

*“We are a welcoming, active, and business-friendly rural foothill  
Community built on California's rich gold rush history.”*



**City Manager's Report**

September 9, 2025, City Council Meeting

Prepared by: Dave Warren, Assistant City Manager/Director of Finance

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Item #: 11.1

**Subject:** Hold a Public Hearing and consider approving new encroachment permit fees effective November 10, 2025.

**Recommendation:**

Hold a Public Hearing and adopt a resolution approving the new encroachment permit fees as shown in Attachment “B” effective November 10, 2025.

**Purpose:**

To approve new encroachment permit fees in order to recover the true costs associated with this service.

**Strategic Plan Strategy:**

Fiscal Stability /Sustainability: 2) Strategy – Increase Revenues

**Background:**

At its meeting held on July 8, 2008, the City Council adopted Resolution No. 7625 which established a schedule of fees and charges (Master Fee Schedule) for City services. The schedule included fees for most departments and has generally served as a solid mechanism for the City to recover its costs associated with providing various services to the Placerville community. Most of the City's fees have remained the same since 2008, except for recreation fees, primarily due to economic reasons (e.g., the Great Recession, COVID19 Pandemic, etc.) and other workload impacts. Due to the actual cost of providing services far exceeding the associated fees and the budget constraints the City has experienced over the past two budget cycles, staff believes it is necessary to adjust most fees according to reflect the actual cost of service. Staff is in the process of updating the entire Master Fee Schedule. Due to changes in the City's organizational structure and service demands since 2008, some fees are taking longer to analyze and determine than others. Over the past seventeen years, the Council has revised the City's recreation fees several times in order to recover increases in program costs including increases in part-time personnel costs due to State-mandated minimum wage increases, increases in team sport officiating costs, increases in facility use fees paid to other agencies, increases in safety-related training, and increases in other operational costs.

Tonight, staff is recommending changes to the Encroachment Permit Fees, which are levied by the Engineering Department as shown in Attachment “B” effective November 10, 2025.

**Discussion:**

In 2008, staff conducted an exhaustive analysis of program services provided and the costs reasonably borne by the City in providing those services. Billable rates were established based on 2008 hourly rates and rollup costs (e.g., health and welfare benefits, retirement, Medicare, and Social Security, worker's compensation, etc.). Flat rate fees were established based on the estimated amount of staff time associated with each program activity. Since 2008, the billable rates for all positions have risen and some program activity assumptions have become outdated.

Staff identified the following key goals which were incorporated in the Master Fee Schedule assumptions:

1. Improve equity for all users
2. Remain competitive with local government agencies in the outlying area
3. Recover costs reasonably borne by providing various City services

In developing the proposed fees, staff began with the existing fee schedule framework including fee categories, cost assumptions, fee types (e.g., flat rate, time and materials, valuation, etc.), and subsidy levels. Staff updated the billable rate for each position using the current salary schedule, rollup costs, health and welfare costs, overhead costs, etc. Staff also carefully reviewed the program activity assumptions built into the existing fee structure and compared them to the actual activities performed by employees presently. For fees that are proposed to remain at a flat rate, staff revised the estimated time based on its analysis. Due to the wide range of activities some fee categories demand from various users, some existing flat fees are proposed to change to a time and materials basis. It is very difficult, if not impossible, to accurately estimate project based fees and provide equity to all users.

Like existing time and material based fees, the dollar amount of these new fees would be calculated by multiplying the corresponding billable rate by the number of actual work hours for each employee and/or contractors assigned to the particular activity or project. Time and material based fees require some additional staff time on average and require deposits of varying levels.

The City collects encroachment permit fees when Customers work or encroach on the City right of way.

The current and proposed encroachment permit fees are shown below:

Fee Description	Fee Type	Fee Amount
<b><i>Current Encroachment Permit Fees</i></b>		
Encroachment: Miscellaneous	Flat Fee	\$175.00
Encroachment: Commercial Driveway	Flat Fee	\$175.00
Encroachment: Parking/Loading	Flat Fee	\$75.00
Encroachment: Permit Extension	Flat Fee	\$125.00
Encroachment: Preinspection	Flat Fee	\$75.00
Encroachment: Residential Driveway	Flat Fee	\$175.00
Encroachment: Temporary Parking	Flat Fee	\$25.00
<b><i>Proposed Encroachment Permit Fees</i></b>		
Encroachment Permit Type 1: General Permit	Flat Fee	\$336.00
Encroachment Permit Type 2: No Dig/No Traffic Control Permit	Flat Fee	\$104.00
Encroachment Permit Type 1: Additional Inspections	T&M Deposit	\$451.00
Encroachment Permit Extension	Flat Fee	\$103.00
Encroachment Permit - Additional Temporary Parking	Flat Fee Per Parking Space	\$51.00
Encroachment Permit: Quarterly Vegetation Management Permit	Flat Fee	\$335.00

The proposed encroachment permit fees have been crafted to address the types of projects that applicants tend to submit in recent years. For construction projects, the Encroachment Permit Type 1: General Permit category applies. This would include construction in the public roadway, driveway encroachments, utility work on a public street, or any work involving traffic control. The first half hour of inspection time is included in the flat fee. For larger projects involving additional inspection hours, a separate time and material deposit would be required. For minor work involving no digging or no traffic control, an Encroachment Permit Type 2: No Dig/No Traffic Control permit would apply. An example of minor work includes activities like minor painting of building frontages on Main Street, Main Street sidewalk sales, or other work approved at the discretion of the City Engineer. A new permit category is proposed to allow vegetation management work, typically performed by PG&E contractors, for a period of three months at various locations under one encroachment permit. This special type of permit will be approved at the discretion of the City Engineer and requires a proven history of compliance with Encroachment Permit conditions, excellent demonstration of proper traffic control, and compliance with the permit special conditions. In accordance with Placerville City Code Section 8-3-2, detailed information regarding the permit categories will be provided in the new Encroachment Permit application package, and Encroachment Permit application conditions, which will be publicly released by the Engineering Department concurrently with the new fee schedule.

Staff also performed a fee survey of agencies in the surrounding area which is shown in Attachment "C." If approved, the fees would become effective November 10, 2025.

**Options:**

1. Approve the fees as recommended by staff.
2. Approve different fee amounts.
3. Direct staff to take other actions.

**Environmental:**

Tonight's actions are not applicable.

**Cost:**

The cost associated with implementing the new fees is de minimis.

**Budget Impact:**

The City Council adopted Fiscal Year 2025/2026 Operating Budget which, included a planned \$196,341 General Fund deficit. Staff projects that the proposed fee increases will generate \$110,400 in additional revenues annually and \$70,172 in Fiscal Year 2025/2026 thereby reducing the deficit by an equal amount.



**M. Cleve Morris, City Manager**



**Dave Warren, Assistant City Manager/  
Director Finance**

**Attachments:**

- A. Resolution
- B. Fee Schedule
- C. Fee Survey Results