

# TischlerBise Fiscal & Economic

## NEWSLETTER

### BRAC "Growth Communities" Quantify Base Expansion Impact

In 2005, the Department of Defense (DoD) Base Realignment and Closure (BRAC) program called for a number of realignments with significant personnel shifts. Unlike in years past when BRAC was associated primarily with base *closure*, this BRAC round calls for many bases to *grow* because of the relocation of overseas troops to the U.S. as well as Army force restructuring. The DoD Office of Economic Adjustment identified 20 communities with projected net military growth of over 173,000 military and civilian personnel through 2012. Actual growth will be even more significant with the addition of family members and support contractors.

*Base expansions require local governments to respond by providing needed infrastructure and public services.*

Impacts will be considerable for local governments faced with building new infrastructure and providing increased public services to meet the new demand. A June 2008 Government Accounting Office (GAO) report warns that:

*"Communities that are unable to provide needed infrastructure improvements by the time DoD executes its planned personnel movements could face overcrowded schools, clogged roadways, and overburdened public services."*

The GAO report also indicates that growth

communities have begun to identify general plans to address future infrastructure and service needs, with road and school capacity at the top of the list. TischlerBise is working with a number of these communities to quantify the impact of military growth on local governments through capital facility and fiscal impact studies.

#### Capital Facility Study

TischlerBise prepared a capital facility inventory and gap analysis for the Chesapeake Science and Security Corridor (CSSC), a regional organization planning for BRAC impacts at Aberdeen Proving Ground in Harford County, MD. Local growth projections indicate an increase of nearly 28,000 jobs, 17,000 households, and 45,000 residents within CSSC's seven jurisdictions through 2017.

The TischlerBise study documents existing levels of service for capital infrastructure and, given the forecasted growth, the capital facility gap for public safety, library, parks and recreation, schools, and general government facilities in four Maryland jurisdictions: Harford County, Baltimore County, Cecil County, and Baltimore City. The results show the capital infrastructure needed to serve BRAC growth, including new buildings, additional student seats, correctional beds, and fire/EMS apparatus. The additional square footage local governments will need to construct as a result of BRAC is shown on page 2 by facility type, along with land acquisition needs due to BRAC growth (in acres). *(See BRAC, p. 2)*

### Revenue Strategy Evaluation Completed for Wilson, NC

TischlerBise recently completed a Cost of Land Uses Fiscal Analysis for the City of Wilson, North Carolina. This fiscal analysis reveals that many

*The report evaluates solutions for growth-related funding "gaps."*

land uses generate net deficits to the City. Because of this, TischlerBise then prepared an Implementation and Revenue Strategies report that evaluated potential revenue sources and financing mechanisms the City may want to pursue in order *(See Wilson, p. 2)*

### Transportation Funding Strategy for the City of Baltimore

The City of Baltimore hired TischlerBise to develop alternative funding strategies for transportation needs, with specific examples provided for a study area located along the harbor to the southeast of downtown. The multifaceted study included four main parts.

First, the study discusses ways to improve the current process of conducting traffic impact studies and negotiating mitigation measures. To avoid ad hoc negotiations and a fragmented *(See Baltimore, p. 4)*

## IN THIS ISSUE

### Paying for Growth

How to pay for growth is a question confronting more and more local governments around the country. This is particularly true in the current economic downturn, as many communities now realize that they have been borrowing against revenue generated by new growth to pay for today's costs as a result of inadequate revenue structures. "Borrowing from Peter to pay Paul" results in declining levels of service and defers maintenance to existing infrastructure.

*Long-time residents are becoming increasingly resistant to tax increases.*

Still, someone must pay for the services and facilities provided by local governments. With long-time residents becoming increasingly resistant to tax increases, many local governments are left scrambling for alternative funding sources for needed services and facilities. As a result, communities are increasingly calling on TischlerBise to evaluate and recommend alternative and supplemental revenue sources.

This installment of our newsletter focuses on two such assignments: alternative funding strategies for transportation needs in the City of Baltimore, Maryland, and an evaluation of revenue sources and financing mechanisms prepared for Wilson, North Carolina.

*Communities adjacent to growing bases can expect significant fiscal impacts.*

The third article provides an update on the most recent Base Realignment and Closure (BRAC) program, which calls for many bases to grow. This growth will have tremendous fiscal impacts for communities adjacent to affected military installations.

