

FORT WORTH, TEXAS

JUNE  
2023

**SMALL BUSINESS  
INSIGHTS & POLICY  
RECOMMENDATIONS  
REPORT**



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# Executive Summary

Fort Worth has a strong entrepreneurial spirit, but local entrepreneurs face steep barriers to entry and success. It is within the scope of city government to address these barriers and create an entrepreneurial ecosystem that is open to all and champions local businesses. The city of Fort Worth has demonstrated a firm commitment to creating a regulatory environment in which all small businesses can successfully start, grow, and thrive.

This report was requested by the Small Business Task Force and created by Cities Work with the goal of providing a comprehensive review of the current status of regulations faced by entrepreneurs in Fort Worth and outlining strategies to increase access to entrepreneurship for all. The body of this report is divided into three main sections: regulatory research, insights from local entrepreneurs, and reform recommendations.

## Regulatory Research Overview

In November 2022, we presented the Small Business Task Force (SBTF) with the results of our research about the regulatory environment facing small businesses in Fort Worth. We addressed general regulatory barriers, as well as mapped out the specific permit and licensing process to open a restaurant as a representation of a common business. General business licensing requirements are simple, but permitting processes significantly increase the cost, delays, and complexities associated with starting a business in Fort Worth.

## Entrepreneur Insights Overview

In April 2023, Cities Work held Small Business Insights Week to gain a more comprehensive understanding of what local entrepreneurs go through to open and run a small business in Fort Worth. We had the opportunity to gather personal stories from over 40 entrepreneurs across diverse backgrounds. The main obstacles discussed arose around the following areas:

- [1] *Navigating the permitting and licensing processes*
- [2] *Accessing city resources*
- [3] *Interacting with city departments*

## Reform Recommendations Overview

We combined results from the regulatory environment research and insights from local entrepreneurs to prepare reform recommendations to address the main obstacles entrepreneurs in Fort Worth face. The reform recommendations vary from actions and strategies that can be taken immediately to ones that require more in-depth and complex implementation over a longer period of time.

There are three main goals that guide the reform recommendations to increase access to entrepreneurship and economic mobility in Fort Worth. The reform recommendations detailed in this report advance at least one of three goals and often advance multiple.



**[1]** Championing simple, accessible, and transparent permitting and licensing processes that appreciate the resource constraints within which entrepreneurs work and allow all entrepreneurs an equitable start to entrepreneurship.



**[2]** Ensuring equitable access to city staff and resources for minority business enterprises (MBEs), disadvantaged business enterprises (DBEs), women business enterprises (WBEs), and microbusinesses.



**[3]** Increasing regulatory transparency and accountability at all levels of city government.

The obstacles Fort Worth entrepreneurs face are complex and require a multifaceted approach to reform that tackles the root causes of these barriers. This report is one step towards addressing these obstacles through a regulatory perspective with a recognition that ensuring equitable access to entrepreneurship is an ongoing process. This report outlines the current state of the regulatory environment entrepreneurs must navigate; the experiences of local entrepreneurs that provide depth to the regulatory environment research; and reforms the city can implement to strengthen the entrepreneurial ecosystem in Fort Worth.

# Regulatory Research

A complicated regulatory environment can be a large barrier to entrepreneurship as the time, money, and resources required to navigate the permit and license process is often prohibitively high for individuals without significant resources. The cost and process to obtain one individual license might not appear to be a prohibitive obstacle; however, starting a business requires multiple permits and licenses to operate in compliance with city code, and the costs of obtaining all that is necessary quickly add up.

Notably, the permit and licensing processes are particularly difficult for lower-income and historically disadvantaged entrepreneurs to navigate, as they often cannot afford to hire an agent to navigate this process for them or to spend the many hours (and make multiple trips to and from city offices) to comply with the necessary requirements. Burdensome regulatory requirements make starting a business difficult for even the most experienced entrepreneurs as well—and make entrepreneurship even less accessible to individuals who are not wealthy, native English speakers, or highly educated.

In November 2022, we presented the SBTF with the results of our research into the regulatory environment facing small businesses in Fort Worth. We addressed the general regulatory barriers small businesses face, and also mapped out the specific permitting and licensing process to open a restaurant. Startup processes vary depending on each business' specific circumstances. We studied the process to open a restaurant because it is a very popular business type and encompasses a wide array of regulatory requirements. Our research demonstrates how individual compliance steps might feel simple or insignificant on their own, yet pose a steep barrier to entry when viewed in the full context of navigating the entire permitting and licensing process.

### Key findings from that research include:

- General business licensing requirements are simple, but permitting processes significantly increase the cost, delays, and complexities associated with starting a business in Fort Worth.
- The city's website satisfies only one of our five one-stop shop criteria.
- Starting a restaurant in Fort Worth involves:<sup>1</sup>
  - Total Cost: \$4,250
  - Number of Fees: 21<sup>2</sup>
  - Agencies Involved: 9
  - In-Person Activities: 8
  - Number of Forms: 18
  - Number of Steps: 63
- Conditional zoning may pose a high barrier to entry for many entrepreneurs.
- Home-based businesses are strictly regulated.

