

# LAFCO

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**Santa Barbara Local Agency Formation Commission**  
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May 5, 2011 (Agenda)

Local Agency Formation Commission  
105 East Anapamu Street, Room 403  
Santa Barbara CA 93101

## **Proposed Processing Fee Schedule for FY 2011-12**

Dear Members of the Commission:

### RECOMMENDATION

It is recommended the Commission review and approve the proposed changes to the processing fee schedule and, with any modifications, distribute these proposed changes to the County, cities, special districts, land use consultants, engineers and other interested parties for their review.

It is further recommended the Commission schedule a July 7 hearing to consider adopting the revised fee schedule.

### DISCUSSION

#### Background

After LAFCO adopts its annual budget, the County Auditor apportions the net operating cost to the County, cities and independent special districts in equal thirds per Government Code §56381.

To augment financial support from local agencies the Commission is authorized by § 56383 to collect processing fees and service charges for the following activities:

- Filing and processing applications filed with the commission
- Proceedings undertaken by the Commission and any reorganization committee.
- Amending a sphere of influence
- Reconsidering a resolution making determinations

Fees and charges cannot exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed. Moreover, the adoption of fees and charges can only be approved following a noticed public hearing.

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**Commissioners:** Janet Wolf, Chair ♦ Lupe Alvarez ♦ Doreen Farr ♦ Jeff Moorhouse ♦ Bob Orach ♦ Cathy Schlottmann  
Bob Short ♦ Joe Armendariz ♦ John Fox ♦ Steve Lavagnino ♦ Roger Welt **Executive Officer:** Bob Braitman

**AGENDA ITEM NO. 10**

The Commission may reduce or waive a fee or charge if it finds that payment would be detrimental to the public interest.

A processing fee schedule update was scheduled to be considered on March 3 but was pulled from the agenda by staff based on comments from Commissioners. It was felt we should provide additional research and analysis regarding the proposed fee schedule.

A proposed fee schedule in comparison to the existing fee schedule is presented as Exhibit A. We recommend this schedule, together with any modifications, be distributed to local agencies and interested parties for their review and a public hearing be held by the Commission on July 7.

#### Comparison with Other LAFCO Fee Schedules

Following the March 3 meeting we polled other LAFCOs for (1) their processing fees and (2) the percentage of their expenditures that are offset by fee revenue. We reviewed data for the past three completed fiscal years - FY 2007-8, FY 2008-09 and FY 2009-10.

The summary of our survey is presented in Exhibit B.

Our survey shows it is unreasonable to expect a majority of LAFCO's budget to be offset by processing fees revenue. At most only a fourth of a LAFCO budget is supported by processing fee revenue; for most Commissions the amount is significantly less. Typically less than 20% of LAFCO's budget is fee recoverable. This is due to the fact that much of what Commissions are required to do is not fee recoverable.

Most LAFCOs including the Santa Barbara LAFCO levy "flat" fees, meaning a standard amount is charged for similar proposals. The goal is to have the cost to process applications recovered by the fees levied for those applications. The concept of the flat fee is that on average the fee covers the cost to processing the application.

While some LAFCOs charge hourly fees to process applications it is noteworthy that our survey shows that levying hourly fees do not recover a greater portion of total costs than flat fees.

We are proposing an approach similar to that utilized by Napa LAFCO. It uses a combination of flat fees and an hourly fee once a certain number of hours of staff time have been expended to process an application. This retains the ease of administering a flat fee system with the ability to impose hourly rates for those applications that become controversial or otherwise require a great amount of staff time.



### Proposed Processing Fee Schedule

The proposed fee schedule set forth as Exhibit A features the following components:

- Annexations and Detachments – Flat fee based on acreage as we have at present but with an authorized number of staff hours and an hourly fee for staff hours in excess of those authorized in the initial fee. The amounts of the flat fees themselves are increased.
- Reorganizations – Retain current practice of imposing a 20% surcharge on the annexation or detachment fee for each additional change of organization in the application, except for detachments from the County Fire Protection District or CSA 32.
- Formations and Incorporations – Retain flat fee but with authorized number of staff hours and an hourly fee for staff hours in excess of those authorized in the initial fee.

