URBAN3

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March 11, 2024

City Manager's Office
150 W. Jefferson Street
Joliet, IL 60432

Re: Economic Analysis for the City of Joliet, IL

Thank you for the opportunity to submit our proposal to conduct an Economic Analysis for the City of Joliet, IL. This proposal has been broken down into phases. We look forward to potentially working with your team to provide insights and useful metrics of the fiscal health of your community.

We look forward to hearing your thoughts on our proposal and welcome any questions you and your team may have. This proposal is valid until June 30, 2024.

Respectfully,

Phillip Walters

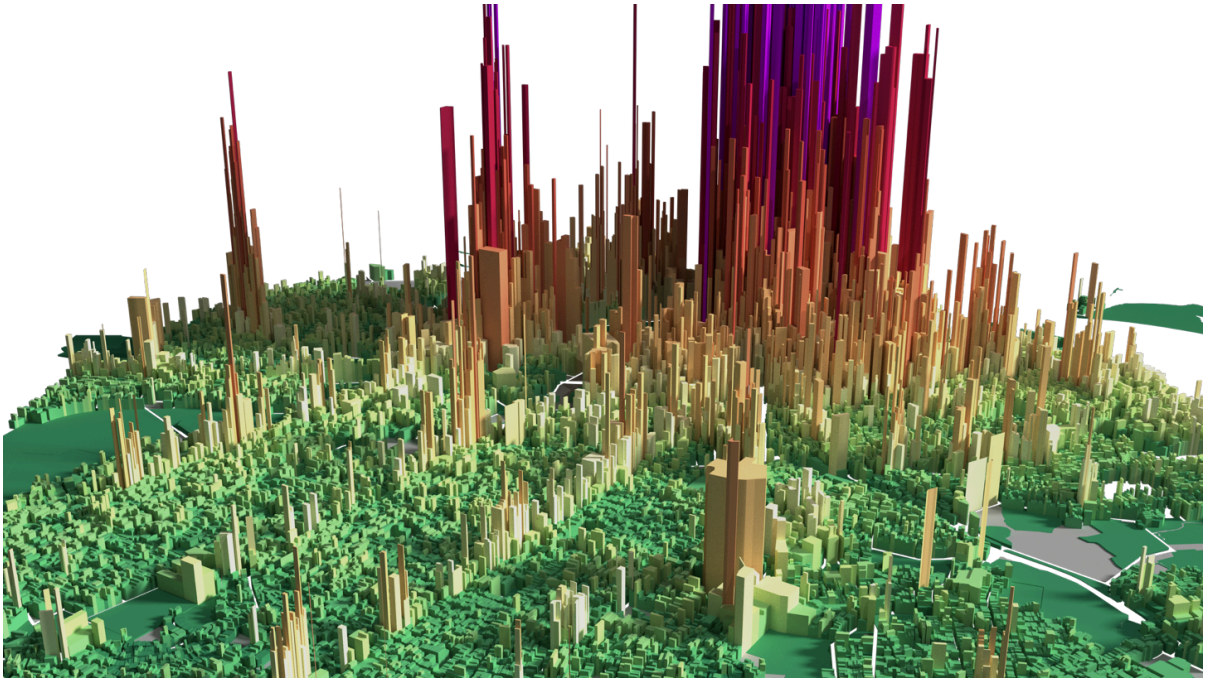
Phillip Walters

Project Manager

WHO IS URBAN3?

Urban3 is a consulting firm specializing in land value economics, property tax analysis and community design. Our approach bridges the gap between economic analysis, public policy and urban design. Our work will empower your community with the ability to promote development patterns that both secure its fiscal condition and create a strong sense of place.

We provide communities with an in-depth understanding of their financial health and built environment by measuring data and visualizing the results.



Taxable Value Per Acre
Auckland, NZ

WHY DOES UNDERSTANDING COMMUNITY FISCAL HEALTH MATTER?

Mapping and analyzing the financial health of a community helps policymakers and practitioners prioritize capital improvements and community design decisions.

Our method simplifies complex information to include everyone in real conversations about community growth. Through our visualizations, communities have the resources to make informed decisions about future development.

