

**Fiscal Impact  
Analysis  
Edgemere Crossing at  
Flint Pond  
Shrewsbury, MA**

**November 13, 2019**

**Prepared By  
Fougere Planning & Development, Inc.**

**Prepared For  
Route 20 Nominee Trust**

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**Edgemere Crossing at Flint Pond  
Shrewsbury, MA**

**FISCAL IMPACT ANALYSIS**

**November 13, 2019**

**I. Introduction**

Route 20 Nominee Trust is proposing the redevelopment a vacant (former drive-in) 68.23 acre property located at 180 – 228 Hartford Turnpike presently zoned Route 20 Overlay-District. The proposal is to construct a mixed use community consisting of 250 apartment units along with 144,835 square feet of commercial space anchored by a grocery store. The surrounding neighborhood consist of a mix of industrial (asphalt plant), commercial and residential uses. This fiscal impact report will analyze potential revenue streams from the proposed residential and commercial developments, along with impacts that may occur to individual town departments.

Table One and Two outline the specific project breakdown, 10% of the apartment units (25) will be affordable.

**Table One  
Apartment Unit Mix**

<b>Unit Type</b>	<b>Total</b>	<b>One Beds</b>	<b>Two Beds</b>
Market Rate	225	113	110
Affordable	25	13	12
<b>Total</b>	<b>250</b>	126	124

**Table Two  
Commercial Mix**

<b>Commercial Space</b>	<b>Square Footage</b>
Supermarket	79,650
General Retail	50,035
Pharmacy	13,111
Bank	2,030

It should be noted that this development will be operated privately and as such, all proposed access ways will be maintained by the owner, along with trash disposal. Public water and wastewater will be provided site through municipal services; providing improved access to these utilities in the neighborhood. Off site road improvements will also be undertaken to mitigate and improve traffic movements into the site and along the corridor.

## **II. Local Trends**

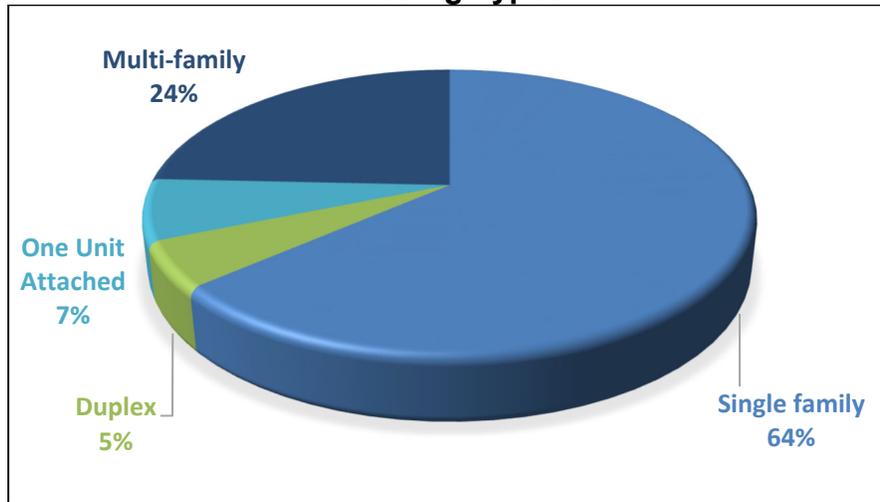
Census figures report that from 2000 to 2010 Shrewsbury's population increased from 31,608 to 35,608, showing positive population growth over the 10 year time period. The most recent population estimates from the US Census Bureau<sup>1</sup> report a population of 36,712.

A majority of Shrewsbury's housing stock consists of single family homes, with 2017 US Census data reporting 8,701 single family homes out of a total housing stock of 13,958 units; Figure One.

