

Briefing on Preliminary Results: Fiscal Impact Analysis of Carolina North

Presented by:

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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>
<i>Housing Units</i>				
University Housing (MF)	250		125	
Private Housing (MF)	167		250	
<i>Total Units</i>	417	1,970	375	1,970
<i>Population*</i>				
Chapel Hill	751	3,024	675	3,024
Carrboro	0	743	0	743
Other Orange County	751	464	675	464
<i>Public School Students**</i>				
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>
<i>Projected Total Jobs at Carolina North***</i>				
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	
<i>Projected Direct New Jobs at Carolina North</i>	<i>3,591</i>		<i>3,591</i>	
<i>Projected Indirect New Jobs (in Region)****</i>		<i>5,027</i>		<i>5,027</i>
<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

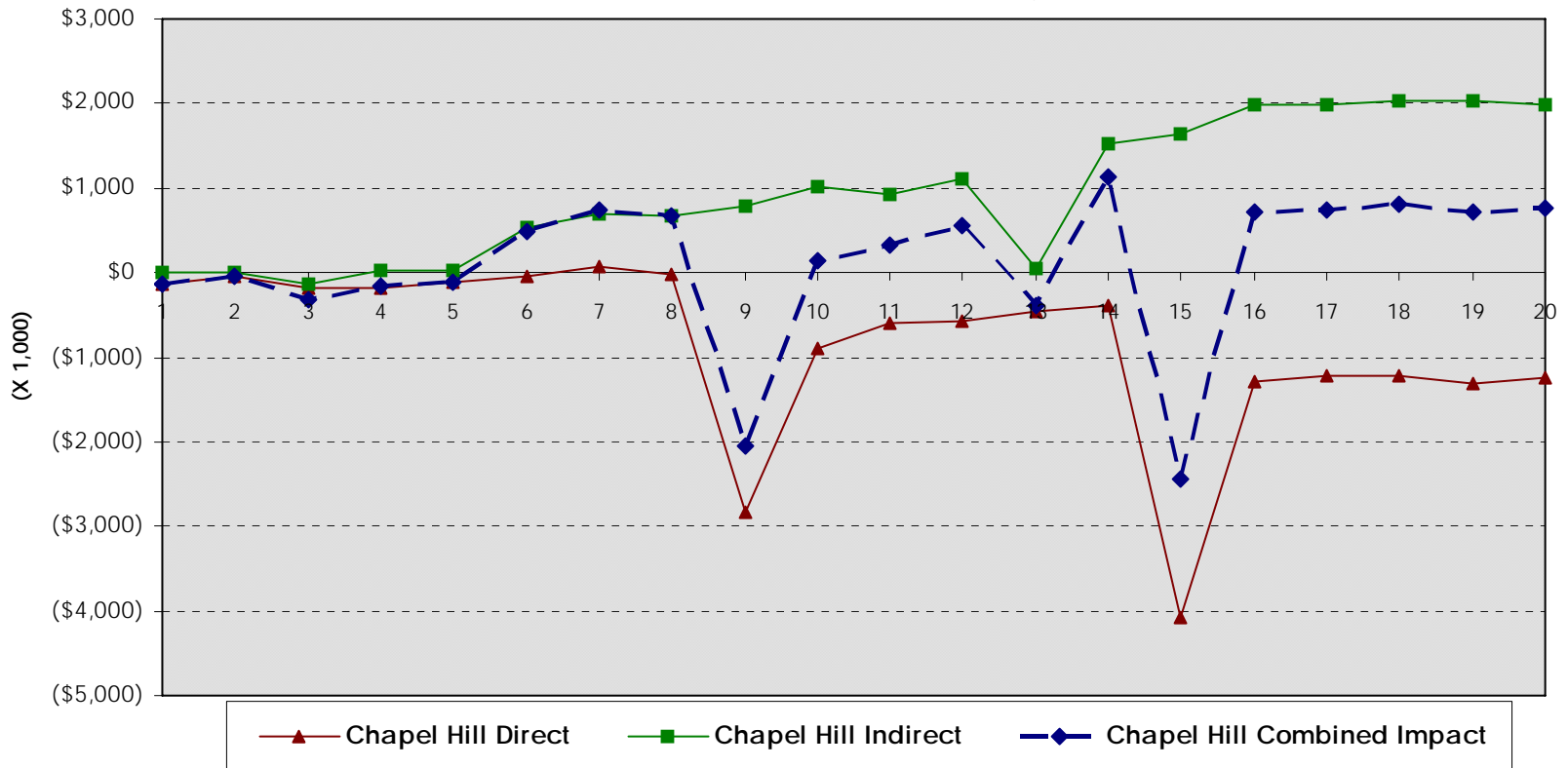
	Chapel Hill		Orange County		Carrboro	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
General Government	X	X	X	X		X
Planning/Community Development	X	X		X		X
Public Works						
Streets	X	X				X
Building and Grounds Maint	X	X		X		X
Engineering	X	X				
Inpections	X	X				
Solid Waste/Sanitation		X		X		X
Public Safety						
<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
Parks/Recreation	X	X	X	X		X
Library	X	X		X		
Transportation/Transit	X	X				X
Human Services						
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
Schools			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

