

# ***Briefing on Preliminary Results: Fiscal Impact Analysis of Carolina North***

*Presented by:*

**TischlerBise**  
Fiscal, Economic & Planning Consultants

June 26, 2008

# TischlerBise

- 30-year national practice
- Fiscal impact evaluations
- Impact fees
- Capital improvement programming
- Infrastructure needs and financing alternatives
- Fiscal software



# *North Carolina Experience*

- Cary
- Creedmoor
- Durham
- Greenville
- Holly Springs
- Jacksonville
- Nags Head
- Wilmington
- Wilson
- Cabarrus County
- Camden County
- Catawba County
- Chatham County
- Currituck County
- Davie County
- Guilford County
- New Hanover County
- Orange County
- Wake County

# Overview of Scope of Work

- Fiscal Impact Analysis of Carolina North, Phase I, on Chapel Hill, Carrboro, and Orange County
  - **Direct** fiscal impacts from Carolina North development
  - **Indirect** fiscal impacts from growth due to CN
  - Also: Evaluate alternative financing tools and implement fiscal impact model
- Process:
  - Level of Service Interviews with Jurisdictions
  - Review Assumptions
  - Develop Model
  - Report Preliminary Results
  - Further Feedback on Assumptions/Refinement
  - Deliver Report

# *Purpose of Presentation*

- Overview of study / status
- Outline of assumptions
- Preliminary results
- Further discussion on refinement of assumptions
- Continued review over summer . . . Draft report issued late August / September

# *What is Fiscal Impact Analysis?*

- Cash flow to the public sector
  - Are the revenues generated by new growth enough to cover the resulting service and facility demands?
- Reflects operating expenses and capital costs
- All revenues
- Revenues minus expenditures = net surplus or deficit

# *Fiscal Impact vs. Revenue Forecasting*

- Municipal budgeting is primarily “revenue driven”
  - Revenue forecast is used to establish spending target
- Fiscal impact analysis is not revenue constrained
  - Forecast expenses needed to maintain current levels of service (LOS)
  - Revenues and expenditures are projected separately

# Scenarios: Residential Assumptions

<i>Residential</i>	SCENARIO 1		SCENARIO 2	
	<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
<b><i>Housing Units</i></b>				
University Housing (MF)	250		125	
Private Housing (MF)	167		250	
<i>Total Units</i>	417	1,970	375	1,970
<b><i>Population*</i></b>				
Chapel Hill	751	3,024	675	3,024
Carrboro	0	743	0	743
Other Orange County	751	464	675	464
<b><i>Public School Students**</i></b>				
CHCCS	29	608	26	608
OCS	0	58	0	58

\* Based on average household size by type from Chapel Hill and U.S. Census

\*\* Based on student generation rates from TischlerBise Impact Fee Study for Orange County (2008)



# Scenarios: Nonresidential Assumptions

Nonresidential	SCENARIO 1		SCENARIO 2	
	<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
<b><i>Projected Total Jobs at Carolina North***</i></b>				
University	2,725		2,725	
Corporate Office Jobs	2,100		2,100	
Retail Jobs	333		333	
<i>TOTAL On-Site</i>	<i>5,158</i>		<i>5,158</i>	
Existing UNC Jobs Anticipated to Move	1,567		1,567	
<b><i>Projected Direct New Jobs at Carolina North</i></b>	<b><i>3,591</i></b>		<b><i>3,591</i></b>	
<b><i>Projected Indirect New Jobs (in Region)****</i></b>		<b><i>5,027</i></b>		<b><i>5,027</i></b>
<i>Estimated Jobs in Study Jurisdictions</i>				
Chapel Hill		1,106		1,106
Carrboro		251		251
Other Orange County		251		251

\*\*\* UNC

\*\*\*\* The Chesapeake Group

# *Assumptions and Caveats*

- Adopted FY 2007-08 Budgets
- Current dollars are used
- Mostly average cost-hybrid — operating and capital
- Current revenue structure and rates (exception is Sales Tax Article 44)
- Most costs projected based on ***net increase*** in employment—no “backfill” of vacated space is included
- Location of spin-off growth due to Carolina North (*indirect* impact) is based on current patterns as provided by UNC

# *Assumptions and Caveats (cont'd)*

- Capital expenditures reflect *local* share of costs
- Schools: Operating and capital included in Orange County totals
  - CHCCS Special District Tax is modeled but not included in totals herein
  - UNC future school site dedication is **not** calculated in results
- Transit: Cost estimated based on current operations and infrastructure
  - Potential changes in infrastructure requirements (e.g., BRT) from Transit Plan not yet integrated
  - Further refinement can be done (i.e., route specific analysis)

# *Revenues-Chapel Hill*

- Direct
  - Property tax from Corporate Partners and Private Housing improvements —to General Fund and Transit Fund
  - Other variable revenues
    - State-Shared—Sales tax, Powell Bill
    - Development-Related Permits and Fees (one-time)

# *Revenues-Chapel Hill (cont'd)*

- Indirect
  - Property tax from residential and nonresidential development
    - General Fund
    - Transit Fund
  - State-shared (sales tax, Powell Bill)
  - Other variable revenues (increase due to population or employment growth)

