SAN MATEO LAFCo
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, November 18, 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 November 18, 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, 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. 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 ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, 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: September 16, 2026 *(Page 5)*
    b. Consideration of LAFCo File No. 26-08 – Proposed Annexation of 30 Navajo Place, Portola Valley (APN 077-300-060) to West Bay Sanitary District *(Page 12)*
    c. Consideration of LAFCo File No. 26-09 – Proposed Annexation of 211 Cervantes Road, Portola Valley (APN 077-226-040) to West Bay Sanitary District *(Page 30)*
    d. Consideration of LAFCo File No. 26-10 – Proposed Annexation of 147 Mapache Drive, Portola Valley (APN 077-050-070) to West Bay Sanitary District *(Page 41)*

Public Hearings

4. Consideration of Final Municipal Service Reviews and Sphere of Influence Updates for the Town of Atherton, Atherton Channel Drainage District, and City of Menlo Park *(Page 53)*

Regular Agenda

5. Appointment of LAFCo Chair and Vice Chair for 2027 *(Page 158)*
6. Consider approval of 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, 2025 *(Page 159)*
7. CALAFCO – Information Only
    a. CALAFCO 2026 Annual Conference Update *(Page 189)*
    b. CALAFCO Sphere 2026 *(Page 193)*
8. Legislative and Policy Committee
    a. Legislative Report – Information Only *(Page 241)*
9. Commissioner/Staff Reports – Information Only
    a. End of year overview from Chair Chang Kiraly
    b. Resolution Honoring Commissioner Kati Martin for her service
    c. Resolution Honoring Commissioner David Canepa for his service
    d. Resolution Honoring Commissioner Debbie Ruddock for her service
    e. 2025 San Mateo County Agricultural Crop Report *(Page 245)*

10. Adjournment

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

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

a) Written Comment: Written public comment may be emailed in advance of the meeting.

1. Written comment should be emailed to 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.sanmateolafco.org

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Action Minutes
San Mateo Local Agency Formation Commission Meeting
September 16, 2026

The regular meeting of the San Mateo Local Agency Formation Commission (LAFCo) was held on Wednesday, September 16, 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, David Canepa, Ann Draper, Stephen Rainaldi, Debbie Ruddock, , Kathryn Slater-Carter, and Jackie Speier

Members Absent: None

Alternate Members Present: Greg Wright

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

The oath of office was conducted for Katheryn Slater-Carter as she was seated as a regular Special District member.

2. Public Comment

Leslie Jordan, member of the public.

3. Consent Agenda

a) Approval of Action Minutes: July 15, 2026

b) Consideration of LAFCo File No. 26-04 - Proposed Outside Service Agreement for water by the City of Redwood City to an undeveloped parcel on Wilmington Way (APN: 068-221-100), Unincorporated Redwood City

c) Consideration of LAFCo File No. 26-06 – Proposed Outside Service Agreement for a water connection by the City of Redwood City to an undeveloped parcel on Lakeview Way (APN 057-122-350), Unincorporated Redwood City

d) Consideration of LAFCo File No. 26-07 – Proposed Annexation of 3530 Alpine Road, Portola Valley (APN 077-281-020) to West Bay Sanitary District

Commission Action

The Commission approved the Consent Agenda, with Commissioner Draper providing clarification on Item 3C regarding the preservation of property outside the development area as open space through its designation in the Portola Valley General Plan and an easement granted to the Town of Portola Valley.

Commissioner Slater-Carter asked whether she could vote on the Consent Agenda, having attended the July meeting from the audience rather than the dais. Legal counsel, Tim Fox, advised that she could vote if she had independently verified the accuracy of the meeting minutes.

Public Speakers: None.

Motion: Commissioner Canepa/ Second: Commissioner Ruddock
Ayes: Commissioners Slater-Carter, Ruddock, Canepa, Speier, Rainaldi, Draper, and Chang Kiraly
Absent: None.
Motion passed 7-0 by roll call vote.

Public Hearing

4. Consideration of Circulation Draft Municipal Service Review and Sphere of Influence Updates for the Town of Atherton, Atherton Channel Drainage District, and the City of Menlo Park

The Commission received a presentation on the Municipal Service Review (MSR) and Sphere of Influence (SOI) updates for the Town of Atherton, the Atherton Channel Drainage District, and the City of Menlo Park. The Atheron's SOI remains coterminous with its existing boundaries, with no proposed changes.

LAFCo staff reported that the Atherton Channel Drainage District, established in 1958, provides stormwater drainage and flood control services across portions of Atherton and surrounding areas. The District is overseen by the Atherton City Council, with no separate meetings or independent financial reporting identified.

LAFCo staff determined that Atherton has sufficient capacity to meet current and future service needs. Recommendations included exploring additional revenue sources for the Drainage District, separating its budget and financial reporting from the Town's, reconsidering including VLF revenues in future budgets due to funding uncertainties, and holding separate governing body meetings when addressing District matters.

LAFCo staff also reported the MSR and SOI findings for the City of Menlo Park. Staff noted that the City's SOI includes several unincorporated communities in San Mateo County, with no disadvantaged unincorporated communities identified. Additional information received from the City after publication of the draft MSR will be incorporated into the final report.

LAFCo staff identified Menlo Park water infrastructure located on Stanford-owned land outside City boundaries, within Woodside's SOI. Staff recommended that San Mateo LAFCo consider a special study of Stanford lands to clarify existing service providers, service needs, and potential future boundaries. Additionally, staff identified three parcels as candidates for inclusion in Menlo Park's SOI, with no objections from the affected jurisdictions.

Commission Discussion

Commissioner Draper expressed support for conducting a special study of the Spheres of Influence (SOIs) but recommended referring it as a proposal to the Budget Committee rather than automatically adding it to the LAFCo work program. She noted that some SOI boundaries may reflect intentional policy decisions, while others appear irregular, including boundaries that cross individual properties rather than follow property lines. These inconsistencies may have resulted from mapping limitations prior to the use of GIS and have created administrative and operational challenges. Commissioner Draper recommended that the Budget Committee, in coordination with staff, further evaluate the scope, potential issues, budget implications, and work plan considerations before returning to the Commission with a recommendation.

Commissioner Rainaldi agreed with Commissioner Draper’s comments and supported the recommendation to the Budget Committee for further consideration.

Chair Chang Kiraly asked whether SLAC would be included in the SOI review. Staff confirmed that SLAC, which is in unincorporated territory and spans the SOIs of Woodside, Portola Valley, and Menlo Park, would be included. Staff explained that the review would evaluate SOI boundaries based on logical service areas, Stanford’s land use plans, and existing and future

service needs. The review would also include Stanford lands, Webb Ranch, and properties along Alpine Road.

Chair Chang Kiraly also requested clarification regarding the Vehicle License Fee (VLF) revenue allocated to the Atherton Channel Drainage District, noting a discrepancy between the $1.3 million budgeted and approximately $1.9 million in reported unpaid VLF funds. LAFCo staff acknowledged that the report did not clearly identify the period associated with the outstanding funds and agreed to clarify it. Chair Chang Kiraly further questioned whether VLF revenue was the District's primary funding source and emphasized the importance of the drainage channels as a potential water resource for fire protection and highlighted the need for greater transparency regarding the District's funding sources.

LAFCo staff clarified that VLF revenue is received by the Town of Atherton, not the Drainage District, and that funding reductions could affect drainage projects and other capital improvements.

Commissioner Speier noted that the County received $80 million in VLF allocations for FY 2025-26, compared to the expected $119 million. The negotiations with the Department of Finance are ongoing to establish a permanent funding solution. Commissioner Speier also noted that further legal action may be necessary if the funding shortfall is not resolved, emphasizing that other counties are receiving their allocations, except for Alpine and Mono Counties.

Atherton City Manager George Rodericks (remotely, via Zoom) thanked LAFCo for completing the MSR and stated that the Town generally agreed with the recommendations. He clarified that VLF revenue goes to the Town's General Fund, while the Channel Drainage District operates through a separate capital improvement fund receiving approximately $125,000 annually from property taxes and a small portion of ERAF. He noted that this revenue is insufficient to address drainage needs, requiring the Town to supplement projects with General Fund and grant funding. He also confirmed an approximately $1.9 million shortfall in VLF revenue.

Public Speakers: George Roderic, City Manager of Atherton

Commission Action

The Commission voted to schedule a public hearing on the Final MSRs and SOI updates for the Town of Atherton, Atherton Channel Drainage District, and City of Menlo Park at its November 18, 2026, meeting. The Commission also directed staff to circulate Draft MSRs to the County, cities, and independent special districts and to arrange a virtual public workshop or coordinate presentations to the two City Councils. Additionally, the Commission directed the Executive Officer to include a recommendation in the Final MSR to refer a future special study of Stanford

lands and the Menlo Park SOI to the Budget Committee for consideration in the FY 2027–2028 Work Plan.

Motion: Commissioner Rainaldi/ Second: Commissioner Canepa
Ayes: Commissioners Slater-Carter, Ruddock, Canepa, Speier, Rainaldi, Draper, and Chang Kiraly
Absent: None
Motion passed 7-0 by roll call vote.

5. Consideration of Adoption of a Provisional Sphere of Influence for the Edgewood Sewer Maintenance District

The Commission received the presentation for the proposed Provisional Sphere of Influence (SOI) for the Edgewood Sewer Maintenance District, formed in 2004 to provide sewer services to the Edgewood Estates and Rathgar Court subdivisions. The District includes approximately 18 parcels, 15 of which are developed with single-family homes. LAFCo Executive Officer Rob Bartoli recommended establishing the SOI coterminous with the District's existing boundaries, noting that future sewer connections to vacant parcels within the District would not require additional LAFCo approval. The provisional SOI will be reviewed as part of the FY 2028-29 Municipal Service Review for Redwood City and its dependent districts.

Commission Discussion

Commissioner Draper questioned why a portion of Rathgar Court is included within the district while another portion is excluded. Mr. Bartoli clarified that when the district was originally formed through a County process, the section of Rathgar Court containing only a roadway and no other development was excluded because the property is owned by the San Francisco Public Utilities Commission (SFPUC) and is part of its Hetch Hetchy right-of-way and no development can occur on the property.

Public Speakers: None.

Commission Action

The Commission approved the Provisional Sphere of Influence for the Edgewood Sewer Maintenance District.

Motion: Commissioner Ruddock/ Second: Commissioner Speier
Ayes: Commissioners Slater-Carter, Ruddock, Canepa, Speier, Rainaldi, Draper, and Chang Kiraly
Absent: None.
Motion passed unanimously 7-0 by roll call vote.

Regular Agenda

6. Appointment of Alternate Public Member

LAFCo Executive Officer Rob Baroli presented the appointment of an Alternate Public Member to fill the vacant position on the Commission. Following a recruitment process and interviews with two candidates, the LAFCo recruitment committee unanimously recommended Mark Massara for appointment, citing his experience in environmental law, nonprofit leadership, and familiarity with planning, coastal zone, and LAFCo-related matters. Mr. Bartoli requested that the Commission appoint Mr. Massara to a term ending in May 2030, consistent with the voting requirements of Government Code Section 56325(d). He also expressed his appreciation to the LAFCo recruitment committee for its participation and assistance throughout the recruitment process.

Public Speakers: None.

Commission Action

The Commission appointed Mark Massara to the LAFCo Alternate Public Member position with a term ending in May 2030. The oath of office was conducted for Commissioner Mark Massara.
Motion: Commissioner Slater-Carter/ Second: Commissioner Ruddock
Ayes: Commissioners Slater-Carter, Ruddock, Canepa, Speier, Rainaldi, Draper, and Chang Kiraly
Absent: None.
Motion passed unanimously 7-0 by roll call vote.

7. CALAFCO 2026 Annual Conference – Information Only

No additional information was presented on this item.

8. Fiscal Year 2025-26 Year End and Fiscal Year 2026-27 Quarterly LAFCo Budget Update – Information Only

The Commission received the quarterly LAFCo budget update for FY 2026-27 and was informed that expenditure remains on target for the current fiscal year. No additional information or questions were raised.

9. Legislative Report – Information Only

No additional information was provided by LAFCo staff, who noted that Commissioner Speier had already provided a detailed update on the Vehicle License Fee (VLF) issue.

10. Commissioner/Staff Reports – Information Only

LAFCo Executive Officer Rob Bartoli announced a vacancy for the Alternate Special District Member position following Commissioner Slater-Carter's appointment as a regular member. Special districts were invited to submit nominations by September 25, with an election to follow if multiple nominations are received.

Mr. Bartoli shared his experience attending Harvard University's three-week Senior Executive in State and Local Government program in July, which focused on leadership development, negotiation, and policy analysis. He highlighted the value of collaboration and the common challenges facing public agencies in delivering public services.

11. Adjournment

The Commission adjourned at 3:27 PM.

Approved on September 16, 2026

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

Prepared by: _____
Diane Estipona, LAFCo Clerk

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November 10, 2026

To: LAFCo Commissioners

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

Subject: Consideration of LAFCo File No. 26-08 – Proposed Annexation of 30 Navajo Pl., Portola Valley (APN 077-300-060) to West Bay Sanitary District

Summary

This proposal, submitted by landowner petition, requests annexation of 30 Navajo Pl., Portola Valley (APN 077-300-060) to West Bay Sanitary District and connection to the District's sewer main on Navajo Pl. The proposed annexation area is approximately 1.14 acres, which includes an existing single-family residence that is currently utilizing on-site septic. The proposal has 100 percent landowner consent and waiver of conducting authority proceedings is also requested. Commission approval is recommended.

Departmental Reports

County Assessor: The total net assessed land valuation for the parcel (APN 077-300-060) shown in the County Assessor records is $2,896,605.

County Clerk: The territory has two registered voters.

County Environmental Health: The California Water Service Company and West Bay Sanitary District provide the available water and sewer service in the area.

Town of Portola Valley: The Town's General Plan designation is Residential-Low Density. The Town staff reports that the proposed annexation is compatible with the Town's General and Specific Plans and recommends approval. The Town advises that an encroachment permit is required.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER- CARTER, SPECIAL DISTRI
DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

West Bay Sanitary District: Currently, there is a 2-inch force main at the frontage of the parcel along Navajo Place. Annexation to the On-Site Wastewater Disposal Zone is required as part of this project.

Executive Officer's Report

This proposal has been submitted by landowner petition. The territory proposed for annexation is located at 30 Navajo Pl. (APN 077-300-060), Portola Valley. The property is proposed to connect to an existing 2-inch force main located at the frontage on Navajo Pl.

The annexation area is within the sphere of influence of West Bay Sanitary District adopted by the Commission in 1984 and is consistent with the District's plans for extending service. Approval of the annexation is recommended.

Annexation to the On-Site Wastewater Disposal Zone

Sections 6960.3 and 6974 of the Health and Safety Code governing sanitary districts require LAFCo approval for formation of, or annexation to, an On-site Wastewater Disposal Zone (Zone) in counties in which LAFCo has added special district members to the Commission and adopted Rules and Regulations Affecting the Functions and Services of Independent Special Districts. West Bay Sanitary District operates a Zone within its jurisdiction to maintain pumping systems where gravity flow to the sewer main is not possible. Annexation of these properties to the Zone is necessary for the District to maintain the pumping system that will be constructed as part of the sewer connection. Staff recommends approval of annexation to the Zone.

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 resolution, approve File No. 26-08 – Proposed Annexation of 30 Navajo Pl., Portola Valley (APN 077-300-060) to West Bay Sanitary District and Waiver of Conducting Authority Proceedings.

Attachments

A. Annexation Application for 30 Navajo Pl., Portola Valley (APN 077-300-060) to West Bay Sanitary District

B. Vicinity Map

C. Resolution No. 1359

cc: Sergio Ramirez and Mark Robert Robles, West Bay Sanitary District
Ocoee Wilson, Town of Portola Valley
Ed Diaz, San Mateo County Environmental Health
Chephren Goree, San Mateo County Clerk
Andrew Smith, San Mateo County Assessor
Craig Schmitz, Property Manager

Attachment A

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

RECEIVED
SEP 25 2026
LAFCo

A. GENERAL INFORMATION

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

To establish sanitary sewer service and annex subject property (30 Navajo Portola Valley, CA - APN 077-300-060) into West Bay Sanitary District sewer system

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):

__x__ 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?

To connect an existing single family residence to West Bay Sanitary District sewer system.

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

__x__ Yes _____ No

5. Estimated acreage: 1.143

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.

West Bay Sanitary 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
Police (example)	*Co. Sheriff*	*City Police*	*N/A*	*Taxes*
Sewer (example)	*None*	*City of . . .*	*Proponent*	*Fees*
SEWER	On-site Septic	WBSD	Owner	Fees

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.

Located near intersection of Meadowood Drive and Navajo Place with project along Navajo Place, end of cul-de-sac.
Approximately 0.13 mile north of Cervantes Road and 2.25 miles South of Interstate 280.

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

Residential

3. How are adjacent lands used?

North: Single-family, Residential Property

South: Single-family, Residential Property

East: Single-family, Residential Property

West: Single-family, Residential Property

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

Yes. The existing residence will be connected to the existing sewer force main on Navajo Drive with a new grinder pump system.

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

Low Residential

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

Residential Estate, R-E/1A/SD-1a

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

N/A

8. What additional approvals will be required to proceed?

Town of Portola Valley and WBSD

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?

N/A

* * * * * * * * * * *

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: TNP Holdings, LLC

EMAIL: tnp.holdings.ca@gmail.com

ADDRESS: 30 Navajo Place Portola Valley, CA, 94028

TELEPHONE: (650) 646-2966

ATTN: _____

By: _____
Name: Craig Schmitz
Title: Manager

Signature of Proponent

Applica_blk.doc
(10/6/2000)

RECEIVED
SEP 25 2026
LAFCo

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 into the West Bay Sanitary District

3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein. See attached Exhibit "B" of plat & legal

4. The territory(ies) included in the proposal is/are:

   _ inhabited (12 or more registered voters) X Uninhabited

5. This proposal is X is not _ consistent with the sphere of influence of the affected city and/or district(s).

6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are:

7. The proposed annexation is requested to be made subject to the following terms and conditions:

8. The persons signing this petition have signed as:

   __ registered voters **or** X Owners of land (check one) within the subject territory.

RECEIVED
SEP 25 2026
LAFCo

EXHIBIT "A"
LEGAL DESCRIPTION
FOR PROPOSED SEWER ANNEXATION
LOT 31, 50 MAPS 45
TOWN OF PORTOLA VALLEY, SAN MATEO COUNTY

All that certain real property, situate in the Town of Portola Valley, County of San Mateo, State of California, being Lot 31, Block 1 as shown on "Tract No. 774 Arrowhead Meadows Unit No. 4", filed in Book 50 of Map, pages 45-48, inclusive, San Mateo County Records, as shown on Exhibit "B" made a part hereof, more particularly described as follows:

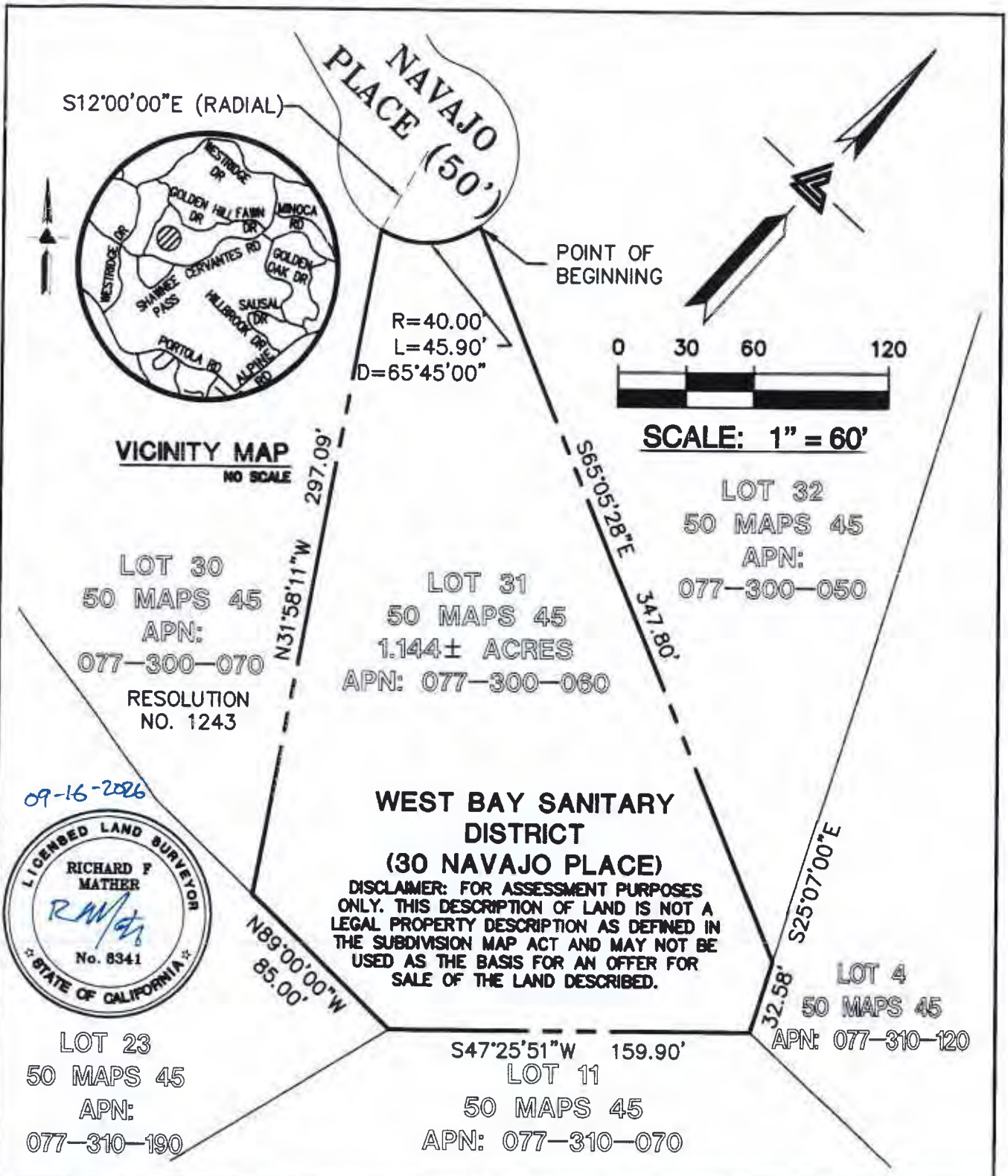
Beginning at the northeast corner of said Lot 31, said point being in the easterly right of way of Navajo Place, 50 feet wide, as shown on said map; thence along the perimeter of said Lot the following six (6) courses:

1. Along the northerly line South 65°05′28″ East, 347.80 feet;
2. thence South 25°07′00″ East, 32.58 feet;
3. thence South 47°25′51″ West, 159.90 feet;
4. thence North 89°00′00″ West, 85.00 feet;
5. thence North 31°58′11″ West, 297.09 feet to the said easterly right of way of Navajo Place;
6. thence along said curved right of way to the left with a radius of 40.00 feet, a radial to said point bears South 12°00′00″ East, through a central angle of 65°45′00″ and an arc distance of 45.90 feet to the **Point of Beginning.**

Containing 1.144 acres, more or less.

END OF DESCRIPTION
PREPARED BY OR UNDER THE SUPERVISION OF:





LEA & BRAZE ENGINEERING, INC.
CIVIL ENGINEERS · LAND SURVEYORS
BAY AREA REGION
2495 INDUSTRIAL PKWY WEST
HAYWARD, CALIFORNIA 94545
(P) (510) 887-4086
(F) (510) 887-3019
SACRAMENTO REGION
3017 DOUGLAS BLVD, # 300
ROSEVILLE, CA 95661
(P) (916)966-1338
(F) (916)797-7363
WWW.LEABRAZE.COM

EXHIBIT "B"
PLAT TO ACCOMPANY LEGAL DESCRIPTION FOR PROPOSED SEWER ANNEXATION, LOT 31, 50 MAPS 45, TOWN OF PORTOLA VALLEY, SAN MATEO COUNTY

JOB NO 2260232 SCALE: 1"= 60'

DRAWN BY: RM

2260232
SEPTEMBER 2026
LAFCO ANNEXATION LOT 31, 50 MAPS 45

North: 4290.0056' East: 5847.2867'

Segment #1 : Line

Course: S65° 05' 28"E Length: 347.80'
North: 4143.5204' East: 6162.7339'

Segment #2 : Line

Course: S25° 07' 00"E Length: 32.58'
North: 4114.0210' East: 6176.5629'

Segment #3 : Line

Course: S47° 25' 51"W Length: 159.90'
North: 4005.8519' East: 6058.8027'

Segment #4 : Line

Course: N89° 00' 00"W Length: 85.00'
North: 4007.3353' East: 5973.8157'

Segment #5 : Line

Course: N31° 58' 11"W Length: 297.09'
North: 4259.3651' East: 5816.5151'

Segment #6 : Curve

Length: 45.90' Radius: 40.00'
Delta: 65°45'00" Tangent: 25.85'
Chord: 43.42' Course: N45° 07' 30"E
Course In: N12° 00' 00"W Course Out: S77° 45' 00"E
RP North: 4298.4910' East: 5808.1986'
End North: 4290.0006' East: 5847.2846'

Perimeter: 968.27' Area: 49826.98 Sq. Ft.

Error Closure: 0.0054 Course: S22° 45' 44"W
Error North: -0.00497 East: -0.00209

Precision 1: 178850.00

RECEIVED
SEP 25 2026
LAFCo

WRITTEN CONSENT OF THE MANAGER OF TNP HOLDINGS, LLC

The undersigned, being the Manager of TNP Holdings, LLC, a California limited liability company (the "**Company**"), hereby consents to and adopt the following resolutions pursuant to the Company's Operating Agreement and applicable law, effective as of September 22, 2026:

WHEREAS, the Company is the record owner of that certain real property located at 30 Navajo Place, Portola Valley, CA 94028 in San Mateo County (Assessor's Parcel Number (APN) 077-300-060) (the "**Property**");

WHEREAS, the Company desires to submit an application and petition to the San Mateo Local Agency Formation Commission ("**LAFCo**") related to annexation into the West Bay Sanitary District (the "**LAFCo Proceeding**"); and

WHEREAS, the Company desires to authorize its representatives to execute and submit the LAFCo Proceeding and related documents on the Company's behalf.

NOW, THEREFORE, BE IT RESOLVED, that Craig Schmitz, in his capacity as Manager of the Company, or either of Cynthia McAdam or Michael McAdam, each as Trustee of the Member of the Company (each, a "**Signatory**") are hereby authorized and directed, on behalf of the Company, to:

1. Execute and file the LAFCo application, petition, and any related forms, exhibits, or agreements required by LAFCo in connection with the LAFCo Proceeding;

2. Sign as "landowner" on behalf of the Company for purposes of Government Code Section 56710 and any related provision of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

3. Take any further action, and execute any further documents, reasonably necessary or appropriate to carry out the intent of these resolutions.

FURTHER RESOLVED, that this Consent may be relied upon by LAFCo and its Executive Officer as written evidence, pursuant to Government Code Section 56710(c), that each Signatory is a duly authorized legal representative of the Company for purposes of the LAFCo Proceeding.

IN WITNESS WHEREOF, the undersigned has executed this Written Consent as of the date first written above.

By: _____
Name: Craig Schmitz
Title: Manager
Date: September 22, 2026

RECEIVED
SEP 25 2026
LAFCo

CERTIFICATE OF INCUMBENCY AND AUTHORITY

I, Craig Schmitz, certify that I am the Manager for TNP Holdings, LLC (the "***Company***"), and that, as such, I am authorized to execute this certificate on behalf of the Company, and do hereby further certify that each of the following named persons are Authorized Representatives of the Company and that the signature set forth opposite each person's name is the true specimen of his or her genuine signature:

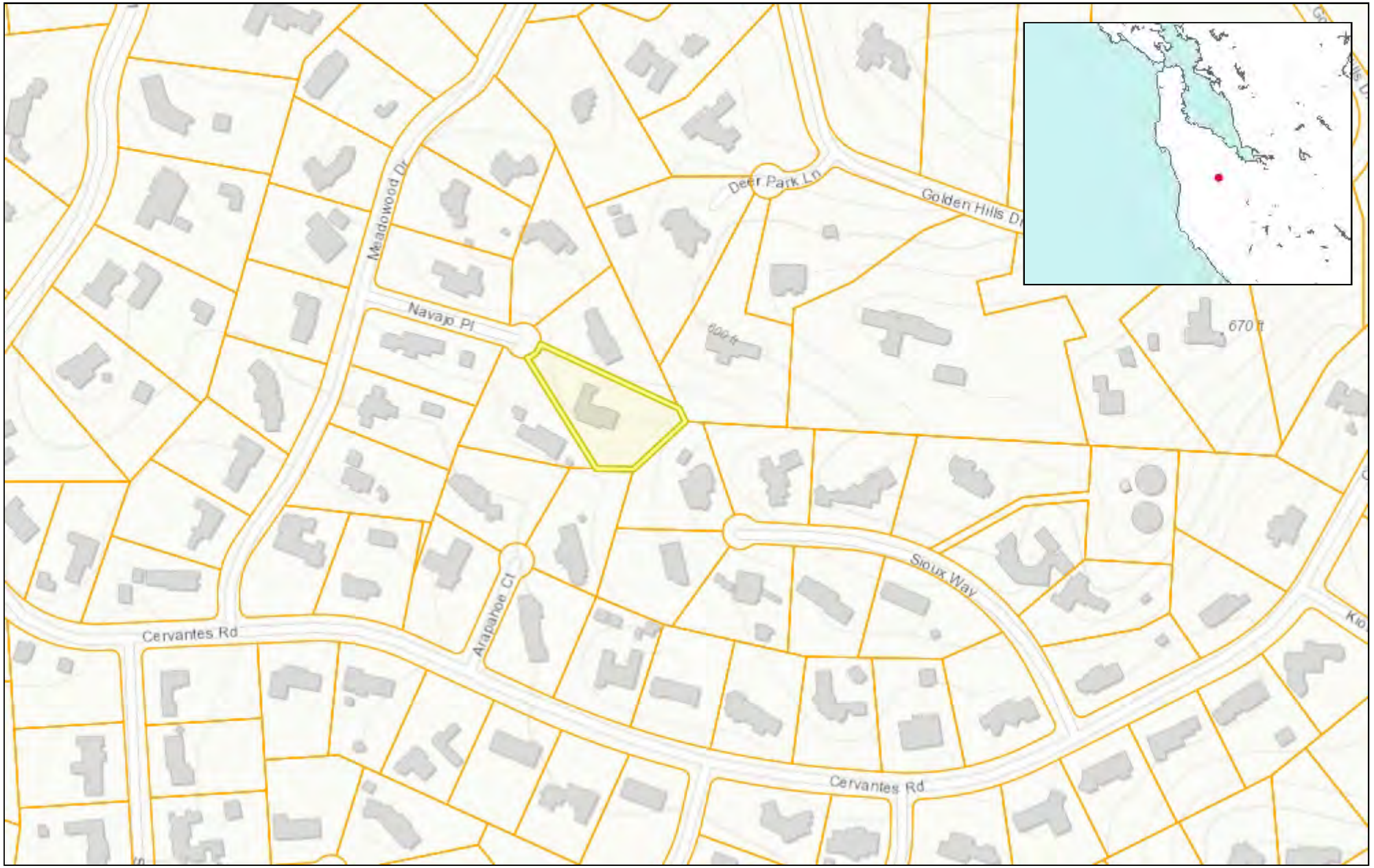
Name	**Title**	**Signature**
Craig Schmitz	Manager	
Cynthia McAdam	Authorized Signatory	
Michael McAdam	Authorized Signatory	

IN WITNESS WHEREOF, I have executed this certificate this 22nd day of September, 2026.

Name: Craig Schmitz
Title: Manager

San Mateo County

30 Navajo Pl. (APN 077-300-060)



0.14 0 0.07 0.14 Miles

1: 4,514

WGS_1984_Web_Mercator_Auxiliary_Sphere

© Latitude Geographics Group Ltd.

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

Attachment C

LAFCo File No. 26-08

RESOLUTION NO. 1359

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS, APPROVING LAFCO FILE 26-08 -
ANNEXATION OF 30 NAVAJO PL., PORTOLA VALLEY (APN 077-300-060)
TO THE WEST BAY SANITARY DISTRICT AND THE ON-SITE WASTEWATER DISPOSAL ZONE, AND
WAIVING CONDUCTING AUTHORITY PROCEEDINGS

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 West Bay Sanitary 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 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 conditions: None.

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 1.14 acres, is found to be “uninhabited,” and is assigned the following distinctive short form designation: Annexation of 30 Navajo Pl., Portola Valley to the West Bay Sanitary District.

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

Section 5. Subsequent annexation to the On-Site Wastewater Disposal Zone is hereby approved.

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:

_____ Date: _____
Roberto Bartoli
Executive Officer
Local Agency Formation Commission

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

November 10, 2026

To: LAFCo Commissioners

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

Subject: Consideration of LAFCo File No. 26-09 – Proposed Annexation of 211 Cervantes Rd., Portola Valley (APN 077-226-040) to West Bay Sanitary District

Summary

This proposal, submitted by landowner petition, requests annexation of 211 Cervantes Rd., Portola Valley (APN 077-226-040) to West Bay Sanitary District and connection to the District's sewer main on Minoca Rd. The proposed annexation area is approximately 1.59 acres, and includes an existing single-family residence which is currently utilizing on-site septic. The proposal has 100 percent landowner consent and waiver of conducting authority proceedings is also requested. Commission approval is recommended.

Departmental Reports

County Assessor: The total net assessed land valuation for the parcel (APN 077-226-040) shown in the County Assessor records is $702,838.

County Clerk: The territory has one registered voter.

County Environmental Health: The California Water Service Company and West Bay Sanitary District provide the available water and sewer service in the area.

Town of Portola Valley: The Town's General Plan designation is Residential Low. The Town staff report that the proposed annexation is compatible with the Town's General and Specific Plans and recommends approval. The Town advises that an encroachment permit is required.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER- CARTER, SPECIAL DISTRI
DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

West Bay Sanitary District: Currently, there is a 2-inch force main along Cervantes Road in front of 15 Peak Lane and there is also an existing 8-inch gravity main along Minoca Rd. Annexation to the On-Site Wastewater Disposal Zone is required as part of this project.

Executive Officer's Report

This proposal has been submitted by landowner petition. The territory proposed for annexation is located at 211 Cervantes Rd. (APN 077-226-040), Portola Valley. The property is proposed to connect to an existing sewer gravity main located on Minoca Rd.

The annexation area is within the sphere of influence of West Bay Sanitary District adopted by the Commission in 1984 and is consistent with the District's plans for extending service. Approval of the annexation is recommended.

Annexation to the On-Site Wastewater Disposal Zone

Sections 6960.3 and 6974 of the Health and Safety Code governing sanitary districts require LAFCo approval for formation of, or annexation to, an On-site Wastewater Disposal Zone (Zone) in counties in which LAFCo has added special district members to the Commission and adopted Rules and Regulations Affecting the Functions and Services of Independent Special Districts. West Bay Sanitary District operates a Zone within its jurisdiction to maintain pumping systems where gravity flow to the sewer main is not possible. Annexation of these properties to the Zone is necessary for the District to maintain the pumping system that will be constructed as part of the sewer connection. Staff recommends approval of annexation to the Zone.

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 resolution, approve File No. 26-09 – Proposed Annexation of 211 Cervantes Road, Portola Valley (077-226-040) to West Bay Sanitary District and Waiver of Conducting Authority Proceedings.

Attachments

A. Annexation Application for 211 Cervantes Road, Portola Valley (077-226-040) to West Bay Sanitary District

B. Vicinity Map

C. Resolution No. 1360

cc: Sergio Ramirez and Mark Robert Robles, West Bay Sanitary District
Town of Portola Valley
Ed Diaz, San Mateo County Environmental Health
Chephren Goree, San Mateo County Clerk
Andrew Smith, San Mateo County Assessor
Wanda W. Ginner, Property Owner

Attachment A

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

RECEIVED
OCT 14 2026
LAFCo

A. GENERAL INFORMATION

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

ANNEXATION FOR THE PROPERTY AT 211 CERVANTES ROAD, PORTOLA VALLEY , CA 94028 APN: 077-226-040
TO THE WEST BAY SANITARY DISTRICT.

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):

X 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?

I HAVE HAD ISSUES WITH SEPTIC SYSTEM MAINTAINANCE AND WOULD LIKE TO CONNECT TO SEWER

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

X Yes _____ No

5. Estimated acreage: 1.59

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.

WEST BAY SANITARY 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
Police (example)	*Co. Sheriff*	*City Police*	*N/A*	*Taxes*
Sewer (example)	*None*	*City of . . .*	*Proponent*	*Fees*
SEWER	SEPTIC	WEST BAY SANITARY DISTRICT	PROPONENT	FEES

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 TERRITORY IS SOUTHWEST OF HIGHWAY I-280 & ALPINE ROAD APPROXIMATLEY 2.2 MILES. IT IS LOCATED ON A RISE ABOUT 466 FT SOUTHEAST FROM THE CORNER OF MINOCA ROAD & CERVANTES ROAD INCORPORATED TOWN OF PORTOLA VALLEY

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

SINGLE - FAMILY RESIDENTIAL WITH A PROPOSED URBAN LOT SPLIT INTO TWO PROPERTIES WITH TWO HOUSES (ONE EXISTING & ONE PROPOSED) AND ONE ADU

3. How are adjacent lands used?

North: RESIDENTIAL

South: RESIDENTIAL

East: RESIDENTIAL

West: RESIDENTIAL

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

NO. IN THE FUTURE I INTEND TO PROPOSE A NEW HOUSE AND ADU AND TO KEEP THE EXISTING HOUSE. NO PLANS HAVE

BEEN PREPARED OR SUBMITTED TO LOCAL AGENCIES. THIS PROPOSAL COULD BE ON SEPTIC, BUT AS MENTION ABOVE I PREFER TO CONNECT TO SEWER.

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

LOW-INTENSITY RESIDENTIAL

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

R-E/1A/SD-1a

7. What prezoning, 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?

CLASS 3 SEWER PERMIT FOR WEST BAY SANITARY DISTRICT TO EXTEND THE GRAVITY SEWER MAIN APPROX. 220LF TO SERVE THE PARCEL. WEST BAY SANITARY DISTRICT WILL NEED TO APPROVE CLASS 1 SEWER CONNECTION. TOWN OF PORTOLA VALLEY WILL NEED TO APPROVE INSTALLATION THE SEWER LINE IN THE STREET.

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?

N/A

* * * * * * * * * * * *

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: THE GINNER FAMILY TRUST U/A DATED JAN 16,2022 EMAIL: wanda@ginner.com

ADDRESS: 211 CERVANTED RD, PORTOLA VALLEY, CA 94028 TELEPHONE: 6502912300

ATTN: _____ Wanda W. Ginner

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 FOR THE PROPERTY AT 211 CERVANTES ROAD, PORTOLA VALLEY, CA 94028 APN: 077-226-040

3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein.

4. The territory(ies) included in the proposal is/are:

   _ inhabited (12 or more registered voters) X Uninhabited

5. This proposal is X is not _ consistent with the sphere of influence of the affected city and/or district(s).

6. The reason(s) for the proposed ANNEXATION (annexation, detachment, reorganization, etc.) is/are:

7. The proposed _____ is requested to be made subject to the following terms and conditions:

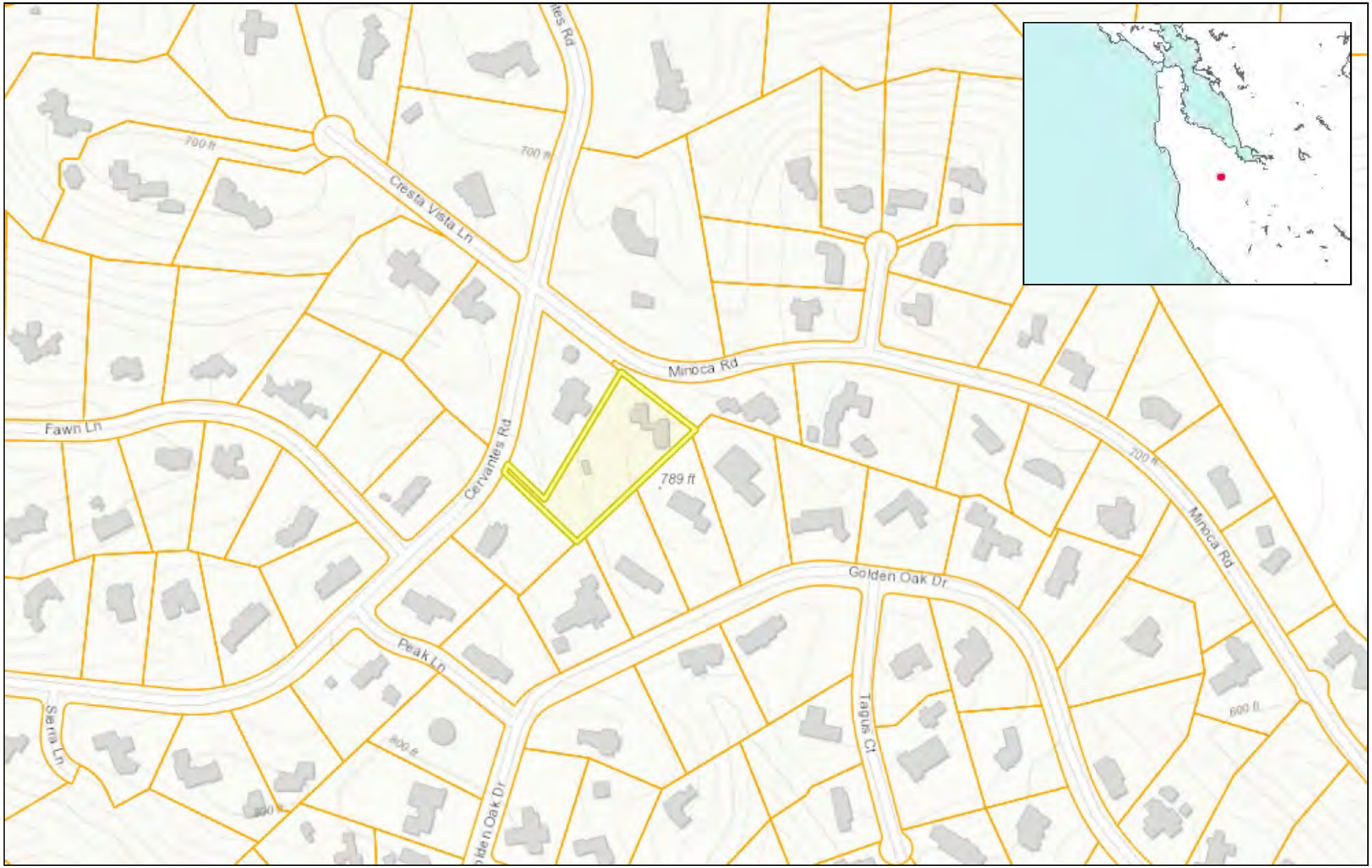
   N/A

8. The persons signing this petition have signed as:

   _ registered voters **or** X Owners of land (check one) within the subject territory.

San Mateo County

211 Cervantes Rd., Portola Valley (APN: 077-226-040)



0.15 0 0.08 0.15 Miles

1: 4,791

WGS_1984_Web_Mercator_Auxiliary_Sphere

© Latitude Geographics Group Ltd.

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

LAFCo File No. 26-09

RESOLUTION NO. 1360

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS, APPROVING LAFCO FILE 26-09 -
ANNEXATION OF 211 CERVANTES RD., PORTOLA VALLEY (APN 077-226-040)
TO THE WEST BAY SANITARY DISTRICT AND THE ON-SITE WASTEWATER DISPOSAL ZONE, AND
WAIVING CONDUCTING AUTHORITY PROCEEDINGS

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 West Bay Sanitary 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 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 conditions: None.

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 1.59 acres, is found to be “uninhabited,” and is assigned the following distinctive short form designation: Annexation of 211 Cervantes Rd., Portola Valley to the West Bay Sanitary District.

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

Section 5. Subsequent annexation to the On-Site Wastewater Disposal Zone is hereby approved.

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:

_____ Date: _____
Roberto Bartoli
Executive Officer
Local Agency Formation Commission

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

November 10, 2026

To: LAFCo Commissioners

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

Subject: Consideration of LAFCo File No. 26-10 – Proposed Annexation of 147 Mapache Dr., Portola Valley (APN 077-050-070) to West Bay Sanitary District

Summary

This proposal, submitted by landowner petition, requests annexation of 147 Mapache Dr., Portola Valley (APN 077-050-070) to West Bay Sanitary District and connection to the District's sewer main along the intersection of Westridge Dr. and Mapache Dr. The proposed annexation area is approximately 2.51 acres, including an existing single-family residence which is currently utilizing on-site septic. The proposal has 100 percent landowner consent and waiver of conducting authority proceedings is also requested. Commission approval is recommended.

Departmental Reports

County Assessor: The total net assessed land valuation for the parcel (APN 077-050-070) shown in the County Assessor records is $4,650,000.

County Clerk: The territory has no registered voters.

County Environmental Health: The California Water Service Company and West Bay Sanitary District provide the available water and sewer service in the area.

Town of Portola Valley: The Town's General Plan designation is Residential Estate, single family Density. The Town staff report that the proposed annexation is compatible with the Town's General and Specific Plans and recommends approval. The Town advises that an encroachment permit is required.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER- CARTER, SPECIAL DISTRI
DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

West Bay Sanitary District: Currently, there is a 3-inch force main along Westridge Drive. Annexation to the On-Site Wastewater Disposal Zone is required as part of this project.

Executive Officer's Report

This proposal has been submitted by landowner petition. The territory proposed for annexation is located at 147 Mapache Dr. (APN 077-050-070), Portola Valley. The property is proposed to connect to an existing 3-inch force main located at the intersection of Westridge Dr. and Mapache Dr.

The annexation area is within the sphere of influence of West Bay Sanitary District adopted by the Commission in 1984 and is consistent with the District's plans for extending service. Approval of the annexation is recommended.

Annexation to the On-Site Wastewater Disposal Zone

Sections 6960.3 and 6974 of the Health and Safety Code governing sanitary districts require LAFCo approval for formation of, or annexation to, an On-site Wastewater Disposal Zone (Zone) in counties in which LAFCo has added special district members to the Commission and adopted Rules and Regulations Affecting the Functions and Services of Independent Special Districts. West Bay Sanitary District operates a Zone within its jurisdiction to maintain pumping systems where gravity flow to the sewer main is not possible. Annexation of these properties to the Zone is necessary for the District to maintain the pumping system that will be constructed as part of the sewer connection. Staff recommends approval of annexation to the Zone.

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 resolution, approve File No. 26-10 – Proposed Annexation of 147 Mapache Dr., Portola Valley (077-050-070) to West Bay Sanitary District and Waiver of Conducting Authority Proceedings.

Attachments

A. Annexation Application for 147 Mapache Dr., Portola Valley (077-050-070) to West Bay Sanitary District
B. Vicinity Map
C. Resolution No. 1361

cc: Sergio Ramirez and Mark Robert Robles, West Bay Sanitary District
Town of Portola Valley
Ed Diaz, San Mateo County Environmental Health
Chephren Goree, San Mateo County Clerk
Andrew Smith, San Mateo County Assessor
Susanto Purnama, Property Owner

Attachment A

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

RECEIVED
OCT 27 2026
LAFCo

A. GENERAL INFORMATION

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

To establish sanitary sewer service and annex subject property (147 Mapache Drive, Portola Valley, CA, APN: 077-050-070) into West Bay Sanitary District sewer system.

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):

__x__ 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?

To connect an existing single family residence to West Bay Sanitary District sewer system.

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

__x__ Yes _____ No

5. Estimated acreage: 2.513 AC

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.

West Bay Sanitary 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
Police (example)	*Co. Sheriff*	*City Police*	*N/A*	*Taxes*
Sewer (example)	*None*	*City of . . .*	*Proponent*	*Fees*
Sewer	On-site septic	WBSD	Owner	Fees

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.

Located near intersection of Westridge Drive and Mapache Drive with project along Mapache Drive, fourth southerly property from the intersection.
Approximately 2.6 miles west of Alpine Road and 3.7 miles South of Interstate 280.

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

Residential

3. How are adjacent lands used?

North: Single-family, Residential Property

South: Single-family, Residential Property

East: Single-family, Residential Property

West: Single-family, Residential Property

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

Yes. The existing residence in the subject property/parcel will be connected to the existing sewer force main on Westridge Drive.

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

Single-family, Residential Property

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

Residential Estate, R-E/2.5/SD-2.5

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

N/A

8. What additional approvals will be required to proceed?

Town of Portola Valley and WBSD

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?

N/A

* * * * * * * * * * *

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: Santo Purnama EMAIL: santo@cel.io

ADDRESS: 380 Hamilton Ave #678, Palo Alto, CA 94301 TELEPHONE: (408) 396-5683

ATTN: Santo Purnama

Signature of Proponent

Applica_blk.doc
(10/6/2000)

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 into the West Bay Sanitary District

3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) attached hereto and by this reference incorporated herein.
   See attached Exhibit "B" of plat & legal

4. The territory(ies) included in the proposal is/are:

   _ inhabited (12 or more registered voters) X Uninhabited

5. This proposal is X is not _ consistent with the sphere of influence of the affected city and/or district(s).

6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are:

7. The proposed annexation is requested to be made subject to the following terms and conditions:

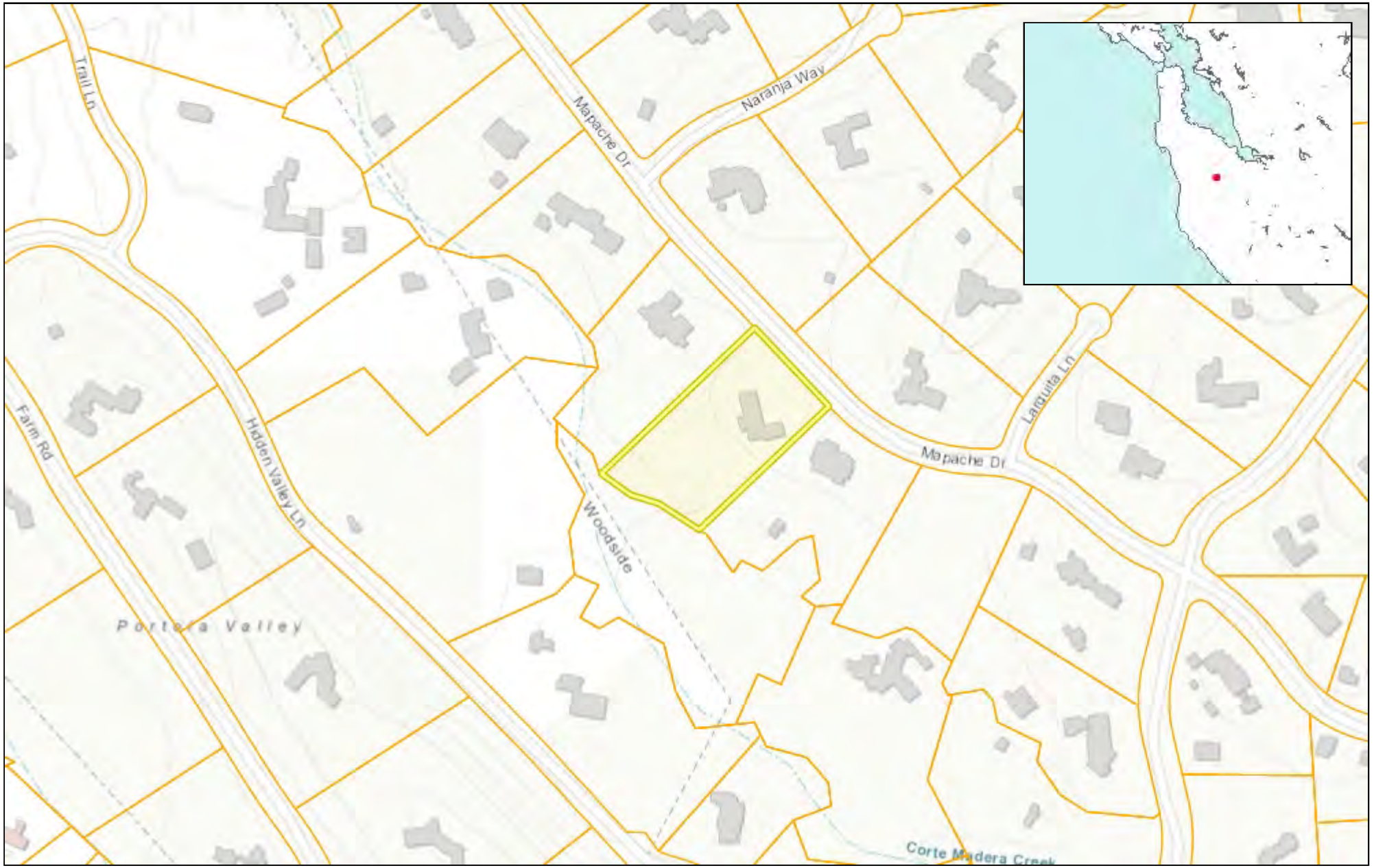
   N/A

8. The persons signing this petition have signed as:

   __ registered voters **or** X Owners of land (check one) within the subject territory.

San Mateo County

147 Mapache Drive (077-050-070)



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

LAFCo File No. 26-10

RESOLUTION NO. 1361

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS, APPROVING LAFCO FILE 26-10 -
ANNEXATION OF 245 SHAWNEE PASS, PORTOLA VALLEY (APN 077-050-070)
TO THE WEST BAY SANITARY DISTRICT AND THE ON-SITE WASTEWATER DISPOSAL ZONE, AND
WAIVING CONDUCTING AUTHORITY PROCEEDINGS

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 West Bay Sanitary 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 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 conditions: None.

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 2.51 acres, is found to be “uninhabited,” and is assigned the following distinctive short form designation: Annexation of 147 Mapache Dr., Portola Valley to the West Bay Sanitary District.

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

Section 5. Subsequent annexation to the On-Site Wastewater Disposal Zone is hereby approved.

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:

_____ Date: _____
Roberto Bartoli
Executive Officer
Local Agency Formation Commission

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

November 10, 2026

To: LAFCo Commissioners

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

Subject: Consideration of Final Municipal Service Reviews and Sphere of Influence Updates for the Town of Atherton, the Atherton Channel Drainage District, and the City of Menlo Park

Summary & Background

In 1985, San Mateo LAFCo first prepared comprehensive SOI studies and adopted SOIs for the County's cities and special districts. Subsequently, LAFCo reviewed and updated SOIs 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. This report reviews the following agencies in San Mateo County:

Town of Atherton: On September 12, 1923, the Town of Atherton was incorporated as a General Law municipality. The population of Atherton is 7,086 and the area is approximately five square miles of residential community. The Town employs 43 Full Time Equivalent (FTE) staff. The FY 2026-27 adopted General Fund budget is $23,370,663. The Town SOI is coterminous with its existing corporate boundaries.

