



Solano Local Agency Formation Commission

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(707) 439-3897 • FAX: (707) 438-1788

Staff Report

DATE: August 8, 2016

TO: Local Agency Formation Commission

FROM: Elliot Mulberg, Executive Officer
Michelle McIntyre, Analyst

SUBJECT: **Proposed Amendments to LAFCO's Fee Schedule**

RECOMMENDATION:

It is recommended the Commission approve the proposed amendments to the fee schedule.

BACKGROUND:

Pursuant to CA Government Code Section 56383(a) the Commission may establish a schedule of fees and service charges for proceedings pursuant to processing applications, proceedings undertaken by the Commission and any of its committees, amending a sphere of influence, and reconsidering a resolution making determinations. The fees shall not exceed the estimated reasonable cost of providing the service. The Commission may require an applicant deposit some or the entire amount of the estimated cost. The Commission may also reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest.

DISCUSSION:

On July 21, 2016, the Policy Committee met to discuss proposed amendments to LAFCO's Fee Schedule. The Committee directed staff to calculate staff charge out rates by averaging three fiscal years and to replace the "LAFCO Attorney" charge out rate with "Other Professional Services at cost if applicable". In addition, the Policy Committee is recommending the Commission update its Fee Schedule every three years.

The proposed charge out rates consists of direct costs and indirect costs. For the purposes of this analysis, direct cost is defined as those that can be identified specifically with a particular final cost objective. Indirect costs are those incurred for common or joint purposes benefiting more than

one cost objective. The method used for establishing staff charge out rates first requires classifying each budget line item as either direct or indirect cost.

Determining Direct and Indirect Costs:

Direct Costs -

Direct costs for personnel services were calculated using the following method:

- Include all salaries, fringe benefits, and executive officer professional services fees.
- Exclude payment to CalPERS for unfunded liability since costs were incurred in the past and not during the fiscal year.

Indirect Costs -

Generally, LAFCO's Services and Supplies account are costs incurred for common or joint purposes. Since LAFCO's functions benefit from the indirect costs to approximately the same the degree, the total indirect costs were distributed to all staff equally. The amount attributed to the executive officer's contract is considered a direct cost and consequently \$120,000 was excluded from the professional services line item.

In summary, staff-charge out rates were determined by:

- 1) Classified the Salaries and Benefits account for the analyst position and the professional services fees of the executive officer position as direct costs.
- 2) Adjusted the Salaries and Benefits account by excluding the CalPERS unfunded liability.
- 3) Classified all Services and Supplies as indirect costs (minus the Executive Officer's contract)
- 4) Calculated the indirect costs assigned to each staff member by dividing the adjusted indirect costs by the total number of staff for the agency. (The total number of staff is used as an equitable distribution base.)
- 5) Calculated salaries/benefits cost by staff.
- 6) Added the indirect cost assigned to each staff.
- 7) Divided by the total work hours for each staff.

Result of Calculation of Hourly Staff Charge-Out Rate:

The charge out rates was then calculated for three budget cycles: 2014-15, 2015-16, and 2016-17 and three years were then averaged. For the analyst position, no change is proposed and the charge out rate remains at \$100/hour.

For the executive officer position, the current charge out rate is \$200/hour; however, as the position is currently filled by a consultant, LAFCO has been charging the consultant's hourly rate of \$100/hour or the direct costs only. The proposed charge out rate for the executive officer position includes both the direct and indirect costs. Therefore, the new proposed charge out rate is \$165

(rounded down from \$168.19 for simplicity). Indirect costs are included in the consultant's charge out rate as these budget line items are necessary and ordinary for the operation of the agency.

Other Proposed Changes to the Fee Schedule:

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- Annexation/detachment category has been replaced with change of organization/reorganization.
- The effective date amended schedule begins on November 1, 2016. (When adopting or increasing a fee schedule, CA Gov't. Code Section 66017 requires an effective date that is no sooner than 60 days after final action.)
- Deposits for consolidation, dissolution, district formation, incorporation, and disincorporation have been combined under "government reorganization." The deposit amount remains at \$7,500.
- The proposed new rate for all environmental documents with LAFCO as a lead agency will be billed to reflect the contract amount plus LAFCO staff time which will be billed at the staff charge out rates on page 2.

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- County Surveyor fees are removed since these fees are not applicable.
- Fish and Game has been changed to Fish and Wildlife to reflect the agency's new name.
- County Recording fees has been replaced with the County Assessor/Recorder Fees (These are County mapping fees, recording fees are calculated as part of the mapping fees)
- LAFCO Staff Charge-out Rates – The new hourly rate for the executive officer is \$165, the Analyst remains the same at \$100 (see above for explanation)
- The LAFCO Attorney charge out rate of \$160/hour has been removed as this is included in the agency's indirect cost calculation. Other Professional Services at cost is added for any applicable services.

