

Results of the Development Services Department Cost of Service (User Fee) Study

WICHITA FALLS, TEXAS

matrix 
consulting group

Fee Study Objectives

- ◆ Review fee schedules to ensure services are accurately represented
- ◆ Document and define services and service level assumptions
- ◆ Ensure compliance with state laws and local ordinances
- ◆ Determine current actual cost recovery percentage for the Development Services Department and individual fees
- ◆ Provide the City a tool for policy decisions

Fee Study Overview

- ◆ Documents fee-related services and service level assumptions, as well as detailing the full cost associated with each unit of service
- ◆ **Benefits / Uses:**
 - Ensures compliance with State and local laws.
 - Identifies the full cost (direct and indirect) associated with providing fee-related services and the related revenue gaps
 - Streamlines fee schedules to eliminate outdated fees or ranges
 - Incorporates new fees and services

Fee Study Process

- ◆ Developed fee structures that reflects current services
- ◆ Developed fully burdened hourly rates
- ◆ Established time estimates by position
- ◆ Determine full cost of each fee-related activity or service
- ◆ Collect volume statistics
- ◆ Compare fees among identified jurisdictions
- ◆ Analyze gaps between cost and revenue

Benefit Continuum

- ◆ Government services provided to constituents fall on a benefit continuum ranging from beneficial to all citizens to directly benefitting a specific group or individual.

“Global” Community Benefit	“Global” Benefit and an Individual or Private Benefit	Individual or Private Benefit
<ul style="list-style-type: none">• Police• Park Maintenance	<ul style="list-style-type: none">• Recreation / Community Services• Fire Suppression / Prevention• Facility Rentals	<ul style="list-style-type: none">• Building Permits• Planning and Zoning Approval• Site Plan Review• Engineering Development Review

- ➔ **Global Benefits:** tend to be funded primarily through tax revenues
- ➔ **Global / Individual or Private:** are funded through a mixture of taxes, user fees, and other funding sources.
- ➔ **Individual or Private:** funded almost entirely by user fee revenue

Results – Development Services Only

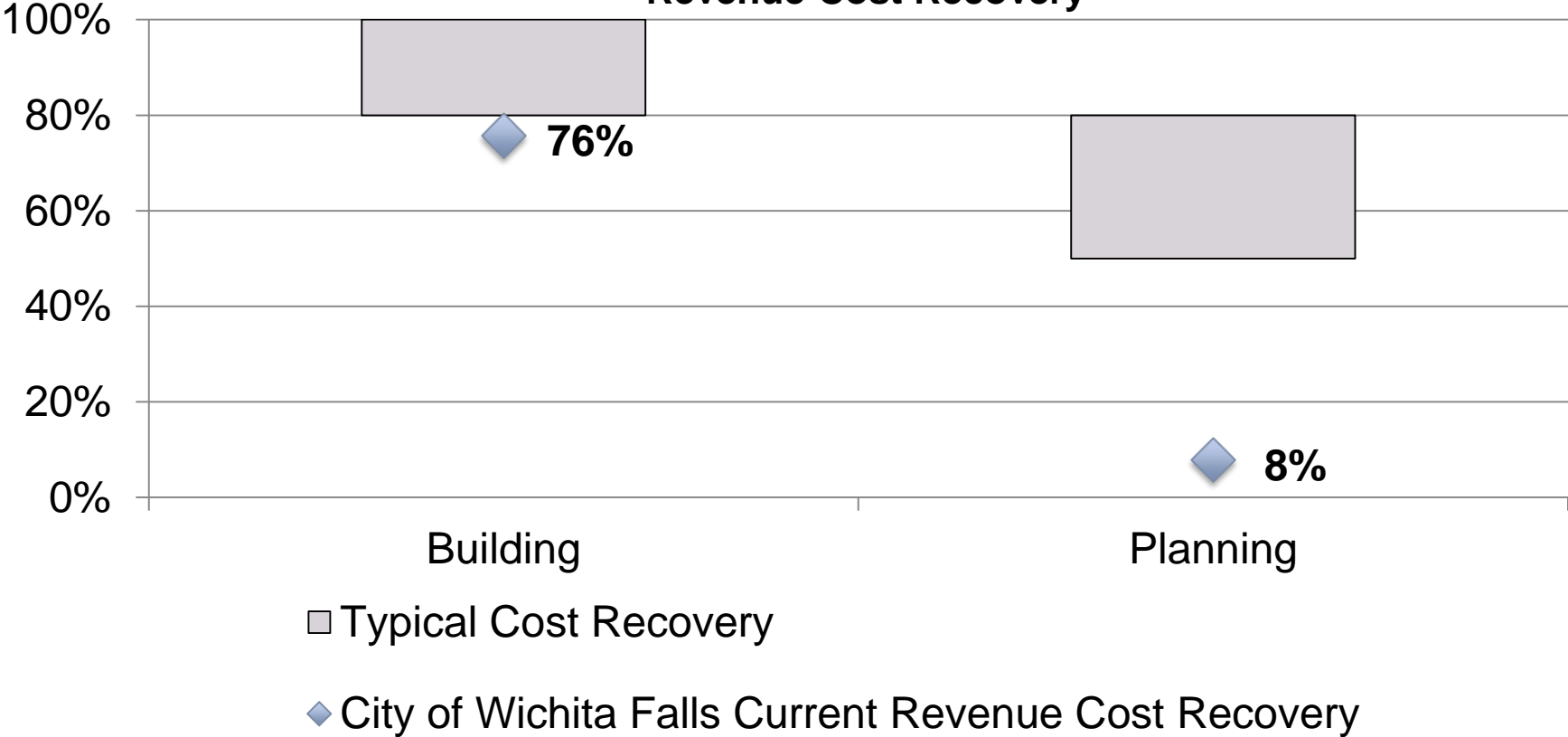
- ◆ This study found that the City is under-recovering for Building and Planning fee-related services by approximately \$545,000.