Atherton Channel Drainage District: The Drainage District was formed in 1958 as a subsidiary district of the Town of Atherton, to construct and maintain stormwater collection facilities in areas determined to be in the local stream flood plain. As a subsidiary district, the Atherton City Council functions as the District's governing body. The District budget is adopted as part of the Town's Capital Improvement Program budget. Town staff provide operations and routine maintenance services to the District. The District receives approximately 0.2% share of the 1% property tax assessed on each of the parcels within the 6 square mile boundaries, which span Atherton, Menlo Park, Woodside and parts of

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

unincorporated San Mateo County. According to City Manager George Rodericks, the FY 2026-27 District revenues total $125,000, and expenditures total $60,000. The available ending fund balance is $589,511.

City of Menlo Park: On November 23, 1927, the City of Menlo Park was incorporated as a general law municipality. As of January 2026, the estimated population is 33,785. The City land area is approximately 10 square miles, plus an additional 7 square miles of water area. As of September 2026, the Town budget includes 297 FTE staff. The FY 2026-27 adopted General Fund budget is $90,537,503. The City's SOI is expansive, including the unincorporated San Mateo County communities of Menlo Oaks, West Menlo Park, Weekend Acres, and SLAC.

Updates to the Circulation Draft Municipal Service Reviews

San Mateo LAFCo received additional facts, figures and edits for the City of Menlo Park MSR from the San Mateo County Department of Public Works and the Menlo Park City Manager. The final MSR for the City of Menlo Park incorporates these comments and edits. An additional parcel has been proposed to be included in the amended Menlo Park SOI. There are no other major changes to the report since the circulation draft MSR.

Current Key Issues

The Town of Atherton and the Atherton Channel Drainage District: LAFCo staff has not identified any issues with the Town of Atherton's budgeting practices, and the Town continues to adopt a balanced budget and has adequate reserves. However, the Town, like other municipalities in the County, is affected by the Vehicle License Fee (VLF) in-lieu shortfall. As of November 2026, that shortfall is $1,425,345, which represents approximately 6% of the Town's FY 2026-27 General Fund budget. This shortfall is due to the Town not receiving their full VLF amount in 2024-25 and 2025-26.

The Atherton City Council is the governing body of the Atherton Channel Drainage District, a subsidiary district of the Town. The Drainage District spans four jurisdictions: a majority of Atherton, portions of the City of Menlo Park, 11 parcels in Woodside, and three parcels in unincorporated San Mateo County, two of which are owned by Stanford. The Drainage District provides stormwater collection services. Currently, the Drainage District's budget is insufficient to fund the full cost of ongoing maintenance and infrastructure replacement, largely due to the limited property tax dollars the Drainage District receives. While funds for the Drainage District are kept separately from Town funds, the Town could enhance financial and capital project transparency by preparing and adopting a budget and capital improvement plan for the Atherton Channel Drainage District separately from the Town's budget and Town capital improvement program.

San Mateo LAFCo last conducted an MSR for the Town of Atherton and Atherton Channel Drainage District in 2008.[1]

The City of Menlo Park: The City is also affected by the VLF in-lieu shortfall. In FY 2026-27, the VLF revenue is anticipated to be $1.9M. The City has VLF shortfall of $4.3M, or 5% of total General Fund expenditures. The City does not include VLF backfill revenue in budget forecasts for FY 2027-28 onward. While the City is facing a structural deficit, the City Council adopted a balanced budget in FY 2026-27, addressing an anticipated $7.9M shortfall through a combination of cuts to departmental operating expenditures and increased revenue generation through updates to the Master Fee Schedule and cost allocation plan.

San Mateo LAFCo recommends undertaking a special study to capture the current service providers and reevaluate the SOI designations of Stanford lands in unincorporated San Mateo County. This study will enable LAFCo, Menlo Park, Portola Valley, Woodside, and Stanford University to have a comprehensive discussion regarding SOI designations, accurately capture the current service providers, and determine the probable physical future boundaries of these cities.

Four parcels have been reviewed by LAFCo staff and the Menlo Park City Manager as candidates for additions to the SOI of Menlo Park: APN 055-130-010 (Haven Ave, north-east Menlo Park), APN 074-160-050 (Sharron Heights Golf Club), APN 073-250-070 (Sharron Heights Golf Club/ Stanford University) and APN 074-481-010 (Stanford University). APN 074-481-010 was identified by the City of Menlo Park while the draft MSR was under review.

San Mateo LAFCo last conducted an MSR for the City of Menlo Park in 2009.[2]

MSR Determinations and Recommendations for the Town of Atherton and Atherton Channel Drainage 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:** As of 2026, the Town of Atherton is home to 7,086 residents and nearly 2,700 housing units. The Town's adopted 2023-2031 Housing Element proposed to increase its housing stock by approximately 15%, largely through the construction of ADU's on existing developed property. All housing sites identified in the Town's Housing Element are within the existing boundaries of the Town.

   Recommendation: None

II. **Disadvantaged Unincorporated Communities Determination:** The Town's SOI and municipal boundaries are coterminous, and the Town does not provide water, sewer, or

[1] San Mateo LAFCo, Town of Atherton MSR July 30, 2008

[2] San Mateo LAFCo Municipal Service Review for Menlo Park, 2009

structural fire services. There are no disadvantaged unincorporated communities within the Town's SOI.

Recommendation: None

III. **Capacity and Adequacy of Public Facilities and Services Determination:** The Town of Atherton has the capacity to meet service needs of existing and future development within its boundaries. Atherton's five-year capital improvement plan is adequately funded and designed to ensure public services are adequate and infrastructure needs are proactively addressed.

Recommendation:

1. LAFCo encourages the Town to continue to review potential revenue sources for drainage systems and enhance existing revenue sources for the Atherton Channel Drainage District for capital projects and ongoing operations and maintenance.

IV. **Financial Ability Determination:** The Town prepares an annual operating and capital improvement budget for the upcoming fiscal year, which is adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The Town has healthy reserves, with a FY 2026-27 fund balance projected to represent 50% of total expenditures. The Town has the requisite financial policies in place to ensure its continued financial accountability and stability. However, ongoing State Vehicle License Fee (VLF) in-lieu shortfalls and insufficient Atherton Channel Drainage District revenues present financial challenges, and District finances are not budgeted or audited separately from the Town.

Recommendations:

2. LAFCo encourages the Town to separate the Atherton Channel Drainage District budget from its current structure within the Town's General Fund and Capital Improvement Plan. This will enhance transparency and provide a forum for discussions regarding funding allocation and projects within the District.

3. The annual Independent Financial Audit for the Town should review the Drainage District finances separately from the Town's General Fund and other special revenue funds, as the Drainage District is a dependent district of the Town.

4. Currently, the Town budgets $1.3M in VLF expected revenues for FY 2026-27. Given the uncertainties in VLF revenue payments from the state, and the historic shortfalls/partial payment for prior years, the Town may consider reducing or removing anticipated VLF revenue from future budgets.

V. **Shared Service and Facilities Determination:** The Town of Atherton offers its residents mostly in-house services, such as its own Police Department. The Town contracts out

public works projects and collaborates with the County and other cities on library services through the Library JPA.

Recommendation: None

VI. **Accountability, Structure, and Efficiencies Determination:** The Town of Atherton ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act. Atherton Channel Drainage District business is conducted at regular City Council meetings rather than at separately noticed District meetings.

Recommendation:

5. The City Council does not hold separate governing body meetings for the Atherton Channel Drainage District. Decisions relating to the District, including the annual budget adoption, occur during the Town's regular City Council Meetings. As the District includes portions of Atherton, Menlo Park, Woodside, and unincorporated San Mateo County, holding separate meetings of the City Council sitting as the governing body of the District would likely facilitate inter-jurisdiction collaboration on projects and collaboration on funding and budget. Notice of governing body meetings would also enhance transparency for the public, particularly for those who reside within the District, but outside of the Town of Atherton. LAFCo recommends the Town of Atherton hold governing body meetings for the Atherton Channel Drainage District when discussing actions related to the District, including the adoption of the District's budget and capital improvement plan.

VII. **Other Issues Determination:** The Town is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise.

Recommendation: None

<u>Sphere of Influence Determinations for the Town of Atherton</u>

I. **The present and planned land uses in the area, including agricultural and open space lands:** Residential, park and open space, and public facilities and schools.

II. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton boundaries.

III. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The Town of Atherton provides adequate public services and facilities to its residents.

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 boundaries or the SOI of the Town of Atherton.

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, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:** N/A.

Sphere of Influence Determinations for the Atherton Channel Drainage District

I. **The present and planned land uses in the area, including agricultural and open space lands:** Residential, park and open space, and public facilities and schools.

II. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton Channel Drainage District boundaries.

III. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**: The District, governed by the Atherton City Council and administered by the Atherton Public Works Department, provides adequate routine maintenance of the Atherton Channel. However, the District's property tax revenues are insufficient to fund necessary capital improvements. The District relies on funding from grants, and the city-wide General Fund and Capital Improvement Program.

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 boundaries or the SOI of the Atherton Channel Drainage District.

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:** N/A

MSR Determinations and Recommendations for the City of Menlo Park

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:** As of 2026, the City of Menlo Park is home to 33,785 residents and approximately 14,000 housing units. The City's adopted 2023-2031 Housing Element proposes to increase the City's housing stock by 2,946 units, or approximately 20%, largely through infill and increasing residential density. The development sites identified in the City's adopted Housing Element are within the existing boundaries of the City.

Recommendation: None.

II. **Disadvantaged Unincorporated Communities Determination:** While the City provides water service to a majority of the City, there are no disadvantaged unincorporated communities within the City's SOI or corporate boundaries. However, the Menlo Park neighborhoods of Belle Haven and the Bayfront are considered "low income" and are separated from the rest of the City by US-101.

Recommendation: None

III. **Capacity and Adequacy of Public Facilities and Services Determination:** The City of Menlo Park has the capacity to meet service needs of existing and future development within its boundaries. The City has Master Plans to guide capital expenditures and priorities across various service areas. The capital improvement plan is currently adequately funded, although the General Fund transfer for capital projects was reduced by $1M in FY 2026-27 in order to balance the budget.

Recommendation: None.

IV. **Financial Ability Determination:** The City prepares an annual operating and capital improvement budget for the upcoming fiscal year that is adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The City's target General Fund reserve level is 35% of total expenditures. The projected FY 2026-27 reserve level is just shy of the target, at 32%. Without any intervention or changes, the reserve level is projected to decline further, reaching 9% in FY 2030-31. The City has the requisite financial policies in place to ensure its continued financial accountability and stability. In FY 2026-27, the property tax in lieu of vehicle license fee (VLF) revenue is anticipated to be $1.9M. This represents a shortfall of $4.3M, or 5% of total General Fund expenditures. Menlo Park does not include any VLF backfill revenue in budget forecasts for FY 2027-28 onward.

Recommendation:

1. LAFCo staff encourages the City to continue monitoring its reserve levels and exploring additional revenue sources to help the City align with its General Fund fund balance policy.

V. **Shared Service and Facilities Determination:** The City collaborates and partners with various Bay Area jurisdictions on natural hazard mitigation planning, transportation and traffic management, sea level rise, and shared services and facilities. The City participates in the County's multijurisdictional Local Hazard Mitigation Plan. The City is also a member of the San Francisquito Creek Joint Powers Authority (SFCJPA).

Recommendation:

2. LAFCo staff encourages the City to continue partnering with regional agencies to address traffic and transportation projects, as well as natural hazards and mitigation planning.

VI. **Accountability, Structure, and Efficiencies Determination:** The City ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act.

Recommendation: None.

VII. **Other Issues Determination:** The City is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise. Additionally, through this report, LAFCo staff was made aware that the City of Menlo Park has water infrastructure on Stanford-owned land in unincorporated San Mateo County. This area is currently within the designated SOI of the Town of Woodside. It should be determined whether these SOI designations of the Stanford lands and SLAC accurately reflect the current service providers, potential service needs, as well as the probable physical future boundaries of Menlo Park, Woodside, and Portola Valley.

Recommendation:

3. LAFCo staff recommends that the Commission make a referral to the Budget Committee to consider adding a Special Study of Stanford Lands to the FY 2027-28 workplan and budget. The study would determine the extent of current service providers and suggest appropriate SOI designations of Stanford land in the vicinity of the City of Menlo Park, Town of Portola Valley, and Town of Woodside. The study's recommendations for any SOI amendments would be presented for consideration to the Commission and to the respective City Managers and Stanford University staff.

Proposed Sphere of Influence Determinations for the City of Menlo Park

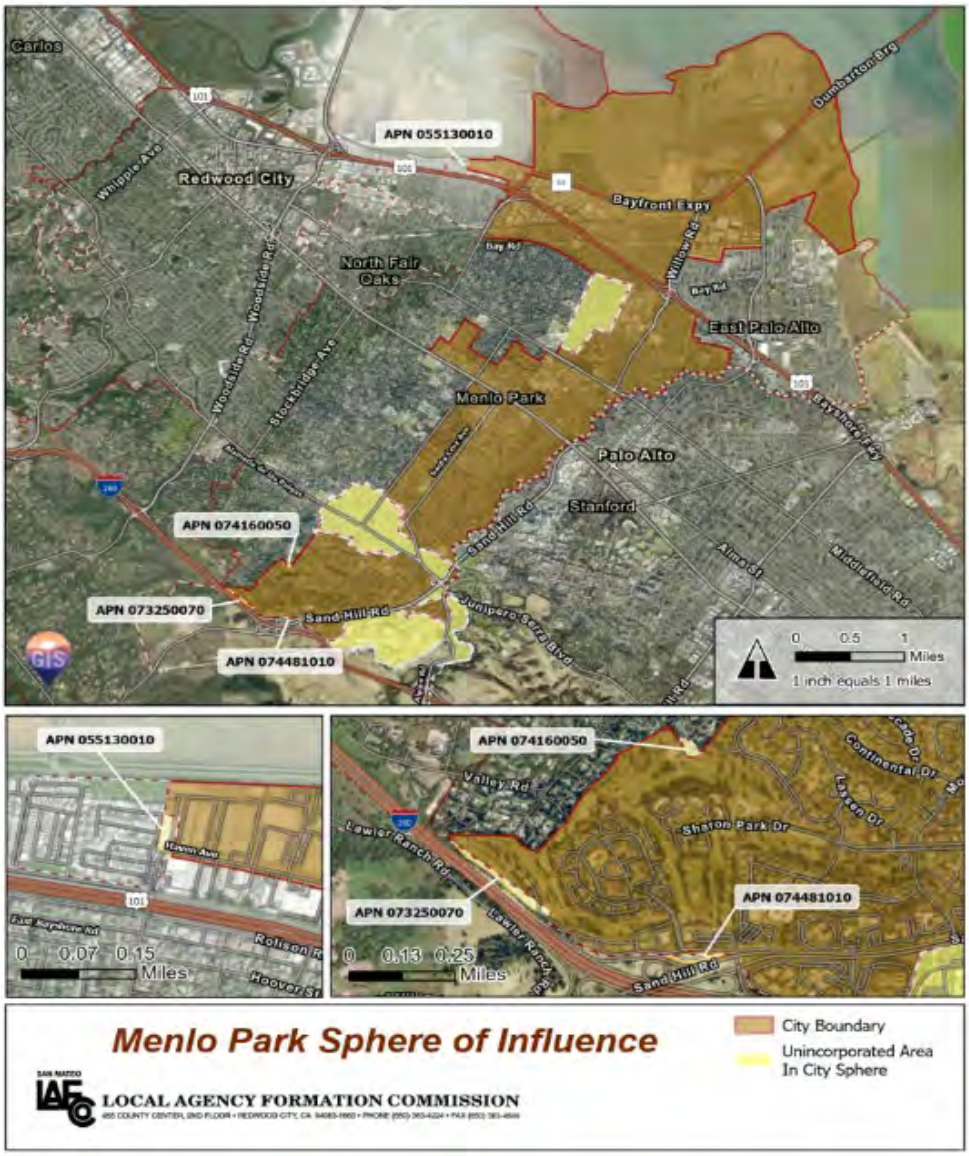
As required by State law, LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency as set forth in Government Code Section 56425(e) that addresses the following:

I. **The present and planned land uses in the area, including agricultural and open-space lands:** The majority of the City's land use is residential. Other land uses include commercial, life sciences and industrial (Bayfront district), institutional, public facilities, parks and open space (tidal marshes and protected wetlands). There is no agricultural land within the City's SOI.

II. **The present and probable need for public facilities and services in the area:** The City of Menlo Park's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area. In reviewing the City's SOI and surrounding parcels, four parcels have been identified to be included in the City's SOI (see Figure 1):

- 3501 Haven Ave. (APN 055-130-010), an unincorporated parcel contiguous to the City. It is currently being used as part of a larger warehouse unit. The City provides water to this parcel. The City of Redwood City has no objection to this parcel being added to the Menlo Park SOI.
- APN 074-160-050 is an unincorporated island owned by the Sharon Heights Golf Club. It is currently in use as part of the golf course. The rest of the Sharon Heights Golf Club is incorporated in the City of Menlo Park. This unincorporated island parcel is contiguous with the border of Menlo Park and Atherton and seemingly has never been assigned to an SOI.
- APN 073-250-070 is an unincorporated parcel owned by Stanford University, currently in use as part of the Sharon Heights golf course. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.
- APN 074-481-010 is an unincorporated parcel owned by Stanford University, currently undeveloped. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.

Figure 1. Proposed Amendment to the Menlo Park Sphere of Influence



III. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide: The City currently provides adequate public services to its residents, including police protection, water, storm water, fire (via Menlo Park Fire Protection District), and sanitary sewer services (via WBSD, EPASD, and FOSMD). The City routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the City's infrastructure and facilities.

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

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: N/A.

Public/Agency Involvement: The primary source of information used in this report was collected from publicly available agency-adopted plans, budgets, reports, and policies. Information received by San Mateo LAFCo in response to requests for data from the Town of Atherton and the City of Menlo Park has 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 Recommendations for Commission:

1. Open the public hearing and accept public comment;
2. Accept the Final Municipal Service Reviews and Sphere of Influence Updates to the Town of Atherton, Atherton Channel Drainage District, and the City of Menlo Park;
3. Adopt the Determinations and Recommendations contained in this report.

Attachments

A. Final Municipal Service Review for the Town of Atherton and the Atherton Channel Drainage District

B. Final Municipal Service Review for the City of Menlo Park

C. Sphere of Influence Maps: Town of Atherton, Atherton Channel Drainage District, City of Menlo Park, Menlo Park Highway Lighting District, Campo-Bello University Park Drainage Maintenance District, University Heights Drainage Maintenance District

D. Resolution 1362

E. Resolution 1363

SAN MATEO LAFCo LOCAL AGENCY FORMATION COMMISSION

Municipal Service Review and Sphere of Influence Update for the Town of Atherton and the Atherton Channel Drainage District

Final Draft

Released November 10, 2026

Municipal Service Review and Sphere of Influence Review for the Town of Atherton and the Atherton Channel Drainage District

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EXECUTIVE SUMMARY

Section I. Report Overview

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) study for the Town of Atherton and the Atherton Channel Drainage District. California Government Code Section 56430 requires that Local Agency Formation Commissions (LAFCos) 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 Section 56000 et seq.. The Commission is composed 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 SOIs for the County's cities and special districts. Subsequently, LAFCo reviewed and updated SOIs 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[1] 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

[1] "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.

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 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 was held at LAFCo's September 16, 2026 meeting. The report was subsequently 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 Town staff.

Disadvantaged Unincorporated Communities

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

Section II. Summary of Key Issues

Key issues identified in compiling information on the Town of Atherton and the Atherton Channel Drainage District:

- LAFCo staff has not identified any issues with the Town's budgeting practices, and the Town continues to adopt a balanced budget and has adequate reserves. However, the Town, like other municipalities in the County, is affected by the Vehicle License Fee (VLF) in-lieu shortfall. The VLF shortfall as of FY 2025-26 is $1,425,345, which represents approximately 6% of the FY 2026-27 General Fund budget.
- The Atherton City Council is the governing body of the Atherton Channel Drainage District, a subsidiary district of the Town. The Drainage District spans four jurisdictions: a majority of Atherton, portions of the City of Menlo Park, 11 parcels in Woodside, and three parcels in unincorporated San Mateo County, two of which are owned by Stanford. The Drainage District provides stormwater collection services. Currently, the Drainage District's budget is insufficient to fund the full cost of ongoing maintenance and infrastructure replacement, largely due to the limited property tax dollars the Drainage District receives. While funds for the Drainage District are kept separately from Town funds, the Town could enhance financial and capital project transparency by preparing and adopting a budget and capital improvement plan for the Atherton Channel Drainage District separately from the Town's budget and Town capital improvement program.

San Mateo LAFCo last conducted an MSR for the Town of Atherton and Atherton Channel Drainage District in 2008.[2]

Section III. Affected Agencies

Cities/Towns and County: Town of Atherton and County of San Mateo

School Districts: Sequoia Union High School District, Menlo Park City School District, Las Lomitas Elementary School District, and Redwood City School District

Independent Special Districts: County Harbor District, Fair Oaks Sewer Maintenance District, Menlo Park Fire Protection District, and West Bay Sanitary District

Dependent Special Districts: Atherton Channel Drainage District

Section IV. Municipal Service Review for the Town of Atherton and the Atherton Channel Drainage District

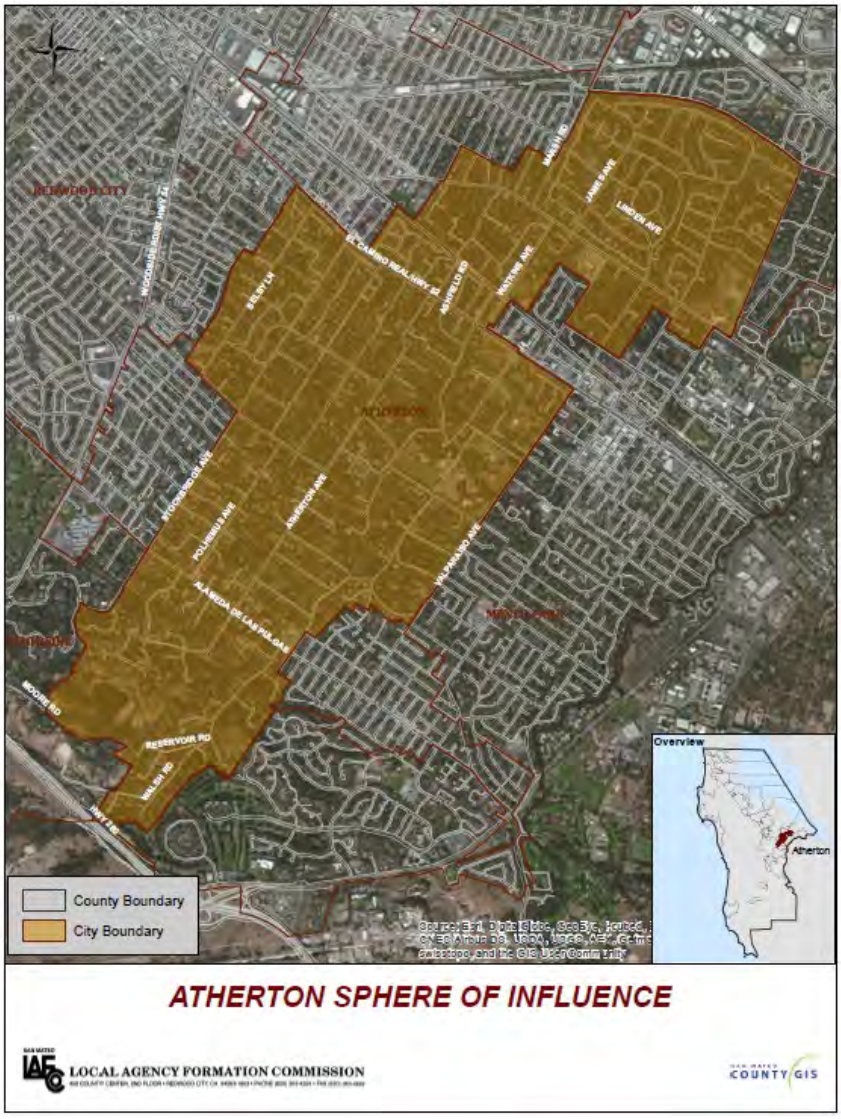
Background: On September 12, 1923, the Town of Atherton was incorporated as a General Law municipality. Atherton is a small, residential community in San Mateo County, nestled between the cities of Redwood City and Menlo Park and portions of unincorporated County. Atherton is governed by five council members, each serving a staggered four-year term, elected by City residents in at-large elections. The City Council appoints a City Manager, City

[2] San Mateo LAFCo, Town of Atherton MSR July 30, 2008

Attorney, members of City Boards and Commissions, and also selects the Mayor. The population of Atherton is 7,086 and the area is approximately five square miles.[3]

The current sphere of influence (SOI) for Atherton is coterminous: the SOI matches the City's boundaries, and there are no plans to expand beyond current jurisdictional limits. (See Figure 1). Indeed, the first of six goals adopted by the City Council to guide its annual workplan is to "preserve the small-town character and quality of life".

Figure 1. Town of Atherton Sphere of Influence



Atherton Channel Drainage District: The Atherton Channel Drainage District was formed in 1958 as a subsidiary district of the Town to construct and maintain stormwater collection

[3] As of January 1, 2026 according to the California Department of Finance, https://www.abridged.org/wp-content/uploads/2026/05/Department-of-Finance.pdf

facilities in areas determined to be in the local stream flood plain. As a subsidiary district, the Atherton City Council functions as the District's governing body. The District budget is adopted as part of the Town's Capital Improvement Program budget. Town staff provide operations and routine maintenance services to the District. Capital improvements are provided through public contracting. When needed, the Town will coordinate with Menlo Park, Woodside, Stanford, and the County on projects.

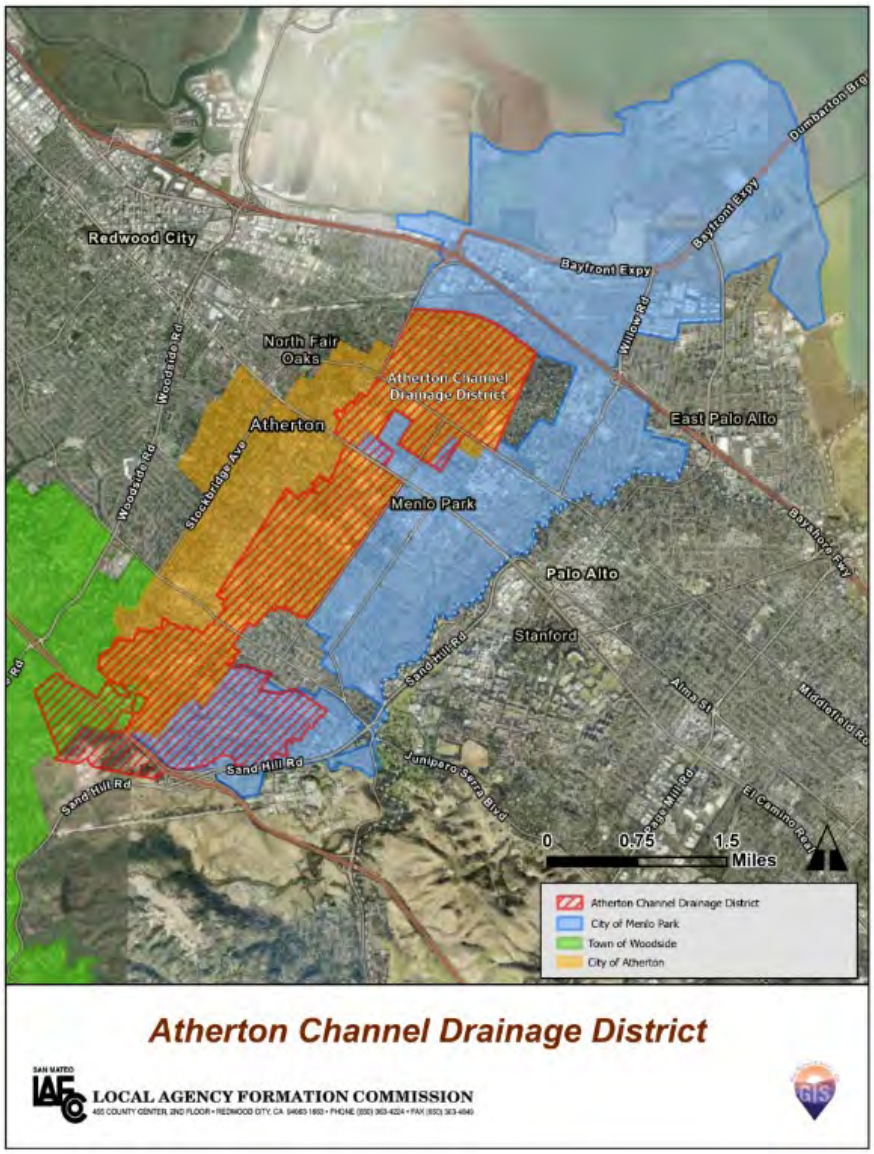
The District is approximately six square miles, including in its boundaries a majority of Atherton, portions of Menlo Park, a small portion of Woodside, and three parcels in unincorporated San Mateo County, two of which are owned by Stanford (see Table 1 and Figure 2). The current SOI for the Atherton Channel Drainage District is coterminous to its corporate boundaries. There are no plans to expand beyond current boundaries.

Table 1. Atherton Channel Drainage District Parcel Count by Jurisdiction

Jurisdiction	No. Parcels	Share
Atherton	1,380	55%
Menlo Park	1,095	44%
Woodside	11	0.4%
Unincorporated	3	0.1%
Total Parcels	2,489	100%

Source: County Assessor 2027

Figure 2. Atherton Channel Drainage District Map



The Atherton Channel Drainage District receives approximately 0.2% share of the 1% property tax assessed on each of the parcels within the District Boundaries (see Table 2). This assessment was "locked in" by Proposition 13.

Table 2. 1% Property Tax Distribution – Sample Tax Rate Area for Town of Atherton (TRA 001-001)

Agency	Share (%)
General County Tax	24
Menlo Park City Elementary School District	16
Menlo Park Fire Protection District	16
Sequoia Union High School District	15
City of Atherton	10
San Mateo Junior College	7
County Education Tax	4
County Free Library	3
Midpeninsula Regional Open Space	2
Sequoia Healthcare District	1
County Harbor District	0.4
Atherton Channel Drainage District	0.2
County Vector Control	0.2
Bay Area Air Quality Management	0.2
Total	100*

Source: County Assessor

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

1) Growth and Population: The Town of Atherton

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	***Yes***	***Maybe***	***No***
a) Is the City's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X

b) Will population changes have an impact on City's service needs and demands?			X
c) Will projected growth require a change in the City's service boundary?			X

a-c) As of 2026, the population count for Atherton is 7,086. The average age in Atherton is approximately 48 years old, while the average age in San Mateo County is 40.[4] Over the next 5-10 years, no significant population change or new development is expected within the current Atherton boundaries, based on a review of planning documents from the City, County and the Association of Bay Area Governments. While there are very few undeveloped or vacant parcels, there is modest opportunity for ADU construction and SB-9 subdivision of large lots.[5] Atherton is characterized by large residential lot sizes (the zoning code limits parcel size primarily to 1-acre, single-family developments), no commercial land uses, and among the highest property values in the state and the country. As of FY 2026-27, Atherton is comprised of 2,621 parcels, with an average assessed value of approximately $7M per parcel.[6] Atherton is comprised of residential, school and civic, and open space land uses.

Atherton provides residents services including building inspection, parks, recreation, planning, police, and public works directly through in-house staff (43 FTE), as well as through contracted providers.

In May 2025, the California State Department of Housing and Community Development (HCD) certified Atherton's 6th Cycle (2023-2031) adopted Housing Element.[7] Atherton has a Regional Housing Needs Allocation of 348 units, which it plans to meet with 396 units projected over the 2023-2031 planning period. All Atherton sites identified as available for housing in the Housing Element are on existing developed property already connected to public sewer and water.[8] The majority of the planned housing units are ADUs. The Housing Element Update also introduces multifamily overlay districts on certain private properties, creating a pathway for denser development. All sites that were identified are within the existing boundaries of the Town.

Growth and Population Determination: As of 2026, the Town of Atherton is home to 7,086 residents and nearly 2,700 housing units. The Town's adopted 2023-2031 Housing Element

[4] SMC Housing Element 2023-31, 25-211 - 20250325_att_att C_Exhibit A to Resolution.pdf
[5] Housing Law Fact Sheet: Duplexes and Lot Splits (SB 9)
[6] According to the 2025-26 Assessor's Annual Report, the five cities with the highest percentage growth in assessed value were Millbrae (7.19 percent), Burlingame (6.90 percent), Brisbane (6.82 percent), Atherton (6.49 percent), and Woodside (6.40 percent).
[7] Housing Element Update | Atherton, CA - Official Website
[8] Housing Element Update | Atherton, CA - Official Website

proposes to increase its housing stock by approximately 15%, largely through the construction of ADUs on existing developed property. All housing sites identified in the Town's Housing Element are within the existing boundaries of the Town.

2) Disadvantaged Unincorporated Communities

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

a-b) The Town of Atherton relies on other purveyors to provide water (Cal Water), sewer (West Bay Sanitary District and Fair Oaks Sewer Maintenance District), and structural fire services (Menlo Park Fire Protection District). Atherton is contiguous to North Fair Oaks, an unincorporated "island" that has the highest poverty rates in San Mateo County but does not meet the definition of a Disadvantaged Unincorporated Community (DUC).[9] Notably, North Fair Oaks is recognized as an environmental justice community.[10] The community of North Fair Oaks is wholly within the SOI of the City of Redwood City.

Disadvantaged Unincorporated Communities Determination: The Town's SOI and municipal boundaries are coterminous, and the Town does not provide water, sewer, or structural fire services. There are no disadvantaged unincorporated communities within the Town's SOI.

[9] The median household income for North Fair Oaks is $106,690 (US Census Bureau ACS 2023) while the California statewide median household income is $96,334. A DUC is defined as an "inhabited territory" (with 12 or more registered voters) that has an annual median household income less than 80 percent of the statewide median household income (Government Code §56033.5).

[10] San Mateo County – Environmental Justice Planning Initiative

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

a-f) There are 43 full-time equivalent (FTE) positions in Atherton's FY 2026-27 budget with 3 vacancies, according to the City Manager. The FTE count remains the same as the FY 2025-26 budget. In the FY 2024-25 budget, there were 44 FTE. The Town has not experienced any significant challenges with recruiting or retaining staff members, according to the City Manager. Atherton meets the service needs of existing development within its boundaries. Available public services provided by the Town include police, parks and recreation, public works, building inspection and town administration.

Parks and Recreation: Holbrook-Palmer Park is Atherton's 22-acre park, which has tennis courts, pickleball courts, a playground, ball fields, trails, and the Jennings Pavilion, among other facilities. The courts and playing fields are available for rent. The Town has a rental coordinator for Park facilities, and a Tennis Program Manager for the tennis courts.

Sewer Services: Most Atherton residents receive sewer services from the West Bay Sanitary District, with a portion of the Town (north side) served by the County-operated Fair Oaks Sewer Maintenance District.

Water: Water is supplied throughout Atherton by the Bear Gulch District of Cal Water. Most of the water provided (93%) is purchased or imported through the San Francisco Public Utilities Commission, with a remaining 7% supplied by Bear Gulch Reservoir. Cal Water's 2020 Urban Water Management Plan details the extent of available capacity and allocations for each district, with sufficient planned volume through 2045.[11]

Fire Protection: Fire protection for Atherton is provided by the Menlo Park Fire Protection District, an independent special district that serves Atherton, East Palo Alto, Menlo Park, and portions of unincorporated San Mateo County. The District operates one fire station inside Atherton city limits (Fire Station 3 located at 32 Almendral Avenue). Atherton represents 8% of the District's total population, and most service calls are outside of Atherton. As such, in 2020, Atherton completed a Fire Services Fiscal Review to study the actual cost of fire and emergency services in Atherton, compared to the property tax revenue generated within the Town boundaries.[12] Atherton considered detachment from the Menlo Park Fire Protection District as part of the 2020 report; however, since 2020, there has been no further formal discussion or actions on the matter. At the time of the study, LAFCo questioned how alternative fire service would be provided.

Capital Improvements: Adequate infrastructure exists throughout the Town to accommodate the existing and planned density of development. From 2019-2023, the Town constructed a new Town Center which included new buildings for the Administration, Community Development Department, Library and Police Department, as well as the renovation of the historic Town Hall.

Atherton has a five-year Capital Improvement Plan (CIP) that is updated annually to reflect community needs, priorities, cost estimates, and funding sources. The CIP is reviewed by the City Planning Commission to ensure consistency with the General Plan and other town-wide plans (i.e. Bicycle and Pedestrian Master Plan, Neighborhood Traffic Management Action Plan, and the Storm Drainage Master Plan). Project updates are published on the Atherton Public Works website.

The CIP for FY 2026-27 through FY 2030-31 totals approximately $23.4M (see Table 3). Funding for capital projects is sourced from the General Fund, Measure A (countywide transportation projects and programs), Measure M (countywide vehicle registration fee), Measure W (countywide sales tax for use on transportation improvements and affordable

[11] Town 6th Cycle Housing Element

[12] Fire Services Fiscal Review | Atherton, CA - Official Website

transit), Gas tax (state allocation based on population and lane miles), the Atherton Channel Fund (fees collected by the City to finance drainage and improvements to the Channel), and the Library Fund (for library maintenance and services). On an annual basis, Atherton transfers General Fund unallocated reserves to the Capital Improvement Program Fund: this transfer totaled $5.8M in FY 2023-24, $4.45M in FY 2024-25, $5.56M in FY 2025-26, and $4.34M (budgeted) in FY 2026-27.

Table 3. Town of Atherton Five-Year Capital Improvement Plan, FY 2026-27 – FY 2030-31

Capital Project	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	*5-Year Total*
Drainage Improvements Program	$550,000	$1,700,000	$200,000	$4,200,000	$200,000	*$6,850,000*
Upper Atherton Channel Monitoring	$10,000	$10,000	$10,000	$10,000	$10,000	*$50,000*
Traffic Control Devices Program	$15,000	$15,000	$15,000	$15,000	$15,000	*$75,000*
Traffic Safety Improvement Program	$1,390,000	$1,040,000	$40,000	$40,000	$40,000	*$2,550,000*
Bicycle & Pedestrian Master Plan Implementation Program	$575,000	$3,525,000	$25,000	$25,000	$25,000	*$4,175,000*
Road Maintenance Program	$1,455,000	$1,455,000	$1,455,000	$1,455,000	$1,455,000	*$7,275,000*
Neighborhood Traffic Management Program	$20,000	$20,000	$20,000	$20,000	$20,000	*$100,000*
Accessibility Improvements Program	$25,000	$25,000	$25,000	$25,000	$25,000	*$125,000*
Town Center Master Plan Implementation Program	$700,000	$100,000	$100,000	$100,000	$100,000	*$1,100,000*
Park Master Plan Implementation Program	$425,000	$350,000	$100,000	$100,000	$100,000	*$1,075,000*
Total	**$5,165,000**	**$8,240,000**	**$1,990,000**	**$5,990,000**	**$1,990,000**	***$23,375,000***

Source: Town of Atherton Capital Improvement Program, FY 2026/27–2030/31 (Budget Attachment 8)

Capacity and Adequacy of Public Facilities and Services Determination: The Town of Atherton has the capacity to meet the service needs of existing and future development within its boundaries. Atherton's five-year capital improvement plan is adequately funded and designed to ensure public services are adequate and infrastructure needs are proactively addressed.

Recommendation:

1. LAFCo encourages the Town to continue to review potential revenue sources for drainage systems and enhance existing revenue sources for the Atherton Channel Drainage District for capital projects and ongoing operations and maintenance.

4) Financial Ability

Financial ability of the agency to provide service	*Yes*	*Maybe*	*No*
a) Does the Town 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 Town lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the Town'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 Town unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the Town lacking financial policies that ensure its continued financial accountability and stability?		X	
f) Is the Town's debt at an unmanageable level?			X

Budget Overview: The Town of Atherton's largest revenue source is consistently property taxes, representing $14.7M or 56% of the $26M in total projected General Fund revenue for FY 2026-27 (see Table 4). The Vehicle License Fee (VLF) in-lieu fund is a State administered revenue source that is built into the Town's operating revenue projections.[13] As of November 2026, the total cumulative VLF shortfall is $1,425,345 which represents approximately 6% of the FY 2026-27 budget.[14]

The VLF in-lieu revenue for San Mateo County and its 20 cities, including Atherton, may be in jeopardy due to state-level policy changes. These policies affect only three counties statewide: San Mateo, Mono and Alpine counties. As of November 2026, negotiations between San Mateo County, its cities, and the State are ongoing to find a permanent fix to the revenue formula. Town staff are monitoring the issue. Town staff have budgeted the VLF revenue for FY 2026-27 with the understanding of a shortfall occurring while also possibly

[13] Excess ERAF is another state-administered revenue source that is a refund of surplus school property tax. The Town uses these funds for one-time capital projects, not daily operations. Excess ERAF refund amounts have increased, exceeding expected revenues, totaling approximately $3.06M in FY 2025-26 (estimated actual), with $2.75M budgeted for FY 2026-27.

[14] San Mateo County Vehicle License Fee (VLF) Funding Crisis | Fair Funding for the SF Peninsula

receiving partial payment for prior shortfalls. Staff have budgeted the VLF revenues for FY 2026-27 at $1.3M.[15]

The Town's second largest revenue source is from building permits and other fees associated with local construction projects, totaling a projected $2.8M or 11% of total revenue in FY 2026-27. For nearly 40 years, from 1978 to 2017, Atherton residents approved a special tax of $750 per parcel, generating $1.8M in revenue to the Town per year (in 2017). The special parcel tax was discontinued in 2017 when voters did not approve Measure F (2017).[16]

Table 4. Town of Atherton General Fund Budget, FY 2024-25 – FY 2026-27

	2026-27 (Budget)		2025-26 (Est. Actuals)		2024-25 (Actuals)	
Revenues		*Share*		*Share*		*Share*
Prop. Tax (Secured)	$14,722,500	56%	$13,955,000	56%	$12,787,864	53%
Prop. Tax in lieu of VLF	$1,312,000	5%	$1,312,000	5%	$1,448,354	6%
All Other	$10,127,063	39%	$9,755,071	39%	$10,048,183	41%
Total Revenues	**$26,161,563**	100%	**$25,022,071**	100%	**$24,284,401**	100%
Expenditures						
Police Dept.	-$11,492,484	49%	-$11,285,000	51%	-$13,075,794	58%
Public Works Dept.	-$4,162,863	18%	-$3,900,000	18%	-$2,789,444	12%
All Other	-$7,715,316	33%	-$7,065,000	32%	-$6,526,089	29%
Total Expenditures	**-$23,370,663**	100%	**-$22,250,000**	100%	**-$22,391,327**	100%
Net	$2,790,900		$2,772,071		$1,893,074	

**Note: Does not include ERAF revenue, Debt service payments, CalPERS or other Transfers*
Source: Town of Atherton Operating and Capital Improvement Budget, FY 2026/27

The Town's largest General Fund expenditure category every year is its Police Department, totaling $11.5M or 49% of General Fund projected expenditures in FY 2026-27. This amount is significantly larger than the second largest expenditure category which is the Public Works Department at $4.2M or 18% of total projected expenditures. The Police Department has 31 employees across four divisions: Administrative/Training, Patrol/Traffic, Investigations, and Communications/Records. Based on the January 2026 Atherton population count of 7,086, the Town budgets $1,622 per resident, per year on police services. For comparison, the neighboring City of Menlo Park budgets $867 per resident per year.[17] While some cities choose to fund and operate their own police services, other cities such as Millbrae, San Carlos, the Town of Woodside, and the Town of Portola Valley contract with the County

[15] FY2026/27 Town Budget
[16] In 2017, Ballot Measure F received approximately 50% of the vote, short of the two-thirds supermajority vote required to pass a local special parcel tax under Proposition 218.
[17] In FY 2026/27, projected expenditures total $29.3M for the Menlo Park Police Department, with a population count of 33,785. Source: City of Menlo Park 2026-27 Adopted Budget, Police Expenses, Updated June 29, 2026

Sheriff's Office.[18] There are currently no proposed changes to police services within the Town.

a) Does the City routinely engage in budgeting practices that may indicate poor financial management? The Town of Atherton regularly adopts a balanced budget in June, before the July 1 start of each fiscal year. Proposed expenditures and revenues are presented in public hearings for comment prior to adoption. The Town hosts historic records of annual operating budgets from FY 2009-10 to the present on its Archive Center webpage. Also accessible via the Archive Center are agendas, minutes, and recorded videos of City Council meetings and various Commission meetings, dating back to June 2012.

Each fiscal year, Atherton undergoes an independent financial audit. Since 2008, Maze & Associates has performed the annual audit. The online Archive Center contains the City's historical audit reports back to FY 1999-2000. The FY 2024-25 audited draft basic financial statements were presented to the Finance Committee at its March 25, 2026 meeting and reflected a clean (unmodified) opinion. There is no separate audit for the Atherton Channel Drainage District, although District capital improvement funds are summarized.

The FY 2024-25 audit mentions the chronic issue of VLF revenue shortfalls ($1,758,734 due versus $1,018,223 received) as a "State issue of insufficient funding in non-basic aid school districts and the failure of the State to backfill these local taxes. The consistent shortfall of multiple years in this revenue source leaves the Town with a potential gap of $1.7M." The Town expects future state budgets will reconcile this gap.

b) Is the City lacking adequate reserves to protect against unexpected events or upcoming significant costs? Atherton has adopted fiscal policies to ensure adequate annual reserve levels. The Town's General Fund reserve policy is to allocate at least 30% of General Fund operating expenditures, split equally (15% each), to the Emergency Reserve (for disasters and catastrophic events), and to the Budget Stabilization Reserve (cushion against significant costs or downturns). Any remaining fund balance beyond this 30% is designated as Unallocated Fund Balance.

As shown in Table 5 and Table 6 below, the projected year-end General Fund fund balance is consistently sufficient to meet the City's policy, resulting in sizable Unallocated Fund Balance each year. The Unallocated Fund Balance may, with Council direction, be

[18] The annual cost of the Town of Woodside's contract with the County Sheriff is approximately $3.1M.

appropriated towards operational use, capital projects, debt service, or liability down payments.

Table 5. Fund Balance as Share of GF Expenditures, FY 2023-24 through FY 2026-27

Fiscal Year	Ending Fund Balance	Total GF Expenditures	Share
2026-27 (projected)	$11,702,402	$23,370,663	50%
2025-26	$11,363,374	$22,250,000	51%
2024-25	$11,950,140	$22,391,327	53%
2023-24	$12,597,358	$19,767,139	64%

Source: Town of Atherton, June 17, 2026 Meeting Agenda Packet

Table 6 details the Ending Fund Balance reserve allocations for FY 2026-27. Atherton will meet the 30% reserve requirements total of $7,011,199 in FY 2026-27, and projects an unallocated reserve that is 20% of projected expenditures.[19]

Table 6. Fund Balance Breakdown FY 2026-27 (projected)

FY 2026-27 Expenditures	$23,370,663
Projected FY 2026-27 Ending Fund Balance	**$11,702,402**
15% Emergency Reserve	$3,505,600
15% Budget Stabilization Reserve	$3,505,600
Total Reserve Requirement (30%)	**$7,011,199**
Unallocated Reserves	$4,691,203

Source: Town of Atherton, June 17, 2026 Meeting Agenda Packet

c) Is the Town'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? On an annual basis, Atherton updates its Master Fee schedule.[20] According to Town staff, most fees are set at full cost recovery, except for planning applications which are set below full cost recovery. Atherton's Park fees are tiered, with lower (or free) usage costs for Atherton residents compared to non-residents. The Town rents park facilities, tennis and pickleball courts, and playing fields. Revenues from facility rentals totaled $68,885 in FY 2024-25 and $72,725 in FY 2025-26.

Atherton's fees are in line with comparable jurisdictions in the county. The fee schedule is unique in scope because unlike most other cities in San Mateo County, Atherton has no business/commercial zones, nor many multifamily zones.

[19] Budget 26-27 meeting June 2026.pdf
[20] Master Fee Schedule | Atherton, CA - Official Website

d) Is the City unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion? While the City of Atherton is able to fund Town operations and associated capital improvements, the Atherton Channel Drainage District revenues are insufficient to fund the full cost of ongoing maintenance and infrastructure replacement.

The District's FY 2026-27 estimated annual property tax revenues from parcels within the District are approximately $100,000. According to Atherton City Manager, the FY 2026-27 District revenues also include General Fund transfers and ERAF, totaling $125,000, while expenditures total $60,000. The available ending fund balance is $589,511. Projects within the District include the "Upper Channel Repair Monitoring Phase I" ($10,000) and "Drainage Improvements" ($50,000). Funds for the Drainage Improvements Program are held both within the District and outside of it; projects are funded by various sources including the Town's General Fund and grants.

The most recent 2015 update to the Atherton Townwide Drainage Study and Master Plan (prepared by engineering firm NV5), identified over $41M in recommended improvement projects, while the current fund balance for the district is $589,511.[21] As the District is a subsidiary district of the Town, the City Council and City staff are responsible for addressing this funding gap. The District currently relies on annual reserve allocations from the City General Fund, as well as external grants and inter-agency partnerships (e.g., Caltrans). In 2019, the Town commissioned a study from the consulting firm NBS to explore financing options to increase the Atherton Channel Drainage District's revenue, including: special taxes, special benefit assessments and property-related fees.[22] No subsequent actions have been taken based on the study's findings.

The five-year CIP for FY 2026-27 through FY 2030-31 allocates $6.8M toward the Atherton Drainage Improvements Program, with $6.6M (96%) funded by the General Fund (Capital Improvement) and $250,000 from the Atherton Channel Fund. The CIP has scheduled a Drainage Master Plan Update in FY 2026-27.

e) Is the Town lacking financial policies that ensure its continued financial accountability and stability? The Town of Atherton has the requisite financial policies in place to ensure its continued financial accountability and stability. Atherton maintains a structurally balanced General Fund; Capital Improvement Program Capital Projects Fund; and an array of Special Revenue Funds (e.g., Library Measure A, Measure M, Gas Tax, etc.).

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

[21] Atherton_Townwide-Drainage-Study-Update-April-2015 An update to the Drainage Master Plan ($350,000) is tentatively scheduled for Fall 2026 (according to the FY 2025/26 Town Work Plan).

[22] https://www.athertonca.gov/DocumentCenter/View/10191/ITEM-4-NEW

New Civic Center: On June 1, 2020, the Town entered into a ten-year lease financing agreement in the amount of $7,680,000 from Capital One Public Financing for the construction of the Town Center project. Atherton carries Certificates of Participation debt financing with an annual debt service payment of $861,871 (FY 2026-27) to finance a portion of the $21,847,000 construction of the new Atherton Civic Center Complex in 2019.[23]

Bayfront Canal and Atherton Channel Flood Protection: In 2021, Atherton entered into a five-year $1.35M loan agreement among the City of Redwood City, City of Menlo Park, Town of Atherton, and the County of San Mateo for Atherton's portion of the planning, design, and environmental permitting for the Bayfront Canal and Atherton Channel Flood Management and Restoration Project.[24] Atherton is servicing this debt through scheduled property tax revenue allocations of $148,500 on April 15 and December 15 annually.

Table 7. Town of Atherton Debt Service Requirements

Year ending June 30	San Mateo County Bayfront Canal Loan		Town Center Project Capital Lease		
	Principal	Interest	Principal	Interest	Total
2025	$313,815	$683	$760,015	$101,856	$1,176,369
2026	$314,016	$482	$776,828	$85,044	$1,176,370
2027	$179,221	$277	$794,012	$67,859	$1,041,369
2028	$8,679	$71	$811,577	$50,294	$870,621
2029	-	-	$829,531	$32,341	$861,872
2030	-	-	$845,270	$13,990	$859,260
Total	**$815,731**	**$1,513**	**$4,817,233**	**$351,384**	**$5,985,861**

Source: Maze & Associates Financial Audit for Town of Atherton, FY2024/25.

CalPERS: All full-time Town employees are enrolled in the California Public Employees Retirement System (CalPERS). As of the June 30, 2024 CalPERS actuarial valuation, the Town reports an unfunded actuarial liability of $20,692,973: $7.3M for the Miscellaneous Employee Plan and $13.4M for the Safety Employees Plan (unaudited). The total funded ratio for the pension plans is 78.8%.

In FY 2024-25, the Town made a $3M additional discretionary payment (ADP) to CalPERS Public Safety in order to reduce the Safety Employees plan unfunded liability. Funding sources for the ADP were $2.2M in unassigned General Fund reserves, and $800,000 from the Employee Benefit Fund. In FY 2026-27, the CalPERS Unfunded Accrued Liability Payment amount is $1,737,092.

[23] Town of Atherton Budget

[24] San Mateo County Resolution Number 075608 adopted on December 5, 2017

Other Post Employment Benefits (OPEB): Atherton has fully funded its OPEB obligations. These benefits include medical coverage for vested employees and their dependents who retire directly from the city at age 50 or older. As of June 30, 2025 (the latest independent financial audit), Atherton has the following employees covered by benefit terms: 41 active employees and 40 retirees receiving benefits payments. The Town has a trust account designated to fund OPEB costs. In FY 2026-27, Atherton reports a net OPEB asset (surplus) of $1,070,389.

Financial Ability Determination: The Town prepares an annual operating and capital improvement budget for the upcoming fiscal year, which is adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The Town has healthy reserves, with a FY 2026-27 fund balance projected to represent 50% of total expenditures. The Town has the requisite financial policies in place to ensure its continued financial accountability and stability. However, ongoing State Vehicle License Fee (VLF) in-lieu shortfalls and insufficient Atherton Channel Drainage District revenues present financial challenges, and District finances are not budgeted or audited separately from the Town.

Recommendations:

2. LAFCo encourages the Town to separate the Atherton Channel Drainage District budget from its current structure within the Town's General Fund and Capital Improvement Plan. This will enhance transparency and provide a forum for discussions regarding funding allocation and projects within the District.

3. The annual Independent Financial Audit for the Town should review the Drainage District finances separately from the Town's General Fund and other special revenue funds, as the Drainage District is a dependent district of the Town.

4. Currently, the Town budgets $1.3M in expected VLF revenues for FY 2026-27. Given the uncertainties in VLF revenue payments from the state, and the historic shortfalls/partial payment for prior years, the Town may consider reducing or removing anticipated VLF revenue from future budgets.

