



Kings River East

Groundwater Sustainability Agency

To: Board of Directors
From: Marc Limas
Subject: Miscellaneous Fee Schedule
Project:
Date: February 21, 2019

Introduction

This memorandum recommends new miscellaneous service fees for the Kings River East Groundwater Sustainability Agency (KREGSA). Miscellaneous service fees are subject to the provisions of Proposition 26 and are distinct from annual assessments. All miscellaneous fees are exempt from the voting requirements of Proposition 26. Cost-of-service fees were calculated based on staff time and materials. A summary of the proposed fees is provided below.

Miscellaneous Services	Fee
ACH Payments	\$2.00 per transaction
Credit Card Payments	4% of Transaction
Returned Checks	\$25.00
Late Fee	3% of current Invoice Balance

Legal Requirements

Miscellaneous fees levied by state and local governmental agencies must meet the requirements of Proposition 26, a Constitutional Amendment that was narrowly approved by California voters on the November 2010 ballot. Proposition 26 fees are distinct from assessments, which are considered property related fees and subject to the provisions of Proposition 218. Proposition 26 redefines fees and charges levied by local agencies as “taxes”, which are subject to voter approval. However, Proposition 26 included seven exceptions under which local fees are not considered taxes and are therefore not subject to voter approval. The miscellaneous fees described in this memorandum meet one or more of these criteria to be exempted from voter approval as a tax. These exceptions include:

- A fee that is imposed for a special benefit or privilege provided to an individual, does not exceed the reasonable cost of service, and does not provide broad, general benefits to others in the community;
- A fee imposed for a specific government service or product provided directly to the person paying the fee, that does not exceed the reasonable cost of providing service;

- A charge imposed for reasonable regulatory costs (i.e. licenses, audits, inspections, permits) that does not exceed the reasonable cost of service;
- Rental or lease fees charged for the use of or entrance to governmental property;
- Fines or penalties imposed for violations of the law;
- A charge imposed as a condition of property development.
- Assessments and property-related fees imposed under the provisions of Proposition 218, such as assessments.

For fees that cannot exceed the reasonable cost of service, KREGSA can charge up to the cost of providing service, but also has the option of charging less than the cost of service at its discretion.

Fee Calculations

ACH Payments

The fee charged by KREGSA's vendor, Merchant Partners, to process payments is currently: \$10.00 per month plus \$.50 per transaction. The annual fee is therefore \$120.00. To pay the annual fee, sixty (60) transactions must be processed at a \$2.00 fee. Those sixty (60) transactions will incur a fee of \$0.50 per transaction, adding an additional cost of \$30.00, increasing the total annual fee to \$150.00. To recoup the \$150.00 annual fee, KREGSA must process seventy-five (75) transactions annually. Because the ACH payment option is a new service KREGSA offers, it will be difficult to process seventy-five (75) transactions in the first year. However, once KREGSA consistently processes over seventy-five (75) transactions annually, the fee may be reduced. KREGSA will review this fee annually.

Credit Card Payments

The fee charged by KREGSA's vendor, Merchant Partners, to process credit card payments is: four percent (4%) on the transaction amount. This cost will be passed on to the landowner at cost.

Returned Checks

Rabobank charges KREGSA \$12.00 for returned checks. Additional staff time to process a returned check, contact customer, collect and process a new payment invoice, takes staff an additional thirty (30) minutes of time. As such, KREGSA intends to charge a total fee of \$25.00 for all returned checks.

Late Fee

After April 30, 2019, additional staff time will be used to collect outstanding balances by contacting customers. Also, additional costs of remailing invoices will be incurred. A nominal late fee of, three (3) percent of the current invoice balance will cover these additional costs.