



TOWN OF PORTOLA VALLEY

6:30 PM – Special Town Council Meeting

Wednesday, September 11, 2013

Redwood Grove – adjacent to the Historic Schoolhouse
765 Portola Road, Portola Valley, CA 94028

SPECIAL MEETING AGENDA

6:30 PM – CALL TO ORDER AND ROLL CALL

Councilmember Aalfs, Mayor Derwin, Councilmember Driscoll, Vice Mayor Richards, Councilmember Wengert

ORAL COMMUNICATIONS

Persons wishing to address the Town Council on any subject may do so now. Please note however, that the Council is not able to undertake extended discussion or action tonight on items not on the agenda.

CONSENT AGENDA

The following items listed on the Consent Agenda are considered routine and approved by one roll call motion. The Mayor or any member of the Town Council or of the public may request that any item listed under the Consent Agenda be removed and action taken separately.

- (1) **Approval of Minutes** – Regular Town Council Meeting of August 28, 2013 (3)
- (2) **Approval of Warrant List** – September 11, 2013 (11)

REGULAR AGENDA

- (3) **Recommendation by Conservation Committee and Deputy Town Planner** – Request to Adopt Redwood (21)
Guidelines
- (4) **Recommendation by Town Manager** – Response to the San Mateo County Grand Jury - "San Mateo (37)
County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?"
- (5) **Appointment by Mayor** - Request for appointment of members to the Teen Committee (65)

COUNCIL, STAFF, COMMITTEE REPORTS AND RECOMMENDATIONS

- (6) **Reports from Commission and Committee Liaisons** (70)
There are no written materials for this item.

WRITTEN COMMUNICATIONS

- (7) **Town Council Weekly Digest** – August 29, 2013 (71)
- (8) **Town Council Weekly Digest** – September 6, 2013 (119)

ADJOURNMENT

ASSISTANCE FOR PEOPLE WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Town Clerk at (650) 851-1700. Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

AVAILABILITY OF INFORMATION

Copies of all agenda reports and supporting data are available for viewing and inspection at Town Hall and at the Portola Valley Library located adjacent to Town Hall. In accordance with SB343, Town Council agenda materials, released less than 72 hours prior to the meeting, are available to the public at Town Hall, 765 Portola Road, Portola Valley, CA 94028.

SUBMITTAL OF AGENDA ITEMS

The deadline for submittal of agenda items is 12:00 Noon WEDNESDAY of the week prior to the meeting. By law no action can be taken on matters not listed on the printed agenda unless the Town Council determines that emergency action is required. Non-emergency matters brought up by the public under Communications may be referred to the administrative staff for appropriate action.

PUBLIC HEARINGS

Public Hearings provide the general public and interested parties an opportunity to provide testimony on these items. If you challenge any proposed action(s) in court, you may be limited to raising only issues you or someone else raised at the Public Hearing(s) described in this agenda, or in written correspondence delivered to the Town Council at, or prior to, the Public Hearing(s).

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 864 AUGUST 28, 2013

Mayor Richards called the meeting to order at 7:30 p.m. and led the Pledge of Allegiance. Ms. Hanlon called the roll.

Present: Councilmembers Jeff Aalfs and Maryann Derwin; Vice Mayor Ann Wengert, Mayor John Richards

Absent: Councilmember Ted Driscoll

Others: Nick Pegueros, Town Manager
Sharon Hanlon, Town Clerk
Brandi de Garneau, Sustainability & Special Projects Manager
Sandy Sloan, Town Attorney

ORAL COMMUNICATIONS

Don Jacobson, Farm Road, discussed the concert last week at Town Center that the Cultural Arts Committee arranged. Noting that he and his wife were sitting at their home, about 300 yards away, when music started blaring through the house, he played a brief, loud audiotape he said he recorded at 8:30 p.m. Despite prohibitions against amplification, he said the musicians used huge speakers. He said it was annoying, made a lot of people very unhappy and he hopes it doesn't happen again.

- (1) Presentation: Portola Valley Ambience: A Visual Tour of a Wonderful Place to Call Home by Sheldon Breiner [7:35 p.m.]

Mr. Breiner said his presentation, produced in part with financial support from the Lane Foundation, was created as a gift to every homeowner in Town, and with Town approval, he wants to duplicate and distribute it to about 1,800 fellow homeowners. Mimi Breiner, a member of the Cultural Arts Committee, said the late Bill Lane encouraged her husband to produce Portola Valley Ambience, which he has done also as a tribute to Mr. Lane.

Councilmembers suggested that the sanction request should probably come through the Cultural Arts Committee, and questioned whether a mass mailing was either appropriate or desirable.

Although the sound hasn't yet been incorporated, Mr. Breiner played part of the 30-minute production, noting that the Town website contains links to many of the photos. He also indicated that he'd done DVDs for Portola Valley Ranch and for a Stanford class reunion.

CONSENT AGENDA [7:57 p.m.]

- (2) Approval of Minutes: Town Council Regular Meeting of July 24, 2013 [*removed from Consent Agenda*]
- (3) Ratification of Warrant List: August 14, 2013 in the amount of \$200,897.86
- (4) Ratification of Warrant List: August 28, 2013 in the amount of \$159,155.28
- (5) Recommendation by Administrative Services Manager: Consultant Service Agreement between the Town of Portola Valley and Townsend Management Incorporated
- (6) Recommendation by Administrative Services Manager: Fiscal Year Ending 06/30/13 Interfund Transfers and Budget Amendments
- (7) Appointment by Mayor: Request for appointment of members to the Nature and Science Committee

- (8) Appointment by Mayor: Request for appointment of members to the Open Space Acquisition Advisory Committee
- (9) Appointment by Mayor: Request for appointment of a member to the Parks and Recreation Committee
- (10) Recommendation by Mayor : Amendment to agreement between the Town of Portola Valley and Jorgenson, Siegel, McClure & Flegel, LLP for provision of Legal Services
 - (a) Resolution of the Town Council of the Town of Portola Valley Approving and Authorizing Execution of a First Amendment to Agreement for Legal Services Between the Town of Portola Valley and the Law Offices of Jorgenson, Siegel, McClure & Flegel, LLP (Resolution No. 2607-2013)
- (11) Proclamation of the Mayor: Honoring Sandy Sloan, on her retirement and 20 years of dedicated service to The Town of Portola Valley [*removed from Consent Agenda*]

By motion of Vice Mayor Wengert, seconded by Councilmember Derwin, the Council approved the Consent Agenda Items 3 through 10 with the following roll call vote:

Aye: Councilmembers Aalfs and Derwin, Vice Mayor Wengert, Mayor Richards

No: None

- (2) Approval of Minutes: Regular Town Council Meeting of July 18, 2013

Councilmember Derwin moved to approve the minutes of the July 18, 2013 Regular Town Council Meeting, as amended. Seconded by Vice Mayor Wengert, the motion carried 4-0.

- (11) Proclamation of the Mayor: Honoring Sandy Sloan, on her retirement and 20 years of dedicated service to The Town of Portola Valley

Mayor Richards read the proclamation in honor of Town Attorney Sandy Sloan, who will retire on August 13, 2013, after 20 years of guiding the Town on legal matters. During her tenure, Ms. Sloan handled the development of the Blue Oaks Subdivision, the Sausal Creek project, numerous projects at the Priory, restoration of the Historic Schoolhouse, building the Town Center and various real estate projects.

Having worked with a number of attorneys over the years, Vice Mayor Wengert said that when she met Ms. Sloan, she was immediately struck by how smart, capable and knowledgeable she was. From the very beginning, she said, it was clear Ms. Sloan was one of the best. In addition to always providing a very steady hand, an astute analytical ability and wise counsel, Ms. Sloan has a quirky sense of humor that distinguishes her from her peers, Vice Mayor Wengert said. She thanked Ms. Sloan for setting the gold standard for town attorneys.

Councilmember Derwin said Ms. Sloan is a picture of grace under pressure and tremendous art and will be greatly missed.

Ms. Sloan, the second of only two town attorneys to serve Portola Valley, said when she met her predecessor, Jim Morton – who served in that capacity for 30 years – he told her that once she got attached to Portola Valley it would be hard to leave. She’s found that very true; making the decision was very difficult, she said.

REGULAR AGENDA [8:08 p.m.](12) Recommendation by Conservation Committee: Request Support of a Program to Encourage Homeowners to Preserve and Recreate Wildlife Habitat

Conservation Committee member Marge DeStaebler said that in May 2011 she read an article about a Woodside Open Space Committee program to recognize homeowners for leaving part of their property open to wildlife, encouraging native plants and discouraging invasive species. Feeling that the Woodside program seemed consistent with Portola Valley's goals and guidelines the Conservation Committee produced 10 years ago, Committee members have patterned a "Keeping Portola Valley Natural" program after the Woodside model. She introduced Susan Sweeney, Chair of Woodside's Open Space Committee.

As Ms. DeStaebler explained, the program would include a descriptive brochure, a list of references/resources, including books are available in the Portola Valley Library, award application forms and attractive awards that would be presented to homeowners who create winning backyard habitats.

She said the Conservation Committee is seeking Council approval to proceed with this program.

Vice Mayor Wengert asked how often awards would be issued. Ms. DeStaebler said the Conservation Committee, which includes two individuals with extraordinary skills in landscaping, would evaluate properties as applications are submitted. Winning properties would be reassessed again 10 years later to determine whether another award is warranted.

In response to Councilmember Derwin, Ms. Sweeney said Woodside has given out close to 50 awards, and in the first year they probably presented 25 or so. She said it's been a very popular program, and winners often invite others to see what they have done.

Ms. DeStaebler said that in addition to promoting the program on the Town website, the Committee may reach out to those on Ms. de Garmeaux's list of approximately 400 green-focused residents as well as Ms. DeStaebler's fellow garden club members, promote the program at a table at the Farmers' Market and other upcoming events. She said it's very much a full-Committee effort.

Noting that it aligns with Town values and the Portola Valley General Plan, most particularly the Sustainability Element, Councilmember Derwin said she's very supportive of the program and looks forward to it increasing awareness among residents about the importance of creating and protecting wildlife habitat and maintaining defensible space around their homes against the threat of wildfires. She said the program also would improve groundwater retention and further water-conservation efforts in landscaping, which represents the Town's major water usage.

Vice Mayor Wengert, thanking the Conservation Committee for its efforts, also expressed hearty support of the proposal.

Councilmember Aalfs moved to approve the Conservation Committee's proposed Backyard Habitat Program and its request for \$2,000 to implement it. Seconded by Councilmember Derwin, the motion carried 4-0.

(13) Report from Sustainability and Special Projects Manager: Consideration of Allowing Hot Prepared Foods at the Farmers' Market and Food Trucks at Special Town Events [8:25p.m.]

Ms. de Garmeaux explained that the Council is being asked to consider three distinct issues:

- The inclusion of hot prepared food vendors at Farmers' Market events

Staff recommends that the Council authorize Farmers' Market Manager Maggie Foard to include hot prepared food vendors already allowed by the San Mateo County Health Department as part of any farmers' market. These vendors provide prepared tamales, hot dogs, kettle corn and RoliRoti (roisserie chicken, roast vegetables and potatoes). Explaining that Ms. Foard needs the flexibility to provide a variety of vendors to attract customers and help ensure the market's long-term success, Ms. de Garneau said including such vendors with the Farmers' Market also would contribute to the food diversity and dinner options residents seek.

She also stated that the RoliRoti vendors would be engaged only when a Farmers' Market coincides with another special Town event. In response to a question from Vice Mayor Wengert, Ms. de Garneau said people could buy either a single item from a RoliRoti vendor, or purchase a full meal. Mayor Wengert said she continues to have issues with food trucks. While she wants to keep the Farmers' Market going, she also empathizes with the concerns of local businesses that compete with the food trucks.

Ms. Foard said that besides residents telling her how much they love the Farmers' Markets, what she hears most is that they want to be able to buy ready-to-eat foods there as well. She and the vendors have observed that having such foods available brings more people to Town Center, which she said would be particularly important over the winter months.

- Allowing food trucks at special Town events

Experience has shown that food trucks achieve community-building goals with little impact on resources available, Ms. de Garneau said, and help satisfy residents' desires for diversity in their food choices. Including food trucks at Town events would enable residents to spend more time connecting with their friends and neighbors, encourage them to spend more of their money in Portola Valley, and give them more reason to participate in Town events.

Vice Mayor Wengert proposed giving the new projects already on the table time to take root and to avoid burning everyone out with too much, too soon.

- The introduction of a monthly "Shared Supper" event to launch in the Spring of 2014

Ms. de Garneau shared an article about a Shared Supper event in a rural Wisconsin community with 4,500 residents, which she said inspired this recommendation. A Shared Supper event in Portola Valley would expand the opportunity for residents to get together beyond what is already programmed and with little staff or volunteer coordination, she said. During the summer months, she said the event would be held on the Performance Lawn and at picnic tables in the Redwood Grove. In winter, residents could gather in the Community Hall for indoor picnicking with blankets on the floor or at the existing tables and chairs. She also suggested that the winter events could be held in conjunction with a movie night and perhaps catered by Roberts, the Parkside Grill or the Portola Café Deli instead of having food trucks.

Councilmember Aalfs moved to approve the recommendations as put forth in Ms. de Garneau's staff report. Seconded by Councilmember Derwin, the motion carried 4-0.

Councilmember Derwin thanked Ms. Foard for doing a fantastic job.

(14) Reports from Commission and Committee Liaisons [8:46 p.m.]

Councilmember Derwin:

(a) Sustainability Committee

Councilmember Derwin took part in the Sustainability Committee's August 15, 2013, event, a combination in-person class and webinar entitled "Secrets for Controlling Energy Use in Larger Homes" that included a number of case studies. Featuring Chris Hunt from PowerDown, she said it was fantastic, and Mr. Hunt will conduct an all-day class on September 19, 2013 in Woodside.

Councilmember Derwin was unable to attend the Sustainability Committee's meeting on August 19, 2013, but Ms. de Garneau reported that members:

- Reviewed updates to the Energy Upgrade California program
- Discussed options for relaunching Energy Upgrade Portola Valley
- Heard about Virginia Bacon's experience in replacing her roof, which required removing and replacing her solar panels. She asked that the Town develop a list of potential contractors who do the type of work she needed.
- Discussed ideas for themes for Earth Day 2014

(b) San Mateo County Poet Laureate Committee

The Committee is in the process of reviewing 15 applications, including one from Portola Valley, and will meet again on September 10, 2013, to discuss evaluations, and expects to name the first San Mateo County Poet Laureate in October 2013.

(c) City/County Association of Governments (C/CAG)

At the August 8, 2013 meeting, Russ Hancock of Joint Venture Silicon Valley made an interesting presentation about a proposed El Camino Real/Mission Street Relinquishment. Apparently the Metropolitan Transportation Commission (MTC) is prepared to contribute substantially toward a study on relinquishment, but both San Mateo and Santa Clara Counties must approve if proposal if the proposal is to proceed. To date, San Mateo County hasn't approved it.

Councilmember Derwin explained that if the road is relinquished, the city would be liable for all the costs, and she is unable to attend the C/CAG September 12, 2013 meeting to cast her vote. Councilmember Aalfs volunteered to attend in her place.

The C/CAG Board also:

- Heard a presentation on a Bi-County Transportation Study to evaluate future transportation projects in San Mateo County and San Francisco County within the vicinity of the county line
- Reviewed the Draft 2014 State Transportation Improvement Program (STIP) for San Mateo County

Adopted every two years, the STIP is a five-year document that displays commitments of transportation funds for highway, transit and other transportation system improvements. On June 11, 2013, Caltrans presented the draft STIP Fund Estimates for the five-year STIP period (FY 2014-15 through 2018-19) to the California Transportation Commission (CTC), which is expected to adopt this estimate at its August 6, 2013 meeting.

- Approved a plan to accept funding from the County of San Mateo to hire a countywide Pedestrian and Bicycle Coordinator for a limited-term position (FY 2013-14 and 2014-15)

(d) Council of Cities

The August 23, 2013 dinner meeting at Folger Estate Stable in Wunderlich County Park, Woodside, featured a speaker from the San Mateo County Historical Society.

Councilmember Aalfs:

(e) Nature and Science Committee

Meeting on August 8, 2013, the Committee is still working on ideas for the Midpeninsula Regional Open Space District (MROSD) Hawthornes property.

(f) Teen Committee

The Committee held a movie night on August 23, 2013.

Vice Mayor Wengert

(g) Parks and Recreation Committee

Members gathered for a special meeting on August 26, 2013, with most discussion focused on the proposed skate ramp. Several residents promoting the skate ramp also took part. Committee members have looked at several potential sites to accommodate the 24x34-foot ramp, including locations near Corte Madera School, Rosati's and the Town Center shed.

Ms. Sloan pointed out the potential liability if helmets are required but no adults are present to ensure skateboarders wear them.

Vice Mayor Wengert reported that members also discussed the proposed dog park, portable safety netting for the softball field at Town Center, and ideas for recognizing those who contributed to the funds to renovate Ford Field. She said Chair Jon Myers reported that \$5,000 to \$6,000 was raised in honor of the late Guy Lucian, who'd been a Little League coach, and there was discussion about a plaque to memorialize him.

(h) Conservation Committee

Vice Mayor Wengert and Mayor Richards split coverage of ASCC preliminary architectural reviews on August 27, 2013, with Vice Mayor Wengert attending the afternoon special ASCC field meeting at 205 Cervantes Road and a joint ASCC and Planning Commission field meeting at 5 Naranja Way, with Mayor Richards covering the special ASCC meeting on the same proposals that evening.

- The Cervantes Road project proposes a new residence with partial basement and detached pool house for the existing swimming pool on a 1.4-acre parcel in Arrowhead Meadows. As proposed, the residence would exceed floor area maximums. The scope of project grading (992 cubic yards, including 667 cubic yards of cut and 325 cubic yards of fill) requires a site development permit; ASCC is the approving authority when grading is between 100 and 1,000 cubic yards.

- The Naranja Way plans for a 2.5-acre Westridge Subdivision property include a new 5,281-square-foot single-story home, detached 968-square-foot garage, 629-square-foot detached office (treated as a guest house would be), swimming pool and 192-square-foot cabana with a bathroom and storage facilities. The existing multi-story residence, stable, swimming pool and driveway access from Mapache Drive would be removed. Among issues discussed were building orientation and location (near the northern property line), recycling _____ and drainage.

WRITTEN COMMUNICATIONS [9:06 p.m.]

(15) Town Council July 26, 2013 Weekly Digest

- (a) #4 – Grand Jury Report: "Who is Really in Charge of the Taxpayer's Money"– July 18, 2013

In response to Councilmember Aalfs, Mr. Pegueros said the Town would respond.

(16) Town Council August 2, 2013 Weekly Digest

- (a) Attached Separates #1 – League of California Cities Annual Conference September 18-20, 2013, in Sacramento

No one is able to attend this year. Councilmember Derwin said she hopes other Councilmembers sometime are able to experience one of these events.

(17) Town Council August 9, 2013 Weekly Digest

- (a) #9 – Letter from Sandy Wong, Executive Director of C/CAG to County/City/Town Managers re: Publication of a document entitled "Comprehensive Airport Land Use Compatibility Plan for the Environs of San Francisco International Airport November 2012" – August 5, 2013

(18) Town Council August 16, 2013 Weekly Digest – None

- (a) #8 – x Article from the Seismological Society of America- Reassessment of the 1906 San Andreas Fault Rupture in Portola Valley CA from Synthesis of LiDAR and Historical Data, by Chester T. Wrucke, Robert T. Wrucke and Ted Sayre

Councilmembers briefly discussed the report.

(19) Town Council August 23, 2013 Weekly Digest

- (a) #5 – Invitation from Barry Chang, Cupertino Council Member, to the Town Council re: a request to join the Town of Los Altos Hills and MROSD in filing an Amicus Brief for Bay Area for Clean Environment (BACE) – August 22, 2013

Councilmember Derwin said she's like to discuss the issue further. Ms. Sloan, who volunteered to bring additional information to the next Council meeting, explained that Santa Clara County staff and the Board of Supervisors have different interpretations of Lehigh Quarry and Cement Plant uses that were grandfathered in. She explained that the quarry, located at the base of Black Mountain, is in an unincorporated area of Santa Clara County that borders on Cupertino.

- (b) #6 – Letter from Pam Deal, Financial Services Manager to the San Mateo County Library re: FY 2012-13 Summary of SMCL Donor City Funds – August 15, 2013

Councilmember Derwin said report that the Portola Valley Library has \$55,269 in SMCL Donor City Trust Funds, which may be used for such purposes as facility maintenance, remodeling or expansion, longer service hours or increased book purchases, came as good news.

ADJOURNMENT [9:18 p.m.]

Mayor

Town Clerk

INVOICE APPROVAL LIST REPORT - DETAIL WITH GL DIST

09/11/13

Date: 09/06/2013

Time: 12:53 pm

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TOWN OF PORTOLA VALLEY

Vendor Name	Invoice Description1	Ref No.	Discount Date	
Vendor Name Line 2	Invoice Description2	PO No.	Pay Date	
Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

AMERICAN PLANNING ASSOCIATION	APA Member Dues	14553	09/11/2013	
			09/11/2013	
LOCK BOX 4291	0003		09/11/2013	0.00
CAROL STREAM	BOA	47978	09/11/2013	0.00
IL 60197-4291	092560-1355			660.00

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4322	Dues	660.00	0.00

Check No.	47978	Total:	660.00
Total for	AMERICAN PLANNING ASSOCIATI		660.00

AT&T (2)	September M/W	14554	09/11/2013	
			09/11/2013	
P.O. BOX 5025	877		09/11/2013	0.00
CAROL STREAM	BOA	47979	09/11/2013	0.00
IL 60197-5025				64.39

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4152	Emerq Preparedness Committee	64.39	0.00

Check No.	47979	Total:	64.39
Total for	AT&T (2)		64.39

BANK OF AMERICA	August Statement	14555	09/11/2013	
Bank Card Center			09/11/2013	
P.O. BOX 53155	0022		09/11/2013	0.00
PHOENIX	BOA	47980	09/11/2013	0.00
AZ 85072-3155				1,509.95

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4165	Sustainability Committee	42.52	0.00
05-64-4308	Office Supplies	13.71	0.00
05-64-4311	Internet Service & Web Hosting	9.99	0.00
05-64-4326	Education & Training	985.00	0.00
05-64-4335	Sustainability	36.69	0.00
05-64-4336	Miscellaneous	422.04	0.00

Check No.	47980	Total:	1,509.95
Total for	BANK OF AMERICA		1,509.95

BILL HAMILTON ROOFING	Refund C&D Deposit	14556	09/11/2013	
			09/11/2013	
230 HARRISON AVENUE	1219		09/11/2013	0.00
CAMPBELL	BOA	47981	09/11/2013	0.00
CA 95008				1,000.00

GL Number	Description	Invoice Amount	Amount Relieved
96-54-4205	C&D Deposit	1,000.00	0.00

Check No.	47981	Total:	1,000.00
Total for	BILL HAMILTON ROOFING		1,000.00

INVOICE APPROVAL LIST REPORT - DETAIL WITH GL DIST

09/11/13

Date: 09/06/2013

Time: 12:53 pm

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TOWN OF PORTOLA VALLEY

Vendor Name	Invoice Description1	Ref No.	Discount Date	
Vendor Name Line 2	Invoice Description2	PO No.	Pay Date	
Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

CALIFORNIA WATER SERVICE CO	7/13-8/13 Statement	14558	09/11/2013	
			09/11/2013	
3525 ALAMEDA DE LAS PULGAS	0011		09/11/2013	0.00
MENLO PARK	BOA	47982	09/11/2013	0.00
CA 94025844				9,957.13

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4330	Utilities	9,957.13	0.00

Check No.	47982	Total:	9,957.13
Total for	CALIFORNIA WATER SERVICE CC		9,957.13

CALPERS	August Retirement	14557	09/11/2013	
FISCAL SERVICES DIVISION			09/11/2013	
ATTN: RETIREMENT PROG ACCTG	0107		09/11/2013	0.00
SACRAMENTO	BOA	47983	09/11/2013	0.00
CA 94229-2703				15,404.16

GL Number	Description	Invoice Amount	Amount Relieved
05-00-2522	PERS Payroll	796.49	0.00
05-50-4080	Retirement - PERS	14,607.67	0.00

Check No.	47983	Total:	15,404.16
Total for	CALPERS		15,404.16

CARDUCCI & ASSOCIATES INC	Ford Field Pre-Const 6/29-7/18	14584	09/11/2013	
			09/11/2013	
555 BEACH STREET, FOURTH FLOOR	0344		09/11/2013	0.00
SAN FRANCISCO	BOA	47984	09/11/2013	0.00
CA 94133	7854			2,502.37

GL Number	Description	Invoice Amount	Amount Relieved
05-68-4531	Ford Field Renovation	2,502.37	0.00

Check No.	47984	Total:	2,502.37
Total for	CARDUCCI & ASSOCIATES INC		2,502.37

JEFF CLARK	Refund Permit Fees	14559	09/11/2013	
			09/11/2013	
149 CORTE MADERA ROAD	1011		09/11/2013	0.00
PORTOLA VALLEY	BOA	47985	09/11/2013	0.00
CA 94028				7,258.82

GL Number	Description	Invoice Amount	Amount Relieved
05-56-4228	Miscellaneous Refunds	7,258.82	0.00

Check No.	47985	Total:	7,258.82
Total for	JEFF CLARK		7,258.82

COMCAST	WiFi, 8/21 - 9/20	14560	09/11/2013	
			09/11/2013	
P.O. BOX 34744	0045		09/11/2013	0.00
SEATTLE	BOA	47986	09/11/2013	0.00
WA 98124-1744				80.45

GL Number	Description	Invoice Amount	Amount Relieved
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INVOICE APPROVAL LIST REPORT - DETAIL WITH GL DIST

09/11/13

Date: 09/06/2013

Time: 12:53 pm

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TOWN OF PORTOLA VALLEY

Vendor Name	Invoice Description1	Ref No.	Discount Date	
Vendor Name Line 2	Invoice Description2	PO No.	Pay Date	
Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

05-64-4318	Telephones	80.45	0.00	
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Check No.	47986	Total:	80.45
Total for	COMCAST		80.45

DAVE CRIMMEN	PV Summer Concert 9/19/13	14591	09/11/2013	
P.O. BOX 2213	1006	00006151	09/11/2013	0.00
DALY CITY	BOA	47987	09/11/2013	0.00
CA 94017				800.00

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4150	Cultural Arts Committee	800.00	800.00

Check No.	47987	Total:	800.00
Total for	DAVE CRIMMEN		800.00

DENISE DE SOMER	Catering, Town Attorney	14586	09/11/2013	
17 DOLPHIN COURT	1367	00006150	09/11/2013	0.00
HALF MOON BAY	BOA	47988	09/11/2013	0.00
CA 94019	TOPV090313SS			2,200.00

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4336	Miscellaneous	2,200.00	2,200.00

Check No.	47988	Total:	2,200.00
Total for	DENISE DE SOMER		2,200.00

DIVITA FAMILY TRUST	Refund BSA/SMIP Fees	14561	09/11/2013	
655 HANDLEY TRAIL	1010		09/11/2013	0.00
EMERALD HILLS	BOA	47989	09/11/2013	0.00
CA 94062				87.37

GL Number	Description	Invoice Amount	Amount Relieved
05-56-4224	BSA/SMIP/DSA Fees	87.37	0.00

Check No.	47989	Total:	87.37
Total for	DIVITA FAMILY TRUST		87.37

SHARON DRISCOLL	Reimb, Teen Com'te Movie Night	14562	09/11/2013	
11 SKYLINE DRIVE	0125		09/11/2013	0.00
WOODSIDE	BOA	47990	09/11/2013	0.00
CA 94062				80.00

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4166	Teen Committee	80.00	0.00

Check No.	47990	Total:	80.00
Total for	SHARON DRISCOLL		80.00

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Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

GRANITE ROCK COMPANY	Tack Oil, Town Streets	14563	09/11/2013	
			09/11/2013	
P.O. BOX 50001	0322		09/11/2013	0.00
WATSONVILLE	BOA	47991	09/11/2013	0.00
CA 95077-5001	779469			47.42

GL Number	Description	Invoice Amount	Amount Relieved
20-60-4260	Public Road Surface & Drainage	47.42	0.00

Check No.	47991	Total:	47.42
Total for	GRANITE ROCK COMPANY		47.42

HINDERLITER, DE LLAMAS & ASSOC	Contract Svcs., 3rd Quarter	14564	09/11/2013	
			09/11/2013	
1340 VALLEY VISTA DRIVE	1128		09/11/2013	0.00
DIAMOND BAR	BOA	47992	09/11/2013	0.00
CA 91765	0021207-IN			750.00

GL Number	Description	Invoice Amount	Amount Relieved
05-54-4214	Miscellaneous Consultants	750.00	0.00

Check No.	47992	Total:	750.00
Total for	HINDERLITER, DE LLAMAS & ASSOC		750.00

ICMA	Deferred Comp, August	14565	09/11/2013	
VANTAGE POINT TFER AGTS-304617			09/11/2013	
C/O M&T BANK	0084		09/11/2013	0.00
BALTIMORE	BOA	47993	09/11/2013	0.00
MD 21264-4553				500.00

GL Number	Description	Invoice Amount	Amount Relieved
05-00-2557	Defer Comp	500.00	0.00

Check No.	47993	Total:	500.00
Total for	ICMA		500.00

KAREN KRISTIANSSON	Reimb, CalAPA Conference - Kristiansson/Brown	14566	09/11/2013	
			09/11/2013	
209 SANTA CLARA WAY	1009		09/11/2013	0.00
SAN MATEO	BOA	47994	09/11/2013	0.00
CA 94403				1,100.00

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4326	Education & Training	1,100.00	0.00

Check No.	47994	Total:	1,100.00
Total for	KAREN KRISTIANSSON		1,100.00

JENNIFER LEFTEROFF	Refund Deposit	14567	09/11/2013	
			09/11/2013	
5922 ALPINE ROAD	1008		09/11/2013	0.00
PORTOLA VALLEY	BOA	47995	09/11/2013	0.00
CA 94028				1,012.81

GL Number	Description	Invoice Amount	Amount Relieved
96-54-4207	Deposit Refunds, Other Charges	1,012.81	0.00

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Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

Check No.	47995	Total:	1,012.81
Total for	JENNIFER LEFTEROFF		1,012.81

NCPHS, INC	Refund Deposit	14569	09/11/2013	
			09/11/2013	
1525 POST STREET	766		09/11/2013	0.00
SAN FRANCISCO	BOA	47996	09/11/2013	0.00
CA 94109				3,829.28

GL Number	Description	Invoice Amount	Amount Relieved
96-54-4207	Deposit Refunds, Other Charges	3,829.28	0.00

Check No.	47996	Total:	3,829.28
Total for	NCPHS, INC		3,829.28

PETTY CASH	Petty Cash Reimbursement	14590	09/11/2013	
			09/11/2013	
765 PORTOLA ROAD	993		09/11/2013	0.00
PORTOLA VALLEY	BOA	47997	09/11/2013	0.00
CA 94028				1,293.17

