



**TOWN OF PORTOLA VALLEY**  
**Regular Meeting of the Town Council**  
**Wednesday, January 25, 2023**  
**7:00 P.M.**

Jeff Aalfs, Mayor  
Sarah Wernikoff, Vice Mayor  
Judith Hasko, Councilmember  
Mary Hufty, Councilmember  
Craig Taylor, Councilmember

**HYBRID MEETING**

**HISTORIC SCHOOLHOUSE - 765 Portola Road, Portola Valley, CA 94028**

**Remote Public Comments:** Meeting participants are encouraged to submit public comments in writing in advance of the meeting. Please submit your comments using this [online form](#) by 1:00 PM on the day of the meeting. Time permitting, your correspondence will be uploaded to the website. All received questions will be forwarded to Council, Commission, or Committee members for consideration during the meeting and included in the public record. Additionally, the public body will take questions using the Raise Hand button for those who attend the meeting online or by phone. Phone callers may provide comments by pressing \*9 on your phone to "raise your hand" and \*6 to mute/unmute yourself. The meeting Chair will call on people to speak by the phone number calling in.

**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 or by email at [mthurman@portolavalley.net](mailto:mthurman@portolavalley.net). Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

**VIRTUAL PARTICIPATION VIA ZOOM**

**To access the meeting by computer:**

<https://us06web.zoom.us/j/82595744256?pwd=SVYbDh3Vm9PS2s5ZURzbFZuMnM4Zz09>

**Webinar ID:** 825 9574 4256

**Passcode:** 712408

**To access the meeting by phone:**

1-669-900-6833 or 1-888-788-0099 (toll free)

Mute/Unmute – Press \*6 / Raise Hand – Press \*9

*Residents have asked if they are able to see a list of participants in Zoom webinar-meetings. Craig Hughes has put together a simple website integrated with Zoom data to provide this for Town webinars. You can visit the site at <https://pv-zooms.rungie.com/> which will show a list of meetings. Clicking on a meeting will then display all participants in the meeting, as well as those who had been in the meeting but have left. The site will only show meetings once they have started and the first participant has joined.*

1. CALL TO ORDER
2. REPORT OUT OF CLOSED SESSION
3. 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. *Speakers' time is limited to three minutes.*

4. **CONSENT AGENDA**

The following items are voted on at once by the body, unless a member of the body requests an item be considered separately. Members of the public are permitted to comment on any item on the consent calendar before the body votes on the consent agenda.

- a. **Approval** of Action Minutes for the Regular and Special Meetings of January 9 and January 11, 2023
- b. **Approval** of Warrant List
- c. **Adoption** of a Resolution Confirming the State of Emergency and Need to Continue Conducting Town Public Meetings Remotely (a) A Resolution of the Town Council of the

Town of Portola Valley Confirming Existing State of Emergency and Authorizing Continued Remote Public Meetings Under AB 361

- d. **Appointment** of Members to the Historic Resources Committee and Open Space Acquisition Advisory Committee:
  - Terry Hicks (Historic Resources)
  - Betsy Morgenthaler (Open Space Acquisition Advisory)
- e. **Approval** of the Wildfire Preparedness Committee Charter Amendment
- f. **Approval** of the Open Space Acquisition Advisory Committee Charter Amendment
- g. **Approval** of Agreement with LandEcon Group for the Preparation of a Fiscal Impact Analysis and Report for the Stanford “Wedge” Housing Project and to Approve a Budget for the Analysis in the Amount of \$33,750

**5. REGULAR AGENDA**

- a. **Hold** Annual Workshop and Discuss Potential Priorities and Council/Committee Communications
- b. **Receive** Report and Provide Direction on the Housing Element Update and Schedule of Associated Zoning Code Amendments and Other Related Documents
- c. **Acceptance** of the FY 2019-20 Audit

**6. COUNCIL COLLEAGUE MEMOS**

- a. **Discuss** Colleagues Memo from Councilmembers Hasko and Taylor Entitled “Proposed Process for Implementation of Sunrise Provision of Housing Element”
- b. **Discuss** Colleagues Memo from Vice Mayor Wernikoff Entitled “FY 2022-23 Council Priority 3e”
- c. **Discuss** Colleagues Memo from Vice Mayor Wernikoff Entitled “Lifetime Achievement Award”
- d. **Discuss** Colleagues Memo from Councilmember Hufty Entitled “Code of Ethics for Town Council”
- e. **Discuss** Colleagues Memo from Councilmembers Hasko and Hufty Entitled “General Plan Research and Working Group”

**7. COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS**

Oral reports arising out of liaison appointments to both in-town and regional committees and initiatives.  
*There are no written materials and the Town Council does not take action under this agenda item.*

**8. TOWN MANAGER REPORT**

*There are no written materials and the Town Council does not take action under this agenda item.*

**9. ADJOURNMENT**

The next Regular Town Council meeting will be held on February 8, 2023 at 7:00 p.m.

**10. CLOSED SESSION**

- a. **CONFERENCE WITH LEGAL COUNSEL** – Anticipated Litigation; Pursuant to Government Code Section 54956.9(d), (e)(5)

The Town of Portola Valley acknowledges the colonial history of this land we dwell upon—the unceded territory of the Ramaytush (rah-my-toosh) Ohlone, Tamien Nation, and Muwekma (mah-WEK-mah) Ohlone, who endured a human and cultural genocide that included removal from their lands and their sacred relationship to the land. Portola Valley recognizes that we profit from the commodification of land seized from indigenous peoples and now bear the ecological consequences. We seek to understand the impact of these legacies on all beings and to find ways to make repair.



**TOWN OF PORTOLA VALLEY**  
**Regular Meeting of the Town Council**  
**Monday, January 9, 2023**  
**1:00 P.M.**

**Jeff Aalfs**, Mayor  
**Sarah Wernikoff**, Vice Mayor  
**Judith Hasko**, Councilmember  
**Mary Hufty**, Councilmember  
**Craig Taylor**, Councilmember

**MINUTES**

**1. CALL TO ORDER** – All Councilmembers were present.

**2. ORAL COMMUNICATIONS**

The following members of the public spoke during Oral Communications:

- Rita Comes
- Kristi Corley

**3. SPECIAL MEETING**

a. **Conduct** Interview Sessions for the Following:

- Two Short-Term Vacancies on the Planning Commission (PC), with One Seat's Term Expiring in December 2023, and One Seat's Term Expiring in December 2024
- Two Short-Term Vacancies on the Architectural Site Control Commission (ASCC), with One Seat's Term Expiring in December 2023 and One Seat's Term Expiring in December 2024

The Council interviewed the following candidates:

- Lynda Brothers (PC)
- Lucy Neely (ASCC)
- Carter Warr (ASCC or PC)
- Rebecca Flynn (PC)
- Ronny Krashinsky (PC)
- Karen Vahtra (PC)

The Town Council took a recess beginning at 2:40 p.m. The Town Council reconvened at 2:45 p.m.

The following members of the public spoke regarding the interview sessions:

- Rita Comes
- Jon Silver
- David Cardinal
- Danna Breen

Appointments to the Architectural Site Control Commission and Planning Commission will be made during the regular meeting of January 11, 2023.

**4. ADJOURNMENT** – The meeting adjourned at 3:57 p.m.

The next Regular Town Council meeting will be held on January 11, 2023 at 7:00 p.m.

The meeting minutes were prepared by Melissa Thurman, Town Clerk for approval at the January 25, 2023 regular meeting.



**TOWN OF PORTOLA VALLEY**  
**Regular Meeting of the Town Council**  
**Wednesday, January 11, 2023**  
**7:00 P.M.**

**Jeff Aalfs**, Mayor  
**Sarah Wernikoff**, Vice Mayor  
**Judith Hasko**, Councilmember  
**Mary Hufty**, Councilmember  
**Craig Taylor**, Councilmember

**MINUTES**

**1. CALL TO ORDER** – All Councilmembers were present.

**2. REPORT OUT OF CLOSED SESSION**

**3. ORAL COMMUNICATIONS**

The following members of the public spoke during Oral Communications:

- Rita Comes
- Kristi Corley
- Leslie Kriese
- Nan Shostak
- Caroline Vertongen
- Jon Silver

**4. CONSENT AGENDA**

The following members of the public spoke regarding the Consent Agenda:

- Rita Comes (Items 4.d. and 4.g.)
- Caroline Vertongen (Items 4.d. and 4.g.)
- Leslie Kriese (Items 4.d. and 4.g.)
- Betsy Morgenthaller (Items 4.d. and 4.g.)
- Kristi Corley (Items 4.d. and 4.g.)
- Karen Askey (Items 4.d. and 4.g.)
- Lucy Neely (Item 4.g.)

**Councilmember Hasko** requested to pull Item 4.a. to correct names of speakers listed in the minutes.

**Councilmember Taylor** requested to pull Items 4.d. and 4.g.

M/S Hasko/Taylor to approve Items 4.b., 4.c., 4.e. and 4.f. of the Consent Agenda. **Motion carried unanimously by roll call vote.**

M/S Wernikoff/Taylor to approve Item 4.a. of the Consent Agenda. **Motion carried unanimously by roll call vote.**

M/S Hasko/Taylor to approve Item 4.d., adopting the resolution and creating a Subcommittee of Hasko/Hufty to review the HCD templates. **Motion carried unanimously by roll call vote.**

M/S Taylor/Wernikoff to deny Item 4.g. **Motion carried 4-1 with Councilmember Aalfs opposed by roll call vote.**

- a. **Approval** of Action Minutes for the Regular Meeting of December 14, 2022
- b. **Approval** of Warrant List
- c. **Adoption** of a Resolution Confirming the State of Emergency and Need to Continue Conducting Town Public Meetings Remotely (a) A Resolution of the Town Council of the Town of Portola Valley Confirming Existing State of Emergency and Authorizing Continued Remote Public Meetings Under AB 361
- d. **Authorize** Town Manager to Execute Any and All Contract Amendments with Department of Housing and Community Development

- e. **Adoption** of Resolution Ratifying the Proclamation of Existence of Local Emergency Issued by Director of Emergency Services and Further Proclaiming the Continued Existence of the Emergency
- f. **Adopt** a Resolution in Support of the Mack E. Mickelson Arthritis and Rehabilitation Center Therapy Pool Located at the Mills Health Center in San Mateo California
- g. **Authorize** Lucy Neely to Serve as Chair of the Finance Committee and the Race and Equity Committee

## 5. REGULAR AGENDA

- a. **Appoint** Commission Members for the Following:
  - Two Short-Term Vacancies on the Planning Commission, with One Seat's Term Expiring in December 2023, and One Seat's Term Expiring in December 2024; and
  - Two Short-Term Vacancies on the Architectural Site Control Commission, with One Seat's Term Expiring in December 2023 and One Seat's Term Expiring in December 2024

The following members of the public spoke regarding the item:

- Betsy Morgenthaler
- Rita Comes
- Caroline Vertongen
- Dale Pfau
- Leslie Kriese

**Jeff Aalfs, Mayor**, opened nominations for one short-term seat on the Planning Commission, with the seat's term expiring in December 2023.

M/S Hufty/Taylor to nominate Lynda Brothers

M/S Wernikoff/Aalfs to nominate Ronny Krashinsky

Motion by Hasko to nominate Karen Vahtra. **No second provided.**

After a roll call vote, **Lynda Brothers** was appointed to the Planning Commission with a vote of 4-1 with Vice Mayor Wernikoff voting for Ronny Krashinsky. Lynda Brothers will serve on a short-term seat, which will expire in December 2023.

**Jeff Aalfs, Mayor**, opened nominations for one short-term seat on the Planning Commission, with the seat's term expiring in December 2024.

M/S Taylor/Aalfs to nominate Ronny Krashinsky

M/S Aalfs/Wernikoff to nominate Rebecca Flynn

Motion by Hufty to nominate Karen Vahtra. **No second provided.**

M/S Hasko/Hufty to nominate Carter Warr.

After a roll call vote, **Ronny Krashinsky** was appointed to the Planning Commission with a vote of 3-2 with Councilmembers Hasko and Hufty voting for Carter Warr. Ronny Krashinsky will serve on a short-term seat which will expire in December 2024.

M/S Taylor/Hufty to postpone nominations and voting for the two vacancies on the Architectural Site Control Commission and re-open the recruitment to January 27, 2023, with interviews and appointments to occur in a special meeting that will take place the week of January 30, 2023. **Motion carried unanimously by roll call vote.**

- b. **Approve** Council Appointments to Regional and Local Bodies for 2023

The following members of the public spoke regarding the item:

**Jeff Aalfs, Mayor**, announced that there were two omissions to the report: Commute.org and Race and Equity Committee.

**Mary Hufty, Councilmember**, volunteered to serve on Race and Equity.

**Sarah Wernikoff, Vice Mayor**, volunteered to serve on Friends of the Library.

M/S Wernikoff/Taylor to approve the Mayor's list of Council appointments to regional and local bodies for 2023, as amended. **Motion carried unanimously by roll call vote.**

## 6. COUNCIL COLLEAGUE MEMOS

- a. **Discuss** Colleagues Memo from Mayor Aalfs Entitled "Suggested Change to Committee and Outside Meeting Liaison Reports"

**Jeff Aalfs, Mayor**, presented the item.

The Town Council agreed to begin providing written reports on the meetings they attended for future agenda packets.

- b. **Discuss** Colleagues Memo from Vice Mayor Wernikoff Entitled "Council Meeting Start Time – Discussion of Earlier Meeting Time"

**Sarah Wernikoff, Vice Mayor**, presented the item.

The Town Council chose not to change the meeting start time to 6:00 p.m.

- c. **Discuss** Colleagues Memo from Vice Mayor Wernikoff Entitled "Lifetime Achievement Award"

**Sarah Wernikoff, Vice Mayor**, presented the item.

The Town Council chose to create a subcommittee to review this award proposal. The subcommittee will be **Vice Mayor Wernikoff and Councilmember Hasko**.

- d. **Discuss** Colleagues Memo from Councilmember Hufty Entitled "General Plan Resident Working Group"

**Mary Hufty, Councilmember**, presented the item.

The following members of the public spoke regarding the item:

- Jon Silver
- Rita Comes
- Caroline Vertongen
- Leslie Kriese

The Town Council directed Councilmember Hufty to work with Councilmember Hasko on defining the role of the group and to present the item at a future meeting.

- e. **Discuss** Colleagues Memo from Mayor Aalfs and Councilmember Taylor Entitled "Proposed Council Commitments to a Post-Adoption Housing Element Process"

**Jeff Aalfs, Mayor and Craig Taylor, Councilmember**, presented the item.

The following members of the public spoke regarding the item:

- Rita Comes
- Bob Adams

The Town Council agreed that the document needed further work and they chose to disband the previous subcommittee of Jeff Aalfs and Craig Taylor and created a new subcommittee of Judith Hasko and Craig Taylor to work on phrasing and details within the document.

- f. **Discussion** Item from Councilmember Hufty – Code of Ethics for Town Council

The Town Council chose to continue the item to the meeting of January 25, 2023.

**7. COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS**

The Councilmember listed below reported on attending the following meeting:

- Sarah Wernikoff – ADU Ambassador Meeting

The following member of the public spoke regarding the item:

- Rita Comes

**8. TOWN MANAGER REPORT**

**Jeremy Dennis, Town Manager**, provided the report verbally.

The following member of the public spoke regarding the item:

- Kristi Corley
- Rita Comes
- Bob Adams

**9. ADJOURNMENT –** The meeting adjourned at 11:41 p.m.

The next Regular Town Council meeting will be held on January 25, 2023 at 7:00 p.m.

The meeting minutes were prepared by Melissa Thurman, Town Clerk for approval at the regular meeting of January 25, 2023.

The Town of Portola Valley acknowledges the colonial history of this land we dwell upon—the unceded territory of the Ramaytush (rah-my-toosh) Ohlone, Tamien Nation, and Muwekma (mah-WEK-mah) Ohlone, who endured a human and cultural genocide that included removal from their lands and their sacred relationship to the land. Portola Valley recognizes that we profit from the commodification of land seized from indigenous peoples and now bear the ecological consequences. We seek to understand the impact of these legacies on all beings and to find ways to make repair.

## Check Register

Check Number	Vendor Number	Vendor Name	Check Amount	Check Date	BW	Check Type
Checks for Cash Account: 910-11011-000						
2811	59	BMI	391.00	01/25/23		
2812	80	CALPERS	26,339.70	01/25/23		
2813	124	COMCAST	287.08	01/25/23		
2814	214	HINDERLITER DE LLAMAS & ASSOC	751.48	01/25/23		
2815	218	MISSIONSQUARE RETIREMENT	24,011.24	01/25/23		
2816	334	NOLTE ASSOCIATES INC	14,618.75	01/25/23		
2817	337	O. NELSON & SON INC.	18,986.71	01/25/23		
2818	341	OLBERDING ENVIRONMENTAL INC	875.00	01/25/23		
2819	364	PERS HEALTH	17,896.16	01/25/23		
2820	375	PLATINUM FACILITY SERVICES	4,936.68	01/25/23		
2821	423	SESAC	553.00	01/25/23		
2822	447	STAPLES CREDIT PLAN	213.98	01/25/23		
2823	504	WOODSIDE & PORTOLA PRIVATE	575.00	01/25/23		
2824	532	COUNTY OF SAN MATEO	20,245.00	01/25/23		
2825	796	JEREMY DENNIS	408.49	01/25/23		
2826	860	STEPFORD	26,714.51	01/25/23		
2827	932	MARY HUFTY	625.00	01/25/23		
2828	933	HEIRLOOM CATERING CO	7,098.72	01/25/23		
Check totals:			165,527.50			
ACH totals:						
EFTPS totals:						
Wire transfer totals:						
Payment Manager totals:						
GRAND TOTALS			165,527.50			
Check totals:			165,527.50			
ACH totals:						
EFTPS totals:						
Wire transfer totals:						
Payment Manager totals:						
GRAND TOTALS			165,527.50			



Check Date	Check Number	Special Information	Net Check Amount	Total Invoices Paid	Invoice Number
Vendor: 01/25/23	59 2811	BMI 2023 Music License Renewal	391.00	391.00	45628919
Vendor:	80 2812	CALPERS November Retirement- PEPPA November Retirement- CLASSIC	26,339.70	8,244.40 18,095.30	100000016966410 100000016966408
Vendor: 2813	124	COMCAST WIFI 01.16.23 - 02.15.23	287.08	287.08	7290-JAN23
Vendor: 2814	214	HINDERLITER DE LLAMAS & ASSOC Sales Tax Audit Svcs - Q2 2022	751.48	751.48	SIN023551
Vendor: 2815	218	MISSIONSQUARE RETIREMENT Defer Comp, September 2022 Defer Comp, October 2022 Defer Comp, November 2022 Defer Comp, December 2022	24,011.24	5,800.50 5,710.26 6,250.26 6,250.22	SEPT_2022 OCT_2022 NOV_2022 DEC_2022
Vendor: 2816	334	NOLTE ASSOCIATES INC October Applicant Charges & PW Support	14,618.75	14,618.75	OCT_2022
Vendor: 2817	337	O. NELSON & SON INC. Emergency Storm Clean-up Emergency Storm Sand Delivery/Sand Bags Emergency Storm Clean Up- Portola/Hayfield Rd	18,986.71	8,094.80 7,052.48 3,839.43	244 241 242
Vendor: 2818	341	OLBERDING ENVIRONMENTAL INC C-1 Trail Monitoring 10/01/22 - 11/30/22	875.00	875.00	2022466
Vendor: 2819	364	PERS HEALTH January Health	17,896.16	17,896.16	100000017030209
Vendor: 2820	375	PLATINUM FACILITY SERVICES December Friday Disinfection Svcs- COVID19 December Janitorial Svcs	4,936.68	448.01 4,488.67	45490 45489
Vendor: 2821	423	SESAC 2023 Music License	553.00	553.00	951801
Vendor: 2822	447	STAPLES CREDIT PLAN December Statement	213.98	213.98	2814-DEC22
Vendor: 504		WOODSIDE & PORTOLA PRIVATE			

Check Date	Check Number	Special Information	Net Check Amount	Total Invoices Paid	Invoice Number
01/25/23	2823	Traffic Control	575.00	575.00	190776
Vendor:	532	COUNTY OF SAN MATEO			
	2824	FY 2022-23 Animal Control Cost	20,245.00	20,245.00	AC22-23-PORTOLA
Vendor:	796	JEREMY DENNIS			
	2825	Reimbursement - Staff Holiday Lunch	408.49	408.49	12202023
Vendor:	860	STEPFORD			
	2826	Docking Stations, HP Laptops December IT Support	26,714.51	22,794.51 3,920.00	2201727 2201635
Vendor:	932	MARY HUFTY			
	2827	New Mayors & Council Members Academy - M.Hufty	625.00	625.00	01182023
Vendor:	933	HEIRLOOM CATERING CO			
	2828	Catering Deposit- Volunteer Appreciation Dinner	7,098.72	7,098.72	02102023
Check Date Totals			165,527.50		
Grand Total			165,527.50		

**TOWN OF PORTOLA VALLEY**

**Warrant Disbursement Journal**

**January 25, 2023**

Claims totaling \$165,527.50 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 \_\_\_\_\_

\_\_\_\_\_  
Jeremy Dennis, Treasurer

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

Signed and sealed this (Date) \_\_\_\_\_

\_\_\_\_\_  
Melissa Thurman, Town Clerk

\_\_\_\_\_  
Mayor



# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Members of the Town Council

**FROM:** Cara Silver, Town Attorney

**DATE:** January 25, 2023

**RE:** Adoption of Resolution Confirming the State of Emergency and Need to Continue Conducting Town Public Meetings Remotely

### RECOMMENDATION

Staff recommends that the Town Council adopt the attached Resolution Confirming the State of Emergency and Need to Continue Conducting Town Public Meetings Remotely.

