



**City of Dallas**

# **MGT Consulting of America, LLC Fee Study for Building Permit Fees for the Development Services Department**

**Economic Development  
Committee  
December 4, 2023**

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Building Official  
Development Services  
City of Dallas

# Presentation Overview



- Background
- City Comparison
- Divisions
- Technology
- Study Findings
- Recommendations
- Next Steps



# Fee Study Background



- Goal 1: Improve departmental customer satisfaction and engagement by 75% by FY 2022/2023.
- Goal 2: Respond to all customer correspondence within one business in FY 2022/2023.
- Goal 3: Reduce new construction/remodel residential permitting turnaround times by 50% in FY 2022/2023.
- Goal 4: Implement and deploy additional specialized services and teams to reduce commercial permitting times by 25% by FY2022/2023.
- Goal 5: Finalize Statement of Work (SOW) and launch Dallas Now Project in FY 2025/2026.



# Fee Study Background



- DSD has not adjusted permitting fees since 2015
- Currently fees are in various Chapters of Building and Development Codes
- Contracted with MGT Consultants to perform DSD Fee Study
  - Completed in October of 2023
    - Building Inspections, Engineering, GIS, and Subdivision



# • CITY FEE COMPARISON



MGT project team worked with City staff to identify peer cities for comparison purposes. The cities used in the final comparison of the study were:

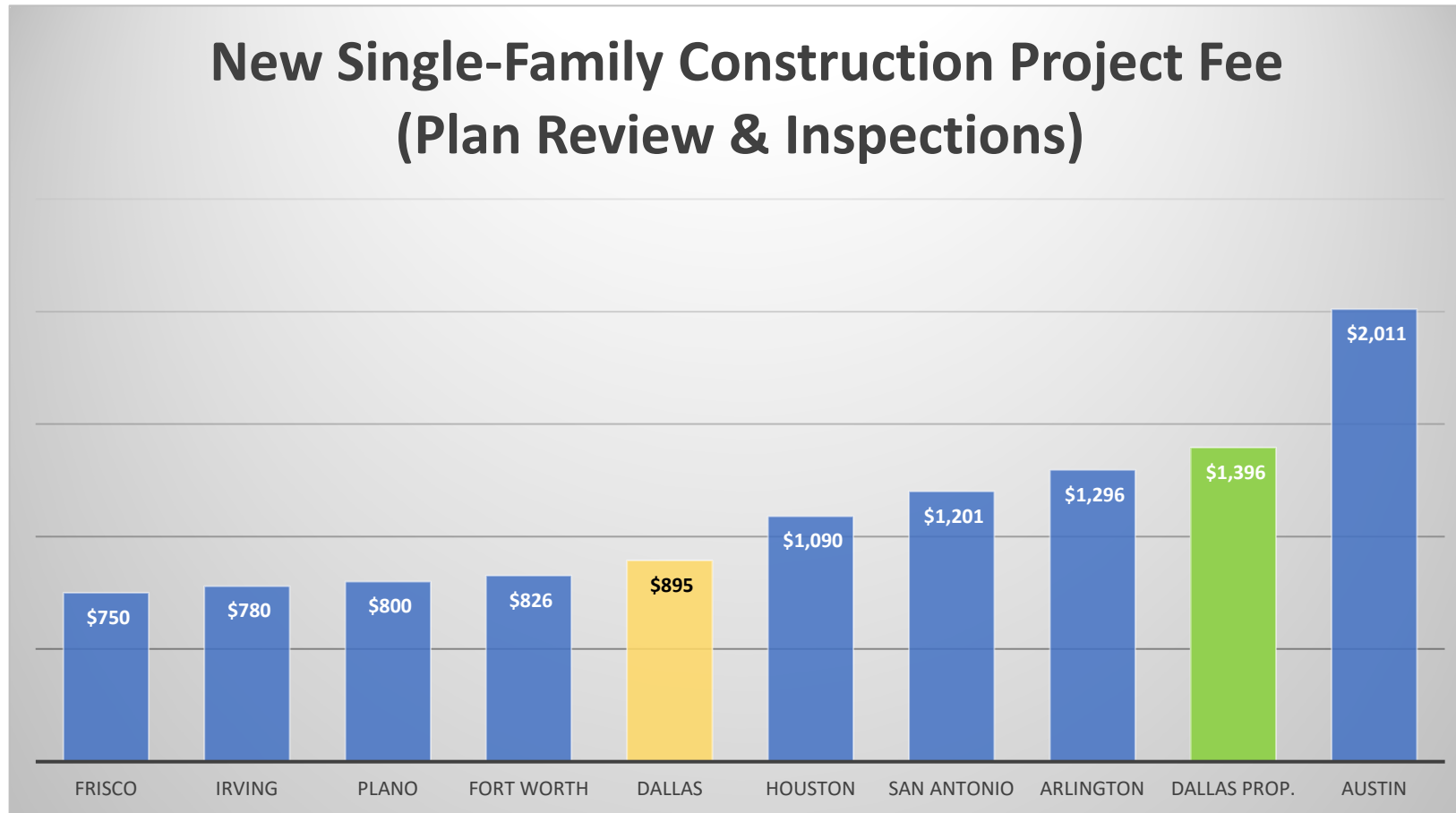
- City of Arlington, Texas
- City of Fort Worth, Texas
- City of Austin, Texas
- City of Frisco, Texas
- City of Houston, Texas
- City of Irving, Texas
- City of Plano, Texas
- City of San Antonio, Texas