**BRAC**  
*(continued from p. 1)*

**BRAC Requires Unique Considerations for a Fiscal Impact Analysis**

TischlerBise is currently conducting a fiscal impact study for Columbus, GA, the consolidated government adjacent to Fort Benning. In addition, TischlerBise recently prepared a fiscal impact study for Anne Arundel County, MD, which considered the impacts from employment growth at Fort Meade. In a fiscal impact analysis,

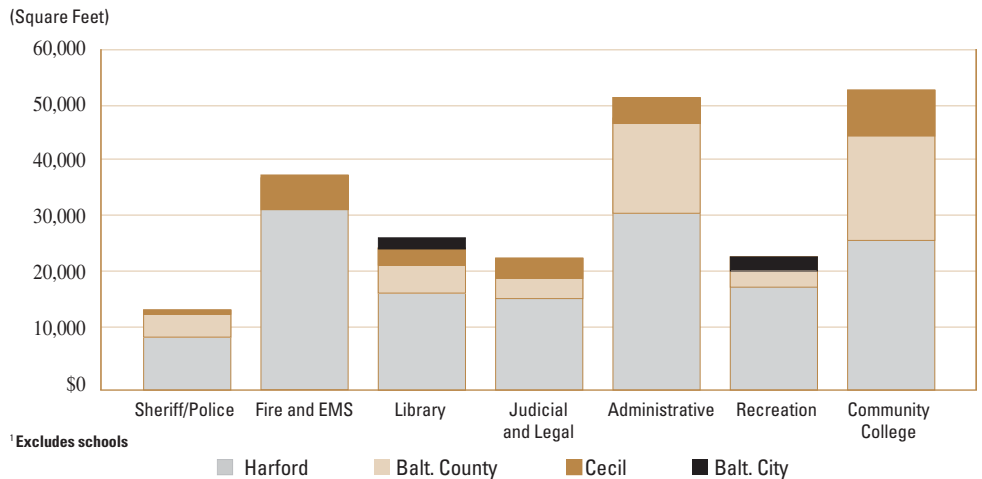
*TischlerBise recently presented at the Annual Conference of the Association of Defense Communities (ADC) in Monterey, California. ADC is a national membership organization representing communities and states with a significant military presence. The presentation, Understanding the Fiscal Impact of BRAC for Growth Communities, is available at [www.defensecommunities.org](http://www.defensecommunities.org).*

TischlerBise determines the total cost to the local government to serve new growth, and considers whether revenues from this growth will cover these costs. A fiscal impact analysis for a military-impacted community presents some additional unique considerations. The location of new military development – whether it is on base or off – is an important consideration for projecting expenditures and revenues. While on-base development will often be served in large part by the base itself, off-base growth (new residential development and off-base employers) will require the full complement of local government services such as police, fire, water, sewer, and for residential development, schools, and parks. On-base development can also have considerable impact on local governments,

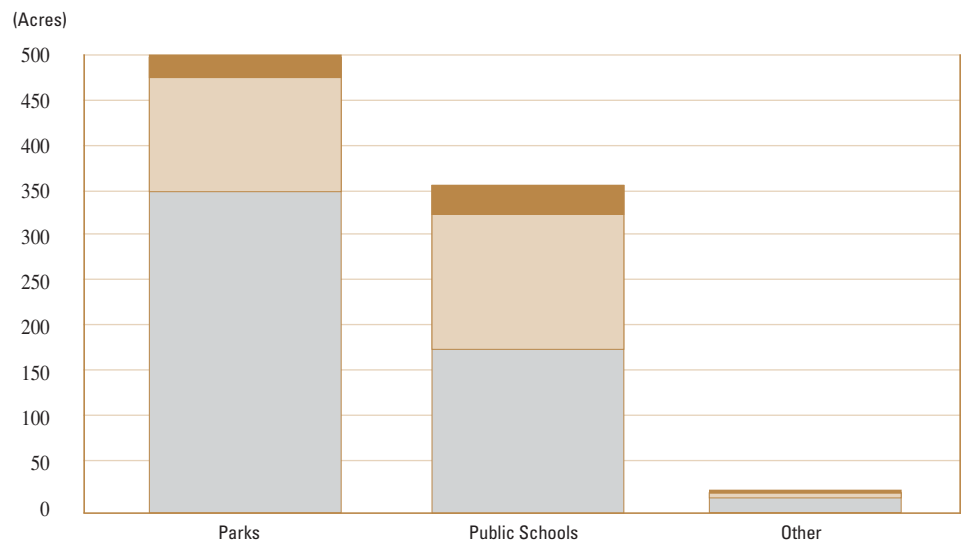
particularly roads. While local governments are grappling with increased expenditures, revenue growth may be limited, as the federal government is exempt from property tax. To accurately reflect BRAC growth’s fiscal impact, a fiscal model must

be customized to reflect these considerations and the unique circumstances of each military-impacted community, resulting in a valuable tool for identifying capital and operating costs associated with BRAC growth.