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4326	Education & Training	50.00	0.00
05-64-4328	Mileage Reimbursement	598.22	0.00
05-64-4336	Miscellaneous	641.29	0.00
05-66-4340	Building Maint Equip & Supp	3.66	0.00

Check No.	47997	Total:	1,293.17
Total for	PETTY CASH		1,293.17

PG&E	August Statements	14570	09/11/2013	
			09/11/2013	
BOX 997300	0109		09/11/2013	0.00
SACRAMENTO	BOA	47998	09/11/2013	0.00
CA 95899-7300				207.02

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4330	Utilities	207.02	0.00

Check No.	47998	Total:	207.02
Total for	PG&E		207.02

PLATINUM FACILITY SERVICES	August Janitorial Services	14588	09/11/2013	
			09/11/2013	
1530 OAKLAND RD., #150	402		09/11/2013	0.00
SAN JOSE	BOA	47999	09/11/2013	0.00
CA 95112	13887			2,793.06

GL Number	Description	Invoice Amount	Amount Relieved
05-66-4341	Community Hall	722.01	0.00
05-66-4344	Janitorial Services	1,293.20	0.00
25-66-4344	Janitorial Services	777.85	0.00

Check No.	47999	Total:	2,793.06
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Vendor Address	Vendor Number		Due Date	Taxes Withheld
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State/Province Zip/Postal	Invoice Number			Check Amount

Total for PLATINUM FACILITY SERVICES 2,793.06

PORTOLA VALLEY HARDWARE	August Statement	14571	09/11/2013	
			09/11/2013	
112 PORTOLA VALLEY ROAD	0114		09/11/2013	0.00
PORTOLA VALLEY	BOA	48000	09/11/2013	0.00
CA 94028				288.02

GL Number	Description	Invoice Amount	Amount Relieved
05-58-4240	Parks & Fields Maintenance	232.78	0.00
05-64-4308	Office Supplies	22.03	0.00
20-60-4260	Public Road Surface & Drainage	33.21	0.00

Check No. 48000 Total: 288.02

Total for PORTOLA VALLEY HARDWARE 288.02

QUALITY STRIPING INC	Traffic Re-Striping	14585	09/11/2013	
			09/11/2013	
3364 MARISMA ST	0247		09/11/2013	0.00
SAN MATEO	BOA	48001	09/11/2013	0.00
CA 94403	8363			4,121.70

GL Number	Description	Invoice Amount	Amount Relieved
20-60-4268	Street Signs & Striping	4,121.70	0.00

Check No. 48001 Total: 4,121.70

Total for QUALITY STRIPING INC 4,121.70

S.P. MCCLENAHAN CO. INC	TC Tree Removal	14568	09/11/2013	
		00006146	09/11/2013	
1 ARASTRADERO ROAD	399		09/11/2013	0.00
PORTOLA VALLEY	BOA	48002	09/11/2013	0.00
CA 94028-8012	62613			957.00

GL Number	Description	Invoice Amount	Amount Relieved
05-66-4342	Landscape Supplies & Services	957.00	1,000.00

Check No. 48002 Total: 957.00

Total for S.P. MCCLENAHAN CO. INC 957.00

SAN MATEO SHERIFF	1st Qtr. Law Enforcement	14572	09/11/2013	
OFFICE OF EMERGENCY SERVICES			09/11/2013	
400 COUNTY CENTER	0119		09/11/2013	0.00
REDWOOD CITY	BOA	48003	09/11/2013	0.00
CA 94063-0978	9586			223,535.00

GL Number	Description	Invoice Amount	Amount Relieved
05-62-4282	San Mateo County Sheriff's Ofc	158,679.00	0.00
30-62-4284	COPS Addl Traffic Patrols	64,856.00	0.00

SAN MATEO SHERIFF	Hazmat Services	14573	09/11/2013	
OFFICE OF EMERGENCY SERVICES			09/11/2013	
400 COUNTY CENTER	0119		09/11/2013	0.00
REDWOOD CITY	BOA	48003	09/11/2013	0.00
CA 94063-0978	3404			13,626.00

GL Number	Description	Invoice Amount	Amount Relieved
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City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

05-62-4286	Emergency Services Council JPA	13,626.00	0.00	
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Check No.	48003	Total:	237,161.00
Total for	SAN MATEO SHERIFF		237,161.00

SHARP BUSINESS SYSTEMS	August Copies	14574	09/11/2013	
			09/11/2013	
DEPT. LA 21510	0199		09/11/2013	0.00
PASADENA	BOA	48004	09/11/2013	0.00
CA 91185-1510	C793134-541			32.68

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4308	Office Supplies	32.68	0.00

Check No.	48004	Total:	32.68
Total for	SHARP BUSINESS SYSTEMS		32.68

SPANGLE & ASSOCIATES	7/26 - 8/21 Statement	14576	09/11/2013	
			09/11/2013	
770 MENLO AVENUE	0121		09/11/2013	0.00
MENLO PARK	BOA	48005	09/11/2013	0.00
CA 94025-4736				25,890.00

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4162	Planning Committee	6,500.00	0.00
05-54-4196	Planner	5,220.00	0.00
96-54-4198	Planner - Charges to Appls	14,170.00	0.00

Check No.	48005	Total:	25,890.00
Total for	SPANGLE & ASSOCIATES		25,890.00

STATE COMP INSURANCE FUND	September Premium	14577	09/11/2013	
			09/11/2013	
PO BOX 748170	0122		09/11/2013	0.00
LOS ANGELES	BOA	48006	09/11/2013	0.00
CA 90074-8170				1,652.67

GL Number	Description	Invoice Amount	Amount Relieved
05-50-4094	Worker's Compensation	1,652.67	0.00

Check No.	48006	Total:	1,652.67
Total for	STATE COMP INSURANCE FUND		1,652.67

SWANK MOTION PICTURES INC	Teen Com'te Movie Night 8/23	14578	09/11/2013	
			09/11/2013	
10795 WATSON ROAD	765		09/11/2013	0.00
ST LOUIS	BOA	48007	09/11/2013	0.00
MO 63127	RG1838719			271.00

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4166	Teen Committee	271.00	0.00

Check No.	48007	Total:	271.00
Total for	SWANK MOTION PICTURES INC		271.00

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City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

BARBARA TEMPLETON	June/July Transcription Svcs.	14579	09/11/2013	
			09/11/2013	
304 MELVEN COURT	369		09/11/2013	0.00
SAN LEANDRO	BOA	48008	09/11/2013	0.00
CA 94577-2011	753R			2,925.00

GL Number	Description	Invoice Amount	Amount Relieved
05-54-4188	Transcription Services	2,925.00	0.00

Check No.	48008	Total:	2,925.00
Total for	BARBARA TEMPLETON		2,925.00

THERMAL MECHANICAL, INC	AC Unit Repair, CH/Library	14580	09/11/2013	
		00006148	09/11/2013	
425 ALDO AVENUE	955		09/11/2013	0.00
SANTA CLARA	BOA	48009	09/11/2013	0.00
CA 95054	AC-56628 (REV)			4,551.87

GL Number	Description	Invoice Amount	Amount Relieved
05-66-4341	Community Hall	1,315.50	1,315.50
25-66-4340	Building Maint Equip & Supp	3,236.37	3,236.37

THERMAL MECHANICAL, INC	July Bi-Monthly Maint/Annual	14581	09/11/2013	
	Delta Controls Service		09/11/2013	
425 ALDO AVENUE	955		09/11/2013	0.00
SANTA CLARA	BOA	48009	09/11/2013	0.00
CA 95054	PM-56771			2,953.00

GL Number	Description	Invoice Amount	Amount Relieved
05-66-4346	Mechanical Sys Maint & Repair	2,953.00	0.00

Check No.	48009	Total:	7,504.87
Total for	THERMAL MECHANICAL, INC		7,504.87

STEVE TOBEN	Refund Deposit	14589	09/11/2013	
			09/11/2013	
2121 SAND HILL ROAD, #123	666		09/11/2013	0.00
MENLO PARK	BOA	48010	09/11/2013	0.00
CA 94025				919.00

GL Number	Description	Invoice Amount	Amount Relieved
05-56-4226	Facility Deposit Refunds	919.00	0.00

Check No.	48010	Total:	919.00
Total for	STEVE TOBEN		919.00

YVONNE TRYCE	Reimbursement, Banners	14582	09/11/2013	
			09/11/2013	
90 JOAQUIN ROAD	512		09/11/2013	0.00
PORTOLA VALLEY	BOA	48011	09/11/2013	0.00
CA 94028				91.56

GL Number	Description	Invoice Amount	Amount Relieved
05-52-4163	Science & Nature	91.56	0.00

Check No.	48011	Total:	91.56
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Vendor Address	Vendor Number		Due Date	Taxes Withheld
City	Bank	Check No.	Check Date	Discount Amount
State/Province Zip/Postal	Invoice Number			Check Amount

Total for YVONNE TRYCE 91.56

US POSTMASTER	Replenish Bulk Mail Acct	14587	09/11/2013	
Business Mail Entry Unit		00006149	09/11/2013	
3875 BOHANNON DRIVE	0287		09/11/2013	0.00
MENLO PARK	BOA	48012	09/11/2013	0.00
CA 94025				2,000.00

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4316	Postage	2,000.00	2,000.00

Check No. 48012 Total: 2,000.00

Total for US POSTMASTER 2,000.00

VERIZON WIRELESS	August Cellular	14583	09/11/2013	
			09/11/2013	
P.O. BOX 660108	0131		09/11/2013	0.00
DALLAS	BOA	48013	09/11/2013	0.00
TX 75266-0108	9710530414			146.25

GL Number	Description	Invoice Amount	Amount Relieved
05-64-4318	Telephones	146.25	0.00

Check No. 48013 Total: 146.25

Total for VERIZON WIRELESS 146.25

DOUG WOODS	Refund Deposit	14575	09/11/2013	
			09/11/2013	
300 FAMILY FARM ROAD	1007		09/11/2013	0.00
WOODSIDE	BOA	48014	09/11/2013	0.00
CA 94062				640.00

GL Number	Description	Invoice Amount	Amount Relieved
96-54-4207	Deposit Refunds, Other Charges	640.00	0.00

Check No. 48014 Total: 640.00

Total for DOUG WOODS 640.00

Total Invoices: 39	Grand Total:	337,738.15
	Less Credit Memos:	0.00
	Net Total:	337,738.15
	Less Hand Check Total:	0.00
	Outstanding Invoice Total:	337,738.15

TOWN OF PORTOLA VALLEY
Warrant Disbursement Journal
September 11, 2013

Claims totaling \$337,738.15 having been duly examined by me and found to be correct are hereby approved and verified by me as due bills against the Town of Portola Valley.

Date _____

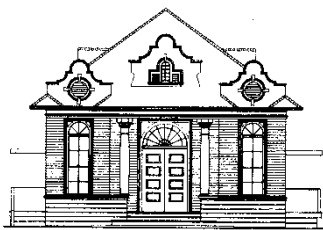
Nick Pegueros, Treasurer

Motion having been duly made and seconded, the above claims are hereby approved and allowed for payment.

Signed and sealed this (Date) _____

Sharon Hanlon, Town Clerk

Mayor



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council

FROM: Karen Kristiansson, Deputy Town Planner

DATE: September 11, 2013

RE: **Proposed Redwood Guidelines from the Conservation Committee**

RECOMMENDATION

Approve the proposed redwood guidelines (attached) for inclusion in the town's design guidelines.

BACKGROUND

The Conservation Committee developed these guidelines in order to establish a framework for making decisions about tree removal permits for redwood trees. Both the ASCC and the Planning Commission reviewed drafts of the guidelines in October 2012 and provided comments. The Conservation Committee then revised the guidelines based on these comments.

On March 25, 2013, the ASCC reviewed the revised guidelines, provided additional recommendations, and determined that the guidelines were well developed and would be a positive addition to the town's design guidelines. The Planning Commission reviewed the revised guidelines on April 17, 2013 and unanimously agreed to forward the guidelines to the Town Council with a recommendation for adoption. The staff reports and minutes for these meetings are attached. The Conservation Committee adjusted the guidelines based on the comments provided at these meetings.

DISCUSSION

The attached proposed redwood guidelines discuss appropriate and inappropriate locations to plant redwoods, the care of redwoods, and guidelines for the removal of redwoods. To summarize, the guidelines state that redwoods should be planted in groups and in locations with the appropriate microclimate. Dry upland areas, including oak woodlands, would be inappropriate locations, as are locations where future growth could compromise views or within 50 feet of a structure, septic system, or leach field.

The guidelines also state that redwoods should not be planted in a row to form a hedge, and lists of plants that could be more appropriately used for screening instead of redwoods are attached as Exhibit A.

These proposed redwood guidelines are consistent with the town's policies encouraging water conservation, since redwood trees require a great deal of watering when planted in inappropriately dry locations. In addition, the guidelines are also consistent with existing policies to protect plant communities such as oak woodland and to discourage linear plantings.

The guidelines codify and clarify the values the Conservation Committee has been applying in the review of both proposed landscaping and tree removal permits. The guidelines will hopefully help property owners and landscape architects to develop landscaping proposals which fit better with the town's policies.

If approved, these redwood guidelines will be incorporated into the town's adopted Design Guidelines.

ATTACHMENTS

1. Proposed Redwood Guidelines
2. Staff report and minutes from the March 25, 2013 ASCC meeting
3. Staff report and minutes from the April 17, 2013 Planning Commission meeting

APPROVED – Nick Pegueros, Town Manager *N.P.*

Cc: Judith Murphy, Conservation Committee Chair
Tom Vlastic, Town Planner

Redwood Guidelines

Introduction and Purpose

The Conservation Committee strives to protect heritage and significant sized trees that are growing in appropriate natural habitats where they thrive without human intervention.

Sequoia sempervirens, or Coast Redwoods, are iconic California native plants that are among the tallest and longest living of all trees. These trees once covered 1.6 million acres of California in 1850, but now more than 95% of the old growth forest is gone, lost to indiscriminate logging, especially during the gold rush. Redwoods are admirable trees that are familiar in the Portola Valley landscape and we are fortunate that this unique tree can thrive in our community. Like most native plants, redwoods thrive naturally in habitats that are appropriate to their needs. Specifically, they need both summer and winter fog and adequate rainfall, which occurs in a narrow coastal belt between the 42nd and 36th degree North latitudes. Portola Valley is at 37.3 degrees North.

Humans can alter habitats in such ways as to allow almost any plant to grow, even if that species would not normally be found in that location. Since redwoods require a constant supply of water in the summer, they do not grow naturally in the oak woodlands and other dry land communities in the hills on the bay side of our valley where fog drip is not as common. Redwoods can only stay healthy and alive in those habitats with the human intervention of summer watering.

The purpose of these guidelines is to provide current and future homeowners with information on where it is appropriate to plant redwoods on their property and the process for removing them if they currently exist.

I. Planting of Redwoods

A. Grouping of Trees

This species has a preference for the company of other close redwoods. When grown as a stand-alone tree, they are prone to topple in a windstorm because they have no taproot. Planting the trees in clusters allows their root systems to become intertwined, providing the support needed to survive major windstorms that frequent the central and northern sections of the California coastline. Therefore, if one is interested in planting a redwood in a suitable location, several of them should be grouped together or closely spaced, as anyone who ever walked into an old growth native forest has observed.

B. Appropriate Planting Locations

Among the habitats where redwoods would be appropriate to be planted, are the following locations that provide a year round source of water:

1. Along perennial streams in riparian areas.
2. In fog drip locations along the western hillsides. The latitudinal limits of coast redwood distribution correspond approximately to the 35% fog threshold.
3. In sag ponds and large seep areas.
4. In high water table areas, where the water is so near the surface that no supplemental water is needed.
5. Far enough from existing or proposed structures that their extensive root systems will not cause damage.

C. Inappropriate Planting Locations

The Conservation Committee discourages the planting of redwoods in locations outside of their native microclimate. This recommendation is consistent with low water usage and appropriate natural vegetation communities policies that the Town and the Conservation Committee encourage. In addition, the insatiable appetite for water, particularly from fog drip, has resulted in redwoods developing a shallow and very extensive lateral root system which can extend 100 feet from the trunk in a mature tree (a mature redwood can consume 500 gallons of water a day). This root system often causes problems with the foundations of nearby buildings, septic tanks and leach fields.

Furthermore, redwoods can grow rapidly, and unless carefully sited, can block views causing strife between neighbors.

Based on these characteristics, the Committee discourages the planting of redwoods in the following locations:

1. Oak woodlands.
2. Grasslands and meadows.
3. Anywhere that requires supplemental summer watering.
4. Within 50 feet of any existing or proposed structures, septic systems or leach fields where the roots will eventually cause problems.
5. In any locations where eventual growth will compromise your view or your neighbor's view.
6. For screening, unless careful consideration has been given to eventual height and view obstruction for you or your neighbors. There are more appropriate plantings to choose for screening, such as Holly Leaf Cherry. See the attached Appendix A or the Town website for more appropriate screening shrubs and trees. It is never appropriate to create a hedge of any plant.

II. Care of Redwoods

A redwood growing in an appropriate habitat needs no special care once it is established. The trees are native to the area and resistant to fungus and parasites. The trees should never be topped.

III. Removal of Existing Redwoods

The Conservation Committee is tasked with reviewing the removal of significant trees in the Town of Portola Valley. Significant redwoods are any tree with a trunk or multiple trunks with a total circumference of 54 inches or a diameter greater than 17.2 inches. The Committee would need a compelling safety reason to approve the removal of redwoods growing in appropriate planting locations. They are an iconic part of our landscape and heritage and are to be treasured.

Existing redwoods in Portola Valley that are not in appropriate planting locations were planted in the past before the current

understanding of sustainable appropriate planting, view preservation and minimizing water use were established. As redwoods grow, they often cause problems with obstruction of neighbors' views, and their roots may damage buildings, septic systems, roads and other infrastructure. Whether or not these trees should be removed requires a balancing of esthetic, safety, neighborly and economic considerations. If homeowners and neighborhoods desire to remove existing redwoods planted in inappropriate locations, the Committee has no objection, subject to an appropriate permit review.

Redwood Guidelines adopted by the Town of Portola Valley on _____.

EXHIBIT A – Appropriate Substitute Screening Plants

It is generally recommended that you use several different species, planted in a staggered pattern, so that they can have layers rather than straight lines. Also, it's a good way to hedge your bets that something will survive. While some are deciduous, it is interesting and healthier for the evergreens to mix in some plants that lose their leaves to promote air circulation.

Screening native plants for hot/dry locations:

- ✓ *Arctostaphylos crustacea* ssp. *crustacea* (Brittle Leaf Manzanita) */**
- ✓ *Arctostaphylos regismonta* (Kings Mtn Manzanita) */**
- ✓ *Arctostaphylos* ssp (there are several other locally native manzanitas)*/**
- ✓ *Artemisia californica* (California Sagebrush) */**
- ✓ *Baccharis pilularis* (Coyote Brush) */**
- ✓ *Garrya elliptica* (Coast Silktassel) */**
- ✓ *Heteromeles arbutifolia* (Toyon, Christmas Berry) *
- ✓ *Rhamnus crocea* (Redberry) *
- ✓ *Rhus integrifolia* (Lemonadeberry) */**
- ✓ *Ribes malvaceum* (Chaparral Currant)
- ✓ *Ceanothus thyrsiflorus* (Blue Blossom) *
- ✓ *Cercocarpus betuloides* (Mountain Mahogany) *
- ✓ *Prunus ilicifolia* (Hollyleaf Cherry) *
- ✓ *Quercus agrifolia* (Coast Live Oak) */**
- ✓ *Quercus douglasii* (Blue Oak)
- ✓ *Ribes californicum* (Hillside Gooseberry)

* = evergreen ** = deer proof

Screening native plants for moist locations:

- ✓ *Baccharis pilularis* (Coyote Brush) */**
- ✓ *Cornus sericea* (Creek Dogwood, Redtwig Dogwood)
- ✓ *Corylus californica* (CA Hazelnut)
- ✓ *Gaultheria shallon* (Salal, Oregon Wintergreen) */**
- ✓ *Heteromeles arbutifolia* (Toyon, Christmas Berry) *
- ✓ *Holodiscus discolor* (Creambush, Ocean Spray)
- ✓ *Lonicera involucrata* (Twinberry, Twinberry Honeysuckle)

- ✓ *Physocarpus capitatus* (Ninebark)
- ✓ *Ribes aureum* (Golden Currant)
- ✓ *Ribes californicum* (Hillside Gooseberry)
- ✓ *Ribes sanguineum* (Pink-Flowering Currant)
- ✓ *Rosa californica* (California Wild Rose)
- ✓ *Vaccinium ovatum* (California Huckleberry, Evergreen Huckleberry) */**
- ✓ *Cercis occidentalis* (Western Redbud)
- ✓ *Quercus agrifolia* (Coast Live Oak) */**
- ✓ *Quercus lobata* (Valley Oak)
- ✓ *Salix lasiolepis* (Arroyo Willow) **



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: ASCC

FROM: Steve Padovan

DATE: March 25, 2013

RE: Review of Conservation Committee's Modified Redwood Guidelines

PROPOSAL

Request for the ASCC to review and comment on the modified guidelines developed by the Conservation Committee for the planting and removal of redwood trees within the Town. The ASCC's comments will then be forwarded to the Planning Commission for their consideration at an upcoming meeting.

BACKGROUND

The Conservation Committee initially developed guidelines in September 2012 for the planting and removal of redwood trees in order to establish a general framework for their decision making process regarding tree removal permits and for landscape review of development plans before the ASCC and Planning Commission. In summary, the guidelines seek to protect heritage and significant redwood trees that are growing in their appropriate natural habitats and to allow for the removal or discourage the planting of redwoods in oak woodlands or other dry land communities.

The original guidelines were reviewed by the Planning Commission whose comments were focused on understanding how the appropriate redwood habitats were developed and to consider additional flexibility in determining where those appropriate habitats are located. A revised set of guidelines was then submitted for review to the ASCC on October 22, 2012. At that meeting, the ASCC members discussed the guidelines and offered the following comments:

- Consider some editing to make the "guidelines" actually be consistent with other town guidelines in the town's design guidelines document. Further, they should be clear as to provisions guiding tree planting and tree removal. There should be more focus on provisions for tree removal.

- The guidelines should include provisions on how to use redwoods. They should not be used to create a “fence” condition like the redwood tree planting on Alpine Road near the intersection with Paso del Arroyo. Also, for example, they should not be planted in an oak forest, as they would “hurt” the oaks.
- Redwoods grow rapidly and become a strong landscape feature. Care needs to be exercised in their use and the “guidelines” should help people carefully think about the use of redwoods and long-term consequences of their planting.

Based on these comments, the guidelines were sent back to the Conservation Committee for additional analysis and modifications.

DISCUSSION

The purpose of the draft guidelines is to provide current and future homeowners with information on where it is appropriate to plant redwoods and the process by which they can be removed. The guidelines are broken down into three sections: Planting of Redwoods; Care of Redwoods, and; Removal of Existing Redwoods.

In general, redwoods should only be planted in appropriate natural redwood habitats: along perennial streams, in fog drip areas along the western hillsides, along sag ponds and seep areas, and in high water table areas. It is within these habitats that the trees thrive without human intervention. In addition, if the subject property is within one of these habitats, then the trees should be grouped together as that affords some protection for the trees during high winds and has a more natural appearance.

Outside of the above listed appropriate redwood habitats, and encompassing the majority of the developed land in the Town, are oak woodlands, chaparral, grasslands and other dry land communities. In these areas, redwoods generally need to be artificially irrigated to stay healthy. Based on these characteristics, the Committee decided that it is not appropriate to plant redwoods in these areas. Furthermore, discouraging the use of redwoods in the dry land habitats is consistent with the low water and natural vegetation policies that the Committee supports.

In addition to habitat issues, the Committee agreed that redwoods should not be planted within 50 feet of structures and septic fields as their shallow roots can cause damage to those facilities. Furthermore, the consideration of neighboring views should be considered when planting redwoods and the trees should not be planted in straight rows to form a hedge. More appropriate shrubs can be found to achieve that purpose.

With regard to the removal of trees, the Committee determined that they would need a compelling safety reason to approve any removal of a redwood in their appropriate natural habitats. However, any redwoods outside of those natural habitats could be removed after consideration of esthetic, safety, neighborly and/or economic reasons.

In summary, the guidelines seek to protect heritage and significant redwood trees that are growing in their appropriate natural habitats and to allow for the removal or discourage the planting of redwoods in oak woodlands and other dry land communities.

RECOMMENDATION

Staff recommends that the ASCC review and provide comments on the draft guidelines and forward those comments to the Planning Commission.

ATTACHMENTS

1. ASCC Minutes of October 22, 2012
2. Planning Commission Memo dated October 17, 2012
3. February 20, 2013 Conservation Committee's Modified Redwood Guidelines

c: Nick Pegueros, Town Manager
Tom Vlastic, Town Planner
Jeff Aalfs, Town Council Liason
Judith Murphy, Chair Conservation Committee

matter and timeframe to permit the property owner to pursue plans for residential site development with the town.

ASCC members concurred that if the October inspection confirms site conditions are acceptable and consistent with the basic objectives of the restoration effort, the ASCC would support allowing building plans to be processed so that judgments could be made relative to the need for early installation of additional, house plan specific, screen planting.

Conservation Committee Redwood Tree Guidelines

Padovan presented the March 25, 2013 staff report on the matter and reviewed the February 20, 2013 proposed modified redwood tree guidelines as prepared by the Conservation Committee. He clarified that the ASCC should review and offer recommendations on the guidelines for consideration by the planning commission and that, after planning commission consideration, the town council would need to concur with the guidelines. It was noted that after such council concurrence, the guidelines would be added to the town's design guidelines document.

Judith Murphy, conservation committee chair, and Padavon discussed and clarified the proposed guidelines. Public comments were requested, but none were offered.

After discussion, ASCC members concurred that the guidelines were well developed and would be a positive addition to the town's design guidelines. Members also concurred that the guidelines would be of great help to residents in making decisions relative to planting and removal of redwood trees. The following suggestions were also offered to enhance the usefulness of the guidelines:

- The water demands of redwoods should be emphasized and clarified with data on the volume of water needed to sustain trees.
- Consider clarifying the comments relative to "inappropriate planting locations" to emphasize that redwoods should not be used to "defensively" screen views between properties because of their rapid growth characteristic and long-term larger view impacts. It was noted that in a number of recent cases, the selection of redwoods was made solely because of their rapid growth to hide or screen views and apparently without sufficient thought to the "appropriate planting locations" criteria as articulated in the proposed guidelines.

Commission and Staff Reports

Vlasic reported on the planning commission's March 20, 2013 approval of the Priory's request for amendments to CUP X7D-30. He advised that the 3-2 action included allowance for the requested artificial turf. It was noted that the action might be appealed or called up for review by the town council.

Breen reported on her follow-up review for conditions compliance relative to the project approved for 40 Tagus Court.

Minutes



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Planning Commission

FROM: Steve Padovan

DATE: April 17, 2013

RE: Review of Conservation Committee's Modified Redwood Guidelines

PROPOSAL

Request for the Planning Commission to review and comment on the modified guidelines developed by the Conservation Committee and reviewed by the ASCC for the planting and removal of redwood trees within the Town. The Planning Commission's comments will then be forwarded to the Town Council for their consideration at an upcoming meeting.

BACKGROUND

The Redwood Guidelines were initially developed in order to establish a general framework for the Conservation Committee's decision making process regarding tree removal permits. The Planning Commission initially reviewed a draft of the Conservation Committee's Redwood Guidelines on October 17, 2012. The Commission's comments were focused on understanding how the appropriate redwood habitats were developed and to consider additional flexibility in determining where those appropriate habitats are located. The guidelines and comments were then forwarded to the ASCC for their review and comment at their October 22, 2012 meeting. The ASCC provided additional comments and some suggested revisions to the document. These suggestions are summarized briefly as follows:

- make the guidelines more consistent with existing Town guidelines;
- provide more information on appropriate planting locations;
- discuss when it would be justified to remove a redwood tree, and;
- discourage the use of redwood trees for screening purposes.

The chair of the Conservation Committee brought the guidelines back to the members who produced a modified version of the guidelines in February 2013. The modified version was reviewed by the ASCC on March 25, 2013.

DISCUSSION

In summary, the guidelines seek to protect heritage and significant redwood trees that are growing in their appropriate natural habitats and to allow for the removal or discourage the planting of redwoods in oak woodlands or other dry land communities (additional details can be found in the attached March 25, 2013 memorandum to the ASCC). Basically, the guidelines are broken down into three sections: Planting of Redwoods; Care of Redwoods, and; Removal of Existing Redwoods. It's goal is to provide current and future homeowners with information on where it is appropriate to plant redwoods and the process by which they can be removed.

The ASCC agreed that the modifications to the guidelines were well developed and that they would benefit Town residents by providing valuable information on appropriate planting locations and on tree removal criteria. In addition, the ASCC offered the following suggestions:

- emphasize the water demands of redwoods by providing data on the volume of water needed to sustain a redwood tree;
- include more clarification on the inappropriate use of redwoods for screening purposes and their impacts on the views of neighboring properties.

Based on the above comments, information was added to the guidelines regarding the water needs of a redwood and bullet #6 under "Inappropriate Planting Locations" was modified to address the use of redwoods for screening purposes. To further address screening issues, an appendix was added to the back of the guidelines recommending a list of alternate native plants that can be used for screening in place of redwoods.

RECOMMENDATION

Staff recommends that the Planning Commission review and provide comments on the draft guidelines and forward those comments to the Town Council.

ATTACHMENTS

1. ASCC Memo dated March 25, 2013 with attachments
2. Excerpt of ASCC Minutes of March 25, 2013
3. Conservation Committee's Modified Redwood Guidelines

c: Nick Pegueros, Town Manager
Tom Vlasic, Town Planner
Jeff Aalfs, Town Council Liason
Judith Murphy, Chair Conservation Committee

(3) Redwood Guidelines: Review of Conservation Committee's Modified Redwood Guidelines

Mr. Padovan, presented the staff report. The idea of Redwood Guidelines first came to the Planning Commission on October 17, 2012, with the reasoning being that the Conservation Committee wanted firm guidelines to help make determinations on applications to remove redwood trees. Members felt they needed a more grounded basis for either approval or denial.

