


SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

March 7, 2007

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer 
RE: Incorporation Fee Policy

RECOMMENDATION

Direct staff to develop a Proposed FY 2007- 08 Budget based on the current LAFCo fee policy, approved November 3, 2003.

DISCUSSION

This report will provide the Commission with background information and with potential deficit impacts to the LAFCo budget that are related to processing incorporation proposals.

The Arden-Arcade Incorporation Committee has circulated a petition to submit an application proposing incorporation to your Commission. The petition was delivered to LAFCo staff on February 27, 2007. On February 28, 2007, the petition was delivered to the Registrar of Voters who has 30 days in which to verify the signatures, pursuant to Elections Code Section 9113 to 9115, inclusive.

In addition to the Arden-Arcade effort, the community of Rio Linda-Elverta has indicated that it desires to commence a petition drive proposing incorporation.

Background

After a great deal of deliberation, on November 5, 2003, the Commission adopted a fee policy regarding processing incorporations. The Commission approved a partial cost recovery from proponents with a full cost recovery from the new city. If the incorporation proposal is successful, the new city must reimburse LAFCo for all costs funded by LAFCo. The current Incorporation Fee Policy states:¹

¹ Complete fee policy attached.

<u>Event</u>	<u>Fiscal Responsibility</u>
Deposit \$25,000	Proponents
Petition Verification	Proponents
Environmental Impact Report	Proponents
Comprehensive Fiscal Analysis	LAFCo
Staff Time	LAFCo
Legal Fees	LAFCo

This fee schedule is a modified full cost recovery method. **On August 6, 2003, I had recommended the Commission adopt a Full Cost Recovery method prior to holding public hearings on incorporation proposals.**² My recommendation was based on budget considerations. At that time, however, the Commission believed that the partial recovery method was the more appropriate approach because it was consistent with how LAFCo treated Citrus Heights, Rancho Cordova and Elk Grove Incorporations.

The cost to process incorporation proposals is expensive because staff uses consultants to prepare an Environmental Impact Report and a Comprehensive Fiscal Analysis. During past incorporation proposals, the cost of the EIR has exceeded \$100,000. The cost of the CFA has ranged from \$35,000 to \$90,000.³ It is likely that the cost of a CFA will continue to increase because the CFA is a very critical part of the incorporation analysis.⁴ Proponents and opponents of future incorporation proposals are demanding an ever higher level of detailed accurate revenue and expenditure estimates.

During past incorporation proposals, LAFCo could absorb the cost of the CFA relatively easily. In the future, I believe it will be more difficult to absorb this cost, especially if staff is processing two incorporation proposals simultaneously or within a relatively short period of time.

Moreover, during past incorporation proposals, the Commission has agreed to advance funds to cover the cost of preparation of the Environmental Impact Report. Public hearings were not scheduled until LAFCo was reimbursed, however, proponents have been allowed to make modest monthly payments toward this cost during the preparation of the EIR. This waiver of up-front costs to proponents creates a cash flow problem for LAFCo's budget. It also creates the potential that LAFCo will not be reimbursed by proponents because they may be unable to raise the necessary funds for this cost.

² Staff report attached.

³ Rancho Cordova Comprehensive Fiscal Analysis cost \$90,000.

⁴ Pursuant to Government Code Section 56800, LAFCo is responsible for preparing the Comprehensive Fiscal Analysis. However, Government Code Section 56383 allows LAFCo to recover its costs.

Options

The Commission could consider the following options:

- (1) Change the current Partial Cost Recovery Policy to Full Cost Recovery of LAFCo expenses wherein the proponents are obligated to pay all costs related to processing an incorporation proposal **up front**. This procedure is followed by several LAFCOs.
- (2) Require proponents to request a loan from the State to cover the cost to process an incorporation proposal based on hardship circumstances.
- (3) Raise annual assessments of the agencies that contribute to LAFCo's budget. [County of Sacramento, Cities within the County, Independent Special Districts within the County of Sacramento.]

Analysis of Options

Increase Fees to Require Full Cost Recovery

In my opinion, it may be difficult to amend the incorporation fee policy at this time due to the fact that proponents have proceeded on the basis of LAFCo's current Partial Cost Recovery policy and have submitted their petition under that policy.

State Loan Process

The Governor's Office of Planning and Research⁵ has provided the following information on State loans:

For an incorporation that has been initiated by a successful petition, LAFCo may forward a request for a loan from the Controller of the State. The State, not LAFCo, can approve the loan which then becomes an obligation of the new city. Repayment of the loan must be made within two years of the effective date of incorporation.

LAFCo shall forward the loan request, along with the certification of insufficient funds as supplied by the proponents. State funds are not automatically granted to an incorporation effort and are subject to availability and other State budget limitations.

If the incorporation proposal is denied by the Commission, or defeated at an election, the loan shall be forgiven.⁶

⁵ State of California, Office of Planning & Research, Guidelines for Incorporation.

⁶ Government Code Section 56383.

I am unsure whether or not the Sacramento LAFCo approved fee policy would impact the State's decision to grant Sacramento LAFCo a loan. Moreover, it appears to be a very difficult and lengthy process to obtain a loan. It is my understanding that the proponents would need to solicit assistance from either their Assembly or Senate representative. This loan request would then need to be approved and funds appropriated through the legislative budget process.

Agency Assessments

The above options may not be realistic options. Thus, it appears that the only viable option is to increase assessments to cover costs related to incorporation proposals. After reimbursement by the new city, assessments could be reduced accordingly. Under current policy, if the proposed new city fails at the ballot box, LAFCo would receive no reimbursement for processing an incorporation proposal. In this event, the County, cities and special districts within the County would be subsidizing an incorporation effort that is either denied by the Commission or fails at election.⁷

Budget Impacts

I do not believe that there will be any significant budget impacts to FY 2006-07. However, the proposed incorporation will likely impact the FY 2007-08 budget. The proposed incorporation total costs are estimated to be:

⁷ Proponents for the incorporation of Citrus Heights filed the petition with Sacramento LAFCo in **October, 1986**. Progress continued until the Board of Supervisors failed to call the election on the issue. Van Duker vs. Board of Supervisors of Sacramento County. (Filed January 1988.) Board of Supervisors: Sacramento County Deputy Sheriffs' Association, Sacramentans to Save our Services vs. Local Agency Formation of Sacramento and Citrus Heights Incorporation Project. (Filed April, 1988.) After judgments, appeals and cross-appeals, in September, 1994, the Citrus Heights Incorporation Project and the County of Sacramento signed a Settlement Agreement. LAFCo resumed processing the Citrus Heights incorporation proceeding. In **November, 1996, the electorate approved incorporation of City of Citrus Heights**.

