



San Diego County
Local Agency Formation Commission
 Regional Service Planning | Subdivision of the State of California

5b

AGENDA REPORT
 Business | Discussion

December 15, 2023

TO: Special Districts Advisory Committee
FROM: Carolanne Ieromnimon, Analyst II
SUBJECT: Establishing a Fee Waiver and/or Fee Reduction for Funding Agencies

SUMMARY

The Special Districts Advisory Committee (“Committee”) will review LAFCO’s existing policies involving applicant fee waivers and reductions and potential merits therein to establish a new provision specific to funding agencies. The topic was recently discussed by LAFCO and done so at the request by Commissioner Willis to explore options to establish dedicated fee relief for funding agencies in filing applications with LAFCO. The Committee’s discussion and feedback – which will include screening preliminary options identified by staff – will help inform potential recommendations to the Commission for future consideration.

BACKGROUND

Current Fee Schedule

San Diego LAFCO’s fee schedule was last amended in February 2019 as part of a planned comprehensive update. The update transitioned the basis to charge most applicants from variable and refundable fees based on acreage to fixed and non-refundable fees based on application type and the expected level of noticing and environmental review. Most application filings at LAFCO generate a fee between \$6,405 and \$23,250.

Administration: Keene Simonds, Executive Officer 2550 Fifth Avenue, Suite 725 San Diego, California 92103 T 619.321.3380 E lafco@sdcounty.ca.gov www.sdlafo.org	Chair Jim Desmond County of San Diego Joel Anderson County of San Diego Nora Vargas, Alt. County of San Diego	Kristi Becker City of Solana Beach Dane White City of Escondido John McCann, Alt. City of Chula Vista	Vice Chair Stephen Whitburn City of San Diego Marni von Wilpert, Alt. City of San Diego	Jo MacKenzie Vista Irrigation Barry Willis Alpine Fire Protection David A. Drake, Alt. Rincon del Diablo	Andy Vanderlaan General Public Harry Mathis, Alt. General Public
---	---	---	--	--	---

Fee Waiver and Reduction Allowances

San Diego LAFCO's current fee schedule contemplates two distinct types of fee waivers and reductions – discretionary and pre-approved. All discretionary allowances must be approved by the Commission in response to a written request by the applicant. Preapproved authorizations are automatically applied so long as the Executive Officer confirms eligibility. All current allowances follow.

Discretionary Allowances:

The Commission may reduce or waive applicant fees based on financial hardships, as determined by the membership. The Commission may also reduce or waive applicant fees in response to earlier LAFCO recommendation.

Preapproved Allowances:

The Executive Officer is authorized to immediately apply a fee waiver and/or reduction at the time of the application filing under the following criteria:

- Applications (jurisdictional changes and out-of-agency service requests) initiated in response to an existing or pending septic or well failure shall receive a 75% fee reduction relative to the charges normally incurred under the fee schedule.
- Jurisdictional changes involving a qualifying city annexation of an entire “island” under Government Code 56375.3 shall receive a 50% fee reduction relative to the charges normally incurred under the fee schedule.
- Jurisdictional changes involving a qualifying city annexation of a disadvantaged unincorporated community under Government Code 56375(a)(8) shall receive a 50% fee reduction relative to the charges normally incurred under the fee schedule.

DISCUSSION

This item is for the Committee to discuss and provided feedback to LAFCO staff with regards to potential options and merits therein to establish a dedicated fee waiver and/or reduction for funding agencies. The item ties to an earlier request from the dais by Commissioner Willis in October 2023 to explore options to provide potential fee relief for applicants that are also LAFCO funding agencies. Specifically, Commissioner Willis conveyed interest from some smaller special districts in filing otherwise logical boundary changes but are deterred from doing so given the LAFCO fees. Staff proceeded to present the following three broad-stroke options on the topic to the full Commission at its December 4th meeting.

- One-Time Fee Waiver - Unrestricted
Under this option the Commission would allow any funding agency to make use of a one-time fee waiver to cover an application filing at LAFCO, irrespective of the total.

- One-Time Fee Waiver - Restricted
Under this option the Commission would allow any funding agency to make use of a one-time fee waiver to cover an application filing at LAFCO with the restriction that it not exceed the value of their total budget contributions over the last 10 years.
 - * As an example of the potential benefit to a smaller special district, Julian Community Services District’s approximate budget contribution to LAFCO over the past 10 years has been \$2,000.
 - * As an example of the potential benefit to a medium sized special district, Lakeside Fire Protection District’s approximate budget contribution to LAFCO over the past 10 years has been \$98,000.
- Annual Fee Reduction
Under this option, the Commission would allow any funding agency to make use of an annual fee reduction to cover an application filing at LAFCO up to – and not to exceed – their budget contribution to LAFCO for the fiscal year.

The Commission’s December 4th discussion on the topic and the above three broad-stroke options presented by LAFCO staff did not generate any consensus among the membership.