Retain the current policy of charging the cost of the comprehensive fiscal analysis to the applicant, proponents or supporters of the incorporation or formation.

- Sphere of Influence Amendment – Retain flat fee but increase the amount charged.
- Out-of-Agency Service Agreements – Similar to annexations there would be a flat fee and hourly charges for staff time in excess of those authorized in the initial fee.

### Establishment of Hourly Charge Rate

Since the Commission has no actual employees and relies on staff provided via a contract with a private consulting company, establishing an hourly charge rate is not the same as ascertaining an hourly wage plus retirement, medical insurance and other benefits to calculate the charge rate.

We recommend the hourly charge rate be \$104 per hour. This calculation is predicated on the assumption the \$173,583 annual contract with Braitman & Associates to provide LAFCO staff services requires a 32 hours of staff time per week.

### Processing Fee Policies

We are recommending the existing policies be retained but an additional fee be levied when a Commission meeting, that would not otherwise be held, is required to hear a specific proposal and the applicant is agreeable to paying the cost of having the meeting.

1. Fees are not charged for proposals that result from LAFCO orders or recommendations.
2. Fees must be received at the time application materials are submitted.
3. Refunds are allowed based on amount of staff effort expended prior to the withdrawal of the application as follows:

After the staff requests reportbacks	80% of the fee
After a Certificate of Filing has been issued	50% of the fee
After the Executive Officer Report has been issued	20% of the fee
4. A supplemental fee shall be charged for proposals that require LAFCO public hearings, including the Commission hearing and subsequent protest hearing. The fee shall recover the costs to publish notices and copy and mail notices to landowners and registered voters as required by law.
5. An additional fee shall be charged when a Commission meeting, that would not otherwise be held, is required to hear a specific proposal and the applicant is agreeable to paying. The fee shall reimburse the cost of that meeting including per diem stipends and copying and mailing expenses for the notice of hearing and meeting packet.
6. An additional fee to recover actual costs may be charged for preparing environmental documents when LAFCO is the lead agency.
7. A \$1,100 deposit payable to "County of Santa Barbara" must be submitted with proposals that include maps and legal descriptions to review these materials. Boundary changes will be completed only when obligations to the County Surveyor are satisfied.
8. The processing fee to file a request for reconsideration is 50% of the original processing fee amount. The fee shall be returned to the applicant if the Commission determines that the reconsideration is required to correct a procedural defect in its earlier action.
9. The cost for the State to review the Comprehensive Fiscal Analysis for an incorporation shall be the responsibility of those requesting the review.

#### Conclusion

The Commission should (1) authorize distribution of the processing fee schedule in Exhibit B, with any changes, to the County, cities, special districts, land use consultants, engineers and other interested parties for their review and (2) schedule a hearing on July 7 to consider and adopt the revised fee schedule.

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Please contact the LAFCO office if you have any questions.

Very truly yours,

A handwritten signature in black ink that reads "Bob Braitman". The signature is written in a cursive style and is followed by a long horizontal line that extends to the right.

BOB BRAITMAN  
Executive Officer

Exhibit A – Proposed Processing Fee Schedule  
Exhibit B – Summary of LAFCO processing fee survey

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION

PROPOSED SCHEDULE OF PROCESSING FEES

To be effective \_\_\_\_\_, 2011

Annexations and Detachments

<u>Acreage</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>
Less than 5	\$ 640	\$1,040 (10 hours)
5 to 10	890	1,450 (14 hours)
10 to 25	1,265	1,780 (17 hours)
25 +	2,625	3,120 (30 hours)

Reorganizations:

Annexation or detachment fee plus a 20% surcharge for each additional change of organization in the application, except for detachments from the County Fire Protection District or CSA 32.

Formations and Incorporations                      \$ 2,530                      \$6,240 (60 hours)

In addition to the processing fee, the cost of preparing the comprehensive fiscal analysis shall be borne by the applicant, proponents or supporters of the incorporation.

Sphere of Influence Amendment                      \$970                      \$1,070

Out-of-Agency Service Agreements                      The same fee as for an annexation.