Proponents for the incorporation of Elk Grove filed the petition with Sacramento LAFCo in **March, 1991**; in November, 1994, the proposed Elk Grove incorporation failed to pass the election. Proponents for the incorporation of Elk Grove filed petition in April, 1996. In **March, 2000, the electorate approved incorporation of City of Elk Grove**.

Proponents for the incorporation of Rancho Cordova filed the petition with Sacramento LAFCo in **October, 1999**. LAFCo approved the incorporation proposal on May 22, 2002; the **electorate passed the measure on November 5, 2002**.

	<u>Low</u>	<u>High</u>	<u>Responsible Party</u>
Registrar of Voters	\$1,500	\$15,000	Proponents
EIR	\$100,000	\$150,000	Proponents
CFA/ Consultants	\$80,000	\$100,000 +	LAFCo
Staff Time	\$20,000	\$30,000 +	LAFCo
Legal	<u>\$20,000</u>	<u>\$30,000</u> +	LAFCo
Total	\$221,500	\$325,000	

The cost outlay for consultants to prepare the Comprehensive Fiscal Analysis, legal review, and other specialized consultants other than environmental consultants, under LAFCo's current fee policy will have a direct impact on the budget.

LAFCo staff time could be absorbed, however, time would be tracked so that all costs would be reimbursed if the incorporation is successful.

Estimated Impact to Assessments for FY 2007-08

CFA	\$100,000
Legal Costs	\$ 30,000
Misc. Consultants	<u>\$ 20,000</u>
Estimated Assessment Increase	\$150,000

The increase in assessments related to the Arden-Arcade Incorporation Proposal is estimated to be \$150,000, or \$50,000 each allocated to the County, cities and special districts. *This estimate assumes that the proponents fund the environmental documents and the cost of signature verification as these expenses are incurred in accordance with the current LAFCo fee policy.*

PB:Maf
Attachment
(Incorporation Fee Policy)

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street #100
Sacramento, California 95814
(916) 8974-6458

FEE SCHEDULE
November 5, 2003

- | | | |
|----|--|-----------------------------|
| 1. | Annexation/
Detachment | Actual Cost |
| 2. | Reorganization
Deposit \$1,000 | Actual Cost |
| 3. | Consolidation
Deposit \$1,000 | Actual Cost |
| 4. | Formation
Deposit \$1,000 | Actual Cost |
| 5. | Dissolution
Deposit \$1,000 | Actual Cost |
| 6. | Reconsideration
Deposit \$500 | Actual Cost |
| 7. | Application for Latent Powers
Deposit \$500 | Actual Cost |
| 8. | Special Studies
Deposit \$1,000 | Actual Cost |
| 9. | Petition Check : Registrar of Voter Invoice
Set up fee: \$700 for petitions with 500 signatures + | \$1.50 per signature |

10. **Incorporation**
 Deposit \$25,000
1. Petition Check
 [Direct Invoice from Registrar of Voters]
 2. Environmental Documentation
 [Must be Paid Prior to Public Hearing]
 3. All Charges for Staff Time, Commission Counsel Time, Comprehensive Fiscal Analysis, and any other Charges [special studies, maps, fees] will be billed to the new city upon the effective date of the incorporation.¹

Upon determination by the Registrar of Voters that the petition is sufficient, the proponents' \$25,000 deposit will be used to begin the environmental work. LAFCo will select an environmental consultant and negotiate payment terms. The proponents will be required to reimburse LAFCo in accordance with the negotiated payment schedule. If required payments are not made by the proponent, LAFCo will direct the environmental consultant to cease work until payments are brought current; LAFCo will cease work on the fiscal analysis, and any other required studies or staff time, until payments for the environmental documentation are brought current. The Commission retains the right to waive this requirement.

LAFCo funds the Comprehensive Fiscal Analysis, legal costs, staff time and special studies, and upon a successful election, bills the new city for all costs upon the effective date of the new city.

- | | | |
|-----|--|-------------|
| 11. | Disincorporation
Deposit \$2,000 | Actual Cost |
| 12. | Sphere of Influence Amendment
[Non-mandatory]
Deposit \$1,000 | Actual Cost |
| 13. | Environmental Review
Invoiced from DERA,
Collected by Commission Clerk
Forwarded to DERA. | Actual Cost |
| 14. | Fish and Game Filing Fees ² | |

¹ Fee schedule for incorporation adopted as policy on November 5, 2003.

- | | | |
|-----|---|---------------|
| 15. | State Clearing House Filing Fees
Notice of Determination
Collected from Client at Time of Filing | \$875.00 |
| 16. | State Board of Equalization Filing Fees
Collected from Client at Time of Filing
Forwarded by Commission Clerk | Per Schedule |
| 17. | Additional Fees:
Copies | .10 /per page |

**Actual Cost: Time and overhead and materials;
special studies and legal review.**

Applicants shall also indemnify LAFCo.

(Fee Schedule)

² Resolution No. LAFC 1070, adopted January 1, 1991, and a part of the Application package, defines California Fish and Game Code fees as applicable for projects not determined to be exempt or de minimums [\$1,275 for Negative Declaration and \$875 for Environmental Impact Report.]

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
EMPLOYEE**

RATE SCHEDULE

Direct Costs

Executive Officer	\$60.00 per hour
Senior Staff	\$53.00 per hour
Associate	\$45.00 per hour
Commission Clerk	\$40.00 per hour

Indirect Costs per Employee
(Excludes legal counsel,
contingencies and special
consultants.)

\$20.00 per hour
per FTE

Other Costs

Consultants
LAFCo legal review

Actual Cost
of Service Provided

Exhibit A

RATE SCHEDULE

Nancy C. Miller	\$250.00
William L. Owen	\$250.00
Kirk E. Trost	\$250.00
Christiane E. Layton	\$225.00
Paul J. Chrisman	\$225.00
Matina R. Kolokotronis	\$225.00
Madeline E. Miller	\$195.00
Law Clerks	\$125.00
Paralegals	\$85.00

In addition, only the following costs will be billed as follows:

In-house photocopying will be billed at \$.05 a copy. Other photocopying, postage, long distance telephone charges, federal express, courier service, court and administrative fees, and all other "out of pocket" costs will be billed at actual costs. Travel to and from client is not billed.

