

Report on the Development Services Department Cost of Services (User Fee) Study

CITY OF WICHITA FALLS, TEXAS

August 2022



Table of Contents

1. Introduction and Executive Summary	1
2. Legal Framework and Policy Considerations	5
3. User Fee Study Methodology	8
4. Results Overview	10
5. Building Inspections	11
6. Planning	17
7. Fire Marshal	22
8. Annual Revenue Impact	25
9. Cost Recovery Considerations	27
Appendix – Comparative Survey	31

1. Introduction and Executive Summary

The report, which follows, presents the results of the Cost of Services (User Fee) Study conducted by Matrix Consulting Group for the Development Services Department within the City of Wichita Falls.

1 Project Background and Overview

The Government Finance Officers Association (GFOA) disseminates numerous best practices for governmental finance-related matters. The GFOA's best practices for *Establishing Government Charges and Fees* states that governmental entities should calculate the full cost of providing a service in order to provide a basis for setting the charge or fee.

The Matrix Consulting Group analyzed the cost-of-service relationships that exist between fees for service activities in the Development Services Department covering the following areas: Building Inspection, Planning, and the Fire Marshal's Office. The results of this Study provide a tool for understanding current service levels and the cost for those services.

2 General Project Approach and Methodology

The methodology employed by the Matrix Consulting Group is a widely accepted "bottom up" approach to cost analysis, where time spent per unit of fee activity is determined for each position within a Department or Division. Once time spent for a fee activity is determined, all applicable City costs are then considered in the calculation of the "full" cost of providing each service. The following table provides an overview of types of costs applied in establishing the "full" cost of services provided by the City:

Table 1: Cost Components Overview

Cost Component	Description
Direct	Fiscal Year 2022 Budgeted salaries, benefits and allowable expenditures.
Indirect	Division, departmental, and Citywide administration / management, and clerical support.

Together, the cost components in the above table comprise the calculation of the total "full" cost of providing a particular service, regardless of whether a fee for that service is charged.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Staff Interviews:** The project team interviewed staff involved with development service permits and applications regarding their needs for clarification to the structure of existing fee items, or for the addition of new fee items.
- **Data Collection:** Data was collected for each permit / service, including time estimates. In addition, all budgeted costs and staffing levels for Fiscal Year 2022 were entered into the Matrix Consulting Group's analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established.
- **Comparative Survey:** A review of surrounding jurisdiction's (identified by the City) published fee schedules and public documents (i.e., agenda items, staff reports, budgets, fee schedules, and ordinances) was conducted in order to provide a comparative fee analysis.
- **Review and Approval of Results with City Staff:** Department management has reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent chapters of this report.

3 Summary of Results

When comparing Development Services Fiscal Year 2022 approved budgeted expenditures with fee-related revenue generated in Fiscal Year 2021 for all Divisions which support Development Services, the City is under-recovering its costs by approximately \$1 million and recovering only 45% of its fee-related costs. The following table outlines these results:

Table 2: Annual Cost Recovery Analysis

Divisions	FY21 Revenue	FY22 Cost	Difference	Cost Recovery %
Building Inspection	\$755,792	\$998,367	(\$242,576)	57%
Planning	\$25,498	\$327,657	(\$302,158)	6%
TOTAL	\$781,290	\$1,749,126	(\$967,836)	45%

As indicated above, Planning has the lowest cost recovery at 6%. This under-recovery is primarily due to Engineering's time on various fees not being accounted for. Likewise, Building's under-recovery is primarily due to the Fire Marshal's time on plan review and inspections not being appropriately accounted for.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among Council members and City staff, and do not represent a recommendation for where or how the Council should act. The setting of the “rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a policy decision to be made only by the Council, with input from City staff and the community.

4 Considerations for Cost Recovery Policy and Updates

The Matrix Consulting Group recommends that the City use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy, and a mechanism for the annual update of Development Services’ fees for service.

1 Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Council adopt a formalized, individual cost recovery policy for each service area included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice. The GFOA’s best practices for *Establishing Government Charges and Fees* states that governmental entities should adopt formal policies regarding charges and fees which include the jurisdiction’s intention to recover the full cost or partial costs of providing services, sets forth circumstances under which the jurisdiction might set a charge or fee at less than or more than 100% of full cost, and outlines the considerations that might influence the jurisdiction’s pricing decision.

2 Adopt an Annual Fee Update / Increase Mechanism

The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components or organizational structures. The Matrix Consulting Group believes it is a best management practice to perform a complete update of a Fee Assessment every 3 to 5 years.

In between comprehensive updates, the City could utilize published industry economic factors such as Consumer Price Index (CPI) or other regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, the City could also consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. Utilizing an annual increase mechanism

would ensure that the City receives appropriate fee and revenue increases that reflect growth in costs.

The GFOA's best practices for *Establishing Government Charges and Fees* states that governmental entities should review and update charges and fees periodically based on factors such as the impact of inflation, other cost increases, adequacy of cost recovery, use of services, and the competitiveness of current rates in order to avoid large infrequent fee increases.

2. Legal Framework and Policy Considerations

A “user fee” is a charge for service provided by a governmental agency to a public citizen or group. In the State of Texas, the “user fee” must bear a reasonable relationship to the cost of providing the service or regulating the behavior, and there must be an authority to level the fee. This is based on *Vance v. Town of Pleasanton*, 261 S.W. 457, 458 (Tex. Civ. App. – San Antonio 1924 aff’d Comm’n of Appeals of Texas, Section A, 277 S.W. 89, 1925). Additionally, fees that generate revenue in excess of what a city needs to operate the program which the fee is charged can be found by a court to be considered an unauthorized tax. Therefore, it is essential to draw a nexus between the fully loaded cost of providing a service and the fee that is being charged for that service.

1 General Principles and Philosophies Regarding User Fees

Local governments are providers of many types of general services to their communities. While all services provided by local government are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group or individual. The following table provides examples of services provided by local government within a continuum of the degree of community benefit received:

Table 3: Services in Relation to Benefit Received

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

Funding for local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In recent years, alternative tax revenues, which typically offset subsidies for services provided to the community, have become increasingly limited. These limitations have caused increased attention on user fee activities as a revenue source that can offset costs otherwise subsidized (usually) by the general fund. In Table 3, services in the “global community benefit” section tend to be funded primarily through tax revenues. In the middle of the table are services typically funded by a mixture of taxes, user fees, and other funding sources. Finally, in the “individual or private benefit” section of the table, lie the services provided by local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a land use or building permit will generally result in monetary gain to the applicant, whereas Police services and Fire Suppression are examples of services that are essential to the safety of the community at large. Therefore, it is commonly accepted that the larger the degree of individual or private benefit, the higher the cost recovery from user fees.
- **A profit-making objective should not be included in the assessment of user fees.** In fact, Texas laws generally state that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” may no longer apply. Therefore, it is commonly accepted that user fees are established at a level that will recover up to, but not more than, the cost of providing a particular service.

When developing policies and implementing fees for service, the above points should be taken into consideration.

2 General Policy Considerations Regarding User Fees

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why City staff or the Council may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or an outside agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. An example includes time spent copying and retrieving public documents.
- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost of a permit for replacing / installing a water heater in a residential home

is higher than the cost of the water heater itself, many citizens may avoid pulling the permit.

- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole. Examples include Recreation programs, Planning Design Review, historical dedications, and certain types of special events.

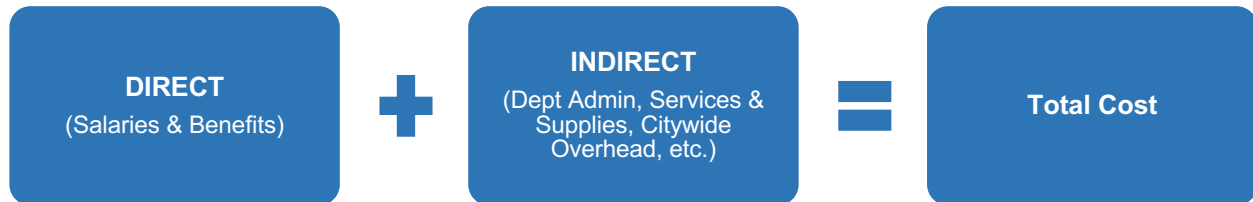
The Matrix Consulting Group recognizes the need for policies that intentionally subsidize certain activities. The primary goal of a User Fee Study is to provide a fair and equitable basis for determining the costs of providing services.