After reviewing the Committee's first draft at its October 22, 2012 meeting, Mr. Padovan said, the ASCC asked that the guidelines:

- Include information about grouping trees in preferred locations (natural habitats, along perennial streams in riparian areas, fog drip locations along the western hillsides, sag pods and large seep areas, and high water-table areas) and avoiding inappropriate planting locations (dry areas, grasslands, meadows, chaparral, oak woodlands) – anywhere that would require supplemental irrigation, which in turn would disturb native plants
- Discourage use of redwood trees as screening and planting them in straight rows, and also avoid planting redwoods within 50 feet of structures, septic systems or leach fields, where the shallow roots eventually will cause problems
- Explain circumstances that justify removal of redwood trees; a property owner would need a compelling safety reason to be able to remove a healthy redwood from a native habitat, but aesthetic, economic, neighborly or safety reasons could be considered justification for removal from non-native habitats

In response to ASCC recommendations, the Conservation Committee reworked the guidelines and produced a modified version in February 2013. When the document went back to the ASCC on March 25, 2013, the ASCC requested two minor changes:

- Emphasize the water demands of redwoods by providing data of the volume of water needed to sustain a redwood tree
- Clarify the information to discourage use of redwood trees as screening by discussing the effects on the views of neighboring properties

Once the Town Council approves the guidelines, Mr. Padovan said, they would be incorporated into the Town's design guidelines.

Ms. Murphy added that the Conservation Committee set out to write these guidelines because members thought specific, reality-based criteria would be a much better approach to evaluating applications for removal rather than making what might have appeared to be arbitrary decisions made on a case-by-case basis. She said they were not able to determine the amount of water a redwood tree needs to thrive, so the guidelines do not contain that information, but thanks to Acterra, the document does include two lists of native plants homeowners can use for screening instead of redwood trees – one for hot and/or dry locations and another for moist locations.

Commissioner Targ asked whether the guidelines would be adopted as an ordinance. Mr. Vlasic said it would not be an ordinance, but the redwood guidelines would become part of the Town's formal guideline booklet, which already includes landscaping guidelines. Commissioner McKittrick added that permits can be denied on the basis of guidelines, and Mr. Padovan noted that the Conservation Committee already has the authority to deny requests for removal of redwood trees.

In response to a follow-up question about being able to plant a redwood tree somewhere discouraged by the guidelines, Ms. Murphy said when a landscaping plan is involved it gets reviewed by either the ASCC or the Conservation Committee. Mr. Padovan said that ASCC does recommend changing out trees and so forth. Mr. Vlasic expanded on this point, noting that in the final analysis, the guidelines are only guidelines, and failure to follow them does not violate any Town ordinances.

Commissioner McIntosh said many people might not know what a sag pond is, so that might warrant a descriptive explanation in the guidelines. He also underscored the importance of a statement in the Care of Redwoods section of the guidelines that says redwood trees should never be topped. He told about a property he'd owned where a redwood tree had been topped 30 years earlier. A couple of years ago, one of the big limbs that grew from that old topping point fell off and could easily have killed someone.

Commissioner McKitterick moved to forward the modified Redwood Guidelines to the Town Council with a recommendation for adoption. Seconded by Commissioner McIntosh, the motion carried 5-0.

(4) Housing Element: Annual Housing Element Monitoring Report for 2012

Referring to her April 10, 2013 staff report, Ms. Kristiansson explained that state law requires all jurisdictions to file an Annual Housing Element Monitoring Report with the California Department of Housing and Community Development (HCD). In addition to information about Housing Element goals, progress to date and current status, the report requires providing information about programs. In Portola Valley's case, there are three programs: Inclusionary Housing, Multi-Family Housing and Second Units.

Inclusionary Housing: Ms. Kristiansson said this program had two goals:

1. Get the Blue Oaks below-market-rate (BMR) units built or sell the property and purchase another site

The Town sold the land and went some distance toward buying another site, but did not purchase it. The Ad Hoc Affordable Housing Committee is working on developing recommendations for affordable housing in Town that will be provided to the Town Council.

2. Given the difficulties with Blue Oaks, revise or replace the Inclusionary Housing program

The Planning Commission's 2004 work toward Inclusionary Housing revisions may be resurfaced for reconsideration, Ms. Kristiansson said, but another option might be to replace inclusionary housing requirements with housing impact fees.

Multi-Family Housing: Ms. Kristiansson said the Housing Element goal was construction of 11 new units at the Priory School. The Priory has been working on other projects, she said, but still intends to build those units.

Second Units: This program is intended to increase the average number of second units constructed per year from under five to six. To encourage progress toward this goal, the Town adopted Zoning Ordinance amendments in January 2011 that allow staff-level review and approval of second units that are:

- Created by converting floor area within the first floor of an existing home
- Up to 400 square feet if they do not otherwise require site development permits

Ms. Kristiansson said the Town also created a *Second Unit Manual* that's been posted on the Town website since January 2012, and developed a two-page flyer that's distributed at the Planning counter at Town Hall.

Second-unit production has been somewhat lower than anticipated – about 21 units versus the 25 projected, Ms. Kristiansson said, but one additional second-unit permit has been issued, and the last five applications for new homes include second units. The combination would bring six additional second units in 2013 to help meet the Housing Element goal.

Referring to a table in a staff report attachment, Commissioner McKitterick noted that the Town is 31 units short of goal. He asked whether the Town might "tread water" over the next year based on second-unit and multi-family unit projections. Ms. Kristiansson said she anticipates the Town will likely meet its numbers in the lower-income categories but not the moderate and above-moderate categories. With the most recent applications, she reiterated, there may be a trend toward new homes having second units, which would help those numbers.



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council

FROM: Nick Pegueros, Town Manager

DATE: September 11, 2013

RE: **RESPONSE TO 2012-13 GRAND JURY REPORT: "SAN MATEO COUNTY SPECIAL DISTRICTS: WHO IS REALLY IN CHARGE OF THE TAXPAYER'S MONEY? THE MOSQUITO ABATEMENT DISTRICT EMBEZZLEMENT: IS IT THE TIP OF THE ICEBERG?"**

RECOMMENDATION:

The recommendation is that the Town Council approve the attached response to the subject report from the 2012-13 San Mateo County Civil Grand Jury.

ATTACHMENT:

1. Draft Letter to Honorable Richard C. Livermore
2. 2012-13 Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito Abatement District Embezzlement: Is it the Tip of the Iceberg?"

Attachment #1

September X, 2013

Honorable Richard C. Livermore
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 8th floor
Redwood City, CA 94063-1655

**RE: Response to 2012-13 Grand Jury Report
“San Mateo County Special Districts: Who is Really in Charge of the
Taxpayer’s Money? The Mosquito Abatement District Embezzlement: Is it
the Tip of the Iceberg?”**

Dear Judge Livermore:

The Town Council for the Town of Portola Valley (“Town”) has reviewed the findings and the recommendations that affect the Town in the above-referenced Grand Jury Report. The Town Council approved the following responses to the findings and the two recommendations that were specific to the Town at a public meeting on September X, 2013:

FINDINGS

1. – *The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.*

Response – The Town agrees that the District’s Board and Manager have the responsibility to exercise appropriate oversight of internal controls designed to reduce the District’s exposure to fraudulent activities, including embezzlement. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

2. – *The Manager and the Board’s finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.*

Response – The Town agrees that if red flags were present in the financial reports and if those red flags were investigated that the embezzlement may have been revealed far sooner. It is important to note, however, that C. G. Uhlenberg’s audit found that the embezzlement scheme was a complex fraud that “included elaborate efforts to cover up the embezzlement using falsified records presented to the District Manager and the Board of Trustees”. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

3. – *The insurance company's denial of the District's embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.*

Response – The report does not contain sufficient information for the Town to determine the true reason for the insurer's denial of the claim. The District's attorney provided a reasonable argument that the insurance company was aware of the circumstances that were cited for the denial. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

4. – *The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.*

Response – While background checks for employees with access to public funds is a best practice, the report does not confirm that the District had a policy in place that required a background check of the subject employees. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

5. – *The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.*

Response – The Town agrees with this finding insofar as the internal financial controls were found deficient by the District's auditors.

6. – *Trustees and senior District staff should receive monthly financial reports.*

Response – The Town agrees with this finding to the extent that the Board and the Manager believe that that the information is an efficient manner to promote transparency and accountability.

7. – *The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.*

Response – This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

8. – *The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.*

Response – The Town defers to the decision of the Board with regard to the Manager's ability to perform the duties required of his position. Given that the report does not quantify the number or severity of the concerns expressed by Trustees regarding the Manager's performance and abilities, the Town does not have sufficient information to agree or disagree with this finding.

9. – *The District would benefit from a redesigned Manager evaluation process.*

Response – The Town encourages the Board to design an evaluation process that measures the competencies desired by the Board and no information was included in the report to suggest that evaluation process was inadequate. Given that the Board has pursued a performance improvement plan and renewed the Manager's contract, the Town does not have sufficient information to agree or disagree with this finding.

10. – *Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.*

Response – The Town disagrees, in part. The trustee appointed by the Town Council to represent Portola Valley is not confused about his responsibilities as a trustee. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

11. – *Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.*

Response – The Town disagrees and defers to LAFCo's decision.

12. – *Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.*

Response – This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding. The Town encourages the District to evaluate opportunities to reduce costs through sensible operational efficiencies without compromising or otherwise diluting the service level provided by the District to the residents of San Mateo County.

13. – *LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.*

Response – This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding. The Town defers to LAFCo and the County Board of Supervisors on the issue of funding for Service Reviews.

14. – *Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.*

Response – The Town respects the decision by the governing bodies responsible for making appointments to the District Board and encourages each agency to appoint a representative. This finding is based on a detailed factual investigation. Based on the summary report the Town does not have enough information to agree or disagree with the finding.

RECOMMENDATIONS

10. – *Appoint a council member to the District Board if a representative cannot be found after vetting applicants.*

Response – The Town will implement this recommendation. In the event that a qualified citizen cannot be identified by the Town Council to represent the interests of Portola Valley on the District Board, a Council member will be appointed.

11. – *Require regular reporting about the District's operations by their representative at a scheduled council meeting.*

Response – The Town will implement this recommendation by scheduling an annual report to the Town Council at a regularly scheduled meeting. This policy will be implemented beginning October 2013.

The Town thanks the Grand Jury for its investigation into this complex issue and for bringing this matter to our attention in an informative and thorough manner. Please let me know if you require additional information.

Sincerely,

John Richards
Mayor

cc: Town Council
Town Manager
Town Attorney



**SAN MATEO COUNTY SPECIAL DISTRICTS:
WHO IS REALLY IN CHARGE OF THE TAXPAYER'S MONEY?
The Mosquito District Embezzlement: Is it the Tip of the Iceberg?**

[Summary](#) | [Background](#) | [Methodology](#) | [Discussion](#) | [Findings](#) | [Recommendations](#) |
[Disclaimer](#) | [Attachments](#) | [Responses](#)

SUMMARY

San Mateo County (County) has 22 independent special districts. Common in counties throughout California, independent special districts are local governmental entities that are legally separate from counties and cities.¹ They deliver special public services such as mosquito abatement, water management, and health care, to name a few. Special districts receive a significant amount of their operating funds from their portion of countywide property taxes and/or special assessments. They wield considerable influence with little oversight other than their own board of directors. In many cases, these boards are responsible for multi-million dollar budgets.

The recent embezzlement case in the Mosquito and Vector Control Abatement District (District) involving hundreds of thousands of dollars prompted the 2012-2013 San Mateo County Civil Grand Jury (Grand Jury) to investigate what led to the embezzlement. Two employees, who oversaw financial matters for the District pleaded no contest to embezzlement charges and will be sentenced in the latter part of 2013.

The Grand Jury finds that the Board of Trustees (collectively, Board, and individually, Trustee) and the District's District Manager (Manager) share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur. The Grand Jury finds that the Manager and the Board's finance committee did not recognize red flags in financial reports that should have revealed the embezzlement far sooner.

The Grand Jury also finds that the insurance company's denial of the District's embezzlement loss claim is further evidence that there were inadequate management practices, insufficient accountability, and oversight of the District.

The Grand Jury finds that the District's internal financial controls were inadequate and that important policies and procedures were not followed. The Grand Jury also finds that the Board did an inadequate job of overseeing operations and that there were significant differences of opinion regarding the Manager's ability to manage the District.

The Grand Jury finds that Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feeling they have more oversight responsibilities. The Grand Jury also finds that the issue of the dissolution of the District and transfer of its services to the County Environmental Health Department (CEHD) because of the

¹ For purposes of this report, the term "cities" includes "towns" and County government where the context so requires.

District's poor management and the need for more operational efficiency and cost savings, merits further study even though the County's Local Agency Formation Commission (LAFCo) recently rejected the recommendation of its executive officer to do so. The Grand Jury further finds that Cities do not give priority to having representation on the Board, which representation is an important component to the oversight of the District operations

The Grand Jury recommends that the Board require its Manager to follow the Policies and Procedures manual at all times and provide monthly financial reports to the Board.

The Grand Jury recommends that the Board emphasize the importance of its finance committee's role in ensuring that internal financial controls and policies are in place and are being followed. The Grand Jury recommends that the District hire a consultant to redesign the Manager's evaluation process to better assess job performance and to provide clarity and goal setting. The Grand Jury also recommends that the Board evaluate its policies and procedures on an annual basis and study a restructuring of the Board to better fulfill its oversight role.

The Grand Jury recommends that LAFCo continue to study the possible dissolution of the District and transfer of its services to the CEHD.

The Grand Jury recommends that cities give priority to having representation on the Board and, if unsuccessful in recruiting appointees, comply with Health & Safety Code section 2021 and appoint a council member in the interim. In addition, the Grand Jury recommends that cities require representatives to give their city councils regular updates on District's operations.

BACKGROUND

The District's budget is approximately \$6 million. It has an accumulated reserve of about \$5 million. Its funding comes from property taxes, parcel assessments, and a benefit assessment. It is governed by a Board composed of one member from each of the County's 20 cities plus County government. It employs a Manager to oversee its daily operations. Despite all of these "overseers," only one Trustee recognized a problem with an overage in operational expenses in 2011, thereby leading to the discovery of the embezzlement. After the discovery, only one city asked for a Grand Jury investigation.

The Grand Jury learned during interviews that the Manager did not follow normal employment vetting procedures when hiring the finance director accused of the embezzlement.

The LAFCo executive officer performed a Municipal Service Review and Sphere of Influence Review (Service Review) pursuant to Government Code Sections 56425 and 56430 following the alleged embezzlement. The report addressed public accountability and broadly examined district operations, fiscal health, opportunities for sharing resources, and governance alternatives. The study was not a financial audit and only identified measures the District has taken or could take to prevent such embezzlement events.²

Subsequent to the Service Review, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings. However, the LAFCo commissioners rejected the recommendation and deferred any further decision on the

² June 12, 2012, LAFCo Municipal Service Review.

subject to a later review after the Manager completed a Performance Improvement Plan as required by the District Board. However, LAFCo has taken no further action on the District matter.

It is important for County taxpayers to understand special district governance structure and the responsibility of special district boards with regard to such issues as embezzlement.

Concerns about special district management practices, accountability, and oversight were the impetus for a Grand Jury investigation.

METHODOLOGY

Documents

The Grand Jury reviewed the following documents:

- The LAFCo Service Review of the District, dated June 12, 2012
- The District's certified financial audits for fiscal years ending June 30, 2009, 2010, and 2011
- Letter of concern from a member city
- Documents from three former senior District employees including timelines of management judgments, financial invoices, and grievance letters to Trustees
- Personnel files of certain District employees
- Forensic audit performed in 2011 by C.G. Ulenberg, the District's regular auditor
- Correspondence regarding the Hartford Insurance claim
- Report issued by Dr. Peter Hughes, CPA, a consultant retained by the District to review its accounting policies.

Survey

- The Grand Jury sent a survey to all County independent special districts

Site Tours

- The Grand Jury toured the District's headquarters and laboratory located at 1351 Rollins Road, Burlingame.

Interviews

- The Grand Jury interviewed 13 individuals. Interviewees included representatives from the District and its Board; representatives from LAFCo and its Commission; former key District employees; auditors; and County Counsel attorneys who have represented the District.

Subpoenas

- The Grand Jury's presiding judge issued five subpoenas in order to obtain information. (Relatedly, it is noted that the Board declined to waive its attorney client privilege with the County Counsel when the Grand Jury requested it to do so.)

DISCUSSION

District Embezzlement

The noticing by one Trustee in early 2011 of discrepancies between budgeted and actual expenditures led to the discovery of the embezzlement. This Trustee brought the information to the attention of the Manager and the other Trustees. In addition, annual certified audits by the District's outside accounting firm for fiscal years 2009 and 2010 identified significant deficiencies that went unresolved during the period of time in which the embezzlement took place. Examples of such deficiencies included the failure properly to record accounting transactions and petty cash management.

The District embezzlement was unique according to one qualified interviewee, because it involved the entire finance department, consisting of two employees. These two employees are no longer with the District, and the County District Attorney has charged them with embezzlement. The employees have pleaded no contest and are awaiting sentencing.

Prosecutors alleged that District funds were embezzled between 2009 and 2011 when the finance director and her assistant placed themselves at a higher pay rate, fraudulently took time off, contributed excessively to their deferred compensation funds, used credit cards for personal purchases, and electronically transferred money into personal accounts. The forensic audit (described below) showed more than \$635,000 missing but prosecutors charged them with embezzling only \$400,000 because they could not prove an actual loss of the greater amount.³ The District's forensic auditor calculated the total loss resulting from the embezzlement to be \$796,781. (Appendix A.) This is the amount the District reported to its insurance company.

The annual certified audits of the District for fiscal years 2009 and 2010 suggested that there was a lack of sound management and fiscal responsibility. A subsequent forensic audit of the District listed "ten distinct loss activities that were executed against the District by 2 former employees..."⁴ These loss activities included incorrect pay calculations to employees, unauthorized and personal use of credit cards, and fraudulent reporting of time off for Family Medical Leave Act (FMLA). While taking FMLA, one employee served jail time for a previous embezzlement.

After the allegations of embezzlement, some of the Trustees determined the Manager's skills were inadequate for the position.⁵ The Board hired an outside consultant to perform a review of the internal financial controls. Notwithstanding this state of affairs, the Trustees voted to extend

³ *End in sight for mosquito district case: Former finance chief expected to plead guilty on 10 charges related to embezzlement of public money*, March 22, 2013, Heather Murtagh - Daily Journal Staff.

⁴ See Appendix B.

⁵ Board Evaluations of the District Manager.

the Manager's contract and paid the outside consultant to prepare a Performance Improvement Plan for the Manager to complete in an effort to avoid any further incidents.

The District's insurance company has declined to pay on its loss claim given the circumstances surrounding the embezzlement. The insurance company's outside legal counsel stated that the District "misrepresented" its computer controls and should have had systems in place to detect unusual activity. The District disputes this.⁶ The District has retained additional counsel to negotiate this matter.

The District indicated in its insurance application that no employee could control a process from the beginning to the end, e.g., request a check, approve a voucher, and sign the check. The District's internal controls required the Manager and a Board officer to approve requests for payment and to sign on checks.⁷ However, the finance department used signature stamps that seemed to by-pass this control. Attorneys for the District argue that "the insurance company was already aware of the lack of controls designed to prevent an embezzlement of this nature".⁸ It should be noted that insurance for these special districts frequently does not cover the costs for attorneys, audits, or other costs associated with embezzlement.

Embezzlement may be more prevalent in districts than has been revealed to date. For example, in addition to the District, employee fraud cases in the following County special or school districts have come to light in the last two years alone. Although three of the cases do not relate to special districts, the underlying problems, inadequate controls and oversight, are the same:

- Woodside Elementary School District
- Portola Valley School District
- Mid-Peninsula Water District (It should be noted that LAFCO's executive officer has also recommended that this district be dissolved.)
- San Mateo County Community College District

The District embezzlement case may be the *tip of the iceberg*. As one interviewee stated, with so many special districts in this county and counties throughout the Bay area and state, "embezzlements are not unusual," which is no comfort to the taxpayers. However, with sound internal financial controls and good management practices, the risk of embezzlement can be minimized.

District Operations

After extensive investigation, the Grand Jury learned of oversight shortcomings and management issues that include the following:

⁶ Letter dated April 11, 2012, from Meredith, Weinstein & Numbers, LLP pg 3 (See Appendix C).

⁷ *Ibid.*

⁸ *Ibid.*

- Standard business practices, such as performing detailed background checks, were not followed in the hiring of the finance director accused of embezzling. As a result, the District hired an individual who was already under indictment in another embezzlement case.
- The Manager and the Board's finance committee did not recognize red flags in financial reports that could have revealed the embezzlement far sooner. Examples include the budget overage (ultimately noticed by a Trustee), lack of complete monthly financial packages as provided by the previous finance director, and discrepancies revealed in two years' annual audits. Board complaints to the Manager concerning financial reports were answered with the excuse that a new accounting system had been installed and that there were issues with the County Controllers staff.
- The Trustees' written evaluations of the Manager's performance revealed significant differences of opinion. Some Trustees gave the Manager high ratings while others expressed little confidence in the Manager's ability to manage the District. Others indicated they did not trust the Manager and felt the Manager was excessively controlling information provided to the Board.
- Internal financial controls in place at the time of the embezzlement were inadequately implemented. For example, controls required that both the Manager and a Board officer to sign checks issued by the finance department for payments. However, the finance department used signature stamps that seemed to by-pass this control.
- The Manager hired unlicensed and uninsured contractors to work on District facilities, a violation of District policies.
- Surplus vehicles were sold to employees and friends, a practice that the Grand Jury was informed has been discontinued.
- The issuance of Visa cards to employees for the purchase of materials led to abuse. The Visa cards had high limits and there was little oversight of their use. The finance director used a Visa card to pay her attorneys for a previous embezzlement case. Neither the Manager nor the Board's finance committee caught improper charges of up to \$15,000 placed on the card.
- There was an amendment to the District Policies and Procedures manual in 2007 that stated, "dismissal of the current District manager would require 90% of the Trustees' approval." The Grand Jury requested and received an updated version of the manual. The entire section 2160 titled "Separation from District Employment" is no longer in the current manual. It has been replaced by a new section 2160 titled "Salary and Benefit Survey." No further information was provided as to the reasons for this change.

The embezzlement incident was costly, with additional losses still being discovered. The loss submitted to the insurance company was over \$790,000 but does not include related costs such as attorney fees, consultants, and financial training.⁹ Some of the loss may be covered by insurance, but as of May 1, 2013, the insurance company has denied the claim citing misrepresentation of

⁹ See Appendix A.

facts in the District's insurance application and the failure of the District to perform appropriate background checks.

Following the embezzlement and subsequent evaluation of the Manager, the Board chose to implement a Performance Improvement Plan in order to improve the Manager's financial management skills. The Board also extended the Manger's employment contract and increased the Manager's compensation.

Also after the embezzlement, a new consultant prepared eight recommendations to improve the district's internal financial controls. (See Appendix D, an excerpt of the consultant's report). The Grand Jury has been advised that these recommendations have been implemented. As a result, the financial system was rebuilt. An interviewee familiar with the consultant's review opined that the Manager had program skills but lacked the fiscal skills necessary for overseeing financial operations.

District Board

A 21-member Board governs the District. The voters elect other San Mateo County special district governing bodies, which differentiates them from the Board, whose members are selected by city councils. The District began covering the entire County in 2005. In this circumstance, the Health & Safety Code provides that cities may appoint a Trustee to the Board. The Trustees' direct responsibility is to the city councils that appointed them, not directly to the voters. The Health & Safety Code also states that the legislative intent is that members have experience, training, and education in fields that will assist in governing the district.¹⁰

One question raised during the investigation was whether a Board of 21 members could be effective. The Board president appoints members to the following standing committees: Finance, Policy, Strategic Planning, Environmental, and Manager Evaluation. One interviewee stated, "Authority may be dissipated when responsibility gets diffused over a large group." With a large board it can be difficult to have accountability for decisions made. A few Trustees expressed interest in studying another governance model that would reduce the size of the Board. Through document review and interviews, the Grand Jury learned that there are varying opinions regarding what Trustees believe to be their roles and responsibilities. Some Trustees feel their only role is to make policy, while others feel they have more oversight responsibility.

When a number of employees tried to approach Trustees to express concerns about the Manager, they were turned away for not following the chain of command. Relatedly, there was confusion about communications between staff and Trustees. In light of these communication issues, the Peninsula Vector Workers Association requested that the Trustees review and revise the District policies governing communication between staff and Trustees.

The Grand Jury learned that Trustees requested financial information from the Manager during the embezzlement period but the request was not honored. The Trustees did not heed warnings from senior District employees about financial irregularities. The Trustees put total trust in the Manager to fulfill the mission of the District and seemed oblivious to the business operations and its problems.¹¹ Statements by Trustees in earlier reviews of the Manager showed confusion

¹⁰ State Health Code section 2021.

¹¹ Grand Jury interview and evaluation document.

among the Trustees regarding the Manager's general performance capabilities. One Trustee told the Grand Jury that the evaluation process was inadequate and should be reviewed by a qualified human resources consultant.

LAFCo

Local agency formation commissions were established by the State of California in 1963 to oversee the formation, expansion, dissolution, and reorganization of all special districts. LAFCo is an independent seven-member commission with jurisdiction over the boundaries of the County's 20 cities, 22 independent special districts, and many of the 35 County-governed special districts. LAFCo is composed of two members of the County Board of Supervisors, two members of city councils, two board members of independent special districts, a public member, and four alternate members (County, city, special district, and public).

Local agency formation commissions oversee districts but have limited powers. The Cortese-Knox-Hertzberg Act of 2000 requires that they conduct Service Reviews every five years.¹² LAFCo's executive officer, with the help of a part-time administrative assistant, conducts the Service Reviews. LAFCo's current staffing level makes it difficult to conduct Service Reviews in a timely manner as required by law. The 2002-2003 Grand Jury recommended that the Board of Supervisors provide additional resources to LAFCo, but the recommendation has not been implemented.

Service Reviews provide the public with information about the special district including "[a]ccountability for community service needs, including governmental structure and operational efficiencies."¹³ They can also recommend whether a special district should be merged with another district or dissolved and services transferred to another agency. If LAFCo recommends that a district be dissolved or merged with another district, generally speaking, the approval of 75% of the voters in the special district is required. LAFCo's authority is thus limited. Recommendations made by LAFCo are usually the result of a Service Review.

Subsequent to the Service Review of the District, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings, from the sharing financial services, laboratories, and other facilities. It should also be noted that LAFCo's executive officer recommended dissolution of both special districts where embezzlements occurred, but the LAFCo Commissioners did not approve these recommendations.

Cities' Responsibilities to the District

The District encompasses the entire County. Health & Safety Code Section 2021 states that the Board of Supervisors may appoint one person to the Board and the city councils of each city located in whole or in part within the District may appoint one person to the Board. Health & Safety Code Sections 2022(c) and (d), states:

- Applicants should be qualified in fields that will assist in governance of the district.

¹² LAFCo website.

¹³ Government Code Section 56430.

- Cities may appoint a councilmember to the Board if they are unable to find a qualified candidate.

The Board of Supervisors and city councils often suffer from a lack of applicants from which to select a representative. At the time of this report, the Town of Colma had no representation on the Board. This might be due in part to unsuccessful recruitment efforts. Although applicants may be conscientious and well meaning, they may not have the necessary skills or experience to sit on the Board. While all cities should have representation on the Board, it appears that providing representation is not a city priority.

During interviews, the Grand Jury learned that most cities do not mention the District on their websites, nor do they require their representatives to give regular updates to the city councils about the District's operations.

Survey of Independent Special Districts

The Grand Jury distributed a survey to all independent special districts to better understand the compensation for their board members and the amount of public funds for which they are responsible. The survey yielded the following information:

- Most districts have a 5 member elected board; a few have a 3 member elected board, while the District has a 21-member non-elected board.
- More than half of the board members are compensated from \$100 per month to \$600 per month. The District Board is paid \$100 per month
- More than half of the boards compensate members for workshop or conference events and some have medical and life insurance benefits. A few boards are not compensated at all. The District Board is also compensated for workshops or conferences events.
- The reserves of districts range from \$775,000 to \$47 million dollars. The District's reserves are \$5 million.

It should be noted that not all districts responded to the survey request.¹⁴

FINDINGS

- F1. The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.
- F2. The Manager and the Board's finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.
- F3. The insurance company's denial of the District's embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.

¹⁴ San Mateo County Grand Jury Special Districts Survey 2013.

- F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.
- F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.
- F6. Trustees and senior District staff should receive monthly financial reports.
- F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.
- F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.
- F9. The District would benefit from a redesigned Manager evaluation process.
- F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.
- F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.
- F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.
- F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.
- F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

RECOMMENDATIONS

The Grand Jury recommends that the *Board* do the following:

- R1. Instruct the Manager to follow the Policies and Procedures manual at all times.
- R2. Instruct the Manager to provide complete financial reports to the Board on a monthly basis.
- R3. Improve its oversight of the District through an improved governance structure and hold the Manager accountable for its operations.
- R4. Evaluate its Policies and Procedures manual on an annual basis and make the manual available to employees and the public.
- R5. Emphasize the importance of the finance committee's role in ensuring that internal controls and policies are in place and are being followed.
- R6. Hire a human resources consultant to redesign the Manager's evaluation process in order to better assess the Manager's job performance.
- R7. Clarify Trustees' roles and reinforce and discuss expectations of the position at an annual meeting.

The Grand Jury recommends that the *County Board of Supervisors* do the following:

- R8. Provide increased resources to LAFCo so it can meet state mandates with regard to Service Reviews.

The Grand Jury recommends that *LAFCo* do the following:

- R9. Further study the dissolution of the District and evaluate the cost savings that might result from transferring the function to the County Environmental Health Department.

The Grand Jury recommends that the *City/Town Councils* do the following:

- R10. Appoint a council member to the District Board if a representative cannot be found after vetting applicants.
- R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the Grand Jury requests the following to respond to the foregoing Findings and Recommendations referring in each instance to the number thereof:

- District Board of Trustees
- County Board of Supervisors
- LAFCo
- City/Town Councils

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

DISCLAIMER

This report is issued by the Grand Jury with the exception of one member who sits on the District Board. This individual was excluded from all parts of the Grand Jury's investigation and the making and acceptance of this report. This report is based on information from outside sources with none of the information being obtained from the excluded Grand Juror.

APPENDIX A



C. G. UHLENBERG LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November 17, 2011

Robert Gay
 District Manager
 San Mateo County Mosquito and Vector Control District
 1351 Rollins Road
 Burlingame, CA 94010

As described in our letter dated October 26, 2011, we were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures were limited, therefore, additional fraud not identified may exist. In that letter and in the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*, we identified ten loss activities that were executed against the District by 2 former employees. The loss activities identified and the amount of loss calculated by our firm are as follows:

Description of Loss	Amount
1. Unauthorized Pay to Vika and Jo Ann	\$ 55,451.87
2. Incorrect pay calculation to employees	\$ 30,995.32
3. Fraudulent Deferred Compensation	\$ 15,480.00
4. Unauthorized and personal use of credit cards	\$ 335,432.00
5. Unauthorized and personal use of electronic fund transfers	\$ 183,364.62
6. 2 trucks removed from property	\$ 4,500.00
7. Unsupported checks cashed	\$ 1,149.33
8. Unsupported checks written to 3rd parties	\$ 8,591.14
9. Rebuild of the 2010/2011 Books	\$ 153,067.00
10. Fraudulent reporting of time off for FMLA	\$ 8,750.00
Total Loss Identified	\$ 796,781.28

This summary should be read in conjunction with our letter dated October 26, 2011 and the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*.

