



**STAFF REPORT**

**DATE:** April 20, 2023

**TITLE:**

Proposed Changes to the Architectural Standards Fee Schedule – 45-Day Member Notification Request

**RECOMMENDATION:**

**By Motion:**

The board of directors approves publishing a 45-day member notification of proposed changes to the Architectural Standards Fee Schedule as detailed in EXHIBIT B.

**BACKGROUND**

Pursuant to Tahoe Donner Covenants and Restrictions Article V Environmental and Architectural Regulation, modifications to the architectural standards fees and fines must go out for 45-day member notification prior to the board of directors' consideration and approval.

The Architectural Standards Committee and staff are requesting the board of directors consider approving a 45-day member notification of proposed changes to the Architectural Standards Fee Schedule.

**ANALYSIS:**

The Association is allowed to charge fees related to the cost of inspection/plan processing and deposits of improvements to lots in Tahoe Donner. (C&R Article V section 5(e)) These fees are found in the Architectural Standards Fee Schedule, which is reviewed on an annual basis by the Architectural Standards Committee and staff as part of their regular business and the annual budget cycle.

From time to time, recommendations to change the fee schedule are made due to changes in business dynamics, and efficiencies gained decreasing staff time and improving member experience. Similarly, recommendations for changes are made due to economic impacts such as inflationary factors hitting direct costs to the operation including minimum wage increases year-to-year, gasoline prices, cost of technology and mail, etc. No changes to the fee schedule have been made since 2020, which, at the time, included a reduction to some of the fees. In this case, this was due to gained efficiencies through technology.

Staff presented a preview of the proposed changes to the Architectural Standards Fee Schedule at the March 24, 2023, board meeting (EXHIBIT A) in anticipation of a request to publish a 45-day member notification to the membership of proposed changes. Staff detailed during the presentation that the Association has seen significant cost pressures which, up until now, had not been addressed in the architectural standards fees. Thus, the committee and staff recommend minor adjustments to some of the fees to recoup costs associated with project review and processing while being conscious of keeping a value approach to the member services provided. The board of directors did not request any modifications to the proposed fee changes at the March meeting. See EXHIBIT B for proposed changes.





## **OUTREACH:**

Staff presented a preview of proposed fee changes to the board of directors at the March 24, 2023 board meeting with the presentation made available to the membership. Pending board approval, a 45-day member notification will be published in the next available TDNews and on the Tahoe Donner 45-day notice webpage. The membership will be afforded the right to write in and be heard at a future board meeting to submit member comments.

## **FISCAL IMPACT**

None

## **ALTERNATIVE:**

The board has a number of alternatives:

1. The board may reject the request to publish the 45-day notification; or
2. The board may direct staff to publish the 45-day notification with modification to the draft fees.

## **ATTACHMENTS:**

Exhibit A: March 24, 2023, Presentation – Architectural Standards Fee Schedule

Exhibit B: Draft 45-Day Member Notification – Architectural Standards Fee Changes

Prepared By: Annie Rosenfeld, Director of Administrative Services

Board Meeting Date: April 28, 2023

General Manager Approval to Place on the Agenda: \_\_\_\_\_





# ARCHITECTURAL STANDARDS FEE SCHEDULE

Board of Directors Meeting, March 24, 2023

# OUTCOME

Summary level understanding of work completed on an Architectural Standards Fees analysis and preview of resulting recommended fee changes in preparation of a request for 45-day member notice publication.



# ARCHITECTURAL STANDARDS FEES OVERVIEW

The Association is allowed to charge fees related to the cost of inspection/plan processing and deposits of improvements to lots in Tahoe Donner. (C&R Article V section 5(e))

Changes to the Architectural Standards Fee Schedule, as part of the Architectural Standards Rules, must go out for 45-day notification prior to the Board of Directors' consideration and approval. (C&R Article III section 7 (b) and V section 5)

# Cost Pressures

2022 review and recommendations take into consideration:

- Basic understanding of cost pressures
  - Inflationary factors:
    - National 12-month CPI for the month ending February 2023 -**↑**6%;  
3Yr Annual Avg -**↑**6.5%
    - CA CPI Feb 2020-Dec 2022 for Urban Consumers - **↑**13.4%
    - Minimum wage increase 4Yr Annual Avg -**↑**7%
  - Project administration and member relations
    - Volume of projects by type and staff time associated
- Expense reduction through innovations and alternatives
- Market benchmark
  - Findings- below or at market with true comparables
- Anecdotal feedback from design professionals on fees