Urban3 analyzes the fiscal implications of differential patterns of development down to the level of individual parcels but at the scale of entire communities. This typically entails processing tax assessment data at the province or metropolitan area level and often includes multiple sources of information such as retail sales, income and other economic metrics.

Beyond processing the data itself, Urban3 provides a uniquely comprehensive examination of fiscal health that combines local development history, the implications of policy, and our experience with different finance systems around the world. We also provide analysis and insights on the long term fiscal impact of infrastructure investments.

We have worked with over 170 communities in the United States, New Zealand, Canada and Australia to conduct economic analyses of community fiscal health. Urban3 did not invent the value per acre analysis, but we have helped make it an industry standard for measuring the fiscal health of communities. The value per acre analysis is an invaluable metric in demonstrating the potency of varying land uses within the context of cities and counties. In a sea of data, we believe that a simple method, image, or metric can summarize volumes with clarity.

We're not your typical economic consulting firm.

We're driven by data. We make a quantifiable case for better city and City planning and more fiscally sustainable growth using a tailored approach; we back up our stories with research and numbers using cutting-edge scenario tools.

We're creative storytellers. We use our visuals to tell unique, compelling, community-driven stories—so everyone taking part in the planning process understands their local economic story, no matter their life experiences.

We make the complex human. We demystify tax codes, urban planning jargon, and municipal finance data, allowing all stakeholders to clearly understand the economic impact of development during any planning process.

We're pragmatic change makers. At our core, we believe that change happens through meaningful conversations that everyone can participate in.

We have an eye for design. Though we love numbers, we also speak the language of urban designers. Our approach to scenario modeling examines communities through the lens of design, not just economics and data.

We're pioneering the industry. We were the first firm to ever visualize a community's value per acre, and illustrate the impacts of land use on municipal economic health in 3D. We are also the first firm in the world to visualize the cost of infrastructure on a parcel level, city-wide in 3D.

We work all over the country and the world. We're tax system experts, and we use our experience to help you innovate. We have conducted business in over 170 communities and 35 states in the United States, as well as communities in New Zealand, Canada, and Australia.

THE PEOPLE OF URBAN3

Joseph Minicozzi, AICP, Principal

Mr. Minicozzi will lead the team for this project and present the final results in a public setting if desired. Under Joe's leadership, Urban3's work in pioneering geospatial representations of economic productivity has prompted a paradigm shift in understanding the economic potency of urbanism and the value of well-designed cities. Through Joe's direction, our analysts create visualizations to provide communities with the resources to make informed decisions about future development and its financial impacts.

Phillip Walters, Project Manager

Mr. Walters is a senior analyst at Urban3. He brings together the perspectives of economics, data analysis, and good planning to find usable insight. With 8 years of public sector experience and strong analysis skills, he endeavors to help the public understand the underpinnings of how land use decisions will change their future. Phillip will manage the day-to-day project flow, including scheduling all client calls, meetings and milestones with the analysts.

Adam Carr, AICP, Geospatial Analyst

Mr. Carr has experience at the local government level and recognizes social, economic, and environmental issues that places face. His spatial data analysis and planning expertise provides a strong foundation for considering solutions to planning and development challenges. His approach is to help communities reach their goals by understanding what makes them special and by evaluating opportunities to grow equitably and sustainably.

Leah Handwerger, Geospatial Analyst

Ms. Handwerger had always been an advocate for the natural environment, but her studies forged a deep fascination with the relationship of the human/built environment within the natural world. Leah believes mapping is a vital tool to help visualize this relationship and appreciates its unique intersection as both art and science. Leah will be assisting the Lead Analyst to analyze data and create 3D visualizations.

Taylor Schenker, Geospatial Analyst

Ms. Schenker holds a graduate degree in Resilient and Urban Planning from Clemson University. Taylor grew up on the coast of Maine, where she found her passion for environmentally friendly and equitable design. Academically trained as both an Economist and Urban Designer, her work focuses on financial assessment through climate and social lenses, and data visualization.

Ti Decker, Geospatial Analyst

Ti, who has a passion for public policy and spatial planning, focused their graduate studies on ecological sustainability. Their most recent project is redesigning the downtown area of Chicago to be more flood resistant with nature-based pollutants. Tia brings systems-based thinking to the team while giving the perspective of ecological sustainability and climate change to projects.