### BACKGROUND

On September 16, the Governor signed AB 361, amending the Ralph M. Brown Act (Brown Act) to allow legislative bodies to continue to meet virtually during the present public health emergency. AB 361 is an urgency bill which goes into effect on October 1, 2021 and expires on January 1, 2024 (portions of the bill applying to the State legislature and school districts expire earlier). The bill extends the teleconference procedures authorized in Executive Order N-29-20 (set to expire September 30, 2021) during the current COVID-19 pandemic and allows future teleconference procedures under limited circumstances defined in the bill. Effective October 1, 2021, cities must comply with AB 361 if they want to conduct remote meetings.

AB 361 applies to meetings during a proclaimed state of emergency and the legislative body has made a finding that meeting in person would "present an imminent risk to the health or safety of attendees". "State of emergency" is defined as a state of emergency declared by the Governor under Government Code Section 8625.

AB 361 requires several procedural safeguards, such as giving the public ability to address the legislative body directly, providing information on how to address the body, providing either a call-in or internet-based service option, requirement to stop meeting if call-in or internet-based option fails due to measures under the control of the Town, comments may not be required to be submitted in advance, and pre-registrations (except as required by call-in or internet platform) are prohibited.

Public members must be given a reasonable time to register to provide public comment and agencies that provide a timed public comment period shall not close the public comment period until that timed period has expired.

If the legislative body desires to continue using the teleconference exception, it must confirm the circumstances of the state of emergency 30 days after the first teleconference meeting and every 30 days thereafter.

**DISCUSSION**

Town staff has installed a new system in the Schoolhouse to accommodate hybrid remote meetings. This system has also been installed in the Community Hall. On April 27, 2022, the Council conducted its first hybrid meeting and plans to continue meeting this way. However, some members of the Council, its commissions/committees, staff and the public may want to continue attending remotely. Given the continued presence of COVID-19 in the community, in person meetings would present an imminent risk to the health or safety of certain attendees.

AB 361 requires the Council to make a regular finding confirming the state of emergency and the need for continued remote meetings. Staff will therefore be agendaizing this finding on every Council meeting agenda until a decision to transition to completely in person meetings has been made. Council will also be requested to make these findings on behalf of its commissions and committees as well, so there is a uniform policy on public meetings.

**FISCAL IMPACT**

There is no fiscal impact associated with continued remote meetings.

**ATTACHMENT**

1. Resolution

RESOLUTION NO. \_\_\_\_

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PORTOLA VALLEY CONFIRMING EXISTING STATE EMERGENCY AND AUTHORIZING CONTINUED REMOTE PUBLIC MEETINGS UNDER AB 361**

The Town Council of the Town of Portola Valley does RESOLVE as follows:

**WHEREAS**, on March 4, 2020, the Governor of the State of California declared a state of emergency, as defined under the California Emergency Services Act, due to the COVID-19 pandemic and the State of Emergency remains in effect;

**WHEREAS**, beginning in March 2020, the Governor's Executive Order N-29-20 suspended Brown Act requirements related to teleconferencing during the COVID-19 pandemic provided that notice, accessibility, and other requirements were met, and the public was allowed to observe and address the legislative body at the meeting;

**WHEREAS**, Executive Order N-08-21 extended the previous order until September 30, 2021;

**WHEREAS**, the Town Council and the Town's boards, commissions, and committees have conducted their meetings virtually, as authorized by the Executive Order, since March 17, 2020;

**WHEREAS**, on September 16, 2021, Governor Newsom signed into law Assembly Bill 361 ("AB 361"), which provides that a local agency legislative body may continue to meet remotely without complying with otherwise-applicable requirements in the Brown Act related to remote/teleconference meetings by local agency legislative bodies, provided that a state of emergency has been declared and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body continues to make such findings at least every 30 days during the term of the declared state of emergency;

**WHEREAS**, Cal/OSHA COVID-19 Emergency Temporary Standards ("ETS") require certain employers to implement social distancing requirements in the work place during the current COVID-19 pandemic; and effective February 14, 2022, the Town Manager issued updated work place guidelines imposing safety protocols on persons attending Town Hall facilities;

**WHEREAS**, in the last few months, while hospitalizations and severe illnesses have gone down, new COVID-19 variants have emerged and continued to impact the County's hospital capacity;

**WHEREAS**, these variants are believed by medical experts to be even more contagious as previous variants, and data has shown the variant has increased transmissibility even among some vaccinated people;

**WHEREAS**, due to uncertainty and concerns about the continuing presence of COVID-19 variants, many workplaces that had announced a return to regular in-person operations have pushed back the full return date until later in the year or next year;

**WHEREAS**, virtual meetings have not diminished the public's ability to observe and participate and have expanded opportunities to do so for some communities; and

**WHEREAS**, given the heightened risks of the predominant variant of COVID-19 in the community, holding meetings with all members of the legislative body, staff, and the public in attendance in person in a shared indoor meeting space would pose an unnecessary and immediate risk to the attendees.

**WHEREAS**, the Council has again reconsidered the circumstances of the state of emergency and finds that the state of emergency continues to impact the ability of members of the Town Council, commissions and committees and public to meet in person because there is a continuing threat of COVID19 to the community, and because Town meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings);

**WHEREAS**, persons experiencing any potential symptoms of COVID-19, or who test positive but are asymptomatic, or who are exposed to someone with COVID19, should follow medical advice regarding self-isolation or self-quarantine, avoiding public gatherings such as in-person meetings of public agencies, and should be able to do so without sacrificing their right to participate in public business during periods of self-isolation or self-quarantine;

**WHEREAS**, the onset of symptoms of COVID-19 or a positive test may occur too close to the start of a meeting for alternative arrangements for attendance to be made consistently with the Brown Act, such that a remote attendance option for public meetings should be maintained for as long as COVID transmission remains a potential risk of in-person meetings;

**WHEREAS**, the Town Council has an important interest in protecting the health and safety of those who participate in public Town meetings; and

**WHEREAS**, the Town Council finds that this state of emergency continues to directly impact the ability of members of the Town Council and its commissions and committees to meet safely in person and that meeting in person would present imminent risks to the health or safety of attendees, and the Council will therefore continue to invoke the provisions of AB 361 related to teleconferencing for meetings of the Town Council and its commissions and committees in order to provide its members as well as staff and members of the public with

the option of participating in its meetings remotely whenever necessary or advisable for them to do so.

**NOW, THEREFORE, BE IT RESOLVED** by the Town Council of the Town of Portola Valley that:

1. The Town Council adopts the recitals set forth above as findings of fact.
2. The Town Council hereby determines that, as a result of the emergency, meeting in person presents imminent risks to the health or safety of attendees.
3. In accordance with AB 361, based on the findings and determinations herein, meetings of the Town Council and Town commissions and committees will be held virtually or in a hybrid format allowing officials and the public to attend virtually or in person, with Brown Act teleconferencing rules suspended. Public meetings conducted outside may be conducted in person.
4. This resolution shall be effective upon adoption and remain in effect so long as the Council confirms the continuing state of emergency and need for remote meetings as required under AB 361.

**PASSED AND ADOPTED** this 25th day of January 2023.

By: \_\_\_\_\_  
Jeff Aalfs, Mayor

ATTEST:

\_\_\_\_\_  
Melissa Thurman, MMC  
Town Clerk



## Melissa Thurman

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**From:** webmaster@portolavalley.net  
**Sent:** Monday, November 7, 2022 7:34 PM  
**To:** Town Center  
**Subject:** Committee Application

A new entry to a form/survey has been submitted.

**Form Name:** Committee Application  
**Date & Time:** 11/07/2022 7:34 PM  
**Response #:** 170  
**Submitter ID:** 6809  
**IP address:** 98.42.90.116  
**Time to complete:** 19 min. , 38 sec.

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### Survey Details

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#### Page 1

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**Name of committee which I am interested in serving on (please note that only committees currently seeking volunteers are listed):**  
(o) Historic Resources

#### Applicant Information

<b>Full Name</b>	Terry Hicks
<b>Email Address</b>	[REDACTED]
<b>Street Address</b>	[REDACTED]
<b>City/Zip</b>	Portola Valley, CA 94028
<b>Number of years in Portola Valley</b>	12
<b>Cell Phone</b>	[REDACTED]
<b>Home Phone</b>	[REDACTED]
<b>Other Phone</b>	Not answered
<b>Emergency Preparedness</b>	Not answered

**Preferred Phone Contact Number**  
(o) Cell

**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've recently retired from a career as a tech executive and am looking for ways to contribute to our community. As an amateur history buff, I'm personally interested in learning about and sharing the stories of the people and events that have shaped our community.

I've done a lot of research about my own family history and I'm an avid reader of biographies and historical non-fiction and fiction. Most days you'll find me on the local trails listening to my favorite history podcasts.

I'm also a fan of the Aloha shirt, so a passion project I'm working on is a video blog to share the stories behind designers and classic fabric patterns. Just for fun.

**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

**TIME COMMITMENT:** Generally committees meet monthly and require a significant time commitment and participation at regular meetings. Please consider this level of commitment when evaluating your interest in serving on one of the Town's Committees.

**New Text Information**

Thank you,  
Portola Valley, CA

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**This is an automated message generated by Granicus. Please do not reply directly to this email.**

## Melissa Thurman

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**From:** webmaster@portolavalley.net  
**Sent:** Monday, November 21, 2022 8:21 PM  
**To:** Town Center  
**Subject:** Committee Application

A new entry to a form/survey has been submitted.

**Form Name:** Committee Application  
**Date & Time:** 11/21/2022 8:20 PM  
**Response #:** 172  
**Submitter ID:** 6815  
**IP address:** 2601:647:6000:3b40:f8a3:f480:d5c2:6937  
**Time to complete:** 30 min. , 32 sec.

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### Survey Details

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#### Page 1

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**Name of committee which I am interested in serving on (please note that only committees currently seeking volunteers are listed):**

(o) Open Space

#### Applicant Information

<b>Full Name</b>	Betsy Morgenthaler
<b>Email Address</b>	[REDACTED]
<b>Street Address</b>	[REDACTED]
<b>City/Zip</b>	Portola Valley, CA 94028
<b>Number of years in Portola Valley</b>	9-3/4
<b>Cell Phone</b>	[REDACTED]
<b>Home Phone</b>	[REDACTED]
<b>Other Phone</b>	Not answered
<b>Emergency Preparedness</b>	Question unclear

#### Preferred Phone Contact Number

(o) Cell

**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.**

Open Space is at the heart of what motivates me and the many to call Portola Valley home. As a Jasper Ridge docent for 30 years, and over the recent past few years, improving my understanding of Portola Valley's unique resources, features, and their want of protection, leads me to believe we would be a good fit.

**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.**

I do not have a personal, nor a financial, conflict of interest.

**TIME COMMITMENT:** Generally committees meet monthly and require a significant time commitment and participation at regular meetings. Please consider this level of commitment when evaluating your interest in serving on one of the Town's Committees.

New Text Information

Thank you,  
Portola Valley, CA

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This is an automated message generated by Granicus. Please do not reply directly to this email.




# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Members of the Town Council

**FROM:** Melissa Thurman, Town Clerk 

**DATE:** January 25, 2023

**RE:** Wildfire Preparedness Committee Charter Amendment

### RECOMMENDATION

The Wildfire Preparedness Committee recommends that the Town Council approve an amendment to their charter to reflect a new regular meeting time and date.

### BACKGROUND

On September 28, 2022, the Town Council approved an amendment to the Wildfire Preparedness Committee (WPC) charter, changing the committee's meeting date and time to the first Tuesday of each month at 4:00 p.m. However, since that approval took place, a conflict has arisen in the schedule of staff to attend this meeting regularly.

The WPC met in early January and selected a new time to regularly meet that holds no conflicts with committee members or staff. The new proposed time to meet is the fourth Thursday of each month at 7:00 p.m.

Town Staff has confirmed that this proposed meeting date and time will not conflict with other committee or Council meetings.

### FISCAL IMPACT

There is no fiscal impact associated with the proposed charter amendment.

### ATTACHMENT

1. Proposed Wildfire Preparedness Committee Charter, with Redline Amendment

## **Wildfire Preparedness Committee Charter**

### **MISSION**

Given the inherent risk of wildfire in Portola Valley and the changing character of wildfires due to climate change, the Wildfire Preparedness Committee shall advise the Town Council, on a limited duration basis, on ways to reduce wildfire danger, and increase resident resiliency in a wildfire emergency.

### **DUTIES & FUNCTION**

To provide the Town Council with short-, medium and long-term recommendations to:

1. Ensure residents have the tools to understand what to do in a wildfire emergency, including expectations on how communications work before, during, and after a wildfire;
2. Prepare residents for evacuation due to a wildfire, and the information needed to maximize success in an emergency;
3. Advise on the most effective and appropriate vegetation management practices to reduce wildfire danger;
4. Suggest opportunities to harden existing homes from wildfires, and regulations for future construction;
5. Determine potential sources of funding to implement any programs adopted by the Town Council;
6. Advise on new or more effective ways to coordinate efforts between partner agencies, volunteer groups, town committees, and state work;
7. Analyze additional options for improving wildfire preparedness as requested by the Town Council or resulting from research.

### **RESPONSIBLE TO**

Town Council

### **COORDINATION**

Staff Liaison – Town Manager and other assigned staff as needed.

### **MEMBERSHIP**

The membership of this Committee shall consist of nine (9) members appointed by the Mayor in concurrence with the Town Council. Five (5) members shall be from the public at large, and four (4) members shall be from the Town Council, the ASCC, the Emergency Preparedness Committee, and the Conservation Committee respectively. In addition, a technical advisory committee made up of experts from Town partners, agencies, and issue-area specialists shall be created and participate as needed.

### **MEETINGS**

Monthly meetings are to be held on the ~~first Monday of every month at 7:00 p.m.~~ fourth Thursday of every month at 7:00 p.m.

### **REPORTS**

The Committee will work with their staff liaisons to determine how frequently it will make reports to the Town Council




# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Members of the Town Council

**FROM:** Melissa Thurman, Town Clerk 

**DATE:** January 25, 2023

**RE:** Open Space Acquisition Advisory Committee Charter Amendment

### RECOMMENDATION

The Open Space Acquisition Advisory Committee recommends that the Town Council approve an amendment to their charter to reflect a new committee name and a regular meeting date and time.

### BACKGROUND

On November 17, 2022, the Chair of the Open Space Acquisition Advisory Committee (OSAAC), Terry Lee, sent an email to Town Clerk Melissa Thurman requesting a number of changes to the OSAAC:

- Changing the committee to a regular committee and not an ad-hoc committee
- Creating a regular meeting schedule of the first Thursday of every other month, beginning in February 2023, at 7:00 p.m.
- Update committee name to be consistent with the scope of the committee charter. The new name would be "Open Space Committee"

### FISCAL IMPACT

There is no fiscal impact associated with the proposed charter.

### ATTACHMENT

1. Proposed Open Space Acquisition Advisory Committee Charter

# **OPEN SPACE COMMITTEE CHARTER**

## **OBJECTIVES**

Support preservation of the Town's rural environment by advising the Town Council on all open space matters.

## **DUTIES AND FUNCTIONS**

1. Advise on acquisitions, easements, financing, and maintenance of open space.
2. Foster public awareness, education, and financial support for land conservation.
3. Liaise with other Town committees and local and regional open space organizations.
4. Monitor the General Plan, the Open Space Element, and land use ordinances relevant to open space preservation.

## **RESPONSIBLE TO**

Town Council

## **COORDINATION AND LIAISON**

Town Public Works  
Town Planner  
Town Attorney  
Town Manager  
Conservation Committee  
Parks and Recreation Committee  
Trails and Paths Committee  
Finance Committee  
Local and Regional Open Space Agencies and Organizations

## **MEMBERSHIP**

The Committee shall consist of a maximum of 7 regular voting members appointed by the Mayor with Council concurrence, and advisory members as determined appropriate by the Council appointed by the Mayor with Council concurrence. The members serve one-year terms.

The Committee may form subcommittees from time to time to explore or address issues for further consideration by the Committee. Subcommittee members serve one-year terms.

## **MEETINGS**

Meetings of the Open Space Committee will be scheduled regularly, initially every other month. Meetings may be cancelled or additional meetings may be added as needed. Committee meetings (not including subcommittee meetings) will be noticed, public, and presided over by a chairperson elected by the members of the Committee, and the proceedings shall be recorded by a secretary selected by the members.

Adopted by the Town Council [to be updated].






# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Members of the Town Council

**FROM:** Laura Russell, Planning and Building Director 

**DATE:** January 25, 2023

**RE:** Fiscal Impact Analysis Consultant, Stanford Wedge Project

### RECOMMENDATION

Staff recommends that the Town Council authorize the Mayor to enter into a contract with LandEcon Group for the preparation of a fiscal impact analysis and report for the Stanford “Wedge” housing project; and approve a budget for the analysis in the amount of \$33,750.

### BACKGROUND

In September 2019, Stanford University submitted an application for a faculty housing project for the Stanford Wedge. The project, as submitted, proposes the construction of 24 faculty homes, and 12 units of Below Market Rate (BMR) housing. The property is approximately 75 acres in size and is located along Alpine Road. The property has a General Plan land use designation of Conservation Residential and is in the R-E/3.5A/SD-2/D-R Zoning District. The Housing Element of the General Plan contemplates development on the Stanford Wedge parcel. The project is currently undergoing review by staff and consultants, with review by select committees upcoming. The Town released a Draft Environmental Impact Report (DEIR) and a formal response to public comments is currently being prepared.

A common part of the review of a significant development project is a fiscal impact analysis. This analysis can help a community evaluate a project’s impact on the Town’s general fund by analyzing the cost of providing services against potential revenue from the project. The analysis can determine the financial impact on the Town, which can be significant, given the limited commercial business base to generate tax revenues for the general fund.

For this reason, the Town issued a Request for Proposals (RFP) to engage a qualified firm to complete a fiscal impact analysis. The RFP included following assumptions previously identified for the proposed development would be factored into the fiscal impact analysis.

1. Applicant will pay for all improvements including undergrounding of utilities.
2. No Town funding is available for the affordable units.

3. A pro forma or analysis of a pro forma is not required of consultant.
4. Fire services for the Town are currently provided by Woodside Fire Protection District and law enforcement services by the San Mateo County Sheriff.
5. Market rate units will include a ground lease between Stanford and the home buyer. Stanford has its own BMR program—for sale units are subject to resale to faculty/instructors. (At this time, the price of the for-sale units has not been determined.)
6. Below Market Rate (BMR) units are rental apartments.
7. The project is subject to the Town's park fees. In addition, the Applicant intends to dedicate the undeveloped portion of the site as private open space with a publicly accessible trail.
8. Community benefits are focused on the affordability of BMR units.

The RFP's scope of work identified specific assumptions and the customary general fund revenue sources and expenditures that may be affected by development for the analysis. In addition, two scenarios would be analyzed 1) if the development is a market rate housing project and 2) the difference between market value and subsidized unit value for faculty and affordable units for the purpose of determining the different in property tax revenue received by the County and the Town. Consultants were also asked to analyze the cost of specific fire and public safety services as well as potential community benefits.