# Revenues-Orange County

- Direct

- Property tax from Corporate Partners and Private Housing improvements—to General Fund and CHCCS Special District
- Sales taxes (per capita and point of delivery)
  - Article 42 change to point of delivery
  - Article 44 fixed
- Impact fees for CHCCS District
- Other variable revenues on per capita or employee

# *Revenues-Orange County (cont'd)*

- Indirect

- Property tax from residential and nonresidential development
- Sales tax: per capita and point of delivery as appropriate
- Impact Fees to both Districts
- Other variable revenues (increase due to population or employment growth)

# *Revenues-Carrboro*

- No Direct revenues assumed
- Indirect
  - Property tax from residential and nonresidential development
  - State shared (sales tax, Powell Bill)
  - Other variable revenues (increase due to population or employment growth)



# Cost Assumptions-Overview

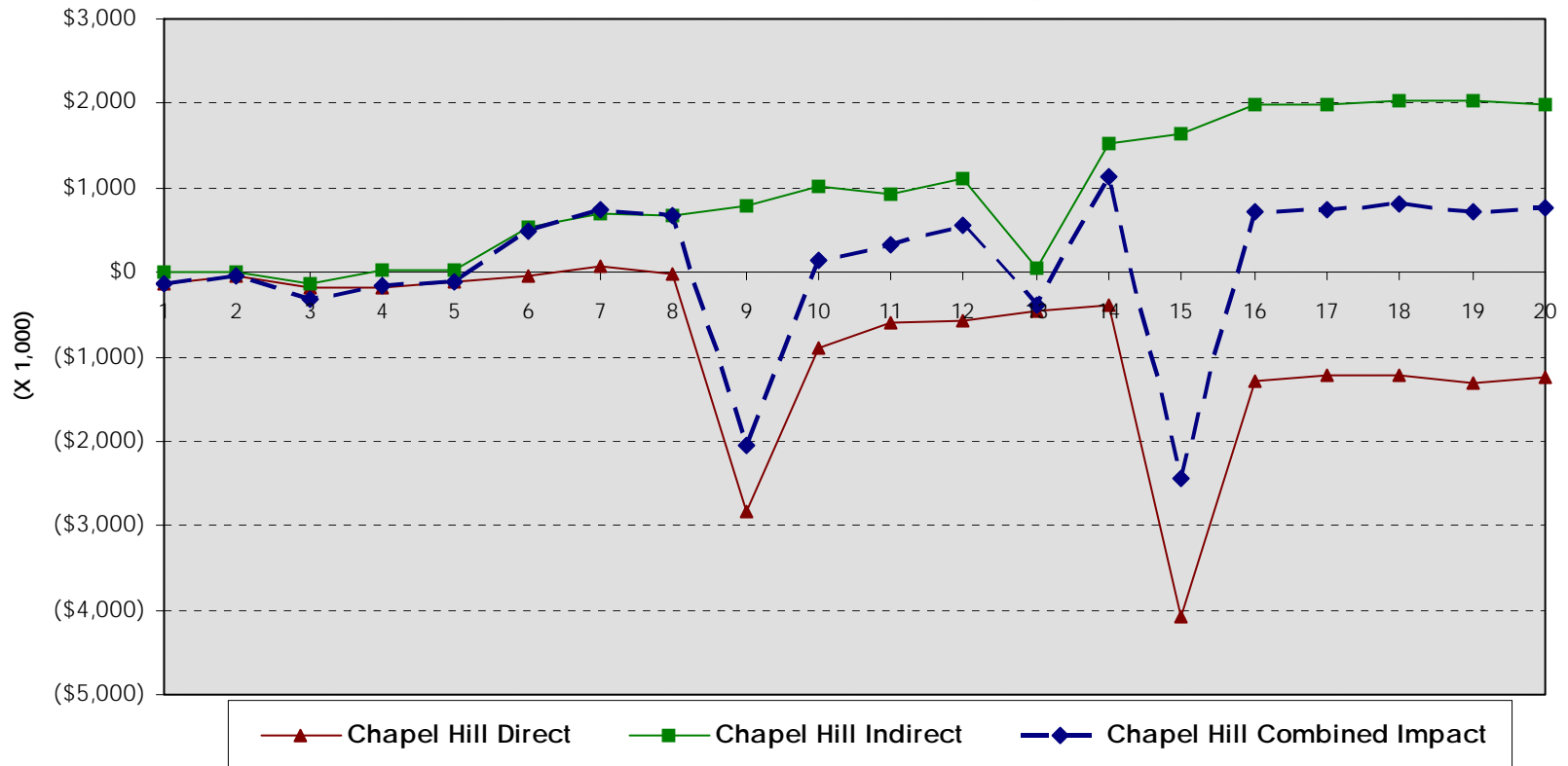
	Chapel Hill		Orange County		Carrboro	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
<b>General Government</b>	X	X	X	X		X
<b>Planning/Community Development</b>	X	X		X		X
<b>Public Works</b>						
Streets	X	X				X
Building and Grounds Maint	X	X		X		X
Engineering	X	X				
Inspections	X	X				
Solid Waste/Sanitation		X		X		X
<b>Public Safety</b>						
<i>Chapel Hill and Carrboro</i>						
Police	X (traffic)	X	See Sheriff	See Sheriff		X
Fire/EMS	X	X				X
<i>Orange County</i>						
Courts	na	na	X	X	na	na
Emergency Services-EMS	na	na	X	X	na	na
Emergency Services-911	na	na	X	X	na	na
Sheriff	na	na	X	X	na	na
<b>Parks/Recreation</b>	X	X	X	X		X
<b>Library</b>	X	X		X		
<b>Transportation/Transit</b>	X	X				X
<b>Human Services</b>						
Aging	na	na		X	na	na
Health	na	na	X	X	na	na
Social Services	na	na		X	na	na
Other	na	na		X	na	na
<b>Schools</b>			X (CHCCS)	X (CHCCS & OCS)		