Hourly rates may increase upon written amendment by the parties. The firm usually adjusts rates annually.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

FEES FOR ENVIRONMENTAL DOCUMENTATION

The Sacramento Local Agency Formation Commission will conduct environmental review for each proposal before its consideration.

The work is done by a consultant on a full cost (special studies, time and materials) recovery basis.

The applicant is responsible for full cost recovery.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street #100
Sacramento, California 95814
(916) 874-6458

November 5, 2003

#3
APPROVED
SACRAMENTO LOCAL AGENCY
FORMATION COMMISSION

NOV 5 2003

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Incorporation Fee Policy Options


Commission Clerk

RECOMMENDATION

1. Direct staff to finalize the incorporation fee policy for one of the options identified in this report, or as further directed by the Commission.
2. If surplus funds are available, establish a General Reserve account in the FY 2004-05 Budget for non-budgeted projects.

DISCUSSION

On October 16, the Incorporation Fee Policy Subcommittee [Commissioners Illa Collin, Roberta MacGlashan, Charles Rose] met to discuss various options for fee policies on incorporation proposals. The Subcommittee discussed several fee options and their related impacts to proponents, to the County, to cities and to special districts. Although several options were discussed, the Subcommittee did not agree on any specific cost recovery methodology.

Previously, staff recommended full cost recovery [all costs of processing an incorporation proposal] from incorporation proponents.¹ The basis of this recommendation is founded on LAFCo's budget constraints and the potential effect of incorporation expenses on those agencies which contribute to LAFCo's budget.

I propose four fee recovery funding options for Commission consideration regarding incorporation proposals:

1. ***Existing Fee Policy (Partial Cost Recovery)***
2. ***Full Cost Recovery***
3. ***Partial Cost Recovery from Proponent/ Full Cost Recovery from New City***
4. ***No Cost Recovery***

¹ Proposed June 4, 2003; August 3, 2003.

1. EXISTING FEE POLICY (Partial Cost Recovery)

Currently, incorporation proponents are responsible for (1) the cost of petition verification and (2) the environmental document. LAFCo absorbs all other costs related to the incorporation including fiscal analysis, legal fees, staff time, and special studies (if required). These costs will be recovered in the annual assessment (or could be recovered through a special mid-year assessment) invoiced to those agencies which contribute to LAFCo's budget: the County, cities, and special districts. The current Commission fee policy was used for the incorporation of Elk Grove and the incorporation of Rancho Cordova. During these incorporation proposals, the County of Sacramento was the sole contributor to LAFCO's budget.

2. FULL COST RECOVERY

The incorporation proponents would be obligated to pay all of the costs related to processing an incorporation proposal. In addition to the preparation of their maps and legal descriptions (required for application), proponents would be required to pay the total of the following costs:

- Petition Signature Check
- Environmental Document
- Fiscal Analysis
- LAFCo Staff Time
- Legal Costs
- Other Special Studies and/or LAFCo Consultant Costs
- Filing fees to State Board of Equalization [New city responsibility.]²

The payment plan for **Full Cost Recovery** should include a minimum deposit of \$25,000; payment to be made as expenses are incurred as invoiced by LAFCo staff. All costs that can be invoiced would be reimbursed prior to the public hearing on the incorporation proposal; after hearing, additional costs to be invoiced and reimbursed.

Analysis of Full Cost Recovery

Most LAFCo's have a full cost recovery policy for proponent-initiated proposals. However, proponents typically have a very difficult time raising funds to pay for incorporation costs. A significant amount of time and effort is required to obtain the required number of signatures for the petition and the funding to pay for signature verification on the petition. On the other hand, incorporations are generally difficult and very costly to process and without some form of assistance are likely to be very difficult for a grass roots group to fully fund.

² Filing fees are paid to the State Board of Equalization after a successful election. The State Board of Equalization will defer the cost until after the effective date of the incorporation. Thus, these fees are not a consideration for LAFCo outlay of funding, however, LAFCo has paid these fees in the past and been reimbursed by the new city.

**# 3. PARTIAL COST RECOVERY FROM PROPONENT/
FULL COST RECOVERY FROM NEW CITY**

This option is a modification of Sacramento LAFCo's current fee policy. It demands partial payment up-front from the proponents and complete payment of costs from the new city upon a successful election. In addition to the preparation of their maps and legal description, proponents would be required to pay the following costs *prior to a public hearing on the proposal*:

Petition Signature Check
Environmental Document

LAFCo funds the remainder of project costs (fiscal analysis; funds for special studies and/or consultant costs, legal fees and staff time) until these costs can be billed to a new city.

New option, Full Cost Deferred

This option can be viewed as a LAFCo loan to the proposed new city. *If successful, the new city would be obligated to pay LAFCo for the fiscal analysis, legal costs, LAFCo staff time, and any other direct costs related to the incorporation incurred by LAFCo staff in the processing of the project, to be invoiced upon the effective date of the new city.* However, in the event the incorporation is not successful, LAFCo would absorb all costs incurred *except* petition signature check and environmental documentation.

The payment plan for Partial Cost Recovery from Proponent/ Full Cost Recovery from New City should require a \$25,000 refundable deposit upon submission of the application. The deposit would be used to begin the environmental work. Petition signature check remains the responsibility of the proponents and is invoiced by the Registrar of Voters directly to the proponents. If the petition is sufficient, LAFCo would select an environmental consultant and negotiate payment terms. The proponents would be required to reimburse LAFCo in accordance with the negotiated payment schedule. If required payments are not made by the proponent, LAFCo will direct the environmental consultant to cease work until payments are brought current; LAFCo will cease work on the fiscal analysis, and any other required studies or staff time, until payments for the environmental documentation are brought current. The Commission retains the right to waive this requirement upon request.

LAFCo funds the fiscal analysis, legal costs, staff time and special studies, and upon a successful election, bills the new city for all costs upon the effective date of the new city. **NOTE: A special assessment to LAFCo's contributors may be required depending upon the time of year an application is filed.**

**Analysis of Partial Cost Recovery from Proponent/
Full Cost Recovery from New City**

This option represents no change from LAFCo's existing policy in the proponent's up-front payment for the petition verification and the environmental document. Proponents are still required to pay for petition verification and environmental documentation prior to a public hearing on the proposal. LAFCo funds the remainder of project costs.