Department	FY21 Annual Revenue	FY22 Total Annual Cost	Annual Difference	Cost Recovery %
Building	\$755,792	\$998,367	(\$242,576)	76%
Planning	\$25,498	\$327,657	(\$302,158)	8%
TOTAL	\$781,290	\$1,326,024	(\$544,734)	59%

- Annual costs **only** reflect costs associated with Building and Planning staff and services.

Typical Cost Recovery – DS Only

City of Wichita Falls Current Revenue Cost Recovery vs. Typical Revenue Cost Recovery



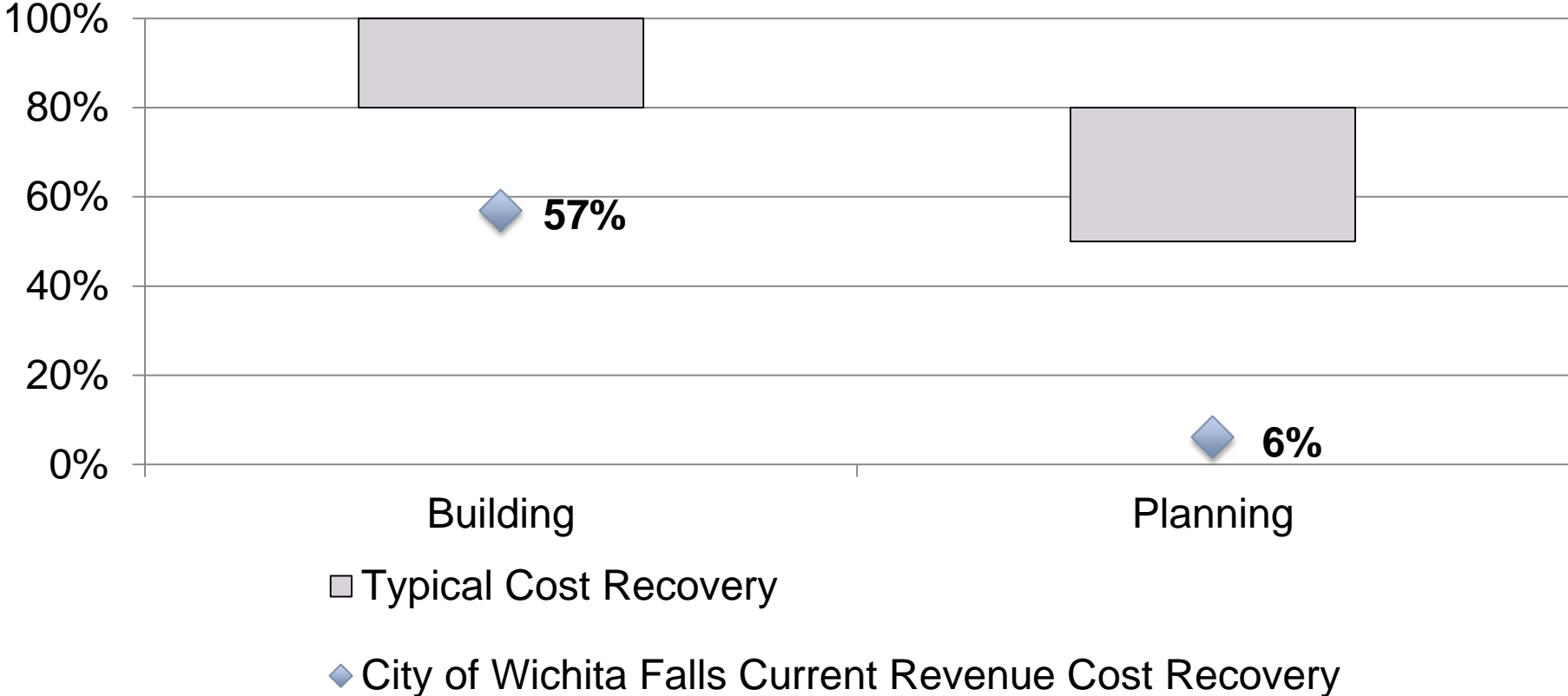
Results – Total Development Services

- Accounting for all Departments who support Development Services fee activities, the City is under-recovering by \$1M.

Divisions	FY21 Revenue	FY22 Cost	Difference	Cost Recovery %
<u>Building Inspection</u>				
Building	\$755,792	\$998,367	(\$242,576)	
Environmental Health		\$81,096	(\$81,096)	
Engineering		\$96,188	(\$96,188)	
Fire		\$152,880	(\$152,880)	
Total Building	\$755,792	\$1,328,531	(\$572,739)	57%
<u>Planning</u>				
Planning	\$25,498	\$327,657	(\$302,158)	
Environmental Health		\$6,764	(\$6,764)	
Engineering		\$60,277	(\$60,277)	
Fire		\$15,200	(\$15,200)	
Property Management		\$10,698	(\$10,698)	
Total Planning	\$25,498	\$420,595	(\$395,097)	6%