## DISCUSSION

An RFP was issued November 11, 2022. An effort was made to contact six firms in the Bay Area that provide fiscal and economic impact analyses, but heavy workloads and potential conflict of interest with the applicant prevented all but two firms from submitting a proposal. A proposal was received from LandEcon Group, a firm that has extensive experience completing economic and fiscal and land use analysis for commercial and mixed-use development projects and plans including UC Davis' West Village housing development in the City of Davis. A second proposal was received from Keyser Marston, a firm that provides land use, economic and fiscal impact analyses for commercial, residential, and affordable housing developments in California and throughout the U.S. Both firms have extensive experience working for public sector cities and agencies; both confirmed that Stanford has not been a client.

Both proposals address the requirements in the RFP's scope of work including analyzing the impacts for a market rate housing development and a subsidized development. Each firm uses a proprietary computer model for the fiscal impact analysis.

Keyser Marston's proposal has a budget of \$61,805 including a ten percent contingency. while LandEcon Group's budget \$30,250 with a ten percent contingency. There are two optional meetings and preparation of an FAQ online document for which Keyser Martson's cost is \$10,150. LandEcon Group's cost for these tasks would be billed based on time and expenses with a cap of \$3,500. The difference in cost for the two proposals can be explained in part by extra tasks Keyser Marston would undertake, higher hourly rates for their staff and higher administrative costs. Both firms could start work in February.

After interviewing both firms, staff concluded that LandEcon Group's methodology, approach, understanding of the project and Town requirements, and previous experience was selected to develop the fiscal impact report required for the project. In addition to the RFP scope requirements, LandEcon Group will research case studies of other communities where Stanford owns commercial or residential properties and will also analyze the likely changes in general fund impacts over the next twenty years from the market scenario and the below market scenario proposed by the applicant.

Staff recommends the Council authorize the Mayor to enter into a contract with LandEcon Group for the preparation of a fiscal impact analysis and report for the Stanford "Wedge" housing project and approve a budget for the analysis in the amount of \$33,750 including optional services. LandEcon Group will need six weeks from the date contract is approved to prepare a draft report.

The proposed budget for the fiscal impact analysis completed by LandEcon Group includes a 10 percent contingency in the amount of \$2,750. The contingency will only be used with written authorization by staff.

### **FISCAL IMPACT**

The Town's policies require that the applicant pay the full cost of the fiscal impact analysis. The budget of \$33,750 will be fully reimbursed by the applicant.

### **ATTACHMENTS**

#### **1. Contract with Exhibits**

Exhibit A: Signed and Dated Contract

Exhibit B: Scope of Work

Exhibit C: Budget

## **Town of Portola Agreement for Services**

### **AGREEMENT FOR**

### **Fiscal Impact Analysis: Stanford Wedge Residential Housing Development**

THIS AGREEMENT is made and entered into this 25<sup>th</sup> day of January 2023, by and between the Town of Portola Valley, a municipal corporation, ("Town") and Land Econ Group ("Consultant").

#### **RECITALS**

A. The Town desires to retain the professional consulting services of Consultant as an independent contractor to provide professional services to the Town, as described in more detail in Exhibit A. Consultant will work with the Town to develop a fiscal impact analysis for the Stanford Wedge Residential Housing Development.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

NOW, THEREFORE, in consideration of performance by the parties of the promises, covenants and conditions contained herein, the parties hereby agree as follows:

1. **SCOPE AND LEVEL OF SERVICES**. The nature, scope and level of the specific services to be performed by Consultant are as set forth in detail in Exhibit A attached hereto.

2. **TIME OF PERFORMANCE**. The services shall be performed on a timely, regular basis in accordance with the Schedule of Performance attached hereto as Exhibit B.

3. **STANDARD OF PERFORMANCE**. As a material inducement to the Town to enter into this Agreement, Consultant hereby represents and warrants that it has the qualifications and experience necessary to undertake the services to be provided pursuant to this Agreement. Consultant shall perform all work to the highest professional standards and in a manner reasonably satisfactory to the Town. Consultant hereby covenants that it shall follow the highest professional standards in performing all services required hereunder and will perform the services to a standard of reasonable professional care.

4. **COMPLIANCE WITH LAW**. All services rendered hereunder by Consultant shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of the Town, and any federal, state or local governmental agency having jurisdiction in effect at the time the service is rendered.

5. **TERM**. This Agreement is effective on the date set forth in the initial paragraph of this Agreement and shall remain in effect until the services required

hereunder have been satisfactorily completed by Consultant, unless earlier terminated pursuant to Section 17, below.

6. COMPENSATION. The Town agrees to compensate Consultant for its services according to the fee schedule set forth in Exhibit B, to a maximum of Thirty-three thousand seven hundred fifty dollars (\$33,750). The Town also agrees to compensate Consultant for its out-of-pocket expenses to the extent authorized in Exhibit B. In no event shall the total compensation and costs payable to consultant under this Agreement exceed the sum of Thirty Three Thousand Seven Hundred Fifty Dollars (\$33,750), unless specifically approved in writing by the Town Council.

7. METHOD OF PAYMENT. Consultant shall invoice the Town for work performed after as set forth in Exhibit B. Payments to Consultant by Town shall be made within thirty (30) days after receipt by Town of Consultant's itemized invoices.

8. REPRESENTATIVE. William W. Lee is hereby designated as the representative of Consultant authorized to act on its behalf with respect to the services specified herein. It is expressly understood that the experience, knowledge, capability and reputation of Land Econ Group were a substantial inducement for Town to enter into this Agreement. Therefore, William W. Lee shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. The representative may not be changed by Consultant without the express written approval of the Town.

9. INDEPENDENT CONTRACTOR. Consultant is, and shall at all times remain as to the Town, a wholly independent contractor and not an agent or employee of Town. Consultant shall receive no premium or enhanced pay for work normally understood as overtime, nor shall Consultant receive holiday pay, sick leave, administrative leave, or pay for any other time not actually worked. The intention of the parties is that Consultant shall not be eligible for benefits and shall receive no compensation from the Town except as expressly set forth in this Agreement. Consultant shall have no power to incur any debt, obligation, or liability on behalf of the Town or otherwise act on behalf of the Town as an agent. Neither the Town, nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall at no time, or in any manner, represent that it or any of its agents or employees are in any manner employees of the Town. Consultant agrees to pay all required taxes on amounts paid to Consultant under this Agreement, and to indemnify and hold the Town harmless from any and all taxes, assessments, penalties, and interest asserted against the Town by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the worker's compensation law regarding Consultant and Consultant's employees. Consultant further agrees to indemnify and hold the Town harmless from any failure of Consultant to comply with applicable worker's compensation laws. The Town shall not have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to Town from

Consultant as a result of Consultant's failure to promptly pay the Town any reimbursement or indemnification arising under this Section.

10. CONFIDENTIALITY. Consultant, in the course of its duties, may have access to financial, accounting, statistical and personal data of private individuals and employees of the Town. Consultant covenants that all data, documents, discussion, or other information developed and received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by the Town. The Town shall grant such authorization if disclosure is required by law. Upon request, all Town data shall be returned to the Town upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

11. OWNERSHIP OF MATERIAL. All reports, documents, or other written materials developed or discovered by Consultant or any other person engaged directly or indirectly by Consultant in the performance of this Agreement shall be and remain the property of the Town without restriction or limitation upon its use or dissemination by the Town. The proprietary model used for fiscal impact analysis remains the sole property of the Consultant.

12. CONFLICT OF INTEREST. Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the services to be performed by Consultant under this Agreement, or which would conflict in any manner with the performance of its services hereunder. Consultant further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, Consultant shall avoid the appearance of having any interest which would conflict in any manner with the performance of its services pursuant to this Agreement. Consultant agrees not to accept any employment or representation during the term of this Agreement which is or may make Consultant "financially interested" (as provided in California Government Code Sections 1090 and 87100) in any decision made by the Town on any matter in connection with which Consultant has been retained pursuant to this Agreement. Nothing in this section shall, however, preclude Consultant from accepting other engagements with the Town.

13. ASSIGNABILITY; SUBCONTRACTING. The parties agree that the expertise and experience of Consultant are material considerations for this Agreement. Consultant shall not assign, transfer, or subcontract any interest in this Agreement, nor the performance of any of Consultant's obligations hereunder, without the prior written consent of the Town Council, and any attempt by Consultant to do so shall be void and of no effect and a breach of this Agreement.

14. INDEMNIFICATION.

14.1 To the fullest extent permitted by law, Consultant shall indemnify, defend (with independent counsel approved by the Town) and hold harmless the Town, and its elective or appointive boards, officers, employees, agents and volunteers against any claims, losses, or liability that may arise out of or result from damages to property or personal injury received by reason of, or in the course of work performed

under this Agreement due to the acts or omissions of Consultant or Consultant's officers, employees, agents or subcontractors. The provisions of this Section survive completion of the services or the termination of this Agreement. The acceptance of such services shall not operate as a waiver of such right of indemnification.

14.2 With regard to Consultant's professional services, Consultant agrees to use that degree of care and skill ordinarily exercised under similar circumstances by members of Consultant's profession, including without limitation adherence to all applicable safety standards. To the fullest extent permitted by law, Consultant shall indemnify, defend (with independent counsel approved by the Town) and hold harmless the Town, and its elective or appointive boards, officers, and employees from and against all liabilities, including without limitation all claims, losses, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including, but not limited to, reasonable attorneys' fees, court costs and costs of alternative dispute resolution regardless of nature or type that arise out of, pertain to, or relate to the negligence, reckless, or willful misconduct of Consultant or Consultant's officers, employees, agents or subcontractors. The provisions of this Section survive completion of the services or the termination of this Agreement. The acceptance of said services and duties by Town shall not operate as a waiver of such right of indemnification.

14.3 The Town does not and shall not waive any rights that they may possess against Consultant because of the acceptance by the Town or the deposit with the Town of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies are determined to be applicable to the claim, demand, damage, liability, loss, cost or expense.

15. INSURANCE REQUIREMENTS. Consultant agrees to have and maintain the policies set forth in Exhibit C entitled "INSURANCE REQUIREMENTS," which is attached hereto and incorporated herein. All policies, endorsements, certificates, and/or binders shall be subject to approval by the Town Attorney as to form and content. These requirements are subject to amendment or waiver only if so approved in writing by the Town Attorney. Consultant agrees to provide Town with a copy of said policies, certificates, and/or endorsements before work commences under this Agreement. A lapse in any required amount or type of insurance coverage during this Agreement shall be a breach of this Agreement.

16. SUSPENSION. The Town may, in writing, order Consultant to suspend all or any part of Consultant's services under this Agreement for the convenience of the Town, or for work stoppages beyond the control of the Town or the Consultant. Subject to the provisions of this Agreement relating to termination, a suspension of work does not void this Agreement. In the event that work is suspended for a period exceeding 120 days, the schedule and cost for completion of the work will be adjusted by mutual consent of the parties.

## 17. TERMINATION.

17.1 This Agreement may be terminated by either the Town or Consultant following five (5) days written notice of intention to terminate. In the event the Agreement is terminated, Consultant shall be paid for any services properly performed to the last working day the Agreement is in effect. Consultant shall substantiate the final cost of services by an itemized, written statement submitted to the Town. The Town's right of termination shall be in addition to all other remedies available under law to the Town.

17.2 In the event of termination, Consultant shall deliver to the Town copies of all reports, documents, computer disks, and other work prepared by Consultant under this Agreement, if any. If Consultant's written work is contained on a hard computer disk, Consultant shall, in addition to providing a written copy of the information on the hard disk, immediately transfer all written work from the hard computer disk to a soft computer disk and deliver said soft computer disk to Town. Town shall not pay Consultant for services performed by Consultant through the last working day the Agreement is in effect unless and until Consultant has delivered the above described items to the Town.

18. CONSULTANT'S BOOKS AND RECORDS. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, supplies, materials, or equipment provided to Town for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant pursuant to this Agreement.

19. NON-WAIVER OF TERMS, RIGHTS AND REMEDIES. Waiver by either party of any breach or violation of any one or more terms or conditions of this Agreement shall not be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. Acceptance by the Town of the performance of any work or services by Consultant shall not be deemed to be a waiver of any term or condition of this Agreement. In no event shall the Town's making of any payment to Consultant constitute or be construed as a waiver by the Town of any breach of this Agreement, or any default which may then exist on the part of Consultant, and the making of any such payment by the Town shall in no way impair or prejudice any right or remedy available to the Town with regard to such breach or default.



20. NOTICES. Any notices, bills, invoices, reports or other communications required or permitted to be given under this Agreement shall be given in writing by personal delivery, by facsimile transmission with verification of receipt or by U.S. mail, postage prepaid, and return receipt requested, addressed to the respective parties as follows:

To Town:

Town Manager  
Town of Portola Valley  
765 Portola Road Portola  
Valley, CA 94028 Fax:  
(650) 851-4677

To Consultant:

Bill Lee  
\_\_\_\_\_  
Senior Partner  
\_\_\_\_\_  
Land Econ Group  
\_\_\_\_\_  
Fax: ~~(510)~~ 301-6698

Notice shall be deemed communicated on the earlier of actual receipt or forty- eight (48) hours after deposit in the U.S. mail, the date of delivery shown on deliverer's receipt, or by acknowledgment of facsimile transmission.

21. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY.  
In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental handicap, or medical condition. Consultant will take affirmative action to ensure that employees are treated without regard to race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental handicap, or medical condition.

22. ATTORNEYS' FEES; VENUE. In the event that any party to this Agreement commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which the successful party may be entitled. The venue for any litigation shall be San Mateo County.

23. COOPERATION. In the event any claim or action is brought against the Town relating to Consultant's performance or services under this Agreement, Consultant shall render any reasonable assistance and cooperation which Town might require.

24. EXHIBITS, PRECEDENCE. All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement.

25. PRIOR AGREEMENTS AND AMENDMENTS; ENTIRE AGREEMENT.  
This Agreement, and any other documents incorporated herein by specific reference, represent the entire and integrated agreement between the Town and Consultant. This Agreement supersedes all prior oral and written negotiations, representations or agreements. No prior oral or written understanding shall be of any force or effect with

respect to those matters covered hereunder. This Agreement may only be modified by a written amendment duly executed by the parties to this Agreement. Any amendment relating to compensation for Consultant shall be for only a not-to-exceed sum.

**IN WITNESS WHEREOF**, the Town and Consultant have executed this Agreement effective as of the date written above.

**TOWN:**

**CONSULTANT:**

By: \_\_\_\_\_  
Mayor

By: Bill Lee

Name (printed): Bill Lee

Title: Senior Partner

EIN 46-4006648

**ATTEST:**

\_\_\_\_\_  
Town Clerk

## EXHIBIT A

### SCOPE OF WORK

LandEcon Group (LEG) has a municipal General Fund fiscal analysis model designed for the exact purpose of this assignment. It is a series of linked spreadsheet using Excel where each output variable can be traced back through its calculation to its input data and assumptions. This model design facilitates the evaluation of alternatives, and the transparency enhances credibility when challenged. Our work tasks are outlined below.

#### BASIC WORK SCOPE FOR PORTOLA VALLEY

- Attend kick-off meeting (electronic) with Portola Valley staff to ascertain project objectives, issues between the town and the applicant, and divergent views within the town and its leadership regarding the Stanford Wedge project.
- Request relevant documents in the City's possession and review all such documents. Request clarification on issues as needed.
- Host a meeting with Stanford University staff to acquire a detailed understanding its housing subsidy program for faculty and staff. Determine relationship between salary and purchase price and resale restriction for faculty and rents for junior faculty and staff. Examine the historic trends in home prices and rents for units in the Stanford subsidy programs to create guideline for forecasting.
- Review the latest Portola Valley Annual Financial Report and Budgets to develop the revenue and service cost factors per new resident essential to model application.
- Survey comparable projects in the market place to determine sales prices, price per square foot, rental rates and rent per square foot in support of assessed value estimates for the market-based scenario.
- Apply the information gained from the meeting with the applicant to the Stanford subsidized scenario for the single-family units.
- Apply the information within the Affordable Housing Agreement between the applicant and the Town to estimate rents and assessed values for the multi-family units for the BMR scenario.
- Calibrate all model inputs and run the fiscal impact model for two scenarios to determine impact on the Town's General Fund. The inputs would include: unit type and sizes, assessed

value, population by unit type, school children estimate, per resident costs and revenues by General Fund line item and payments to the Woodside Fire Protection District and the San Mateo County Sheriff.

- Forecast forward for 20 years for the two scenarios to estimate the impact on Portola Valley's General Fund over time.
- Prepare and submit the draft Stanford Wedge Fiscal Impact Report and make a presentation on the draft report (electronic).
- Receive comments on the draft from Town staff and the public and attend a review meeting (electronic) to understand the changes and refinements necessary to finalize the report.
- Submit the final Stanford Wedge Fiscal Impact Report and a separate memo responding to public comments as necessary and appropriate.
- Attend three calls with Town staff (kick-off, presentation of draft findings from analysis, and final summary and conclusions).
- Prepare up to five case studies of Stanford University housing developments or programs in other cities around the campus to understand their economics relative to market rate housing.
- Analyze cost of trail and open space maintenance.
- Review comments regarding the fiscal report and provide responses as appropriate.

#### **Additional Services:**

We will also be available for the optional tasks as follows: a) Two virtual community meetings, and b) Preparation of a "Frequently Asked Questions" online document that presents technical concepts in easy-to-understand language.

**Note: 1. The proprietary model used for fiscal impact analysis remains the sole property of the Consultant.**

## EXHIBIT B

### Schedule and Fees

#### SCHEDULE AND FEES

LEG proposes a schedule of approximately six weeks from receipt of contractual authorization (January 25, 2023) to proceed to submission of draft fiscal impact report. Additional time may be needed for review and response to community questions and comments and for optional services.

LandEcon Group's basic service is \$15,000 for the comparison of the two scenarios. This fixed price amount assume that the applicant will provide LEG with the information needed to estimate the sales prices, rental rates and turnover patterns of the below market scenario. The firm's overall budget is detailed below:

Basic Fiscal Analysis Report	\$15,000.00
Case Studies	\$7,500.00
Review and Address Comments	\$5,000.00
Contingency of 10% on the Above	\$2,750.00
<b>Total Contract Budget</b>	<b>\$30,250.00</b>
Optional Services	\$3,500.00
<b>Total Including Optional Services</b>	<b>\$33,750.00</b>

Optional services, we will charge on a time and expenses basis subject to a cap of \$3,500. 2023 hourly rates are: William W. Lee - \$200 per hour and Tanya Chiranakhon - \$140 per hour.

#### Payment for Services

LEG will invoice an amount equal to 60 percent of the total contract amount upon submittal of a draft report. The balance will be invoiced upon submittal of the final report.

**EXHIBIT C****(INSURANCE REQUIREMENTS)**

Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to or interference with property which may arise from, or in connection with, the performance of the work hereunder and the results of that work by the Consultant, its agents, representatives, employees or subcontractors.

1. **MINIMUM SCOPE OF INSURANCE.** Coverage shall be at least as broad as:

1.1 Insurance Services Office Form No. CG 0001 covering General Liability and Commercial General Liability on an "occurrence" basis.

1.2 Insurance Services Office Form No. CA 0001 covering Automobile Liability, Code 1 (any auto), Code 8 (hired autos) or Code 9 (non-owned autos), if Consultant has no owned autos.

1.3 Workers' Compensation Insurance as required by the Labor Code of the State of California and Employer's Liability Insurance.

1.4 Errors and Omissions Liability Insurance appropriate to the Consultant's profession. Architects' and Consultants' coverage is to be endorsed to include contractual liability.

2. **MINIMUM LIMITS OF INSURANCE.** Consultant shall maintain limits no less than:

2.1 **Comprehensive General Liability.** (Including products-completed operations, personal & advertising injury) One Million Dollars (\$1,000,000) combined single limit per claim and Two Million Dollars (\$2,000,000) in the aggregate for bodily injury, personal injury and property damage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2.2 **Automobile Liability.** One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.

2.3 **Workers' Compensation and Employers Liability.** Workers' compensation limits as required by the Labor Code of the State of California. One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.

