



September 1, 2023

Christopher Looney, AICP  
Planning and Development Services Director  
City of New Braunfels, Texas

**Reference: Proposal for Professional Consulting Services  
Land Use Fiscal Analysis and Associated Services**

Mr. Looney,

Thank you for inquiring about Verdunity's experience with fiscal impact analysis and fiscally-informed planning, development, and community engagement. Per your request, I am pleased to submit this proposal for your consideration. Details of our proposal are outlined below.

**PURPOSE AND NEED**

One of the primary challenges facing city leaders across the country is how to address growing infrastructure and service cost liabilities with limited resources. At the same time, housing costs are on the rise and citizens' ability to pay more for services is limited. To cultivate lasting prosperity, growth and development must be strategically managed between infill and greenfield projects to ensure the City will have sufficient revenue to cover the costs for infrastructure and public services now *and in the future* while also keeping housing and living costs manageable for residents.

The City is currently in the process of creating a new Land Development Ordinance and is also in the early stages of updating its Comprehensive Plan. Now is the ideal time to discuss the fiscal impacts of development decisions and use data and analytics to align the City's development and service model with what residents are able to afford. The City has requested Verdunity's assistance to complete a GIS-based land use fiscal assessment and associated education efforts to provide this information.

**PROPOSED APPROACH – Using Fiscal Analysis as a Common Language to Cultivate Fiscal Health (for the City) and Local Wealth (for Residents and Businesses)**

Verdunity is a Texas-based community consulting firm that helps city leaders align vision, policy, and investments with what residents are willing and able to pay for so that you can:

- ✓ Improve your city's fiscal health and close your resource gap;
- ✓ Make meaningful progress right now with the resources you have; and
- ✓ Cultivate a local economy and neighborhoods that are vibrant, diverse, and resilient.

Our modeling approach and associated services help city leaders and residents to better understand the relationship between growth and development patterns, property tax revenues, and long-term infrastructure and service costs – *including understanding how to generate additional tax revenue without having to raise the tax rate*. This information can be used to inform future land use and zoning decisions, economic development and housing incentives, capital improvement programs, service delivery optimization efforts, grant applications, and more.

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*Our ultimate goal is to provide data, analysis, and related information in a variety of ways that enables and empowers city leaders to align your community's development and service model with what citizens are willing and able to pay for - now and in the future.*

## **BASIC SERVICES**

**Phase 1: “Strong Towns 101” and Concept Introduction Presentation/Work Session.** Verdunity’s Founder/CEO Kevin Shepherd will deliver a virtual presentation that provides a high-level overview of economics of land use, why our states and cities are facing growing infrastructure funding gaps, and strategies to cultivate fiscal health and local wealth in the community. The presentation will be followed with a discussion to learn more about the challenges and opportunities in your community so we can determine how the fiscal analysis process can be most helpful to you. Tasks and deliverables in this phase will include:

- Project kickoff call with City Staff
- Presentation and workshop preparation
- Virtual workshop (presentation and discussion, approximately 2 hours)
- *Deliverable(s): Copy of presentation slides*

**Phase 2: GIS-Based Land Use Fiscal Assessment (LUFA) of Existing Conditions.** This analysis focuses on the relationship between existing development patterns in the city limits, the property tax revenues generated by this development and the general fund costs currently budgeted to serve them, and projected service and street infrastructure costs that will be required in future years. The assessment will include the following information for all parcels inside the city limits:

- 1) Appraised values and property tax levy revenue by parcel;
- 2) Property tax revenue per acre by parcel;
- 3) Service cost allocation and net revenue per acre (sometimes referred to as a profit and loss map) for budgeted costs;
- 4) Unfunded liability cost allocation (future anticipated public services and street replacement costs) and net revenue per acre for budgeted costs plus unfunded liabilities.

This modeling and mapping help illuminate which parcels and development patterns in the city generate more in property tax revenue than they cost to serve and which parts of the community require subsidies from other sources such as sales tax to cover basic services. Verdunity (VU) will use a combination of recent budget documentation, available GIS data, and the most recent certified tax rolls from the county appraisal district. Results of the budget analysis and modeling will be organized into a series of maps, charts, and supporting context examples to summarize and explain findings and recommendations. The results will be presented to staff and council members via a work session or normal meeting.