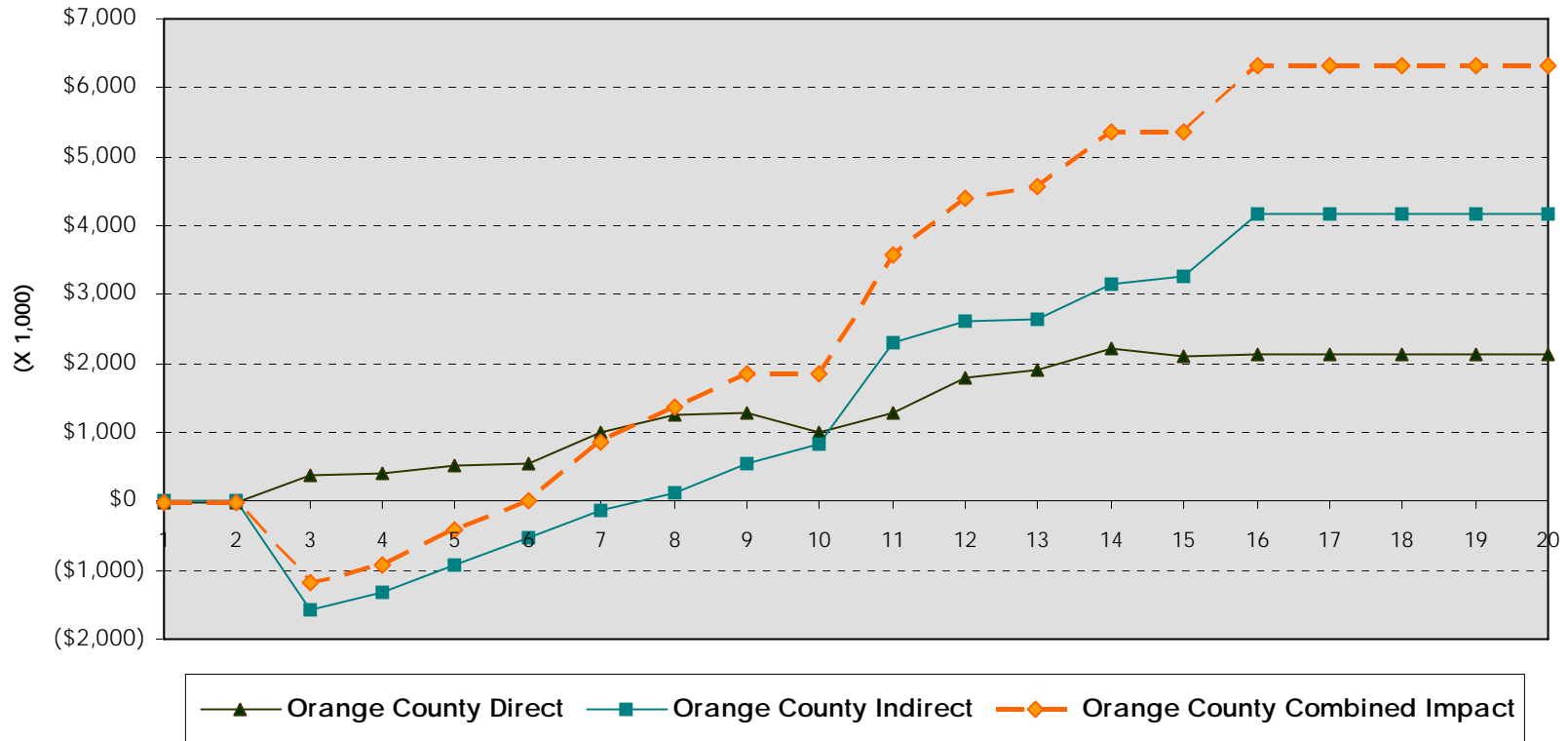
Results-Chapel Hill Annual

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



