
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 11

DATE: August 11, 2010

TO: Fresno Local Agency Formation Commission

FROM: Jeff Witte, Executive Officer

SUBJECT: **Consider Approval - LAFCo Fee Schedule.** Review and Adopt Update Revisions to Section 350 (Fresno LAFCo Fee Schedule) of Fresno LAFCo Policies, Standards, and Procedures.

Recommendation: Approve Fee Update

Background:

Previously, staff received direction from the Commission to update LAFCO's fee schedule and include a section to recover the costs for Municipal Service Reviews (MSRs). LAFCo has not raised its fees since July, 1995, and the proposed fee increases would address County's and Cities' concerns over the amount of LAFCo support each are required to contribute. The fee update would also redistribute LAFCo revenues (and costs) to better correlate with the specific task being done. A copy of the existing fee schedule and draft of the changes that are proposed are attached as Exhibit A and B.

Major Changes:

- Add fee to recover the cost of the preparation of MSRs
- Generally increase fees using the California Department of Finance's Consumer Price Index
- Increase the cost of sphere of influence updates, and require a deposit of \$10,000 plus actual cost for those cities and urban service districts with a population over 75,000
- Remove the provision that allowed for refilling a terminated or expired proposal within three years for 25% of the original filing fee
- Add a 9% surcharge to offset the cost for LAFCo to administer contracts, RFP's, etc.

Discussion and Analysis:

The inclusion of a fee to recover the costs for LAFCo to prepare MSR's would charge a minimal fee to the smaller special districts for LAFCo staff to prepare their MSR while the cities and larger special districts would provide a fee plus an administrative fee paid to LAFCo, to oversee work of specialized consultants hired to perform their MSR and present it to the Commission.

The update of the 1995 Fee Schedule is based on the California Department of Finance Consumer Price Index (CPI) and uses their formula and tables which provides for a multiplier of 1.64% when looking at the cost of an application in 1995 vs. 2009-10.

For Sphere of Influence Updates, cities over 75,000 (Clovis and Fresno) would provide a \$10,000 deposit and staff would retain a consultant for some professional assistance. In the case of the larger cities, it would be likely that green house gas and various air quality and environmental mitigation measures could create a more labor intensive review than the smaller cities, and the process would benefit from some specialists.

The provision for refilling a terminated or expired proposal within three years for 25% of the original filing fee is proposed to be removed. Given the environmental and legal concerns LAFCo is presently experiencing, a 75% reduction in fees for what is in essence a new application, and one that must travel through the same stages, does not seem equitable.

Along with deposits and fees for the use of specialized outside services to review applications for the Commission, a 9% administrative surcharge is proposed to offset the cost for LAFCo staff to process the material, contracts, RFP's, and notices, etc.

Environmental Determination:

The revision of the Commission's Fee Schedule is exempt from CEQA Section 15378(b)(4) that read: (b) Project does not include:

- (4) The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Conclusion:

Comparing our proposed fee changes to other LAFCo's fees was difficult as many of the other LAFCo's continue to be heavily underwritten by their cities, county, and/or special districts. The overall goal in this fee update is for the filing fee to cover all staff, consultant, and processing costs for the proposal. This should result in more contained costs for the County and the 15 cities.

Recognizing these changes are substantive in nature, staff is proposing an effective date approximately 11 months after the Commission's action with an effective date of July 1, 2011.

Notice was given to all of the cities and special districts along with a draft of the proposed changes.

EXHIBIT A
FRESNO LOCAL AGENCY FORMATION COMMISSION
FEE SCHEDULE

Effective July 1, 1995

SECTION - 350

01 Application Processing

Annexation or Detachment - acreage shall be determined by rounding to nearest whole number the combined net parcel area shown on the Assessor's Map.