# *Fiscal Impact Analysis Results*

- Shown in two ways for each jurisdiction:
  - Annual net results — year-to-year revenues minus expenditures
  - Cumulative net results — total revenues minus total operating and capital costs
- Net fiscal impacts from **new development** only
- Results shown for Scenario 1 —Direct and Indirect; Scenario 2 results are slightly better for Chapel Hill and County due to more private residential units

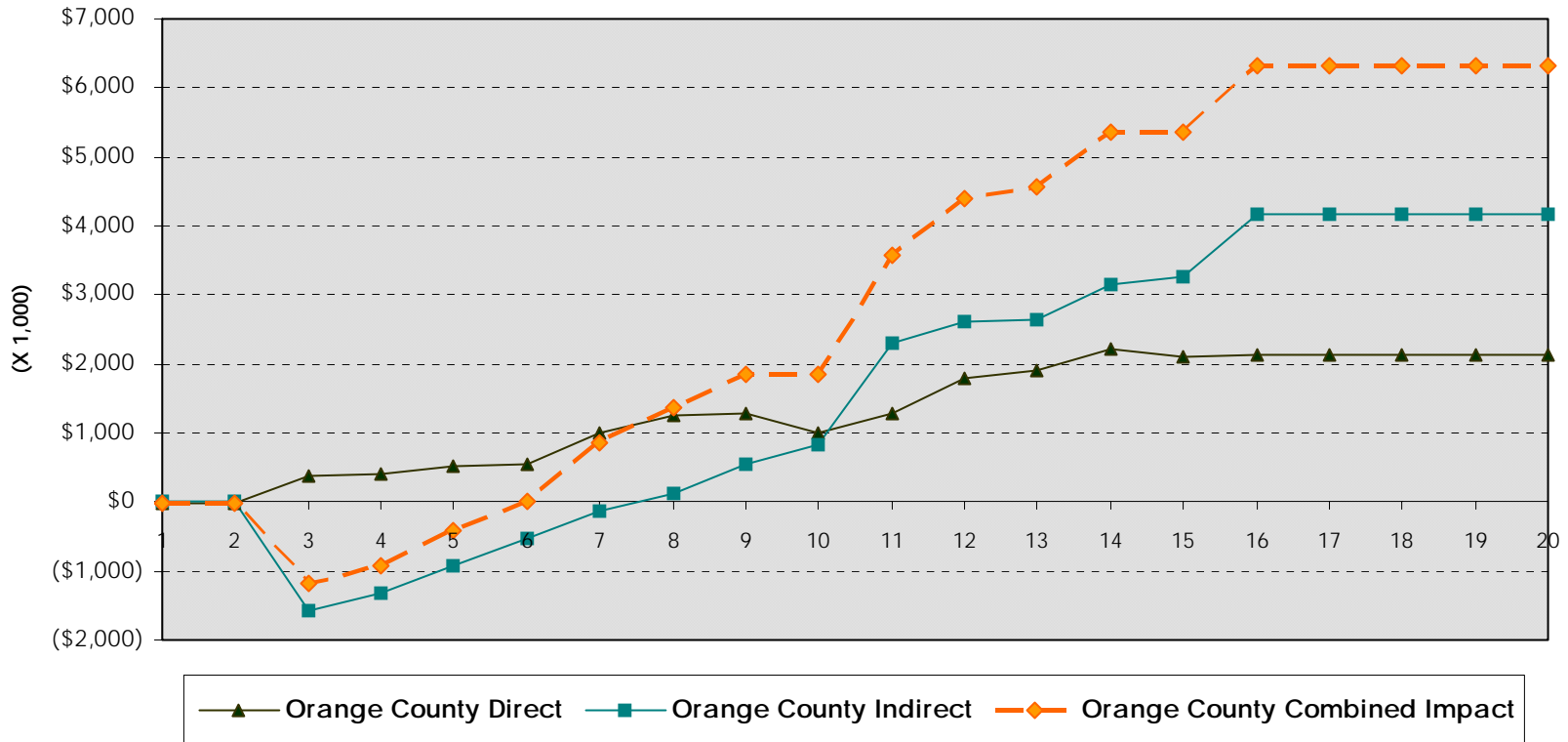
# Results-Chapel Hill Annual

Annual Net Fiscal Impacts-CHAPEL HILL  
 DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis



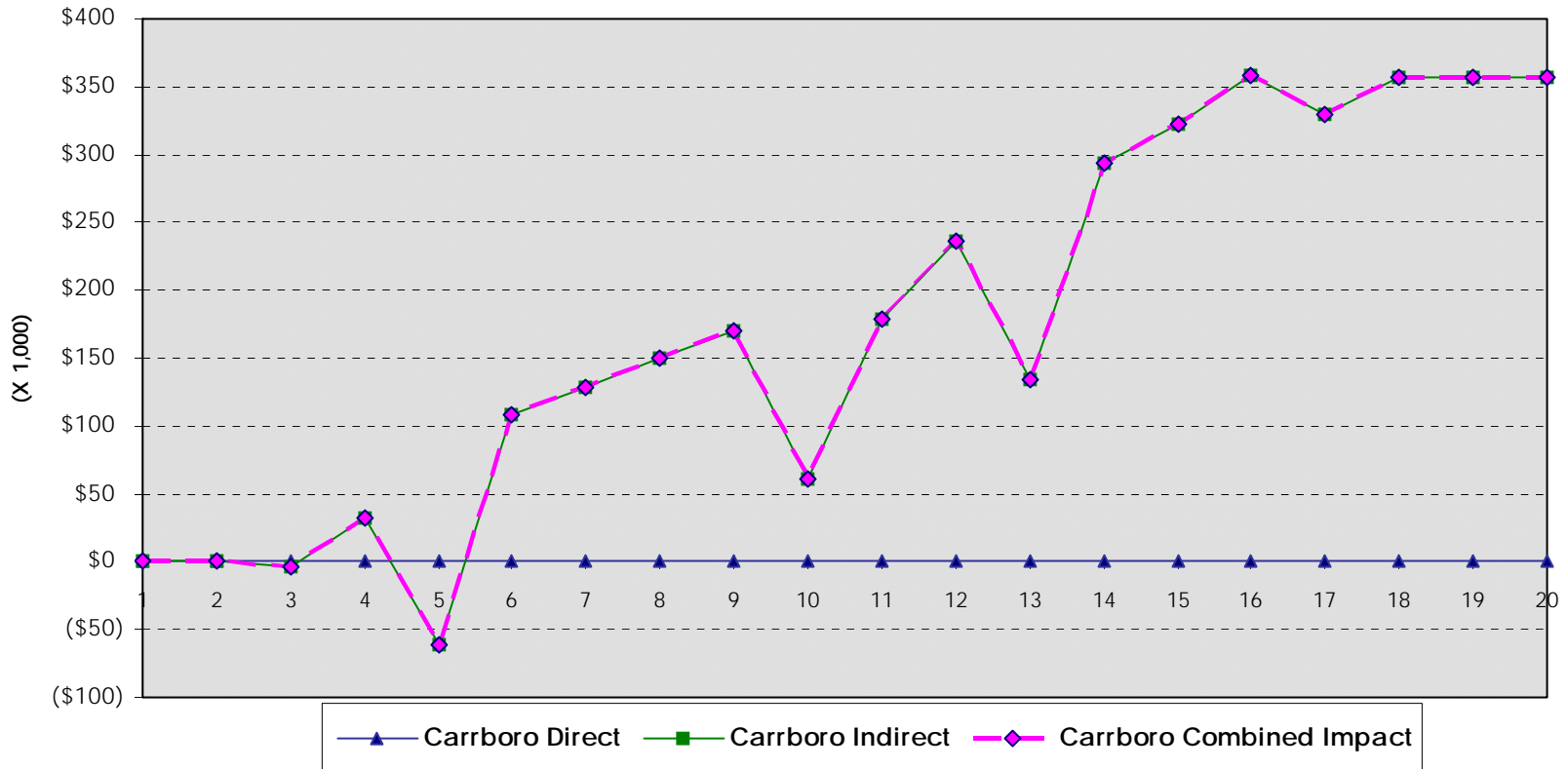
# Results-Orange County Annual

Annual Net Fiscal Impacts-ORANGE COUNTY  
 DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis



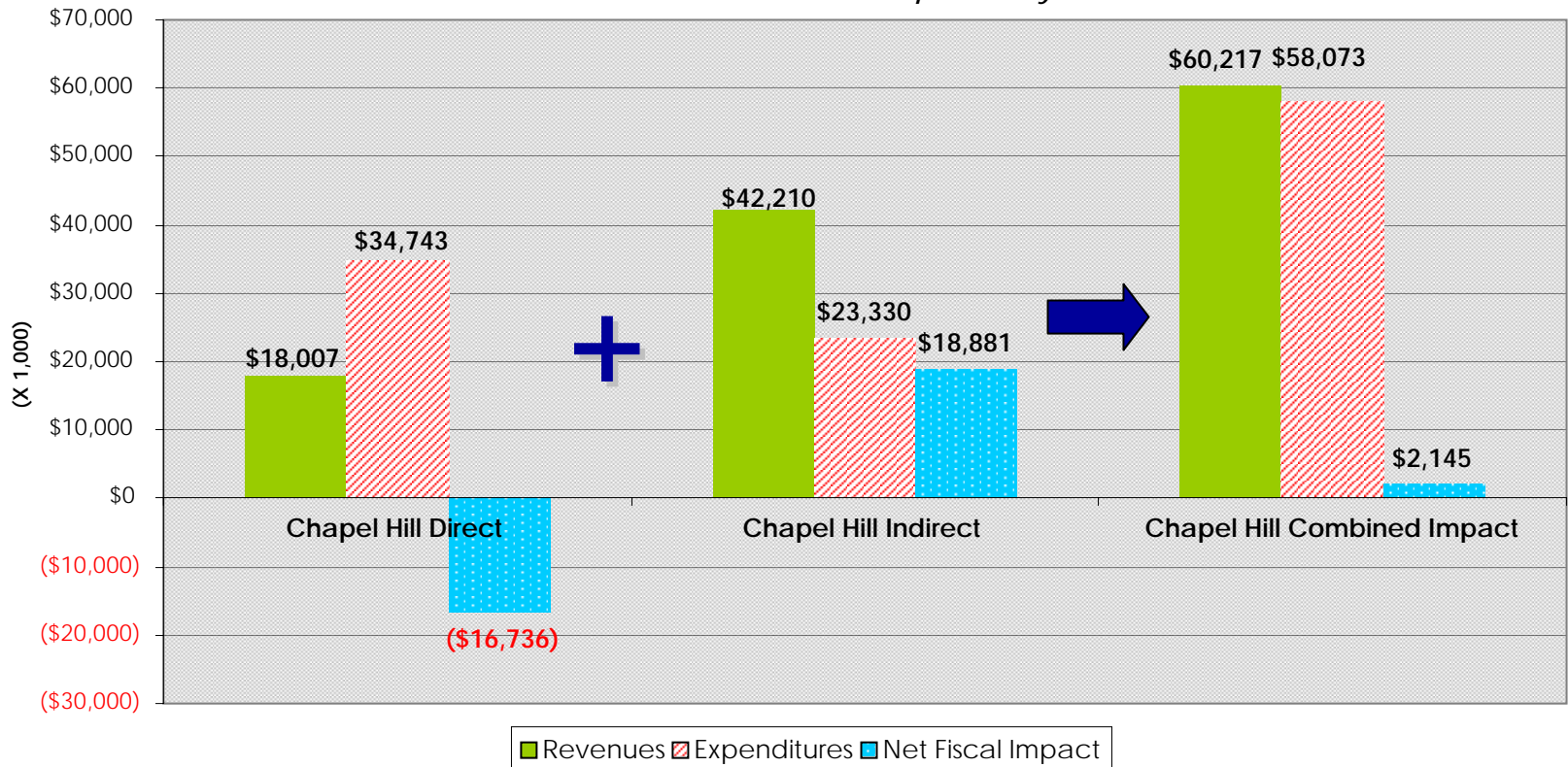
# Results-Carrboro Annual

Annual Net Fiscal Impacts-CARRBORO  
DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
*Carolina North Fiscal Impact Analysis*



