SAN MATEO
LAFCo LOCAL AGENCY FORMATION COMMISSION
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Action Minutes
San Mateo Local Agency Formation Commission Meeting
January 21, 2026

The regular meeting of the San Mateo Local Agency Formation Commission (LAFCo) was held on Wednesday, January 21, 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, and Debbie Ruddock

Members Absent: Commissioner Jackie Speier and David Canepa

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

2. **Public Comment**

None.

3. **Presentation by the City of East Palo Alto on the status of the East Palo Alto Sanitary District – Information Only**

East Palo Alto City Manager/ East Palo Alto Sanitary District General Manager Melvin E. Gaines provided an update on developments following the reorganization of the East Palo Alto Sanitary District (EPASD). The presentation focused on the first year of EPASD operating as a City subsidiary district focused on stabilizing governance and operations, ensuring regulatory compliance, and the development of a capital improvement plan. .

Summary of Commission Comments

Commissioner Draper expressed her appreciation and stated that the presentation increased her confidence that EPASD is effectively serving the health and safety needs of existing East Palo Alto residents, noting that much of the prior discussion had focused instead on serving potential new development.

Commissioner Martin echoed Commissioner Draper's appreciation for the presentation and inquired whether certain development projects would proceed, noting prior concerns from developers. City Manager Gaines responded that the transition timeline has slowed interest in some large projects, but communication remains ongoing and the City will move forward once timelines align.

Commissioner Rainaldi congratulated the City of East Palo Alto for streamlining EPASD's administrative functions, reducing reliance on consultants, and improving financial oversight. He inquired about maintaining rate sustainability to avoid large increases for ratepayers. Mr. Gaines responded that while rate increases are needed to support system adequacy for sewer improvements and new developments, a new rate study will allow for gradual increases. He added that new developer impact fees will cover new infrastructure, while existing infrastructure costs will be addressed through rates set by the advisory board.

Commissioner Ruddock also extended her congratulations, observing that the presentation highlighted a notable success.

Chair Vice Chang Kiraly asked if EPASD is prepared for flood-related incidents, such as the recent event in Bell Haven. Mr. Gaines confirmed that EPASD is equipped to respond, utilizing the Sewer Master Plan and CCTV network. She also echoed Commissioner Rainaldi's concern regarding rates, noting that future increases may impact residents of the former East Palo Alto district. Additionally, she praised the City of East Palo Alto Council's leadership in managing ongoing changes at EPASD and expressed gratitude to EPASD, echoing Commissioner Draper's comments.

Public Speakers: Ruben Abrica

4. <u>Consent Agenda</u>

a) Approval of Action Minutes: November 19, 2025

b) Time Extension for LAFCo File No. 19-03 - Proposed Annexation of 252 Club Drive, Unincorporated San Mateo County (APN 049-050-050) to the City of San Carlos

c) Consideration of LAFCo File No. 25-12 - Proposed Outside Service Agreement for water by the City of Redwood City to 3699 Oak Knoll Dr. (APN: 068-063-020), Unincorporated Redwood City

<u>Commission Action</u>

The Commission approved the consent agenda. Commissioner Draper noted that item 4B represents a fourth one-time extension and asked about potential limits on extensions, given that City laws and regulations can change. Mr. Bartoli stated that there are no limits on extensions and that LAFCo staff is assisting the applicant in fulfilling conditions for approval, noting that a building permit for certain modifications must be submitted before the full annexation application can proceed.

Public Speakers: None.

Motion: Commissioner Rainaldi/ Second: Commissioner Ruddock
Ayes: Commissioners Rainaldi, Martin, Ruddock, Draper, and Chang-Kiraly
Motion passed 5-0 by roll call vote.

Public Hearings

5. Consideration of Final Municipal Service Reviews for the Town of Woodside and the Town of Portola Valley

The Commission received a presentation from LAFCo staff, who reported that this is the final MSR for both the Town of Portola Valley and the Town of Woodside. The draft was previously presented at the November LAFCo meeting, followed by presentations at Town Council meetings in December, and a virtual workshop in January to gather public input. Comments on the Town of Woodside MSR were received from the San Mateo County Department of Public Works, while comments on the Town of Portola Valley MSR came from Rebecca Flynn (Town Council Member), Betsy Morgenthaler (resident and Open Space Committee Chair), and Emily Rubin (Intern to Vice Mayor Hufty).

