

Fines and penalties resulting from the resolution of coastal permit violation are deposited in the State Coastal Conservancy's Violation and Remediation Account.

All the Commission's permit fees currently go to the Coastal Conservancy's Coastal Access Account. Any redirection of increased fees to the General Fund would require legislative action. The Commission plans to seek legislation to redirect a portion of the increased fees to the general fund to be used to augment the Commission's baseline budget. Budget augmentations will be requested and are essential to support additional staff and operating expenses so that the Coastal Commission can meet its legal mandates under the Coastal Act and provide essential and timely services to the public.

The purpose of the amendments is to establish fees that are based on a portion of the average costs that the Commission incurs in processing permit applications and other filings. Currently, the Commission's filing fee revenue, which is directed to the Coastal Access Account, constitutes approximately 8% of its regulatory budget. The proposed amendments would increase the filing fee revenue so that it would constitute up to 50% of the Commission's regulatory costs and budget. Because there are numerous categories of regulatory actions that the Commission cannot charge fees for, such as Local Coastal Program amendments and public agency applications, the Commission thinks that a target of 50% of the Commission's regulatory costs is appropriate.

To establish appropriate fee amounts, Commission staff first analyzed the complexity of applications that are received within each fee category. Fees for more complex applications are higher than fees for less complex applications. Elements of complexity that affect the proposed fee amounts include: the square footage of the proposed development; the total cost of development; the typical number of technical studies associated with the development; the time and expertise required to perform services applied for; and the impact of the development on coastal resources, which requires analysis under the Coastal Act.

Commission staff also conducted a survey of local governments which charge fees in the Coastal Zone for application review that is similar to the application review performed by the Commission. A detailed description of the survey can be found below in the section titled, "Technical Studies." This survey was used to ensure that the proposed fees are not excessive in comparison to those charged by local governments.

AMENDMENTS

The following breaks the amendments down by subsection and describes the purpose and rationale for each of the proposed amendments.

13055(a)

The proposed revision divides the filing fees into section (a) which addresses fees for coastal development permit applications and section (b) which addresses all other types of filings. The purpose of this revision is to make the regulations clear and easy to follow.

13055(a)(1)

The proposed revision raises the fee for an administrative permit from \$200 to \$2,500. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for administrative permits. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(a)(2)(A)

The proposed revision adds the phrase “For up to 4 detached, single-family residences the fee for each residence” so that fees for projects with 4 or fewer residences would be differentiated from fees for projects with more than 4 residences. The current regulations require each single-family residence in a development to be charged separately. However, the fee structure would cause the following problem: because there is a maximum fee in subsection (f) of \$100,000 for residential development, if the full fee was charged for each residence in a large development, then the developer of a project with 22 residences between 1,501 and 5,000 square feet would be charged the same fee as a developer of a project with 200 single family homes of the same size. Both would be charged the maximum fee of \$100,000. To minimize this discrepancy, a separate fee structure has been included in section (a)(2)(B) for developments of more than four detached, single-family homes. Therefore, the purpose of the proposed revision is to ensure that developments which create larger impacts and require more analysis are charged a higher fee than developments which cause smaller impacts and require less analysis.

The proposed revision increases fees for up to 4 detached, single-family residences. The current fee for each home under 1,500 square feet is \$250 and the proposed fee is \$3,000. The fee for homes from 1,501 to 5,000 square feet is currently \$500 and the proposed fee is \$4,500. The fee for homes that are more than 5,001 square feet is currently \$1,000. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for single-family residences. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

The proposed revision adds fees for residences between 5,001 and 10,000 square feet and for residences larger than 10,001 square feet. The proposed fee for residences between 5,001 and 10,000 square feet is \$6,000 and the fee for residences over 10,001 square feet is \$7,500. The current regulations have one fee for all homes over 5,001 square feet. However, many new residences are 10,000 square feet or more, and it would be inappropriate to charge the same fee for residences between 5,001 and 10,000 square feet as for residences that are larger than 10,001 square feet, because larger homes cause more coastal impacts that need to be reviewed and considered. The purpose of the proposed revision is to update the Commission’s fee structure to reflect current trends in land development and to ensure that developments which create larger impacts and require more analysis are charged a higher fee than developments which cause smaller impacts and require less analysis.

