



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 26-017

February 03, 2026

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2026 LAND USE FEE UPDATE

Public hearing to consider adopting a resolution to:

- a. Find that modification to Housing and Community Development's and County Counsel's fees is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15273 and 15378(b)(4) of the CEQA Guidelines; and
- b. Amend the Monterey County Fee Resolution, Article IX - Land Use, Article XVII - County Counsel, and Article XIX - Building Services to make adjustments to fees for processing applications for land use permits and entitlements.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to:

- a. Find that modification to the Housing and Community Development's and County Counsel's fees is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15273 and 15387(b)(4) of the CEQA Guidelines; and
- b. Amend the Monterey County Fee Resolution, Article IX - Land Use, Article XVII - County Counsel, and Article XIX - Building Services to make adjustments to fees for processing applications for land use permits and entitlements.

SUMMARY:

Fees for processing applications for land use permits and entitlements and building services are set forth in "articles" of the Monterey County Fee Resolution. Internal evaluations and fee updates have been completed periodically in recent years, but staff hired a consultant to perform a full study to assess and determine the updated full cost of providing development-related services. In 2025, the Housing and Community Development (HCD) Department contracted with Matrix Consulting Group (Matrix) to complete a fee study for both building permits and land use entitlements. Matrix analyzed the cost-of-service relationships that exist between fees for service activities for both Building Services and Planning Services. The results of this study provide a tool for understanding current service levels and the cost of providing those services. (Attachment B) The attached detailed discussion (Attachment C) reviews the changes HCD proposes for adoption per suggestions made in the Matrix fee study. County Counsel is also proposing to revise its land use permit application fees to align with the HCD's proposed fee structure and to update hourly rates.

DISCUSSION:

Matrix analyzed the cost-of-service relationships that exist between fees for service activities. The results of this study provide a tool for understanding current service levels and the cost for those services. The approach used for the fee study was to determine the time spent per unit of fee activity

for each position within HCD. Time spent per activity was determined by interviewing department staff on each step in the permit process. After time spent for a fee activity was determined, all applicable direct and indirect costs were then considered in the calculation of the “full” cost of providing each service. Information regarding the recent wage increases were included in updating the fully burdened hourly rates of all staff which in turn affected the cost-of-service results.

The Matrix study found that HCD is under-recovering costs by approximately \$2.5 million. Building Services had the largest deficit at \$1.7 million and Planning Services had a deficit of approximately \$830,000. The proposed revisions to both Building Services and Planning Services will bring HCD’s revenue closer to full cost recovery for the services provided. Please see the Detailed Discussion in Attachment C for more information and links to the cost-of-service data as well as the itemized list of changes to both fee articles. Additionally, HCD is proposing less than full cost recovery for several fee items to incentivize particular activities, including construction of accessory dwelling units and solar energy installations. An itemized table of the approximate \$1.2M in estimated revenue that would not be realized due to these proposed fee reductions is also included in the attached detailed discussion. The total net increase to revenue to HCD after adoption of the proposed fee articles is an estimated \$1.3M.

County Counsel’s land use permit application fees are set out in Article XVII of the Monterey County Fee Resolution. These fees recover a portion of the cost of County Counsel staff advising County departments on processing land use permit applications and associated work. The proposed amendment to Article XVII changes County Counsel’s fee structure for legal review associated with condition compliance and mitigation monitoring to align with the change in fee structure proposed by HCD for these services. County Counsel is also proposing to update the hourly rate in its fee schedule to \$340 per hour, from the current \$324 per hour, to reflect the current fully burdened hourly labor rate for Deputy County Counsel IV, Step 7.

OTHER AGENCY INVOLVEMENT:

HCD worked with stakeholders, and other County departments with land-use responsibilities such as the Office of the County Counsel, the Environmental Health Bureau and Public Works, Facilities and Parks Department. HCD generally received support for the proposed amendments and updates to the fee articles. County Counsel is proposing revisions to its fee schedule to align with HCD’s proposed changes and to update hourly rates.

FINANCING:

The fee study and staff time to develop and process the amended fee articles is funded as part of the Fiscal Year 2025-26 Adopted Budget, Unit 8543, Appropriation Unit HCD002. The objective of the proposed changes to existing fee articles is to make appropriate adjustments and provide full cost recovery for most permit categories.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

The requested actions support the Board of Supervisors Strategic Plan goals by promoting fiscal responsibility and efficient, effective County operations while offering excellent customer service to the public.

- ☐ Well-Being and Quality of Life
- ☒ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy
- ☐ Administrative

Prepared by: Karen Riley-Olms, HCD Management Analyst II x5132

Approved by: Craig Spencer, HCD Director

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Resolution; including:

- Exhibit 1-Article IX
- Exhibit 2-Article XVII
- Exhibit 3-Article XIX

Attachment B - Fee Study Report

Attachment C - Detailed Discussion

Attachment D - Current Article IX

Attachment E - Article XVII redline

Attachment F - Current Article XIX

Attachment G - Public Hearing Notice

Attachment H - Links to Supporting Materials

cc: HCD Permit Center: Elizabeth Gonzalez and Elizabeth Ruiz; Environmental Health Bureau: Ric Encarnacion and Connor Cappi; Office of the County Counsel: Kelly Donlon, Cassandra Zarco and Wendy Strimling; HCD Planning: Melanie Beretti; HCD Building Services: Joshua Bowling and Evan Nuckles; HCD Director: Craig Spencer; PWF Department: Randy Ishii and Jessica Cordiero-Martinez; and Permit Streamlining Task Force