



## Encroachment Permit Hourly Rate Adjustment Frequently Asked Questions

### 1. Why is Caltrans increasing the encroachment permit Hourly Rate?

The encroachment permit Hourly Rate was last updated in 2004 from \$80 per hour to \$82 per hour. The current rate of \$82 per hour does not comply with State requirements. State law (Streets and Highways Code, Section 671.1, and State Administrative Manual, Section 8752) requires Caltrans to establish a fee schedule that fully recovers Caltrans' costs associated with reviewing, issuing, and inspecting encroachment permit projects. Accordingly, Caltrans reviews and adjusts the hourly rate periodically.

### 2. What is the encroachment permit Hourly Rate?

The encroachment permit Hourly Rate is the encroachment permit fee charged per hour for services provided such as permit processing, review, inspection, and administration by Caltrans personnel. The Hourly Rate includes employee wages and overhead.

### 3. What is the current and future Hourly Rate?

PERMIT APPLICATION ACCEPTANCE DATE	HOURLY RATE TO BE CHARGED
BEFORE 09/01/2021	\$ 82
09/01/2021 - 12/31/2021	\$ 110
01/01/2022 - 12/31/2022	\$ 142
01/01/2023 - 12/31/2023	\$ 162

After January 2024, Caltrans will adjust the hourly rate annually at the beginning of each calendar year.

### 4. How can I determine the applicable Hourly Rate for my project?

The applicable hourly rate is determined based on the permit application acceptance date. The permit acceptance acknowledgment letter sent by the District Permits Office will provide you the applicable permit hourly rate or you may contact the District Permit Engineer for the permit application acceptance date as well as the applicable hourly rate. The parent permit determines the hourly rate in the case of riders and double permits.

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### **5. How does Caltrans calculate the encroachment permit fee?**

The encroachment permit fee is established to cover Caltrans' costs for administering the encroachment permit. The total fee for a permit depends on the number of review, inspection, and field work hours. In addition, it could include bridge tolls, Department-furnished materials, and/or materials inspection costs. For most projects, the total fee is the total number of employee hours, required to administer the encroachment permit, multiplied by the Hourly Rate.

### **6. Did Caltrans consider the impact on customers?**

Yes. Caltrans took into consideration the potential impact of the cost increase mandated by law. To decrease the impact to customers, Caltrans will implement a phased approach.

### **7. What is the difference between the Hourly Rate and my fee?**

Your fee is the hourly rate multiplied by the number of hours spent on your permit.

### **8. What if I overpay?**

At the end of the encroachment permit project Caltrans will review the expenditures account and refund any overpaid amount to the permittee.

### **9. What can I do to reduce my encroachment permit fee?**

Applicants are encouraged to submit a "complete" application package. The more complete the application package the less number of questions from the reviewers and less time to complete the review of the application package. This also enables a quicker turn-around time for issuing the permit.

### **10. What does Caltrans do to reduce the permit fee?**

As the steward of the State Highway System and the taxpayer's money, Caltrans continuously reviews our services and processes for continuous improvements. Based on an engineering and statistical analysis, Caltrans recently implemented several changes to the permit process to speed up the permitting process while still providing quality customer service.

### **11. Where do my fees go?**

All fees collected are deposited into the State Highway Account in the State Transportation Fund.

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### **12. Under what authority can Caltrans charge a fee?**

California Streets and Highways Code 671.1 reads, "The department may establish a fee schedule and charge a fee for the issuance of permits pursuant to the provisions of this chapter, except that no such fee shall be charged by the department to any public corporation. The fee schedule established by the department shall not produce a total estimated revenue in excess of the estimated total cost to the department for administering the provisions of this chapter, excluding the cost of issuing permits exempted by statute or regulation from the payment of fees. Funds collected pursuant to this section shall be deposited in the State Highway Account in the State Transportation Fund."

### **13. Why does Caltrans charge a fee?**

Caltrans is required to recover full costs for administering the encroachment permit program, except where statutes prohibit cost recovery.

The State Administrative Manual, Section 8752 reads, "The state policy is for departments to recover full costs whenever goods or services are provided for others (Requirements for General Fund departments are included in Government Code (GC) Sections 11010 and 11270). This policy, which applies to all departments regardless of funding sources, is to be followed in all cases except where statutes prohibit full cost recovery.

The full cost of goods or services includes all costs attributable directly to the activity plus a fair share of indirect costs which can be ascribed reasonably to the good or service provided. SAM Section 8752.1 contains a discussion of the cost elements to include."

### **14. Does everyone pay an encroachment permit fee?**

Except for public corporations, as stated in Streets and Highways Code Section 671.1, everyone else has to pay an encroachment permit fee.

### **15. Does everyone pay the same fee amount?**

Everyone is charged the same Hourly Rate. However, the total fee is based on the number of hours of review and inspection. Smaller, less complex projects will take less time to review and inspect hence smaller total fee. Larger, more complex projects will have higher fee to cover the cost of review and inspection.

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### **16. Are there any discounts for small businesses or minority owned businesses?**

The Hourly Rate is the same for all permit types and permittees.

### **17. How do I know I was charged correctly?**

You will be provided with a Fee Calculation Sheet (form TR-0406) or an invoice that will provide details on how the encroachment fee was calculated for the project.

### **18. Where do I pay my encroachment permit fee?**

The encroachment permit fee can be paid at the District Encroachment Permits Counter, District Cashier's Office, or the Headquarters Cashiering Office. Tracking/permit number should be provided with any form of payment.

### **19. What forms of payment does Caltrans accept?**

- a. District Encroachment Permits Counter accepts checks and cash.
- b. District Cashier's Office accepts checks, cash, and credit cards.
- c. Headquarters Cashiering Office accepts checks, cash, and credit cards (phone-in credit cards accepted as well).

### **20. Why do I have to write my permit number on my check?**

A tracking/permit number is required so the Accounting system applies the payment to the correct permittee and project.

### **21. Why do I have to pay my fee before I get my permit, or before my project is complete?**

Caltrans is required to collect fees before delivering goods or services.

### **22. Who do I contact with questions concerning my fees?**

Contact the District Encroachment Permits Office for all questions or additional information at

<https://dot.ca.gov/programs/traffic-operations/ep/district-contacts>.