# NEW SINGLE-FAMILY CONSTRUCTION



Graph 1: Fee Comparison:  
SINGLE-FAMILY CONSTRUCTION PROJECT  
Example Project Size: \$175,000 Valuation; 1,500 Square Feet



Current Fee  
Recommended Fee

*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*

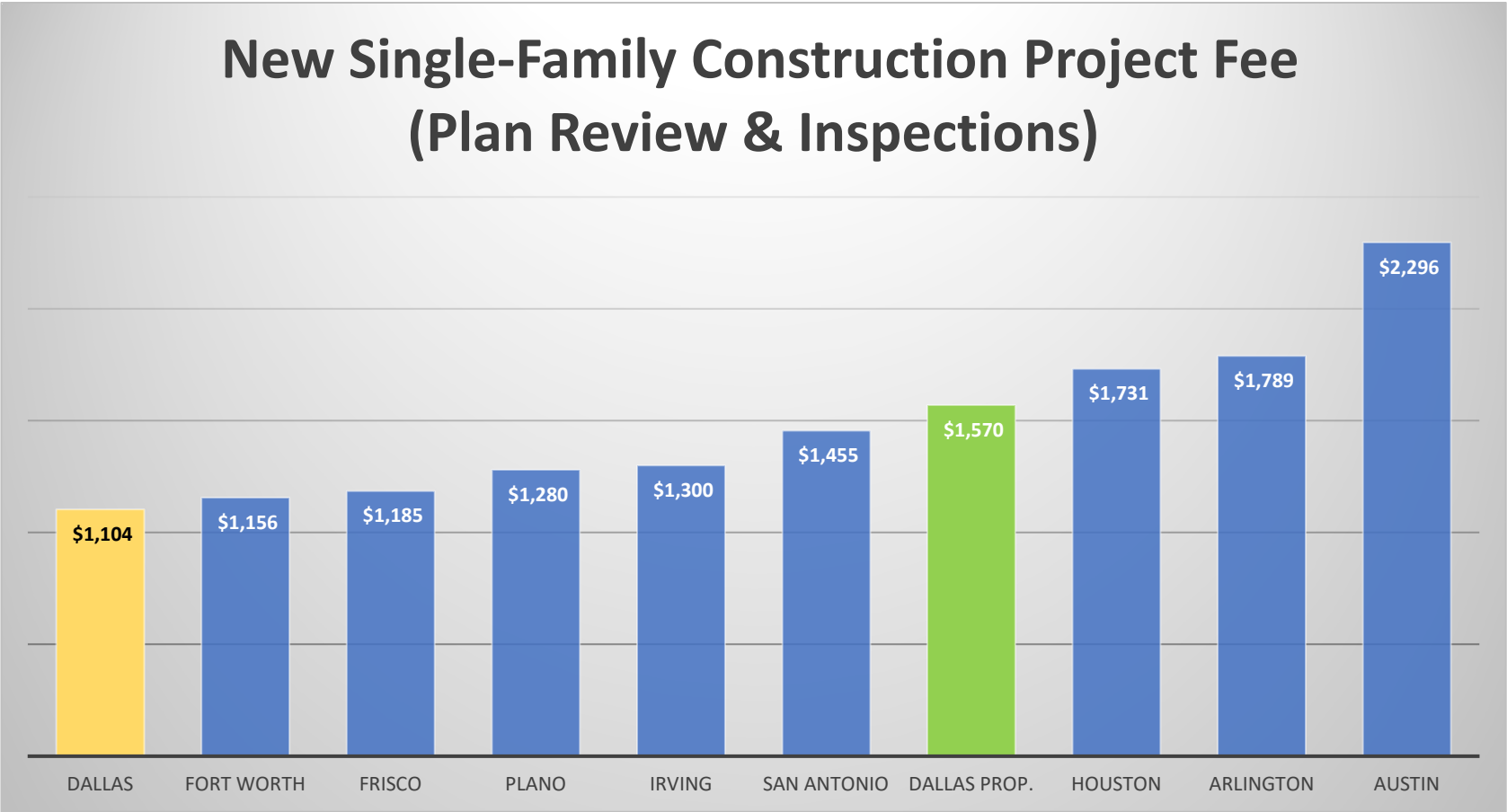




# NEW SINGLE-FAMILY CONSTRUCTION



Graph 2: Fee Comparison:  
SINGLE-FAMILY CONSTRUCTION PROJECT  
Example Project Size: \$225,000 Valuation; 2,500 Square Feet



