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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, AICP, EXECUTIVE OFFICER *(DC)*

DATE: JANUARY 19, 2017

**SUBJECT: FEE SCHEDULE FOR THE SPHERE OF INFLUENCE
AMENDMENTS AND ANNEXATIONS INTO CALIFORNIA
WATER DISTRICTS**

Recommendation

It is respectfully recommended that the Commission approve the proposed amendment to the LAFCO Fee Schedule for the future California Water Districts when the certificate of completion is filed.

Background

The Shandon-San Juan Water District (SSJWD) was conditionally approved by the Commission on October 20, 2016. A second Estrella-El Pomar-Creston Water District (EPC) would be considered later in 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 boundary of the SSJWD (145,000 acres) voluntarily agreed to be in the District. The District is now going through the election process that will complete the formation. The Sphere of Influence was established as co-terminus (the same) with the service area boundary. Future annexations would be required to amend the Sphere of Influence and then be annexed into the District. These are two separate LAFCO actions that can be handled concurrently to expeditiously process an application. A parcel must be within the Sphere of Influence to be annexed.

The LAFCO fee schedule for annexation is based on acreage. Any proposed annexation 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 are more complicated and in most cases require a property tax agreement. To amend the SOI and annex a 100 acre area the initial fees would be \$9,000 including CEQA (a \$500 fee). Less than five acre areas would be \$3,500. The maximum parcel size within the District is 1,291 acres. The smallest parcel is .16 acre. The average parcel size within the District is 306 acres.

The Water District and the surrounding area contain a variety of parcel sizes that may, at some point, want to annex into the District for services.

The current fee schedule could prevent future annexations into the District. The fees proposed for the California Water Districts would only be applied to an SOI amendment and an annexation into the District from landowners who voluntarily request to be added.

- SOI Amendment: \$1,000
- Annexation: \$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. Given the voluntary nature of the proposals and no need for a property tax agreement¹, the SOI Amendment and Annexation should become fairly routine. If an application does become more complicated, the cost accounting agreement would cover additional costs. The results would be providing landowners a cost effective way to join the District at the time when they choose to annex.

Options. The Commission could:

- 1) Approve the above fee schedule for processing Sphere of Influence amendments and Annexations to all future California Water Districts.
- 2) The Commission could direct staff to bring back more information about this issue.
- 3) The Commission could decline to amend the fee schedule.

¹ The property tax exchange would be zero in these cases. The Water Districts would self-fund their services through a benefit assessment.