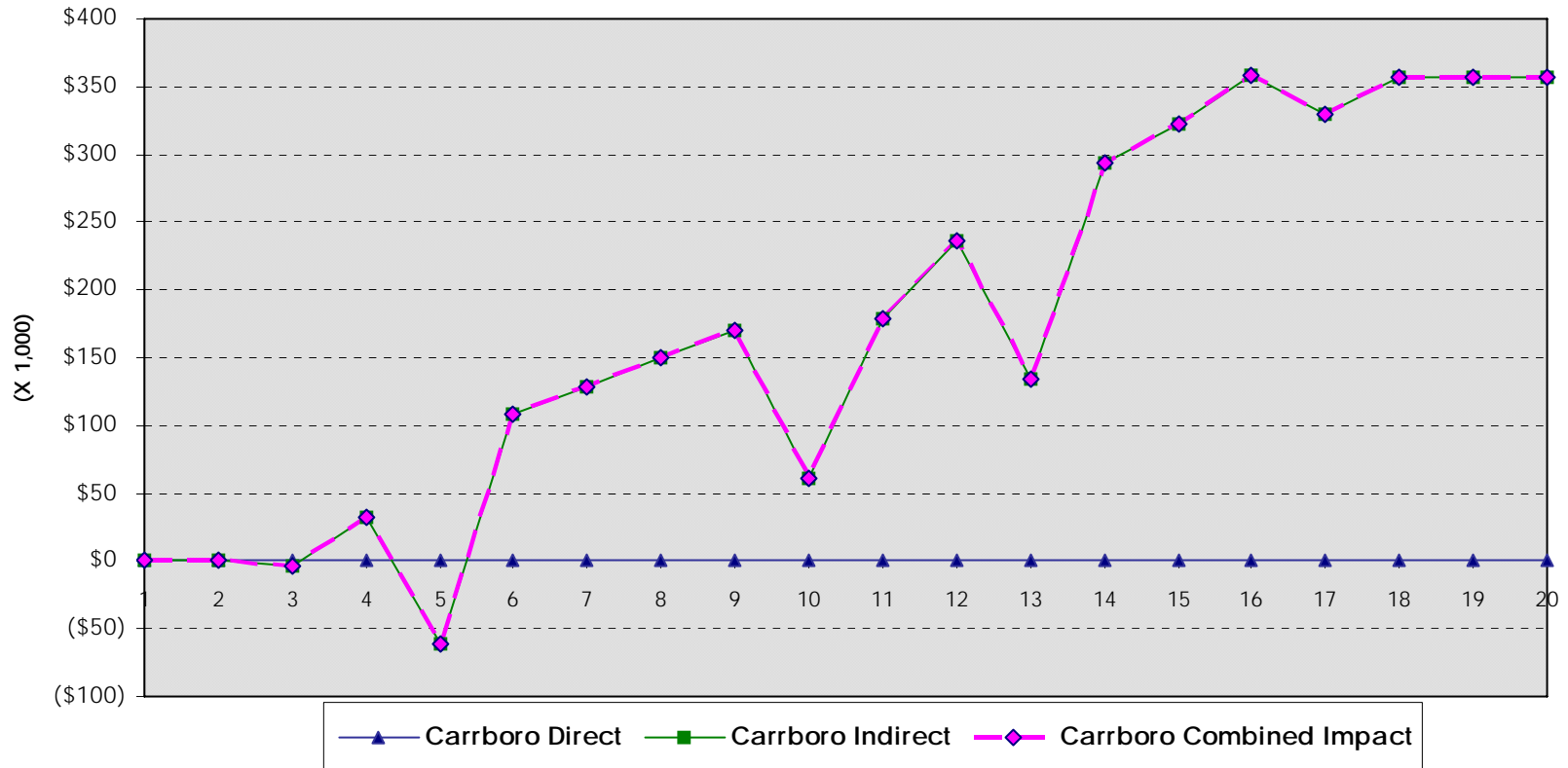
Results-Orange County Annual

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