Billy Cooney Geospatial Analyst

Mr. Cooney, who has a background in GIS and urban designs, brings visual communication and maps as centerpieces to community conversations about land use planning and development. His goal in any capacity is to use research, data, and community involvement to create places that are equitable, sustainable, and beautiful.

Gurleen Kaur, Geospatial Analyst

Ms. Kaur's interests lie in urban economics, settlement sociology, and the exploration of urban fabrics across different regions. She is particularly intrigued by the intersection of urban policy and data analytics, as she believes that leveraging data-driven insights along with recognizing the intangible aspects of human settlements can lead to more informed decisions and better social outcomes within cities.

JOLIET'S FISCAL HEALTH ANALYSIS

WHAT IS THE FLOW OF THE PROJECT?

PHASE 1: REVENUE MODELING

START AT THE BEGINNING: WE USE YOUR EXISTING DATA

Prior to commencing our economic analysis for the City of Joliet, the Urban3 team will work with your staff to gather all necessary property assessment and parcel data from various departments from the city and Will and Kendall counties. In addition, Urban3 will work with the appropriate departments to receive any other data applying to geospatially related revenue streams. This process may include organizing, cleaning, and translating the data across many formats, to ensure we can analyze these various revenue streams on an apples-to-apples basis.

Urban3's analytic method focuses on normalizing tax values on a per-acre basis. Parcel data with ownership, tax values, exemptions, and building information is cataloged and processed. Many times, there are anomalies in Tax Assessor's files that misrepresent acreage amounts or allocate tax values across multiple semi-related parcels. Our team will dedicate time to correcting and synthesizing different tax parcel data for the City as needed.

CREATING YOUR 3D MODEL

After the parcel and all tax data are processed and all errors are corrected, Urban3 will move on to visualizing the information. While we use a variety of visual techniques, the

primary method for displaying value per acre and revenue metrics is with ESRI's ArcScene. ArcScene's ability to create three-dimensional representations of land value, tax value, and value per acre trends in vertical "spikes" displays a huge amount of information in just a quick glance. Market variability and inequitable tax valuations, and of course, value per acre efficiency across Joliet will be easily displayed in 3D using ArcScene. Also, tax millage rates from the City will be applied to parcel data to show the amount of taxes each development or area actually pays, versus its assessed tax value.

RETAIL TAX ANALYSIS APPROACH

In Illinois, sales tax is a vital revenue source for cities. We will work with City staff to contact the state Department of Revenue to gather the sales tax data. Urban3 has worked with dozens of communities across the country, to obtain and map sales tax data at a spatially meaningful level, while still maintaining business privacy. We have been able to map this data in 10 states and plan to do so in Joliet. We have a proven approach with several state departments of revenue and representatives from these departments are willing to speak with and vouch for our approach

BUILDING YOUR COMMUNITY'S ECONOMIC STORY

Following the data processing and analysis, our analysts work with Mr. Minicozzi to storyboard all the findings. Over a period of days, our staff conducts a deep dive into all the data outputs. From this, we will create a holistic economic story for the City that will illustrate the impacts of various development types on the City's long-term municipal finances.

REVENUE ANALYSIS DELIVERABLES

- Visualization of the relative economic potency of land uses in the City of Joliet using both 2D and 3D graphics, including property and retail tax revenue streams
- An isolated analysis of various land use patterns within your community
- Analysis of statewide and local tax systems and creation of graphics to share this information in an easy-to-understand format with citizens
- Value per acre and productivity comparisons within the City
- An analysis of the taxable vs. nontaxable land in the City of Joliet
- Comparison of the economic potency of the downtown within the City as a ratio
- Comparative analysis of economic potency of different housing typologies, both single-family and mixed-use
- Comparative analysis of commercial properties by type and their economic potency
- Comparing economic productivity of varying property types City-wide
- Materials for community workshops and advisory meetings
- Virtual participation in up to 6 advisory committee or council roundtable meetings to review

