



# **CITY OF ANGLETON USER FEE STUDY**

January 2025

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## Introduction

A “user fee” is a charge for service provided by a governmental agency. Cities provide many types of general services to their communities. Generally, all services provided by cities have global benefits and are beneficial to the residents. Police or park maintenance are considered as global benefits. However, there may be some services that provide direct benefits to a specific group or individuals such as building permit and facility rentals.

Cities fund their operations through many revenue sources such as taxes, fines, grants, special charges, user fees, etc. Services that provide global benefits are funded primarily through voter approved tax revenues. Services that provide direct benefit to citizens are typically funded by user fee revenue.

For example, parkland dedication serves as a mechanism to provide public parkland and park amenities in newly developed regions without placing an undue tax burden on current city residents. An increase in park use derived from new dwelling units impacts park amenity wear and tear and maintenance costs. Parkland dedication ordinances provide developers with a monetary contribution alternative to constructing public parks and recreational areas. This monetary contribution enables municipalities to acquire and enhance park facilities to support population growth rather than taxing existing park and recreational areas and taxpayers.

When confronted by fast growth and high processing loads, the need for evaluating the current fee structure is critical to ensure adequate cost recovery. Generally, the purpose of analyzing fees is to evaluate the proportion of the cost of service provided by the city that is compensated by the recipient of the service. The end goal is to minimize the cost incurred by the citizens and use of other revenue sources to offset the cost of service. A well-designed fees structure will not only reduce the need for additional revenue sources, but also promote service efficiency.

The cost for delivering services generally fall under the following categories - administration and management; materials and supplies; direct and indirect labor.

The fee structure needs to be reviewed and adjusted periodically to reflect inflation, revenue fluctuations, changes in city policies, technology improvements, enhanced customer service, legislative changes, and other circumstances. Some of the initiatives and investments made by the City to ensure safe, efficient, and quality services are listed below:

Parks Department
<p>Modernization of amenities</p> <ul style="list-style-type: none"> <li>• Improved customer service with two full time employees</li> <li>• Facility Assistants to assist with Angleton Recreation Center work orders and cleanliness</li> <li>• Parks Maintenance for facility and Angleton Recreation Center repairs and maintenance</li> <li>• Beautification</li> <li>• New park furniture (e.g., picnic tables, benches, water fountains, etc.)</li> <li>• ADA improvements</li> <li>• Wi-Fi in some parks</li> <li>• LED and Solar lighting improvements</li> </ul> <p>New park amenities</p> <ul style="list-style-type: none"> <li>• Fishing pier</li> <li>• Boat &amp; kayak launch</li> <li>• New covered pavilions</li> </ul>

- All-inclusive playground (play structure, musical notes, communication board, roller slide, etc.)

**Development Services**

- Implementation of electronic permit processing system for shortened review time
- Licensed PDF editors for simultaneous reviews
- Paid online survey subscriptions
- Paid subscription of Geographic Information System software
- EGOV system to ensure easy availability of City documents. The Online Service Request system allows visitors to request information, submit requests for service, or submit comments for review
- Electronic payment processing system
- Secure filesharing system and malware screening
- Staff availability and assistance over phone and meetings as part of application reviews

A fee study is typically performed by municipalities every 3-5 years to evaluate user fees in the context of changing costs and circumstances. Some cities adjust the application fees based on the average consumer price index (CPI) change every year. The CPI is defined by the Bureau of Labor Statistics as ...” a measure of the average change over time in the prices paid by consumers for a representative basket of consumer goods and services. The CPI measures inflation as experienced by consumers in their day-to-day living expenses.” As per the CPI Inflation Calculator of US Bureau of Labor Statistics, on an average, the price of an item that was worth \$100.00 in 2014 has increased to \$130.68 in 2024. The table below shows the change in CPI for Houston-The Woodlands-Sugar Land for the period 2014-2023.