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<sup>1</sup> 2013-2017 American Factfinder

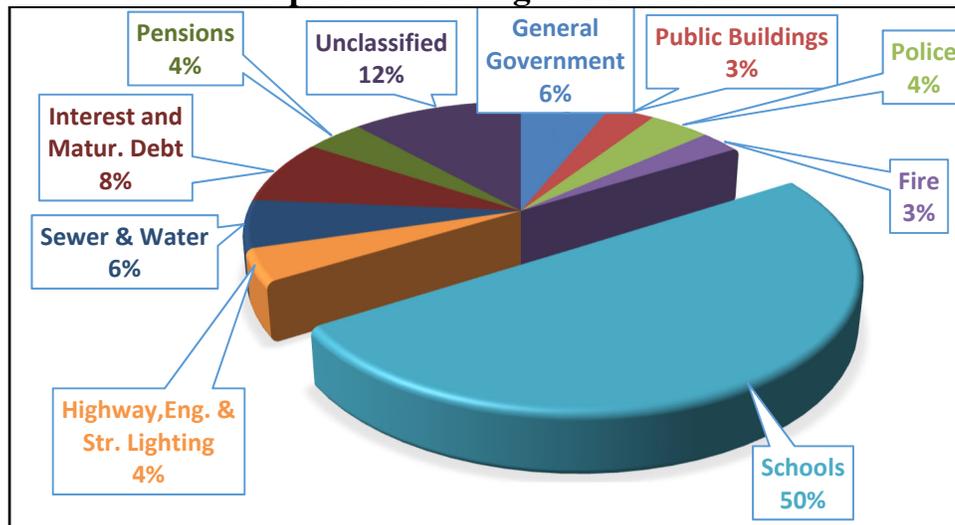
**Figure One  
Housing Types**



**Budget History**

Shrewsbury’s total operating budget for 2020 was \$132,281,954. Public Safety and Education account for 57% of the total budget; Figure Two. These departments have the largest personnel and the most direct impact on municipal expenditures. Given the large budgetary impact these departments have on the community and the fact that they will experience the most direct measurable impact from the proposed development, they are the primary focus of this Report.

**Figure Two  
Department Budget Allocation**



### III. Methodology Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used analysis to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for a new development. This method uses the current revenue/cost ratios per person and/or per unit as an indicator for future revenue/cost impacts occasioned by population growth. New capital expenditures required for provision of services to a development are not added to current costs; instead, the present debt service for previous improvements is included to represent ongoing capital projects. The advantage of this approach is its simplicity of implementation and its wide acceptance by both consultants and local officials. The downside of this approach is that the methodology calculates the “average” cost as being the expected cost, which is often not the case as costs are exaggerated - significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$15,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, all of which will be minimally impacted by the addition of one student. The “true cost” could be significantly less, especially in those communities with declining enrollment.)

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, a “level of service” exists in Shrewsbury to serve the community. This existing service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any impacts. In reviewing the potentially impacted town departments specifically, a truer picture of anticipated cost impacts can be determined.

Given the nature of the contemplated residential development, as will be shown by the analysis below, measurable impacts will be limited to a few Town departments. Any required off-site traffic and roadway improvements are expected to be addressed during the approval process with the Town. Solid waste generated by new buildings will be removed by a private hauler. Water and wastewater utilities will be paid for through user fees. This report does not intend to infer that no costs will occur as a result of this project.

Measurable impacts of the development are expected to result to a few Town departments, most notably the Police and Fire Departments. Other Town agencies are projected to experience little or no measurable impacts from the new land use.

#### IV. Local Revenues From Development

##### A) Property Taxes

Local taxation provides more than half of municipal revenues for Shrewsbury, totaling 63.6% of all revenues to the General Fund<sup>2</sup>. Shrewsbury's present tax rate is \$12.57 per \$1,000 valuation. In order to estimate future property tax revenue from the proposed development, a review of similar land uses were reviewed within the local marketplace. Assessing data for these commercial and apartment complexes was used to arrive at the estimated values detailed in Table Four and Five.

