



To the Mayor and Members of the City Council

June 6, 2023

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SUBJECT: REQUIREMENTS AND COSTS TO OPEN A SMALL BUSINESS IN FORT WORTH

The purpose of this Informal Report is to update City Council regarding the requirements and costs to open a small business in Fort Worth as compared to other cities.

In 2022, the Institute for Justice (IFJ) released a study of 20 large to mid-size cities that was conducted to better understand the challenges small businesses face in opening their business and mapped out the real-world process of starting five common business types from the entrepreneur's perspective. The five common business types included restaurants, retail book stores, food trucks, barbershops and home-based tutoring. In general, the report outlined that for aspiring business owners, the actual procedures required to start a business—filing an application, registering for taxes, passing an inspection—are not the only aspect of the regulatory environment that affects the experience of getting up and running. Many entrepreneurs have difficulty even knowing what those procedures are or in what order to complete them, as many of the cities studied did a poor job of communicating requirements. Entrepreneurs interviewed for the study indicated that they were eager to comply with their cities' rules and regulations for starting a business but often do not even know where to start because cities fail to help them navigate the process.

While Fort Worth was not a part of the original 20-city study, the IFJ was invited to Fort Worth to analyze our processes compared to the original study in November 2022. In general, the IFJ noted that the total costs to start a small business in Fort Worth were in line, and in some cases less expensive, than other cities outlined in the study. Where Fort Worth did see challenges was in the number of different fees required to open a small business compared to the other study cities. The study also noted that Fort Worth lacked a true online one-stop shop where entrepreneurs could find a consolidated set of information on how to start a business in the city.

In reviewing the comparative analysis for opening a new restaurant, there were some assumptions made by IFJ related to required fees that were subsequently corrected by the Code Compliance and Development Services Departments respectively. This resulted in the elimination of three fees originally outlined in the IFJ study. The total projected fee would be \$3,033.84 for the prototypical development which is a reduction of \$1216.16 in overall costs from the assumptions of the study.

| Estimated fees to open 1,000 sq. ft. restaurant | |
|--|--|
| LLC Certificate of Organization (Form 205): \$300.00 | Electrical Standalone Permit: \$76.47 |
| Assumed Name Certificate (Form 503): \$25.00 | Kitchen Hood Permit: \$200.00 |
| Register with TDLR Architectural Barriers: \$175.00 | COFW Consumer Health (Code) Plan Review: \$150.00 |
| Mechanical Standalone Permit: \$43.00 | Certificate of Occupancy: \$43.00 |
| Commercial Remodel Building Permit: \$1,300.06 | Sign Permit: \$48.00 min., need specifics for actual cost |
| Plumbing Backflow Standalone Permit: \$74.31 | COFW Consumer Health (Code) <i>Annual Health Permit</i> : \$325.00 (\$285 + \$5 per employee (8 * \$5 = \$40)) |
| Plumbing Standalone Permit: \$43.00 | Department of State Health Services <i>Food Safety Manager Certification</i> : \$85.00 |



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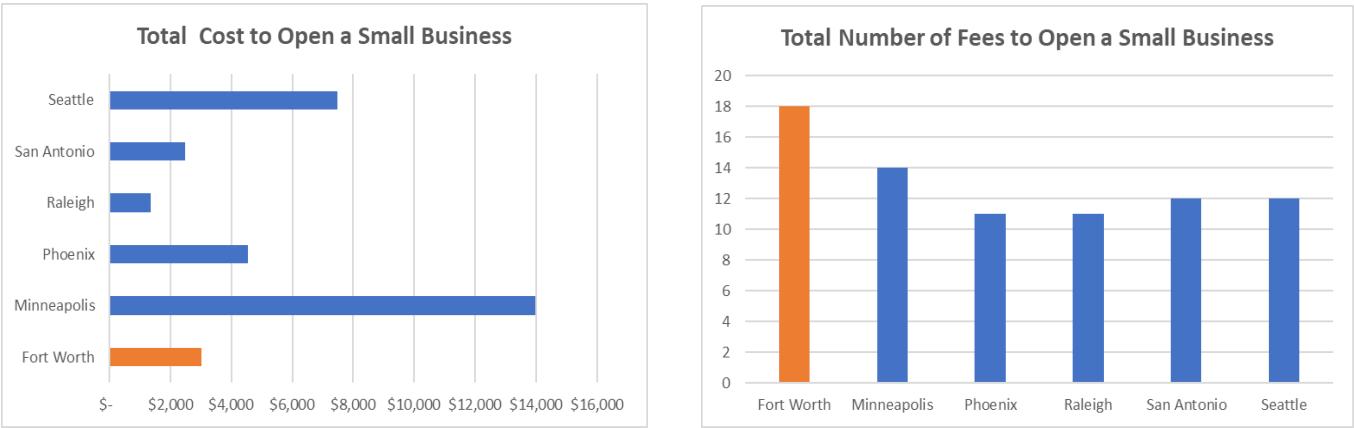
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| Grease Trap Interceptor Discharge Permit: \$136.00 | Department of State Health Services <i>Food Handler Card</i> : \$10 per food handler (typically paid by employee, valid for 2 years) |
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An outline of how Fort Worth compares to other similar-sized cites is shown in the two charts below.



The Development Services Department will benchmark those processes outlined in the study and review the overall development fees related to small businesses in FY2024 as part of the biennial fee review.

In seeking to address the issue of our online presence, the Economic Development Department worked with Development Services and IT Solutions to build out a more robust one-stop online resource to help alleviate some of the confusion entrepreneurs may have about starting a business in Fort Worth. This site, located at <https://www.fortworthtexas.gov/business>, consolidated all small business steps (county, state, federal and other local resources) that were spread out across multiple agencies and includes information on creating a business plan, registering your business, applying for permits and inspections as well as a number of other informational sections to outline how to open a business.

With regard to development steps, the City has produced both a [Comprehensive Commercial Development Guide](#) as well as a [Restaurant Development Guide](#) for business specific guidance. Further, the City continues to make improvements in our [Permitting Videos Library](#) which walks applicants through video tutorials on how to apply for permits through our online permitting system, our web-based [CFW Permit Assist](#) tool, which provides online project scoping and fee information at a project-specific level, and our [Development 101 Training Series](#) where the vision is to train potential developers and business owners on the various steps of the development



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process. The departments will continue to seek feedback from the Small Business Task Force to ensure that the new site is meeting the needs of our growing entrepreneurial base.

For further questions, please contact Robert Sturns, Director of Economic Development, at 817-392-2663 or D.J. Harrell, Director of Development Services, at 917-392-8032.

David Cooke
City Manager