However, *with the new option, the new city is obligated to reimburse any funds expended by LAFCo.* If the incorporation is successful, at a future date, the new city would be obligated to pay LAFCo back for the fiscal analysis, legal costs, LAFCo staff time, and any other direct costs. Under this option, it may be necessary to impose a special assessment, or increase annual assessments to LAFCo's contributors, in order to have sufficient cash to pay for the required special studies. If the incorporation is not successful, LAFCo absorbs the incorporation costs expended on the project. These costs would be shared by the contributors to LAFCo's budget.

4. NO COST RECOVERY

Proponent submits application with legal description, map and pays for signature check. LAFCo funds the entire costs for environmental document, fiscal analysis, special studies, legal fees, and staff time. No Cost Recovery does not appear to be a viable option for two reasons: Proponents would have no financial vested interest in the process of incorporation; LAFCo staff would not have sufficient funding to conduct its business without imposing a potentially very large special assessment to its contributing agencies. No Cost Recovery means that fee recovery for processing incorporation proposals is placed directly upon LAFCo's contributing agencies: the County, cities and special districts.

STAFF RECOMMENDATION

I recommend the Commission adopt the Partial Cost Recovery From Proponent/ Full Cost Recovery from New City option for incorporation proposals, including the obligation that the new city is required to reimburse LAFCo for all funds it expends on the processing of the project, including LAFCo staff time.

Establishment of a General Reserve

If your Commission approves the *Partial Cost Recovery from Proponent/ Full Cost Recovery from New City* option, it would be prudent to begin to set aside funds in a general reserve account. This reserve could be used for not only incorporation proposals but other unanticipated projects that may be submitted. The general reserve will provide funding for

non-budgeted projects and reduce the need for increased annual assessments to LAFCo's contributing agencies. The reserve would allow annual assessments to remain relatively constant and allow funds to be set aside for non-budgeted projects that require significant analysis and the use of specialized consultants.

PB:Maf
Attachments

(Incorporation Fee Policy Options)



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite 100 • Sacramento, CA 95814-2836 • Tel (916) 874-6458 • Fax (916) 874-2939

October 14, 2003

TO: Incorporation Fee Policy Subcommittee
Commissioners Illa Collin, Roberta MacGlashan, Charles Rose
Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Incorporation Fee Policy Proposal

I have recommended that the current LAFCo incorporation fee policy be amended so that the proponents pay the full cost (fiscal, environmental, legal and staff time).¹ I have also suggested another alternative: LAFCo could fund the study through a full or partial loan that would be paid back by the new city if the incorporation is successful. If the incorporation proposal is not successful, LAFCo will be liable for all costs initiated by the proponents (except petition signature check).

At the September 5, 2003, subcommittee meeting, Commissioners Roberta MacGlashan and Charles Rose proposed the following incorporation fee policy:

1. Cost of petition signature check: Paid in full by proponents.
(Direct invoice from Registrar of Voters. Lump sum payment.)
2. Environmental Impact Report: Proponents reimburse LAFCo prior to public hearing.
3. Fiscal Analysis: County of Sacramento reimburses LAFCo for Fiscal Analysis. Project managed by LAFCo. County would adjust revenue neutrality payment to include the expense of the Fiscal Analysis. If cityhood fails, County does not recover cost of fiscal analysis.)

¹ The cost of maps, legal description and petition signature check are considered by staff to be a part of the application and must be proponent-paid.

4. LAFCo Staff Time and Legal Costs: No charge.
LAFCo would absorb costs of staff time and legal expenses.
Impact: Delay other projects and may have to pass higher costs back to cities, County and special districts via special assessment or increase share of cost in subsequent years.

This approach minimizes the impact to the incorporation proponents and is similar to the current incorporation fee policy under which we operate, with the exception that LAFCo currently absorbs the cost of the Fiscal Analysis for a proposed incorporation.

The proposal by Commissioners MacGlashan and Rose will be discussed at the Incorporation Fee Policy Subcommittee meeting, to be held **Thursday, October 16, 2003, 1:00 P.M., in Commissioner Illa Collin' office.**

All subcommittee members have been provided the OPR "Guide for Incorporation" (July, 2002). Please call me at 875-5935 if you wish additional information.

PB:Maf

(Sub committee Incorporation Fee)

Agenda Item No. 3.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

August 6, 2003

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Incorporation Fee Policy

RECOMMENDATION

1. Full cost recovery for all applicant-initiated projects, including incorporations, per Government Code Section 56383.
2. Adopt as policy, consistent with Government Code Section 56383(g), the Commission's authority to make a full or partial loan to incorporation proponents, with or without collateral, and *require payment in full if the incorporation receives Commission approval and is approved by the electorate.*¹
3. Adopt the attached Fee Schedule to be effective September 1, 2003.

DISCUSSION

LAFCo may charge fees. Government Code Section 56383 provides the following:

- (a) The Commission may establish a schedule of fees for the costs of proceedings taken pursuant to this division, including, but not limited to, all of the following:
 - (1) Filing and processing applications filed with the Commission.
 - (2) Proceedings undertaken by the Commission and any reorganization committee.

¹ If the Commission approves an incorporation proposal but the proposal fails at the election, the Commission is required, by law, to forgive the loan.

- (3) Amending a Sphere of Influence.
- (4) Reconsidering a resolution making determinations.

- (b) The schedule of fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016.
- (c) The Commission may require a deposit. No petition shall be deemed filed until the fee has been deposited.
- (d) The Commission may waive a fee if it finds that payment would be detrimental to the public interest.
- (f) Waiver of fees is limited to those costs incurred by the Commission in the processing of a proposal.
- (g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the County Registrar of Voters, the Commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees for the proceedings, take no action on the proposal and request a loan from the General Fund² of an amount sufficient to cover these expenses subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation. ***Repayment of the loan shall be made a condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city. Repayment shall be made within two years of the effective date of incorporation. If the proposal is denied by the Commission, or defeated at an election, the loan shall be forgiven.***

Current Incorporation Fee Policy

Sacramento LAFCo requires the incorporation proponents to pay for signature verification and the cost of the environmental document. Typically, an Environmental Impact Report has been prepared for incorporations in Sacramento County. LAFCo has waived all other expenses including staff time, legal counsel time and the expense of the Comprehensive Fiscal Analysis. Staff estimates the total cost of incorporation ranges from \$250,000 to \$350,000. In past incorporation proposals, proponents have typically paid for approximately one-third of this cost.

² According to Growth Within Bounds, "General Fund" refers to the "State General Fund," p. 67.