**Table Four**  
**Estimated Yearly Residential Property Taxes**

<b>Project</b>	<b>Units</b>	<b>Assessment</b>	<b>Assessment/Unit</b>
Audubon Shrewsbury	251	\$51,558,400	\$205,411.95
Madison Place	96	\$18,481,100	\$192,511.46
The Commons - Haynes Farm	302	\$58,680,600	\$194,306.62
Total Averages	649	\$128,720,100	\$198,336
<b>Proposed Project</b>		<b>Estimated Value</b>	<b>Total Value</b>
<b>Proposed Apartments</b>	250	\$198,336	\$49,584,014
	Est. Property Taxes - \$12.57		<b>\$623,271</b>

**Table Five**  
**Estimated Yearly Commercial Property Taxes**

<b>Commercial Space</b>	<b>Est. Value/Sq. Ft.</b>	<b>Sq. Footage</b>	<b>Est. Assessment</b>
Supermarket	\$160	79,650	\$12,744,000
General Retail	\$220	50,035	\$11,007,700
Pharmacy	\$193	13,120	\$2,532,160
Bank	\$304	2,030	\$617,120
			\$26,900,980
		<b>Est. Taxes</b>	<b>\$338,145</b>

<sup>2</sup> Fiscal Year 2018 Town Report.

At buildout, the proposed development project will increase local assessments by \$76,484,980 or a 1.2% total increase in value.

B) Miscellaneous Yearly Revenues

*Motor Vehicle Excise Tax* - Another major revenue source for the community is motor vehicle excise taxes. In fiscal year 2018 the Town of Shrewsbury received a total of \$5,822,526<sup>3</sup> from this revenue source. Given the proposed apartment use and the affordable housing component, the estimated tax is discounted<sup>4</sup> by 50%. Table Six outlines the projected vehicle excise tax for the proposed project.

**Table Six**  
**Motor Vehicle Excise Tax**

# Cars <sup>5</sup>	Value	Total Value
300	\$15,000	\$4,500,000
50%x		
\$4,500,000/1,000		\$2,250
\$25 x \$2,250		<b>\$56,250</b>

C) Estimated Yearly Project Revenues

The proposed Edgemere Crossing at Flint Pond development is estimated to generate \$1,017,666 in local revenues from property tax, and vehicle excise taxes; Table Seven. It should be noted that this revenue estimate assumes full project build out and stabilization of occupancy for the apartment complex.

**Table Seven**  
**Estimated Yearly Revenue**

Residential	\$623,271
Excise	\$56,250
Commercial	\$338,145
<b>\$1,017,666</b>	

<sup>3</sup>2018 Town Report

<sup>4</sup> This analysis was development through discussions with a number of town clerks to arrive at a conservative estimate of vehicle excise taxes. Cars are discounted by 50% to account for value variations of those who own cars.

<sup>5</sup> 1.2 cars per unit.

Property tax revenue will increase by \$961,415, increasing total property tax revenues by 1.39%<sup>6</sup>. Additional one-time payment revenues will also be realized as part of the development, these will be detailed further below.

## **V. Municipal Service Costs**

Given the nature of the proposed development project, as will be seen in the analysis below, measurable impacts will be limited to a few key Town Departments including schools, police and fire departments. All onsite maintenance will be addressed by the property owner, including road repairs and trash removal.

### **Department Impacts**

#### **Police & Fire**

The Police and Fire Departments will experience some increased demand for services from the proposed project. For fiscal year 2020 the Police Department budget was \$5,523,926 and the Fire Department budget was \$3,625,371. To assess the degree of impact this project would have on these departments, comparable emergency call data from similar uses were analyzed. For the proposed apartments, pharmacy and banks; local data from three complexes were used and for the commercial space, emergency call database obtained by Fougere Planning was used, including a grocery store uses. These ratios were then totaled to derive an average call volume per unit, which was then used to generate projected emergency calls for each Department.

Extrapolating from the comparable call data, increases are projected in the Town's Police and Fire Department call volume. The Police Department responded to a total of 38,815 calls in 2018, of which 19,247 were Criminal & Service Incidents<sup>7</sup>. Since these types of calls place the most demand on the Department, we will use the Incident totals in our analysis. The Fire Department reported 4,055 calls in 2018 (2,875 EMS related). Although the Fire Department does not provide ambulance service, they attend to most calls in the community. Annual Police calls

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<sup>6</sup> 2018 total property tax collections totaled \$72,692,811.

