



CITY OF CARMEL-BY-THE-SEA

Review of Fiscal Year 2026-2027 Fee Schedule

City Council Meeting

April 6, 2026



Purpose

Present the 2025 fee study results and seek Council direction and approval of the updated fee schedule



Background

Why Fees Are Necessary

- **General tax revenues** fund broad community services
(public safety, streets, parks, libraries)
- **Fees** recover cost of services to individuals
(development, permits, inspections)
- **Council policy** perform cost-of-service study every three years
- **“Pay for what you use” principle**
Users bear the cost of services they benefit from
- **Promotes fairness**
Avoids subsidizing specific users with general tax dollars

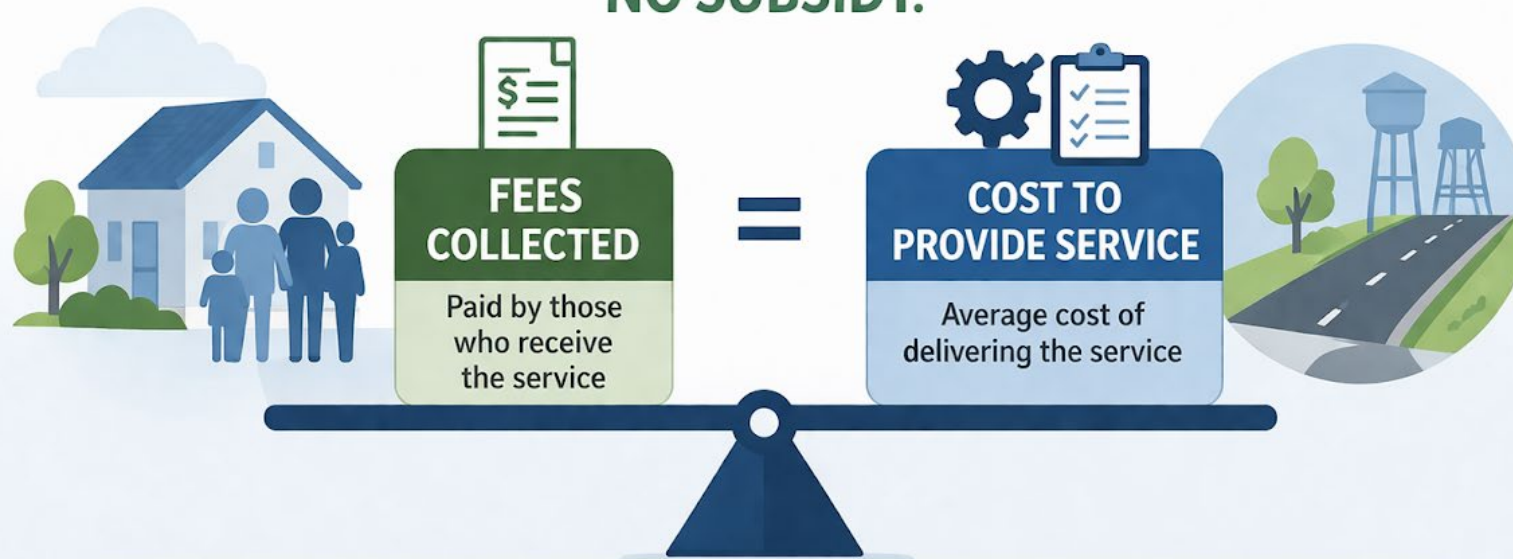


Background

FEES FOR SERVICE = COST OF SERVICE

Fees are set to match the average cost to provide the service.

NO SUBSIDY.



You pay a fee for the service.



The fee equals the average cost to provide it.



No subsidy. The system is self-balanced.

What comes in equals what it costs to provide the service.



Fee Study and Results

- Review of activities
- Calculation of cost of activities
 - Updated fees reflect actual time spent x cost of salaries, benefits, overhead
- Findings
 - Time to perform unchanged
 - Cost to perform increased



Updates to Fee Schedule

- Updated fees have increased over the prior year
 - Prior fees missed one year of updates
 - CPI different than actual increases
- New fees added to match services being provided
- New fees added for important potential services to be provided



Updates to Fee Schedule (contin.)

Notable changes include:

- Tree permits reset to reflect actual Forester and staff time spent
- Streamlining and Special event permits reset to reflect actual staff time
- Historic fee includes staff time as well as outside costs
- New grading, public improvement and traffic impact fees



Summary

- Fees = true cost to provide services to individuals
- Proposed fees less than adjoining jurisdictions
- Schedule effective 60 days after adoption, on July 4, 2027, per State of California Government Code Section 66017 (a).
- In the future
 - continue to evaluate completeness of fee list
 - potential waiver of fees for those unable to pay



Conclusion

Provide Direct on the following:

- Recommend adoption of FY 26-27 fees as proposed or as amended