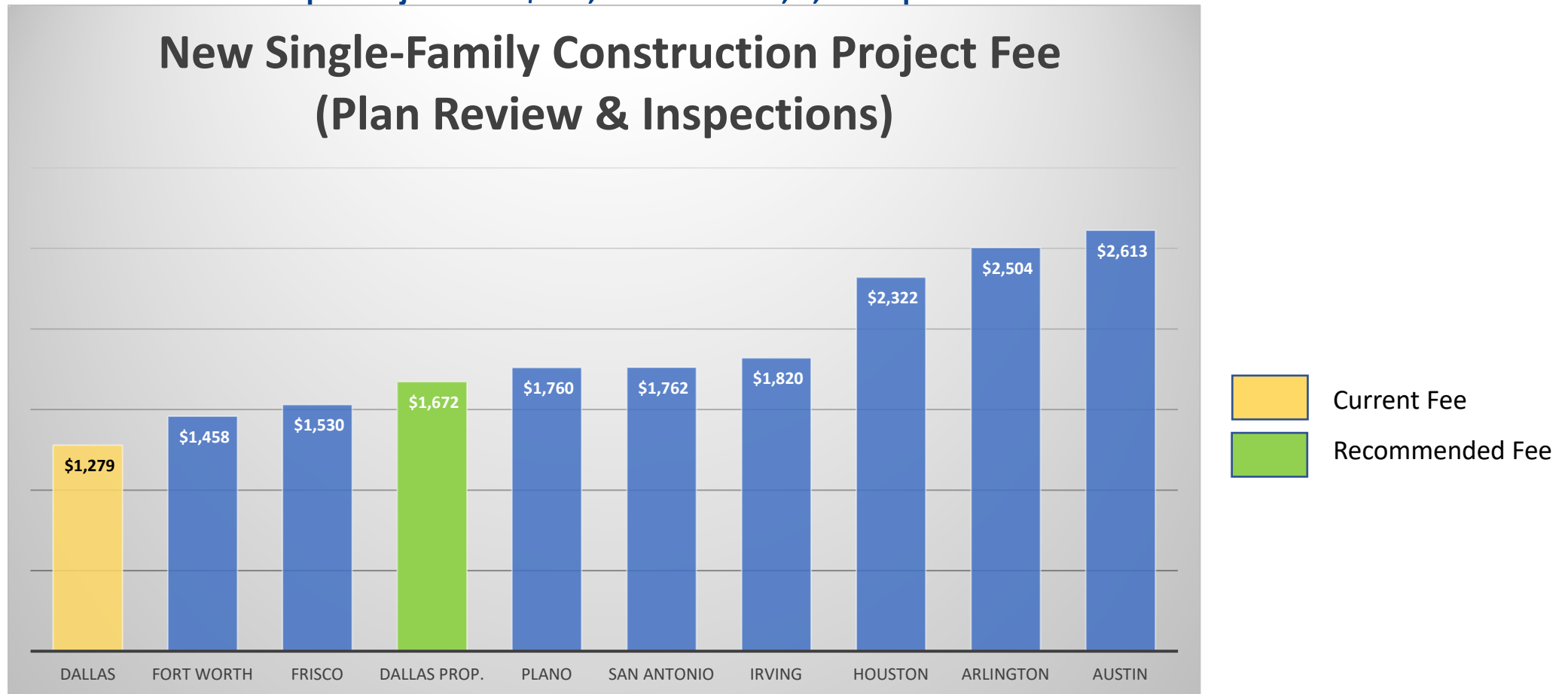
*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*



# NEW SINGLE-FAMILY CONSTRUCTION



Graph 3: Fee Comparison:  
SINGLE-FAMILY CONSTRUCTION PROJECT  
Example Project Size: \$375,000 Valuation; 3,500 Square Feet