Tasks and deliverables in this phase will include:

- Data Collection and Formatting
  - Data request and collection – VU will provide a written letter outlining the data requested to the City and the Appraisal District and send a link to a Dropbox folder to share the files.
  - Data review and formatting – Data will be organized, formatted, and cleaned as needed to support the required analysis.

- Budget Review & Cost Allocation
  - Assessment of the last three years of budgets, ACFRs, and any other available documents containing information regarding the City’s collection of revenue and provision of services
    - *Note: this study focuses primarily on services covered by the General Fund. A cursory review of enterprise fund services such as utilities, waste collection, and parks will be completed for high-level context on how these services are connected to the development pattern. Deep-dive analysis on these services is available as Additional/Optional services or as part of a separate Impact Fee Study.*
  - Existing and Projected Street Costs will be estimated and allocated using traffic zones, street districts, or other approved methodology
  - Prepare slide summary with budget trends and cost allocation options
  - Videoconference with Staff to discuss initial takeaways and questions from the budget assessment and get input on infrastructure and service cost allocation process and metrics
- Analysis
  - Allocate CAD data and property tax revenue to parcels within the City limits
  - Refine revenue allocation for parcels with business and personal property tax
  - Allocate budget costs and unfunded liability costs to parcels using the data and process agreed to in Staff meeting
  - Create analysis summary graphics to present findings by state land use code and zoning district
  - Prepare map and support information for Top 10 parcels
- Mapping
  - Produce 2D and 3D maps of assessed value and assessed value per acre for all parcels in the County
  - Produce 2D and 3D maps of assessed value and assessed value per acre, tax revenue/acre, net/acre (budget), and net/acre (budget + unfunded liabilities) for parcels in the City limits
- Slide Summary (Draft Results)
  - Prepare expanded slide summary with budget review, cost allocation methodology, draft analysis charts, and maps
  - Videoconference with Staff to share draft analysis information for feedback
  - Incorporate staff comments and finalize modeling

**Phase 3: Final LUFA Report Document.** Once the analysis and mapping is complete, VU will produce a final formatted report document with expanded text, graphics, and recommendations. Tasks and deliverables in this Phase will include:

- Summary Report
  - Prepare draft summary report (V1)
  - *Deliverable: Draft Land Use Fiscal Analysis (LUFA) Report (V1, pdf format)*
  - Videoconference with Staff to discuss V1 comments
  - Incorporate staff comments and prepare final report (V2)
  - *Deliverable: Final Land Use Fiscal Analysis (LUFA) Report (V2, pdf format)*

**Phase 4: Presentation of Findings and Implementation Recommendations.** Once the analysis is complete, Verdunity’s project manager will come to the city for a full day to present the LUFA results, discuss how the results impact the ongoing code and comp plan efforts, and develop an action plan to incrementally close the City’s resource gap. The exact agenda for the trip will be determined with staff, but meetings shall be organized to be held on a single day to limit travel costs. Tasks and deliverables in this Phase will include, at a minimum:

- Meeting with the City Manager and Department Heads
- Meeting with the Planning & Development Services staff
- Meeting with the Workforce Housing Committee
- Joint meeting with Council and P&Z

### **ADDITIONAL SERVICES**

**Development Fiscal Impact Analysis (DFIA) Tool.** Verdunity can work with staff to build a spreadsheet-based tool to evaluate the costs, revenue, and fiscal impact of proposed development projects. The FIA will encompass a long-term analysis that considers the first full life cycle of infrastructure (40+ years) and includes guidance for assumptions, parameters, and other requirements. Reports from the analysis can be generated and included in packets for Planning Commission and Council so that decision makers have a clearer understanding of how development decisions impact current and long-term fiscal health. *Note: A GIS-based option for this tool is an option, but we recommend building a spreadsheet version as an interim step before investing resources into coding into GIS.*

**Growth Scenario Modeling.** The LUFA will provide information that can be used to inform growth scenarios and principles of the Comprehensive Plan. However, sometimes it’s helpful to understand the potential fiscal impacts of scenarios in more detail. If desired, Verdunity can work with staff to model future growth scenario(s) for the Comprehensive Plan. The level of modeling can be varied to reflect the amount of detail and data available for the scenario(s).

