive General Fund balance (revenue exceeding expenditures) by at least \$200,000. These monies are deposited annually in the County’s Investment Pool for the purpose of financing capital projects. LRD has over \$1.4M in reserves as of Dec. 2025. Membership fees and other charges for services comprise LRD’s largest revenue source (70%), followed by Property tax revenue (25%). Employee salaries are the largest expenditure (50%), followed by Maintenance, Repairs and Supplies (15%). The annual debt payment on a loan used to construct a new pool that opened in 2023 represents less than 7% of total expenditures,. LRD is behind on its financial audits, currently completing its 2023-24 audit.

**Recommendations:**

3. LAFCo supports the LRD’s efforts to become current on independent financial audits and to make these audits along with their associated Management Reports available for public viewing within one year of publication.
4. Adopt and publish a reserve policy for the General Fund, explicitly describing the annual target size and purpose of the reserve account.<sup>11</sup>
5. Explicitly show in all budget documents and staff financial reports the amount of funds allocated to the District’s reserve fund.
6. Explore shifting from a calendar year to a fiscal year budget cycle to align with San Mateo County and other special districts.

5) Shared Service 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-c)** The Ladera Community Association (LCA) has their monthly meeting at the LRD Recreation Room, free of charge. The Ladera Emergency Preparedness Committee and the Fire Prevention Committee also host events at LRD free of charge. LRD leases the pool to a water polo club and

<sup>11</sup> Little Hoover Commission, Report #239 “Special Districts: Improving Oversight & Transparency,” August 2017

scuba organization. LRD also leases the tennis courts to an independent contractor for youth and adult tennis programming. LRD leases facilities to various contractors to teach Yoga and Jazzercise programs. These revenues are reflected in the budget in the “Park and Recreation Fees” category.

LAFCo is not aware of any proposals for other governance options to the current community services district structure of LRD, and does not recommend any changes at this time.

**MSR Determination No. 5:** LRD shares its facilities with the Ladera Community Association and other neighborhood groups for their meetings, free of charge. LRD leases its facilities for a fee to contractors offering classes and programs to LRD members, as captured in the “Park and Recreation Fees” revenue category.

**Recommendations:** None

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?

LRD is governed by a five-member Board of Directors elected by voters within the district. The Commission meets on the second Monday of each month. Meetings are open to the public and

are held in the LRD Recreation Room. The District posts copies of meeting agendas on its website, however staff reports for agenda items are not produced. Meetings are not recorded and there is no remote attendance option. LAFCo is not aware of any failures to comply with the Brown Act.

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

LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations. According to LRD staff, efforts are underway to improve staff retention. For example, beginning in December 2025, LRD offers its full-time staff up to \$10,000 per employee per year for healthcare services. LRD is currently researching how to offer full-time staff retirement plans as well.

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

As mentioned in the Section 4, LRD contracts with the independent auditing firm O'Connor & Company to conduct annual financial statement audits. LRD operates on a calendar year budget cycle (January 1- December 31), and audits are conducted according to the calendar year, which aligns with the District's budget year. The most recent audit of LRD finances was completed for 2023. The 2024 audit is in progress, and per LRD staff, it will be completed by the end of the first quarter of 2026. The 2025 audit is scheduled for completion by the end of 2026. Adopted budgets as well as financial audits are published for public viewing on the LRD website, however the website is not up to date as of May 2026.

**d) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?**

None at this time.

**e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?**

None at this time. However, the Town of Portola Valley has contemplated at various public meetings throughout 2025 the possibility of annexing Ladera as part of a solution to its chronic fiscal deficit. In its most recent MSR for the Town of Portola Valley, San Mateo LAFCo included a discussion of the Town's structural deficit, and the merely hypothetical annexation options of the Ladera community, or just the Ladera commercial area to the Town.<sup>12</sup> If an annexation were proposed, the Town of Portola Valley would need to take several steps including providing a plan for service (i.e. the range of services that would be provided to the annexed area and the financing of such services), pre-zoning process to extend zoning to the area to be annexed, and a General Plan amendment. Any proposed annexation that was submitted to LAFCo would require public meetings and notice. Members of the public would be able to provide input, comments, and participate in this public process. The annexation process also allows for the landowners and registered voters within the annexation area to protest the annexation.

LAFCo is not aware of any proposal to initiate an annexation at the time of this report.

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<sup>12</sup> Municipal Service Reviews, Sphere of Influence Updates & Other Studies | County of San Mateo, CA

**MSR Determination No. 6:** The District could improve its transparency by posting on its website all historical budgets, historical Board Meeting agendas and minutes, and publishing staff reports. LRD does not livestream or record meetings. The District annually commissions independent financial audits, and is completing its 2024 audit. LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations.

**Recommendations:**

7. Update the LRD website to include the past three years (2021, 2022, 2023) of independent financial audits and post new audits as they are published. Posting historical agendas, meeting minutes and written staff reports for agenda items at public Board meetings.
8. Consider livestreaming public Board Meetings for a remote audience in order to increase accessibility, engagement, and transparency.
9. Continue efforts to increase staff retention, for example by offering employee benefits.

7) Other Issues:

	<b>Yes</b>	<b>Maybe</b>	<b>No</b>
Any other matter related to effective or efficient service delivery, as required by commission policy.			
<b>a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?</b>			X
<b>b) Water Resiliency and Climate Change</b>			
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
<b>c) Natural Hazards and Mitigation Planning</b>			
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)** According to CAL FIRE, as of 2025, LRD is in a “Moderate” Fire Hazard Severity Zone. LRD participates in the San Mateo County Local Hazard Mitigation Plan. LRD coordinates with the Ladera Emergency Preparedness group for disaster response, which is organized by the Ladera

Community Association, in alignment with the Woodside Fire Protection District. LRD performs annual vegetation clearing to maintain defensible space around its facilities, and fuel reduction on the land. LRD also maintains its pathways clear of debris.

**MSR Determination No. 7:** LRD participates in the County-wide Local Hazard Mitigation Plan. LRD coordinates with the Ladera Emergency Preparedness group for disaster response, in alignment with the Woodside Fire Protection District.

**Recommendation:**

10. LAFCo encourages LRD to continue its efforts in the area of hazard mitigation.

**Section 6. Ladera Recreation District Sphere of Influence Determinations**

Government Code Section 56425 requires San Mateo LAFCo make 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:** The Ladera Recreation District (LRD) is comprised primarily of residential land use, with some commercial, and institutional land use. LRD boundaries contain land that is under the jurisdiction of the County of San Mateo.
2. **The present and probable need for public facilities and services in the area:** LRD meets the needs of its residents and businesses for recreation services, and LRD staff anticipate that they will be able to provide adequate facilities and services for the anticipated growth within the service area.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** LRD currently provides adequate public services to LRD residents and out of district members, including tennis courts, pool, playground, recreation building, and more. In addition, LRD maintains an infrastructure depreciation schedule to monitor necessary capital improvements, repairs, and replacements to LRD 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 boundaries or the SOI of LRD.
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, 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 proposed changes to the LRD SOI.

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. Ladera Recreation District Fact Sheet**

*General Manager: Sarah Gutierrez (appointed by Board)*

*Physical Address: 150 Andeta Way, Portola Valley, CA, 94028*

*Email Address: manager@laderarec.org*

*Phone Number: (650) 854-3242*

*Date of Incorporation: 1958*

Board of Directors: Board members serve a four-year term. There are no term limits.

<b>Board Members</b>	<b>Term Expiration Date</b>
Brian Wall, President	2026
Bob Felderman, Vice President	2026
Calin Thomas	2026
Leslie Anglada	2028
Helen Wang	2028

*Compensation:* Board members are all volunteers (not paid).

*Public Meetings:* Regular board meetings are held on the second Monday of each month at 7PM at 150 Andeta Way, Portola Valley. Meetings are not livestreamed. Official agendas are posted at the Recreation District and on the [LRD website](#) at least 72 hours before a regular meeting. An archive of meeting minutes is also available. Staff reports are not posted.

*Services Provided:* Public Recreation by means of parks, playgrounds, swimming pools, recreation buildings, and a community meeting hall.

*Agency staff:* 3 full-time staff, 87 part-time/seasonal

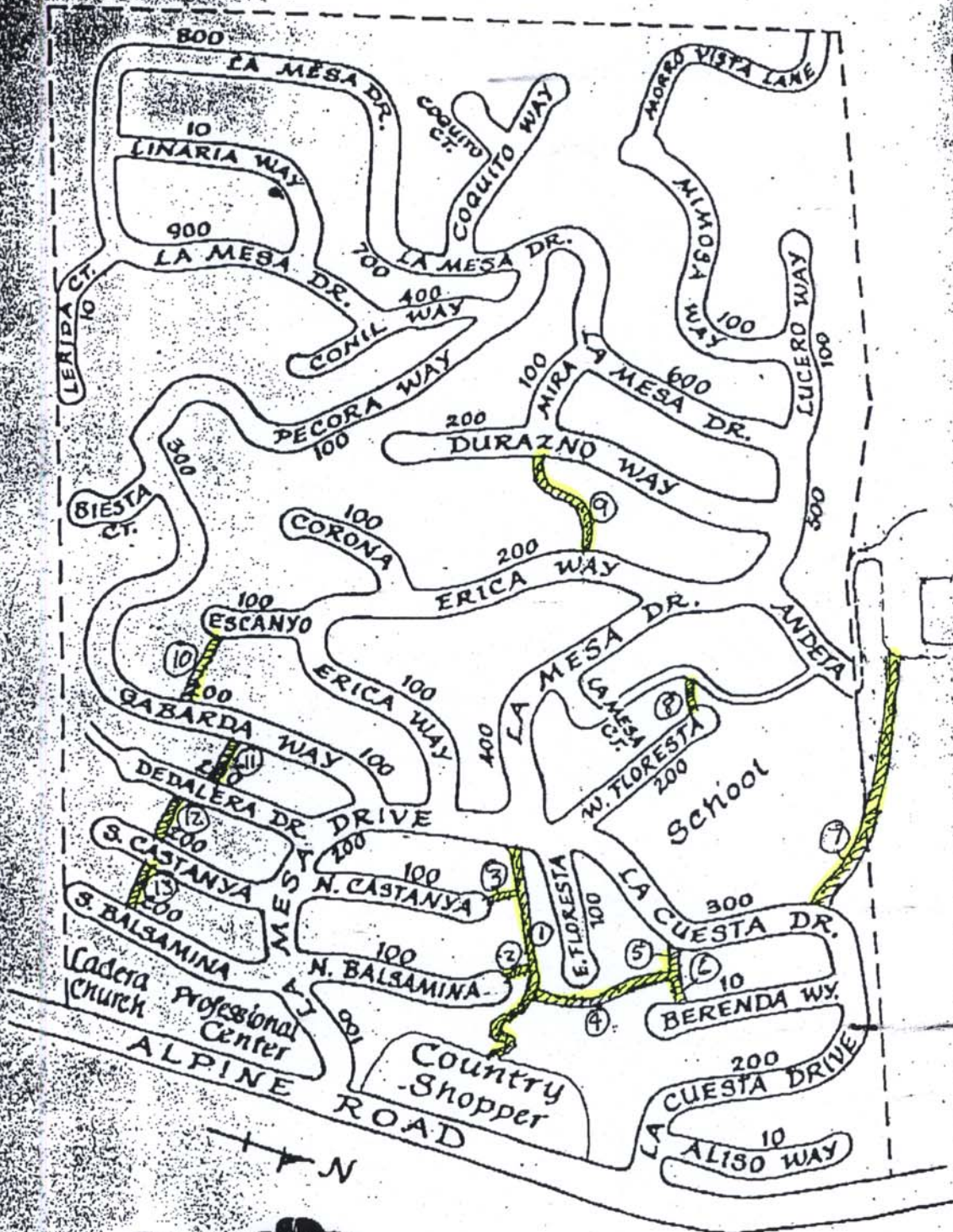
*Area Served:* 2 square miles

*Population:* 2,500

*Sphere of Influence:* Contiguous with corporate boundaries.

*2025-26 General Fund Budget:* approximately \$1.3M (estimated)

# LADERA DIRECTORY



**LADERA RECREATION DISTRICT**

**PATHWAY SYSTEM**

Ladera Recreation District maintains approximately 2 miles of pathways interconnecting the lower streets of Ladera. All the pathways are on easements adjacent to private properties. Regular debris and leaf removal occurs on a quarterly basis. Repairs and maintenance are addressed on an as-needed basis determined by the LRD.

There are 13 sections of pathway – indicated on attached map.

1. La Mesa Drive to Country Shopper
2. N. Balsamina to Pathway #1
3. N. Castanya to Pathway #1
4. Pathway # 1 to Pathway #6
5. La Cuesta Drive to Pathway #4
6. Berenda Way to Pathway #4
7. La Cuesta Drive to Woodland School
8. W. Floresta to La Mesa Court
9. Durazno Way to Erica Way
10. Escanyo to Gabarda Way
11. Gabarda Way to Dedalera Drive
12. Dedalera Drive to S. Castanya
13. S. Castanya to S. Balsamina



**Municipal Service Review and Sphere of  
Influence Review for  
Highlands Recreation District**

**Circulation Draft  
Released May 13, 2026**

Municipal Service Review and Sphere of Influence Review for the Highlands Recreation District

**Highlands Recreation District**

1851 Lexington Ave.

San Mateo, California 94402

Contact: Tamsen Burke, General Manager, 650-341-4251

**CONDUCTED BY:**

San Mateo Local Agency Formation Commission

455 County Center, 2<sup>nd</sup> Floor

Redwood City, CA 94063

(650) 363-4224

Commissioners:

Virginia Chang Kiraly, Chair, Special District Member

Ann Draper, Vice Chair, Public Member

David Canepa, County Member

Kati Martin, Special District Member

Debbie Ruddock, City Member

Stephen Rainaldi, City Member

Jackie Speier, County Member

Commission Alternates:

Katheryn Slater-Carter, Special District Member

Noelia Corzo, County Member

Greg Wright, City Member

Colleen You, Public Member

Staff:

Rob Bartoli, Executive Officer

Sarah Flamm, Management Analyst

Diane Estipona, Commission Clerk

Tim Fox, Legal Counsel

## **EXECUTIVE SUMMARY**

### **Section I: Report Overview**

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) study for two San Mateo County Community Services Districts: Ladera Recreation District and Highlands Recreation District.

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 is comprised of 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 an MSR

### **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 of 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<sup>1</sup> 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.

Water Resiliency and Climate Change

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 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.

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<sup>1</sup> “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the Statewide annual median household income. This area of determination does not apply to the study area.

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

A hearing for the Draft Report is to be held at LAFCo’s May 20, 2026 meeting. The report will subsequently be circulated for comment to the agencies under study as well as interested individuals and groups. 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 the special district 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 “DUC’s,” 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 DUC’s within the current boundaries or service areas of Ladera Recreation District or Highlands Recreation District.

### **Section II. Summary of Key Issues**

HRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. HRD is at capacity and does not plan to expand services. Facilities and equipment are well maintained and annually inspected. However, currently, there is no process for adopting a formal multi-year Capital Improvement Plan, or a similar document. HRD Staff turnover rates are high, with 70% turnover Districtwide in FY2024-25.

In December 2010, HRD assumed a debt of \$3,195,000 for the purpose of constructing a new early childcare center. As of February 2026, the remaining balance on the loan is \$1,578,000, and for FY2025-26, HRD anticipates spending 5% (\$204,290) of total annual expenditures (\$4,531,790) on debt payment.

The financial position of HRD appears healthy. Regarding audits, however additional information is required as the annual independent financial audits utilize projected figures and not actual revenues and expenditures. HRD budgeted 35% more in total expenditures for FY2025-26 (\$4.5M) compared to \$3.3M FY2024-25, largely due to planned facility maintenance to address the backlog of deferred maintenance items. According to HRD staff, as of January 31, 2026, the HRD fund balance held in the San Mateo County Investment Pool was \$5,477,387. This amount exceeds the annual budgeted expenditures of the District. HRD does not have policies that set

target reserve levels for any of its five reserve accounts: the General Fund reserve, Contingency Reserve, Capital Reserve, EEC Building Reserve and the Building Renovation Reserve.