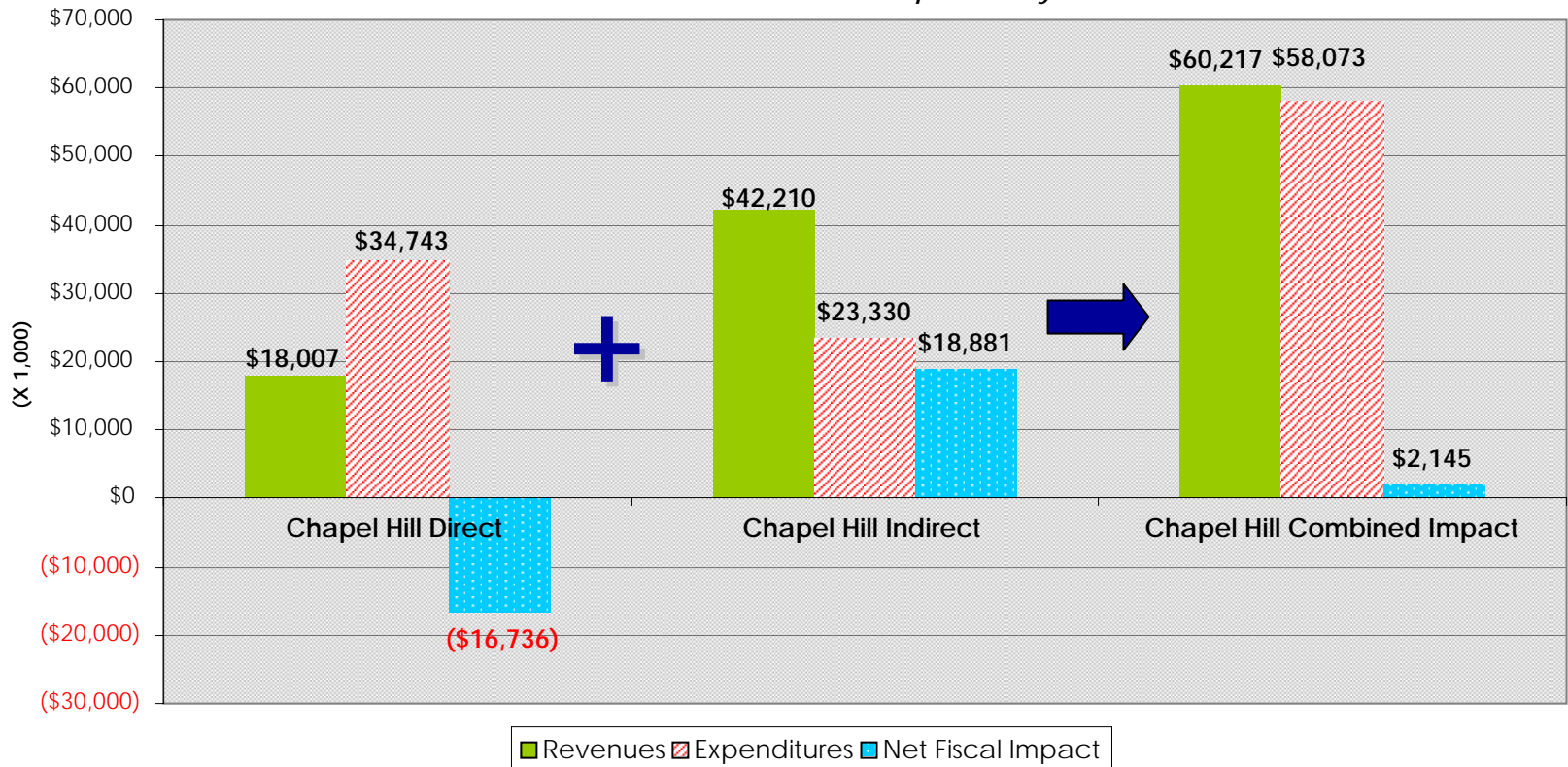
Results-Carrboro Annual

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