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- References to the County's recordation fee has been removed as this fee is now included in the County's mapping fee.

RECOMMENDATION:

Staff recommends approval of the Committee's proposed amendments to the Commission's Fee Schedule with the changes to the staff charge-out rates effective November 1, 2016. In addition, it is recommended the Commission update its staff charge-out rates every three years.

Attachments:

A – Proposed Resolution

B - Calculation of Hourly Charge-out Rate Worksheet

C - Fee Schedule with tracked changes

D– Proposed Fee Schedule Final

RESOLUTION NO. 16-XX
RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SOLANO COUNTY APPROVING THE
AMENDMENTS TO THE FEE SCHEDULE

WHEREAS, CA Government Code Section 56383(a) authorizes the Local Agency Formation Commission (LAFCO) to establish a fee schedule; and,

WHEREAS, LAFCO last updated its Fee Schedule in October 2007; and,

WHEREAS, LAFCO has scheduled and noticed a public hearing to consider amending its Fee Schedule; and,

WHEREAS, LAFCO met at a duly notice public meeting on August 8 to consider the amendments, oral and/or written testimony on the proposed amendments to the Fee Schedule were received and these comments were considered by LAFCO; and,

NOW, THEREFORE, BE IT RESOLVED by LAFCO that the Fee Schedule amendment is hereby adopted and included as Exhibit A; and,

BE IT FURTHER RESOLVED by LAFCO that the Fee Schedule shall be updated every three years or as necessary.

UPON MOTION of Commissioner _____ seconded by Commissioner _____, the foregoing resolution is adopted this 8th day of August, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

John Saunderson, Chair
Local Agency Formation Commission
County of Solano, State of California

ATTEST:

Elliot Mulberg, Executive Officer

Estimated Charge –out Rates FY 14/15 to FY 16/17

	2016-17 budget	2015-16 budget	2014-15 actual	Average
Analyst Salary/Benefits - Adjusted	\$ 124,245.00	\$ 124,655.00	\$ 130,094.22	\$126,331.41
Add: Indirect Cost assigned to each staff member	\$ 82,782.00	\$ 74,790.00	\$ 87,904.00	\$ 81,825.33
Total cost for Analyst	\$ 207,027.00	\$ 199,445.00	\$ 217,998.22	\$208,156.74
Executive Officer Hourly Rate	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00	\$120,000.00
Add: Indirect Cost assigned to each staff member	\$ 82,782.00	\$ 74,790.00	\$ 87,904.00	\$ 81,825.33
Total cost for Executive Officer	\$ 202,782.00	\$ 194,790.00	\$ 207,904.00	\$201,825.33
Hourly Rate (Analyst):				
Regular hours	2,080	2,080	2,080	
Divide: total cost for Analyst by hours				
Hourly Charge Out Rate	\$ 99.53	\$ 95.89	\$ 104.81	\$ 100.08
Hourly Rate (Executive Officer)				
Total Hours	1200	1200	1200	
Divide: total cost for EO by hours				
Hourly Charge Out Rate	\$ 168.99	\$ 162.33	\$ 173.25	\$ 168.19

TABLE 1
LAFCO DEPOSITS, CHARGE OUT RATES and AGENCY FEES

TYPE OF PROPOSAL	DEPOSIT
<u>Annexation/Detachment/ Change of Organization</u> <u>/Reorganization</u>	Effective 12-15-07 <u>11-1-2016</u>
Agency Owned	\$ 2,000
0 – 5 acres	\$ 3,000
5.1 – 40 acres	\$ 5,000
40.1 -99 acres	\$ 15,000
100+ acres	\$ 30,000
Consolidation	\$ 7,500
Dissolution	\$ 7,500
District Formation	\$ 7,500
Out of Agency Service Contract Requests	\$ Based on acreage for annexation. <u>(same as</u> <u>above)</u>
Out of Agency Service Contract Requests (Related to Public Health and Safety)	\$ 500
<u>Government Reorg: District Formation, Consolidation,</u> <u>Dissolution or City Incorporation, Disincorporation</u>	\$ 7,500
Reconsideration of a LAFCo Determination	\$ 2,000
Sphere of Influence Amendment	
Concurrent with annexation	\$ 1,500
Agency request	\$ 3,000
Use of Latent Powers	\$ 1,500
Environmental Document with LAFCo as Lead Agency	<u>Contract Amount + LAFCO</u> <u>Staff Charge Out Rates</u>
— Initial Environmental Study	\$ 1,500
— Preparation of Negative Declaration	\$ 4,000
— Initial EIR (NOP, RFP, Consultant Selection)	\$ 7,500
— EIR Preparation	Contract Amount + 20% for Processing

Note: All amounts are subject to increase during the project if the Executive Officer determines that the magnitude of the project justifies the increase.

