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March 25, 2026

BPW-2026-0163

The Honorable City Council
Room No. 395
City Hall

PROPOSED ADJUSTMENTS – PERMIT FEE STUDY

As recommended in the accompanying report of the City Engineer and the Director of the Bureau of Street Services, which this Board has adopted, the Board of Public Works recommends that the City Council:

1. **ADOPT** the proposed adjustments to existing Bureau of Street Services Investigation and Enforcement Division permit fees, and **ESTABLISH** new permit and application fees, as recommended in this report;
2. **REQUEST** the Office of the City Attorney to prepare and present the necessary ordinances to amend applicable sections of the Los Angeles Municipal Code to reflect the recommendations in this memo, including Sections 62.45, 62.141, 62.146, 41.20, 62.80, 62.201 and any other relevant provisions, to effectuate the proposed fee adjustments and establishment of new fees, including an annual adjustment for inflation using the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics for the Los Angeles area; and
3. **AUTHORIZE** the Bureau of Street Services to make technical, administrative, and procedural changes as necessary to implement the Mayor and City Council's intent.

Fiscal Impact:

Approving the recommendations in this report is consistent with the City's financial policies, as the proposed permit fees are structured to recover the full cost of providing regulatory, inspection, and enforcement services associated with use of the public right-of-way. The revised fees apply primarily to commercially driven activities and are designed to ensure that all eligible administrative and operational costs are fully recovered. Based on historical permit activity, full cost recovery for Building Materials, Overloads, Special Events, Haul Routes and Water Discharge permits—which have together accounted for over 95 percent of FY 2025 IED permit revenue—is projected to increase annual permit revenues from approximately \$2.3 million to



approximately \$5.0 million, or an estimated \$2.8 million contribution to the General Fund. Absent adoption of the proposed fee adjustments, General Fund resources would continue to be required to subsidize StreetsLA’s cost of administering these permits.

Table 2. Annual Financial Impact of Full Cost Recovery Fees

	Current Revenues (A)	Full Cost Recovery Revenues (B)	\$ Current Subsidy (C)	% Current Subsidy (C/A)	Suggested Cost Recovery Policy (%)
Building Materials	\$1,448,661	\$3,516,672	(2,068,011)	58.8%	100%
Overloads	\$460,854	\$678,668	(217,814)	32.1%	100%
Special Events	\$250,000	\$735,461	(485,461)	66.0%	100%
Haul Routes	\$83,135	\$102,252	(19,117)	18.7%	100%
Water Discharge	\$10,435	\$19,791	(9,356)	47.3%	100%
Total	\$2,253,085	\$5,052,844	(2,799,759)	55.4%	100%

[1] Actual revenue received in fiscal year 2024-25.

Sincerely,



TJ KNIGHT,
Asst. Executive Officer, Board of Public Works

TK:lc



Department of Public Works

Bureau of Street Services

Report No.1

Date: March 25, 2026

CDs: All

Honorable Board of Public Works
of the City of Los Angeles

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California

MAR 25 2026
AND REFERRED TO THE CITY COUNCIL


Executive Officer
Board of Public Works

**BUREAU OF STREET SERVICES (STREETSLA) INVESTIGATION AND ENFORCEMENT
DIVISION (IED) PERMIT FEE STUDY**

RECOMMENDING THE BOARD OF PUBLIC WORKS (BOARD):

Consider and approve the following recommendations and forward to the City Council for consideration and approval:

- a. ADOPT the proposed adjustments to existing StreetsLA IED permit fees, and ESTABLISH new permit and application fees, as recommended in this report;
- b. REQUEST the Office of the City Attorney to prepare and present the necessary ordinances to amend applicable sections of the Los Angeles Municipal Code to reflect the recommendations in this memo, including Sections 62.45, 62.141, 62.146, 41.20, 62.80, 62.201 and any other relevant provisions, to effectuate the proposed fee adjustments and establishment of new fees, including an annual adjustment for inflation using the Consumer Price Index for Urban Consumers (CPI-U) published by the Bureau of Labor Statistics for the Los Angeles area; and
- c. AUTHORIZE the Bureau of Street Services to make technical, administrative, and procedural changes as necessary to implement the Mayor and City Council's intent.

BACKGROUND

The Bureau of Street Services (StreetsLA) conducted a comprehensive fee study of the Investigation and Enforcement Division's (IED) permit program to update outdated fees and align revenues with the actual cost of service. The proposed adjustments support the City's fiscal objectives by reducing General Fund subsidy, strengthening permit processing and enforcement capacity, and establishing a more sustainable, self-supporting fee structure for activities affecting the public right-of-way.