Total	\$781,290	\$1,749,126	(\$967,836)	45%

Typical Cost Recovery – All DS

City of Wichita Falls Current Revenue Cost Recovery vs. Typical Revenue Cost Recovery



Biggest Revenue Impacts

◆ Building

- Repair, Alteration, or Remodel – Existing Commercial Buildings
 - * Annual deficit of approximately \$334,000
 - * Per Unit deficit of \$0.015 of total valuation
 - * Approximately \$22,192,983 of annual valuation
- Commercial – Plan Review for Remodel Work
 - * Annual deficit of approximately \$112,000
 - * Per Unit deficit of \$0.01 of total valuation
 - * Approximately 22,192,983 of annual valuation

◆ Planning

- Final Plat – More than Five Acres
 - * Annual deficit of approximately \$68,000
 - * Per Unit deficit of \$950
 - * Approximately 72 performed annually

Current Services Without a Fee

◆ Planning

- Pre-Development Meeting (\$1,100)
- Thoroughfare Plan Amendment (\$3,593)

◆ Fire

- Hood and Duct (\$144)
- Private Hydrants (\$144)

◆ Engineering

- Public Improvements
 - * Projects valued up to \$250,000 (\$3,196)
 - * Projects valued between \$250,000 - \$1M (\$3,196 + 1.17% of value)
 - * Projects valued above \$1M (\$14,866 + 0.58% of value)