### The research presentation also included the following general policy recommendations:

- Reduce fees and penalties.
- Pare back the conditional use permitting process.
- Create a true one-stop shop.
- Add more complete step-by-step guides for starting a business to city website.
- Streamline the permitting process.
- Consolidate duplicative paperwork.

*"I am burnt out. My [shop] is finally open and now I want to shut down. It took everything out of me. I went through pilot school in the Air Force, and this was like going through the pilot school 5 times. I am a tough cookie and that was ridiculous. I will be at [every meeting] I can be to make it easier for other people."*

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[1] See Appendix A for a detailed breakdown of the process to open a restaurant in Fort Worth.

[2] This is the highest number of fees required to open a restaurant that we have seen in any city we have studied. Meleta, A. & Montgomery, A. (February 2022). *Barriers to business: How cities can pave a cheaper, faster, and simpler path to entrepreneurship*. Arlington, VA: Institute for Justice. Table 1: <https://ij.org/report/barriers-to-business/report/results-high-cost-delays-and-complex-regulations-plague-local-government-rules-for-starting-a-business/>

The city quickly began the process of acting on the recommendations we presented. It published a public fee schedule to increase transparency around permitting costs. The SBTF also organized teams to tackle three recommendations:

[Team 1] Improving the city's website.

[Team 2] Streamlining the permitting process.

[Team 3] Creating and improving step-by-step guides.

Teams 1 and 3 above have largely completed their work. The city revamped its website, adding new step-by-step guides on starting a business and building on best practices from other cities' one-stop shops. **The website now scores a 4/5 on our one-stop shop criteria.**

### One-Stop Shop Criteria



Connecting city requirements with processes from other levels of government.



Completing forms and registrations through the portal, not through each agency's own website.

*Most permits can be applied for online through the ACA portal, but some, such as Health and Fire approvals, must be completed in person at those agencies' offices.*



Covering all city requirements, not just requirements for getting a business license.



Providing a single log-in opportunity so entrepreneurs can organize information and track progress in one location.



Guiding entrepreneurs effectively through the process.

We strongly encourage the city to continue to improve this one-stop shop so that Fort Worth can be the gold standard example for cities across the country.

*We are incredibly encouraged by the speed with which the city has tackled these recommendations. The remainder of this report focuses on the work of Team 2, which has spent the last six months gathering additional insights from Fort Worth's small business owners about how the city can streamline the permitting process, improve the overall experience of entrepreneurs, and make entrepreneurship more accessible for all. We used all those insights to inform policy recommendations accordingly.*



# Entrepreneur Insights

Over the course of Insights Week, we conducted six roundtables and one town hall during which we collected feedback from a total of 43 individuals. We worked with different chambers of commerce and small business ecosystem organizations in Fort Worth to bring together a diverse group of entrepreneurs—including entrepreneurs from the Hispanic, Black, and Vietnamese communities, as well as those in the restaurant, service, personal care, and other industries.

Different entrepreneurs highlighted different regulatory hurdles as being their biggest obstacle to starting their businesses, but several common themes emerged. We grouped those themes into three main categories, while recognizing that these obstacles are often intertwined and overlapping. Each category of insights is accompanied by a main goal that encompasses what entrepreneurs said they would like to see from the city.

Below, we share those common insights. These are not IJ's views, but rather views that the entrepreneurs expressed to us, and we present them as part of our commitment to being transparent.

## Navigating Permitting and Licensing Processes

**Goal:** Champion simple, accessible, and transparent permitting and licensing processes that appreciate the resource constraints within which entrepreneurs work and allow all entrepreneurs an equitable start to entrepreneurship.

Nearly all the entrepreneurs we spoke with described how challenging navigating the permitting and licensing process was for them. The only entrepreneurs who did not say this were entrepreneurs who hired contractors and/or expeditors to undertake this process for them—and even some of those who did so still mentioned permitting challenges they faced. The entrepreneurs want to comply with the city requirements, but they cannot do so if they do not know what is required of them.

## Common obstacles included:

### [1] General confusion

- Not knowing where to begin.
- Not knowing what needed to be done and in what order.
- Not having a cost or timeline estimation at the beginning of the process.

*"No one would help us. We applied for the wrong permit and got denied. When I called up, there was no one to help me. I had to guess what the correct [permit] was because they denied us but didn't tell me what the correct permit was."*

### [2] Poor website user experience

- Confusing website that had broken links or required applicants to go to multiple pages to figure out one thing.
- Requirements mention city code, but there was no link to the correct part of the city code to which individuals could refer.

### [3] Subjective inspections

- No inspection preparation checklist.
- No inspection standards and easily understandable comment form.
- Different inspectors failed items that had previously passed inspection.
- Inspections were sometimes an iterative process, whereby previously unmentioned violations were cited during subsequent inspections.

*"Every single person that tries to implement the code has a different idea in their head. Inspectors need to go to human training, go open a business yourself and see what you go through. Don't walk in and say this is not going to pass and walk straight out. Tell us why it isn't going to pass; don't just say, 'Read the report.'"*

#### [4] Grease traps

- Nearly every restaurant owner we spoke to cited grease trap requirements as a major challenge. Restaurateurs had variances for small grease traps, only to have a new inspector revoke them and require the installation of a 500- to 750-gallon grease trap. One owner told us she was able to negotiate from 750 gallons down to the minimum requirement of 500 gallons, demonstrating the subjectivity of enforcement.