2.4 Errors and Omissions Liability. Two Million Dollars (\$2,000,000) per occurrence.

3. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to, and approved by, the Town. At the option of the Town, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Town, its officials, employees, agents and contractors; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the Town. The Town may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

4. OTHER INSURANCE PROVISIONS.

4.1 General Liability and Automobile Liability Coverages. The General Liability and Automobile Liability insurance policies required pursuant to Sections 1.1 and 1.2 shall contain or be endorsed contain the following provisions:

4.1.1 The Town, its officials, employees, agents, contractors and volunteers are covered as additional insureds with respect to liability arising out of work or operations performed by, or on behalf of, the Consultant including materials, parts or equipment furnished in connection with such work or operations, and products and completed operations of the Consultant on premises owned, leased or used by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the Town, its officials, employees, agents and contractors.

4.1.2 The Consultant's insurance coverage is the primary insurance as respects the Town, its officials, employees, agents, contractors, and volunteers. Any insurance or self-insurance maintained by the Town, its officials, employees, agents, contractors, and volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.1.3 The Insurance Company agrees to waive all rights of subrogation against the Town, its elected or appointed officers, officials, agents, and employees for losses paid under the terms of any policy which arise from work performed by the Town's insurer.

4.1.4 Coverage shall not be canceled by either party, except after thirty (30) days prior written notice (10 days for non-payment) by regular mail has been given to the Town.

4.1.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officials, employees, agents or contractors.

4.1.6 Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

4.2 Worker's Compensation Insurance. The Worker's Compensation Policy required pursuant to Section 1.3 shall contain or be endorsed to contain the provision set forth in subsection 4.1.4 above.

4.3 Acceptability of Insurers. All required insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Town.

4.3 Claims Made Policies. If any of the required policies provide claims-made coverage, the Town requires that coverage be maintained by Consultant for a period of 5 years after completion of the contract.

5. VERIFICATION OF COVERAGE. Consultant shall furnish the Town with original certificates, amendatory endorsements, and actual policies of insurance effecting coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by the Town before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive consultant's obligation to provide them. The Town reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications, at any time.

Proof of insurance shall be emailed to the following representative of the City:

Laura Russell  
Planning and Building Director  
Town of Portola Valley  
765 Portola Road  
Portola Valley, CA 94028  
(650) 851-1700 ext. 218  
[lrussell@portolavalley.net](mailto:lrussell@portolavalley.net)

6. SUBCONTRACTORS. Consultant shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.





# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Members of the Town Council

**FROM:** Jeremy Dennis, Town Manager  
Melvin Gaines, Assistant Town Manager

A handwritten signature in black ink, appearing to read "Jeremy Dennis".

**DATE:** January 26, 2023

**RE:** Annual Council/Committee and Commission Workshop

### **RECOMMENDATION**

Staff recommends that the Town Council and attending Commission and Committee members discuss potential priorities and council/committee communications

### **DISCUSSION**

In this second annual Workshop, the Town Council has invited the Town's Commissions and Committees to provide a venue for a broad discussion on potential projects and initiatives for the next fiscal year. This meeting is also an opportunity to discuss how Council creates its fiscal year priorities, the role of the Council Liaison, and how the Council reviews Committee recommendations. This workshop is intended to be informal and interactive, and will inform the Council's priority setting process, to begin at the February 8, 2023 Council meeting, and the subsequent FY 2023-24 budget.

Below is the agenda for the workshop. Note that each committee will present their materials at the meeting; some committees prefer to make an oral presentation, or will have a power point. The Wildfire Preparedness Committee provided their materials in advance of publication of this report (Attachment 1).

### **Council/Commission/Committee Workshop**

1. Intros
2. Why have a workshop?
3. Description of Council Priority process
4. Sharing of FY 2022-23 potential priorities (high level information sharing and discussion)
  - a. Committees
  - b. Commissions
  - c. Council

5. Next steps

- a. Council Priority Setting – February and March sessions
- b. Council Priority Setting – finalized March/April
- c. Committee 2022 annual reports – April/May
- d. Council Priorities shared with Committees
- e. Draft FY 2023-24 Budget - May

6. Adjourn workshop

**ATTACHMENT**

- 1. WPC materials



**PORTOLA VALLEY WILDFIRE PREPAREDNESS COMMITTEE****PROJECTS AND EXPENDITURES SUGGESTIONS FY 2023-24**

The Wildfire Preparedness Committee appreciates the opportunity to share its thoughts on possible funded projects and expenditures for FY 2023-24.

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**TARGETED PROGRAMS****Funding for part-time grant writer**

Grant writer to procure Federal and State funds for projects within Portola Valley.

Portola Valley could greatly benefit from either **hiring a part-time grant writer or collaborating with other sister cities to jointly hire a grant writer**. While our town staff has done a marvelous job identifying and applying for grants, they do not have the time to research the many grant opportunities that are currently being offered by State and Federal agencies. We recently had evidence of how important a professional grant writer could be to our town. Last year, CPAW grant writers were able to identify and apply for the California Wildfire Defense Grant, which has the potential of bringing in over \$900,000 in Federal funding to Portola Valley.

**Funding for wildfire shelter in place**

Provide residents in VHFZ a shelter in place location if evacuation routes are cut off.

Portola Valley might benefit from establishing **“wildfire shelter in place” locations in targeted, high fire risk areas**. We suggest that the Town Council **request that the WFPD assess whether this strategy would be appropriate for Portola Valley**. The WPC is aware of the critically important message that homeowners must evacuate immediately when receiving a wildfire evacuation alert. We recognize that early evacuation is the key to saving lives. However, we are also aware that in some areas of Portola Valley, under the worst of circumstances, evacuation may not be possible.

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**SEED MONEY FOR PILOT FIRE MITIGATION PROGRAM**

Background: It is widely recognized that many residents in Portola Valley have not taken basic steps to create defensible space around their homes or taken measure to harden their homes from wildfire. This puts all residents at an increased risk. However, several new actions will focus homeowners on wildfire mitigation in 2023. In mid-April, per State requirements, insurance companies will begin to revise their fire insurance rates and renewals based on what measures residents have taken to create defensible space and their how much they have hardened their home against wildfire. In addition, the WFPD has recently updated fire codes which will increase enforcement measures and could result in fines and abatement of property that are out of compliance. While these measures will make Portola Valley safer from wildfire, they offer a financial and logistical challenge to our residents.

There are a myriad of different types of fire mitigation programs offered by towns throughout the United States. Is there a fire mitigation program, which targets private property, that would make Portola Valley safer? In addition,

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would these programs be an effective use of tax dollars or have the potential of garnering Federal or State grants?

**In October 2022, the Town Council requested the WPC Finance and Insurance Sub Committee to research this question.** After six months of research, the WPC Finance and Insurance Sub Committee, consisting of Jennifer Hammer and Wanda Ginner, presented a 10 Year Fire mitigation proposal entitled *Fighting the Ember Storm Together*. The 10 year goals of the program were:

- Defensible space created on all private property in 10-YR
- Ember resistant vents and roofs are installed on all homes in 10-YR
- Residents are informed of how to defend against an ember storm in 10-YR
- Every parcel in town part of a Firewise community in 10-YR

The plan combined focused communication, wildfire preparedness tools and a funded program entitled *Empowering Our Firewise Communities*. The program discussion was put on hold **until the results of the California Wildfire Defense Grant is known and it can be determined if the proposed grant program will be implemented.** If the grant is approved, the town would receive:

- \$900,000 Federal funds to Portola Valley over 3 years
- The funds Create a fire mitigation grant program
  - Residents receive matching funds for defensible space work
  - 50% match with \$3,000 maximum
- Portola Valley required to provide \$225,000 toward program over 3 years

Whether or not the town receives the three-year funding from the California Wildfire Defense Grant, the **long range concern remains of which program to fund.** The matching fund created by the CWDG grant would be difficult to continue once State funding has stopped. This type of program has an extremely high annual price tag. Woodside funds a similar wildfire mitigation grant program and the cost has increased each year with the 2023 budget estimated to be well over \$400,000.<sup>2</sup> There is also some concern if the money spent on this type of program is the best use of tax dollars. There are many other types of fire mitigation programs for Portola Valley to choose from.

In Fall, the WPC Finance and Insurance Sub Committee will present a report to the Town Council encompassing their six month research effort which will include options for wildfire mitigation programs, funding potential, and implementation feasibility. At this time, the **Council may choose to implement a pilot program in Fall 2023.** The following cost-effective fire mitigation programs will be some of the many options detailed in the WPC Finance and Insurance Sub Committee report:

#### Grant for low-income households for fire mitigation

Wildfire mitigation can be costly and an undue burden to those struggling to make ends meet. A fund can be created, that can be used at the discretion of the town manager, to assist low-income households with certain wildfire mitigation work, such as creating defensible space, tree removal or installing ember resistant vents.

<sup>2</sup>"Town of Woodside 2021-2023 Budget Worksheet." *Town of Woodside*, [https://www.woodsidetown.org/sites/default/files/fileattachments/finance/page/32798/adopted\\_budget\\_2021-23.pdf](https://www.woodsidetown.org/sites/default/files/fileattachments/finance/page/32798/adopted_budget_2021-23.pdf).

### Funding to encourage and support PV Firewise Communities

Firewise USA is a program created by the National Fire Protection Association to provide a collaborative framework to help neighbors get organized and take action to increase the ignition resistance of their homes and community. A Firewise community can be as few as 8 homes or as many as 2,500 homes. Each community has a Firewise Committee which organizes events and neighborhood fire mitigation activities, performs yearly inspections and reapplies for Firewise status on a yearly basis. **Firewise Committees can provide a vital communication conduit to the residents within their community** and can be used to disseminate information about wildfire prevention, wildfire evacuation safety, defensible space guidelines and home hardening information. These Firewise Committees can also be used to initiate multi-home projects within their community to create defensible space or to install home hardening measures, such as ember resistant vents.

Currently, Portola Valley has only one Firewise community. Portola Valley Ranch has a Firewise community which is managed by its HOA. Over two hundred homes in the Westridge neighborhood are currently forming a Firewise community. Firewise communities ensure residents pay less for insurance, make their neighbors safer from wildfire, and provide valuable communication conduits within their communities. We propose **two different funded programs** that would encourage and **support Firewise communities** within Portola Valley.

#### 1. Grant program to empower Firewise communities

Provide a one-time, \$1,500 grant to residents in Firewise Communities.

This grant can be designed to be a low-overhead, cost effective program, incentivizing residents to join a Firewise community and participate in Firewise Communities. The grant would be submitted through the Fire Committee, which would bundle the grant on a bi-annual basis. The Wildfire Preparedness Committee could also review these grant bundles to offer another layer of oversight. By using the WPC and the Firewise Committee to assist with grant oversight, we can reduce the over-head cost of implementing the grant.

Cost: One-time grant of \$1,500 per parcel over a 10-year timeframe.

#### 2. Stipend for Firewise committees

Offer Firewise Committees an annual reimbursement of up to \$10 per home.

Each Firewise community has a Firewise Committee which communicates vital wildfire preparedness information, organizes yearly wildfire preparedness inspections of the neighborhood, submits annual renewal application to Firewise, and organizes neighborhood events which focus on wildfire preparedness. These yearly events can be as simple as a coffee at a neighbor's house or a neighbor pot-luck dinner. There is always an educational component to these events and they are required by Firewise for renewal. Reimbursable cost might include:

- Costs for sending written information to residents.
- Event costs: light food and beverage.
- Give-away costs: Events and surveys are more successful if there is a small give away like a smoke detector. This small prize motivates people to attend meetings or fill out a home evaluation form.

Cost: A Firewise community with 200 homes could submit receipts totally \$2,000.[\$10 x 200] Given that PV has 1745 homes, the maximum cost, once the town has 100% Firewise participation, would be \$17,450 a year.



# TOWN OF PORTOLA VALLEY

## STAFF REPORT

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**TO:** Mayor and Town Council

**FROM:** Laura Russell, Planning & Building Director

**DATE:** January 25, 2023

**RE:** Housing Element Update and Discussion

### RECOMMENDATION

Staff recommends that the Town Council receive a report, take public comment, and provide direction on the Housing Element Update and schedule of associated zoning code amendments and other related documents.

### BACKGROUND

The Housing Element is part of Portola Valley's General Plan and identifies policies and programs to meet the housing needs of the Town's current and future residents. State law (Government Code Sections 65580-65589.8) requires that every city/town and county in California adopt a Housing Element approximately every eight years. Portola Valley's current Housing Element covers the planning period from 2014-2022 and was adopted in 2015. The new Housing Element will cover 2023-2031 and is called the 6<sup>th</sup> Cycle. In addition, the State Department of Housing and Community Development (HCD) reviews and certifies that each jurisdiction's Housing Element meets all the requirements of the law.

State law establishes a due date of January 31, 2023 for the Housing Element to be adopted by the Town and certified by HCD. After that, there is a 120-day period for the Town to work with HCD on certification.

In June 2022, the Town released the Public Review Draft Housing Element. It was made available online at [www.portolavalley.net/housingelement](http://www.portolavalley.net/housingelement), distributed to the community through the Town's website, eNotification (over 450 members), PV Forum, social media, and direct email to the Town's committee members, businesses, and institutions. Town committees were invited to discuss the Housing Element. Public comments were received from June 8<sup>th</sup> to July 13<sup>th</sup> and forwarded to the Town Council for review.

After Town Council review on July 13<sup>th</sup> and final revisions at the direction of a Council Subcommittee, the [Initial HCD Draft Housing Element](#) was sent to the State for review. After

completion of the 90-day review period, the Town received the official [HCD Comment Letter](#) on November 9<sup>th</sup>. The Ad Hoc Housing Element Committee met on November 10<sup>th</sup> to discuss how to implement the comments.

## DISCUSSION

On [March 23, 2022](#), Town Council received a staff report on the status of the Housing Element Update process, consequences of non-certification, the work plan, and timing. At that time, the Town Council directed staff to complete the Housing Element, zoning code amendments, environmental analysis, conforming General Plan amendments and associated work prior to January 31, 2023. There was acknowledgement that it would be very challenging to meet that timeline but that every effort should be made. In response to that direction, the staff/consultant team have been developing technical work and bringing it through a public review process with the Planning Commission.

On [December 14, 2022](#), Town Council received an update on recent progress on the Housing Element update and the timeline for completion. At that time, Council continued their general direction to complete the Housing Element by the end of January if possible.

During the November and December 2022 public meetings, the Town Council, Planning Commission and residents raised a number of questions and concerns related to the Housing Element and associated zoning code amendments. Staff has been conducting direct outreach to property owners and residents to answer questions and address concerns. Additionally, Planning Commissioners and members of the public asked for additional participation by the Fire Marshal in the Housing Element adoption meetings. Significant progress has been made on these efforts; however, this additional work required more time so it is no longer possible for the Town to adopt the Housing Element by January 31, 2023.

In light of the Town Council's previous interest in adopting the Housing Element as quickly as possible to avoid possible consequences, staff has considered an alternative approach and is seeking direction from Council on next steps. Since the Housing Element update began, the work program has included a concurrent update to the zoning code to be consistent with the Housing Element. At their March 23, 2022 meeting, Town Council affirmed the desire to complete the zoning code amendments at the same time as the Housing Element. Since the interests of the community have continued to evolve since that time, the Council may wish to consider completing the Housing Element as quickly as possible and waiting on the implementing zoning code amendments until after Housing Element adoption. Key aspects of this approach are as follows:

- Continue with timely review and adoption of the Housing Element, associated Conforming General Plan Amendments and Initial Study/Mitigated Negative Declaration (IS/MND) required under the California Environmental Quality Act (CEQA)
- After adoption of the Housing Element, continue with the Planning Commission review of the zoning code amendments that are currently underway



- 
- Continue with timely review and adoption of zoning code amendments in months immediately following adoption of Housing Element
  - Potential advantages-
    - Would allow the community to focus more on the Housing Element then transition to the zoning code, rather than trying to complete both at the same time
    - Additional time for two new Planning Commissioners to get up to speed on the zoning code amendments prior to acting
    - Assumption that adoption of the Housing Element would go more quickly, reducing the time the Town is susceptible to consequences of an incomplete Housing Element
  - Potential disadvantages-
    - Loss of momentum in process
    - If a multi-family housing project application is filed on an undeveloped housing inventory site during the interim period, the only applicable development standards would be those contained in the general plan and housing element.(Staff has tried to minimize this potential impact by incorporating key development standards into the Housing Element itself.)
    - Separating the zoning from the Housing Element may make it more difficult for residents and decision makers to visualize the proposals in the Housing Element and the development that may occur
    - Need to make minor changes to the Housing Element languages that call for concurrent adoption of zoning code amendments
  - Potential schedule for this approach-
    - January 24 Planning Commission - on IS/MND Response to Public Comments
    - January 25 Town Council - (this meeting) to consider approach on zoning amendments
    - Week of February 6 - special Planning Commission meeting if needed
    - February 15 Planning Commission – formal recommendation on Housing Element, Conforming General Plan Amendments, and IS/MND
    - Late February Town Council – consideration of Housing Element, Conforming General Plan Amendments, and IS/MND, multiple meetings if needed
    - March Planning Commission resumes work on zoning code amendments for recommendation to Town Council
    - TBD Town Council consideration of zoning code amendments

Alternatively, the Town Council may wish to continue the concurrent approach and direct staff to prepare the zoning code amendments for adoption at the same time as the Housing

Element. Under this approach, adoption of the Housing Element will likely take longer, as the Planning Commission still needs to address several zoning issues. While it is difficult to estimate, staff estimates that this approach would take an additional two months, assuming no additional major issues are raised during the process.

In conclusion, staff requests direction on the approach to timing of the zoning code amendments. Should the zoning code amendments follow adoption of the Housing Element, Conforming General Plan Amendments and IS/MND to expedite the adoption of the Housing Element to avoid potential consequences? Or should all elements of the Housing Element update work program (with the exception of the Safety Element which is currently being reviewed by multiple committees and is therefore on a separate timeline) remain concurrent even if that takes longer?

**TOWN OF PORTOLA VALLEY  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2020**

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**TOWN OF PORTOLA VALLEY**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2020**  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council  
Town of Portola Valley, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Portola Valley, California (Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 19, 2022



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This analysis of the Town of Portola Valley's (Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying financial statements.

### **FINANCIAL HIGHLIGHTS:**

- Including the deferred inflows and outflows of pension resources, the assets of the Town exceeded its liabilities as of June 30, 2020 by \$46.4 million. Total net position decreased by \$66,874. The decrease in net position is primarily due to capital depreciation (\$967,156) and increased obligations for pensions (\$166,166) and Other Post Employment Benefits-OPEB (\$137,576), largely offset by increases in Fund Balance (\$1,214,744).

The Town has taken active steps to reduce the GASB 75 Other Post-Employment Benefits (OPEB) liability by establishing a trust account through the California Employers' Benefit Trust CalPERS (CERBT), a Section 115 trust maintained by the California Public Employees' Retirement System (CalPERS). The Town Council approved and authorized the trust agreement on August 12, 2020.

- The total liabilities increased 3.1% to \$4.04 million, primarily due to increased obligations for pensions, OPEB and accrued compensated absences.

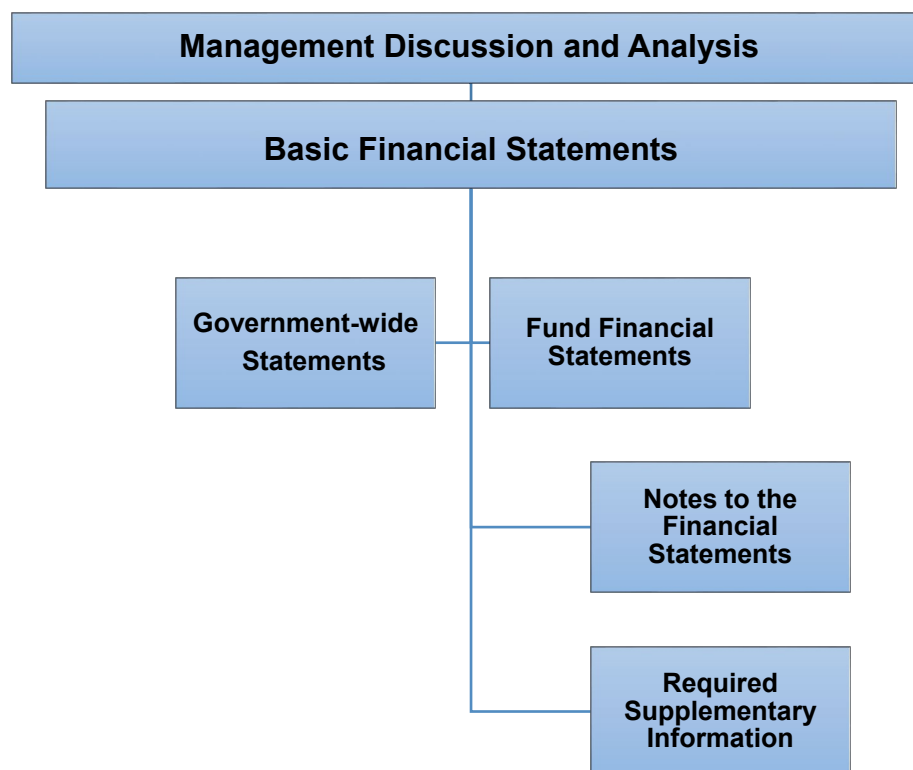
### **OVERVIEW OF THE FINANCIAL STATEMENTS:**

This discussion and analysis serves as an introduction to the Town's basic financial statements that are comprised of three components:

1. Government-Wide Financial Statements - Provides both *short-term and long-term* information about the Town's overall financial status.
2. Fund Financial Statements - Focuses on *individual parts* of the Town's financial information – reporting these operations in *more detail* than the government-wide financial statements.
  - The *governmental funds statements* and the *agency funds statements* tell how basic services such as operations, administration, and restricted funds were financed in the short-term as well as what remains for future spending.
3. Notes to Basic Financial Statements – Provides explanation of the information contained in the basic financial statements.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data analysis. Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Organization of the Town of Portola Valley's Financial Report**



### **Government-Wide Financial Statements:**

The government-wide financial statements present the financial picture of the Town and provide readers with a broad view of the Town's finances. The current year's revenues and expenses are considered, regardless of when cash is received or paid.