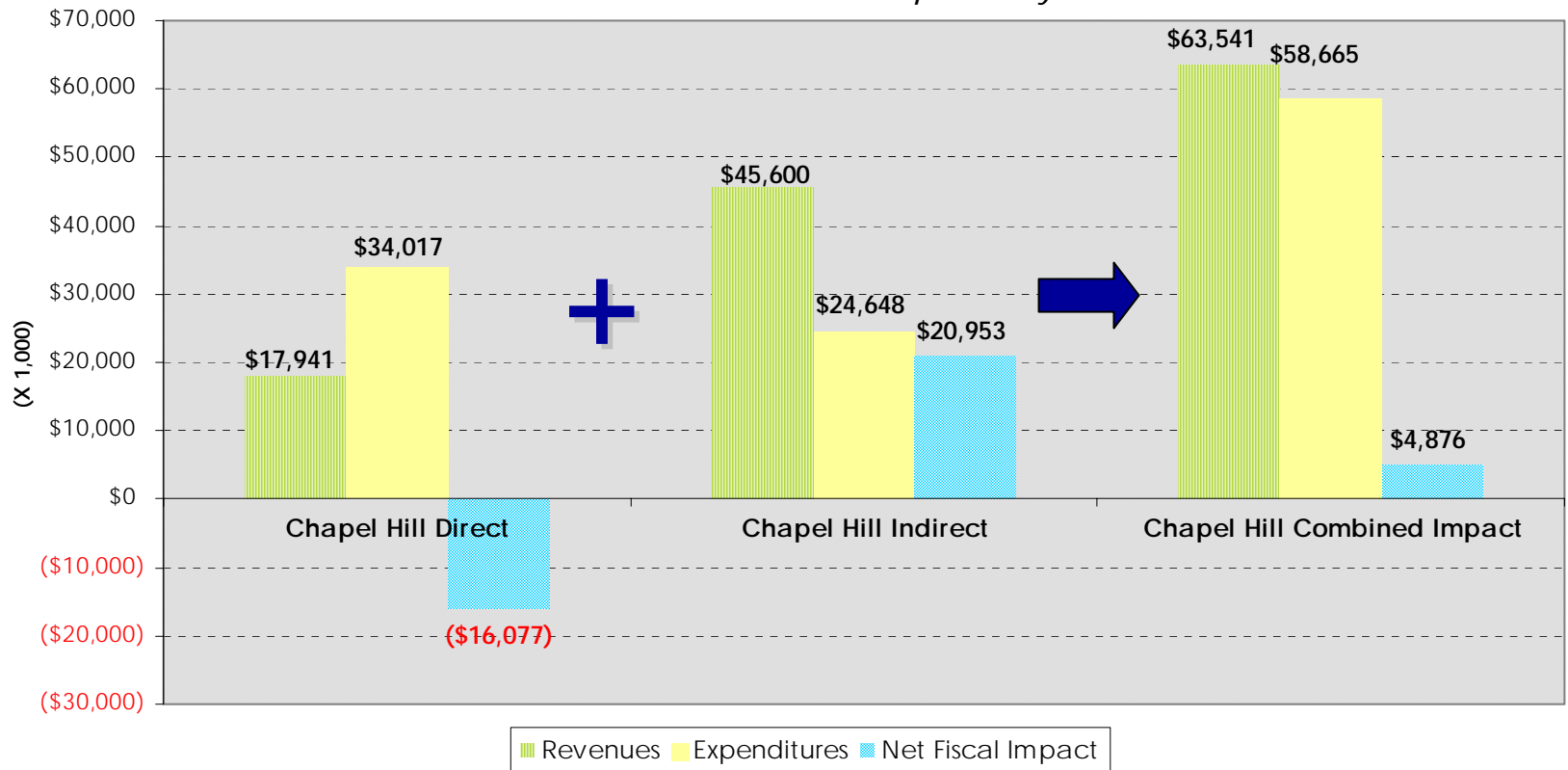
# Results-Chapel Hill Cumulative

Cumulative (20-Year) Net Fiscal Impacts-CHAPEL HILL  
 DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis



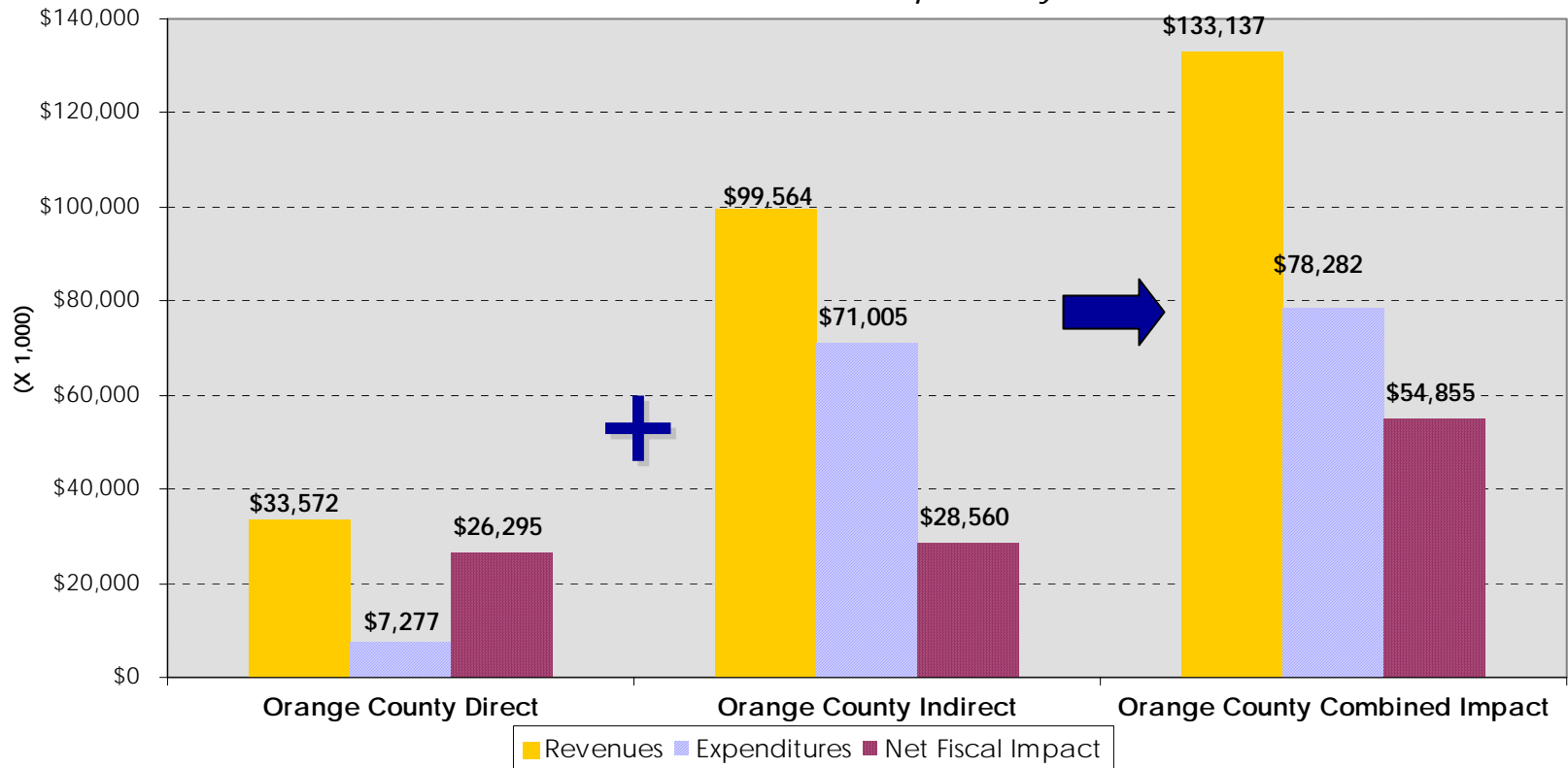
# Results-Chapel Hill Cumulative: Scenario 2