5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	*Yes*	*Maybe*	*No*
a) Is the City currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		

b) Are there any opportunities for the City 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) Atherton, via Menlo Park Fire Protection District, is a signatory to the California Master Mutual Aid Agreement, along with all other fire agencies in San Mateo County. The Menlo Park Fire Protection District also has specific mutual aid agreements with the cities of Palo Alto and Redwood City.[25] Atherton, along with the County and ten other municipalities in the County, participates in the Library Joint Powers Agreement. Property tax revenues in excess of the JPA's costs of maintaining the library are remitted to the Town's Library Special Revenue Fund.

Atherton uses contracted workers for certain functions. For example, in the Public Works Department, core personnel are supplemented by contract service personnel and vendors, such as contracted street sweeping services.

Shared Service and Facilities Determination: The Town of Atherton offers its residents mostly in-house services, such as its own Police Department. The Town contracts out public works projects and collaborates with the County and other cities on library services through the Library JPA.

[25] Town of Atherton General Plan 2026

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	*Yes*	*Maybe*	*No*
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 City'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-f) Atherton is governed by a five-member City Council, elected at-large by voters within the City. Regular meetings of the City Council are held on the third Wednesday of each month at 6PM. Meetings are open to the public and are held at Town Hall Council Chambers, 80 Fair Oaks Lane, Atherton. Meetings have a remote access option via Zoom and public comment via Zoom is available. The Town posts copies of meeting agendas on their website and the full meeting packets with staff reports and video recordings are available as well. LAFCo is not aware of any failures to comply with the Brown Act.

Atherton's City Manager, George Rodericks, has been in the same position for 14 years. Mr. Rodericks does not report issues with staff turnover or operational efficiencies.

Atherton's online Archive Center hosts a vast array of public documents in a user-friendly interface. The archives include independent financial audits of Town finances for all years up to FY 2024-25.

Atherton has been exploring whether to become a Charter City in order to obtain "greater local control over municipal affairs such as governance, elections, contracting, land use, and public finance".[26] San Mateo LAFCo would not have involvement in Atherton changing from a General Law municipality to a Charter City/Town, since there are currently no proposed changes in the city's boundaries or scope of services. Adopting a city charter would not impact the requirement that the Town apply to LAFCo for boundary changes (e.g., annexations, detachments) in the future.

Accountability, Structure, and Efficiencies Determination

The Town of Atherton ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act. Atherton Channel Drainage District business is conducted at regular City Council meetings rather than at separately noticed District meetings.

Recommendation:

5. The City Council does not hold separate governing body meetings for the Atherton Channel Drainage District. Decisions relating to the District, including the annual budget adoption, occur during the Town's regular City Council Meetings. As the District includes portions of Atherton, Menlo Park, Woodside, and unincorporated San Mateo County, holding separate meetings of the City Council sitting as the governing body of the District would likely facilitate inter-jurisdiction collaboration on projects and collaboration on funding and budget. Notice of governing body meetings would also enhance transparency for the public, particularly for those who reside within the District, but outside of the Town of Atherton. LAFCo recommends the Town of Atherton hold governing body meetings for the Atherton Channel Drainage District when discussing actions related to the District, including the adoption of the District's budget and capital improvement plan.

7) Other Issues:

Any other matter related to effective or efficient service delivery, as required by commission policy.	***Yes***	***Maybe***	***No***
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			

[26] Charter City | Atherton, CA - Official Website

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

a-c) Atherton's Community Safety Element was adopted in March 2026. The Safety Element outlines the Town's goals, policies, and progress related to natural and human-made disasters, and includes actions for mitigating associated risks.

As described in the Safety Element, the Atherton Police Department and the Menlo Park Fire Protection District have jointly prepared an Emergency Operations Plan that includes detailed information covering Emergency Operations Center procedures, documentation and reference and support information.[27] Atherton utilizes the SMC Alert and Atherton Newsflash Alert System platforms to send emergency notifications to residents by text message.

Get Ready Atherton is a 501(c)(3) non-profit that for the past three decades has worked in partnership with the Atherton Police Department and local emergency responders to train and organize residents to prepare for emergencies and natural disasters.[28]

Atherton has adopted a Climate Action Plan (updated in October 2023) which serves as a guiding document to identify methods that the Town can implement to reduce greenhouse gas emissions. The Plan sets targets to reduce greenhouse gas emissions to 49% below 2005 levels by 2030 and reach carbon neutrality by 2045.

[27] Housing Element 2026
[28] Get Ready Atherton

Atherton also conducted a Climate Adaptation Vulnerability Assessment in 2025 that summarizes climate-related hazards and their effects on populations and assets in the community. The Town participates in the San Mateo Local Hazard Mitigation Plan.

Other Issues Determination: The Town is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise.

Section V. Sphere of Influence Determinations

Government Code Section 56425 requires San Mateo LAFCo to 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 for the Town of Atherton and the Atherton Channel Drainage District.

The Town of Atherton:

1. **The present and planned land uses in the area, including agricultural and open space lands:** Residential, park and open space, and public facilities and schools.
2. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton boundaries.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**: The Town of Atherton provides adequate public services and facilities to its residents.
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 the Town of Atherton.
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:** N/A.

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.

The Atherton Channel Drainage District:

1. **The present and planned land uses in the area, including agricultural and open space lands:** Residential, park and open space, and public facilities and schools.
2. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton Channel Drainage District boundaries.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**: The District, governed by the Atherton City Council and administered by the Atherton Public Works Department, provides adequate routine maintenance of the Atherton Channel. However, the District's property tax revenues are insufficient to fund necessary capital improvements. The District relies on funding from grants, and the city-wide General Fund and Capital Improvement Program.
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 the Drainage District.
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:** N/A.

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. Town of Atherton Fact Sheet

City Manager: George Rodericks (appointed by City Council)

Physical Address: 80 Fair Oaks Lane, Atherton, CA, 94027

Email Address: grodericks@athertonca.gov

Phone Number: 650-752-0504

Date of Incorporation: September 12, 1923

City Council Members: Members are elected at-large to serve a staggered four-year term. There are no term limits. Must reside in the Town of Atherton.

City Council Members	Term Expiration Date
Stacy Holland, Mayor	2026
Rick DeGolia, Vice Mayor	2026
Elizabeth Lewis	2028
Bill Widmer	2026
Eric Lane	2028

Compensation: City council members are all volunteers (not paid).

Public Meetings: Regular meetings of the City Council are held on the third Wednesday of each month at 6PM at 80 Fair Oaks Lane. Participation by the public is also available remotely via Zoom, including the option to provide live public comment on agendized items. Meeting agendas, minutes and materials are published on the City website, with City Council and Commission video archives also available hosted by YouTube since 2012: TownOfAtherton - YouTube .

Services Provided: Building inspection, parks, recreation, planning, police, and public works

Agency staff: 43 FTE

Area Served: 5 square miles

Population: 7,086 (January 2026)

Sphere of Influence for Town of Atherton: Coterminous with corporate boundaries.

*FY 2026-27 General Fund Expenditures: $*23,370,663 (Projected)

Attachment B

SAN MATEO LAFCo LOCAL AGENCY FORMATION COMMISSION

Municipal Service Review and Sphere of Influence Update for the City of Menlo Park

Final Draft

Released November 10, 2026

Municipal Service Review and Sphere of Influence Review for the City of Menlo Park

City of Menlo Park
701 Laurel Street
Menlo Park, California 94025
Contact: Justin Murphy, City Manager, 650-330-6600

CONDUCTED BY:
San Mateo Local Agency Formation Commission
455 County Center, 2nd Floor
Redwood City, CA 94063
(650) 363-4224

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Virginia Chang Kiraly, Chair, Special District Member
Ann Draper, Vice Chair, Public Member
Jackie Speier, County Member
David Canepa, County Member
Katheryn Slater-Carter, Special District Member
Debbie Ruddock, City Member
Stephen Rainaldi, City Member

Commission Alternates:
Noelia Corzo, County Member
Mark Massara, Public Member
Tom Chambers, Special District Member Greg Wright, City 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 City of Menlo Park. California Government Code Section 56430 requires that Local Agency Formation Commissions (LAFCOs) 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 countywide 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 composed 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 SOIs for the County's cities and special districts. Subsequently, LAFCo reviewed and updated SOIs 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 (e.g., fire, water, sanitation), 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 that 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[1] 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 an 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] "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.

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

Report Review Process

A hearing for the Draft Report was held at LAFCo's September 16, 2026 meeting. The report was subsequently 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 City staff.

Disadvantaged Unincorporated Communities

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

Section II. Summary of Key Issues

San Mateo LAFCo last conducted an MSR for the City of Menlo Park in 2009.[2] The 2026 MSR and SOI update identified the following key issues:

- The City, like other municipalities in the County, is affected by the Vehicle License Fee (VLF) in-lieu shortfall. In FY 2026-27, the VLF revenue is anticipated to be $1.9M. This represents a shortfall of $4.3M, or 5% of total General Fund expenditures

[2] San Mateo LAFCo Municipal Service Review for Menlo Park, 2009

($90.1M). The City does not include VLF backfill revenue in budget forecasts for FY 2027-28 onward.

- The City is facing a structural deficit. Nonetheless, the City Council adopted a balanced budget in FY 2026-27, addressing an anticipated $7.9M shortfall through a combination of cuts to departmental operating expenditures and increased revenue generation through updates to the Master Fee Schedule and cost allocation plan.
- San Mateo LAFCo recommends undertaking a special study to capture the current service providers and reevaluate the SOI designations of Stanford lands in unincorporated San Mateo County. This study will enable LAFCo, Menlo Park, Portola Valley, Woodside, and Stanford University to have a comprehensive discussion regarding SOI designations, accurately capture the current service providers, and determine the probable physical future boundaries of these jurisdictions.
- Four parcels have been reviewed by LAFCo staff and the Menlo Park City Manager as candidates for additions to the SOI of Menlo Park: APN 055-130-010, APN 074-160-050, APN 073-250-070, and APN 074-481-010.

Section III. Affected Agencies

Cities/Towns and County: City of Menlo Park and County of San Mateo

School Districts: Sequoia Union High School District, Menlo Park City School District, Las Lomitas Elementary School District, Ravenswood City School District, Redwood City School District

Independent Special Districts: County Harbor District, Menlo Park Fire Protection District, West Bay Sanitary District, Midpeninsula Regional Open Space District, Sequoia Healthcare District

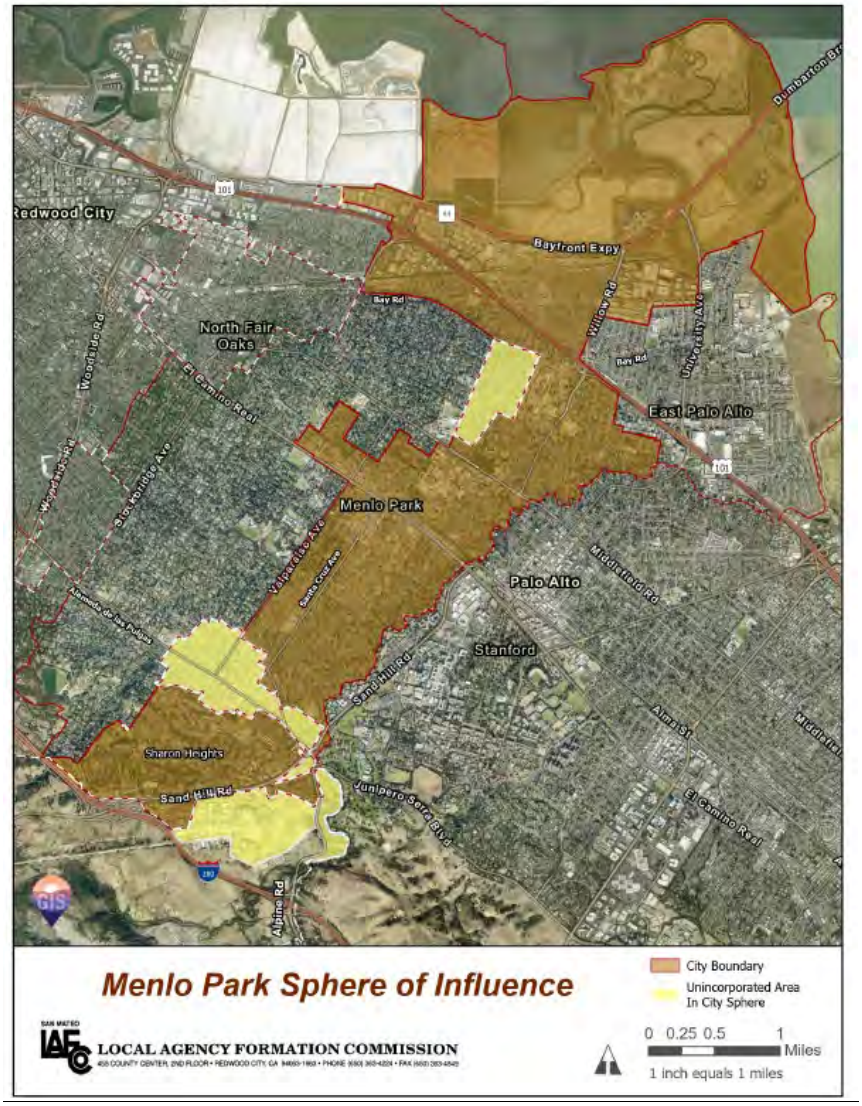
Dependent Special Districts: University Heights Drainage Maintenance District, Campo-Bello University Park Drainage Maintenance District, Atherton Channel Drainage District, East Palo Alto Sanitary District, Fair Oaks Sewer Maintenance District, Menlo Park Highway Lighting District,

Section IV. Municipal Service Review for the City of Menlo Park

Background: On November 23, 1927, the City of Menlo Park was incorporated as a general law municipality. Menlo Park is governed by five council members elected by City residents in district elections. Council members serve staggered four-year terms. The City Council appoints a City Manager, City Attorney, members of the seven City Commissions, and selects the Mayor and Vice Mayor to serve one-year terms.

As of January 2026, the population of Menlo Park is 33,785 and the City land area is approximately 10 square miles, plus approximately 7 square miles of water area.[3] Menlo Park's sphere of influence is expansive, including the unincorporated San Mateo County communities of Menlo Oaks, West Menlo Park, Weekend Acres, and SLAC. (See Figure 1).

Figure 1. City of Menlo Park Sphere of Influence



[3] As of January 1, 2026 according to the California Department of Finance, https://www.abridged.org/wp-content/uploads/2026/05/Department-of-Finance.pdf.

1) Growth and Population: City of Menlo Park

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

a-c) As of January 2026, the population estimate for the City of Menlo Park is 33,785. This is a 4% decline from the 2020 population estimate of 35,254. Over the next 5-10 years, minimal population change is expected within the current Menlo Park boundaries, based on a review of planning documents from the City, County, and the Association of Bay Area Governments. The City is largely built-out, and any new development will occur primarily through infill.

Most of the City's land use is residential (55%), while the remaining 45% is split among other uses, notably the Bayfront Innovation Area (15%), Parks and Recreation (10%), and Commercial uses (7%).[4]

In March 2024, the California State Department of Housing and Community Development (HCD) certified Menlo Park's 6th Cycle 2023-2031 adopted Housing Element.[5] The 6th Cycle Regional Housing Need Allocation (RHNA) for the City projects a need to plan for 2,946 units, of which 1,662 units (56%) must be "affordable" at the moderate-income level or below. To help meet the RHNA quota, the City has adopted various measures such as changing land use policies and zoning to allow higher residential densities, partnering with affordable housing developers to build residential projects on City-owned land, and encouraging the creation of more accessory dwelling units (ADUs).

Growth and Population Determination: As of 2026, the City of Menlo Park is home to 33,785 residents and approximately 14,000 housing units. The City's adopted 2023-2031 Housing Element proposes to increase the City's housing stock by 2,946 units, or

[4] General Plan City of Menlo Park Land Use Element (City of Menlo Park, 2016)
[5] 2023-2031-city-of-menlo-park-housing-element-clean_010324.pdf

approximately 20%, largely through infill and increasing residential density. The development sites identified in the City's adopted Housing Element are within the existing boundaries of the City.

2) Disadvantaged Unincorporated Communities (DUCs)

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

a-b) The City of Menlo Park provides municipal water service to a majority of the City but does not provide sewer or fire protection services. There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to Menlo Park's sphere of influence (SOI) or corporate boundaries. Notably, the City has identified the eastern neighborhoods of Belle Haven and the Bayfront as "underserved".[6] Belle Haven and the Bayfront are separated from the rest of Menlo Park by US-101 and are in 2020 Census tracts designated as low-income (80% or less of area median income).

Disadvantaged Unincorporated Communities Determination: While the City provides water service to a majority of the City, there are no disadvantaged unincorporated communities within the City's SOI or corporate boundaries. However, the Menlo Park neighborhoods of Belle Haven and the Bayfront are considered "low income" and are separated from the rest of the City by US-101.

[6] Menlo Park Environmental Justice Element, 2024

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

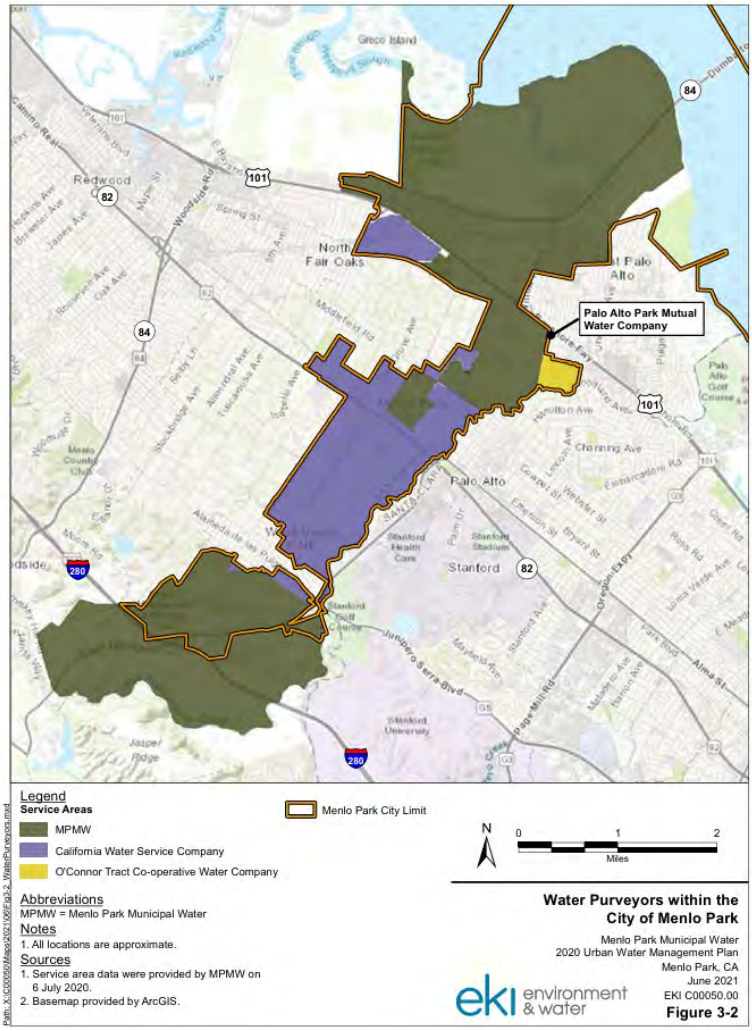
a-f) Overview of Menlo Park Services:

Water: Most residents and businesses in Menlo Park receive water from either Menlo Park Municipal Water or California Water Service (see Figure 2).[7] Menlo Park Municipal Water is purchased from the San Francisco Public Utilities Commission and distributed by the Menlo Park Department of Public Works via 59 miles of water lines in the City-owned distribution system. The cost of water service operations and capital improvements is funded primarily by customers through water usage charges, service charges, and connection fees, maintained in the Water Enterprise Fund. In FY 2026-27, the City allocated $3.5M to water

[7] There are fewer than ten homes receiving water from wells managed by the Palo Alto Park Mutual Water Company. The O'Connor Tract Co-operative Water Company provides water to 343 connections (apartment complexes and single-family homes) in the Willows neighborhood of Menlo Park as well as in East Palo Alto.

capital projects. In March 2026, the City procured a water rate study to analyze revenue requirements, cost of service, and drought surcharges.[8] On June 9, 2026, the City Council adopted (following Proposition 218 proceedings) revised three-year water rates, effective July 1, 2026, through June 30, 2029. The new rate structure introduces a single uniform rate for all water usage, rather than billing for usage based on three tiers of consumption.[9] Menlo Park Municipal Water is self-sustaining and receives no General Fund allocations.

Figure 2. Water Service Providers in Menlo Park



Source: City of Menlo Park Housing Element Update, Water Supply Assessment 2022

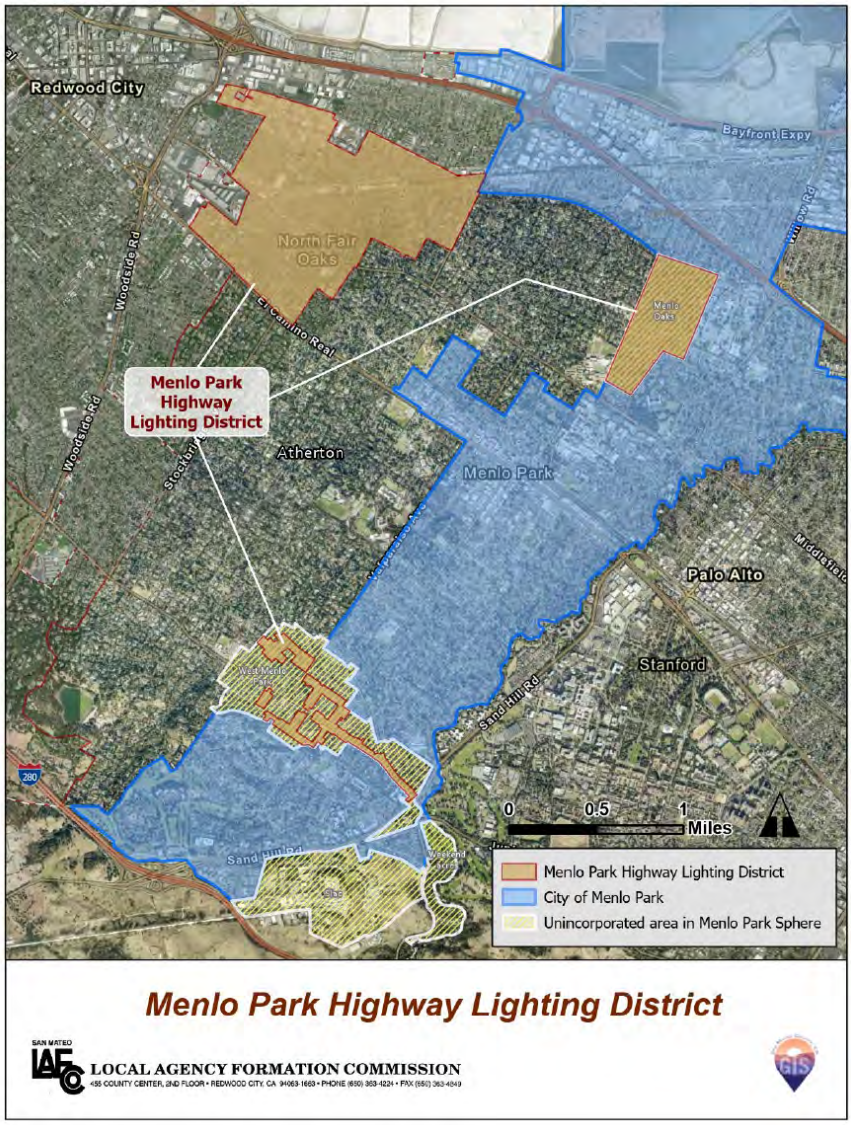
The City is coordinating with WBSD on its development of a new recycled water program.[10] Currently, WBSD is constructing a recycled water facility at Bedwell Bayfront Park, which is

[8] Water Rate Study
[9] Fiscal Years 2027-2029 Menlo Park Municipal Water Rates
[10] Recycled Water - West Bay Sanitary District

located at the east end of the City of Menlo Park. According to City staff, WBSD has been granted the rights to serve sections of the City with recycled water (this agreement is not yet publicly available).

Street Lighting: The Menlo Park Highway Lighting District is a dependent special district that was formed on October 3, 1910 to provide and maintain street lighting. The district is governed by the San Mateo County Board of Supervisors and operations and repairs are managed by the County Department of Public Works. The district primarily serves unincorporated areas surrounding the City, including North Fair Oaks (in the Redwood City SOI), and Menlo Oaks and West Menlo Park (in the Menlo Park SOI).

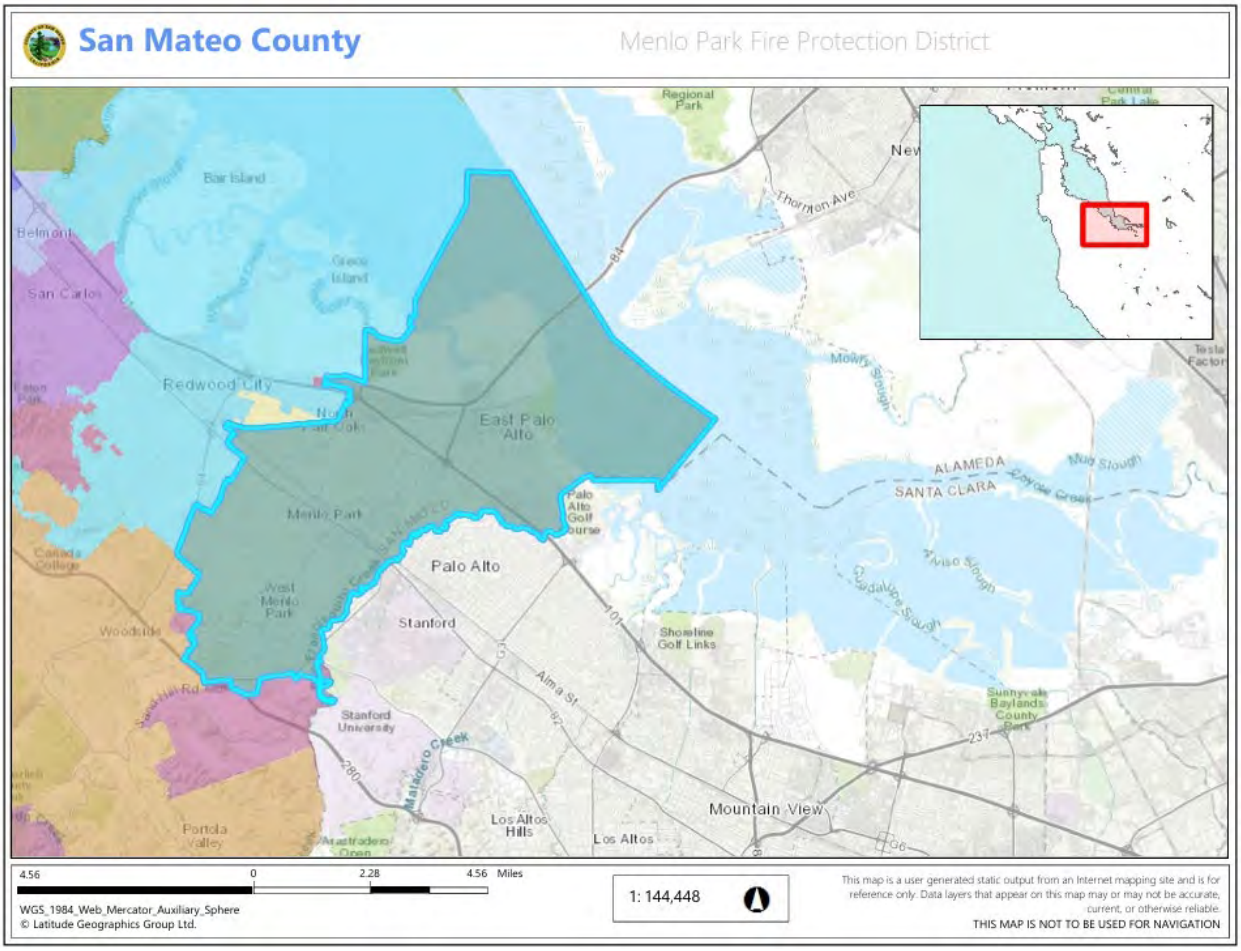
Figure 3. Menlo Park Highway Lighting District



Sanitary Sewer Services: Menlo Park residents, businesses, schools, and other facilities receive sewer services primarily from the West Bay Sanitary District (WBSD), an independent special district. A small portion of the City of Menlo Park is served by the East Palo Alto Sanitary District, a dependent district of the City of East Palo Alto. An even smaller portion of the City along Haven Avenue receives sewer service from the Fair Oaks Sewer Maintenance District, a dependent district of San Mateo County.

Fire Protection: Fire protection for the City of Menlo Park is provided by the Menlo Park Fire Protection District, an independent special district that also serves the cities of Atherton and East Palo Alto, as well as portions of San Mateo County unincorporated areas (see Figure 4). Funding for the Fire Protection District is primarily from property taxes. Passage of Proposition 13 in 1978 resulted in the district receiving a share (16%) of the 1% property tax within Fire District boundaries (see Table 1).

Figure 4. Menlo Park Fire Protection District Boundaries



Source: San Mateo County Planning and Building Map Viewer

Police: Menlo Park has a municipal police department dedicated to protection, patrols, dispatch, and specialized safety units. For FY 2026-27, the City Police Department budget

is $29.3M. The Police Department has 73 full-time employees. Menlo Park budgets approximately $867 per resident per year for police protection. The Police Department is the City's second-largest department following the Department of Public Works ($41.1M).

Streets and Sidewalks: The Menlo Park Department of Public Works maintains 96 miles of streets, 2,300 streetlights, and 25 traffic signals. As of 2024, the City's pavement condition index, as reported by the Metropolitan Transportation Committee, is "Good" with a score of 76 out of a maximum score of 100.[11] The City has allocated $4.3M in capital project funding for street and sidewalk projects (see Table 2).

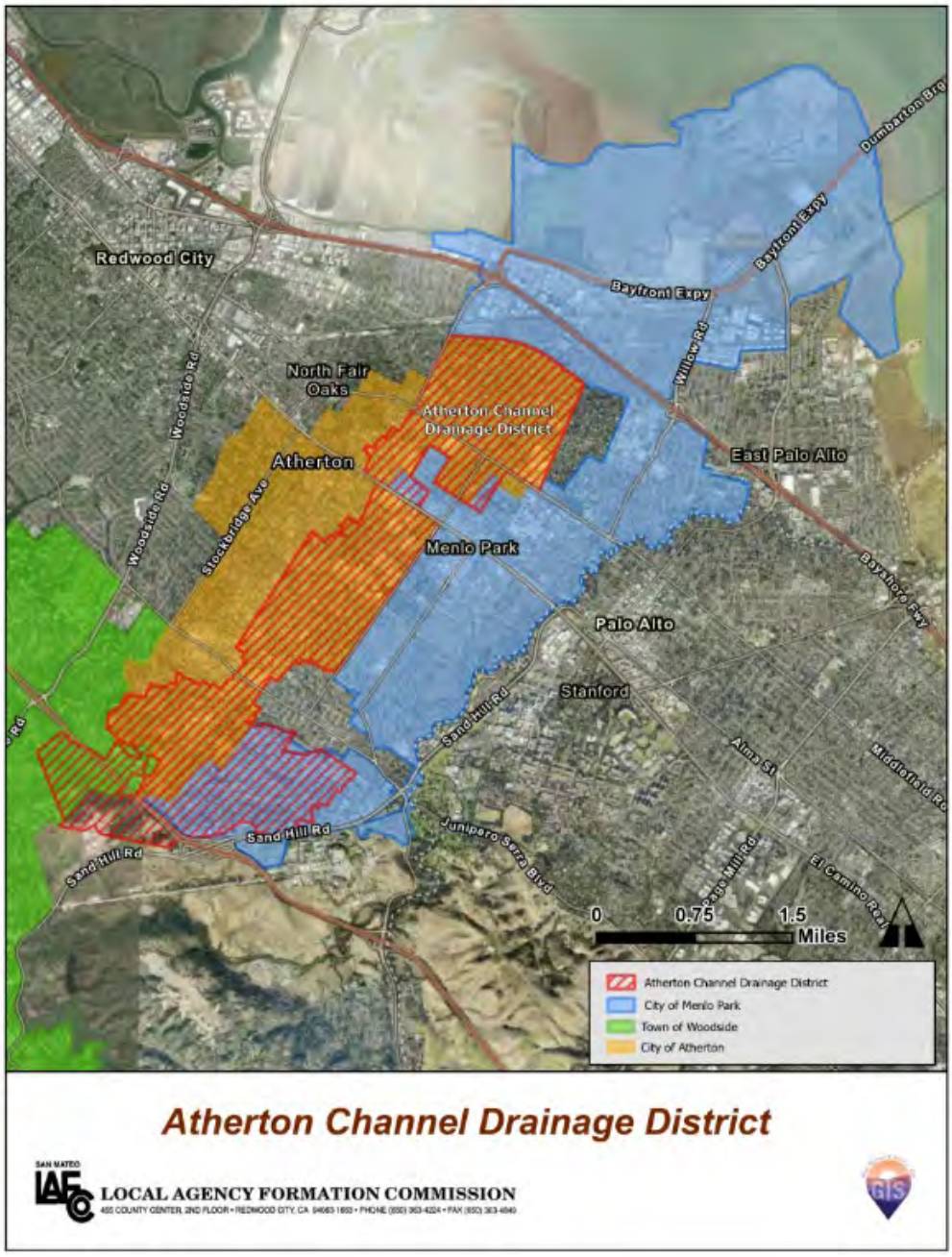
Stormwater: The Department of Public Works maintains more than 46 miles of storm drainage facilities that collect, convey and discharge stormwater runoff to the San Francisquito Creek, Atherton Channel and the Bay. In FY 2026-27, the City allocated $1.5M to stormwater capital projects. Completion of the Chrysler Stormwater Pump Station is scheduled for fall 2026 and required a $10M investment.[12] The City Stormwater Master Plan was most recently updated in 2023.[13] As there is no dedicated funding for stormwater improvements, the City plans to conduct a funding study to determine how to fund the recommendations from the Stormwater Master Plan.

Drainage Districts: The City and its SOI encompass three drainage districts (i.e., special districts that collect a share of the 1% property tax from parcels within the district):

The Atherton Channel Drainage District is governed by the Town of Atherton. The governing body is the Atherton City Council, and maintenance and repairs are provided by the Atherton Department of Public Works. The District consists of 2,489 total parcels, of which 1,095 parcels are in Menlo Park (44%), and 1,380 (55%) are in the Town of Atherton, 11 parcels are in the Town of Woodside, and three parcels are in unincorporated San Mateo County. See Figure 5.

[11] Pavement Condition of Bay Area Jurisdictions, 2024
[12] Chrysler Pump Station City of Menlo Park
[13] City of Menlo Park Stormwater Master Plan

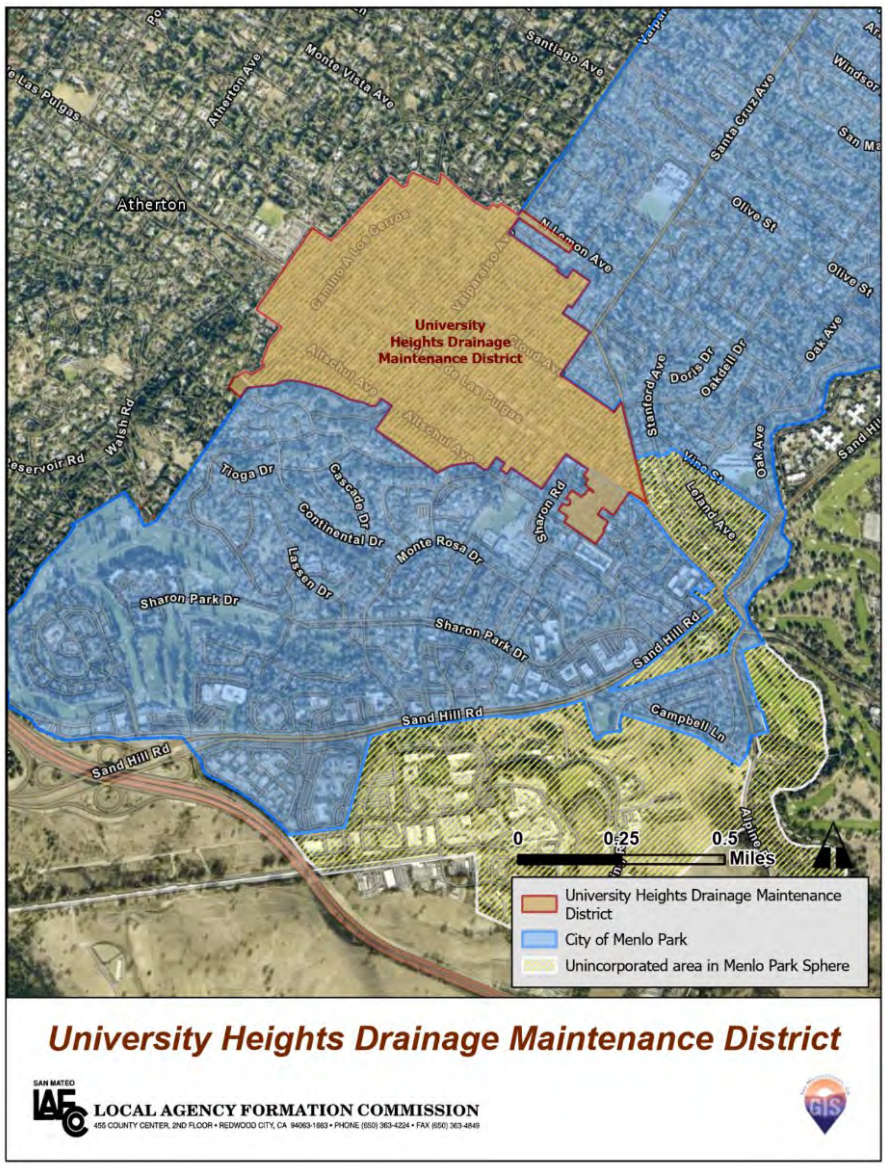
Figure 5. Atherton Channel Drainage District



Note: The majority (55%) of the Atherton Channel Drainage District is in the Town of Atherton, while 44% of the Drainage District is in the City of Menlo Park.

University Heights Drainage Maintenance District is governed and operated by the County of San Mateo Department of Public Works. The District consists of a total of 1,271 parcels, of which only 36 parcels (3%) are in Menlo Park (see Figure 6). According to County Public Works, this District drains into the Atherton Channel Drainage District.

Figure 6. University Heights Drainage Maintenance District



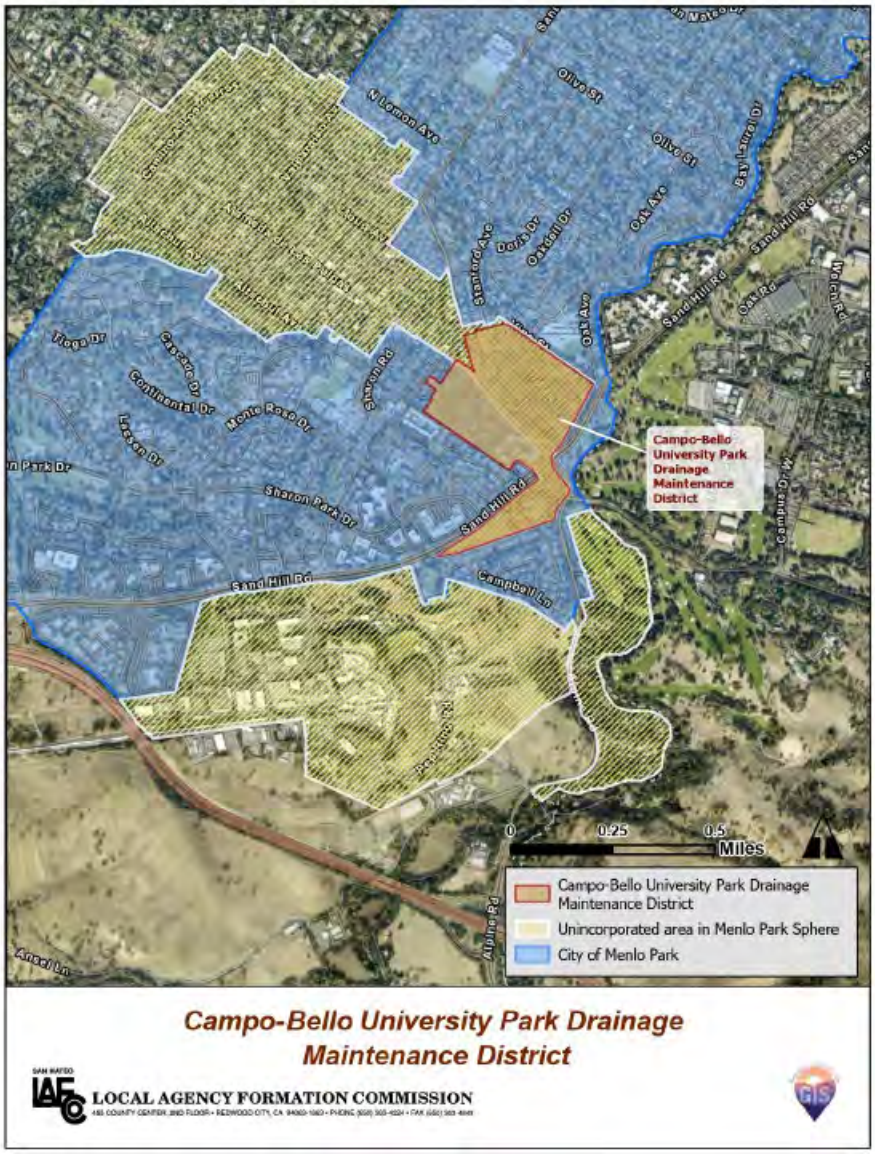
Campo-Bello University Park Drainage Maintenance District is governed and operated by the County of San Mateo Department of Public Works. The District consists of a total of 399 parcels, of which 202 parcels (51%) are in Menlo Park (see Figure 7). According to County Public Works, this District drains into the City of Menlo Park and Oak Knoll Elementary School. Portions of the drainage infrastructure are located on private properties and convey runoff through existing drainage facilities.

Both County operated drainage maintenance districts primarily provide administrative oversight and responsive maintenance services for drainage facilities within their respective boundaries. County staff respond to inquiries from residents and property owners regarding drainage facilities, easements, and related concerns. The County also maintains available

infrastructure records and mapping and coordinates maintenance activities as needed to address reported issues, obstructions, or conditions that may affect drainage flow or access to district facilities. The County is not aware of separate district-specific agreements governing drainage flows from these districts.

According to County Public Works, there are no recently completed capital improvement projects or currently planned capital improvements within these districts. Current activities primarily involve responding to drainage-related concerns and reviewing private development proposals that may affect existing drainage facilities, easements, or system functionality.

Figure 7. Campo-Bello University Park Drainage Maintenance District



Parks and Recreation: The City owns and operates 14 parks, 1 community center, 1 recreation center, 3 childcare centers and 1 senior center. The City has allocated $1.3M in capital project funding for Parks and Recreation. The FY 2026-27 Parks and Recreation budget incorporated cuts to programs, services, and facility hours in order to help balance the General Fund budget.

Table 1. 1% Property Tax Distribution – Sample Tax Rate Area for Menlo Park (008-011)

Agency	Share (%)
General County Tax	24
Menlo Park Elementary School District	17
Menlo Park Fire District	16
Sequoia High School District	16
City of Menlo Park	12
San Mateo County Junior College	7
County Education Tax	4
Midpeninsula Regional Open Space	2
Menlo Park Highway Lighting	2
Sequoia Hospital District	1
County Harbor District	0.4
Bay Area Air Quality Management	0.2
Vector Control	0.2
Atherton Channel Drainage	0.2
Total	100

Source: County Assessor
Note: Exact shares vary between tax rate areas. May not total 100 due to rounding.

Capital Improvement Plan: The City Council adopts a five-year Capital Improvement Plan (CIP) as part of the budget adoption process annually in June.[14] The City maintains an ongoing capital asset depreciation schedule and prioritizes maintaining and improving existing infrastructure.[15] For FY 2026-27, the General CIP Fund proposed budget includes $13M in new funding requested (see Table 2). Projects rely on funding from various sources, including, in FY 2026-27, a $3.9M transfer from the General Fund. The General Fund transfer amount was reduced by nearly $1M this year in order to balance the budget. According to the City, the General Fund transfer has averaged $4.86M annually since 2018. Other funding

[14] Capital expenditures less than $75,000 are not included in the plan.
[15] City of Menlo Park FY2026-27 Budget Principles

sources for capital projects include special revenue funds (e.g., gas tax, SB1, transportation impact fees, construction impact fees, Measure T, Measure A and Measure W), grants, and the Water Enterprise Fund.

Table 2. Capital Projects by Category for FY 2026-27

Project Category	Budget
Streets & Sidewalks	$4,310,000
Water	$3,500,000
Stormwater	$1,520,000
Parks & Recreation	$1,320,000
Traffic & Transportation	$1,285,000
City Buildings & Systems	$1,070,000
Total	**$13,005,000**

Source: City of Menlo Park Budget 2026-27

The City's FY 2026-27 adopted budget principles include, "limit budget appropriations for capital projects to those with secured funding. Appropriations shall not exceed available funding and will be adjusted if funding is reduced." All FY 2026-27 projects are funded in part by the General Fund, except for "Streets & Sidewalks" projects and "Water" projects, which have dedicated special revenue sources.

The City master plans that guide long-term infrastructure planning include: Bedwell Bayfront Park Master Plan; Climate Action Plan; Facilities Condition Assessments; Green Stormwater Infrastructure Plan; Information Technology Master Plan; Parks and Recreation Facilities Master Plan; Stormwater Master Plan; Vision Zero Action Plan/Transportation Master Plan; Water System Master Plan; and the Zero Waste (trash, recycling and compost) Plan.

State Regulations Affecting Capital Investments: The City is impacted by the San Francisco Bay Regional Water Quality Control Board's regulatory framework for controlling stormwater discharge from municipal separate storm sewer systems. The most recent "Municipal Regional Stormwater NPDES Permit" (MRP 3.0), adopted in 2022 and amended in 2023, updates requirements through June 30, 2027 including mandating that the City construct green infrastructure.[16] The City must also meet the California Air Resources Board Advanced

[16] Municipal Regional Stormwater NPDES Permit

Clean Fleets regulations, which will require ongoing investments that support a growing percentage of zero emission vehicles in the City fleet.[17]

Capacity and Adequacy of Public Facilities and Services Determination: The City of Menlo Park has the capacity to meet service needs of existing and future development within its boundaries. The City has Master Plans to guide capital expenditures and priorities across various service areas. The capital improvement plan is currently adequately funded, although the General Fund transfer for capital projects was reduced by $1M in FY 2026-27 in order to balance the budget.

4) Financial Ability

Financial ability of the City to provide service	*Yes*	*Maybe*	*No*
a) Does the City 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 City lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the City'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 City unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the City lacking financial policies that ensure its continued financial accountability and stability?			x
f) Is the City's debt at an unmanageable level?			X

General Fund Overview: While the City has an underlying structural deficit, it adopted a balanced budget for FY 2026-27 without the use of reserves. The City projects $90M in General Fund expenditures and a nominal surplus of $9,296 (see Table 3). The City's primary

[17] 2027 New Laws Series, Part 1: Amendments to CARB Advanced Clean Fleets Zero Emission Vehicle Regulation—What's New?

source of General Fund revenue is property taxes (43%) followed by the Transient Occupancy Tax (TOT, 20%). The TOT or "hotel tax" is the tax added to hotel guest bills for stays of fewer than 30 days. The City placed a measure on the November 2024 ballot to raise the TOT from 12% to 15.5% over a two-year period, which was approved by 84% of voters. The increased rate of 15.5% became effective January 1, 2026 and is reflected in the proposed budget revenues ($18.4M).

In FY 2026-27, the property tax in lieu of vehicle license fee (VLF) revenue is anticipated to be $1.9M. This represents a shortfall of $4.3M, or 5% of total General Fund expenditures. Menlo Park does not include VLF backfill revenue in budget forecasts for FY 2027-28 onward.

To balance the FY 2026-27 budget without using reserve funds, the City addressed the anticipated $7.9M shortfall through a combination of cuts to departmental operating expenditures and increased revenue generation by updating the Master Fee Schedule and cost allocation plan. Department cost-cutting measures included scaling back programs, reducing operating hours, reducing special event frequency, and increasing fees.

Table 3. General Fund Revenues and Expenditures, FY 2023-24 to FY 2026-27

	FY 2023-24 (Actual)		2024-25 (Actual)		2025-26 (Amended)		2026-27 (Budget)	
Revenues		Share		Share		Share		Share
Property Tax (Total)	$35,449,403	46%	$39,397,868	48%	$36,696,871	45%	$38,892,052	43%
Transient Occupancy Tax	$11,827,368	15%	$14,763,089	18%	$16,169,749	20%	$18,404,642	20%
Charges for Services	$8,344,742	11%	$7,646,556	9%	$5,790,650	7%	$8,450,119	9%
Sales Tax	$5,826,799	8%	$6,850,318	8%	$6,474,000	8%	$7,207,900	8%
All Other	$15,029,255	20%	$13,844,990	17%	$15,206,250	19%	$16,897,415	19%
Total GF Revenues	**$76,477,567**	100%	**$82,502,821**	100%	**$80,337,520**	100%	**$90,125,783**	100%
Expenditures		Share		Share		Share		Share
Salaries & Benefits	$38,233,758	52%	$48,413,649	58%	$49,770,239	59%	$56,925,959	63%
Internal Service Charges	$7,724,662	10%	$9,620,545	11%	$9,948,444	12%	$11,787,976	13%
Services	$8,387,357	11%	$9,331,574	11%	$12,158,077	14%	$11,649,347	13%
All Other	$15,761,696	21%	$12,835,704	15%	$8,124,325	10%	$9,745,040	11%
Total GF Expenditures	**$73,762,731**		**$84,146,680**		**$84,602,342**		**$90,116,487**	
Net	$2,714,836		-$1,643,859		-$2,599,614		$9,296	

Source: Fiscal year 2025/26 and 2026/27 Adopted Budget | Transmittal Letter

a) Does the City 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? The City regularly prepares an annual budget that is

adopted on time each fiscal year, presented in hearings open to the public, and accessible on the City's website. The City contracts with an independent accounting firm (Pun Group, LLC) to conduct Annual Comprehensive Financial Reports (ACFR). These reports are available on the City's Administrative Services Department website.[18] In January 2026, the City Council received the most recent ACFR, for FY 2024-25. This report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. To receive this award, a government must publish an easily readable and efficiently organized ACFR that evidences a spirit of transparency and full disclosure.

The FY 2026-27 City budget priorities include:

- "Address the City's structural imbalance between revenues and expenditures through immediate and ongoing actions to stabilize the General Fund reserve and restore long-term fiscal sustainability."
- "Continue to evaluate the most cost-effective method to provide services at a specified level that provides the City with flexibility in all economic conditions, including the use of contracted services, shared services, and regular and limited-term employees."

b) Is the City lacking adequate reserve to protect against unexpected events or upcoming significant costs? In October 2014, the City adopted a General Fund fund balance policy that specifies target reserve levels for five components of General Fund reserves: non-spendable; restricted; committed; assigned; and unassigned (see Table 4).[19] The committed fund balance consists of allocations for the Emergency Contingency and Economic Stabilization. The General Fund Emergency Contingency is established at $6M, with the option for the City Council to increase or decrease the amount, with the goal of providing for an amount equal to 15-20% of the City's annual general fund operating budget. "This range should be sufficient to allow for a quick and decisive municipal response to events such as natural disasters, catastrophic accidents, or other declared emergency incidents." The Economic Stabilization Contingency is established at $8M, with the goal of providing an amount equal to 20-25% of the City's annual general fund operating budget. "This range serves as a sufficient cushion, safeguarding the City's fiscal health against fluctuations in revenues and costs due to economic volatility."

[18] Annual Comprehensive Financial Report City of Menlo Park
[19] City Council Policy No. CC-14-003 Effective 10/7/2024

Table 4. City of Menlo Park Ending Fund Balance Components

	FY 2025-26 (Amended Budget)	*Share*	FY 2026-27 (Budget)	*Share*
Economic Stabilization	$13,878,049	*45%*	$13,878,049	*49%*
Emergency Contingency	$10,408,536	*33%*	$10,408,537	*36%*
Unassigned	$3,220,125	*10%*	$664,851	*2%*
Nonspendable	$2,919,082	*9%*	$2,919,082	*10%*
Strategic Pension	$653,240	*2%*	$653,240	*2%*
Ending Fund Balance	**$31,079,033**	***100%***	**$28,523,759**	***100%***

Source: FY 2026-27 Budget and CIP

The City's target General Fund reserve level as a share of expenditures is 35%. The FY 2026-27 budget projects a reserve level just shy of that target, at 32% (see Table 5). The five-year General Fund reserve level forecast anticipates an annual decline in ending fund balance, projected to reach $9.2M in FY 2030-31, or 9% of a projected $104M in General Fund expenditures (well below the target).

Table 5. General Fund Reserves as Share of Expenditures

Fiscal Year	Ending Fund Balance	Total GF Expenditures	**Share**
2030-31 (forecast)	$9,214,565	$104,392,694	**9%**
2029-30 (forecast)	$13,153,020	$101,416,990	**13%**
2028-29 (forecast)	$18,979,340	$98,513,001	**19%**
2027-28 (forecast)	$24,047,344	$94,745,031	**25%**
2026-27 (budget)	$28,523,759	$90,116,487	**32%**
2025-26 (amended budget)	$31,079,033	$84,602,342	**37%**
2024-25 (actual)	$34,571,733	$84,146,680	**41%**
2023-24 (actual)	$37,298,641	$73,762,731	**50%**

Source: FY 2026-27 Budget and CIP Staff report [20]

c) Is the City'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?