Sincerely,


 Jeffrey J. Ira, CPA

Attachment: Letter to District from C.G. Uhlenberg dated October 26, 2011

APPENDIX B



C. G. UHLENBERG LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October 26, 2011

Robert Gay
 District Manager
 San Mateo County Mosquito and Vector Control District
 1351 Rollins Road
 Burlingame, CA 94010

We were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures are limited, therefore, additional fraud not identified in this report may exist. As a result of our investigation we identified ten distinct loss activities that were executed against the District by 2 former employees Jo Ann Dearman ("Jo Ann"), former Finance Director and Vika Sinipata ("Vika"), Accounting Supervisor. A "loss activity" is defined as a deliberate action by Jo Ann and/or Vika that resulted in monetary loss to the District.

The report describes each of loss activities identified by our firm during its investigation. They are listed as follows:

1. Unauthorized and excessive pay to Vika and Jo Ann – extra payments and incorrect pay rate
2. Incorrect pay calculation to employees
3. Fraudulent Deferred Compensation contributions – Vika and Jo Ann
4. Unauthorized and personal use of credit cards – Vika and Jo Ann
5. Unauthorized and personal use of electronic fund transfers (ACH) – Vika and Jo Ann
6. 2 Trucks removed from property (2/2011) – Jo Ann
7. Unsupported checks cashed - Jo Ann
8. Unsupported checks written to 3rd Parties for personal benefit
9. Rebuild of the 2010/2011 Books
10. Fraudulent reporting of time off for FMLA – Jo Ann

The dollar value and description of their actions that created these losses are described in attachment *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*. We have prepared two copies of supporting documentation of the losses in two binders, which have already been provided to you. The descriptions of what is contained in those binders are included in the *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*.

Per your request, we have provided some of the information contained in this report to the District Attorney's office. If you have any questions, please do not hesitate to contact me or Jennifer Derrion.

Sincerely,

Jeffrey J. Ira, CPA

Attachments: *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*

333 Twin Dolphin Drive, Suite 230 • Redwood City, CA 94065 • Phone (650) 802-8668 • Fax (650) 802-0866

APPENDIX C

Meredith, Weinstein & Numbers, LLP

Attorneys at Law
115 Ward Street
Larkspur, California 94939

Telephone (415) 927-6920

Facsimile (415) 927-6929

April 11, 2013

Via E-mail and USPS

Gary J. Valeriano
Anderson, McPharlin & Connors LLP
444 South Flower Street, 31st Floor
Los Angeles, CA 90071-2901
Email: gjv@amclaw.com

Re: San Mateo County Mosquito and Vector Control District Employee Theft
Hartford Claim No.: 11392634
Your File No.: 0022-638

Dear Mr. Valeriano:

This will respond preliminarily to your letter dated March 5, 2013, in which you advise that Hartford has denied coverage in this matter. The District is both surprised and offended that after dragging this matter on for nearly two years, Hartford has chosen to avoid its responsibilities by denying coverage for the very misconduct that Hartford agreed to insure under policies for which Hartford received at least 6 years of premium. Hartford's "investigation" of this claim, including repeated requests for the same information it had already received, plainly demonstrates that Hartford has spent considerable resources looking for ways to avoid honoring its obligations, rather than assisting its insured in responding to this catastrophic loss. I will not review the chronology of events in this letter, but the correspondence over the past two years speaks for itself.

The District timely reported discovery of the scheme involving Seeney and Sinipata in June of 2011. There is no dispute that the loss is a covered loss under Section A.1.A of the Hartford policy. Seeney and Sinipata were "employees" who embezzled money from the District, causing a covered loss.

Hartford asserts that if the District had looked into Seeney's background prior to hiring her it would have discovered her criminal past. However, whether or not this is true, it is irrelevant. There was no requirement that the District check for past criminal activity. In fact, Section C of the application asks several questions about whether the District conducted pre-employment background checks, and the District answered "no" to each of them. Accordingly, the District's failure to conduct background checks does not support a denial of the claim, and Hartford's reference to background checks demonstrates Hartford's attempt to manufacture reasons for its denial.

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Hartford also relies on Section F of the Policy, v void in any case of fraud by you as it relates to this Policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning ...This Policy" The terms "You or any other insured" clearly refer to the named insureds only; here, the District is the named insured. The term is not defined to include misrepresentations by employees or agents of the District, and there is no evidence that the District intentionally concealed or misrepresented a material fact concerning the Policy. Any ambiguities as to who must engage in the misrepresentations will be construed against Hartford. "[A]n insurer who wishes to condition its contractual liability upon the insured's conformance with certain conduct must do so in clear, unambiguous language." *Holz Rubber Co., Inc. v. Am. Star Ins. Co.*, 14 Cal. 3d 45, 59 (1975).

In addition, the policy also provides coverage for the failure of an employee to faithfully perform his or her duties as prescribed by law, which results in loss of money or other property. *Endorsement 3*. If Sinipata's failure to faithfully and accurately complete the application for insurance resulted in loss for which the District would otherwise be entitled to coverage under this policy, then this loss itself would be covered under the Policy.

The 2010 policy was renewed for the same premium as the previous years. Hartford received its full premiums to insure against this very risk. Hartford has earned its premium for continuous coverage, and it would be inequitable to allow Hartford to forfeit the coverage because of the very theft it agreed to cover, simply because the perpetrator happened to be the same person that was assigned the administrative task of filling out the renewal application. See *Root v. American Equity Specialty Ins. Co.*, 130 Cal.App.4th 926 (2005).

As far as the District was concerned, the answers on the application for 2010 were correct. The District concealed nothing. If anyone else had filled out the application instead of Seeney or Sinipata, the answers undoubtedly would have been the same and there would be no issue as to misrepresentation or concealment. Furthermore, the answers on the 2010 renewal application were virtually the same as on the prior application; nothing material in the District's procedures had changed.

Neither Seeney nor Sinipata was authorized to access the signature plates without prior approval. The fact that they improperly accessed the plates, unbeknownst to anyone else in the District, was part of how they perpetrated their embezzlement scheme. Moreover, in Section E.2 of the 2010 application the District states that facsimile plates are used for signatures, but does not respond to the question of who can use them or how they are safeguarded. Hartford did not even follow up on this question and, accordingly, the information clearly was not material to Hartford's underwriting.

Hartford argues that the District misrepresented the computer controls, and or should have had systems in place to detect unusual activity. However, on both the 2010

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and the prior application, the District answered "no" to the question at Section E.5, "are internal control systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher and sign the check)?" Hartford did not follow up on this, either. Hartford was aware of the District's lack of control systems designed to prevent the exact type of scheme that Seeney and Sinipata were able to perpetrate. Accordingly, Hartford cannot prove that the District misrepresented the safeguards in place, or that this was material to the decision to issue the policy.

Hartford argues that Seeney's and Sinipata's knowledge of their own wrongdoing should be imputed to the District, based on principles of agency, and therefore it should be absolved from any coverage responsibility. However, knowledge is not imputed where the agent is acting on his own behalf and adversely to the interests of the principal. "While in general the knowledge of an agent which he is under a duty to disclose is to be imputed to the principal, it is well established that where the agent acts in his own interest or where the interest of the agent is adverse to his principal, the knowledge of the agent will not be imputed to the principal." *People v. Park*, 87 Cal. App. 3d 550, 566 (Cal. Ct. App. 1978) (citations omitted); see also *River Colony Estates Gen. P'ship v. Bayview Fin. Trading Group, Inc.*, 287 F. Supp. 2d 1213, 1227 (S.D. Cal. 2003) ("Courts, furthermore, will not impute an agent's actions to his or her principal when the agent's action is adverse to the principal.").

Hartford relies on *In re Payroll Express Corp.*, 186 F.3d 196 (2nd Cir. 1999), for the proposition that the insured, rather than the insurer, should bear the risk in such a situation. *Payroll Express* relies on New Jersey law for this finding, and is not in accordance with other jurisdictions that have addressed this issue. See, e.g., *Maryland Cas. Co. v. Tulsa Indus. Loan & Inv. Co.*, 83 F.2d 14, 16-17 (10th Cir. 1936); *Puget Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash.App. 32, 645 P.2d 1122, 1126-28 (Wash.App.1982); *BancInsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294, 301 (E.D. Ky. 2011); *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 88 (5th Cir.1972). But more importantly, *Payroll Express* is clearly distinguishable on the facts. There, the founder, President and CEO and his wife, who jointly owned 100% of the interest in the company were engaged in a long-standing embezzlement scheme prior to initially applying for the policies at issue. *Payroll Express Corp.*, 186 F.3d at 200.

Likewise, in *West American Finance Co. v. Pacific Indemnity Co.*, 17 Cal. App.2d 225 (1936), the individuals involved in the fraudulent scheme included the president and three other officers who jointly made up a majority of the board of directors and owned all the stock of the insured company. In effect, they were "taking out indemnity bonds insuring their own fidelity." *Id.* at 229. The Court made this a central focus of its decision to deny the company the benefits of the policy:

while this group of men were thus proceeding to fasten these losses on the corporation's shoulders they were at the same time, as the governing board of directors of the corporation, obtaining from the [insurer] fidelity

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bonds insuring their own honesty for the very purpose of placing the corporation, and incidentally themselves as the owners of the majority of the vote controlling stock therein, in a position to recoup from the surety the losses which they were bringing about by their own wrongful acts.

Id. at 235. On these facts, the Court determined that the knowledge of the majority shareholders was imputed to the company. The Court refused to apply the adverse interest exception because it found that the officers were acting for the corporation in the transaction, even though they had an opposing personal interest. *Id.* at 236. The reason for this exception is obvious; where the officers control the corporation itself, their actions are deemed to be the actions of the corporation.

These cases are best explained by the "sole actor" exception to the adverse interests doctrine. "California courts have recognized a limited exception to the rule that the acts of an officer acting adversely to a company will not be attributed to it." *In re California TD Investments LLC*, 1:07-BK-13003-GM, 2013 WL 827718 (Bankr. C.D. Cal. Mar. 6, 2013); see also *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 88 (5th Cir.1972). This doctrine is used to impute the "fraudulent conduct of an officer and sole-shareholder to the corporation in spite of the fact that his actions were adverse to it." *Id.* (citing *Peregrine Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP*, 133 Cal. App. 4th 658, 679 (2005)); see also *Coit Drapery Cleaners, Inc. v. Sequoia Ins. Co.*, 14 Cal.App.4th 1595 (1993). This exception does not apply in the present case, however, because Seeney and Sinipata were not the District's decision makers: "Courts have declined to impute this exception, however, where it has not been established that all relevant decision makers for the corporation were engaged in the fraud." *Id.* (citing *Casey v. U.S. Bank Nat'l Ass'n*, 127 Cal.App.4th 1138, 1143 (2005)).

Here, the District decided to obtain insurance from Hartford long before hiring Seeney and Sinipata. Neither Seeney nor Sinipata were members of the board, let alone owners and/or sole representatives of the District. Seeney and Sinipata were in no position to directly benefit from the policy, and the District obtained no benefit from their alleged misrepresentations. If Seeney or Sinipata had not filled out the application, some other employee would have, with the same answers. The failure to disclose losses due to their own fraud on the application for insurance only prevented the District from discovering it sooner and timely reporting the loss under the prior policy, which neither Seeney nor Sinipata was involved in procuring.

Hartford has cited no cases dealing with an innocent corporation where an officer who did not have sole control of the company lied on a renewal application. On the other hand, in *BancInsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294 (E.D. Ky. 2011), the court was faced with this very scenario. The court reviewed the state of the law nationally, and found that "the few jurisdictions that have addressed this particular issue have handed down opposite results." *Id.* at 301. The court disagreed with *Payroll Express*, and held that the actions of a dishonest officer who lied on a renewal application to cover up her own misdeeds was not imputed to the insured, and therefore the policy was not rescindable. *Id.* The

Mr. Valeriano
April 11, 2013
Page 5 of 5

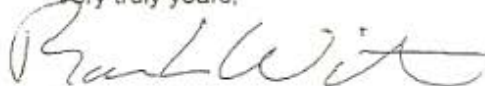
court found Wood "was acting adverse to [the insured's] interests when she lied on the renewal application. Had she been honest in completing the applications, [the insured] would have been able to submit a timely claim under the FIB [financial institution bond]. Thus, by lying on the application, [the insured] did not benefit in any way." *Id.* at 302. As in the current case, "had any other officer or director filled out the application, there would be no question that Wood's knowledge would not be imputed to [the insured] and the ... Policy would remain in effect. It would be unjust to rescind the policies now, simply because the [employee] happened to be the one who filled out the application." *Id.* at 305.

The same result was reached in *Puget Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash. App. 32, 645 P.2d 1122 (Wash.Ct.App.1982). There the court held that the adverse interest exception applied, and even though the defalcating officer was a Director, he was not the "sole representative." The insured had a board of directors, at whose behest he filled out the application, and who had no knowledge of the director's wrongdoing. The Court found that concealment of his wrongdoing on the application "was not in the best interests" of the insured, and therefore their interests was adverse. *Id.* at 43; see also *Maryland Cas. Co. v. Tulsa Indust. Loan & Investment Co.*, 83 F.2d 14 (10th Cir.1936). In the present case, Seeney and Sinipata were not acting in the interest of the District and therefore their knowledge will not be imputed to defeat coverage.

Regardless of whether Hartford is able to convince a court that coverage under the 2010 policy was forfeited by the very fraud Hartford had agreed to insure, Hartford ignores the fact that when the fraud was committed, Hartford afforded coverage under its 2007 policy. Although the insured may not have "discovered" the theft during that policy period, because Hartford asserts that it would not have issued the 2010 policy but for the statements in the application, then a court certainly will find coverage under Hartford's earlier policy to avoid a forfeiture. "Forfeitures . . . are not favored; hence a contract, and conditions in a contract, will if possible be construed to avoid forfeiture. This is particularly true of insurance contracts." *O'Morrow v. Borad*, 27 Cal. 2d 794, 800-801 (1946) (citations omitted); see also *Root v. Am. Equity Specialty Ins. Co.*, 130 Cal. App. 4th 926, 948 (2005).

We appreciate Hartford's expressed willingness to continue discussing this matter. The District would be happy to meet for further discussion.

Very truly yours,



Barron L. Weinstein

BLW:cdy

APPENDIX D

June 15, 2012

Mr. Robert Gay
District Manager
San Mateo County
Mosquito and Vector Control District
(SMCMVCD)
1351 Rollins Rd
Burlingame CA 94010

Re: Assessment of SMCMVCD System of Internal Financial Controls and
Recommendations for Improvements

Dear Mr. Gay,

At your request I have conducted an assessment of SMCMVCD's system of financial internal controls for payroll, cash disbursements, equipment disposal, petty cash and credit card usage. Included are eight findings and recommendations for your consideration regarding potential control concerns along with additional procedures that address the concerns identified, that if implemented, would enhance your controls.

Background

In response to an embezzlement scheme that was discovered in June 2011, the District contracted for and obtained an extensive forensic audit by C. G. Uhlenberg for the period February 2009 through June 2011. In addition to the audit, C. G. Uhlenberg rebuilt the District's financial records for the Fiscal Year July 2010 through June 2011 and recommended several internal financial control improvements.

In addition, the San Mateo County Counsel's Office performed an investigation of the position of District Manager's financial oversight during the period the fraud was perpetrated and recommended performance measures for the District Manager.

Based upon C. G. Uhlenberg's audit, it was assessed that the embezzlement scheme was a complex fraud that *"included elaborate efforts to cover up the embezzlement using falsified records presented to the District Manager and the Board of Trustees."*

In addition, it was assessed that the *"conspiracy between the alleged perpetrators was so elaborated and well concealed that it also was not detected in the District's annual audit processes."*

June 15, 2012
Mr. Robert Gay
Re: Assessment of SMC/VCD System of Internal Financial Controls and Recommendations for Improvements

Findings and Recommendations

Finding No.1

The blank check stock while maintained in an office that is locked when no one is in attendance, is kept in an unlocked drawer.

Recommendation No.1

Secure the blank check stock in a locked draw or safe. Unless immediately being used, the blank check stock should always be locked.

Finding No. 2

The blank check stock is not subject to periodic inventory counts to assure the entire supply is properly accounted for and tracked.

Currently the stock is enough for several months' worth of check writing. This fact presents an opportunity for an individual with access to blank check stock to steal blank checks that would not be used and therefore missed for months.

Recommendation No.2

The District Manager along with the Financial Manager should periodically inventory the blank check stock and document their count for the record.

Finding No. 3

The Financial Manager and the Accounting Technician can individually access the blank check stock in the absence of the other.

This provides an opportunity for one to steal blank check stock in the absence of the other and thereby avoid detection. In the event of theft of this stock and the subsequent fraudulent use of it, this situation increases the difficulty of identifying the fraudster and potentially blemishes all individuals who would have access to the blank check stock.

Recommendation No. 3

Limit access to the locked blank check stock to the District Manager or no more than him and the Financial Manager.

June 15, 2012
Mr. Robert Gay
Re: Assessment of SMCMVCD System of Internal Financial Controls and Recommendations for Improvements

Finding No. 4

There is no established limit to the amount a District check can be cashed for with the bank. This situation enables a fraudster to steal a sizable amount of money in one theft and immediately flee, thereby effectively thwarting the extensive internal controls established to detect a theft.

Recommendation No. 4

Establish an upper threshold with the bank for cashing any checks without direct confirmation or advanced clearance.

Finding No. 5

While the bank statement is reconciled monthly, this control typically takes place five to six weeks after the first of the former month thereby potentially giving a fraudster that interval to abscond with the proceeds.

Recommendation No. 5

The Financial Manager should review the online banking statement weekly as an added precaution.

Finding No. 6

There does not appear to be an upper limit to the credit card usage. If accurate, this situation increases the potential of a large theft or misuse.

Recommendation No. 6

Review the thresholds of the credit cards and seek to limit its upper limit to fall within a range of the typical transactions.

June 15, 2012
Mr. Robert Gay
Re: Assessment of SMCMVCD System of Internal Financial Controls and Recommendations for Improvements

Finding No. 7

The current practice is to issue a credit card to most staff. This situation increases the potential of misuse or fraud.

Recommendation No. 7

Evaluate the cost/vulnerabilities and business benefits of the issuance of credit cards and consider limiting their distribution. If the business needs justify the wide issuance of them the issue of upper limits and timely reconciliation's become even more important.

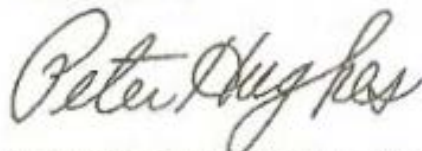
Finding No. 8

The District's new Internal Control Manual while a useful document, still remains a work in progress. It is important to have detailed desk procedures and clear and current policies readily available to management and staff. Well written and current polices and procedures serve as an essential quality assurance and check and balance internal control for any organization. They greatly facilitate the ability of management as well as the external auditors to conduct meaningful reviews and monitoring of the day-to-day business transactions.

Recommendation No. 8

Consider contracting with a firm that specializes in the preparation of business policies and procedures to ensure a timely, thorough and user/reviewer friendly manual.

Very truly yours,



Dr. Peter Hughes, Certified Fraud Examiner

ABOUT ORANGE COUNTY'S**Director of Internal Audit****Dr. Peter Hughes, CPA**

CIA, CFE, CTP, CFF, CCEP

Dr. Hughes is a graduate of the highly selective UCLA Anderson Graduate School of Management's Corporate Board of Directors Oversight Program which qualifies him to serve as a board member on both a corporate or governmental entity. He also possesses a Ph.D., from Oregon State University, an MBA with an emphasis in Statistics from the University of California, Riverside, and a BA in Philosophy in Ethics and Political Philosophy from Pomona College in Claremont, California. Additionally, he is a Certified Public Accountant, Certified Corporate Compliance and Ethics Professional, an AICPA Certified Information Technology Professional, Certified Internal Auditor, a Certified Financial Forensic expert, an Institute of Internal Auditors' Accredited Peer Reviewer, a Certified Fraud Examiner and is trained in *Lateral and Creative Thinking techniques and methods*.

Along with his County internal auditing experience, Dr. Hughes has served as the Director of Internal Audit for three world-class organizations including the California Institute of Technology (Caltech), NASA's Jet Propulsion Laboratory (JPL) and the Oregon University System of Higher Education. Additionally, Dr. Hughes served as Acting Controller for Caltech and was a divisional Director of General Accounting and Finance for a major subsidiary of Columbia Broadcasting System (CBS).

Dr. Hughes is recognized as a leading authority in improving the cost effectiveness and efficiencies of local governmental entities having designed and conducted over 100 Control Self Assessment and Process Improvement workshops involving 1500 participations that identified and implemented over 2000 improvements in County business processes. Dr. Hughes' use of *Lateral and Creative Thinking techniques* in combination with his business sense and humor made these workshops the most popular and effective in recent County history.

He also led in the design and implement of Strategic Business Plans having served as the co-lead for the first Strategic Plan for Orange County. In addition, he is also recognized as a leading authority in the development of investment guidelines for municipal and county investment pools having conducted over 50 compliance and financial audits of Orange County's \$7 billion investment pool and in the design of "Best Practice" Audit Oversight Committees (AOC) having been instrumental in the creation of Orange County's AOC which is considered as one of the most successful oversight committees of its kind in local government.

Under the direction of Dr. Hughes, the County of Orange Internal Audit Department was the recipient of the prestigious Institute of Internal Auditors ROC, the Recognition of Commitment to Professional Excellence, Quality Service and Outreach Award. In addition, his department web page received the Bronze Medal for its utility and transparency from the international Association of Local Governmental Auditors (ALGA). Dr. Hughes has led his internal audit department successfully through four Peer Reviews and has developed the department into a world class audit function, with each of his 15 auditors possessing a CPA and at least one other internationally recognized certification; a standard of excellence no other comparably sized county or city has achieved.

Dr. Hughes is a noted speaker at international conferences and is an Adjunct Professor of Accounting at California State University at Fullerton's renowned and accredited School of Accounting where he teaches an advance course in internal controls, audit and risk assessment.

Sharon Hanlon

Subject: approval of applications to the Teen Committee

From: Sharon Driscoll [<mailto:sdriscoll@law.stanford.edu>]

Sent: Tuesday, August 27, 2013 9:11 AM

To: Sharon Hanlon

Subject: Re: approval of applications to the Teen Committee

Dear Members of the Portola Valley Town Council,

I am happy to inform you that members of the Teen Committee unanimously approved applications to join the committee from Ruben Sarwall and Mark Gerhardt at its last meeting. We'll wait to hear back from you regarding formal approval. We also approved another applicant, Sophie Tregon, but have since learned that she has not filled out the application to the town. I've asked her to do that and will write to you again with her application once that paperwork is in hand.

Many thanks!

Sharon

Sharon Driscoll, Chair of the PV Teen Committee

Sharon Hanlon

Subject: FW: Application to Serve - Teen / Sarwal

Submission information

 Submitter DB ID : 2401
 Submitter's language : Default language
 Time to take the survey : 15 min. , 20 sec.
 Submission recorded on : 4/28/2013 4:10:42 PM

Survey answers

 Full Name:*
 Reuben Sarwal

Name of Committee I'm Interested in Serving On:
 (Please note that only the committees currently seeking volunteers are listed.)

Community Events Committee	<input type="checkbox"/>
Cultural Arts Committee	<input type="checkbox"/>
Emergency Preparedness	<input type="checkbox"/>
Nature & Science	<input type="checkbox"/>
Open Space Acquisition Advisory	<input type="checkbox"/>
Parks & Recreation Committee	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>
Teen Committee	<input checked="" type="checkbox"/>
Trails & Paths	<input type="checkbox"/>

Email Address:*
reuben_sarwal@yahoo.com

Address (include city/zip):*
 305 willowbrook drive, Portola Valley, CA 94028

Number of years in Portola Valley:*
 12 yrs

Home Telephone Number:*

Cellular Telephone Number:

Other Telephone Number:

Preferred Telephone Contact Number
 Home
 Cell
 Other

I prefer to receive Town communications via:
 E-Mail (recommended)
 U.S. Mail

Please state why you have an interest in this committee, and state any background or experience you may have that may be useful in your service to this committee:*

After living in Portola valley for almost all my life, I have experienced the many benefits that this great town has to offer. After discussing with my sister, who has been a teen committee member for 6 years, what obligations a teen committee member has, I feel I have a good idea of what to expect and so I won't be caught off guard. I have also been a tennis coach at my highschool for over a year and so I know how to communicate well with adults and children, a requirement I feel would be useful when being part of the teen committee. Finally, I understand this job has a time commitment and I would like to add that I am committed to everything I do and so I would put in 100% effort towards helping Portola Valley.

Do you have any personal or financial interest that could be perceived by others as a conflict of interest relative to your service on the committee? If so, please describe:*

no

Sharon Hanlon

Subject: Application to Serve on Teen / GerhartSubmission information

Submitter DB ID : 2512
 Submitter's language : Default language
 Time to take the survey : 3 min. , 44 sec.
 Submission recorded on : 7/30/2013 11:12:49 PM

Survey answers

Full Name:*

Mark Edward Gerhart

Name of Committee I'm Interested in Serving On:

(Please note that only the committees currently seeking volunteers are listed.)

Community Events Committee	<input type="checkbox"/>
Cultural Arts Committee	<input type="checkbox"/>
Emergency Preparedness	<input type="checkbox"/>
Nature & Science	<input type="checkbox"/>
Open Space Acquisition Advisory	<input type="checkbox"/>
Parks & Recreation Committee	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>
Teen Committee	<input checked="" type="checkbox"/>
Trails & Paths	<input type="checkbox"/>

Email Address:*

gerhartmark@gmail.com

Address (include city/zip):*

1800 Portola Rd., Woodside, 94062

Number of years in Portola Valley:*

13

Home Telephone Number:*

Cellular Telephone Number:

Other Telephone Number:

Not answered

Preferred Telephone Contact Number

Home	<input type="checkbox"/>
Cell	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

I prefer to receive Town communications via:

E-Mail (recommended)	<input checked="" type="checkbox"/>
U.S. Mail	<input type="checkbox"/>

Please state why you have an interest in this committee, and state any background or experience you may have that may be useful in your service to this committee:*

I have an interest in joining the Teen Committee because as a teen who has grown up in the Portola Valley area, I have had so many great times in our small town when I was younger that I want to ensure that the upcoming pre-teens and teens experience the same childhood that I have had. If I was to join the Teen Committee I would offer my experiences of being on the Corte Madera Student Council and my experience of having my first internship. Through my experiences of being on the Student Council, I have learned that collaboration is necessary in order to successfully encapsulate a universal agreement that satisfies the needs and wants of everyone involved. However, my first internship has provided me the experiences that have led to learn that it is vital to take orders without any opposition because taking orders allows for a common goal to be achieved effectively and timely. These experiences have provided me with the insights that would make me a good asset to the Teen Committee.

Do you have any personal or financial interest that could be perceived by others as a conflict of interest relative to your service on the committee? If so, please describe:*

no

#6

There are no written materials for this agenda item.

TOWN COUNCIL WEEKLY DIGEST

Thursday – August 29, 2013

1. Agenda (Action) – ASCC – Tuesday, August 27, 2013
2. Agenda (Action) – Town Council – Wednesday, August 28, 2013
3. Agenda (Cancellation) – Wednesday, September 4, 2013
4. Agenda – Bicycle, Pedestrian & Traffic Safety Committee – Wednesday, September 4, 2013
5. Memo from Assistant Town Attorney Prince re: Douglas v. Town of Portola Valley – August 23, 2013
6. Memo from Administrative Services Manager Nerdahl re: KPMG Grant Expenditure Evaluation Report for Community Hall – August 26, 2013
7. Reports from the San Mateo County Sheriff's Office – Monthly Traffic Reports for May & June, 2013
8. Monthly Meeting Schedule – September 2013
9. Sheriff's Memo re: Reservations for September 2013
10. Email from Director of Mediation and Facilitation Services for PCRC, Anne Bers re: Summary of Mediation Services for the 2012-13 fiscal year – August 27, 2013
11. Letter from Ed Wells re: Requests expedited approval of new home owner on Naranja Way
12. Memo from Nick Pegueros, Town Manager re: Weekly Update – Thursday, August 29, 2013

Attached Separates (Council Only)

1. Email from Director of Learning and Media, Portola Valley School District, John Dean, re: Invitation for the Town Council to attend Telescope Celebration at Ormondale Friday, September 20, 2013
2. Invitation from Shelter Network – Benefit Breakfast – Thursday, October 10, 2013
3. Comcast California – 2013 Spring/Summer Issue



**TOWN OF PORTOLA VALLEY
ARCHITECTURAL AND SITE CONTROL COMMISSION (ASCC)
Tuesday, August 27, 2013
Special Field Meetings (time and place as listed herein)
7:30 PM – Special ASCC Meeting
Historic Schoolhouse
765 Portola Road, Portola Valley, CA 94028**

ACTION

SPECIAL ASCC FIELD MEETING*

4:00 p.m. 205 Cervantes Road Preliminary review of a proposal for a new residence with detached pool house on this 1.4-acre Arrowhead Meadows parcel. (ASCC review to continue at Regular Meeting) **Vlasic presented staff report summary and project team provided additional information for the Commission/neighbors. Site was viewed, neighbor comments received, ASCC comments held for evening meeting.**

SPECIAL JOINT ASCC/PLANNING COMMISSION FIELD MEETING*

5:00 p.m. (approximately) 5 Naranja Way Preliminary review of plans for residential redevelopment of this 2.5-acre Westridge Subdivision property. (ASCC review to continue at Regular Meeting) **Vlasic presented staff report summary and project team provided additional project description/revisions clarifications. Site was walked, property was viewed from 170 Mapache property, neighbor questions/comments received. Planning Commissioners provided comments and ASCC held comments for evening meeting.**

7:30 PM - SPECIAL AGENDA*

1. Call to Order: 7:31 p.m.
2. Roll Call: Breen, Clark, Hughes, Koch, Ross (**Koch absent. Also present: Tom Vlasic Town Planner; Karen Krisitiansson Deputy Town Planner; Carol Borck Assistant Planner; John Richards Town Council Liaison; Chip McIntosh Planning Commission Liaison**)
3. Oral Communications: **None.**

Persons wishing to address the Commission on any subject, not on the agenda, may do so now. Please note, however, the Commission is not able to undertake extended discussion or action tonight on items not on the agenda.