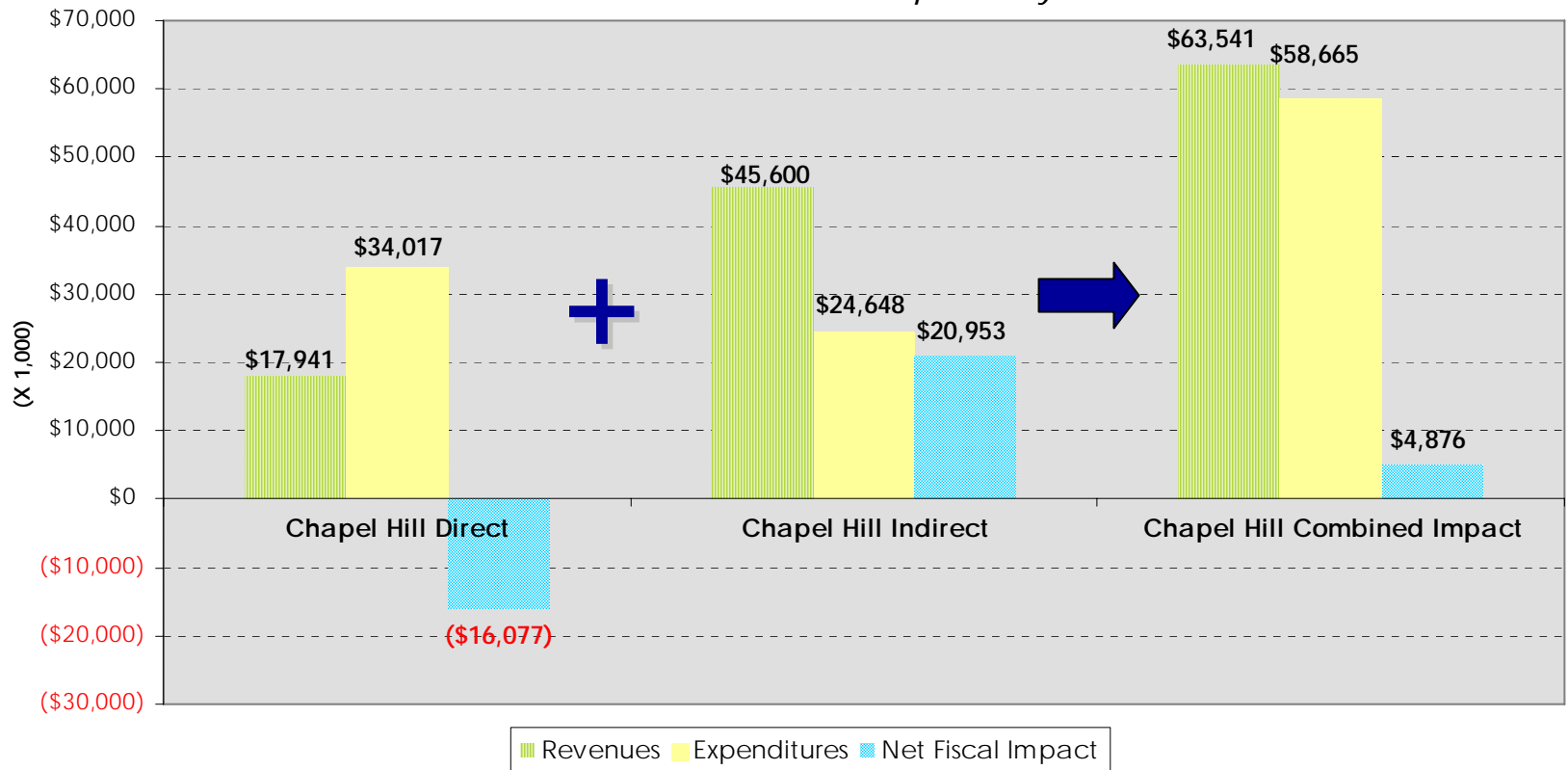
Results-Chapel Hill Cumulative