3 Summary of Legal Restrictions and Policy Considerations

Once the full cost of providing services is known, the next step is to determine the “rate” or “price” for services at a level which is up to, and typically not more than the full cost amount. The Council is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a “grey area”. However, with the resulting cost of services information from a User Fee Study, the Council can be assured that the adopted fee for service is reasonable, fair, and legal.

3. User Fee Study Methodology

The Matrix Consulting Group utilizes a cost allocation methodology commonly known and accepted as the “bottom-up” approach to establishing the total cost of service. The term means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The following chart describes the components of a full cost calculation:



The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Calculate fully burdened hourly rates by position, including direct & indirect costs;
- Develop time estimates for each service included in the study;
- Distribute the appropriate amount of other cost components to each fee or service based on the staff time allocation basis, or another reasonable basis.

The results of these allocations provide detailed documentation for the reasonable estimate of the actual cost of providing each service.

One of the key study assumptions utilized in the “bottom-up” approach is the use of time estimates for the provision of each fee related service. Utilization of time estimates is a reasonable and defensible approach, especially since experienced staff members who understand service levels and processes unique to the Department developed these estimates.

The project team worked closely with Department staff in developing time estimates with the following criteria:

- Estimates are representative of average times for providing services. Estimates for extremely difficult or abnormally simple projects are not factored into this analysis.

- Estimates reflect the time associated with the position or positions that typically perform a service.
- Estimates provided by staff are reviewed and approved by the division / department, and often involve multiple iterations before a Study is finalized.
- Estimates are reviewed by the project team for “reasonableness” against their experience with other agencies.
- Estimates were not based on time and motion studies, as they are not practical for the scope of services and time frame for this project.
- Estimates match the current or proposed staffing levels to ensure there is no over-allocation of staff resources to fee and non-fee related activities.

The Matrix Consulting Group agrees that while the use of time estimates is not perfect, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service.

The alternative to time estimating is actual time tracking, often referred to billing on a “time and materials” basis. Except in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach to not be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner.
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts.
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs.
- Departments can better predict revenue streams and staff needs using standardized time estimates and anticipated activity volumes.

Situations may arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. The Matrix Consulting Group has recommended taking a deposit and charging Actual Costs for such fees as appropriate and itemized within the current fee schedule.

4. Results Overview

The motivation behind a cost of services (User Fee) analysis is for the City Council and Departmental staff to maintain services at a level that is both accepted and effective for the community and maintain control over the policy and management of these services.

It should be noted that the results presented in this report are not a precise measurement. In general, a cost-of-service analysis takes a “snapshot in time”, where a fiscal year of adopted budgeted cost information is compared to a previous fiscal year of revenue, and available workload data. Changes to the structure of fee names, along with the use of time estimates allow only for a reasonable projection of subsidies and revenue. Consequently, the Council and Department staff should rely conservatively upon these estimates to gauge the impact of implementation going forward.

Discussion of results in the following chapters is intended as a summary of extensive and voluminous cost allocation documentation produced during the Study. Each chapter will include detailed cost calculation results for each major fee category including the following:

- **Modifications or Issues:** discussions regarding any revisions to the current fee schedule, including elimination or addition of fees.
- **“Per Unit” Results:** comparison of the full cost of providing each unit of service to the current fee for each unit of service (where applicable).
- **Annualized Results:** comparison of annual revenues to total annual cost of service.

The full analytical results were provided to Department staff under separate cover from this summary report.

5. Building Inspections

The Building Inspections Division is responsible for issuing construction permits, performing construction inspections, and for administering contractor licenses and registrations. The fees examined within this study relate to structural, electrical, plumbing, and mechanical permits and plan review. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Building Inspections Division.

1 Fee Schedule Modifications

Upon reviewing the current fee schedule with Building staff, various modifications to the current fee schedule were proposed. The following points highlight these changes to the fee schedule:

- **Eliminated Fees:** The following fees were removed from the Building fee schedule as they are now being provided by a different Department.
 - **Fire Suppression System**
 - a) 'Each fire suppression system
 - b) 'Repair or alteration of an existing fire suppression system
 - **Flammable or combustible liquid storage tank or service station pump**
 - a) 'Each new tank or replacement, which includes test verification'
- **Renamed and Expanded Fee:** 'Swimming Pool' was renamed 'Swimming Pool, Spa, Water Feature, etc' and was parsed out into the following two categories.
 - 'Residential Pool'
 - 'Public or Semi-public Aquatic Facility'

The modifications made to the fee schedule more accurately reflect the services currently being provided by the Building Inspections Division.

2 Detailed Results

The Building Inspections Division collects fees for structural, electrical, plumbing, and mechanical permits and plan review. The total cost calculated for each service includes

direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and difference associated with each service offered.

Table 4: Total Cost Per Unit Results – Building Inspection

Fee Name	Current Fee	Total Cost	Difference
Building Permits & Fees			
Minimum fee	\$45	\$51	(\$6)
New Building Construction or addition			
Single Family or Duplex			
Residence	\$0.18	\$0.27	(\$0.09)
Storage, outbuilding, carport or patio	\$0.06	\$0.10	(\$0.04)
Commercial			
Multi-Family, Commercial, and Industrial	\$0.29	\$0.45	(\$0.16)
Storage building	\$0.10	\$0.14	(\$0.04)
Plan Review for new construction	\$0.10	\$0.21	(\$0.11)
Plan Review for remodel work	\$0.002	\$0.007	(\$0.005)
Plan Review for storage and finish outs	\$0.04	\$0.08	(\$0.04)
Finish out of existing shell buildings or area within shell buildings	\$0.08	\$0.10	(\$0.02)
Repair, Alteration, or Remodel			
Existing residential buildings	\$0.18	\$0.22	(\$0.04)
Existing commercial buildings	\$0.006	\$0.021	(\$0.02)
Roofing or siding	\$0.006	\$0.011	(\$0.005)
Window replacement	\$20	\$43	(\$23)
Foundation repair	\$30	\$65	(\$35)
Foundation only	\$0.003	\$0.028	(\$0.025)
Signs			
Up to and including 80 square feet of total sign face area (on-premises)	\$11	\$41	(\$31)
Over 80 square feet of total sign face area (on-premises)	\$37	\$83	(\$46)
All off-premises	\$89	\$166	(\$77)
Demolition			
Demolition, which is required for any structure exceeding 150 square feet in area	\$0.0070	\$0.0120	(\$0.005)
Swimming Pools			
Residential Pool	\$21	\$397	(\$376)
Public or Semi-public Aquatic Facility	\$21	\$448	(\$427)
Mobile or Manufactured Home			
Installation outside of a mobile home park	\$21	\$152	(\$131)
Miscellaneous			
Demolition cleanup deposit, refundable to the permittee following final inspection approval	\$0.05	\$0.05	\$0.00

Fee Name	Current Fee	Total Cost	Difference
<u>Reinspection permit</u>			
First occurrence	\$45	\$29	\$16
Second occurrence	\$55	\$29	\$26
Each reinspection thereafter	\$65	\$29	\$36
General inspection	\$50	\$43	\$7
Equipment or structures not listed in this section	\$50	\$43	\$7
Building, electrical, plumbing, or mechanical permits issued to premises located outside of the city limits shall include an additional inspection service charge	\$50	\$43	\$7
<u>Weekend or after-hours inspections</u>			
First Hour	\$75	\$87	(\$12)
For each additional hour	\$75	\$87	(\$12)
Electrical Permits & Fees			
Minimum fee	\$75	\$34	\$41
New building or addition or complete rewire of existing buildings			
Single-family, multifamily or duplex use not exceeding three stories, which includes an attached or detached residential garage, storage or outbuilding	\$0.018	\$0.029	(\$0.011)
Commercial			
Multi-Family, Commercial, and Industrial	\$0.03	\$0.04	(\$0.01)
Storage, warehouse or parking garage, which does not apply to accessory office areas	\$0.008	\$0.012	(\$0.004)
Solar			
Solar Panels	\$0.008	\$0.018	(\$0.010)
Alteration, repair, or replacement of electrical services			
Existing single-family, duplex, or multifamily residences tenant or premises	\$5	\$51	(\$45)
Existing commercial electrical installations for each tenant or premises	\$16	\$135	(\$119)
Swimming pool, hot tubs, decorative pools or fountains	\$16	\$202	(\$186)
General inspection	\$5	\$43	(\$38)
<u>Reinspection permit</u>			
First occurrence	\$45	\$29	\$16
Second occurrence	\$55	\$29	\$26
Each reinspection thereafter	\$65	\$29	\$36
Miscellaneous electrical fees			
<u>Clearance to connect electrical service pursuant to 22-224(b)(5) [following discontinuance of service or change of occupants]</u>			
Residential	\$11	\$43	(\$33)
Commercial	\$37	\$65	(\$28)
Plumbing Permits			
Permit Issuance Fee	\$75	\$34	\$41