<sup>7</sup> 2018 Town Report, total department calls 38,815.

are projected to increase by 314 calls (6 calls per week), annual fire/ambulance calls are projected to increase by 63 calls (1.2 calls per week) as detailed in Table Eight.

**Table Eight  
Projected Emergency Service Calls**

<b>Project</b>	<b>Units</b>	<b>Avg. Call Per Year<sup>8</sup></b>	<b>Avg. Police Call Per Unit</b>	<b>Projected Calls Yr.</b>
<b>Apartments<sup>9</sup></b>				
Avalon Shrewsbury	250	93	0.37	
Madison Place	96	24	0.25	
The Commons - Haynes	302	128	0.42	
<b>Total Apartments</b>	<b>648</b>	<b>246</b>	<b>0.38</b>	
<b>Projected Apt. Calls</b>	<b>250</b>			<b>95</b>
<b>Retail Mix</b>				
Supermarket Centers	198,482	114	0.0006	
<b>Proposed Center</b>	<b>129,685</b>			<b>74</b>
<b>Banks</b>				
Banks	8,459	53	0.0063	
<b>Proposed Bank</b>	<b>2,030</b>			<b>13</b>
<b>Pharmacy</b>				
Pharmacy	29,292	295	0.0101	
<b>Proposed Pharmacy</b>	<b>13,120</b>			<b>132</b>
<b>Total Police Calls</b>				<b>314</b>
<b>Fire Calls</b>				
<b>Project</b>	<b>Units</b>	<b>Avg. Call Per Year</b>	<b>Avg. Fire Call Per Unit</b>	<b>Projected Calls Yr.</b>
<b>Apartments</b>				
Avalon Shrewsbury	250	21.33	0.085	
Madison Place	96	3.00	0.031	
The Commons - Haynes	302	21.67	0.072	
<b>Totals</b>	<b>648</b>	<b>46</b>	<b>0.071</b>	
<b>Proposed Apt.</b>	<b>250</b>			<b>18</b>
<b>Retail Mix</b>				
Supermarket Centers	198,482	7.00	0.00004	
<b>Proposed Center</b>	<b>129,685</b>			<b>5</b>
<b>Banks</b>				
Banks	8,459	3.00	0.0004	
<b>Proposed Bank</b>	<b>2,030</b>			<b>1</b>
<b>Pharmacy</b>				
Pharmacies	29,292	5.33	0.0002	
<b>Proposed Coffee</b>	<b>13,120</b>			<b>2.39</b>
<b>Total Fire Calls</b>				<b>25</b>

<sup>8</sup> The apartment calls are over a four year period, commercial uses three. Data was obtained from three local banks, pharmacies and retail areas.

<sup>9</sup> Call data obtained from Connery Associated fiscal report, The Pointe at Hills Farm dated March 9, 2016.

## Police Department

To assign costs as a result of the increased demand for services, a number of options were reviewed including cost per call and cost per capita. Since calls for service provides a clear measure of impact on the Department, this approach was used and results in an estimated annual impact of \$90,118; Table Nine. This cost estimate is not inferring the Police Budget will increase as a result of the proposed development, but assigns a “cost” to account for these new land uses in the community.

**Table Nine  
Police Department Impact**

<b>Department</b>	<b>FY 2020 Budget</b>	<b>Calls<sup>10</sup></b>	<b>Cost/call</b>	<b>Est. Calls</b>	<b>Annual Cost</b>
Police	\$5,523,926	19,247	\$287	314	\$90,118

## Fire Department

Although Shrewsbury does not provide ambulance service, the Fire Department responds to most calls. In fact, 70.9% of the Departments’ total calls in 2018 were EMS related. To be conservative, we will assume that the Department will respond to all of the estimated ambulance calls to the proposed project. As with the Police

<b>Department</b>	<b>FY 2020 Budget</b>	<b>Calls Per Year<sup>11</sup></b>	<b>Cost/call</b>	<b>Est. Calls</b>	<b>Annual Cost</b>
Fire	\$3,625,371	4,055	\$894	63	<b>\$56,322</b>

Department, to account for some impact from the proposed development a cost per call ratio was used which provides a gross estimated annual cost of \$56,322; Table Ten.