Community Comparison

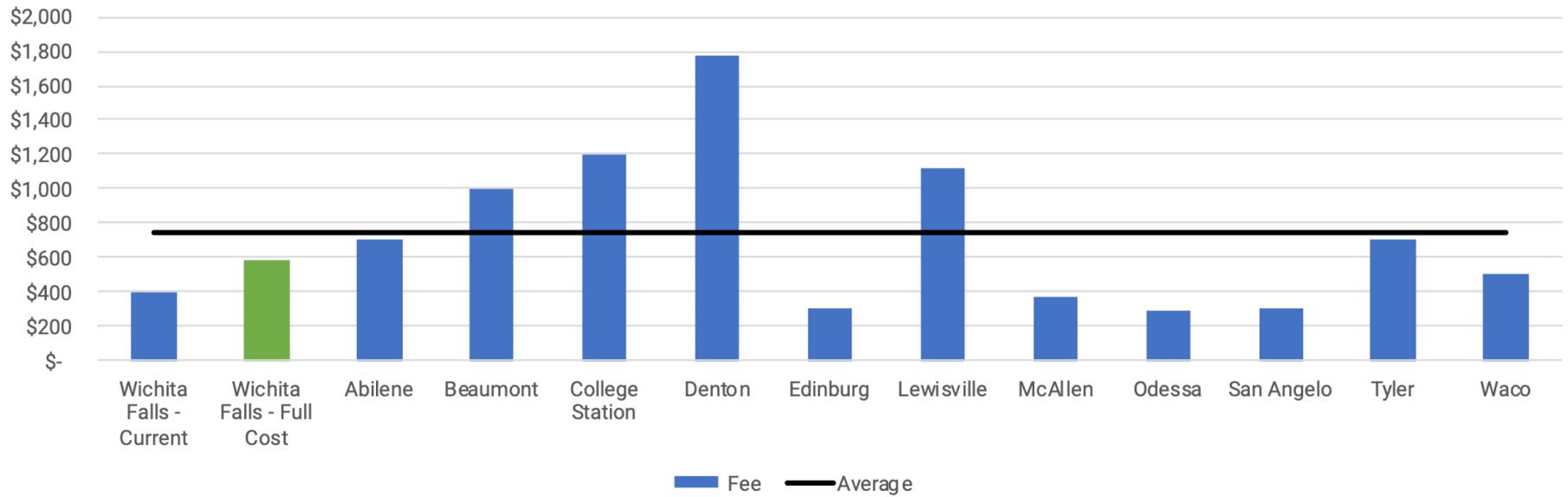
- ◆ A comparative survey was conducted of development service fees.

Comp Jurisdiction	Last Fee Study
Abilene	2018-2020
Beaumont	Unknown
College Station	2009
Denton	2019
Edinburg	2018
Lewisville	Not within the last 10 years
McAllen	Unknown
Odessa	Unknown
San Angelo	Unknown
Tyler	Unknown
Waco	Not within the last 10 years

- ➔ Comparative Results will only show adopted fees, not necessarily the full cost associated with the comparable service.