The first of the government-wide statements is the *Statement of Net Position*. The *Statement of Net Position* reports the difference between the Town's total assets and total liabilities and includes all the Town's capital assets and all its long-term debt.

Although the *Statement of Net Position* reports a total net position of \$46.4 million, the Town has restrictions over the use of these funds. The investment in land, buildings, and equipment (capital assets, net of related debt) is necessary for the successful operation of the Town. Governmental laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the *Statement of Activities*. This statement shows the result of operations that caused net position to change from the prior year to the amount reported on the *Statement of Net Position* as of June 30, 2020. This change in net position is important because it tells the financial statement user whether the financial position has improved or diminished for the Town. The causes of this change may be the result of many factors. To assess the Town's overall health, consideration should be given to additional non-financial factors such as building and land improvements, governmental mandates and staffing levels.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that help support the expenses. The resulting Net Revenue/(Expenses) and Changes in Net Position for OPEB, Pension, Fund Balance, Capital and other assets shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position.

### **Fund Financial Statements:**

The fund financial statements provide detailed information about the Town's major funds, defined as funds having significant activities and balances in the current year. Non-major funds are combined in a single column, referenced in the Supplemental section of this report.

Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. These are not reflective of the Town as a whole. It is important to note that:

- Some funds are required to be established by State law.
- The Town establishes other funds to help it control and manage money for specific purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

The fund financial statements include statements for governmental funds only. These are considered major funds and include:

- The General Fund – Most of the Town's basic services and financial resources are contained in this fund.
- Open Space Restricted Fund – This fund accounts for monies accrued from special voter-approved utility tax. It is used to support services for open space within the Town.
- Inclusionary-in-Lieu Fund – This fund accounts for fees that can only be used for affordable housing.
- Measure A Fund – This fund accounts for sales revenue that is restricted for the improvement of local transportation and road maintenance services.

The governmental funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the future to finance the Town's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations are provided for both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in fund balances to facilitate this comparison.

With the implementation of GASB-54 in 2011, the usefulness of fund balance information has been enhanced by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the case of the Town's statements, fund balances within the General Fund that were formerly classified as "designated" by the Council are now reclassified as "assigned" fund balances. In the case of the Town's loan receivable, these have now been reclassified as "non-spendable" fund balance.

**Notes to Basic Financial Statements:**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information:**

In addition to the basic financial statements, this report also presents certain Required Supplementary Information including the Town's budgetary comparison schedules for the General, Open Space Restricted, Inclusionary-in-Lieu and Road Impact Fee funds.

**Other Supplementary Information:**

Supplementary schedules concerning balance sheets and changes in fund balances for all other funds are presented immediately following the Required Supplementary Information. Financial activity related to the Town's agency funds (maintenance districts) is also presented separately in this section.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS:

### Statement of Net Position:

The Town's net position has remained stable as of June 30, 2020 compared to prior year, decreasing 0.1% from \$46.5 million to \$46.4 million. The following are major components of the Town's net position:

Town of Portola Valley  
Condensed Statement of Net Position

	Fiscal Year Ended			
	<u>06/30/19</u>	<u>06/30/20</u>	<u>Amount</u>	<u>Percent</u>
Assets:				
Other Assets	18,058,195	19,069,120	1,010,925	5.6%
Capital Assets, Net	32,033,472	31,066,316	(967,156)	-3.0%
Total Assets	50,091,667	50,135,436	43,769	0.1%
Deferred Outflows	484,210	517,118	32,908	6.8%
Liabilities:				
Accounts Payable	2,036,316	1,832,497	(203,819)	-10.0%
Long-term Liabilities	1,884,406	2,211,160	326,754	17.3%
Total Liabilities	3,920,722	4,043,657	122,935	3.1%
Deferred Inflows	189,744	210,360	20,616	10.9%
Net Position:				
Invested in Capital Assets,	32,033,472	31,066,316	(967,156)	-3.0%
Restricted	10,507,986	11,311,160	803,174	7.6%
Unrestricted	3,923,953	4,021,061	97,108	2.5%
Total Net Position	46,465,411	46,398,537	(66,874)	-0.1%

The Town's net position of \$46.4 million consists of \$31.1 million net investment in capital assets, \$11.3 million in restricted net assets, and \$4.0 million in unrestricted assets. Restricted net assets are restricted by State law, municipal code and contractual obligation to be utilized for public works, safety and open space. Unrestricted assets are not restricted by law; however, \$3.1 million of these funds remain assigned by the Town for special programs.

The increase in Long-Term Liabilities is primarily due to increases of \$166,166 (or 24.8%) in pension liabilities and \$137,576 (or 12.3%) in OPEB liabilities. OPEB liabilities should decline as the Town begins to fund the CalPERS OPEB trust.

The Town uses capital assets to provide services to the Town's populace; consequently, these assets are not available for future spending.

### Statement of Activities:

The Town's total overall revenues for FY 2020 decreased by \$801,775 (or 10.8%) from the prior year. The expenses increased by \$630,284 (or 10.4%), which included adjustments for capital depreciation of \$967,156 and adjustments to OPEB and pension liabilities totaling \$303,742. These are offset by an increase in Fund Balance of \$1,214,744. Taken together these adjustments result in a small decrease in the Town's Net Position of \$66,874 (or 0.1%).

#### Town of Portola Valley Condensed Statement of Activities

	Fiscal Year Ended		Change	
	<u>06/30/19</u>	<u>06/30/20</u>	<u>Amount</u>	<u>Percent</u>
<b>Revenues:</b>				
Program Revenues				
Charges for Services	1,120,052	784,651	(335,401)	-29.9%
Grants and Contributions	1,318,258	630,802	(687,456)	-52.1%
General Revenues				
Property Taxes	3,058,184	3,158,836	100,652	3.3%
Agency Revenues	302,720	449,377	146,657	48.4%
Franchise Fees	311,471	246,226	(65,245)	-20.9%
Utility Users Tax	951,600	939,261	(12,339)	-1.3%
Investment Earnings	357,834	407,168	49,334	13.8%
Miscellaneous	10,909	12,932	2,023	18.5%
Total Revenues	<u>7,431,028</u>	<u>6,629,253</u>	<u>(801,775)</u>	<u>-10.8%</u>
<b>Expenses:</b>				
General Government	3,313,111	3,841,246	528,135	15.9%
Parks and Recreation	324,723	283,571	(41,152)	-12.7%
Town Center Facilities	638,788	619,639	(19,149)	-3.0%
Public Safety	1,149,440	1,244,971	95,531	8.3%
Public Works	639,781	706,700	66,919	10.5%
Total Expenses	<u>6,065,843</u>	<u>6,696,127</u>	<u>630,284</u>	<u>10.4%</u>
Change in OPEB Liability	(295,992)	(137,576)	158,416	-53.5%
Change in Pension Liability	42,381	(166,166)	(208,547)	-492.1%
Change in Fund Balance	1,874,397	1,214,744	(659,653)	-35.2%
Change in Capital Assets	(235,020)	(967,156)	(732,136)	311.5%
Change in Other Assets	(20,581)	(10,720)	9,861	-47.9%
Net Position - Beginning	45,100,226	46,465,411	1,365,185	3.0%
Net Position - Ending	<u>46,465,411</u>	<u>46,398,537</u>	<u>(66,874)</u>	<u>-0.1%</u>

## Other Observations for 2020:

The most significant variances in revenue occurred in Grants and Contributions, Agency Revenues, Charges for Services, Franchise Fees and Investment Earnings.

- Grants and Contributions decreased by 52.1% primarily due to a one-time contribution of \$588,646 to the Open Space Fund and various grants totaling \$65,500 in the previous fiscal year.
- Agency Revenues increased by 48.4% primarily due to the first allocation of Measure W Half-Cent Sales Tax proceeds of \$109,229 for road improvements.
- Charges for Services decreased by 29.9% primarily due to the Covid-19 lockdown, which resulted in lower revenues from most charges for services, including Town Planning Fees, Building Permits, Plan Check Fees, Inspection Fees, and Class Fees.
- Franchise Fees decreased by 20.9% as budgeted revenues from California Water Service Company of \$45,000 and Comcast of \$25,000 were not booked until FY 2020-21.
- Investment earnings increased by 13.8% due to the Town's investment in Schwab securities coupled with higher returns on funds invested in the Local Agency Investment Fund (LAIF).

The most significant variances in expenditures occurred in General Government, Parks and Recreation and Public Works.

- General Government increased by 15.9% primarily due to adjustments to pension and OPEB liabilities, negotiated salary increases, the promotion of a Maintenance Worker II to a Recreational Facilities Coordinator, and the addition of an Assistant Planner position.
- Parks and Recreation decreased by 12.7% due to the Covid-19 lockdown, which resulted in lower expenditures for Class Instructors and Parks & Field Maintenance.
- Public Works (which includes Capital Improvement Projects-CIP) increased by 10.5% due to the allocation of change in capital assets, which is annual depreciation expense net any new capital purchases or CIP projects completed during the fiscal year. There were capital purchases and CIP projects totaling \$732,136 in FY 2018-19 and none in FY 2019-20, resulting in a significant year-over-year change. Expenditures for Public Works and CIP actually decreased by \$559,680 in FY 2019-20, but those savings were more than offset by the annual depreciation expense.

## FUND FINANCIAL STATEMENT ANALYSIS

As the Town completed the year, its governmental funds (General Fund, Open Space Restricted Fund, Inclusionary-in-Lieu Fund, Measure A Fund, and Other Governmental Funds) reported combined fund balances of \$17.2 million, an increase of \$1.2 million from last year's ending fund balances of \$16.0 million. The increase is attributable to revenues in excess of expenditures. Revenues for the year totaled \$6.6 million, while expenditures were \$5.4 million.

The following assigned fund balances, totaling \$3.1 million, can be used for their specific purposes within the General Fund; however, these funds can be reassigned at the Council's discretion. These assignments are consistent with prior years:

- |   |           |
|---|-----------|
| • Assigned for unfunded pension reserve | \$712,486 |
| • Assigned for OPEB                     | 834,871   |

- Assigned for emergency capital reserve 1,400,000
- Assigned for equipment replacement 100,000
- Assigned for legal contingency 100,000

The General Fund had unassigned fund balance of \$2.7 million at fiscal year-end. The remaining \$11.4 million in restricted funds can only be used for projects within the intended purpose of the funds.

Additional detail on specific fund balances can be found in the notes to the financial statements.

### **Fund Budgetary Highlights:**

Overall, for FY 2019-20, Town revenues were under budget by \$724,491. Shortfalls were largely due to the Covid-19 pandemic lockdown which took effect March 16, 2020. Some of the more impacted revenue sources include Town Planning Fees of \$143,027, Building Permits of \$52,569, Plan Check Fees of \$43,758, Inspection Fees of \$36,002, Site Development Permits of \$10,127, Class Fees of \$50,112, and Sales and Use Tax of \$26,112. There were also items appropriated but not realized during FY 2019-20, most notably contributions from the Town Library of \$84,603 and Measure M Sales Tax Revenue of \$75,000. The Library Fund has a surplus and an agreement was reached with the Library to reimburse the Town for maintenance and janitorial services on a pay-as-go basis once the surplus is exhausted. Measure M is a reimbursement program based on completed road related eligible expenditures. The unrealized Measure M revenue was due to no completed CIP projects in FY 19-20.

Town expenditures were under budget by \$2,102,175. Salaries and Benefits savings were under budget by \$229,383 due to staff vacancies and lower than anticipated Employee Health Insurance costs. The primary reason for the budget savings was due to the Covid-19 pandemic lockdown as non-staff operating expenditures were under budget by \$563,272 and capital expenditures were under budget by \$1,199,548, as most major projects were deferred during the lockdown. Some of the significant budget savings that resulted from the lockdown include Miscellaneous Consultants of \$119,999, Engineering Services of \$30,068, Plan Check Services of \$44,488, Tree Trimming and Mowing of \$60,908, Landscape Supplies and Services of \$40,533, Parks and Fields Maintenance of \$32,185, Instructors and Class Refunds of \$18,722, and Town Committee expenditures of \$27,926.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets:**

As of the end of fiscal year 2020, the Town had invested \$31.1 million (net of depreciation) in a broad range of capital assets including buildings, land and technology upgrades. The Town's gross capital assets decreased by \$967,156 during the fiscal year, which was entirely due to depreciation expense for the year. Depreciation expense is allocated to the fund and category in which the capital asset has been recorded. No new assets came online during FY 2019-20.

Additional information on the Town's capital assets can be found in Note 3.



Town of Portola Valley  
Condensed Statement of Capital Assets

	Fiscal Year Ended		Change	
	<u>06/30/19</u>	<u>06/30/20</u>	<u>Amount</u>	<u>Percent</u>
Land	6,690,959	6,690,959	0	0.0%
Construction in Progress	564,653	564,653	0	0.0%
Infrastructure	10,769,254	10,769,254	0	0.0%
Land Improvements	3,070,430	3,070,430	0	0.0%
Buildings & Improvements	19,838,406	19,838,406	0	0.0%
Equipment	<u>462,688</u>	<u>462,688</u>	<u>0</u>	0.0%
 Total Capital Assets	 41,396,390	 41,396,390	 0	 0.0%
 Accumulated Depreciation	 <u>(9,362,918)</u>	 <u>(10,330,074)</u>	 <u>967,156</u>	 -10.3%
 Total Net Capital Assets	 <u>32,033,472</u>	 <u>31,066,316</u>	 <u>967,156</u>	 3.0%

**Long-Term Debt:**

The Town's long-term liabilities is made up of three components: Net Pension Liability of \$836,271, Net OPEB obligations of \$1,257,439, and compensated balances (unpaid vacation leave) of \$117,450. No new debt was incurred during the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET:**

The factors that most significantly impact the Town and its budget are driven by property values, building activity, and labor costs. The local real estate market and housing demand in the region remained steady. These two factors directly impact property taxes, which are the Town's largest revenue source.

In this fiscal year 2019-20, the COVID-19 pandemic crisis fundamentally altered how government interacts with its constituency and how its services are delivered. Some of these changes are frustrating and counter to how Portola Valley's staff and the residents we serve have traditionally enjoyed; other changes are positive and provide service more responsively. As we are still in the early stages of this pandemic, staff will continuously assess the longer-term financial impacts of COVID-19 as they relate to the Town.

The Town recognizes its contractual obligations to employees for vacation and benefits payable. As of June 30, 2020, the Town had accumulated obligations totaling \$117,450 for unpaid vacation leave. Funding for this liability has not occurred since it is not payable currently. The annual expected payout of vacation leave is reflected in the current operating budget of the General Fund. The Town also provides post-employment benefits other than pensions such as health insurance to their retirees, more commonly known as Other Post-Employment Benefits (OPEB). The Town's OPEB obligation increased from

\$1,119,863, to \$1,257,439, an increase of 12.3%. The increase was largely driven by the implementation of GASB 75, which includes sweeping disclosure changes and fundamental overhauls in the standards for reporting OPEB. Most impactful is the recognition of a liability for OPEB obligations, known as the net OPEB liability (NOL) to be fully recognized on the balance sheet with a corresponding OPEB expense recognized in the income statement. Under the former GASB 45, the unfunded accrued liability (UAAL) for OPEB was reported in the notes for the plan. There are some technical differences between UAAL and NOL, but the most significant impact of GASB 75 is the move from the note disclosures section of the financial statements to the balance sheet.

The Town entered into an agreement with CalPERS in December 2020 for OPEB trust services. Future obligations should decline as the Town begins to fund the CalPERS OPEB trust.

The Town is currently evaluating the impact of GASB 84, issued during January 2017. The pronouncement includes numerous changes for reporting fiduciary activities in governmental financial statements and is effective for fiscal years ending on or after December 31, 2019. Staff is currently evaluating the impact of this pronouncement. If applicable, changes will be reflected in the Fiscal Year 2021 financial statements.

The Town is also evaluating the impact of GASB 87, issued during June 2017. The pronouncement seeks to increase the usefulness of governments' financial statements by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This pronouncement is effective for fiscal years beginning after December 15, 2019. Staff anticipates that the impact should be negligible given the Town's current lease agreements.

#### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT:**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or would like additional financial information, please contact the Finance Director at the Town of Portola Valley, 765 Portola Road, Portola Valley, California 94028.

<b>TOWN OF PORTOLA VALLEY</b>
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<b>STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</b>
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The purpose of the Statement of Net Position and the Statement of Activities is to summarize the Town's entire financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Town's assets, liabilities and deferred inflows/outflows, as well as all its revenues and expenses. This is known as the full accrual basis – the effect of all the Town's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Town funds have been eliminated.

The Statement of Net Position reports the difference between the Town's total assets and deferred outflows of resources, if any; and the Town's total liabilities and deferred inflows of resources, if any, including all the Town's capital assets and all its long-term debt.

The Statement of Net Position summarizes the financial position of all of the Town's Governmental Activities in a single column.

The Town's Governmental Activities include the activities of its General Fund along with all its Special Revenue Funds and Capital Projects Funds.

The Statement of Activities reports increases and decreases in the Town's net position. It is also prepared on the full accrual basis, which means it includes all the Town's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the Town's expenses first, listed by program. Program revenues – that is, revenues which are generated directly by these programs – are then deducted from program expenses to arrive at the net expense of each governmental program. The Town's general revenues are then listed in the Governmental Activities column and the Change in Net Position is computed and reconciled with the Statement of Net Position.

TOWN OF PORTOLA VALLEY  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$17,811,772
Restricted cash (Note 2)	1,199,132
Accounts and interest receivable	39,424
Loans receivable (Note 5)	18,792
Capital assets, net (Note 3)	
Nondepreciable	7,255,612
Depreciable, net of accumulated depreciation	<u>23,810,704</u>
Total Assets	<u>50,135,436</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 7)	<u>517,118</u>
LIABILITIES	
Current liabilities:	
Accounts payable	628,907
Refundable customer deposits	1,203,590
Non-current liabilities:	
Accrued compensated absences (Note 1G)	117,450
Net Pension Liability (Note 7)	836,271
Net OPEB obligation (Note 8)	<u>1,257,439</u>
Total Liabilities	<u>4,043,657</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 7)	<u>210,360</u>
NET POSITION (Note 6)	
Net investment in capital assets	31,066,316
Restricted for:	
Special Revenue Projects	11,276,135
Capital Projects	35,025
Unrestricted	<u>4,021,061</u>
Total Net Position	<u><u>\$46,398,537</u></u>

See accompanying notes to financial statements

TOWN OF PORTOLA VALLEY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Operating Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$3,841,246	\$564,266		\$570	(\$3,276,410)
Parks and recreation	283,571	54,040			(229,531)
Town center facilities	619,639	166,345			(453,294)
Public safety	1,244,971		\$171,113		(1,073,858)
Public works	706,700		454,119	5,000	(247,581)
Total governmental activities	<u>\$6,696,127</u>	<u>\$784,651</u>	<u>\$625,232</u>	<u>\$5,570</u>	<u>(5,280,674)</u>
General Revenues:					
Property tax revenues.....					3,158,836
Other governmental agencies revenues.....					449,377
Franchise fees.....					246,226
Utility user tax.....					939,261
Investment earnings.....					407,168
Miscellaneous revenue.....					12,932
Total general revenues					<u>5,213,800</u>
Change in net position					(66,874)
Net Position, beginning of year					<u>46,465,411</u>
Net Position, end of year					<u>\$46,398,537</u>

See accompanying notes to financial statements

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<b>TOWN OF PORTOLA VALLEY</b>
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<b>FUND FINANCIAL STATEMENTS</b>
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The Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the Town in fiscal year 2020. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

Accounts for all financial resources except those required to be accounted for in another fund.