\*Sources U.S Inflation Calculator, CA Dept. of Industrial Relations

# GENERAL BUILDING FEE STRUCTURE



# ANALYSIS

Review of fees occurs annually in line with the budget process

Last fee changes were adopted in 2020

- Reduced Administrative Fee - due to process and digitization improvements
  - Major (\$1,020 to \$1,000)
  - Minor with Neighbor Notification (\$385 to \$300)
- Increased Inspection fees - modest increase after 4 years flat mostly due to inflation in transportation costs (\$90 to \$100)
- New No Permit Fee created
  - \$100 + Cost of Permit Type Fee
- New Revision Fee created
  - Major (\$200 per revision for 2<sup>nd</sup> revision or greater)
  - Minor (\$100 per revision for 2<sup>nd</sup> revision or greater)
- New Non-Permitted Improvement Fee created
  - Major (\$200 per revision for 2<sup>nd</sup> revision or greater)
  - Minor (\$100 per revision for 2<sup>nd</sup> revision or greater)



# DRAFT PROPOSED CHANGES – ADMINISTRATIVE FEES

| PROJECT TYPE                              | PROJECT DESCRIPTION  | CURRENT FEE          | PROPOSED CHANGE            |
|---|--|----------------------|----------------------------|
| MAJOR PROJECTS                            | New Houses, Additions (over 500 sq. ft., incl. ADUs/JADUs), Garages w/ Addition  | \$1,000              | \$1,200                    |
|   | Multiples and Commercial   | \$1,000              | \$1,500                    |
| MINOR PROJECTS WITH NEIGHBOR NOTIFICATION | Garages, Additions (under 500 sq. ft., incl. ADUs/JADUs), Decks, Storage Sheds, Auxiliary Structures, Fences, Variances, Miscellaneous | \$300                | \$350                      |
| MINOR PROJECTS W/O NEIGHBOR NOTIFICATION  | Changes to Existing Fences (within existing building footprint)  | \$100 – 200<br>\$150 | \$110 – 210 /<br>No change |
| MAINTENANCE PROJECTS                      |  | No fee               | \$50                       |

## DRAFT PROPOSED CHANGES – MISC OTHER FEES

| FEE TYPE              | CURRENT FEE  | PROPOSED CHANGE                                   |
|-----------------------|--|---|
| Additional Plan Check | No fee exists  | \$50 for each round of plan check after the first |
| Plan Printing         | \$5  | Eliminating plan printing                         |
| No Permit Fee         | \$100 + Cost of Permit Fee                                 | Double of the standard admin fee                  |
| Revision Fees         | Major \$200 (#2 or greater)<br>Minor \$100 (#2 or greater) | No change<br>No change                            |

# DRAFT PROPOSED CHANGES – INSPECTION FEES

| PROJECT TYPE         | FEE DESCRIPTION                     | CURRENT FEE   | PROPOSED CHANGE                     |
|----------------------|-------------------------------------|---|-------------------------------------|
| MAJOR PROJECTS       | Site Inspection<br>Final Inspection | \$100<br>\$100<br>\$100 per unit for multiples                    | No change<br>No change<br>No change |
| MINOR PROJECTS       | Site Inspection<br>Final Inspection | \$100<br>\$100  | No change<br>No change              |
| MAINTENANCE PROJECTS | Site Inspection<br>Final Inspection | No fee<br>\$100 for expired permits after notice is sent to owner | No change<br>No change              |

**QUESTIONS?**

## 45 DAY NOTICE

### ARCHITECTURAL STANDARDS FEE SCHEDULE CHANGES

Pursuant to Tahoe Donner Covenants and Restrictions Article V Environmental and Architectural Regulation, modifications to the architectural standards fees and fines must go out for 45-day member notification prior to the board of director consideration and approval.

Changes to the Architectural Standards Fee Schedule will be considered for action by the Board of Directors. The Board of Directors is expected to take action to adopt the proposed fee schedule changes, as they are presented here or with some modification, at its {INSERT MONTH} 2023 meeting, currently scheduled for Friday, {INSERT MONTH/DATE}, 2023. The board welcomes any input you may wish to offer regarding the proposed changes.

#### BACKGROUND

Over the last seven years, the association has worked diligently through staff, committee, and task force work focusing on continuous improvement with the goal of maintaining a minimum aesthetic standard that is harmonious with the diverse and mature association while achieving operational efficiencies and member service goals. Improvements include,

- Technological advances for permit submittals and member communication
- Downgrading project types from major to minor project reviews, and submittal requirements.
- Reducing permit application submittal-to-approval time through the above downgrade of project types.
- Delegation of authority to staff level for minor projects without neighbor notification and maintenance projects.

The Tahoe Donner Covenants and Restrictions require any improvement of a lot to be reviewed and approved by the association. This includes such items as irrigation and landscaping, changes to the exterior of structures, and adding any kind of structures from sheds and play structures to additions and new homes.