ANALYSIS

LAFCO staff is seeking discussion and feedback from the Committee on the possibility of revising the adopted fee schedule to provide targeted applicant relief to funding agencies. This includes input on the three broad-stroke options identified in the proceeding section as well as any variations identified by the Committee. Feedback from the Committee will help inform next steps with the Commission.

RECOMMENDATION

Review and discuss as requested.

ALTERNATIVES FOR ACTION

None. Any related action by the Committee – including making formal recommendations to the Commission and/or LAFCO staff – can be accommodated through a successful motion.

PROCEDURES

This item has been placed on the Committee's agenda for discussion and possible action as part of the business calendar. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff unless waived.
- 2) Invite comments from interested audience members.
- 3) Discuss item and provide feedback as requested.

Respectfully,



Carolanne Ieromnimon
Analyst II

Attachments:

- 1) Current Fee Schedule
- 2) Email Regarding Fee Waiver/Reduction Policies Among Other Regional LAFCOs



SAN DIEGO COUNTY LOCAL AGENCY FORMATION COMMISSION

Regional Service Planning | Political Subdivision of the State of California

FEE SCHEDULE

Standard Jurisdictional Changes

Standard jurisdictional changes include (a) annexations, (b) detachments, (c) latent power establishments, and (d) service power divestitures

	LAFCO is Responsible Agency			LAFCO is Lead Agency Plus Consultant Costs		
	Exemption	Initial Study	Impact Report	Exemption	Initial Study	Impact Report
Single Jurisdictional Change						
- With Full Consent No Protest Hearing	\$ 6,405.00	\$ 7,045.50	\$ 7,686.00	\$ 6,405.00	\$ 8,326.50	\$ 10,248.00
- Without Full Consent Protest Hearing	\$ 8,326.50	\$ 8,967.00	\$ 9,607.50	\$ 8,326.50	\$ 10,248.00	\$ 12,169.50
Each Additional Jurisdictional Change						
- With Full Consent No Protest Hearing	\$ 4,163.25	\$ 4,579.58	\$ 4,995.90	\$ 4,163.25	\$ 5,412.23	\$ 6,661.20
- Without Full Consent Protest Hearing	\$ 5,412.23	\$ 5,828.55	\$ 6,244.88	\$ 5,412.23	\$ 6,661.20	\$ 7,910.18

Fees for all standard jurisdictional changes are fixed and represent reasonable cost estimates for the underlying action(s) based on a number of predetermined staff hours to complete. These fees are non-refundable and – while not typical or expected – may be augmented by one or more deposits when additional time is needed beyond the predetermined staff hour allocation as determined by the LAFCO Executive Officer.

Other Jurisdictional Changes

Special District Formation	Billed for time and material starting with a \$ 9,150 deposit to cover the first 75 hours
Special District Consolidation or Dissolution	Billed for time and material starting with a \$12,200 deposit to cover the first 100 hours
Incorporation	Billed for time and material starting with a \$24,400 deposit to cover first 200 hours

Fees for other boundary changes are at-cost. These fees require an initial and refundable deposit to cover staff time based on the hourly composite rate. Additional deposits may be required as determined by the Executive Officer.

Other Requests and Charges

Outside Service Extensions	
- Exemption	\$ 1,921.50
- Initial Study	\$ 2,113.65
- Impact Report	\$ 2,305.80
Sphere of Influence Amendments	Billed at their corresponding rate for standard boundary changes; applies to expansions, reductions, establishments, and eliminations
Municipal Service Reviews	Billed for time and material starting with a \$12,200 deposit to cover the first 100 hours
Reconsideration of a Commission Determination	\$ 2,600.00
Time Extension to Complete Proceedings	\$ 610.00
General Staff Research	\$ 122.00 per hour; first four hours of any general research project waived
Scheduling a Special Meeting	\$ 3,210.00
Postage, Mail Supplies, Photocopies, Etc.	at cost

Common Third Party Charges

County of San Diego Clerk-Recorder	\$ 50.00
California Department of Fish and Game	
- Filing for a Negative Declaration	\$ 2,280.25
- Filing for a Mitigated Negative Declaration	\$ 2,280.25
- Filing for an Environmental Impact Report	\$ 3,168.00
State Board of Equalization	
- 0.0 to 1.0 acre	\$ 300.00
- 1.0 to 5.0 acres	\$ 350.00
- 6.0 to 10.0 acres	\$ 500.00
- 11.0 to 20.0 acres	\$ 800.00
- 21.0 to 50.0 acres	\$ 1,200.00
- 51.0 to 100.0 acres	\$ 1,500.00
- 100.0 acres or more	\$ 2,000.00