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



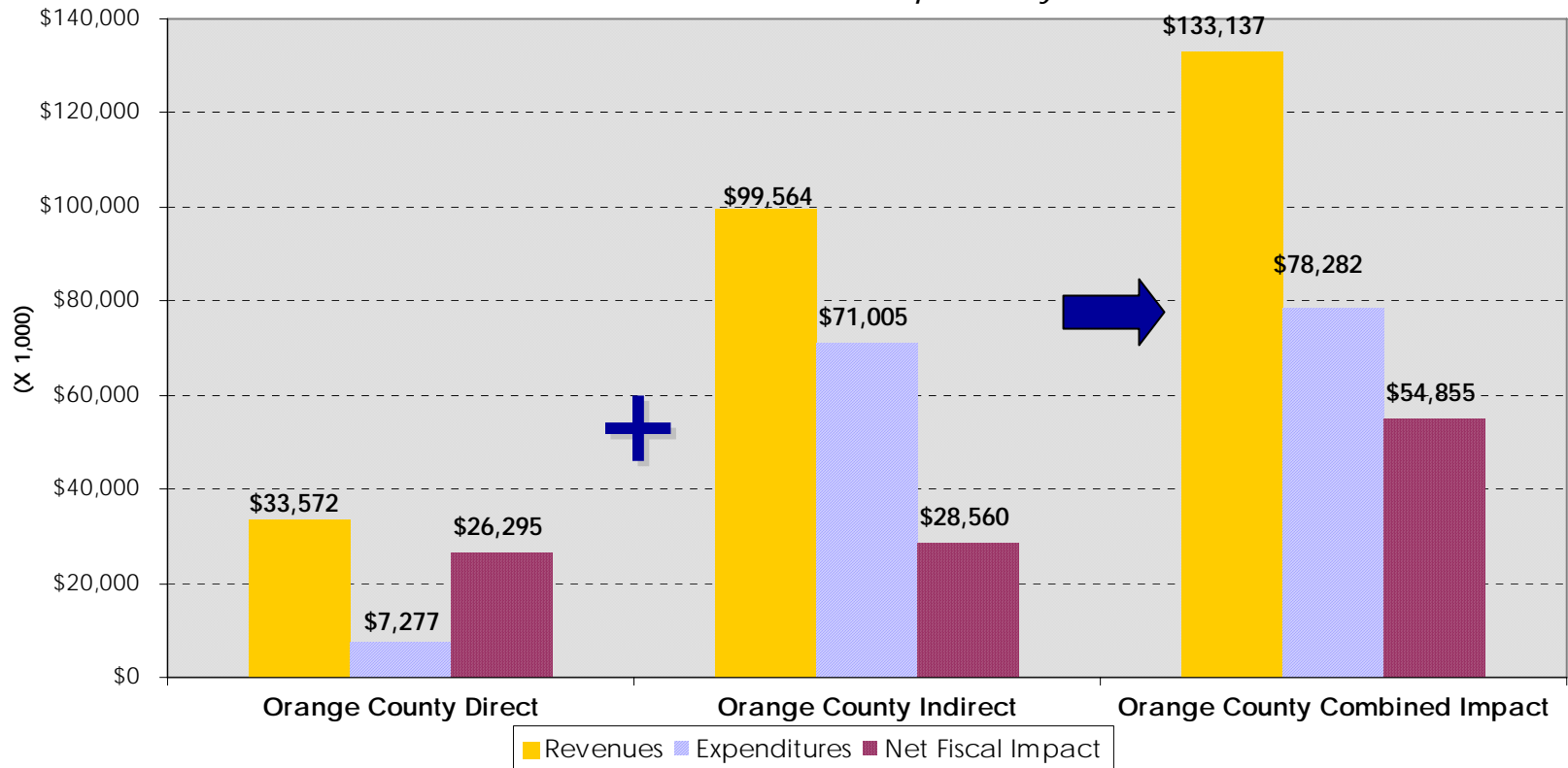
Results-Chapel Hill Cumulative: Scenario 2