**Table Ten  
Gross Fire Department Impact**

## Other Departments/Revenues:

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<sup>10</sup> Four year average, Calls for Service, as reported in Connery Associates Fiscal Report, The Pointe at Hills Farm, March 9, 2016.

<sup>11</sup> 2015 Calls, 2015 Town Report.

## **Building**

Building Department costs were not included in this analysis because they are not permanent annual impacts and will be offset by building permit fees.

## **Public Works**

All roads within the development will be private and maintained by the complex operator. Solid waste will be handled by a private contractor with no expense incurred by the Town.

## **Health Department**

The proposed development will place a demand for services on the Health Department. Inspections will be required for the grocery store. In addition, a pool is proposed as part the recreation facilities for the apartment complex. The 2020 budget for the Department was \$221,292. Given the limited demand for services required for the proposed residential use, using per unit or per capita cost allocation would not be appropriate. Based upon similar commercial developments reviewed by Fougere Planning in the past, \$6,500 in cost will be allocated for this Department's impact.

## **Other Departments**

It is not anticipated that measurable impacts will occur to other town departments and therefore no other costs were analyzed. To be conservative, a \$5,000 cost will be carried to account for potential other impacts.

## **School Department**

The Town of Shrewsbury public schools presently have an enrollment of 6,207 (2018/19) students housed in nine schools (one PK, five elementary, two middle, and one high school). The 2020 School budget was \$66,302,041.

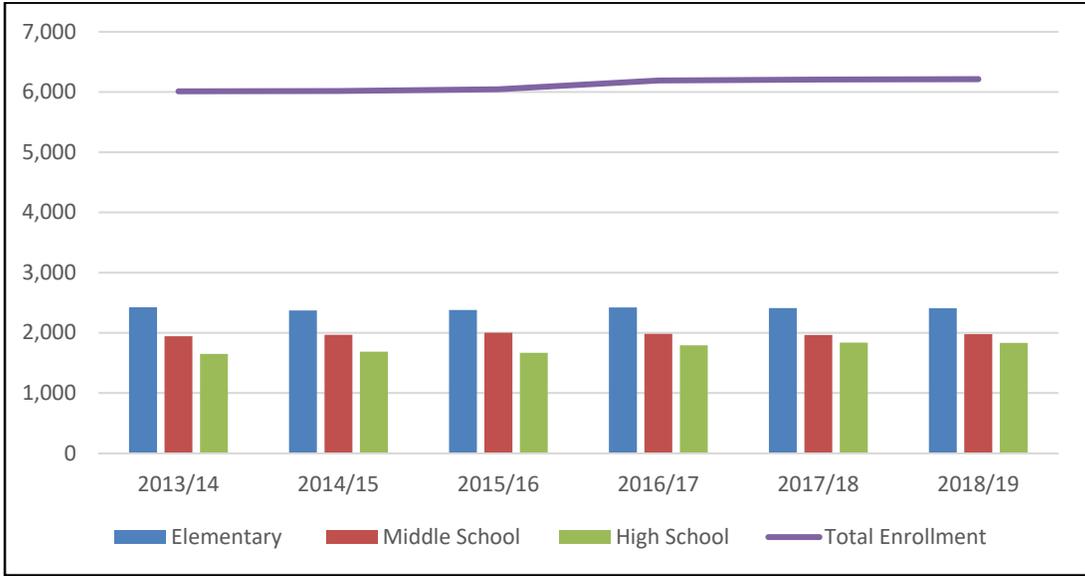
## **Enrollment History**

Overall school enrollment has been slowly increasing over the last six years, showing a total school growth of 3.38% during this time period; Table 11 and Figure Three. At the elementary grade level enrollment has decreased slightly, with the middle schools showing an increase of 1.8%. The High School has shown the largest increase over the six year time period. In 2018 Shrewsbury’s voters approved the construction of a new 790 student elementary school (K-4), replacing the Beal School. This new facility will relieve crowding issues and is anticipated to open for the 2021/22 school year.