*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*



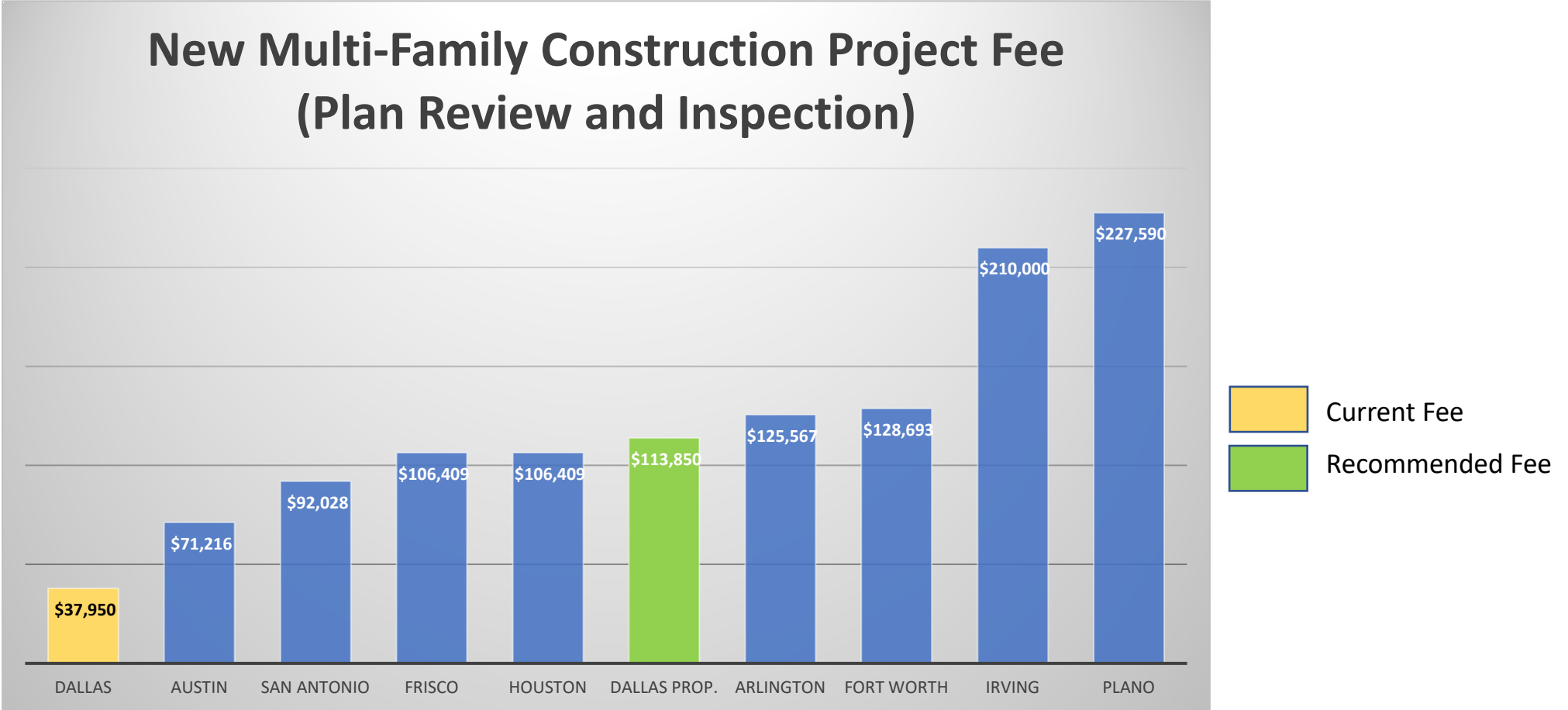


# MULTI-FAMILY CONSTRUCTION PROJECT



Graph 4: Fee Comparison:  
MULTI-FAMILY CONSTRUCTION PROJECT

Example Project Size: \$33,000,000 Valuation; 350,000 Square Feet; 150 Dwellings



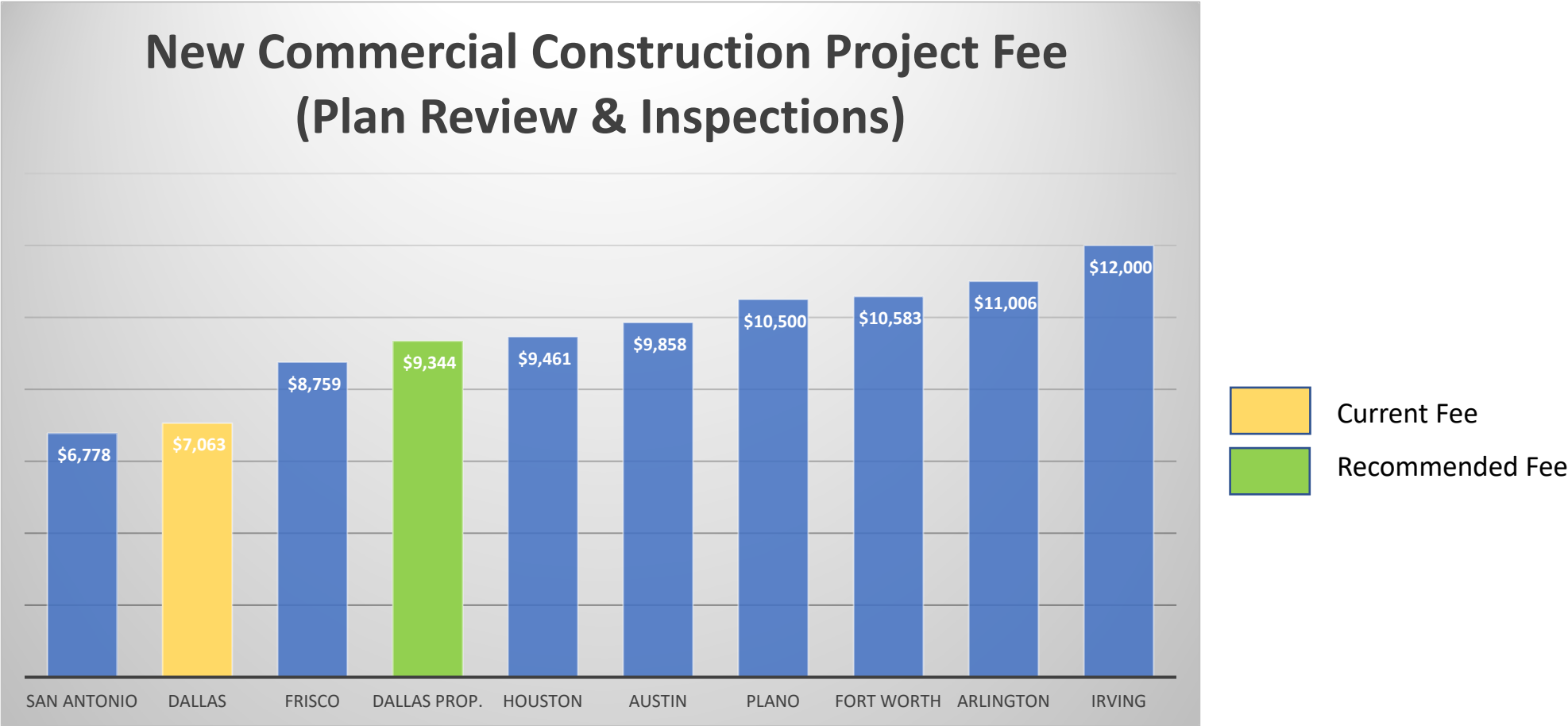
*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*