### **Section III. Affected Agencies**

#### **Highlands Recreation District**

*Cities/Towns and County:* San Mateo County, City of San Mateo

*School Districts:* San Mateo-Foster City Elementary School District, San Mateo Union High School District,  
San Mateo County Community College District

*Independent Special Districts:* Midpeninsula Regional Open Space District, Sequoia Healthcare District, San Mateo County Harbor District

*Dependent Special Districts:* County Service Area No. 1, Highlands Landscape Maintenance District, Bel Aire Lighting Maintenance District, Crystal Springs County Sanitation District

### **Section IV. Municipal Service Review for Highlands Recreation District**

#### **Background**

In September 1957, local voters and the Board of Supervisors established the Highlands Recreation District (HRD), an independent Community Services District. HRD was formed for the purpose of providing public recreation by means of parks, playgrounds, swimming pools, or recreation buildings.<sup>2</sup> HRD is operating pursuant to Section 61000 et seq of the CA Government Code (Community Services District Law).

HRD is located in the unincorporated San Mateo Highlands neighborhood of San Mateo County. HRD operates a recreation center which includes a swimming pool, baby pool, multi-use courts, and playground. HRD offers various childcare and athletic programs to residents and non-residents at tiered rates.

#### **Inventory of Active Services**

Pursuant to Government Code Section 56425(i), in preparing a MSR and SOI update, LAFCo is required to prepare a statement of the nature and location of functions and services provided. LAFCo must identify which services a multi-purpose district is actively providing, and which are inactive. HRD has the following active services:

- Acquire, construct, improve, maintain and operate recreation facilities including parks and open space.<sup>3</sup>
- Public recreation through parks, playgrounds, swimming pools, recreation buildings, community centers and child care facilities.<sup>4</sup>

The district's enabling legislation permits a broad set of services similar to those of a city with the exception that community services districts do not have land use authority. If in the future it is

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<sup>2</sup> San Mateo County Board of Supervisors Resolution No. 12232 adopted September 24, 1957.

<sup>3</sup> Government Code Sections 61100(e) and (f)

<sup>4</sup> Government Code Section 61100(s)

determined that other services permitted in Community Services District enabling legislation should be provided and funded by HRD, the Board of Directors as governing body of the District could apply to LAFCo. The application would include a plan for providing services and a proposed budget, including revenues to fund services and any associated revenue sources such as an assessment, fee, or tax.

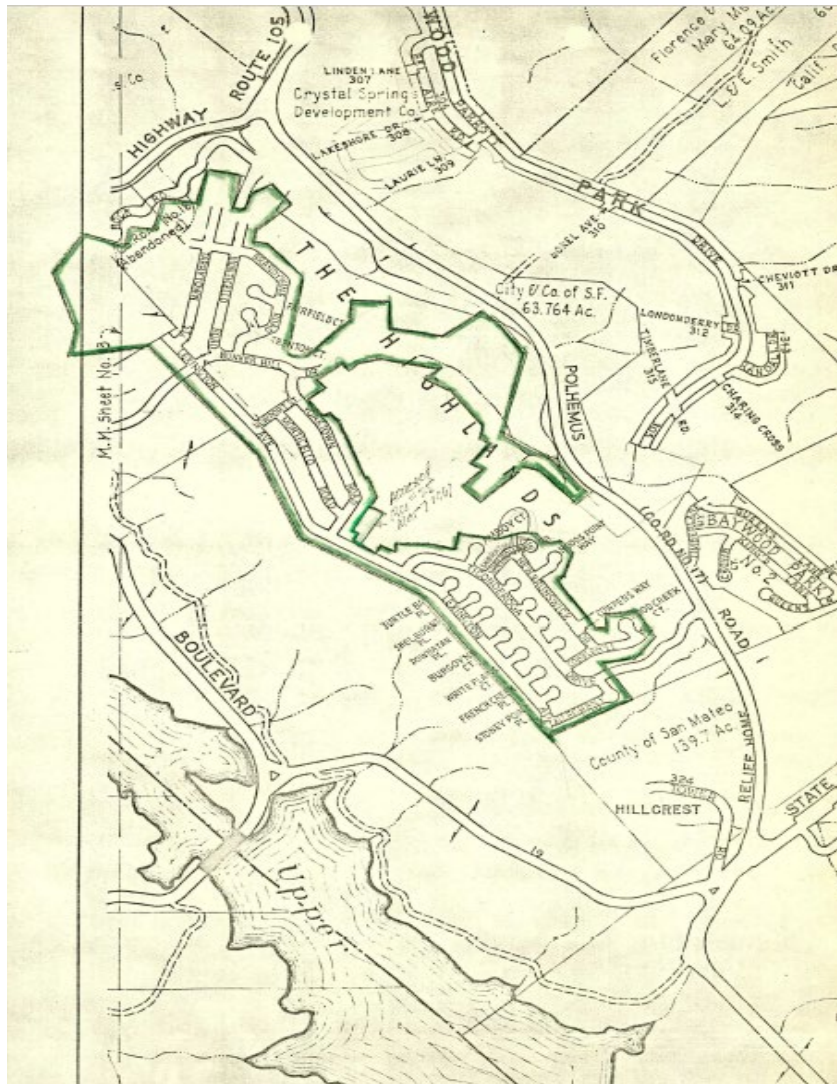
### Overview

The Highlands Recreation District (HRD) is governed by an elected five-member Board of Directors, each serving a four-year term. There are no term limits, meaning Board members may run for re-election as many times as they choose, provided they remain registered voters living within the district boundaries. The board members do not receive compensation.

Meetings of the Board of Directors are held on the second Tuesday of each month at 7PM at the Multi-Purpose Room at 1851 Lexington Ave., San Mateo. Participation by the public is also available remotely via Zoom. Meeting agendas and minutes are published on the District website, for year 2019 to the present. As of January 2026, the HRD employs 20 full-time staff and 7.6 part-time/seasonal staff.

HRD is comprised of 789 parcels on 3.45 acres of land, as well as 41 acres of unimproved open space land. Over the past 70 years, HRD boundaries have remained relatively unchanged. See Figure 1.

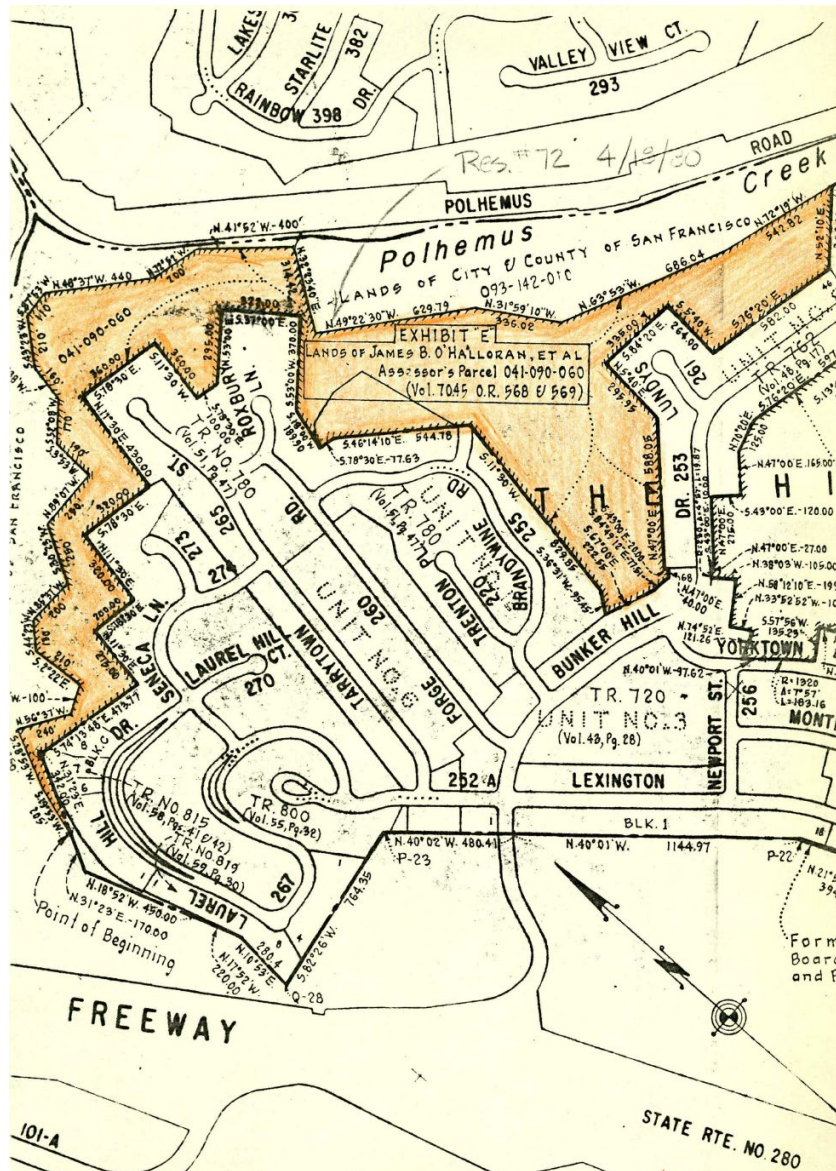
Figure 1. Original Highlands Recreation District boundaries



Source: Resolution 12232, Formation 9/24/1957

On March 18, 1980, HRD annexed 40 acres of undeveloped land contiguous to the District, as shown in Figure 2 below. According to a restriction on the 1986 deed to the property, no structures are to be built on the land and it is reserved for open space use.

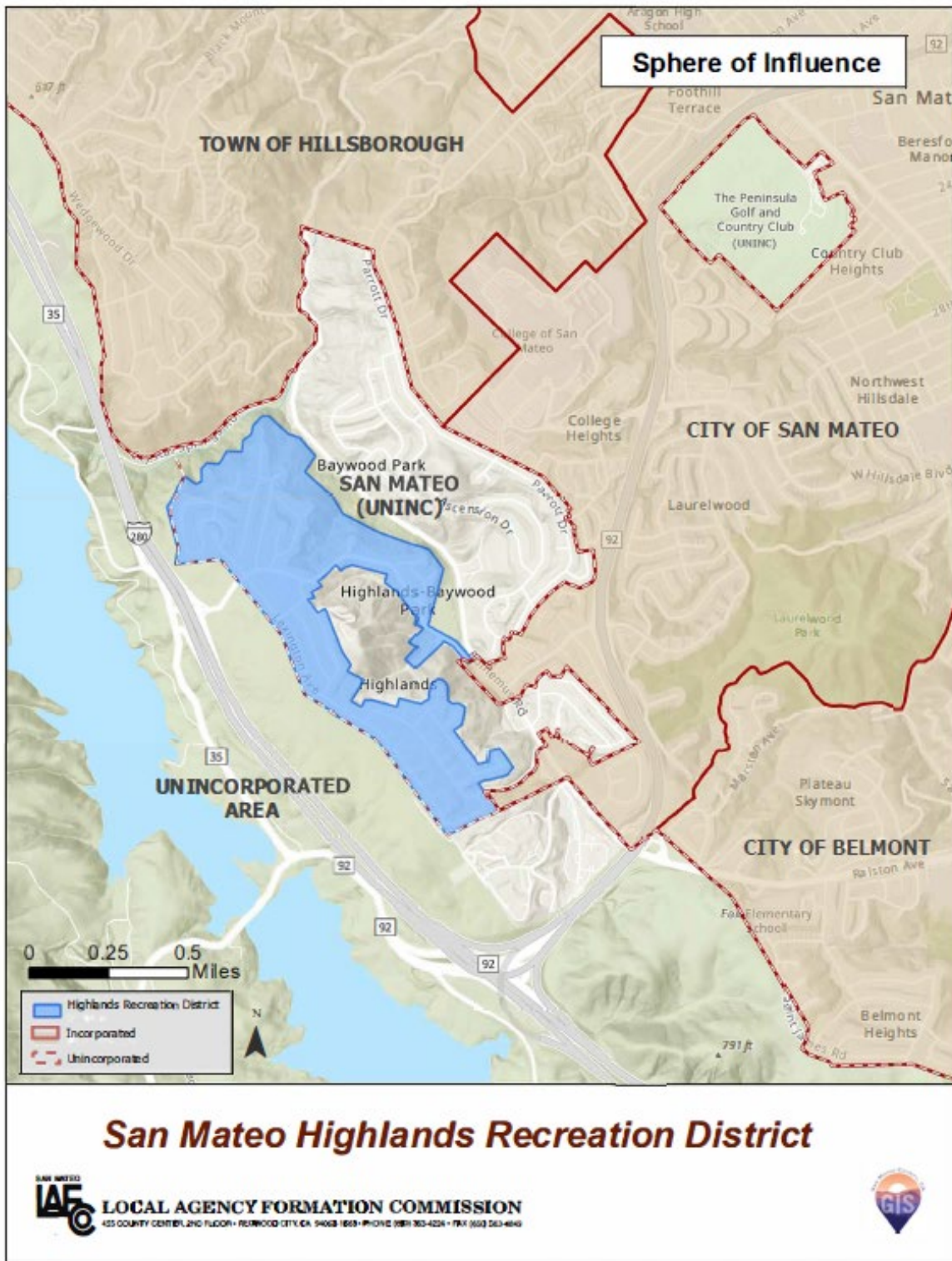
Figure 2. Annexation of open space land to HRD in 1980 (APN 041-090-160)



Source: LAFCo File No. 79-28, Reso. No. 72

The HRD sphere of influence (SOI) is coterminous with the district boundaries, as shown in Figure 3, below. While non-residents may utilize programs and services, there is no planned or recommended expansion of HRD boundaries or service area.

Figure 3. Sphere of Influence Map for Highlands Recreation District



**1) Growth and Population: Highlands Recreation District**

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist. If most or all determinations are not significant, the Commission may find that an MSR update is not warranted.

Growth and population projections	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> 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>b)</b> Will population changes have an impact on the subject agency’s service needs and demands?			X
<b>c)</b> Will projected growth require a change in the agency’s service boundary?			X

**a-c)** The Highlands Recreation District (HRD) has an estimated population of 3,120. HRD covers a portion of the unincorporated community of the San Mateo Highlands.<sup>5</sup> According to the County Assessor, as of 2026, there are 789 parcels within the boundary of HRD.

Over the next 5-10 years, no significant population change or new development is expected within the current HRD boundaries, based on a review of planning documents from the County of San Mateo and the Association of Bay Area Governments. The extent of development within HRD will likely be limited to the construction of accessory dwelling units (ADUs) on existing properties, and SB-9 lot splits. There are few opportunities for more development within the District given lack of site availability, Population growth is likely to remain within the 2-4% range over the next ten years.

**MSR Determination No. 1:** Over the next five years, the population of HRD (est. 3,120) is projected to grow between 2-4%. There are minimal opportunities for subdivision or infill, as the community is almost entirely built out. The district owns 40 acres of undeveloped land which has a restriction on the 1986 deed that specifies no structures are to be built on the land and it is reserved for open space use.

**Recommendation:** None.

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<sup>5</sup> The adjacent unincorporated community of Baywood Park is not located within the boundaries of HRD; Baywood Park is a separate CDP.

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
<b>b)</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
<b>c)</b> If “yes” to both a) and b), is it 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

**a-c)** The Highlands Recreation District does not provide sewer, municipal or industrial water, or structural fire protection services. While the sphere of influence of HRD is within unincorporated territory, this area is not classified as disadvantaged.

**MSR Determination No. 2:** HRD’s sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities nor does HRD provide sewer, municipal and industrial water, or structural fire protection services.

**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 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 sphere of influence.	<i>Yes</i>	<i>Maybe</i>	<i>No</i>
<b>a)</b> Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
<b>b)</b> Are there any issues regarding the agency’s capacity to meet the service demand of reasonably foreseeable future growth?			X
<b>c)</b> Are there any concerns regarding public services provided by the agency being considered adequate?			X
<b>d)</b> Are there any significant infrastructure needs or deficiencies to be addressed?			X
<b>e)</b> Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
<b>f)</b> 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-d)** HRD meets the recreation service needs of existing residents within its boundaries as well as residents that use District services that reside outside of HRD boundaries. According to staff, HRD has not expanded services as they are at capacity for space availability and state licensing permission. As of 2026, the Afterschool Program capacity for Grades K-5is 86 children, In-Crowd, a middle school program is 14 children, and the Early Education Center capacity is 44 children across three classrooms.