PHASE 1: REVENUE MODELING BUDGET

Task	Position		Total
Data Collection & Existing Conditions	Analyst		$2,768
	Principal		$762
Virtual Site Visit	Analyst		$1,038
Model Processing	Analyst		$6,920
Model Analytics	Analyst		$6,228
Retail Tax Analysis	Analyst		$1,384
	Lead Analyst		$1,248
Economic Analysis & Graphic Creation	Analyst		$5,536
	Lead Analyst		$1,664
	Principal		$762
Storyboarding	Analyst		$346
	Lead Analyst		$416
	Principal		$762
Build Presentation	Analyst		$3,114
	Graphics Specialist		$4,416
	Principal		$1,524
Project Management	Project Manager/Planner		$4,818
Administration	Administrative		$498
		TOTAL	$44,204

PHASE 2.1: FISCAL AUDIT ANALYSIS

As a next step in determining the long-term financial sustainability of the City, Urban3 will explore a Fiscal Audit analysis, on a departmental level, in order to assist policymakers, city staff, and the community of Joliet in understanding the role development patterns play in influencing road and utility costs. This project phase will present and compare the recently created Revenue Model (Property Taxes, Sales Taxes, and Fees) with a cost model (All relevant infrastructure, including streets and pipes). When revenue streams are netted against the costs, it will help the City understand the net position of the community.

HOW IS INFRASTRUCTURE FUNDED?

STEP 1: FISCAL RESEARCH

Urban3 will examine the sources and uses for City finances and catalog the mechanisms that fund local services, infrastructure, and capital projects. Our particular focus will be on public goods with a significant cost and that are spatially relevant. This invariably leads us to the lifecycle cost of the infrastructure model.

In our experience, we have found that community productivity is usually the opposite of perception once the 'net' position is modeled. We have also found in past projects that perceived revenue sources and connections differ from reality. This research process provides a clear picture of the sources and magnitudes of the community's revenue sources and cost drivers. We will leave you with an understanding of where feedback exists between land use choices and revenue while highlighting how infrastructure is actually paid for by the City.

STEP 2: FISCAL AUDIT

Our audit process bundles various aspects of municipal accounting and cash flows, which are usually disaggregated, with fixed infrastructures. This is a more comprehensive investigation of revenue since capital revenue can be opaque. We accomplish this through a combination of researching published materials such as the annual budget, capital improvement plan, and annual financial report.

In order to calibrate our model to Joliet's unique conditions, we will interview City staff to understand how infrastructure is funded and the local cost of infrastructure.

STEP 3: INFRASTRUCTURE LIABILITY ANALYSIS

The fixed infrastructure in a community such as a road network, the stormwater system, and water/wastewater pipes and facilities are typically its largest financial obligation. The true scale of that obligation can be obscured by accounting practices and general biases ignoring their perpetual lifespan. For this procedure in the analysis, we will assemble, map, and measure all the available sources of cost. The analysis will focus heavily on the road network since it's likely the biggest direct liability the City is responsible for. We will also include utilities and spatially relevant operating systems. In order to map and properly account for these elements we will engage in some data correction with staff. Typical

corrections include addressing anomalies, fixing road topology issues, and preparing street and pipe data for analysis.

With an understanding of the physical quantity of the community's infrastructure, we can then seek to quantify it in terms of the revenue needed. Our cost methodology differs from the status quo Government Finance Officers Association (GFOA) standards and incorporates the perpetual lifecycle costs of a City. Our process incorporates the relationship between development and the infrastructure that serves it in the present. We look at the long-term lifecycle cost of a unit of infrastructure broken down to a yearly sum over that period and incorporate similar asset management methodologies in practice in the private sector. We will start with our own cost coefficients for the mapped infrastructure and calibrate them with input from staff.