13055(a)(2)(B)

In subsection (a)(2)(B), a new fee structure is proposed for detached single family developments of more than four residences. For these applications, the fee is based on the size of the residences being built. For more than four residences of 1500 square feet or less, the fee is either \$15,000 or \$1,000 per residence, whichever is greater. For more than four residences between 1,501 and 5,000 square feet, the fee is either \$22,500 or \$1,500 per residence, whichever is greater. For more than four residences between 5,001 and 10,000 square feet the fee is either \$30,000 or \$2,000 per residence, whichever is greater. And for more than four residences of 10,001 square feet or more, the fee is \$37,500 or \$2,500 per residence, whichever is greater. For all residential development, there is a maximum fee of \$100,000. For developments with residences of different sizes, the fee will be based on the average size of all the residences.

13055(a)(2)(C)

The proposed revision adds a definition of square footage. The purpose of the revision is to clarify which structures in a development should be included in the square footage which is used to calculate the fee described in sections 13055(a)(2)(A) and 13055(a)(2)(B). The proposed definition includes all enclosed structures, regardless of their habitability because all structures cause coastal impacts which need to be reviewed by staff before issuing a permit. Currently, the regulations do not specify a method for calculating square feet, so the purpose of the proposed revision is to clarify ambiguities.

13055(a)(3)

The proposed revision moves the fee for lot line adjustments to subsection 13055(e) and deletes the phrase “for divisions of land where there are single family residences already built and only one new lot is created...” The purpose of moving the fee for lot line adjustments is because it is more appropriate to include lot line adjustments with subdivisions in subsection (e) than to keep it grouped with multi-family development as it was in subsection 13055(a)(3). The purpose of deleting the phrase “for divisions of land where there are single family residences already built and only one new lot is created...” is that the circumstance this describes is infrequent and would be categorized as a subdivision and charged accordingly.

13055(a)(3)(A)

The proposed revision rewords the subsection for clarification. The purpose of this revision is to create regulations which are clear and easy to follow.

The proposed revision increases the fee for up to 4 multi-family residential units from \$600 to \$7,500. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for multi-family residences. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(a)(3)(B)

The proposed revision rewords the subsection for clarification. The purpose of this revision is to create regulations which are clear and easy to follow.

The proposed revision increases the fee for more than 4 multi-family residential units from a minimum of \$2,000 to a minimum of \$10,000, increases the fee per unit from \$120 to \$750, and increases the maximum fee from \$20,000 to \$50,000. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for multi-family residences. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(a)(4)

The regulations currently require a \$200 fee for residential projects that include more than 75 cubic yards of grading. The proposed amendments would change this in four ways. First, the grading fee would apply to all projects, not just residential. Second, the cutoff of 75 cubic yards that triggers an additional fee would be lowered to 50 cubic yards. Third, the fee structure would include five increments of grading amounts. And fourth, the fee would be raised. The new fees are proposed as follows:

Cubic Yards of Grading	Proposed Fee
51 to 100	\$500
101 to 1000	\$750
1001 to 10,000	\$1,000
10,001 to 100,000	\$1,250
100,001 or more	\$1,500

The grading fee was first added to the regulations in 1991 to cover the cost of the additional time necessary to review the impacts of large amounts of grading. The 1991 fee schedule also included a \$5 fee for every additional 1,000 cubic yards of grading, but this additional fee was removed in 1998 because it was considered to be too small to warrant the calculation. However, an increased fee for more grading is appropriate because more grading causes more impacts and requires more review. The Commission is proposing to use the grading fee schedule put forth in the Uniform Building Code (UBC) and to apply it to all types of projects, not just residential projects. The UBC schedule will add more cubic yard increments, so that large amounts of grading will be charged a larger fee than small amounts of grading. The purpose of this revision is to create a fee structure which reflects the additional time required to review larger amounts of grading and the associated disturbances.

13055(a)(5)

The proposed regulations are amended so that when calculating the fee for commercial and industrial developments, the fee will be based upon either the gross square footage or the development cost, whichever is greater.