Cumulative (20-Year) Net Fiscal Impacts-CHAPEL HILL  
DIRECT and INDIRECT FISCAL IMPACTS: Scenario 2  
*Carolina North Fiscal Impact Analysis*



# Results-Orange County Cumulative

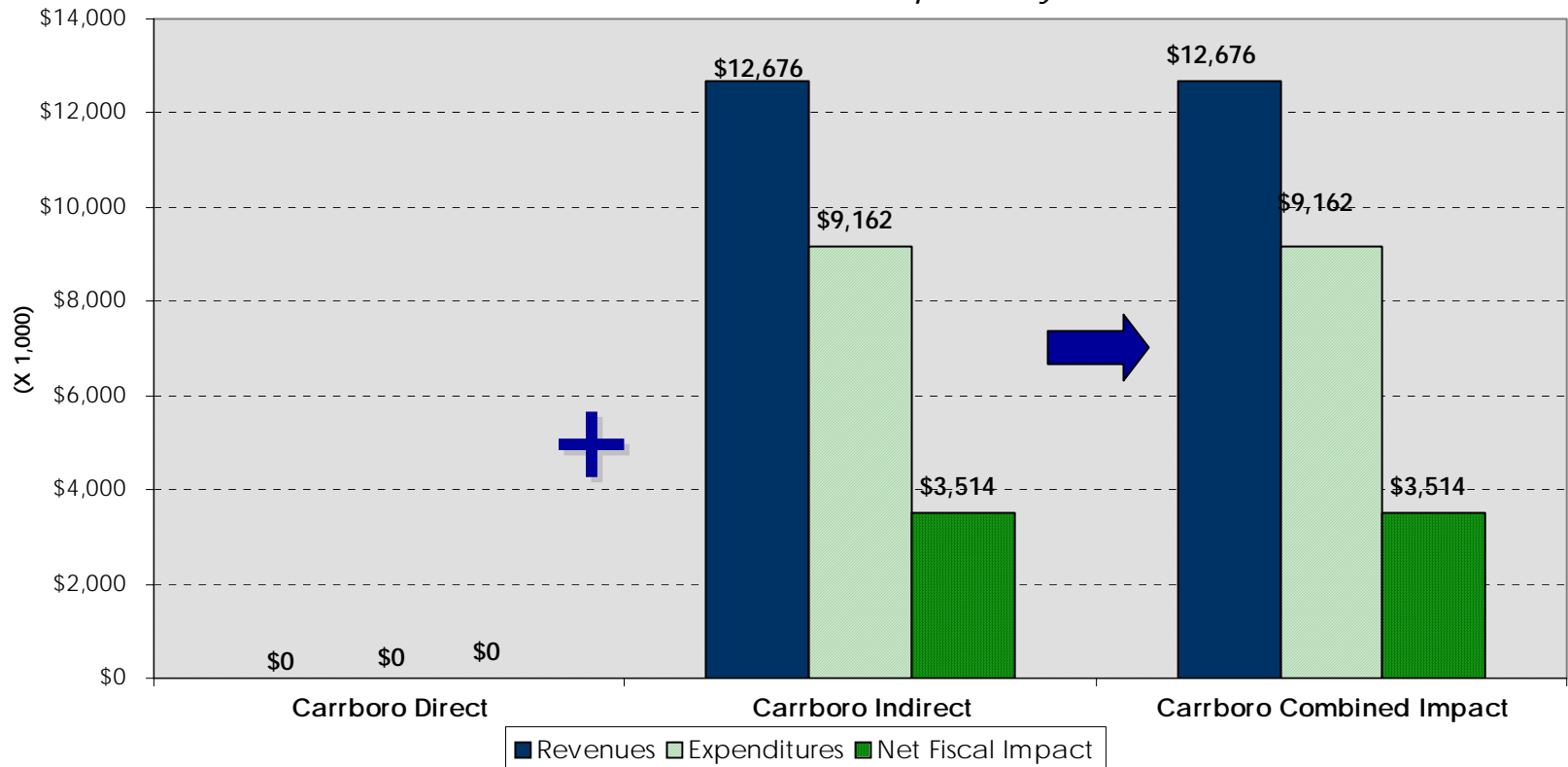
Cumulative (20-Year) Net Fiscal Impacts-ORANGE COUNTY  
 DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis





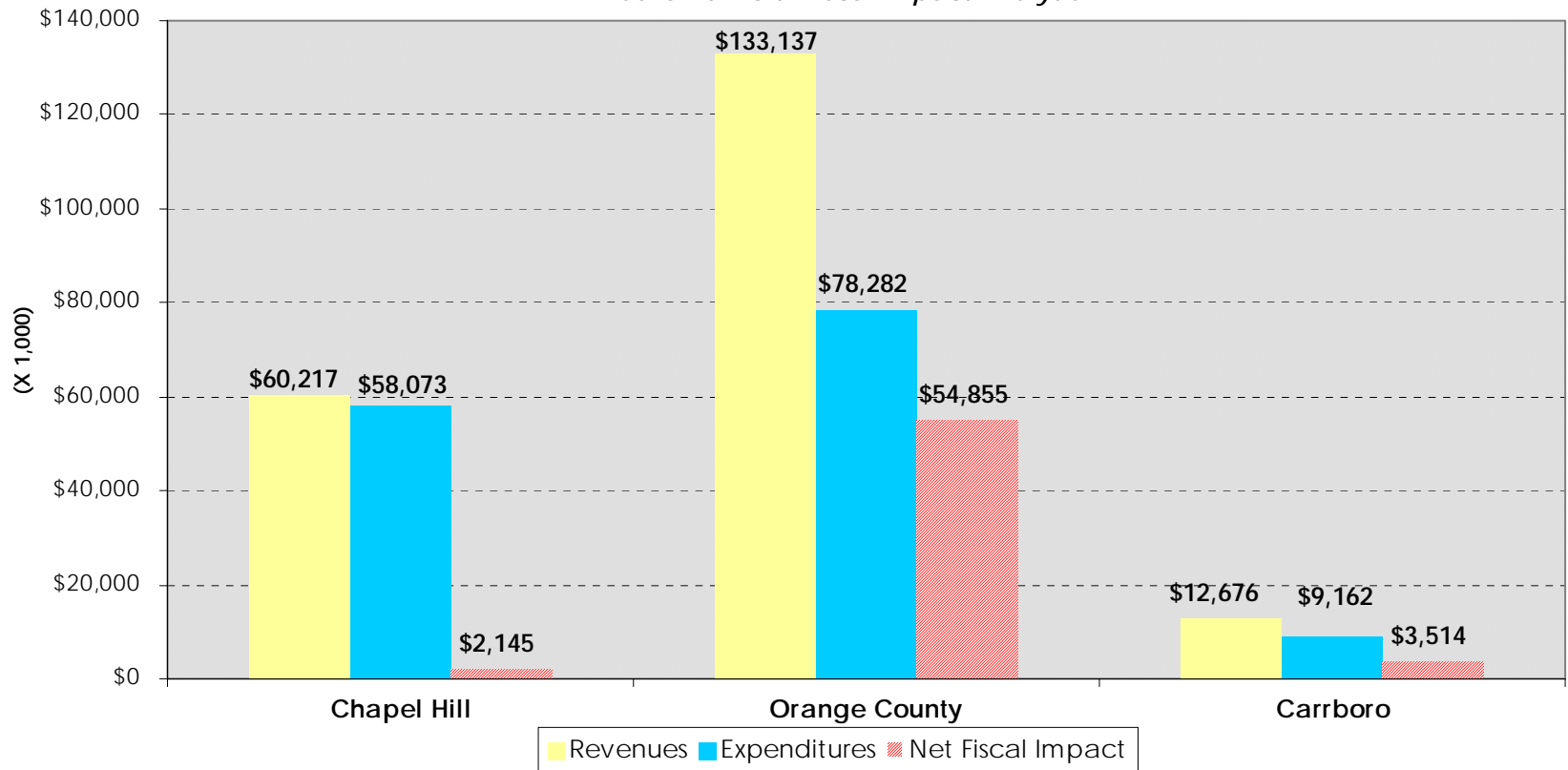
# Results-Carrboro Cumulative

Cumulative (20-Year) Net Fiscal Impacts-CARRBORO  
 DIRECT and INDIRECT FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis



# Results-All Jurisdictions: Combined Cumulative

Cumulative Net Fiscal Impacts - ALL JURISDICTIONS  
 COMBINED FISCAL IMPACTS: Scenario 1  
 Carolina North Fiscal Impact Analysis



# *Next Steps*

- TischlerBise issues level of service assumption document
- Review by jurisdictions
- Refinement of data as necessary and agreed upon
- Finalize model
- Issue draft report