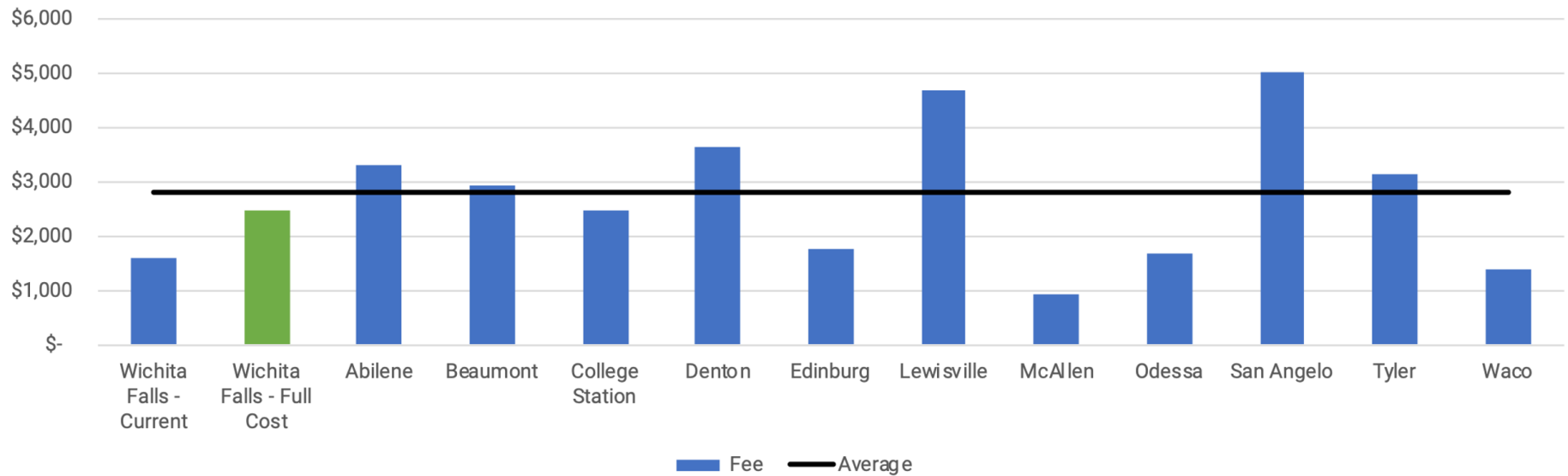
New Single-Family Residence

New Single Family Residence - 2,000 sq. ft. at \$220,000 valuation



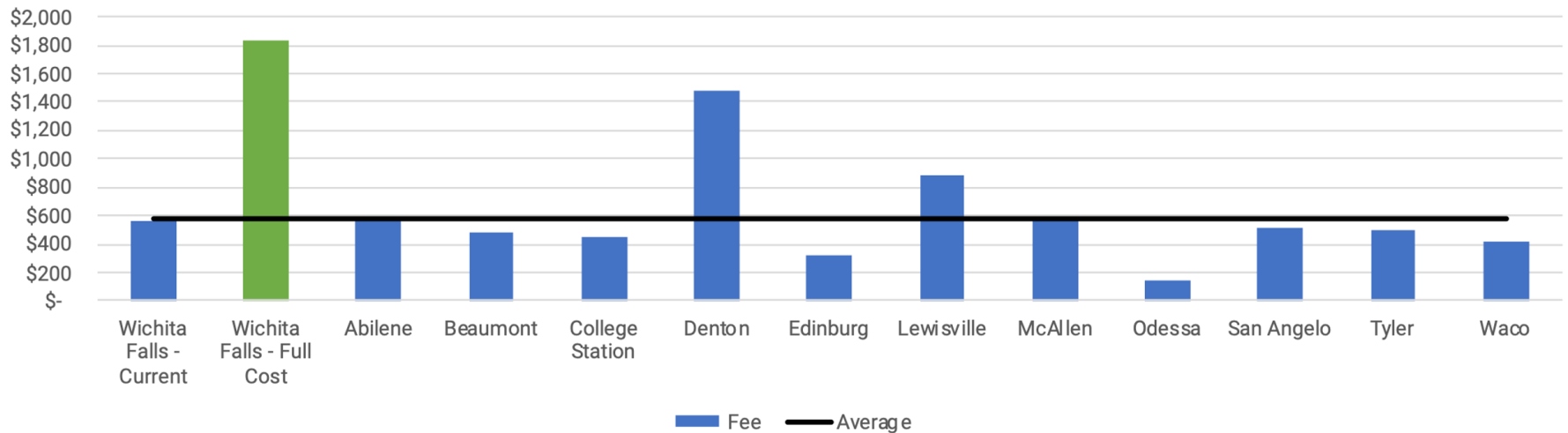
New Commercial Building

New Commercial Building - 5,500 sq. ft. at \$800,000 valuation



Commercial Remodel

Repair, Alteration, or Remodel - Existing Commercial Building - 1,000 sq. ft. at \$85,000 valuation



Next Steps

- ◆ In order to maximize the results of the Fee Study, the City should consider the following:
 - Develop cost recovery goals at the policy level
 - Outline timelines to achieve cost recovery goals
 - Adopt automatic increase mechanisms
 - Determine when fee increases should be implemented