LAFCo staff presented an overview of the Woodside MRSs. The Commission was informed that the Town of Woodside is initiating a sanitary sewer master plan for the existing sewered areas of Town Center and Redwood Creek, with LAFCo staff expressing support for these efforts. LAFCo staff also encouraged the Town to hold regular meetings with FOSMD and the County to discuss sewer expansion, review existing connections, and monitor sewage flows to ensure they remain within contracted limits.

Regarding recent annexations to the Fair Oaks Sewer Maintenance District (FOSMD), LAFCo staff noted efforts to streamline the process with the Town and County. Previously, County-led annexations required two public hearings, but under LAFCo, only one hearing is necessary. Conversations will continue to identify further process improvements.

The Commission was briefed on the recommendations for Portola Valley's final MSR. LAFCo staff expressed support for the Town's efforts to identify new potential revenue sources and encouraged continued exploration of revenue and expenditure options related to the General Fund to achieve a balanced annual budget.

Summary of Commission Comments

Commissioner Martin, referring to the comments received, asked whether parameters, such as a defined timeframe, could be set for the Town Council to provide key financial updates. LAFCo staff responded that the Town is responsible for establishing an updated schedule, as the Council will continue to request regular financial reports from Town staff. Commissioner Draper added that future updates could be addressed within the Work Program, which is managed by the Budget Committee, and does not need to be included in the final MSR.

Commissioner Rainaldi recommended opening the meeting for public comments to address any questions. He also asked whether the Town of Portola Valley has consulted with elected officials regarding the Housing Element and whether funds invested in infrastructure studies are in compliance. Assistant Town Manager Stocker-Pedalino confirmed that the Housing Element is certified, and that the Mayor and Vice Mayor are in ongoing contact with local officials. The Town has also hired consultants to conduct feasibility studies to ensure continued housing compliance.

Commissioner Ruddock inquired about potential new funding sources for the Towns of Woodside and Portola Valley, noting that revenues are largely limited to property taxes, with only minimal sales tax revenues, and asked about options to improve fiscal sustainability. LAFCo staff responded that indeed, both towns rely primarily on property taxes, but Portola Valley has developed a matrix to evaluate various revenue sources, including a revised Utility User Tax and personal taxes, and is considering property transfer tax adjustments in connection with becoming a charter city due to its smaller size. Commissioner Ruddock expressed support for Portola Valley's transition to a charter city and noted that both towns could benefit from shared services.

Chair Chang Kiraly asked how the Commission can stay informed about relevant changes in both towns outside of the MSR process. LAFCo staff responded that the Commission could engage in ground-level discussions, such as revenue measures, but updates on governance options or boundary changes must be provided by the City.

Public Speakers: Corei Stocker-Pedalino, Jason Ledbetter and Mary Hufty.

Commission Action

The Commission accepted the Final Municipal Service Review and Sphere of Influence update and adopted the report's determinations and recommendations.

Motion: Commissioner Draper / Second: Commissioner Ruddock

Ayes: Commissioners Rainaldi, Martin, Ruddock, Draper, and Chang-Kiraly
Motion passed 5-0 by roll call vote.

Regular Agenda

6. Appointment of Budget and Legislative/Policy for 2026

The Commission received a request from LAFCo staff to appoint members to the Budget and Legislative/Policy Committees. Each committee consists of three members representing a mix of LAFCo membership types: County, City, Special District, and Public.

The 2025 Budget Committee provided guidance to staff in preparing the Commission's 2025–26 fiscal year budget, Work Program, and reviewed the independent audit for 2024. The 2025 Budget Committee members were Commissioners Chang Kiraly, Draper, and Wright.

The 2025 Legislative/Policy Committee met as needed to advise staff on pending legislation affecting LAFCo, review existing Commission policies, and recommend new policies. A recent highlight included the development of a new MSR policy in 2025 addressing public access and remote participation in government meetings. The members were Commissioners Ruddock, Rainaldi, and Martin.

Commission Action

The Commission appointed Commissioners Wright, Slater-Carter, Vice Chair Draper, and Chair Chang Kiraly to the 2026 Ad Hoc Budget Committee, and Commissioners Ruddock, Rainaldi, and Martin to the 2026 Ad Hoc Legislative/Policy Committee.

Motion: Commissioner Ruddock / Second: Commissioner Rainaldi

Ayes: Commissioners Rainaldi, Martin, Ruddock, Draper, and Chang-Kiraly
Motion passed 5-0 by roll call vote.