District facilities include: swimming pool, baby pool, three tennis courts, one pickleball court, playground, outdoor basketball court, locker room and storage, lifeguard office and storage, fitness center, three-quarter size basketball gym, full kitchen, restrooms for men/women, staff, and children only; storage room, 670 square foot office and restroom, afterschool social room, licensed early education center, ADA accessible registration office and a community room with kitchenette.

Facilities are available for fee-based usage by HRD residents, non-residents, and guests. In general, usage fees are 10% higher for non-residents, and priority for program enrollment is given to residents.

As of February 2026, HRD staff includes 20 full-time employees (FTE) and 7.4 part-time FTE, with two vacancies. The total number of staff has more than tripled from 9 in 2022 to 29.4 in 2026, largely due to COVID-furloughed staff returning to work over the course of FY 2023. See Table 1 below. The HRD Board appoints the General Manager, who in turn appoints managerial and supervisory staff. HRD hires contractors to provide services including a Preventative Maintenance Contract for annual inspections, repair and replacements and janitorial service.

*Table 1. Highlands Recreation District Staff Count (FTE)*

Year	Full-Time	Part-Time	Vacancies	Total
2022	7	2	15	9
2023	9	3.1	11	12.1
2024	15	4.4	7	23.4
2025	19	7.5	3	30.5
2026	20	7.4	2	29.4

*Source: HRD staff*

Capital Projects: HRD maintains a list of capital projects and replacement and maintenance schedules for district-owned facilities, components, and equipment. This list is reviewed by the Board and project status is highlighted in monthly notes from the General Manager published on the HRD website. There is no official multi-year capital improvement plan, however. Funds for capital projects are maintained in the HRD Capital Reserve, which as of April 2026 had a balance of \$473,296 (audited). The HRD main building, pool, tennis courts, and playground were all built in 1966. As of early 2026, planning is underway for a pool renovation/construction project, slide repair project and tennis court renovation. There is a

Major capital projects completed in the last three years included a Playground Sports Court (\$305,765, completed June 2023); Pool Climbing Walls (\$24,304, completed August 2023); and the Administrative Building Balcony/Stairs Project (\$147,439 completed June 2024). In 2025, HRD purchased a truck (2017 Nissan Titan) and SUV (2024 Chevrolet Traverse). In 2019, HRD purchased a golf cart.

**e-f)** HRD staff do not foresee changes in State regulations that would require significant facility and/or infrastructure upgrades. There are no disadvantaged unincorporated communities within or contiguous to LRD boundaries.

**MSR Determination No. 3:** HRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. In FY2025-26, LRD has 20 full-time staff and 7.4 part-time staff. Funds for capital projects are maintained in

the HRD Capital Reserve, which as of April 2026 had a balance of \$473,296. There is no process for adopting a formal multi-year Capital Improvement Plan or other facility planning document.

**Recommendation**

- 1) Consider adopting a process for the Board of Directors to approve a 3 to 5-year Capital Improvement Plan or facility planning document and publish the plan on the District website.

4) Financial Ability

Financial ability of the agency 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-f)** Highlands Recreation District (HRD) typically adopts an annual budget in August. The FY2025-26 budget projected approximately \$4.4M in revenue and \$4.5M in expenditures. See Table 2, below. The HRD budget has one fund, the General Fund. According to HRD’s most recent independent financial audit published on June 30, 2025, the District’s financial position continues to be adequate.<sup>6</sup>

For the FY2025-26 budget, expenditures are projected to exceed revenue by \$136,408 and HRD plans to utilize fund balance to close the gap. HRD has budgeted 35% more in total expenditures for FY2025-26 (\$4.5M) compared to \$3.3M FY2024-25, largely due to planned facility maintenance to address the backlog of deferred maintenance items. These projects include

<sup>6</sup> O'Connor & Company, June 30, 2025

plumbing repairs (\$25k budgeted), electrical system checks (\$34k), addition of a landscaping contract to address defensible space annual clean-up and monthly maintenance (\$30k), replacement of the HRD Entry Sign and other signage (\$7,500), and landscaping improvements (\$20k). Insurance expenditures have also increased in FY2025-26 due to rate increases.

Table 2. HRD General Fund Budget Actuals FY22/23-FY25/26 (Unaudited)<sup>1</sup>

	FY2025-26 (projected)	FY2024-25	FY2023-24	FY2022-23	FY2021-22
<b>General Fund Revenues</b>					
Park and Rec. Fees	3,370,107	\$2,953,017	\$3,028,337	\$2,923,950	\$2,763,890
Property Tax	749,124	\$913,955	\$837,948	\$801,029	\$760,971
Interest	156,000	\$134,452	\$132,985	\$49,779	\$25,716
Misc.	\$120,151	\$7,499	\$83,312	\$127,658	\$485,193
<b>Total Revenues</b>	<b>\$4,395,382</b>	<b>\$4,008,923</b>	<b>\$4,082,582</b>	<b>\$3,902,416</b>	<b>\$4,035,770</b>
<b>General Fund Expenditures</b>					
Salaries & Benefits	\$2,671,506	\$2,147,579	\$2,197,058	\$1,981,798	\$1,991,853
Operating Expenses	\$1,333,294	\$968,154	\$916,958	\$889,437	\$773,433
Debt Service	\$204,290	\$203,955	\$204,481	\$202,852	\$202,053
Capital Outlay	\$322,700	\$23,006	\$188,823	\$314,889	\$86,039
<b>Total Expenditures</b>	<b>\$4,531,790</b>	<b>\$3,342,694</b>	<b>\$3,507,320</b>	<b>\$3,388,976</b>	<b>\$3,053,378</b>
<i>Net</i>	<i>(\$136,408)</i>	<i>\$666,229</i>	<i>\$575,262</i>	<i>\$513,440</i>	<i>\$982,392</i>

Notes: 1) Unaudited because due to accounts not including final actuals.

**HRD Park & Recreation Fees:** In FY2024-25, HRD generated \$2.9M in revenues from Park and Recreation fees, or 74% of total annual revenue. See Table 3. Park and Recreation fees include tuition for the Early Education Childhood Center (ECC), tuition for the AfterSchool Program (ASP), pool entry fees, school break camps, and half-day enrichment camps, among other HRD programs.

Table 3. Park and Recreation Fees as Share of Total Revenue, FY22/23-FY24/25 (Unaudited)

	FY2024-25	FY2023-24	FY2022-23	FY2021-22
Park & Recreation Fees	\$2,953,017	\$3,028,337	\$2,923,950	\$2,763,890
<b>Total Revenue</b>	<b>\$4,008,923</b>	<b>\$4,082,582</b>	<b>\$3,902,416</b>	<b>\$4,035,770</b>
<b>Share</b>	<b>74%</b>	<b>74%</b>	<b>75%</b>	<b>68%</b>

Unlike Ladera Recreation District (LRD), HRD does not charge an annual membership fee. Instead, each program or activity has an associated user fee. For both districts, nonresidents are charged more than residents and residents have more privileges such as the ability to use the gym, reserve a tennis court, and obtain first access to register for high-demand children’s camps and programs.

HRD most recently increased its facility rental rates in 2021. Non-residents pay 10% more in rental rates compared to residents. Facilities available for rent include the multipurpose room

\$105/hour, Gym \$115/hour, Picnic Area \$20/hour, or Pool \$150/day. Drop-in pool entry fees are \$7 for Highlands Residents and all seniors, and \$15 for non-residents. Alternatively, users can purchase a 10-swim punch card for \$60 for residents, and \$130 non-residents.

Both HRD and LRD offer private swim coaching, tennis lessons, and children’s summer and enrichment camps. In addition, HRD also offers daily childcare services through the Early Education Center (EEC) and the AfterSchool Program (ASP).

Enrollment fees for the EEC and ASP increase annually by 3-5%. Non-residents pay 9% more in tuition costs compared to residents. See Table 4. Most recently, in 2025, HRD increased the tuition based on market research, and staff report that the cost of the EEC is within market value of competitors. According to HRD staff, parents are concerned with the rising cost of childcare in the region.

The EEC is a state licensed child care center<sup>7</sup> for children ages 3 months to 5 years old. The EEC was constructed in 2010 using debt financing. As of February 2026, the remaining balance on the loan is \$1,578,000. The EEC is divided into three classrooms based on age with a total capacity of 44 children, with 12 full-time staff who are direct employees of HRD. Each January, students are enrolled for the following year. Priority enrollment is reserved for 1) siblings of currently enrolled EEC children; 2) Highlands District Residents; 3) Students of siblings enrolled in the after school program; and 4) non-resident families. As of February 2026, EEC enrollment is full, and there is a waitlist. There are no plans to expand or increase capacity at the time of writing this report.

*Table 4. Early Education Center (EEC) Monthly Rate for Residents vs Non-Residents, 2025-26*

	Highlands		Difference
	Residents	Non-Residents	
Infant Program	\$3,128	\$3,441	9%
Young Preschool	\$2,829	\$3,112	9%
Pre-Kindergarten	\$2,829	\$3,112	9%
TK Half Day Afterschool	\$1,697	\$1,867	9%

The ASP is a state licensed day care center (grades K-5) founded in 1985. The ASP employs 2 full-time staff, 8 part-time staff, and 8 seasonal staff, with exact numbers adjusted based on availability. Enrollment is typically at capacity, accommodating 109 students (64 residents and 45 non-residents as of February 2026). Nonresidents pay 10% more for ASP tuition than residents.

<sup>7</sup> [Social Services - Community Care Facility search](#)

*Table 5. AfterSchool Program (ASP) Monthly Rate for Residents vs Non-Residents, 2025-26*

Sept/Oct/Nov/Jan/Mar/Apr/May													
	5 days/week		4 Days/week		3 days/week		2 days/week		1 day/week		Drop-In		
	Res	Non Res	Res	Non Res	Res	Non Res	Res	Non Res	Res	Non Res	Res	Non Res	
TK/Kinder	\$1,000	\$1,100	\$896	\$986	\$744	\$819	\$544	\$599	\$296	\$326	\$85	\$90	
Grades 1-9	\$824	\$906	\$756	\$832	\$639	\$703	\$474	\$522	\$261	\$288	\$80	\$85	
Aug/Dec/June													
TK/Kinder	\$601	\$661	\$577	\$635	\$505	\$556	\$385	\$424	\$216	\$238			
Grades 1-9	\$495	\$545	\$492	\$541	\$441	\$485	\$342	\$376	\$195	\$215			

**Property Tax Revenue:** Property tax is consistently the second largest source of revenue for HRD after Park and Recreation fees. In FY2024-25, HRD received \$913,955 in property tax revenue, or 23% of the total annual revenue (\$4M). See Table 6, below. According to the County Assessor, as of 2026, HRD has 789 parcels, valued at an average \$1.2M per parcel. The HRD’s actual tax revenue is consistently below the legal appropriations limit annually adopted by the Board.<sup>8</sup>

*Table 6. HRD Property Tax Revenue as a Share of Total, FY22/23-FY24/25 (Unaudited)*

	<b>FY2024-25</b>	<b>FY2023-24</b>	<b>FY2022-23</b>	<b>FY2021-22</b>
Property Taxes	\$913,955	\$837,948	\$801,029	\$760,971
<b>Total Revenue</b>	\$4,008,923	\$4,082,582	\$3,902,416	\$4,035,770
<b>Share</b>	<b>23%</b>	<b>20%</b>	<b>20%</b>	<b>19%</b>

As a result of Proposition 13, a share of HRD residents’ property tax bill—approximately 10% of the 1% tax— is allocated to the HRD. Table 7 below shows the distribution of the 1% property tax in a sample tax rate area within the District.

<sup>8</sup> [Resolution+2024-08+2024-2025+Appropriations+Limit.pdf](#)

*Table 7. 1% Property Tax Distribution – Sample Tax Rate Area for Highlands Recreation District*

<b>Agency</b>	<b>Share (%)</b>
County Service Area No. 1 <sup>9</sup>	26
San Mateo-Foster City Elementary School District	18
County of San Mateo	17
San Mateo Union High School District	12
Highlands Recreation District	10
San Mateo County Community College District	5
County Education Tax	2.6
San Mateo County Libraries	2
Bel Aire Lighting District	2
Highlands Landscape Maintenance District <sup>10</sup>	1.8
Crystal Springs Sanitation District	1
Peninsula Health Care District	0.7
County Harbor District	0.2
Bay Area Air Quality Management	0.2
County Mosquito & Vector Control	0.1
Total	100*

Source: County Assessor

Note: Shares vary between tax rate areas. May not total 100 due to rounding.

**Expenditures:** The consistently largest expenditure category for HRD is Salary and Benefits. In FY2024-25, Salaries and Benefits accounted for \$2.1M or 64% of total annual expenditures (\$3.3M). In FY2022-23, HRD spent \$1.9M (58%) of total expenditures (\$3.4M) on Salaries and Benefits. Expenditures for Salaries and Benefits increased by 8% over the two-year period from

<sup>9</sup> County Service Area No. 1 (CSA 1) is a dependent special district governed by the County Board of Supervisors, managed by the County Department of Public Works, and funded through property taxes and a parcel tax that Highlands’ residents must reapprove every four years. CSA 1 is in practice a funding mechanism to provide contracted fire (CAL Fire) and policing (County Sherriff) services to residents in the unincorporated Highlands neighborhood.

<sup>10</sup> The Highlands Landscape Maintenance District is a dependent district governed by the County Board of Supervisors and managed by the County Department of Public Works. The special assessment district was formed in 1964 pursuant to Section 5820 et seq. of the CA Streets and Highways Code, for properties in the Highlands neighborhood to fund local landscaping, including erosion control and street island median maintenance.

FY2022-23 to FY2024-25, corresponding to a 152% increase in the total number of staff over the same period.

In October 2016, HRD began offering full-time and part-time staff working over 30 hours per. In 2021, HRD began offering the same group of staff 457(b) and Individual Retirement Accounts. As of February 2026, there are 20.5 FTE staff receiving benefits.

The second largest expenditure category is “Operating Expenses”. In FY2024-25, \$968,000 (29%) of total expenditures (\$3.4M) were for “Operating Expenses”. These include costs associated with programs and facility maintenance. Operating Expenses increased by 9% over the two-year period from FY2022-23 to FY2024-25.

**HRD Debt:** On December 9, 2010, the District issued \$3,195,000 of certificates of participation. The debt was issued for the purpose of constructing a new early childcare center. The debt was issued with a maturity of September 1, 2040, at an interest rate of 5.5%. In October 2017, HRD refunded the debt, changing the interest rate to 3.1%. As of February 2026, the remaining balance on the loan is \$1,578,000. For FY2025-26, HRD anticipates spending 5% (\$204,290) of total annual expenditures (\$4,531,790) on debt payment. See Table 8 below.

*Table 8. HRD Debt Service Schedule for New EEC Building Project*

Year Ending June 30	Principal	Interest	Debt Service Total
2026	\$ 153,000	\$ 51,290	\$ 204,290
2027	153,000	46,547	199,547
2028	158,000	41,726	199,726
2029	167,000	36,689	203,689
2030	171,000	31,450	202,450
2031	174,000	26,102	200,102
2032	182,000	20,584	202,584
2033	185,000	14,896	199,896
2034	193,000	9,037	202,037
2035	195,000	3,023	198,023
Total	<u>\$ 1,731,000</u>	<u>\$ 281,341</u>	<u>\$ 2,012,341</u>

Source: O’Connor & Company Financial Audit, 2024-25

**Independent Financial Audits:** HRD contracts with the independent auditing firm O’Connor & Company to conduct annual financial statement audits. The most recent audit of HRD finances was completed for FY2025. However, the financial reporting documents do not contain audited final actuals for funds and accounts. LAFCo has not yet reviewed the Management and Board Reports for the related audits to understand if the auditor had any observations or recommendations.

**Fund Balance and Reserves:** HRD funds are held in the San Mateo County Investment Pool. According to HRD staff, as of January 31, 2026, the account balance was \$5,477,387. The auditor reported that as of June 30, 2025, the account balance was \$5.3M. See Table 9. This amount is comprised of five fund balance reserve accounts, in accordance with HRD’s Financial Reserve Policy: 1) The Contingency Reserve not to exceed 15% of the annual operating budget; 2) The Capital Reserve is restricted for large infrastructure projects; 3) The General Reserve is

unrestricted for general district use; 4) the EEC Building Reserve is restricted for repayment of debt; and 5) the Building Renovation Reserve is for seismic upgrades, ADA compliance and renovation projects. As of June 30, 2025, the majority of funds (\$4M) are “unassigned”, and not allocated to one of the five reserve accounts. The District has over a year’s budgeted expenditures in reserves as of FY2024-25. The average excess of revenue has been approximately \$580,000 over each of the last three years.

