

**EXPANDING ALAMEDA COUNTY LAFCO'S FEE WAIVER
POLICY: A COMPARATIVE POLICY AND BUDGET
ANALYSIS OF FOUR URBAN COUNTY LAFCOs**

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May 2016

DISCLAIMER

This study has been prepared for the Alameda County Local Agency Formation Commission in Oakland CA. The author conducted this study in partial fulfillment of the requirements for the degree of Master of Public Policy at Mills College. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by Mills College Public Policy Program, the sponsoring organization, or any other agency.

EXECUTIVE SUMMARY

This report analyzes four urban county LAFCOs to determine the best fee waiver policy for Alameda County (AC) LAFCO. It provides the necessary justification needed for AC LAFCO to consider a reasonable, practical fee waiver policy for private party applicants submitting for change of organization (COO) and out-of-agency service agreement (OASA) applicants. Applicants include homeowners and local businesses (not public agencies).

LAFCOs or Local Agency Formation Commissions were created by the California State Legislature under the Cortese-Knox-Hertzberg Act to “regulate government, boundaries, including the power to create and dissolve local agencies and change their boundaries” (Committee, 2013) and are given the authority to make decisions on behalf of the legislature.

State law allows LAFCOs to “reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest. The reduction or waiver of any fee, service charge, or deposit is limited to the costs incurred by the commission in the proceedings of an application” (California State Legislature, n.d.) This standard fee waiver policy sets a base for my analysis of an expanded fee waiver policy for AC LAFCO.

POLICY RATIONALE FOR THIS STUDY

AC LAFCO currently enforces the standard fee waiver policy adopted by the state, which allows LAFCOs to “reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest” (California State Legislature, n.d.). On September 2015, LAFCO received its first waiver request on record from a property owner in the unincorporated Happy Valley area of Alameda County requesting sewer services from the City of Pleasanton, which is adjacent to Happy Valley. The owner stated that the \$3500 application fee for services presented a financial hardship and that the current regulations by Alameda County Environmental Health prohibiting expansion of septic systems forced them to connect to Pleasanton’s sewer system. The state’s current fee waiver policy does not allow LAFCOs to waive the cost of application fees based on financial hardship or special circumstances of applicants in paying the fee.

This report seeks to recommend the best fee waiver policy for Alameda County LAFCO that considers the financial hardship and special circumstances of applicants, specifically for COO and OASA applications, by evaluating the policies and administrative practices of four urban county LAFCOs—Contra Costa, Santa Clara, Los Angeles, and Alameda County.

POLICY ANALYSIS APPROACH

Meeting minutes and agendas are collected for Contra Costa, Santa Clara, Los Angeles and Alameda County LAFCO for FYs 2007 through 2015 to determine the agency’s budget, fee schedule, fee waiver policy, types of applications processed per fiscal year, and the county’s median household income. This information is used to determine the cost of applications;

whether an additional cost is assigned to protest hearings; the overall financial impact to the agency's annual budget; and how other LAFCOs enforce its fee waiver policy. In addition, the median income of households living in the unincorporated communities of the county are collected to determine if the agency's fee waiver policy considers the income of its residents.

EXPLANATION OF POLICY ALTERNATIVES

Four policy alternatives are considered based on the information collected from the County LAFCOs.

1. Status Quo: Maintain status quo fee waiver policy adopted by the state.
2. Full or Partial: Adopt a full or partial fee waiver policy exclusively for private party and DUC applicants who demonstrate financial hardship or special circumstances that warrant a fee waiver.
3. Conditional: Adopt a conditional fee waiver policy for private party and DUC applicants who demonstrate financial hardship or special circumstances that warrant a fee waiver.
4. Island Only: Adopt a fee waiver policy that includes waiver of Island Annexation projects only.
5. Fee Schedule Amendment: Waive protest hearings or COO applications and assign a flat rate of \$4,500.

CRITERION MATRIX

The criterion matrix below is used to evaluate each alternative.

Criteria	Weight
Social Equity	30%
Administrative Feasibility	30%
Mission Alignment	10%
Special Circumstances	30%
Total	100%

Social Equity, *Administrative Feasibility*, and *Special Circumstances* are given a weight of 30%. *Social Equity* considers the financial hardship of applicants in paying the application fees and *Administrative Feasibility* evaluates how well AC LAFCO will continue to operate if it amends its fee waiver policy to consider the financial hardship of applicants.

Special Circumstances addresses whether the policy considers waiving applications fees due to other factors outside of financial hardship. For example, the recent case of the Happy Valley property owners being forced to connect to the City of Pleasanton's sewer system by

the Department of Environmental Health is a special circumstance that could be considered by AC LAFCO. This criteria is also assigned a weight of 20%.

Mission Alignment evaluates how well each policy aligns with AC LAFCO's mission, which is to "work with integrity to protect the quality of life for the citizens of Alameda County by ensuring that government agencies provide efficient municipal services; balancing infrastructure needs for sustainable growth; and conserving the environment and limited resources including prime agricultural and open space lands" (Alameda County Local Agency Formation Commission , 2015). This criteria is assigned a weight of 10%.

RECOMMENDATION

Based on the information provided in this report and my analysis of the policy alternatives, I recommend that AC LAFCO consider adopting either a *Full, Partial or Conditional Fee Waiver Policy* to promote social equity and maintain the administrative feasibility of its staff. Both polices consider the financial hardship of Alameda County residents while ensuring the level of performance from staff is maintained.