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SLO LAFCO - Serving the Area of San Luis Obispo County

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TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, EXECUTIVE OFFICER *(DC)*

DATE: OCTOBER 19, 2017

**SUBJECT: CONSIDER ADJUSTING FEE SCHEDULE FOR
DETACHMENT FROM CALIFORNIA WATER DISTRICT**

Recommendation

It is respectfully recommended that the Commission approve the proposed amendment to the LAFCO Fee Schedule for the California Water Districts.

Background

The Shandon-San Juan (SSJ) and Estrella-El Pomar-Creston (EPC) Water Districts were conditionally approved by the Commission on October 20, 2016 and April 6, 2017 respectively. SSJ landowners approved the formation of the District and elected a Board of Directors. EPC is in the process of voting on the formation and board questions which with ballots due on October 17, 2017. The purpose of the Districts is to provide the landowners with a governing structure to comply with the Sustainable Groundwater Management Act (SGMA). The landowners within the boundaries have voluntarily agreed to be in the Districts, or to opt-in at the time of formation. Future annexations **and detachments** would be required to amend the Sphere of Influence and then be annexed into or detached from the Districts. These are two separate LAFCO actions that can be handled concurrently to expeditiously process an application.

In January 2017, the initial LAFCO processing fee for Sphere of Influence amendment/annexations into the Districts was reduced to \$3,500. The LAFCO fee schedule for annexation **or detachment** is based on acreage. Any proposed annexation **or detachment** over 20 acres is charged a \$5,000 fee plus an additional \$10 per acre fee. The SOI amendment is similar (\$3,500 fee for parcels over 10 acres) with the additional \$10/acre fee. The basis behind that fee is that larger SOI amendments or annexations/**detachments** are more complicated and in most cases require a property tax agreement. To amend the SOI and annex **or detach** a 100-acre area the initial fees would be \$9,000 including CEQA (a \$500 fee). Less than five acre areas would be a fee of \$3,500.

The Water Districts and the surrounding area contain a variety of parcel sizes that may, at some point, want to annex into either of the Districts for services. Also, some landowners within the Districts may want to detach from the District. A detachment presents a different set of issues. The financial impacts of detachment on the District would be analyzed at the time the application is reviewed. Also, the District will be able to weigh-in regarding its position on the detachment at the time a detachment proposal is processed. In general, LAFCO rarely processes a detachment from a jurisdiction. To do so with regularity would reduce the overall stability of a governmental agency.

The current fee schedule could discourage future detachments from the District. However, since a special fee applies to annexations, it seems only fair to consider applying the same fee for a detachment. At this time the reduced fees proposed for the California Water Districts applies only to an SOI amendment and an annexation into the District from landowners who voluntarily request to be added. It is logical that the same fee structure should be applied to a detachment:

- SOI Amendment: \$1,000
- Detachment: \$2,000
- CEQA: \$ 500
- Total: \$3,500

The applicants would still sign a cost accounting/indemnification agreement so that any additional processing costs would be paid by the applicant. LAFCO Staff would continue to track time spent working on the application and adjust the fee schedule if needed. If an application does become more complicated, the cost accounting agreement would cover additional costs.

Options. The Commission could:

- 1) Approve the above fee schedule for processing Sphere of Influence amendments and Detachment to all future California Water Districts.
- 2) Consider a fee waiver or fee reduction on a case-by-case basis for a proposed detachment.
- 3) The Commission could direct staff to bring back more information about this issue.
- 4) The Commission could decline to amend the fee schedule with regard to detachments.