The proposed fees are as follows:

Fees based upon gross square footage

Square Footage	Current Fee	Proposed Fee
1000 or less	\$500	\$5,000
1001 to 10,000	\$2,000	\$10,000
10,001 to 25,000	\$4,000	\$15,000
25,001 to 50,000	\$8,000	\$20,000
50,001 to 100,000	\$12,000	\$30,000
100,001 or more	\$20,000	\$50,000

Fees based upon development cost

Development Cost	Current Fee	Proposed Fee
\$50,000 or less	N/A	\$3,000
\$50,001 to \$100,000	\$600	\$6,000
\$100,001 to \$500,000	\$2,000	\$10,000
\$500,001 to \$1,250,000	\$4,000	\$20,000
\$1,250,001 to \$2,500,000	\$8,000	\$25,000
\$2,500,001 to \$5,000,000	\$12,000	\$30,000
\$5,000,001 to \$10,000,000	\$20,000	\$50,000
\$10,000,001 to \$100,000,000	N/A	\$100,000
\$100,000,001 or more	N/A	\$250,000

The proposed revision adds new fee categories for projects with a development cost of less than \$50,000, between \$10,000,001 and \$100,000,000, and more than \$100,000,001. The purpose of the new fee for projects less than \$50,000 is to create a smaller fee for small projects. The purpose for new fee categories more than \$5,000,001 is that project costs have increased substantially since the regulations were amended in 1991. At that time, a project with a development cost of over \$5,000,000 may have been a very large project. However, today a \$5,000,000 project may be small, and a large project may cost more than \$100,000,000 to develop. The current regulations charge the same fee for a \$5,000,000 project as for a \$100,000,000 project. The proposed revision would ensure that larger projects are charged larger fees.

The proposed revision increases the fee in each category. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for commercial and industrial applications. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

Currently, commercial and industrial developments are charged either by the total square feet of development or by the total development cost of the project. However, there is no indication in the current regulations as to how to choose between the two different methods of calculating the filing fee. To clarify this, the proposed regulations require the higher of the two fees be charged.

Also, the term “development cost” is used in the current regulations but is not defined. To make the regulations clear and easy to follow, the following definition of “development cost” has been proposed:

“all expenditures, including the cost for planning, engineering, architectural, and other services, made or to be made for designing the project plus the estimated cost of construction of all aspects of the project both inside and outside the Commission’s jurisdiction.”

This is the same definition that is used by the San Francisco Bay Conservation and Development Commission.

The proposed revision includes “all other development not identified in this section.” The purpose of including this statement is that some projects, such as residential remodels, cannot be charged a fee based on square footage, and the regulations do not provide an alternative fee schedule for such projects. The proposed revision would cause such projects to be charged according to the total development cost of the project. However, it is often the case that small residential projects are issued waivers, which have a proposed fee of \$500, or administrative permits, which have a proposed fee of \$2,500.

Major energy facilities are currently charged a flat fee of \$20,000. The Commission considered proposing a higher flat fee as a part of this regulation update. However, a flat fee for energy facilities may not be appropriate given the wide range of energy projects that are expected to be developed in the future. New alternative energy facilities could potentially be far smaller in scope than traditional petroleum facilities. Therefore, the proposed regulations require energy facilities be treated as any other industrial development. The purpose of this revision is to ensure that small energy projects are charged a smaller filing fee than large energy projects.

13055(a)(6)

The proposed revision increases the fee for immaterial amendments from \$200 to \$1,000. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing amendments. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(a)(7)

The proposed revision increases the fee for emergency permits from \$200 to \$1,000. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for emergency permits. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(a)(11) through (a)(14)

The proposed revision moves these regulations to subsection (b). The purpose of this revision is to make the regulations clear and easy to follow by dividing them into two distinct categories: fees for coastal development permit applications and fees for all other filings.

13055(a)(8)

The proposed revision increases the fee for temporary permits from \$500 to \$2,500. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for temporary permits. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(b)

The proposed revision creates subsection (b) which only addresses filings other than coastal development permit applications. The purpose of the revision is to make the regulations more clear and easy to follow.

13055(b)(1)

The proposed revision moves the fees for extensions and reconsiderations from subsection (a) to subsection (b). The purpose of the revision is to include these fees in the subsection which addresses filings other than coastal development permit applications in order to make the regulations clear and easy to follow.