**Implementation Support.** If desired, we can be available through an hourly retainer type contract to assist Staff as needed with implementation of the LUFA and DFIA tools. We recommend holding a Town Hall style presentation with residents to present the high-level concepts and takeaways from the LUFA, which can help establish a common language within the community for discussing the fiscal impacts of development and infrastructure decisions. We also recommend updating the citywide model every 2-4 years (more frequently for fast growing communities and

As planners and economic development professionals, we see opportunity everywhere. That said, politicians and decision makers are not easily swayed by creative thinking and tend to be risk-averse when it comes to heretofore unheard of re/development strategies and tactics.

So, how do we easily translate our tactics and well-informed best practices into a language the everyone can hear and understand -- the language of money? Enter Verdunity, a team that speaks the native tongue of the engineer, have the hearts of planners, and the minds of financial officers. Those skills combine to produce an easily understood set of scenarios, maps and accompanying data that communicate the positive/negative effects of any given land use decision on a City’s tax base.

When decision makers can see and easily conclude where and how money is lost or gained- all of us win; especially the tax payers.

**Sheena Salvino**  
Redevelopment Manager - Pasadena, TX

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less frequently for slow growth communities) and running all proposed development projects that involve expansion of city infrastructure through the DFIA tool.

### **YOUR INVESTMENT**

**We believe investing in quantifying and communicating your resource gap and developing a standardized process for developers and the City to collaborate to build a fiscally sustainable community is one of the most productive and high-returning investments a community can make.**

Community leaders will gain clarity about the relationships between development, revenue and costs and have tools to make more informed decisions, and developers will have a standard process to follow. Most importantly, the City will have a framework to align its development and service model with what residents are willing and able to pay for – now and in the future. We are proposing to complete the work described above for the following fees:

### **BASIC SERVICES**

The work outlined as Basic Services above will be completed for a **lump sum fee of \$75,000**. Work will be billed monthly based on percent complete of the total contract.

### **ADDITIONAL SERVICES**

Costs for additional services are provided for budgeting purposes. Should the City desire to complete one or more of these, we can provide a more detailed scope, schedule, and budget for consideration either as an amendment to this initial contract or as a separate contract.

- Development Fiscal Impact Analysis (DFIA) Tool (spreadsheet-based): \$10-20K (higher range includes outlining process to expand to GIS-based tool)
- On-Call Implementation Assistance:
  - Community Town Hall on “Cultivating Fiscal Health and Local Wealth in New Braunfels”: \$8K
  - Bi-annual LUFA baseline update: \$50K
  - Development DFIA analysis: \$1-5K per project (dependent on size, scope and data provided for each project), time billed hourly

All invoices will be accompanied by a progress report summarizing work completed, work anticipated for the next month, and any critical items requiring staff assistance.

### **SCHEDULE**

The work outlined in the Basic Services above can be completed in 3-4 months, contingent on prompt staff reviews, and availability of staff and other participants for meetings.

### **TERMS OF ENGAGEMENT**

This proposal is valid for a period of 45 days from the date of this proposal. After this period, we reserve the right to adjust pricing based on our costs and rates at that time. This information was prepared specifically for the CLIENT and its designated representatives and may not be provided to others without Verdunity’s written permission. Work will be completed using the City’s standard contract terms. Acceptance of this proposal indicates the City’s review and understanding of the scope of services, fee and terms. We are prepared to begin work within 2-4 weeks after receiving an executed agreement and written notice to proceed (email is acceptable).

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If you have any questions about this proposal, please give me a call at 214-425-6720 or email me at [kevin@verdunity.com](mailto:kevin@verdunity.com). We look forward to partnering with staff and city leadership to help cultivate fiscal health and local wealth in your community!

Respectfully Submitted,

**VERDUNITY, Inc.**

Texas Registered Engineering Firm F-13496



Kevin Shepherd, P.E.  
Founder & CEO

Accepted By:

**CITY OF NEW BRAUNFELS, TEXAS**

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By

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Name & Title

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Date