IED functions as the primary enforcement agency for the Public Works Department, consisting of a staff of 52 investigators and administrative personnel. IED is responsible for administering approximately 20,000 permits annually, conducting field inspections, enforcing municipal codes, investigating claims, and managing an average of 50,000 - 60,000 service requests per annum - a threefold increase since 2016.

Most IED permit fees have not been updated since 1991 and no longer reflect current labor costs or the complexity of service delivery. Updating the fee structure will better align revenues with actual costs and support the City's fiscal priorities.

DISCUSSION

General Fee Study Approach

The study evaluated IED-issued permits in the public right-of-way based on financial impact, global versus individual benefit, administrative feasibility, and user affordability. The fee study was conducted under the guidance of BSS management, and informed by one-on-one interviews with key staff involved in permit operations. IED, FMD and partner bureaus such as the Bureau of Engineering, Department of Transportation and Building & Safety provided financial and permit related data.

The primary objectives were to:

- Determine the City's true cost for delivering each fee-related service
- Demonstrate a clear nexus between each fee charged and the cost of the service provided, consistent with state constitutional and statutory requirements
- Identify opportunities to introduce new fees where warranted
- Assess whether current fees should be fully cost-recovered or suitably subsidized by the General Fund
- Recommend cost recovery targets and on-going adjustment mechanisms

Permits associated with Building Materials, Overloads, Special Events, Haul Routes, and Water Discharge were identified as commercially driven and appropriate for full cost recovery. Sidewalk Vending was excluded due to policy directives supporting subsidized fees for low-income vendors. Permits such as Newsracks, Newsstands, Canopies, House Moving, and Curb Painting - representing less than 3% of total fee revenues and declining in relevance - were also excluded from proposed fee increases.

Regulatory Framework

California municipalities derive authority to impose regulatory and user fees from their constitutional and statutory powers:

- Article XI, Sections 7 and 9 of the California Constitution, which grant cities general police powers to govern municipal matters such as permitting and enforcement
- Article XIII C, Section 1, which requires that local government fees be tied to a specific benefit or service and not exceed the reasonable cost of providing it - distinguishing fees from taxes

While cities are empowered to impose fees, their authority is subject to important legal limitations. Two foundational principles govern regulatory fee setting:

- Private Benefit Principle – Fee must reflect the degree of private benefit received. Activities that primarily serve private or commercial interests—such as development or construction related permits - may be subject to full cost recovery, unlike services with broad public value (e.g., public safety), which are typically tax-funded
- Cost-Based Limit – Fees must be no greater than the actual cost of service delivery. Any charge above that threshold is reclassified as a tax and subject to voter approval.

Proposition 26 (2010) expanded the definition of a “tax,” placing stricter requirements on local governments to demonstrate that regulatory fees fall within narrow legal exceptions. Regulatory fees - such as those tied to permits or inspections - are permissible only if they directly reflect the cost of the associated activity.

Consistent with this framework, the proposed permit fees are designed solely to recover the administrative, inspection, and enforcement costs incurred by the City in processing and regulating permitted activities. The fees are not intended to generate revenue beyond cost recovery and are limited to services directly attributable to permit applicants.

Cost Recovery Methodology

To establish appropriate fee levels, StreetsLA conducted a cost-of-service analysis using the City’s Fully Burdened Hourly Rate (FBHR) methodology. This approach applies fully loaded labor costs—including salaries, fringe benefits, departmental overhead, and citywide indirect costs—to

the staff time required to perform core permit-related functions such as application review, field inspections, compliance monitoring, and enforcement.

The analysis was informed by interviews with staff across key classifications, including street services investigators, supervisors, and administrative personnel, to document the standard steps and workflows associated with each permit type. Citywide indirect costs were allocated in accordance with the CAP 47 Cost Allocation Plan and the latest available IED divisional overhead, ensuring that shared services and centralized resources were proportionally assigned based on staff roles and operational usage.

For services where staff time could be reliably quantified, StreetsLA employed a bottom-up, time-and-effort-based costing approach. Under this framework, standardized time assumptions were applied to discrete service activities to estimate average service costs. Time estimates were developed by experienced IED staff with direct knowledge of operational processes, ensuring that assumptions reflect typical service delivery rather than exceptional cases.

These time assumptions were guided by four principles: (1) estimates represent average conditions under normal operations; (2) assumptions establish a consistent and defined level of service; (3) atypical or unusually complex cases are excluded from baseline calculations; and (4) time estimates correspond to the staff classifications that typically perform each activity. This methodology supports transparent, repeatable cost estimation while preserving flexibility to recover costs for extraordinary cases through separate actual-cost billing mechanisms.