Documents                      1-50 pages is \$0.25 a page; 50+ is \$0.10 page

DVDs of LAFCO meetings                      \$20

**Fee Policies:**

1. Fees are not charged for proposals that result from LAFCO orders or recommendations.
2. Fees must be received at the time application materials are submitted.
3. Allowed refunds are based on staff effort that has been expended prior to the withdrawal of the application as follows:

After staff requests reportbacks	80% of the fee
After Certificate of Filing has been issued	50% of the fee
After Executive Officer Report has been issued	20% of the fee



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4. A supplemental fee shall be charged for proposals that require LAFCO to conduct public hearings, including conducting authority hearings. The fee shall recover actual costs to publish notices and mail notices to landowners and registered voters as required by law.
5. An additional fee shall be charged when a Commission meeting, that would not otherwise be held, is required to hear a specific proposal and the applicant is agreeable to paying. The fee shall reimburse the cost of that meeting including per diem stipends and copying and mailing expenses for the notice of hearing and meeting packet.
6. An additional fee to recover actual costs may be charged for preparing environmental documents when LAFCO is the lead agency.
7. A \$1,100 deposit payable to “County of Santa Barbara” for reviewing maps and legal descriptions must be submitted with proposals that include maps and legals. Boundary changes will be completed only when obligations to the County Surveyor are satisfied.
8. The processing fee to file a request for reconsideration is 50% of the original processing fee amount. The fee shall be returned to the applicant if the Commission determines that the reconsideration is required to correct a procedural defect in its earlier action.
9. The cost for the State to review the Comprehensive Fiscal Analysis for an incorporation shall be the responsibility of those requesting the review.

## SURVEY OF LAFCO EXPENDITURES AND PROCESSING FEE REVENUE

This survey is for three complete fiscal years - FYs 2009-10, 2008-09 and 2007-08.

The disparity in revenues received is probably due more to the number of proposals that were processed than other factors.

Santa Barbara LAFCO – Average costs recovered 5.7%

Flat fee based on acreage; supplemental fee to conduct protest hearings; actual CEQA costs are recovered when LAFCO is the lead agency.

Alameda LAFCO - Average costs recovered: 3.7%

Initial deposit and actual application processing cost.

Butte LAFCO - Average costs recovered: 6.7%

Complex fee schedule; a flat fee for single parcel annexations; deposit and actual cost recovery for other proposals; actual cost recovery for sphere of influence amendments.

El Dorado LAFCO - Average costs recovered: 5.4%

Deposit and actual cost recovery; applicants are charged the actual cost if a special LAFCO meeting or hearing is required to hear their item.

Fresno LAFCO - Average costs recovered: 11.3%

Flat fees based on acreage (\$1,200 to \$16,800). Incorporations, formations are actual cost.

Kern LAFCO - Average costs recovered: 12.4%

Flat fee (\$844) for most boundary changes; additional \$500 fee if a SOI change is needed. Deposit and actual costs for environmental reports and incorporation feasibility study.

Monterey LAFCO - Average costs recovered: 6.4%

Deposits and actual cost recovery.

Napa LAFCO - Average costs recovered: 3.6%

Non-refundable fee from \$3,852 (30 hours of staff time) to \$6,420 (50 hours of staff time) depending on type of proposal, plus additional staff time charged at hourly rate.



Riverside LAFCO - Average costs recovered: 23.2%

Flat fee based on acreage (\$5,750 to \$13,800); supplemental fee charged for protest proceedings.

Sacramento LAFCO - Average costs recovered: 19.4%

Initial deposit and actual application processing cost.

San Bernardino LAFCO - Average costs recovered: 26.1%

Flat fee based on acreage (\$5,500 to \$9,000, plus \$1/acre over 275 acres). Out-of-agency service fees are a flat \$4,000 or \$750 per connection. Deposits and actual fees for protest hearings. Deposits and actual cost recovery for legal counsel charges.

Santa Clara LAFCO - Average costs recovered: 7.0%

Combination of flat fees for city conducted annexations (\$1,154) and LAFCO conducted 100% consent annexations (\$5,914); deposits and actual costs for non-100% consent annexations (\$11,868) and sphere of influence amendments.