



# **Rancho Santa Fe Association**

## **Board of Directors**

### **Staff Report – Board of Directors Update**

**Date: May 6, 2021**

**By: Maryam Babaki, Building Commissioner**

**Item: 2021-2022 Budget-Proposed Building Department Fee increase**

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#### **Executive Summary:**

As part of the 2021-2022 Budget, the Rancho Santa Fe Building Department has undertaken a study of the application fees that are charged to members applying for improvements to their properties. The last time the application fees were updated was in 2017. Since then a combination of staffing levels, an increase in the Consumer Price Indices, as well as a comparison of the fees charged in the nearby associations and communities appear to support a ten (10) percent increase in the applications fees.

#### **Background:**

The proposed fee increase reflects the study of several factors that generally influence fees charged for the services. They include such factors as cost recovery, Consumer Price Index levels, as well as a comparison of fees charged for similar services in similar communities to Rancho Santa Fe.

#### Cost Recovery

The Building Department staff reviews, analyzes, prepares reports, and presents more than 600 applications over the course of the year to the Art Jury. All new development and improvement applications are examined to ensure high standard of artistic result as required by the Rancho Santa Fe Protective Covenant, the Regulatory Code, and the Residential Design Guidelines. Upon approval by the Art Jury, staff issues building permits and conducts interim inspections during construction to ensure adherence to the approved application. Furthermore, Per the Board direction to improve Art Jury consistency and an emphasis of the role of the Building Department as gatekeeper, the Department has adopted standard operating practices that include a rigorous review of applications for adherence to the governing documents, and generating a written report for each application that includes detailed analysis and staff recommendation. This higher level of review and written analysis means that the average time that staff spends on each application has increased exponentially compared to previous years.

The Building Department is also engaged in updating the Regulatory Code and Residential Design Guidelines to address gaps, deficiencies, state and local regulatory changes, industry trends and technological advances in the 30 years since the documents were written. The Building Department also includes the Code Enforcement unit that investigates and addresses Covenant and Code violations to help maintain the character of the community.

The proposed increase in fees is an attempt for some recovery of the costs of additional resources and staffing time required for more intensive reviews and increased code enforcement activities.

### Consumer Price Index

The last time the Rancho Santa Fe Building Department fees were updated was in 2017. Since then the San Diego area Consumer Price Index has risen by 11.8% reflecting the general inflation and cost increases and a need for adjusting the fees charged for services.

### Fees charged by other communities

The Building Department staff conducted a preliminary review of fees charged in nearby and similar associations such as Cielo, Fairbanks Ranch, and Bridges, as well as the communities of Del Mar and Encinitas. Based on this preliminary review, it appears that the fees charged by the Rancho Santa Fe Covenant Building Department are below average.

### **Analysis:**

The proposed 2021-2022 Budget by the Planning and Building Department reflects a 10% increase in revenues. This increase appears to be a reasonable expectation as many of the RSF approved projects over the past year have been in a queue waiting for approvals from the San Diego County that was experiencing slowdowns due to COVID 19 impacts. The RSF Building permit fees are imposed after the County approvals and before the start of the construction. Furthermore, an increase in application fees to accomplish some cost recovery, adjusting for inflationary factors, and reflecting the fee levels for similar communities would narrow the gap between the expenses and the revenues.

The Building Department staff will continue to gather and compile application fee data from similar associations and communities and will present the findings at the June 15, 2021 Board meeting.

### **Recommendation:**

Upon completion of the fee study by the Building Department, consider a ten (10) percent increase in application fees. The complete study and the required process for the fee increase will be presented at the June 15, 2021 Board Meeting.