



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78602

Submitted By: Shane Pevehouse, Building Official

Council Meeting Date: 22 August, 2025

Agenda Item Wording:

Agenda Item Sponsor:

Summary/Background: Proposing updated Residential and Commercial Fees

Background:

The Building Department Staff has nearly tripled in size since permit fees were updated (Residential 2020 and Commercial 2009). The current permit fees do not cover the Department Operating Costs.

Using data from May of 2024 to May of 2025, the total Department Operating Costs were \$2,099,737.00 and total revenue (not including reinspection or impact fees) was \$1,237,476.40, leaving a deficit of \$862,260.00.

Using current permit fee requirements (sqft of living space, covered porches, garages, and driveways) we would need to charge \$0.90/sqft to cover department costs. However, the current permit fee requirements are problematic as square footage is not consistently reported by the applicant. I want to use conditioned space as the single number we use for residential permit fees. Conditioned space is a reliable number as reported on the Manual J, ResCheck, and Energy Reports. The builders can't manipulate this number. Using conditioned space only to determine permit fees, we would need to charge \$1.20/sqft to cover department costs. The average difference across 501 permits in square footage reported vs conditioned space is a reduction of 958 sqft.

Using the same data with the proposed permit fees based on conditioned space only would have resulted in a total revenue of \$2,106,803, leaving an excess of \$7,066.

The doubling reinspection fee accounts for the majority of the reinspection fees collected (58%); The largest single reinspection fee collected for Residential was \$3,200 and Commercial was \$6,400. Removing the compounding effect of doubling will make budgeting more predictable. A flat reinspection fee covers our expenses for the time to conduct the reinspection.

I did not use the reinspection fees collected as part of the formula for determining future permit fees as they are unpredictable and we knowingly set fees that are not guaranteed to cover department operating costs. Reinspection fees should be used to cover forecasting shortfalls. If the department revenue exceeds expenses by FY close out, Council can direct how to use the funds; Shawn's proposal is paying down debt.

Using the same data with the proposed fees would have resulted in a total revenue of \$2,106,803.00, leaving an excess of \$7,066.00

Proposal:

I recommend adopting all proposed fees with the Residential Permit Fee set at \$1.20/sqft of conditioned space only.

I recommend phasing out the doubling reinspection fee and replacing it with the proposed flat fee of \$150 for Residential and \$250 for Commercial.

Conclusion:

We recommend the City Council's approval of this update.

**Commission
Recommendations:**

**Recommended
Council Actions:**

Approval

Attachments:

Proposed Fee Schedule changes
Power Point presentation
Fee Study backup data

Next Steps/Schedule:

Send to City Secretary for execution