In April 2026, the City completed a comprehensive cost of services study resulting in an updated Master Fee Schedule. Comparisons to private or public sector alternatives are

[20] Maintaining adequate reserves is an important factor in preserving the City's AAA bond rating, the highest credit rating available. This rating provides access to more favorable borrowing terms and financing options for capital investments and other long-term needs.

incorporated into the fee setting process. According to the City's User Fee Cost Recovery Policy,[21] fees are intended to recover the cost of services provided to residents. The policy recognizes that not all services should recover costs at the same level. Services that provide a broad public benefit are generally more subsidized, while services that primarily benefit specific individuals or businesses are expected to recover a greater share of their costs. The Master Fee Schedule includes annexation fees, license and permit fees, rental fees, and more. The 2026 Master Fee Schedule increased development-related fees in order to help balance the budget, and it also incorporated a payment card processing fee to shift processing costs to the cardholder.[22]

d) Is the City unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion? The City relies on a combination of general fund transfers, local taxes, enterprise revenue, and grants to fund necessary infrastructure maintenance and replacement. Several projects on the City's five-year capital improvement plan are not fully funded. The City plans to consider future revenue generating measures to present to voters on the November 2028 ballot, such as an additional sales tax, business license tax, or utility users tax.

e) Is the City lacking financial policies that ensure its continued financial accountability and stability? The City has adopted financial policies to ensure its continued financial stability, including fund balance policies.[23]

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

CalPERS: The City of Menlo Park participates in the California Public Employees' Retirement System (CalPERS), which provides members with a defined-benefit pension based on years of service. CalPERS is funded by a combination of investment earnings on the CalPERS portfolio, contributions by employees, and contributions by the City.

As of June 2025 (the most recent audit), a total of 886 employees were covered by the benefit terms of the CalPERS Miscellaneous Plan, and 219 employees were covered by the Safety Plan (see Table 6). For the year ending on June 30, 2025, the employer contributions for the miscellaneous plan and the safety plan were $6.7M and $5.8M, respectively. The City's actual contributions to both the CalPERS Safety and Miscellaneous Plans fully met or exceeded the actuarially determined contribution (ADC) every year from FY 2020-21 through FY 2024-25.

[21] Resolution No. 6768, August 2022
[22] Master Fee Schedule July 1, 2026
[23] City Council City of Menlo Park

Table 6. City of Menlo Park Employees Covered by CalPERS

	Miscellaneous Plans	Safety Plans
Active Employees	223	41
Transferred & terminated employees	376	47
Retired employees & beneficiaries	287	131
Total	**886**	**219**

Source: ACFR 2024-25

In 2014, the City established a Strategic Pension Funding reserve, utilizing an initial $1M of the General Fund unassigned reserve. Since then, 25% of the General Fund's final operating surplus (if there is one) is added annually to the Strategic Pension Fund Reserve upon completion of the annual financial report.

Other Post Employment Benefits (OPEB): The City provides healthcare insurance benefits to eligible retired employees and their dependents. The City participates in the CalPERS healthcare program (PEMHCA) and allows retirees to continue participation in the medical insurance program after retirement. As of June 30, 2023, there were 381 employees covered by the Plan (see Table 7).

Table 7. City of Menlo Park Employees Covered by the OPEB Plan

	Miscellaneous Plans
Active Employees	261
Retired employees and beneficiaries	120
Total	**381**

Source: ACFR 2024-25

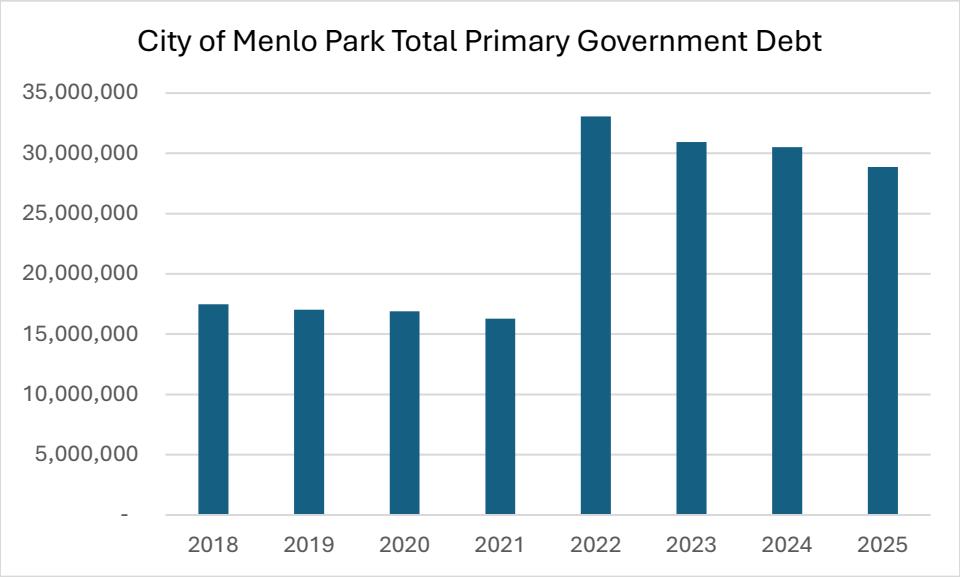
In FY 2025, the actuarially determined contribution rose significantly to $810,386, up from $415,000 in FY 2024. Because actual contributions fell short of the recommended actuarial targets each year, the City recorded a contribution deficiency of $419,053 in FY 2025, compared to $66,079 in FY 2024.[24]

Other Debt: The City's debt nearly doubled in 2022, driven by the issuance of new voter-approved General Obligation bonds and refinancing of the City's 2012 General Obligation

[24] City of Menlo Park ACFR 2024-25

Bonds (see Figure 8). Despite the overall debt increase, the total debt remains below 1% of total personal income.[25]

Figure 8. Menlo Park Debt, FY 2018-25



Source: ACFR 2024-25

Financial Ability Determination: The City prepares an annual operating and capital improvement budget for the upcoming fiscal year that is adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The City's target General Fund reserve level is 35% of total expenditures. The projected FY 2026-27 reserve level is just shy of the target, at 32%. Without any intervention or changes, the reserve level is projected to decline further, reaching 9% in FY 2030-31. The City has the requisite financial policies in place to ensure its continued financial accountability and stability. In FY 2026-27, the property tax in lieu of vehicle license fee (VLF) revenue is anticipated to be $1.9M. This represents a shortfall of $4.3M, or 5% of total General Fund expenditures. Menlo Park does not include any VLF backfill revenue in budget forecasts for FY 2027-28 onward.

Recommendation

1. LAFCo staff encourages the City to continue monitoring its reserve levels and exploring additional revenue sources to help the City align with its General Fund fund balance policy.

[25] ACFR 2024-25

5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	*Yes*	*Maybe*	*No*
a) Is the City currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the City 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) Menlo Park participates in the County's multijurisdictional Local Hazard Mitigation Plan. The City is also a member of the San Francisquito Creek Joint Powers Authority (SFCJPA), along with the City of East Palo Alto, City of Palo Alto, the San Mateo County Flood and Sea Level Resiliency District, and the Santa Clara Valley Water District. The SFCJPA "addresses flood risks from the San Francisquito Creek and the Bay Shoreline through collaboratively planned, multi-benefit projects".[26]

The City also partners with regional transit agencies for various projects, including Caltrain on grade separations and SamTrans on Reimagine Dumbarton.[27][28]

The City rents a facility from Meta that serves as a public meeting space and police department substation. The City has a shared services agreement with the cities of East Palo Alto and Atherton to access a full-time health and wellness coordinator who serves the employees of all three police departments.

The City has Joint Use Agreements with four school districts for the shared use of sports fields during non-school hours. The City also has agreements for vehicle fuel sales to Las Lomitas Elementary School District, Menlo Park City School District, Menlo Park Fire Protection District, and West Bay Sanitary District.

[26] About the JPA - San Francisquito Creek Joint Powers Authority
[27] Caltrain grade separation City of Menlo Park
[28] Reimagine Dumbarton | SamTrans

Shared Service and Facilities Determination:

The City collaborates and partners with various Bay Area jurisdictions on natural hazard mitigation planning, transportation and traffic management, sea level rise, and shared services and facilities. The City participates in the County's multijurisdictional Local Hazard Mitigation Plan. The City is also a member of the San Francisquito Creek Joint Powers Authority (SFCJPA).

Recommendation

2. LAFCo staff encourages the City to continue partnering with regional agencies to address traffic and transportation projects, as well as natural hazards and mitigation planning.

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	*Yes*	*Maybe*	*No*
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 City's governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?			X

a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act? The City of Menlo Park is governed by a five-member City Council elected by voters within each council district. Until 2018, councilmembers were elected at-large. In 2018, the City switched to district elections.

The City Council meets on the second and fourth Tuesdays of the month at 6:00 p.m. Meetings are open to the public and are held at City Council Chambers, 751 Laurel St., Menlo Park, CA 94025. Meetings are also livestreamed via Zoom and the public may provide comment remotely or in-person. Meeting agendas are posted on the City website at least 72 hours before a regular meeting. The City has a YouTube channel (@cityofmenlopark) that hosts a video archive of City Council and Commission meetings. Past City Council Meetings are also available for viewing/listening in Spanish. The City website publishes an archive of

meeting agendas, minutes, and staff reports. The City's "Open Government" webpage contains shortcuts to information of interest to the public such as master plans, fee schedules, adopted budgets (this page is being updated, as the most recent budget posted is from FY 2023-24), and public records.[29] LAFCo is not aware of any failures to comply with the Brown Act.

b) Are there any issues with staff turnover or operational efficiencies? The City experiences some challenges recruiting new employees due to the high cost of living, lack of affordable housing in the area, and competition for talent. For the period of May 1, 2025 through April 30, 2026, the median tenure of City employees was 5 years, and there was a 92% staff retention rate. The City's ongoing strategy for employee recruitment and retention includes engagement through surveys and focus groups; offering hiring incentives for lateral police officers and police academy graduates; conducting a citywide classification and compensation study; and attending career fairs. The City has prioritized "incorporate[ing] programs and initiatives that strengthen Menlo Park's standing as an employer of choice to retain highly qualified personnel."[30]

Staffing levels have remained consistent over the past five years; the vacancy rate hovers at an average of approximately 15%. The highest vacancy rates are in the Community Development Department (22%) and the General Administration Department (21%), as of May 2026.

Table 8. City Full-Time Equivalent (FTE) Count by Department, FY 2020-2026

Department	2020	2021	2022	2023	2024	2025	2026
Public Works	70	65	73	73	72	72	73
Public Safety	77	62	63	70	70	70	73
Community Services	52	38	46	48	46	48	47
Administrative Services	34	30	35	40	42	42	29
Community Development	31	28	32	36	35	35	34
Library	19	18	18	18	21	21	21
City Council	5	5	5	5	5	5	5
Total FTE*	**287**	**245**	**272**	**290**	**290**	**293**	**297**

*Note: *FTE count rounded to the nearest whole number*

c) Is there a lack of regular audits, adopted budgets and public access to these documents? City budget and audit documents are published online and available for public viewing, including through an interactive budget portal. The FY2026-27 Adopted Budget

[29] The Open government City of Menlo Park webpage was designed using a checklist provided by Ballotpedia (formerly Sunshine Review), a nonprofit organization dedicated to government transparency.
[30] City of Menlo Park FY2026-27 Budget Principles

Book is not available as of August 2026; however, prior-year adopted budget books are available. The City's most recent Annual Comprehensive Financial Report (ACFR) was for FY 2024-25.

d-f) Any recommended changes in governance structure? LAFCo staff has not identified any recommendations regarding restructuring of the City or its service boundaries that would increase accountability and efficiencies, enhance services or eliminate deficiencies.

Accountability, Structure, and Efficiencies Determination

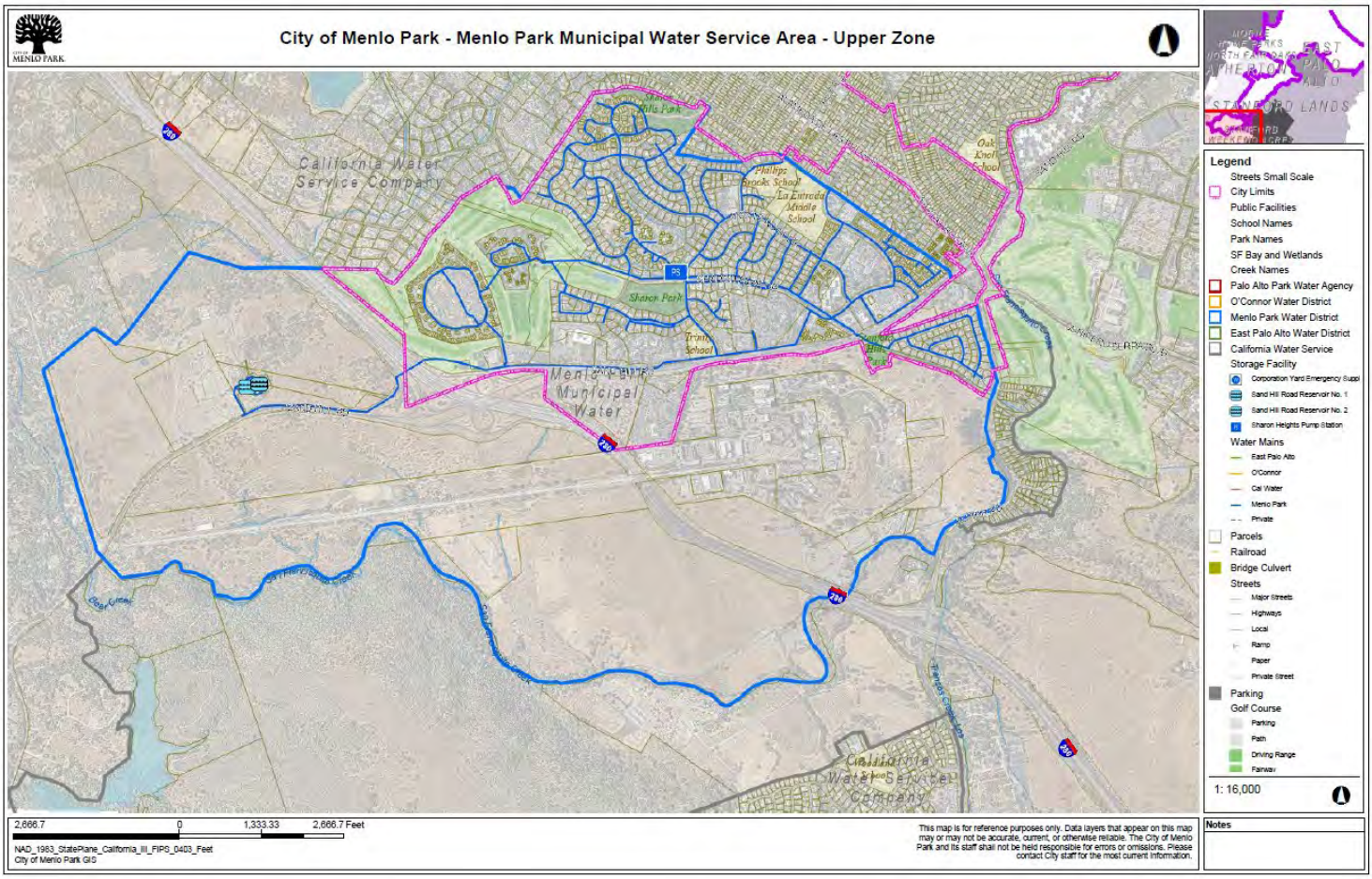
The City ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act.

7) Other Issues:

Any other matter related to effective or efficient service delivery, as required by commission policy.	***Yes***	***Maybe***	***No***
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?	X		
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a) Are there any other service delivery issues that can be resolved by the MSR/SOI process? During this MSR process, Menlo Park staff made LAFCo staff aware of Menlo Park City-owned infrastructure that is located outside of corporate boundaries, notably a water reservoir and associated infrastructure, on Stanford-owned land (see Figure 9). The area is in unincorporated San Mateo County and is currently within the designated SOI of the Town of Woodside.

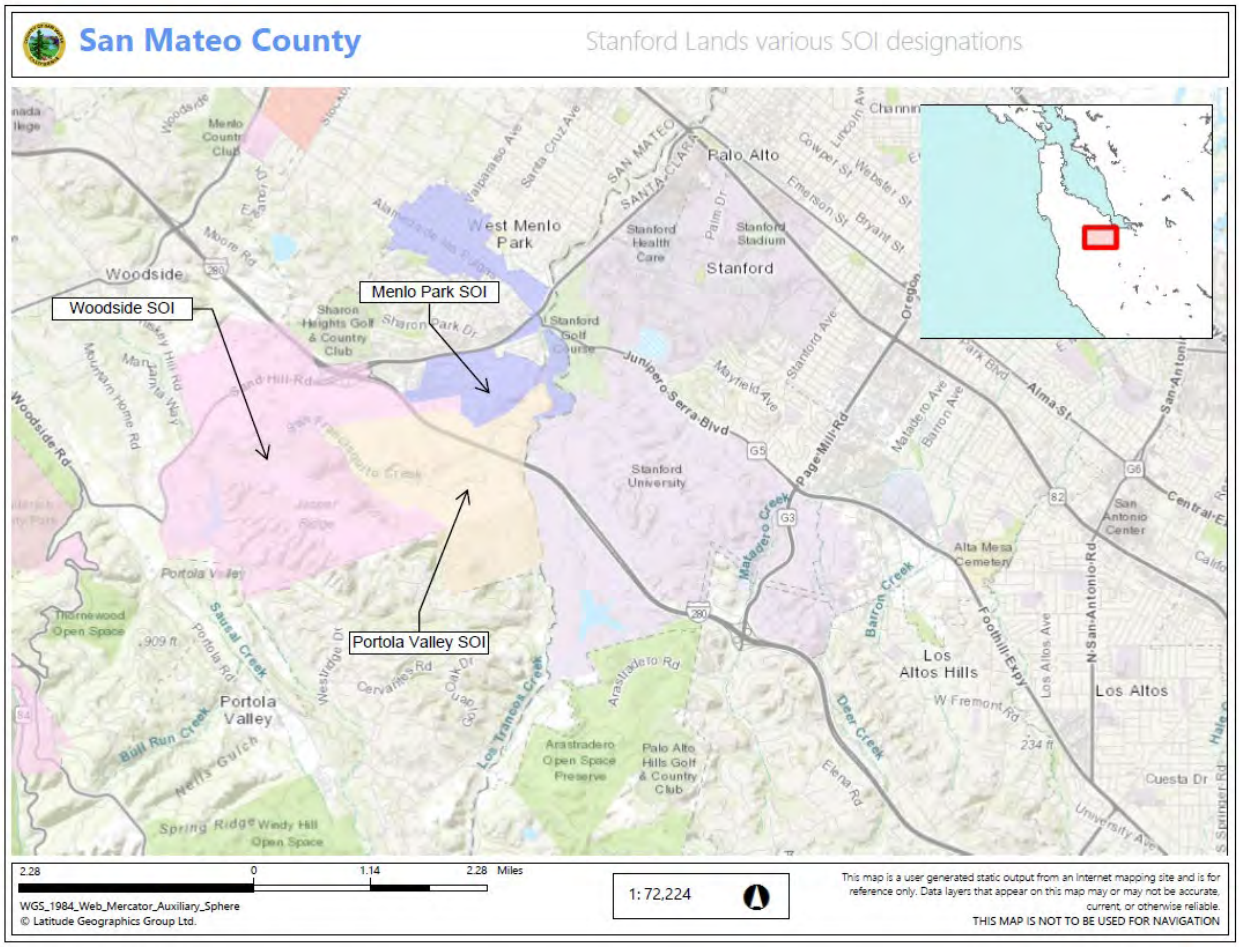
Figure 9. Menlo Park Water Infrastructure on Stanford-owned Land



Source: City of Menlo Park

The City of Menlo Park, the Town of Portola Valley, and the Town of Woodside all have SOI designations in this unincorporated Stanford land area (see Figure 10). At the time that this designation was made in the 1980s, there was discussion about the potential for development on the Stanford lands, including additional development of the Stanford Linear Accelerator Center (SLAC). Since then, the majority of the Stanford lands have been designated for biological preservation and Stanford has a contract with the U.S. Department of Energy to operate and manage SLAC through 2027.

Figure 10. SOIs on Stanford-owned land in Unincorporated San Mateo County



Source: San Mateo County Planning and Building Map Viewer

Due to this information about the City's water system infrastructure and the changes in development potential within this area, San Mateo LAFCo recommends undertaking a special study to capture the current service providers and reevaluate the SOI designations of Stanford lands in unincorporated San Mateo County. This study will allow LAFCo, Menlo Park, Portola Valley, Woodside, and Stanford University to have a comprehensive discussion regarding SOI designations and accurately reflect the current service providers, as well as the probable physical future boundaries of these jurisdictions.

b-c) Water Resiliency, Climate Change, Natural Hazards and Mitigation Planning: The Menlo Park City Council has consistently identified "Climate Action—mitigation, adaptation and resilience" as the first of its five top priorities in each of 2024, 2025, and 2026.[31] The City's first Climate Action Plan was adopted in 2009, and most recently amended

[31] City Council Priority Setting Workshop City of Menlo Park. Priorities are Climate action - mitigation, adaptation and resilience; Downtown vibrancy; Housing; Public Safety; and Safe routes.

in 2024.[32] The Plan includes strategies to reduce the City's greenhouse gas emissions in order to reach carbon neutrality by 2030. Measures adopted included converting existing City buildings to all-electric, transitioning to an electric municipal vehicle fleet, adopting building regulations to accommodate electric vehicle charging stations, banning gas-powered landscaping equipment, and subscribing all residents and businesses to the community choice aggregation clean energy provider WestLight Energy (called Peninsula Clean Energy prior to July 2026).[33] Annual Climate Action Plan progress reports are available on the City Manager's Office website.

Menlo Park is also within the San Mateo County Flood and Sea Level Rise Resiliency District, also known as OneShoreline. OneShoreline is an independent government agency that secures and leverages public and private resources to plan for and build solutions to the climate change impacts of sea level rise, flooding and coastal erosion.

Menlo Park is a member of the San Francisquito Creek Joint Powers Authority (SFCJPA), along with the City of Palo Alto, the City of East Palo Alto, OneShoreline, and the Santa Clara Valley Water District (i.e. Valley Water).[34] The SFCJPA was formed in 1999 to lead projects that mitigate flood risk along the San Francisquito Creek and the Bay, such as the SAFER Bay project.[35]

"MenloPrepared" is the City's disaster preparedness program which is organized by the City Manager's Office in partnership with the Menlo Park Fire Protection District, the County Office of Emergency Services, and local Community Emergency Response Teams (CERT). The program provides resources and suggestions to "Make a Plan, Build a Kit, Stay Informed, and Help Your Neighbors".[36]

City staff note that ongoing changes in the Municipal Regional Stormwater NPDES Permit (MRP) continue to result in significant requirements, such as the construction of green infrastructure. Advanced Clean Fleets regulations will continue to require investments that support a growing percentage of zero emission vehicles in the City fleet.

Other Issues Determination: The City is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise. Additionally, through this report, LAFCo staff was made aware that the City of Menlo Park has water infrastructure on Stanford-owned land in unincorporated San Mateo County. This area is currently within the designated SOI of the Town of Woodside. It should be determined whether these SOI designations of the Stanford lands and SLAC accurately reflect the current service providers,

[32] 2030 Climate Action Plan
[33] Our Story - WestLight Energy
[34] About the JPA - San Francisquito Creek Joint Powers Authority
[35] SAFER Bay Project - San Francisquito Creek Joint Powers Authority
[36] Emergency & Disaster Preparedness City of Menlo Park

potential service needs, as well as the probable physical future boundaries of Menlo Park, Woodside, and Portola Valley.

Recommendation:

3. LAFCo staff recommends that the Commission make a referral to the Budget Committee to consider adding a Special Study of Stanford Lands to the FY 2027-28 workplan and budget. The study would determine the extent of current service providers and suggest appropriate SOI designations of Stanford land in the vicinity of the City of Menlo Park, Town of Portola Valley, and Town of Woodside. The study's recommendations for any SOI amendments would be presented for consideration to the Commission and to the respective City Managers and Stanford University staff.

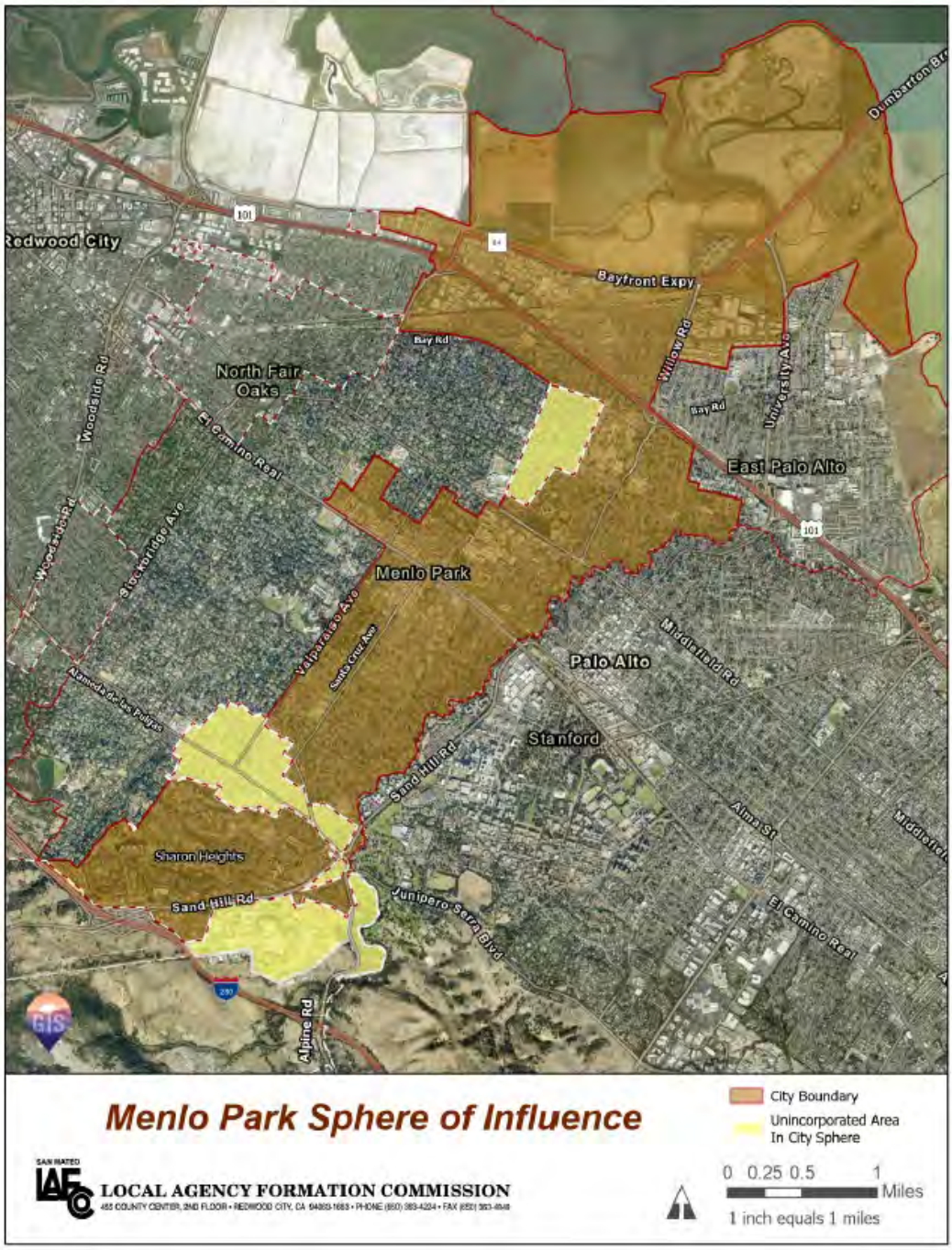
Section 6. City of Menlo Park Sphere of Influence Determinations

Government Code Section 56425 requires San Mateo LAFCo to 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 majority of the City's land use is residential. Other land uses include commercial, life sciences and industrial (Bayfront district), institutional, public facilities, parks and open space (tidal marshes and protected wetlands). There is no agricultural land within the City's SOI.
2. **The present and probable need for public facilities and services in the area:** The City of Menlo Park's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** The City currently provides adequate public services to its residents, including police protection, water, storm water, fire (via Menlo Park Fire Protection District), and sanitary sewer services (via WBSD, EPASD, and FOSMD). The City routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the City's infrastructure and facilities.
4. **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the SOI of the City of Menlo Park.

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:** N/A.

Figure 11. City of Menlo Park Sphere of Influence Map



The following four parcels have been reviewed by LAFCo staff and the Menlo Park City Manager as candidates for additions to the SOI of Menlo Park (see Figure 12):

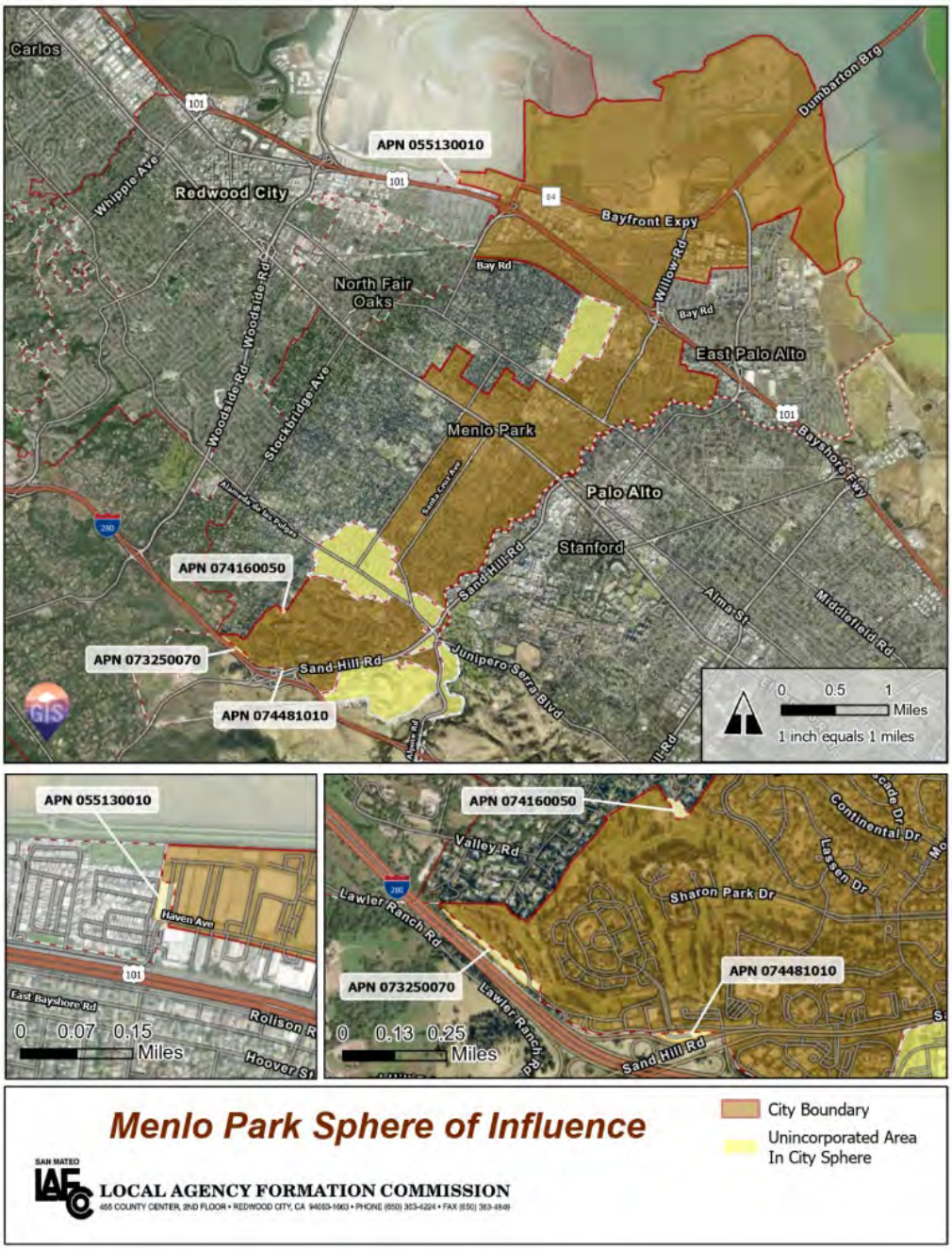
1) 3501 Haven Ave (APN 055-130-010) is an unincorporated parcel contiguous to the City of Menlo Park. It is currently being used as part of a larger warehouse unit, zoned Light Manufacturing & Industrial (331L). The City of Menlo Park currently provides water to this parcel. The City of Redwood City has no objection to this parcel being added to the Menlo Park SOI.
2) APN 074-160-050 is an unincorporated island owned by the Sharon Heights Golf Club. It is currently in use as part of the golf course. The rest of the Sharon Heights Golf Club is incorporated in the City of Menlo Park. This unincorporated island parcel is contiguous with the border of Menlo Park and Atherton and appears never to have been assigned to an SOI.
3) APN 073-250-070 is an unincorporated parcel owned by Stanford University, currently in use as part of the Sharon Heights golf course. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.
4) APN 074-481-010 is an unincorporated parcel owned by Stanford University, currently undeveloped. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.

On the basis of the Municipal Service Review:

☐ Staff has reviewed the agency's Sphere of Influence and recommends that an 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 an 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.

Figure 12. Proposed Sphere of Influence Amendment to the City of Menlo Park



Appendix A. City of Menlo Park Fact Sheet

City Manager: Justin Murphy (appointed by City Council)

Physical Address: 701 Laurel St., Menlo Park, CA 94025

Email Address: jicmurphy@menlopark.gov

Phone Number: (650) 330-6600

Date of Incorporation: November 23, 1927

City Council Members: Members are elected in district elections to serve staggered four-year terms. There are no term limits. The Mayor and Vice Mayor are selected by the City Council to serve one-year terms.

Council Members	District	Term Expiration Date
Betsy Nash, Mayor	District 4	2026
Jennifer Wise, Vice Mayor	District 5	2028
Drew Combs	District 2	2026
Jeff Schmidt	District 3	2028
Cecilia Taylor	District 1	2026

Compensation: City Council members are paid $950 per month, and are eligible for benefits including CalPERS retirement, health, dental, life insurance and vision coverage for themselves and their dependents.

Public Meetings: Regular City Council meetings are held on the second and fourth Tuesdays of the month at 6:00 p.m. at City Council Chambers, 751 Laurel St., Menlo Park, CA 94025. Meetings are livestreamed via Zoom and the public may provide comment remotely or in-person. Official agendas are posted on the City website at least 72 hours before a regular meeting. An archive of staff reports and meeting minutes is also available.

Services Provided: Building, engineering, housing programs, parks, library, planning, police, maintenance, recreation, senior services, water, daycare, and traffic/transportation.

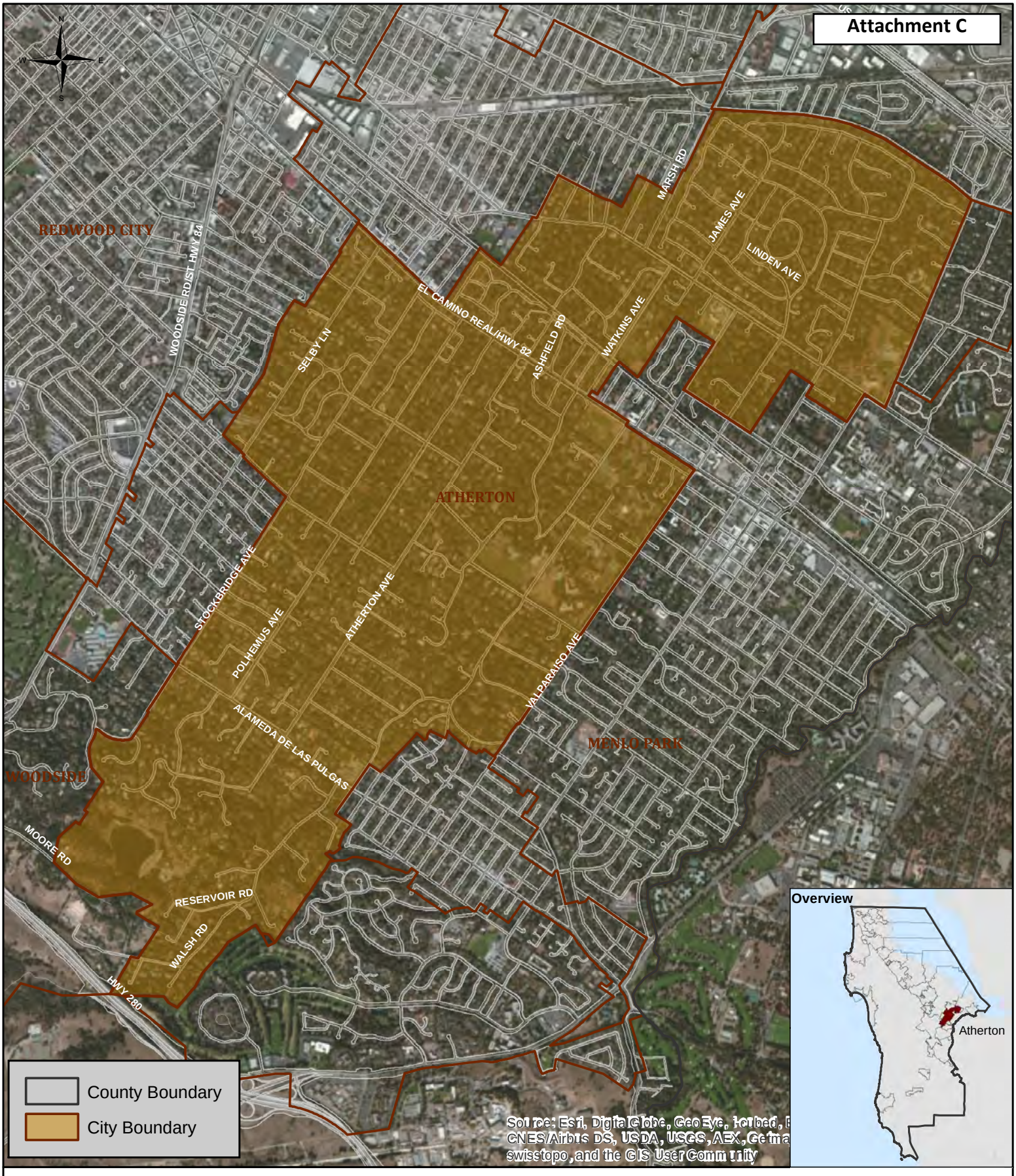
Agency staff: 297 FTE (32 vacant FTE) (May 2026)

Area Served: Land area: 10 square miles; water area: 7 square miles; total: 17 square miles

Population: 33,785 (January 2026)

Sphere of Influence: Boundaries of 1984 plus the unincorporated communities of West Menlo Park, Stanford Linear Accelerator Center (SLAC) east of I-280, Weekend Acres, and Menlo Oaks.

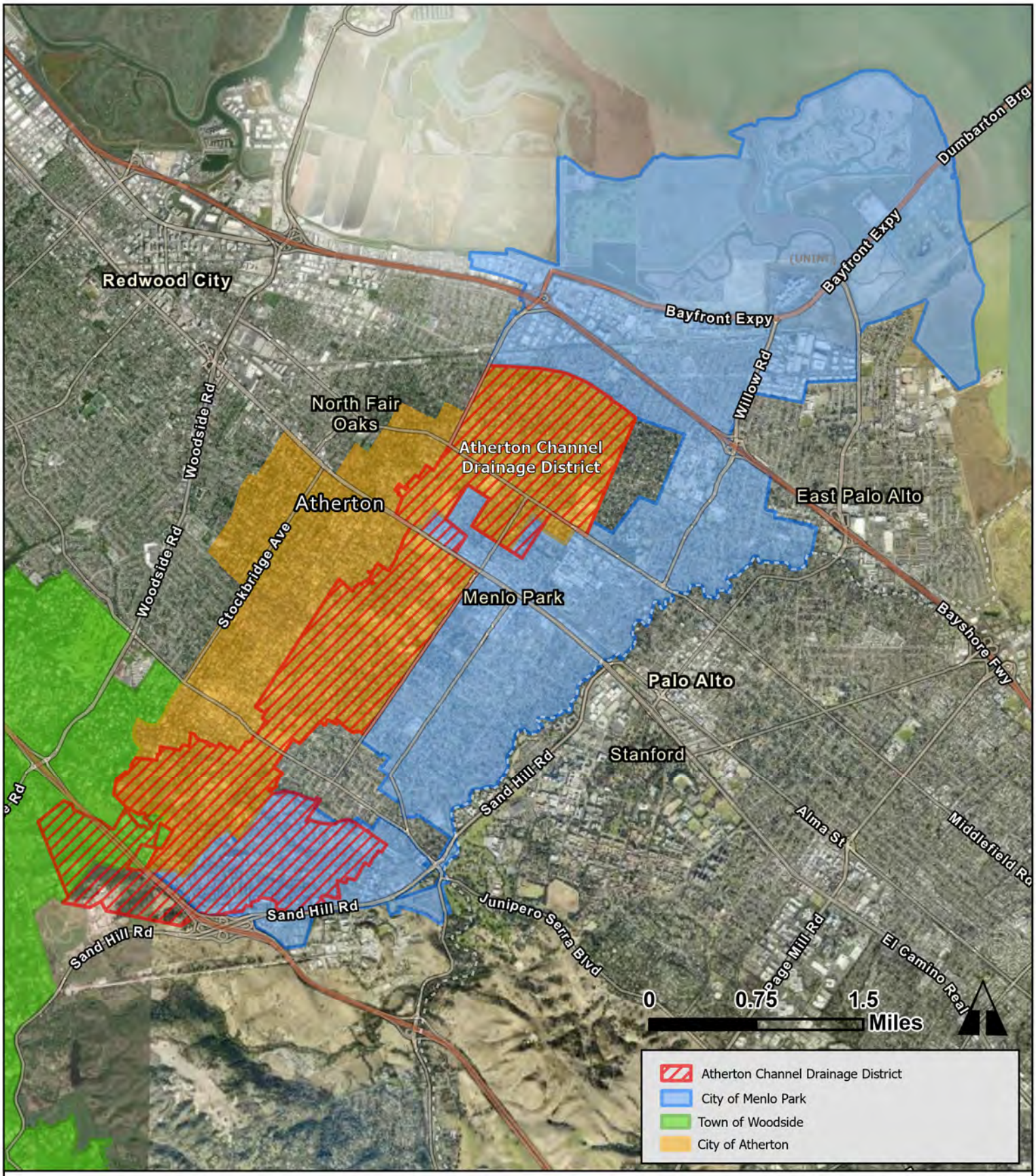
FY 2026-27 General Fund Expenditures: $90,116,487 (Budget)



ATHERTON SPHERE OF INFLUENCE

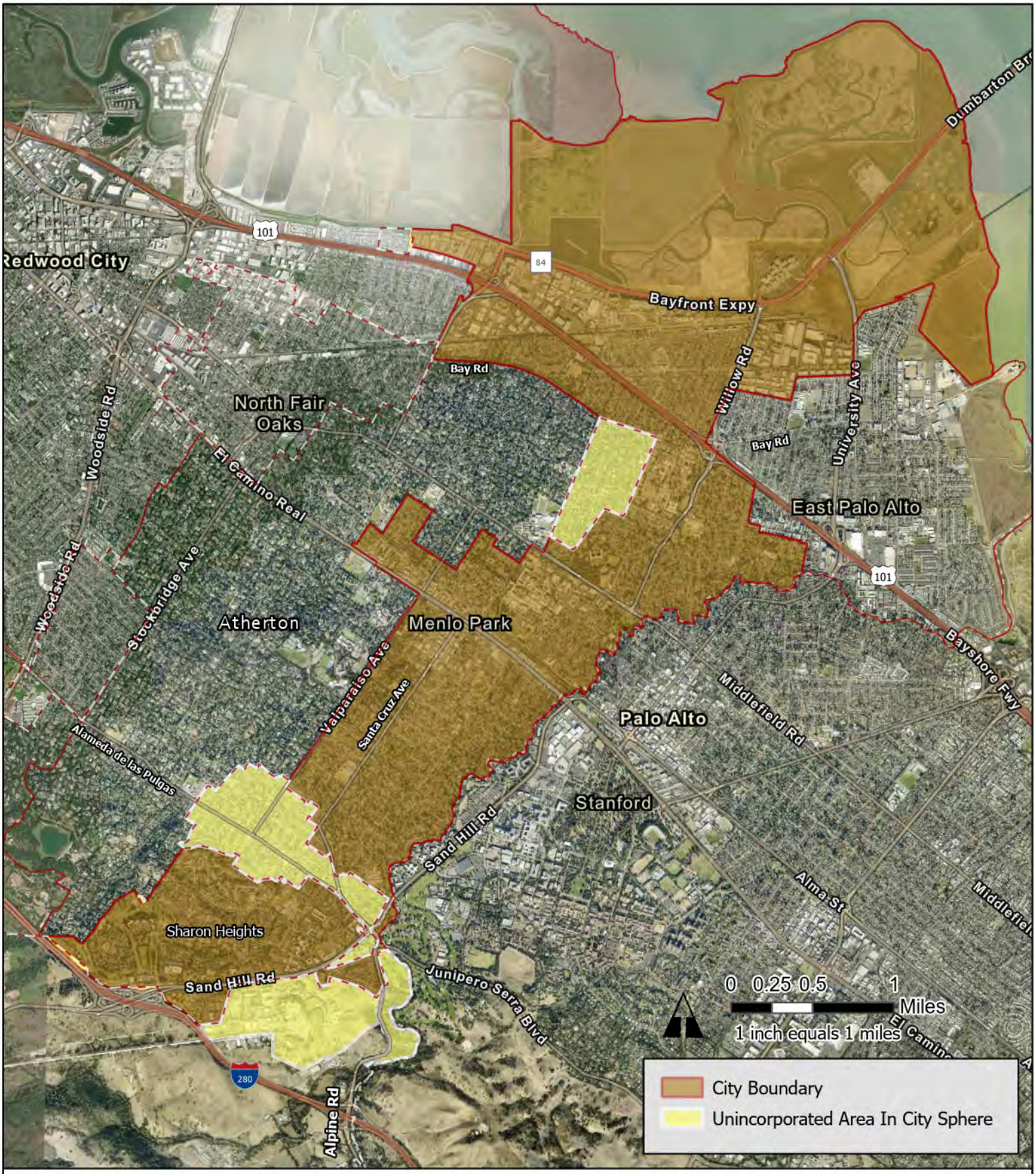
SAN MATEO LAFCo
LOCAL AGENCY FORMATION COMMISSION
455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-1851

SAN MATEO COUNTY GIS



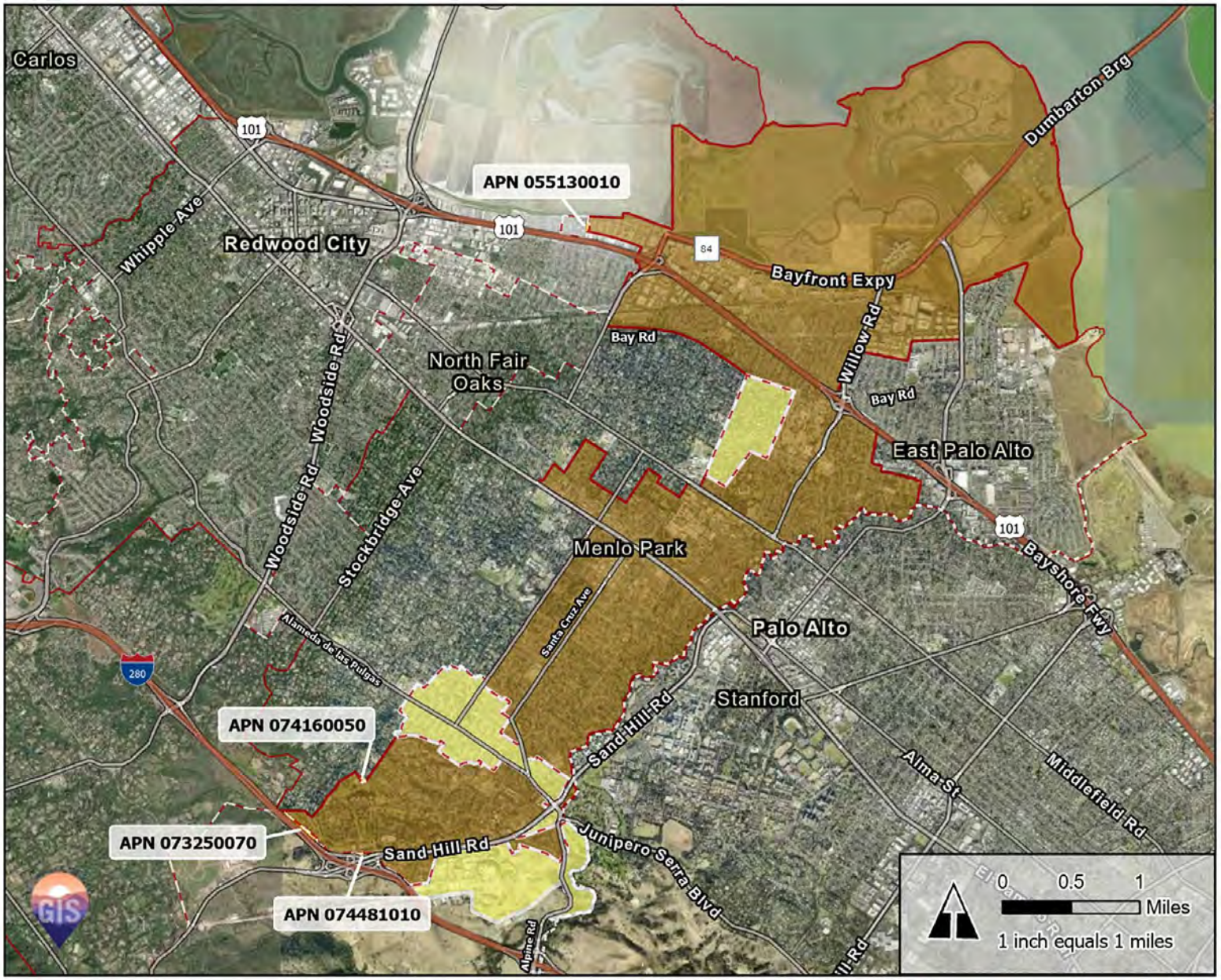
Atherton Channel Drainage District

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Menlo Park Sphere of Influence

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Menlo Park Sphere of Influence