**Table 11  
Enrollment Trends 2012-2017**

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	% Change
<b>Elementary</b>	2,423	2,369	2,378	2,419	2,409	2,407	<b>-0.66%</b>
<b>Middle School</b>	1,941	1,965	1,999	1,980	1,963	1,976	<b>1.80%</b>
<b>High School</b>	1,647	1,684	1,668	1,792	1,835	1,831	<b>11.17%</b>
<b>Total Enrollment</b>	6,011	6,018	6,045	6,191	6,207	6,214	<b>3.38%</b>

**Figure Three  
Enrollment Trends**



**School Enrollment Estimates**

In reviewing the potential number of school children that may reside in an apartment complex, a number of factors must be taken into consideration. This includes the number of bedrooms per unit, one bedroom units typically do not house children and three bedroom units generate a high rate of children. The location of the complex also plays a role, with developments located within mixed use environments or within mixed use corridors, discouraging the attractiveness of the site for families. As noted previously, the subject site will be a mixed use complex with the apartment units sharing access to a 144,835 square foot retail center. Many of the units will overlook parking lots, access ways and loading docks of the commercial operation. In addition, the site lies adjacent to a mixed use corridor with both industrial and commercial uses adjoining the site. A review of mixed use apartment complexes and a local non-mixed example (Madison Place), demonstrates the marked difference in per unit school age children (SAC); Table 12.

**Table 12**  
**Comparison – Traditional v. Non-traditional Locations**

Apartment Complex	Two Bedroom SAC/Unit
<b>Madison Place</b>	<b>0.229</b>
University Station - Westwood	0.164
Powder Mill Sq. - Andover	0.068
Avalon Newton Highland	0.148
Avalon Newton Chestnut	0.149
Long View Waltham	0.032
Cronin's Landing Waltham	0.005

The impact of site specific characteristics on the attractiveness of an apartment complex to families is reported.<sup>12</sup> The proposed development will be mixed use neighborhood, creating a non-traditional environment that typically generates less school age children. Key factors associated in non-traditional housing environments include:

- Multi-family residential development located above commercial uses.

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<sup>12</sup> Connery Associates.

- Multi-family residences accessed primarily by elevators such as high rise development.
- Multi-family locations located in the midst of commercial strips, mixed use developments, or are visually and operationally a part of general locations developed primarily for commercial / industrial use and major employment centers.
- Multi-family developments that are within or in close proximity to high intensity commercial or mixed use developments.
- Multi-family developments located on local high traffic ways or where primary access is via a highway interchange or a major collector roadway leading to close by highway access.

Based upon the fact that the subject site is consistent with a number of these points, leads to the conclusion that the use of SAC ratios from traditional apartment complexes are not applicable for this project. The proposed apartment complex will have a mix of one bedroom and two bedroom units as outlined in Table 13. One bedroom units do not generate school age children and therefore this analysis reviewed the impact from the proposed 124 two bedroom units.

**Table 13  
Bedroom Mix Breakdown**

<b>Unit Type</b>	<b>Total</b>	<b>One Beds</b>	<b>Two Beds</b>
Market Rate	225	113	110
Affordable	25	13	12
<b>Total</b>	<b>250</b>	126	124

To estimate the number of school age children (SAC) that may live in the proposed apartment complex, Fougere Planning gathered information from a number of sources. This analysis includes the noted projects detailed in Table 12, but also existing apartment complexes within the community including Avalon Shrewsbury and The Commons at Haynes Farm. These two projects were excluded from consideration because both are 40B developments, requiring 25% of the units to be affordable, but also include a high percentage of three bedroom units and even four bedroom units (The Commons). Given the unique locational considerations that will

tend to reduce the number of children living within the development, the Consultant believes that the lower .164 per unit SAC found at University Station is an appropriate and justifiable estimate on the number of children that may reside within the apartment complex. However, to be conservative we will use the higher local Madison Place SAC of .229 per unit; Table 14.

