

May 28, 2024

Portola Valley Town Council

Sarah Wernikoff, Mayor

Judith Hasko, Vice Mayor

Jeff Aalfs, Council member

Mary Hufty, Council member

Craig Taylor, Council member

Portola Valley Town Manager, Sharif Etman

Portola Valley Finance Committee

At three recent Town meetings — the Town Council Study Session on April 24th, and two Finance Committee Meetings, March 25 & May 20th — Town Manager Sharif Etman disclosed the structural budget deficit the Town faces. In the current fiscal year, the Manager projected the deficit will be \$868k, while in the next fiscal year it is projected to reach as much as \$1.5 m. A handful of ideas for addressing these looming shortfalls were proposed.

The purpose of this letter is to respond to two of those ideas. One would arrest the 2% Utility User Tax (UUT) flowing to the Open Space Fund and reappropriate it to the General Fund. The second would take the Town's restricted Open Space Fund and use it for unrestricted purposes. The Open Space committee strongly opposes both of these proposals.

Taking funds the citizens of Portola Valley have reserved for the preservation of open spaces in our town would eliminate a precious resource at a moment when our town needs it most. It is important to acknowledge and know why Portola Valley would for over 25 years set aside monies every year, allowing the Open Space Fund to grow to what it is today. For long term needs, no short-term solutions are adequate. As the pressures of increasing population, housing to accommodate it, and climate change grow, the Town will need to act proactively to protect and preserve open spaces. Both the existing fund and future 2% UUT funds are vital to the Town's ability to do so.

Secure funding for open space is rooted in the Town's history, values, and referenda. Portola Valley's Open Space Fund exists because residents care deeply about the natural environment and the quality of life it affords. Its history goes back to founding Council member Eleanor Boushey, a champion for Portola Valley Open Space. Town support in building the Fund has been overwhelming, in the form of the Millennium Challenge, "Blues and Barbecues" fundraisers, and the ongoing generosity of individual donors.

Open space is fundamental to the values and priorities that have shaped Portola Valley. Its central importance to the Town's attributes is recognized in the General Plan's first three Major Community Goals:

1. To preserve and enhance the natural features and open space of the planning area because they are unusual and valuable assets for the planning area, the Peninsula and the entire Bay Area.

2. *To allow use of the planning area by residents and others but to limit that use so that the natural attributes of the planning area can be sustained over time.*
3. *To conserve the rural quality of Portola Valley and maintain the town as an attractive, tranquil, family-oriented residential community for all generations compatible with the many physical constraints and natural features of the area.*

Not only is the Open Space Fund an expression of the core values of our community, but voters approved the 2% UUT specifically as a source of revenue to the Fund. The proceeds of this special tax are explicitly and unambiguously restricted to open space purposes.

Diverting the Open Space Fund from its intended purpose to address a shortfall in the Town's budget would be a violation of the ballot measure that established the 2% UUT, a violation of the Town Council's and Town Manager's affirmations of the ballot measure's intent, and a violation of the valid expectations of those who have given to the Fund. It would breach the trust and express will of the electorate. It would also likely, and legitimately, result in legal challenges that could be time-consuming, divisive, and costly to the Town.

Finally, doing so would be profoundly short-sighted. It makes no sense to eliminate a restricted fund whose designated purpose is both realistic and increasingly vital. As new housing is added in Portola Valley, and residential landscaping adapts to address fire risk, there is a growing need for linkages such as trails, wildlife corridors, and habitat patches that connect large open spaces and compensate for reductions in "backyard habitat." Transitions in iconic properties within the Town's scenic corridor may be on a scale relevant to entities like the Peninsula Open Space Trust, but opportunities for connectivity—lifelines of environment and access to open space on a scale the Town *can* invest in—will grow as real estate transitions occur. The Open Space Fund is even more essential to the Town's future now than when it was created.

The Open Space Fund is the largest of the Town's restricted funds; it is not a Town Reserve. We agree with the Finance Committee's statement that the Town of Portola Valley is "not an asset accumulation business," except for the Town's most precious asset—the quality of life provided by proximity and access to open space and the natural environment. Open space does not lose its value because the Town has a budget shortfall. Solving near-term problems at the expense of the community's long-standing values is not the right approach to the challenges the Town currently faces.

The Open Space Committee
Betsy Morgenthaler, Chair
Nona Chiariello, Vice Chair
Ticien Sassoubre, Secretary
Terry Lee, member

Beverly Lipman, member
Gary Nielsen, member
Carter Warr, member