Proposed Incorporation Fee Policy

As a general policy, staff continues to recommend a fee policy change so that incorporation proponents are also required to pay the entire cost to process an incorporation proposal. This policy is consistent with other LAFCo's and our current fee schedule for all other LAFCo actions.

Pursuant to Government Code Section 56383(d) the Commission has the discretion and the authority to waive fees if it finds that payment would be detrimental to the public interest. *Government Code Section 56383(g) is unclear regarding from what General Fund LAFCo can make a loan. Therefore, I make the assumption pursuant to the principles set forth in Government Code Section 56383(g), that Sacramento Local Agency Formation Commission can adopt policy to make a loan from its own resources.*

In previous incorporation proposals, proponents have obtained funds to cover fees from cities, special districts, citizens and business. In addition, it may be possible for proponents to obtain in-kind contributions whereby legal advice, environmental analysis, fiscal analysis and other professional services could be contributed, or donated, to the incorporation effort, provided there was no conflict of interest. This option would require LAFCo pre-approval so that all work performed would be under the direction of LAFCo and not the proponents.

Loan/ Wavier Requests

Financial Risks to LAFCo And Affected Agencies

Due to current budget constraints,

If your Commission waives fees or makes loans, your Commission would likely be required to raise assessments from all affected agencies that are required to contribute funds to LAFCo in order to cover the unbudgeted costs incurred in an incorporation proposal. Depending upon a number of variables, LAFCo could be required to impose a mid-year assessment in order to begin the timely processing of an incorporation application.

If, however, a proposed incorporation is approved by your Commission, and fees are loaned rather than waived, reimbursement could be used to reduce affected agencies' share of LAFCo costs in subsequent years. This situation results in only a short-term cash flow issue.

In the event the Commission makes a loan to proponents³, LAFCo and the agencies which contribute to its budget, are at risk primarily only if an incorporation proposal is denied by the Commission or fails at election because the Commission would be required to forgive the loan.

³ With or without collateral from proponents of an incorporation proposal.

Staff's proposed policy appears to be fair and balanced and is currently provided for by statute. This policy will minimize the impact to a community if the community cannot raise sufficient funds to cover the costs of incorporation. It may minimize the financial impact to cities, County and special districts if LAFCo makes a loan rather than waives fees.

CONCLUSION

Incorporation proposals require the strong support of their constituents to succeed. Consequently, incorporation petitions require 25 percent of the registered voters within a proposal territory to make application for incorporation. Another measure of support for an incorporation proposal may be based on the financial support of a community. How much are the citizens willing to contribute to achieve their goal?

On the other hand, incorporation proposals are expensive and high costs as well as time undermine the ability to raise funds for incorporation efforts. There are no guarantees the Commission can approve an incorporation proposal; that issue is based on the viability of the proposed new city which cannot be determined until extensive study has been undertaken. As a result of the cost and complexity of incorporation proposals, LAFCo is placed in the position of being required to fund expensive special studies for a non-LAFCo-contributing entity.

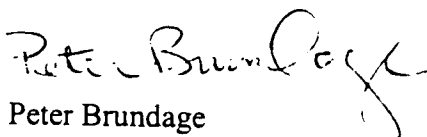
Staff's proposal offers the Commission some flexibility with regard to incorporation proposals. The Commission has the legal ability to waive incorporation fees or make a loan to incorporation proponents per the proposed policy. The Commission's decision should be based on circumstances and issues regarding whether or not community efforts appear to be extremely strong and the community has exhausted all options to raise the funding required of the incorporation process.

RECOMMENDATION

I continue to recommend a full cost recovery policy for all applicant-initiated projects that come before your Commission.

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage
Executive Officer

PB:Maf
Attachment
(Incorporation Policy)

PROPOSED AMENDED FEE SCHEDULE
Effective September 1, 2003

Sphere of Influence Initiated by Applicant	Actual Cost
Annexation	Actual Cost
Reorganization	Actual Cost
District Formation	Actual Cost
Consolidation	Actual Cost
Dissolution	Actual Cost
Detachment	Actual Cost
Incorporation	Actual Cost
Reconsideration Request	Actual Cost
Out of Agency Contracts	Actual Cost

Actual Costs Include:

LAFCO Staff Time
Petition Verification
Legal Counsel
Environmental Consultant
Fiscal Analysis
Special Studies
Survey/ Cartography
Filing Fees/ Recordation Fees
Other Fees, as required:
 Office of the Clerk Recorder
 State Board of Equalization
 Fish and Game Fees

Payment Method for All Applications [EXCEPT INCORPORATION]

Deposit \$3,000
Payment in Full Prior to Hearing
Monthly Payment Schedule (Recover costs from previous month).
Deposit will be refunded if unused.
Deposit for Reconsideration Request \$500

Payment Method for Incorporation

Payment in full or monthly pay as you go (no credit).
Monthly payment to cover expenses incurred from previous month.
Payment in full prior to Public Hearing
Minimum Advance Deposit: \$25,000
Sign an Agreement prior to staff's acceptance of petition agreeing to
 Reimburse LAFCo for all costs.

Sphere of Influence/ Sphere of Influence Amendment

Costs to be Recovered:

Legal Counsel fees greater than \$500
Environmental Analysis that require Preparation of an EIR
Fiscal Analysis
Required Special Studies or Special Consultant

No charge for LAFCo staff time.

(Note: Full cost recovery for projects initiated by proponent/ applicant.)

Municipal Service Review

Costs to be Recovered:

Legal Counsel fees greater than \$500
Environmental Analysis that require Environmental Impact Report
Special Studies or Special Consultant
Charges by Other Entities.

No charge for LAFCo staff time.