#### [5] Lack of communication between city departments

- Entrepreneurs often had to go back and forth between city departments to get information and submit documentation, resulting in longer delays and more opportunities for miscommunication.
- Department employees were often unable to answer questions about the overall process or requirements imposed by other offices, making it difficult for entrepreneurs to gain a holistic understanding of what was required of them

## Accessing City Resources

**Goal:** Ensuring equitable access to city staff and resources for all Fort Worth residents.

Ensuring aspiring and current entrepreneurs have access to applicable resources—such as information about programs designed to support small businesses, mentorship, and access to personalized help navigating city processes— will increase access to entrepreneurship in Fort Worth, and is especially important for minority business enterprises (MBEs), disadvantaged business enterprises (DBEs), women business enterprises (WBEs), and microbusinesses. Without these resources, aspiring entrepreneurs are not able to actualize their ideas, set their small business up for success, or grow to the next level.

*“If I don’t understand the codes, I don’t know how to fight for [my rights under] the codes.”*

The city offers a great deal of resources to entrepreneurs—such as guidance, education, and awareness of grant opportunities—but there is a disconnect between these offerings and actually helping entrepreneurs succeed. Entrepreneurs are frequently unaware of, or unable to locate, city resources. And when they do hear about various offerings, many have found that the programs are not applicable to their businesses' specific needs.

### [1] Finding and obtaining resources

- Multiple entrepreneurs expressed struggling to find resources they are eligible to receive. Many found opportunities only to realize they did not meet threshold requirements to apply such as minimum revenues, maximum years in operation, or multiple years of financial statements. Essentially, entrepreneurs have found that grants and other resources come with so many stipulations that their businesses are often left out entirely.
- While entrepreneurs said that the chambers of commerce are great starting points to navigate resources and the startup process, requiring membership fees to participate can dissuade or exclude certain entrepreneurs from joining. There is a general feeling that chambers exist to support larger small businesses, meaning microenterprises can feel left out.

### [2] A lack of adequate resources for entrepreneurs who face the highest barriers to entry

- *Minority-Owned Businesses*: MBEs have historically faced—and continue to face—exclusion from the entrepreneurial sphere. While there were overlapping obstacles experienced by all entrepreneurs, minority entrepreneurs most often cited the lack of funding and resources as the biggest obstacle, particularly when it comes to lacking social connections in city government.
- *Microbusinesses*: Small businesses are considered businesses with fewer than 500 employees while microbusinesses are businesses with fewer than 10 employees.<sup>3</sup> Being lumped in the same category can make the resources not realistically applicable to microbusinesses, as their needs vary greatly from small businesses. Additionally, competing with larger small businesses for funding can be challenging when the amount of revenue or size of

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[3] Headd, B. (February 2015). *Small business facts*. Washington, D.C.: Small Business Administration Office of Advocacy. [https://www.sba.gov/sites/default/files/Microbusinesses\\_in\\_the\\_Economy.pdf](https://www.sba.gov/sites/default/files/Microbusinesses_in_the_Economy.pdf)

employment is considered and rewarded to those with a larger footprint. Entrepreneurs also expressed how it appears the city “rolls out the red carpet” for bigger small businesses, large businesses, and corporations and does not treat microbusinesses similarly. Many micro-entrepreneurs expressed frustration that certain city resources require multiple years of financial documents to support applications for assistance, and the microbusinesses that are just getting started are often left out.

**[3] A lack of continued resources and funding for current entrepreneurs**

- *Older Microbusinesses:* Another segment of entrepreneurs that struggled to find adequate resources and funding is older microbusinesses. Entrepreneurs explained that much of the resources and funding is geared towards new businesses, with operation year maximums built into grant eligibility, which means their 5- or 10-year-old microenterprises would not be allowed to participate. These entrepreneurs mentioned that just because they have been operating for more than five years does not mean they are not struggling to stay open or get to the next level.

**[4] Obtaining affordable commercial space**

- The entrepreneurs mentioned how challenging it can be to find a commercial space to rent. Multiple entrepreneurs said they would ideally buy a commercial space and make the improvements they want, but are unable to do so until their businesses become more established. Some expressed an interest in temporary “makers’ spaces” where they could rent a stall in an indoor market until they could afford to rent or buy traditional commercial space.
- Additionally, many entrepreneurs do not anticipate having to pay rent while they await their permits and approvals from the city, which costs them thousands of dollars in unanticipated expenses and lost opportunities.

Addressing the cost of commercial space and other funding issues is outside the scope of this project, but the city can offset some financial hardships by saving entrepreneurs money on the compliance process, ensuring they are able to open their doors sooner.

## Interacting with the City

**Goal:** Increasing regulatory transparency and accountability at all levels of city government.

City employees are hard-working individuals responsible for important steps of the process to start a business in Fort Worth. Because of the amount of time entrepreneurs spend working with city departments to get a business up and running, their experiences are largely shaped by these interactions with city employees.