Fee Name	Current Fee	Total Cost	Difference
New building or addition or complete re-plumb of existing building			
Single-family, multifamily or duplex use not exceeding three stories, which includes an attached or detached residential garage, storage or outbuilding	\$0.019	\$0.034	(\$0.01)
Commercial			
Multi-Family, Commercial, and Industrial	\$0.012	\$0.020	(\$0.008)
Storage, warehouse or parking garage, which does not apply to accessory office areas	\$0.008	\$0.015	(\$0.007)
Alteration, repair or replacement of plumbing service			
Existing single-family, duplex, or multifamily residences tenant or premises	\$5	\$52	(\$46)
Alteration, repair, addition to or replacement of plumbing installations or fixtures on commercial structures	\$16	\$130	(\$114)
General inspection	\$5	\$43	(\$38)
Lawn sprinkler system, which includes backflow preventer	\$32	\$152	(\$120)
Excavation	\$16	\$29	(\$13)
Temporary gas	\$5	\$51	(\$45)
Reinspection			
First occurrence	\$45	\$29	\$16
Second occurrence	\$55	\$29	\$26
Each reinspection thereafter	\$65	\$29	\$36
Inspections for backflow devices	\$21	\$43	(\$22)
Other equipment or appliances not listed in this section	\$5	\$43	(\$38)
Mechanical Permits			
Permit Issuance Fee	\$75	\$34	\$41
New building or addition or complete re-fit of existing buildings			
Single-family, multifamily or duplex use not exceeding three stories, which includes an attached or detached residential garage, storage or outbuilding	\$0.007	\$0.011	(\$0.004)
Commercial			
Multi-Family, Commercial, and Industrial	\$0.009	\$0.017	(\$0.008)
Storage, warehouse or parking garage, which does not apply to accessory office areas	\$0.003	\$0.005	(\$0.002)
Alteration, repair or replacement of mechanical units			
Existing single-family, duplex, or multifamily residences tenant or premise	\$5	\$51	(\$45)
Alteration, repair, addition to or replacement of mechanical units on commercial structures	\$16	\$130	(\$114)
Reinspection			
First occurrence	\$45	\$29	\$16
Second occurrence	\$55	\$29	\$26
Each reinspection thereafter	\$65	\$29	\$36
Other equipment or appliances not listed	\$5	\$43	(\$38)
General inspection	\$5	\$43	(\$38)

The Building Inspection division under-recovers for most of their fees, ranging from a low of \$0.002 for 'Mechanical Permits – Commercial – Storage, warehouse or parking garage, which does not apply to accessory office areas' to a high of \$427 for 'Swimming Pools – Public or Semi-public Aquatic Facilities'. A majority of the over-recoveries are in relation to Electrical, Plumbing, and Mechanical fees. The largest surplus relates to the 'Permit Issuance Fee' at \$41, followed by 'Reinspection – Each reinspection thereafter' at \$36 and 'Reinspection – Second Occurrence' at \$26.

3 Non-Development Services Support

The Environmental Health and Property Management & Lake Lots Departments, along with the Engineering Division, provide support on Building Inspection specific permits. Costs associated with each of these departments and divisions was calculated in order to determine the total city cost associated with issuing Building Inspection specific permits. The total cost calculated for the service includes direct staff costs and Departmental and Citywide overhead. The following table details by Department/Division the full cost associated with Building Inspection permits to arrive at the total City cost for providing these services.

Table 5: Total Cost Per Unit Results – Building Services – All Services

Fee Name	Bldg Cost	Eng. Cost	Env. Health Cost	Prop. Mgmt. Cost	Total City Cost
Building Permits & Fees					
New Building Construction or Addition					
Commercial					
Multi-Family, Commercial, and Industrial	\$0.34	\$0.03	\$0.06	\$0.01	\$0.45
Plan Review for remodel work	\$0.0040	\$0.0014	\$0.0008	\$0.0007	\$0.0070
Repair, Alteration, or Remodel					
Existing commercial buildings	\$0.010	\$0.005	\$0.003	\$0.003	\$0.021
Swimming Pool, Spa, Water Feature, etc.					
Public or Semi-public Aquatic Facility	\$397	\$0	\$0	\$51	\$448
Electrical Permits & Fees					
Solar					
Solar Panels	\$0.011	\$0.007	\$0.000	\$0.000	\$0.018
Alteration, repair, or replacement of electrical services					
Existing commercial electrical installations for each tenant or premises:	\$130	\$0	\$0	\$5	\$135
Plumbing Permits					
Alteration, repair, or replacement of plumbing services					
Existing single-family, duplex, or multifamily residences tenant or premises	\$51	\$0	\$0	\$1	\$52

Environmental Health, Property Management & Lake Lots, and Engineering staff identified time related to various Building Inspection permits. These costs per unit were integrated

into the overall total costs per unit. This integration ensures that the City understands the costs associated with all relevant City departments' costs as it relates to the above permit services.

4 Engineering – Public Improvement Fees

Within the City of Wichita Falls, plan review and inspection of Public Improvements are under the purview of Engineering. However, the City does not currently charge for these services. As such, the project team worked with Engineering staff to develop a proposed fee structure and calculated the total cost associated with providing plan review and inspection services. The total cost calculated for Public Improvements includes direct staff costs and Departmental and City-wide overhead. The following table details the fee name and total cost, as these are new fees there is no current fee or difference to review.

Table 6: Total Cost Per Unit Results – Engineering-Public Improvements

Fee Name	Total Cost
Public Improvement (Plan Check and Inspection)	
Projects Valued Between \$0-\$250,000	\$3,196
<u>Projects Valued Between \$250,001-\$1,000,000</u>	
Base Fee	\$3,196
Percent of Project Value	1.17%
<u>Projects Valued Greater Than \$1,000,001</u>	
Base Fee	\$14,866
Percent of Project Value	0.58%

In discussion with City staff, it was proposed that 'Public Improvements (Plan Check and Inspection)' be based on valuation, including a base fee and an additional fee based on percentage of project value. This tiered structure ensures that staff time is appropriately captured as the scale of projects increases. Overall, the proposed fees are meant to provide the Department and the City with an understanding of the full cost associated with providing Public Improvement plan check and inspection services.

6. Planning

The Planning Division is responsible for providing support and guidance on all development projects. The fees examined within this study relate to platting, variance, right of way, easements, annexations, site plan review, conditional use permits, and various others. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Planning Division.

1 Fee Schedule Modifications

Upon reviewing the current fee schedule with Planning staff, various modifications to the current fee schedule were proposed. The following points highlight these changes to the fee schedule:

- **Addition of Fees:** The following fees were added to account for new services offered by Planning and to allow for staff time and effort to be captured appropriately.
 - **Zoning Fees**
 - a) 'Conditional Use Within Downtown Area'
 - b) 'Design Review within Historic District'
 - c) 'Historical Nomination – Nomination for a Landmark'
 - d) 'Historical Nomination – Nomination of a Historic District'
 - e) 'Pre-Development Meeting'
 - f) 'Address Coordination'
 - g) 'Thoroughfare Plan Amendment'
 - h) 'TABC Verification – New'
 - i) 'TABC Verification – Renewal'
- **Expanded Fees:** 'Street Name Change' was parsed out into the following two categories as a means to more accurately capture staff time and effort.
 - 'Collector or Arterial'
 - 'Local Residential'
- **Eliminated Fees:** The following three fees were eliminated as Planning no longer charges applicants for these Platting services.
 - 'Notification Plat, in addition to final plat fee'
 - 'Notification Plat, in addition to final plat fee – Archer County'
 - 'Notification Plat, in addition to final plat fee – Clay County'

The modifications made to the fee schedule more accurately reflect the services currently being provided by the Planning Division.

