

Mayor and Council Communication

DATE: 10/11/22

M&C FILE NUMBER: M&C 22-0816

LOG NAME: 08FINANCIAL EQUITY CONSULTANT

SUBJECT

(ALL) Authorize Execution of a Professional Services Agreement with Urban3, LLC in the Amount Not to Exceed \$405,066.00 for Consultation Services Related to the Development of a Financial Equity Analysis Tool

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a professional services agreement with Urban3, LLC in an amount not to exceed \$405,066.00 for consultant services with the City's Department of Diversity & Inclusion to develop and implement a Financial Equity Analysis Tool that will assist city officials in making fiscally sound and equitable decisions about infrastructure improvements and land-use.

DISCUSSION:

The City of Fort Worth has demonstrated a substantial commitment to innovation in fiscal accountability while increasing municipal equity and resiliency through data-driven decision-making and community engagement. The City's commitment is evidenced by combining the framework developed for analyzing equity in municipal service delivery from the Diversity and Inclusion Department with the focus within Planning and Data Analytics to tie long-range planning and key performance indicators to resource allocation through the Capital Improvement Plan and budget development process. The goal of combining fiscal accountability and equity work is to create and maintain a more sustainable and equitably prosperous community for all.

Urban3, LLC is uniquely positioned to heighten the City's level of financial intelligence, equity, and innovation by building on the work of the City's existing key performance indicators for service delivery, the established framework for assessing equity in service delivery while strengthening the City's ability to proactively study land value economics, property and retail tax analysis, and equitable, financially sustainable community design and smarter growth.

Urban3, LLC's staff of geoaccountants and tax system experts have conducted analyses in over 160 communities and 35 states in the United States, as well as communities in New Zealand, Canada, and Australia. They demystify tax codes, government jargon, and municipal finance data, allowing communities to clearly understand the economic impact of development. To aid in the City's existing efforts, Urban3, LLC will work with the City's Department of Diversity & Inclusion and the Planning and Data Analytics Department to develop and implement a financial equity tool by:

- **ESTABLISHING BASELINE ANALYSIS FOR VALUE PER ACRE AND EQUITY IN ASSESSMENT REVENUE ANALYSIS**

In order to commence the economic analysis for Fort Worth, the Urban3 team will work with City staff to gather all necessary property assessment and parcel data from various City departments, as well as the Tarrant County Assessor and the assessors from Denton, Parker, Johnson, and Wise Counties. In addition, Urban3 will work with the appropriate departments to collect any other data applying to geospatially related revenue streams. This process may include organizing, cleaning, and translating the data across many formats to ensure these various revenue streams can be analyzed on an apples-to-apples basis. This data set and subsequent model will provide the platform upon which all additional analyses will be layered.

- **CREATING THE FORT WORTH 3D MODEL**

After the parcel and sales tax data is processed and all errors are corrected, Urban3 will prepare 3D visualizations that provide a new way of seeing Fort Worth-in which fiscal efficiency, or inefficiency, is immediately apparent.

- **BUILDING THE FORT WORTH COMMUNITY'S ECONOMIC STORY**

Upon completing the data processing and analysis, Urban3 will storyboard all findings, conducting a deep dive into all of the data outputs. Urban3 will create a holistic economic story for the City, evaluating the impacts on the City's future municipal finances of potential investments or incentives in identified areas within land-use and infrastructure departments including *Transportation and Public Works, Water, Development Services, Information Technology Solutions* and supported by analysis departments of Diversity and Inclusion, Planning and Data Analytics, and the City Managers Office.

Urban3 will use a sample of both common and unique types of development in the region at a variety of scales to demonstrate the tax generation potency of different types of buildings and uses. These will be used as an educational tool to inform policymakers, City staff, and the public.

- **ESTABLISHING A FRAMEWORK TO PLAN FOR FORT WORTH'S FUTURE FINANCIAL HEALTH**

The results of Urban3's analysis for the City will clearly demonstrate the economic potency of different areas within Fort Worth and the region. Because of the scale of the analysis, the City will be able to see the economic effects of infill and mixed-use projects within the same market. Fort

Worth can utilize the findings from the study to inform potential adjustments to public policy to maximize the City's fiscal productivity.

Through Urban3's analysis, the City will glean information about the development patterns across the community, leading to stronger decision-making based on the public's return on investment. This approach will provide transparency regarding the actual cost of growth and resulting long-term obligations, while informing decisions that create an equitable, healthy, sustainable fiscal future for Fort Worth.

- **EQUITY IN PROPERTY ASSESSMENT ANALYSIS**

Urban3's research, along with emerging national evidence, suggests that there are long-standing racial inequities in property tax administration that place unfair financial burdens on low income residents and communities of color. These disparities may have cascading impacts on housing affordability, gentrification, displacement, household economics, and may ultimately become a driver of community health disparities.

Building upon the Revenue Analysis, Urban3 will examine state and local tax policies and practices for evidence of systemic algorithmic and human biases.

Social, Economic, and Demographic Focus

Urban3 will provide City staff, officials, and citizens with a comprehensive suite of socio-demographic characteristics neighborhood by neighborhood, to compare with fiscal characteristics of neighborhoods and districts, and evaluate the way civic systems are built today. Enabling a better understanding of intended and unintended consequences and the policies-that may cause or alter current outcomes. After assembling all data, Urban3 will test for patterns and insights.

Characteristics to Evaluate

- Household income
- Median home value
- Education (Bachelor's degree and higher)
- Use of City Prosperity Index (CPI) Dimensions and Indicators
- Healthcare cost per capita
- Households with broadband internet access
- Owner-occupied, renter-occupied, vacant housing units
- Population density
- Employment (civilian workforce)
- Building permits

- **TRAINING CITY STAFF TO REPLICATE AND REFRESH ANALYSIS MODELS**

Urban3 will train city staff in the creation and maintenance of the data and communication tools generated by this initial analysis.

- **SHARING THE ANALYSIS**

Urban3's analysis will assist the City staff with developing policy recommendations to the City Council, City Plan Commission, and other land use-related commissions. Urban3 will work with elected and appointed officials to educate them in cumulative economic thinking, allowing City leaders to fully understand the true costs of development in a visual way as they make policy decisions. In addition, Urban3 will present the resulting final models to the broader community to inform their understanding of the true costs of development and maintenance, and its relationship to taxation.

TIMELINE FOR DELIVERABLES

DELIVERABLE	DATE
Data Transfer and Follow Up Questions	October 2022
Historical and Current Parcel Model Drafts	January 2023
Baseline Visual Review	February 2023
Equity in Assessment and Draft Review	March 2023
Complement Analyses Including Ownership, Redlining, Comparative Analyses, and Social, Economic, and Demographic Focus	March 2023

Draft Review

Full review April 2023

Public Presentations May 2023

Training October 2022 – June 2023

Return Data and Model Transfer June 2023

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon the approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the General Fund. Prior to any expenditure being incurred, the Diversity & Inclusion Department has the responsibility to validate the availability of funds.

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Expedited