**Table 14  
Estimated School Age Children**

<b>Unit Type</b>	<b>One Beds</b>	<b>SAC/Unit</b>	<b>Two Beds</b>	<b>SAC/Unit</b>	<b>Total SAC</b>
Market Rate	113	0	110	0.229	25.19
Affordable	13	0	12	0.229	2.74
<b>Total</b>	126	0	124		<b>28</b>

Based upon this analysis, an anticipated 28 school children could reside within the proposed apartment complex, with a range of 19 to 34 students occurring over time. This is a very conservative estimate and most likely will not be reached given the site's locational considerations. Reviewing the grade profile of three existing Shrewsbury apartment complexes as previously noted in this report, Table 15 outlines the expected grade breakdown of students.

**Table 15  
Estimated School Age Children – By Grade**

<b>Grades K - 5</b>	<b>14 Students</b>
<b>Grades 6 – 8</b>	<b>8 Students</b>
<b>Grades 9 - 12</b>	<b>6 Students</b>

It is not expected that all of the potential students will appear in the school system simultaneously. Based on construction and lease-up periods, there is an expected lag between construction and full occupancy of the complex. It is anticipated that the project will take three to four years from the commencement of construction to be fully built out and leased.

### **Estimated School Costs**

The Massachusetts Department of Elementary and Secondary Education tracks the per pupil costs of students by District, including operation/maintenance costs and

benefits. Tracking these costs for all communities allows for a direct comparison on per child spending across the state. Based upon Actual Net School Spending data reported to the State, in 2016 Shrewsbury spent on average \$11,505 per student<sup>13</sup> to educate its children. Removing Chapter 70 aid provides a clearer picture of the community's actual costs. The average per student Chapter 70 aid in 2016 was \$3,100 which, if deducted from the gross per student cost, results in a net cost of \$8,405. Using this per student cost results in a total estimated school cost of **\$235,340.**

We also believe the estimated 28 school children is will not be realized because of locational considerations. In addition, it can be argued that only measurable cost that may actually occur is the addition of a new teacher (\$85,000), but the report assumes a higher costs estimates to insure all potential costs are included.

## **One-time Revenue Benefits**

With the construction of Edgemere Crossing at Flint Pond, a number of offsite improvements and one time payments will take place. This significant investment will improve traffic flow in the area, enhance public health by providing valuable access to sewer for the neighborhood and utility payments. These improvement/payments include:

- \$2,000,000: Road Widening, signal work, intersection improvements and utility extensions.
- \$3,022,045 in commercial and residential payments for sewer and water connections fees.

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<sup>13</sup> Mass. Dept. of Education figure, most recent data is from 2016.



## FISCAL SUMMARY

Table 16 summarizes the fiscal impact from the proposed development. It should be noted that this is an estimated cost impact and we are not suggesting additional staffing levels be increased because of this development. Appropriate town administrative officials will assess local needs for service and will make decisions based upon facts that are before them.

**Table 16**  
**Estimated Annual Fiscal Impact**

Gross Rev. Taxes & Excise Taxes	<b>\$1,017,666</b>
<hr/>	
Estimated Municipal Costs	
Police	-\$90,118
Fire	-\$56,322
Health	-\$6,500
Other Departments	-\$5,000
School Costs <sup>14</sup>	-\$235,340
Total Costs	-\$393,280
Net Annual Positive Fiscal Impact	<b>+\$624,386</b>

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<sup>14</sup> This cost takes into account Chapter 70 Aid at \$3,200 per student.

## Summary of Findings

- The proposed development project will result in a net annual positive fiscal impact of \$624,386. Anticipated costs will be estimated to be \$393,280.
- An estimated 28 school age children are anticipated to reside at the development site. A majority of the students will be elementary grade level, which has seen the least amount of enrollment growth over the last five years.
- Anticipated revenues will increase Shrewsbury taxation income by 1.39% and increase to assessment levels by 1.2%.
- Limited measurable impacts are foreseen to other town departments.
- Significant building permit fees will be associated with this development, with fees assessed at \$10 per \$1,000.
- Analysis does not take into account intangible economic benefit of creating additional affordable and market rate housing.
- Positive economic growth will occur during the construction phase of the project and at buildout, additional jobs will be added to the market place.