*“Put a human aspect onto it. Not just papers, rules, regulations, documents. I think there needs to be a sense of humanity put into place to make sure it is fair and equal.”*

Entrepreneurs we spoke with emphasized that they appreciate the work city employees do, but noted there is often a disconnect between city employees and entrepreneurs. This disconnect can arise from a variety of factors like not understanding their respective constraints, the backgrounds or situations they are coming from, or the reasoning behind certain processes or actions. Entrepreneurs explained they often feel confused or uncertain about what they need to do to obtain permits and licenses. While speaking with city employees can provide clarity on their specific departments, it can be challenging to find someone to answer questions about the process as a whole.

Furthermore, entrepreneurs expressed that they want to comply with city requirements and just want to understand how to do so and why the requirements are in place. When asked what the city could do to improve interactions, entrepreneurs highlighted how appreciative they are when city employees understand how much is riding on the entrepreneur being able to open their business and want them to succeed. Many also suggested that more transparency about regulatory requirements and city department processes, as well as accountability for the city employees advising the entrepreneurs, would have a significant impact making the permitting and licensing processes accessible and easy to follow.

***Policies and practices are not inclusive of historically disadvantaged individuals.***

Perhaps the most common thing we heard from Fort Worth entrepreneurs is that the city is run like a “country club” or a “good ole boys club,” where individuals who are not well connected have a very hard time opening a business.

*“The city is not considering systemic oppression. How can we show up as [people who don't] have a certain amount of revenue or income when it wasn't our fault we are here, when it was societal/systemic.”*

This exclusionary reputation stems from how Fort Worth’s official and unofficial policies and practices often do not take into consideration the backgrounds or experiences of BIPOC entrepreneurs, first-generation Americans, and lower-income individuals.

**[1]** Entrepreneurs reported often feeling like the city has subjective policies and unequal access to information, such as:

- Providing application materials, inspections, and office hours in English only; where multiple languages are available, translations are often low-quality internet-translated versions that are unhelpful.
- Failing to issue uniform inspection or application checklists and an easily understandable documentation of why a business failed an inspection or had an application rejected.
- Not having a transparent process of why a variance was accepted, denied, or later revoked.

**[2]** This exclusionary reputation can also be seen in unofficial practices that have arisen due to the congestion and complexity of the city’s official permit and licensing practices. And for Fort Worth entrepreneurs who are not wealthy, socially connected, native English speakers, or do not have experience reading the legalese of city code, these unofficial realities are often more challenging or nearly impossible to overcome.

- Individuals cited needing to call in favors from city employees or representatives to get help navigating the permitting and licensing processes. Those without someone to call are left out.

- Multiple entrepreneurs expressed that when faced with incorrect or unreasonable requirements, the city changed their directive if the entrepreneur demanded action by citing the specific city code, refusing to leave the city department office, or refusing to accept “no” as an answer until the city made a change or accepted error.
- Other entrepreneurs mentioned they have heard about this “country club” reputation but have not faced it directly because they have enough money to hire contractors and advisors to navigate the process for them.

**[4]** One entrepreneur shared that coming from a country with a dictatorship has ingrained in them a fear of retribution from the government. As Fort Worth entrepreneurs often need to stand up for themselves to city employees to get fair service, this unofficial system is an even bigger problem for individuals who do not feel comfortable doing this.

**[5]** Furthermore, many entrepreneurs who do not speak English as their first language or who do not have experience reading the challenging language of city codes cannot use the city code to back up their appeals, questions, or requests and have to accept flawed or uninformed decisions from city employees.

*“Our communities are thriving because we pour our resources back into it. We are the backbone of the city. Every business owner I know in Fort Worth does something to give back and volunteer ... I bring business to your city, be fair with me, be friendly with me. Be kind to us.”*



# Reform Recommendations

The collaboration between Cities Work and the city of Fort Worth began with one overarching goal: Make it **cheaper, faster, and simpler** to start a business in Fort Worth—especially for individuals who have traditionally been excluded from entrepreneurship and do not have a voice in City Hall—so that Fort Worth becomes the best city in the country for small businesses. All of the policy recommendations in this section advance that ultimate goal, while also taking into account the feedback entrepreneurs expressed during Insights Week.

## Recommendation 1

***Continue building out the city’s one-stop shop and guides for starting a business.***

- [1] Collaborate with Health, Fire, and other departments so that entrepreneurs can apply for all permits and licenses, and schedule all inspections, through the one-stop shop.
- [2] Build reliable timeline estimations into the one-stop shop’s decision trees.
- [3] Include estimations of compliance costs.
  - For example, if a restaurant will need to install a new grease trap or fire sprinkler system in order to pass inspection, include cost estimates for upgrading equipment. This is where the bulk of compliance costs come in and these costs are not accounted for in our fee calculations.
- [4] Schedule regular website reviews to ensure all links work and guidance is consistent across webpages.
- [5] Contract with a user experience consultant to ensure the website is constantly improving to become the best one-stop shop it can be.
- [6] Add guides for continuing compliance once businesses are up and running.
- [7] Add a dashboard with regularly updated metrics, including average timelines for the most common permits, licenses, and inspections based on data collected by the departments, and real-time wait times for various services.<sup>4</sup>