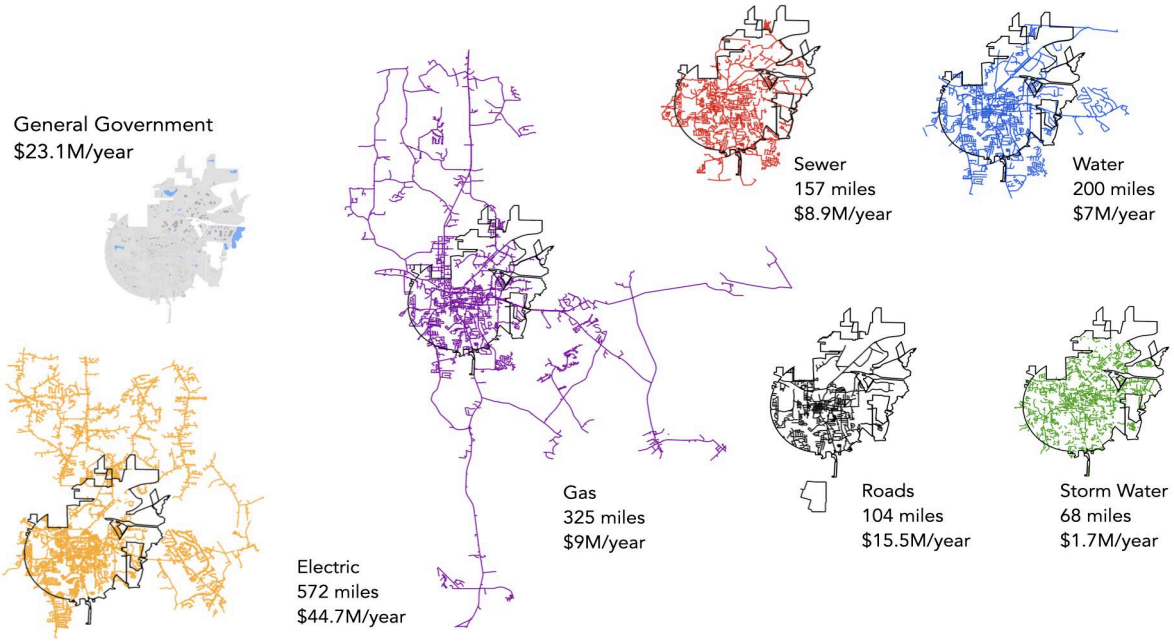


Figure 3: Length and cost associated with different services in Covington, GA

FISCAL AUDIT ANALYSIS DELIVERABLES

- Demonstration of revenue and expenses of the existing budget and needed resources
- Visualization and analysis of the length and liability of road and utility infrastructure
- Case Study of development decisions and infrastructure cost and revenue implications
- Analysis of infrastructure lifecycle liabilities
- Materials for community workshops and advisory meetings
- Up to 4 virtual participation meetings with the project manager in appropriate advisory committee or council roundtable meeting

PHASE 2.1: FISCAL AUDIT ANALYSIS BUDGET

Task	Position		Total
Fiscal Research & Cost Data Collection	Analyst		$3,114
	Lead Analyst		$1,248
Staff Data Meetings	Analyst		$1,038
Cost Data Correction & Model Processing	Analyst		$4,671
	Lead Analyst		$2,496
Model Analytics	Analyst		$2,076
	Lead Analyst		$1,248
Economic Analysis & Graphic Creation	Analyst		$6,228
	Lead Analyst		$2,496
	Principal		$2,286
Storyboarding	Analyst		$692
	Lead Analyst		$832
	Principal		$1,524
Build Presentation	Analyst		$2,768
	Graphics Specialist		$4,416
	Principal		$1,524
Development Evaluator Tool	Analyst		$3,114
Project Management	Project Manager/Planner		$2,628
Administration	Administrative		$498
		TASK TOTAL	$44,897

PHASE 2.2: FISCAL MAPPING

Urban3 will evaluate the fiscal sustainability of the City's development footprint. The analysis will determine if its current footprint pays for itself and what the cash flow will be over time given long-term infrastructure liabilities. By visualizing which land use and development types contribute to revenue and required spending, we will leave the community with an understanding of the feedback between land use decisions and future cost and revenue ramifications.

The analysis will include how the City's revenue compares to the long-term maintenance, operations, and replacement needs. The results from this analysis will enable a data-driven discussion, allowing the City to use data when considering infill, potential annexation, or determining what types of development to incentivize. The land use conclusions that it provides will serve as decision-making tools for future growth. It also provides the materials for projecting costs for Joliet's development scenarios.

