



**City of Dallas**

# **Proposed Amendments to Certain Permitting Fees**

**Economic Development  
Committee  
April 7, 2025**

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# Presentation Overview



- Purpose
- Background
- Proposed Fee Amendments
  - Commercial Remodel Project Fees
  - Q-Team Review Fees
  - Simplification of Fees
- Staff Recommendations
- Next Steps



# Purpose



- Staff is proposing to amend certain permitting fees in the City Code



# Background



- The City hired MGT Consulting to conduct a comprehensive fee study in 2023 based on a full cost recovery model
- The study resulted in recommendations for new and updated fees, which were implemented on May 1, 2024
- Prior to this, fees had not been adjusted since 2015



## Fee Study Implementation Timeline

Fee study completed	October 25, 2023
City Council memo	October 27, 2023
EcoDev Committee briefing	November 6, 2023
EcoDev Committee briefing	December 4, 2023
City Council agenda item – held under advisement	December 13, 2023
City Council agenda item – held under advisement	January 24, 2024
City Council agenda item – approved	March 27, 2024
New fee schedule in effect	May 1, 2024

# Background



PDD recommends three fee categories for further amendment this year.

1. **Commercial Remodel Fees:** the fee calculation adopted by Council included an error. The mistake resulted in an inadvertent fee reduction in larger projects, which has resulted in a correlated revenue loss.
2. **Q-Team Fees:** the consultant study did not review Q-Team fees, and staff is now proposing a small amendment.
3. **Inefficient Fees:** The consultant recommended a number of new, small fees that are rarely charged to customers. Staff recommends deleting and streamlining these fees to simplify our permitting process.



# Amendment #1: Commercial Remodel Fees



- Commercial remodels are one of the city's highest volume permit application types.
- When the 2024 fee changes were implemented, an error was included in the formula for calculating a commercial remodel permit fee. Rather than adopting the consultant's proposed **increase** in the commercial remodel permit fee, the staff error resulted in a large **decrease** in the fee for larger commercial remodel projects.



# Commercial Remodel Fees



The inadvertent fee reduction has caused a revenue shortfall in the Planning and Development Department.

- Actual revenue collected in FY25 through 2/19/24: **\$2.9M**
- Revenue that would have been collected using the former commercial remodel fee: **\$5.6M**
- Revenue that would have been collected using the consultant's proposed fee: **\$8.4M**

The reduction in the commercial remodel fee has caused a loss of revenue of **\$2.7M year to date in FY25**, and will result in a **total annual loss of \$8.6M compared to the previous fee schedule.**



# Commercial Remodel Fees



PDD has taken proactive measures to address the loss of revenue through hiring freeze, deferred fleet replacement, limiting staff overtime, and suspending travel and training.

These cost savings measures, along with utilization of a portion of the departmental fund balance, will offset the revenue loss in FY25.

To address future years, staff recommends that the commercial remodel permit fee be amended to **revert back to the pre-May 1, 2024 fee structure, as adjusted for inflation.** The inflation rate between 2015 through 2025 is approximately 33% per the U.S. Bureau of Labor Statistics.

\*if item is delayed, PDD risks forgoing an average of \$1.1M per month



# Permit Fee Sample by Project Valuation



Valuation Range	Current Permit Fee (Inadvertent 2024 Reduction)	Former Permit Fee (Prior to 2024 Reduction)	Proposed Permit Fee (Former Fee + Inflation)
\$1,000	\$132.00	\$100.00	\$175.00
\$4,000	\$165.96	\$100.00	\$175.00
\$20,000	\$257.79	\$193.04	\$256.74
\$40,000	\$431.51	\$386.08	\$513.49
\$70,000	\$679.83	\$675.64	\$898.60
\$90,000	\$759.79	\$868.68	\$1,155.34
\$150,000	\$1,108.73	\$1,441.75	\$1,917.53
\$400,000	\$2,587.63	\$3,811.00	\$5,068.63
\$600,000	\$3,810.09	\$5,681.00	\$7,555.73
\$800,000	\$3,796.86	\$7,525.00	\$10,008.25
\$1,000,000	\$5,865.15	\$9,345.00	\$12,428.85
\$2,000,000	\$6,829.14	\$18,253.00	\$24,276.49
\$4,000,000	\$10,886.34	\$35,852.00	\$47,683.16
\$8,000,000	\$19,317.23	\$70,544.00	\$93,823.52
\$12,000,000	\$47,370.95	\$103,706.00	\$137,928.98