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



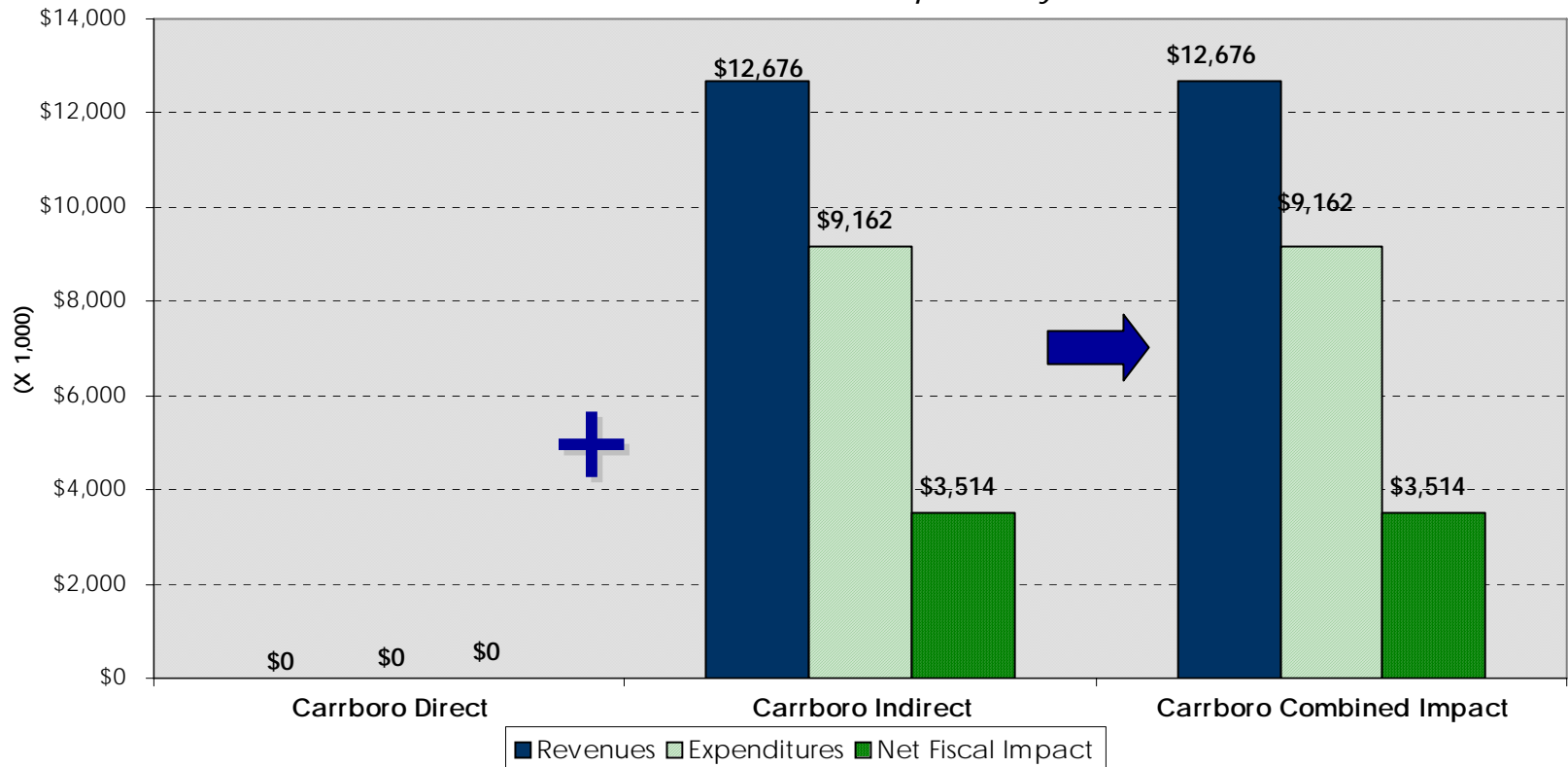
Results-Orange County Cumulative