*Table 9. HRD Fund Balance, Audited*

Year	Amount
FY2020-21	\$2,516,542
FY2021-22	\$3,498,934
FY2022-23	\$4,012,376
FY2023-24	\$4,587,638
FY2024-25	\$5,301,445

*Source: O’Connor & Company Annual Financial Audits*

HRD staff report they also utilizes First Citizens Bank, and the account balance as of February 12, 2026 is \$163,963. First Citizens Bank is the District’s primary checking account for district expenses and revenue. This bank does not hold HRD revenue from property tax, ERAF or San Mateo County interest earnings.

**Transparency:** In 2018, The District was awarded the Special District Leadership Foundation’s District Transparency Certificate of Excellence for its website content. The HRD website hosts an archive of public meeting agendas, minutes and meeting materials from 2019 to 2026. Recordings of meetings beginning in March 2026 are available on the HRD website. The past three years of HRD financial audits (FY23, FY24, and FY25) are available. However, the associated Audit Management Reports are not publicly available. HRD also publishes a monthly e-newsletter that includes information on upcoming classes, programs, job announcements, and a general manager’s note.<sup>11</sup>

**Policies and Procedures:** HRD maintains a list of existing district policies, with the most recent review date, as well as “recommended” policies for the HRD Board of Directors to adopt which were reviewed this year. The recommended policies that the Board will adopt at a future date include a Capital Asset Policy, Budget Policy, Fee and Revenue Policy, and Recruitment and Hiring Policy.<sup>12</sup>

**MSR Determination No. 4:** The financial position of the district is adequate. HRD budgeted 35% more in total expenditures for FY2025-26 (\$4.5M) compared to \$3.3M FY2024-25, largely due to planned facility maintenance to address the backlog of deferred maintenance items. According to HRD staff, as of January 31, 2026, the HRD fund balance held in the San Mateo County Investment Pool was \$5,477,387. This amount exceeds the annual budgeted expenditures of the District. HRD does not have policies that set target reserve levels for the District reserve funds.

<sup>11</sup> [General Manager's Note - February 2026 - Highlands Recreation District](#)

<sup>12</sup> [HRD+Master+Policies+and+Procedures+Index.pdf](#)

The annual debt payment on a loan used to construct a new childcare facility represented 5% of total expenditures in FY2025-26, and the maturity date is 2035. HRD is on track with its independent financial audits, with the FY2025 audit available on the website.

**Recommendations:**

- 2) For each of the past three years, the annual independent financial audits were not conducted using actual budget figures. Fiscal documents with final actuals and auditor figures may allow for enhanced financial planning for the District, and greater transparency for the public. HRD should consider adjusting procedures and calendars to ensure that the Auditor is able to audit actual revenues and expenditures. Audits, along with their associated Management Reports should be made available for public viewing within one year of publication.
- 3) Adopt and publish a reserve policy that explicitly describes the target size and purpose of the General Fund reserve, Contingency Reserve, Capital Reserve, EEC Building Reserve and the Building Renovation Reserve. The purpose of these reserve funds should clearly articulate the need for and the size of reserves. <sup>1314</sup>
- 4) Review the currently unassigned reserves (approximately \$4M) and consider designating these funds to dedicated reserve accounts, including to the Capital Reserve account, and to specific capital improvement projects.
- 5) Reevaluate the General Fund budget and reserve account to achieve target fund balance, as established in a new HRD reserve policy (per Recommendation No. 2).

**5) Shared Service 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-c)** The San Mateo Highlands Community Association, a non-profit home owners association, serves many of the same residents as the HRD, but operates separately. The HRD allows the

<sup>13</sup> Little Hoover Commission, Report #239 “Special Districts: Improving Oversight & Transparency,” August 2017

<sup>14</sup> California Special District Association “Special District Reserve Guidelines, 2<sup>nd</sup> Edition 2013

Community Association to use District facilities for meetings and events under the same policies and insurance requirements that apply to other nonprofit groups. The HRD shares information in the Community Association’s newsletter.

The HRD also provides paid enrichment programs for the Highlands Elementary School, but does not share facilities. HRD rents the Crystal Springs Unity Methodist Church for After School programs. This program provides lunchtime enrichment (scheduled play activities and supervision) 5 days per week for 30 minutes.

**MSR Determination No. 5:** HRD permits the Highlands Community Association to use District facilities for meetings and events.

**Recommendation:** None.

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 restructuring 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?

HRD is governed by a five-member Board of Directors, elected by voters within the district. The Board meets monthly on the second Tuesday of each month. Meetings are open to the public

and are held in the HRD Recreation Room. Meetings have a remote access option via Zoom and public comment via Zoom is available. The District posts copies of meeting agendas on their website and the full meeting packets with staff reports are available. On the District’s website, the current year agendas and agenda packet from 2019 to 2026 are available for viewing, as well as recorded video of meetings. LAFCo is not aware of any failures to comply with the Brown Act.

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

According to staff, recruitment and retention is challenging for HRD, particularly in the aquatics department and for part-time roles. See Table 10. In response, HRD is adjusting compensation to attract qualified candidates and expanding Human Resources capacity in order to dedicate more time to recruitment and simplify processes.<sup>15</sup>

*Table 10. HRD Turnover Rates by Department, FY22/23- FY24/25*

<b>Department</b>	<b>24-25 FY Turnover Rate</b>	<b>23-24 FY Turnover Rate</b>	<b>22-23 FY Turnover Rate</b>
Aquatics	111.9%	113.3%	72.3%
After School (ASP)	48.5%	109.8%	18.6%
Early Education	33.3%	110.9%	48.8%
Administration (Other)	18.5%	40%	88.9%
<b>Districtwide</b>	<b>70.1%</b>	<b>103.2%</b>	<b>60.7%</b>

*Source: August 12, 2025 Staff Report for Board Meeting*

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

HRD maintains on its website for public review the past three years of financial audits, and the FY 2024-25 and FY2025-26 budgets. Historical budgets are searchable in the archive of Board Meeting Packets.

**d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?**

None at this time.

**e-f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?**

HRD has four dependent special districts providing a narrow set of services within its boundaries: Crystal Springs County Sanitation District, County Service Area No.1, Highlands Landscape Maintenance District and the Bel Aire Lighting Maintenance District. The independent districts operating in HRD include the Midpeninsula Regional Open Space District and the Peninsula

<sup>15</sup> [20250812+Board+Packet+FINAL.pdf](#)

Healthcare District. HRD theoretically could apply to LAFCo to provide any of these services itself, as Community Services District enabling legislation permits a wide range of authorized services.

HRD has a property tax base of less than 800 parcels. If HRD were to assume the responsibility of service provision of any of these other districts, it could initiate a property tax transfer through the dissolution of the other service districts. This observation was made in the prior MSR in 2013 and no change has been proposed to these districts since that report.

LAFCo is not aware of any applications from HRD to activate any additional powers at this time.

**MSR Determination No. 6:** HRD Staff turnover rates are high, with 70% turnover Districtwide in FY2024-25. Efforts to increase retention by adjusting salaries and dedicating staff time to recruitment are underway. On its website, HRD maintains from 2019-present archived Board Meeting agendas, minutes, agenda packets with staff reports and attachments, and as of March 2026, video recording of the meeting. HRD theoretically could apply to LAFCo to provide any of the services offered by other districts in its area, however LAFCo is not aware of any application to do so.

**Recommendations:**

- 6) Continue exploring policies and practices that will improve staff retention.
- 7) Consider posting historical budgets for at least the past five years on the dedicated “Agency Budget” page on the HRD website.

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/NA</i>
<b>a)</b> Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
<b>b)</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
<b>c)</b> 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		
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**a-c)** According to CAL FIRE, as of 2025, HRD is in a very high fire severity zone. HRD participates in the San Mateo County Local Hazard Mitigation Plan. In 2025, HRD utilized its own staff for fuel reduction of defensible space, and Fire Safe resources for fire mitigation efforts on District-owned open space. CalFire grants have historically been utilized for fuel reduction of district-owned open space. HRD utilizes San Mateo County Fire Department for defensible space inspections and Highlands CERT for drill reviews and feedback.

**MSR Determination No. 7:** HRD participates in the San Mateo County Local Hazard Mitigation Plan. HRD utilizes San Mateo County Fire Department for defensible space inspections and Highlands CERT for drill reviews and feedback.

**Recommendation:** None.

**Section 6. Highlands Recreation District Sphere of Influence Determinations**

Government Code Section 56425 requires San Mateo LAFCo make 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:** The Highlands Recreation District (HRD) is comprised primarily of medium-low density residential land use with some institutional land use and open space land. HRD 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.
2. **The present and probable need for public facilities and services in the area:** HRD meets the needs of its residents and businesses for recreation services, and the District staff anticipate that they will be able to provide adequate facilities and services for the minimal anticipated growth within the service area.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The HRD currently provides adequate public services to District residents and out of district visitors, including childcare programs, camps, tennis courts, pool, playground, recreation building, and more. In addition, the HRD maintains a list of capital projects and an infrastructure depreciation schedule to monitor necessary capital improvements, repairs, and replacements to District 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 HRD.

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, 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 proposed changes to the HRD 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. Highlands Recreation District Fact Sheet**

*General Manager:* Tamsen Burke (appointed by Board)

*Physical Address:* 1851 Lexington Ave., San Mateo, CA, 94402

*Email Address:* gmdirect@highlandsrec.ca.gov

*Phone Number:* (650) 341-4251

*Date of Incorporation:* 1957

Board of Directors: Board members serve a four-year term. There are no term limits. Must reside in District.

<b>Board Members</b>	<b>Term Expiration Date</b>
Uy Ut, President	2026
Ranya Francis, Vice President	2026
Andrew Aquino	2026
Chris Carlos	2028
Pamela Merkadeau	2028

*Compensation:* Board members are all volunteers (not paid).

*Public Meetings:* Regular meetings of the Board of Directors are held on the second Tuesday of each month at 7PM at the Multi-Purpose Room at 1851 Lexington Ave. San Mateo, CA. Participation by the public is also available remotely via Zoom, including the option to provide live public comment on agenda items. Meeting agendas, minutes and materials are published on the District website, with archives for years 2019-2026.

*Services Provided:* Public Recreation by means of parks, playgrounds, swimming pools, recreation buildings, and a community meeting hall, as well as year-round childcare facilities. Weed abatement.

*Agency staff:* 20 full-time staff, 7.4 part-time/seasonal

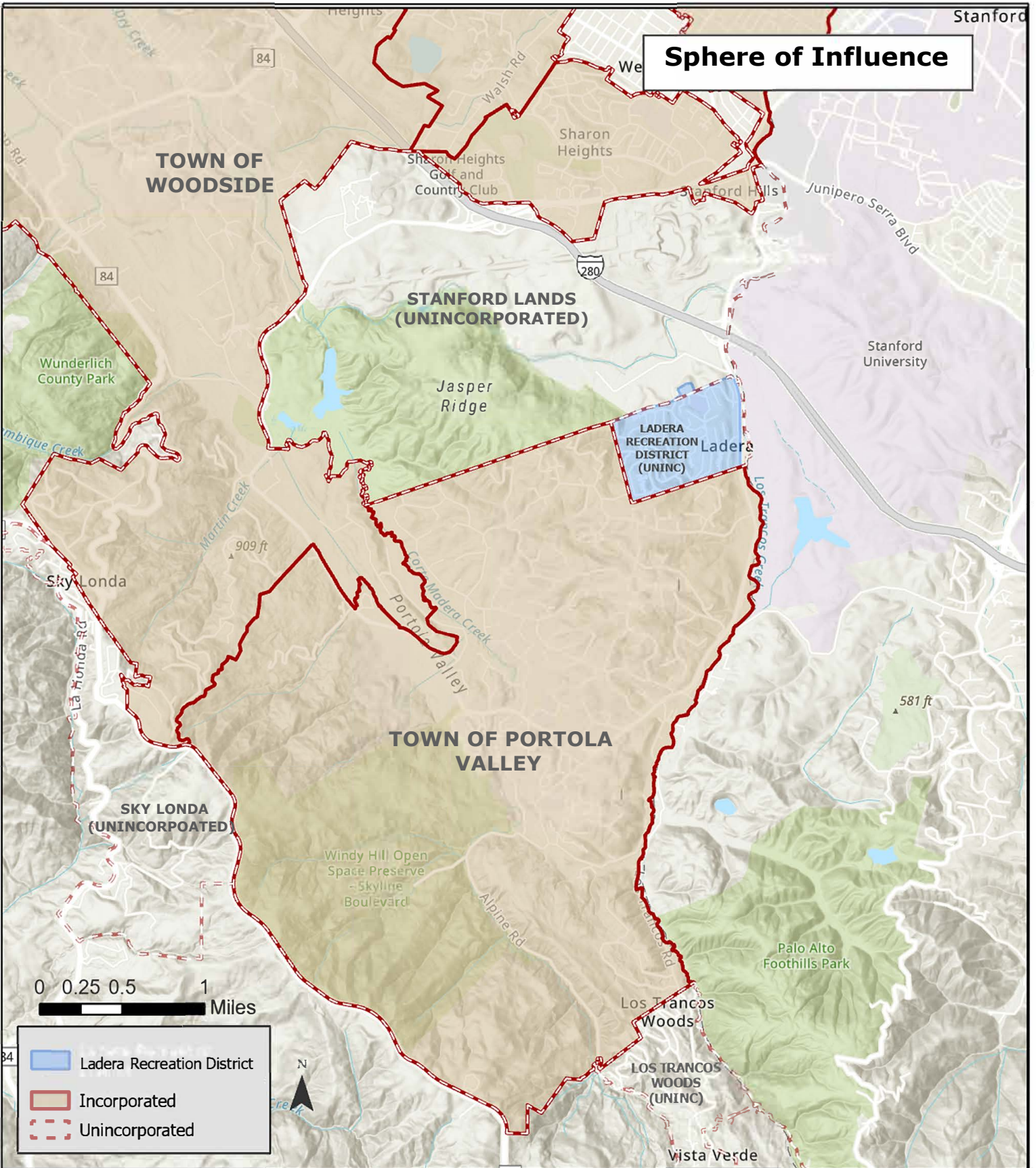
*Area Served:* 3.45 square miles plus 41 acres of open space.

*Population:* 3,200

*Sphere of Influence:* Contiguous with corporate boundaries.

