Land Development: Fee Analysis and Description

Overview

The Land Development cost proposal, which includes hourly rates, fees, and deposits for the processing of discretionary land development and building permit applications by Planning & Development Services (PDS), Department of Public Works (DPW), and Department of Parks and Recreation (DPR) (collectively "the Departments").

Using cost recovery funding, the Departments provide services that range in diversity and complexity and serve a wide variety of customers. Services include environmental and construction plan review, development project review, health and safety inspections of homes, and inspections of public infrastructure, such as roads, parks, and trails. The review of privately initiated land development and building permit applications ensures the safe design and construction of structures and infrastructure to protect the public. The Departments work in communities in the unincorporated area, conducting more than 35,000 inspections and processing more than 10,000 land development permits annually. Through these services, the County of San Diego (County) balances environmental, community, and economic interests to enhance the quality of life for residents and visitors in the unincorporated area of the region.

Fees

The fees proposed today for Fiscal Year (FY) 2026-27 are necessary to address cost changes, such as increased salaries and benefits costs and to ensure full cost recovery, except where the Board has previously directed the waiver of fees. Approximately 80% of the department's costs are fixed, such as salary and benefits, retirement contributions, services, and facilities, while 20% of the department's costs are determined by the department based on operational needs, such as services and supplies. This proposal reflects known costs and ensures full cost recovery for continued delivery of services to our customers and communities. By reviewing and updating fees annually, the Departments can recover costs in a consistent and predictable manner, while also providing stakeholders with an opportunity to plan for smaller, more incremental fee increases as stakeholders have requested.

Cost Containment

Recognizing that many customers are incurring rising costs due to inflation, the Departments continue to focus on cost containment through innovation, efficiencies, and streamlining so that those savings can be applied where possible. The Departments have worked to contain costs and have applied approximately $2,900,000 in operational savings from streamlining measures or efficiencies. PDS has implemented cost savings programs, such as online payments, electronic approvals, expansion of online permit applications, text message building inspection management, and utilization of a mobile field inspection application. DPW has implemented tools that automate work previously done manually, such as reports and stormwater inspection scheduling, self-service tools, and a mobile inspection application. For PDS, without this cost containment, building fees would have needed to increase an additional 7.6%, and planning and land development hourly rates would have increased an additional 3.7% on average. For DPW, the average intake deposit would have increased an additional 4.5%, and land development hourly rates would have increased an additional 5.9% on average without cost containment efforts.

Cost Recovery Proposal

If approved, the cost recovery proposal will be effective in FY 2026-27 beginning on July 1, 2026. (Attachments X and X, Ordinances) The proposed fees would remain in place until further adjusted by ordinance and approved by the Board.

As part of this fee proposal, the Departments evaluated 153 fees and propose to increase 140 fees and decrease 6 fees. Additionally, 7 fees are proposed not to change. The Departments evaluated 110 intake deposits and added 1 new intake deposit. The Departments propose to increase 104 deposits, decrease 3 deposits, and 3 intakes deposits are not proposed to change.

For PDS, the proposed average flat fee increase requested in this cost recovery proposal is equivalent to a 3.5% increase, the average intake deposit change is a 3.9% increase, and the average hourly rate change is a 3.3% increase and results in additional costs and revenue of $1,391,000 in FY 2026-27.

For DPW, the proposed average flat fee increase requested is equivalent to a 4.2% increase, the average intake deposit change is a 2.7% increase, and the average hourly rate change is a 3.7% increase and would result in additional costs and revenue of $261,000 in FY 2026-27.

DPR does not use fees or deposits and is only proposing to update its hourly rates; the proposed average hourly rate change is proposed not to change. A detailed summary of all fee adjustments for Land Development is included in Attachments E.

If approved, this proposal will increase individual fees by an average of 3.6% since the unanimous Board approval of the last cost recovery proposal on May 21, 2025 (7).

A waiver of Board Policy B-29 is requested for approximately $1,380,000. This is for PDS related to appeals, fees for rebuilding structures damaged or destroyed by a natural disaster, plan review and building fees for the Green Building Incentive Program, permit fees associated with the Urban Agricultural Incentive Zone program, fees associated with political signage permits, and abatement fees associated with graffiti removal. These programs encourage health, safety, sustainability, and housing availability in the unincorporated region. The Green Building Incentive Program reduces plan check and permitting fees to encourage builders to use energy-saving materials when constructing homes. Waiving abatement fees associated with graffiti removal helps to reduce the impacts of graffiti on unincorporated communities by proactively removing blight, and the Urban Agricultural Incentive Zone program waives permitting fees associated with maintaining a property in active agricultural use for a period of five years to promote and protect agricultural uses and recognize the public benefits of agriculture. The Board has previously directed these fees to be waived and provided General Purpose Revenue or General Fund fund balance appropriations to facilitate access to the appeal process, assist homeowners impacted by natural disasters, and strengthen support and promotion of sustainable building practices and additional housing units.

If this proposal is not approved, it would require one-time alternative County funding in the total amount of $1,652,000 to maintain services at their current level. Without approval and without alternative funding, our customers may see reduced County capacity to perform services beyond mandated service minimum levels, increased processing and complaint response timeframes, decreased community outreach or education aimed at fostering understanding of regulations and thus promoting compliance. In addition, there may be a cumulative impact on customers, and the changes in future fee updates will be compounded based on the need to cover the increases in this proposal, plus future year budget adjustments.