# FYTD Revenues Comparison



Valuation Range	Volume FYTD <sup>1</sup>	Current Fee Schedule	Previous Fee Schedule	Proposed Fee Schedule
\$0 to \$2,000.00	1,225	\$162,043.20	\$161,700.00	\$215,061.00
\$2,001.00-\$25,000.00	1,011	\$200,220.62	\$145,849.67	\$193,980.06
\$25,001-\$60,000	274	\$122,583.97	\$108,359.92	\$144,118.69
\$60,001 to \$100,000	95	\$72,810.44	\$73,743.92	\$98,079.41
\$100,001 to \$300,000	227	\$287,915.08	\$406,776.05	\$541,012.15
\$300,001 to \$500,000	90	\$233,453.44	\$346,728.74	\$461,149.23
\$500,001 to \$700,000	39	\$155,470.18	\$219,759.13	\$292,279.64
\$700,001 to \$900,000	26	\$104,330.53	\$194,266.34	\$258,374.23
\$900,001 to \$1,100,000	30	\$187,014.09	\$281,314.40	\$374,148.16
\$1,100,001 to \$2,500,000	54	\$360,327.64	\$836,414.07	\$1,112,430.71
\$2,500,001 to \$5,000,000	22	\$247,336.02	\$728,618.69	\$969,062.86
\$5,000,001 to \$10,000,000	10	\$204,310.92	\$596,545.72	\$793,405.80
\$10,000,001 or greater	10	\$550,104.81	\$1,467,427.34	\$1,951,678.36
<b>Total</b>	<b>3,113</b>	<b>\$2,887,921</b>	<b>\$5,567,504</b>	<b>\$7,404,780</b>

<sup>1</sup> Volume totals from October 1, 2024 through February 19, 2025



# Amendment #2: Q-Team Review Fee



- Q-Team is the city's expedited plan review process. The 2023 consultant study did not include a review of the Q-Team process or fee structure.
- The current fee structure imposes a fee cap of \$2,000 (or two hours) for projects under 10,000 square feet, regardless of how many hours staff actually works on the project.
  - FY2023-24 – 834 projects
  - FY2024-25 – 341 projects (as of February 28)
- Staff recommends increasing the fee cap for projects under 10,000 square feet to \$10,000 (or up to 10 hours).



# Amendment #3: Streamlining & Elimination



PDD recommends streamlining two fees categories that create complications for applicants:

- **Zoning Verification** – Staff recommends consolidating four different fee options into a single fee of \$307.
- **Address Assignment** – Staff recommends consolidating five different fee options into a single fee of \$50 per address or suite.



# Amendment #3: Streamlining & Elimination



PDD also recommends elimination of certain fees due to low or no utilization:

- Certificate of Occupancy – Duplicate
- Inspection Scheduling Fee
- Mover's License Replacement Fee
- Postage and Handling Fee
- Signs – Non-premise Replacement Sticker

These adjustments will provide greater clarity to applicants, streamline the application process, and improve overall efficiency in fee collection and cost recovery.