The proposed revision increases the fees for extensions and reconsiderations from \$200 to \$500 for single-family dwellings, and from \$500 to \$1,000 for all other development types. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for extensions and reconsiderations. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(b)(2)

The proposed revision moves the fee for waivers from subsection (a) to subsection (b). The purpose of the revision is to include this fee in the subsection which addresses filings other than coastal development permit applications in order to make the regulations clear and easy to follow.

The proposed revision increases the fee for waivers from \$200 to \$500. The purpose of this increase is to establish fees that are based on a portion of the average costs that the Commission incurs in processing waivers.

13055(b)(3)

The proposed revision adds a new fee for written exemptions. Written exemptions are often requested by project applicants who are unsure if they need a Coastal Commission permit before starting their project. Exemptions often require many hours of staff research. Therefore, the purpose of the revision is to add a fee for a service provided by staff which is commensurate with the amount of work necessary to complete the task.

13055(b)(4)

The proposed revision moves the fee for continuances from subsection (a) to subsection (b). The purpose of the revision is to include this fee in the subsection which addresses filings other than coastal development permit applications in order to make the regulations clear and easy to follow.

The proposed revision increases the fee for continuances from \$100 to \$1,000. The purpose of this increase is to establish a fee that is based on a portion of the average costs that the Commission incurs in processing applications for extensions and reconsiderations. In establishing new fee categories and levels that achieve this objective, the Commission has used fees currently charged by local governments for similar development categories as guidance.

13055(b)(5)

The proposed revision assigns the same filing fees for consistency certifications and for certain appeals that are charged for coastal development permit applications according to subsection (a). The purpose of the revision is to charge the same fees for these items as for coastal development permit applications because they require the same level of review.

13055(b)(5)(A)

The proposed revision adds a filing fee for consistency certifications. The federal regulations which authorize the Commission to require consistency certifications, 15 CFR Part 930, Subparts D and E, are silent with regard to the charging of filing fees by states for consistency certifications. The purpose of the revision is to ensure the Commission is receiving fees for all of the filings it is legally able to charge fees for. It is not possible for the Commission to charge fees for public agency applications or for local coastal program amendments.

13055(b)(5)(B)

The proposed revision adds a filing fee for appeals which are denied at the local level. The proposed revision will apply to only a very small percentage of appeals. The purpose of the revision is to charge a fee only for appeals in which the applicant is requesting additional review from the Commission.

13055(b)(6)

The proposed revision adds a filing fee for requests for boundary determinations. Currently, there is no fee for boundary determinations. Mapping staff regularly performs these determinations which can be quite complex, require written notice and take many hours of staff time to perform. The proposed fee for boundary determinations is \$250. The purpose of the revision is to ensure the Commission is receiving fees for all of the filings it

is legally able to charge fees for. It is not possible for the Commission to charge fees for public agency applications or for local coastal program amendments.

13055(b)(7)

The proposed revision amends the filing fee for boundary adjustments. It moves the fee from Section 13255 and establishes one fee for boundary adjustments. The Commission may adjust the boundary of the Coastal Zone pursuant to Coastal Act section 30103(b). Boundary adjustments require staff reports and review by the Commission, and they generally require a level of review similar to that required for reviewing a new house. Therefore, a fee of \$5,000 for boundary adjustments has been proposed. The current fee regulation found in 13255.2 has not been updated since the Commission's first regulations were adopted in 1973, and the fee structure is based on the size of the parcel that will be affected by the adjustment. However, the Commission staff has determined that the time it takes to review a boundary adjustment has little relationship with the size of the parcel. Therefore, the Commission is proposing only one fee.

13055(c)

The proposed amendment adds an automatic fee escalator to the Commission's fee regulations. This fee escalator will allow the Commission to adjust its fees each year by the amount of inflation determined by the California Consumer Price Index. It states that each year, the new fees as adjusted by the California Consumer Price Index will become effective July 1. The Commission will calculate the new fees after the Department of Industrial Relations publishes the annual index value, and then will adjust the fee schedule that is issued to the public and posted on the Commission's website. The purpose of this automatic escalator is to ensure that filing fees are increasing at least at the rate of inflation, and that future fee increases will not be as substantial as the current one.