# New Commercial Construction - Retail



Graph 5: Fee Comparison:  
COMMERCIAL CONSTRUCTION PROJECT - RETAIL  
Example Project Size: \$2,000,000 Valuation; 20,000 Square Feet



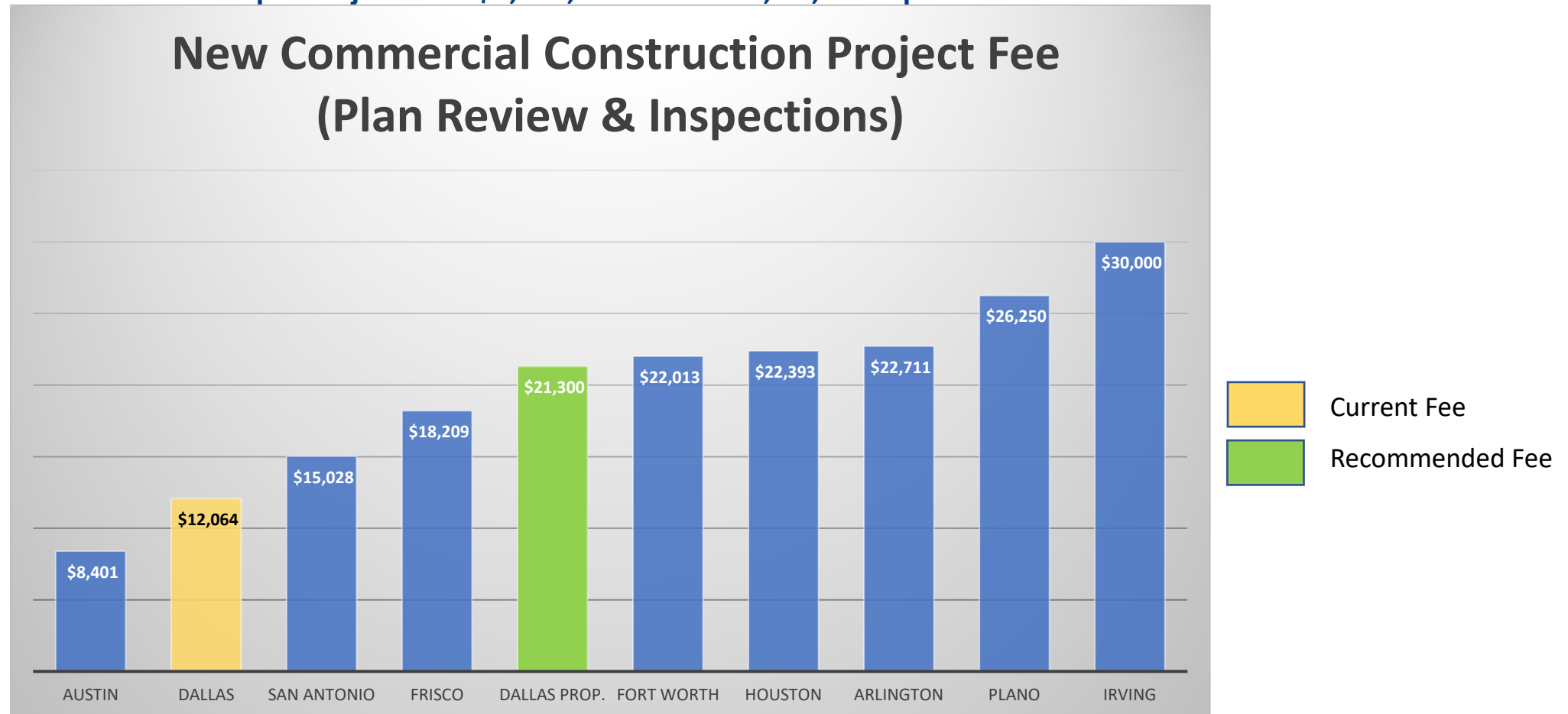
*Note: Fees in graph are strictly for permitting, plan review, and inspection services. They City of Dallas does not charge utility impact fees as other Cities do.*