4. New Business:
 - a. Preliminary Review, Architectural Review for Residential Redevelopment, 205 Cervantes Road, Kerwin **Project team responded to questions, ASCC offered comments and input. Project review continued to 9/9/13.**
 - b. Preliminary Architectural Review for New Residence with Detached Office, Pool and Pool Cabana, and Site Development Permit X9H-657, 5 Naranja Way, Maffia **Project team provided information and visuals on site proposals/possible revisions, ASCC heard public comments and offered input and comments to the applicant. Review continued to 9/9/13.**

- c. Architectural Review for Residential Additions and Remodeling, New Horse-keeping Facilities, and Site Development Permit X9H-659, 1155 Westridge Drive, Eckstein-Blum *Continued to September 9, 2013 Meeting Project continued to 9/9/13.*
5. Commission and Staff Reports:
Vlasic updated ASCC on 1155 Westridge application that will have stables story-poled for 9/9/13 meeting.
Hughes inquired as to when ASCC is involved in Town Center projects/events. Vlasic clarified Town Council reviews uses/events and ASCC is involved when design aspects are an issue.
6. Approval of Minutes: August 12, 2013 **Approved as submitted.**
7. Adjournment: **9:53 p.m.**
-

*For more information on the projects to be considered by the ASCC at the Special Field and Regular meetings, as well as the scope of reviews and actions tentatively anticipated, please contact Carol Borck in the Planning Department at Portola Valley Town Hall, 650-851-1700 ex. 211. Further, the start times for other than the first Special Field meeting are tentative and dependent on the actual time needed for the preceding Special Field meeting.

PROPERTY OWNER ATTENDANCE. The ASCC strongly encourages a property owner whose application is being heard by the ASCC to attend the ASCC meeting. Often issues arise that only property owners can responsibly address. In such cases, if the property owner is not present it may be necessary to delay action until the property owner can meet with the ASCC.

WRITTEN MATERIALS. Any writing or documents provided to a majority of the Town Council or Commissions regarding any item on this agenda will be made available for public inspection at Town Hall located 765 Portola Road, Portola Valley, CA during normal business hours.

ASSISTANCE FOR PERSONS WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Assistant Planner at 650-851-1700, extension 211. Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

PUBLIC HEARINGS

Public Hearings provide the general public and interested parties an opportunity to provide testimony on these items. If you challenge a proposed action(s) in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing(s) described later in this agenda, or in written correspondence delivered to the Planning Commission at, or prior to, the Public Hearing(s).

This Notice is Posted in Compliance with the Government Code of the State of California.

Date: August 23, 2013

CheyAnne Brown
Planning Technician



TOWN OF PORTOLA VALLEY

7:30 PM – Regular Meeting of the Town Council

Wednesday, August 28, 2013

Historic Schoolhouse

765 Portola Road, Portola Valley, CA 94028

ACTION MEETING AGENDA

7:30 PM – CALL TO ORDER AND ROLL CALL

Councilmember Aalfs, Councilmember Derwin, Councilmember Driscoll, Vice Mayor Wengert, Mayor Richards

Absent: Councilmember Driscoll

(1) **PRESENTATION:** "*Portola Valley Ambience: A visual tour of a wonderful place to call home*" by Sheldon Breiner

Council directed Sheldon to work with the Cultural Arts Committee for distribution of the DVD to residents

ORAL COMMUNICATIONS

Persons wishing to address the Town Council on any subject may do so now. Please note however, that the Council is not able to undertake extended discussion or action tonight on items not on the agenda.

Don Jacobson voiced his concern of the excessively loud music at last Thursday's music night held at Town Center.

CONSENT AGENDA

The following items listed on the Consent Agenda are considered routine and approved by one roll call motion. The Mayor or any member of the Town Council or of the public may request that any item listed under the Consent Agenda be removed and action taken separately.

(2) **Approval of Minutes** – Regular Town Council Meeting of July 24, 2013

Approved as amended 4-0

(3) **Ratification of Warrant List** – August 14, 2013

(4) **Approval of Warrant List** – August 28, 2013

(5) **Recommendation by Administrative Services Manager** – Consultant Service Agreement Between the Town of Portola Valley and Townsend Management Incorporated

(6) **Recommendation by Administrative Services Manager** – Fiscal Year Ending 06/30/13 Interfund Transfers and Budget Amendments

(7) **Appointment by Mayor** – Request for appointment of members to the Nature & Science Committee

(8) **Appointment by Mayor** – Request for appointment of members to the Open Space Acquisition Advisory Committee

(9) **Appointment by Mayor** – Request for appointment of a member to the Parks & Recreation Committee

(10) **Recommendation by Mayor** – Amendment to Agreement between the Town of Portola Valley and Jorgenson, Siegel, McClure & Flegel, LLP for Provision of Legal Services

(a) Resolution of the Town Council of the Town of Portola Valley Approving and Authorizing Execution of a First Amendment to Agreement for Legal Services Between the Town of Portola Valley and the Law Offices of Jorgenson, Siegel, McClure & Flegel, LLP (Resolution No. 2607-2013)

Items 3 – 10 approved 4-0

(11) **Proclamation of the Mayor** - Honoring Sandy Sloan, on her Retirement and Twenty years of Dedicated Service to The Town of Portola Valley

Mayor Richards read the proclamation and Council members voiced their gratitude for the tremendous work Attorney Sloan has done for the Town. Sandy thanked the Council and noted that she very much enjoyed working with George Mader, Tom Vlasic and Howard Young, true treasures of the Town.

REGULAR AGENDA

- (12) **Recommendation by Conservation Committee** – Request Support of a Program to Encourage Homeowners to Preserve and Recreate Wildlife Habitat

Council supports and agreed to fund \$2,000 to launch the program 4-0

- (13) **Report from Sustainability & Special Projects Manager** – Consideration of Allowing Hot Prepared Foods at the Farmers' Market and Food Trucks at Special Town Events

Council approved hot prepared food vendors at the Farmers' Market, to allow food trucks at Town Center only for Special Town and Library events, and directed staff to report back in three months with Farmers' market quarterly report – Approved 4-0

Council also approved the exploration of the monthly 'Sharing Supper' event (subject to staff availability) but to postpone until 2014 to focus on the success of the Farmers' Market – Approved 4-0

COUNCIL, STAFF, COMMITTEE REPORTS AND RECOMMENDATIONS

- (14) **Reports from Commission and Committee Liaisons**

There are no written materials for this item.

Councilmember Derwin – Sustainability Committee reviewed updates to the Energy Upgrade California Program and discussed the relaunching Energy Upgrade for Portola Valley. Virginia Bacon solar panels needed to be replaced and the company who installed went out of business. She asked that the Town have a list of contractors that do that sort of work. Discussed potential topics for upcoming Green Speaker Series.

The San Mateo County Poet Laureate organization is reviewing 15 applications. A decision will be made in early October.

C/CAG held a presentation the proposed study of relinquishment of El Camino Real/Mission Street. This must be approved by both San Mateo and Santa Clara Counties. Once the road is relinquished the city will be liable for its cost. The vote will take place at the next C/CAG meeting. They're going to create a county-wide pedestrian and bicycle coordinator for FY 2013-14.

At the last Green Speaker Series Chris Hunt, of Power Down, will hold a one day class on September 19th in Woodside and demonstrate energy savings.

Councilmember Aalfs – Nature & Science Committee continues to attend MROSD meetings regarding the Woods property. Councilmember Aalfs opined that a policy on Movie Night's at Town Center be created.

Vice Mayor Wengert – Parks & Recreation Committee continue to explore a skate ramp in town. They are still working on the safety netting at the ball field with Public Works Director, Howard Young. They are looking into a memorial plaque for Guy Lucian. ASCC field meeting reviewed a home on Cervantes, a large house, visual impact was discussed. ASCC/PC field meeting reviewed a home on Naranja and discussed building location, drainage.

Mayor Richards – ASCC evening meeting reviewed a home on Cervantes and the home on Naranja, from earlier field meeting, on possible revisions.

WRITTEN COMMUNICATIONS

- (15) **Town Council Weekly Digest** – July 26, 2013

- (16) **Town Council Weekly Digest** – August 2, 2013

- (17) **Town Council Weekly Digest** – August 9, 2013

- (18) **Town Council Weekly Digest** – August 16, 2013

- (19) **Town Council Weekly Digest** – August 23, 2013

#5 – Councilmember Derwin asked that this item be agendaized at a future meeting

#7 - Council pleased with the report by Town Manager Pegueros report on the sales and property tax update and funds to be received

ADJOURNMENT: 9:17 pm



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Planning Commission

FROM: CheyAnne Brown, Planning Technician

DATE: August 23, 2013

RE: Cancellation of Planning Commission Meeting

The Regular Meeting of the Planning Commission scheduled for Wednesday, September 4, 2013 has been cancelled. The next regular meeting of the Planning Commission is scheduled for Wednesday, September 18, 2013 at 7:30 p.m.

cc: Town Manager
Town Council
Town Planner
The Almanac
Barbara Templeton

This Notice is posted in compliance with Section 54955 of the Government Code of the State of California.

Date: August 23, 2013

CheyAnne Brown
Planning Technician



TOWN OF PORTOLA VALLEY
Bicycle, Pedestrian and Traffic Safety
Committee
Wednesday, September 4, 2013 – 8:15 AM
Historic Schoolhouse
765 Portola Road, Portola Valley, CA

AGENDA

1. Call meeting to order
2. Roll Call
3. Oral Communications
4. Approve Minutes from June 2013 meeting (minutes were unavailable at time of packet distribution and will therefore be handed out at the meeting)
5. Sheriff's Report (May & June)
6. Public Works Report
7. Safe Routes to School
8. Ongoing Items:
 - Corte Madera & School Traffic
 - a. Traffic Studies during 2013-14 School year
 - b. Proposals, ideas for Traffic moderation/planning during school hours
 - c. Experimental Signage per the Windy Hill model
 - Windy Hill parking controls
 - a. Vote on continuation of temporary signage arrangement
 - b. Discuss acceptability of current park/no park controls
 - Alpine Road Crosswalk at Golden Hills & Alpine Swim & Tennis Club
9. Update on Outreach & teaching programs
 - a. "Safe Routes to Anywhere" Commences September 16th
10. Time and Date for October meeting
11. Adjournment



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Councilmembers

FROM: Leigh F. Prince, Assistant Town Attorney

DATE: August 23, 2013

RE: Douglas v. Town of Portola Valley

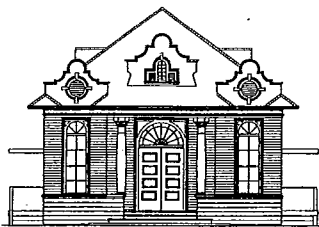
In February 2009, Michael and Lisa Douglas (“Douglas”) filed a Petition for Writ of Mandate (“Writ”) in State court requesting the court overturn the Town’s revocation of the Conditional Use Permit (“CUP”) for the Douglas property located at 888 Portola Road. In July 2009, Douglas sought interim relief from the court, requesting a “stay” of the CUP revocation and an order allowing an art gallery to occupy the building until the completion of the court proceedings. The court denied Douglas the requested relief. No further action took place in State court while Douglas devoted his efforts to a similar case in Federal court, which was dismissed in 2012.

In December 2012, Douglas again petitioned the State court for a stay of the CUP revocation and an order allowing the commercial building to be rented during the court proceedings on the Writ. The Town opposed Douglas’ request and, in addition, asked the court to dismiss Douglas’ claims. On August 22, 2013, the court denied the request for a stay and dismissed the causes of action against the Town. While Douglas’ claims against the Town have been dismissed, it is possible that Douglas will appeal the court’s decision.

Following the court’s ruling, our office filed a motion asking the court to sanction Douglas for filing a frivolous petition.

We will keep you posted on any further developments in the case.

cc: Town Manager



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council

FROM: Stacie Nerdahl, Administrative Services Manager

DATE: August 26, 2013

RE: **KPMG Grant Expenditure Evaluation Report for Community Hall**

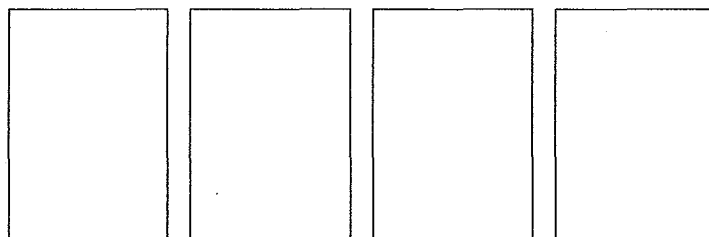
In accordance with the terms of the Donation of Funds Agreement for the Community Hall, the attached Grant Expenditure Evaluation report was prepared by KPMG, LLP and submitted to Wipfler & Partner (Germany) this week for review.

The report presents KPMG's findings with respect to the use and operation of the Community Hall for the period of July 1, 2012 to June 30, 2013. I am pleased to report KPMG's conclusions as summarized below:

- There were no disqualifying expenditures.
- The facility was used mainly for charitable purposes.
- All tested revenues/expenditures were used appropriately.

Staff worked closely with KPMG in advance of and during their site visit to provide requested documentation and assist in necessary reconciliations of data. Accounting Assistant Cindy Rodas is to be especially commended for her efforts in compiling detailed usage information for both classes and private events.

Attachment



Global Grants Program
Grant Expenditure Evaluation Report
Sixth GEE Report

Grantee: Town of Portola Valley
Evaluation Completed: 1 August 2013

Prepared for Town of Portola Valley
Date: 24 August 2013



OVERVIEW

I. OVERVIEW

This report sets forth the conclusions and findings of KPMG LLP with respect to its sixth Charitable Use Evaluation of the Town of Portola Valley (“Grantee”) for use and operation of the Community Hall between 1 July 2012 and 30 June 2013, for revenues of US\$ 217,091 and expenditures of US\$ 205,106. The purpose of the Evaluation is to assist the Grantee in assessing its compliance with the terms of the Donation of Funds Agreement (“Grant Agreement”) with the Hasso Plattner Foundation (“Foundation”). KPMG¹ has also provided observations on certain tax and operational matters with respect to the Grantee that was identified during the course of our engagement. We are not rendering an opinion as to whether Foundation should provide funding to Grantee.

Background

The Grantee is a small town of approximately 4,500² residents that is located in northern California near Stanford University, just west of Palo Alto. The Grantee is approximately ten square miles, and it contains 1,900 acres of permanent open space, complete with an extensive trail system and scenic roads. At the time of its incorporation in 1964, the Grantee’s goals were to preserve the beauty of the land, to foster low-density housing and to limit services to those necessary for local residents.

The Grantee provides a full range of municipal services to its residents, including public safety, public improvements, planning and zoning, recreation, and general administrative support. Even with these range of services, the Town prides itself on its economical Town government, which utilizes alternative means of local service provision, including a cadre of Town volunteers.

In addition to these municipal services, the Grantee operates a Town Center, which provides a base for numerous resident activities, including a variety of children and adult classes, a County library, athletic fields, rental facilities, and community events. The Grantee began a Town Center Improvement Project in April 2007, which included the construction of a new Community Hall, Town Hall and library. The project was completed in September 2008.

The Foundation, located in Germany, made a grant to the Grantee in accordance with a Grant Agreement. The grant was in the amount of US\$ 2,000,000, payable during

¹ In the U.S., KPMG LLP is a Delaware limited liability partnership and U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. In Germany, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG Germany) is a member firm affiliated with KPMG International located in Germany.

² [Town of Portola Valley website: About Portola Valley, 5 August 2013.](#)



OVERVIEW

the first year of the grant.³ The grant was made in Portola Valley, California to support the construction of the Grantee’s new Community Hall. The Grantee expended the full amount of the grant by 31 December 2008, and KPMG tested these expenditures as part of the evaluation completed on 23 January 2009.

Under the terms of the Grant Agreement, the Grantee must meet certain requirements to verify that the grant was properly used exclusively for “charitable and tax-privileged purposes” consistent with German tax law applicable to the Foundation. Based on advice from the KPMG member firm in Germany, non-profit organizations, e.g., foundations and other civil law entities, enjoy tax-relief if they promote the general public in a selfless manner on a material, intellectual, or moral field. Such a promotion can be accomplished by pursuing the charitable purposes within the fields of culture, education, science and research, health and welfare as set out by the German GFC (Section 52 GFC).

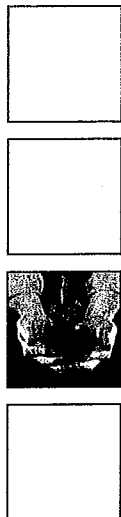
Charitable purposes can be pursued in a country other than Germany. However, the foundation must be able to demonstrate to the German financial authorities that the grant was “exclusively, selflessly, and expressly aimed” at fulfilling the charitable purposes according to German Tax Law.

In addition, German tax law requires that non-profit organizations pursue their charitable objective on their own (principle of direct fulfillment of the charitable objective). This direct fulfillment requirement is also applicable to the grant provided to the Grantee for purposes of determining compliance with German tax law by the Foundation, i.e., the Grantee must fulfill the charitable purposes of the grant on its own. In pursuit of this, German tax law does allow for the use of “supporting agents” as long as the agents act on instruction of the organization. For example, in the case of the Grantee, instructors teaching in the classrooms of the Community Hall may be considered supporting agents.

Supporting agents must enter into an actual or contractual relationship with the organization that renders the actions of the supporting agent actions of the organization. The organization must be able to prove (i.e., by contracts) that the activities of the supporting agent can be entirely controlled and directed by the organization. Therefore, according to German tax law, the contractual basis for a supporting agent may either be an employment agreement, an agent agreement or a contract for services.

Since the German financial authorities must be able to verify that the grant has been spent in accordance with the charitable purposes named in Section 52 GFC, a

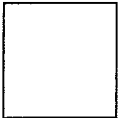
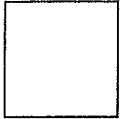
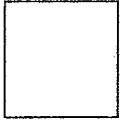
³ A wire transfer fee of US\$ 35 was withheld from the initial transfer of funds from the Foundation. The beginning balance of grant funds was therefore US \$1,999,965 rather than US\$ 2 million.





OVERVIEW

foundation must be able to provide documentation on the specific use of the grant. If the Grantee is unable to provide the necessary supporting documentation to substantiate that the funds were used by the Grantee for charitable purposes, the foundation is at risk of losing its tax-exempt status as a charitable foundation.





OVERVIEW

Approach

The Evaluation was performed by personnel associated with KPMG LLP, a U.S. limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative, and KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG Germany) which is a member firm affiliated with KPMG International located in Germany.

The Evaluation was designed to help assess the requirement that the Grantee utilize the grant funds according to the terms provided in the Grant Agreement, specifically:

- The Community Hall itself must be used exclusively for charitable and tax-privileged purposes pursuant to German tax law, e.g., for sports promotion, promotion of public health, education, arts, culture, and youth aid.
- The Community Hall may be used from time to time for public festivities and may be rented out to third parties for private social gatherings, provided that:
 - The Community Hall is only used for such purposes occasionally and only for short periods of time (no more than 24 such events annually);
 - The Community Hall is not needed for charitable purposes at that time;
 - The Grantee receives a fair fee for letting the Community Hall exceeding the operating costs caused by the use; and
 - The Grantee must use the proceeds exclusively in the context of running the Community Hall for charitable purposes.

In performing this Evaluation we applied two standards:

- **Substantiation** -- To help determine whether Grantee's use of the Community Hall and expenditures of proceeds generated by the Community Hall were as claimed. In applying the Substantiation standard, we require the Grantee to provide documentation (e.g., receipts, purchase orders, sales receipts, salary records, tax reports, contracts, services agreements, and so forth) which demonstrates that claimed expenditures were actually made and the use of the Community Hall was as stated.
- **Allowability** -- To help determine whether the Grantee's use of the Community Hall and expenditures of proceeds generated by the Community Hall were consistent with the Grant Agreement. In applying the Allowability standard, we require the Grantee to provide documentation which demonstrates that the use of the Community Hall and expenditures of proceeds generated by the Community Hall were incurred for charitable purposes in accordance with the terms of the Grant Agreement.



OVERVIEW

The Evaluation generally consisted of reading the Grant Agreement and documents, financial records, reports submitted to the Foundation related to the use of the Community Hall and proceeds, and information relating to Grantee and interviewing the Grantee's personnel and other individuals (see **Attachment A**). Our Evaluation included a site visit to the Grantee.



As part of the Evaluation, KPMG selected a sample of approximately 66 percent of the Grantee's revenue generated by the Community Hall and approximately 73 percent of the expenditures⁴, excluding payroll, funded by the proceeds of the Community Hall. To support the accuracy of the revenue/expenditure reports provided, KPMG reviewed the underlying invoices and compared the amounts of each invoice to the corresponding general ledger entries and proof of payment.



In addition to the above, KPMG reviewed payroll records for persons whose compensation was charged to the grant. In this regard, KPMG's review comprised of reviewing compensation records, confirming changes over the review period, verifying the reasonableness of the compensation allocation percentages provided by the Grantee to the revenues earned, and verifying this amount against the actual payroll expenses that were charged to the proceeds of the Community Hall (See **Item E** for our comments regarding this review).



As the Grantee does not maintain revenues generated by the Community Hall in a separate bank account, KPMG was unable to directly reconcile the general ledger balance to the balance contained in third party bank statements (See **Observation # 1**). KPMG notes that both the Grant Agreement and German tax law do not mandate that proceeds generated by use of the Community Hall be kept in a separate bank account, provided that the Grantee can track the proceeds (i.e., through general ledger account codes).

⁴ The reviewed expenditures consist of expenses incurred by the Grantee in relation to the general management and maintenance of the Community Hall and payments made to the class instructors.



CONCLUSIONS

II. CONCLUSIONS

Based on the facts and representations contained in this report, including those contained in the Attachments, our conclusions, on a more-likely-than-not basis, are as follows:



KPMG did not observe any expenditure that failed to meet the Substantiation and Allowability standards, as defined above. In addition, KPMG observed that the Community Hall appeared to be used mainly for charitable purposes, as required by German tax law. Our detailed findings with respect to this conclusion are discussed below.



KPMG applied the substantiation test to approximately 66 percent of the revenues and approximately 73 percent of the expenditures, not including payroll expenses, made by the Grantee in relation to operating the Community Hall, and the tested funds appeared to be used for the purposes described in the Grant Agreement.





FINDINGS

III. FINDINGS

The Findings described below were taken into account in reaching the conclusions stated in Section II of this report.

General Findings

Based on the information with which we were provided, it appears that:

- A. For the revenues and expenditures reviewed, the Grantee maintained receipts and other records documenting such revenues and expenditures and otherwise maintained records documenting use of the Community Hall;
- B. The Grantee made its books and records available to KPMG;
- C. The Grantee appears to have maintained proceeds generated by use of the Community Hall in a separate fund;
- D. The Grantee appears to have used the Community Hall mainly for charitable and tax-privileged purposes pursuant to German tax law; and
- E. The Grantee appears to have used the proceeds generated by use of the Community Hall exclusively in the context of running the Community Hall for charitable purposes.

Comments:

Our specific comments on the General Findings are provided below:

With respect to Item C, maintaining monies in a separate fund, the Grantee tracks all proceeds generated by use of the Community Hall with unique general ledger account codes dedicated to class revenues and rental income. However, the Grantee does not deposit the income into a separate and distinct bank account.

As noted in our previous Grant Expenditures Evaluation report, dated 14 November 2012, both the Grant Agreement and German tax law do not mandate that proceeds generated by use of the Community Hall be kept in a separate bank account, provided that the Grantee can track the proceeds (i.e., through general ledger account codes).

KPMG however notes that although revenues are recorded with unique general ledger account codes dedicated to class revenues and rental income, there are timing differences related to revenue recognition resulting in differences between the general ledger and the Grant Activity Reports. This situation necessitates that the Grantee reconciles its general ledger with Grant Activity Reports which are



FINDINGS

submitted to the Foundation. See our detailed comments and recommendations in **Observation # 4**.

With respect to Item D, the use of funds for none other than charitable purposes, Section 2 of the Grant Agreement requires that the Community Hall be used *exclusively* for charitable and tax-privileged purposes pursuant to German tax law⁵. The Grant Agreement further stipulates that the Community Hall may be used from time to time for public festivities and may be rented out to third parties for private social gatherings, provided that the Community Hall is only used for such purposes occasionally and only for short periods of time (no more than 24 such events annually). See our detailed comments and recommendations in **Observation #3: Tracking Community Hall Use** and **Observation #5: Use of Community Hall for Private Party Events** below.

Recommendation: *The Grantee should continue to monitor the activities and classes held at the Community Hall to be sure that they meet the charitable purpose requirement of the Grant Agreement.*

With respect to Item E, the Grantee appears to have used the proceeds generated by the use of the Community Hall exclusively in the context of running the Community Hall for charitable purposes. Section 2 of the Grant Agreement stipulates that the Grantee must use proceeds generated by the use of the Community Hall exclusively for charitable and tax-privileged purposes pursuant to German tax laws, e.g. for sports promotion, promotion of public health, education, arts, culture and youth aid.

With respect to the acceptable use of the Community Hall proceeds, the Foundation approved using the proceeds to cover a portion of the Office Assistant's salary⁶. However, the allocation of the Office Assistant's salary must be limited to the amount of time spent on charitable uses of the Community Hall, such as classes and community events that are open to the public. In other words, time spent managing private events and rentals may not be applied against Community Hall proceeds. Further, KPMG notes that if the Grantee is able to document that part of the salary incurred by private events and rentals is covered by earnings from that rent itself, it will be in compliance with German Tax laws. Per KPMG's review, the Grantee appears to be in compliance with this requirement.

⁵According to German tax law, the Community Hall must be used *mainly* for charitable purposes, which is generally interpreted to mean at least 50 percent of the usage must be for charitable purposes.

⁶ The Grantee notes that no other positions required approval, as they were part of the original positions noted at the inception of the grant.



FINDINGS

The Grantee provided KPMG with a copy of the Grant Activity reports submitted to the Foundation for the periods 1 July 2012 to 31 December 2012 and 1 January 2013 to 30 June 2013. Based on the details of the Grant Activity reports, the portion of the project team employees' time spent on managing, overseeing, maintaining, and documenting the use of the Community Hall is accounted for as follows:

Position	Percentage of Time Allocated	Comments
Office Assistant	35%	The percentage of time allocated is the same as in the previous year. However, during the period under review, the position of Office Assistant was temporarily filled via a staffing agency (Regional Government Services) from July 2011 through mid-May 2013 due to staffing transitions. The position was filled by a permanent employee as of 3 June 2013.
Senior Maintenance Worker	5%	Janitorial and maintenance services provided by the Senior Maintenance Worker were transitioned to an outside agency, Platinum Facility Services, in June 2013 due to the employee's retirement. The Grantee plans to keep the services outsourced. The Grantee must note that by outsourcing services to third parties (supporting agents), those parties need to act on instruction of the Grantee and the outsourced services must be controlled (on a contractual or actual base) by the Grantee itself. The Grantee was noted to have a contract with the outsourced agency.
Accounting Assistant	3%	The percentage of time allocated is the same as in the previous year. The Accounting Assistant continues to provide support for class-related activities to temporary Office Assistant during reporting period. Support includes creating and maintaining website support for class-related WebPages on town's website, including quarterly catalog webpage, individual instructor WebPages, and online registration. Further, this position continues to provide training and backup support to new permanent employee and also assists in report preparation.



FINDINGS



Administrative Services Manager (Finance)	2% for 1 Jul to 31 Dec 2012 3% for 1 Jan to 30 Jun 2013	The position of Assistant Town Manager has been deleted from Town staffing. Activities related to supervision of the Community Hall and its staff has now been shifted to the newly created position of Administrative Services Manager. The percentage of allowable salary/benefits for the Administrative Services Manager was increased by one percent for the six-month period ended 30 June 2013 to reflect more accurately the support provided by this position. This increase appears reasonable given the level of involvement of the Administrative Services Manager in the management of the Community Hall.
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Additionally, because of the limited revenues collected from the use of the Community Hall, the Grantee utilized portions of its General Funds to absorb the portion of salaries allocated to the Community Hall use proceeds. For the 12 month period under review, the Grantee noted US\$ 60,614⁷ in salary expenses that were attributed to Community Hall activities (given the percentages noted above). Of that amount, US\$ 31,936 was included in the Hall's expenditures. The remaining balance, in the amount of US\$ 28,677 is considered to be a subsidy from the Grantee to the Community Hall. Please see complete details, including the total gross compensation for employees, in the table below:

⁷As reported in the Grant Activity Reports. For the period 1 July – December 2012, the Grantee reported US\$ 11,714 in Staff Costs (Expenses) under Exhibit B – Community Events, in the Grant Activity Report. However, the General Ledger detail for the same period has US\$ 11,754.72 recorded in Staff Costs for Community Events. This US\$ 40.72 difference between the General Ledger and the Grant Activity Report appears to relate to rounding differences.



FINDINGS

Staff Time Paid by Hall Proceeds vs. TPV Subsidy 1 July 2012 to 30 June 2013					
Name	Title	Gross Compensation Package	Amount Allocable to Hall Proceeds	Subsidy from TPV	Amount Actually Charged to Hall
Bowerman	Office Assistant	56,617.19	36,818.00		
Oleson	Office Assistant	4,090.44	2,660.00		
Nerdahl	Administrative Services Manager	135,635.05	6,483.00		
Rodas	Accounting Assistant	90,187.49	5,168.00		
Struthers	Senior Maintenance Coordinator	99,313.49	9,484.00		
Total		\$385,843.67	\$60,614.00	\$28,677.00	\$31,937.00

The Grantee noted that if Community Hall expenditures exceed Community Hall revenue the Grantee subsidizes the excess amount. Therefore although the portion of salaries allocable to the Community Hall proceeds during the period under review totaled US\$ 60,614, the Town subsidized US\$ 28,677 of this amount as the revenue generated from Community Hall activities were not sufficient to cover the allocable salary expenses.

In our report issued during 2011, KPMG recommended that the Grantee develop a mechanism which would assess employee time spent on private vs. public events. The recommendation suggested basing the model on revenues generated and/or expenditure incurred on the use of Community Hall, the number of classes, events, or rentals that take place in the Community Hall in a year, etc. Based on this recommendation, the Grantee subtracts the portion of the employees' time related to managing the private events and rentals. This percentage is calculated by dividing the number of private events and rentals in a year by the total number of events and rentals held in the Community Hall in a year. KPMG believes that this method applied by the Grantee to account for time spent on private events and rentals is understandable and useful.

The Grantee provided KPMG with a breakdown of expenses to be applied against proceeds generated by the Community Hall. Based on our evaluation of the expense schedule and supporting documentation, the Grantee appears to have used the proceeds generated by the use of the Community Hall *exclusively* in the context of running the Community Hall for charitable purposes, as required in the Grant Agreement.



FINDINGS

Recommendation: The Grantee should continue to use its current method of calculating salary expenses to be applied against proceeds from the Community Hall.



Expenditures Not Meeting Either or Both of the Substantiation and the Allowability Standards



None observed.