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



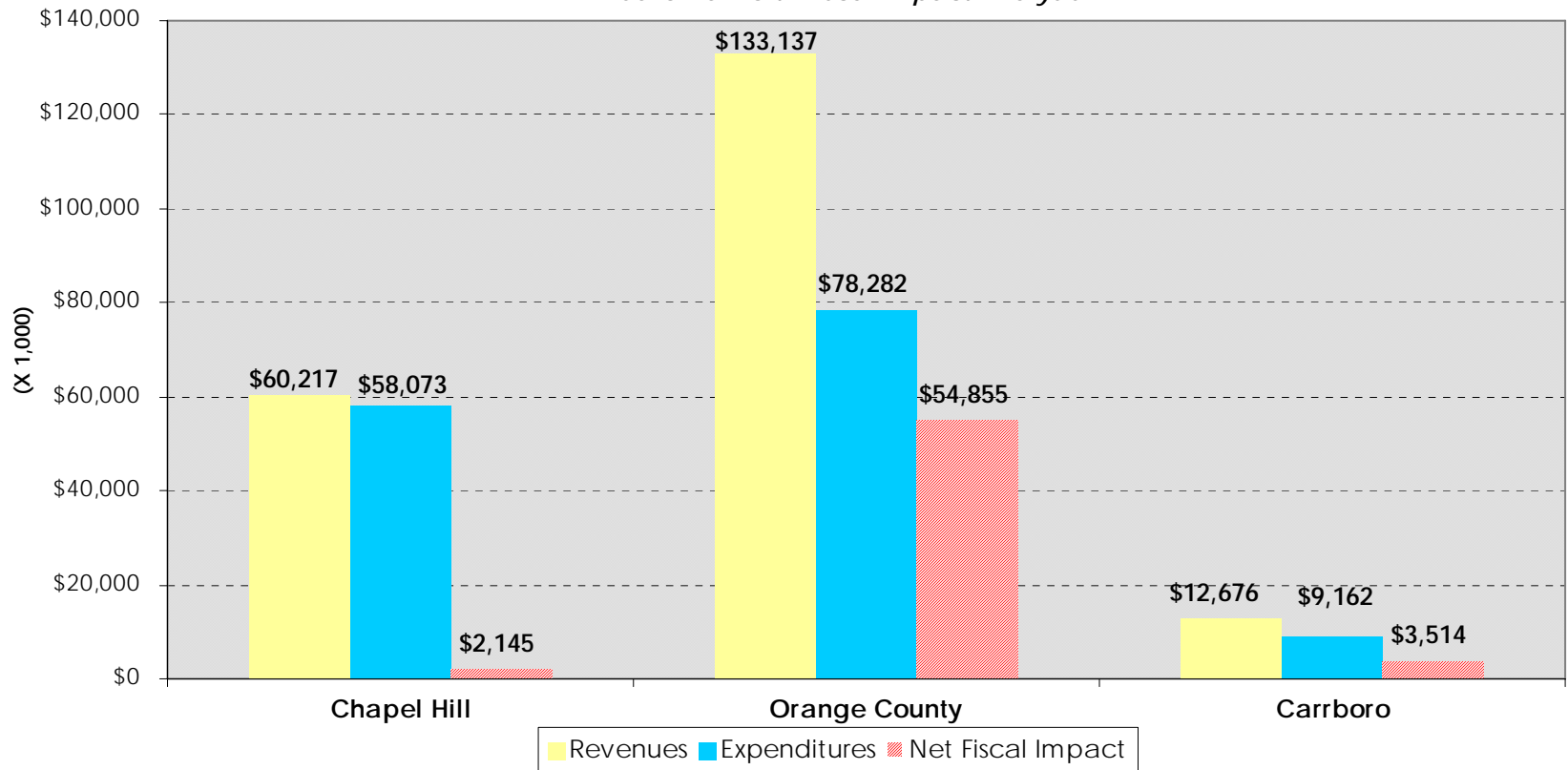
Results-Carrboro Cumulative

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