# New Commercial Construction - Office



Graph 6: Fee Comparison:  
COMMERCIAL CONSTRUCTION PROJECT - OFFICE  
Example Project Size: \$5,000,000 Valuation; 50,000 Square Feet



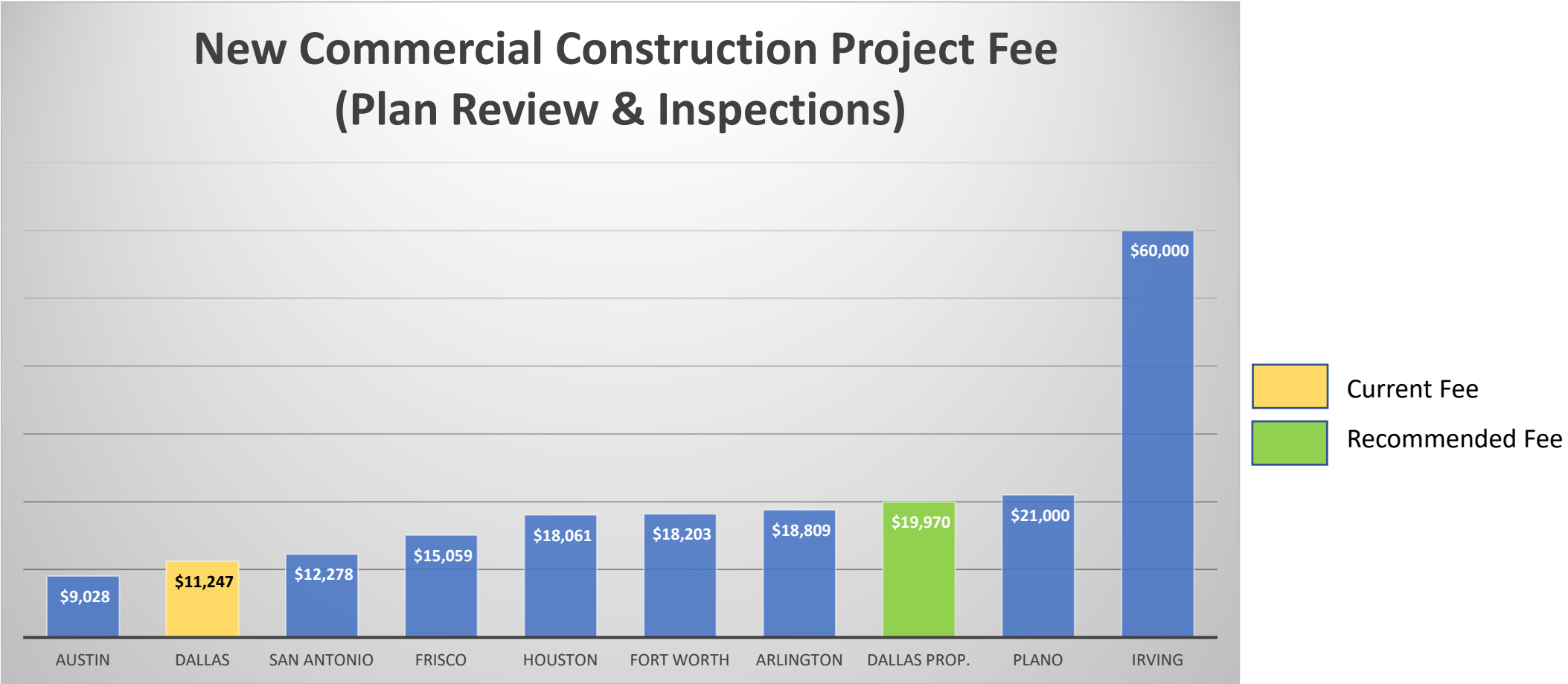
*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*



# New Commercial Construction - Warehouse



Graph 7: Fee Comparison:  
COMMERCIAL CONSTRUCTION PROJECT - WAREHOUSE  
Example Project Size: \$4,000,000 Valuation; 100,000 Square Feet



*Note: Fees in graph are strictly for permitting, plan review, and inspection services. The City of Dallas does not charge utility impact fees as other Cities do.*