*FY2025-26 General Fund Budget:* \$4.5M (projected)

# Sphere of Influence

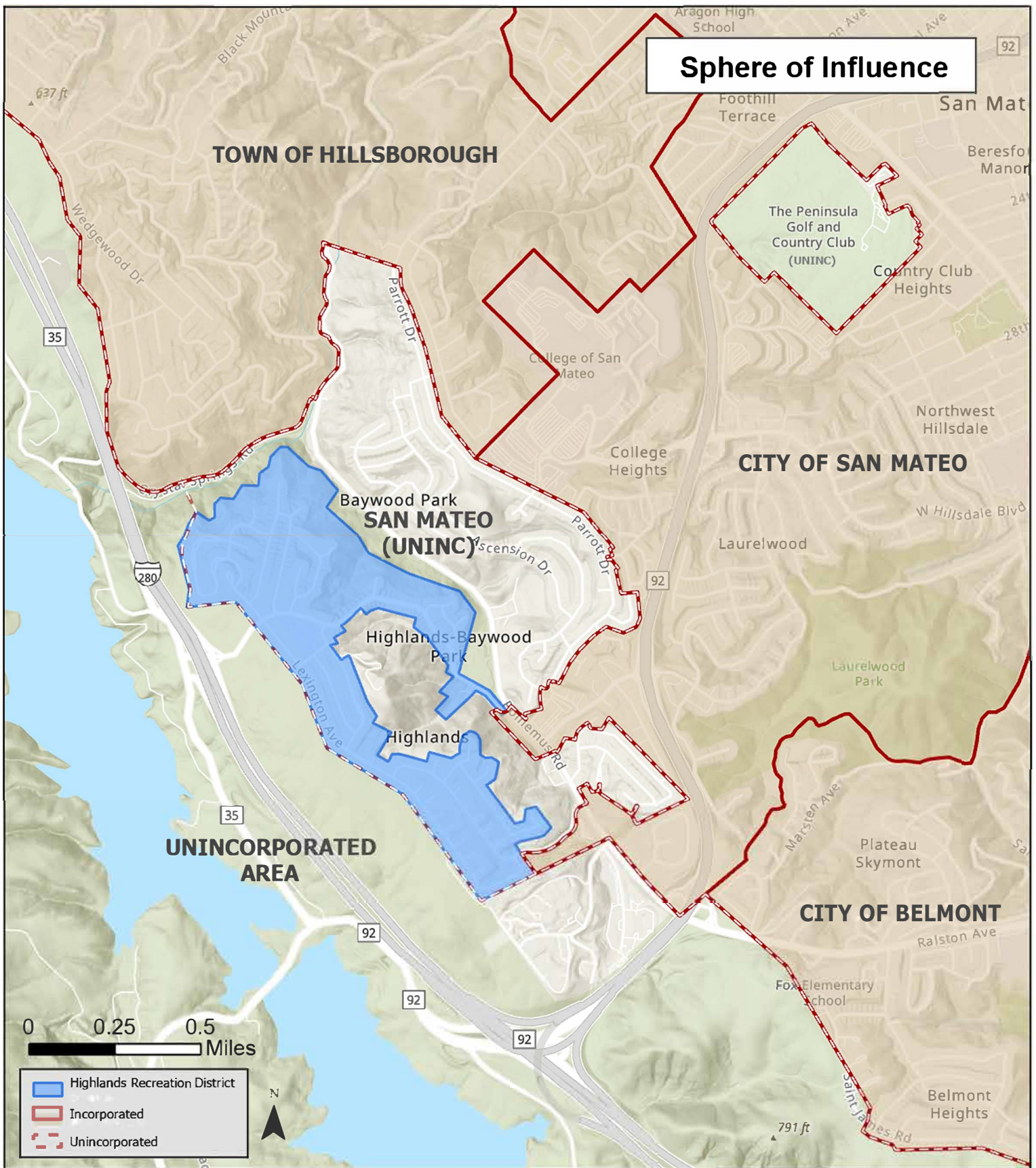


## Ladera Recreation District Sphere of Influence



**LOCAL AGENCY FORMATION COMMISSION**  
 455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849





# San Mateo Highlands Recreation District

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of the Final Work Program and LAFCo Budget for Fiscal Year 2026-2027

## **Budget Review Schedule and Background**

Section 56381 of Cortese-Knox-Hertzberg Act (CKH or The Act), which covers adoption of the LAFCo budget, requires Commission consideration of both a proposed and a final budget at the following intervals:

1. By May 1, the Commission shall adopt a “proposed” net operating budget at a noticed public hearing.
2. By June 15, the Commission shall adopt a “final” net operating budget at a noticed public hearing following circulation of the recommended final budget to the County, all cities and all independent special districts.

The Act also provides that the proposed and final budgets shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of The Act. There is also a provision for carryover of unused funds to the subsequent year’s budget. The Act also requires that the LAFCo net operating budget be apportioned in thirds to the County, cities and independent special districts<sup>1</sup>. Also, because the Proposed Budget and Adopted Budget are adopted before the end of the fiscal year and include an estimate of fund balance carry over, once the current fiscal year closes and the actual fund balance carry over is determined, it is necessary for the Commission to determine how excess or reduced fund balance shall be applied to the LAFCo budget. In 2021, the Commission adopted a policy that any difference in fund

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<sup>1</sup> Apportionment of the one-third shares to individual cities and special districts is calculated by the County Controller based on proportionate share of revenues reported in the most recent edition of the State Controller’s reports on cities and special districts. For estimation purposes, agencies may use apportionment rates used by the Controller for the current Fiscal Year.

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

balance shall be reconciled in the Commission’s reserve by the County Budget Office and that the Executive Officer will update the Commission on the actual year end fund balance after the fiscal year closes.

**Proposed 2026-27 Budget**

The attached draft budget includes actual expenditures for FY2024-25, adopted and estimated actuals for FY2025-26, and the draft proposed FY2026-27 Budget. Key items addressed in more detail below include a programmed increase in salary and benefits for staff, increased costs for the shared clerk position, increases related to charges for future office temporary relocation, increases in costs for the CALAFCO conference and workshop, and increases in service charges for IT, increases in County A-87 Charges. The estimated amount of fund balance of \$120,000 will be used to offset a portion of the 1/3 apportionment to member agencies.

	<b>Final FY 25-26 Budget</b>	<b>Draft Proposed FY 26-27 Budget</b>	<b>Change</b>
<b>Appropriations Budget</b>	\$923,821	\$1,037,070	\$113,249 (12%)
<b>Net Operating Budget</b>	\$828,897	\$937,070	\$108,173 (11%)
<b>One-third Apportionment</b>	\$240,299	\$295,023	\$54,724 (23%)

**Proposed Work Program**

The following draft work plan includes a summary of recent activities and upcoming goals/objectives, such as preparing Municipal Service Reviews (MSRs)/Sphere of Influence (SOI) updates and special studies, updating the Commission’s policies and procedures, and other projects and activities.

MSRs/SOI Updates - LAFCo law provides that every five years the Commission shall, as necessary, review and update each SOI [Gov. Code §56425(g)]. The statute also provides that in order to prepare and update an SOI, the Commission shall conduct an MSR.

<b>Task</b>	<b>Progress</b>	<b>Comments</b>
Prepare Municipal Service Reviews and Sphere of Influence Studies. A draft five-year MSR work plan is attached as Attachment C. The workplan prioritizes agencies based upon the date of their last MSR. Attachment D shows the year each agency last had an MSR completed.	On-going	All studies will include administrative and public hearing drafts. FY26-27 studies are proposed to be completed by LAFCo staff. Time will also be allocated to following up with agencies regarding the status and implementation of recommendations. Also, where applicable, MSRs will include discussion and review of Joint

		Power Agreements/Joint Power Authorities that provide services in area under study.
Process applications for boundary changes in a responsive, professional and efficient manner.	On-going	Priority is given to applications for economic development, public health and safety, housing developments identified in agencies Housing Elements, or other urgent needs. Potential proposals include: <ul style="list-style-type: none"> <li>• Belmont annexations in Harbor Industrial Area</li> <li>• Annexations to San Carlos</li> <li>• County Sewer District Annexations</li> <li>• Menlo Park Triangle</li> </ul>
Review and analysis of existing Outside Service Agreements and Deferred Annexation Agreements.	Starting in FY26-27	The analysis will include a review of any areas that are potentially eligible for annexation to a city or special district. This task may also include the formation of a new policy to periodically review the location of properties with Deferred Annexation Agreements.
Complete annual audits (FY 24-25 and FY25-26).	On-going	Proposed to be adopted at March 2026 meeting for FY23-24.
Comment on potential LAFCo applications, relevant projects & development proposals, city General Plan updates and/or related environmental documents.	On-going as needed	
Initiate informal meetings to discuss budget and policy issues with Cities, Special Districts, and County, as appropriate.	On-going	
Review of contract with County	On-going	Review as needed.

Post public information on the LAFCo website and review website layout, graphics, and content for ease of public use.	On-going	
Provide Commission with regular updates of laws, policies, and procedures.	On-going	
Provide quarterly budget updates.	On-going	Provide timely quarterly updates on budget to Commission after budget adoption.
Participate in regional activities for which LAFCo has indirect or direct responsibilities, such as Plan Bay Area and Regional Housing Needs Allocation	On-going	
Promote San Mateo LAFCo's interests in statewide issues through active participation in the California Association of Local Agency Formation Commissions (CALAFCO).	On-going	
Digital Archiving	On-going	Staff continues to digitize proposal files, meeting agendas, and meeting minutes. Staff coordinates with County staff regarding converting annexation records into digital format and potential cost estimate for that work. Contracted work expected to continue in FY26-27.
Mapping program	On-going	Continue to coordinate with County staff to update maps of agencies and provide them on the LAFCo website. This will include mapping Outside Service Agreements and researching the potential to create additional digital maps for LAFCo.
Policies and Procedures Updates	On-going	
Update of Commissioner Handbook	On-going	

### **Estimated Actual 2025-26 Budget**

The 2025-26 Adopted Budget includes appropriations for the Executive Officer, Management Analyst, and shared Administrative Secretary; Commission meetings; County Attorney's Office; general operating expenditures including rent, supplies, etc.; travel; meetings and legal counsel.

Revenues include fund balance carryover, application fees and the intergovernmental revenue from the County, cities and special districts.

As noted below, based on estimated revenues and expenditures, the estimated fund balance carryover to be applied to the 2026-27 fiscal year is \$225,667 with \$120,000 proposed to offset member costs.

### **Proposed 2026-27 Budget**

#### **Salary and Benefits**

Salary and benefits total amount of \$600,315 reflect the Executive Officer position, Management Analyst, and Commissioner stipend. These costs reflect programed salary increases along with increased benefit costs such as medical insurance costs. On a limited basis, this account is charged for extra-help staff time to assist LAFCo staff with website updates. The shared administrative secretary position charges do not appear in payroll and instead appear in Account 5838.

#### **Services and Supplies**

The Commission's contract with the County of San Mateo includes staffing, office space, and related services. With the exception of the Controller Administrative Fees (Account 5872) which are estimated charges, expenditures reflect service charges provided by County departments.

The San Mateo County Planning and Building Department has informed LAFCo that in FY26-27, the 2<sup>nd</sup> Floor of 455 County Center, where both LAFCo and County Planning and Building are located, will undergo renovations. These renovations will require that LAFCo vacate its current office space during construction. It is anticipated the temporary location will be within one of office buildings in the County Center. Once the renovations are complete, LAFCo staff will move back into the 2<sup>nd</sup> Floor office space. For the upcoming fiscal year, funds have been budgeted for moving offices and for any required upgrades at the temporary space. It is anticipated that any costs associated with construction and new office furniture will be charged to LAFCo in FY27-28.

Charges from outside agencies include Memberships (Account 5331), which includes California Association of Local Agency Formation Commissions (CALAFCO) membership and California Special Districts Association (CSDA) membership and liability insurance (Account 6725) purchased from the California Special District Risk Management Authority (SDRMA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

#### **Meetings and Conferences**

The Meetings and Conference appropriation is estimated at \$24,000 based estimates provided by CALAFCO for the CALAFCO Fall 2026 (Sacramento) and a staff workshop in Spring 2027. This budget allows for 7 LAFCo Commissioners and staff to attend the CALAFCO Conference and for 3 LAFCo staff members to attend the Staff Workshop. Funds are allocated to conference/workshop registration

fees, airfare/mileage costs, hotel costs, and other incidental costs. A \$2,000 cost has also been included to cover incidental costs related to a County training program for the Executive Officer. The County of San Mateo will reimburse all costs associated with this training program and a corresponding \$2,000 has been budgeted as miscellaneous revenue to account for the reimbursement. There is no cost to member agencies.

#### County Service Charges including Rent, Technology Services, and Controller

Controller charges are estimates pending the actual costs associated with the Controller invoicing and collecting LAFCo apportionment. Rent (Account 6714) is budgeted at \$21,800 for two workstations for LAFCo staff. The allocation for County Attorney (Account 6732) has been decreased to \$60,000. The proposed budget includes \$5,000 for the recording of LAFCo meetings (Account 5858).

#### A-87 Charges/County Cost Allocation

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County must observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation. The proposed budget includes \$42,000 for A-87 Charges/County Cost Allocation

(Account 6821).

#### Reserve

Staff recommends making a minor additional appropriation to the reserve to increase the amount to \$100,000. This allows the Commission to use the fund balance to offset agency contributions.

#### Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserves, and use a portion to offset the net operating budget thereby reducing the funding obligation of the County, cities and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry-over is \$225,667 with \$120,000 to offset agency costs.

#### Review by Budget Committee

On February 25, 2026, the LAFCo Budget Committee reviewed the draft budget and work plan and recommended the two items for approval with the following edits and clarification: 1) The MSR

Workplan will list Joint Power Agreements/Joint Power Authorities that will be covered in each report; 2) LAFCo staff will develop a report to review areas that are potentially eligible for annexation to a city or special district related to deferred annexation agreements that have previously been approved. This task may also include the formation of a new policy to periodically review the location of properties with Deferred Annexation Agreements; 3) Additional information about office furniture and temporary move; 4) The work program item related to future updates related to the Broadmoor Police Protection District has been removed as no updates are anticipated for this year. These items were included in the Draft Budget that was approved by the LAFCo Commission on March 18, 2026.

No changes have been made from the adopted Draft Budget and Workplan to the Final Budget and Workplan that is before the Commission at the May 20, 2026 meeting.

**Recommendation:**

1. Open the public hearing and accept public comment.
2. Consider and approve by resolution the attached Final Budget of \$1,037,070 and LAFCo Work Plan.

**Attachments**

- A. Budget Narrative for FY26-27
- B. Budget Spreadsheet for FY26-27, inclusive of the Final Budget, estimated expenditures for FY25-26, and actual expenditures for FY24-25
- C. MSR Workplan
- D. List of most recent MSRs for agencies
- E. Resolution No. 1354

**LAFCO PROPOSED 2026-27 BUDGET NARRATIVE**

The following provides a narrative to the budget spreadsheet and reflects costs associated with LAFCo's contract with the County of San Mateo for staffing, office space, supplies and legal counsel.

**Salary & Benefits (4111 through 4628)**

Salary and benefits of \$600,315 includes the County position of LAFCo Executive Officer that serves under contract with the County, Management Analyst salary and benefits, administrative leave cash out, experience pay for positions per County HR, workers compensation charges, and Commissioner stipend of \$100 per bi-monthly meeting. Salary and benefits increase reflects the County's Salary Schedule. The shared Administrative Secretary position charges appear in Account 5838 and not in payroll.

**Services & Supplies****Internet/Communications (5132)**

Appropriation of \$1,400 for internet and communication tools and services to support LAFCo staff.

**Outside Printing (5191)**

Appropriation of \$1,000 for copying and printing by outside print shops for special community mailings or workshop distribution of MSRs that cannot be distributed electronically.

**General Office Supplies (5193)**

A flat appropriation of \$800 for incidental office supplies provided to LAFCo.

**Photocopy (5196)**

A flat appropriation of \$600 for incidental copies made from the Planning Department copier where the LAFCo office is located.

**Postage & Mailing (5197)**

Appropriation of \$1,000 for postage/ mailing service through the County mailroom.

**Computer Supplies (5211)**

Appropriation of \$500 for computer supplies including the use of internet hotspots to support teleworking for staff.

**Computer Equipment under \$5,000 (5212)**

Appropriation of \$2,000 for computer equipment.

**Software License (5215)**

Appropriation of \$0 as these charges have been moved to 6752 for two Microsoft 365 and Adobe licenses.

**Records Storage (5218)**

Appropriation of \$700 for offsite records storage.

Office Furniture/Equipment/Temporary Move (5234)

Appropriations of \$8,000 for moving of LAFCo offices to temporary space while construction occur at the current LAFCo and County Planning and Building offices. These funds would also cover any upgrades needed to the temporary office space. The appropriation is based on estimated costs by the County Planning and Building Department.

Memberships (5331)

Estimated dues of \$17,000 for CALAFCO and California Special Districts Association (CSDA). Membership with CALAFCO allows staff and the Commission access to LAFCo focused trainings, conferences, and legislative updates. Along with access to SDRMA, membership with CSDA keeps staff apprised of issues of interest to special districts and LAFCo.

Legal Advertising (5341)

Appropriation of \$2,500 for legal notices published in newspapers for LAFCo hearing items that require notice.

Signage (5443)

Appropriation of \$600 for name plates for new LAFCo Commissioners and staff.

Mileage Allowance (5712)

Appropriation of \$1,000 for mileage reimbursement.