**Public Capital Facility Gap Due to APG BRAC<sup>1</sup>**



<sup>1</sup>Excludes schools



<sup>1</sup>Other includes public safety, library and general government

**Wilson**  
*(continued from p. 1)*

to solve funding “gaps” generated by new growth. The Wilson report provides a framework of financing options which can be systematically evaluated using a variety of factors including financial and legal aspects, fair cost sharing between public and private sectors, and marketplace considerations.

In focusing on a funding strategy to address the funding “gap” generated by new development, it is important to begin by prioritizing or identifying the funding tools that provide the most realistic opportunities to achieve the funding needs of a community. An overall evaluation of the potential revenue sources and funding mechanisms for the City of Wilson is shown.

Financing Options	Potential	Revenue Proportionality	Technical East	Public Acceptance	Authorized
Bonds	Positive	Negative	Neutral	Negative	Yes
Impact Fees	Positive	Positive	Negative	Positive	No
Utility Capacity Charges	Positive	Positive	Negative	Positive	Yes
Excise Tax	Positive	Neutral	Positive	Positive	No
Special Assessment District	Positive	Positive	Negative	Positive	Yes
Municipal Service District	Positive	Positive	Negative	Positive	Yes
Tax Increment Financing	Neutral	Negative	Negative	Neutral	Yes
Occupancy Tax	Neutral	Positive	Positive	Positive	No
Motor Vehicle Tax	Neutral	Positive	Positive	Neutral	Yes/ No
Charges for Services	Positive	Positive	Positive	Negative	Yes

Listed below are some of our new clients since our last Fiscal & Economic Newsletter.

## Impact Fee Assignments:

Fairhope, Alabama  
 Foley, Alabama  
 Apache Junction Water Co., Arizona  
 Casa Grande, Arizona  
 Cave Creek, Arizona  
 Coolidge, Arizona  
 El Mirage, Arizona  
 Flagstaff, Arizona  
 Goodyear, Arizona  
 Maricopa County, Arizona  
 Oro Valley, Arizona  
 Show Low, Arizona  
 Snowflake, Arizona  
 Taylor, Arizona  
 Boulder, Colorado  
 Vail, Colorado  
 Coral Gables, Florida  
 Fort Walton Beach, Florida  
 Pasco County Schools, Florida  
 Garden City, Georgia  
 Broadwater County, Montana  
 Flathead County, Montana  
 Laurel, Montana  
 Douglas County, Nevada  
 Jacksonville, North Carolina  
 Georgetown County, South Carolina  
 West Jordan, Utah

Prince William County, Virginia  
 Spotsylvania County, Virginia  
 Pinedale, Wyoming

## Infrastructure Finance/ Revenue Strategy Assignments:

Lenexa, Kansas  
 Baltimore, Maryland  
 Wilson, North Carolina  
 Abbeville County, South Carolina  
 Georgetown County, South Carolina

## Fiscal Impact Assignments:

Mesa County, Colorado  
 Columbus, Georgia  
 Garden City, Georgia  
 Anne Arundel County, Maryland  
 Edison, New Jersey  
 West Windsor, New Jersey  
 Cornelius, North Carolina  
 University of North Carolina-Chapel Hill  
 Wilson, North Carolina  
 Chesapeake, Virginia  
 Frederick County, Virginia  
 Salt River Indian Community

## Speaking Engagements

### 2008 American Planning Association National Conference

- Carson Bise, AICP and Julie Herlands presented at Training Workshop entitled "Fiscal Impact Assessment."
- Carson Bise and Tyson Smith, AICP, Esq., conducted a Planning Commissioner Workshop entitled "Paying for Growth."
- Carson Bise, AICP spoke on a panel entitled "Using Fiscal Impact Analysis in Land Development Applications."

### 2007 National Impact Fee Roundtable

- Carson Bise, AICP presented on: "Impact Fee Basics" and "Critical Analysis of Fiscal Impact Analysis."
- Paul Tischler presented on "Can Impact Fees be Too High?" and "Calculating Residential Impact Fees: Housing Type, Bedrooms or Square Feet?"

### 2007 International City/County Management Association National Conference

- Due to the attendance and positive response from the 2006 Conference, Carson Bise, AICP and Paul Tischler conducted a Solutions Track session entitled "Dealing with the Costs of Growth: From Soup to Nuts" for a second time.

### 2007 Florida Chapter of the American Planning Association State Conference

- Carson Bise, AICP participated in a session entitled "Mitigating Development Impacts in the Urban Environment" with Craig Richardson and Chad Meadows of Clarion Associates.