13055(d)

Subsection (d) is for after-the-fact (ATF) permits. ATF permits enable the Commission to authorize development that has been completed without a permit, when that development can be found to be consistent with the Coastal Act. The proposed fee for ATF permits is five times the normal fee. Local governments in the Coastal Zone charge from 2 to 9 times the regular filing fee for ATF permit authorization. This is because ATF permits require more review than normal permits. Often, more site visits than usual are required to analyze the site as it would have been before the unpermitted development occurred. It is far more difficult to assess environmental impacts and to devise conditions for mitigating environmental impacts after development has occurred. To ensure that the few ATF permits that do not require substantial staff time are not overcharged, the proposed regulations allow the executive director to reduce the ATF filing fee when appropriate. However, the fee would never be allowed to be less than two times the regular filing fee.

The proposed regulations also clarify that the ATF fee is only charged for the portion of the application which has been developed without a permit. This is important because applicants often request ATF approval of development at the same time that they apply for a larger development. For example, an already completed well might be applied for at the same time that an applicant applies for a permit to build a house. In this circumstance, the

proposed regulations would require ATF fees only for the portion of the project that was carried out without a permit.

13055(e)

Under the Commission's current regulations, if an applicant requests a permit for a subdivision and construction of residences, the applicant is only charged the fee for review of the residences. This exemption from the fee for subdivision review is inconsistent with the staff time required to review the two elements of the project. A subdivision requires Commission and staff review time, regardless of when the residences are built. The proposed subsection (e) removes the exemption from subdivision fees when an applicant proposes both subdivision and construction of residences.

The existing regulations have the fee for subdivisions equal to the fee for single family residences, so that each new lot created by a subdivision is charged the same fee as a single family residence. However, the current regulations have three different fees for three different sizes of residences, and the regulation regarding subdivisions does not say which fee should be applied. To clarify this, the proposed revisions set forth a \$3,000 fee for each of the first four lots, and \$500 for each additional lot. The fee of \$3,000 was chosen because it is the proposed fee for the smallest house on the fee schedule. The fee was reduced to \$500 for each lot over 4 lots because the level of review required for 20 lots, is generally less than 20 times that required for the review of 1 lot.

The proposed revision includes filing fees for conditional certificates of compliance in subsection (e). Conditional certificates of compliance legalize lots that were subdivided in a manner that did not conform to legal requirements that were applicable to that subdivision at the time it occurred. The purpose of this revision is that conditional certificates of compliance require a similar level of review as for an application for a new subdivision.

The fee for lot line adjustments is currently \$600, and the amended fee is proposed to be \$3,000. This is the same fee as is proposed for the creation of one new lot through a subdivision. This is an appropriate fee because the Commission and staff must review the impacts of the new configuration of two lots on the development potential or existing development and also on the surrounding development.

13055(f)

The existing regulations require applicants to pay separate fees for different types of development, even if they are included in one application. The proposed amendments do not revise this. However, the current maximum fee is \$20,000, which is also the highest current fee for any fee category. The proposed revision raises the maximum fee to the highest proposed fee for any one fee category: \$250,000. The proposed revision also limits the fees for residential development, so that the maximum fee is \$100,000.

13055(g)

The proposed revision deletes the words “in consideration of” and replaces them with “processing”, to clarify the language and make it consistent with the language of section 30260(c)(1) of the Coastal Act.

13055(h)

Subsection (h)(1) is an existing regulation which allows the Commission to reduce fees where they feel it is necessary or appropriate.

In subsection (h)(2), the proposed revision reduces the fee for certain affordable housing developments. The purpose of this revision is to encourage affordable housing in the Coastal Zone.

Government Code section 65915 and Government Code section 65590 require local governments to provide density bonuses and other incentives for the construction of affordable housing. Several local governments in the Coastal Zone, including County of Marin, City/County of San Francisco, County of San Mateo and the City of San Diego, now offer the option of deferred or reduced filing fees for affordable housing.

The Coastal Act also addresses the need to encourage affordable housing. Section 30604(g) of the Coastal Act states:

“The Legislature finds and declares that it is important for the Commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.”

In subsection (h)(3), the proposed revision reduces the fee for green building. Coastal Act section 30253 requires new development to minimize energy consumption. Green buildings can significantly reduce the energy required to construct and operate commercial, industrial and residential buildings. The energy reduction can come from using sustainable building materials, incorporating development with public transportation, designing more efficient heating and cooling, and designing buildings that utilize efficient lighting.