A) All deposits, charge out rates and agency fees are initial payments toward the total cost of processing ("project cost"). Project cost is

defined as staff time plus materials. Staff charge-out rates are listed below, and include personnel costs plus a percentage of LAFCo administrative overhead for long-term planning costs which facilitate changes of organizations. Materials include, but are not limited to, charges for advertisement of hearings, petition reviews, as well as fees charged for project reviews by affected agencies.

- B) Pre-Application Expenses. In many cases, LAFCo is required to commence work on a project before an application is actually received. Such work includes working with the lead agency on environmental review and other processing issues. Applicants will be charged for this pre-application work as part of the LAFCo cost of processing the application.
- C) Applicants are also responsible for payment of appropriate State Board of Equalization fees, ~~County Surveyor~~, EIR preparation fees, Fish and ~~Game~~ Wildlife fees, and County Assessor/Recorder Fees. A schedule of processing fees for the State Board of Equalization is included in the LAFCo application packet.
- D) Staff time will be monitored against the deposit on file with LAFCo; if the cost of processing an application begins to exceed the deposited amount, additional deposits will be required. Any hearing on the application may be continued pending receipt of the additional deposit.
- E) If extensive staff assistance is required prior to receipt of an application, a deposit will be required at the time the work is requested.
- F) Absent compelling circumstances, the Commission will not normally adjust or waive fees. The proponent may, however, request a waiver or reduction from the Commission. Any applicant who believes that a bill for expenses or request for additional deposit is unjustified may request that the matter be reviewed by the Commission. Such request must be made in writing within 30 days of the billing or notification of the request for additional deposit. The matter will then be placed upon the next available agenda. The billing or additional deposit must be timely paid under protest before any review will be held. If the billing or fee is not timely paid, LAFCo may suspend further processing of the application.
- G) All final bills must be paid by the applicant prior to filing of the Certificate of Completion or during other times during the LAFCo process as deemed appropriate by the Executive Officer.
- H) Charges for Reconsideration of a LAFCo determination are the responsibility of the requesting party.

2. LAFCo Staff Charge-Out Rates:

Executive Officer ~~\$200/hour~~ \$165

~~Clerk Analyst..... \$100/hour~~
~~LAFCo Attorney.....\$160/hour~~ Other Professional Services - At Cost if
Applicable

3. Miscellaneous Costs

- A) Special Meetings \$3000 Deposit toward Total Cost
The total cost includes Commissioner per diem, mileage, and staff administrative time.
- B) Staff Research and Studies Project Cost
Charges for staff time begin after the first half-hour.
- C) Agenda Subscription..... \$20/year
(E-mailed agendas provided free of charge upon request.)
- D) Copies of Staff Reports & other documents @ 15 cents/page (first 10 pages free)

4. Other Agency Costs

- A) The State of California's Board of Equalization charges a statement of boundary change fee. Applicants should contact LAFCo for the most current information on this fee. Payment is not required until such time that the Commission has approved the project.
- B) The Solano County Assessor's office charges a mapping fee based on number of Assessor Parcel Numbers involved. Applicants should contact LAFCo for the most current information on this fee. Payment is not required until such time that the Commission has approved the project.
- C) California Fish and ~~Game~~ Wildlife fees apply to all environmental documents which are not ruled exempt under the California Environmental Quality Act. The LEAD Agency shall make any required payment of said fees after consultation with regional Fish and ~~Game~~ Wildlife personnel. Receipts of said payments, or documentation justifying exemption, must be provided to LAFCo at time of application submission.
- D) ~~Applicants shall make payment for Solano County recordation fee. Applicants should contact LAFCo for the most current information on this fee. Payment is not required until such time that the Commission has approved the project.~~

*Approved by the Solano Local Agency Formation Commission: ~~October 15, 2007~~
Effective: ~~December 15, 2007~~ November 1, 2016*

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TYPE OF PROPOSAL	DEPOSIT
Change of Organization /Reorganization	Effective 11-1-2016
Agency Owned	\$2,000
0 – 5 acres	\$3,000
5.1 – 40 acres	\$5,000
40.1 -99 acres	\$15,000
100+ acres	\$30,000
Out of Agency Service Contract Requests	Based on acreage (same as above)
Out of Agency Service Contract Requests (Related to Public Health and Safety)	\$500
Government Reorg: District Formation, Consolidation, Dissolution or City Incorporation, Disincorporation	\$7,500
Reconsideration of a LAFCO Determination	\$2,000
Sphere of Influence Amendment	
Concurrent with annexation	\$1,500
Agency request	\$3,000
Use of Latent Powers	\$1,500
Environmental Document with LAFCO as Lead Agency	Contract Amount + LAFCO Staff Charge Out Rates

Note: All amounts are subject to increase during the project if the Executive Officer determines that the magnitude of the project justifies the increase.

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Executive Officer \$165
Analyst..... \$ 100
Other Professional Services - At Cost if Applicable

3. Miscellaneous Costs

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Effective: November 1, 2016