Meetings & Conferences (5721)

The Meetings and Conference appropriation is estimated at \$24,000 for costs associated with attending the in-person 2026 CALAFCO Conference in Sacramento, CA and Staff Workshop in 2027. This budget allows for 7 LAFCo Commissioners and staff to attend the CALAFCO Conference and for 3 LAFCo staff members to attend the Staff Workshop. Funds are allocated for costs conference/workshop registration fees, airfare/mileage costs, hotel costs, and other incidental costs.

\$2,000 has also been included to cover incidental costs related to a County training program for the Executive Officer. The County of San Mateo will reimburse all costs associated with this training program and a corresponding \$2,000 has be budgeted as miscellaneous revenue to account for the reimbursement. There is no cost to member agencies.

Training (5733)

Appropriation of \$300 for educational classes, workshops, or training related to LAFCo or CEQA.

Fiscal Office Specialist (5814)

Appropriation of \$2,300 for a County Fiscal Office Specialist to process LAFCo accounts receivable, accounts payable, and payroll. This is an estimated cost.

0.5 FTE LAFCo Clerk (5838)

Appropriation of \$77,000 for part-time contracted Executive Secretary position. This amount includes salary, benefits, and administrative overhead charges from County Planning. This is an estimated cost.

Outside Auditing Services (5842)

Allocation of \$11,000 for the anticipated FY25 audit.

Graphics/GIS (5848)

Appropriation of \$1,500 for GIS and other mapping services for LAFCo studies and sphere updates.

Video Recording of Commission Meetings (5858)

\$5,000 based six regular meetings of various duration and one potential additional meeting.

DPW/GIS Mapping/Scanning (5861)

Appropriation of \$9,000 for contract costs related to scanning and digitizing historical LAFCo files.

Fingerprinting new employee (5866)

Appropriation of \$100 for fingerprinting services.

Controller Admin (5872)

Estimated Cost of \$11,000 for administering the apportionment and collection of LAFCo budget to County, cities, and special districts.

Other expenses (5969)

Appropriation of \$1,000 for minor, non-budgeted costs.

Accounting Software (6705)

Appropriation of \$150 related to the use of County accounting software for LAFCo

Telephone (6706)

Appropriation of \$400 related to the use of County accounts payable software for LAFCo

Telephone (6712)

Appropriation of \$1,000 related to costs for two telephone lines for LAFCo staff.

Technology Services Department (ISD) Services (6713)

Appropriation of \$8,600 for connectivity and support services.

Rent (6714)

Rent for two office spaces is \$21,800.

Motor Pool (6717)

Appropriation of \$0 for use of the County's vehicle fleet.

General Liability (6725)

Estimated appropriation of \$14,000 for insurance through the Special District Risk Management Authority for the Commission and employee insurance with County of San Mateo for LAFCo staff.

Bond Insurance (6727)

Estimated appropriation of \$85 for bond insurance.

County Attorney's Office (6732)

Appropriation of \$60,000 for County Attorney charges.

Human Resources (6733)

Estimated appropriation of \$120 for online Learning Management Services.

Countywide Security (6738)

Estimated of \$250 for countywide security provided by the Sheriff's office.

All Other Charges - OFAS (Account 6739)

Appropriation of \$0 for the County accounting software (OFAS) as charges were moved to Account 6705.

Card Key Services (Account 6751)

Appropriation of \$250 for key card services.

TSD Software Licenses (Account 6752)

Appropriation of \$1,400 for two Microsoft 365 and Adobe licenses.

TSD Software Licenses (Account 6758)

Appropriation of \$5,400 for IT support for LAFCo staff

A-87 Charges/County Cost Allocation (6821)

A-87 is an Office of Management and Budget (OMB) circular or guideline that sets forth principles and standards for the determination of costs applicable to County programs funded by the Federal and State governments. Under the circular, the County must observe uniformity in its allocation of costs, that is, the County cannot be selective in the allocation process whereby externally (State and Federal) funded programs are not charged equitably. Also referred to as the Countywide Cost Allocation Plan, the County uses A-87 guidelines to obtain reimbursement from Federal, State, and non-General Fund programs for departments that do not charge directly for services rendered. For example, the Controller's Office does not charge departments for payroll services. However, the cost of providing payroll services to Non-General Fund Departments and programs receiving funds from the Federal and State governments for this specific purpose is recovered through County Cost Allocation.

The proposed budget includes \$42,000 for A-87 Charges/County Cost Allocation.

Reserve (8612)

Staff recommends appropriating \$100,000 of the fund balance to reserve, consistent with the current level of reserves. Commission authorization is required to spend reserve.

Application of Fund Balance Carry Over

The Commission's practice regarding fund balance has been to appropriate all or a portion of it for consulting and/or special reserve and use a portion to offset the net operating budget thereby

reducing the funding obligation of the County, cities, and special districts to the extent possible. In preparing the annual budget, staff has been mindful of balancing the fiscal impact of the LAFCo budget to funding entities with the Commission's mandate to carry out processing of reorganization applications and preparation of municipal service reviews and sphere studies.

This year's estimated fund balance carry over is \$225,667 with \$120,000 to offset agency costs.

LAFCo	Final FY 26-27 Budget	Adopted FY 24-25	Actuals FY 24-25	Adopted FY 25-26	Estimated Actuals FY 25-26	Final FY 26-27
	<b>Revenues</b>					
1983	County Contribution	237,698	237,695	240,299	240,299	295,023
1992	City Contributions	237,698	237,695	240,299	240,299	295,023
1992	Special District Contributions	237,698	237,695	240,299	240,299	295,023
	<b>Sub-Total County/City/District Contributions</b>	<b>713,094</b>	<b>713,085</b>	<b>720,897</b>	<b>720,897</b>	<b>885,070</b>
2421	Application Fees	35,000	19,434	30,000	22,000	20,000
2600	Miscellaneous Revenue	0	0	0	0	2,000
1521	Interest	8,000	23,346	8,000	18,000	10,000
	<b>Fund Balance Offset</b>	<b>134,924</b>	<b>134,924</b>	<b>164,924</b>	<b>164,924</b>	<b>120,000</b>
	<b>Total Revenues</b>	<b>891,018</b>	<b>890,789</b>	<b>923,821</b>	<b>925,821</b>	<b>1,037,070</b>
	<b>Expenditures</b>					
4111	Salary & Benefits for Executive Officer and Management Analyst	486,979	439,624	527,562	527,562	580,615
4141	Admin. Leave Cash Out	5,800	5,800	13,500	13,252	13,500
4161	Commissioner Compensation	5,000	5,000	5,000	5,000	5,000
4628	Wellness Dividend	500	0	500	500	600
4512	Workers Compensation Experience	435	435	500	450	600
<b>4000</b>	<b>SALARIES &amp; BENEFITS SUBTOTAL</b>	<b>498,714</b>	<b>450,859</b>	<b>547,062</b>	<b>546,764</b>	<b>600,315</b>
5132	Internet/Communications	100	1,313	1,200	1,200	1,400
5191	Outside Printing (other special printing)	1,000	0	1,000	0	1,000
5193	General Office Supplies	550	668	700	700	800
5196	Photocopy - in-house copier	550	550	600	600	600
5197	Postage & Mailing Service	1,000	610	1,000	200	1,000
5211	Computer Supplies	500	0	500	0	500
5212	Computer Equipment under \$5,000	7,000	6,681	2,500	0	2,000
5215	Software License	1,000	870	0	0	0
5218	Corovan Records Storage	700	365	700	400	700
5234	Office Furniture/Equipment	7,500	2,386	7,500	0	8,000
5331	Memberships (CALAFCO/CSDA)	16,000	14,318	16,000	14,793	17,000
5341	Legal Advertising	2,500	621	3,000	600	2,500
5443	Signage	200	1,346	600	500	600
5712	Mileage Allowance	1,000	549	1,000	0	1,000
5721	Meetings & Conferences	19,000	11,557	20,000	16,000	26,000
5733	Training	250	0	300	0	300
5814	Fiscal Office Specialist	1,840	1,840	2,025	2,025	2,300

LAFCo	Final FY 26-27 Budget	Adopted FY 24-25	Actuals FY 24-25	Adopted FY 25-26	Estimated Actuals FY 25-26	Final FY 26-27
5838	.5 FTE LAFCo Clerk	61,881	60,230	69,998	69,998	77,000
5842	Outside Auditing Services	9,800	9,800	11,000	10,000	11,000
5848	Graphics	1,500	0	1,500	0	1,500
5856	Consulting	0	0	0	0	0
5858	Other Professional Contract Services (Recording of Meetings)	4,200	3,603	4,800	3,200	5,000
5861	DPW/GIS Mapping/Scanning	4,000	0	9,000	8,574	9,000
5866	Fingerprinting new employee	50	88	0	0	100
5872	Controller Admin	8,500	7,293	10,000	9,311	11,000
5969	Other special dept expense	100	841	100	570	1,000
<b>5000</b>	<b>SERVICES &amp; SUPPLIES SUBTOTAL</b>	<b>150,721</b>	<b>125,529</b>	<b>165,023</b>	<b>138,671</b>	<b>181,300</b>
6705	Accounting Software	0	0	0	0	150
6706	Accounts Payable Software	0	0	0	0	400
6712	Telephone	0	0	900	843	1,000
6713	TSD (Automation Services)	12,000	8,012	8,000	8,400	8,600
6714	Rent	17,059	17,059	20,737	20,737	21,800
6717	Motor Pool	78	0	0	0	0
6725	Gen'l Liability	9,600	9,576	10,000	11,568	14,000
6727	Bond Insurance	72	71	85	75	85
6732	County Attorney's Office	80,000	43,593	70,000	25,000	60,000
6733	Human Resources	100	72	100	76	120
6738	Countywide Security	180	173	190	189	250
6739	All Other Charges (Accounting Software)	320	149	650	600	0
6751	Card key services	250	186	250	206	250
6752	TSD Software Licenses	0	0	1,300	1,270	1,400
6758	TSD Support Service	0	0	4,600	4,408	5,400
6821	A 87 Charges/County Cost Allocation	27,000	25,504	0	36,918	42,000
<b>6000</b>	<b>OTHER CHARGES SUBTOTAL</b>	<b>146,659</b>	<b>104,395</b>	<b>116,812</b>	<b>110,290</b>	<b>155,455</b>
	<b>Subtotal Appropriations</b>	<b>796,094</b>	<b>680,783</b>	<b>828,897</b>	<b>795,725</b>	<b>937,070</b>
<b>8612</b>	<b>Reserve</b>	<b>94,924</b>	<b>0</b>	<b>94,924</b>	<b>0</b>	<b>100,000</b>
	Special Reserve	0	0	0	0	0
	<b>Total Appropriations Budget</b>	<b>891,018</b>	<b>680,783</b>	<b>923,821</b>	<b>795,725</b>	<b>1,037,070</b>
	<b>Fund Balance</b>					
3333	Fund Balance	134,924	290,868	217,948	225,667	225,667

## Draft MSR Workplans for Fiscal Years 2023-2031

Fiscal Year	By Region and Service Type
<b>23-24</b>	<ol style="list-style-type: none"> <li>1. City of Burlingame – <i>Adopted October 2023</i></li> <li>2. City of Hillsborough - <i>Adopted October 2023</i></li> <li>3. City of San Bruno –<i>Adopted May 2024</i></li> <li>4. Broadmoor Police Protection District - <i>Adopted May 2024</i></li> </ol>
<b>24-25</b>	<ol style="list-style-type: none"> <li>1. City of Foster City – <i>Adopted September 2024</i></li> <li>2. City of Millbrae - <i>Adopted January 2025</i></li> <li>3. San Mateo County Harbor District Update - <i>Adopted March 2025</i></li> <li>4. Coastside Fire Protection District - <i>Adopted May 2025</i></li> </ol>
<b>25-26</b>	<ol style="list-style-type: none"> <li>1. South County Part 1.a – <i>Adopted November 2025</i> <ol style="list-style-type: none"> <li>a. Los Trancos Maintenance District</li> <li>b. CSA 7</li> <li>c. La Honda Lighting Maintenance District</li> </ol> </li> <li>2. South County Part 1.a – <i>Adopted January 2026</i> <ol style="list-style-type: none"> <li>d. Town of Portola Valley</li> <li>e. Town of Woodside</li> </ol> </li> <li>3. Ladera Recreation District and Highlands Recreation District – <i>Proposed Adoption in July 2026</i></li> </ol>
<b>26-27</b>	<ol style="list-style-type: none"> <li>1. South County Part 2 - <i>Proposed Adoption in November 2026</i> <ol style="list-style-type: none"> <li>a. Town of Atherton</li> <li>b. Atherton Channel Drainage District</li> <li>c. City of Menlo Park and Special Districts</li> <li>d. Menlo Park Highway Lighting District</li> <li>e. San Francisquito Creek Joint Powers Authority</li> </ol> </li> <li>2. Menlo Park Fire Protection District and Woodside Fire Protection District - <i>Proposed Adoption in May 2027</i></li> </ol>
<b>27-28</b>	<ol style="list-style-type: none"> <li>1. Coastside: <ol style="list-style-type: none"> <li>a. City of Half Moon Bay</li> <li>b. CSAs 6, 10, 11, and 12</li> <li>c. Coastside County Water District</li> <li>d. Granada Community Services District</li> <li>e. Granada Highway Lighting District</li> <li>f. Montara Highway Lighting District</li> <li>g. Montara Water and Sanitary District</li> <li>h. Sewer Authority Mid-Coastside</li> </ol> </li> <li>2. Midpeninsula Regional Open Space District</li> </ol>

<p style="text-align: center;"><b>28-29</b></p>	<ol style="list-style-type: none"> <li>1. South/Central County – <ol style="list-style-type: none"> <li>a. City of Redwood City</li> <li>b. City of San Carlos</li> <li>c. City of Belmont</li> <li>d. Edgewood Sewer Maintenance District</li> <li>e. Emerald Lake Heights Sewer Maintenance District</li> <li>f. Fair Oaks Sewer Maintenance District</li> <li>g. Kensington Square Sewer Maintenance District</li> <li>h. Oak Knoll Sewer Maintenance District</li> <li>i. Emerald Lake Heights Highway Lighting District</li> <li>j. CSA 8</li> <li>k. Belmont Highway Lighting District</li> <li>l. Harbor Industrial Sewer Maintenance District</li> <li>m. Devonshire Co. Sanitation District</li> <li>n. Scenic Heights County Sanitation District</li> <li>o. Belmont Fire Protection District</li> <li>p. Silicon Valley Clean Water</li> </ol> </li> <li>2. Mid-Peninsula Water District</li> </ol>
<p style="text-align: center;"><b>29-30</b></p>	<ol style="list-style-type: none"> <li>1. San Mateo County Mosquito &amp; Vector Control District</li> <li>2. Peninsula Health Care District and Sequoia Healthcare District (Consultant)</li> <li>3. Central County – <ol style="list-style-type: none"> <li>a. City of San Mateo</li> <li>b. City of Burlingame</li> <li>c. Town of Hillsborough</li> <li>d. City of Foster City</li> <li>e. Estero Municipal Improvement District</li> <li>f. Burlingame Hills Sewer Maintenance District</li> <li>g. Crystal Springs County Sanitation District</li> <li>h. Bel-Aire Lighting Maintenance District</li> <li>i. Enchanted Hills Lighting Maintenance District</li> <li>j. County Service Area No. 1</li> <li>k. Central County Fire Department</li> <li>l. San Mateo Consolidated Fire Department</li> </ol> </li> </ol>
<p style="text-align: center;"><b>30-31</b></p>	<ol style="list-style-type: none"> <li>1. North County Part 1 – <ol style="list-style-type: none"> <li>a. City of Daly City</li> <li>b. Town of Colma</li> <li>c. City of Brisbane</li> <li>d. City of Pacifica</li> <li>e. North San Mateo County Sanitation District</li> <li>f. Broadmoor Police Protection District</li> <li>g. Colma Fire Protection District</li> <li>h. Guadalupe Valley Municipal Improvement District</li> <li>i. Bayshore Sanitary District</li> <li>j. Colma Highway Lighting District</li> <li>k. North County Fire Authority</li> </ol> </li> </ol>

**Not Yet  
Scheduled**

- South County Part 3 –
  - a. City of East Palo Alto
  - b. West Bay Sanitary District
  - c. East Palo Alto Sanitary District
- North County Part 2 –
  - a. City of San Bruno
  - b. City of Millbrae
  - c. City of South San Francisco
  - d. Westborough Water District
- San Mateo Resource Conversation
- San Mateo County Harbor District