CPI for 2014 - 2024	
Year	Annual CPI
2014	213.365
2015	213.039
2016	216.414
2017	220.657
2018	225.927
2019	228.799
2020	229.161
2021	238.975
2022	258.660
2023	267.607

Other items to consider when developing charges and fees are:

- Applicable laws and statutes regarding charges and fees
- Formal policies for articulating pricing factors or rationale for any subsidies
- Full cost of providing the service
- Frequency of fee schedule review and update
- Long-term forecasts and plans that impact the decision-making in the rate setting process
- Stakeholder involvement

## Purpose

The City of Angleton's current fee structure has never been evaluated and updated in a comprehensive manner since the adoption. Since the initial adoption, there has been several changes that impacted the cost of providing services. Some of them are the increase in cost of living and associated change in the staff salaries; addition of new application types; need for consultant expertise due to lack of inhouse resources; need for additional resources due to the increasing number of applications etc.

The purpose of this User Fee Study was to determine the reasonable fees for services provided by the City as listed in the current fee schedule. The major objectives of this User Fee Study were as follows:

- Develop a rationale for setting fees - It is necessary to have a rationale for setting fee for a particular application. The City may have to subsidize residential permit and platting fees for primary homeowners. The City can not afford to offset the cost for a major commercial construction permit due to the amount of simultaneous and frequent reviews and inspections by redirecting the revenue that could have used for a sidewalk project.
- Develop updated and comprehensive list of fees - The City has to add or remove certain types of fees due to change in circumstances. Solar system installation requires permits, and the current fee schedule does not address this. Dance halls require permit and there may not be a dance hall within the city limits.
- Maintain conformance with state law, City policies, and community goals - Some of the applications that were required to be updated are listed below:
  - Right-of-way construction permit - City can not charge a fee if there is a franchise agreement with the utility provider
  - Electrical, Mechanical, or Plumbing Contractors are exempt from the fee (not from the registration requirement).

## Preliminary Analysis of the Current Fee Structure

Based on the preliminary review of the current fee schedule and initial discussions with staff, the following issues were identified:

- Some of the fees are being charged by the City but are missing in the fee ordinance. Example - plats.
- Some fee types are missing. Examples are Tree Plan, Development Agreement, etc.
- Fees are not organized in a user-friendly manner as the fees are listed based on the section of the code.
- Some fees (plats) are being charged as a deposit. This requires additional follow up from the staff to return unused fee or obtain additional fee from the applicant if additional review is required.

## Methodology

Ardurra commenced the Comprehensive User Fee Study for the City of Angleton in April 2023. The study included:

- Data Collection:
  - Identification of the cost incurred by the City to process permits and licenses listed in the City's current fee schedule. Data was collected by:
    - Reviewing current fee schedule (obtained from the City's website).

- Reviewing applications posted on the City's website.
- Gathering information from City staff. A worksheet listing the current fees were distributed to all departments to gather missing information and to identify the time spent by staff on each application with their hourly rates.
- Analysis of Findings
  - Cost recovery analysis: Based on the data received from the staff, cost recovery analysis of each fee type was performed.
  - Comparative Fee Analysis: Fee ordinances of the benchmark cities were researched to compare Angleton's fees with that of the benchmark cities to ensure that the current fees were adequate and were in par with other cities.
- Formulation of Recommendations
  - Preliminary recommendations were made based on the comparative fee analysis and conformance with state statutes.
- Review with City staff
  - Proposed fees were reviewed with departments to obtain their input and were updated as directed. Project progress was reported to staff contact over biweekly meetings. Working drafts were also shared with staff contact periodically.

## Detailed Project Approach

The following steps were followed for the tasks identified in the scope:

- **Current Fee Structure & Categories**
  - Identification and categorization of all fees: In an excel sheet, the fee types from the current fee schedule and City Code of Ordinances were identified and categorized based on the type of the application and activity being undertaken. The current fee ordinance categorizes the fees based on the section of the code and that makes it difficult to use.
- **Cost Recovery Analysis**
  - Approval processes: After staff interviews and analysis, the approval processes for each type of permit, and key staff and agencies involved were identified.
  - Staff and effort: Based on the approval process detailed in the City Code of Ordinances, key staff involved in the processing, review and approval of each application type were identified to calculate the total cost incurred to the City and processing time required for each application. In July 2023, the excel worksheet was distributed to all City departments to add the hourly rate of each staff and time spent on each application. The time estimated did not appear to be a true reflection of the efforts undertaken. The observations were discussed with City staff and City staff updated their estimates to incorporate the missing staff hours and capture time spent on all related tasks (city secretary, legal, agenda preparation, staff report and presentations, engineering review time for development plat etc.).
  - Cost recovery analysis: Based on the updated excel worksheet received from the staff in October 2023, the total cost incurred by the City to process each application was calculated by Ardurra (Appendix 2).