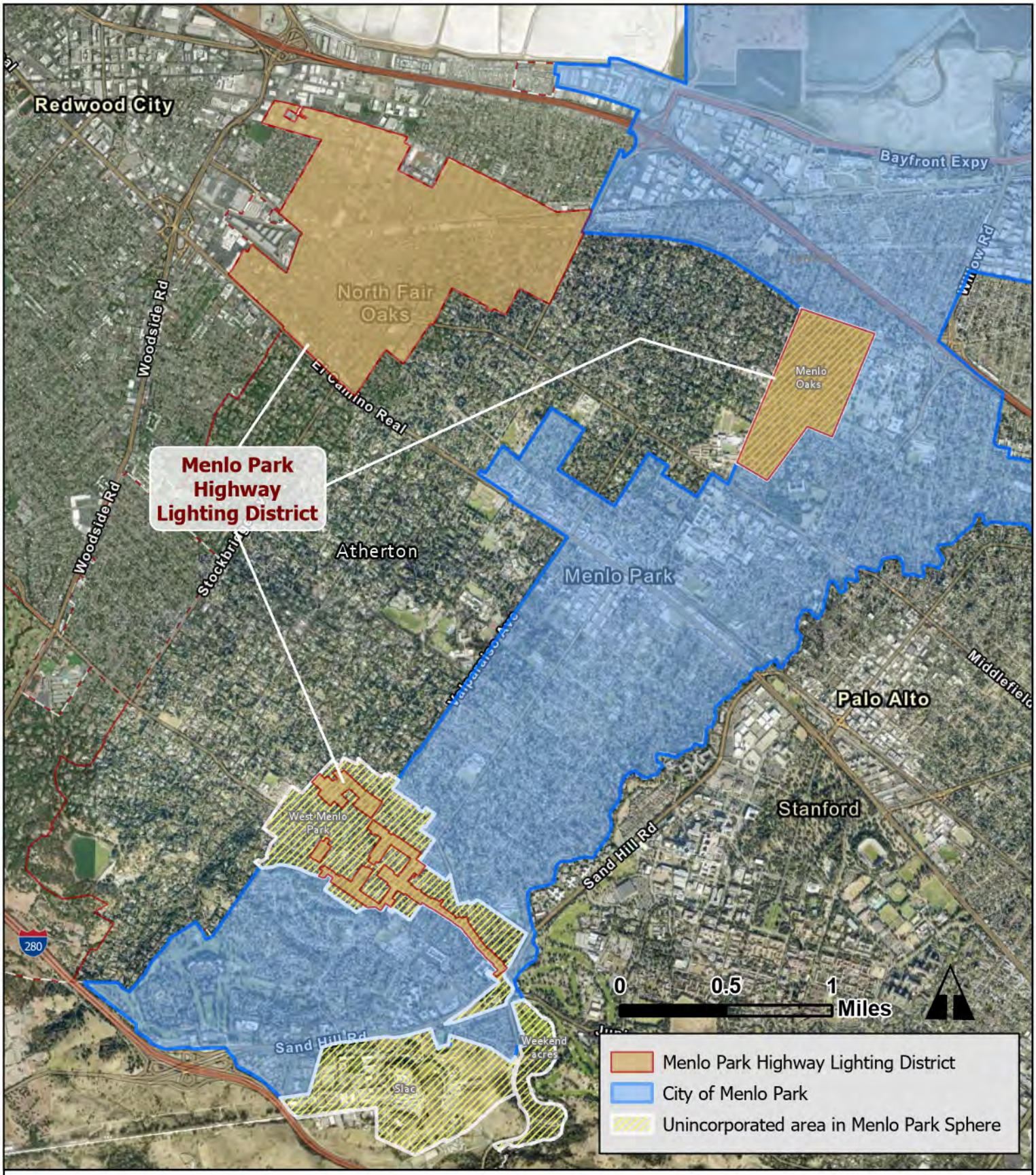
City Boundary

Unincorporated Area In City Sphere

SAN MATEO LAFCo

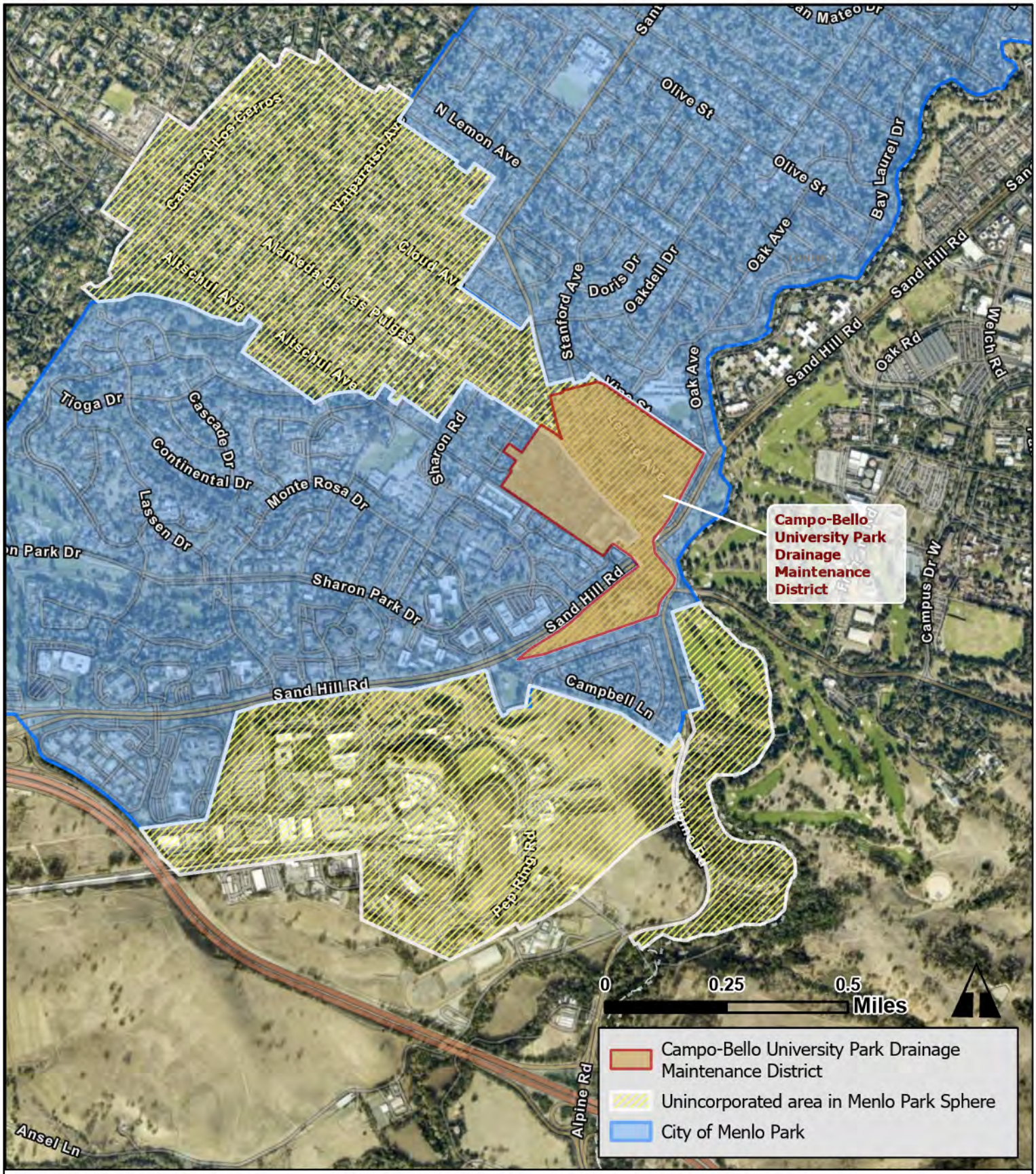
LOCAL AGENCY FORMATION COMMISSION

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



Menlo Park Highway Lighting District

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

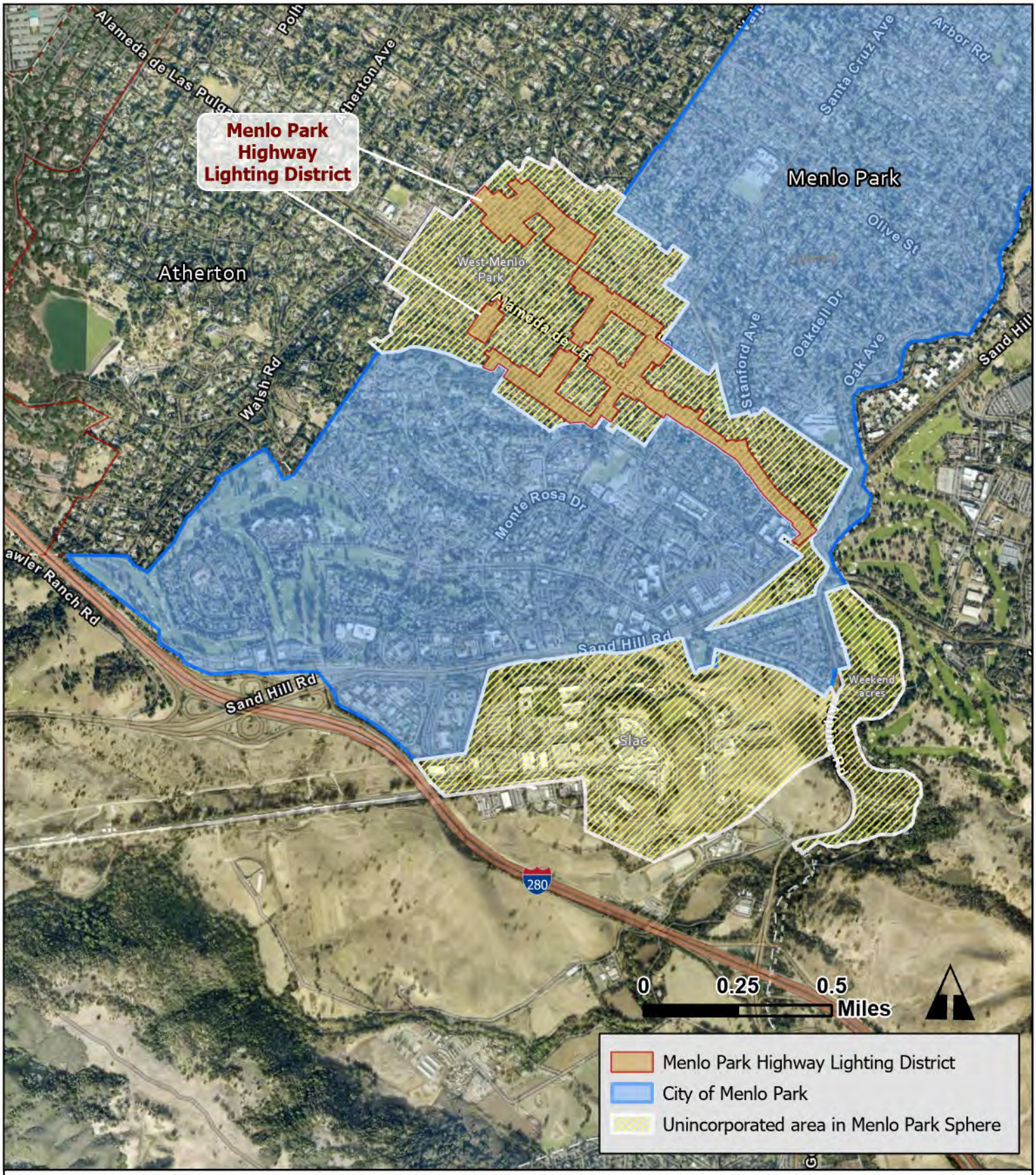


Campo-Bello University Park Drainage Maintenance District

SAN MATEO LAFCo

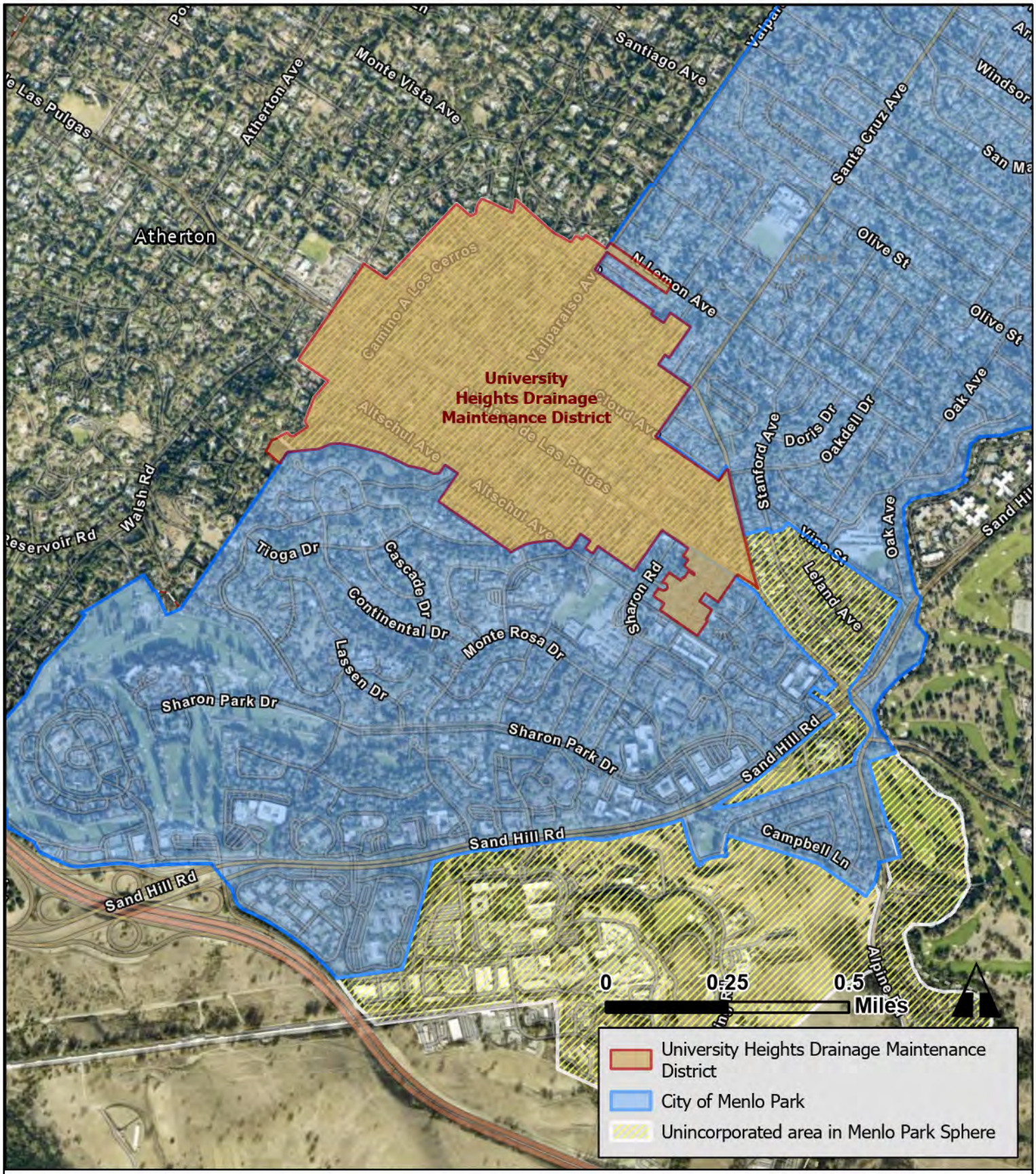
LOCAL AGENCY FORMATION COMMISSION

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



Menlo Park Highway Lighting District

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



University Heights Drainage Maintenance District

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

RESOLUTION NO. 1362

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN MATEO MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE SECTION 56430 FOR THE TOWN OF ATHERTON AND ATHERTON CHANNEL DRAINAGE DISTRICT

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

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

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

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the Town of Atherton and the Atherton Channel Drainage District;

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

WHEREAS, the Executive Officer set a public hearing date for November 18, 2026 for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on November 18, 2026; and

WHEREAS, a public hearing by this Commission was held on the report and at the hearing this Commission heard and received all oral and written protests, objections and evidence which

were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

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

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

1. **The present and planned land uses in the Town of Atherton area, including agricultural and open-space lands**: Residential, park and open space, and public facilities and schools.

2. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton boundaries.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**: The Town of Atherton provides adequate public services and facilities to its residents.

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 SOI of the Town of Atherton.

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:** N/A.

   And the written determinations for the Atherton Channel Drainage District:

1. **The present and planned land uses in the Atherton Channel Drainage District area, including agricultural and open-space lands**: Residential, park and open space, and public facilities and schools.
2. **The present and probable need for public facilities and services in the area:** Over the next 5-10 years, no significant population change or new development is expected within the current Atherton Channel Drainage District boundaries.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**: The District, governed by the Atherton City Council and administered by the Atherton Public Works Department, provides adequate routine maintenance of the Atherton Channel. However, the District's property tax revenues are insufficient to fund necessary capital improvements. The District relies on funding from grants, and the city-wide General Fund and Capital Improvement Program.

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 the Atherton Channel Drainage District.

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:** N/A.

WHEREAS, based on the results of the Municipal Service Review, staff has determined that the SOIs for both the Town of Atherton or the Atherton Channel Drainage District do not need to be updated at this time; and

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

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

CEQA; and

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated November 10, 2026, Final Municipal Service Review for the Town and Atherton and the Atherton Channel Drainage District, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this __ 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:

_____ Date: _____
Roberto J Bartoli Jr.
Executive Officer
Local Agency Formation Commission

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

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for the Town of Atherton and Atherton Channel Drainage District

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

As of 2026, the Town of Atherton is home to 7,086 residents and nearly 2,700 housing units. The Town's adopted 2023-2031 Housing Element proposed to increase its housing stock by approximately 15%, largely through the construction of ADU's on existing developed property. All housing sites identified in the Town's Housing Element are within the existing boundaries of the Town.

Recommendation: None

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

Determination

The Town's SOI and municipal boundaries are coterminous, and the Town does not provide water, sewer, or structural fire services. There are no disadvantaged unincorporated communities within the Town's SOI.

Recommendation: None

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

The Town of Atherton has the capacity to meet service needs of existing and future development within its boundaries. Atherton's five-year capital improvement plan is adequately funded and designed to ensure public services are adequate and infrastructure needs are proactively addressed.

Recommendations:

1. LAFCo encourages the Town to continue to review potential revenue sources for drainage systems and enhance existing revenue sources for the Atherton Channel Drainage District for capital projects and ongoing operations and maintenance.

Financial ability of agency to provide services.

Determination

The Town prepares an annual operating and capital improvement budget for the upcoming fiscal year, which is adopted by the City Council at a noticed public hearing before June 30th. The City also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The Town has healthy reserves, with a FY 2026-27 fund balance projected to represent 50% of total expenditures. The Town has the requisite financial policies in place to ensure its continued financial accountability and stability. However, ongoing State Vehicle License Fee (VLF) in-lieu shortfalls and insufficient Atherton Channel Drainage District revenues present financial challenges, and District finances are not budgeted or audited separately from the Town.

Recommendations:

2. LAFCo encourages the Town to separate the Atherton Channel Drainage District budget from its current structure within the Town's General Fund and Capital Improvement Plan. This will enhance transparency and provide a forum for discussions regarding funding allocation and projects within the District.

3. The annual Independent Financial Audit for the Town should review the Drainage District finances separately from the Town's General Fund and other special revenue funds, as the Drainage District is a dependent district of the Town.

4. Currently, the Town budgets $1.3M in VLF expected revenues for FY 2026-27. Given the uncertainties in VLF revenue payments from the state, and the historic shortfalls/partial payment for prior years, the Town may consider reducing or removing anticipated VLF revenue from future budgets.

Status of, and opportunities for, shared facilities.

Determination

The Town of Atherton offers its residents mostly in-house services, such as its own Police Department. The Town contracts out public works projects and collaborates with the County and other cities on library services through the Library JPA.

Recommendations: None

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

Determination

The Town of Atherton ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act. Atherton Channel Drainage District business is conducted at regular City Council meetings rather than at separately noticed District meetings.

Recommendations

5. The City Council does not hold separate governing body meetings for the Atherton Channel Drainage District. Decisions relating to the District, including the annual budget adoption, occur during the Town's regular City Council Meetings. As the District includes portions of Atherton, Menlo Park, Woodside, and unincorporated San Mateo County, holding separate meetings of the City Council sitting as the governing body of the District would likely facilitate inter-jurisdiction collaboration on projects and collaboration on funding and budget. Notice of governing body meetings would also enhance transparency for the public, particularly for those who reside within the District, but outside of the Town of Atherton. LAFCo recommends the Town of Atherton hold governing body meetings for the Atherton Channel Drainage District when discussing actions related to the District, including the adoption of the District's budget and capital improvement plan.

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

The Town is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise.

Recommendation: None

RESOLUTION NO. 1363

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN MATEO MAKING DETERMINATIONS PURSUANT TO GOVERNMENT CODE SECTION 56430 FOR THE CITY OF MENLO PARK

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

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

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

WHEREAS, the Commission conducted a Municipal Service Review pursuant to Government Code Section 56430 for the City of Menlo Park;

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

WHEREAS, the Executive Officer set a public hearing date for November 18, 2026 for the consideration of the final Municipal Service Review and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on November 18, 2026; and

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

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

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

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

1. **The present and planned land uses in the City of Menlo Park area, including agricultural and open-space lands**: The majority of the City's land use is residential. Other land uses include commercial, life sciences and industrial (Bayfront district), institutional, public facilities, parks and open space (tidal marshes and protected wetlands). There is no agricultural land within the City's SOI.

2. **The present and probable need for public facilities and services in the area:** The City of Menlo Park's facilities and services meet the needs of its residents and businesses, and the City anticipates that it will be able to provide adequate facilities and services for the anticipated growth within its service area. Four parcels have been identified to be added to the City's SOI.

    • 3501 Haven Ave. (APN 055-130-010), an unincorporated parcel contiguous to the City. It is currently being used as part of a larger warehouse unit. The City provides water to this parcel. The City of Redwood City has no objection to this parcel being added to the Menlo Park SOI.

    • APN 074-160-050 is an unincorporated island owned by the Sharon Heights Golf Club. It is currently in use as part of the golf course. The rest of the Sharon Heights Golf Club is incorporated in the City of Menlo Park. This unincorporated island parcel is contiguous with the border of Menlo Park and Atherton and seemingly has never been assigned to an SOI.

    • APN 073-250-070 is an unincorporated parcel owned by Stanford University, currently in use as part of the Sharon Heights golf course. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.

    • APN 074-481-010 is an unincorporated parcel owned by Stanford University, currently undeveloped. It is contiguous to the City of Menlo Park, and adjacent to I-280 on the east side. This parcel was assigned to the SOI of Woodside. The Town

of Woodside has no objection to having this parcel detached from the Town's SOI and added to the City of Menlo Park's SOI.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide** The City currently provides adequate public services to its residents, including police protection, water, storm water, fire (via Menlo Park Fire Protection District), and sanitary sewer services (via WBSD, EPASD, and FOSMD). The City routinely adopts a Capital Improvement Program to fund critical repairs, replacements and improvements to the City's infrastructure and facilities.

4. **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the SOI of the City of Menlo Park.

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:** N/A.

WHEREAS, based on the results of the Municipal Service Review, staff has determined that the SOI for the City of Menlo Park should be updated at this time; and

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

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

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

Section 1. By Resolution, the Commission accepts the Executive Officer's Report dated November 10, 2026, Final Municipal Service Review for the City of Menlo Park, and all written comments and attachments incorporated herein and contained in attached "Exhibit A."

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

Regularly passed and adopted this __ 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:

_____ Date: _____
Roberto Bartoli
Executive Officer
Local Agency Formation Commission

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

Exhibit B

Municipal Service Review (MSR) Areas of Determination and Recommendations for the City of Menlo Park

Areas of Determinations and Recommendations

Growth and population projections for the affected area.

Determination

As of 2026, the City of Menlo Park is home to 33,785 residents and approximately 14,000 housing units. The City's adopted 2023-2031 Housing Element proposes to increase the City's housing stock by 2,946 units, or approximately 20%, largely through infill and increasing residential density. The development sites identified in the City's adopted Housing Element are within the existing boundaries of the City.

Recommendation: None

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

Determination

While the City provides water service to a majority of the City, there are no disadvantaged unincorporated communities within the City's SOI or corporate boundaries. However, the Menlo Park neighborhoods of Belle Haven and the Bayfront are considered "low income" and are separated from the rest of the City by US-101.

Recommendation: None

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI.

Determination

The City of Menlo Park has the capacity to meet service needs of existing and future development within its boundaries. The City has Master Plans to guide capital expenditures and priorities across various service areas. The capital improvement plan is currently adequately funded, although the General Fund transfer for capital projects was reduced by $1M in FY 2026-27 in order to balance the budget.

Recommendations: None

Financial ability of agency to provide services.

Determination

The City prepares an annual operating and capital improvement budget for the upcoming fiscal year that is adopted by the City Council at a noticed public hearing before June 30th. The City

also produces an Annual Comprehensive Financial Report that is reviewed by the City Council. The most recently published report is for FY 2024-25. The City's target General Fund reserve level is 35% of total expenditures. The projected FY 2026-27 reserve level is just shy of the target, at 32%. Without any intervention or changes, the reserve level is projected to decline further, reaching 9% in FY 2030-31. The City has the requisite financial policies in place to ensure its continued financial accountability and stability. In FY 2026-27, the property tax in lieu of vehicle license fee (VLF) revenue is anticipated to be $1.9M. This represents a shortfall of $4.3M, or 5% of total General Fund expenditures. Menlo Park does not include any VLF backfill revenue in budget forecasts for FY 2027-28 onward.

Recommendations:

1. LAFCo staff encourages the City to continue monitoring its reserve levels and exploring additional revenue sources to help the City align with its General Fund fund balance policy.

Status of, and opportunities for, shared facilities.

Determination

The City collaborates and partners with various Bay Area jurisdictions on natural hazard mitigation planning, transportation and traffic management, sea level rise, and shared services and facilities. The City participates in the County's multijurisdictional Local Hazard Mitigation Plan. The City is also a member of the San Francisquito Creek Joint Powers Authority (SFCJPA).

Recommendations:

2. LAFCo staff encourages the City to continue partnering with regional agencies to address traffic and transportation projects, as well as natural hazards and mitigation planning.

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

Determination

The City ensures that public meetings are accessible and publicized. Archived meeting minutes and videos are available online. LAFCo is not aware of any failure to comply with disclosure laws or the Brown Act.

Recommendations: None

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

i. Water Resiliency and Climate Change

ii. Impact of Natural Hazards and Mitigation Planning

Determination

The City is engaged in activities to address hazard mitigation, wildfire prevention, greenhouse gas emissions and sea level rise. Additionally, through this report, LAFCo staff was made aware that the City of Menlo Park has water infrastructure on Stanford-owned land in unincorporated

San Mateo County. This area is currently within the designated SOI of the Town of Woodside. It should be determined whether these SOI designations of the Stanford lands and SLAC accurately reflect the current service providers, potential service needs, as well as the probable physical future boundaries of Menlo Park, Woodside, and Portola Valley.

Recommendation:

3. LAFCo staff recommends that the Commission make a referral to the Budget Committee to consider adding a Special Study of Stanford Lands to the FY 2027-28 workplan and budget. The study would determine the extent of current service providers and suggest appropriate SOI designations of Stanford land in the vicinity of the City of Menlo Park, Town of Portola Valley, and Town of Woodside. The study's recommendations for any SOI amendments would be presented for consideration to the Commission and to the respective City Managers and Stanford University staff.

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

November 10, 2026

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Appointment of LAFCo Chair and Vice Chair for 2027

Summary

This staff report requests that the Commission appoint a Chair and Vice Chair for 2027. It is Commission practice to appoint the Chair and Vice Chair at the last meeting of the calendar year for the upcoming year. The custom has been that these positions rotate by type of Commission membership in the following order: County, Special District, Public, and City.

If the Commission desires to follow the traditional rotation, it would be appropriate to appoint Commissioner Ann Draper, Public Member as Chair and City Member as Vice Chair.

Recommended Commission Action:

By motion, appoint a Chair and Vice Chair for 2027.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

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

November 10, 2026

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: Consider approval of 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, 2025

Summary

As part of the contract for personnel, office space and services with the County of San Mateo, the Commission's funds are held in the County treasury and included in the County's budget system. For the Fiscal Year beginning July 1, 2018, the Commission's budget was moved out of the General Fund to a separate trust fund, shown in the County's budget document as information only, consistent with its being the budget of an independent Commission. When the Commission's budget was part of the General Fund, the County's annual audit included the LAFCo budget. Moving the Commission's budget from the General Fund to a trust fund required that the Commission engage independent auditors to prepare an audit of Commission finances.

O'Connor & Company, formerly R. J. Ricciardi, Inc., has completed the seventh outside audit for San Mateo LAFCo covering the 2024-25 fiscal year. O'Connor & Company has not identified any deficiencies in internal controls nor any instances of non-compliance. The audit did not find any problems with the LAFCo financial statements. Financial transactions are viewed by staff from San Mateo County Planning and Building, the San Mateo County Controller's Office, and by San Mateo County CEO's Budget Office.

In the 2018-19 audit, it was recommended that all trial balances be reviewed on monthly basis and that cash accounts be reconciled each month. As noted in the report, LAFCo staff continues to review monthly reports for the LAFCo accounts and works with County staff to reconcile accounts. In addition, LAFCo staff now provides quarterly financial updates to the Commission which will allow for opportunities to review how LAFCo performed financially in the previous quarter as compared to the adopted budget and to discuss any issues as appropriate.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY

ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC

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

Recommendation Action

By resolution, approve 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, 2025.

Attachments

A. Commissioners and Management Report for FY25 Audit

B. Annual Financial Report for FY25 Audit

C. Resolution No. 1364

DRAFT

11/5/2026

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. **Report/Letter date is TENTATIVE-TBD**

Attachment A

SAN MATEO LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS & MANAGEMENT REPORT

For the Year Ended JUNE 30, 2025

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DRAFT

Commissioners
San Mateo Local Agency Formation Commission
Redwood City, California

In planning and performing our audit of the financial statements of San Mateo Local Agency Formation Commission as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered San Mateo Local Agency Formation Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

This report is intended solely for the information and use of management, the Commissioners, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

We thank San Mateo Local Agency Formation Commission's staff for its cooperation during our audit.

O'Connor & Company

Novato, California

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Commissioners
San Mateo Local Agency Formation Commission
Redwood City, California

We have audited the basic financial statements of the San Mateo Local Agency Formation Commission (LAFCo) for the year ended June 30, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 12, 2025, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of LAFCo. Such considerations were solely for the purpose of determining our audit procedures and not providing any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by LAFCo are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered by LAFCo during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 101 – Compensated Absences

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Nothing came to our attention.

Disclosures
The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no audit adjustments that came to our attention.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated XX/XX/XX.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LAFCo's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LAFCo's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Commissioners of San Mateo Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Current Year Observations

There were no current year observations.

Prior Year Observations

There were no prior year observations.

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11/5/2026

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. **Report/Letter date is TENTATIVE-TBD**

SAN MATEO LOCAL AGENCY FORMATION COMMISSION

REDWOOD CITY, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

Commissioners
San Mateo Local Agency Formation Commission
Redwood City, California

Report on Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of the governmental activities and the major fund of the San Mateo Local Agency Formation Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the San Mateo Local Agency Formation Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Mateo Local Agency Formation Commission, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Mateo Local Agency Formation Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter
As discussed in Note 1, the financial statements are intended to present the financial position and the respective changes in financial position of only those transactions attributable to San Mateo Local Agency Formation Commission. They do not purport to, and do not, present fairly the financial position of the County of San Mateo in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Mateo Local Agency Formation Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Unites States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with auditing standards generally accepted in the Unites States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Mateo Local Agency Formation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Mateo Local Agency Formation Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3-6 and page 18, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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O'Connor & Company

Novato, California

This section of San Mateo Local Agency Formation Commission's (LAFCo's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2025. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to LAFCo's audited financial statements, which are composed of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments.* The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of LAFCo.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of LAFCo.

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The Basic Financial Statements

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCo's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCo's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCo, including all of its capital assets and long-term liabilities on a full accrual basis, like that used by corporations. The Statement of Activities provides information about all LAFCo's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of LAFCo's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of LAFCo's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report LAFCo's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of LAFCo's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of LAFCo and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on an accrual basis, which means they measure the flow of all economic resources of LAFCo.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – LAFCo's basic services are governmental activities. These services are supported by specific general revenues from local agencies.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of LAFCo's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCo for the year and may change from year to year as a result of changes in the pattern of LAFCo's activities.

In LAFCo's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Analyses of Major Funds

Governmental Funds
General Fund revenues increased $129,790 this fiscal year compared to the prior year. Actual revenues were less than budgeted by $92,327.

General Fund expenditures were $680,782, an increase of $66,983 from the prior year primarily due to an increase in labor costs. Expenditures were $165,247 less than budgeted.

Governmental Activities

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Table 1
Governmental Net Position

	2025 Governmental Activities	2024 Governmental Activities
Current assets	$ 303,013	$ 223,914
Total assets	303,013	223,914
Current liabilities	12,146	5,967
Total liabilities	12,146	5,967
Net position		
Unrestricted	290,867	217,947
Total net position	$ 290,867	$ 217,947

LAFCo's governmental net position amounted to $290,867 as of June 30, 2025, an increase of $72,920 from 2024. This increase is the Change in Net Position reflected in the Statement of Activities shown in Table 2.

LAFCo's net position as of June 30, 2025 comprised the following:

- Cash and investments comprised $298,710 of cash on deposit with the San Mateo County Treasury.
- Accounts receivable totaling $4,303.
- Accounts payable totaling $12,146.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. LAFCo had $290,867 of unrestricted net position as of June 30, 2025.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2025 Governmental Activities	2024 Governmental Activities
Expenses		
Local agency formation services	$ 680,782	$ 613,799
Total expenses	680,782	613,799
Revenues		
Program revenues:		
Charges for services	19,434	53,520
General revenues:		
Intergovernmental revenue	710,922	553,122
Taxes and other	23,346	17,270
Total general revenues	734,268	570,392
Total revenues	753,702	623,912
Change in net position	$ 72,920	$ 10,113

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As Table 2 above shows, $19,434 or 3% of LAFCo's fiscal year 2025 governmental revenue came from program revenues and $734,268 or 97%, came from general revenues.

Program revenues consisted of annexation charges of $19,434.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Capital Assets

LAFCo has no capital assets.

Debt Administration

LAFCo does not utilize long-term debt to fund operations or growth.

Economic Outlook and Major Initiatives

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various agencies served by LAFCo.

The economic condition of LAFCo as it appears on the balance sheet reflects financial stability. LAFCo will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

Contacting LAFCo's Financial Management

The basic financial statements are intended to provide citizens, taxpayers, and creditors with a general overview of LAFCo's finances. Questions about this report should be directed to San Mateo Local Agency Formation Commission, 455 County Center, 2nd Floor, Redwood City, CA 94063.

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San Mateo Local Agency Formation Commission
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 298,710
Accounts receivable	4,303
Total assets	303,013
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable and other accrued expenses	12,146
Total liabilities	12,146
Net position:	
Unrestricted net position	290,867
Total net position	$ 290,867

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The accompanying notes are an integral part of these financial statements.

San Mateo Local Agency Formation Commission
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Governmental Activities
Program expenses	
Services and supplies	$ 680,782
Total program expenses	680,782
Program revenues:	
Intergovernmental revenue	710,922
Charges for service	19,434
Other revenue	23,346
Total program revenue	753,702
Net program expense	72,920
Changes in net position	72,920
Net position, beginning of period	217,947
Net position, end of period	$ 290,867

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The accompanying notes are an integral part of these financial statements.

San Mateo Local Agency Formation Commission
GOVERNMENTAL FUNDS - BALANCE SHEET
June 30, 2025

	General Fund
ASSETS	
Cash and cash investments	$ 298,710
Accounts receivable	4,303
Total assets	$ 303,013
LIABILITIES	
Accounts payable and other accrued expenses	$ 12,146
Total liabilities	12,146
FUND BALANCES	
Assigned fund balances	290,867
Total fund balances	290,867
Total liabilities and fund balances	$ 303,013

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The accompanying notes are an integral part of these financial statements.

San Mateo Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
to the
STATEMENT OF NET POSITION
For the Year Ended June 30, 2025

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$ 290,867
Amount reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
None	-
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 290,867

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The accompanying notes are an integral part of these financial statements.

San Mateo Local Agency Formation Commission
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
June 30, 2025

Revenues	General Fund
Intergovernmental revenue	$ 710,922
Charges for service	19,434
Other revenue	23,346
Total revenues	753,702
Expenditures	
Services and supplies	680,782
Total expenditures	680,782
Excess of revenues over (under) expenditures	72,920
Fund balances, beginning of the period	217,947
Fund balances, end of the period	$ 290,867

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The accompanying notes are an integral part of these financial statements.

San Mateo Local Agency Formation Commission
Reconciliation of the
STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES
to the
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	$	72,920
The changes in Net Position reported for governmental activities in the Statement of Activities are different because:		
None		-
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	72,920

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The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY

A. Reporting Entity

The financial statements are intended to present the financial position and the respective changes in financial position of only those transactions attributable to San Mateo Local Agency Formation Commission (LAFCo). They do not purport to, and do not, present fairly the financial position of the County of San Mateo in conformity with U.S. generally accepted accounting principles.

LAFCo maintains a cash receipts journal for recording fees collected at 1851 Lexington Avenue. The assessment of property, collection of taxes, disbursement of cash, and the maintenance of the general ledger for funds held by the County are provided by the County of San Mateo. Custodianship of LAFCo's account and records for funds held by the County are vested with the Treasurer of San Mateo County.

The County of San Mateo maintains its financial records on a computer, utilizing a monthly reporting cycle. Every month the Controller issues a computer printout of revenues collected, disbursements by objective and a trial balance for the period then ended.

B. Organization of LAFCo

San Mateo Local Agency Formation Commission (LAFCo) was formed in 1963. LAFCo is responsible for coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, and preparing a sphere of influence for each city and special district within its county. LAFCo's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. LAFCo also conducts service reviews to evaluate the provision of municipal services within its county.

C. Principles that Determine the Scope of Reporting Entity

LAFCo consists of seven voting members and four alternate members and exercises the powers allowed by state statutes. This follows section 56325 of the Government Code. The basic financial statements of LAFCo consist only of the funds of LAFCo. LAFCo has no oversight responsibility for any other governmental entity since no other entities are controlled by, or dependent on, LAFCo.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

LAFCo's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

Government-wide Financial Statements
LAFCo's financial statements reflect only its own activities; it has no component units. The statement of net position and statement of activities display information about the reporting government. They include all the funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and charges for services for performing annexation services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of LAFCo's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

Program revenues include charges paid by the recipients of goods and services offered by the program. Revenues that are not classified as program revenues, including all intergovernmental revenues, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is a separate accounting entity. General Fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. LAFCo's resources are accounted for based on the purposes for which they are to be spent and how spending activities are controlled. An emphasis is placed on major funds within the governmental categories.

The Fund Financial Statements are presented after the government-wide financial statements. These statements display information about major funds individually in a separate column and non-major funds in the aggregate for governmental funds. A fund is considered major if it is the primary operating fund of LAFCo or meets the following criteria: Total assets, liabilities, revenues, or expenditures (or expenses) of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. The General Fund is always a major fund. LAFCo reported the following major governmental funds in the accompanying financial statements:

Governmental Funds

General Fund: This is the operating fund of LAFCo. The major source of revenue for this fund is intergovernmental revenues. Expenditures are made for intergovernmental revenues projects and administration.

B. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred,* regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting. Under this method, revenues are recognized when "measurable and available." LAFCo considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*. Those revenues susceptible to accrual are intergovernmental, certain charges for services and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which LAFCo gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. LAFCo may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. LAFCo's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

C. LAFCo Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCo adopts a preliminary budget by May 1 and a final budget by June 15 of each year. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCo. Individual amendments were not material in relation to the original appropriations that were amended.

D. Receivable and Payable Balances

LAFCo believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuration of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of the year end. All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

E. Property, Plant and Equipment

LAFCo currently has no fixed assets.

F. Unearned Revenue

Unearned revenues represent amounts received but not yet earned.

NOTE 3 - CASH AND INVESTMENTS

LAFCo's cash is maintained with the San Mateo County Treasury in a non-interest-bearing account. LAFCo's cash on deposit with the San Mateo County Treasury at June 30, 2025 was $298,710.

Credit Risk, Carrying Amount and Market Value of Investments
LAFCo maintains specific cash deposits with San Mateo County (County). San Mateo County is restricted by state code in the types of investments it can make. Furthermore, the San Mateo County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, San Mateo County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. In addition, LAFCo has its own investment policy as well.

San Mateo County's investment policy authorizes San Mateo County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2025, LAFCo's cash with the San Mateo County Treasurer was maintained in a non-interest-bearing account.

Custodial Credit Risk – Deposits
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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NOTE 3 - CASH AND INVESTMENTS (concluded)

The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California agents of depository is held for, and in the name of, the local government.

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from rental properties. LAFCo did not have investments subject to recurring fair value measurements as of June 30, 2025.

DRAFT

NOTE 4 - USE OF ESTIMATES

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

NOTE 5 - CONTINGENCIES

LAFCo may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCo management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a materially adverse effect on LAFCo's financial position or results of operations.

NOTE 6 - FUND EQUITY

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which LAFCo is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications:

NOTE 6 - FUND EQUITY (concluded)

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts with use constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Commissioners serve as LAFCo's highest level of decision-making authority and have the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by LAFCo for specific purposes, subject to change, as established either by the Commissioners or by management officials to whom assignment authority has been delegated by the Commissioners.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

Fund Balance Flow Assumption
When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, LAFCo specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, LAFCo's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Net Position
Net Position is the excess of all LAFCo's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Net Investment in capital assets describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets. *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter. *Unrestricted* describes the portion of Net Position that is not restricted to use.

LAFCo's Net Position is unrestricted.

Net Position Flow Assumption
The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

DRAFT

Attachment B

San Mateo Local Agency Formation Commission
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
For the Year Ended June 30, 2025
(Unaudited)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental revenue	$ 811,029	$ 811,029	$ 710,922	$ (100,107)
Charges for services	35,000	35,000	19,434	(15,566)
Other revenue	-	-	23,346	23,346
Total revenues	846,029	846,029	753,702	(92,327)
Expenditures:				
Services and supplies	846,029	846,029	680,782	165,247
Total expenditures	846,029	846,029	680,782	165,247
Excess of revenues over (under) expenditures	$ -	$ -	72,920	$ 72,920
Fund balance, beginning of period			217,947	
Fund balance, end of period			$ 290,867	

DRAFT

Attachment C

RESOLUTION NO. 1364

RESOLUTION OF THE

SAN MATEO LOCAL AGENCY FORMATION COMMISSION

APPROVAL OF THE AUDIT PREPARED BY O'CONNOR & COMPANY FOR THE COMMISSION'S FISCAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2025

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

WHEREAS, prior to 2018, the Commission's appropriations budget was part of the County of San Mateo General Fund and independently audited annually; and

WHEREAS, in 2018 the Commission's appropriations budget was transferred to a trust fund account that necessitated LAFCo to contract with an outside auditor to perform an independent audit; and

WHEREAS, LAFCo entered into an agreement with O'Connor & Company for an audit of the Commission's Fiscal Statements for the year ending June 30, 2025; and

WHEREAS, the draft audit did not identify any deficiencies in internal controls nor any instances of non-compliance; and

WHEREAS, LAFCo staff continues to review monthly reports for the LAFCo accounts and works with County staff to reconcile accounts. LAFCo staff provides quarterly financial updates to the Commission which will allow for opportunities to review how LAFCo performed financially in the previous quarter as compared to the adopted budget and to discuss any issues as appropriate.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Commission hereby approves 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, 2025.

Regularly passed and adopted this ___day of_____.

Ayes and in favor of said resolution:

Commissioners: _____

_____

_____

_____

_____

_____

_____

Noes and against said resolution:

_____

Commissioners Absent and/or Abstentions:

Commissioners: _____

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

ATTEST:

_____ Date: _____
Roberto J Bartoli Jr.
Executive Officer
Local Agency Formation Commission

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

November 10, 2026

To: LAFCo Commissioners

From: Rob Bartoli, Executive Officer

Subject: CALAFCO 2026 Annual Conference Update – Information Only

Summary

CALAFCO held its 2026 Annual Conference in Sacramento, CA on October 21- 23. Commissioners Virginia Chang Kiraly, Katheryn Slater-Carter, David Canepa, Stephen Rainaldi, and Greg Wright, attended the Conference along with Clerk Diane Estipona, Management Analyst Sarah Flamm and Executive Officer Rob Bartoli. There were several sessions on housing, infrastructure, and agriculture preservation, LAFCo and the California Public Utilities Commission, a presentation regarding disadvantaged unincorporated communities, and AI and local government.

As part of the Conference, CALAFCO Board of Directors elections were held. Those elected/re-elected to the Board are:

Coastal Region (Includes San Mateo) – Virginia Chang Kiraly of San Mateo LAFCo (Two-year term), Rosemary Kamei of Santa Clara LAFCo (Two-year term), Wendy Root Askew of Monterey LAFCo (One-year term), and Kia Luoma of Ventura LAFCo (One-year term)

Central Region – Gay Jones of Sacramento LAFCo (Two-year term), Terry Woodrow of Alpine LAFCo (Two-year term) Josh Pedrozo of Merced LAFCo (One-year term), and Anita Paque of Calaveras LAFCo (One-year term)

Northern Region – Josh Susman of Nevade LAFCo (Two-year term), Jill Cox of Trinity LAFCo (Two-year term) Kevin Goss of Plumas LAFCo (One-year term), and Janice Bell of Colusa LAFCo (One-year term)

Southern Region – Tyler Salcido of Imperial (Two-year term), Gerard McCallum of Los Angeles LAFCo (Two-year term), Robert Amparano of Imperial LAFCo (One-year term), and Paul Novak of Los Angeles LAFCo (One-year term)

Earlier this year, CALAFCO members approved changes that opened regional Board seats to LAFC Executive Officers and removed commissioner seat-type categories. The incoming Board includes three Executive Officers elected to regional director seats: Kai Luoma of Ventura LAFCO, Paul Novak of Los Angeles LAFCO, and Tyler Salcido of Imperial LAFCO.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

Recommended Commission Action:

Receive report.

Attachment

A. CALAFCO Board Membership

California Association of Local Agency Formation Commissions
CALAFCO
SUPPORTING SUSTAINABLE COMMUNITY GROWTH

BOARD UPDATE

NOVEMBER 2026

MEET CALAFCO'S INCOMING BOARD

CALAFCO's newly elected 16-member Board begins its terms on December 1, 2026. Thank you to everyone who participated in the election and to the directors who have made the commitment to serve.

THREE EXECUTIVE OFFICERS ELECTED TO REGIONAL SEATS

Earlier this year, CALAFCO members approved changes that opened regional Board seats to LAFCO Executive Officers and removed commissioner seat-type categories. With the October election complete, those changes are now taking shape.

The incoming Board includes three Executive Officers elected to regional director seats: Kai Luoma of Ventura LAFCO, Paul Novak of Los Angeles LAFCO, and Tyler Salcido of Imperial LAFCO. Tyler will continue his Board service under the new structure.

Executive Officers have contributed to CALAFCO for many years through regional leadership, legislative work, educational programs, and committee service. Direct election to regional seats allows them to bring that experience to the association's decisions alongside their commissioner colleagues.

KAI LUOMA | VENTURA LAFCO

Coastal Region | One-year term

Kai has served as Ventura LAFCO's Executive Officer since 2014 and brings a long background in local government planning. Many members know him through his work as Vice-Chair of CALAFCO's Legislative Committee, where he has helped develop practical improvements to LAFCO law. He has also participated in the working groups reviewing CALAFCO's governance and dues structure. His approach emphasizes research, practical solutions, and listening to different viewpoints.

PAUL NOVAK | LOS ANGELES LAFCO

Southern Region | One-year term

Paul has served as Los Angeles LAFCO's Executive Officer since 2011. His involvement with CALAFCO includes service as a Deputy Executive Officer, Legislative Committee member, and contributor to conferences and staff workshops. He brings experience in land use planning, legislative proposals, and professional education. In his candidate statement, Paul emphasized collaboration, mutual respect, and building agreement around shared goals.

TYLER SALCIDO | IMPERIAL LAFCO

Southern Region | Two-year term

Tyler brings experience as both a LAFCO Executive Officer and a former city manager. He has already been involved in CALAFCO through his service as Southern Region Deputy Executive Officer and his work on the Achievement Awards, Staff Workshop Planning, and Dues Committees. His nomination emphasized continuity and ensuring that smaller, rural, agricultural, and border-region LAFCOs have a voice in statewide discussions.

1000 G Street, Suite 380, Sacramento, CA 95814 | (916) 442-6536
WWW.CALAFCO.ORG

WELCOMING OUR OTHER INCOMING DIRECTORS

Six other incoming directors will join the Board on December 1. We welcome their participation and the experience they bring from their local communities.

Director	Member LAFCO	Region	New term
Janice Bell	Colusa LAFCO	Northern	One year
Jill Cox	Trinity LAFCO	Northern	Two years
Josh Pedrozo	Merced LAFCO	Central	One year
Terry Woodrow	Alpine LAFCO	Central	Two years
Robert Amparano	Imperial LAFCO	Southern	One year
Gerard McCallum	Los Angeles LAFCO	Southern	Two years

CONTINUING THEIR SERVICE

The following directors will also return for new terms. Their continued involvement provides valuable experience and continuity as the new Board begins its work. Tyler Salcido, introduced on the preceding page, will also return for a two-year term.

Director	Member LAFCO	Region	New term
Kevin Goss	Plumas LAFCO	Northern	One year
Josh Susman	Nevada LAFCO	Northern	Two years
Anita Paque	Calaveras LAFCO	Central	One year
Gay Jones	Sacramento LAFCO	Central	Two years
Wendy Root Askew	Monterey LAFCO	Coastal	One year
Virginia Chang Kiraly	San Mateo LAFCO	Coastal	Two years
Rosemary Kamei	Santa Clara LAFCO	Coastal	Two years

All terms begin December 1, 2026. One-year terms end November 30, 2027; two-year terms end November 30, 2028.

Thank you to our outgoing Board members for their time and contributions, and to all incoming and returning directors for their willingness to serve. I look forward to working with the new Board and continuing our practical work in education, legislative advocacy, and member services.

Michelle McIntyre
Executive Director

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The Sphere:

JOURNAL OF THE CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS



Local Fire Districts
Call For Action

One Agreement
That Still Delivers

Commissioner's Toolkit

October 2026

CALAFCO Publication | CALAFCO.org

BOARD OF DIRECTORS

Wendy Root Askew, *Chair*
Yxstian Gutierrez, *Vice Chair*
Gay Jones, *Immediate Past Chair*
Josh Susman, *Treasurer*
Anita Paque, *Secretary*

CENTRAL REGION
Gay Jones, *Sacramento LAFCO*
José C. Henríquez, *Sacramento LAFCO*
Whitney Eklund, *Placer LAFCO*
Anita Paque, *Calaveras LAFCO*

COASTAL REGION
Roger Anderson, *Santa Cruz LAFCO*
Joe Serrano, *Santa Cruz LAFCO*
Virginia Chang Kiraly, *San Mateo LAFCO*
Rosemary Kamei, *Santa Clara LAFCO*

NORTHERN REGION
Shannon Costa, *Butte LAFCO*
Kevin Goss, *Plumas LAFCO*
Ricki Heck, *Nevada LAFCO*
Paul Minchella, *Modoc LAFCO*

SOUTHERN REGION
Tyler Salcido, *Imperial LAFCO*
Steve Sanchez, *Riverside LAFCO*
Yxstian Gutierrez, *Riverside LAFCO*

CALAFCO STAFF
Michelle McIntyre, *Executive Director*
José C. Henríquez, *Executive Officer*
Shannon Costa, *Deputy Executive Officer*
Tyler Salcido, *Deputy Executive Officer*
Joe Serrano, *Deputy Executive Officer*
Paula de Sousa, *General Counsel*

THANK YOU
TO OUR ASSOCIATE MEMBERS

GOLD ASSOCIATE MEMBERS

AP TRITON

BBK BEST BEST & KRIEGER LLP

CivicBound

COLANTUONO HIGHSMITH WHATLEY, PC

CV Strategies
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SILVER ASSOCIATE MEMBERS

City of Rancho Mirage

DTA

Fire Risk Management Services

Griffith, Masuda & Hobbs, A Professional Law Corporation

Hinman & Associates Consulting, Inc.

Policy Consulting Associates, LLC

South Fork Consulting, LLC

Articles, announcements, comments or other materials noteworthy to LAFCO commissioners and staff, may be submitted to the Editor at info@calafco.org or call 916-442-6536. The contents of this publication do not necessarily reflect the views of CALAFCO, its members, or their professional or official affiliations. ©2026 CALAFCO. All rights reserved. For permission to reproduce any article in this publication, contact info@calafco.org.

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Monterey Bay
Monterey, CA



Salinas Valley Agriculture
Monterey, CA



Elkhorn Slough
Monterey, CA

The Chair's Corner

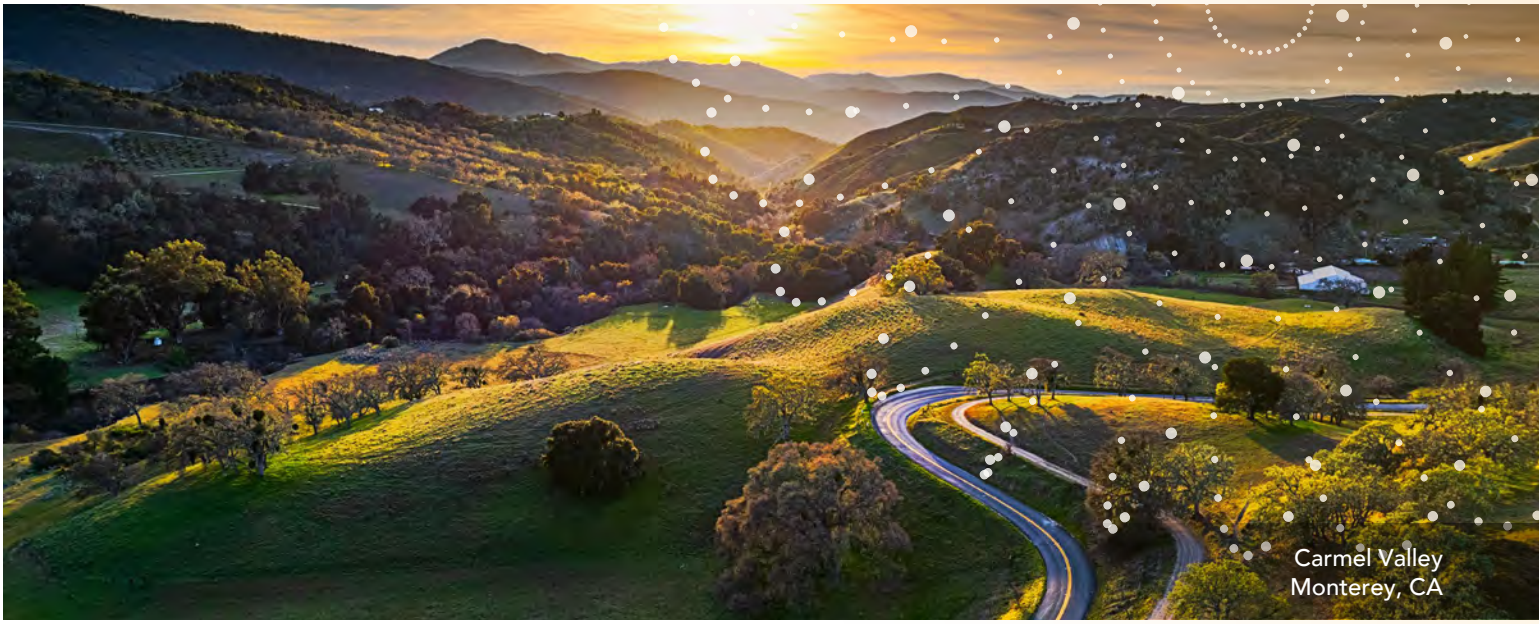
Shared Purpose, Stronger Communities

By Wendy Root Askew, Monterey County Supervisor, Monterey County District 4, CALAFCO Chair

Most people don't spend their days thinking about city boundaries, special districts, spheres of influence, or municipal service reviews. They simply count on clean water flowing from their taps, reliable roads, and emergency services when they need them. Behind these everyday essentials is the important work of local government. What I value most about public service is knowing that much of our work happens behind the scenes, yet its impact is felt in the everyday lives of those we serve.

Across California, LAFCOs help communities grow intentionally, not simply bigger, but better. We protect farmland and open space, discourage inefficient sprawl, encourage responsible development, and promote efficient, sustainable public services. Our work may not always make headlines, but the decisions we make have a lasting impact on the communities we serve.

Of course, no two counties face the same challenges. A rural county addressing wildfire risk has different needs than an urban county navigating housing and development pressures.



Carmel Valley
Monterey, CA

Yet we all benefit from sharing experiences and learning from one another. This is where CALAFCO plays such an important role.

CALAFCO is more than an annual conference. It is a statewide professional community where commissioners, executive officers, staff, and counsel come together to exchange ideas, navigate challenges, mentor colleagues, and advance effective local governance. These connections help us better serve our individual communities while working toward a shared purpose.

That spirit of collaboration has been especially evident this year.

As Chair, I've been encouraged not only by what we've accomplished, but also by how we've accomplished it.

Over the past year, we've modernized our governance, expanded educational opportunities through CALAFCO University, hosted a well-attended staff workshop, strengthened legislative engagement, launched a successful mentorship program, and continued important conversations about our organization's long-term sustainability. Each of these efforts reflects thoughtful progress guided by the voices of our members.

Since its founding in 1971, CALAFCO has been built on partnership and trust. More than five decades later, those values remain at the heart of our organization, guiding how we listen, collaborate, and move forward together.

As we gather for this year's Annual Conference, we have much to celebrate and important work ahead. We'll complete our governance improvements, continue enhancing communications and educational programs, and focus on maintaining a financially strong organization that remains responsive to the needs of every member agency.



Equally important is the opportunity to connect with one another. Every conversation, mentoring partnership, and shared lesson adds to our collective knowledge and ability to serve Californians. Each LAFCO, large or small, urban or rural, brings valuable experience and a perspective worth hearing.

I hope to personally thank you for the time, expertise, and dedication you bring to CALAFCO. Your commitment to public service and to one another is what makes this organization strong.

I look forward to all we will accomplish together and to continuing the important work that makes a difference in communities across California.



A Career I Didn't See Coming

By Michelle McIntyre, CALAFCO Executive Director

When I started at LAFCO as a clerk, I was focused on doing my job well and keeping an eye on what might come next. I had no idea I was taking the first step in a career I would come to love.

Each new role, from clerk to analyst and eventually Executive Officer, gave me a wider view of the work. The more I learned, the more invested I became. What I once saw as a narrow specialty turned out to be a field full of variety, challenge, and purpose.

> **Somewhere along the way, I fell in love with LAFCO.**

It happened gradually, through the projects, the problem-solving, and above all the people. LAFCO work touches nearly every corner of local government, and the colleagues I met across the state showed me how much depth and opportunity this field holds.

As an Executive Officer, one of my favorite parts of the job was making LAFCO understandable and relatable. My goal was for someone who knew nothing about us to see our materials and think, "That looks interesting. I'd like to learn more."

That meant paying close attention to how we presented ourselves. We asked whether information was easy to find, whether someone new could follow it without knowing our terminology, and whether our materials felt welcoming and professional. Each improvement gave people a new reason to stop and take a look.