2 Detailed Results

The Planning Division collects fees for platting, variance, right of way, easements, annexations, site plan review, conditional use permits, and various others. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and difference associated with each service offered.

Table 7: Total Cost Per Unit Results – Planning

Fee Name	Current Fee	Total Cost	Difference
Platting			
Preliminary Plats			
Up to five acres	\$170	\$1,298	(\$1,128)
More than five acres	\$170	\$1,443	(\$1,273)
Plus, additional per acre fee or thereof up to \$500 maximum	\$10	\$185	(\$175)
Final, Notification and Minor Plats			
Plats within City of Wichita Falls and Wichita County			
Final Plat			
Up to five acres	\$280	\$1,085	(\$805)
More than five acres	\$280	\$1,230	(\$950)
Plus, additional per acre fee or thereof up to \$500 maximum	\$10	\$143	(\$133)
Plat Vacation	\$200	\$711	(\$511)
Minor Plat	\$280	\$936	(\$656)
Plats within the Extra-Territorial Jurisdiction (ETJ) Area shall be as follows			
Final Plat			
Archer County:			
Up to five acres	\$280	\$996	(\$716)
More than five acres	\$280	\$996	(\$716)
Plus, additional per acre fee or thereof up to \$500 maximum	\$10	\$149	(\$139)
Clay County:			
Up to five acres	\$500	\$996	(\$496)
More than five acres	\$500	\$996	(\$496)
Plus, additional per acre fee or thereof up to \$500 maximum	\$10	\$189	(\$179)
Plat Vacation			
Archer County	\$200	\$518	(\$318)
Clay County	\$450	\$518	(\$68)

Fee Name	Current Fee	Total Cost	Difference
Minor Plat			
Archer County	\$280	\$686	(\$406)
Clay County	\$500	\$686	(\$186)
Miscellaneous Development Fees			
Variance, Board of Adjustment, Airport Board of Adjustment	\$200	\$1,593	(\$1,393)
Right-of-way and easement encroachment release	\$100	\$519	(\$419)
Street, alley, or easement closure, abandonment, vacation	\$200	\$694	(\$494)
Street name change			
Collector or Arterial	\$500	\$2,593	(\$2,093)
Local Residential	\$500	\$1,336	(\$836)
Annexation	\$500	\$5,559	(\$5,059)
Certification letters for zoning, or building encroachment			
Basic fee	\$25	\$93	(\$68)
Intensive review fee	\$50	\$215	(\$165)
Zoning fees			
Site plan review:			
Application. This fee shall not apply to site plans accompanying a conditional use application	\$75	\$730	(\$655)
Appeal	\$50	\$965	(\$915)
Conditional use permit:			
Application	\$170	\$1,048	(\$878)
Conditional use for communications tower	\$170	\$1,179	(\$1,009)
Conditional use within Downtown area	New	\$1,557	
Appeal	\$100	\$1,005	(\$905)
Administrative appeals	\$200	\$2,639	(\$2,439)
Zoning amendments (rezoning)			
Up to five acres	\$450	\$1,270	(\$820)
More than five acres:			
Base Fee	\$450	\$1,270	(\$820)
Plus, per acre or fraction thereof	\$10	\$230	(\$220)
Rezoning to PUD:			
Base Fee	\$560	\$1,980	(\$1,420)
Plus, per acre or fraction thereof	\$10	\$230	(\$220)
Design Review within Historic District	New	\$2,823	N/A
Historical Nomination			
Nomination for a Landmark	New	\$4,573	N/A
Nomination of a Historic District	New	\$9,120	N/A
Pre-Development Meeting	New	\$1,099	N/A
Address coordination	New	\$372	N/A
Thoroughfare Plan Amendment	New	\$3,593	N/A
TABC Verification			
New	New	\$255	N/A
Renewal	New	\$89	N/A

Planning under-recovers for all of their fee-based services. The largest under-recovery is in relation to 'Annexation' at \$5,059, followed by 'Administrative Appeals' at \$2,439 and 'Street Name Change – Collector or Arterial' at \$2,093.

3 Cross-Departmental Support

The Fire, Environmental Health, and Property Management & Lake Lots Departments, along with the Engineering Division provide support on various Planning fees. Costs associated with each of these departments and divisions were calculated in order to determine the total city cost associated with issuing Planning applications. The total cost calculated for the service includes direct staff costs and Departmental and City-wide overhead. The following section details by Department / Division the full cost associated with providing support to Planning to arrive at the total Departmental cost for providing these services.

Table 8: Total Cost Per Unit Results – Planning Fees – All Services

Fee Name	Planning Cost	Fire Cost	Eng. Cost	Env. Health Cost	Prop. Mgmt. Cost	Total City Cost
Platting:						
Preliminary Plats:						
Up to five acres	\$1,048	\$21	\$188	\$15	\$27	\$1,298
More than five acres	\$1,048	\$21	\$333	\$15	\$27	\$1,443
Final Plat:						
Up to five acres	\$835	\$21	\$188	\$15	\$27	\$1,085
More than five acres	\$835	\$21	\$333	\$15	\$27	\$1,230
Plat Vacation	\$518	\$0	\$166	\$0	\$27	\$711
Minor Plat	\$686	\$21	\$188	\$15	\$27	\$936
Plats within the Extra-Territorial Jurisdiction (ETJ) Area shall be as follows:						
Final Plat:						
Archer County						
Up to five acres	\$924	\$0	\$72	\$0	\$0	\$996
More than five acres	\$924	\$0	\$72	\$0	\$0	\$996
Clay County						
Up to five acres	\$924	\$0	\$72	\$0	\$0	\$996
More than five acres	\$924	\$0	\$72	\$0	\$0	\$996
Miscellaneous Development Fees:						
Right-of-way and easement encroachment release	\$265	\$0	\$174	\$0	\$80	\$519
Street, alley, or easement closure, abandonment, vacation	\$265	\$0	\$188	\$0	\$241	\$694
Annexation	\$5,187	\$82	\$232	\$58	\$0	\$5,559
Zoning fees:						
Site plan review:						
Application. This fee shall not apply to site plans accompanying a conditional use application	\$455	\$82	\$188	\$5	\$0	\$730

Fee Name	Planning Cost	Fire Cost	Eng. Cost	Env. Health Cost	Prop. Mgmt. Cost	Total City Cost
Design Review within Historic District	\$2,796	\$0	\$0	\$0	\$27	\$2,823
Pre-Development Meeting	\$647	\$82	\$232	\$59	\$80	\$1,099
Thoroughfare Plan Amendment	\$3,199	\$82	\$232	\$0	\$80	\$3,593

Fire, Environmental Health, Property Management & Lake Lots, and Engineering staff identified time related to various Planning fees. These costs per unit were integrated into the overall total costs per unit. This integration ensures that the City understands the costs associated with all relevant City departments' costs as it relates to the above permit services.

7. Fire Marshal's Office

The Fire Marshal's Office conducts plan review and inspections to ensure compliance with fire regulations and municipal code. Due to the scope of this study, not all Fire fees were examined. Rather, the fees examined within this study relate to plan reviews and inspections by the Fire Marshal of new construction, remodels, and fire protection systems. The following subsections discuss fee schedule modifications and detailed per unit results for the fee-related services provided by the Fire Marshal Division.

1 Fee Schedule Modifications

Upon reviewing the current fee schedule with Fire staff, various modifications to the current fee schedule were proposed. The following points highlight these changes to the fee schedule:

- **Addition of Fees:** The following three fees were added to account for services already offered by the Fire Marshal but that the City was previously not charging a fee for.
 - 'Hood / Duct System'
 - 'Flammable / Combustible Liquids'
 - 'Private Hydrants'
- **Expansion of Fees:** The following fee categories were expanded as a means to more accurately capture staff time and effort.
 - **Fire Sprinkler Systems**
 - a) 'New System' was parsed out into the following four categories:
 - i. 'Up to 10,000 sq. ft.'
 - ii. '10,001 – 25,000 sq. ft.'
 - iii. '25,001 – 50,000 sq. ft.'
 - iv. '50,001 sq. ft. +'
 - b) 'Alterations / Repairs' was parsed out into the following two categories
 - i. 'Up to 50 heads'
 - ii. 'Greater than 50 heads'

- **Fire Alarm Systems**
 - a) 'New System' was parsed out into the following four categories:
 - i. 'Up to 10,000 sq. ft.'
 - ii. '10,001 – 25,000 sq. ft.'
 - iii. '25,001 – 50,000 sq. ft.'
 - iv. '50,001 sq. ft. +'
 - b) The following fee was added under 'Alterations / Repairs':
 - i. 'Per System'

The modifications made to the fee schedule more accurately reflect the services currently being provided by the Fire Marshal Division.