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[4] See El Paso’s website for a good example: <https://www.elpasotexas.gov/planning-and-inspections/>

## Recommendation 2

### ***Eliminate and/or consolidate duplicative or unnecessary permits and documentation.***

- [1]** Consolidate permits based on the department in charge of issuance. For example:
  - Combine plumbing backflow, plumbing standalone, and grease trap interceptor permits into one Plumbing Permit.
  - Combine sprinkler installation, kitchen hood, and alarm system permits into one Fire Permit.
- [2]** Conduct an audit of all permits required for all business types and engage in similar consolidation. IJ is happy to work with the city on this.
  - Key question to ask: “Does this requirement need its own permit, or can it simply be an item on an inspection checklist?”
- [3]** Eliminate temporary permits for pop-ups and other special events for businesses that are otherwise already in compliance for their regular activities.
  - For example, a licensed restaurant should not need an additional permit to have a booth at a local fair or festival.
- [4]** Adopt clear, simple, and uniform requirements for site plans. Allow plans to be submitted to the city once and stored in the system so they can be accessed by any city employee that needs to reference them.
- [5]** No longer require city approval of site plans if the plans have already been approved and signed by a state-licensed architect or engineer.

## Recommendation 3

### ***Bring clarity and transparency into the inspections process.***

- [1]** Create a standardized checklist for each inspection type.
  - This can still include requirements that may or may not be applicable to everyone, but the checklist should clearly state the circumstances in which each will apply.
  - Each item on the checklist should accompany a citation to the relevant section of code granting the city authority to enforce the requirement.
- [2]** Once an inspection is completed, that inspection’s results will be binding.
  - For example, if one element passes an initial inspection, it cannot be flagged as a violation in a follow-up inspection unless significant changes have been made.
  - It may help add consistency and clarity to the process if one inspector is assigned to each case and follows that case through to the end.

**[3]** Where possible and practical, combine inspections to reduce the number of times applicants and inspectors need to attend in-person appointments.

**[4]** Eliminate final inspections.

- If a business has passed all individual inspections, there is no need to re-inspect the premises again.

**[5]** Collect data on inspections including the identity of the inspector; rates of passing and failing inspections on the first round; the marked reason for failure; the rates of passing and failing inspections on follow-up rounds; and the general demographics of the business. Conduct regular internal analyses of the data to address any patterns or problems that may arise. Publish an anonymized version of the passing and failing rates of inspections and the reasons for failure in a publicly accessible form on the one-stop shop.

## Recommendation 4

### ***Reduce compliance costs to entrepreneurs.***

**[1]** Reduce fees.

- Reduce application fees to a low flat fee, such as a flat \$99 for one consolidated plumbing or building permit.
- Eliminate or further reduce fees for first-time business owners and/or low-income entrepreneurs during the first two years of operation, including initial startup fees.
- If applications or plans need to be submitted multiple times or reinspection is needed, only charge the associated fee the first time.

**[2]** Reduce mandatory minimum requirements for equipment, parking, and other aspects of physical space.

- Repeal the mandatory 500/750 gallon capacity requirement for grease traps.
  - The code requires applicants to use a standard formula to calculate the grease trap size their restaurant needs, but if the result is lower than 750 gallons, applicants cannot have a grease trap that is smaller than 500 gallons. Many restaurants only need 100-200 gallon grease traps and installing larger ones is incredibly expensive. See Appendix C for more information on grease traps.

- Conduct an audit of other mandatory minimums required in the code and reduce them as much as possible.
  - For example, one entrepreneur reported that an inspector approved the ramp leading to her store, only to have another inspector rule it was too steep five years later. This required her to relocate the entrance to her store because the existing entrance could not meet the mandatory slope requirements.
  - While we have not had the chance to go through the entire code for mandatory minimums, we are committed to working with the city to identify and remedy other such requirements moving forward.

**[4]** Reduce the circumstances in which entrepreneurs need to apply for special zoning approvals, changes, or variances by overhauling the zoning code to make it more permissive.

- There are several ways to do this, such as adopting the type of form-based code used in the Near Southside into other neighborhoods. We are committed to working with the city to find the best solution for opening up Fort Worth's zoning laws.<sup>5</sup>
- This will also make it easier for home-based businesses to start, grow, and expand into brick-and-mortar spaces down the line.

## Recommendation 5

### ***Increase access to city resources and staff.***

**[1]** Expand the universe of businesses that qualify for express assistance and walk-in permitting.

**[2]** To the extent the city offers funding opportunities or other forms of assistance and guidance to small businesses, ensure microbusinesses have equal access to these programs by eliminating overly rigid qualification standards.

**[3]** Translate more city webpages, documents, and other resources into more languages spoken by Fort Worth residents. Hire reputable translators to do this work so that translations are culturally appropriate and make sense to non-English speakers.

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[5] The city of Auburn, Maine is a helpful case study for what zoning reform could look like. Furth, S. & Cousens, E. (August 2022). Case study: Auburn, Maine: Incremental victories with zoning reform. Las Vegas, NV: Better Cities Project. <https://better-cities.org/wp-content/uploads/2022/08/BCP-Auburn-case-study.pdf>

[4] Hire or contract with inspectors with foreign language skills—particularly Spanish and Vietnamese.