Along the way, I discovered the value of simple graphics, clear writing, and consistent design. I loved creating materials that were both educational and beautiful, because good design invites people into information they might otherwise pass by.

I am excited to bring that same approach to CALAFCO.

Our recent website work is already making CALAFCO's resources easier to find and use. The Member Hub gives members a clear place to start. The Commissioner's Toolkit brings key resources together, and a Staff Toolkit will extend that same support to the clerks, analysts, and Executive Officers who keep our agencies running. Our communications work with CV Strategies shares the same goal: helping people find, understand, and use everything CALAFCO has to offer.

These improvements open doors. A new commissioner can find a confident starting point. A clerk or analyst can access tools that help them learn and grow. Someone outside our agencies can see why LAFCO matters from their very first visit.

Looking ahead, I see real opportunities for CALAFCO to support members across the full range of running an agency. My master's degree in public administration is a part of my background I look forward to drawing on. LAFCO colleagues have shared how much of their work involves budgets, personnel, and office operations, often with lean teams that accomplish a great deal.

> **CALAFCO is well positioned to help. By listening to members, we can shape education, shared resources, and peer connections that strengthen LAFCOs of every size.**

Today, some of my most rewarding work is creating opportunities for others to discover LAFCO, both inside and outside our agencies. I also keep learning, which is one of the things I value most about this field.

My path into LAFCO was a happy surprise. My hope now is to help the next generation see the possibilities from the start. When CALAFCO makes the work easier to understand, helps people feel supported, and gives them room to grow, we build a stronger future for LAFCOs across California. I am proud to be part of it.



Partners in Progress

Local Fire Districts Call for Action

To Address Funding Shortfalls



Fire protection districts and LAFCOs have a long and important relationship in California's local government structure. Because LAFCOs oversee the boundaries, formation, consolidation, and service areas of local fire protection districts, the two parties may not always approach issues from the same perspective. However, they share a fundamental goal: ensuring the consistent delivery of high-quality local government services to countywide constituents. Adequate and stable funding is essential to making that goal possible.

Fire districts are represented statewide through the Fire Districts Association of California (FDAC). After years of discussion about increased service demands on fire protection districts and the lack of corresponding funding growth, FDAC researched and released ***Fighting Fire with Funding: The Urgent Need for Adequate Fire Service Resources in California***, a white paper that outlines the challenges facing local fire service agencies.

The white paper identifies four key issues affecting fire protection districts: increased service demands, rising costs, funding shortfalls, and the resulting impact on service delivery. It also provides background on the history of fire protection districts and their funding, policy changes that have affected districts, and ongoing funding and cost-recovery challenges. The paper calls on the Governor and Legislature to address California's fire services funding shortfall.

Fire protection district representatives have been reaching out to legislators in Sacramento and district offices to advocate for adequate funding, which is crucial to maintaining a safe and effective emergency response system for all Californians and securing the future of the state's fire service.

The California Special Districts Association, California Volunteer & Combination Fire Chiefs Association, League of California Cities, and California Fire Chiefs Association have all endorsed the white paper and its call to action, underscoring broad statewide support for securing adequate funding for local fire protection districts.



> **With a shared commitment to high-quality local government services, county LAFCOs are well positioned to support advocacy for adequate and stable funding for local fire protection districts.**

Funding levels must keep pace with the increased demands on today's emergency response system so fire protection districts can continue to protect and serve California communities.

For more information on local fire service funding efforts, please email staff@fdac.org or visit www.fdac.org.

One Agreement That Still Delivers

Three Southern California Parties Working Together For Decades



By Tom Coleman, General Manager, Rowland Water District

Rowland Water District, Walnut Valley Water District, and the City of Pomona share the pipeline that keeps water flowing to a growing region

When Walnut Valley Water District, Rowland Water District, and the City of Pomona broke ground on a shared pipeline in 1955, each party faced the same problem. Local groundwater was limited, imported water was available, and the cost of building transmission capacity alone was steep for all three. Their answer was the Pomona-Walnut-Rowland Joint Water Line Commission, formalized under a Joint Powers Agreement in 1956 and still in service today.

The line runs 7.6 miles and varies from 42 to 54 inches in diameter. It carries water purchased from the Metropolitan Water District of Southern California through Three Valleys Municipal Water District to three service areas that would each have needed their own transmission capacity to reach the same supply. Those service areas now hold roughly 70,000 connections serving close to 300,000 residents and businesses, with 13,500 connections in Rowland, 27,000 in Walnut Valley, and 30,000 in Pomona. For many years the line served as Walnut Valley's primary source. Completion of the Badillo/Grand Transmission Main in 1993 added a second route into the area, giving the region an alternative during outages and seismic events. Redundancy of that kind comes from planning across boundaries rather than within them.

The governance has proven as durable as the pipe. The Joint Water Line Commission seats three members, one appointed by the governing body of each member, and officers rotate annually. Administrative duties are divided between the districts, with Walnut Valley providing the commission's administrative officer and secretary and Rowland Water District Director of Finance Myra Malner serving as treasurer. The commission adopts its own operating budget, and water purchases are allocated among the three.

In December 2006, the parties amended and renewed the agreement for twenty years, with three ten-year extensions available by consent of all three. Parties that have jointly run a capital asset for seven decades tend to know what they are signing. ***"Agreements like this one are how local agencies get large infrastructure built. Each party carries a share of the cost and each party gets a share of the reliability. That's the definition of win-win,"*** said Rowland Water District General Manager Tom Coleman.



Pomona-Walnut-Rowland Joint Water Line

The relationship extends past the pipeline. Rowland and Walnut Valley also jointly govern the Puente Basin Water Agency, a separate joint powers authority focused on local, imported, and recycled supply within the basin, and several directors serve on both bodies. That overlap builds familiarity, and familiarity shortens the distance between a problem and a decision.



Through all of it, service boundaries stayed the same. Each party kept its identity, its governing body, and its accountability to its own ratepayers. What changed was the cost and the reliability of the water moving through the ground beneath all three service areas. For commissioners evaluating municipal service reviews, that combination offers a useful reference point. Shared infrastructure, governed by a durable agreement with clear cost allocation and rotating leadership, can deliver much of what consolidation promises while preserving local representation. It also produces something harder to measure on a spreadsheet, because officials who meet as commissioners of the same pipeline develop working relationships that carry into drought response, rate discussions, and regional advocacy.

Seventy years later, the pipeline is still doing the job it was built to do. So is the partnership behind it.





Collaboration Wins Again

Joint Compliance Project Marks Another Success of Agencies Working Together

By Orchard Dale Water District and La Habra Heights County Water District

New state and federal regulations can be an enormous challenge for local agencies. Whether these impose small updates to reporting requirements or significant operational changes, complying with new requirements will often impact services and finances. Finding solutions that meet current and future needs, without straining the families and businesses they serve, quickly becomes a daunting task.

Water providers are one prominent example of agencies across California struggling financially to comply with new regulations. Designed to protect public health, lower allowances for constituents such as hexavalent chromium (chrome-6) and per- and polyfluoroalkyl substances (PFAS) in water come at high costs. Treatment system costs can range from a few million to more than $100 million, depending on system size and the levels of constituents in water supplies. Rather than facing these challenges alone, many local agencies are actively working with one another on collaborative approaches. Two neighboring agencies in Los Angeles County, Orchard Dale Water District (ODWD) and La Habra Heights County Water District (LHHCWD), have worked closely together for more than half a century due to their unusual and connected histories.

Both agencies began as mutual water companies in the early 20th century. By the 1950s, Orchard Dale Service Company, as it was known, found itself unable to invest in expanding its system to accommodate demand as residential development expanded. Residents voted to form a water district, but the existing well infrastructure remained with the mutual company's owners. They shifted those to the other mutual water company they owned, La Habra Heights Mutual Water Company. To ensure continuity, the two water providers formalized that arrangement with a Joint Facilities Agreement (JFA).

The unusual arrangement resulted in two separate agencies serving their own areas, with La Habra Heights County Water District maintaining its system and wells that would also meet the water needs of Orchard Dale Water District. The JFA provides ODWD with perpetual water rights from LHHCWD at its Gualtieri Reservoir, with Orchard Dale Water District paying its proportionate share of operating and maintenance costs for groundwater pumped from La Habra Heights County Water District wells. ***"The agreement between our two districts may seem a little unusual when you first look at it, but it really benefits both sides,"*** said La Habra Heights County Water District General Manager Joe Matthews. ***"From our perspective, we have someone who helps cover a good portion of our expenses, while they receive a steady water supply from us at a reasonable cost."***

This sentiment is shared on both sides. ***"The only people who question the Joint Facilities Agreement are those who don't fully understand it,"*** said Orchard Dale Water District General Manager Ed Castaneda. ***"The families and businesses that depend on us come out ahead. We save on costs for their water supply and infrastructure, plus a lot of overhead. They spend less money on water bills, leaving more money for themselves"***

The true reason the arrangement works is that every level recognizes the value of working together. From the two Boards of Directors to management and staff, there's a strong and valued connection between the two agencies. When there are questions about strategies or approaches, each organization knows there's a friendly, helpful voice just a phone call away. The partnership worked on a day-to-day basis, but the true test comes when facing more significant, long-term issues.

In the past several years, tighter standards for the amount of PFAS allowed in drinking water have been lowered significantly due to potential health concerns in high concentrations. While these substances are widely used in our lives in everything from stain-proofing, water-resistant clothing, and non-stick pans to fast-food wrappers and to-go containers for food, water providers are the ones required to remove them. The options to meet the new compliance goals are all costly, challenging and time-consuming. There's no simple answer when choosing a solution that provides the best long-term benefits.

"Our staff and board have spent years researching options that range from blending water with uncontaminated sources to reduce overall levels, drilling new wells, importing water and various treatment options," said Matthews. ***"Unfortunately, we're looking at constructing treatment systems that will cost millions up front, plus ongoing expenses to increase staff and operate those facilities."***

Since La Habra Heights County Water District and Orchard Dale Water District can use a shared well water production and distribution system, capital improvement projects such as PFAS treatment also fall under the JFA. LHHCWD is required to consult with ODWD and offer the agency the option to participate in capital improvement projects. If a joint project moves forward, ODWD would then be responsible for funding approximately 1/3 of the costs.

With a project this significant, both districts are working together. While both districts have a connection with the Metropolitan Water District of Southern California, imported water is considerably more expensive than well water, making treatment a better option for both agencies. The collaboration has benefited both districts as they review options. Because the JFA brings them together, LHHCWD and ODWD split costs for consultants and engineering proportionally while evaluating options. Even after they eliminated the ideas of new wells or water blending, additional work was required to determine which treatment option would be best overall. Another round of engineering reports examined space and cost considerations to determine which of three types of technology would be used.



La Habra Heights County Water District and Orchard Dale Water District are two of many providers dealing with PFAS regulation compliance. Other agencies have already faced this challenge, and LHHCWD and ODWD are turning to some of them for insight and advice.

Pico Water District was among the first agencies in Southern California to address high PFAS levels, eventually installing three treatment systems. Matthews has spoken frequently with management and staff there for insight. ***"We really learned a lot going through the process, including adjustments made to our first facility that sped up the process to get the second and third ones up and running with state approval,"*** said Pico Water District General Manager Joe Basulto. ***"We are pleased to share what we have learned because, ultimately, we share the same responsibility of protecting public health and providing every customer with safe, reliable drinking water."***

The PFAS facilities for LHHCWD and ODWD are still in progress, and a big question remains about financing. Settlement funds were granted from a national class action lawsuit against PFAS manufacturers, which will go toward their respective shares. They are pursuing state and federal grants to help offset capital costs. They are also negotiating with another local agency, the Water Replenishment District of Southern California (WRD), which uses recycled water to recharge the basins that feed groundwater wells across Los Angeles County. WRD offers a remediation program to help cover expenses related to PFAS treatment.

Over the years, and especially as they deal with PFAS, Orchard Dale Water District and La Habra Heights County Water District have recognized the value of working together and with other local agencies, which truly benefits the customers they serve. And they wouldn't have it any other way.

"Even if we weren't connected through the JFA, we would still be working together with La Habra Heights," said Castaneda. ***"It just makes sense for both of us."***

"At the end of the day, this is a win-win situation for the customers we both serve," added Matthews. ***"You can't beat that."***





Elevating LAFCO

A Design Odyssey with Chase Design

By Chase Design

LAFCOs do complex work, and communicating that work clearly is not always easy. From agency identity and websites to reports, maps, and fiscal information, thoughtful design can help make information more approachable and accessible to commissioners, agencies, and the public. Our work with LAFCOs across California has offered a unique look at how different agencies are using design to reflect the communities they serve and tell their stories.

Igniting the Spark

In 2017, San Diego LAFCO embarked on a mission to redefine its identity, and Chase Design was enlisted to infuse the essence of San Diego County into its logo. Drawing inspiration from the majestic Palomar mountain range, the vibrant hues of birds of paradise, the iconic downtown cityscape, and the tranquility of the ocean, we blended these elements into a design that captured San Diego's natural beauty and urban vitality. The logo redesign also provided an opportunity to carry that visual identity into San Diego LAFCO's print materials and communications, creating a consistent and recognizable presence for the agency.

A Splash of Tradition

Orange County LAFCO approached its identity with a different vision, centered on simplicity and a strong sense of place. An abstract orange silhouette paired with the waves of the Pacific Ocean created a visual identity distinctly tied to Orange County. From there, Orange County LAFCO turned its attention to its digital presence. Its website, the virtual gateway to its services and resources, needed to balance functionality and aesthetics. Months of collaboration, brainstorming, and fine-tuning resulted in a clean and modern website with streamlined navigation designed to make LAFCO information easier for visitors to find and explore.

Charting New Waters

For Santa Cruz LAFCO, a website redesign offered an opportunity to bring a breath of fresh air to the agency's digital presence. Local imagery, clear navigation, and an approachable visual style helped connect the website to the community and landscape it represents while keeping information and resources easy to navigate.

Sealing the Deal with Style

Alameda LAFCO presented yet another opportunity to create an identity rooted in place. Inspired by the allure of art deco and the tapestry of Alameda's landscape, we crafted a seal-style logo that reflected both the character of the region and the role of the agency. Each of these projects presented a different community and a different challenge. Rather than taking a one-size-fits-all approach, the process began with the place itself, its landscape, character, history, and the identity each LAFCO wanted to convey.

Sharing Insights, Shaping Futures

Visual communication can also help LAFCOs present complex information in more approachable ways. At the 2024 CALAFCO Annual Conference, Chase Design presented the Fiscal Indicators developed for Orange County LAFCO, a tool designed to help communicate information about agencies' fiscal health. From fiscal data and maps to reports and websites, how information is presented can play an important role in helping commissioners, agencies, and the public understand the issues before them.

What the Future Holds Beyond Horizons

As we look toward the horizon, these experiences demonstrate the many ways design can help tell the story of an agency and the community it serves. No two LAFCOs, or counties, are exactly alike.

Each has its own landscape, history, challenges, and character. Whether through a logo, website, publication, or data visualization, thoughtful design can help reflect that individuality while making the work of LAFCO more recognizable and accessible.

A Love Letter To CALAFCO

By Amanda Ross, Principal, South Fork Consulting & CivicBound



My first CALAFCO Annual Conference was in 2022 in Newport Beach. After years of working as an analyst on service reviews and sphere updates, I had recently taken the plunge and started my own firm, landing our first LAFCO client the previous year. My mentor encouraged me to attend conferences, network, and learn more about the LAFCO profession. I flew in alone from Sacramento, knowing only one commissioner and one Executive Officer (EO) from El Dorado County. This was the third conference I had ever attended as a city planning professional and I was a little nervous.

Taking the hotel shuttle from the airport, I saw a few others who appeared to be going to the conference as well. Most were traveling in groups, I'm assuming staff and commissioners together. I was too nervous to introduce myself and strike up a conversation. Once I got to the conference I checked in and went to the conference opening. Little did I know I was about to become part of such a tight-knit community of kind and caring professionals. I will never forget my first general session. Not because of the speakers or the topic, I honestly can't remember either. What sticks in my memory is an interaction that occurred between Paul Novack, the EO from Los Angeles LAFCO, and Christine Crawford, the EO from Yolo LAFCO. They happened to be sitting near each other. Paul made a funny, sarcastic comment to the group during Q&A and while we all chuckled, Christine gave him a playful punch on his shoulder.

> **That moment spoke volumes to me and highlighted the magic of this organization and its people.**

Two executive officers from opposite sides of the state who probably only see each other twice a year at the annual and staff conferences were not just professional colleagues, but friends. This magical interaction was not a one off. As I've grown in my professional capacity in the LAFCO world and met more and more of the people who operate within its sphere (haha, see what I did there?), I am constantly blown away by the professionalism and friendships that have grown from each and every workshop and conference I've attended. These relationships cross counties and the state and remain strong each year. I see new friendships grow between conferences, all of us sharing in our common passion for reducing urban sprawl, protecting open space and agricultural lands, and supporting our local agencies and communities. Commissioners show me again and again how much commitment and care they bring to their LAFCO responsibilities. Many come with open minds and hearts, willing to roll up their sleeves and join in this important work.

I've often heard CALAFCO described as one big family, and I believe that to be true. Like any family, we've experienced our share of challenges and disagreements in recent years. Some of those differences have led members to sit things out, but the connections we've built over the years remain meaningful. I'm writing this letter because I believe the magic is still there. The purpose and mission of CALAFCO are all the more important to all of the work each LAFCO does throughout the state. We are all professionals and friends, and we are all in this together. I'm excited to welcome my friends and colleagues to my hometown of Sacramento, and I hope you enjoy your visit to our beautiful state capital.

With professional grace and endearing friendship,
Amanda

South Fork CONSULTING



Sutters Fort
Historic Park
Sacramento, CA



Donnell Lake
Tuolumne County, CA

Partnering with LAFCOs

Through Representation

By Dane Wadle, CSDA Director of Field Operations

One of CSDA's priorities is to help special districts secure local agency formation commission (LAFCO) representation throughout California. Currently, 32 of California's 58 LAFCOs include special district representatives. The benefits of securing representation are significant. When represented, special districts serve on this regional body as co-equal partners with their county and city peers. Special districts bring their expertise as direct service providers and their focus on local infrastructure to commission discussions. District leaders appointed to LAFCO participate in decisions governing boundary changes, consolidations, annexations, formations, dissolutions, service extensions, and other LAFCO actions of critical importance to the communities special districts serve.



In 2017, the process for seating district representatives was streamlined through legislation co-sponsored by the California Special Districts Association and the California Association of Local Agency Formation Commissions. Assembly Bill 979, authored by Assembly Member Tom Lackey, simplified the process by allowing special districts to call a vote for representation upon the written request of one or more districts collectively representing 10 percent or more of the county's taxable property assessed value.



Groveland,
Tuolumne County, CA

After the request is submitted, the LAFCO executive officer conducts a vote of the independent special districts selection committee. If a majority of committee members support representation, districts are seated on the commission.

CSDA has helped special districts in two counties secure LAFCO representation in recent years. In 2020, Tuolumne County districts joined LAFCO under the AB 979 process.

Two years later, in 2022, Alpine County districts joined the Commission. District leaders bring their unique perspectives to commission discussions, which frequently focus on special district services and governance.

Moreover, district commissioners provide a channel for additional connectivity, communication, and collaboration with their peers throughout the county.

Another benefit of special district representation on LAFCO is the diversification and resilience it adds to LAFCO's budget. When special districts opt in to representation, they agree to pay a portion of the LAFCO dues shared by the county and cities.

The default special district dues share is one-third. However, because special districts in most counties receive far less than one-third of local revenues, LAFCOs frequently negotiate a more equitable arrangement that requires a smaller but still significant special district contribution.

Any new LAFCO dues either provide additional funding to LAFCO or help spread costs, benefiting all local governments.

Representation discussions are underway in other counties following the successful efforts in Tuolumne and Alpine. CSDA is ready to partner with LAFCOs and district leaders to facilitate these discussions.

Even if special districts do not anticipate an organizational or boundary change in the immediate future, LAFCOs are important partners and conveners that regularly engage independent special districts through responsibilities such as preparing and approving spheres of influence and conducting municipal service reviews.

CSDA
California Special Districts Association
Districts Stronger Together

The seating of special districts on LAFCO demonstrates that special districts can effectively collaborate with their fellow local government leaders and enhances the stature of LAFCOs as the appropriate forum to review and oversee the questions that inevitably arise between two or more public agency service providers at the local level.

Absent a local process that gives special districts a seat at the table and affords residents a meaningful voice, the State Legislature will often fill the void.

CSDA thanks CALAFCO and local LAFCOs for their ongoing partnership in helping special districts in every county achieve LAFCO representation.


Historic Downtown Courthouse
Sonora, CA



Working Across Boundaries

FRMS Joins CALAFCO to Strengthen California Communities

By Kimberly Naucler, Executive Director, Fire Risk Management Services (FRMS)

In 2026, Fire Risk Management Services (FRMS) proudly joined the California Association of Local Agency Formation Commissions (CALAFCO). As an organization serving emergency service agencies throughout California, we recognize CALAFCO's important role in shaping the future of local governance, promoting efficient service delivery, and supporting thoughtful approaches to jurisdictional changes and consolidations.

Our decision to become a CALAFCO member reflects our commitment to understanding and participating in the important work the organization undertakes on behalf of California communities. FRMS serves agencies statewide, and many of our members are directly affected by annexations, reorganizations, consolidations, and other changes to local government structure. By engaging with CALAFCO, we can better support our members as they navigate these transitions while continuing to deliver essential public services.

As a first responder-focused organization, FRMS understands a fundamental truth: fire has no boundaries. Emergencies do not stop at city limits, district lines, or county borders. The fire service has long embraced mutual aid and collaboration because protecting lives, property, and communities requires agencies to work together. This philosophy closely aligns with CALAFCO's mission to encourage efficient government services and foster solutions that benefit all Californians.

FRMS is a California Joint Powers Authority (JPA) and a member-directed risk-sharing pool serving the fire and emergency service community. The organization was formed by consolidating two long-standing entities: the Fire Districts Association of California Employee

Benefits Authority (FDAC EBA) and the Fire Agencies Self Insurance System (FASIS). The consolidation and governing JPA framework took effect on July 1, 2023, creating a stronger, more comprehensive organization dedicated to serving public agencies throughout California.

Today, FRMS provides multi-line coverage solutions, including employee health benefits and workers' compensation programs, to eligible public agencies. The consolidation was designed to deliver long-term rate stability, broad coverage options, and expanded services for members. Through our partnership with Sedgwick, which manages day-to-day JPA administration, we remain focused on delivering responsive service and innovative risk management solutions.

The FRMS Board of Directors comprises experienced firefighting professionals working on behalf of California's emergency services community.

Beyond traditional insurance and risk-sharing services, FRMS is committed to supporting the health and well-being of firefighters and emergency personnel who serve our communities.

We recognize that the risks facing today's fire service extend far beyond emergency incidents. That is why we are taking a proactive approach to preventing injuries and illnesses through innovative programs that address some of the profession's most significant health challenges.

Among these efforts is our comprehensive Cancer, Cardiac, and Mental Health Screening Program. Firefighters face elevated risks of occupational cancer exposure, cardiovascular disease, and the mental and emotional effects of emergency response work.

Rather than simply responding to claims after an injury or illness, FRMS focuses on helping agencies identify risks early, support employee wellness, and improve long-term outcomes for first responders. These forward-thinking initiatives demonstrate our commitment to prevention, resilience, and workforce sustainability.

As California continues to evolve, the fire service must remain adaptable and collaborative. Consolidations, regional partnerships, and innovative governance models will continue to shape how emergency services are delivered.

FRMS is committed to active participation in these conversations, bringing the unique perspective of a statewide fire service risk pool to discussions on organizational effectiveness and community protection.

We look forward to working with CALAFCO members and stakeholders across California.

> **Together, we can strengthen local agencies, promote responsible stewardship of public resources, and ensure that communities receive the high-quality services they deserve.**

By embracing collaboration and looking beyond traditional boundaries, we can build a safer, healthier, and more resilient California for all.

Kimberly Naucler is the Executive Director of Fire Risk Management Services (FRMS), a California Joint Powers Authority providing employee health benefits, workers' compensation, and risk management solutions to public agencies serving communities throughout California.



Bridging the Gap

How Regional Collaboration is Helping Small Water Systems Turn Grants into Results



By Lance Eckhart,General Manager, Chief Hydrogeologist,
San Gorgonio Pass Water Agency

Winning a multimillion-dollar grant should be cause for celebration. For a small water system, it can also create an entirely new problem. Contractors need to be paid. Materials need to be purchased. Construction needs to keep moving. But state grant reimbursements can take months to arrive. For a small system operating with limited reserves, that timing mismatch can put an otherwise fully funded project out of reach.

San Gorgonio Pass Water Agency (SGPWA) saw that challenge firsthand and decided to do something about it. What began as a solution for one local water provider has become a regional model that pairs technical assistance, grant support and SGPWA's revolving gap funding program to help small systems turn grant awards into projects, progress and lasting community benefits. To date, the model has helped four small water systems, supported five projects and advanced $10.8 million in gap funding assistance.

> **The premise is simple: A grant only works if a community can use it.**

Special Districts Solving Regional Challenges

For special districts, collaboration can be one of the most powerful tools available to solve problems that cross jurisdictional lines. SGPWA's gap funding program puts that principle into practice by using the capacity of a regional special district to help smaller local water providers deliver projects their communities need.

That approach has found a strong champion in Riverside County Fifth District Supervisor Dr. Yxstian Gutierrez, who serves as Chair of Riverside LAFCO and on CALAFCO's Board of Directors. Supervisor Gutierrez has supported regional water investments that connect directly with SGPWA's collaborative approach, including securing County ARPA funding for the Heli-Hydrant network and County Line Road Recharge Basin and Turnout project. Those investments demonstrate what can happen when special districts, counties, local water providers and other public agencies align resources around a shared regional need.

A Missing Piece in the Funding Puzzle

SGPWA serves as the State Water Project contractor for a 225-square-mile area of western Riverside County. Within that service area are several small water systems, some serving rural and disadvantaged communities with limited staff and financial capacity.

In 2021, SGPWA partnered with the non-profit organization California Rural Water Association to help small water systems access the technical expertise and grant support needed to advance critical infrastructure projects. But even when grant funding is secured, another challenge can remain. Many reimbursement-based grants require the local water provider to pay contractors first and seek reimbursement afterward. A reimbursement that takes several months may be manageable for a large agency with significant reserves. For a small system, it can slow, stall, or stop construction altogether. SGPWA's Board recognized that the region needed more than help winning grants and that small systems needed a financial bridge. SGPWA first piloted its gap funding program with Cabazon Water District in 2022. SGPWA advances funds for eligible project expenses, allowing contractors to be paid and construction to continue while the system awaits state reimbursement. When reimbursement arrives, the money returns to SGPWA and can be put back to work.



Banning Heights Mutual Water Company
New One-million-gallon Reservoir

That revolving structure is what makes the model powerful. The same public dollars can help move one community project forward, return to the Agency and then help move another.

Small Systems, Regional Results

The results are visible across the Pass area.

At High Valleys Water District in Twin Pines, gap funding helped replace undersized two-inch lines with eight-inch water mains in a rural, fire-prone community. Before the project, 12 customers relied on outdated infrastructure. The improvements strengthened water delivery, fire protection, and the system's ability to serve additional connections.

At Banning Heights Mutual Water Company, the model helped advance a new one-million-gallon reservoir serving 552 residents across 170 connections. The reservoir increases drinking water storage and supports SGPWA's regional Heli-Hydrant network, which gives firefighting helicopters another resource during wildfires.



County Line Road Recharge Basin and Turnout project

In South Mesa Water Company's service area, the impact reaches even further. With SGPWA's gap funding assistance, South Mesa Water Company advanced a state-funded project to replace approximately 50,229 linear feet of aging water distribution pipelines and consolidate Hillcrest Mobile Estates into its service area.

Those improvements also connect to a greater regional effort: the County Line Road Recharge Basin and Turnout project, a partnership among SGPWA, South Mesa Water Company and San Bernardino Valley Municipal Water District that will bring imported State Water Project supplies into the area for groundwater recharge. The project also illustrates how different pieces of regional investment can build on one another. Supervisor Gutierrez helped secure County ARPA funding for the County Line Road project, while SGPWA's gap funding assistance helped South Mesa Water Company advance the pipeline improvements needed to strengthen its local system.

The connection illustrates an important lesson: Helping one small system move a critical project forward can create benefits that extend far beyond its service boundaries.

Partnerships That Multiply the Impact

The gap funding program works because no single agency is expected to solve every piece of the problem. SGPWA brings regional capacity and revolving financial support. CRWA provides small-system expertise and technical assistance. State agencies provide grant funding. Local water providers build and operate the infrastructure. County and regional partners help advance complementary investments. For special districts, that model offers a practical example of regional collaboration without sacrificing local control. Smaller systems remain responsible for serving their communities, while partners contribute the financial capacity, expertise and resources that can be difficult for a small water system to maintain on its own.

> **Each partner brings something different to the table, and the community gets a stronger result because of it.**

A Model Others Can Use

California does not lack small water systems with important infrastructure needs. There are many public funding programs intended to help them. Sometimes, what is missing is the connective tissue between the two. Regional agencies are well positioned to provide this necessary collaboration and assistance to small water systems. They may have financial capacity, technical expertise, grant administration experience, or relationships that smaller providers cannot maintain on their own. Deploying those resources does not require taking over a small system or diminishing its local identity. That is where special districts can make an outsized difference. Their ability to understand local needs while working across jurisdictional boundaries can position them to connect communities with resources that might otherwise remain out of reach. The larger lesson is about collaboration. When agencies look beyond jurisdictional lines and focus on the barriers preventing a community project from moving forward, relatively simple solutions can unlock significant investment. A grant award should be the beginning of a project, not another obstacle to overcome. Sometimes the most important bridge a regional agency can build is the one between resources and results.





A Life in LAFCO

Thoughts on 37 Years Advising LAFCO's

By Scott Browne, Law Offices of P. Scott Browne

> **At 75, with 37 years of experience advising LAFCOs under my belt, I felt it was time to share my perspective with the next generation of LAFCO professionals.**

I began representing LAFCOs in 1987. Things were very different then. At that time, most LAFCOs were operated by county staff as add-ons to their regular county duties. Although nominally independent, most LAFCOs were viewed as perfunctory rubber stamps for county policy.

I was retained to serve as legal counsel for Nevada LAFCO as part of the slow evolution toward LAFCO independence and agency. Nevada LAFCO was dealing with a long-overdue proposal to incorporate the town of Truckee. The County actively opposed the incorporation effort because of its perceived negative fiscal impact. County counsel, acting as legal counsel for the Commission, ruled that the city representatives had a conflict of interest and could not vote on the matter.

The City Commissioners took an emphatic exception to the ruling, resulting in a near fistfight. Subsequent review of the Cortese Knox Act showed that the conflict ruling was in error, and the Commission determined it was time to retain independent legal counsel. As one of the few private attorneys in Nevada County with CEQA and municipal law experience, I was retained to represent the Commission, a position I have had the privilege to hold to this day. And so, my life in LAFCO began.

I took to it immediately. I found the broad range of LAFCO work intellectually stimulating and enjoyed working with the LAFCO staff. I attended the CALAFCO conferences and began to make a name for myself in that small pond. I was asked to join the Legislative Committee, where Clark Alsop and I regularly sparred but more often agreed.

Paula Leasure, the part-time Butte LAFCO Executive Officer (EO), approached me at a conference about representing Butte LAFCO. I agreed and began representing Butte LAFCO as well. Under the guidance of Butte's amazing Chair and 45-year public member, Carl Leverenz, I helped them through the long, painful process of gaining independence from Butte County.

Soon thereafter, I met John Benoit. John had an established career in planning and had done some LAFCO work as planning director of Glenn County. Having left Glenn County, John had just started working for Quad Knopf. He saw a need to provide independent staffing for small North State LAFCOs. He approached me to join him so we could offer a contract staff solution for these small North State LAFCOs. We quickly took on Yuba, Colusa, and Lake County LAFCOs. I convinced John to go out on his own, and our work grew. We added Sutter, Plumas, and Modoc LAFCOs to the group I represented. Eventually, I represented nine LAFCOs.



Downtown
Chico, CA

At the same time, the LAFCO world was experiencing a game-changing event—the adoption of the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH) of 2000. It completely reorganized and rationalized the Knox-Nesbit Act. Its most fundamental change shifted LAFCO funding from the County alone to a mix of the County, cities, and, where included, special districts. This funding change gave Cities and special districts ownership in LAFCO. This changed everything. This broader ownership inevitably generated a demand for full LAFCO independence and greater agency.

The second profound change in CKH was to confirm the primacy of the Sphere of Influence as the planning tool for LAFCOs. CKH required the regular updating of Spheres and new municipal service reviews to support those updates. LAFCOs now had to do regular, extensive planning work with their agencies. This transformed most LAFCOs from episodic reactors to the occasional application to ongoing, active planners for better local government.

As I represented more LAFCOs, my involvement deepened, and my knowledge of LAFCO-related issues grew. At the same time, however, I always maintained an active private practice. I drafted contracts and represented clients in private real estate litigation, including a notable 7-month-long trial, the longest civil trial in Nevada County Court history. I also served as general counsel for public agencies, including small fire districts, cities, and CSDs, and handled extensive CEQA litigation for both private parties and public agencies.

With this broad experience, I was able to help my LAFCOs avoid reinventing the wheel in each county and many pitfalls. But it was not one-sided. In turn, the Commissioners and staff taught me as well. The Commissioners, particularly in the smaller LAFCOs, taught me by example about selfless dedication to their communities and the public interest.

The staff taught me how to maintain professional integrity and achieve the LAFCO mission while navigating the shifting sands of local politics. Most importantly, from this group I made many lifelong friends.

I look back on it all with considerable satisfaction. Yes, there have been LAFCOs ignore my advice or make poor decisions driven by the politics of the moment. Still, I believe LAFCOs have been a force for good in their communities. As one of the few local agencies serving the entire community as their constituency, they are particularly effective as impartial facilitators, helping agencies and groups work together to improve local government.

I also feel fortunate to have had the opportunity to meet so many outstanding individuals across the State through my many years of participation in CALAFCO functions. It is a small community, mostly made up of smart, quirky, and fun people. Every conference now feels like a reunion with old friends.

But fewer of my long-time friends, now the "LAFCO Dinosaurs," are at these meetings. Like them, at 75, I feel my time in LAFCO is coming to a close. Perhaps not immediately, but soon.

> **For those who come after me, I tell you, you are fighting the good fight.**

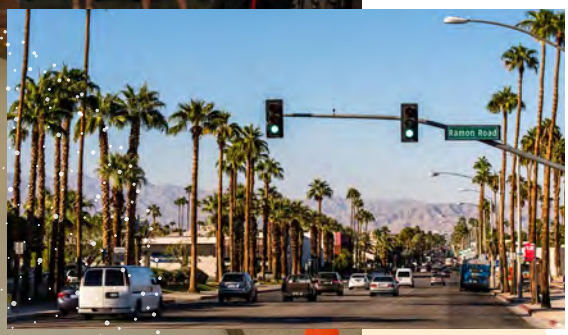
Your jobs have real meaning and positive consequences for your communities. Keep your integrity and commitment to the LAFCO mission, and after a career in LAFCO, you will look back on a life well lived, as I do.



City of Palm Springs
Crisis Communication Forum



KESQ News Channel 3
Studio Tour





City of Palm Springs
Crisis Communication Forum

From Strangers to a Crisis-Ready Task Force

Coachella Valley PIO Task Force

**By Jennifer Barnakian-Poland,
CV Strategies, CV PIO Task Force
Executive Committee Member**

When an emergency crosses jurisdictional lines, there should already be people on the other end of the phone who know how to work together. Effective response depends on relationships between agencies that make it easier to coordinate, work with the media and keep communities informed. Those relationships rarely happen by accident. They are built before they are needed, often by bringing people to the same table who might otherwise never have reason to meet.

In the Coachella Valley, that approach has taken root. What started as a simple conversation between two communications professionals has now grown into the Coachella Valley Public Information Officers (CV PIO) Task Force, a regional network of nearly 30 public information professionals representing cities, special districts, public safety agencies, utilities, media and other organizations.

The CV PIO Task Force opens the door to new connections, leading to stronger relationships and a better response when support is needed most. The concept behind forming the task force emerged from challenges experienced during two unexpected events that impacted the Coachella Valley.

In August 2023, Tropical Storm Hilary made landfall in the desert region, devastating communities and highlighting gaps in coordination as cities declared local emergencies. Less than two years later, the region faced another crisis when a domestic terrorist attack on a fertility clinic in Palm Springs left four people injured and damaged buildings across several blocks.

"When I got the call about the bombing of the fertility clinic, the blast had impacted several blocks, including a busy hospital directly across the street," explained Amy Blaisdell, Chief Communications Officer for the City of Palm Springs and Chair of the CV PIO Task Force. ***"Handling a crisis of that magnitude, you quickly realize how important it is to know who to call."***

Local government often operates within its own jurisdiction, but when unexpected events like these occur, the importance of having relationships beyond those boundaries quickly becomes clear.

Recognizing that need, CV Strategies, a local strategic communications firm, helped bring together communicators from across the Coachella Valley to create a forum where collaboration could happen intentionally.

"I've worked with public agencies across California, but when a crisis happens in your own backyard, the importance of strong regional connections becomes very real," said Erin LaCombe, CEO and Founder of CV Strategies. ***"My vision was to build a regional network where communicators could exchange ideas and establish those important relationships before the next crisis hits the Valley."***



Erin LaCombe and Beatrice Eslamboly of CV Strategies, Coachella Valley Journalism Awards Reception

Reaching out was the first step, but bringing people into the same room and turning those introductions into meaningful relationships required something different. The Task Force began creating opportunities for members to step outside of their offices, visit organizations involved in emergency response and learn alongside one another.

During a recent visit to ABC affiliate KESQ-TV, more than two dozen members received a behind-the-scenes look at a local newsroom, met with broadcast professionals and watched a live television production unfold. The tour provided valuable insight into how stories are developed and delivered, while giving people from different industries a chance to connect and share perspectives. A city communicator could exchange ideas with someone from a special district. A public safety professional could hear how another agency approaches crisis communications. PIOs could talk directly with journalists about what happens on both sides of a media inquiry. But building those connections required more than in-person opportunities.

> **The CV PIO Task Force needed a way to continue those conversations after members returned to their respective agencies.**

With guidance from the Executive Committee, a dedicated online platform was developed for CV PIO Task Force members to serve as a central point of connection. It provides a place to share information and support coordinated communication when a crisis occurs. The platform includes a regional PIO directory, media contacts, a shared calendar, communication resources, training materials and a growing library of tools members can use within their own organizations.

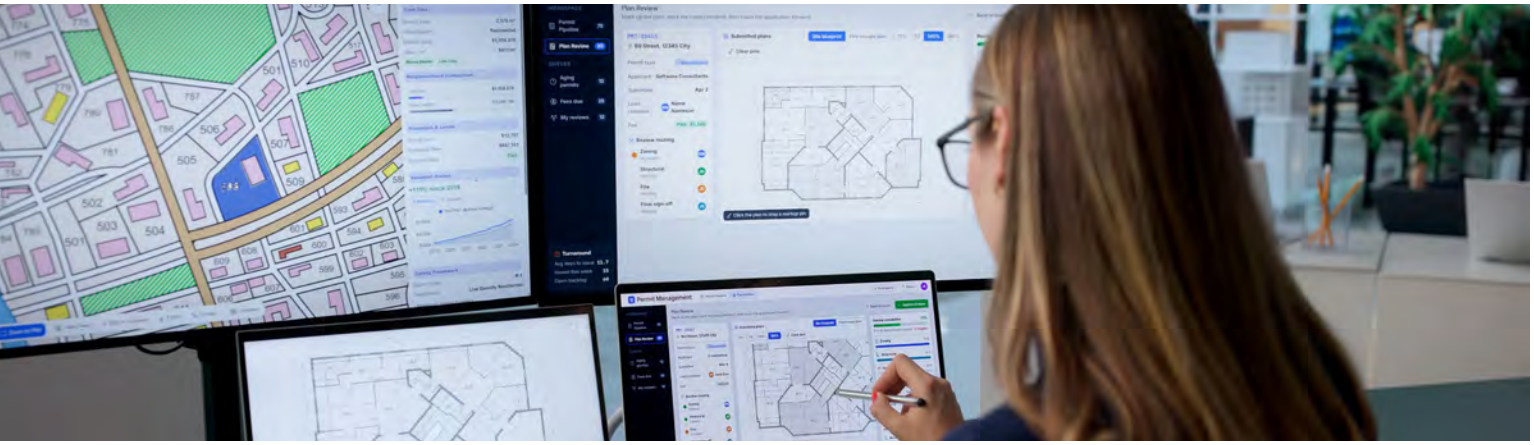


Paribas Open
Indian Wells Tennis Garden

That consistent connection is especially valuable in the Coachella Valley, a region that draws millions of visitors each year for events like the BNP Paribas Open and Coachella Music Festival while facing the threat of earthquakes, wildfires and power outages.

Communities everywhere face their own version of those risks, and no single agency holds everything needed to respond to them. For CALAFCO and its member LAFCOs, the CV PIO Task Force offers one example of how planners, engineers, emergency managers, finance professionals, communicators and agency leaders can build working relationships before an emergency requires them. Cities, counties and special districts that make up each LAFCO have clearly defined responsibilities and spheres of influence, but the communities they serve do not experience public services through those same organizational lines. In the wake of a natural disaster or a terrorist attack, people from different agencies may suddenly find themselves working alongside one another with little notice. The CV PIO Task Force exists for exactly that reason, showing what becomes possible when agencies make collaboration part of their preparation rather than waiting for an emergency to bring them together. Because when the next crisis hits, the first call should be to someone you trust and can depend on.

COACHELLA VALLEY
PIO TASK FORCE



Beyond the MSR

LAFCO's Toolkit for Agencies in Distress

RSG
BETTER COMMUNITIES.
BOLDER FUTURES.

By Carol Ieromnimon, Associate, RSG and Jillian Glickman, Associate, RSG

Across California, local agencies are encountering governance, financial, and/or service delivery challenges. This is especially true for small special districts that provide critical services such as fire protection, water, and wastewater. Small special districts often have limited revenues, aging infrastructure, constrained staffing, or governance issues that affect their ability to provide adequate, sustainable services.

LAFCOs routinely identify and document these challenges through the municipal service review (MSR) process, but this raises a more fundamental question: aside from documenting these issues in a service review, what tools does LAFCO have to ensure these deficiencies are addressed? The answer is usually not simple, and dissolution may not always be the right path forward.



LAFCOs have several tools available, ranging from agency check-ins and sphere of influence actions to LAFCO-initiated dissolution. The right approach depends on the severity of the issues and an agency's ability and willingness to address them.

Agency Check-Ins: Keeping the Lines Open

When an MSR identifies concerns that warrant continued attention but don't necessarily require immediate formal action, periodic check-ins with the agency can give LAFCO a practical way to monitor progress and maintain communication.

Check-ins can be tailored to the specific issues identified through the MSR and may be useful when an agency is actively working to correct identified deficiencies. For example, an agency with overdue financial audits may have hired an auditor or begun coordinating with the County to bring its audits up to date, while an agency without a functioning board may be actively recruiting board members to restore a quorum. Check-ins can also provide an opportunity to meet directly with agencies that dispute MSR findings, better understand their concerns, and determine whether revisions or additional information are warranted. In either case, check-ins allow LAFCO to establish reasonable timelines, monitor progress, and maintain a cooperative working relationship with the agency.

However, check-ins have limitations. They largely depend on the agency's willingness to participate and make meaningful progress. Without setting clear expectations and a defined timeframe, continued monitoring can become an indefinite exercise. For this reason, agency check-ins may work best for manageable or emerging concerns, while persistent or worsening deficiencies may require stronger tools.

Spheres of Influence: A Conditional Path Forward

When identified deficiencies persist or merit greater accountability than what periodic check-ins can provide, LAFCOs may consider using their sphere of influence (SOI) authority to establish more formal expectations for improvement. This approach may be appropriate when an agency faces serious concerns but still demonstrates the capacity and willingness to address them.



A few LAFCOs across the state have incorporated a "provisional SOI" into their sphere of influence policies. A provisional SOI is a temporary sphere designation applied to agencies experiencing significant financial, governance, or service-related concerns. It allows LAFCO to acknowledge current deficiencies while identifying specific improvements that must be addressed within a defined timeframe. It also signals that failure to meet benchmarks may lead to further action, such as a zero SOI designation or LAFCO-initiated dissolution proceedings.

The effectiveness of a provisional SOI largely depends on how its benchmarks are structured. Conditions should be specific, measurable, and time-bound, and respond to the deficiencies identified through the MSR. For example, benchmarks might require an agency to achieve defined fiscal reserves, achieve board quorum by a certain date, complete overdue audits on a set schedule, or implement identified service or infrastructure improvements within a specified timeframe.

By linking sphere designations to concrete milestones, provisional SOIs give LAFCOs a clear path forward while preserving the authority to act if conditions do not change.

LAFCOs may also consider reduced SOIs for struggling agencies with SOIs that extend beyond their jurisdictional boundaries. In doing so, LAFCO effectively signals that an agency is not equipped to accommodate additional growth or pursue annexations at this time. Therefore, while a reduced SOI may limit future growth opportunities and associated property tax revenues, it can incentivize agencies to address existing challenges and improve their capacity to serve future development.

LAFCO-Initiated Dissolution: The Ultimate Accountability Tool

When an agency's deficiencies are severe and/or persistent, and other tools have failed to produce meaningful improvement, LAFCO may consider initiating dissolution proceedings. Government Code Section 56375 authorizes LAFCOs to initiate dissolutions, and Section 56375.1 establishes a structured process for doing so. LAFCO-initiated dissolution is typically reserved as a last-resort option. Still, it exists for a reason: some agencies reach a point where continued operation is no longer in the public interest.

Section 56375.1 requires that an MSR prepared pursuant to Section 56430 include a finding that one or more qualifying conditions exist. These include chronic service deficiencies where the board is not actively engaged in remediation, unlawful or reckless spending without corrective action, willful neglect of public disclosure requirements, failure to hold required meetings, and persistent audit or fiscal control deficiencies.

Importantly, dissolution under Section 56375.1 is not an immediate action. After adopting a resolution of intent to initiate dissolution, LAFCO must provide the agency a remediation period of no less than 12 months to address the identified deficiencies. If the agency demonstrates adequate progress, LAFCO may rescind the resolution and no further action is required. If the agency fails to remedy the deficiencies, LAFCO may proceed with dissolution.

This framework serves a dual purpose. Filing a notice of intent can draw attention from oversight bodies, elected officials, and community members in ways that years of MSR findings may not. For some agencies, the prospect of dissolution can create additional urgency to act. In this way, the 12-month remediation window functions as both a safeguard and a catalyst.

According to the California State Board of Equalization, 301 special districts have been dissolved statewide since FY 2022-23, inclusive of both LAFCO-initiated and non-LAFCO-initiated dissolutions. Despite the frequency of agency dissolutions, dissolution is rarely straightforward. Identifying a viable successor agency can be complex, particularly in rural or unincorporated areas, and outstanding liabilities, contracts, and infrastructure obligations require careful planning. These considerations help explain why dissolution requires careful evaluation and why less intensive tools may be the appropriate first step. However, when significant deficiencies persist, and the statutory conditions are met, dissolution gives LAFCO a mechanism to consider whether continued agency operation remains justifiable.

Continued on next page.

San Joaquin County Case Study: The Toolkit in Action

In 2025, San Joaquin LAFCO illustrated how these tools work in practice. The Commission initiated an MSR and SOI Update for a small fire protection district that had long contracted with a neighboring city for fire protection services. The district had no operational role in providing the service it was formed to deliver yet continued to exist as a separate entity on paper.

The MSR also documented significant financial and governance deficiencies that raised questions about the district's continued viability as a standalone agency. Its governing board was entirely vacant, with no clear evidence of when it last met with a quorum or met minimum meeting requirements, and financial audits had not been completed in the prior three years.

Taken together, these conditions raised a fundamental question: what purpose did maintaining a separate district serve when it lacked the governance and financial capacity to operate independently, especially when another public agency was already providing the underlying service?

In this case, the identified concerns could not reasonably be addressed through periodic check-ins or improvement benchmarks, given the district had no functioning governing board to implement corrective actions and lacked basic financial and administrative oversight. Therefore, in October 2025, LAFCO adopted the MSR and SOI Update, along with a resolution of intent to initiate dissolution consistent with Government Code §56375.1, and established a 12-month remediation period for the district to address the identified deficiencies.

This case shows how an MSR can lay the groundwork for formal action and how the remediation period provides a structured opportunity to correct issues while preserving LAFCO's authority to act. It reminds us that LAFCO's toolkit exists not only to identify deficiencies but to drive meaningful change for the communities that depend on these agencies for reliable, transparent service delivery.

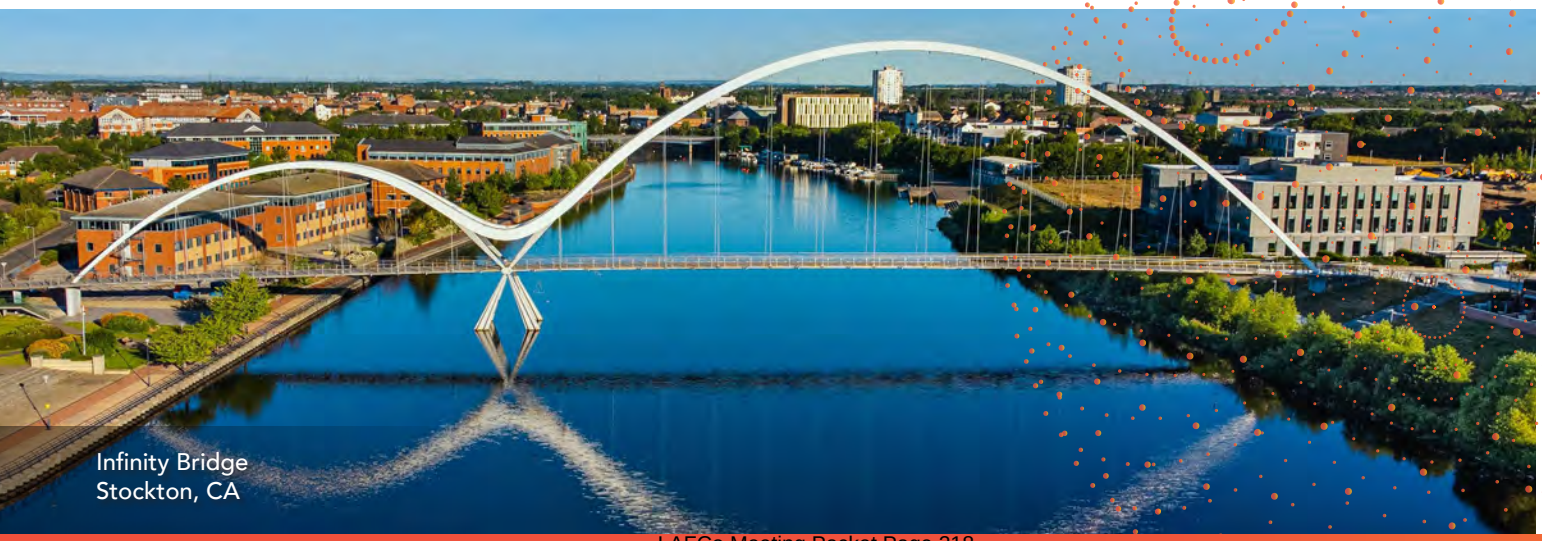
Matching the tool to the Problem

When an MSR identifies deficiencies, the appropriate response will depend on the nature and severity of the concerns as well as the agency's capacity and willingness to address them. Agency check-ins may be appropriate when issues are manageable, and efforts to correct them are feasible.

When deficiencies persist, or greater accountability is needed, SOI action can establish more formal expectations and benchmarks. In more severe cases, LAFCO-initiated dissolution may be what is needed.

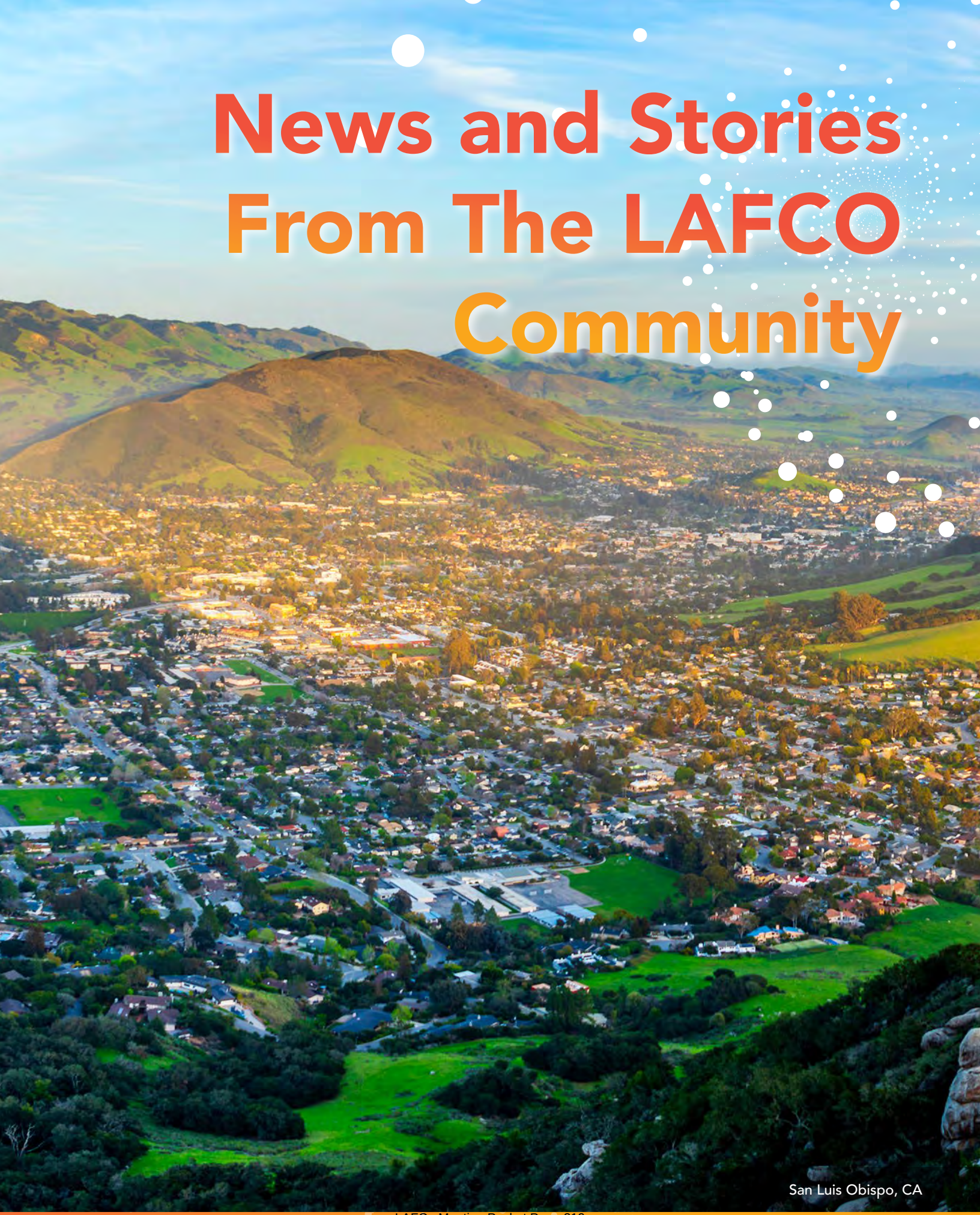
Regardless of the tool, clear, well-supported MSR findings provide an important first step in helping LAFCO determine what comes next. Equally important is LAFCO's willingness to set expectations, monitor progress, and follow through when conditions do not improve.