2 Detailed Results

The Fire Marshal Division collects fees for plan reviews and inspections for new construction, remodels, and fire protection systems. The total cost calculated for each service includes direct staff costs and Departmental and Citywide overhead. The following table details the fee name, current fee, total cost, and difference associated with each service offered.

Table 9: Total Cost Per Unit Results – Fire Marshal

Fee Name	Current Fee	Total Cost	Difference
Fire Sprinkler Systems			
<u>New System</u>			
Up to 10,000 sq. ft.	New	\$463	N/A
10,001 - 25,000 sq. ft.	New	\$607	N/A
25,001 - 50,000 sq. ft.	New	\$751	N/A
50,001 sq. ft. +	New	\$1,276	N/A
<u>Alterations / Repairs</u>			
Up to 50 heads	New	\$175	N/A
Greater than 50 heads	New	\$206	N/A
Subsequent Inspections	\$50	\$62	(\$12)
Fire Alarm Systems			
<u>New System</u>			
Up to 10,000 sq. ft.	New	\$391	N/A
10,001 - 25,000 sq. ft.	New	\$478	N/A
25,001 - 50,000 sq. ft.	New	\$581	N/A
50,001 sq. ft. +	New	\$684	N/A

Fee Name	Current Fee	Total Cost	Difference
<u>Alterations / Repairs</u>			
Panel Change Out	\$40	\$93	(\$53)
Per System	New	\$93	N/A
Subsequent Inspections	\$50	\$62	(\$12)
Hood / Duct			
Hood / Duct System	New	\$144	N/A
Flammable / Combustible Liquids			
Flammable / Combustible Liquids	New	\$62	N/A
Hydrants			
Private Hydrants	New	\$144	N/A

All but three Fire Marshal fees are new, with all existing fees showing an under-recovery. The largest under-recovery is in relation to 'Fire Alarm Systems – Alterations / Repairs – Panel Change Out' at \$53.

8. Annual Revenue Impact

When performing a cost-of-service analysis it is important to contextualize the results of the study through the revenue impact associated with the fees. This added layer of analysis provides a high-level summary of the role fee-related revenue has on a Department's budget.

For the following analysis the project team compared Fiscal Year 2022 approved budgeted expenditures with fee-related workload revenue generated in Fiscal Year 2021. If looking at only expenditures and workload for Divisions within Development Services, the City is under-recovering by approximately \$545,000 or is at a cost recovery of 59%. The following table outlines these results.

Table 10: Annual Cost Recovery Analysis – Development Services Only

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

However, the above table does not take into consideration the various other Divisions within the City who support Development Services. For a more accurate picture of revenue impacts, the following table compares approved budgeted expenditures for the Development Services Division and other City Divisions who provide cross-departmental support on Development related fees with the generate fee-related revenue.

Table 11: Annual Cost Recovery Analysis – Development Services and Cross-Departmental Support

Divisions	FY21 Revenue	FY22 Cost	Difference	Cost Recovery %
Building Inspection				
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%
Planning				
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%

As indicated in the above table, when taking into consideration the cost associated with all Divisions who support Development Services fees, the City is under-recovering by approximately \$1 million or is at a cost recovery level of 45%.

The largest source of deficit is Building Inspection and the fees which contribute the most to this deficit are as follows:

- 'Repair, Alteration, or Remodel – Existing commercial buildings' at an annual deficit of \$334,000, or a per unit (valuation of work) deficit of \$0.015
- 'Commercial – Plan Review for remodel work' at an annual deficit of \$112,409, or a per unit (valuation of work) deficit of \$0.01

The two fees highlighted above account for roughly \$446,000 of Building's deficit, with the remaining deficit spread across various other fees. Additionally, as demonstrated by the above dot points, the large annual deficits are due to significant workload in a category but a minimal per unit difference. Meaning, even a small increase in that fee category can result in a large revenue impact for the Department.

Similarly, Planning's deficit is mostly due to the following three fees:

- 'Plats within the City of Wichita Falls and Wichita County – Final Plat – More than five acres' at an annual deficit of \$68,000, or a per unit deficit of \$950
- 'Pre-Development Meeting' at an annual deficit of \$98,000, or a per unit deficit of \$1,099
- 'Address coordination' at an annual deficit of \$61,000, or a per unit deficit of \$372.

The above three fees account for roughly \$227,000 of Planning's \$395,000 deficit. Currently, the City does not charge for either 'Pre-Development Meeting' or 'Address coordination' and due to the volume of these services being performed, the result is a significant revenue impact that is not offset by current Planning fees.

Overall, Development Services' cost recovery of 45% is well below the typical 80-100% recovery level typically seen for development-related activities. The department should closely examine the results of this study and increase fees accordingly to ensure all applicants are paying in accordance for services being received.

9. Cost Recovery Considerations

The following sections provide guidance regarding how and where to increase fees, determining annual update factors, and developing cost recovery policies and procedures.

1 Fee Adjustments

This study has documented and outlined on a fee-by-fee basis where Development Services is under and over collecting for its fee-related services. City and Department management will now need to review the results of the study and adjust fees in accordance with Departmental and City philosophies and policies. The following points outline the major options the City has in adjusting its fees.

- **Over-Collection:** Upon review of the fees that were shown to be over-collecting for costs of services provided, it's recommended the City reduce the current fee to be in line with the full cost of providing the service.
- **Full Cost Recovery:** For fees that show an under-collection for costs of services provided, the City may decide to increase the fee to full cost recovery immediately.
- **Phased Increase:** For fees with significantly low-cost recovery levels, or which would have a significant impact on the community, the City could choose to increase fees gradually over a set period of time.

The City will need to review the results of the fee study and associated cost recovery levels and determine how best to adjust fees. While decisions regarding fees that currently show an over-recovery are fairly straight-forward, the following subsections, provide further detail on why and how the City should consider either implementing Full Cost Recovery or a Phased Increase approach to adjusting its fees.

1 Full Cost Recovery

Based on the permit or review type, the City may wish to increase the fee to cover the full cost of providing services. Certain permits may be close to cost recovery already, and an increase to full cost may not be significant. Other permits may have a more significant increase associated with full cost recovery.

Increasing fees associated with permits and services that are already close to full cost recovery can potentially bring a Department's overall cost recovery level higher. Often,

these minimal increases can provide necessary revenue to counterbalance fees which are unable to be increased.

The City should consider increasing fees for permits for which services are rarely engaged to full cost recovery. These services often require specific expertise and can involve more complex research and review due to their infrequent nature. As such, setting these fees at full cost recovery will ensure that when the permit or review is requested, the City is recovering the full cost of its services.

2 Phased Increases

Depending on current cost recovery levels, some current fees may need to be increased significantly in order to comply with established or proposed cost recovery policies. Due to the type of permit or review, or the amount by which a fee needs to be increased, it may be best for the City to use a phased approach to reaching their cost recovery goals.

As an example, you may have a current fee of \$200 with a full cost of \$1,000, representing 20% cost recovery. If the current policy is 80% cost recovery, the current fee would need to increase by \$600, bringing the fee to \$800, in order to be in compliance. Assuming this particular service is something the City provides quite often, and affects various members of the community, an instant increase of \$600 may not be feasible. Therefore, the City could take a phased approach, whereby it increases the fee annually over a set period until cost recovery is achieved.

Raising fees over a set period of time not only allows the City to monitor and control the impact to applicants, but also ensure that applicants have time to adjust to significant increases. Continuing with the example outlined above, the City could increase the fee by \$150 for the next four years, spreading out the increase. Depending on the desired overall increase, and the impact to applicants, the City could choose to vary the number of years by which it chooses to increase fees. However, the project team recommends that the City not phase increases for periods greater than five years, as that is the maximum window for which a comprehensive fee assessment should be completed.