List of Completed Municipal Service Reviews (MSR)		
Agency	Date of Last MSR	Notes
Town of Atherton, Atherton Channel Drainage District	2008	South County - Part 2
City of Half Moon Bay	2008	Coastside
County Service Area No. 6 (Princeton-by-the-Sea)	2008	Coastside
County Service Area No. 10 (Montara Parks)	2008	Coastside
County Service Area No. 12 (Montara/Moss Beach)	2008	Coastside
Coastside County Water District	2008	Coastside
Granada Community Services District	2008	Coastside
Montara Water and Sanitary District	2008	Coastside
Montara Highway Lighting District/Granada Highway Lighting District	2008	Coastside
City of Menlo Park/Menlo Park Highway Lighting District	2009	South County - Part 2
Menlo Park Fire Protection District	2009	Regional
Woodside Fire Protection District	2009	Regional
City of Redwood City/Edgewood Sewer Maintenance District/Emerald Lake Heights Sewer Maintenance District/Fair Oaks Sewer Maintenance District/Kensington Square Sewer Maintenance District/Oak Knoll Sewer Maintenance District/Emerald Lake Heights Highway Lighting District, County Service Area No 8 (North Fair Oaks)	2011	South/Central County County
City of Belmont/Belmont Fire Protection District/Belmont Highway Lighting District/Harbor Industrial Sewer Maintenance District	2011	South/Central County County
City of San Carlos /Devonshire Co. Sanitation Dist/Scenic Heights County Sanitation Dist.	2011	South/Central County County
Mid-Peninsula Water District	2011	South/Central County County
San Mateo County Mosquito and Vector Control District	2012	Regional (also in 2003)
City of San Mateo/Crystal Springs County Sanitation District/Bel-Aire Lighting Maintenance District/Enchanted Hills Lighting Maintenance District/County Service Area No. 1 (Highlands)	2013	Central County
Midpeninsula Regional Open Space District	2013	Regional (also in 2003)
City of Brisbane/Guadalupe Valley Municipal Improvement District	2015	North County
City of Daly City/North San Mateo County Sanitation District	2015	North County Part 1
City of Pacifica	2015	North County Part 1
North Coast County Water District	2015	North County Part 1
Bayshore Sanitary District	2015	North County Part 1
Town of Colma/Colma Highway Lighting District	2015	North County Part 1 (also in 2007)
Colma Fire Protection District	2015	North County Part 1 (also in 2007)
Peninsula Health Care District	2017	Regional (also in 2007)
Sequoia Healthcare District	2017	Regional (also in 2007)
San Mateo County Resource Conservation District	2021	Regional (also in 2006)
City of South San Francisco	2022	North County Part 2
Westborough Water District	2022	North County Part 2
City of East Palo Alto/East Palo Alto Sanitary District	2022	South County Part 3 (also in 2009)
West Bay Sanitary District	2022	South County Part 3 (also in 2009)
County Service Area No. 11 (Pescadero)/Pescadero Highway Lighting District	2022	Coastside (also in 2011)
City of Burlingame/Burlingame Hills Sewer Maintenance District	2023	Central County
Town of Hillsborough	2023	Central County
Broadmoor Police Protection District	2024	also in 2007 and 2015; special study in 2022
City of Foster City/Estero Municipal Improvement District	2024	Central County
City of San Bruno	2024	North County Part 2
City of Millbrae	2025	North County Part 2
Coastside Fire Protection District	2025	Coastside (also in 2005)
San Mateo County Harbor District	2025	Regional (also in 2006 and 2015)
Los Trancos Maintenance District	2025	South County (also in 2006)
Town of Portola Valley	2025	South County (also in 2007)
Town of Woodside	2025	South County (also in 2007)
County Service Area No. 7 (Sam McDonald Park)/La Honda Lighting Maintenance District	2025	South County (also in 2011)
Highlands Recreation District	2026 (anticipated)	Regional (also in 2012)
Ladera Recreation District	2026 (anticipated)	Regional (also in 2007)

As of 2/18/2026

## RESOLUTION NO. 1354

**RESOLUTION OF THE  
SAN MATEO LOCAL AGENCY FORMATION COMMISSION  
APPROVING THE FINAL  
2026-2027 FISCAL YEAR BUDGET AND WORK PROGRAM**

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

**WHEREAS**, Section 56381 of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 provides that the LAFCo Commission shall adopt a “Proposed” and “Final” budget; and

**WHEREAS**, Section 56381 provides that a Final budget be adopted by the Commission by June 15; and

**WHEREAS**, the Final Budget was circulated to the County, the cities and independent special districts; and

**WHEREAS**, the Commission has considered the Final Budget and Workplan at a noticed public hearing and received public comment on May 20, 2026; and

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the San Mateo Local Agency Formation Commission hereby adopts the Final Budget for Fiscal Year 2026-2027 of \$1,037,070 as shown in Exhibit A and directs the Executive Officer to distribute it to the County, cities and independent special districts and forward a copy to the County Controller’s Office for apportionment.

Regularly passed and adopted this \_\_\_\_ day of \_\_\_\_\_

Ayes and in favor of said resolution:

Commissioners:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Noes and against said resolution:

\_\_\_\_\_

Commissioners Absent and/or Abstentions:

Commissioners:

\_\_\_\_\_

\_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

Roberto J Bartoli Jr.  
 Executive Officer  
 Local Agency Formation Commission

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_

\_\_\_\_\_

Clerk to the Commission  
 Local Agency Formation Commission

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Consideration of a Resolution Authorizing an Agreement with the County of San Mateo for Staffing, Legal Counsel, Office Space, and Supplies for Fiscal Year 2026-2027

## Summary

The Commission's adopted appropriations budget includes funds for a contract with San Mateo County for staffing, facilities, and legal counsel. The attached agreement sets forth the service provided by the County. Staff recommends that the Commission adopt a resolution authorizing the Chair to execute the attached agreement with San Mateo County for the Fiscal Year 2026-2027 in the amount of \$926,070.

## Background

Section 56380 of the Cortese-Knox-Hertzberg Act authorizes the Commission to appoint staff and provides that the Commission can contract for services with another public agency. Section 56384 sets forth that the Commission shall appoint an Executive Officer to conduct and perform the day-to-day business of the Commission. The budget adopted by the Commission includes appropriations for continuation of this arrangement in FY 2026-27. The not-to-exceed contract amount of \$926,070 includes funds for staff services including the Executive Officer, Management Analyst, shared clerical position, rent, legal services, and supplies. Funds for outside auditing services and reserve funds are not included in the contract amount. As a not-to-exceed contract, savings in services result in fund balance carry-over at the end of the fiscal year.

Services to be provided are detailed in the attached agreement and include: preparing staff analyses, reports, findings, and other agenda materials relating to boundary proposals and any other matters within the Commission's authority; calling, noticing, and clerking LAFCo meetings; preparing, mailing, publishing, and maintaining records of LAFCo agendas, notices,

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪

DIANE ESTIPONA, CLERK

and other required documents; providing information and assistance to interested public agencies and individuals; providing fiscal support and preparing budgets; and informing the Commission of legislation of interest to or affecting LAFCo, and correspondence and matters of interest to the Commission.

**Recommended Commission Action, By Resolution**

It is respectfully recommended that the Commission, by resolution, authorize the Chair to execute the attached agreement with the County of San Mateo for staffing and support services in the amount of \$926,070 for FY 26-27.

**Attachments**

- A. Agreement for Support Services for FY 26-27
- B. Resolution No. 1355

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO  
AND THE SAN MATEO LOCAL AGENCY FORMATION COMMISSION  
FOR SUPPORT SERVICES**

This Agreement is made on \_\_\_\_\_, 2026, by and between the County of San Mateo (“County”) located at 500 County Center, Redwood City, California, and the San Mateo County Local Agency Formation Commission (“LAFCo” or “the Commission”) located at 455 County Center, 2<sup>nd</sup> Floor, Redwood City, California.

**WITNESSETH**

**WHEREAS**, Government Code Section 56380 provides that the Commission shall make its own provision for necessary quarters, equipment, and supplies as well as personnel and the Commission may choose to contract with any public agency or private party for personnel and facilities; and

**WHEREAS**, Government Code section 56384 (a), of the Cortese-Knox-Hertzberg Reorganization Act of 2000, Government Code section 56000, et seq., (“the Act”) provides: “The Commission shall appoint an Executive Officer who shall conduct and perform the day-to-day business of the Commission. If the Executive Officer is subject to a conflict of interest on a matter before the Commission, the Commission shall appoint an alternate Executive Officer;” and

**WHEREAS**, Government Code section 56384 (a) of the Act further provides: “The Commission may recover its costs by charging fees pursuant to Section 56383;” and

**WHEREAS**, Government Code section 56384 (b) of the Act provides “The Commission shall appoint legal counsel to advise it. If the Commission’s counsel is subject to a conflict of interest on a matter before the Commission, the Commission shall appoint alternate legal counsel to advise it;” and

**WHEREAS**, Government Code section 56384 (b) of the Act further provides that “The Commission may recover its costs [for legal services] by charging fees pursuant to Section 56383;”

NOW THEREFORE, in order to implement the above-described provisions of the Act, the parties enter the following agreement:

**AGREEMENT**

**1. SERVICES TO BE PROVIDED BY COUNTY:**

**A. APPOINTMENT OF EXECUTIVE OFFICER.** The County shall appoint and designate a County employee, whose appointment and designation shall be subject to approval by LAFCo, to perform LAFCo day-to-day activities. For purposes of LAFCo activities, said appointee shall have the title of LAFCo Executive Officer. The appointee shall, with assistance of the management analyst and Commission clerk, provide the following services, including but not limited to the following:

- 1) Preparing staff analyses, reports, proposed findings and other agenda materials for the LAFCo Commission relating to boundary proposals, contracts for provision of new and extended services outside city and district jurisdictional boundaries, sphere of influence amendments, periodic review of sphere of influence designations and any other matters that are within the Commission's authority under the Act.
- 2) Calling and noticing Commission meetings in accordance with the Act and LAFCo policies and procedures.
- 3) Preparing, mailing, filing, publishing and keeping records of agendas, notices and other required official documents on behalf of the LAFCo Commission.
- 4) Responding to inquiries and providing information and technical assistance to interested public agencies and individuals.
- 5) Providing supporting fiscal services such as the development of the annual LAFCo budget, management of LAFCo financial accounts including the processing of LAFCo fees and charges, the processing of payment of Commission charges and expenses, and the preparation of required fiscal reports.

6) Informing LAFCo Commissioners of new legislation, correspondence with the Commission, CALAFCO activities, current events and matters of interest related to LAFCo.

**B. PROVISION OF RELATED SERVICES.** In addition, County shall provide LAFCo with related support services and supplies, including the following:

1. A Management Analyst who shall conduct administrative, research, analytical tasks;
2. Fiscal Office Specialist who shall process LAFCo accounts receivable, accounts payable, and payroll for LAFCo staff and Commission in accordance with County policy and standards;
3. County budget office support for coordination and input of the budget as adopted by LAFCo Commission into County budget documents;
4. County Controller support for administering the apportionment and collection of LAFCo budget to county, cities, and special districts;
5. County Attorney services as listed in Section E;
6. Technology Services Department services for computer support, connectivity, and telephone;
7. Workspaces for LAFCo staff;
8. A half-time administrative secretary who shall serve as the Clerk to the Commission;
9. County printer/copiers and mailing services;
10. Graphics and GIS/Mapping support;
11. Human resources for hiring, on-boarding of staff, and benefits administration;
12. Employee liability insurance;
13. Video recording of Commission meetings;
14. General office equipment and supplies;
15. Motor pool services.

The level or type of services and the cost of providing those services may vary from time to time upon agreement of LAFCo and the County Executive or the Executive's designee.

**C. APPOINTMENT OF ALTERNATE EXECUTIVE OFFICER IN CASE OF CONFLICT; PAYMENT OF COSTS BY APPLICANT.** If the Commission determines that a conflict of interest exists for its Executive Officer in a matter before the Commission, the Commission shall appoint an Alternate Executive Officer for the purpose of that matter only. In such a conflict situation, the Commission may make final approval of a proposal contingent upon payment of any outstanding costs in excess of the deposit on hand with the County Auditor. The Commission may require an applicant to bear the costs of an Alternate Executive Officer. The Commission shall require an applicant who is to bear the costs of an Alternate Executive Officer to put on deposit with the County Auditor funds deemed by the Commission to be sufficient to cover associated costs in advance of the Commission's appointment of an Alternate Executive Officer. The County Auditor shall return to the applicant any unexpended portion of funds on deposit at the conclusion of the matter for which Alternate Executive Officer was appointed and upon confirmation from the Executive Officer that all billing matters have been resolved.

**D. LAFCO'S PAYMENT TO COUNTY FOR OFFICES, SERVICES, SUPPLIES, AND STAFF.** Except as specified in subsection F, below, in consideration of the County's provision of offices, services, supplies, and staff pursuant to subsection B, above, LAFCo shall pay to County at a rate equal to the County's actual cost of providing said offices, services, supplies and staff, which may vary from time to time upon agreement of LAFCo and the County Executive or the Executive's designee.

**E. APPOINTMENT OF LEGAL COUNSEL.** In addition to the other County services described herein, LAFCo hereby appoints the County Attorney's Office as its legal counsel. The County, through the office of the County Attorney, will provide all legal services required by LAFCo. These services shall include, but are not limited to:

- 1) Providing day-to-day legal advice to LAFCo and staff;
- 2) Reviewing and advising on contracts;

- 3) Attending LAFCo Commission meetings and other meetings as requested;
- 4) Defending and conducting litigation and administrative actions concerning LAFCo.

**F. RATE OF PAYMENT FOR LEGAL SERVICES.** In consideration of the County's provision of legal services, LAFCo shall pay to County a single rate of \$268 per hour. The County Attorney's Office will submit invoices to LAFCo quarterly for legal services, which invoices shall be payable upon receipt.

**G. APPOINTMENT OF ALTERNATE LEGAL COUNSEL IN CASE OF CONFLICT; PAYMENT OF LEGAL FEES BY APPLICANT.** If the Commission determines that a conflict of interest exists for the County Attorney in a matter before the Commission, the Commission shall appoint alternate legal counsel for purposes of that matter only. The Commission may require an applicant to bear the costs of alternate legal counsel. The Commission shall require an applicant who is to bear the costs of alternate legal counsel to put on deposit with the County Auditor funds deemed by the Commission to be sufficient to cover associated costs in advance of the Commission's appointment of alternate legal counsel. In such a conflict situation, the Commission may make final approval of a proposal contingent upon payment of any outstanding costs in excess of the deposit on hand with the County Auditor. The County Auditor shall return to the applicant any unexpended portion of funds on deposit at the conclusion of the matter for which alternate legal counsel was appointed and upon confirmation from the Executive Officer that all billing matters have been resolved.

**H. LAFCO'S MAXIMUM FISCAL OBLIGATION.** In consideration of all services, and supplies described herein, LAFCo shall pay the County an amount not to exceed \$926,070. In the event LAFCo requires or requests additional services and supplies, the parties may negotiate and agree to an amendment to this agreement. The parties agree that the County need not provide any services or supplies for which it is not compensated unless required by state law.

I. **TERM.** The term of this agreement shall be from July 1, 2026 to June 30, 2027 unless terminated earlier pursuant to this agreement. Either party may terminate this agreement for any reason upon 30-day notice to the other party.

J. **MERGER CLAUSE.** This agreement constitutes the sole agreement of the parties hereto and correctly states the rights, duties, and obligations of each party. Any prior agreement, promises, negotiations or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

**IT WITNESS WHEREOF**, the parties hereto, or their duly authorized representative, affix their hands.

San Mateo Local Agency Formation Commission

Dated: \_\_\_\_\_

\_\_\_\_\_  
Chair of the Commission

County of San Mateo

Dated: \_\_\_\_\_

\_\_\_\_\_  
President, Board of Supervisors

RESOLUTION NO. 1355

**RESOLUTION OF THE  
SAN MATEO LOCAL AGENCY FORMATION COMMISSION  
AUTHORIZING A CONTRACT WITH THE COUNTY OF SAN MATEO  
TO FURNISH NECESSARY STAFFING, QUARTERS,  
SUPPLIES & LEGAL SERVICES FOR THE 2026-2027 FISCAL YEAR**

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

**WHEREAS**, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) provides that LAFCo shall appoint an Executive Officer to perform the day-to-day business of the Commission; and

**WHEREAS**, the Act provides that LAFCo shall appoint legal counsel, its own staff, including Executive Officer; and

**WHEREAS**, LAFCo may contract with another public agency for these services.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the Commission hereby authorizes the Chair to execute a contract with the County of San Mateo for necessary staffing, quarters, supplies, and legal services, as shown in Exhibit A, in the amount of \$926,070 for Fiscal Year 2026-2027.