[5] Adopt previously mentioned recommendations to streamline permitting and licensing requirements and increase transparency to eliminate the need to call in favors or lean on social connections that many entrepreneurs don't have. By changing the "country club" culture in city government, disadvantaged entrepreneurs will have more equitable access to city resources.

[6] Shift the remit of the Small Business Task Force so it serves as an advisory body of entrepreneurs and ecosystem builders, creating a formal pathway for the community to offer feedback to the city outside of a formal city council meeting.

## Recommendation 6

### ***Increase and improve cross-training for city employees and communication between departments.***

[1] Utilize a Customer Relationship Management (CRM) system to ensure relevant city employees have access to an applicant's entire case history.

- This will enable service providers to answer questions about the status of applications or provide other information that may not be precisely within their purview.
- This will also reduce the need to submit multiple copies of the same documents to different departments.

[2] Adopt a feedback system that incentivizes employees to provide good, empathetic customer service.

We understand that hiring and retention of staff are complex challenges facing the city of Fort Worth, as well as other cities across the country. We also acknowledge that management consulting is not a topic in which the Cities Work team has particular expertise. However, every entrepreneur we spoke with expressed frustration dealing with city employees or offices, and this cannot go unaddressed. We recommend the city bring in external management consultants to provide more tailored solutions to personnel challenges.

# Conclusion & Next Steps

*All cities struggle to strike the perfect balance between protecting health and safety, governing efficiently, and allowing people to realize their full potential. We are incredibly grateful that the city of Fort Worth invited us to partner with them, and for how open and forward-thinking they have been throughout this process. We are confident in the city's commitment to making it cheaper, faster, and simpler for everyone to start a small business and thrive.*

This report is the culmination of several months of research, outreach, and collaboration. Below is a rough outline of next steps as we see them:

- [1]** The Cities Work team will welcome feedback from the Small Business Task Force on the recommendations in this report.
- [2]** We will work with the city to identify which recommendations can be implemented at the administrative level and which will require amendments to City Code as approved by City Council.
- [3]** We will draft ordinances incorporating the desired policy changes and conduct additional research as necessary to fine-tune specific policy goals.
- [4]** We will collaborate with the city to seek feedback from the community on our proposed legislation and when the time comes, train community members to advocate for themselves and their neighbors at City Council meetings.

We are committed to seeing reforms through to implementation and are prepared to be flexible in how we achieve the SBTF's goals. We look forward to our continued partnership with the city of Fort Worth.

# Appendix A

## Starting a Restaurant in Fort Worth

### We assume:

- The restaurant is a limited liability company (LLC)
- It will have 40 seats and 8 employees
- Spatial dimensions:
  - 1,000 sq. ft. total
  - 600 sq. ft. for seating
  - 400 sq. ft. for kitchen/storage/preparation space
- The desired location is zoned commercial, and a restaurant is permitted by right
- A planned renovation involving structural interior changes of a space that was formerly a restaurant
- Permits needed:
  - Building permit for \$180,000 of work
  - Mechanical permit for \$25,000 of work
  - Electrical permit for \$25,000 of work
  - Plumbing permit for \$25,000 of work
  - Sign permit
  - No other miscellaneous permits

These estimations are based on industry standards for calculating the seating capacity of a restaurant<sup>6</sup> as well as for valuing renovation projects on a per-square-foot basis.<sup>7</sup>

Please note that the itemized lists below are not necessarily in chronological order nor are they required to be completed in a specified order.

**Total Cost:** \$4,250—the total amount in fees for licenses and permits an applicant will have to pay to start a restaurant; see fee totals below.

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[6] Sherman, F. (2019, Aug. 26). How to calculate seating capacity of a restaurant. *bizfluent*. <https://bizfluent.com/how-5707504-calculate-seating-capacity-restaurant.html>; Bean-Mellinger, B. (2020, July 14). How to calculate the seating capacity of a restaurant. *Chron.com*.

<https://smallbusiness.chron.com/calculate-seating-capacity-restaurant-39808.html>

[7] Natter, E. (2018, Oct. 30). What are the components of a restaurant floor plan? *Chron.com*.

<https://smallbusiness.chron.com/components-restaurant-floor-plan-76876.html>

**Number of Fees:** 21—the number of fees an applicant will have to pay to start a restaurant, according to the assumptions listed above; in some cases, these fees are estimations based on researchers’ best understanding of agency regulations and fee schedules.

1. LLC Certificate of Organization (Form 205): \$300
2. Assumed Name Certificate (Form 503): \$25
3. Register with TDLR Architectural Barriers: \$175
4. Mechanical Standalone Permit: \$28
5. Commercial Remodel Building Permit: \$1,801.03
6. Plumbing Backflow Standalone Permit: \$28
7. Plumbing Standalone Permit: \$28
8. Grease Trap Interceptor Discharge Permit: \$136
9. Electrical Temporary Power Permit: \$61
10. Fire Safety Permit: Unknown
11. Sprinkler Installation Permit: \$250
12. Kitchen Hood Permit: \$165
13. Alarm System Permit: \$100
14. Health Department Plan Review: \$150
15. Certificate of Occupancy: \$43
16. Sign Permit: \$56.90
17. Fort Worth Texas Food Safety Manager Certification: \$85
18. Fort Worth Texas Food Handler Card: \$10
19. Initial Food Establishment/Store Permit: \$258
20. Health Permit Application: \$325
21. Change of Ownership fee: \$125

**Agencies Involved:** 9—the number of agencies with which an applicant will likely have to interface to start a restaurant.