2 Annual Adjustments

Conducting a comprehensive analysis of fee-related services and costs annually would be quite cumbersome and costly. The general rule of thumb for comprehensive fee analyses is between three and five years. This allows for jurisdictions to ensure they account for organizational changes such as staffing levels and merit increases, as well as process efficiencies, code or rule changes, or technology improvements.

Developing annual update mechanisms allows jurisdictions to maintain current levels of cost recovery, while accounting for increases in staffing or expenditures related to permit services. The two most common types of update mechanisms are Consumer Price Index (CPI) and Cost of Living Adjustment (COLA) factors. The following points provide further detail on each of these mechanisms.

- **COLA / Personnel Cost Factor:** Jurisdictions often provide their staff with annual salary adjustments to account for increases in local cost of living. These increases are not tied to merit or seniority, but rather meant to offset rising costs associated with housing, gas, and other livability factors. Sometimes these factors vary depending on the bargaining group of specific employees. Generally, these factors are around two or three percent annually.
- **CPI Factor:** A common method of increasing fees or cost is to look at regional cost indicators, such as the Consumer Price Index. These factors are calculated by the Bureau of Labor Statistics, put out at various intervals within a year, and are specific to states and regions.

Development Services should review its current options internally (COLA) as well as externally (CPI) to determine which option better reflects the goals of the Department and the City. If choosing a CPI factor, they should outline which particular CPI should be used, including specific region, and adoption date. If choosing an internal factor, again, they should be sure to specify which factor if multiple exist.

3 Policies and Procedures

This study has identified areas where the City is under-collecting the cost associated with providing services. This known funding gap is therefore being subsidized by other revenue sources.

Development of cost recovery policies and procedures will serve to ensure that current and future decision makers understand how and why fees were determined and set, as well as provide a road map for ensuring consistency when moving forward. The following subsections outline typical cost recovery levels and discuss the benefits associated with developing target cost recovery goals and procedures for achieving and increasing cost recovery.

1 Typical Cost Recovery

The Matrix Consulting Group has extensive experience in analyzing local government operations across the United States and has calculated typical cost recovery ranges. The following table outlines these cost recovery ranges by major service area.

Table 12: Typical Cost Recovery Ranges by Department

Service Area	Typical Cost Recovery Ranges
Building	80-100%
Planning	50-80%

Information presented in the table above is based on the Matrix Consulting Group's experience in analyzing local governments' operations across the United States and reflects *typical* cost recovery ranges observed by local adopting authorities. The analysis within this report shows Building Inspection at 57% and Planning at 6%, both exist below the average cost recovery range.

2 Development of Cost Recovery Policies and Procedures

The City should review the current cost recovery levels and adopt a formal policy regarding cost recovery. This policy can be general in nature and can apply broadly to the City as a whole, or to each department and division specifically. A department specific cost recovery policy would allow the City to better control the cost recovery associated with different types of services being provided and the community benefit received.

Appendix – Comparative Survey

As part of the Cost of Services (User Fee) study for the City of Wichita Falls, the Matrix Consulting Group conducted a comparative survey of development service fees. The Department identified 11 Texas jurisdictions to be included in the comparative survey: Abilene, Beaumont, College Station, Denton, Edinburg, Lewisville, McAllen, Odessa, San Angelo, Tyler, and Waco. The project team then reviewed public documents (i.e., agenda items, staff reports, budgets, fee schedules, and ordinances), and or contacted jurisdictions to get comparative information.

While this report will provide the City with a reasonable estimate and understanding of the true costs of providing services, many jurisdictions also wish to consider the local “market rates” for services as a means for assessing what types of changes in fee levels their community can bear. However, a comparative survey does not provide adequate information regarding the relationship of a jurisdiction’s cost to its fees.

The following sections detail various factors to consider when reviewing comparative survey results, as well as graphical comparisons of current fees and total calculated costs for various permits issued or services provided by the Development Services Department.

1 Economic Factors

In order to provide additional context to the comparative survey information, the project team collected economic factors for the jurisdictions included. Three important economic factors to consider when comparing fees across multiple jurisdictions are: population, budget, and workforce size. The following tables rank each jurisdiction from smallest to largest for each of these economic factors:

Table 13: Ranking of Jurisdictions by Population

Jurisdiction	2020 Population¹
San Angelo	99,893
Edinburg	100,243
Wichita Falls	102,316
Tyler	105,995
Lewisville	111,822
Odessa	114,428
Beaumont	115,282
College Station	120,511
Abilene	125,182

¹ Population data is pulled from April 2020 census.

Jurisdiction	2020 Population ¹
Waco	138,486
Denton	139,869
McAllen	142,210

Table 14: Ranking of Jurisdictions by Citywide Total Budget²

Jurisdiction	FY21/22 Budget
Beaumont	\$139,895,900
McAllen	\$170,910,351
Wichita Falls	\$195,449,875
San Angelo	\$207,140,297
Lewisville	\$208,104,048
Tyler	\$226,355,544
Odessa	\$239,327,076
Edinburg	\$255,210,802
Abilene	\$288,668,300
College Station	\$400,463,030
Waco	\$570,024,799
Denton	\$1,455,356,698

Table 15: Ranking of Jurisdictions by Workforce Size

Jurisdiction	FY21/22 FTE
San Angelo ³	722
Tyler ⁴	820
Lewisville	844
College Station	1,004
Odessa	1,077
Edinburg ⁵	1,146
Wichita Falls	1,241
Abilene	1,272
Beaumont	1,317
Waco	1,707
Denton	1,753
McAllen ⁶	1,961

Based on the data shown in the previous tables, the City of Wichita Falls ranks in the middle to low end of surveyed jurisdictions in terms of population, size of workforce, and budget.

2 Recency Factor

While the previous comparative information can provide some perspective when comparing Wichita Falls's Development Services fees with surveyed jurisdictions, other

² To ensure appropriate comparisons, full operating budgets (all funds) has been used for all jurisdictions.

³ FY21-22 FTE information was unavailable, FY20-21 FTE data was used.

⁴ FY21-22 FTE information was unavailable, FY20-21 FTE data was used.

⁵ FY21-22 FTE information was unavailable, FY20-21 FTE data was used.

⁶ FY21-22 FTE information was unavailable, FY20-21 FTE data was used.

key factors to consider are when a jurisdiction's fee schedule was last updated and when the last comprehensive analysis was completed. The following tables detail when each surveyed jurisdiction last conducted a fee analysis and when they last updated their fee schedule.

Table 16: Last Fee Study Conducted

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

Table 17: Last Fee Schedule Update

Jurisdiction	Response
McAllen	2016
Edinburg	2018
Denton	2019
Odessa	2020
Tyler	2020
College Station	2022
Abilene	2022
Lewisville	2022
Waco	2022
San Angelo	2022
Beaumont	Unknown

Of the jurisdictions which the project team was able to find data, three have conducted fee studies within the last five years and three conducted their last fee studies over 10 years ago. However, most jurisdictions do adjust their fees annually. With the exception of McAllen and Beaumont, all jurisdictions have updated their Development Services' fee schedules within the last three to five years.

It is important to note that even though jurisdictions may have conducted fee studies, fees are not always adopted at full cost recovery. The comparative results will only show the adopted fees for the surveyed jurisdictions, not necessarily the full cost associated with the comparable service.

3 Additional Factors

Along with keeping the statistics outlined in the previous sections in mind, the following issues should also be noted regarding the use of market surveys in setting service fees:

- Each jurisdiction and its fees are different, and many are not based on the actual cost of providing services.
- The same “fee” with the same name may include more or less steps or sub-activities. In addition, jurisdictions provide varying levels of service and have varying levels of costs associated with providing services such as staffing levels, salary levels, indirect overhead costs, etc.