- **Comparative Fee Analysis**

- Comparison with benchmark cities: Angleton's current fees were compared with existing fees in similar surrounding cities that were identified as benchmark cities, with staff's assistance. These cities were selected based on their proximity to Angleton, and similarity in terms governance, demographic makeup, population, area, and growth patterns. A draft of initial fee comparison was shared with the City staff in April 2023. Examples of fee ordinances and reports from other cities were also shared with the City staff in October 2023 (Appendix 3).

The benchmark cities were

- Pearland
  - Manvel
  - Rosenberg
  - Richmond
  - Alvin
  - Katy
  - Fulshear
  - Brookshire
  - Pattison
- Additional research was conducted to compare the recreation center facilities and fees.
  - Omitted fees: A comprehensive list of fees charged by other cities was prepared. The City staff was requested to identify any missing fees or fees that were not being charged.
  - Additional fees: The fee analysis included missing fee types not included in the current fee schedule but supported by the approved ordinances and charged by surrounding cities were identified, as potential sources of additional revenue.

- **Recommendations**

- Since the cost breakdown analysis did not provide a realistic picture of the total cost incurred on the processing of several applications, the new fee structure was proposed based on the comparative fee analysis. The proposed fees were discussed with City staff (development services, parks, and utilities) at several meetings and updated as directed. The updated fee study draft was shared with the City staff in May, July, and August 2024.

## Stakeholder Input

The City staff discussed the proposed fee schedule with various stakeholders including the developer community, Planning and Zoning Commission (P & Z), and City Council (CC).

- Staff Workshop – City staff held a Comprehensive Fee Schedule workshop on July 25, 2024 to discuss the proposed fee schedule.
- Developer/Public Workshop - City staff organized a workshop with the developer community and public on August 6, 2024 and discussed the proposed fee schedule to obtain their input.
- P & Z update - City staff presented the proposed fee schedule to the P & Z on September 5, 2024 to obtain their input.

- City Council Work Session - City staff shared the draft fee schedule and comparisons with the City Council for review and updated them on October 22, 2024.
- City Council Work Session – City staff presented the draft fee schedule and comparisons to the City Council and sought input on November 12, 2024. City Council’s input was incorporated in the fee schedule.
- Public Hearing – A public hearing was conducted to seek input from stakeholders and the public regarding the proposed fee schedule on December 12, 2024.
- Public Hearing - The public hearing was continued on January 14, 2025.
- Adoption – The proposed fee schedule has been placed on the City Council agenda of January 28, 2025 for adoption.

## Revenue Projection Analysis

To be added

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## Conclusions

- Cost recovery analysis: It was concluded that the processing time estimated by staff was not a true reflection of the actual time incurred, due to the multiple functions undertaken by each staff simultaneously. Additionally, the estimated time did not take into consideration the time spent on research, coordination, site visits, meetings, follow-up, and others. Based on the analysis of the updated excel worksheet received in January 2024, majority of the fees excluding platting and zoning still did not provide a true reflection of the total effort spent on the application processing.
- Comparative fee analysis: Based on the comparative fee analysis it was observed that there was an opportunity to increase some of the fees by:
  - Increasing some of the existing fees to be comparable with benchmark cities.
  - Adding fees for applications and permit reviews that some of the benchmark cities were charging for.
  - Adding fees that were approved by ordinance but not being charged currently.
- Adopt a periodic fee update / increase mechanism

## Recommendations

General Considerations Regarding User Fee Determination:

The primary goal of these recommendations was to provide a fair and equitable basis for determining the reasonable fees.