Ultimately, a LAFCO's goal is not to penalize struggling agencies but to promote effective, accountable, and sustainable local governance. By viewing MSRs as a starting point rather than an endpoint, LAFCOs can take a more proactive role in the solution and help create a path toward improvement.



Infinity Bridge
Stockton, CA

News and Stories From The LAFCO Community



San Luis Obispo, CA

NEW RESOURCES

Commissioner's Toolkit

Find helpful resources, practical guidance and tips to support you as you learn your responsibilities and make the most of your role.

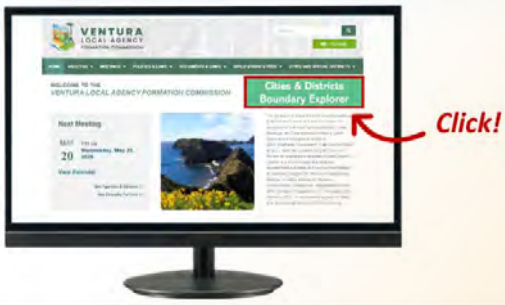


Log into your member account and visit **calafco.starchapter.com/Commissioner_Toolkit** or scan the QR to get started.



Ventura LAFCO Launches Interactive Map Tool

Cities & Districts Boundary Explorer



In a collaborative effort with the County Surveyor's Office and the Information Technology Services Department, Ventura LAFCO launched a feature on its website in fall 2025 to provide information and records on city boundary changes. Since then, website visitors have been able to navigate to a specific area of interest by searching for an Assessor's Parcel Number, address, or intersection, or by zooming in directly on the map, and can access available official boundary change documents for that area.

In May 2026, the map tool was expanded to include special districts and can be used in the same way as for city boundary research. The Cities & Districts Boundary Explorer has already proven beneficial for LAFCO staff research, and we expect it to be a useful tool for local agency staff and members of the public. **Scan the QR code to check out the Cities & Districts Boundary Explorer and be inspired!**

Raising Sacramento. Moving a River.

What would it take today? Revisiting the Great Flood of 1862 and the need for collaboration across boundaries.

By Kristi Grabow, Sacramento LAFCO

One of my favorite random Sacramento history facts is that Leland Stanford had to row a boat to his inauguration as California's eighth governor. For some reason, it's interesting to imagine a historical figure rowing through Sacramento's streets, especially one who would later have a renowned university named after him. But that is exactly what happened on January 10, 1862. A flood submerged Sacramento and transformed much of the Central Valley into an inland sea. Early Sierra Nevada snowstorms, followed by powerful storms that brought heavy warm rain, melted the snowpack and sent water rushing into the valley. The disaster killed an estimated 4,000 people and caused $50-100 million (approximately $3 billion today) worth of damage (National Oceanic and Atmospheric Administration [NOAA], n.d.).



Sacramento thought it was prepared. The city had recently completed new levees designed to protect it from flooding along the American and Sacramento rivers. Unfortunately, the levees were overwhelmed, and Sacramento's low-lying elevation left the city vulnerable to the rising waters. Floodwater remained a problem for Sacramento for months, prompting the City to take action and lift itself out of the water.

Having worked in public service for more than twenty years, I find this historic moment makes me wonder: What would public agencies do today if someone came to us with a request to "raise the City's elevation and relocate the river?"

I posed that hypothetical question to a few colleagues and my boss: Remi Mendoza, City of Sacramento Principal Planner for Long-Range Planning; Jessica Brandt, City of Folsom Principal Planner; and José Henríquez from Sacramento LAFCO. Their responses offer a fun, surprisingly relevant look at how public agencies might tackle this situation today.

Remi's response was, "My initial reaction is that if Sacramento were confronted with a flood risk today comparable to what the City faced after the Great Flood of 1862, our response would look very different. Relocating the river would likely face enormous environmental and regulatory challenges, while raising large portions of the city would be extraordinarily costly and disruptive given the amount of development and infrastructure now in place."

"From a planning perspective, I think we would instead look at a comprehensive regional flood-protection strategy. That would likely mean pursuing an even higher level of flood protection through improvements such as strengthening, widening, and potentially raising levees, along with additional improvements to the broader flood-control system, including Folsom Dam. A project of that magnitude would cost billions of dollars and require close coordination among local, state, and federal agencies, as well as significant federal and state funding and potentially a local funding contribution."

"The planning role would be helping coordinate land use, environmental review, infrastructure, community impacts, and long-term growth considerations while the flood-control agencies and engineers developed the technical solution. In some ways, the biggest difference from 1862 is that today it would take an extraordinary number of agencies, approvals, funding sources, and years of planning to accomplish something on that scale."

I also posed the hypothetical question to Jessica Brandt, Principal Planner with the City of Folsom. Her first response was, "it is a fascinating thought experiment." She then considered how different land use and permitting coordination would be today.

"Lake Natoma and most of the property around it are wholly owned and controlled by the Federal Government, as they are part of the infrastructure for Folsom Dam," Jessica explained. "Then there's State Parks land mixed in along the lake, and then city or private property behind that."

"In other words, even a seemingly simple change to something as fundamental as the level of a lake could quickly become a multi-jurisdictional undertaking." Jessica continued, "that any changes to Lake Natoma's level would likely involve federal and state environmental review, extensive public outreach, and coordination among numerous public agencies and private property owners."

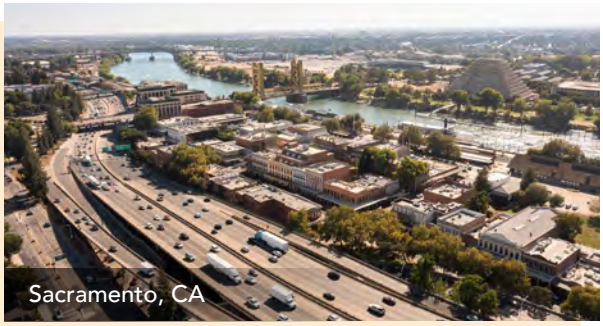
And then there is the political reality.

"It would also definitely need lockstep political agreement on the policy direction," Jessica said. "Which is very difficult to get and maintain." Her response highlights another major difference between 1862 and today. The challenge is no longer simply determining what needs to be done; it is determining who has the authority to do it, who owns the land or infrastructure involved, who must approve it, who pays for it, and how all those interests can agree on a path forward.

This brings us back to LAFCO.

What happens when the solution itself changes who is responsible for maintaining critical infrastructure—or even alters the boundaries and relationships among local governments?

That is when I turned to my boss, Sacramento LAFCO Executive Officer José Henríquez. While Remi and Jessica approached the hypothetical from a planning perspective, José considered what might happen after the flood—and how the response could raise questions about agency responsibilities, reclamation districts, and local government boundaries.

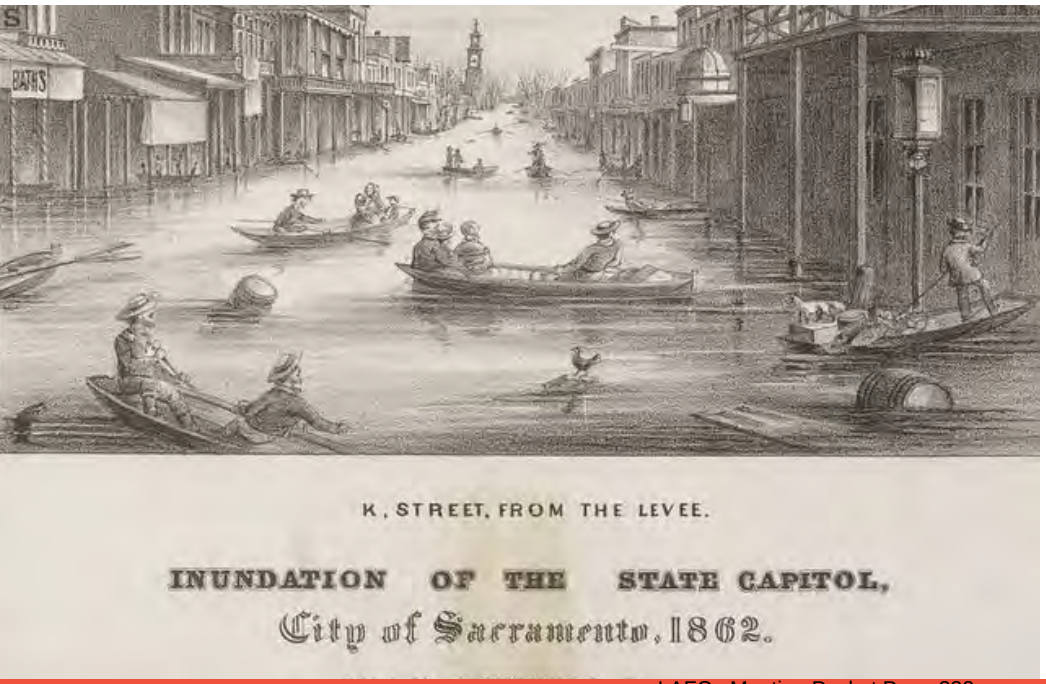

Sacramento, CA

> **As José put it, "This is a good mental exercise."**

José highlighted that many of the actions Sacramento took following the 1862 flood, such as raising the City and constructing major flood-control infrastructure, would likely fall outside LAFCO's direct jurisdiction.

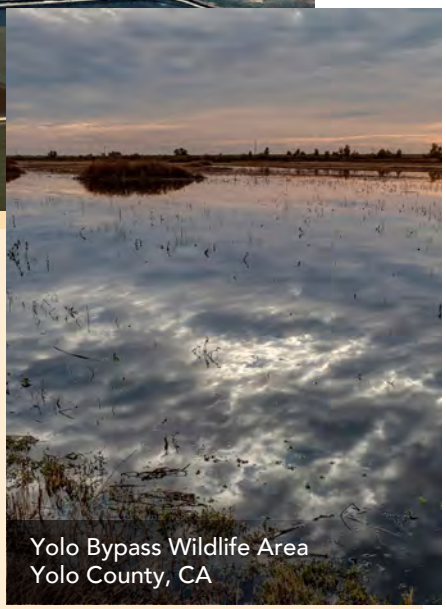
This is where we all let out a collective "whew."

Instead, José mentioned that "if the Great Flood happened in 2026, LAFCO's role would be reactive, even if LAFCO had sounded the alarm about the state of levee maintenance in a municipal service review (MSR). I can imagine there would be a post-mortem analyzing where the failure(s) occurred and trying to ascertain their root causes.





Flooded Fields and Irrigation Ditches
Sacramento, CA



Yolo Bypass Wildlife Area
Yolo County, CA

If the flood happened like it did in 2005 in New Orleans, it would have been a levee failure. I can imagine there would be increased scrutiny of levee maintenance and the structure of reclamation districts. LAFCO would be called to review the Reclamation Districts (RDs) in an MSR."

"If the City of Sacramento incurred significant damage and/or losses, there would be pressure for the City to petition LAFCO to dissolve the RDs within its city limits and assume their levee maintenance. This is not unusual, as the City of West Sacramento assumed levee maintenance from various RDs a few years ago. Whether the Commission would grant the City of Sacramento's request would depend on the RDs' financial, operational, and governmental health."

"Another action taken in response to the Great Flood was diverting the American River several miles north of its original confluence with the Sacramento River. If the City of Sacramento also undertook the diversion in 2026, jurisdictional questions would arise about which agency or agencies would be responsible for providing services to the area.

That would depend on whether the area now south of the American was already within the city limits or was unincorporated. If the latter, there would likely be a clamor to annex the land into the City, since it would now be 'landlocked' between the City and the new American River. LAFCO may need to facilitate and negotiate a new governmental arrangement for that area."

The Great Flood of 1862 forced Sacramento to do something extraordinary. Faced with a problem that threatened the City's very existence, its residents raised streets, buildings, and ultimately much of the City itself.

Today, the response would look very different. Before raising a street—or moving a river—there would be planning documents, environmental reviews, engineering studies, public meetings, funding plans, and a seemingly endless number of agencies involved. While that may sound exhausting, maybe that is the point. California's communities rarely solve today's challenges with a single agency, a single jurisdiction, or a simple decision. Whether we are addressing flooding, housing, infrastructure, climate change, or growth, the solutions require us to work across boundaries.

The Great Flood of 1862 may have occurred more than 160 years ago. However, it still raises a strikingly relevant question: When faced with an extraordinary problem, how do we work together to create an equally extraordinary solution?

> **Fortunately, none of us have to figure out how to raise a city, at least not today.**

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2026 Staff Workshop Mobile Workshop
San Luis Obispo, CA

An Opportunity for Reflection and Fulfillment

By Imelda Marquez-Vawter, Senior Analyst, San Luis Obispo LAFCO

Project Spotlight
2026 Mobile Staff Workshop

SLO LAFCO hosted the 2026 Staff Workshop in the City of Pismo Beach in coordination with the CALAFCO team and planning committee volunteers. The Mobile Workshop showcased the San Luis Ranch Specific Plan project that was annexed into the City of San Luis Obispo (SLO) in 2018. Typically, after LAFCO approves a project and completes any post-approval tasks, LAFCO removes the project from the burner and hands it to the City or County to see the development through to completion. This year's Mobile Workshop allowed SLO LAFCO to reflect on the developed project and discuss its components and execution.

The Mobile Workshop included a guided visit to City Farm SLO, a nonprofit urban farm in the heart of the City of SLO. The farm was established in part by preserving prime agricultural land through approval of the San Luis Ranch Specific Plan and the 2018 annexation. City Farm SLO has become a hub for sustainable agriculture, youth education, and community engagement, complementing adjacent housing and commercial uses. Participants learned about regenerative farming practices, met the farm's furry residents, and tasted seasonal crops. The tour followed Froom Ranch Way, offering views of the on-site agricultural fields and housing development before arriving at the final stop: SLO Ranch Farms and Marketplace, the commercial component of the San Luis Ranch Specific Plan. At SLO Ranch Farms and Marketplace, participants browsed, ate, and shopped before concluding with a presentation by David Church, former Executive Officer of SLO LAFCO, and Timmi Tway, City of SLO Director of Community Development, who highlighted key successes and lessons learned.

SLO Ranch
Specific Plan Annexation

The San Luis Ranch Specific Plan annexation area had been within the City's Sphere of Influence (SOI) since 1984. The SOI vision was highly contentious but gradually evolved from a large-scale shopping mall to mixed-use development.



This SOI boundary was consistently reaffirmed over time, including in the City's Municipal Service Review (MSR) and SOI Study adopted in 2016, two years before consideration of the annexation. That same year, the City and the County entered into a Memorandum of Agreement establishing development standards and zoning procedures for the SOI area, including provisions for interagency coordination and consultation throughout the development process.



Ms. Tway and Mr. Church attributed the project's success to planning tools and coordination. However, Mr. Church still emphasized the importance of being available to the applicant and affected agencies. "Comment early and often. Raise and resolve issues proactively. This prevents future problems," Mr. Church said.

The San Luis Ranch Specific Plan project description evolved over the years. It ultimately resulted in a 133-acre mixed-use development featuring residential, agricultural, commercial (office, retail, and hotel), open space, and parks. The project provided 281 single-family homes, 296 multifamily homes, and an affordable housing component. Ms. Tway highlighted the neighborhoods' alignment with City, State, and LAFCO goals and priorities (e.g., mixed uses, housing opportunities, community gardens, on-site farming, walkability, historic preservation, etc.). Of the 109 acres of prime agriculture on site, 53 acres remained active agriculture and 56 acres were converted.

The conversion triggered SLO LAFCO Policy 2.9.12, which requires a 1:1 ratio of preserved prime agricultural land for prime land converted. The outcome was 83 acres placed into agricultural easements. Of that, 53 acres were preserved on-site, and 30 acres were preserved off-site, altogether exceeding the 1:1 mitigation policy.

Although the affected territory was an unincorporated island within the SOI, surrounded by the City service area, the site still contained prime agricultural soils intended for farming. The Specific Plan listed agriculturally compatible uses for the 53 acres preserved on site; however, residents were unhappy with the outcome and the hoop houses' aesthetics. According to Ms. Tway, if the City wants control over farm aesthetics, including the use of hoop houses, then the City must 1) build it into the Agricultural Conservation Easement Agreement, 2) clearly identify allowed operations and required permits, and 3) consider the impact range of viable farming uses.

Additionally, Ms. Tway and Mr. Church stressed the importance of being clear while building in reasonable flexibility. Clear conditions help; however, consider carefully how those conditions are applied. To avoid unintended consequences, consult the experts when developing those conditions. For example, hoop houses were allowed and implemented to regulate temperature and allow year-round farming, and they use 40% less water. However, they had unintended consequences for the soil and aesthetics.

Overall, the Commission was tasked with balancing the need for housing and efficient public services with competing interests: discouraging urban sprawl while preserving prime agricultural land and open space. The result was approval of the annexation in 2018. "The Specific Plan worked out so much better than it would have had a huge mall been built. It was a much better solution that helped with today's housing crisis," Mr. Church said. "The Mobile Workshop was great! So good to see the implementation going so well."



Felton Fire's Turning Point

How a Community Chose Local Control and How LAFCO Helped Them Get There

By Joe Serrano, Santa Cruz LAFCO Executive Officer

Felton has always been a place where local identity matters. Tucked between redwoods and river bends, the community has long relied on its volunteer driven fire district (neighbors protecting neighbors). But in recent years, the Felton Fire Protection District (FFPD) has faced the same pressures small fire agencies statewide confront: rising call volumes, aging equipment, workforce turnover, and a station built in the 1950s that has never seen a major renovation. The district's challenges were no longer theoretical; they were structural, urgent, and unavoidable.

Last year, Santa Cruz LAFCO published the ***Felton Fire Protection District Governance Options Report***. This comprehensive roadmap helped the district and its residents understand the problem's depth and the range of credible solutions. The report did not prescribe an outcome; instead, it created a shared language, a common set of facts, and a transparent framework for evaluating what "sustainable fire protection" could look like in Felton. As one resident said at a town hall, "For the first time, we could actually see the whole picture."



That picture ultimately led the district to pursue a Proposition 218 benefit assessment, one that would cost the average homeowner nearly $700 per year for a typical single-family home. In most communities, that level of investment would be a steep hill to climb. In Felton, it became a rallying point.

In July 2026, Felton property owners approved the assessment with 67.88% support, generating an estimated $1.7 million annually to rebuild staffing, replace aging apparatus, and finally modernize the 71 year old station. The public understood exactly what was at stake: keeping local control, preserving community identity, and reinvesting in a fire district that had protected them for generations. The Felton Community for Emergency Response (a resident-driven group) played a pivotal role, mobilizing residents, sharing information, and reinforcing the message that sustainable fire protection required sustainable funding.

> **Although FFPD never filed an application with LAFCO, the Commission's work was still central to the district's success.**

The Governance Options Report became the vehicle that allowed Felton FPD to communicate clearly with its constituents by explaining the district's fiscal realities, operational limitations, and long term risks. It grounded the conversation, built trust, and gave the community confidence that the assessment was not just necessary, but strategic.

Felton's story is now a case study in what LAFCOs do best: illuminate challenges, convene partners, and help communities make informed decisions about their future. The district is hiring its first full time engine company, planning long overdue capital improvements, and transitioning from a struggling volunteer agency into a stable career/volunteer hybrid model. Most importantly, Felton remains proudly local … because its residents chose to invest in themselves.

For LAFCOs across California, the lesson is clear: even without a formal application, a well crafted governance study can reshape a district's trajectory. In Felton, it helped turn a moment of crisis into a moment of clarity (and ultimately) into a community driven solution.

Rural Healthcare District Bankruptcy

The Elephant in the Room

By Gary Thompson, Executive Officer Riverside LAFCO

Rural healthcare facilities, whether private hospitals or medical facilities or public facilities within a Healthcare special district, have become increasingly vulnerable throughout the state over the last several years. Rising costs of providing services, revenue constraints due to reimbursement funding delays, limited populations to draw patients from, and generally remote locations all combine to create a crisis for some, with disrupted cash flow and resulting service disruptions. This is the case with the Palo Verde Healthcare District (PVHD) here in Riverside County.

For years, the PVHD, located in the City of Blythe, has served a population of less than 25,000 within a district boundary covering approximately 1,022 square miles of sparsely populated desert lands, and has operated with very limited cash flow. The previous Municipal Service Review (MSR) in 2001 addressed this issue. Recently, a series of internal failures disrupted the primary electronic management system for submitting medical claim information for all insurance, Medicaid, and Medicare reimbursements, and a resulting lawsuit wiped out months of cash flow for the district's one 51-bed hospital. This created a significant backlog of debt, forcing the hospital to shut down all services except emergency services. All surgical, inpatient, and pregnancy-related services, including delivery, were curtailed. The closest hospitals for these services are over 90 miles away in California and over 50 miles away in Arizona.

When that shoe dropped, the Mayor of the City of Blythe requested that LAFCO take a hard look at the district due to the significant impact the suspended services have had on the City of Blythe's and the surrounding communities' populations, and to identify what options might be available for the district to recover. We immediately accelerated the scheduled MSR for PVHD by one year. After completing the MSR, we identified nine options the district and/or LAFCO could pursue, including dissolution (with a successor agency) or bankruptcy. The Riverside LAFCO Commission was directed to initiate the dissolution of the PVHD and begin the search for a successor agency or even a private hospital provider. Shortly after, PVHD filed for Chapter 9 Bankruptcy. This essentially brought the dissolution process to a halt; however, it did not prevent LAFCO from helping the district at least maintain the remaining services.

At the urging of LAFCO's Executive Officer, in direct consultation with the Riverside County Chief Executive Officer, the county undertook to arrange an interim plan to temporarily operate the hospital at a reduced service level on a reimbursable basis and assumed operations and management of the district.



The PVHD Board of Directors remains the legislative body for items requiring Board approval; however, virtually all management staff for the district are currently county personnel. The current status is now in the hands of the bankruptcy court. Riverside LAFCO continues to support efforts to find a successor agency in the event that PVHD may have to dissolve once it emerges from bankruptcy, so the jury is still out at this time.

LAFCO's goal is to do our best to ensure that the original fully functional, all-service hospital is back in operation, one way or another, for the sake of the regional population. They deserve adequate services just as much as any urbanized area, and LAFCO's goal is to do whatever we can, within our abilities and authorities, to make that happen.

This situation may or may not have been prevented. Years of operating on very thin margins, followed by a catastrophic event that completely disrupted district cash flow and wiped out all reserve capacity, created this situation. From a LAFCO perspective, this brings to light that closer attention should be paid to these rural facilities and districts, whether they are healthcare districts or small rural water districts. The five-year MSR cycle is insufficient to ensure that these rural outlying districts are financially and operationally solvent, and it behooves greater attention to be placed on all rural areas so as not to deem them the "forgotten ones." Stay tuned, and hopefully the end result here will be a positive outcome for all.



Beating the Clock

The Creative Partnership That Brought Sewer Service to Rural Communities

By Kristi Grabow, Sacramento LAFCO

For years, residents of Hood and Franklin, two small, unincorporated communities along the Sacramento River, lived with a problem they had no way to solve on their own. Their aging septic systems were failing, and stricter state standards adopted in 2012 required more room for a compliant system than most of their parcels had to offer. Some households limited their water use just to keep their systems from backing up, but there was no real fix available to them.

Hood is a small agricultural town of roughly 300 residents, and Franklin is home to several multi-acre ranches and agricultural properties. Income surveys conducted for the project found median household incomes of about $33,000 in Hood and $56,500 in Franklin, modest enough that a costly, out-of-pocket septic repair was never a realistic option for most residents. And even where a homeowner had the money for repairs, the land itself simply couldn't accommodate a compliant system.

The solution was to implement public sewer service. But getting there meant we, alongside our partners at Sacramento Area Sewer District (SacSewer), had to solve a timing problem that will sound familiar to LAFCOs anywhere in the state. A state grant carried a fixed construction deadline, while the statutory process that had to unfold alongside it moved on a schedule of its own.

SacSewer had been working toward a solution for these communities for years, securing local, state, and federal grant funding to design and build septic-to-sewer conversions for several Sacramento County communities, including Hood and Franklin. ***"When SacSewer reached out to us in 2022 to begin the process of annexing the two communities, the timing problem became clear immediately,"*** said José C. Henríquez, then the newly appointed Executive Officer for Sacramento LAFCO. ***"Neither community was within SacSewer's service area, and bringing them in would require both a Municipal Service Review and a Sphere of Influence update, exactly the kind of process that protects good planning, but can also take a significant amount of time."*** Our staff estimated a year or more, but the grant funding wasn't going to wait that long. Construction needed to move forward on the state's funding timeline anyway. Miss it, and the chance to finally connect these communities was at risk.

"We couldn't rush the Municipal Service Review and Sphere of Influence process without undermining the planning safeguards it exists to protect, but the state wasn't going to move the grant's construction deadline to accommodate us," continued José Henríquez, Executive Officer at Sacramento LAFCO. ***"A two-tiered approach was the only path that would allow us to satisfy both obligations at once."***

Rather than choosing between rushing a process the law requires or missing a funding deadline that wouldn't come again, we recommended a different path: an Out-of-Agency Service Agreement. The agreement allowed SacSewer to begin building the infrastructure Hood and Franklin needed immediately, while the Municipal Service Review and Sphere of Influence update moved forward separately on its own legally required timeline. Our Commission approved the agreement on August 3, 2022.



It's a simple idea once you see it laid out, but it's the kind of solution that only works when a LAFCO and its partner agency have the trust and shared commitment to move at two different speeds toward the same outcome. SacSewer could move quickly to meet the immediate community need while we kept the statutory process moving forward with equal purpose. Neither track could have replaced the other, and neither could have succeeded on its own.

With the agreement in place, SacSewer partnered with contractor Mountain Cascade, Inc. to construct roughly 6.5 miles of force main and 87 private pump stations, and to decommission 84 septic tanks across the two communities. The work included threading a 3,500-foot force main beneath Interstate 5 via horizontal directional drilling, at depths approaching 100 feet, and adjusting construction sequencing to avoid disturbing active raptor nesting areas identified along the route. SacSewer also partnered with the Sacramento County Department of Transportation to fully repave several roads, leaving both communities with better infrastructure than they'd had before the project began.

By August 2025, most of the sewer force main and on-site infrastructure work was complete, but what remained posed a different set of challenges. It meant connecting individual homes to the system and decommissioning the septic tanks they replaced, all while working through language barriers, an aging population, and a general distrust of government that meant some properties needed to be visited an average of ten times before the connection was finished.

A number of residents who had initially declined to participate changed their minds after watching construction move down their street, requiring SacSewer to add them into the project on short notice.

"Some of these families had been dealing with a failing septic system for years, with no affordable path forward. Getting them connected took persistence, going back again and again to explain the project and earn their trust. Hearing how much it meant to the residents to finally have a reliable, long-term solution made this whole process worth it," said SacSewer General Manager Christoph Dobson.

That persistence paid off on August 5, 2026, when our Commission approved annexation of Hood and Franklin, formally bringing both communities into SacSewer's service area and completing the sequence set in motion by that 2022 agreement. The full effort connected 84 properties, including a mobile home park and a school, to public sewer at no direct cost to property owners, funding a $29.7 million project through grants and non-rate revenue.

The Hood and Franklin story is a case study in a problem plenty of LAFCOs run into: an urgent, well-documented community need, a funding source with its own deadline, and a statutory process that exists for good reason but doesn't bend for anyone's calendar. The approach we developed with SacSewer allowed service to move forward immediately while the statutory process proceeded on its own track. It isn't a shortcut around the law, but rather a way to meet an urgent need without skipping a single step it requires.

For any LAFCO facing a similar mismatch between a grant clock and a statutory timeline, that's worth remembering. Sometimes the right answer isn't choosing one track over the other. It's finding a way to run both at once.

Data Centers

Is Your LAFCO Prepared? Understanding Our Role.

By Crystal Craig, Assistant Executive Officer, Riverside LAFCO

As many of you have observed, AI data centers are increasingly in the headlines, reflecting a nationwide issue that parallels ongoing discussions about the Colorado River. Artificial intelligence has emerged as one of the defining technologies of our generation, reshaping not only our technological landscape but also our cultural norms.

The term "AI" scares people, especially as we hear about communities grappling with the implications of data centers. Critical concerns often include data security, customer privacy, and environmental impact, issues that require robust infrastructure to address effectively.

While data centers may seem like a recent phenomenon, they have existed since the 1960s. Although they have grown in scale and complexity, the concept of data management has existed for decades.

Today, demand for data is higher than ever, fueled by technological innovation and growing reliance on digital tools such as Google Maps and email.

This surge in demand requires a corresponding evolution in infrastructure, as exemplified by NASA's ongoing initiatives to handle large volumes of scientific data effectively.

In our hyperconnected world, data doesn't exist in a vacuum; rather, it is interlinked across multiple data centers. Large AI workloads are often distributed across multiple locations, improving connectivity for users accessing their devices.

> **AI's rapid expansion has accelerated this transformation, highlighting the essential infrastructure that supports seamless data access.**

As we use our devices, we must recognize the intricate systems behind our instant gratification. This brings us to a pressing question: **How do we build the infrastructure we need to meet growing demand?** Timing is critical for California to modernize its data infrastructure while making community engagement and public education essential parts of the process.

California faces significant challenges in addressing water supply and infrastructure changes in response to fluctuating environmental conditions. So why should water professionals care about data processing and the infrastructure that supports it?

The Riverside LAFCO Commission has recognized the importance of reviewing data centers to identify aspects within its purview. We are tasked with facilitating discussions about LAFCO's role in potential annexations and ensuring that we are prepared for the implications of data centers in Riverside County.

At Riverside LAFCO, we have proactively examined data centers and understand that water and electricity are two critical issues we must address as these developments arise. Riverside County has ample land for data center construction, so we must understand the implications these facilities have on local resources and planning. The intention is to advocate for responsible integration of data centers, particularly when applications for annexation to municipalities or water districts are submitted.



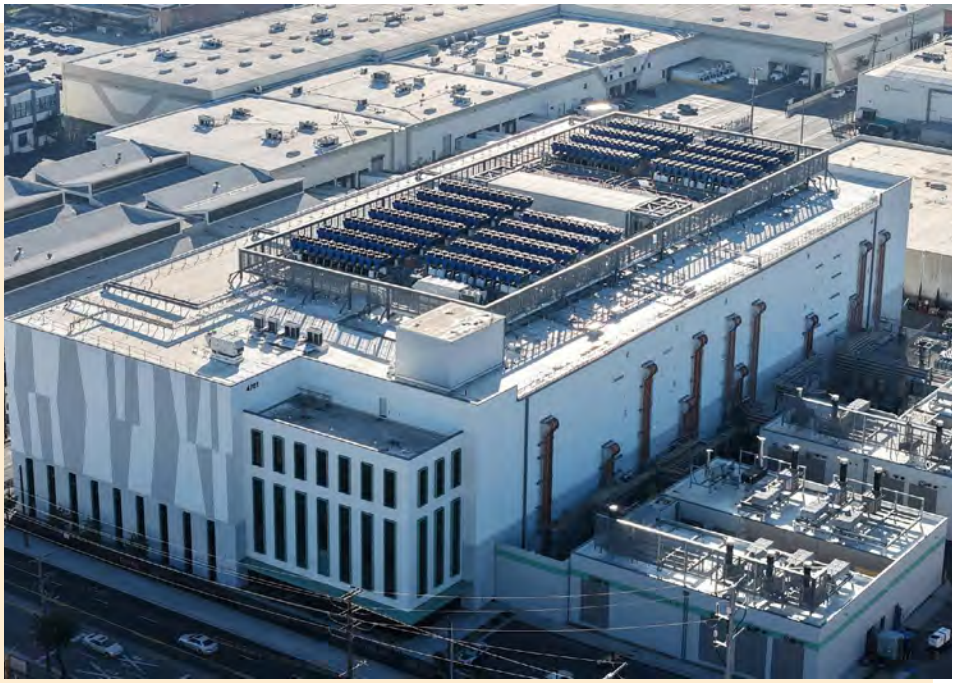
Our focus remains rooted in water policy, as we explore the planning and resource management challenges presented by data centers.

Data centers are specialized facilities designed to house computer systems, including servers, storage devices, and networking equipment. They are essential for managing vast amounts of data, enabling businesses to thrive in a digital landscape. Their proliferation, driven by the AI boom, highlights significant land-use concerns, particularly their substantial water and electricity consumption.

While data centers can create jobs and spur investment, planners must consider their extensive utility and security needs.

These factors add planning complexity, especially when facilities are located near agricultural or open spaces. Although LAFCO does not have the authority to approve or deny specific projects, it plays a vital role in ensuring that jurisdictional changes serve the public interest. A common misconception is that a data center's resource consumption depends solely on its size. In reality, it largely depends on the facility's engineering and design. Communities must stay vigilant about the implications of data centers and adapt their strategies accordingly.

Are you facing similar challenges in your counties? How are you addressing the emergence of data centers? All LAFCOs should consider these factors as we navigate the AI technology boom together.



Questions that Local Agencies & LAFCOs Should Ask Before Approval:

Can Existing Infrastructure Support the Project?
- Ample Water Supply?
- Ample Power Supply?
- Existing Road Access?
- Emergency Services nearby?

New Community Assets or Liabilities?
- Will jobs be a net gain or loss?
- Taxes? (e.g. special assessments, property taxes)
- Community economic benefits?
- Environmental/Community limitations & costs?

What New Water/Power Sources are Needed?
- Electrical Transmission Lines and Substations?
- Battery Energy Storage Systems (BESS)?

Water Supply: Dams, Aquifers & Aqueducts?
- Backup Generators?
- Are Guidelines Enforceable and Transparent?
- Mitigation Reporting and Community Agreements?
- Are Noise standards within CEQA adequate?
- Power and Water-use disclosures?
- Air pollution standards within CEQA adequate?

Incorporating these insights can strengthen the narrative around LAFCO's role in facilitating responsible growth and addressing the challenges posed by data center developments. Emphasizing collaboration, innovation, and community engagement will resonate well with your LAFCO and communities.

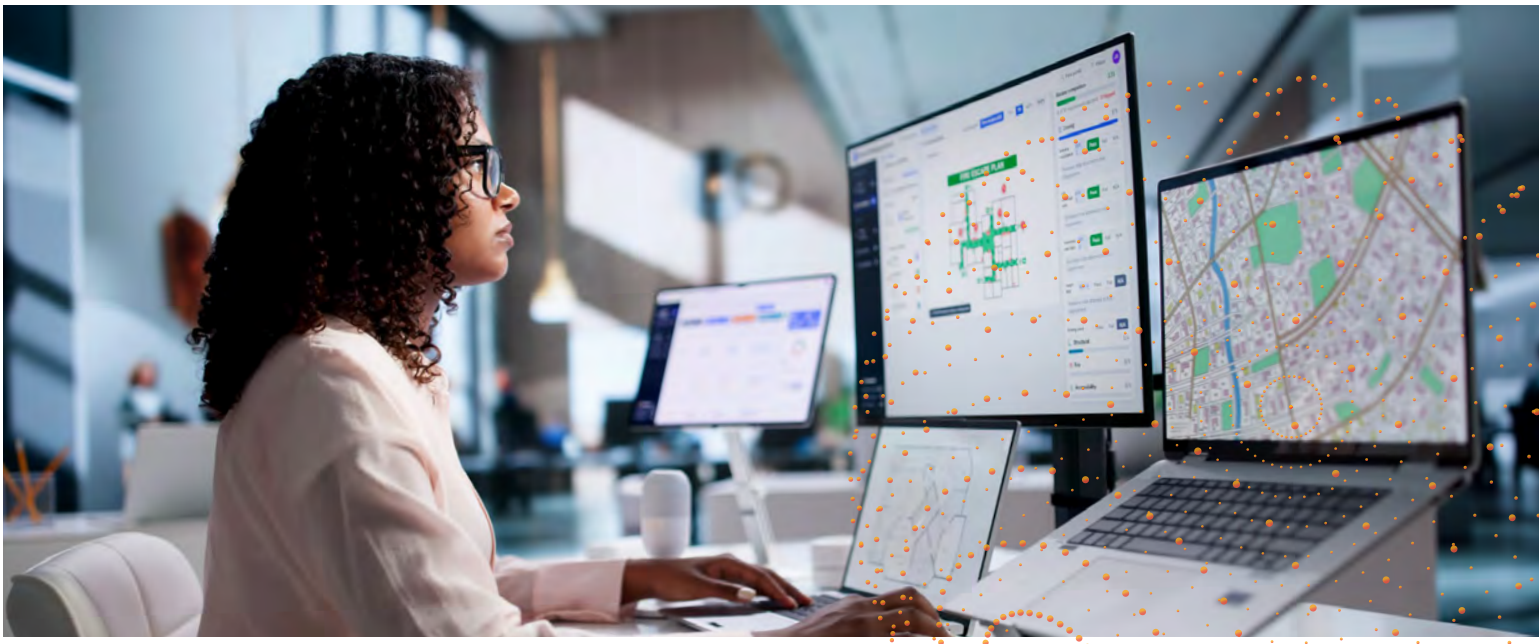
Photo Credits:

1.Interior of Data Center: https://www.vicorpower.com/resource-library/articles/high-performance-computing/disaggregating-power-in-data-centers

2.Exterior of Data Center: Mario Tama (Getty Images). https://www.canarymedia.com/articles/batteries/aligned-data-center-get-online-faster



Infinity Foot Bridge
Stockton, CA



MSR Assistant

An Annual KPI Check-Up

By JD Hightower, Executive Officer, San Joaquin LAFCO, and Amanda Ross, Principal, South Fork Consulting, LLC

Imagine receiving a call from a resident who wants to inter a loved one at the local public cemetery, but no one is responding to her calls or emails. As the LAFCO Executive Officer, you contact the cemetery district and discover its only employee is on a three-month vacation. The board chair is unable to help without access to the office, and the board hasn't met all year because the chair is its only remaining member.

Sound familiar? We hope not! The only graveyard that should be this abandoned is the one at the end of the Haunted Mansion. Unfortunately, one of us recently experienced a similar situation, and it was considerably less fun. Fortunately, LAFCOs have a valuable tool for evaluating local agencies: the municipal service review (MSR) and sphere of influence update process. However, these reviews can be complex, costly, and time-consuming.

To help address these challenges, San Joaquin LAFCO (SJLAFCO), in collaboration with CALAFCO Associate Members South Fork Consulting, LLC and the Paperwork Company, developed an approach that may offer a solution.

How Often Should LAFCOs Conduct Service Reviews?

The Cortese-Knox-Hertzberg Act directs commissions to review and update spheres of influence every five years, as necessary (Gov. Code § 56425(g)). However, Government Code § 56106 generally treats statutory timelines for commission action as directory rather than mandatory, allowing LAFCOs to consider local circumstances when scheduling updates. An MSR must be conducted before an sphere of influence (SOI) update.

Maintaining a five-year review cycle can be challenging. LAFCOs oversee varying numbers of cities and special districts, each with unique service needs and circumstances. Some conduct reviews in-house, while others rely on consultants. Guided by its mission of ***"Balancing Community and Commerce,"*** San Joaquin LAFCO seeks to balance local expectations with measurable data when evaluating growth, services, and public resources. Its goal is to provide timely, cost-effective information that supports informed decisions.



Almond Trees
San Joaquin County, CA

Barriers to the 5-Year Cycle

Two common challenges affect LAFCOs' ability to maintain regular reviews:

- **FINANCIAL LIMITATIONS:** Funding is one of the biggest challenges LAFCOs face in maintaining a five-year review cycle. LAFCO budgets are typically supported by contributions from cities, counties, and special districts, with annual budgets adopted by the Commission and funding allocations determined by statute. Securing sufficient resources to complete service reviews and sphere updates can be difficult, particularly for LAFCOs funded solely by cities and counties. These commissions face the added challenge of establishing a nexus between funds spent on special district reviews and the proportional benefits received.
- **TIMING CONSTRAINTS:** MSRs and SOI updates compete with applications and other statutory responsibilities. Unpredictable application volumes and required processing deadlines can delay reviews, sometimes leaving data outdated before the process is complete.

To manage these demands, some LAFCOs prioritize reviews based on local conditions. San Joaquin LAFCO, for example, focuses on five-year cycles for cities growing faster than the county average, while allowing longer intervals for slower-growing cities and special districts.

But what if LAFCOs could identify emerging concerns without waiting for a full service review? That's the idea behind SJLAFCO's proposed annual Key Performance Indicator (KPI) check-up. Much like an annual physical, this approach could help identify small problems before they become serious. By tracking a few meaningful indicators tailored to each agency type, LAFCOs could better determine when a comprehensive MSR and SOI update may be needed.

Building on Benchmarks

In the last issue of ***The Sphere***, South Fork Consulting's article, "Setting the Bar: Why Performance Measures Belong in Every MSR," highlighted a benchmark-based approach used in the City of Rocklin MSR and SOI study, approved by Placer LAFCO in April 2025. Rather than relying on broad narrative assessments, this approach evaluates agencies against predetermined, measurable benchmarks to establish whether they are providing adequate services.

> **Benchmarks address a common challenge in service reviews: determining what "adequate service" actually means.**

Without clear standards, findings can lack measurable support, leaving future commissions without a baseline for comparison. Performance measures provide a consistent, evidence-based approach to evaluating service quality, supporting accountability, informed planning, and public trust.

This same approach provides a foundation for annual KPI check-ups. While a comprehensive MSR evaluates the full set of benchmarks in greater depth, the annual check-up tracks a smaller group of indicators most likely to reveal emerging service concerns.

Each year's findings contribute to a growing record of performance data, helping streamline future MSRs and giving LAFCOs and agencies a clearer understanding of when and why a comprehensive review may be needed.

The Proposed Strategy: Annual KPI Check-Ups

A recent San Joaquin County Civil Grand Jury report highlighted the need for more timely information about local agencies and special districts. Combined with an ongoing service review of 17 rural fire districts, the findings underscored the need for a more efficient approach to monitoring agency performance and improving public access to information.

Much of this information is already publicly available through annual audits, water master plans, capital improvement plans, consumer confidence reports, regulatory notices, and other agency reports. By bringing key indicators together on its website, San Joaquin LAFCO (SJLAFCO) could provide a centralized resource for annual monitoring, with links to more detailed information.

Between responding to the Grand Jury's findings and reviewing comments on the draft fire service review, LAFCO staff felt as stretched as the portraits in the Haunted Mansion. Then, much like the inscription on Uncle Dwight's tombstone, "Poor Uncle Dwight was changing a light when he had a shocking idea," inspiration struck: a better approach to monitoring agency performance. To address the Grand Jury's recommendations without overburdening staff or local agencies, SJLAFCO is piloting a more flexible service review model guided by annual KPI check-ins. Drawing on South Fork Consulting's performance benchmark approach, SJLAFCO and CALAFCO Associate Members have developed draft KPIs for the Commission's consideration.

Under the proposed approach, agencies would submit a brief, standardized annual certification rather than waiting for the five-year review cycle or a significant event to prompt a full MSR. Each check-in would focus on two or three key metrics tailored to the agency type, along with general indicators applicable to all agencies.

Key Components of the Annual Check-up

Raw Data Collection (LAFCO Does the Heavy Lifting): Instead of asking agencies to calculate complex metrics, LAFCO staff will conduct the data analysis. This removes the "homework" burden from agencies, increasing compliance, and ensures we analyze standardized, apples-to-apples data.

- **Targeted KPIs:** Working cooperatively with agencies, the checklist will include two (2) or three (3) agency-specific metrics that provide the most valuable insights into an agency's operational circumstances.
- **The "Negative Check" Certification:** The check-in includes a brief governance and financial questionnaire presented as a negative-check system. A perfectly healthy agency can simply check "No" down the column to indicate no major distress events, sign under penalty of perjury, and return the form.
- **Public Transparency:** The completed certifications and SJLAFCO's KPI summaries will be hosted on the San Joaquin LAFCO website, providing a clear, publicly accessible record of continuous oversight.

Moving Forward

As LAFCOs continue to balance statutory requirements with the realities of daily operations, we hope SJLAFCO's KPI concept offers an option for our fellow LAFCOs. Pairing a defined set of KPIs with measurable MSR metrics gives Commissions a way to confirm that local agencies are operating effectively between service reviews and to identify early which agencies most need a full review, so that limited staff time and budget go where they will do the most good.



The cemetery district in our opening story did not begin to struggle overnight. A vacant board seat, canceled meetings for lack of quorum, and a single staffing failure: the warning signs were there long before anyone at LAFCO had reason to look for them. A one-page annual check-in would have surfaced each of them. That is the point of this exercise, not more paperwork, but earlier questions. The intent is to be an affordable and useful tool for increasing public awareness and information.

San Joaquin LAFCO expects to bring the draft KPIs to its Commission for consideration later this year, and we would welcome input from our colleagues before then. If your LAFCO has tried something similar, or if you would like to see the draft, please reach out, and as always, "Beware of hitch-hiking ghosts!"





Big Shoes, Small Bites

Lessons from My First Year as Clerk

By Desirae Leverett, Clerk to the Commission, Yolo LAFCO

When I stepped into the role of Clerk to the Commission at Yolo LAFCO, I inherited much more than a job description. I inherited the carefully laid foundation established by the lovely Terri Tuck, who held this role for more than 25 years. Following someone who spent a quarter century mastering the position was no small feat, and I spent my first months trying to wrap my head around what it would entail.

One of the most surprising things I learned along the way is how truly unique and individual every LAFCO is. No two operate quite the same. That is precisely why I wanted to write this, because stepping into someone else's shoes as a LAFCO clerk can be daunting, and I suspect I am not the only one who has felt this weight. Clerks are the backbone of any LAFCO. They are required to be process-oriented but also to switch into an analytical mode at any given moment, depending on which project comes their way.

At Yolo LAFCO, there is almost no downtime. I faced a constant stream of new tasks and procedures using language I had never encountered before, and I needed to complete this work quickly to meet legal requirements and deadlines. Learning a role like this can feel like a fire hose blasting into a champagne bottle. There is a lot of information to absorb and limited time.

If I could go back and tell myself one thing on day one, it would be this: Everything will be okay, as long as you don't let fear or uncertainty stop you. Maintain forward momentum. You will not know everything on day one or day one hundred, and you will likely make mistakes. But if you keep moving, keep learning, and keep asking questions, the puzzle that is your LAFCO starts to come together. My goal became clear early on: build on the great foundation Terri left while updating our processes to carry us into a new age of AI and technology.

That balance, honoring what works while modernizing what does not, is a challenge I imagine many clerks will face as a generation retires and the next assumes these roles.

What follows are the practical lessons I learned along the way. I hope they spare the next new clerk some of the uncertainty I experienced.

1. **Start with your LAFCO's website.** Go through it thoroughly. Look for a glossary, applicant information, and any old Municipal Service Reviews you can find. Read through old minutes, agendas, and packets. This public-facing material is often the gentlest on-ramp to understanding what your agency does and how it communicates.

2. **Learn your server's filing structure.** Understanding how your files are organized will reveal your team's workflow. Do not be intimidated by the legal jargon in the documents. Aim to understand both the historical and the new information. This step does double duty: it teaches you the role and helps you identify areas ripe for improvement.

3. **Use AI as a learning tool.** When you encounter unfamiliar terminology or dense concepts like the Brown Act or parliamentary procedure, AI can quickly break them down into plain language. Treat it as a patient tutor available whenever you need one.

4. **Lean on the CALAFCO clerks' ListServ**. It is a lifeline and a way to build rapport with fellow clerks. They may not be able to tell you exactly how your LAFCO should operate, since every LAFCO is different, but they are almost always eager to help because they understand what you are going through.

5. **Build relationships with your county.** If your LAFCO works closely with the county, for example by using county HR, make time to reach out and ask questions. County employees are usually happy, helpful public servants, just like you.

6. **Connect with your Board of Supervisors clerk.** This is one of the most valuable relationships you can build. BOS clerks work at a higher level and often come equipped with tools like Chair Notes and Clerk Scripts. Which brings me to the next tip.

7. **Create a clerk template.** Meeting days are stressful enough. A clean script, complete with your commissioners' names in the order they should be called, will save you when the pressure is on. This is a great place to use AI to tailor a template to your agency's specific meeting style. Trust me, your future self will thank you.

8. **Apply for the CALAFCO Mentorship Program.** Request to be paired with someone who has served as a clerk. These programs connect you with people who become valuable resources you might not have met otherwise. Mentors are rich in historical knowledge and can also be a welcome outlet for the frustrations and struggles that come with a steep learning curve. You do not have to carry it all alone.



Blue Ridge Trail
Yolo County, CA

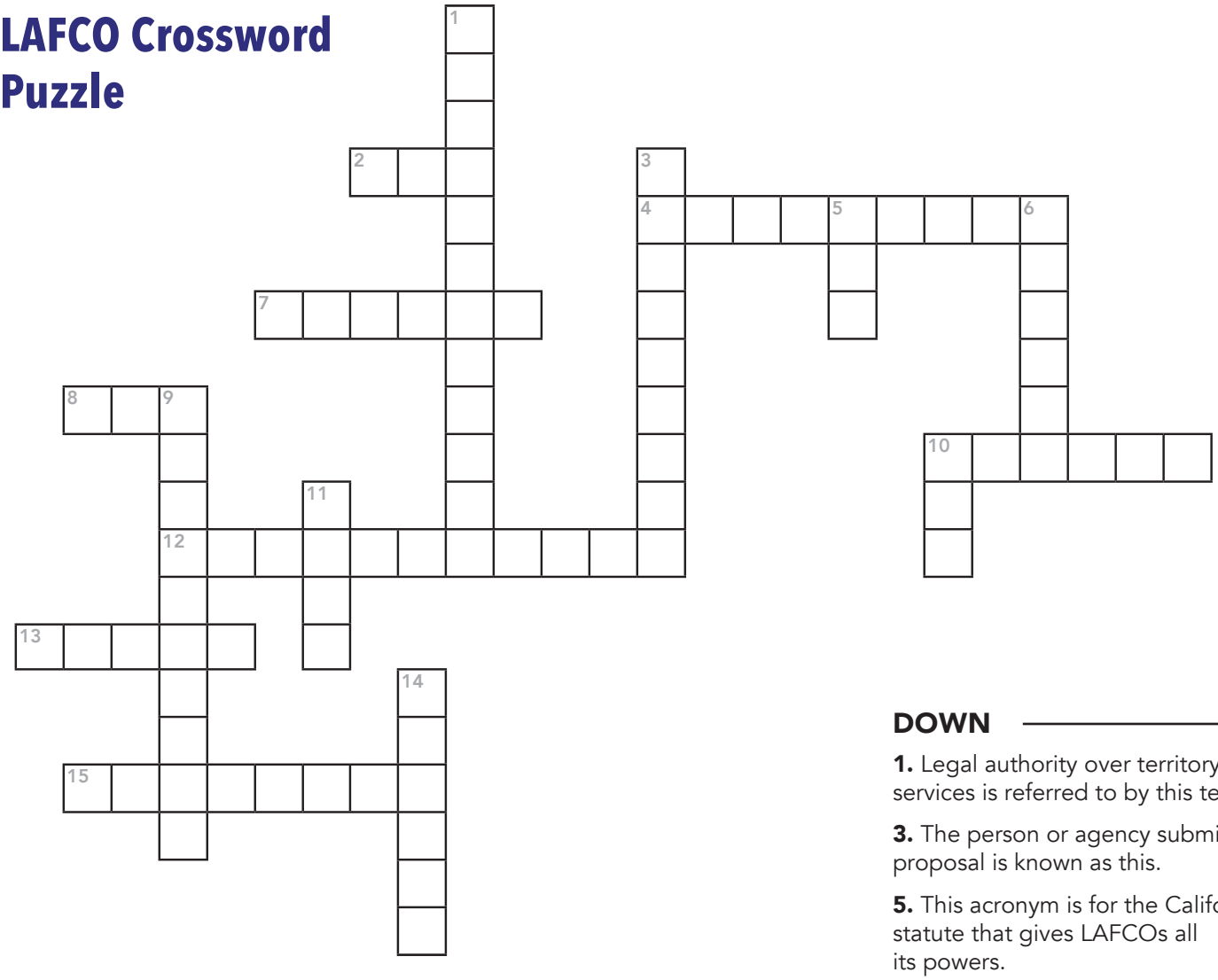
A final word to the next new clerk

Stepping into any long-held role can feel like an impossible act to follow. But you do not have to fill those shoes perfectly on your first day. You just have to keep moving forward. Study and respect the history, build your relationships, lean on the resources around you, and permit yourself to learn in small bites rather than all at once.

Every LAFCO is different, and that is the beauty of this community. We are all figuring it out in our own corners of the state, and we are all better for sharing what we learn. To the next clerk stepping into big shoes: take small bites, keep moving, and trust that the puzzle will come together in time. Take a breath, take the next step, and know that the rest of us are right here, figuring it out alongside you.

Within the Sphere

LAFCO Crossword Puzzle



ACROSS

2. This acronym refers to a boundary adopted by the commission meant to be used as a planning tool.

4. This type of LAFCO contains most of a district's territory within their county, and determines which LAFCO oversees it.

7. Input from residents or agencies during a meeting is offered this comment period.

8. This acronym refers to a collaborative entity formed when two or more public agencies agree to exercise shared powers.

10. Small, non-public water providers that often require LAFCO coordination when service reliability becomes a concern (m_____ water systems).

12. A district with its own board, staff, and budget is known as this.

13. This growth boundary, usually adopted by cities and counties, help guide development patterns, _____ limit line.

15. An application requesting a jurisdictional change is called this after it is deemed complete by LAFCO.

DOWN

1. Legal authority over territory or services is referred to by this term.

3. The person or agency submitting a proposal is known as this.

5. This acronym is for the California statute that gives LAFCOs all its powers.

6. These authorized "powers" are unused services but can be activated with LAFCO approval.

9. When a district begins providing a new service, this is occurring.

10. This acronym is for the comprehensive study which evaluates how well agencies deliver services.

11. When an agency is fully responsible for environmental review under CEQA they are considered this.

14. Annexing these types of unincorporated pockets surrounded by a city is known as this.

LAFCO Double Puzzle

Unscramble the words below to solve the coded phrase at the end.