Miscellaneous Fees/ Charges

Agenda	\$30/ year
Copy of Meeting Tape	\$10/ each + Time
Photo Copy	.15/ copy + Time
<u>Directory of Municipal Service Providers</u>	\$15.00

Hourly Rates:

LAFCo Staff: Executive Officer	\$ 60.00 per hour
Assistant Executive Officer	\$ 53.00 per hour
Clerk	\$ 40.00 per hour
LAFCo Staff Overhead Rate	\$ 40.00 per hour per FTE
Legal Counsel	\$180.00 per hour
Environmental Consultant	\$ 95.00 per hour

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

June 4, 2003

TO: Sacramento Local Agency Formation Commission
FROM: Peter Brundage, Executive Officer *PB*
RE: Proposed Amended Fee Schedule FY 2003-04
Proposed Effective July 1, 2003

RECOMMENDATION

The proposed fee increases and changes are recommended based on a reduced budget from FY 2002-03. The proposed budget for FY 2003-04 does not include funding for special studies, excessive legal fees or environmental costs related to controversial projects or incorporation proposals. **I recommend your Commission adopt the Amended Fee Schedule, effective July 1, 2003, based on adoption of the FY 2003-04 Budget.**

PROPOSED FEE CHANGES/ AMENDED LAFCo FEE SCHEDULE

Sacramento LAFCo currently charges proponents actual costs (time and materials including legal and environmental fees) for annexations, district formations, reorganizations and consolidations. Staff has sought to keep these costs from becoming prohibitive in its desire to encourage governmental changes of organization which result in improved service. In these cases, the fee schedule has not changed, however, staff will be more diligent in tracking all hours and costs related to process applications. I recommend the Commission adopt the Amended Fee Schedule, to be effective July 1, 2003.

Note: Many times LAFCo staff conducts meetings and performs research on specific projects for many months prior to receiving an official application. Payment is only received from a proponent if an application for a project is received. Also, projects can be delayed or dropped for any number of legitimate reasons, making staff time impossible to invoice.

Incorporations - Full Cost Recovery

Incorporations typically are very expensive because they require significant legal, fiscal, and environmental analysis which consume a great deal of staff time. In the past, the cost of most incorporation data collection and analysis has not been recovered from the applicant. Primarily, the applicant has been responsible for the costs of the petition signature check and the environmental analysis, exclusive of all other costs. **Staff proposes that the applicant now be required to reimburse LAFCo for all proposal expenses, including staff time.**

In Sacramento County, an incorporation proposal tends to be inherently controversial, and with that, the potential for legal challenge becomes a possibility. It has also been difficult to obtain data and information which is required to process applications in a timely manner. LAFCo does not have control over timely data collection. i.e., Comprehensive Fiscal Analysis must be based on financial data that is only one year old. These factors translate into additional staff time and consultant costs required to process the proposal. Delays in the collection of data can also add significant costs (see attached article) to the cost of processing an application.

**Summary of Estimated Staff Costs
For Processing an Incorporation Proposal**

Environmental Analysis	\$100,000 - \$120,000
Fiscal Analysis	\$ 50,000 - \$100,000
Legal	\$ 20,000 - \$ 40,000
Registrar of Voters/ Petition Check	\$ 12,000 - \$ 15,000
LAFCo Staff Time	<u>\$ 25,000 - \$ 40,000</u>
Total Estimate	\$207,000 - \$315,000

Should your Commission adopt a policy of full recovery for Commission staff costs for incorporation proposals, it would be a significant policy change. Because incorporation efforts are typically grass-roots based, any change in policy may prohibit future applications. Many other LAFCo's have full cost recovery policies, however, many times these policies are criticized, challenged and waivers are requested. Nonetheless, State law mandates that LAFCo perform only Municipal Service Reviews and Sphere of Influence updates. **LAFCo may charge fees for all other services.**

OTHER AREAS OF CONCERN

Staff proposes to process the required Municipal Service Reviews and Sphere of Influence Updates within its existing resources with the caveat that these studies, for the most part, are relatively non-controversial and do not require extensive legal, environmental or fiscal analysis. For projects that are controversial, or become complex, I propose the following cost-recovery policy:

Payment Method for Incorporation

Payment in full or monthly pay as you go (no credit).
Monthly payment to cover expenses incurred from previous month.
Payment in full prior to Public Hearing
Minimum Advance Deposit: \$25,000
Sign an Agreement prior to staff's acceptance of petition agreeing to Reimburse LAFCo for all costs.

Sphere of Influence/ Sphere of Influence Amendment

Costs to be Recovered:

Legal Counsel fees greater than \$500
Environmental Analysis that require Preparation of an EIR
Fiscal Analysis
Required Special Studies or Special Consultant

No charge for LAFCo staff time.

(Note: Full cost recovery for projects initiated by proponent/ applicant.)

Municipal Service Review

Costs to be Recovered:

Legal Counsel fees greater than \$500
Environmental Analysis that require Environmental Impact Report
Special Studies or Special Consultant
Charges by Other Entities.

No charge for LAFCo staff time.

Miscellaneous Fees/ Charges

Agenda	\$30/ year
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<u>Directory of Municipal Service Providers</u>	\$15.00

Hourly Rates:

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Clerk	\$ 40.00 per hour
LAFCo Staff Overhead Rate	\$ 40.00 per hour
	per FTE
Legal Counsel	\$180.00 per hour
Environmental Consultant	\$ 95.00 per hour

PB:Maf

(Amendment to Fee Schedule)

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

700 H Street, Room 7650

Sacramento, California 95814

(916) 874-6458

*Approved
9/5/01*

September 5, 2001

TO: Sacramento Local Agency Formation Commission

**FROM: Peter Brundage
Acting Executive Officer**

**RE: Commission Policy:
Fee Schedule**

RECOMMENDATION:

1. Adopt the interim fee schedule, as set forth in Exhibit B, effective immediately, to maximize revenue.
2. Require all applicants to indemnify LAFCo to minimize legal liabilities, as set forth in the sample of indemnification at Exhibit E.

BACKGROUND

Government Code Section 56383 provides the following guidance for establishing fees:

Processing fees 56383. (a) The commission may establish a schedule of fees for the costs of proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.

(2) Proceedings undertaken by the commission and any reorganization committee.

(3) Amending a sphere of influence.

(4) Reconsidering a resolution making determinations.

Reasonable cost (b) The schedule of fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016.

Fee deposit (c) The commission may require that a fee be deposited with the executive officer before any further action is taken. The deposit of the fee shall be made within the time period specified by the commission. No petition shall be deemed filed until the fee has been deposited.

Fee waiver (d) The commission may waive a fee if it finds that payment would be detrimental to the public interest.

Fees for signature verification (e) The signatures on a petition submitted to the commission shall be verified by the elections official of the county and the costs of verification shall be provided for in the same manner and by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county.

Fee waiver limitation (f) Waiver of fees is limited to those costs incurred by the commission in the processing of a proposal.

Incorporation fees; loan from General Fund (g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the county registrar of voters, the commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees for the proceedings, take no action on the proposal and request a loan from the General Fund of an amount sufficient to cover those expenses subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation. Repayment of the loan shall be made a

condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city.