7. CALAFCO Conference Update – Information Only

7a. Review of Draft Regional Map Revision & Proposed New CALAFCO Board Structure

The Commission received the first part of the CALAFCO update which reviewed remapping and Board restructuring. Mr. Bartoli reported that over the past year, the CALAFCO Board of Directors has been reviewing current bylaws and the structure of the Board. A working group was formed to evaluate the Board structure, regional model, and potential opportunities for improvements. Draft comments were provided to CALAFCO by LAFCo staff.

The CALAFCO Board changes original included permitting Executive Officers become eligible to be elected to the Board from their respective region, removing Regional Officers from voting Board Members, removing commissioner "seat type" so that the most qualified commissioner candidates may be elected by their respective regions, regardless of the category of membership in their home LAFCo (i.e. county, city, special district, public) limiting Member LAFCo's to one Board Member representative at any given time, and regional map changes. However, CALAFCO is now only proposing changs to seat type, allowing Executive Officers to be voting members and removing Regional Officers as voting members.

The upcoming special meeting on February 23 will focus solely on Executive Officer eligibility and removal of the seat-type requirement. Broader regional and governance discussions were provided for informational purposes only, and no action is required at this time.

Summary of Commission Comments

Chair Chang Kiraly provided background on the regional structure, noting that due to the varying sizes of regions, the current structure does not adequately serve the needs of all LAFCos. She explained that larger regions face challenges in caucusing, while smaller regions require less governance. Overall, CALAFCO is seeking ways to be more effective as an organization.

Commissioner Ruddock asked whether CALAFCO's introduction of more complexities due to remapping will increase accountability. LAFCo staff added that the February meeting will determine the CALAFCO Board seat types and the election of Executive Officers from the four regions.

Commissioner Draper commented that she supports the division into smaller regions, noting that it allows areas with similar issues to address shared interests more effectively than in larger regions, such as the Central Coast.

The Commission held a discussion on the proposed by-law changes and gave general direction to the voting delegate to not support the by-law changes.

7b. Designation of voting member for CALAFCO 2026 Special Corporate Business Meeting

The Commission received the second part of the CALAFCO update. The Chair of the CALAFCO Board of Directors has scheduled a Special Corporate Business Meeting for Monday, February 23, 2026, at 10 a.m., during which several proposed changes to the CALAFCO Bylaws will be reviewed and voted upon.

Prior to the Special Business Meeting, each LAFCo is asked to nominate a voting member. This process is similar to the voting delegate designation for the CALAFCO Board Election at the annual CALAFCO Conference, where the current LAFCo Chair is typically designated as the voting delegate, and an additional Commissioner is appointed as an alternate. LAFCo staff recommended following a similar process for San Mateo LAFCo to designate a voting member and alternate for the 2026 Special Corporate Business Meeting.

Additionally, the Commission was advised to appoint a voting delegate and alternate for any future special CALAFCO Corporate Business Meetings in 2026.

Commission Action

The Commission appointed Chair Chang Kiraly as the voting delegate and Vice Chair Draper as the alternate for the CALAFCO 2026 Special Corporate Business Meeting, as well as for any future CALAFCO special meetings in 2026.

Motion: Commissioner Rainaldi / Second: Vice Chair Draper

Ayes: Commissioners Rainaldi, Martin, Ruddock, Draper, and Chang-Kiraly
Motion passed 5-0 by roll call vote.

8. Quarterly LAFCo Budget Update – Information Only

The Commission received the Fiscal Year 2025–2026 budget update; revenue and expenditure targets have been met, with no concerns noted.

9. Legislative Report – Information Only

LAFCo staff reported that CALAFCO is not tracking any new bills and the agenda packet included the 2024–2025 legislative summary from the California Senate Committee on Local Government. Chair Chang-Kiraly noted that, as a member of CALAFCO's legislative committee, she will also keep the Commission informed of any new legislation. Additionally, Vice Chair Draper requested that SB 322 be clarified the next time the topic is discussed.

10. Commissioner/Staff Reports – Information Only

No updates were provided by LAFCo staff.

11. Adjournment

The Commission adjourned at 4:53 PM.

Approved on January 21, 2026

Virginia Chang Kiraly

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

Prepared by: Diane Estipona ____________________
Diane Estipona, LAFCo Clerk