**OPEN SPACE RESTRICTED**

Accounts for monies accrued from a special 2% utility tax approved by the voters in 1997, 2001, 2005, 2009, 2013 (Measure Q), 2018 (Measure T) and from private donations. Restricted for acquisition and support of open space within the Town. Private donations are generally in the form of tax-deductible checks or appreciated securities.

**INCLUSIONARY-IN-LIEU**

Accounts for the subdivision developer's fee, payable by fee or land that can only be used for affordable housing.

**MEASURE A**

Accounts for the half-cent County sales tax revenue restricted for the improvement of local transportation, including streets and roads for the recovery of road repair costs from building permit applicants due to road wear and tear from construction vehicles.

TOWN OF PORTOLA VALLEY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	General	Open Space Restricted	Inclusionary In-Lieu	Measure A	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments (Note 2)	\$6,278,595	\$6,871,064	\$3,728,845	\$386,602	\$546,666	\$17,811,772
Restricted cash - customer deposits (Note 2)	1,199,132					1,199,132
Accounts and interest receivable	38,903	129	85	6	301	39,424
Due from other funds (Note 4)	86,573					86,573
Loans receivable (Note 5)	18,792					18,792
<b>Total Assets</b>	<b>\$7,621,995</b>	<b>\$6,871,193</b>	<b>\$3,728,930</b>	<b>\$386,608</b>	<b>\$546,967</b>	<b>\$19,155,693</b>
<b>LIABILITIES</b>						
Accounts payable	\$593,235				\$35,672	\$628,907
Refundable deposits	1,203,590					1,203,590
Due to other funds (Note 4)					86,573	86,573
<b>Total Liabilities</b>	<b>1,796,825</b>				<b>122,245</b>	<b>1,919,070</b>
<b>FUND BALANCES (Note 6)</b>						
Nonspendable	18,792					18,792
Restricted		\$6,871,193	\$3,728,930	\$386,608	514,106	11,500,837
Assigned	3,147,357					3,147,357
Unassigned	2,659,021				(89,384)	2,569,637
<b>Total Fund Balances</b>	<b>5,825,170</b>	<b>6,871,193</b>	<b>3,728,930</b>	<b>386,608</b>	<b>424,722</b>	<b>17,236,623</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$7,621,995</b>	<b>\$6,871,193</b>	<b>\$3,728,930</b>	<b>\$386,608</b>	<b>\$546,967</b>	<b>\$19,155,693</b>

See accompanying notes to financial statements



TOWN OF PORTOLA VALLEY  
RECONCILIATION OF THE  
GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2020

<b>Fund Balances - Total Governmental Funds</b>	<b>\$17,236,623</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Governmental capital assets	\$41,396,390	
Less: accumulated depreciation	(10,330,074)	31,066,316

Retirement contributions and changes in net pension liability subsequent to the measurement date are not recognized on the Fund Balance Sheets and taken into the Statement of Net Position:

Deferred outflows of resources - pension	517,118	
Deferred inflows of resources - pension	(210,360)	

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

Collective net pension liability	(836,271)	
Net OPEB Liability	(1,257,439)	
Compensated absences	(117,450)	

<b>Net Position of Governmental Activities</b>	<b>\$46,398,537</b>
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See accompanying notes to financial statements

TOWN OF PORTOLA VALLEY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Open Space Restricted	Inclusionary In-Lieu	Measure A	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property taxes	\$3,158,836					\$3,158,836
Sales tax	191,109			\$309,938	\$124,394	625,441
Utility users tax	658,037	\$281,224				939,261
Gas tax					181,544	181,544
Business license tax and other taxes	99,870					99,870
Total taxes	4,107,852	281,224		309,938	305,938	5,004,952
Agency revenues	11,806					11,806
Grants					160,948	160,948
Contributions		570				570
Franchise fees	246,226					246,226
Licenses and permits	503,103					503,103
Service charges and fees	74,051					74,051
Parks and recreation	213,928					213,928
Investment and other revenues	155,229	158,324	\$87,879	5,700	6,537	413,669
Total Revenues	5,312,195	440,118	87,879	315,638	473,423	6,629,253
EXPENDITURES						
General government	3,520,942					3,520,942
Parks and recreation	221,427					221,427
Town center facilities	127,632				59,386	187,018
Public safety	1,076,917				160,305	1,237,222
Public works	13,723				102,416	116,139
Capital improvement program	131,761					131,761
Total Expenditures	5,092,402				322,107	5,414,509
NET CHANGE IN FUND BALANCES	219,793	440,118	87,879	315,638	151,316	1,214,744
FUND BALANCES, BEGINNING OF YEAR	5,605,377	6,431,075	3,641,051	70,970	273,406	16,021,879
FUND BALANCES, END OF YEAR	\$5,825,170	\$6,871,193	\$3,728,930	\$386,608	\$424,722	\$17,236,623

See accompanying notes to financial statements

TOWN OF PORTOLA VALLEY  
RECONCILIATION OF THE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN THE FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$1,214,744</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital outlay is an expenditure in the government funds financial statement, but the cost of those assets is allocated over their estimated useful lives as depreciation expense in the statement of activities.

Depreciation expense	(\$967,156)	(967,156)
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The amount below included in the Statement of Activities does not provide or (require) the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change):

Pension expense		(153,874)
OPEB expense		(137,576)
Net change in compensated absences		(23,012)

<b>Change in Net Position of Governmental Activities</b>	<b><u><u>(\$66,874)</u></u></b>
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See accompanying notes to financial statements

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<b>TOWN OF PORTOLA VALLEY</b>
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<b>AGENCY FUNDS</b>
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Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity – wide financial statements, but are presented in separate Agency Fund financial statements.

TOWN OF PORTOLA VALLEY  
AGENCY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$703,531
Accounts and interest receivable	<u>11</u>
Total Assets	<u><u>\$703,542</u></u>
LIABILITIES	
Deposits and accrued liabilities	<u>\$703,542</u>
Total Liabilities	<u><u>\$703,542</u></u>

See accompanying notes to financial statements

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of accounting policies of the Town:

**A. *Reporting Entity***

The Town of Portola Valley (the Town) was incorporated on July 14, 1964 under the laws of the State of California. Portola Valley operates under a Council-Manager form of government. The Town provides a full range of municipal services to its citizens including public safety, culture, recreation, public improvements, planning and zoning, and general administrative support. These financial statements present the financial status of the Town.

**B. *Basis of Presentation***

The Town's Basic Financial Statements are prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental agencies. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing governmental accounting and financial reporting principles.

These Statements require that the financial statements described below be presented.

***Government-wide Statements:*** The Statement of Net Position and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund Financial Statements:*** The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**C. *Major Funds***

The Town's major governmental funds are presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town reported the following major governmental funds in the accompanying financial statements:

**General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Open Space Restricted Fund** is a major fund of the Town. Through the years, residents and others have raised funds to preserve some 100 acres of open space within the Town's boundaries. Several fund-raising committees have worked at various times to achieve this goal, culminating in today's Open Space Acquisition Fund (PVOSAF). This fund, overseen by the Town Council, is composed of monies accrued from a special 2% utility tax approved by the voters in 1997 and from private donations. Subsequent elections were re-authorizing the increase of the appropriations limits for 4 additional years. It can be used for the acquisition and support of open space within the Town. Private donations are generally in the form of tax-deductible checks or appreciated securities.

**Inclusionary-In-Lieu** is used to account for the subdivision developer's fee, payable by fee or land that can only be used for affordable housing.

**Measure A** accounts for the half-cent County sales tax revenue restricted for the improvement of local transportation, including streets and roads for the recovery of road repair costs from building permit applicants due to road wear and tear from construction vehicles.

The Town also reports the following fund types:

**Agency Funds** account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**D. Basis of Accounting**

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

Governmental funds financial statements are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 45 to 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property tax, sales tax, utility user tax, interest revenue and franchise fees. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.



**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Town may fund programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

***E. Property Taxes***

County tax assessments include secured and unsecured property taxes. Unsecured taxes are taxes on personal property. Tax assessments are secured by liens on the property being taxed. The County makes annual adjustments as needed to current year revenues based on true-ups and prior year tax roll corrections to special districts related to Tax Equity Allocations.

Revenue is recognized in the period for which the tax and assessment is levied. The County of San Mateo levies, bills and collects property taxes for the Town. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Secured and unsecured property taxes are levied on January 1. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on August 31 and becomes delinquent on September 30.

***F. Implementation of Governmental Accounting Standards Board Statements***

The Town has implemented the requirements of the following GASB Pronouncements:

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with retirement of tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognized a liabilities based on the guidance in this statement. This Statement had no impact on the Town's financial statement in fiscal year 2019-20.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 88 – *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement had no impact on the Town's financial statement in fiscal year 2019-20.

**G. *Compensated Absences***

Compensated absences represent the vested portion of accumulated vacation and compensation time. Upon termination, 100% of vacation leave will be paid. The Town records a liability for unpaid compensated absences.

The changes of the compensated absences are as follows:

Beginning balance	\$94,438
Additions	90,419
Payments	<u>(67,407)</u>
Ending balance	<u><u>\$117,450</u></u>

Accumulated sick leave benefits are not recognized as liabilities of the Town. The Town's policy is to record sick leave as an operation expense in the period taken since such benefits do not vest nor is payment probable.

For all governmental funds, amounts that have matured are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

**H. *Deferred Compensation Plan***

Town employees may defer a portion of their compensation under Town sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at separation, retirement, death or in an emergency as defined by the Plans.

The laws governing deferred compensation plan assets required them to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Town's property and are not subject to the Town control, they have been excluded from these financial statements.

<p style="text-align: center;"><b>TOWN OF PORTOLA VALLEY</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For the Year Ended June 30, 2020</b></p>
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<p><b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b></p>
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***I. Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***J. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

***K. Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS**

The Town maintains a cash and investment pool for all funds consistent with the Town’s investment policy and relevant governmental code.

**A. Policies**

The California Government Code requires California banks and savings and loan associations to secure the Town’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Town’s name.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Town’s cash on deposit or first trust deed mortgage notes with a market value of 150% of the Town’s total cash deposits, as collateral for these deposits. The Town may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Town, however, has not waived the collateralization requirements. Under California Law this collateral is held in a separate investment pool by another institution in the Town’s name and places the Town ahead of general creditors of the institution.

The Town follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agent is credited directly to the related fund.

The Town’s investments are carried at fair value, as required by the generally accepted accounting principles. The Town adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**B. Classification**

Cash and investments are classified in the financial statements as follows:

Statement of Net Position:	
Cash and investments	\$17,811,772
Restricted cash and investments	1,199,132
Cash and investments of the Town	<u>19,010,904</u>
Cash and investments in Agency Funds	<u>703,531</u>
Total cash and investments	<u><u>\$19,714,435</u></u>

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**C. Investments Authorized by the California Government Code and the Town's Investment Policy**

The Town's Investment Policy and the California Government Code allow the Town to invest in the following, provided the credit ratings of the issuers are acceptable to the Town; and approved percentages and maturities are not exceeded.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
California Local Agency Investment Fund	N/A	None	\$65 million
U.S. Treasury Obligations	5 years	None	None
US Government Agency Bonds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Negotiable Certificates of Deposits	5 years	30%	None
Money Market and Mutual funds *	Upon Demand	None	None

\* For Funds investing over 80% of assets in either:

- 1) short to medium term corporate bonds holding an average credit not to exceed 30% of surplus funds, of rating of "A" or better
- 2) short to medium term Federal Agency or U.S. Government sponsored enterprise obligations.

The Town does not enter into any repurchase or reverse repurchase agreements.

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates will be.

Information on the fair values of the Town's cash and investments at June 30, 2020, is provided by the following table:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$12,298,234	\$12,298,234
Money Market Mutual Funds	4,721,146	4,721,146
Total Investments	<u>\$17,019,380</u>	17,019,380
Cash in Bank		2,693,555
Cash on Hand		1,500
Total Cash		<u>2,695,055</u>
Total cash and investments		<u>\$19,714,435</u>

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The Town is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2020, these investments matured in an average of 191 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2020, had an average maturity date of 30 days.

**E. Credit Risk**

Credit Risk is the risk that an issuer will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) the California Government Code, the City's investment policy, and actual ratings as of June 30, 2020 for each investment type as provided by Moody's investment type rating system (as date of the purchase):

Investment Type	AAm/AAA	Not Rated	Total
California Local Agency Investment Fund		\$12,298,234	\$12,298,234
Money Market Mutual Funds	\$4,721,146		4,721,146
Total Investments	<u>\$4,721,146</u>	<u>\$12,298,234</u>	<u>\$17,019,380</u>

**F. Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

The California Local Agency Investment Fund is reported at amortized cost, and is not subject to the fair value reporting requirements. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

**G. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Significant investments in the securities of any individual issuers, other than U.S. Treasury securities or mutual funds would be subjected to this risk. As of June 30, 2019, no investments were subjected to custodial credit risk on the entity-wide level.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 3 – CAPITAL ASSETS**

The Town defines capital assets as assets with an initial cost generally of \$5,000 or more and an estimated useful life in excess of two years except for land which is always capitalized and buildings, land improvements and infrastructure which have a \$25,000 capitalization threshold.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The Town is required to record all its public domain (infrastructure) capital assets. The Town has elected to prospectively record its infrastructure placed into service beginning in fiscal year 2004, including roads, curbs and gutters, streets, trails, paths and drainage systems.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Town has assigned the useful lives listed below to capital assets:

<u>Asset Class</u>	<u>Useful Lives</u>
Infrastructure	50 years
Improvements other than Buildings	50 years
Buildings and Improvements	20 years
Equipment	5 - 20 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 3 – CAPITAL ASSETS (Continued)**

**A. Capital Assets**

Capital assets activities during the fiscal year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Balance June 30, 2020
<b>Governmental Activities</b>			
Capital assets not being depreciated:			
Land	\$6,690,959		\$6,690,959
Construction in Progress	564,653		564,653
Total capital assets not being depreciated	<u>7,255,612</u>		<u>7,255,612</u>
Capital assets being depreciated:			
Infrastructure	10,769,254		10,769,254
Land improvements	3,070,430		3,070,430
Buildings and improvements	19,838,406		19,838,406
Equipment	462,688		462,688
Total capital assets being depreciated	<u>34,140,778</u>		<u>34,140,778</u>
Less accumulated depreciation for:			
Infrastructure	(3,757,497)	(\$458,800)	(4,216,297)
Land improvements	(1,146,901)	(83,183)	(1,230,084)
Buildings and improvements	(4,149,857)	(396,767)	(4,546,624)
Equipment	(308,663)	(28,406)	(337,069)
Total accumulated depreciation	<u>(9,362,918)</u>	<u>(967,156)</u>	<u>(10,330,074)</u>
Total depreciable assets, net	<u>24,777,860</u>	<u>(967,156)</u>	<u>23,810,704</u>
Capital assets, net	<u>\$32,033,472</u>	<u>(\$967,156)</u>	<u>\$31,066,316</u>

**B. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

<b>Governmental Activities</b>	
General Government	\$5,842
Parks and Recreation	62,144
Town Center Facilities	432,621
Public Safety	7,749
Public Works	458,800
Total Governmental Activities	<u>\$967,156</u>



**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. *Interfund Transfers***

With Council approval, resources may be transferred from one Town fund to another. For the year of June 30, 2020, the Town did not have any Interfund Transfers.

**B. *Current Interfund Balances***

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2020 interfund balances were as follows:

<u>Due From Other funds</u>	<u>Due To Other Funds</u>	<u>Total</u>
General Fund	Non-Major Governmental Funds	\$86,573

**NOTE 5 – LOANS RECEIVABLE**

The Town issued loans to Wayside II Road Maintenance District to maintain the private roads within the Wayside Road area of the Town. The District repays the Town on an annual basis. As of June 30, 2020, the remaining balance of the loans is \$18,792.

**NOTE 6 – NET POSITION AND FUND BALANCES**

**A. *Net Position***

Net Position is measured on the full accrual basis and is the excess of all the Town's assets and deferred outflows of resources over all its liabilities, and deferred inflows of resources. Net Position is divided into three captions which are determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any retention payables.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

**B. Fund Balances**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Town's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Town to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Town prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned.

Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Assets not expected to be converted to cash, such as prepaids and notes receivable are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the Town Council which may be altered only by formal action of the Town Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Town Council and may be changed at the discretion of the Town Council. This category includes *nonspendables*, when it is the Town's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 6 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the Town's fund balances, as of June 30, 2020, are below:

	General Fund	Open Space Restricted Special Revenue Fund	Inclusionary In-lieu Special Revenue Fund	Measure A Special Revenue Fund	Other Governmental Funds	Total
Fund balances:						
<b>Nonspendables:</b>						
Loans receivable	\$18,792					\$18,792
<b>Total nonspendable</b>	<b>18,792</b>					<b>18,792</b>
<b>Restricted for:</b>						
Open space acquisition		\$6,871,193				6,871,193
Public safety COPS					\$125,547	125,547
Library fund					163,857	163,857
Park in-lieu					35,025	35,025
Grants					69,799	69,799
Inclusionary in-lieu			\$3,728,930			3,728,930
Measure A				\$386,608		386,608
<b>Total restricted</b>		<b>6,871,193</b>	<b>3,728,930</b>	<b>386,608</b>	<b>394,228</b>	<b>11,380,959</b>
<b>Assigned to:</b>						
Unfunded pension reserve	712,486					712,486
Equipment replacement	100,000					100,000
Capital replacement/repairs	1,400,000					1,400,000
OPEB	834,871					834,871
Legal contingency	100,000					100,000
<b>Total assigned</b>	<b>3,147,357</b>					<b>3,147,357</b>
<b>Unassigned</b>	<b>2,659,021</b>				<b>(89,384)</b>	<b>2,569,637</b>
<b>Total fund balances</b>	<b>\$5,825,170</b>	<b>\$6,871,193</b>	<b>\$3,728,930</b>	<b>\$386,608</b>	<b>\$304,844</b>	<b>\$17,116,745</b>

**C. General Fund Minimum Fund Balance Policy**

Town is required to maintain a minimum of 60% of its annual budgeted operating expenditures (excluding capital improvement expenditures) within the General Fund's unrestricted fund balance. This amount is to be calculated annually via the adopted budget for the next fiscal year. The General Fund unrestricted fund at June 30, 2020 is as follows:

Investment Type	AAM/AAA	Not Rated	Total
California Local Agency Investment Fund		\$12,298,234	\$12,298,234
Money Market Mutual Funds	\$4,721,146		4,721,146
<b>Total Investments</b>	<b>\$4,721,146</b>	<b>\$12,298,234</b>	<b>\$17,019,380</b>

**D. Fund Balance Deficit**

As of June 30, 2020, the Public Safety Special Revenue Fund and Measure M Special Revenue Fund had fund balance deficits of \$6,478 and \$82,906, respectively. The fund deficits are expected to be eliminated by future revenues.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – PENSION PLAN**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. General Information about the Pension Plans**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the Town's separate Miscellaneous Employee Pension Rate Plans. The Town's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The Town sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Miscellaneous</b>	
	<b>Classic</b>	<b>PEPRA</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.000 - 2.500%
Required employee contribution rates	6.902%	6.750%
Required employer contribution rates	9.680%	6.985%

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – PENSION PLAN (Continued)**

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous Plan was \$71,743.

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the Town's contributions to the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$205,746

**B. Net Pension Liability**

As of June 30, 2020, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$836,271

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2018	0.01778%
Proportion - June 30, 2019	0.02088%
Change - Increase (Decrease)	<u>0.00310%</u>

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – PENSION PLAN (Continued)**

**C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the Town recognized pension expense of \$153,873. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$205,746	
Differences between actual and expected experience	58,083	(\$4,500)
Changes of assumptions	39,877	(14,136)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(177,103)
Change in proportion	213,412	
Net differences between projected and actual earnings on plan investments		(14,621)
Total	<u>\$517,118</u>	<u>(\$210,360)</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' membership data for all funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of projected mortality improvement using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report based on CalPERS demographic data from 1997 to 2015 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administration expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% is used this period.