The Association is allowed to charge fees related to the cost of inspection/plan processing and deposits of improvements to lots in Tahoe Donner. (C&R Article V section 5(e)) These fees are found in the Architectural Standards Fee Schedule which is reviewed on an annual basis by the Architectural Standards Committee and staff as part of their regular business and the annual budget cycle.

From time to time, recommendations to change the fee schedule are made due to changes in business dynamics, and efficiencies gained decreasing staff time and improving member experience. Similarly, recommendations for changes are made due to economic impacts such as inflationary factors hitting direct costs to the operation including minimum wage increases year-to-year, gasoline prices, cost of technology and mail, etc. No changes to the fee schedule have been made since 2020, which included a reduction rather than an increase to some of the fees. In this case, this was due to gained efficiencies through technology.

### *Administrative Project Fees*

Project administrative fees have not increased since 2019. The proposed changes to major and minor project fees are directly related to inflationary impacts on labor and operating supplies costs. The proposed changes include a reintroduction of a small maintenance project fee for staff time to review and process low-level exterior changes on homes such as A/C and generator installations, animal garbage can enclosures, and roof material changes. Like-for-like changes to the exterior – for instance, window replacement or painting where there is no color change – do not require permits with Tahoe Donner.

### *Miscellaneous Other Fees*

An Additional Plan Check fee is proposed for any plan checks needed after a design submittal's initial submittal packet. Additional plan checks require staff time to review changes to the plans and process for committee review and approval. The fee addresses the direct cost associated with this staff time.

At times, the association is made aware that a member has completed an improvement project without a permit. In this case, members are required to submit for approval after the fact and often require extensive review due to the scope improvements. The proposed change to the No Permit fee brings it in line with other HOA and public agency treatment of improvements made without a permit.

Finally, the proposed fee changes include eliminating plan printing fees by eliminating the costly printer owned by the association. The association started to move to digital plan review starting in 2018 and went completely digital for all activities during the pandemic. There is minimal to no impact on owners eliminating the plan printing service as due to digitization and available printing services at multiple business supplies stores in Truckee.

Purpose and effect of the proposed changes to the Architectural Standards Fee Schedule:

- Increasing the administration fees for project fees is proposed to further offset increasing administrative costs like wages, insurance, and operating supplies. The effect on members is a modest increase in project fees.
- Address the direct cost relating to staff review and processing additional plan checks beyond the initially submitted plan packet. The effect on members is a new fee for any plan review after the initial review is included in the administrative fee.
- Align no permit fees with other HOAs and agencies. The member effect is increasing the no permit fee by double the standard fee.
- Eliminating unnecessary plan printing fees and decreasing association capital and operating costs. There is little to no member impact.



**DRAFT**

**PROPOSED CHANGES TO ARCHITECTURAL STANDARDS FEE SCHEDULE**

The proposed changes to the Architectural Standards Fee Schedule are as follows:

Inspection Fees

No changes are proposed.

Administrative Fees

| PROJECT TYPE                              | PROJECT DESCRIPTION  | CURRENT FEE          | PROPOSED CHANGE            |
|---|--|----------------------|----------------------------|
| MAJOR PROJECTS                            | New Houses, Additions (over 500 sq. ft., incl. ADUs/JADUs), Garages w/ Addition  | \$1,000              | \$1,200                    |
|   | Multiples and Commercial   | \$1,000              | \$1,500                    |
| MINOR PROJECTS WITH NEIGHBOR NOTIFICATION | Garages, Additions (under 500 sq. ft., incl. ADUs/JADUs), Decks, Storage Sheds, Auxiliary Structures, Fences, Variances, Miscellaneous | \$300                | \$350                      |
| MINOR PROJECTS W/O NEIGHBOR NOTIFICATION  | Changes to Existing, Fences (within existing building footprint)   | \$100 – 200<br>\$150 | \$110 – 210 /<br>No change |
| MAINTENANCE PROJECTS                      |  | No fee               | \$50                       |

Other Fees

| FEE TYPE              | CURRENT FEE  | PROPOSED CHANGE                                   |
|-----------------------|--|---|
| ADDITIONAL PLAN CHECK | No fee exists  | \$50 for each round of plan check after the first |
| PLAN PRINTING         | \$5  | Eliminating plan printing                         |
| NO PERMIT FEE         | \$100 + Cost of Permit Fee                                 | Double the cost of the permit type admin fee      |
| REVISION FEES         | Major \$200 (#2 or greater)<br>Minor \$100 (#2 or greater) | No change<br>No change                            |

Your comments are welcome via email: [rosenfeld@tahoedonner.com](mailto:rosenfeld@tahoedonner.com), telephone: (530) 582-9630, or US Mail: Tahoe Donner Association 11509 Northwoods Blvd., Truckee, CA. 96161.