Reducing fees for green buildings is a powerful incentive the Commission can utilize to encourage new development to go beyond the requirements of the Coastal Act in energy conservation.

13055(i)

The current regulations have a subsection which addresses a situation in which the applicant pays for an administrative permit, but then the project, or project circumstances, changes in a way that requires a regular permit. In this situation, the regulations require the applicant to either pay the regular filing fee before the public hearing, or prior to the issuance of the permit.

The proposed revision expands this section to require applicants to pay the filing fee of the final project application that is reviewed. If a project changes so that the fee would be

larger, then an increased fee would be charged. And if a project changed so that the fee would be smaller, then a refund would be given, but only in circumstances where staff has not already performed substantial work on the initial application.

For example, if an applicant is proposing to subdivide a property into 3 lots and build 3 homes, but then changes the project to subdivide the property into 5 lots with 5 homes, then the applicant would be required to pay the fee necessary for the review of 5 lots with 5 homes. If, however, the applicant initially proposed to subdivide the property into 5 lots with 5 homes, but decided very early on in the review process to subdivide the property into 3 lots with 3 homes, a refund would be given. If the applicant were to reduce the scope of the project late in the review process, or after the staff report was written, they would not be eligible for a refund.

The purpose of this revision is to ensure that the Commission's fees are directly related to the amount of Commission and staff time required to review the associated filings.

13169(d)(1)

Section 13169 of the Commission's regulations describes permit extensions. Permit extensions can be requested by applicants that have not begun their project before the original permit's expiration. Often, it is found that there have not been changed circumstances, and a permit extension can be granted. However, when changed circumstances are found by the Commission, the applicant is required to submit additional information regarding the changed circumstances, and then a de novo review of the permit is performed.

The current regulations do not require the applicant to pay a filing fee when changed circumstances have been found. However, the current application form conflicts with this, and does require payment of a fee when changed circumstances have been found. The time it takes to perform a de novo review of a permit under changed circumstances is similar to the time and effort it takes to review a new application. Therefore, the proposed revision amends section 13169 to require submittal of the appropriate filing fee before the de novo review, as called for in the current application form. The purpose of this revision is to ensure that the Commission's fees are directly related to the amount of Commission and staff time required to review the associated filings.

13255.0

The proposed revision adds boundary determination requests to this section, which previously applied only to boundary adjustments. The purpose of this revision is to add boundary determinations request to the regulations. Previously, boundary determinations were performed by staff, but they were not detailed in the regulations.

13255.1

The proposed revision makes reference to the fee for boundary determinations put forth in section 13055(b)(6). The purpose of the revision is to ensure the regulation regarding boundary determinations is clear and references the appropriate fee.

13255.2(d)

The proposed revision moves the fees for boundary adjustments from this subsection to subsection 13055(b)(7). The reason for this revision is to put all fees in the fees section 13055, so that the regulations are clear and easy to follow.

13576(c)

Section 13576 applies to maps created after Local Coastal Program certification that show adopted boundaries. This section also applies to the process for revising and interpreting boundary determinations. The proposed revision adds a new subsection to 13576. The new subsection (c) would require a fee for interpretation or revision of boundaries on post-certification maps, and a fee for determining the location of a parcel in relation to the boundaries shown on the map. The purpose of this revision is to ensure that the Commission's fees are directly related to the amount of Commission and staff time required to review the associated filings.

TECHNICAL STUDIES

The Commission has determined that its filing fees should be updated so that they are not excessive in comparison to those charged by local governments in the coastal zone. To aid in the determination of fees that are typical in the coastal zone, staff performed a full comparison between the Commission's current fees and the planning fees of the following five local agencies: County of Sonoma, County of San Mateo, County of Santa Barbara, City of Huntington Beach and City of Oxnard. These particular local governments were chosen for three main reasons: their fee categories are relatively similar to the Commission's; the majority of their fees are flat fees, not fees based on cost recovery; and, they represent both rural and urban areas of the Coastal Zone.