Regularly passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_.

Ayes and in favor of said resolution:

Commissioners:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes and against said resolution:

Commissioner(s):

\_\_\_\_\_

Absent and/or Abstentions:

Commissioner(s):

\_\_\_\_\_

\_\_\_\_\_

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

ATTEST:

\_\_\_\_\_

Roberto J Bartoli Jr.  
 Executive Officer  
 Local Agency Formation Commission

Date: \_\_\_\_\_

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

\_\_\_\_\_

Clerk to the Commission  
 Local Agency Formation Commission

Date: \_\_\_\_\_

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners  
**From:** Rob Bartoli, Executive Officer  
**Subject:** Appointment of Ann Draper as Regular Public Member

## Summary

Section 56334 of the Cortese-Knox-Hertzberg (CKH) Act sets forth that LAFCo terms shall be four years ending on the first Monday in May, with the provision that members shall serve until their replacement is appointed. Currently both the regular public member and alternate public member terms require appointment for the term ending 2030.

At the March 18, 2026, LAFCo meeting, the Commission adopted a revised Public Member Appointment Policy that allows the Commission to either appoint an incumbent Public Member Pursuant to a new term or conduct an open recruitment for the position.

Per this revised policy, the Commission gave direction to schedule a public hearing to reappoint Ann Draper, the incumbent Public Member, to a new term ending in May 2030. Per LAFCo policy, a public hearing notice was published on April 29, 2026, for the reappointment.

The Commission recommends Ann Draper be reappointed the regular public member based on her broad professional experience as a city and county planner; serving as member and chair of numerous civic organizations; and her understanding of the LAFCo process from county, city, and special district perspectives. Ms. Draper has served on LAFCo since 2016 for a two-year partial term and was reappointed via an open recruitment process in 2018 and in 2022 for four-year terms. Ms. Draper has consistently attended LAFCo meetings over the last four years. She was LAFCo Chair in 2019 and 2023, and was Vice Chair in 2018, 2022, and 2026.

Government Code Sections 56325 (d) requires an affirmative vote from the majority of the Commission, including an affirmative vote from at least one each of the County, City, and Special District members to appoint a public member.

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATI MARTIN, SPECIAL DISTRICT  
 ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU, PUBLIC

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
 DIANE ESTIPONA, CLERK

The recruitment process for the Alternate Public Member is on-going, with an appointment to this position tentatively scheduled for the July 15, 2026, meeting.

**Recommended Commission Action**

By motion, appoint Ann Draper as the LAFCo Regular Public Member for a term ending May 2030.

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer

**Subject:** Appointment of Alternate Public Member Recruitment Committee

## Summary

Government Code Section 56325 sets forth that the Commission shall consist of seven members selected as follows: two members appointed by the Board of Supervisors, two members selected by the Council of Mayors, two members selected by the presidents of the independent special districts, and one member of the public selected by the other members of the Commission.

The term for Colleen You, the Alternate Public Member, will expire in May 2026. Ms. You was appointed in 2025 due to a vacancy. The upcoming term begins May 2026 and expires May 2030. Ms. You has stated that she will not seek a new appointment. A recruitment announcement was published on April 10, 2026, and will close on May 29, 2026.

The Commission's policies on appointment of public members and alternate public members provide for a recruitment committee of three Commissioners. It is therefore requested that the Commission appoint a recruitment committee that would review applications and tentatively interview applicants prior to the July 15, 2026, LAFCo meeting, at which they would make their recommendation to the Commission. The 2025 Recruitment Committee consisted of one City member, one County member, and one Special District member.

Commissioner Chang Kiraly has stated to staff that she would be able to volunteer for the recruitment committee. Commissioner Chang Kiraly also suggested that member of the committee should not include the positions that are currently up for reappointment/reelection such as the other special district member seat and one of the city member seats.

## Recommended Commission Action

By motion, appoint three Commission members to the Alternate Public Member Recruitment Committee

**COMMISSIONERS:** VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ DAVID CANEPA, COUNTY ▪ KATI MARTIN, SPECIAL DISTRICT ▪ STEPHEN RAINALDI, CITY ▪ DEBBIE RUDDOCK, CITY ▪ JACKIE SPEIER, COUNTY

**ALTERNATES:** NOELIA CORZO, COUNTY ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ COLLEEN YOU PUBLIC ▪

**STAFF:** ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL ▪  
DIANE ESTIPONA, CLERK

SAN MATEO



# LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer  
Sarah Flamm, Management Analyst

**Subject:** Legislative Report – Information Only

## Summary

### *Legislative tracker*

CALAFCO is tracking 12 bills as of May 13, 2026, including:

**AB 2676 (Gallagher)** would make updates to the Housing Crisis Act of 2019, including prohibiting a city or county from enacting a development policy, standard, or condition that has the effect of imposing or enforcing a moratorium or similar restriction or limitation on housing development within a sphere of influence. *CALAFCO Position: None at this time*

**AB 2083 (Jackson)** This bill adds a chapter to the Welfare and Institutions Code to form the Moreno Valley-Perris Childcare Special District in Riverside County. The bill establishes the district and sets its boundaries to include the Cities of Moreno Valley and Perris, as well as the current adopted spheres of influence for each city. The bill bypasses the special district formation process, requiring Riverside LAFCO to "review and approve" the formation of the district. The bill also requires Riverside LAFCO to "review the governance structure of the district" and for a plan for services to be submitted that differs from that defined under the CKH. *CALAFCO Position: Oppose*

### Recommended Committee Action:

Receive the report.

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▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY ▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪

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**May 13, 2026**

**To:** LAFCo Commissioners

**From:** Rob Bartoli, Executive Officer  
Sarah Flamm, Management Analyst

**Subject:** Sewer Service Areas Within the Town of Woodside – Information Only

## Summary

At the March 18, 2026 meeting, the Commission adopted a Provisional Sphere of Influence for the Fair Oaks Sewer Maintenance District, a San Mateo County governed sewer agency, which provides sewer service in portions of Woodside, Atherton, Redwood City, Menlo Park and unincorporated areas including North Fair Oaks.

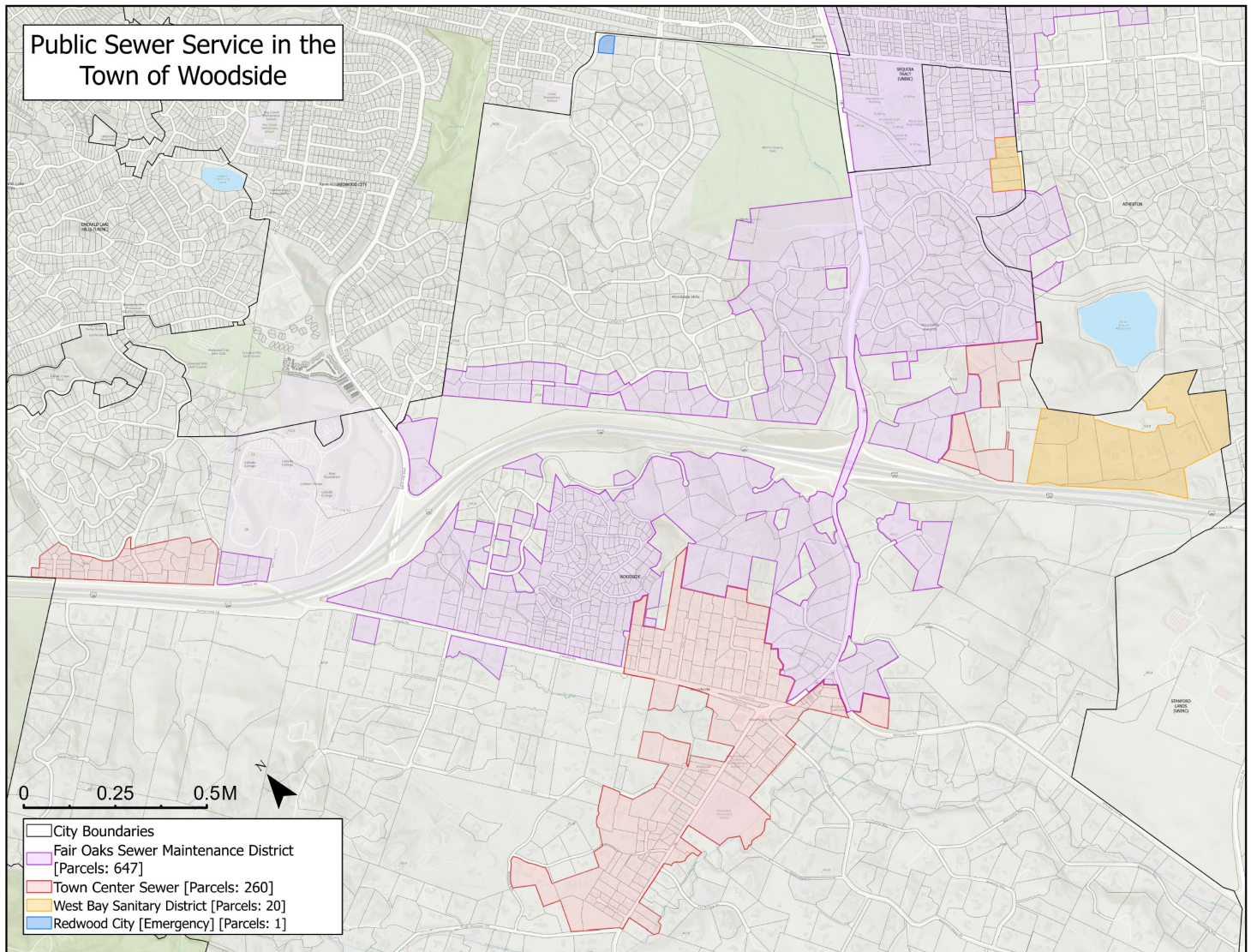
As part of that approval, the Commission requested additional information regarding existing sewer services within the Town of Woodside. Between 30-40% of the 2,375 parcels in the Town of Woodside have access to public sewer service. Most parcels within the Town rely on private on-site septic systems to treat wastewater. For parcels that are served by sewer, these services are provided by three agencies: 1) the Town of Woodside through the Town Center Sewer Assessment area; 2) the Fair Oaks Sewer Maintenance District; and 3) the West Bay Sanitary District, an independent special district (Figure 1).

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DIANE ESTIPONA, CLERK

Figure 1 - Public Sewer Providers in Woodside



Of the parcels that do have active sewer connections, Fair Oaks Sewer Maintenance District (FOSMD) is the largest provider (647 parcels). 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.

FOSMD is also the only provider that has consistently added parcels to their service area in Woodside. This is largely due to the existence of the Redwood Creek Trunk Assessment District (RCAD), which was formed to fund the sewer infrastructure in the Woodside Glens and Redwood Creek neighborhoods in Woodside. Parcels within the RCAD are served by FOSMD and are able to annex to FOSMD. Parcels that are within RCAD and not yet in FOSMD are within the newly established SOI for 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.

The Town Center Sewer Assessment District (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 City of 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.

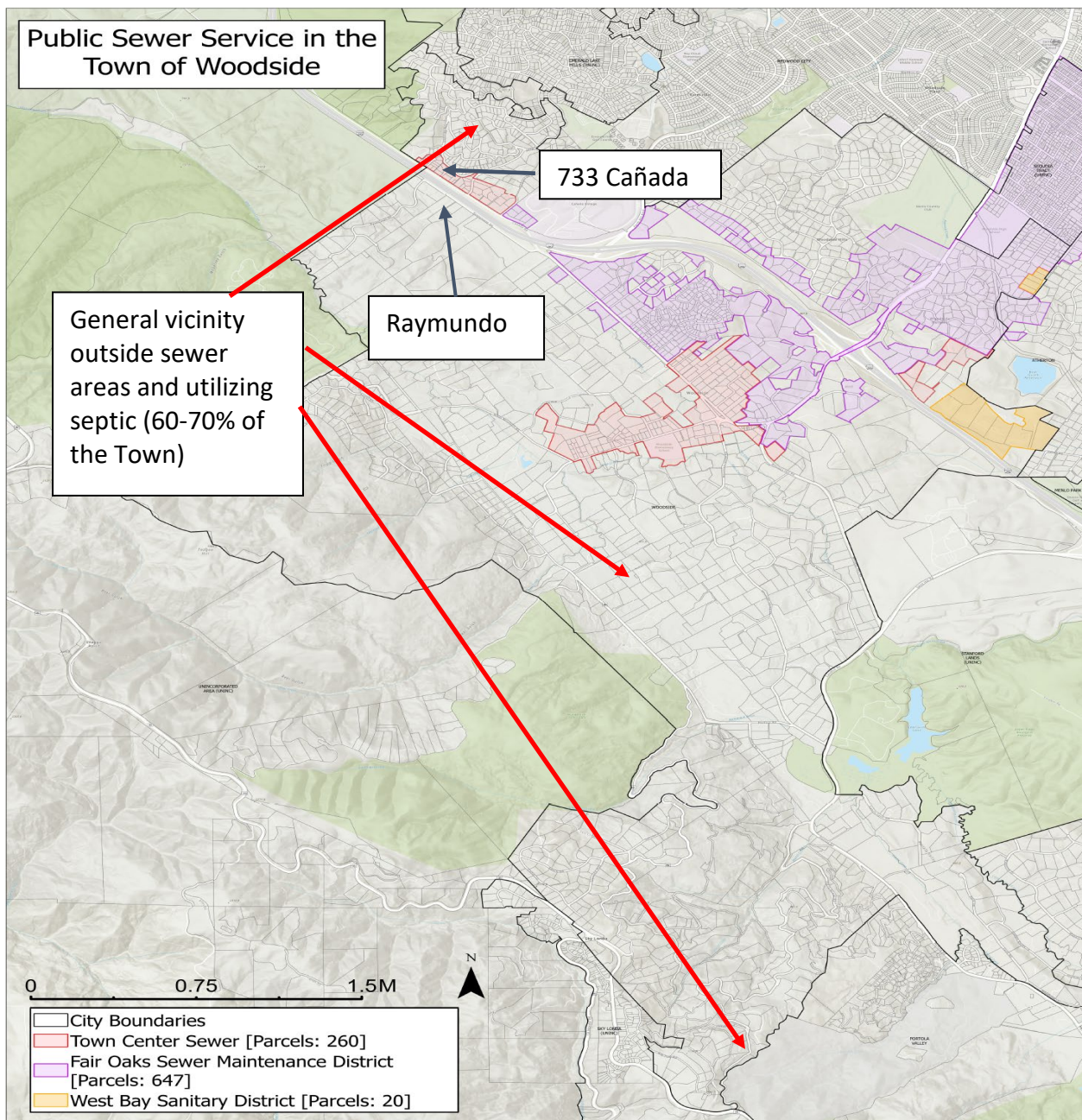
West Bay Sanitary District (WBSD) provides sewer services to approximately 20 parcels in the eastern portion of the Town of Woodside, located along Moore Rd. and Stockbridge Ave. The SOI for WBSD includes the entire Town of Woodside. The WBSD is the regional sanitary sewer provider for the City of Menlo 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.

Town municipal policy allows for expansion of sewer services beyond the existing sewer area boundaries for both RCS and TCSAD however, 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.

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 (Figure 2). 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.

In the Town's recently adopted and certified Housing Element, over 70 parcels were identified for housing, including three parcels that allow for multifamily housing (Raymundo Drive, High Road, and 733 Cañada Rd.). Raymundo Drive and 733 Cañada Rd are currently outside of any sewer service area while the High Road site is within the FOSMD boundary.

Figure 2 - Public sewer areas and areas on septic



In the Municipal Service Review for the Town of Woodside, LAFCo noted that 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.

**Recommended Commission Action**

Receive the report.