HE SAN CARLOS FESTIVAL OF THE ARTS. which annually draws over 5,000 visitors, is back for the 10th year in a row with a variety of art, several art-in-action demonstrations, plus music, dancers and hot and cold food. It will be under way Saturday and Sunday at the City Hall Park in San Carlos from 10 a.m. to 5 p.m. and admission will be free.

Five artists will demonstrate at regular intervals during the two days. Ralph Ledesma, known for the brilliance of his watercolors, will demonstrate both days, completing a painting in 45 minutes and using a reflecting mirror so more people can watch.

Tom Lechleiter, well-known artist and teacher, will also exhibit his technique with watercolors, as will Gladys Fies and Pat Liner. Tony Muscat will be painting in oils. Miss Liner, who has studied with Ledesma, is a prolific painter - landscapes, seascapes and still lifes and sketched and painted on location during eight trips abroad. Miss Fies has won many awards for her work, particularly her florals. A longtime teacher in the area, she co-chaired the first San Carlos Festival of the Arts in 1972. There will also be a youth art-in-action section and a pinata breaking each day.

Acrylics, fabric art, pottery, jewelry, photography and other media will be displayed in the festival. Entertainment will include The Touch of Grass playing blue grass music Sunday from 1 to 3 p.m. and the Morrocan Dream Dancers later the same day in a masked temple dance, a swirling dance of veils, hypnotic candle dance, Moroccan sword dance and other Middle East dances. Also performing will be roving guitarist Leslie Fenton, accordionist-vocalist Karl Labherz, Judy Torok Ballet dancers, Nancy's Dance Studio and square dancers. Wickersham Music will provide organ music.

Redwood City Festival

In Redwood City, the Sequoia Art Group will put on its 17th annual Art Festival. The event will take place from 9:30 a.m. to 5 p.m. in the tree-covered Wellesley Crescent Park on Edgewood Road, one block west of El Camino Real. There will be continuous demonstrations in various media, and donated paintings will be given away. Food and soft drinks will be served by the Peninsula Gymnastics Academy of San Carlos, which will present a gymnastics and tumbling show at 1 p.m.

Artist's Reception

Paintings in various media, including oils and acrylics, by Eugenia Tusquets are in the show opening Sunday with a reception from 5 to 7 p.m. at the Foster City Museum Gallery, 650 Shell Blvd., Foster City. The public is invited to attend and meet the artist, a native of Spain who now lives in San Francisco. Miss Tusquets has been painting professionally for 10 years. Her work has been shown in Europe, Mexico and the United States. The exhibit remains till Oct. 14. The gallery, a project of the all-volunteer Foster City Art and Culture Committee, is open 9 a.m. to 5 p.m. weekdays.