IED Permit Overview

IED oversees a broad range of public right-of-way (PROW) permits under the Los Angeles Municipal Code, including temporary street occupancy for construction, crane and helicopter use, overload transport, water discharge, haul routes, canopies, and newsracks—each governed by a distinct fee structure.

Building Materials: Authorizes the temporary occupancy of the public right-of-way for the storage or use of building materials, construction equipment, and other obstructions during active construction. The permit fee structure includes a \$65 base fee, a \$167 daily occupancy charge for construction equipment (i.e., cranes and helicopter lifts), and an additional \$30 per day of occupancy. All other building materials are assessed at \$0.26 per square foot of public space occupied. Weekend inspections are billed at 1.5x the senior investigator hourly rate with a four-hour minimum. All permittees must comply with conditions related to public safety, including maintaining pedestrian pathways, securing materials, and minimizing traffic disruption.

Overloads: Allows vehicles exceeding standard size and weight limits (e.g., >80 tons or >8'6"x14'x65') to transport goods—primarily containers—to and from the Ports of Los Angeles

and Long Beach. The City charges \$13 for a single-trip permit (valid for 7 consecutive days) and \$83 for an annual permit covering repetitive hauls. Inspections are billed at the senior investigator hourly rate (4-hour minimum). Special engineering review by the Bureau of Engineering is triggered for single-trip loads exceeding 75 tons in gross weight and over 125 tons requiring an additional Heavy Haul Record. All annual permits, except Intermodal annuals, require such review by default. Per California Vehicle Code §35795, municipal permit fees may not exceed those charged by Caltrans for comparable overload movements.

Special Events Permit: Enables temporary use or closure of public streets for events such as Farmers Market, street fairs, or block parties. The fee structure includes a \$312 base permit fee, \$216 for selling activity, \$312 for late filings, and \$100 for permit modifications. On-site enforcement incurs additional hourly charges based on investigator rates. Events with demonstrated community benefit may qualify for fee waivers or subsidies under the Council District ordinance. Applicants must submit detailed traffic, security, and cleanup plans, and adhere to access, noise and safety requirements.

Water discharge Permit: Regulates the controlled discharge of non-stormwater (e.g., fire suppression testing) into the storm drain system to ensure environmental protection and public safety. A flat \$341 per discharge event fee includes inspection to verify proper discharge to the nearest inlet, confirm compliance with safety protocols, prevent debris or hazardous materials from entering the system, and minimize traffic and roadway impacts. Inspections also ensure discharges do not pose flooding or infrastructure risks. Discharges must occur between 4–6 a.m. and require pre-approval from the Bureau.

Import Export of Earth Materials (haul route) Permit: Regulates the import or export of large volumes of earth materials associated with grading projects in hillside areas to protect public streets, infrastructure, and community safety. For projects involving more than 1,000 cubic yards, fees are assessed \$0.29 per cubic yard of material hauled and the distance traveled on public streets within the hillside area, with a minimum fee of \$150. Applicants may also be required to fund a noise and vibration study and post a bond or cash deposit to cover potential damage to streets and public facilities resulting from hauling activities.

Permit fees are intended to reflect the nature, duration, and physical impact of the permitted activity. They typically include a base fee, plus hourly charges for inspections, space occupancy, and renewals. Construction-related encroachments are generally billed per square foot with 30-day limits, while transport of earth materials (haul routes) are assessed by volume (cubic yard-mile) and capped by dollar amount. Overload and oversize permits follow Caltrans pricing standards and may trigger additional fees for inspection or Bureau of Engineering review.

With the exception of Special Events permits which were added in 2010, these fees have not been updated since 1991 and no longer reflect actual service costs or operational realities.

Artificially low pricing fails to incentivize timely project completion or compliance. In the absence of proactive enforcement, permits such as dumpsters or storage bins frequently exceed their allowed time in the PROW, creating visible blight and reducing right-of-way availability.

RECOMMENDED FEE STRUCTURE

The table below presents the current and proposed fee structure for PROW permits administered by IED. Proposed adjustments are based on full cost recovery, reflecting the average labor, inspection time, and administrative overhead associated with each permit type.

Key changes include the addition of new application fees across Building Materials, Overloads, and Special Events to recover upfront administrative review costs. For Building Materials, the prior flat per-square-foot variable fee was eliminated and replaced with a tiered fee structure based on square footage and permit duration, more closely reflecting inspection intensity and labor requirements.

For Special Events, fees were refined by event type (Types 1–3) to better reflect the wide range of complexity and staffing demands. In addition, a new actual-cost special review fee allows investigators to recover costs for events requiring extraordinary time or resources beyond standard review and inspection.