(c) An expected inflation of 2.92% used for this period.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – PENSION PLAN (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the Town’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$1,887,779
Current Discount Rate	7.15%
Net Pension Liability	\$836,271
1% Increase	8.15%
Net Pension Liability (Asset)	(\$31,675)

***Pension Plan Fiduciary Net Position*** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

The \$205,746 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2021	75,396
2022	22,147
2023	515
2024	2,954
Total	<u>\$101,012</u>



<b>TOWN OF PORTOLA VALLEY</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For the Year Ended June 30, 2020</b>
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<b>NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATIONS</b>
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**A. General Information about the Town's OPEB Plan**

***Plan Description***

The Town's Post Employment Benefit Plan is a single-employer defined benefit OPEB plan. Permanent employees who retire under the Town's CalPERS retirement plan are, pursuant to their respective collective bargaining agreements, eligible to have certain portion of their medical insurance premiums paid by the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The Town contracts with CalPERS for this insured-benefit plan established under the state Public Employees' Medical and Hospital Care Act (PEMHCA). The plan offers employees and retirees three CalPERS' self-funded options, setup as insurance risk pools, or offers various third-party insured health plans. The plan's medical benefits and premium rates are established by CalPERS and the insurance providers. The Town contribution is established by Town resolution. Retirees and active employees pay the difference between the premium rate and the Town's contribution. Premiums and Town contributions are based on the plan and coverage selected by actives and retirees. A comprehensive annual financial report of CalPERS, inclusive of their benefit plans, is available at [www.calpers.ca.gov](http://www.calpers.ca.gov). Eligibility and the Town contributions toward month premiums are as follows:

***Benefits Provided***

The following is a summary of Plan benefits by employee group as of June 30, 2020:

***Eligibility***

Minimum age before retirement	50
Minimum required years of service:	5

***Health Benefit - Employer Contribution***

***Monthly Premiums***

BlueShield HMO medical, pharmacy	\$128
Kaiser medical, pharmacy coverage	\$128
PERSChoice medical, pharmacy coverage	\$128

***Employees Covered by Benefit Terms***

Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	14
Inactive employees or beneficiaries currently receiving benefit payments	4
Total	18

<p style="text-align: center;"><b>TOWN OF PORTOLA VALLEY</b>  <b>NOTES TO BASIC FINANCIAL STATEMENTS</b>  <b>For the Year Ended June 30, 2020</b></p>
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<p><b>NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)</b></p>
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**B. Total OPEB Liability**

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The ARC for the plan was determined as part of the actuarial valuation using the following methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	2.15%
Payroll Growth	1.80%
Mortality Rate	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
Amortization Period	20 years
	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
Pre-Retirement Turnover	
Healthcare Trend Rates	4.9% descending to 4.3% over 10 years

The discount rate was based on the long-term expected rate of return on OPEB plan investments.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATIONS (Continued)**

**C. Changes in Total OPEB Liability**

The end of the year net OPEB obligation is determined as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance at June 30, 2019	\$1,119,863		\$1,119,863
Changes Recognized for the Measurement Period:			
Service cost	120,877		120,877
Interest on the total OPEB liability	29,825		29,825
Changes of benefit terms			
Differences between expected and actual experience			
Economic gains or losses	(62,829)		(62,829)
Changes of assumptions	56,159		56,159
Contributions from the employer		\$6,456	(6,456)
Benefit payments	(6,456)	(6,456)	
Net changes	137,576		137,576
Balance at June 30, 2020 (Measurement Date)	\$1,257,439		\$1,257,439

**D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.15%) or 1-percentage-point higher (3.15%) than the current discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(1.15%)	(2.15%)	(3.15%)
\$1,508,934	\$1,257,439	\$1,058,742

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates of 4.9%, descending to 4.3% over 10 years:

Total OPEB Liability/(Asset)		
Trend rate -1%	Current Healthcare Cost	Trend rate +1%
	Trend Rates	
\$1,008,477	\$1,257,439	\$1,584,631

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 9 – RISK MANAGEMENT**

The Town participates in the following public entity risk pools; other risks are covered by commercial insurance.

**A. *Liability Coverage***

The Town, along with 28 other Bay Area governments, is a member of the of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority consisting of 28 member cities in the San Francisco Bay Area, a public-entity risk pool. PLAN JPA provides liability insurance coverage, claims management, risk management services and legal defense to its participating members. PLAN JPA is governed by a Board of Directors, which is comprised of officials appointed by each participating member. Premiums paid to PLAN JPA are subject to a possible refund based on the results of actuarial studies and approval by PLAN JPA's Board of Directors. In the opinion of the Town management, premiums made represent the best available estimate of the ultimate cost of the Town's participation in PLAN JPA and, accordingly, the accompanying basic financial statements of the Town include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the Town's basic financial statements in the year they become known. During the fiscal year ended June 30, 2020, the Town contributed \$81,161 or current year coverage.

Prior to January 2018 the Town participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to PLAN JPA.

Audited financial information for the JPA may be obtained from PLAN JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

**B. *Workers Compensation Coverage***

The State Compensation Insurance Fund covers workers compensation claims up to \$200,000 for each claim and has coverage above that limit to a maximum of \$1,000,000. The Town has no deductible for these claims. During the fiscal year ended June 30, 2020, the Town contributed \$22,166 for current year coverage.

**C. *Liability for Uninsured Claims***

The Town has retained the risk for the deductible or uninsured portion of general liability claims. The Town's liability for uninsured claims at June 30, 2020 is believed by management to be de minimis based on the absence of any asserted claims.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 – JOINT POWERS AGREEMENT**

**A. C/CAG**

The Town participates in the City/County Association of Governments of San Mateo County (C/CAG), which is governed by a board consisting of a representative from each member. The board controls the operations of C/CAG, including selection of management and approval of operating budgets, independent of any influence by each member beyond member representation on the Board.

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, San Mateo County and a majority of cities within San Mateo County for the purpose of developing State mandated plans such as an integrated waste management plan. The Town makes annual nonrefundable contributions to C/CAG which are used along with other member contributions to finance C/CAG operations. Audited financial statements may be obtained from the Town of San Carlos, 666 Elm Street, San Carlos, California, 94070. The Town's payments to C/CAG during the year totaled \$28,088. The Town's share of year-end assets, liabilities, or fund equity has not been calculated by C/CAG.

**B. San Mateo County Free Library Systems**

The Town is a participant with the County of San Mateo in the San Mateo County Free Library System (the Library System), a joint powers agency created to provide extended library services to the residents of the Town and the County. The Agency is governed by a 12-member board made up of a representative from each participating City or Town. The Agency shall continue, uninterrupted, until two thirds of the members vote to terminate the Agency. However, an individual member can terminate its membership, at which the agreement shall terminate on June 30 of the following fiscal year. Upon individual member termination, the member would not be entitled to the return of any funds contributed to the Joint Powers Agency nor to the return in cash or in kind of any materials or supplies contributed. Upon full termination of the Joint Powers Agency the member would receive any surplus money on hand proportionate to its contribution to the Joint Powers Agency. However, all property acquired by the Joint Powers Agency during the term of the agreement shall become the property of the County Free Library System. The Library System's financial statements can be obtained by contacting the San Mateo Library System, 25 Tower Road, San Mateo, CA 94402.

**TOWN OF PORTOLA VALLEY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES**

***A. Outstanding Litigation***

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town. Litigation outstanding in prior years has been settled without material cost to the Town.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Town. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF PORTOLA VALLEY**  
**Pension Plan**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***

<b>Measurement Date</b>	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>
Plan's proportion of the Net Pension Liability (Asset)	0.03873%	0.00301%	0.01508%	0.01807%	0.01778%	0.00310%
Plan's proportion share of the Net Pension Liability (Asset)	\$957,322	\$82,489	\$523,840	\$712,486	\$670,105	\$836,271
Plan's Covered Payroll	\$993,466	\$1,071,540	\$1,442,039	\$1,522,511	\$1,524,652	\$1,550,930
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	96.36%	7.70%	36.33%	46.80%	43.95%	53.92%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Changes in assumptions.** GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018 and 2019, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported are based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

\* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.



**TOWN OF PORTOLA VALLEY**  
**Pension Plan**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years\***

<b>Fiscal Year Ended June 30</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>
Actuarially determined contribution	\$111,313	\$84,007	\$116,123	\$141,356	\$153,312	\$205,746
Contributions in relation to the actuarially determined contributions	(111,313)	(84,007)	(116,123)	(141,356)	(153,312)	(205,746)
Additional Contributions	(907,699)	-	-	-	-	-
Contribution deficiency (excess)	<u>(\$907,699)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$993,466	\$1,071,540	\$1,442,039	\$1,522,511	\$1,524,652	\$1,550,930
Contributions as a percentage of covered payroll	11.20%	7.84%	8.05%	9.28%	10.06%	13.27%
<b>Notes to Schedule</b>						
Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	Market Value of Assets
Inflation	2.50%
Salary increase	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on CalPERS Experience Study. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale-MP-2016 published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

**TOWN OF PORTOLA VALLEY**  
**OPEB Plan**  
**SCHEDULE OF CHANGES IN THE**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**  
Last 10 fiscal years\*

<b>Measurement Date</b>	<b>6/30/18</b>	<b>6/30/19</b>	<b>6/30/20</b>
<b>Total OPEB Liability (1)</b>			
Service Cost	\$92,662	\$92,662	\$120,877
Interest		35,711	29,825
Changes of benefit terms			
Differences between expected and actual experience			
Economic gains or losses		(84,838)	(62,829)
Changes of assumptions		258,913	56,159
Benefit payments	(51,432)	(6,456)	(6,456)
<b>Net change in total OPEB liability</b>	<b>41,230</b>	<b>295,992</b>	<b>137,576</b>
<b>Total OPEB liability - beginning</b>	<b>782,641</b>	<b>823,871</b>	<b>1,119,863</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$823,871</b>	<b>\$1,119,863</b>	<b>\$1,257,439</b>
 Covered-employee payroll	 \$1,522,511	 \$1,524,652	 \$1,550,930
 Total OPEB liability as a percentage of covered-employee payroll	 54.11%	 73.45%	 81.08%

**Notes to Schedule:**

- (1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

\* Fiscal year 2018 was the first year of implementation.

TOWN OF PORTOLA VALLEY  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property taxes	\$3,124,362	\$3,124,362	\$3,158,836	\$34,474
Sales tax	217,221	217,221	191,109	(26,112)
Business license tax and other taxes	105,000	105,000	99,870	(5,130)
Total Taxes	3,446,583	3,446,583	3,449,815	3,232
Franchise fees	320,112	320,112	246,226	(73,886)
Utility users tax	654,366	654,366	658,037	3,671
Agency revenues	9,700	9,700	11,806	2,106
Contributions				
Licenses and permits	638,750	638,750	503,103	(135,647)
Service charges and fees	245,075	245,075	74,051	(171,024)
Parks and recreation	273,108	273,108	213,928	(59,180)
Investment and other revenues	134,808	134,808	155,229	20,421
Total Revenues	5,722,502	5,722,502	5,312,195	(410,307)
<b>EXPENDITURES</b>				
General government	4,034,445	4,034,445	3,520,942	513,503
Parks and recreation	277,000	277,000	221,427	55,573
Town center facilities	207,993	207,993	127,632	80,361
Public safety	1,076,917	1,076,917	1,076,917	
Public works	6,000	6,000	13,723	(7,723)
Capital improvement program	729,015	729,015	131,761	597,254
Total Expenditures	6,331,370	6,331,370	5,092,402	1,238,968
Excess (Deficiency) of Revenues Over Expenses	(608,868)	(608,868)	219,793	828,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(109,972)	(109,972)		109,972
Total Other Financing Sources (Uses)	(109,972)	(109,972)		109,972
NET CHANGE IN FUND BALANCE	<u>(\$718,840)</u>	<u>(\$718,840)</u>	219,793	<u>\$938,633</u>
Fund balance at beginning of year			5,605,377	
Fund balance at end of year			<u>\$5,825,170</u>	

TOWN OF PORTOLA VALLEY  
 OPEN SPACE RESTRICTED SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Utility users tax	\$301,337	\$281,224	(\$20,113)
Contribution	1,000	570	(430)
Investment and other revenues		158,324	158,324
	<u>302,337</u>	<u>440,118</u>	<u>137,781</u>
Total Revenues			
	<u>302,337</u>	440,118	<u>\$137,781</u>
Net change in fund balance			
		<u>6,431,075</u>	
Fund balance at beginning of year			
		<u>\$6,871,193</u>	
Fund balance at end of year			

TOWN OF PORTOLA VALLEY  
MEASURE A SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales tax	\$298,935	\$309,938	\$11,003
Investment and other revenues		5,700	5,700
Total Revenues	298,935	315,638	16,703
<b>EXPENDITURES</b>			
Capital improvement program	298,935		298,935
Total Expenditures	298,935		298,935
Net change in fund balance		315,638	\$315,638
Fund balance at beginning of year		70,970	
Fund balance at end of year		\$386,608	

### **Note to Budgetary Schedules**

The Town follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The Town Manager submits a proposed budget to the Finance Committee for review and approval.
2. The Town Manager then submits to the Town Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
3. The Town Council reviews the proposed budget at one of its regularly scheduled meetings which is open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
4. Prior to July 1, the budget is adopted through the passage of a resolution. All appropriations lapse at year end.
5. From the effective date of the budget, which is adopted and controlled by the Town Manager at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various Town activities. The Town Council may amend the budget by resolution during the fiscal year.
6. Capital Projects Funds are budgeted on an annual basis. If a capital project is not completed in a budget year, it is included in the subsequent budget year, if necessary. Inclusionary In-lieu Capital Project Fund was not budgeted.

## **SUPPLEMENTAL INFORMATION**

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS:**

**PUBLIC SAFETY**

Accounts for half-cent State sales tax revenue designated exclusively for local agency public safety services, (Sec. 35 of Art. XIII of California Constitution).

**GAS TAX**

Accounts for gasoline tax allocated by the state for street maintenance, repair and improvement.

**PUBLIC SAFETY COPS (Citizens' Options for Public Safety)**

Accounts for the Supplemental State law Enforcement Fund Service Account (SLESA) revenue for special law and traffic enforcement established by SB89.

**LIBRARY FUND**

Accounts for library service revenue from San Mateo County Library JPA that can only be used for library related activities.

**MEASURE M**

Accounts for County-generated motor vehicle registration fee revenue to be used for traffic congestion and water pollution mitigation programs.

**MEASURE W**

Accounts for amounts restricted for the Town's share of a one-half cent sales tax revenue for road repairs and construction.

**CAPITAL PROJECTS FUNDS:**

**PARK IN-LIEU**

Accounts for the subdivision developer's fee restricted for parks or recreational purposes.

**GRANTS**

Accounts for various grant activities.

TOWN OF PORTOLA VALLEY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	Special Revenue Funds			
	Public Safety	Gas Tax	Public Safety COPS	Library Fund
ASSETS				
Cash and investments		\$39,663	\$125,544	\$167,406
Accounts and interest receivable		291	3	7
Total Assets		<u>\$39,954</u>	<u>\$125,547</u>	<u>\$167,413</u>
LIABILITIES				
Accounts payable		\$29,305		\$3,556
Due to other funds	\$6,478			
Total Liabilities	<u>6,478</u>	<u>29,305</u>		<u>3,556</u>
FUND BALANCES (DEFICIT)				
Restricted		10,649	\$125,547	163,857
Unassigned	(6,478)			
Total Fund Balance	<u>(6,478)</u>	<u>10,649</u>	<u>125,547</u>	<u>163,857</u>
Total Liabilities and Fund Balances		<u>\$39,954</u>	<u>\$125,547</u>	<u>\$167,413</u>

Special Revenue Funds		Capital Projects Funds		
Measure M	Measure W	Park In-Lieu	Grants	Totals
	\$109,229	\$35,025	\$69,799	\$546,666 301
	\$109,229	\$35,025	\$69,799	\$546,967
\$2,811				\$35,672
80,095				86,573
82,906				122,245
(82,906)	\$109,229	\$35,025	\$69,799	514,106 (89,384)
(82,906)	109,229	35,025	69,799	424,722
	\$109,229	\$35,025	\$69,799	\$546,967

TOWN OF PORTOLA VALLEY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Public Safety	Gas Tax	Public Safety COPS	Library Fund
<b>REVENUES</b>				
Taxes:				
Sales tax	\$15,165			
Gas tax		\$181,544		
Total taxes	15,165	181,544		
Agency revenues				
Grants			\$155,948	
Investment and other revenues	(12)	(1,428)	2,126	\$5,026
Total Revenues	15,153	180,116	158,074	5,026
<b>EXPENDITURES</b>				
Town center facilities				59,386
Public safety	15,305		145,000	
Public works		89,006		
Capital improvement program				
Total Expenditures	15,305	89,006	145,000	59,386
<b>OTHER FINANCING SOURCES</b>				
Transfers in (Note 4)				
Transfers in (Note 4)				
Total other financing sources				
Net change in fund balances	(152)	91,110	13,074	(54,360)
Fund balances at beginning of year	(6,326)	(80,461)	112,473	218,217
Fund balances (deficit) at end of year	(\$6,478)	\$10,649	\$125,547	\$163,857

Special Revenue Funds		Capital Projects Funds		
Measure M	Measure W	Park In-Lieu	Grants	Totals
	\$109,229			\$124,394
				181,544
	109,229			305,938
			\$5,000	160,948
		\$825		6,537
	109,229	825	5,000	473,423
				59,386
				160,305
\$11,809			1,601	102,416
11,809			1,601	322,107
(11,809)	109,229	825	3,399	151,316
(71,097)		34,200	66,400	273,406
(\$82,906)	\$109,229	\$35,025	\$69,799	\$424,722

TOWN OF PORTOLA VALLEY  
NON-MAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Public Safety			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Sales tax	\$15,306	\$15,165	(\$141)			
Gas tax				\$210,390	\$181,544	(\$28,846)
Total taxes	15,306	15,165	(141)	210,390	181,544	(28,846)
Agency revenues						
Grants						
Investment and other revenues		(12)	(12)	5,263	(1,428)	(6,691)
Total Revenues	15,306	15,153	(153)	215,653	180,116	(35,537)
<b>EXPENDITURES</b>						
Town center facilities						
Public safety	15,306	15,305	1			
Public works				247,625	89,006	158,619
Capital improvement program				78,000		78,000
Total Expenditures	15,306	15,305	1	325,625	89,006	236,619
Excess (Deficiency) of Revenues Over Expenses		(152)	(154)	(109,972)	91,110	(272,156)
<b>OTHER FINANCING SOURCES</b>						
Transfers in				109,972		109,972
Transfers out						
Total Other Financing Sources				109,972		109,972
Net change in fund balances		(152)	(\$154)		91,110	(\$162,184)
Fund balances, beginning of Year		(6,326)			(80,461)	
Fund balances (deficit), end of Year		(\$6,478)			\$10,649	

(Continued)

TOWN OF PORTOLA VALLEY  
NON-MAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Measure W			Park in Lieu		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Sales tax	\$132,860	\$109,229				
Gas tax						
Total taxes	132,860	109,229				
Agency revenues						
Grants						
Investment and other revenues				\$788	\$825	\$37
Total Revenues	132,860	109,229		788	825	37
<b>EXPENDITURES</b>						
Town center facilities						
Public safety						
Public works						
Capital improvement program	132,860		\$132,860			
Total Expenditures	132,860		132,860			
Excess (Deficiency) of Revenues Over Expenses		109,229	109,229	788	825	37
<b>OTHER FINANCING SOURCES</b>						
Transfers in						
Transfers out						
Total Other Financing Sources						
Net change in fund balances		109,229	\$109,229	\$788	825	\$37
Fund balances, beginning of Year					34,200	
Fund balances (deficit), end of Year		\$109,229			\$35,025	





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<b>AGENCY FUNDS</b>
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Agency Funds are presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the Town as agent for individuals, governmental entities, and non-public organizations.