FINDINGS

Other Findings

- #1 Grantee's Financial Status

Observation: The Grantee has provided the following financial information with respect to the projected (current) 2012-2013 and prior 2011-2012 fiscal year end as follows:

Total Assets at the end of the prior fiscal year:	US\$ 40,037,093
Total Liabilities at the end of the prior fiscal year:	US\$ 1,010,578
Total Revenue made during the prior fiscal year:	US\$ 5,924,091
Total Expenditures made during the prior fiscal year:	US\$ 5,093,524
Projected Revenue for the current fiscal year:	US\$ 5,998,896
Projected Expenditures for the current fiscal year:	US\$ 5,834,717

As of 30 June 2012⁸, the Grantee reported US\$ 40,037,093 in assets, US\$ 1,010,578 in liabilities, and US\$ 32,408,045 in net assets (total assets minus total liabilities). For the year ended 30 June 2012, revenues were US\$ 5,924,091 and expenses were US\$ 5,093,524.

Recommendation: None, the Grantee appears to be solvent.

- #2 Use of Proceeds Generated by the Community Hall for Repairs

Observation: The Grantee's "Community Hall and Activity Rooms Use / Rental Policies and Procedures" outlines that as a part of the Grantee's rental process, all renters are required to read the policies and procedures outlined in the documentation and complete the forms "Rental Application and Agreement" and "Renter's Responsibilities". Following an event held at the Community Hall, the Town staff will inspect the premises to determine any damage or janitorial issues using a special check list. KPMG notes that although repairing the Community Hall after use does not have direct tax consequences, in determining the damages and repair of those damages by the renter (or passing-on the costs of the repair), it is necessary to make sure that no proceeds generated from the use of the Community Hall exclusively in the context of running the Community Hall for charitable purposes are used to repair the Community Hall after non-charitable use. The Grantee represented that aside from receiving the rental fees, it also collects a deposit, which is applied to pay or cover any damages caused by the

⁸ Audited Financial Statements for the Current Fiscal Year Ending 30 June 2013 will be available in December 2013.



FINDINGS

renters if necessary. This way the Grantee does not run the risk of using charitable funds for non-charitable purposes. In the time period analyzed, repairs and extra cleaning expenses were only noted four times. In accordance with the Policies and Procedures agreement, the appropriate repair amount was withheld from the renter's deposit. This is in compliance with keeping the Community Hall proceeds from going towards non-charitable use.

***Recommendation:** The Grantee should continue to ensure that the proceeds generated by the Community Hall can only be used to repair the Community Hall after a charitable use. In other words, proceeds cannot be used to cover damages caused by private events or rentals.*





OBSERVATIONS AND RECOMMENDATIONS

IV. OBSERVATIONS AND RECOMMENDATIONS

We performed this Evaluation to assist the Grantee in assessing its compliance with the terms of the Grant Agreement. In performing this evaluation, we noted certain tax and operational matters with respect to the Grantee. Our observations are presented here for the Grantee's consideration, together with recommendations for addressing any issues raised. These observations did not affect our overall conclusions, as set forth in Section III, but may nonetheless be of interest to the Grantee. All observations provided are based solely on information made available to us by the Grantee.

Observations Relating to the Charitable Use of the Community Hall

- **#3 Tracking Community Hall Use**

Observation: The Grantee tracks the use of the Community Hall with Office Tracker, a scheduling software program. The Grantee's Office Assistant enters all events in Office Tracker and codes the entry according to event type, e.g., classes, town sponsored events, community events, and private party events. Each event type is displayed in a different color on the Office Tracker calendar. Before a private party event is booked, the Grantee reviews the Office Tracker calendar to ensure that that no classes, town events, or community events are previously scheduled, in accordance with the terms of the Grant Agreement.

Recommendation: *None, the Grantee should continue to track the use of the Community Hall so that it can fulfill its obligations under the Grant Agreement.*

- **#4 Tracking of Revenues and Expenses Related to the Community Hall**

Observation: As indicated in **Item D** above, the Grantee tracks the revenues from the Community Hall using general ledger account codes. The Office Assistant collects the classes and rental fees and deposits, and provides supporting documentation to the Accounting Assistant to enter revenues into the general ledger. The Administrative Services Manager has ultimate oversight of the general ledger entries. The rental fees and deposits (which are sometimes advances) recorded in the general ledger do not always correspond to the Grant Activity reports submitted to the Foundation due to timing differences. This is explained further below.

In the previous report issued during 2012, KPMG recommended that the Grantee move forward with its plan to implement a quarterly reconciliation of the Grant Activity Reports to the general ledger. In line with this recommendation, the



OBSERVATIONS AND RECOMMENDATIONS

Grantee now conducts a semi-annual reconciliation of the Grant Activity Reports to the general ledger.

The Grantee does not have a unique account code for payroll expenses related to the Community Hall as payroll expenses related to the Community Hall are allocations from other accounts. The Grantee does not maintain a separate account for Community Hall payroll expenses but instead tracks payroll expenses manually based on previously established salary allocation percentages (see **Item E** above for further detail).

KPMG noted differences between the revenues reported in the Activity Reports prepared by the Grantee and the revenues per the General Ledger of approximately 4 percent or US\$ 8,006.95 out of US\$ 217,091.00. Differences in expenditures were also noted of approximately 14 percent or US\$ 28,703.77 out of US\$ 205,106. As with previous years, it appears that this variance was primarily caused by differences in timing of recording revenues and expenditure in the Grantee's General Ledger. The fees are recorded as revenue in the General Ledger when the fees are collected, whereas the Activity Reports reflect revenue at the time the actual event takes place (when revenue is earned). Similarly, expenses are matched and recorded in the General Ledger as incurred when activities take place. KPMG and the Grantee reconciled the differences per period, which included deposits for past/future events, insurance for past/future events, refunds for cancelled classes, among others. The accounting issues arising from the timing of events and classes in comparison to when they are paid for have been noted in the last several reports. Additionally, it should be noted that the 25 percent or US\$ 28,326.53 difference between the expenses reported in the Activity Report and general ledger for the six-month period ended 30 June 2013 is mostly the result of salaries for Community Hall activities which the Town subsidized from its general funds. As indicated in the Grantee's Activity Report for the six-month period ended 30 June 2013, a total of US\$ 27,347 of salary costs was subsidized by the Town. A summary of the differences between the Grant Activity Reports for Revenue and Expenditure from each period are noted in the table below:

Description	1 July - 31 Dec 2012	1 Jan - 30 Jun 2013	Total
Total Revenue (per Activity Report) [A]	US\$ 104,794.00	US\$ 112,297.00	US\$ 217,091.00
Total Revenue (per General Ledger) [B]	US\$ 95,400.23	US\$ 113,683.82	US\$ 209,084.05
Difference [C=A-B]	US\$ 9,393.77	US\$ (1,387)	US\$ 8,006.95
% Difference [D=(C/A)*100]	9%	-1%	4%



OBSERVATIONS AND RECOMMENDATIONS

Description	1 July - 31 Dec 2012	1 Jan - 30 Jun 2013	Total
Total Expenditure (per Activity Report) [A]	US\$ 92,809.00	US\$ 112,297.00	US\$ 205,106.00
Total Expenditure (per General Ledger) [B]	US\$ 93,186.23	US\$ 140,623.53	US\$ 233,809.77
Difference [C=A-B]	US\$ (377.23)	US\$ (28,326.53)	US\$ (28,703.77)
% Difference [D=(C/A)*100]	-0.41%	-25%	-14%

Recommendation: With respect to allocating payroll expenses, the Grantee should continue to use its current method of calculating salary expenses to be applied against the proceeds from the Community Hall.

The Grantee should continue with its consistent approach to recognizing revenues used. Aligning revenue recognition would greatly facilitate the reporting process for the Grantee. This reconciliation is critical as there are often differences between the general ledger and the activity reports.

• **#5 Use of Community Hall for Private Party Events**

Observation: Under the terms of the Grant Agreement, the Grantee can use the Community Hall for public festivities and private party events provided that:

- The Community Hall is only used for such purposes occasionally and only for short periods of time (no more than 24 such events annually);
- The Community Hall is not needed for charitable purposes at that time;
- The Grantee receives a fair fee for letting the Community Hall exceeding the operating costs caused by the use; and
- The Grantee must use the proceeds exclusively in the context of running the Community Hall for charitable purposes.

Per a binding ruling the Foundation obtained from the German tax authority, the Grantee can let the Community Hall for private party events 24 times per year, and such use will be considered to be occasional and for a short period of time. The Grantee confirmed that the Community Hall can only be rented out to private parties in the event that no classes, town events, or community events are previously scheduled. The Grantee uses a tracking sheet to record each private party event to ensure that the limit of 24 annual uses is not exceeded.



OBSERVATIONS AND RECOMMENDATIONS

According to documentation provided to KPMG, the Grantee held 10 private events in the Community Hall from 1 July 2012 to 31 December 2012, and 5 private events in the Community Hall from 1 January 2013 to 30 June 2013. The Grantee is aware of the grant stipulation and will take care to keep private events under the mandated 24 in the remainder of the fiscal year. Fees for rental of the facilities were not increased during this period, thus the information provided in the previous evaluation is still relevant. However, the Grantee noted that it is in the process of evaluating the current fee rates to determine whether the Grantee collects fair fee for renting the Community Hall for non-charitable purposes. The Grantee also noted that any decisions regarding changes to the fee rates will be made during the current period (1 July 2013 -31 December 2013) and plans to share any changes with the Foundation once agreed internally.

Recommendation: *As the Grantee has done in previous years, it should ensure that it does not exceed the 24 event limitation in the remainder of the 2013 year.*

Further, any changes to the fee rates, as they relate to non-charitable use (rental) of the Community Hall, should be communicated in writing to the Foundation. The written communication should outline the previous fee rates, the new fee rates, and the percentage increase/decrease in the rates. Additionally, in accordance with German Tax Law, the methodology used by the Grantee to calculate the new rates should lead to fees that are fair and appropriate and also be provided to the Foundation.

Finally, the Grantee should submit a revised copy of its Policies and Procedures agreement to the Foundation, updated with the adjusted fee rates.

- #6 Use of Instructor Services Agreements

Observation: The Grantee enters into an Instructor Services Agreement (“ISA”) with each class instructor. The charitable purpose(s) of each class is specified in the ISA. KPMG notes that the ISA was created in 2008 specifically to ensure that the Grantee was fulfilling its obligations to use the Community Hall exclusively for charitable and tax-privileged purposes under German law, and the ISA was reviewed and approved by the German Tax Authority.

Since the approval by the German Tax Authority in 2008, the ISA has been revised slightly and subsequent approval was obtained for the revision. However, KPMG understands that the minor revisions relate solely to California state law requirements. The ISA has not been revised since KPMG’s report covering the period from 1 December 2008 to 31 December 2008.

The Grantee’s Office Assistant maintains a file for each instructor, which contains the ISA, class descriptions, and class rosters. The Grantee also updates the ISA with each instructor on a quarterly basis. KPMG selected a sample of 69 percent



OBSERVATIONS AND RECOMMENDATIONS



of fees paid to instructors and checked their corresponding ISA agreements. The appropriate contracts for each season were confirmed through documentation by the grantee.

During our review KPMG selected 16 out of 42 ISAs for testing, 100% of which contained the Administrative Services Manager’s signature. With the exception of one contract⁹ in our test sample, the contracts were complete and included all necessary information, such as date, printed name, and signature. The Grantee noted that either the Administrative Services Manager or the Town Manager may sign-off on the ISAs.

KPMG noted improvements in the Grantee’s tracking of the ISA documentation during the current period under review, in response to KPMG’s observations from the previous report, issued in 2012. For instance, KPMG observed that each contract selected for testing indicated the season it related to, which made it easier to verify during our review. We also observed that although the contracts were kept within each respective instructor’s folder (as noted in our previous report); the Grantee appeared well organized and was able to pull the requested contracts easily.

***Recommendation:** None. KPMG noted that the Grantee’s tracking of the Instructor Services Agreements have improved significantly as a result of its improvement in the organization of its documentation. Additionally, it should be noted that the Grantee has implemented changes regarding the ISA agreements (e.g. contracts consistently include all necessary information) in-line with the recommendations made in KPMG’s previous report, issued in 2012. The Grantee better utilizes the Instructor Services Agreements to fulfill its obligations under the Grant Agreement, and has also improved its ISA collection and tracking efforts, all in accordance with KPMG’s previous recommendations.*

• #7 Staff Turnover

Observation: It appears that the staff turnover issues noted in the previous report, issued in 2012, were settled during the period under review. The following staffing changes were noted during our review:

- **Office Assistant:** The position of Office Assistant was temporarily filled through a staffing agency (Regional Government Services or “RGS”) from mid-July 2011 through mid-May 2013. This position was permanently filled with a full-time employee (“FTE”) as of 3 June 2013.

⁹ The Grantee’s winter 2012 ISA agreement with instructor Shelly Sweeney did not include the Instructor’s printed name on the face of the document. However the agreement was signed by both the Instructor and the Administrative Services Manager.

Prepared for: Hasso Plattner Förderstiftung (gGmbH) and the Town of Portola Valley



OBSERVATIONS AND RECOMMENDATIONS

- **Senior Maintenance Worker:** Janitorial and maintenance services provided by the Senior Maintenance Worker were transitioned to an outside agency, Platinum Facility Services in June 2013 due to the employee's retirement.
- **Acting Accounting Assistant:** The Acting Accounting Assistant, which was previously a part-time position, has transitioned into the role of permanent full-time Accounting Assistant. The Accounting Assistant provided support for class-related activities to the temporary Office Assistant during the period under review and also assists in report preparation.
- **Assistant Town Manager:** The position of Assistant Town Manager was deleted from Town staffing during the period under review. Activities related to supervision of the Community Hall and the Community Hall staff is now the responsibility of the newly created position of Administrative Services Manager. The salary of the Administrative Services Manager was allocated to the Community Hall proceeds at two percent for the six-month period ended 31 December 2012 and three percent for the six-month period ended 30 June 2013. As previously noted, the one percent increase was to account more appropriately for the support provided by this position.

The Grantee noted that the staff transitions of the positions noted above went smoothly. The Grantee also indicated that it does not anticipate any additional staffing changes in the near future given that most of the roles have been filled with permanent staff, with the exception of the Senior Maintenance Worker. However the Grantee did note that outsourcing the work of the Senior Maintenance Worker to a third-party contractor has worked well enough that it does not plan to fill the Senior Maintenance Worker role with a permanent staff member; tasks for this role will continue to be outsourced. KPMG obtained and reviewed a copy of the signed contract between the third-party agency, Platinum Facility Services and the Grantee and noted no exceptions. KPMG did not observe any reporting or operational issues as a result of these staff transitions.

Although no issues related to staff turnover were noted during the period under review, adequate succession planning is particularly important for the roles of Accounting Assistant and Administrative Services Manager, as they conduct most of the grant monitoring and oversight functions. These positions are also responsible for compiling and submitting required reporting to the Foundation, as well as ensuring that the Hall is in compliance with its charitable status.

Recommendation: *The Grantee should ensure that there are adequate succession planning procedures in place to reduce the adverse effects of staff turnover and transitions. In addition to documenting job descriptions, roles and responsibilities, the Grantee should consider cross-training segregation of duties as options to improve succession planning procedures.*

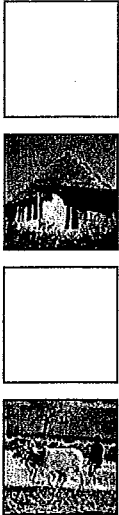


OBSERVATIONS AND RECOMMENDATIONS

- #8 Rolling Deposits

Observation: In line with the Grantee’s policies, when events are held at the Community Hall, a deposit is collected from the user and held until the Community Hall is inspected and when it is determined that there is no damage to the Community Hall, the deposit is refunded to the user. Due to the fact that some of the users have recurring events, these deposits are sometimes rolled forward over a long period. It was noted that some of the deposits have been rolling since 2009. The tracking of these rolling deposits have been challenging given the staff turnovers in previous years.

Recommendation: *The Grantee should consider utilizing the reconciliation spreadsheet KPMG developed and shared during the current evaluation to track and monitor all rolling deposits.*





OBSERVATIONS AND RECOMMENDATIONS

* * *

ANY TAX ADVICE IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY KPMG TO BE USED, AND CANNOT BE USED, BY A CLIENT OR ANY OTHER PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

The advice or other information in this document was prepared for the sole benefit of KPMG's client and may not be relied upon by any other person or organization. KPMG accepts no responsibility or liability in respect of this document to any person or organization other than KPMG's client.

The advice or other information in this document was prepared for the sole benefit of KPMG's client and may not be relied upon by any other person or organization. KPMG accepts no responsibility or liability in respect of this document to any person or organization other than KPMG's client.

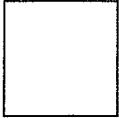
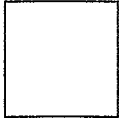
In performing this Grant Expenditure Evaluation, KPMG has relied upon the information provided by Foundation and Grantee as of the date the Evaluation was completed. We did not audit or otherwise verify the information that we obtained during the course of our evaluation, and we do not attest to its veracity. Inaccuracy or incompleteness of the information provided could have a material effect on our conclusions. We believe that our evaluation supports the conclusions stated in this report. However, we do not guarantee that grants made to Grantee have been used for the proper purposes, or that a future grant made to Grantee will be used for the proper purposes. Further, we do not guarantee that this grant or future grants made to Grantee will not be treated as taxable expenditures within the meaning of section 4945, or will be treated as qualifying distributions within the meaning of section 4942. Our Grant expenditure Evaluation was designed to assist Foundation in fulfilling certain U.S. tax law requirements, and therefore may not bring to light all policy or procedure matters that may be of interest to Foundation.

In performing its Grant Expenditure Evaluation, KPMG considered, for example, applicable provisions of the Internal Revenue Code of 1986, and relevant state and foreign statutes, the regulations thereunder, and judicial and administrative interpretations thereof. These authorities are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of our conclusions. Advice relative to matters outside the United States is based on advice provided by the KPMG member firm in the appropriate country and on the relevant authorities in that country. KPMG will not update this report for subsequent changes or



OBSERVATIONS AND RECOMMENDATIONS

modifications to the law and regulations, or to the judicial and administrative interpretations thereof, or to the underlying facts, unless Foundation requests us to do so.





ATTACHMENT A

SOURCES OF INFORMATION

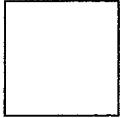
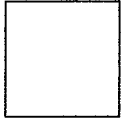
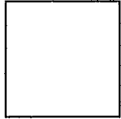
In performing this Grant Expenditure Evaluation:

1. We spoke with the following individuals:

- *Ms. Stacie Nerdahl* *Administrative Services Manager (Finance)*
- *Ms. Cindy Rodas* *Accounting Assistant*

2. We reviewed the following documents, books and records:

- General Ledger Reports
 - Class Revenues
 - Rental Revenues
 - Class Instructor Fees
 - Expenditure Community Hall (excluding payroll expenses)
- Select receipts for class revenues and rental revenues for the period between 1 July 2012 and 30 June 2013
- Select supporting documentation / invoices for Community Hall expenditures (excluding payroll expense) for the period between 1 July 2012 and 30 June 2013
- Select Instructor files, including Instructor Service Agreements, class rosters, and instructor fee payments
- Community Hall Activity/Revenue calculation
- Payroll records of the total amount of salaries paid to the project team employees in periods under review
- Town of Portola Valley Use/Rental Policies and Procedures
- Town Meeting Minutes for the period between 1 July 2012 and 30 June 2013
- Town of Portola Valley website





KPMG LLP
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Suite 1200
McLean, VA 22102

Telephone +1 703 286 8000
Fax +1 703 286 8010
Internet www.us.kpmg.com

26 August 2013

PRIVATE

Ms. Stacie Nerdahl
Town of Portola Valley
765 Portola Road
Portola Valley, CA 94028

Re: Grantee Report for *Town of Portola Valley*

Dear Stacie:

Thank you for the opportunity to be of service to the Town of Portola Valley (the "Client").

KPMG is pleased to enclose the final Grantee Report (the "report") prepared by KPMG LLP (US) ("KPMG") for the Client.

This report is solely for your information and is not to be referred to in communications with or distributed for any other purpose to anyone who is not an employee of the Client. It is understood and agreed that the report is not suited for any other purpose other than as described above except as expressly provided under the terms of KPMG's engagement with you.

After you have had an opportunity to review the report, KPMG would be glad to discuss the report's contents in further detail.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark Fitzgerald", with a long horizontal flourish extending to the right.

Mark Fitzgerald
KPMG LLP
International Development Assistance Services
Tel: +703.286.6577



MEMORANDUM

Date: August 23, 2013

To: Portola Valley Bicycle, Pedestrian and Traffic Safety Committee

Subject: Citation, DUI Arrests and Accident Statistics for the **Month of May 2013**

Speeding Citations: 26

<u>Posted Speed</u>	<u>Cited Speed</u>	<u>Location</u>
1. 35	55	600 blk Portola Rd.
2. 35	58	600 blk Portola Rd.
3. 55	60	3300 blk Alpine Rd.
4. 55	60	600 blk Portola Rd.
16028a No Proof of insurance, 4454a No registration in vehicle		
5. 35	50	3300 blk Alpine Rd.
6. 35	55	3300 blk Alpine Rd.
7. 35	50	600 blk Portola Rd.
8. 35	50	Portola/Wyndham
9. 55	60	3300 blk Alpine Rd.
4000a Expired registration, 16028a No proof of insurance		
10. 35	54	Alpine/Westridge Dr.
11. 55	63	3300 blk Alpine Rd.
12. 35	55	3300 blk Alpine Rd.
13. 55	65	3300 blk Alpine Rd.
14. 35	45	600 blk Portola Rd.
15. 35	45	600 blk Portola Rd.
16. 35	55	600 blk Portola Rd.
17. 35	50	Portola/Westridge Dr.
18. 35	50	3300 blk Alpine Rd.
19. 35	50	3300 blk Alpine Rd.
20. 35	55	3300 blk Alpine Rd.
21. 35	55	700 blk Portola Rd.
22. 35	55	700 blk Portola Rd.
23. 35	46	400 blk Portola Rd.
24. 35	55	600 blk Portola Rd.
25. 35	55	3300 blk Alpine Rd.
26. 35	55	3300 blk Alpine Rd.

Stop Sign Citations: 7 (Portola/Alpine (6) Iroquois Trail/Shawnee Pass (1))

Parking Citations: 4

Bicycle Citations: 3

Other Citations: 8

- | | |
|--|---------------------|
| 1. 23123a Using a cell phone while driving | 4300 blk Alpine Rd. |
| 2. 23123a Using a cell phone while driving | Westridge/Alamos |
| 3. 23123a Using a cell phone while driving | 3200 blk Alpine Rd. |
| 4. 23123a Using a cell phone while driving | 4300 blk Alpine Rd. |
| 5. 24603b No tail light | Alpine/Westridge |
| 6. 21806(a)(1) Yield to right for emergency
vehicle | Alpine/Westridge |
| 7. 24600b Tail light out | 3300 blk Alpine Rd. |
| 8. 21950a Yield to pedestrian | Alpine/Portola Rd. |

DUI Arrests: 0**Non-Injury Accidents: 0****Injury Accidents: 1 (13-4475)****Fatal Accidents: 0****Total Citations: 48****Total DUP's: 0****Total Accidents: 1**

San Mateo County Sheriff's Office
Headquarters Patrol
Lieutenant Tim Reid



MEMORANDUM

Date: August 28, 2013

To: Portola Valley Bicycle, Pedestrian and Traffic Safety Committee

Subject: Citation, DUI Arrests and Accident Statistics for the **Month of June 2013**

Speeding Citations: 9

<u>Posted Speed</u>	<u>Cited Speed</u>	<u>Location</u>
1. 35	50	3900 blk Alpine Rd.
2. 35	52	3300 blk Alpine Rd.
3. 35	55	3300 blk Alpine Rd.
4. 35	55	800 blk Portola Rd.
5. 35	50	3300 blk Alpine Rd.
6. 30	40+	Westridge/Mapache
12500a Unlicensed driver		
7. 35	50	3300 blk Alpine Rd.
16028a No proof of insurance, 12951a Driver's license not in possession		
8. 35	50	Alpine/Westridge
16028a No proof of insurance		
9. 35	50	3400 blk Alpine Rd.
16028a No proof of insurance		

Stop Sign Citations: 8 (All Alpine/Portola)
(1 with additional violation 12500a Unlicensed driver)

Parking Citations: 2

Bicycle Citations: 3

Other Citations: 12

1. 23123a Using a cell phone while driving	3200 blk Alpine Rd.
2. 23123a Using a cell phone while driving	3200 blk Alpine Rd.
3. 27315(d)(1) Driver not wearing seatbelt	Alpine/Portola
4. 14600a Change of address with DMV	Alpine/Portola
5. 14600a Change of address with DMV	Hwy 280/Alpine
6. 26708.5(a) Window tint	Alpine/Portola
7. 26708.5(a) Window tint	3200 blk Alpine Rd.
8. 26708(a)(2) View obstructed	Alpine/Portola
9. 12500a Unlicensed driver	3300 blk Alpine Rd.
16028a No proof of insurance, 24400 Headlight out	

- 10. 12500a Unlicensed driver Alpine/Portola
21950(a) Pedestrian in crosswalk
- 11. 27400 Earbuds in ears (2) Alpine/Portola
- 12. 16028a No proof of insurance Alpine/Portola
4462a Registration card on demand

DUI Arrests: 1

Non-Injury Accidents: 0

Injury Accidents: 2

Fatal Accidents: 0

Total Citations: 34

Total DUI's: 1

Total Accidents: 3

Town of Portola Valley

Town Hall: 765 Portola Road, Portola Valley, CA 94028 Tel: (650) 851-1700 Fax: (650) 851-4677

SEPTEMBER 2013 MEETING SCHEDULE

Note: Unless otherwise noted below and on the agenda, all meetings take place in the Historic Schoolhouse, located at 765 Portola Road, Portola Valley, CA

TOWN COUNCIL – 7:30 PM (Meets 2nd & 4th Wednesdays)

Wednesday, September 11, 2013 – **SPECIAL MTG. IN THE REDWOOD GROVE – 6:30 PM start**

Wednesday, September 25, 2013

PLANNING COMMISSION – 7:30 PM (Meets 1st & 3rd Wednesdays)

Council Liaison – Maryann Derwin (for months July, September, September)

Wednesday, September 4, 2013 - **CANCELLED**

Wednesday, September 18, 2013

ARCHITECTURAL & SITE CONTROL COMMISSION - 7:30 PM (Meets 2nd & 4th Mondays)

Council Liaison – Ann Wengert (for months July, September, September)

Monday, September 9, 2013

Monday, September 23, 2013

BICYCLE, PEDESTRIAN & TRAFFIC SAFETY COMMITTEE – 8:15 AM (Meets 1st Wednesday of every month)

Council Liaison – Ann Wengert

Wednesday, September 4, 2013

CABLE TV COMMITTEE – 8:15 AM (Meets 2nd Thursday) alternate odd numbered months

Council Liaison – Ted Driscoll

Thursday, September 12, 2013

COMMUNITY EVENTS COMMITTEE

Council Liaison – Maryann Derwin

As announced

CONSERVATION COMMITTEE – 7:45 PM (Meets 4th Tuesday)

Council Liaison – John Richards

Tuesday, September 24, 2013

CULTURAL ARTS COMMITTEE – (Meets 2nd Thursday of every month)

Council Liaison – John Richards

Thursday, September 12, 2013

EMERGENCY PREPAREDNESS COMMITTEE – 8:00 AM (Meets 2nd Thursday) in the EOC /

Conference Room at Town Hall

Council Liaison – John Richards

Thursday, September 12, 2013

FINANCE COMMITTEE

Council Liaison – Jeff Aalfs
As announced

GEOLOGIC SAFETY COMMITTEE – 7:30 PM

Council Liaison – Ted Driscoll
As announced

HISTORIC RESOURCES COMMITTEE

Council Liaison – Jeff Aalfs
As announced

NATURE AND SCIENCE COMMITTEE – 4:00 PM (Meets 2nd Thursday) alternate even numbered months

Council Liaison – Jeff Aalfs

OPEN SPACE ACQUISITION ADVISORY COMMITTEE

Council Liaison – Jeff Aalfs

PARKS & RECREATION COMMITTEE – 7:30 PM (Meets 3rd Monday)

Council Liaison – Ann Wengert
Monday, September 16, 2013

PUBLIC WORKS COMMITTEE

Council Liaison – Ted Driscoll
As announced

SUSTAINABILITY COMMITTEE – 3:30 PM (Meets 3rd Monday)

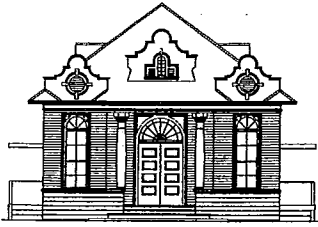
Council Liaison – Maryann Derwin
Monday, September 16, 2013

TEEN COMMITTEE

Council Liaison – Jeff Aalfs
As announced

TRAILS & PATHS COMMITTEE – 8:15 AM (2nd Tuesday of each month, or as needed)

Council Liaison – Ann Wengert
Tuesday, September 10, 2013 – 8:15 AM



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: San Mateo County Sheriff's Department
FROM: Sharon Hanlon
DATE: August 29, 2013
SUBJ: Town Center Reservations for September 2013

Following is the current schedule of events for the Town Center and surrounding area for September 2013.

September 2: Town Hall Closed / Labor Day / 8:30 am – 5:00 pm

September 28: Canary Foundation Bike Ride / Portola and Alpine / 5:00 am to 5:00 pm

Nick Pegueros

From: Anne Bers <abers@pcrcweb.org>
Sent: Tuesday, August 27, 2013 4:44 PM
To: Nick Pegueros; Steve Padovan
Subject: PCRC Annual Report of Mediation Services 2012-13
Attachments: PTV Cases Opened 12-13.pdf; PTV Cases Closed 12-13.pdf

Dear Town of Portola Valley:

The Peninsula Conflict Resolution Center (PCRC) has proudly served the Town of Portola Valley for 17 years. During the July 1, 2012 - June 30, 2013 program year, Portola Valley was one of 14 local governments in San Mateo County that contracted with PCRC to provide low-cost community mediation services to its residents and business community.

The attached data reports include the statistical summary of mediation services for the 2012-13 fiscal year. The narrative report we used to include with this data is now being folded into the PCRC Connections Annual Report, which will be mailed to you in December.

By contracting with PCRC you are not only subsidizing community mediation services available to you city (contracts give participants a steep discount to our already modest fee), you are also providing valuable support to PCRC in all the work that we do. We are committed to doing all that we can to make sure that residents and businesses in your community know that you are supporting PCRC's services and making them available to your constituents. Please call us if you have any questions.

Thank you!

Regards,
Anne

Anne Bers, Director of Mediation and Facilitation Services

Peninsula Conflict Resolution Center
1660 South Amphlett Blvd. Suite 219
San Mateo, California 94402
650.513.0330 Main #303
650.345.7272 Mediation
650.513.0335 Fax
abers@pcrcweb.org



Empowering People. Building
Relationships. Reducing Violence.