Inspection-related fees were updated where appropriate to reflect current labor rates, including increases to hourly inspection rates for Overloads. Water Discharge and Haul Route base fees were also adjusted to better reflect baseline permitting and inspection effort.

Fees levied by the Bureau of Engineering (BoE) and Development Services surcharges remain unchanged and continue to be applied in addition to IED permit fees.

Table 1. Current Permit Fees and Proposed Fees

BUILDING MATERIALS	Fee Description	Current Fee	New Fee	Applicable LAMC
Base Fee ^(a)	Minimum fee	\$65	\$267	Sec 62.45
Equipment Fee ^(b)	Flat	\$167	\$403	Sec 62.45
Per Additional Day fee	Per Day	\$30	\$164	Sec 62.45
Variable fee ^(c)	Per Square Foot	\$0.26	--	Sec 62.45
(0-100 sq. ft.) <= 30 days ^(d)	Tiered fee	-	\$267	Sec 62.45
(0-100 sq. ft.) >30-60 days ^(d)	Tiered fee	-	\$349	Sec 62.45
(100-1000 sq. ft.) <= 30 days ^(d)	Tiered fee	-	\$407	Sec 62.45

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(100-1000 sq. ft.) >30-60 days ^(d)	Tiered fee	-	\$571	Sec 62.45
(1000+ sq. ft.) <= 30 days ^(d)	Tiered fee	-	\$639	Sec 62.45
(1000+ sq. ft.) >30-60 days ^(d)	Tiered fee	-	\$804	Sec 62.45
Application Fee ^(e)	Flat	-	\$35	Sec 62.45
Weekend Inspection (hourly rate)	Per Hour	\$94.62	No change	NA
Minimum Hours of Inspection	Minimum hours	4 hours	No change	NA

BoE/Other Fees

Development Services fee	Surcharge	max of 3%,\$1	No change	NA
	Percentage based		No change	NA
BoE Convenience Fee		3%		

OVERLOADS

OL-Single Trip ^(f)	Flat	\$13	\$16	Sec 62.141
OL-Annuals/Intermodals ^(f)	Flat	\$83	\$90	Sec 62.141
Inspection	Per Hour	\$72	\$164	Sec 62.146
Application Fee ^(e)	Flat	-	\$10	Sec 62.146
BSS Single trip permit review ^(g)	Flat	-	\$45	Sec 62.146

BoE/Other Fees

BoE Special Engineering Fee ST	Flat	\$72	No change	NA
BoE Special Engineering Fee Annual	Flat	\$144	No change	NA
BoE Equipment Surcharge	Percentage based	7%	No change	NA
Development Services fee	Surcharge	max of 3%,\$1	No change	NA

SPECIAL EVENTS

SE Type 1 ^(h)	Flat	\$312	No change	NA
SE Type 2 ^(h)	Flat	\$312	\$430	Sec 41.20
SE Type 3 ^(h)	Flat	\$312	\$919	Sec 41.20
Selling Activity Fee	Flat	\$216	No change	NA
Late Fee	Flat	\$312	No change	NA
Change Fee	Flat	\$100	No change	NA
Application Fee ^(e)	Flat	-	\$70	Sec 41.20

Special review fee^(j) Actual Cost - Actual Cost *Sec 41.20*

WATER DISCHARGE

Water Discharge fee ^(j)	Flat	\$341	\$550	<i>Sec. 62.80</i>
Development Services fee	Surcharge	2%	No change	<i>NA</i>

HAUL ROUTES

Base fee ^(k)	Minimum Fee	\$150	\$600	<i>Sec 62.201</i>
a) Variable fee ^(l)	b) Per Cubic Yard mi	c) \$0.26	d) No chan ge	e) <i>NA</i>

- f) Building Materials permit fees are assessed based on square footage of encroachment on the public right of way. The minimum fee reflects the lowest square-footage tier (0–100 square feet) and represents the baseline administrative, review, inspection, and compliance costs incurred by StreetsLA to process and oversee a permit under standard operating conditions.
- g) The equipment fee applies to permits involving cranes, helicopter lifts, or other heavy equipment that require enhanced review, safety coordination, and on-site inspection. After the initial day, a daily fee of \$167 is assessed to recover the additional investigator time required to monitor operations and ensure ongoing compliance with public safety requirements.
- h) Proposing the elimination of per-square-foot charge as it no longer reflects the cost associated with occupying public right-of-way space, including administrative oversight, inspection, and compliance monitoring.
- i) Tiered fees by square footage and duration are based on average staff time associated with larger or longer-term encroachments. These tiers reflect increased review, inspection frequency, enforcement exposure, and administrative oversight as encroachment size and duration increase, and are calculated using fully burdened hourly rates.
- j) The application fee is an upfront, non-refundable but creditable fee intended to recover the administrative costs associated with intake, initial review, and processing of permit applications, including those that are incomplete, withdrawn, or not ultimately approved.
- k) Overload permit fees are set in alignment with applicable State requirements and may not exceed fees charged by Caltrans for comparable movements.
- l) This new fee applies to single-trip overload permits requiring Bureau of Street Services review and coordination. The fee reflects the additional administrative and technical review necessary to evaluate route conditions, safety impacts, and compliance of permit conditions.