Repayment provisions

Repayment shall be made within two years of the effective date of incorporation. If the proposal is denied by the commission or defeated at an election, the loan shall be forgiven. [Amended by Stats. 2000, Ch. 761.]

In addition, with respect to Government Code Section 56428 (f), "The commission may require the person or agency making a request pursuant to this section to pay a fee to cover the commission's costs. The fee shall not exceed the estimated reasonable cost of providing the service and shall be set pursuant to Section 56383. The commission may waive the fee if it finds that the request can be considered and studied as part of the periodic review of spheres of influence required by Section 56425. In addition, the commission may waive the fee if it finds that payment would be detrimental to the public interest."

DISCUSSION

Sacramento LAFCo adopted the current fee schedule on May 5, 1993 through the adoption of LAFCo Policies, Standards and Procedures. Generally, annexation and reorganization proposals are currently based on a per-acre basis. The charge to the proponent is simply based on the size of the project rather than either the amount of work required, or complexity of the issues required to be analyzed in processing the proposal. Charges for consultants and special studies are currently based on actual charges.

I propose to charge applicants based on a fee-for-service basis, i.e., actual costs incurred. Direct charges will be based on staff time spent on a project. Time spent on a project should be relatively easy to identify and track. Staff time per position includes salary and benefits and will assume 1,860 billable hours per staff person per year.

2,080	Total Hours (52 weeks x 5 days/week x 8 hour/day)
80	Hours Vacation (2 weeks)
80	Hours Holiday/ Sick Leave, etc.
<u>60</u>	Hours Training/Conference, etc.
1,860	Billable Hours (estimate)

Indirect charges can also be allocated on an hourly basis. Indirect charges, or overhead costs, include rent, supplies, postage, training, conferences, computers, telephones, etc. Legal counsel, consultant charges, and contingency costs are not included. Total indirect costs (overhead) divided by 1,860 billable hours (and divided by total employees) = indirect cost per hour per employee. The total amount of fee revenue received will be dependent on the number of hours spent related to billable projects. I recommend that charges to billable applicants be based on the following methodology.

LAFCo Staff Time

	Direct cost per hour	Staff Time (Rate x Hours)
+	<u>Indirect cost per hour</u>	(Overhead: rent, utilities, supplies, etc.)
	Total LAFCo cost per hour	Excluding Legal and Special Consultants

Total Project Cost

	Total LAFCo cost per hour x No. of hours
+	Cost of special studies
+	Environmental reports
+	<u>LAFCo legal fees</u>
	Total Fee to be Charged to Applicant

**Summary of Proposed Hourly Charges
for FY 2001-2002**

Direct Costs

Executive Officer	\$60.00 per hour
Senior Staff	\$53.00 per hour
Associate	\$45.00 per hour
Commission Clerk	\$40.00 per hour

<u>Indirect Costs</u> per Employee	\$20.00 per hour
(Excludes legal counsel, contingencies and special consultants.)	per FTE

Other Costs

Consultants	Actual Cost
LAFCo legal review	of Service Provided

EXAMPLE

	<u>Direct</u>	<u>Hours</u>	<u>Total Direct</u>
Executive Officer	\$60.00	5	\$300.00
Senior	\$45.00	3	135.00
Commission Clerk	\$40.00	2	<u>80.00</u>
Total Direct		10	\$515.00
Indirect Charges	10 hours x \$20 =		<u>\$200.00</u>
Total LAFCo Fee			\$715.00
Negative Declaration			\$1,200.00
Charges for Legal Review			<u>250.00</u>
<u>TOTAL FEE</u>			\$2,365.00

Under the proposed methodology, the applicant will pay the actual cost of services provided by staff for the specific application to be processed. Indirect (overhead) charges are based on budget estimates and assume 4 FTE. The current and proposed fee schedules are attached for your review.

INDEMNIFICATION

I also recommend that the Commission require all applicants to indemnify LAFCo and that the applicant be made aware that the application will not be set for hearing before the Commission until the Indemnification Agreement is signed and on file. The proposed standard indemnification clause is set forth as follows:

Indemnification Agreement

As part of its _____ application, LAFCo No. _____
(name of proponent) _____, as (city, county, district),
as applicant and real party in interest, hereby agrees
to defend, indemnify, and hold harmless, and release
the Sacramento Local Agency Formation Commission,
its agents, officers, attorneys, and employees (collectively
"LAFCo") from any claim, action or proceeding brought
against any of them, the purpose of which is to attack,
set aside, void, or annul the approval of the (name of
file proposing change of organization), or adoption of the
environmental document which accompanies it. This

indemnification obligation shall not include intentional or willful misconduct on the part of LAFCo, but shall include passive and/or concurrent active negligence by LAFCo, and includes, but is not limited to, damages, costs, expenses, attorney fees of LAFCo, or expert witness fees or attorney fees that may be asserted by any person or entity, including the applicant, arising out of, or in connection with, the approval of this application. This indemnification obligation is intended to be as broad as permitted by law.

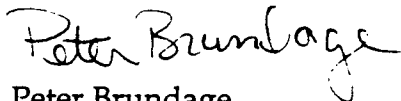
See the City of Folsom's Indemnification Agreement with the Sacramento Local Agency Formation Commission for the City of Folsom's Sphere of Influence Amendment (4-97) at Exhibit E.

RECOMMENDATION

I recommend that proposed fees and charges apply to all proposals except the mandatory Sphere of Influence updates required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. I recommend that the mandatory Sphere of Influence charges be waived, as provided in Government Code Section 56425. However, I also recommend that your Commission reserve the right to recover any extraordinary costs that may be incurred for mandatory Sphere of Influence updates (i.e., special studies and legal fees).