Under 3 acres	\$ 750.00
3 to 5 acres	\$ 1,500.00
6 to 10 acres	\$ 3,000.00
11 to 20 acres	\$ 4,500.00
21 to 40 acres	\$ 6,000.00
41 to 80 acres	\$ 7,500.00
81 to 160 acres	\$ 9,000.00
Over 160 acres	\$10,500.00
Dissolution of District (for inactivity, no fee)	\$ 1,500.00
Merger or Subsidiary District	\$1,500.00
Consolidation	\$5,000.00
Incorporation	\$14,000.00
Formation of Special District	\$11,000.00
Disincorporation	\$7,500.00

Reorganization

If a reorganization consists of annexations and detachment only, use fee schedule for one change of organization only, whichever is larger. If other types of changes of reorganization are included, fee for each other change may be added.

Sphere of Influence Revision

Use fee schedule for annexations. If annexation is concurrent and boundaries coterminous, add 25% for sphere revision above annexation fee.

Sphere of Influence Update

(Effective September 1, 1998)

Cities and Urban Service Districts will be billed in accordance with the following schedule based on the most current population estimate of the State Department of Finance.

Over 50,000	\$9,000
8,000 – 49,999	6,000
4,000 – 7,999	3,000
2,000 – 3,999	1,500
Under 2,000	750

Urban Service Districts are those districts or types of districts that do or are authorized to provide services of community water and/or sewer service.

Request for Inclusion

Use fee schedule for annexation, where request for inclusion is made in accordance with Section 311 of the Commission Regulations, giving credit for prior fee.

Request for added Special District Powers, Service, or Function.

Each requested additional Power or Service	\$1,250.00
Maximum	\$3,500.00
Maximum fee for change of organization in an adopted urban service area or for changes not providing an urban service.	\$3,500.00
02 <u>Petition Check</u>	\$40.00
Plus signature check, per signature	\$.65
03 <u>Environmental Assessment and Environmental Impact Report</u>	Deposit of Estimated Amount Required

10 Cost of Mailed Notice

Any proponent may request the executive officer to conduct the required mailed notice to affected landowners and residents. The actual cost of mailing shall be paid by the proponent at the time of billing. A deposit to cover estimated costs may be required by the executive officer at the time the application is submitted.

11 Request for Commission Review

Request for extension of the one year time for completion of proceedings; request to reconsider Commission Resolution; request for Commission review of services outside agency boundaries (Sec. 56133).

10% of annexation fee schedule, maximum \$500

12 Proposal Map and Metes and Bounds Description Check

Deposit of Estimated Amount Required

13 Legal Fees for Proposal Processing

Deposit of Estimated Amount Required

14. Pre-Application Review

\$500.00

Adopted: December 1, 1978
Revised: July 1, 1984
February 19, 1987
April 16, 1987
December 10, 1987
July 1, 1991
July 1, 1992
June 16, 1993
May 25, 1994
June 28, 1995
July 1, 1995
August 23, 1995
September 1, 1998
August 13, 2008

EXHIBIT B
FRESNO LOCAL AGENCY FORMATION COMMISSION
FEE SCHEDULE

Effective July 1, 2011

SECTION - 350

01 Application Processing

Annexation or Detachment - acreage shall be determined by rounding to nearest whole number the combined net parcel area shown on the Assessor's Map.

Under 3 acres	\$ 1,200.00
3 to 5 acres	2,400.00
6 to 10 acres	4,800.00
11 to 20 acre	7,200.00
21 to 40 acres	9,600.00
41 to 80 acres	12,000.00
81 to 160 acres	14,400.00
Over 160 acres	16,800.00
Dissolution of District (for inactivity, no fee)	2,400.00
Merger or Subsidiary District	2,400.00
Consolidation	8,000.00

Incorporations, Formations, Disincorporations

\$10,000.00 Deposit and will be billed at cost for staff's time, government fees and charges, and for any consultant(s) that may be required, plus 9% administration fee.

Reorganization

If a reorganization consists of annexations and detachment only, use fee schedule for one change of organization only, whichever is larger. If other types of changes of reorganization are included, fee for each other change may be added.

Sphere of Influence Revision

Use fee schedule for annexations. If annexation is concurrent and boundaries coterminous, add 35% for sphere revision above annexation fee.