Implementing Policies

- 1 Proposals and requests subject to this fee schedule will be deemed incomplete until the appropriate fee has been received by LAFCO.
- 2 All additional staff time required to process proposals or requests subject to this fee schedule beyond the coverage of the initial fixed fee or collected at-cost deposit will be billed at a composite hourly rate of \$122.00.
- 3 Applicants with proposals or requests subject to this fee schedule requiring consultants to prepare environmental or other technical documents will be responsible for all direct costs therein and will be required to provide a dedicated deposit as determined by the Executive Officer.
- 4 The Executive Officer may stop work on any proposal or request subject to this fee schedule until receipt of a requested fee or deposit.
- 5 The Commission may reduce or waive fees if a financial hardship is demonstrated and/or if the proposal or request is in response to a LAFCO condition or recommendation. Requests must be made in writing. Pre authorized reductions follow.
 - a) Jurisdictional changes that include a qualifying city annexation of an entire "island" under Government Code 56375.3 shall receive a 50% fee reduction relative to the charges normally incurred under the fee schedule. Additional reductions or waivers require Commission approval.
 - b) Jurisdictional changes that include a qualifying city annexation of a disadvantaged unincorporated community under Government Code 56375(a)(8) shall receive a 50% fee reduction relative to the charges normally incurred under the fee schedule. Additional reductions or waivers would require Commission approval.
 - c) Jurisdictional changes initiated in response to an existing or pending septic or well failure shall receive a 75% fee reduction relative to the charges normally incurred under the fee schedule. Qualifying proposals must have 100% written consent of all affected landowners and confirmation from the County Environmental Health Department verifying an existing or pending failure exists. Additional reductions or waivers would require Commission approval.

Blank for Photocopying

From: [Ieromnimon, Carolanne](#)
To: [Simonds,Keene](#)
Subject: Fee Waiver Policies | SoCal LAFCOs
Date: Tuesday, November 28, 2023 10:48:00 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Keene,

I followed up on your request regarding the Southern Region LAFCOs' policies and procedures involving fee waivers.

Each are outlined below for your reference.

- **LA LAFCO:**

- EO has the authority to waive or reduce fees in an amount of \$2,500 or less and only for request from a private party (not from public agency); waiver request exceeding \$2,500 require Commission approval.
- Per Government Code Section 56383(d), to grant fee waiver, the Commission or EO must make a finding that the payment would be detrimental to public interest (i.e., cause financial hardship upon applicant, application is consistent with recommendations outlines in MSR adopted by LAFCO and/or the application advances principles of CKH relative to logical boundaries).
- Applicants must submit request in writing and explain how payment would be detrimental; applicants are notified within 2 weeks (in writing by EO) and EO must notify Commission at the next regular meeting.

[Microsoft Word - Fee Waiver Policy 06-08-11.docx \(lalafco.org\)](#)

- **OC LAFCO (2020 copy found (currently doing updates to their policies/procedures):**

- Any request for fee waiver requires action by the Commission.
- Applications for "island" annexations are automatically granted.
- Fee refunds requires action by the Commission; are automatically rewarded to Special District that has successfully completed the annexation of 2 or more service islands that constitute all the remaining islands within their SOI.
- Fee waivers/refunds have to be written request and specify the reason.

[FINAL_Orange County LAFCO COMPLETE SEC 1-5_ Revised_June2019.xps \(oclafco.org\)](#) (page 230)

- **RSIDE LAFCO:**

- Unable to locate a policy specific to fee waivers on their website or in their policies and procedures. They have received fee waiver request and submitted to Commission.

[Policy B-1 LAFCO Policies and Procedures adopted 10-28-2021.pdf](#)

• **SB LAFCO:**

- Filing fees for proposals involving corrections to boundary alignment problems are automatically waived but do not include costs for legal counsel, noticing, and environmental reviews.
- Filing fees for reorganization proposals for SOI amendments (concurrent) + detachment/annexation of same area are automatically waived.
- Island areas will be assessed one-half of the filing fee for each area of consideration; readjustments of agency boundaries as a result of realignment of a roadway will be reduced to single action fee per entity involved.
- EO determined compliance for automatic waivers/reductions and is to notify the applicant.
- Any applicant can request a waiver or reduction of the LAFCO filing fee and must be submitted in writing and accompany the submission of the application to the EO; request must justify the request and fee(s) it is requesting to be waived or the dollar amount of fees being reduced.
- EO presents the request for Commission review via consent calendar at next regular meeting.
- Commission can waive/reduce fee if it determines that payment will be detrimental to the public interest per Government Code Section 56383(d).
- Waiver/reduction limited to those costs incurred by the Commission in processing the proposal.

[LAFCO_Policy_and_Procedure_Manual.pdf \(sbcounty.gov\)](#)

• **Imperial LAFCO:**

- Unable to locate a policy specific to fee waivers on their website or in their policies and procedures.

[iclafco-policy-manual.pdf](#)

Carol Ieromnimon

Local Government Analyst II

San Diego County

Local Agency Formation Commission (LAFCO)

Subdivision of the State of California | Regional Service Planning

2550 Fifth Avenue, Suite 725

San Diego, California 92103



T | 619.321.3382 Direct

858.298.7280 Cell