- m) Special Event permits are categorized by event type to reflect varying levels of staff involvement, coordination, and enforcement effort. Type 1 permits involve minimal review and oversight, while Type 2 and Type 3 permits require progressively greater levels of interdepartmental coordination, traffic management review, inspection planning, and on-site enforcement. Fees are based on average resource usage for each category. Certain non-commercial permits that meet the subsidy criteria set forth in Ordinance 180881 will continue to be subsidized through Council District support.
- n) In addition to standard Special Event permit fees, StreetsLA may require reimbursement of actual costs for events that involve unusually complex review, extended planning timelines, significant interdepartmental coordination, or extraordinary commitments of staff resources. Actual-cost charges are based on fully burdened hourly rates and apply only when staff time materially exceeds standard assumptions.
- o) The Water Discharge fee recovers the full cost of reviewing, coordinating, and inspecting permitted non-stormwater discharges into the public right-of-way and storm drain system. The fee includes inspection and reflects the staff effort required to ensure compliance with environmental and public safety standards.
- p) The haul route minimum fee reflects the baseline administrative and inspection costs associated with reviewing grading-related haul activity, including route evaluation, compliance monitoring, and post-haul inspection of affected public streets. The fee is calculated using fully burdened hourly rates and applies regardless of total haul volume measured in cubic yards.
- q) The haul route minimum fee reflects the baseline administrative and inspection costs associated with reviewing grading-related haul activity, including route evaluation, compliance monitoring, and post-haul inspection of affected public streets. The fee is calculated using fully burdened hourly rates and applies regardless of total haul volume measured in cubic yards.
- r) Haul route permit fee is calculated based on the volume of material hauled and the distance traveled on public streets in hillside areas, using a rate of \$0.29 per cubic yard-mile, subject to a maximum fee of \$3,000.

The above fees are associated with for-profit activities that provide limited public benefit and are therefore recommended at 100% cost recovery. Newsrack and newsstand permits are excluded from this study due to their minimal revenue contribution (less than 3% of total fee revenues) and declining relevance. Sidewalk vending permits will remain subsidized at current levels, consistent with recent City Council direction and equity considerations. Final cost recovery targets may be refined based on stakeholder input, compliance risks, enforcement capacity, and implementation feasibility, including the use of phased-in increases where appropriate.

ENFORCEMENT FRAMEWORK AND COMPLIANCE CONSIDERATIONS

While updating permit fees improves cost recovery for lawful applicants, current Administrative Citation Enforcement (ACE) fine tiers (\$250/\$500/\$1,000) remain significantly below both existing and proposed permit fees. This creates a potential incentive for non-compliance. The Department intends to evaluate a differentiated administrative penalty framework for permit-related violations in a future report to ensure alignment between fees, enforcement, and deterrence.

FISCAL IMPACT STATEMENT

Approving the recommendations in this report is consistent with the City’s financial policies, as the proposed permit fees are structured to recover the full cost of providing regulatory, inspection, and enforcement services associated with use of the public right-of-way. The revised fees apply primarily to commercially driven activities and are designed to ensure that all eligible administrative and operational costs are fully recovered.

Based on historical permit activity, full cost recovery for Building Materials, Overloads, Special Events, Haul Routes and Water Discharge permits—which have together accounted for over 95 percent of FY 2025 IED permit revenue—is projected to increase annual permit revenues from approximately \$2.3 million to approximately \$5.0 million, or an estimated \$2.8 million contribution to the General Fund. Absent adoption of the proposed fee adjustments, General Fund resources would continue to be required to subsidize StreetsLA’s cost of administering these permits.

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Should you require more information about this report, please contact Ana Tabuena-Ruddy, Assistant Director and Chief Sustainability Officer, email: ana.tabuena-ruddy@lacity.org.

Respectfully submitted



Ana Tabuena-Ruddy for

KEITH MOZEE
Executive Director and General Manager
Bureau of Street Services

KM/ATR/MH