# DIVISIONS



Division	Cost	Current Revenue	Current Subsidy
Inspections & Plan Review	\$41,623,673	\$24,227,138 (58%)	\$17,396,535 (42%)
Engineering	\$5,823,111	\$2,268,294 (61%)	\$3,554,818 (61%)
GIS	\$784,100	\$22,150 (3%)	\$763,950 (97%)
Subdivision	\$1,873,983	1,271,517 (68%)	\$602,466 (32%)
Total	\$50,106,867	\$27,789,098 (55%)	\$22,317,769 (45%)*

*\*Note: Subsidies have been compensated through the Development Enterprise Fund Reserves.*



# DIVISION – GIS



Current Costs				Recommendations		
	Annual Costs	Annual Revenue	Annual Subsidy	Annual Revenue	Increased Revenue	Subsidy
Total User Fees	\$786,100	\$22,150	\$763,950	\$786,100	\$763,950	\$0
% of Full Costs	-	3%	97%	100%	3449%	0%
Total Other Services	\$921,811	\$0	\$921,811	\$0	\$0	\$921,811
% of Full Costs	-	0%	100%	-	-	-
Department Totals	\$1,707,911	\$22,150	\$1,685,761	\$786,100	\$763,950	\$921,811
% of Full Costs	-	1%	99%	46%	3449%	54%



# DIVISION – BUILDING INSPECTIONS



Current Costs				Recommendations		
	Annual Costs	Annual Revenue	Annual Subsidy	Annual Revenue	Increased Revenue	Subsidy
Total User Fees	\$41,623,673	\$24,227,138	\$17,396,535	\$41,623,673	\$17,396,535	\$0
% of Full Costs	-	58%	42%	100%	72%	0%
Total Other Services	\$3,391,163	\$0	\$3,391,163	\$0	\$0	\$3,391,163
% of Full Costs	-	0%	100%	-	-	-
Department Totals	\$45,014,836	\$24,227,138	\$20,787,698	\$41,623,673	\$17,396,535	\$3,391,163
% of Full Costs	-	54%	46%	92%	72%	8%





# DIVISION – SUBDIVISION



Current Costs				Recommendations		
	Annual Costs	Annual Revenue	Annual Subsidy	Annual Revenue	Increased Revenue	Subsidy
Total User Fees	\$1,873,983	\$1,271,517	\$602,466	\$1,873,983	\$602,466	\$0
% of Full Costs	-	68%	32%	100%	47%	0%
Total Other Services	\$-43,237	\$0	\$-43,237	\$0	\$0	\$-43,237
% of Full Costs	-	0%	100%	-	-	-
Department Totals	\$1,830,746	\$1,271,517	\$559,229	\$1,873,983	\$602,466	\$-43,237
% of Full Costs	-	69%	31%	102%	47%	-2%



# DIVISION – ENGINEERING



Current Costs				Recommendations		
	Annual Costs	Annual Revenue	Annual Subsidy	Annual Revenue	Increased Revenue	Subsidy
Total User Fees	\$5,823,111	\$2,268,294	\$3,554,818	\$5,677,326	\$3,409,033	\$145,785
% of Full Costs	-	39%	61%	97%	150%	3%
Total Other Services	\$1,056,085	\$0	\$1,056,085	\$0	\$0	\$1,056,085
% of Full Costs	-	0%	100%	-	-	-
Department Totals	\$6,879,196	\$2,268,294	\$4,610,902	\$5,677,326	\$3,409,033	\$1,201,870
% of Full Costs	-	33%	67%	83%	150%	17%



- Currently DSD does not recoup costs associated with technology services and maintenance.
  - Current annual cost is \$7,166,370
  - Recommendation of \$15.00 technology fee added to each permit.
  - Other cities that charge technology fee include San Antonio, Austin and Fort Worth

# Findings



- DSD generates approximately \$28 million in revenue and has an approximate \$50 million operational user costs (based on FY2023/2024 Budget)
  - Current cost recovery 55% and subsidizing 45% of costs
  - MGT recommendations would result in approximately \$22 million of additional revenues
  - Result in 99.7% cost recovery rate
  - Approximately 40 service processes not being collected



# Findings/New Fees



Building Inspection	Current Fee	Proposed Fee
Conditional Approval Fee for Partial Permits (Processing Fee)	No Fee	\$250.00
Permit Extension (After Permit Issued)	No Fee	\$200.00
Inspection Scheduling Fee (Free Online)	No Fee	\$5.00
Temporary Residential Certificate of Occupancy	No Fee	\$250.00
Temporary Residential Certificate of Occupancy Extension	No Fee	\$125.00
Residential Certificate of Occupancy Move in Pending Full Certificate of Occupancy	No Fee	\$500.00
Technology Fee for all Permits	No Fee	\$15.00
Notary Fee	No Fee	\$5.00
Code Modification Requests (Alternate Means Methods)	No Fee	\$300.00
Resubmittals (After Permit has been issued all trades, excluding fire alarms/sprinklers)	No Fee	\$100/hr/trade
Revisions (To correct review denial comments) 1st revision is included in permit fee all others and trades (excluding fire alarm/sprinklers)	No Fee	\$100/hr/trade