The following factors were discussed with staff while proposing the new fees:

- Minimize spending other revenue sources to compensate for subsidizing the application and permit fee
- Benefit to the community due to proposed development or service
- State law compliance
- Promote safe and healthy practices by appropriate fees. For example, if the cost of a permit for changing a water heater in residential home is higher than the cost of the water heater itself, many citizens tend to avoid applying for a permit.
- Fees in benchmark cities



The recommendations included:

- Reorganization of the fee structure based on the type of the application and activity being undertaken.
- Addition of processing fee for some applications such as building permit to ensure that the minimum cost incurred by the City is being captured.  
Proposed fee structure = Application/Processing Fee + Review fees (if any)
- Additions and modifications of certain fees based on state law requirements. (E.g., platting, swimming pool, contractor registration, exemptions)
- Incorporation of parkland dedication fee and missing Parks and Recreation fee, and modification of other fees.
  - Parkland Dedication
    - Dwelling units served per acre of park - The average occupancy per dwelling unit per the US Census data is 2.57. The City's population per the US Census data is divided by the number of people in a dwelling unit to determine the number of dwelling units served by the Angleton Parks System. The number of dwelling units served by the Angleton Parks System is divided by the number of park acres to determine the number of dwelling units served per park acre.
    - Total area Parkland Required – To determine the total acreage of parkland required divide the number of proposed dwelling units in the development by the number of dwelling units served per park acre.
    - Fee in Lieu of Parkland Dedication:
      - Land Value Determination - The fee in lieu of Parkland Dedication will be based on the average fair market value per acre of the land which is being subdivided at the time of the preliminary plat approval. The fair market value shall be established by the most recent appraisal of all or part of the property made by the Brazoria County Appraisal District. At the city's discretion, the city may commission, at the developer's expense, an independent appraisal of the land by a third party and adjust the amount of assessed value based on any difference between it and the appraisal district's valuation.
      - Fee determination - The fair market land value of the total acreage of required parkland is divided by the number dwelling units to determine the fee per dwelling unit in lieu of dedication.
  - Park Development Fees  
In addition to the parkland dedication requirements, park development fees shall be paid by the owner or developer and must be sufficient to develop public parks that satisfy the City of Angleton's standards. Any park development fees are supplementary to, and not in substitution of, the land dedication requirement, or payment of the fee in lieu of the land dedication requirement. The amount of development fees assessed to development and the basis for the calculation is set forth in Chapter 23 of the Angleton Land

Development Code. The park development fees shall be processed simultaneously with the parkland dedication requirements and for all phases of the development.

- Fee in lieu of development -The fee in lieu of development is derived by the cost to develop a new park divided by the number of acres of said park to determine the park development cost per acre. The park development cost per acre is multiplied by the number of dwelling units served per park acre to determine the park development fee per dwelling unit for developed parks. Not all Angleton Parks are developed so this is taken into consideration by providing a cost of undeveloped parks (including minimal amenities like grading, drainage, utilities, lighting, electrical, and softscape) in the same manner. A ratio is used to determine the total park development fee per residential unit by calculating the ratio of the number of developed park acres and the associated costs per acre as well as the ratio of the number of undeveloped park acres and the associated costs per acre.
- Incorporation of the updated water sewer rates adopted by the City in October 2024 (Appendix 4).
- Establishment of mechanisms to obtain stakeholder feedback, monitor the impact of fee changes, and perform periodic assessment.

## Appendix

1. Proposed Fees
2. Comparative Fee Analysis
3. Cost Recovery Analysis
4. Existing Utility Fees, Results of Utility Department's Study, Water/sewer Fee Amendments Ordinance
5. Special Event Policy

## References

1. [CPI Inflation Calculator \(bls.gov\)](https://www.bls.gov)
2. [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov)
3. [Texas Local Government Code](#)
4. [City of Angleton Code of Ordinances](#)
5. Fee schedules of the cities of Pearland, Alvin, Manvel, Richmond, Rosenberg, Brookshire, Pattison, Fulshear, and Katy