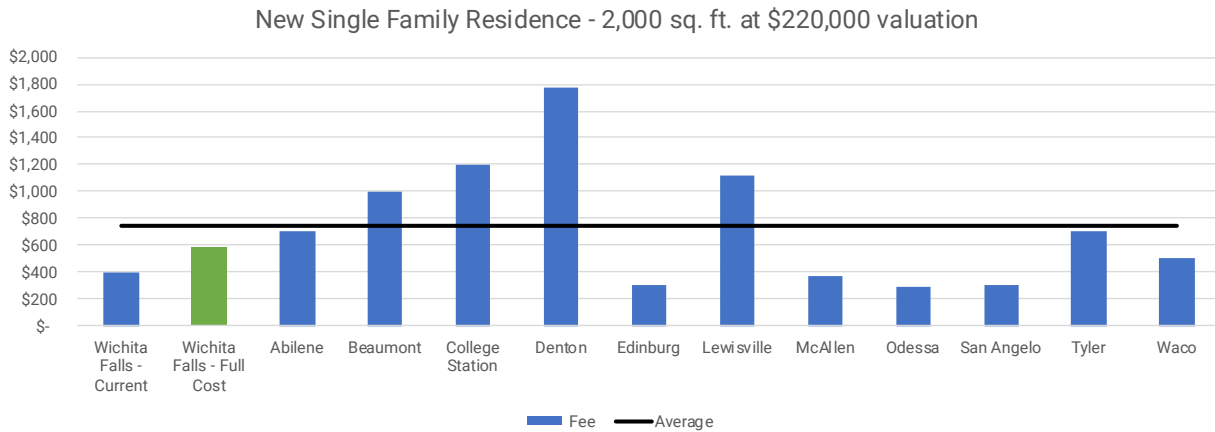
Market surveys can run the risk of creating a confusing excess of data that will obscure rather than clarify policy issues. Because each jurisdiction is different, the Matrix Consulting Group recommends that the information contained in the market comparison of fees be used as a secondary decision-making tool, rather than a tool for establishing an acceptable price point for services.

4 Comparative Survey Results

As part of this study, the project team conducted a survey of how the City’s current user fees and calculated full cost compare to other identified jurisdictions. The following subsections provide a comparative look at several fee-related services provided by the City versus the surveyed jurisdictions.

1 New Single-Family Residence – 2,000 Sq. Ft. at \$220,000 Valuation

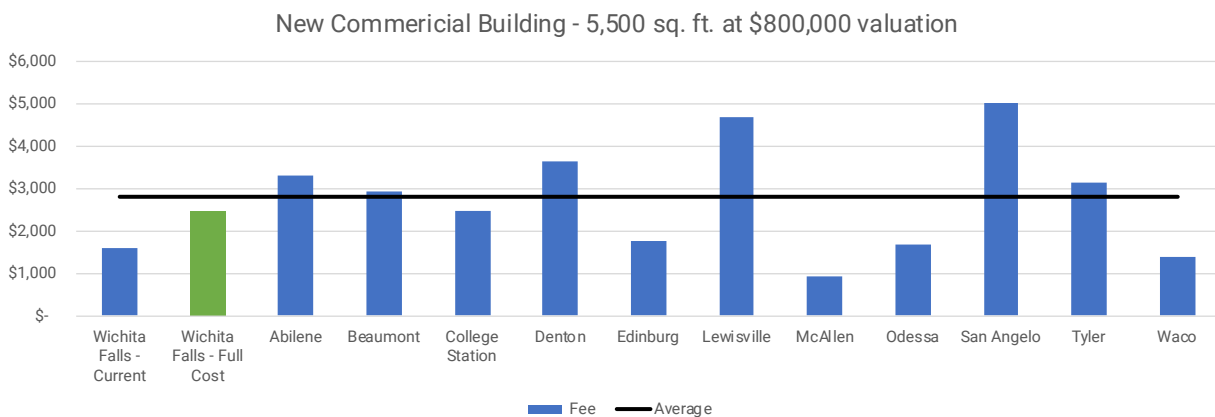
Currently, Wichita Falls charges a fee of \$405 to complete the permitting process for a new 2,000 square foot single-family home valued at \$220,000. Through this study, the project team calculated the full cost of this service to be \$590. The following graph shows how the department’s current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee and full cost are well below the jurisdictional average of \$752 and fall in line with other fees charged by other comparable jurisdictions. Waco charges the closest fee to Wichita Falls at \$500.

2 New Commercial Building – 5,500 Sq. Ft. at \$800,000 Valuation

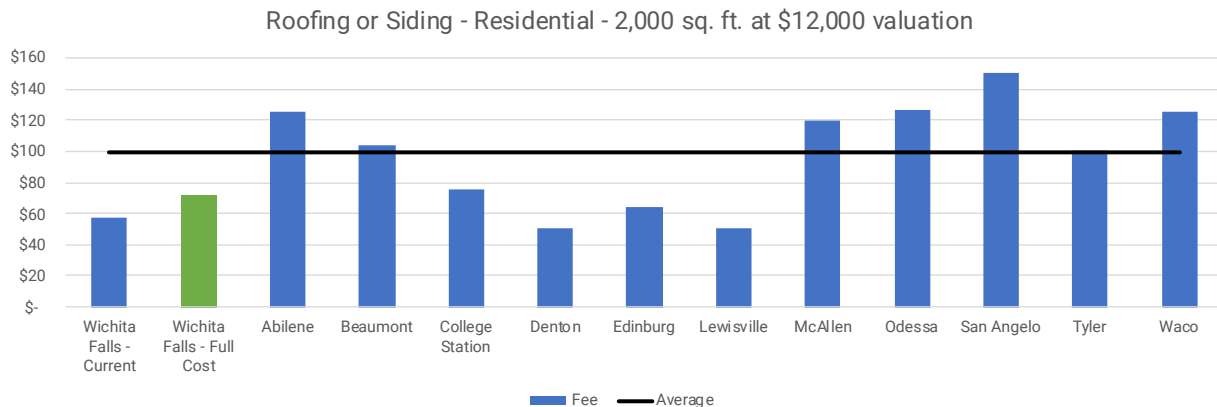
Currently, Wichita Falls charges a fee of \$1,595 to complete the permitting process for a new 5,500 square foot commercial building valued at \$800,000. Through this study, the project team calculated the full cost of this service to be \$2,451. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee and full cost are below the jurisdictional average of \$2,803 and fall in line with other fees charged by other comparable jurisdictions. Odessa charges the closest fee to Wichita Falls' current fee at \$1,660.

3 Roofing or Siding – Residential - 2,000 Sq. Ft. / \$12,000 Valuation

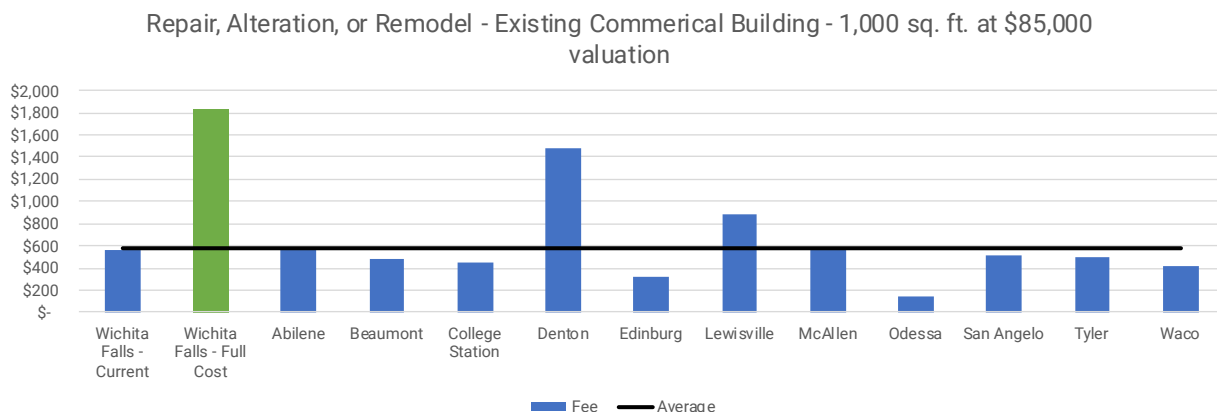
Currently, Wichita Falls charges a fee of \$57 to complete roofing or siding permitting valued at \$12,000 for a residential building of 2,000 square feet. Through this study, the project team calculated the full cost of this service to be \$72. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee and full cost are below the jurisdictional average of \$99 and are lower than most fees charged by other comparable jurisdictions. Wichita Falls' current fee falls between Denton's fee of \$50 and Edinburg's fee of \$64. College Station charges the closest fee to Wichita Falls' full cost at \$76.