# TischlerBise

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#### Please send the following:

- Recent Fiscal & Economic Newsletters
- Reprint "20 Points to Know About Impact Fees"
- Reprint "Impact Fees – Understand Them or Be Sorry"
- Excerpts from: ICMA IQ Report "Introduction to Infrastructure Financing"
- Excerpts from ICMA IQ Report "Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget"

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#### Information about TischlerBise

##### Consulting Services:

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**Baltimore**

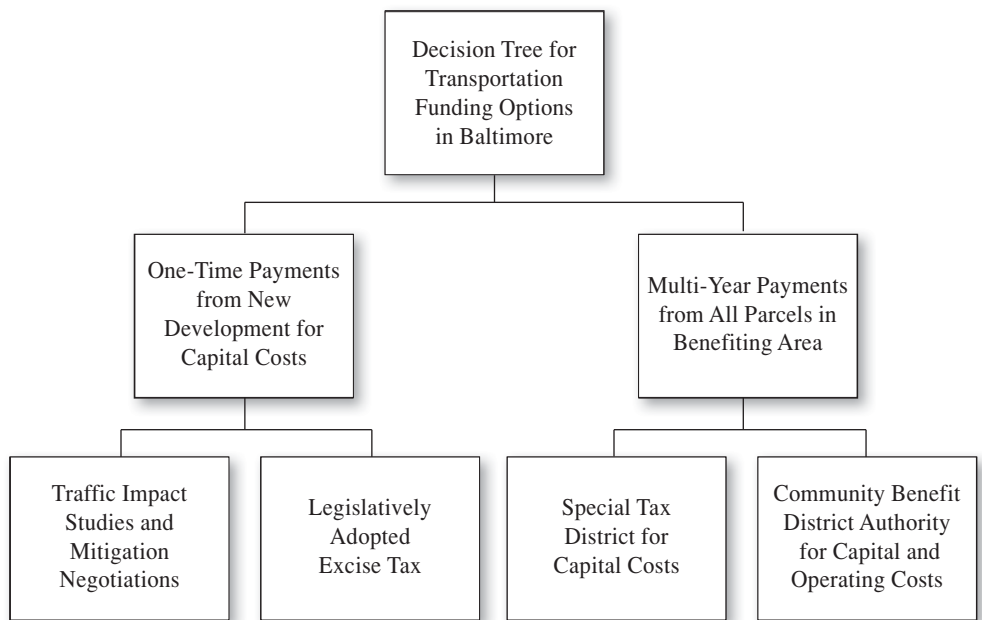
*(continued from p. 1)*

decision-making process, TischlerBise recommended area-wide transportation studies for specific areas like Southeast Baltimore. An area-wide determination of mitigation payments can provide greater certainty of development costs and more comprehensive planning of capital improvements.

*A Community Benefit District Authority would assess all property for capital and operating costs.*

Second, TischlerBise recommends consideration of a legislatively adopted transportation excise tax. The City of Baltimore appears to have authority to impose an excise tax under the Additional Taxing Powers section of the City Charter. Using capital costs and projected development data from the Southeast Area Transportation Plan, TischlerBise derived a schedule of one-time excise taxes for transportation infrastructure that would range between \$0.53 and \$0.79 per square foot of floor area.

The first two funding approaches would require new development to help pay the capital costs of transportation improvements. In urban centers like the City of Baltimore, transportation solutions typically require multi-modal approaches. Because various transit options, such as buses, streetcars, and water shuttles, all require operating revenue (in addition to user charges collected from patrons), revenue sources tied to fluctuating development activity are too unstable for ongoing operating costs. To address this problem, TischlerBise



identified two additional funding strategies that would require multi-year payments from all land parcels in a benefiting area.

The third alternative is the establishment of a Special Tax District for transportation capital costs. Although special assessments may only be levied on properties that realize some direct benefit from a capital improvement, one advantage of this option is that vacant land must help pay for transportation improvements. According to Baltimore's City Charter, a special district is authorized for infrastructure improvements and may be funded by ad valorem taxes or a variety of cost allocation methods such as road frontage, parcel size, development potential, and vehicle trip generation.

Finally, our report concludes with a funding strategy for both capital and operating costs (i.e., a Community Benefit District Authority authorized by the City Charter). Stable annual revenue would be derived from taxes and/or assessments imposed on all properties within a specific district. Using transportation capital and operating costs from the Southeast Area Transportation Plan, TischlerBise demonstrated two possible cost allocations. The Community Benefit District Authority could annually collect revenue based on vehicle trips generated, by type and size of development, or square feet of land area (i.e., parcel size).