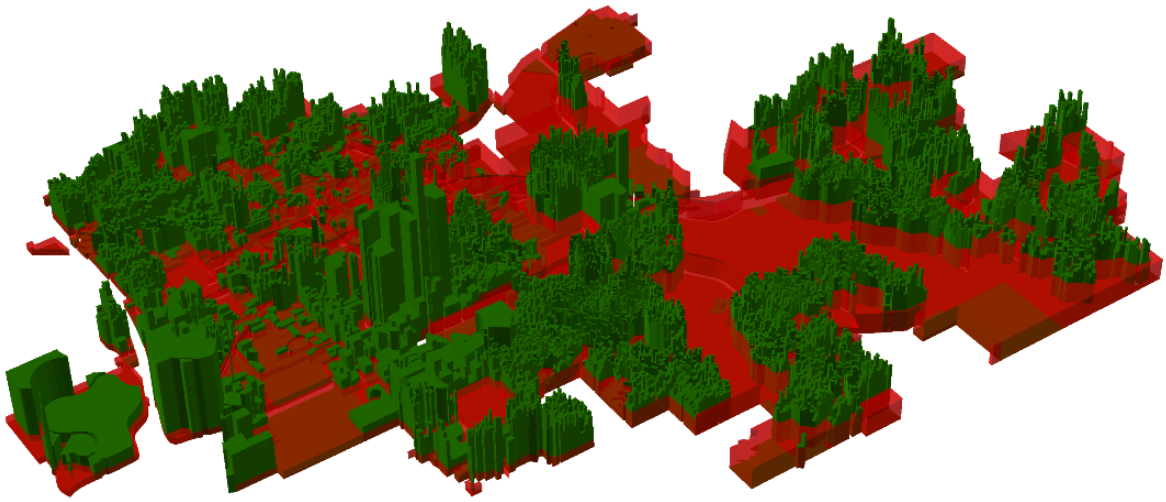


Figure above: Aggregated Cost and Revenue 3D Model for Oviedo, FL.

FISCAL MAPPING DELIVERABLES

- Analyses of existing City-wide model of infrastructure maintenance obligations and revenues from varying development patterns
- Long-term revenues and costs considerations for different development patterns
- Development Evaluator tool in hands on excel format
- Materials for community workshops and advisory meetings
- 2 virtual participation meetings in appropriate advisory committee or council roundtable meetings

PHASE 2.2: FISCAL MAPPING BUDGET

Task	Position		Total
Model Analytics	Analyst		$5,709
	Lead Analyst		$2,288
Economic Analysis & Graphic Creation	Analyst		$3,114
	Lead Analyst		$1,248
	Principal		$2,286
Storyboarding	Analyst		$692
	Lead Analyst		$832
	Principal		$762
Build Presentation	Analyst		$2,768
	Graphics Specialist		$2,208
	Principal		$1,524
Project Management	Project Manager/Planner		$2,190
Administration	Administrative		$498
		TASK TOTAL	$26,119

PHASE 1 & 2 OUTCOMES

HOW TO PLAN FOR YOUR COMMUNITY'S FUTURE FINANCIAL HEALTH

The results of our analysis of the City of Joliet will clearly demonstrate the economic potency of the downtown within the City. Because of the scale of the analysis, you will be able to see the economic effects of varying types of development within the same market. Your community can utilize the findings from the study to inform potential adjustments to public policy to maximize both the downtown area and the City's fiscal productivity.

Through our analysis, the City of Joliet will glean information about the development patterns in the community, leading to stronger decision-making based on the public's return on investment. It is sometimes assumed that budget problems can be solved by creating more growth, yet more growth in unproductive patterns–more cost than revenues–will only increase economic problems. What is needed is an approach that provides transparency regarding the cost of growth and long-term obligations to create a healthy, sustainable fiscal future for your community and the entire City.

HOW LONG WILL THIS TAKE?

To begin the analysis, our project analyst will conduct a virtual site visit. Their work will be to procure data, connect with key members of your team that have the data and can field our questions, as well as make virtual site visits to key properties in the study.