1. IRS
2. Texas Secretary of State
3. Texas State Comptroller
4. Texas Department of Licensing and Regulation
5. Texas Department of State Health Services



- 6.Fort Worth Development Services Department
- 7.Fort Worth Water Department
- 8.Fort Worth Bureau of Fire Prevention
- 9.Fort Worth Department of Consumer Health

**In-Person Activities:** 8—the minimum number of compliance activities an applicant will have to complete in person to start a restaurant.

- 1.Pre-Development Conference
- 2.Health Department Plan Review
- 3.Plumbing Inspection
- 4.Building Inspection
- 5.Electrical Inspection
- 6.Mechanical Inspection
- 7.Health Inspection
- 8.Final Inspection

**Number of Forms:** 18—the number of forms and applications an applicant will have to complete to start a restaurant.

1. LLC Certificate of Organization
2. Form SS-4 (IRS EIN)
3. IRS Employer Identification Number (Form SS-4)
4. Texas Online Tax Registration Application
5. Pre-Development Conference Request Form
6. Commercial Remodel Packet
7. Energy Code Compliance Document
8. Mechanical Standalone Permit
9. Commercial Remodel Building Permit
10. Plumbing Backflow Standalone Permit
11. Plumbing Standalone Permit
12. Grease Trap Interceptor Discharge Permit
13. Electrical Temporary Power Permit
14. Fire Safety Permit
15. Occupancy Existing Ordinance
16. Sign Permit
17. Fort Worth Texas Food Safety Manager Card

18. Fort Worth Texas Food Handler Card
19. Initial Food Establishment/Store Permit
20. Health Permit Application

**Number of Steps:** 63—the total number of discrete steps an applicant will have to complete to start a restaurant. We identified documentation requirements using city instructions featured on guides and applications.

#### Register business with the Texas Secretary of State

1. Create SOSDirect Account
2. Determine business name availability
3. Appoint a registered agent
4. File Certificate of Formation for a Limited Liability Company online through SOSDirect, including supporting information and documentation
5. Determine name availability
6. File Assumed Name Certificate with the Tarrant County Clerk's office, including supporting information and documentation

#### Register for Taxes

7. File a Form SS-4 online to obtain an Employer Identification Number from the IRS
8. Create an ESystems portal account with the Texas State Comptroller
9. Complete the Texas Online Tax Registration Application online through E-Systems, including supporting information and documentation

#### Zoning

10. Verify that proposed location is allowed by right using the CFW Permit Assist Zoning Portal. If it is not, under go the Conditional Use Permitting process (see below)

#### Building Permits

11. Create an account in the Commercial Portal of the CFW Permit Assist Tool
12. Complete the survey to determine required permits in the CFW Permit Assist Tool
13. Schedule a Pre-Development Conference (PDC) with the Fort Worth Development Services Department
14. Create and submit a location map as supporting documentation for the PDC request
15. Create and submit a site plan as supporting documentation for the PDC request

16. Determine city council district for the PDC request
17. Attend the PDC in person
18. Fill out the Commercial Remodel Packet
19. Compile and submit complete set of plans with the Commercial Remodel Packet
20. Create an account with Accela Citizen Access (ACA)
21. Apply for Certificate of Occupancy online through ACA
22. Provide documentation of existing use to obtain Certificate of Occupancy, including but not limited to a previous Certificate of Occupancy, old permits, tax records, and/or business records.
23. Call Health Department Inspector to schedule Change of Ownership inspection
24. Pass inspection
25. Register with Texas Department of Licensing and Regulation Architectural Barriers
26. Select a Registered Accessibility Specialist
27. Hire licensed contractors
28. Prepare and submit electrical plans
29. Prepare and submit mechanical plans
30. Prepare and submit plumbing plans
31. File Mechanical Standalone Permit online through ACA, including supporting information and documentation
32. File Commercial Remodel Building Permit online through ACA, including supporting information and documentation
33. File Plumbing Backflow Standalone Permit online through ACA, including supporting information and documentation
34. File Plumbing Standalone Permit online through ACA, including supporting information and documentation
35. File Grease Trap Interceptor Discharge permit, including supporting information and documentation, by mailing it to the Fort Worth Water Department
36. File Electrical Temporary Power Permit online through ACA
37. Undergo Fire Department Plan Review
38. File Sprinkler Installation Permit through ACA, including supporting information and documentation
39. File Kitchen Hood Permit, including supporting information and documentation, with the Fort Worth Bureau of Fire Prevention
40. Obtain Alarm System Permit by registering with CentralSquare Technologies (contracted by the city)
41. Go through Fort Worth Department of Consumer Health Plan review, which must be done in person
42. File sign permit online through ACA