2012-2013

Mediation Programs: Cases Opened and Calls Received

PORTOLA VALLEY	Types of Conflict									Complex Cases	Inquiries	
	Landlord/Tenant	Neighbor/Neighbor	Consumer/Business	Workplace/Organizational	Inter-Organizational	Community	Family	Other	Total cases opened		Info and referral	Info and Assistance
Totals: Quarter 1	0	0	0	0	0	0	0	0	0	0	0	0
Totals: Quarter 2	0	0	0	0	0	0	0	0	0	0	1	0
Totals: Quarter 3	0	0	0	0	0	0	0	0	0	0	0	0
Totals: Quarter 4	0	0	0	0	0	0	0	0	0	0	0	0
Totals to date	0	0	0	0	0	0	0	0	0	0	1	0
COUNTYWIDE												
Totals to date	37	51	14	11	1	10	26	4	154	17	249	166

Definition of Terms:

- **Family** - Included in this conflict type are cases managed through PCRC specialized mediation programs for families: Parent/Teen, Juvenile Dependency, and Family Visitation Mediation Programs.
- **Complex cases** - Cases are designated as "Complex" when they involve multiple parties and/or require on-going service. Complex cases are included in the total.
- **Inquiries** - Calls to inquire about services but do not result in a case are included here. "Info and Referral" includes those calls that are referred to another resource or agency. "Info and Assistance" includes those calls that require more extensive assistance, such as research done on behalf of the caller or coaching.

2012-2013

Mediation Programs: Disposition of Closed Cases

PORTOLA VALLEY	Case Outcomes										Mediation Agreements			Parties
	Mediation	Conciliation	One Party Assist	Case Cancelled	Declined	No Response	Not Appropriate	Mediation Cancelled	Did Not Appear	Total cases closed	Fully sustained	Partially sustained	Not sustained	# of participants
Totals: Quarter 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals: Quarter 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals: Quarter 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals: Quarter 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals to date	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COUNTYWIDE														
Totals to date	37	4	19	14	16	20	3	0	4	117	23	8	0	299

Definition of Terms:

Mediation - Parties have met face-to-face in the presence of mediators for at least one session.

Conciliation - PCRC worked with parties individually, but the parties did not meet face to face. The majority of the time these cases result in an agreement that resolves the situation.

One Party Assist - If mediation or conciliation did not occur, but assistance was provided to one of the parties.

Sustained - If an agreement is reached, PCRC contacts the parties at a later date to determine whether the agreement was fully, partially, or not sustained.

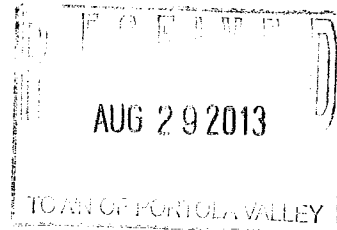
Not Appropriate - PCRC staff determines that mediation is not appropriate in this particular situation.

August 27, 2013

Alexandra Von Feldt, Chair and
Members of the Planning Commission

Danna Breen, Chair and
Members of the ASC Commission

Town of Portola Valley, 765 Portola Road
Portola Valley CA 94028



Re: 5 Naranja Way, Permit no, X9H-657

One year ago, Georgia Baba MD, Portola Valley, was operating a very successful dog breeding and boarding business in this house. See Google search attached. She had an estimated 20 adult dogs, in the house, much car traffic transporting dogs, and incessant dog noise.

On August 7, 2012, Georgia said she would sell her house. She listed the property and quickly received a 30-day cash offer of \$2,900,000, with the condition that she leave in 60 days. She had moved by Christmas 2012.

You should appreciate that Mike Maffia, the buyer, has helped all of us by removing this blight on the neighborhood and the Town. I hope you will have some compassion for his current situation, and expedite approval of his new home.

Thank You

Ed Wells, 650/851-8341
15 Naranja Way, Portola Valley

cc: John Richards, Mayor and
Members of the Town Council
Beverly Lipman, Secretary and Members
Westridge Architectural Committee

A handwritten signature in black ink, appearing to be "Ed Wells", written in a cursive style.

You Search Images Maps Play YouTube News Gmail Drive Calendar More

gGEORGIA bABA, bBREEDER

Web Images Maps Shopping More Search tools

About 1,250,000 results (0.38 seconds)

RETRIEVERS (LABRADOR). - Results

www.infodog.com/RESULTS/2010039705/201003970513200.HTM
May 14, 2010 – Owner: **Georgia Baba.**, Portola Valley, CA 94028.
Breeder: Georgia Baba. (Ellen Cottingham, Agent). A, 22,
LAURGLEN'S GALSHIRE COME ...

Lab Ret - Results

www.infodog.com/RESULTS/brdret.htm?evno=2008125504
Dec 29, 2008 – Owner: **Georgia Baba.**, Portola Valley, CA 940287319.
Breeder: Georgia C Baba MD. 1, 29, FIESTA'S STRIKE UP THE
BAND. SR 49207602.

Striker's Puppies

www.janrod.com/striker_puppies.htm
Jan 2, 2012 – **Breeder/Owner** : Sherrie Petty. Color Me Green With
Envy NF. **Breeder: Georgia Baba** Owner: Susan Baggesen. Arlon's
Strike Your Fancy CGC ...

JanRod Labrador Retrievers

www.janrod.com/
Jan 2, 2012 – One of our **puppies** became the first ever GMHR/CH/MH.
... Settle Down Now and his owner **Georgia Baba** on completing his
championship!

Georgia Baba - Email, Address, Phone numbers, everythin...

www.123people.com/e/georgia+baba
BREEDER: Georgia Baba M.D./Jean Louis Blais/Madeleine Charest
By CH Hypiresurshot Juz Bcuz Im Hot -Chablais Sweet Martha
Lorraine OWNER: Georgia ...

- testimonials -

www.lausco.com/testimonials
Every morning when we go out, she does about 6 sprints up and down
the lawn. TOOooooo cute! **Georgia Baba MD – California**
Georgia Baba MD – California ...

more Retrievers Reflections - the Golden Gate Labradors Page



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council
FROM: Nick Pegueros, Town Manager
DATE: August 29, 2013
RE: Weekly Update

The purpose of this report is to provide a summary update on items/projects of interest for the week ended August 30, 2013.

- 1. Business License Recovery** – Brandi and our newest staff member, Julia Oleson, have worked to recover \$6,500 in unpaid business licenses from business operators in town. Due to some flaws in our database and license renewal system, businesses fell off of the town's renewal noticing if they were more than six months delinquent in renewing their license. Of the 37 number of businesses targeted, 12 are no longer in existence and 7 have not responded. Another \$1,500 in past due licenses are anticipated as a result of this effort.
- 2. Emergency Radio Antenna Installation** – Howard and Ray Rothrock have been working to install the permanent emergency AM radio (TIS) antenna in the Town Hall parking lot. Some staff members have expressed concern about the TIS system broadcasting radio signals 24/7. In response to those concerns, I am looking into the feasibility of putting the TIS on a timer that would turn off the broadcast during part of the business day. While no health risk is posed by the TIS system according to authorities on the matter, there may be energy efficiency benefits of powering down on a periodic basis.
- 3. E-Noticing Signup Update** – The effort to enroll more town residents in the e-noticing system has been a success. As of this week, 87 new signups have occurred since the post card was mailed to all town residents. Additionally, 6 residents have requested paper notices of Town News items posted to the website. This is an important project because it allows us to distribute timely relevant information directly to town residents without relying on the Forum or other distribution channels.

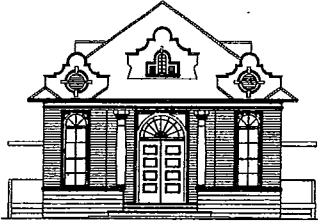
TOWN COUNCIL WEEKLY DIGEST

Friday – September 6, 2013

1. Agenda – ASCC – Tuesday, September 9, 2013
2. Agenda – Trails & Paths Committee – Tuesday, September 10, 2013
3. Agenda – Emergency Preparedness Committee – Thursday, September 12, 2013
4. Agenda – Cable & Utilities Undergrounding Committee – Thursday, September 12, 2013
5. Agenda (Cancellation) – Cultural Arts Committee - Thursday, September 12, 2013:
6. Month End Financial Report – June 2013
7. Letter from Mayor Richards, to C/CAG Chair, Brandt Grotte re: delegating Council member Aalfs to represent Portola Valley at the C/CAG Board meeting being held on September 12, 2013
8. Email from Lynn Jacobson to the Town Council re: Complaint of excessive noise from the Farmers Market
9. Letter from San Mateo County Mosquito and Vector Control District, to Martha Poyatos, Executive Officer of San Mateo County LAFCo re: Follow up on progress made to its Internal Control program and the District's Human Resources program
10. Letter from Martha Poyatos, LAFCo Executive Officer, to Members of the Formation Commission re: Special Report: Los Trancos County Water District Organizational Alternatives
11. Email from Gina Coony with MROSD re: Summary of Town meetings re Hawthorns/Woods Property
12. Memo from Nick Pegueros, Town Manager re: Weekly Update – Friday, September 6, 2013

Attached Separates (Council Only)

1. Quarterly Crime Activity Report (April - June 2013) – San Mateo County Sheriff's Office
2. Western City Magazine – September 2013
3. HEART of San Mateo County – 2012 Annual Report
4. Labor Newspaper – September 2013



**TOWN OF PORTOLA VALLEY
ARCHITECTURAL AND SITE CONTROL COMMISSION (ASCC)
Monday, September 9, 2013
Special Field Meeting (time and place as listed herein)
7:30 PM – Regular ASCC Meeting
Historic Schoolhouse
765 Portola Road, Portola Valley, CA 94028**

SPECIAL ASCC FIELD MEETING*

4:00 p.m. 130 Golden Oak Drive Field meeting to consider site conditions associated with a project for significant residential additions and remodeling on a 1.8-acre Alpine Hills property. (ASCC review to continue at Regular Meeting)

7:30 PM - REGULAR AGENDA*

1. Call to Order:
2. Roll Call: Breen, Clark, Hughes, Koch, Ross
3. Oral Communications:

Persons wishing to address the Commission on any subject, not on the agenda, may do so now. Please note, however, the Commission is not able to undertake extended discussion or action tonight on items not on the agenda.

4. Old Business:
 - a. Continued Architectural Review for New Residence with Detached Office, Pool and Pool Cabana, and Site Development Permit X9H-657, 5 Naranja Way, Maffia
Continued to September 23, 2013 Meeting
 - b. Continued Architectural Review for Residential Redevelopment and Site Development Permit X9H-658, 205 Cervantes Road, Kerwin
 - c. Architectural Review for Residential Additions and Remodeling, New Horse-keeping Facilities, and Site Development Permit X9H-659, 1155 Westridge Drive, Eckstein-Blum
5. New Business:
 - a. Architectural Review for Residential Additions and Remodeling Including Garage Replacement and Guest House, and Site Development Permit X9H-661, 130 Golden Oak Drive, Carroll/Rosenthal
6. Commission and Staff Reports:
7. Approval of Minutes: August 27, 2013
8. Adjournment:

*For more information on the projects to be considered by the ASCC at the Special Field and Regular meetings, as well as the scope of reviews and actions tentatively anticipated, please contact Carol Borck in the Planning Department at Portola Valley Town Hall, 650-851-1700 ex. 211. Further, the start times for other than the first Special Field meeting are tentative and dependent on the actual time needed for the preceding Special Field meeting.

PROPERTY OWNER ATTENDANCE. The ASCC strongly encourages a property owner whose application is being heard by the ASCC to attend the ASCC meeting. Often issues arise that only property owners can responsibly address. In such cases, if the property owner is not present it may be necessary to delay action until the property owner can meet with the ASCC.

WRITTEN MATERIALS. Any writing or documents provided to a majority of the Town Council or Commissions regarding any item on this agenda will be made available for public inspection at Town Hall located 765 Portola Road, Portola Valley, CA during normal business hours.

ASSISTANCE FOR PERSONS WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Assistant Planner at 650-851-1700, extension 211. Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

PUBLIC HEARINGS

Public Hearings provide the general public and interested parties an opportunity to provide testimony on these items. If you challenge a proposed action(s) in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing(s) described later in this agenda, or in written correspondence delivered to the Planning Commission at, or prior to, the Public Hearing(s).

This Notice is Posted in Compliance with the Government Code of the State of California.

Date: September 6, 2013

CheyAnne Brown
Planning Technician



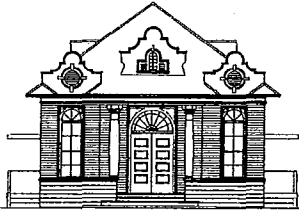
TOWN OF PORTOLA VALLEY
Trails and Paths Committee
Tuesday, September 10, 2013 - 8:15 AM
Historic Schoolhouse
765 Portola Road, Portola Valley, CA

AGENDA

1. Call to Order
2. Oral Communications
3. Approval of Minutes from August 13, 2013
4. Financial Review and Trail Work
5. Old Business
 - a) Follow up on Driveway Scoring Process Discussions
 - b) Discussion of Trail from Springdown to Portola Road
 - c) Update on Bicycle Usage
6. New Business
 - a) Update on Conservation Committee Efforts Relevant to Town Trails and Paths
 - b) Dwight Crowder Path Plantings and Signage
 - c) Application for Committee: Steve Lovazzano
7. Other Business
8. Adjournment

Enclosures:

Minutes from Regular Meeting of August 13, 2013
Financial Review
Trail work and map – August 2013 (handout at the meeting)
Application – Steve Lovazzano



TOWN OF PORTOLA VALLEY
Meeting of the
Emergency Preparedness Committee
Thursday, September 12, 2013 - 8:00 AM
EOC / Community Hall
765 Portola Road, Portola Valley, CA 94028

AGENDA

1. 8:00 Call to order
 - o Members: John Boice, Dave Howes, Diana Koin, Anne Kopf-Sill, Ray Rothrock/ Chair, Craig Taylor, Bud Trapp, Stuart Young, and Chris Raanes
 - o Guests: Nick Pegueros/Town Manager, John Richard/Town Council, Dan Ghirso, WFPD Chief, Tim Reed/Sheriff's Office, Gary Neilsen, Sheriff.
 - o Absent:
2. 8:01 Oral communications
3. 8:10 Review and approve minutes of August meeting
 - o Motion: Accept the Minutes of August Meeting 2013
4. 8:11 Report of subcommittee on Medical.
5. 8:15 Preparation for the Oct. 17, Great Shake Out.
6. 8:20 Status of implantation of TIS AM radio and public relations.
7. 8:30 Review agenda for Oct. 30 meeting with Town Council.
8. 8:55 Other business
9. 9:00 Adjourn. Next meeting is Oct. 17, 2013.



TOWN OF PORTOLA VALLEY
Cable & Undergrounding Committee
Thursday, September 12, 2013 – 8:15 AM
Historic School House
765 Portola Road, Portola Valley, CA

AGENDA

1. Call meeting to order
2. Minutes: Approval of July 2013 minutes
3. Communications from Members of the Public
4. Old Business
 - Status of our UUT memo to town council
 - Undergrounding and PG&E Rule 20A. We will meet with Howard Young, Public Works Director and PG&E employee Kathy Lavezzo, Account Executive to discuss the status of our Rule 20A undergrounding project
 - Samcat
 - Committee charter
 - New member recruitment
5. New Business
6. Adjournment:

Next meeting on Thursday, November 14, 2013 at 8:15 am



**Town of Portola Valley
Cultural Arts Committee Meeting
Notice of Cancellation
Thursday, September 12, 2013**

MEETING CANCELLATION NOTICE

The regularly scheduled meeting of the Cultural Arts Committee for Thursday, September 12, 2013 at 1:00 p.m. has been cancelled.



MONTH END FINANCIAL REPORT

FOR THE MONTH OF: June 2013

C	Bank of America	\$394,907.97
A	Local Agency Investment Fund (0.245%)	\$10,538,920.27
S		
H	Total Cash	\$10,933,828.24
<hr/>		
F	05 General Fund	\$2,915,738.66
U	08 Grants	9,960.96
N	10 Safety Tax	19,710.80
D	15 Open Space	3,557,576.50
S	20 Gas Tax	62,275.66
	22 Measure M	(41,253.47)
	25 Library Fund	478,387.82
	30 Public Safety/COPS	(3,439.35)
	40 Park in Lieu	6,240.65
	45 Inclusion In Lieu	2,875,006.08
	50 Storm Damage	(3,991.33)
	60 Measure A	17,719.69
	65 Road Fees	161,907.23
	75 Crescent M.D.	88,399.00
	80 PVR M.D.	13,947.78
	85 Wayside I M.D.	5,737.11
	86 Wayside II M.D.	(2.34)
	90 Woodside Highlands M.D.	139,283.40
	95 Arrowhead Mdws M.D.	(1,799.67)
	96 Customer Deposits	632,423.06
	Total Fund Balance	\$10,933,828.24
<hr/>		
A	Beginning Cash Balance:	\$10,847,726.83
C	Revenues for Month:	894,199.40
T	Total Revenues for Month:	\$894,199.40
I		
V	Warrant List 6/14/13	(\$410,128.59)
I	Warrant List 6/28/13	(300,413.54)
T	Payroll	(97,489.06)
Y	Total Expenses for Month:	(\$808,031.19)
R		
E	Total JE's and Void Checks:	(\$66.80)
C		
A	Ending Cash Balance	\$10,933,828.24
P		

FISCAL HEALTH SUMMARY:	
Unreserved/Spendable Percentage of General Fund:	78.29%
<i>Adopted Town Policy is 60%</i>	
Days of Running Liquidity of Spendable General Fund:	286
<i>GASB recommends no less than 90 days</i>	

Per CGC #53646 governing the reporting of cash and investments, the Town's investment portfolio is in compliance with its adopted Investment Policy. Based on anticipated cash flows and current investments, the Town is able to meet its expenditure requirements for the next six months.

TOWN of PORTOLA VALLEY

Town Hall: 765 Portola Road, Portola Valley, CA 94028 Tel: (650) 851-1700 Fax: (650) 851-4677

September 5, 2013

Brandt Grotte, C/CAG Chair
555 County Center, 5th Floor
Redwood City, CA 94063

Dear Brandt,

Due to the unavailability of current Portola Valley representative to C/CAG, Maryann Derwin and alternate, Ann Wengert, I would like to delegate voting privilege for the upcoming regular C/CAG Board Meeting, scheduled for September 12, 2013 to Councilmember Jeff Aalfs to represent the Town of Portola Valley.

Thank you,



John Richards
Mayor

From: Lynn B Jacobson [banana-ben@comcast.net]
Sent: Thursday, August 29, 2013 7:33 PM
To: TownCenter
Subject: Letter for Council

Last night I accompanied my husband to the meeting where he brought up the sound ordinance issue. I was originally on a committee about 48 years ago to establish such an ordinance, which we eventually abandoned as then there wasn't a real need for it.

The tape he played, I found out, was recorded up on Farm Road near our driveway, not in our backyard where we sit and eat. Between Farm Road and the amplifier are 50 feet of solid trees, then our home, an open space of about 200 before reaching THREE rows of trees put in to buffer any sound on Portola Road, and then as you know a series of structures, the road, and the footage on back to The Town Hall.

Sitting outside, all of a sudden we could here every word a gentleman was saying. It was astonishing in light of the fact I have lived here 50 years and experienced all kinds of gatherings, but nothing that drove us inside. Everyone at the guest house left except for one person who closed all the windows, doors, curtains, and retreated to the only room not facing Portola Road, and turned the TV up as loud as possible to drown out the noise.

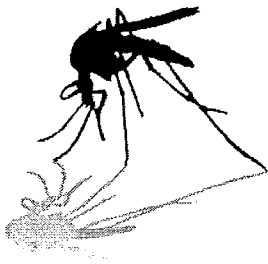
Another neighbor adequately stated that, "--it is not like we live in a city with tall buildings absorbing every day noise. So when something like this happens especially at night, it is impossible to put babies and little children down." Why are we all of a sudden trying to become a hub of activity, encouraging traffic, noise, strangers etc.? I think Bill (Lane) would turn over in his grave after all he did to incorporate so we could set guide lines to ensure and maintain a rural atmosphere.

Another neighbor spoke to us quite a while ago stating that if the Farmer's Market were allowed, it would just lead to the next thing, and on and on. Now it is food trucks with many many strangers. Wagon on Wheels (one car) is accessible for everyone in the Bay Area, which offers hundreds of choices from restaurants of many nationalities.

I'll close with another neighbors comment--"I'm glad I'm so old." Maybe I am too, as I hate to see the place we dearly love so much, change away from its values. I thank you all for your tireless work and effort on behalf of the town.

8/29/13

Lynn Lane Jacobson

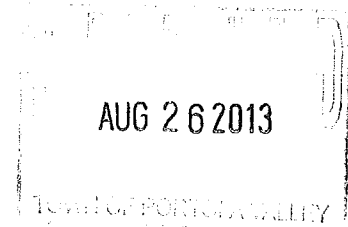


San Mateo County Mosquito and Vector Control District

1351 Rollins Rd
Burlingame CA 94010
(650) 344-8592 Fax (650) 344-3843
www.smcmad.org

August 12, 2013

San Mateo County LAFCo
Martha Poyatos, Executive Officer
455 County Center, 2nd Floor
Redwood City, CA 94063-1663



Dear Ms. Poyatos,

During the March 20, 2013 LAFCo Commission meeting, the San Mateo County Mosquito & Vector Control District provided the commissioners with an update on the progress that had been made since the issuance of the July 18, 2012 Municipal Service Review and Sphere of Influence. At the March meeting, we highlighted many of the accomplishments that the District has made with regard to the implementation of its Internal Control program, as well as improvements made to the District's HR program. At this time, we would like to provide the Commission with an update of a few items that were pending from the March 20, 2013 LAFCo meeting.

As of July 31, 2013, the District's audits for fiscal years 2010/2011 and 2011/2012 have been completed. At the March 20, 2013 LAFCo meeting, the District informed the Commission that the audit for FY 2010/11 would include the District's fraud, which would consequently lead our auditor, R.J. Ricciardi Inc., to not issue a clean opinion. However, we are pleased to report that through the District's continued efforts, our auditor has issued a clean opinion for FY11/12.

As suggested by our auditor, we are in the process of having our Trustees approve several new and updated Financial Policies. We are also working with R.J. Ricciardi to conduct an internal control evaluation of the District's current practices. Our efforts demonstrate the District's dedication to San Mateo County residents, local governments and agencies to continue evaluating areas needing improvement and putting forth the effort to implement those changes.

In our report to the Commission at the March 20th meeting, we provided an update on changes made to our credit card program. At that time, the number of credit cardholders had been reduced from twelve District cardholders down to six (four managers and two staff members). The lowered number of cardholders also came with tighter controls, better oversight and significantly lower card limits that are tiered based on job title (i.e. the District Manager's limit has the highest and the Office Administrator's limit has the lowest). At the March 20th meeting, a few of the LAFCo Commissioners expressed their concern that, although the

District had implemented tighter controls in this area, there were still too many credit cardholders. Considering the concerns expressed by the Commission, the District has reduced the number of credit cardholders to only two (the District Manager and Office Administrator). The District's Finance Director is the credit card Program Administrator and must preauthorize all credit card purchases prior to any purchases being made. Further, the Finance Director is responsible for auditing, reviewing and approving all credit card transactions, including all monthly credit card reconciliations for each of the cardholders. At no time will the Finance Director have a card issued in his name in order to maintain the proper independent oversight over the credit card program. As a result of the reduced number of credit cards, the District is encouraging staff members to only make purchases from authorized vendors with whom the District currently has existing accounts. We hope that these additional changes to the District's credit card program will address all of the concerns expressed by the LAFCo Commission.

Over the course of the last two years, the District has made significant progress in evaluating and implementing change through internal controls, better hiring practices and finding areas to improve efficiencies. As we continue to evaluate ways to improve the District's overall operations, we will continue to provide the LAFCo Commission with periodic updates on progress being made. In light of the implemented and prospective improvements to the way we conduct the District's business, we respectfully request that the Commission continue supporting the District's existing status quo sphere of influence.

We welcome any questions you or any of the Commissioners might have. Please feel free to contact me or the District Manager at the District offices.

Attached to this letter you will find copies of the following documents:

1. 2010/2011 Audit including: Management Report and District response to auditor regarding Current Year Observations (available on our website)
2. 2011/2012 Audit including Management Report (available on our website)
3. 2013/2014 District Annual Budget (available on our website)
4. Financial Policies
5. May 2013 and June 2013 District Reports (available on our website)

Respectfully,



Rosendo Rodriguez
Finance Director

CC: San Mateo County City Managers
Robert Gay, District Manager
Sam Lerner, President of the District Board of Trustees

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**

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

September 5, 2013

To: Members, Formation Commission

From: Martha Poyatos, Executive Officer

Subject: Special Report: Los Trancos County Water District Organizational Alternatives

Executive Summary:

The following informational report responds to direction from the Commission to outline solutions to address the unprecedented situation of the Los Trancos County Water District, originally formed as a water district, which subsequently sold the water system and continues to exist as a district collecting property tax. It is recommended that the Commission consider the report at the September 11 Commission meeting and direct staff to hold a community workshop for the affected community. Following that workshop, staff will work with the District, community and affected agencies in application to LAFCo for one of the alternatives outlined below. Staff emphasizes that the issues addressed in this report are complex, requiring compound solutions and support from a variety of agencies in addition to the District and community.

Background:

The District is governed by a locally elected five member board of directors that adopts a budget appropriating revenue on other services and programs including land stewardship, water movement control and fire safety. These services are undertaken by the District without obtaining LAFCo approval as required by State law as detailed below and are services that could be providing by other agencies that share the same territory.

One of the primary concerns for LAFCo is that the Cortese Knox Hertzberg Local Government Reorganization Act (CKH Act), under which LAFCos operate, does not contemplate the continuance of a district that no longer provides the primary service for which it was formed and as noted above, the CKH Act includes a requirement that a district must obtain LAFCo approval before activating new service. Other issues of concern include District spending

Special Report: Los Trancos County Water District
September 5, 2013

practices that are not sustainable in the long term and a clear overlap or duplication of service provision with existing agencies including Woodside Fire Protection District, California Water Service Company, Midpeninsula Regional Open Space District and the County of San Mateo. Discussion below offers solutions including establishing successor agencies that could succeed to property tax revenue and carryout specific services such as storm water runoff prevention, fire prevention and land stewardship.

Concerns from Los Trancos Woods residents include duplication of efforts and appropriate use of tax revenues, conversion of a once volunteer staffed district to paid staff, expenditures that exceed annual revenues, disposition of District owned lands so that they remain undeveloped, the District diverging from the original goal of land stewardship to other goals, mechanisms that would result in dissolution of the district and maintain property tax revenues for local uses such as storm water runoff and fire safety. An inquiry has also been made regarding whether property tax could be reduced for property in current District boundaries if the District is dissolved.

To assist the Commission, the District and affected residents and tax payers in understanding the governance alternatives that exist, the discussion below includes the history of the district, LAFCo authority and current law regarding organizational change and activation of new services.¹ This report refers to the 2006 Municipal Service Review and Sphere Update which may be found on the LAFCo website. Where appropriate this report provides updated information including the District's 2013-14 Adopted Budget. The report also references a Grand Jury Report, State Legislative Analyst's Reports and other correspondence.

Governance alternatives are summarized below. For the most part these alternatives could be initiated by the District Board, residents or voters of the district by 10% registered voter or landowner petition, the County Board of Supervisors, the governing body of any public agency that shares territory with the District or by LAFCo. One exception is that only the District can apply to LAFCo to activate new services.

¹ Much of this information was provided to the District at the time of the 2006 Municipal Service Review and most recently in a January 2012 letter to the District,

Governance Alternatives

- Continued existence of the District with application to LAFCo for a sphere of influence amendment and activation of new services (Only the District Board can initiate this type of application)
- Dissolution of the District with long term successor agencies to receive a share of the District's property tax for the purposes of: fire safety (Woodside Fire Protection District), community specific stormwater runoff (County of San Mateo), Land Stewardship (County of San Mateo, Town of Portola Valley, Midpeninsula Open Space District, Woodside Fire Protection District), Water conservation (CalWater already has a water conservation program, see discussion below)
- Dissolution of the District with no long-term successor for property tax revenue or services in which case property tax would be redistributed proportionately to all agencies currently receiving a share of the property tax within district boundaries.

Staff was also asked to identify alternatives aside from organizational change available to the Commission if a District fails to comply with State law requiring LAFCo approval for activation of new services. In this regard, aside from initiation of an application by the District, another affected agency or LAFCo or residents, legal action would be an alternative. In LAFCo's case, the Commission does not budget for initiation of litigation.

LAFCo:

LAFCo is an independent commission with jurisdiction over the boundaries of cities and special districts, extension of service outside agency boundaries and activation of services not previously provided. LAFCo adopts spheres of influence or plans for the boundaries of cities and special districts, conducts municipal service reviews and processes applications for annexation, extension of service outside boundaries, consolidation, formation, dissolution, incorporation and activation of new services.

Los Trancos County Water District:

The Los Trancos County Water District is an independent district formed in 1954 to improve water service to a portion of Los Trancos Woods. Subsequent annexations resulted in the District including all of Los Trancos Woods and Vista Verde and most recently the newly developed Blue Oaks Subdivision (Note that no property tax was transferred to the District when the Blue Oaks Subdivision² was annexed.) The territory in the District which includes Los Trancos Woods, Vista Verde and Blue Oaks has a population of 1,064. The Elections Division reports 556 registered voters. Each neighborhood is represented by a neighborhood association. The District is governed by five board members elected by the registered voters in District boundaries. The area is characterized by steep terrain and narrow, winding roads and is heavily wooded. With the exception of about 65 homes in Los Trancos Woods and all homes in Blue Oaks, homes are served by septic systems. In 2005, the District sold the water system to California Water Service Company (CalWater) for \$125,000 but continued in existence continuing to collect property tax and initially issuing water rebates and maintaining District lands as described below.

As an unincorporated area with several overlapping special districts, the study area receives municipal type services from the County, several special districts and CalWater, a private utility company. All territory in the Los Trancos County Water District is within the boundaries of the Woodside Fire Protection District and Midpeninsula Regional Open Space District. The Blue Oaks Subdivision is also within the boundaries of the Town of Portola Valley and West Bay Sanitary District. As noted above, Blue Oaks does not contribute property tax to LTCWD and is excluded from the programs currently funded by the District. Unincorporated Los Trancos Woods and Vista Verde are in the sphere of influence of the Town of Portola Valley and the West Bay Sanitary District. As noted above, approximately 65 homes in the unincorporated area have been annexed to the West Bay Sanitary District in order to connect to sewer and abandon in adequate septic systems. Water service is provided CalWater. Unincorporated areas receive road service from the County of San Mateo and police service from the San Mateo County Sheriff. The Sheriff's Department also provides service to the Town of Portola Valley by contract. The following table summarizes service delivery patterns.