Respectfully submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION



Peter Brundage
Acting Executive Officer

PB:Maf

(Interim Fee Schedule)

SACRAMENTO LAFCO FEE SCHEDULE

Adopted May 3, 1995

	<u>Fee</u>
Annexation/Detachment	0-4.9 acres \$750
	5-9.9 acres \$1000
	10-19.9 acres \$1300
	20-49.9 acres \$1600
	50-99.9 acres \$1900
	100-149.9 acres \$2200
	150-199.9 acres \$2500
200+ acres \$2500+	
	\$2/acre
Reorganization	Sum of Individual Applications
Consolidation	\$1500
District Formation	\$3000
District Dissolution	\$1500
Reconsideration	\$250
Application for Latent Powers	\$250
Studies	Actual Cost

	<u>Fee</u>
Petition Check	\$1.00 per Signature for 100% Check
Incorporation	\$6000 plus Cost of Study
Disincorporation	Actual Cost
Sphere of Influence Revision	Actual Cost \$500 Deposit
Environmental Review	Actual Cost
Environmental Coordinator rate/hour	\$85
Professional Staff rate/hour	\$70
Clerical Staff rate/hour	\$27
Exemptions	\$75
Negative Declaration	Actual Cost
EIR Preparation and Processing	Actual Cost
LAFCo's Review of EIR as Responsible Agency	Actual Cost
Mitigation Monitoring	Actual Cost
State Fish & Game Fees:	
Negative Declaration	\$1,250
EIR	\$850
County Clerk Processing	\$25

ADDITIONAL FEES:

Agenda	\$15/year
Copies	-0-

PROPOSED LAFCo FEE SCHEDULE

September 2001

1.	Annexation/ Detachment	Actual Cost
2.	Reorganization Deposit \$1,000	Actual Cost
3.	Consolidation Deposit \$1,000	Actual Cost
4.	Formation Deposit \$1,000	Actual Cost
5.	Dissolution Deposit \$1,000	Actual Cost
6.	Reconsideration Deposit \$500	Actual Cost
7.	Application for Latent Powers Deposit \$500	Actual Cost
8.	Special Studies Deposit \$1,000	Actual Cost
9.	Petition Check : Registrar of Voter Invoice Set up fee: \$700 for petitions with 500 signatures + \$1.50 per signature	
10.	Incorporation Deposit \$2,000	<u>Environmental Documentation</u> [Invoice from Department of Environmental Review and Assessment] <u>Petition Check</u> Invoice from Registrar of Voters] <u>No Charges for Client for</u> <u>Comprehensive Fiscal Analysis</u>

Incorporation Proponents pay for signature verification by the Registrar of Voters, cost of Environmental Reports, and \$2,000 for LAFCo filing fee. LAFCo funds the Comprehensive Fiscal Analysis. There is no charge for LAFCo staff time, or consultant services, for a Comprehensive Fiscal Analysis for a proposed incorporation.

11.	Disincorporation Deposit \$2,000	Actual Cost
12.	Sphere of Influence Amendment [Non-mandatory] Deposit \$1,000	Actual Cost
13.	Environmental Review Invoiced from DERA, Collected by Commission Clerk Forwarded to DERA.	Actual Cost [Attached, Exhibit C]
14.	Fish and Game Filing Fees ¹	
15.	State Clearing House Filing Fees Notice of Determination Collected from Client at Time of Filing	\$875.00
16.	State Board of Equalization Filing Fees Collected from Client at Time of Filing Forwarded by Commission Clerk	Per Schedule Attached, Exhibit D]
17.	Additional Fees: Copies	.10 /per page

**Actual Cost: Time and overhead and materials;
special studies and legal review.**

Applicants shall also indemnify LAFCo.

¹ Resolution No. LAFC 1070, adopted January 1, 1991, and a part of the Application package, defines California Fish and Game Code fees as applicable for projects not determined to be exempt or de minimums [\$1,275 for Negative Declaration and \$875 for Environmental Impact Report.]

**SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
EMPLOYEE**

RATE SCHEDULE

Direct Costs

Executive Officer	\$60.00 per hour
Senior Staff	\$53.00 per hour
Associate	\$45.00 per hour
Commission Clerk	\$40.00 per hour

<u>Indirect Costs</u> per Employee (Excludes legal counsel, contingencies and special consultants.)	\$20.00 per hour per FTE
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Other Costs

Consultants	Actual Cost
LAFCo legal review	of Service Provided

HYDE, MILLER, OWEN & TROST

RATE SCHEDULE

A. Client: Sacramento Local Agency Formation Commission

Matter: General

B. Hourly rates for legal personnel

Hourly rates for legal personnel:

Richard H. Hyde	\$ 175.00
Nancy C. Miller	\$ 175.00
William L. Owen	\$ 175.00
Kirk E. Trost	\$ 175.00
Phillip L. Isenberg	\$ 175.00
Paul J. Chrisman	\$ 165.00
Matina R. Kolokotronis	\$ 165.00
Nancy L. Beauregard	\$ 145.00
Law Clerks	\$ 125.00 - \$165.00
Paralegals	\$ 65.00

C. Subject to change

The rates on this schedule are subject to change upon 30 days advance written notice from Attorney to Client.

In addition, only the following costs will be billed as follows:

In-house photocopying will be billed at .10 a copy. Other photocopying, postage, long distance telephone charges, federal express, courier service, court and administrative fees, and all other "out of pocket" costs will be billed at actual costs. Travel to and from client is not billed.

Hourly rates may increase upon written amendment by the parties. The firm usually adjusts rates annually.

5/31/01

2c:\data\saclafco\agreement for legal services

**SACRAMENTO COUNTY FEE SCHEDULE
FOR
ENVIRONMENTAL DOCUMENTS**

ACTUAL COST

The actual cost for the preparation of Environmental Documents shall be as follows:

Environmental Certificates of Exemption

The actual cost shall be \$215.00

Initial Studies, Negative Declarations and Environmental Impact Reports

The actual administrative costs shall be \$280.00, plus the actual number of staff hours spent in the preparation of the environmental document times the hourly rate, plus any consultant fees, publications costs, and notices and other materials used in the actual preparation of the Environmental Document.

ESTIMATED FEES

All estimated fees shall be paid prior to the initiation of the environmental analysis.

Estimated fees for the preparation of environmental documents are based upon the complexity of the proposed project and the sensitivity of the site on which the project is to be located.

Any amount expended above estimated fee shall be billed to the project applicant. Any disagreement arising from this latter provision shall be submitted to the Administrator of the Community Development and Neighborhood Assistance Agency of Sacramento County for arbitration. The decision of the Administrator shall be final.

If after accounting of expenditure, the actual cost of preparation of the environmental document is less than the fees charged, the applicant will be refunded the difference.

HOURLY RATE

a) Environmental Coordinator	\$117.00 per hour
b) Assistant Environmental Coordinator	\$ 95.00 per hour
c) Senior Environmental Analyst	\$ 88.00 per hour
d) Associate Landscape Architect	\$ 83.00 per hour
e) Associate Environmental Analyst	\$ 75.00 per hour
f) Assistant Environmental Analyst	\$ 64.00 per hour
g) Administrative Services Officer I	\$ 66.00 per hour
h) Account Clerk II	\$ 47.00 per hour
i) Office Assistants	\$ 41.00 per hour