# Findings/New Fees



Building Inspection	Current Fee	Proposed Fee
Any additional miscellaneous plan review	No Fee	\$100/hr/trade
Certificate of Occupancy for Dance Halls	No Fee	\$1,000.00
Certificate of Occupancy for Sexually Oriented Business	No Fee	\$1,000.00
Residential One-and-Two Family Dwellings (Scanning)	No Fee	\$15.00
All Minor Commercial Plan Review (Less than 10,000 square feet) (Scanning)	No Fee	\$25.00
Complex Commercial Plan Review (Over 10,000 square feet) (Scanning)	No Fee	\$50.00
Complex Commercial School Plan Review (Over 10,000 square feet) (Scanning)	No Fee	\$100.00
All Stand Alone Trade Plan Reviews (Scanning)	No Fee	\$25.00
All Site Plan Reviews (Scanning)	No Fee	\$25.00
Inspection Flat Rate for all CofO and Building Permits including Fire Inspections (Remodel, Finish Outs, Expansions, New Construction)	No Fee	\$125/Inspection
Work Without Permit Investigation Fee (In Addition to 2X Penalty)	No Fee	\$100/hr/trade (1hr min/trade)



# Findings/New Fees



GIS	Current Fee	Proposed Fee
Address Assignment/Reassignment for all Suites	No Fee	\$50 flat rate
Address Assignment/Reassignment for all Buildings on one site	No Fee	\$100 flat rate
Address Assignment/Reassignment for one-and-two family dwellings	No Fee	\$50 flat rate
Total Building Assignment/Reassignment 0-5	No Fee	\$100/building Flat Rate
Total Building Assignment/Reassignment 6-10	No Fee	\$75/building Flat Rate
Total Building Assignment/Reassignment 11 or More	No Fee	\$50/building Flat Rate

Arborist	Current Fee	Proposed Fee
Tree Survey Review	No Fee	\$100/hr
Tree Survey Inspection	No Fee	\$75/hr
Tree Removal Investigation	3,647.00	\$550 flat rate
Conservation Easement Review	No Fee	\$150/hr





# Findings/New Fees



Engineering	Current Fee	Proposed Fee
Floodplain Miscellaneous Review	No Fee	\$100 flat rate
Review Plats and Field Notes	No Fee	\$100/hr (1 hr min)
Traffic Impact Analysis (TIA) Initial Review	No Fee	\$1,000 Flat Rate
Traffic Impact Analysis (TIA) All Subsequent Reviews	No Fee	\$100/hr

Zoning	Current Fee	Proposed Fee
Parking Agreement Terminations	No Fee	\$100/hr (1hr min)
Parking Agreement Amendments	No Fee	\$100/hr (1hr min)
Access Easement Agreements	No Fee	\$100/hr (1hr min)
Legal Build Site Determinations	No Fee	\$100/hr (1hr min)
Licensing Verification Request from DPD	No Fee	\$50/hr (1hr min)
DSD Customer Consultations longer than 20 minutes all others	No Fee	\$100/hr (1hr min)
Research (For Other City Departments)/Service Request	No Fee	\$50/hr (1hr min)
Research Fee	No Fee	\$100/hr (1hr min)
Request for Zoning Interpretation	No Fee	\$500 Flat Rate



# Recommendations



- Continue our outreach and customer notification
- Add the full cost recovery Fee Schedule Updates to Chapter 52
- Consolidate Permitting Fee Schedules all into Chapter 52
- Codify the requirements for ongoing Fee Study Schedule



# Next Steps



- Continue stakeholder outreach (December 2023)
- Partner with City Attorney and Draft Ordinance Update
- Provide City Council with Ordinance Update on December 13, 2023.
- Implement new Fee Schedule February 1, 2024



# Stakeholder Outreach



- Dallas Home Builders Association – Aug 3<sup>rd</sup> & Oct 17<sup>th</sup>
- Development Advisory Committee – Aug 25<sup>th</sup> & Oct 20<sup>th</sup>
- Texas Real Estate Council – Oct 5<sup>th</sup>
- Third Party Plan Review Vendors- Oct 23<sup>rd</sup>
- Construction Contractors Association - Oct 25<sup>th</sup>
- Dallas Independent School District – Nov 1<sup>st</sup>
- Rescom Fire Contractors – Nov 3<sup>rd</sup>
- Building Owners and Managers Association – Nov 9<sup>th</sup>
- Fire Contractors Association - Nov 13<sup>th</sup>
- Professional Engineering Community – Nov 16<sup>th</sup>
- Professional Surveying Community – Nov 16<sup>th</sup>
- National Fire Sprinkler Association – Nov 28<sup>th</sup>





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