# Staff Recommendation



Staff recommends the Economic Development Committee forward an ordinance to City Council for consideration and approval amending commercial remodel fees and Q-Team review fees, combining certain other fees, and eliminating certain fees in Chapter 52 of the Administrative Procedures for the Construction Codes



# Next Steps



- City Council Action – April 23, 2025
- Ordinance Effective Date – July 1, 2025





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Committee**

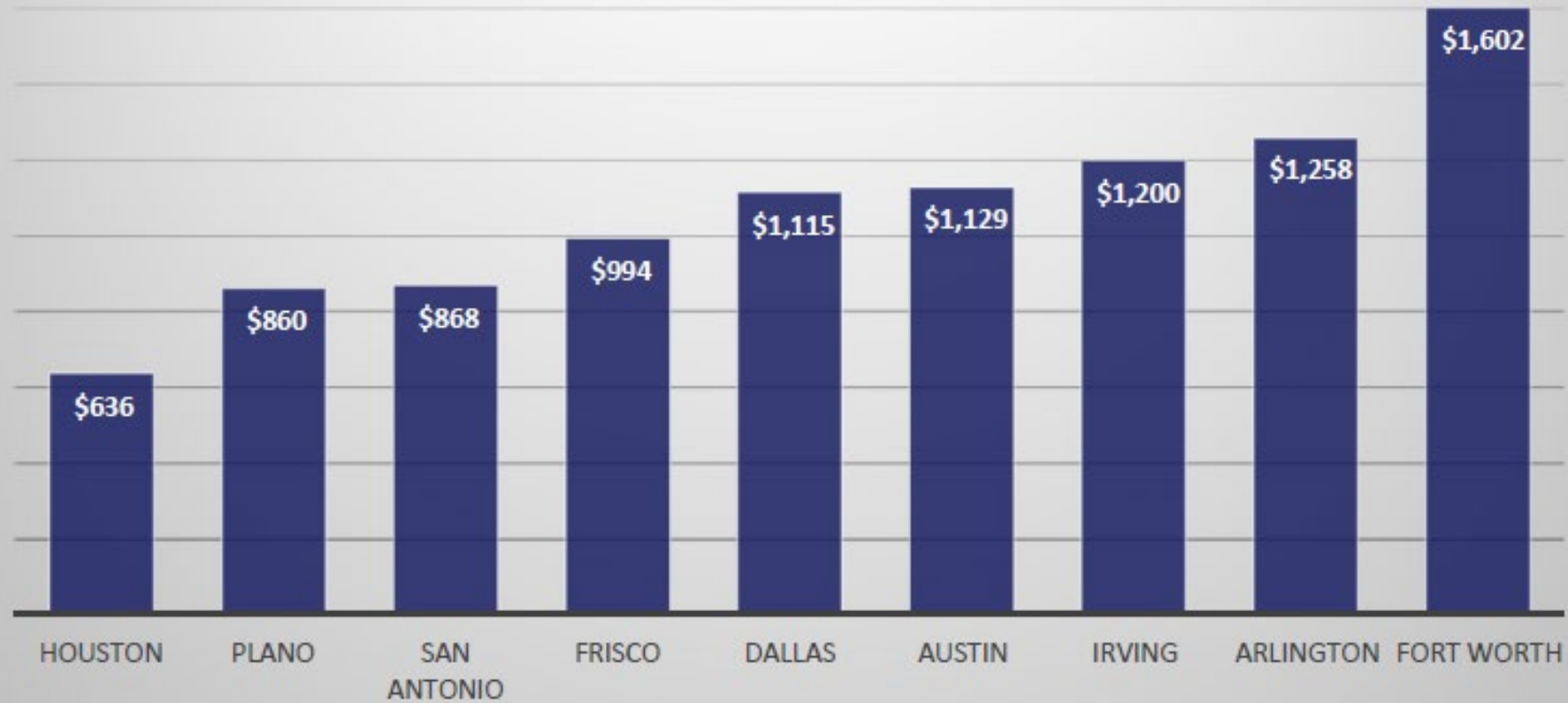
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# Addendum



## Commercial Construction - Retail Remodel (includes Plan Review & Inspections)



AVERAGE FEE – **\$1,074**

MEDIAN FEE – **\$1,115**



## Commercial Construction - Office Remodel (includes Plan Review & Inspections)



AVERAGE FEE – \$1,928  
MEDIAN FEE – \$1,744