43. Obtain a utility release once the project is complete
44. Schedule plumbing inspection online through ACA
45. Pass plumbing inspection
46. Schedule mechanical inspection online through ACA
47. Pass mechanical inspection
48. Schedule electrical inspection online through ACA
49. Pass electrical inspection
50. Schedule building inspection online through ACA
51. Pass building inspection
52. Schedule final inspection
53. Pass final inspection

#### Business Licensing

54. Complete 8-hour online training for Food Safety Manager Certification
55. Pass Food Safety Manager Certification exam
56. Complete Food Handler Certification training course
57. Pass Food Handler Certification exam
58. Check online license registration eligibility
59. Create an account online with the Texas Department of State Health Services
60. Submit application for Initial Food Establishment/Store Permit online
61. Schedule Health Department inspection
62. Pass Health Department inspection
63. Submit Health Permit Application to Fort Worth Department of Consumer Health

**Conditional Zoning:** we assume the restaurant is permitted to operate in the selected space by right. But if a business requires conditional zoning approval, the following steps, paperwork and fees apply.

1. File Conditional Use Permit (CUP) Application through the ACA portal.
2. Determine whether a traffic impact analysis is required by the Transportation and Public Works Department.
3. Submit a site plan through the ACA portal.
4. Pay fee for site plan review: \$800
5. Pay Zoning Change Application Fee: \$1,200 for a space of less than one acre.
6. Attend public hearing before the Zoning Commission
7. Attend City Council hearing where Zoning Commission's recommendation to approve or deny the CUP is considered.
8. Obtain Zoning Verification Letter if required by landlord: \$50

# Appendix B

## On Grease Traps

Throughout the roundtables, multiple entrepreneurs returned to a specific obstacle: grease traps. Grease traps prevent fat, oil, and grease from flowing back into the city's sewer system and are generally necessary for commercial food establishments. The Uniform Plumbing Code (UPC) and the International Plumbing Code (IPC) established formulas to calculate what size of grease trap is necessary for a food establishment based on its potential grease production capacity. These formulas take into consideration the average number of meals produced during the peak hour, waste flow rate of fixtures, retention time, and storage factor.

As the amount of grease produced in large fast-food restaurants varies significantly from a small mom-and-pop restaurant that does not fry anything on their menu, the formula provides a standardized way to account for differences in grease production while ensuring an adequately sized grease trap to protect the city's sewer system.

Texas adopted the Model Standard for Grease Ordinance that bases its sizing requirements on the UPC formula, which takes into consideration the aforementioned factors. The Texas model standard requires commercial food establishments to have a grease trap that is adequately sized for an establishment's grease production capacity, but there are no general minimum grease trap size requirements for commercial food establishments. The Texas Model Standard for Grease Ordinance follows the UPC's standards that recognize the varying grease trap production capacities among commercial food establishments. **Currently, Houston, Dallas, San Antonio, and El Paso all follow Texas's Model Standard for Grease Ordinance and do not have a minimum-size grease trap requirement for commercial food establishments.** Austin and Fort Worth added a 500-gallon minimum grease trap size requirement for all commercial food establishments.

Having grease traps that are properly sized for commercial food establishments is essential to the city and to the owners. Larger grease traps are typically installed underground, making them incredibly expensive to purchase and install (tens of thousands of dollars). For small mom-and-pop restaurants, an overly large grease trap can threaten the survival of their business due to the high costs of installation and maintenance. Furthermore, having an oversized grease trap does not necessarily make the grease trap more effective. According to the Plumbing and Drainage Institute, an oversized grease trap “can result in the generation of hydrogen sulfide gas and sulfuric acid, destroying the interceptor and drainage system.”<sup>8</sup> These chemicals can also pose significant health risks to inspectors and maintenance workers.<sup>9</sup>

Nearly every restaurateur we talked to complained of outrageous grease trap requirements, but one story in particular highlights how harmful these regulations can be for small businesses. The business had a variance that allowed it to have a grandfathered 25-gallon grease trap. The variance was unexpectedly revoked and she was told she needed to install a 750-gallon grease trap. After negotiating with the city, the city agreed to only require the minimum 500-gallon grease trap required in the code. But based on the UPC formula the state of Texas recommends, this restaurant would only need a 163-gallon grease trap. This entrepreneur almost went out of business due to the cost of the oversized grease trap and complications of installing it. Thankfully, the building owner assumed the costs of the grease trap and installation, saving this entrepreneur from facing a \$30,000 price tag and allowing her to keep her doors open.

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[8] Plumbing and Drainage Institute (n.d.) *Basic principles for sizing grease interceptors*.

<https://www.lakecountycalifornia.gov/DocumentCenter/View/1098/Sizing-Grease-Interceptors-PDF>

[9] United States Department of Labor Occupational Safety and Health Administration. (n.d.) Hydrogen sulfide. [United States Department of Labor Occupational Safety and Health Administration. \(n.d.\)](https://www.osha-slc.gov/hydrogen-sulfide/hazards)

*Hydrogen sulfide*. <https://www.osha-slc.gov/hydrogen-sulfide/hazards>

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## Cities Work

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