MSEOCINRMOSI

16

EEXICOCFTVEUREIF

3 2

ASYLTAN

1

LCKRE

5

LCOAFAC

7 10

RHSEPSE

6

TNAIOLOINDOCS

8

NNITZEROIGAORA

9

TOANEIXNNA

4 13 14 18 12

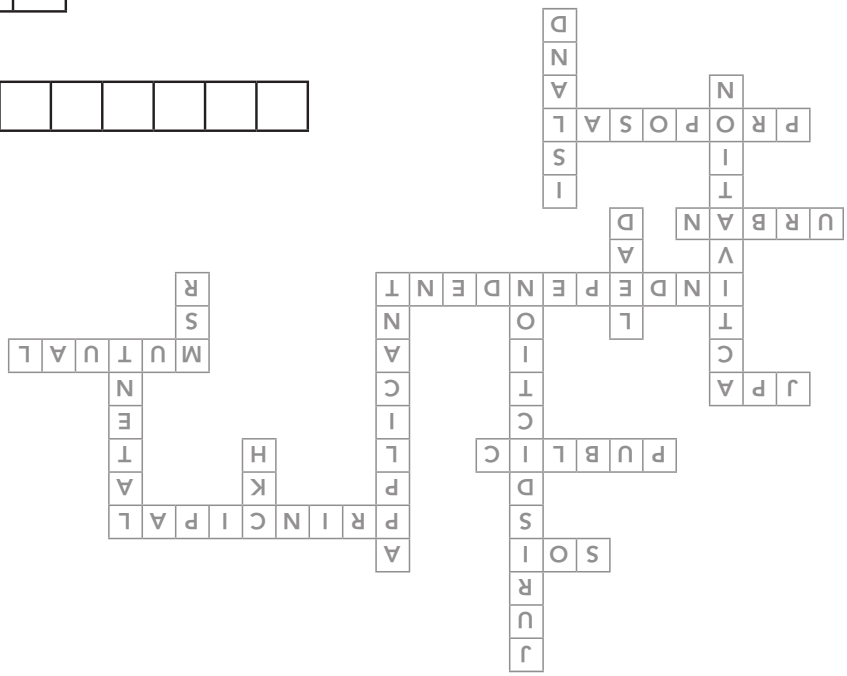
RIOCAPOTRNNOI

11 17 15

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1 2 3 4 5 6 7 8 9 10 11 12

13 14 15 16 17 18



Answers

COMMISSIONER

EXECUTIVE OFFICER

ANALYST

CLERK

CALAFCO

SPHERES

CONSOLIDATION

REORGANIZATION

ANNEXATION

INCORPORATION

YOU ARE A LAFCO

EXPERT!



California Association of
Local Agency Formation Commissions
CALAFCO
SUPPORTING SUSTAINABLE
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1451 River Park Drive, Ste 185, Sacramento, CA 95815 | CALAFCO.org

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

November 10, 2026

To: LAFCo Commissioners

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

Subject: Legislative Report – Information Only

Summary

Legislative tracker: No updates at this time.

Other Rules and Regulations: The California Emergency Medical Services Authority (EMSA) has proposed a comprehensive update to regulations governing the administration of local emergency medical services (EMS) systems.[1]

The update to the regulations is currently open for comment from Sept. 25, 2026, to Dec. 11, 2026. CALAFCO is reviewing the bill and may attempt to see if the reference to LAFCO in the proposed regulation can be removed.

Of concern is the proposed language which states that LAFCO-approved annexations, detachments, consolidations, and reorganizations do not, by themselves, determine EMS administration/service or Section 201 status[2]. Meaning that a LAFCo boundary change would not also change who would provide ambulance service. On page 110 of the regulation text, it further states that LAFCo terms and conditions may be considered when evaluating EMS administration, but do not authorize LAFCo to determine EMS administration or Section 201 status. In San Mateo County, only one agency, the City of South San Francisco, currently provides EMS. Under this current proposal, if there was an annexation to the City of South San Francisco, all other municipal powers (land use, police, fire, etc.) would transfer to the annexed area, but not EMS.

Recommended Committee Action:

Receive the report.

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[1] Proposed EMSA Regulations

[2] "Section 201 Status": Section 201 refers to California Health and Safety Code Section 1797.201, part of the EMS Act. A Section 201 agency is a city of fire district that was providing prehospital EMS on June 1, 1980, or contracting for it, and it can keep running those services itself. Those services do not shift to the county EMS agency unless the city or district signs a written agreement to transfer them.

COMMISSIONERS: VIRGINIA CHANG KIRALY, CHAIR, SPECIAL DISTRICT ▪ ANN DRAPER, VICE CHAIR, PUBLIC ▪ KATHRYN SLATER-CARTER, SPECIAL DISTRICT ▪ DAVID J CANEPA, COUNTY ▪ DEBBIE RUDDOCK, CITY▪ STEPHEN RAINALDI, CITY ▪ JACKIE SPEIER, COUNTY ▪
ALTERNATES: NOELIA CORZO, COUNTY ▪ TOM CHAMBERS, SPECIAL DISTRICT ▪ GREG WRIGHT, CITY ▪ MARK MASSARA, PUBLIC
STAFF: ROB BARTOLI, EXECUTIVE OFFICER ▪ SARAH FLAMM, MANAGEMENT ANALYST ▪ TIM FOX, LEGAL COUNSEL▪ DIANE ESTIPONA, CLERK

RESOLUTION OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION HONORING
KATI MARTIN
FOR HER DEDICATED SERVICE

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, **Kati Martin** has served as the Special District Alternate member of the Local Agency Formation Commission from 2017 to 2022 and as a regular Special District member from 2022 to 2026; and

WHEREAS, she served as Vice Chair of LAFCo in 2023 and as Chair in 2024; and

WHEREAS, she has made contributions to the Commission's deliberations on a number of complex and controversial proposals and studies, including the successful multi-year effort to establish the East Palo Alto Sanitary District as a subsidiary district of the City of East Palo Alto; and Municipal Service Reviews and Sphere of Influence Updates for the San Mateo County Harbor District, the North County Cities and Special Districts, the Broadmoor Police Protection District and the City of East Palo Alto, East Palo Alto Sanitary District and West Bay Sanitary District; and

WHEREAS, she regularly volunteered for the various LAFCo committees; and

WHEREAS, she serves as a Trustee for the San Mateo County Mosquito and Vector Control District representing the City of Half Moon Bay starting 2013 and has served as Secretary, Vice-President and President; and

WHEREAS, she had previous served on five San Mateo County Civil Grand Juries and had a career as an insurance defense lawyer; and

WHEREAS, she has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for all County residents, including supporting Mosquito and West Nile Virus Surveillance programs, public health education and outreach, and helping implement several of recommendations from the 2012 MSR for the District; and

WHEREAS, her willingness to serve, her understanding of and support for the Commission's policies and objectives, and her knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, her presence and contributions will truly be missed by her colleagues on the Commission and by the Commission's staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **Kati Martin** for her willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County. Best wishes on all her future endeavors.

Dated: November 18, 2026

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Chair

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RESOLUTION OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION HONORING
DAVID CANEPA
FOR HIS DEDICATED SERVICE

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, **David Canepa** has served as a County member of the Local Agency Formation Commission in 2026; and

WHEREAS, he has made contributions to the Commission's deliberations on a number of Municipal Service Reviews and Sphere of Influence Updates, including the Towns of Atherton, Portola Valley and Woodside, the City of Menlo Park, and the Highland and Ladera Recreation districts; and

WHEREAS, he served as a San Mateo County Board of Supervisor representing District 5 from 2017 to 2026 and served as Board President in 2021, and 2025; and

WHEREAS, he had previously served as a Councilmember for the City of Daly City from 2008 to 2016 and served as Mayor in 2014; and

WHEREAS, he has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for all County residents, including the launching of the Loneliness Awareness and Solutions Initiative, securing funding to keep Seton Medical Center and Seton Coastside operating, advocating for the Midway Village affordable housing development, and took the lead in sponsoring ordinances and resolutions to transition the County from paper to digital systems to reduce expenses, decrease the County's carbon footprint; and

WHEREAS, his willingness to serve, his understanding of and support for the Commission's policies and objectives and her knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, his presence and contributions will truly be missed by his colleagues on the Commission and by the Commission's staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **David Canepa** for her willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County and look forward to working with him in his new role as Chief Elections Officer & Assessor-County Clerk-Recorder of San Mateo County. Best wishes on all her future endeavors.

Dated: November 18, 2026

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Chair

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RESOLUTION OF THE
SAN MATEO LOCAL AGENCY FORMATION COMMISSION HONORING
DEBBIE RUDDOCK
FOR HER DEDICATED SERVICE

RESOLVED, by the members of the Local Agency Formation Commission of the County of San Mateo, that

WHEREAS, **Debbie Ruddock** has served as a Regular City member of the Local Agency Formation Commission from 2025 to 2026; and

WHEREAS, she has made contributions to the Commission's deliberations on a number of Municipal Service Reviews and Sphere of Influence Updates, including the San Mateo County Harbor District, the Coastside Fire Protection District, the Towns of Atherton, Portola Valley and Woodside, the City of Menlo Park, and the Highland and Ladera Recreation districts; and

WHEREAS, she served as a Councilmember for the City of Half Moon Bay from 1991 to 2003 and then from 2014 to 2026 and served as Mayor four times, including in 2017 and 2026; and

WHEREAS, she had previous worked for 20 years at the California State Coastal Conservancy and was an alternate member of the California Coastal Commission and had a career in communications in Silicon Valley; and

WHEREAS, she has led and presided over numerous programs, projects and other notable efforts that have enhanced the quality of life for Half Moon Bay and coastside residents, including leading successful initiatives for the City's growth management program, secured certification of the City's updated Local Coastal Land Use Plan, helped stabilize the City's finances and balance the City's budget, and advance a city-county partnership to developed more than 40 modular homes for Coastside farmworkers and their families; and

WHEREAS, her willingness to serve, her understanding of and support for the Commission's policies and objectives, and her knowledge of local government have been of great benefit to the work of the Commission and the community; and

WHEREAS, her presence and contributions will truly be missed by her colleagues on the Commission and by the Commission's staff.

NOW THEREFORE, this Commission does hereby express its deep appreciation and sincere thanks to **Debbie Ruddock** for her willingness to serve and dedicated service to this Commission and to all the people and public agencies in San Mateo County. Best wishes on all her future endeavors.

Dated: November 18, 2026

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Chair

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2025 COUNTY OF SAN MATEO AGRICULTURAL CROP REPORT

California Department of Food and Agriculture
Karen Ross, Secretary

The Honorable Board of Supervisors of San Mateo County
Jackie Speier, District 1
Noelia Corzo, District 2
Ray Mueller, District 3
Lisa Gauthier, District 4
David Canepa, District 5

Agricultural Commissioner/Sealer
Koren Widdel

Deputy Agricultural Commissioner/ Deputy Sealers
Jeremy Eide
Jeremy Wagner
Ione Yuen

Biologist/Standards Specialists
Erin Becker
Teddy Chung
Jonathan Fausto
Richard Garcia
Joseph Hannen
Marithza Hernandez
Avneet Kakkar
Briana Maldonado
Mark Melendez
Kathleen Parks
Gregory Peters
Thaïs Spiropoulos
Justin Thieu
Jonathan Winslow
Michael Wong
Lawrence Yang
Jorge Zaragoza
Aldo Zuniga

Pest Detection Program Manager
Gerardo Ibarra Jr.

Pest Detection Specialists
Curtiss Coffman
Jesus Garcia
Jean Paul Lorrain
Steve McDonagh
Alejandro Nunez
Adrianne Ortiz
Trino Oseguera
Irving Tinajero
Salvador Zambrano

Administrative Services Manager
Kelly Mayer

Administrative Assistant
Mei Wong

Payroll Personnel Coordinator
Maria Luna



It is my pleasure to present the 2025 Annual Crop Report for San Mateo County, pursuant to Section 2279 of the California Food and Agricultural Code. The total estimated gross value of San Mateo County's agricultural production in 2025 was $116,361,000, a 9.3% increase from 2024. It is important to note that this gross value does not represent net profit or loss, as it does not account for inputs such as labor, packaging, transportation, and other production costs.

This year, the Floral and Nursery Crops commodity group saw an impressive 16.7% increase from 2024. Nursery stock categories, including indoor-grown bedding plants and outdoor ornamental nursery stock, showed double-digit increases in value while using the same or fewer acres for production, indicating that producers have identified products that are valued by customers.

Within the Vegetable commodity group, leeks were added to Miscellaneous Vegetables because of the limited number of producers reporting production. Despite this change, leeks showed gains in both production per acre and production value. However, Brussels sprout production declined in production per acre by 21%. One of the contributors to this decline in 2025 was the diamondback moth, a worldwide pest of cole crops. Diamondback moths are known to be resistant to many biological and chemical controls, leaving growers with fewer tools to combat this pest.

The cover of this report features "Farmers Market" painted by Sophie Or, the winner of the "As Fresh As It Gets" art contest. This report features the top 10 pieces of art, as selected by staff from the Agriculture/Weights & Measures Department and the contest sponsor, the San Mateo County Farm Bureau. Congratulations to all the winners and contestants for beautifully representing San Mateo County's agricultural bounty.

My sincere appreciation goes to the producers and ranchers who voluntarily share their business information, enabling us to provide the most accurate representation possible of agricultural production in San Mateo County. Congratulations to all the staff who supported this exceptional publication, with special thanks to Michael Wong, Thaïs Spiropoulos, and Jonathan Fausto.

Sincerely,

Koren J. Widdel
Agricultural Commissioner
Sealer of Weights and Measures

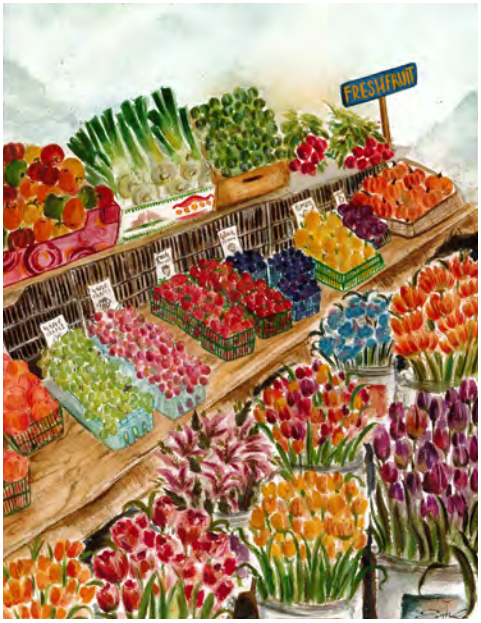
County of San Mateo Department of Agriculture/Weights & Measures
P.O. Box 999 • 728 Heller Street, Redwood City, CA 94064
tel: (650) 363-4700 • fax: (650) 367-0130
email: smateoag@smcgov.org • web: www.smcgov.org/agwm

1st Place: Sophie Or
2nd Place: Abigail Prion
3rd Place: Courtney Yau

COVER ART CONTEST

The County of San Mateo Department of Agriculture/Weights & Measures hosted its third annual cover art contest to highlight some of the top agricultural commodities produced within the county. The purpose of this contest was to develop a greater appreciation of agriculture through the creation of student artwork. Prize money for the top three artists was donated by the San Mateo County Farm Bureau through the "As Fresh As It Gets" program (see page 17). The top three contestants' artwork submissions are featured on this page. Additional artwork is also featured throughout this report as honorable mentions due to the impressive quality of the contest entries.

First Place:
Front Cover, $500



Artist: Sophie Or
Title: Farmers Market
Medium: watercolor, acrylic

Sophie is a junior at Mercy High School. She enjoys baking, rock climbing, and playing the flute. She is excited to do more creative projects in the future.

Second Place:
$300



Artist: Abigail Prion
Title: Harvest Harmony
Medium: acrylic

Abigail is an 8th grader at St. Catherine of Siena School. She enjoys reading, video editing, biking, and creating arts and crafts.

Third Place:
$200



Artist: Courtney Yau
Title: A Morning Stroll
Medium: acrylic, marker

Courtney is a junior at Summit Shasta High School. She enjoys sketching and painting. She hopes to become an animator or entrepreneur in the future.

Honorable Mentions

Uma Manthina, San Mateo High School, Page 5
Riona Nerrie, Menlo-Atherton High School, Page 6
Sadie Chavez, Half Moon Bay High School, Page 8
Caitlin Smith, Menlo-Atherton High School, Page 9
Jefrain Barraza, San Mateo High School, Page 16
Cairo Parra Rasine, Sequoia High School, Page 17
Jhasleen Andrade, Jefferson High School, Back Cover

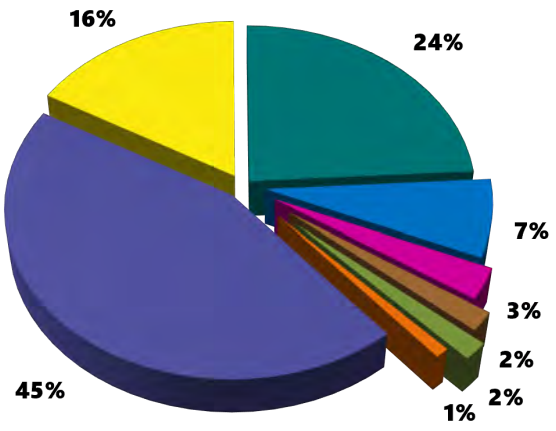
OVERVIEW

2025 Production Total: $116,361,000
2024 Production Total: $106,488,000

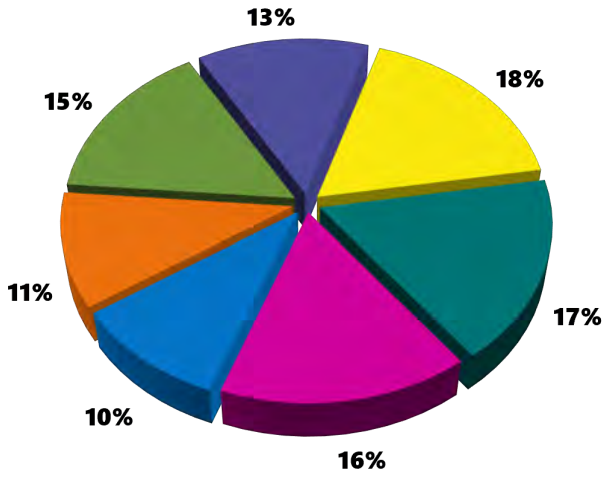
GROSS PRODUCTION VALUE

Commodity Group	2025	2024
Floral and Nursery Crops	**$70,950,000**	$60,772,000
Vegetables	**$28,128,000**	$27,020,000
Livestock	**$8,586,000**	$9,089,000
Fruit and Nut Crops	**$3,479,000**	$3,510,000
Forest Products	**$2,162,000**	$3,061,000
Field Crops	**$1,965,000**	$1,993,000
Livestock Products and Apiary	**$1,091,000**	$1,043,000
PRODUCTION TOTAL	**$116,361,000**	$106,488,000

AGRICULTURAL PRODUCTION VALUES

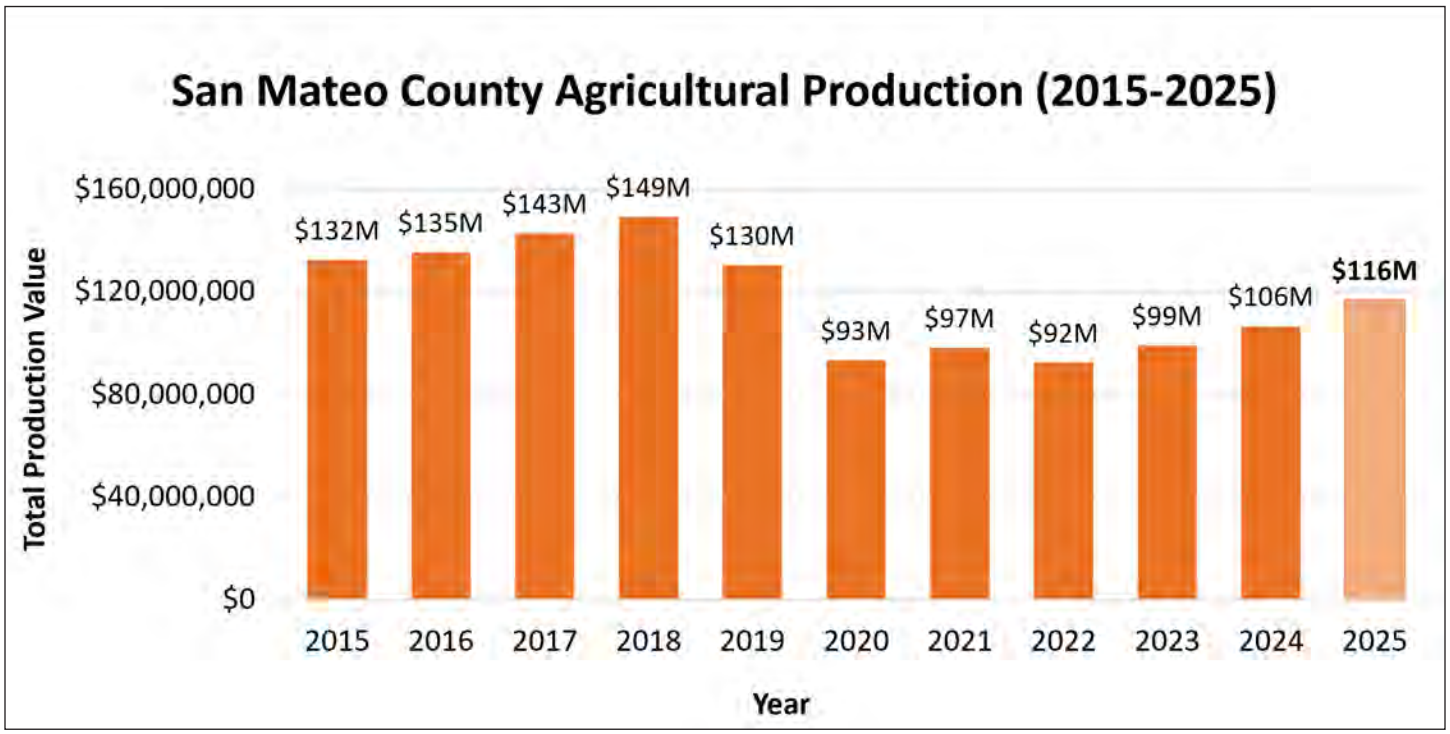


PRODUCERS PER COMMODITY GROUP

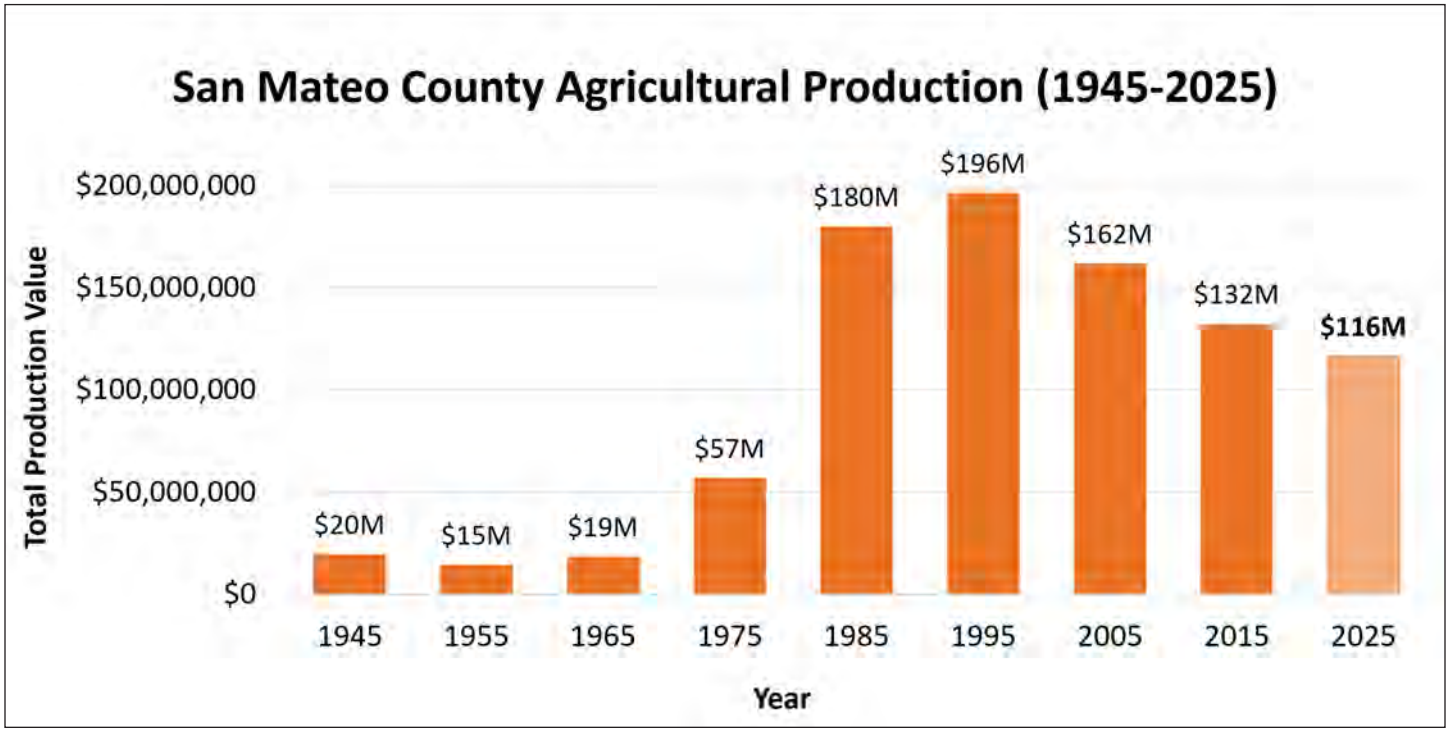


- Floral & Nursery Crops (Indoor Grown)
- Floral & Nursery Crops (Outdoor Grown)
- Vegetables
- Livestock
- Fruit & Nut Crops
- Forest Products
- Field Crops
- Livestock Products & Apiary

10 YEAR PRODUCTION VALUES



HISTORICAL PRODUCTION VALUES



FLORAL/NURSERY CROPS

2025 Production Total: $116,361,000
Indoor Grown Floral/Nursery Crops Total: $51,770,000

INDOOR GROWN

Crop	Year	Square Feet	Total Value
Flowering and Foliage Potted Plants[1]	**2025**	**1,927,000**	**$38,592,000**
	2024	1,892,000	$38,016,000
Cut Flowers[2]	**2025**	**508,000**	**$492,000**
	2024	345,000	$447,000
Bedding Plants, Cuttings, Other[3]	**2025**	**404,000**	**$12,686,000**
	2024	401,000	$7,409,000
INDOOR GROWN FLORAL AND NURSERY CROPS TOTAL	**2025**	**2,839,000**	**$51,770,000**
	2024	2,638,000	$45,872,000

[1]Includes begonias, lilies, orchids, poinsettias, succulents, etc.
[2]Includes alstroemerias, freesias, hemp, lilies, ranunculus, etc.
[3]Includes herbs, seeds, succulents, vegetables, etc.

Floral/nursery crop production comprises majority of total value

Floral and nursery crops make up the highest percentage of San Mateo County's total agricultural production value. Within this category, potted plants and ornamental nursery stock remain the top commodities produced in the county. Retail and wholesale nurseries provide a variety of landscape, ornamental, and garden plants of their own production to consumers within California and even throughout the country. Similarly, cut flower producers in San Mateo County supply bunches of flowers for decorative use in any occasion. From growing house plants to Christmas trees, many producers in this industry continue to find success in San Mateo County.



Uma Manthina, *The abundant life of love*

OUTDOOR GROWN

Crop	Year	Acres	Total Value
Ornamental Nursery Stock[1]	**2025**	**58**	**$14,471,000**
	2024	71	$11,043,000
Christmas Trees	**2025**	**141**	**$415,000**
	2024	147	$365,000
Cut Flowers[2]	**2025**	**193**	**$4,294,000**
	2024	184	$3,492,000
OUTDOOR GROWN FLORAL AND NURSERY CROPS TOTAL	**2025**	**392**	**$19,180,000**
	2024	402	$14,900,000

[1]Includes herbaceous perennials, shrubs, and trees.
[2]Includes dahlias, hydrangeas, ranunculus, sunflowers, etc.

Value increases seen among all groups within floral/nursery crops

A healthy increase in production value was seen in 2025 in San Mateo County, with indoor grown floral/nursery crop value increasing by 13% and outdoor grown floral/nursery crop value increasing by 29%. This is a result of all six subgroups within these categories increasing in production value. In particular, significant growth was observed in outdoor grown cut flowers and in indoor grown bedding plants/cuttings/other. As in 2024, producers of cut flowers in greenhouse settings have become increasingly rare in the county. As a result, a notable shift in greenhouse usage to other agricultural and horticultural production continues to occur.



Riona Nerrie, *Flowers* (cropped from original)

VEGETABLES

2025 Production Total: $116,361,000
Vegetable Crops Total: $28,128,000

VEGETABLE CROPS

Crop	Year	Acres	PRODUCTION Per Acre	PRODUCTION Total	PRODUCTION Unit	VALUE Per Unit	VALUE Total
Artichokes	**2025**	**29**	**3.14**	**91**	**Ton**	**$2,796**	**$254,000**
	2024	28	2.30	64	Ton	$3,058	$196,000
Beans, Fava	**2025**	**78**	**1.90**	**148**	**Ton**	**$2,181**	**$323,000**
	2024	90	1.87	168	Ton	$2,161	$363,000
Beans, Snap	**2025**	**16**	**3.93**	**63**	**Ton**	**$3,075**	**$194,000**
	2024	26	2.29	60	Ton	$2,602	$156,000
Brussels Sprouts	**2025**	**347**	**9.16**	**3,179**	**Ton**	**$1,996**	**$6,345,000**
	2024	413	11.59	4,787	Ton	$1,718	$8,224,000
Peas	**2025**	**119**	**1.31**	**156**	**Ton**	**$2,791**	**$435,000**
	2024	112	2.15	241	Ton	$2,596	$626,000
Pumpkins	**2025**	**184**	**5.75**	**1,058**	**Ton**	**$1,718**	**$1,818,000**
	2024	170	5.37	913	Ton	$1,548	$1,413,000
Miscellaneous[1]	**2025**	**396**					**$18,759,000**
	2024	243					$16,042,000
VEGETABLE CROPS TOTAL	**2025**	**1,169**					**$28,128,000**
	2024	1,182					$27,020,000

[1]Includes field and indoor grown herbs, kale, leeks, lettuce, mushrooms, peppers, squash, tomatoes, etc.

FRUIT AND NUT CROPS

Crop	Year	Acres	Total Value
Wine Grapes, Red Varietals	**2025**	**132**	**$1,533,000**
	2024	133	$2,058,000
Wine Grapes, White Varietals	**2025**	**39**	**$611,000**
	2024	36	$411,000
Miscellaneous[1]	**2025**	**115**	**$1,335,000**
	2024	117	$1,041,000
FRUIT AND NUT CROPS TOTAL	**2025**	**286**	**$3,479,000**
	2024	286	$3,510,000

[1]Includes apples, berries, chestnuts, stone fruits, etc.

Vegetable and fruit production values remain stable in 2025

Despite a number of significant fluctuations within commodities for vegetable crops and fruit/nut crops in 2025, the overall production value for both categories shifted by less than 5% in San Mateo County. Brussels sprouts and pumpkins continue to be the top two vegetable commodities produced within the county. However, overall Brussels sprout production decreased whereas overall pumpkin production increased. Generally, white wine grape varietals produced higher yields per acre than red wine grape varietals in 2025. As a result, total production values of both varietals shifted in accordance with their changes in yield.



Sadie Chavez, *Harbor Bloom*

LIVESTOCK/APIARY

2025 Production Total: $116,361,000
Livestock Total: $8,586,000
Livestock Products and Apiary Total: $1,091,000

Livestock and field crop production values similar between 2024 and 2025

Total livestock production value did not change considerably in San Mateo County in 2025. Although the total number of head sold for cattle and calves had a sizable decrease, its total value remained similar to 2024. A rise in honey production contributed to value growth in the livestock products and apiary category. Within field crop production, dry beans showed a large decrease in acreage. However, increased per unit value of dry beans prevented a significant drop in total value. Forest products exhibited a 29% decrease in production value.



Caitlin Smith, *Golden Harvest*

LIVESTOCK

Commodity	Year	Number Head Sold	Total Value
Cattle and Calves	**2025**	**1,245**	**$4,228,000**
	2024	1,541	$4,363,000
Other[1]	**2025**	**125,254**	**$4,358,000**
	2024	125,609	$4,726,000
LIVESTOCK TOTAL	**2025**	**126,499**	**$8,586,000**
	2024	127,150	$9,089,000

[1]Includes goats, lambs, pigs, poultry, etc.

LIVESTOCK PRODUCTS AND APIARY

Commodity	Year	Production	VALUE Per Unit	VALUE Total
Honey	**2025**	**45,000 lbs**	**$11.20**	**$504,000**
	2024	42,000 lbs	$11.51	$483,000
Other[1]	**2025**			**$587,000**
	2024			$560,000
LIVESTOCK PRODUCTS AND APIARY TOTAL	**2025**			**$1,091,000**
	2024			$1,043,000

[1]Includes beeswax, cheese, eggs, wool, etc.

2025 Production Total: $116,361,000
Field Crops Total: $1,965,000
Forest Products Total: $2,162,000

FIELD CROPS/FOREST PRODUCTS

FIELD CROPS

Crop	Year	Acres	PRODUCTION Per Acre	PRODUCTION Total	PRODUCTION Unit	VALUE Per Unit	VALUE Total
Beans, Dry[1]	**2025**	**135**	**0.77**	**104**	**Ton**	**$8,670**	**$902,000**
	2024	180	0.77	139	Ton	$6,574	$914,000
Grain[2]	**2025**	**87**	**0.49**	**43**	**Ton**	**$332**	**$14,000**
	2024	61	0.50	31	Ton	$411	$13,000
Oat & Rye Hay	**2025**	**562**	**1.98**	**1,113**	**Ton**	**$213**	**$237,000**
	2024	577	2.00	1,154	Ton	$207	$239,000
Volunteer Hay	**2025**	**197**	**1.39**	**274**	**Ton**	**$113**	**$31,000**
	2024	167	1.45	242	Ton	$113	$27,000
Irrigated Pasture	**2025**	**387**				**$205**	**$80,000**
	2024	382				$206	$79,000
Other Pasture	**2025**	**25,024**				**$28**	**$701,000**
	2024	24,860				$29	$721,000
FIELD CROPS TOTAL	**2025**	**26,392**					**$1,965,000**
	2024	26,227					$1,993,000

[1]Includes cranberry, gigante, romano, scarlet runner, etc.
[2]Includes barley, oats, quinoa, rye, and wheat.

FOREST PRODUCTS

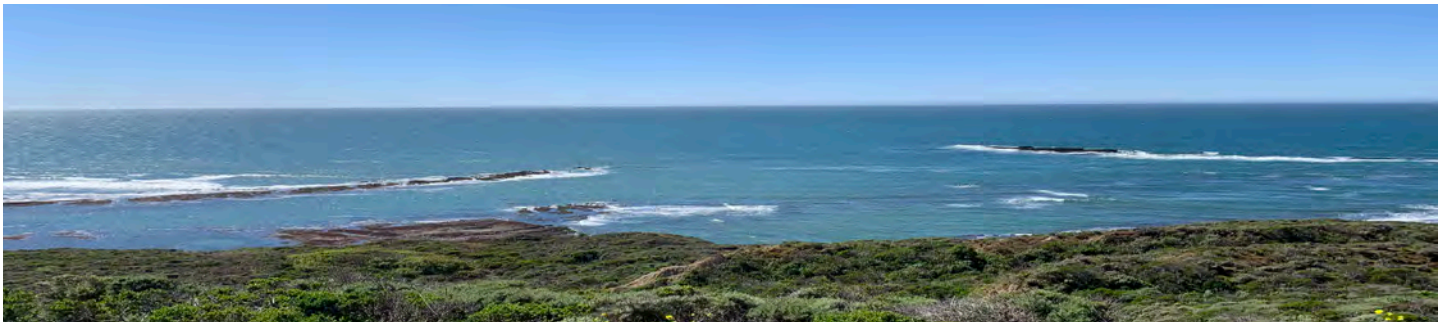
Year	Board Feet	Total Value
2025	**3,288,000**	**$2,162,000**
2024	4,418,000	$3,061,000

COMMERCIAL FISH CATCH

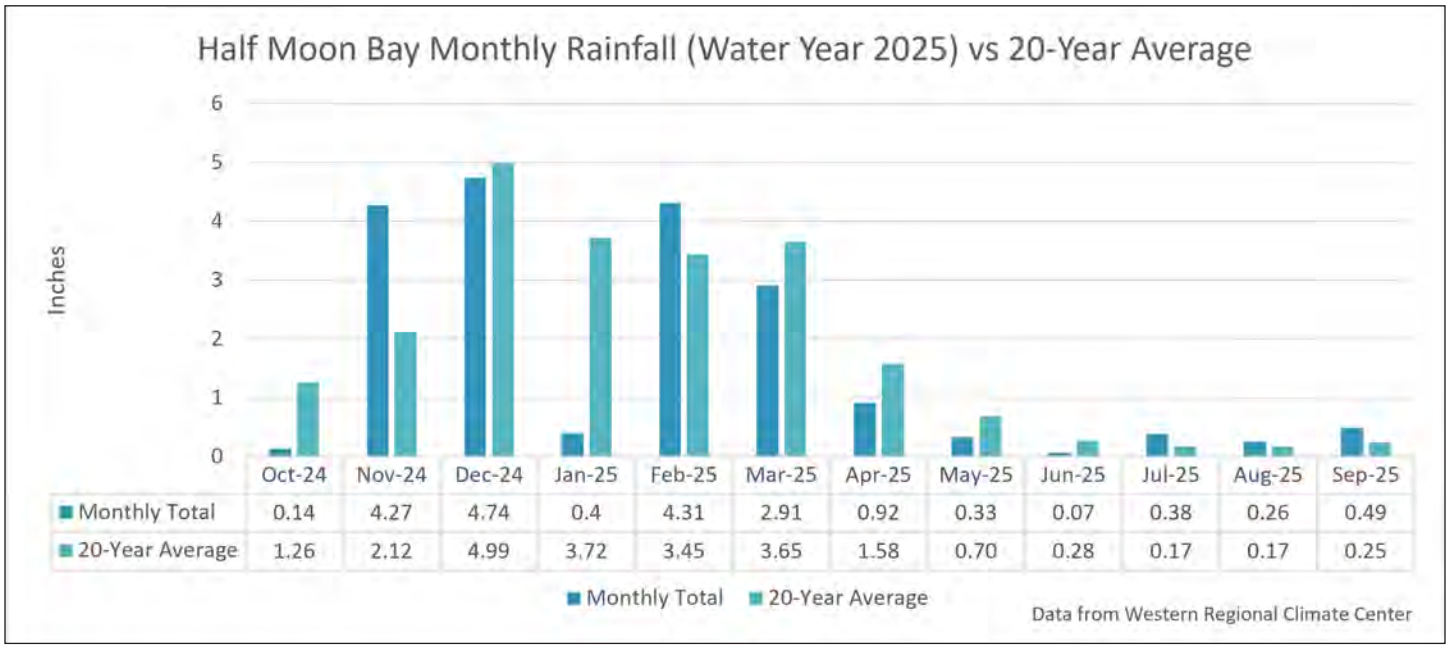
(Note: Fish catch values are informational only and not included in calculating the yearly agricultural production totals)

Species	Year	Pounds	Value
Crab, Dungeness	**2025**	**693,236**	**$4,633,406**
	2024	2,300,064	$7,995,168
Crab, Rock	**2025**	**4,456**	**$18,287**
	2024	18,856	$65,271
Flounder, all	**2025**	**1,755**	**$1,861**
	2024	4,062	$3,366
Halibut, California	**2025**	**169,670**	**$954,889**
	2024	111,778	$576,525
Lingcod	**2025**	**11,773**	**$29,386**
	2024	1,535	$1,594
Miscellaneous	**2025**	**94,415**	**$210,879**
	2024	79,911	$195,312
Rockfish, all	**2025**	**305,778**	**$274,924**
	2024	214,161	$182,523
Sablefish	**2025**	**153,120**	**$446,801**
	2024	93,930	$248,304
Salmon, Chinook	**2025**	**0***	**$0***
	2024	0*	$0*
Sole, all	**2025**	**170,415**	**$164,551**
	2024	171,402	$169,724
Squid, Market	**2025**	**4,061,128**	**$2,034,031**
	2024	0	$0
Tuna, Albacore	**2025**	**36,287**	**$109,948**
	2024	31,576	$78,651
FISH CATCH GRAND TOTAL	**2025**	**5,702,033 lbs**	**$8,878,963**
	2024	3,027,275 lbs	$9,516,438

Source: California Department of Fish and Wildlife Poundage Value of Landings, Princeton-Half Moon Bay
***The California Department of Fish and Wildlife canceled commercial salmon fishing in 2024 and 2025 due to previous drought conditions impacting salmon populations.**



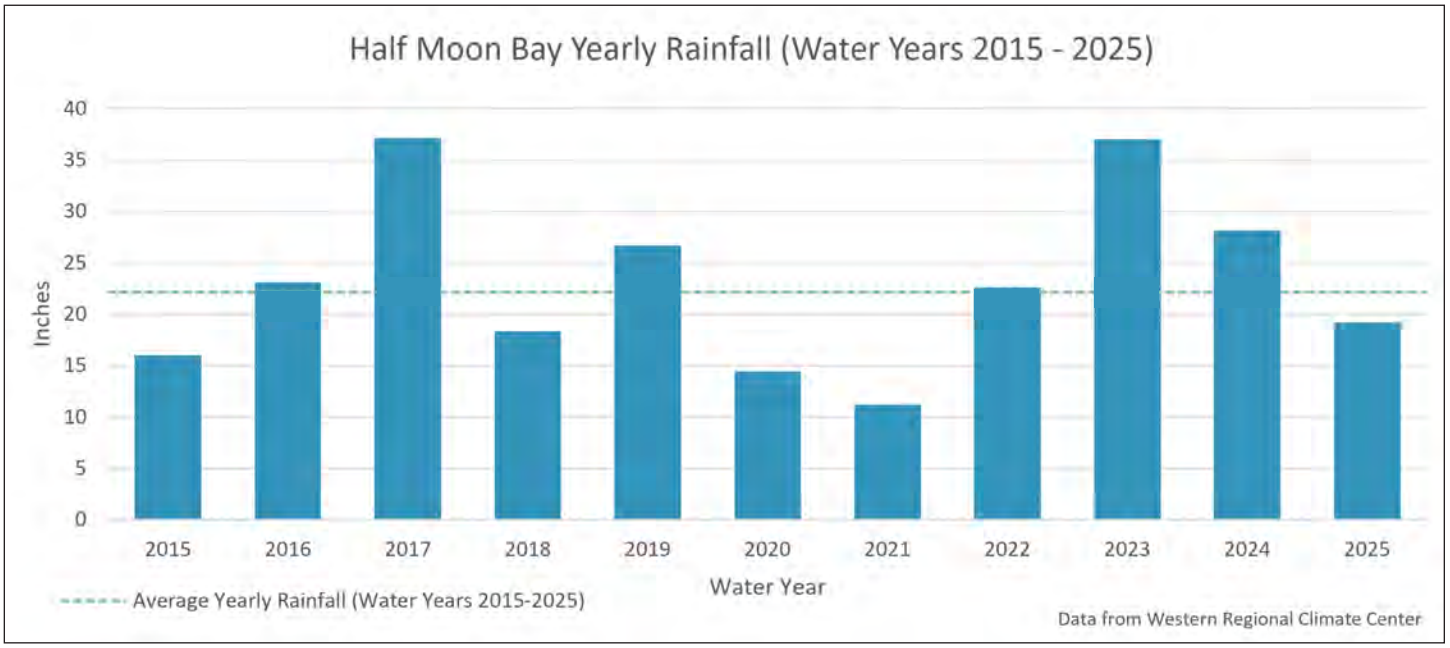
MONTHLY RAINFALL



	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Monthly Total	0.14	4.27	4.74	0.4	4.31	2.91	0.92	0.33	0.07	0.38	0.26	0.49
20-Year Average	1.26	2.12	4.99	3.72	3.45	3.65	1.58	0.70	0.28	0.17	0.17	0.25

The total inches of rainfall in water year 2025 (October 2024 - September 2025) was down 16% compared to the previous 20-year average in Half Moon Bay. A significant drop was observed in January 2025.

YEARLY RAINFALL



There were no adverse rainfall conditions within San Mateo County in water year 2025 (October 2024 - September 2025), resulting in more stable and predictable conditions for agricultural production.

SUSTAINABLE AGRICULTURE REPORT

Sustainable agriculture uses farming practices that protect natural resources and enrich soil quality while ensuring the economic vitality of farms. Activities carried out through programs such as Pest Detection, Pest Exclusion, and Weed Management provide safeguards that maintain livestock and crop health. Early pest detection and proactive management of invasive pests using integrated pest management (IPM) helps to protect California's agricultural industry and reduce environmental stressors.

PEST DETECTION

Pest Detection staff place and monitor insect traps in San Mateo County to find pests before infestations can take hold and cause major damage. Examples of these traps include: yellow panel traps, Jackson traps, spongy moth delta traps, and Japanese beetle traps. In 2025, 4,731 traps were placed in host plants and serviced 58,465 times by pest detection staff. No insect pests of interest were detected in San Mateo County during this time.

Asian Citrus Psyllid	European Corn Borer
European Grape Vine Moth	European Pine Shoot Moth
Fruit Fly species of *Bactrocera, Dacus, Ceratitis*, and *Anastrepha*	Glassy-Winged Sharpshooter
Japanese Beetle	Spongy Moth

PEST EXCLUSION



Pest Exclusion inspections of incoming agricultural shipments prevent the introduction and establishment of damaging pests. Exotic pests are regularly intercepted by staff biologists at parcel facilities, San Francisco International Airport, nurseries, and other entry points during daily inspections. Origin certification of shipments are also verified for compliance with plant quarantines, regulations, and entry requirements. When an infested or non-compliant shipment is found, it may be destroyed, reconditioned and released, or returned to the shipper.

PEST EXCLUSION INSPECTIONS

Type of Shipment	Inspected	Rejected	Pests Intercepted
Parcel Carriers	33,027	151	25
Truck	618	10	12
Air	3,432	17	32
Sea Containers	0	0	0
Household Goods (Spongy Moth and Spotted Lanternfly)	24	0	0
Nursery Stock (Glassy-Winged Sharpshooter)	2,556	0	0

In 2025, department biologists intercepted A-rated and Q-rated insects, weed pests, and plant diseases as confirmed by the California Department of Food and Agriculture (CDFA) Plant Pest Diagnostics Center. A-rated pests and diseases are deemed to have serious economic and environmental impacts if established within the State. Q-rated pests and diseases are also suspected to cause harm to agriculture or the environment, though their biology is less fully understood. To prevent these pests from spreading within the agricultural industry and environment, both A-rated and Q-rated pest finds result in regulatory actions such as shipment rejection, containment, or destruction.

A-Rated Pests (Number of times intercepted)	
Dysmicoccus grassii Mealybug (1)	***P. cockerelli*** Magnolia White Scale (1)
Hemiberlesia palmae Tropical Palm Scale (1)	***Puccinia paullula*** Monstera Rust (1)
Pinnaspis strachani Lesser Snow Scale (4)	***Wasmannia auropunctata*** Ant (1)
Planococcus citri Citrus Mealybug (1)	***Zachrysia provisoria*** Snail (1)
Planococcus minor Pacific Mealybug (7)	

Q-Rated Pests (Number of times intercepted)	
Blattodea Cockroaches (2)	***Hymenoptera*** Ants & Wasps (10)
Diptera True Flies (2)	***Lepidoptera*** Moths (5)
Gastropoda Snugs & Snails (2)	***Weeds*** (1)
Hemiptera True Bugs (27)	***Unknown*** Egg Masses (2)

WEED MANAGEMENT

Weed management continued in 2025 with department coordinated control efforts of fertile capeweed, jubata grass, pokeweed, purple loosestrife, and skeletonweed. Pass-through funding distributed through the County of San Mateo Department of Agriculture/Weights & Measures from grants awarded by the California Department of Food and Agriculture (CDFA) also supports the weed management efforts of local agencies and rangeland managers with a focus on California listed noxious weed species. Such species under management include woolly distaff thistle, French broom, Italian thistle, European sea lavender, and Algerian sea lavender. San Mateo County weed projects are carried out across varied landscapes such as coastal rangelands, public park oak woodlands, public park serpentine grasslands, bayside tidal marsh habitats, and residential properties. Each landscape comes with its own subset of challenges to deal with. This department works with landowners/managers, agencies, and restoration firms to survey, map, and control noxious weeds. This department also leads the San Mateo County Weed Management Area group to share information and network in efforts to prevent spread of noxious weeds.



INDUSTRIAL HEMP AND CANNABIS



Two hemp registrations were active in 2025, with a total registered area of 620,000 square feet for hemp cultivation and storage. Department biologists performed two site visits over the year to sample and ensure that the hemp plants were within the allowed THC tolerance of ≤ 0.3% prior to harvest.

Cannabis licenses issued in San Mateo County include: six for small mixed-light, four for medium mixed-light, and three for nursery. Total registered area for commercial cannabis was 262,000 square feet in 2025.

INTEGRATED PEST MANAGEMENT

Integrated Pest Management (IPM) is a systematic approach to managing destructive pests and keeping them below economic thresholds. IPM begins with identification and monitoring of target pests and uses interactive control strategies such as natural enemies, biological controls, sanitation, reduced pesticide usage, traps, and pheromones to disrupt reproduction. Applying certain IPM practices not only controls pests, but also benefits biodiversity in both the soil and surrounding environment. Crop and grazing rotations, cover crops, and mulching are just a few techniques implemented by agricultural producers that help capture and sequester carbon dioxide. This helps to create healthier soils to support production as well as combat weather impacts of climate change such as extreme fluctuations in soil moisture. Many San Mateo County growers have received funding for IPM projects related to techniques such as these to better manage their operations.



Jefrain Barraza, *The Hug of a Crow*

ORGANIC FARMING

Organic farming utilizes approved methods of cultural, biological, chemical, and mechanical control to produce a variety of agricultural products without the usage of synthetic substances. San Mateo County agricultural land that is registered with the California Department of Food and Agriculture (CDFA) as organic production was an estimated 470 acres (excluding rangeland) in 2025, totaling an estimated gross production value of $18,287,000 from 18 total registered organic producers. Total organic acreage increased by 4%, and total organic production value increased by 33% between 2024 and 2025.





DIRECT MARKETING



Cairo Parra Rasine, *After A Long Day*

Direct sales from producers to consumers provide greater profits for farmers, reduce packaging and transportation demands, promote the local agricultural economy, and increase access to the freshest produce, flowers, and meat. These avenues include Certified farmers' markets (CFMs), Community supported agriculture (CSA), farm stands, and U-pick. In 2025 a total of 40 certified producer's certificates were issued in San Mateo County for producers to sell their agricultural products at certified farmers' markets. There were 23 active certified farmers' markets in the county that were inspected 61 times throughout the year to ensure compliance with direct marking laws and regulations. These regulatory inspections help to ensure that fair business practices take place at the market.

To find up-to-date locations of Certified Farmers' Markets in San Mateo County, please visit:
https://www.smcgov.org/agwm/find-certified-farmers-market

AS FRESH AS IT GETS

The knowledge that "local produce" comes directly from San Mateo County, as opposed to anywhere in the state, can be a deciding factor when choosing which produce to purchase. Look for the "As Fresh as it Gets" (AFAIG) logo when visiting local farmers' markets, restaurants, hotels, and farm stands. This logo indicates that the produce or products sold in those establishments are San Mateo County grown. The AFAIG Program connects residents and visitors to San Mateo County's farmers, fishermen, and restaurants and hotels that serve fresh and local products. The program's goals are to increase awareness about San Mateo County's delicious and nutritious fresh products and where to get them, to promote the county as a world-class destination for culinary tourism, and to support the farmers, fishermen, vintners, and brewers who make it all possible.

For more information on the AFAIG Program, please visit:
https://www.thesanfranciscopeninsula.com/fresh-as-it-gets/

WEIGHTS AND MEASURES

The other half of the Department's namesake, Weights and Measures, is responsible for the preservation, maintenance, and enforcement of measurement standards (weight, volume, time, distance) necessary for value comparison by consumers and essential for fair competition within industry. This is accomplished by comparing the performance of weighing and measuring devices against certified standards, inspecting prepackaged products to verify label statements, and comparing shelf or advertised prices with charges at checkout.



Devices	Inspected	Passed	Failed	Compliance
Gas Station Pumps	4,144	4,077	67	98%
Water, Gas, Electric Submeters	1,844	1,623	221	88%
Small Capacity Scales	1,577	1,565	12	99%
Propane Dispensers	32	32	0	100%

Weights and Measures officials conduct inspections at businesses within San Mateo County that use commercial weighing and measuring devices such as gas station pumps, water, gas, and electric submeters, scales, and propane dispensers. When these commercial weighing and measuring devices comply with all the state laws and regulations, each device is sealed by applying an official County of San Mateo seal (see above).

Price Verification	Total
Locations Inspected for Price Accuracy	633
Locations Inspected with Overcharges	15%
Packages Scanned	23,612
Package Overcharges	1%

ATTENTION CONSUMERS
ATENCIÓN CONSUMIDOR

You are entitled to the lowest advertised or posted price offered by this store. For information or complaints, you may contact the San Mateo County Sealer of Weights and Measures. **(650) 599-SCAN**

Tiene derecho al precio más bajo ofrecido por esta tienda. Para obtener información o quejas, puede comunicarse con el Departamento de Pesas y Medidas del Condado de San Mateo. **(650) 599-7483**

Koren J. Widdel, Sealer
smcgov.org/agwm | (650) 363-4700

Each business that uses commercial point-of-sale systems to charge consumers for commodities is also required to be registered and inspected for pricing accuracy. Each of these businesses is required to post a notice (see above) at each point-of-sale checkout register informing consumers that they are entitled to the lowest advertised price offered by the store.

County of San Mateo
Department of Agriculture/Weights & Measures
728 Heller Street • P.O. Box 999
Redwood City, CA 94064-0999



Jhasleen Andrade, *Pumpkin*