² The Blue Oaks Developers extended a zero interest loan to the District in the amount of \$617,763 which the District used to fund infrastructure improvements. The loan provides that quarterly payments of \$2,250 are due at such time that 32 homes are constructed and quarterly payments increase to \$2,750 at such time that 36 homes are constructed. The Town of Portola Valley last reported that there are now a total of 33 lots in the subdivision. Of these, 25 are occupied or under construction and close to occupancy. Of the 8 vacant lots, one is anticipated to be constructed later this year, and two are active inquiries. The timing on the rest is uncertain.

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Service/Jurisdiction	Los Trancos/Vista Verde	Blue Oaks
Water	CalWater	CalWater
Sewer	Septic/West Bay Sanitary	West Bay Sanitary District
Fire & Emergency Response	Woodside Fire Protection Dist.	Woodside Fire Protection District
Police/Sheriff	County of San Mateo Sheriff	Sheriff via Contract with Town of PV
Roads/Storm Water	County of San Mateo	Town of Portola Valley
Street Lights	None	None
Park & Recreation, Open Space ³	County of San Mateo Midpeninsula Regional Open Space District	Town of Portola Valley Midpeninsula Regional Open Space District

2006 LAFCo Municipal Service Review and Sphere of Influence Update

The Los Trancos County Water District (LTCWD) was the subject of a LAFCo⁴ municipal service review (MSR) and sphere of influence (SOI) update in 2006. The MSR is a State-mandated study that is required prior to LAFCo reviewing or updating the SOI. The SOI is the plan for the boundaries and governance of a city or special district. At the time of the 2006 MSR/SOI Update, LTCWD had sold its water system to California Water Service Company (CalWater) but continued to exist and collect property tax, using it to issue water rebates by transferring funds to CalWater to administer the rebates by reducing water bills. At the time the rebate formula was based on units of water consumed.

During the MSR/SOI the District expressed concern about disposition of the three District owned parcels including a small lake and the desire to retain these lands in an undeveloped state for the benefit of district residents. The LAFCo MSR/SOI highlighted the District's practice of rebates as inconsistent with best practices in water conservation⁵ and the use of property tax for this purpose as inconsistent with legislative intent that property tax be used for non-enterprise services such as public safety and passive recreation, identified potential successor agencies that could become stewards of the lands and receive District property tax for the purposes of land stewardship, fire safety and other services to benefit the community. These agencies included the County of San Mateo, Woodside Fire Protection District, Midpeninsula Regional Open Space District and Town of Portola Valley.

The MSR also cited State law (Government Code Section 56824.10-56824.14) that requires districts to apply to LAFCo for authorization to activate services that are authorized under

³ The County of San Mateo operates regional parks including Huddart and Wunderlich Parks. Midpeninsula Regional Open Space District operations regional open space preserves and trails in adjacent areas including Los Trancos Open Space, Monte Bello Open Space and Coal Creek Open Space. Town of Portola Valley facilities include playing fields and trails nearby. Please see Map-Attachment D.

⁴ LAFCo is a State-mandated independent commission with jurisdiction over the boundaries of cities and special districts and the activation or divestiture of services by special districts. See Attachment A – LAFCo Fact Sheet.

⁵ The rebate on water consumption was discontinued in 2012. Currently the District budgets for interior and exterior water conservation incentives/rebates. Please see budget discussion below.

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District enabling legislation but not previously provided. These include fire protection, sanitary sewers, land reclamation and park and recreation. (Note that recent revisions to Section 54824.10 require LAFCo approval for divestiture of service.) The MSR/SOI resulted in the Commission reaffirming the District's sphere designation of dissolution, citing the fact that the District no longer operated a water system and that overlapping agencies could become successor to District lands⁶ and property tax for the benefit of District residents. More recently the District indicates an intention to comply with Sections 56824.12-56824.14 which would also require a request to amend the District's sphere of influence.

Civil Grand Jury Report:

In 2009 the 2008-09 Civil Grand Jury released the report "A Water District with No Water" (Attachment C) in which the Grand Jury recommended LAFCo work directly with the District in identifying an agency that would take over ownership and management of the District's three properties and directed the District to seek advice from legal counsel on approaches to transfer the District's property tax to overlapping agencies for the benefit of District residents after dissolution. The District partially disagreed with the Grand Jury report citing their assessment of resident sentiment at the time opposing dissolution. The LAFCo response acknowledged LAFCo's ability to *facilitate* collaboration between the District and potential successor agencies but that the outcome was dependent upon the willingness of the District and successor agencies to participate in the process because LAFCo does not have authority to force overlapping agencies to become successor(s). LAFCo staff subsequently organized a meeting of representatives of the District, County Parks, Midpeninsula Regional Open Space District, Town of Portola Valley and Woodside Fire Protection District and no agency expressed willingness to pursue becoming successor to District lands or property tax revenue.

State Legislative Analyst's Office

Two reports by the State Legislative Analyst's Office cite the example of Los Trancos County Water District in the context of an agency that continues to receive property tax while not providing the service for which the tax was originally intended.

The report Parole Realignment and the 2008-09 Budget⁷ contained the following language regarding use of property tax:

Example: Los Trancos County Water District In 1954, residents of a hilly, rural area in San Mateo County created an enterprise special district to provide water service and levied a property tax rate to help pay for this service. In 2005, the water district sold its entire water distribution system to a private company (a change that resulted in lower water service charges to the

⁶ District lands include a 10,000 square foot parcel near Los Trancos Creek that was formerly used as a pump station, a 3.78 acre residentially zoned parcel on Lake Road formally used as a reservoir but was drained and contains a storage shed and a 1.72 acre parcel also located on Lake Road that includes a small lake.

⁷ http://www.lao.ca.gov/analysis_2008/2008_pandi/pi_anl08007.aspx

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area's residents). Although the water district no longer provides water service, the district did not dissolve or request that its property tax revenues be redistributed or eliminated. The water district continues to receive property taxes pursuant to current law. The district uses about one-half of these revenues to provide tax rebates to its residents and the rest for activities unrelated to water delivery.

The Los Trancos County Water District was again referenced in: "The 2008-09 Budget: Perspectives and Issues – Report from the Legislative Analyst's Office to the Joint Legislative Budget Committee"⁸

More recently, in November 29, 2012 the Legislative Analyst's Office Report "Understanding California's Property Tax"⁹ contained the following:

Limited Responsiveness to Modern Needs and Preferences: An effective tax allocation system ensures that local tax revenue is allocated in a way that reflects modern needs and preferences. In many ways, California's property tax allocation system—which remains largely based on allocation preferences from the 1970s—does not meet this criterion. California's population and the governance structure of many local communities have changed significantly since the AB 8 system was enacted. For example, certain areas with relatively sparse populations in the 1970s have experienced substantial growth and many local government responsibilities have changed. One water district in San Mateo County—Los Trancos Water District—illustrates the extent to which the state's property tax allocation system continues to reflect service levels from the 1970s. Specifically, this water district sold its entire water distribution system to a private company in 2005, but continues to receive property tax revenue for a service it no longer provides.

December 12, 2011 Meeting between LTCWD & LAFCo:

In December 2011 a meeting took place between the LAFCo Chair Linda Craig, the Executive Officer and LAFCo Legal Counsel and the LTCWD Board President, legal counsel and a Board Member to discuss the process of application to activate new service. Attachment A is a letter summarizing the discussion and the process for application for activation of service. The letter also discusses dissolution of the District establishing zones of benefit for the purpose of drainage maintenance and fire safety and disposition of District owned lands.

The following section provides an outline of alternatives and processes and takes into consideration the concern of the Los Trancos and Vista Verde communities for susceptibility to wildfires and the need for escape route clearing and fuel load reduction, storm water runoff causing damage to roads and private property, maintenance of District owned lands in an

⁸ www.lao.ca.gov/analysis_2008/2008_pandi/pandi_08.pdf

⁹ <http://www.lao.ca.gov/reports/2012/tax/property-tax-primer-112912.aspx>

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undeveloped and fire safe condition in the long term and a process for community input in these areas.

Review of Key Issues

Local Agency Formation Commissions (LAFCo) operate pursuant to the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 contained in Government Code Sections 56000 and 57000 et seq. (CKH Act). Under the CKH Act, Government Code Section 56375, LAFCOs are responsible for approving, modifying, or disapproving changes of organization including activation of new services. The provision requiring LAFCo approval for activation of new service became effective in San Mateo County in 1996 when special district members were seated on LAFCo. At the time, the CKH Act required that in any county where special district members were added to LAFCo membership, special districts were required to provide an inventory of active services. Any subsequent activation of new service would require approval by LAFCo. Since that time several changes to language concerning activation of new services have been implemented. Please see Exhibit A for a compilation of references to exercise of new functions or services in the CKH Act.

In 2000, the language concerning activation of new services was amended to require LAFCo approval for activation of any new services in all counties regardless of special district representation. In 2009 Assembly Bill 2484 was enacted to define “exercise of new or different functions or classes of services” as a change of organization subject to LAFCo approval. This results in a requirement that LAFCo process an application for activation of new services in the same way as it would a change of organization, including the following activities and considerations

LTCWD 2013-14 Budget:

The District Board rejected the 2006 LAFCo recommendation that the District should be dissolved and the finding that the District must apply to LAFCo for activation of inactive services. Since the 2006 LAFCo MSR/SOI, District annual property tax revenues have grown from \$213,857 in 2006-07 to \$290,000 in the current fiscal year. In the same period, District expenditures have grown from \$113,144¹⁰ to \$368,500 in the 2013-14 Adopted Budget. The increase reflects a combination of annual one-time expenditures including consultant studies including a study regarding slide repair of Ramona Road, the work for which has been undertaken by the County of San Mateo.

Ongoing expenditures include the rebate/offset, water efficiency rebates, annual salary of Program Manager and program expenditures in the areas of Land Management Services, Water Movement Control Services, Water Use Efficiency Services, Watershed Fire Protection Services and Financial Management and Budget.

The District’s Adopted 2013-14 Budget includes revenue sources of property tax also labeled

¹⁰Data from 2006-07 from State Controller’s “Special Districts Annual Report – Fiscal Year 2006-07.

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“Direct Public Support” estimated at \$290,000, interest earnings of \$500 and a fund balance of \$171,066 for a total of \$461,566.

Adopted expenditures total \$368,500 including \$50,000 for Program Coordinator which is allocated to the various expense accounts including Water Use Efficiency, Emergency Preparedness Lands, Water Movement Control and Contract Services. \$34,100 is appropriated for other contract administrative services (recording secretary, temporary services, bookkeeping and accounting, etc.) \$9,200 for operating costs such as insurance, election, etc. Combined, these general administrative or management expenses total \$176,000 or 61% of annual property tax revenue. Other program expenditures (reduced by program coordinator salary) include \$16,800 for Water Use Efficiency, \$109,500 for Emergency Preparedness, \$18,700 for Lands, \$123,000 for Water Movement Control and \$3,700 for Operations (subscriptions, postage, telephone, etc.)

In the 2013-14 Fiscal Year, projected spending will reduce Fund Balance by \$78,000 resulting in ending fund balance of \$93,066.

Blue Oaks Loan:

As noted in Footnote 2, the District received a zero interest loan in the amount of \$617,762 from the Developers of Blue Oaks Subdivision with a provision that no payments would be due until such time that thirty-two houses are constructed. At such time, the District is required to make quarterly payments of \$2,250. Once thirty-six homes are complete the District is required to make quarterly payments of \$2,750. No payment is due at this time. There are now only a total possible of 33 single family lots. Of these, 25 are occupied or under construction and close to occupancy. Of the 8 vacant lots, one just received design approval and will likely move to construction later this year. The timing on completion of the balance of the homes is uncertain. However, this liability remains, is included in District’s financial statements and would succeed to a successor agency if the District is dissolved.

Budget Document and Audit:

The District’s Adopted 2013-14 Budget on the following pages Attachment b. The District’s June 2012 Audit is Attachment C.

Rebates/Incentives (Water Savings Technologies, Shake Roof, Water Movement Control)

These District’s rebates and incentives for water efficiency and fire protection offer a stark contrast to industry standard rebate and emergency preparedness programs of CalWater and Woodside Fire Protection District as described below.

The 2013-14 LTCWD Budget includes \$16,800 for Water Use Efficiency including \$10,900 for rebates, \$20,000 for Eucalyptus and Pine Removal Residential Program, \$38,000 for Fire Safety Residential Program totaling \$85,700 or 29% of property tax revenues for the 2013-14 fiscal

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year. The District's website does not have a link for the current year incentive book but the link to the 2012-13 Conservation and Safety Coupon Incentive Book includes incentives as follows: up to \$2,000 for upgrading an outdoor irrigation system, up to \$1,200 for replacing an old irrigation controller with weather-based smart controller, up to \$1,000 for replacing lawn with low water use, native plantings, up to \$500 for adding or restoring mulch, up to \$300 for replacing a toilet with a high efficiency toilet, up to \$300 by replacing an old washer or dishwasher with a qualified clothes and dish washer, up to \$300 for a rainwater harvesting system, up to \$50 for faucet replacement, up to \$3,500 for Eucalyptus removal, up to \$2,000 for replacing shake roof with flame retardant materials, up to \$750 for defensible space clearing, up to \$750 for Sudden Oak Death Prevention, up to \$250 for installation of automatic gas shut-off valves, up to \$75 for roof and gutter cleaning.

CalWater rebates include: up to \$125 for high efficiency clothes washer, up to \$100 for high efficiency toilet and up to \$125 for smart irrigation controller.

Consistent with other fire districts, the Woodside Fire Protection District does not offer rebate programs as described above. The District has a limited chipper program that cannot accommodate eucalyptus. The District offers training programs (CPR and first aid) and coordinates the Citizens Emergency Response and Preparedness Program (CERRP) which was established in 1997 to promote community based disaster preparedness and response in the Woodside Fire Protection District. The program includes the Towns of Woodside and Portola Valley and the surrounding unincorporated areas of Ladera, Vista Verde, Los Trancos Woods, and Emerald Lake. The WFPD has been divided into 25 Divisions and the Divisions are, in turn, divided into Neighborhood teams. The District's objective is to have everyone living in the WFPD be a member of a Neighborhood Team.

The LTCWD rebates and incentives are unique in that they employ 29% of district resources to incentivize conservation and fire prevention activities on private property. Governance alternatives detailed below do not assume continuance of this level of incentives or rebates because they are not consistent with accepted practices of neighboring or overlapping agencies. In addition, funding these incentives/rebates detracts from the District's ability to respond to demonstrated community needs such as stormwater runoff, land management and emergency fire and medical response.

Property Tax Reduction if District is Dissolved

LAFCo has been asked if the property tax bills for parcels in district boundaries could be reduced if the District is dissolved. While there may legal provisions for districts to reduce what excess property tax, there are reasons that make this unpractical. Proposition 13 set property tax at 1% of assessed value and Revenue and Tax Code includes provisions for redistribution of the 1% property tax upon boundary change or reorganization. The record for the District and the community demonstrates severe stormwater runoff problems, the need for enhanced fire safety and a desire to maintain district owned lands in a natural state. Reduction/refund of property tax, if possible, would reduce property tax available to address these important needs.

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Also, Government Code Section 57450 which addresses dissolution of a district includes various provisions regarding disposition of assets. Section 56668 includes conditions LAFCo may adopt in approving a dissolution, including establishing long term successor agency(ies).

Section 57454 states: *No inhabitant, property owner, taxpayer, consumer, or user within the territory of a dissolved district shall be entitled to either of the following:*

(a) All or any part, or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, or any property, real or personal, of the dissolved district.

(b) Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of dissolution.

Government Code Section 56886 includes provisions that would allow LAFCo to condition dissolution of a district on establishment of successor agencies to continue services and succeed to property tax for that purpose. Examples that are described below would include conditioning dissolution on formation of County Maintenance District (Road Zone) that would succeed to a portion of the District's property tax for the purpose storm water runoff that currently erodes the condition of roads. Likewise, the Woodside Fire Protection District could establish zone of benefit in which property tax transferred from the dissolved District to WFPD could be segregated for the benefit of fire and emergency response in Los Trancos Woods/Vista Verde.

Disposition of District-owned Lands

District lands include:

- Parcel 1 is a 10,000 square foot (0.23 acre) parcel located on Lo Los Trancos Creek below Ramona road, formerly used as pump station. The District indicates that CalWater has expressed interest as a site to potentially pump water from the Creek and the District has offered CalWater right of first refusal on the property.
- Parcel 2 is a 3.78 acre parcel located along Lake Road. It was formally a reservoir and drained in the 70's and includes an old District storage shed.
- Parcel 3 is a 1.72 acre parcel located along Lake Road and Old Spanish Trail and includes a reservoir of approximately 1 million gallon capacity. This reservoir along with the former reservoir on Parcel 2 used to be filled by pumped from Los Trancos Creek. However, water has not been pumped from the Creek since the 1970's. The District indicates that this reservoir currently fills seasonally in part from underground springs and in part from rainfall.

Potential Successors to these lands include but are not limited to Mipeninsula Regional Open Space District, Town of Portola Valley, County of San Mateo, Woodside Fire Protection District and Peninsula Open Space Trust. While these lands are not within the Town of Portola Valley the lake is adjacent to Portola Valley Open Space lands. There would be no requirement that all parcels succeed to the same owner. Concerns about the lands remaining in a natural state could be address by easements which are under the jurisdiction of the San Mateo County

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Planning Department. Disposition of the lands to address community concerns could be a condition of LAFCo approval.

Summary of Alternatives

Continued existence of the District and process for sphere amendment and activation of latent powers or reorganization of district

The required steps to apply to LAFCo for activation of new service include:

- 1) Environmental review by the District - Discretionary actions by public agencies are subject to the California Environmental Quality Act (CEQA) any time an underlying activity will result in a direct or indirect physical change to the environment. A lead agency has the principal responsibility for carrying out or approving a project consistent with the provisions of CEQA. This includes determining whether the underlying activity qualifies as a project under CEQA. If the activity is deemed to be a project, the lead agency must decide if an exemption applies or if additional environmental review is needed, such as preparing an initial study. A responsible agency relies on the lead agency's environmental document and determination in making its own CEQA finding. Because the District would first adopt a resolution of application, and plan for providing service including a budget, the District would be lead agency and LAFCo would be responsible agency. Following completion of an initial study, the District would either prepare a negative declaration or Certificate of Exemption.
- 2) District adopts resolution of application to LAFCo for sphere amendment and activation of new services accompanied by completed application form and plan for providing service and budget. This should also include provisions for long term funding of the Blue Oaks Loan.
- 3) District submits application and fees to LAFCo.
- 4) LAFCo application triggers property tax negotiations - California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before a commission can consider a proposed change of organization. As noted above, Revenue and Tax Code provides that Counties shall negotiate on behalf of districts after consulting with the District. In cases where there is no transfer of service responsibility between the County and a District, the appropriate action is to adopt a resolution of zero property tax transfer.
- 5) Once property tax resolution is adopted and submitted to LAFCo and all other necessary materials are complete, application can be certified as complete and scheduled for hearing.
- 6) Commission may approve, approve with modifications or conditions, or deny the application. The Commission must consider alternative service provision including existing agencies that contain the territory.
- 7) If approved, and Commission adopted conditions are met, the LAFCo Executive Officer schedules a protest hearing. At the conclusion of the protest hearing the proposal shall be terminated if written protest is received by 50% or more of the registered voters residing

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in the District; order the proposal subject to confirmation of voters if written protest is submitted by 25% but less than 50% of the registered voters or 25% but less than 50% of the number of landowners owning more than 25% but less than 50% of the land in the district; or approve the annexation without election if written protest is submitted by less than 25% of the voters or less than 25% of the number of landowners owning less than 25% of the land in the District.

Reorganization/Dissolution of the District with Long-term successor(s) to continue services and be successor to property tax

Dissolution of the District could result in continuance of allocation of property tax for local purposes by establishing successor agencies for this purpose. This would involve, application for dissolution of the District and establishment of the territory of the dissolved district as a zone of benefit of the County of San Mateo as a drainage maintenance district and/or a zone of benefit of the Woodside Fire Protection District, or a combination of both with these agencies being successor to district services, assets and liabilities. Both of these scenarios recognize the overlapping authority of the County of San Mateo in regard to roads and storm water management and the Woodside Fire District in regard to fire prevention. These alternatives could also take into consideration disposition of District owned lands including transfer to another public agency including Town of Portola Valley, Midpeninsula Regional Open Space District, Woodside Fire Protection District, the County of San Mateo or a combination of these agencies. Dissolution would also require a successor agency become successor to the Blue Oaks Loan and set aside funds for this purpose. (Please see Exhibits D and E of Attachment A regarding pertinent code sections for maintenance districts and zones of benefit.)

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Dissolution of District with No Long-term Successor:

This alternative would result in the District being dissolved and the County being designated Short-term successor the purpose of winding down the affairs of the District. Once all obligations are satisfied property tax of the District would be redistributed proportionately to all agencies currently receiving a share of the 1% property tax in District boundaries. This alternative is complicated by the outstanding Blue Oaks Loan and would require that funds be set aside for the purpose of repayment when the loan comes due prior to redistributing property tax.

Dissolution Process:

1. Dissolution can be initiated by resolution of the Los Trancos County Water District, County of San Mateo, any overlapping District or by petition of 10% of registered voters or landowners.
2. LAFCo holds noticed public hearing.
3. LAFCo may approve, approve with conditions or with modifications or deny.
4. If approved, LAFCo holds protest hearing.
 - a) However, if the dissolution is initiated by the District, LAFCo may approve the dissolution without protest hearing or election.
 - b) If initiated by any other local agency, the Commission or by petition, LAFCo must hold a protest hearing and an election is not required if less than majority protest is received. If there is a majority written protest the proceedings are terminated.

Conclusion:

As noted above, it is recommended that the Commission receive this report at your September 11 meeting, receive public comment and direct staff to hold a public workshop for the Los Trancos/Vista Verde Community. Once that is complete staff can work with the District, community and affected agencies to pursue a LAFCo application.

Distribution: Members, Formation Commission
Los Trancos County Water District
County Manager
SMC DPW
Woodside Fire Protection District
MROSD
Town of Portola Valley

Attachments:

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Attachment A	December 2012 LAFCo letter to District including Exhibits
Attachment B	District Budget
Attachment C	District Audit

Nick Pegueros

From: Gina Coony <gcoony@openspace.org>
Sent: Tuesday, September 03, 2013 6:05 PM
To: Nick Pegueros; John Richards Home; Ann Wengert; Howard Young; Karen Kristiansson
Cc: ruchira@knapp-architect.com
Subject: Notes from Meeting with Town of Portola Valley

Follow Up Flag: Follow up
Flag Status: Completed

Richard, Ann, Nick, Karen & Howard,

Thank you so much for taking time out of your day to meet with me to discuss the status and goals for the Hawthorn Historic area evaluation. As discussed, the District is compiling documents to inform an outreach / Request for Proposals for Partners. Although the overall site master planning for the property will not occur for some time, the District has learned through experience that structures will deteriorate very quickly, and our goal is to find a partner to take over, through a lease type arrangement, the rehabilitation of the structures on site.

Below is a quick review of items discussed:

1. Evaluation of the structures was prioritized based on their current condition and their potential for re-use: The Hawthorn House and Garage being in the best (fair) condition; the Cottage and the Barn are in poor condition. All four structures have been evaluated, despite their level of condition, for both their historic quality and for their condition assessment.
2. We have developed plans and exterior elevations for the Hawthorn House, Garage, and Cottage.
3. The Final Draft of the Historic Resource Study (HSR) has just been completed, and following final review, will be posted on our website for review; ToPV will be notified so they can review the HSR.
4. The Conditions Assessment Report should be in Final Draft within the next few weeks.
5. Currently the Project team is working on the "re-use" Feasibility Report. This will evaluate two use types: Residential & some sort of Light Commercial use.
6. Karen Kristiansson, Deputy Town Planner described the types of uses that would be allowed:
 - a. Any use proposed will need to adhere to the Zoning Ordinance; ToPV maps indicate the property is located on (3) parcels which are zoned RE – Residential Estate. Any use not "residential" would require a Conditional Use Permit, and must adhere to the types of uses that are allowed, with a Condition Use permit, in this zone. Conditional uses possible included: wineries, horticulture, greenhouses, nursery schools, day care centers. Karen forwarded a link to the Municipal Code: <http://library.municode.com/index.aspx?clientId=13781&stateId=5&stateName=California>
Post Meeting Note: According to District records, the property is located on (2) Legal Parcels; ToPV records show (3) parcels. The discrepancy could be between assessor maps and legal description or could be an overlay that had been done for the portion of the site that was originally slated to be given to Fred Woods. This overlay did not change the legal parcel, but may likely be showing up on ToPV maps. (*often assessor will break up a parcel under one ownership into two parcel, but this does not affect the legal definition of the parcel.)*
 - b. Conditional Use "runs with the land", thus, any partner who proposes a use, and obtain a condition use permit for the site, it would be the District as land owner who is responsible for compliance with the Condition Use permit.

- c. "Conditional" Uses allowed only if the parcel is located on an "arterial" road; Alpine Road is an Arterial Road; Los Trancos is a "collector". Therefore, for condition uses, the access would have to be off Alpine Road.

Post Meeting Note – Is there not a winery located on Los Trancos road across from the Hawthorn site? Is the zoning different? Since the historic use of the site is off Los Trancos, we believe that restricting use other than residential off Alpine is likely too restrictive given the fact that we all want to be able to restore this site, and do it within the context of it's historic use. We would need to know the steps to obtain General Plan amendment to allow a greater range of uses that can attract a potential partner. I will contact Karen separately to discuss what those steps would be.

7. Howard Young, Public Works Director, inquired about what kind of signage would be proposed at the site; District explained that this would depend on the type of use the partner were proposing; any signage would need to adhere to town signage requirements.
8. The Master Plan process will be initiated by the District, who is the lead agency and will complete the evaluation under CEQA and Public Planning Process for the site. The District will want to engage with the ToPV ahead of the public process to collaborate and obtain their input. Until this is completed, the Alpine Road trail and other trail connections will probably not be evaluated. Currently, District does not know when the Hawthorn Property Master Plan will be completed.
9. How much of the site to be used by a partner would likely depend upon the business plan they present; agricultural uses would likely be considered, and could require more land. In addition, POST holds the conservation easement over the property and any uses would also have to be approved by POST.
10. Minimally the goal is to find a partner who will restore the Hawthorn House and the Garage.
11. ToPV questioned what would happen to other structures on site if a partner only renovates one or two structures. Would there be the potential to allow others on site to restore and use other structures? District would prefer to have as many of the viable structures restored as possible. They would need to look at lease options to allow for multiple partners. Ultimately, we will all be limited by the interest we receive in the property.
12. Depending on what Partner proposes to do with the property, the time-frame will likely take at least one year for planning review / planning commission, if an acceptable Condition Use for the site is proposed.
13. The proposed restoration / use will likely also have to go before the Architectural and Site Commission for review and approval.
14. Howard pointed out that the neighbor to the north on Los Trancos is planning a lot split and proposing to locate a driveway adjacent to the Hawthorn property north driveway. Lea and Braze is the consultant working on that design. District may want to contact them to see what they are planning, and how that might impact what is proposed for the Hawthorn Site.
15. ToPV group inquired where the RFP's would be sent. District indicating mailing neighbors within a certain diameter, posting on their website, posting in Public locations in ToPV. Nick suggested that the District have the Almanac do a news article about the property and what is planned when they release the RFP.
16. District requested ToPV forward any further thoughts, suggestions, concerns regarding the property to the District.

Please let me know if I missed anything.

Thank you again.



Gina Coony
 Planning Department
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 Midpeninsula Regional Open Space District
 330 Distel Circle, Los Altos, CA 94022
 P: (650) 691-1200 - F: (650) 691-0485

Nick Pegueros

From: Karen Kristiansson
Sent: Wednesday, September 04, 2013 9:59 AM
To: Gina Coony; Nick Pegueros; John Richards Home; Ann Wengert; Howard Young
Cc: ruchira@knapp-architect.com
Subject: RE: Notes from Meeting with Town of Portola Valley

Hi Gina—

Thank you for the detailed notes. I did want to clarify two items there.

First, #6.c refers to conditional uses that are only allowed on an arterial road. To be clear, the zoning code allows some conditional uses on any parcel in the R-E district, including farming and wineries. However, other uses (listed in Section 18.12.030.D) are only allowed when located on an arterial, such as boarding stables or nursery schools.

Second, #12 mentions the time frame for a conditional use approval. As we discussed, it could be faster or slower depending on what exactly is proposed. If you're going to put this in the RFP, it would probably be more accurate to say it could take 6-12 months.

If you have any questions about those or would like more information, please give me a call at 650-851-1700 x212.

Karen

From: Gina Coony [mailto:gcoony@openspace.org]
Sent: Tuesday, September 03, 2013 6:05 PM
To: Nick Pegueros; John Richards Home; Ann Wengert; Howard Young; Karen Kristiansson
Cc: ruchira@knapp-architect.com
Subject: Notes from Meeting with Town of Portola Valley

Richard, Ann, Nick, Karen & Howard,

Thank you so much for taking time out of your day to meet with me to discuss the status and goals for the Hawthorn Historic area evaluation. As discussed, the District is compiling documents to inform an outreach / Request for Proposals for Partners. Although the overall site master planning for the property will not occur for some time, the District has learned through experience that structures will deteriorate very quickly, and our goal is to find a partner to take over, through a lease type arrangement, the rehabilitation of the structures on site.

Below is a quick review of items discussed:

1. Evaluation of the structures was prioritized based on their current condition and their potential for re-use: The Hawthorn House and Garage being in the best (fair) condition; the Cottage and the Barn are in poor condition. All four structures have been evaluated, despite their level of condition, for both their historic quality and for their condition assessment.
2. We have developed plans and exterior elevations for the Hawthorn House, Garage, and Cottage.
3. The Final Draft of the Historic Resource Study (HSR) has just been completed, and following final review, will be posted on our website for review; ToPV will be notified so they can review the HSR.
4. The Conditions Assessment Report should be in Final Draft within the next few weeks.

X



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Mayor and Members of the Town Council
FROM: Nick Pegueros, Town Manager
DATE: September 6, 2013
RE: Weekly Update

The purpose of this report is to provide a summary update on items/projects of interest for the week ended September 6, 2013.

- 1. Meeting with MROSD re Hawthorns/Woods Property** – The digest contains a summary of the Town's meeting with Gina Coony from MROSD's planning department. In summary, the historic assessment of the property is complete and will soon be available for public review. MROSD will then solicit proposals from interested parties to renovate and occupy at least two of the five existing structures (the main house and the carriage house). MROSD envisions the site will remain largely unchanged with new use that is consistent with the historic uses of the property.
- 2. CalPERS Dependent Eligibility Verification Program** – CalPERS medical has started the next phase of its "Dependent Eligibility Verification" program, whereby a third party contractor will request proof of eligible dependent status for healthcare subscribers. The program started with an amnesty period that had surprising results as reported in the Sacramento Bee ("[CalPERS audits will revoke coverage for ineligible dependents](#)").