The survey of local governments was relied on to develop a general idea of what planning fees are in the coastal zone. A direct comparison of the fees was impossible because different agencies have different fee categories, and because services for each category are grouped into the fees in different ways. For example, the County of San Mateo charges separate fees for design review and water quality review, but these services are included within the Commission's current fees. To resolve this conflict, staff obtained a minimum and maximum fee from each of the five agencies for each of the Commission's fee categories. Then, the mean average of the minimum and maximum fees for each category was calculated. Staff also conducted interviews with staff members from each of the agencies surveyed to ensure correct interpretation of the fee schedules.

It is important to note that the fee comparison did not include the local governments' fees for environmental review, and therefore portray the local government review fees below what they actually are. Because local governments are generally the CEQA lead agency, they charge fees for the preparation of CEQA documents. These fees are substantial, and are often charged on a cost recovery basis. Although the Commission is often a responsible agency, not the lead agency, it still performs an in-depth review of the lead agency's document.

In some cases, often with seawalls and piers, the Commission does act as the CEQA lead agency and prepares functionally equivalent documents, pursuant to the certification that the Secretary of Resources has granted to the Commission pursuant to section 21080.5 of the CEQA. However, these applications are not charged an additional fee on the basis of the Commission's status as lead agency. Instead, the CEQA review service is included in the normal fee.

ALTERNATIVES

The Commission has considered four alternatives to the proposed regulations. The first alternative is to make no changes to the regulations. The second is to increase the existing fees according to the inflation that has occurred since they were established in 1991. The third alternative is to increase the existing fees by 8, as was done in the most recent fee increase which took place in 1991. And the final alternative considered by the Commission is to charge fees based on a cost recovery system.

The first alternative is to make no changes to the regulations. However, the fees the Commission currently charges applicants are low and cover only a very small portion of the costs for the Commission's regulatory program. The Commission's filing fees have not been raised since 1991 and they are substantially lower than the fees charged by local governments with certified LCPs.

The second alternative is to increase the existing fees according to the inflation that has occurred since they were established in 1991. However, an increase based on inflation is not sufficient to address the time and effort it takes to review projects in the current environment. The change in inflation from 1991 to 2006, calculated using the California Consumer Price Index, is approximately a multiplier of 1.5.¹

The third alternative is to increase the existing fees by 8, as was done in the last fee increase which took place in 1991. However, if the Commission were to apply this increase, some fees would be disproportionate to the time spent by staff to review the applications, and some fees would be disproportionate to each other. For example, the fee for a 12,000 square foot commercial building would be \$16,000 more than the fee for an 8,000 square foot commercial building.

The final alternative is to charge fees based on a cost recovery system. Many government agencies charge filing fees based on cost recovery. In these agencies, all staff involved in the review of a project track the time spent on each filing, and the applicant is charged accordingly. Cost recovery systems cause more complicated applications to be charged more, and less complicated applications to be charged less. However, a drawback of cost recovery systems is that the cost of staff review to the applicant is difficult to predict. A full cost recovery system would result in much higher fees to applicants. Therefore, flat fees are the most predictable and most fair to the applicant.

Also, the Commission's current staff structure could not support a cost recovery system. It is time consuming for analysts to track their time, it would require additional staff in the accounting

¹ The 2006 Annual California Consumer Price Index value was 210.5. The 1991 Annual California Consumer Price Index value was 140.6. Change in inflation from 1991 to 2006 is $210.5/140.6 = 1.497$

department, and it may result in applicants disputing the amount of time spent analyzing their applications.

SIGNIFICANT ADVERSE IMPACT ON BUSINESS

The proposed amendments will not have a significant impact on business, or impair the ability of California businesses to compete with businesses in other states. This is because only a very small percentage of businesses in the Coastal Zone are required to pay the Commission's filing fees. These are the businesses which voluntarily elect to undertake development in the coastal zone and as a result, submit permit applications and other filings to the Commission. Additionally, once a local government has coastal permitting authority to issue permits within their jurisdiction, businesses will then apply for a coastal development permit from their local government. Also, these businesses are only required to pay a one time fee, typically at the time of development, which is a very small percentage of the project's total development cost. Furthermore, the Commission's proposed fees are not excessive in comparison to those charged by local governments which issue coastal development permits in the Coastal Zone.

COMPARABLE FEDERAL REGULATIONS

There are no existing comparable federal regulations or statutes.