**MAINTENANCE DISTRICTS**

Accounts for all revenues and expenditures related to the following maintenance districts formed to maintain roads within the individual district boundaries with governance separate from the Town Council. The Town acts as a fiduciary custodian for the maintenance district assessment revenue collected and disbursed from the County:

**CRESCENT MAINTENANCE DISTRICT**

**PORTOLA VALLEY RANCH MAINTENANCE DISTRICT**

**WAYSIDE ROAD I MAINTENANCE DISTRICT**

**WAYSIDE ROAD II MAINTENANCE DISTRICT**

**WOODSIDE HIGHLANDS MAINTENANCE DISTRICT**

**ARROWHEAD MEADOWS MAINTENANCE DISTRICT**

TOWN OF PORTOLA VALLEY  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Crescent Maintenance District</b>				
<u>Assets</u>				
Cash and investments	\$136,747	\$16,240		\$152,987
Accounts and interest receivable	791		(\$788)	3
Total assets	<u>\$137,538</u>	<u>\$16,240</u>	<u>(\$788)</u>	<u>\$152,990</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$137,538</u>	<u>\$16,240</u>	<u>(\$788)</u>	<u>\$152,990</u>
<b>Portola Valley Ranch Maintenance District</b>				
<u>Assets</u>				
Cash and investments	\$32,384	\$1,745		\$34,129
Accounts and interest receivable	179		(\$178)	1
Total assets	<u>\$32,563</u>	<u>\$1,745</u>	<u>(\$178)</u>	<u>\$34,130</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$32,563</u>	<u>\$1,745</u>	<u>(\$178)</u>	<u>\$34,130</u>
<b>Wayside Road I Maintenance District</b>				
<u>Assets</u>				
Cash and investments	\$7,457	\$222		\$7,679
Accounts and interest receivable	40		(\$40)	
Total assets	<u>\$7,497</u>	<u>\$222</u>	<u>(\$40)</u>	<u>\$7,679</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$7,497</u>	<u>\$222</u>	<u>(\$40)</u>	<u>\$7,679</u>

(Continued)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Wayside Road II Maintenance District</b>				
<u>Assets</u>				
Cash and investments	\$87,335	\$31,459	(\$5,663)	\$113,131
Accounts and interest receivable	602		(601)	1
Total assets	<u>\$87,937</u>	<u>\$31,459</u>	<u>(\$6,264)</u>	<u>\$113,132</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$87,937</u>	<u>\$31,459</u>	<u>(\$6,264)</u>	<u>\$113,132</u>
<b>Woodside Highlands Maintenance District</b>				
<u>Assets</u>				
Cash and investments	\$336,989	\$58,616		\$395,605
Accounts and interest receivable	1,992		(\$1,986)	6
Total assets	<u>\$338,981</u>	<u>\$58,616</u>	<u>(\$1,986)</u>	<u>\$395,611</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$338,981</u>	<u>\$56,630</u>		<u>\$395,611</u>
Total liabilities	<u>\$338,981</u>	<u>\$56,630</u>		<u>\$395,611</u>
<b>Total Agency Funds</b>				
<u>Assets</u>				
Cash and investments	\$600,912	\$108,282	(\$5,663)	\$703,531
Accounts and interest receivable	3,604		(3,593)	11
Total assets	<u>\$604,516</u>	<u>\$108,282</u>	<u>(\$9,256)</u>	<u>\$703,542</u>
<u>Liabilities</u>				
Deposits and other liabilities	<u>\$604,516</u>	<u>\$106,296</u>	<u>(\$7,270)</u>	<u>\$703,542</u>

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**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the Town Council  
Town of Portola Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Town of Portola Valley, California (Town), as of and for the year ended June 30, 2020, and have issued our report thereon dated October 19, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated October 19, 2022, which is an integral part of our audit and should be read in conjunction with this report.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated October 19, 2022 which is an integral part of our audit and should be read in conjunction with this report.

### ***Town's Response to Findings***

The Town's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated October 19, 2022, which is an integral part of our audit and should be read in conjunction with this report. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Maze & Associates".

Pleasant Hill, California  
October 19, 2022



**TOWN OF PORTOLA VALLEY  
MEMORANDUM ON INTERNAL CONTROL  
FOR THE YEAR ENDED JUNE 30, 2020**

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**TOWN OF PORTOLA VALLEY  
MEMORANDUM ON INTERNAL CONTROL**

**For The Year Ended June 30, 2020**

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## MEMORANDUM ON INTERNAL CONTROL

To the Honorable Mayor and Members of the Town Council  
Town of Portola Valley, California

In planning and performing our audit of the basic financial statements of the Town as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Town Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, California  
October 19, 2022

**Accountancy Corporation**  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

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**TOWN OF PORTOLA VALLEY**  
**MEMORANDUM ON INTERNAL CONTROL**  
**SCHEDULE OF SIGNIFICANT DEFICIENCY**

**2020-01            Timeliness for the completion of Audit**

**Criteria:** Well-managed organizations should develop a plan to ensure that adequate resources will remain available in the event of employee departures and the potential impact of unexpected events. Part of that is ensuring there are resources available to be utilized on short notice to fill gaps in key positions, especially in the Finance Department. These resources need to be in place throughout the fiscal year to ensure accounting processes and procedures continue and allow time for the analysis of account balances and activities.

**Condition:** The Town's basic financial statements for the year ended June 30, 2020, were not completed until October 2022.

**Cause:** Due to the Town's staff turnover, financial system upgrade, and impacts from the pandemic, the Town's staff were not able to prepare and complete recording financial activities for the audit timely.

**Effect:** As a result, there were significant delays in the completion of the audit, which increases the risk that errors or misstatements may go undetected by staff and corrections may not be made in a timely manner. Audit effort was substantially increased due to the delay and coordination.

**Recommendation:** The Town should analyze staff resources for backup plans to ensure that the financial data is processed properly and timely during staffing transitions and unexpected events.

***Management's Response:***

The Town recognizes and agrees with the above findings and is actively working on increased staffing and support as well as a backup plan to ensure accurate and timely processing of financial data.

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## TOWN OF PORTOLA VALLEY

### MEMORANDUM ON INTERNAL CONTROL

#### SCHEDULE OF OTHER MATTERS

##### NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments.

##### **Effective in fiscal year 2020-21:**

##### **GASB 84 – Fiduciary Activities**

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

##### **GASB 90 – Majority Equity Interests—(an amendment of GASB Statements No. 14 and No. 61)**

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

**TOWN OF PORTOLA VALLEY**  
**MEMORANDUM ON INTERNAL CONTROL**  
**SCHEDULE OF OTHER MATTERS**

Effective in fiscal year 2021-22:

**GASB 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**TOWN OF PORTOLA VALLEY**  
**REQUIRED COMMUNICATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**TOWN OF PORTOLA VALLEY  
REQUIRED COMMUNICATIONS**

**For The Year Ended June 30, 2020**

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## REQUIRED COMMUNICATIONS

To the Honorable Mayor and Members of the Town Council  
Town of Portola Valley, California

We have audited the basic financial statements of the Town of Portola Valley, California (Town) for the year ended June 30, 2020. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards*.

### **Significant Audit Findings**

#### ***Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

#### **GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance***

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018

- **GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance (Continued)**
  - Implementation Guide No. 2019-1, Implementation Guidance Update—2019
  - Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

### ***Unusual Transactions, Controversial or Emerging Areas***

We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### ***Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

*Estimated Fair Value of Investments:* As of June 30, 2020, the Town held approximately \$19.7 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2020.

*Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 3 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Compensated Absences:* Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Claims Liabilities:* Management's estimate of the claims liabilities payable is disclosed in Note 9 to the financial statements and is based on actuarial studies determined by a consultant, which are based on the claims experience of the Town. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.



*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Town. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net OPEB Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liability is disclosed in Note 8 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Town. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### ***Disclosures***

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

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit, except as noted:

The Town experienced unusual difficulty during the fiscal year 2020 year-end close. The Town was in the process of an upgrade for its financial system during the year while dealing with finance staff turnover, plus the COVID-19 pandemic impact on the Town's overall operation which lasted for over two years. Although Town staff worked diligently throughout the process and provided full cooperation to our audit, the current year's audit was adversely affected. The Town's finance staff had difficulty assembling the various required audit items timely. As a result, the audit completion was significantly delayed.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Town Council.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated October 19, 2022.

### ***Management Consultations with Other Independent Accountants***

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

### ***Other Audit Findings or Issues***

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

### **Other Information Accompanying the Financial Statements**

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

\*\*\*\*\*

This information is intended solely for the use of Town Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, California  
October 19, 2022



# TOWN OF PORTOLA VALLEY

## Colleagues Memo

---

**TO:** Mayor and Members of the Town Council

**FROM:** Councilmembers Hasko and Taylor

**DATE:** January 18, 2023

**RE:** Proposed Process for Implementation of Sunrise Provision of Housing Element

**RECOMMENDATION:**

Since the overwhelming sentiment from Town residents favors not developing Dorothy Ford Field, our draft Housing Element contains a “Sunrise” provision allowing Dorothy Ford Field to be developed only after a two (2) year period, if no alternative sites are identified enabling the Town to meet its Regional Housing Needs Assessment (“RHNA”) requirements through other means. Furthermore, we understand that the public has many questions on the draft Housing Element and related site evaluations undertaken by the Ad Hoc Housing Element Committee (“AHHEC”), some of which have been previously asked and answered in the course of the extensive meetings held by the AHHEC, Planning Commission and Town Council, but which are not easily accessible.

We recommend that the Town Council discuss and approve specific actions to be taken (1) to expedite evaluation of alternative sites for inclusion in the Housing Element after adoption of the updated Housing Element in 2023 and (2) to develop a repository of information relating to the Housing Element analysis and updates that is easily accessible by our community.

This effort would serve several purposes:

Jump starting the evaluation of alternatives during the “Sunrise” period of the draft Housing Element, and avoid any unnecessary delays in identifying alternative sites to consider using in the Housing Element for housing, thus maximizing the chance that the Town can avoid developing Dorothy Ford Field for housing as set out in the draft Housing Element.

Enabling the Town to identify any new sources of housing sites that may help serve the Town’s need for housing in the future.

Informing the community in relation to the Housing Element revision processes and results of significant AHHEC and Town Staff efforts related to those processes.

**BACKGROUND:**

This memo is a follow-up of a previous memo titled “Proposed Council Commitments to a post-adoption Housing Element process”. We have taken the approach of dividing the previous memo into two parts: a forthcoming memo focused on safety and the safety element, and this memo focused on the Housing Element.

The Housing Element revision required enormous efforts made by the AHHEC and the Town Staff to understand the RHNA requirement imposed by the State and in turn allocated to the Town by the Association of Bay Area Governments (“ABAG”), and to develop a draft Housing Element in response to this State requirement. The Town is working rapidly to finalize the draft

Housing Element to submit it for review by the State Department of Housing and Community Development (“HCD”).

During the Housing Element revision process, our community expressed particular concern about developing certain sites included in our draft Housing Element, such as Dorothy Ford Field and Glen Oaks Equestrian Center. As part of the process we committed to undertake efforts to identify alternative sources of housing sites that may either have been overlooked in the Housing Element revision process, or become available after submission of the Housing Element to HCD but within the timeframe to provide a means by which the Town can meet its RHNA requirements in a manner reflecting the values and vision of our community.

Members of the public also expressed a need to understand better the Housing Element components and the bases for the Town’s approach to the Housing Element revision. One way of achieving this would be to organize the information already obtained by the AHHEC and Town Staff into a searchable system, such as a “Frequently Asked Questions” page on our Town website.

### **DISCUSSION:**

Follow-up efforts to refine the Housing Element during the Sunrise period, these are the specific items we propose that the Town Council commit, to the extent possible, to undertake in the following time periods:

- As soon as possible, form an ad hoc committee to determine details of the following actions:
  - Develop a Housing Element Information Repository – timeframe Q1 ‘23
    - Focus on: making the vast body of existing Housing Element-derived information readily available
      - Collate the questions that were raised most frequently and our answers
      - Document and make searchable Housing Element questions (in the form of Frequently Asked Questions or otherwise)
    - Continue outreach with the public to discuss changes to the Housing Element that will comply with legal requirements
    - Document, maintain and update the full inventory of site options in the Town on a quarterly basis
      - Including a brief description of each existing site or newly identified available sites, and any legal or other impediments to including such sites in the Housing Element, and note why such existing sites were selected or omitted from the Housing Element
    - Goal: Periodically consider and if appropriate adopt modifications to the Housing Element during the Sunrise time period to adjust the Housing Element



# TOWN OF PORTOLA VALLEY

## Colleagues Memo

---

**TO:** Mayor and Members of the Town Council

**FROM:** Councilmember Sarah Wernikoff

**DATE:** January 25, 2023

**RE:** FY 2022-23 Council Priority 3e

**BACKGROUND:**

The FY 2022-23 Council Priorities identified 4 key areas of focus: (1) Wildfire/Emergency Preparedness, (2) Land Use Projects and Programs, (3) Operational and Service Delivery Enhancements, and (4) Sustainability. Work is ongoing on all priorities per the Q1 update (attached). Per the Q1 update, work to scope item 3e, “Explore options to better serve and utilize Town committees and their operations” is slated to begin in January 2023.

**RECOMMENDATION:**

I recommend the formation of a subcommittee of the Council to begin work on FY 2022-23 Council Priority item 3e, beginning with a review of The Commission and Advisory Committee Policies and Procedures Handbook (the Handbook). The Handbook was adopted on November 11<sup>th</sup> 2015 and has not had a significant review since adoption. The focus of the subcommittee is to undertake a thorough review of the Handbook with the objectives of:

- 1) assuring the Handbook fully supports current needs of the Town’s volunteers, and volunteer bodies, including the Council, Town commissions and Town committees, and staff;
- 2) clarifying/refining, modernizing, and augmenting policies and procedures as appropriate; and
- 3) identifying opportunities for improved operational efficiency. The review will require input and guidance from the Town attorney, and other staff, as well as input from commission and committee volunteers.

The goal of the subcommittee is to return to Council with proposed updates to the Handbook for discussion and consideration by the Council.

**DISCUSSION:**

I welcome input and discussion on process, priorities, and key areas of review for this effort.



# TOWN OF PORTOLA VALLEY

## Colleagues Memo

---

**TO:** Mayor and Members of the Town Council

**FROM:** Councilmember Sarah Wernikoff

**DATE:** January 25, 2023

**RE:** Founders' Award for Lifetime Contributions to the Town of Portola Valley

### **RECOMMENDATION**

I recommend that the Town establish a lifetime contributions award that would recognize the cumulative civic engagement and leadership of longstanding volunteers in the Town of Portola Valley to be awarded based on a nominating process and clear criteria for recipients.

### **Proposed Criteria:**

- Twenty years or more of distinguished service to the Town including on a committee, a commission and/or on the Town Council, as well as within other Town working groups, or within other Portola Valley local organizations (i.e. Portola Valley School District, Midpeninsula Regional Open Space, Friends of the Library, The Sequoias, etc.).
- Represent the character of the quintessential Portola Valley volunteer in terms of dedication and commitment to town values, vision, and civility.
- Continued and significant contributions across a broad range that have benefitted the Town of Portola Valley and its community in both formal and informal ways.
- Has not served on the Town Council for at least 5 years.
- May be awarded posthumously.

### **Proposed Nominating and Award Selection Process:**

- Nomination can occur at any time on an ad hoc basis (vs. annually)
- Nomination must include a nomination letter, the resume of the nominee (or list of contributions), and a minimum of 3 supporting letters of recommendation.
- Nominees to be evaluated and recommended by a standing subgroup of the Council.
- Nomination process will be confidential; however, nominees will be notified once nominated.
- Recipients will be acknowledged at a Council meeting with a plaque, as well as having their name listed on a plaque at Town Center (location TBD).

### **Budget:**

- Cost of plaque(s).



# TOWN OF PORTOLA VALLEY

## Colleagues Memo

---

**TO:** Mayor and Members of the Town Council

**FROM:** Mary Hufty

**DATE:** January 25, 2023

**RE:** Code of Ethics the PV Town Council

**RECOMMENDATION:**

The Town Council should proceed to establish a Code of Ethics, which sets a positive tone between the Town Council and the residents. A first step is to review other local entities' Codes and best practices in town management. The Council should assign two Council members to work up a draft for the entire Council to review at a later meeting.

**BACKGROUND:**

The Code of Ethics discussion is important for setting the tone for any meeting. Many of our local jurisdictions have such a document and we should too.

This item should be on the TC Agenda for 1/11/23 so residents know we are working on it. We should assign two Council members to work up a draft for the entire Council to review at a later meeting.

As a first step, please read the follow examples below Codes of Ethics of other nearby cities, provided to me by the Town Staff.:

Alameda:

[www.alamedaca.gov/files/assets/public/boards-and-commission/code-of-conduct.pdf](http://www.alamedaca.gov/files/assets/public/boards-and-commission/code-of-conduct.pdf)

Belmont:

<https://www.belmont.gov/home/showdocument?id=11083>

Saratoga (I find this one accessible and user friendly):

<https://www.saratoga.ca.us/258/Code-of-Ethics-Values>

Sunnyvale:

[www.sunnyvale.ca.gov/home/showpublisheddocument/618/637882968538000000](http://www.sunnyvale.ca.gov/home/showpublisheddocument/618/637882968538000000)

Woodside:

<https://www.woodsidetown.org/council/code-ethics-and-conduct>

and a guide from Western City –

<https://www.westerncity.com/article/beyond-ethics-establishing-code-conduct-guide-your-council>





# TOWN OF PORTOLA VALLEY

## Colleagues Memo

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**TO:** Mayor and Members of the Town Council

**FROM:** Mary Hufty, Judith Hasko

**DATE:** January 17, 2023

**RE:** General Plan Research and Working Group

**RECOMMENDATION:**

We propose that the Council support the formation of a volunteer General Plan Research and Working Group to begin work immediately on educating itself and the Town residents on the General Plan, including exploring its consistencies with proposed zoning changes, local ordinances and guidelines, and State laws. We further recommend that the public be made aware of these meetings and encouraged to attend them.

**BACKGROUND:**

Our Town's General Plan is a carefully crafted, unique document reflecting Town values and the Town founders' vision for our community. Commonly viewed as our Town's "Constitution," our General Plan has at least 12 separate sections, or "elements," addressing key attributes of our Town. These elements are closely inter-related, and also related to our Town's ordinances and guidelines. The General Plan covers topics also governed by State law. The manner in which these elements relate to each other, and to these ordinances, guidelines and laws, can be challenging to understand.

To encourage and enable full participation of Town residents in future discussions of the individual elements of the General Plan, and related ordinances, guidelines and laws, we propose as a first step the formation of a General Plan Research and Working Group consisting of volunteer residents of Portola Valley and of its sphere of influence. This group would meet on a regular basis, in scheduled meetings open to the general public, to discuss and gain a comprehensive understanding of the General Plan in anticipation of the Town's efforts to update the General Plan in connection with the Housing Element update and any other future Town initiatives directed to the General Plan.

As the current General Plan has at least 12 elements, the membership goal for the Working Group is 13 to 15 volunteers, of whom at least 11 shall be residents of the Town.

The deliverables/ products of the General Plan Research and Working Group are:

- A review of the current General Plan, including, in relation to our Town zoning, ordinances and guidelines and State laws.
- A review of currently proposed changes to the General Plan in connection with the Housing Element update currently in process, and notations of when various aspects of the General Plan were updated in past efforts. Serve as a resource to support the staff for any future changes to the General Plan to be considered.
- Function as a standing Research and Working Group for future changes to the General Plan.

Support requested:

Consistent with our Town's ethos of encouraging regular participation by Town residents in important Town matters, we propose that the Council approve:

- The provision of meeting space at the Town center for the Working Group, in a room large enough to accommodate attendance by the public.
- Staff support to advertise for volunteers to serve on the Working Group in our weekly town bulletin.
- A member of the planning department, or other personnel as appropriate, to attend, no more frequently than one time per month, a Working Group meeting for one hour to answer questions. Staff participation in these meetings would not require any special staff preparation or follow-up support, given the current significant workload of the Planning Department.

Benefits:

Residents would commence a process to enhance public understanding of the current General Plan and related ordinances, guidelines and laws in anticipation of currently contemplated, and any future, updates to the General Plan and related Town ordinances and guidelines. Participants would come into any such future process more fully informed, and be enabled to provide in a timely manner comprehensive input into any such updates. This open process for engaging residents on the General Plan now would set the stage for productive participation by the community in future Town activities relating to the General Plan and related ordinances, guidelines and laws to enable the General Plan to continue to reflect community values, in a manner reflecting our Town's history of open resident engagement.