4 Repair, Alteration, or Remodel - Existing Commercial Building – 1,000 Sq. Ft. at \$85,000 Valuation

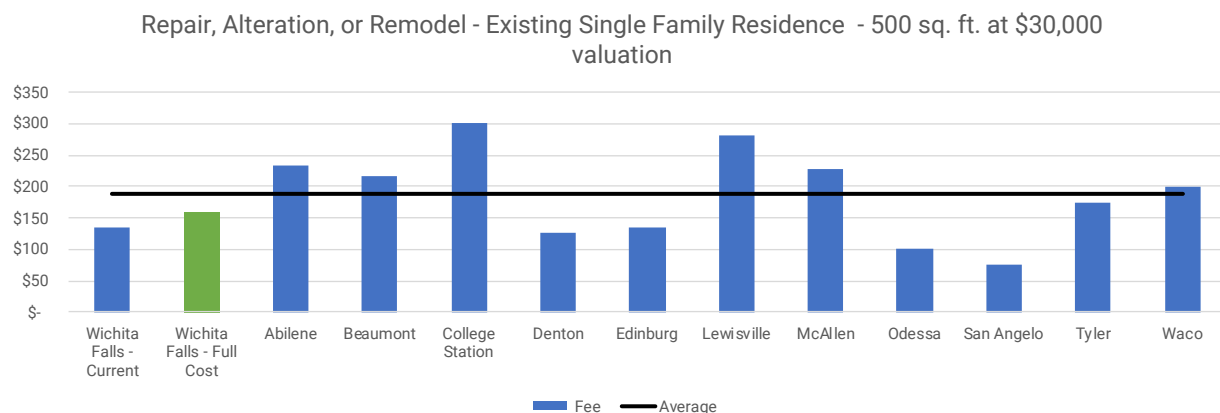
Currently, Wichita Falls charges a fee of \$555 for a repair, alteration or remodel permit valued at \$85,000 for an existing commercial building of 1,000 square feet. Through this study, the project team calculated the full cost of this service to be \$1,840. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee is in line with other comparable jurisdictions; however, the full cost of this service is far above the jurisdictional average of \$575 and exceeds all other fees charged by comparable jurisdictions. Wichita Falls' current fee is closest to McAllen's fee of \$558.

5 Repair, Alteration, or Remodel -Existing Single-Family Residence – 500 Sq. Ft. at \$30,000 Valuation

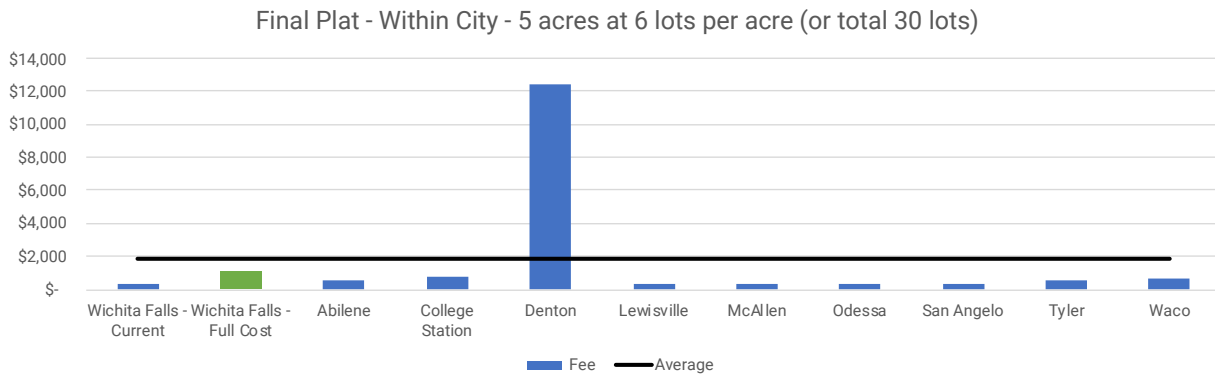
Currently, Wichita Falls charges a fee of \$135 to process permits for repair, alteration or remodel valued at \$30,000 for an existing single-family residence of 500 sq. ft. Through this study, the project team calculated the full cost of this service to be \$160. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee and full cost are below the jurisdictional average of \$189 and align with fees charged by Edinburg (\$136) and Tyler (\$175).

6 Final Plat – Within City – 5 Acres at 6 Lots Per Acre

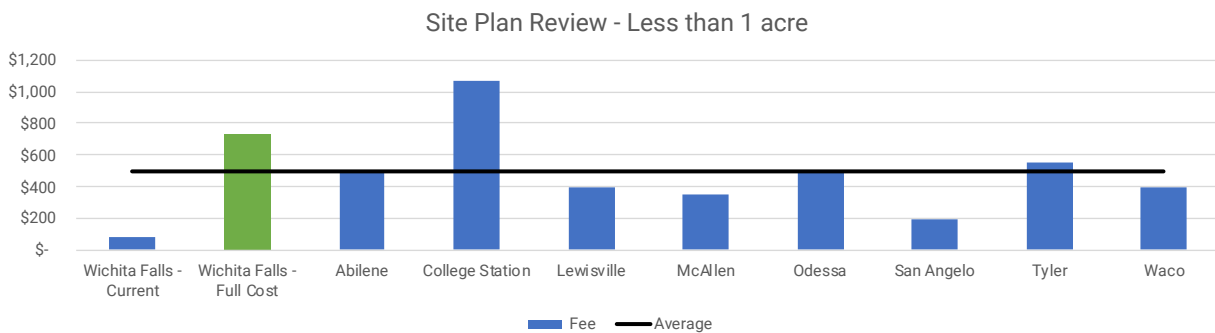
Currently, Wichita Falls charges a fee of \$280 to review a final plat for 5 acres at 6 lots per acre within the City. Through this study, the project team calculated the full cost of this service to be \$1,085. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee aligns with most comparable jurisdictions and is closest to San Angelo's fee of \$275. Wichita Falls' full cost is higher than fees charged by all jurisdictions except for Denton (\$12,467).

7 Site Plan Review – Less Than 1 Acre

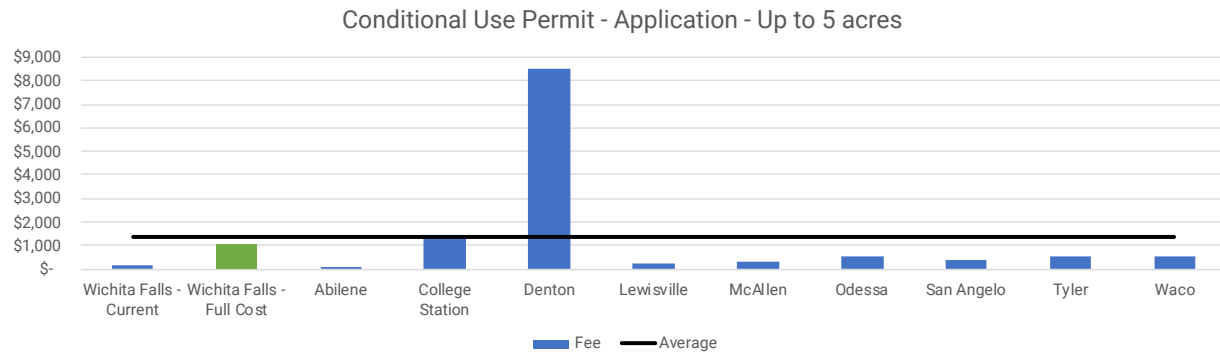
Currently, Wichita Falls charges a fee of \$75 for site plan review for sites under 1 acre. Through this study, the project team calculated the full cost of this service to be \$730. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee is lower than all other comparable jurisdictions; however, the full cost of this service is above the jurisdictional average of \$496 and is second only to College Station (\$1,072).

8 Conditional Use Permit – Application - Up to 5 Acres

Currently, Wichita Falls charges a fee of \$170 for a conditional use permit for sites up to 5 acres. Through this study, the project team calculated the full cost of this service to be \$1,048. The following graph shows how the department's current fee and full cost compared to the surveyed jurisdictions.



Wichita Falls' current fee is the second lowest fee charged for this service, preceded only by Abilene's fee of \$100. However, the full cost of Wichita Falls' service is second only to College Station (\$1,343) and Denton (\$8,506) and falls just below the jurisdictional average of \$1,382.