Sphere of Influence Update

Cities and Urban Service Districts will be billed in accordance with the following schedule based on the most current population estimate of the State Department of Finance.

Over 75,000	\$10,000.00 Deposit (Actual cost for staff time including any consultant's cost plus a 9% administration fee)
50,000 – 75,000	\$14,400.00
8,000 – 49,999	9,600.00
4,000 – 7,999	4,800.00
2,000 – 3,999	2,400.00
Under 2,000	1,200.00

Urban Service Districts are those districts or types of districts that do or are authorized to provide services of community water and/or sewer service.

Request for Inclusion

Use fee schedule for annexation, where request for inclusion is made in accordance with Section 311 of the Commission's Procedures for Evaluation of Proposals

Request for added Special District Powers, Service, or Function.

Each requested additional Power or Service \$2,000.00

Maximum \$5,600.00

Maximum fee for change of organization in an adopted urban service area or for changes not providing an urban service. \$3,500.00

02 Petition Check \$40.00

Plus signature check, per signature \$.65

- 03 Environmental Assessment and Environmental Impact Report Deposit of Estimated Amount Required
- 04 Financial Feasibility Report Deposit of Estimated Amount Required
- Applies only when the Commission is requested to study the feasibility of incorporation, formation, etc.
- 05 Property Tax Report Deposit of Estimated Amount Required
- Applies only when the Commission is requested data for purposes of negotiating property tax exchange under Revenue & Taxation Code Sec. 99 and 99.1.
- 06 Subscription Service for Mailing
- Executive Officer's Reports and Agenda (monthly mailing) \$150.00 per year
- Agenda (monthly mailing) \$ 25.00 per year
- Completion Notices (monthly mailing) \$ 60.00 per year
- 07 Copies of Papers on File
- Any request for copies of any documents on file in the office of the Commission will be subject to a fee as necessary to recover costs of making such copies and any mailing costs. \$1.00 each page
\$.75 after 10 pages
- 08 Exceptions to Required Fees
- The Commission may waive any processing fee by a four-fifths affirmative vote if the imposition of such fee would be detrimental to the public interest, as determined by the Commission. Any change specifically recommended by the Commission in a study approved by Commission may not require a fee.
- 09 Deferment of Fees
- The Commission may defer the payment of a processing fee for any district change until the time the district receives its first revenue, or if terminated, until 30 days after receipt of the resolution of termination or disapproval. The deferment shall only be granted where the fee payment

and no single landowner or developer project will benefit from the proposal. The Commission shall determine the deferment to be in the public interest.

10 Cost of Mailed Notice

Any proponent may request the executive officer to conduct the required mailed notice to affected landowners and residents. The actual cost of mailing shall be paid by the proponent at the time of billing plus a 9% administration fee. A deposit to cover estimated costs may be required by the executive officer at the time the application is submitted.

11 Request for Commission Review

Request for extension of the one year time for completion of proceedings; request to reconsider Commission Resolution; request for Commission review of services outside agency boundaries (Sec. 56133).

10% of annexation fee schedule,

12 Proposal Map and Metes and Bounds Description Check

* Deposit of Estimated Amount Required

13 Legal Fees for Proposal Processing

* Deposit of Estimated Amount Required

14 Pre-Application Review

\$500.00

15 Municipal Service Reviews

Municipal Services Reviews as required by State law shall be billed in accordance with the following:

Cities and Special Districts with general operating budgets (excluding capital improvements, reserves, or dedicated fund being held for third parties) under \$750,000 shall pay a filing fee of \$300.

Cities and Special Districts with a general operating budget (excluding capital improvements, reserves, or dedicated funds being held for third parties) over \$750,000 shall deposit an estimated amount based on Fresno LAFCo retaining the services of a specialized firm to prepare MSR for Commission action. Additionally, a 9% surcharge will be added to the base amount to cover LAFCo administrative costs.

***Plus 9% Administrative Fee if Consultant or Subcontractor is required.**

Adopted: December 1, 1978
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