The first phase of the project is the process of gathering and cleaning all data, which takes approximately one month. Upon that process's completion, it will take approximately eight months to conduct the remainder of the analysis. The final presentations and reports will occur in the ninth month, and the final report will be complete by the tenth month.

HOW WILL YOU SHARE THE ANALYSIS WITH OUR COMMUNITY?

The goal of our work is threefold. First, the analysis will assist the City staff with policy recommendations to the council and planning commission or land use-related commissions. Second, Urban3 will work with elected and appointed officials to educate them in cumulative economic thinking, allowing them to understand the true costs of development in a visual way as they make policy decisions. Lastly, we will present our final models to the broader community to inform their understanding of the true costs of development and maintenance, and the relationship to taxation.

At the conclusion of the project, Joe Minicozzi will deliver the results of the analysis in person or virtually. We will rely on your staff to help coordinate and market any public presentations. You know your community best, and you know the critical audiences that need to be engaged. This could be your Chamber, Neighborhood Associations, City and Province Leadership, or general public presentation. Mr. Minicozzi can also conduct workshops with staff and/or Planning Commissioners.

WHAT WILL BE THE LASTING IMPACT OF THE ANALYSIS ON YOUR COMMUNITY?

The final deliverable will be an interactive report of the analysis findings. This document can be put on your City's website, and an executive summary with metrics and benchmarks can be referred to, year over year.

Additionally, Urban3 will provide the City of Joliet with 2D and 3D economic models of the City. These will be delivered as an ESRI map in ArcGIS format, and usable by GIS staff. We will also provide a proposal evaluation tool that provides the estimation of the cost of the infrastructure lifecycle to show the differences in revenue and cost for development decisions. This tool will be helpful to the planning commission and council for development choices.

- Citizens will understand the financial impact of varying development types on their City's current and future budgets as they provide input in any planning process
- Elected officials will have a data-driven understanding of their City's economic development landscape, enabling them to make informed decisions about future development and policy
- We will provide policy recommendations for creating a more fiscally sustainable approach to future development
- A 3D model of your City's property tax revenues, that can be updated on an annual basis

PHASE 1 & 2 OUTCOMES DELIVERABLES

- Public Education Sessions, including presentations of the analysis to your community, audiences determined by City of Joliet staff (2 virtual presentations). These presentations can be divided between phases 1&2, along with regular check ins and previews from the project team.
- Brief visual report summarizing findings and materials for inclusion in larger planning effort
- The delivery of those models, including a full ESRI map, to all relevant City departments

PHASE 1 & 2 OUTCOMES BUDGET WITH IN-PERSON PRESENTATION

Task	Position		Total
Final Presentations (in-person)	Principal		$12,192
Final Report	Analyst		$4,844
	Graphics Specialist		$3,312
		TASK TOTAL	$20,348
* Expenses are estimates based on standard GSA rates and include food, lodging, and auto/airline travel costs.		Expenses*	$3,200
		GRAND TOTAL	$23,548

PHASE 1 & 2 OUTCOMES BUDGET WITH VIRTUAL PRESENTATION

Task	Position		Total
Final Presentations (virtual)	Principal		$2,286
Final Report	Analyst		$4,844
	Graphics Specialist		$3,312
		TASK TOTAL	$10,442

PHASE 1 & 2 & OUTCOMES OPTIONS GRAND TOTAL BUDGET

Analysis	Virtual Presentation	In-Person Presentation
Phase 1: Revenue Analysis	$44,204	$44,204
Phase 2.1: Fiscal Audit Analysis	$44,897	$44,897
Phase 2.2: Fiscal Mapping Analysis	$26,119	$26,119
Outcomes, Report, & Presentations	$10,442	$23,548
GRAND TOTAL	$125,662	$138,768

2024 STAFF HOURLY RATES

Staff	Hourly	Daily
Administrative	$83	$664
Analyst	$173	$1,384
Graphics Specialist	$184	$1,472
Lead Analyst	$208	$1,664
Principal	$381	$3,048
Project Manager/Planner	$219	$1,752

REFERENCES

Name: Randall Whitman
Title: Principal Planner at the City of Springfield, MO
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Name: Shawn Hill
Title: Executive Director at Mountain Town Planners
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