Fiscal Impact Analysis

Proposed Life Science Campus
216 New Boston Street / 225 Merrimac Street
Woburn, MA

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I. Executive Summary

Fougere Planning and Development has been engaged by CCF New Boston Property Company, LLC to undertake a Fiscal Impact Assessment to estimate new revenues the City of Woburn may realize, as well as to evaluate the potential increased service demand costs that may occur from the development of 299,228 square feet of laboratory/office and manufacturing space located at 216 New Boston Street and 225 Merrimac Street (the "Project"). This Project is being proposed in the Industrial Park District and will consist of approximately 159,429 square feet of lab space and 33,514 square feet of Good Manufacturing Space (GMP) and 106,285 square feet of office space on a 14.6-acre site presently occupied by a materials yard and manufacturing space (on two adjoining properties). The proposed life science campus will consist of a two-story building containing GMP and lab/office space and a four story building containing lab/office space. All on-site parking areas and trash pickup will be privately managed and maintained.

The Fiscal Impact Analysis estimates that the Project will result in a net annual positive fiscal impact of $1,668,046. Gross local revenues from the Project are estimated to be $1,733,046 a year while City costs are conservatively estimated to be $65,000 a year. Table One summarizes these revenue and cost findings.

Table One
Fiscal Summary

Gross Projected Revenues	$1,733,046
Total Municipal Costs	
Police	-$20,000
Fire	-$20,020
Other General Fund Impacts	-$25,000
Total Costs	-$65,000
Net Positive Fiscal Impact	**+$1,668,046**

This positive fiscal impact does not include the intangible fiscal impact of increased local and regional economic activity as a result of this Project. The positive fiscal impact also does not account for the one-time payments required of the Project such as the projected $1,500,000 in building permit fees and an I/I fee estimated to total $86,000.

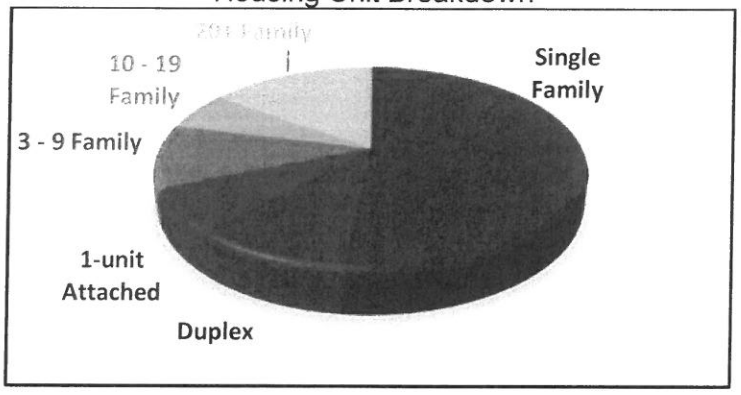
II. Local Trends

Population and Housing

Census figures report that from 2000 to 2010 Woburn's population rose from 37,423 to 38,120, representing a 1.8% increase over the 10-year period. The Census Bureau reports the 2020 population to be 40,876, reflecting a 6.7% increase in population since 2010.

A majority of Woburn's housing stock consists of single family homes. The most recent Census data (2019) indicates that out of a total of 18,780 housing units in the community, 7,136 are single family as outlined in Figure One.

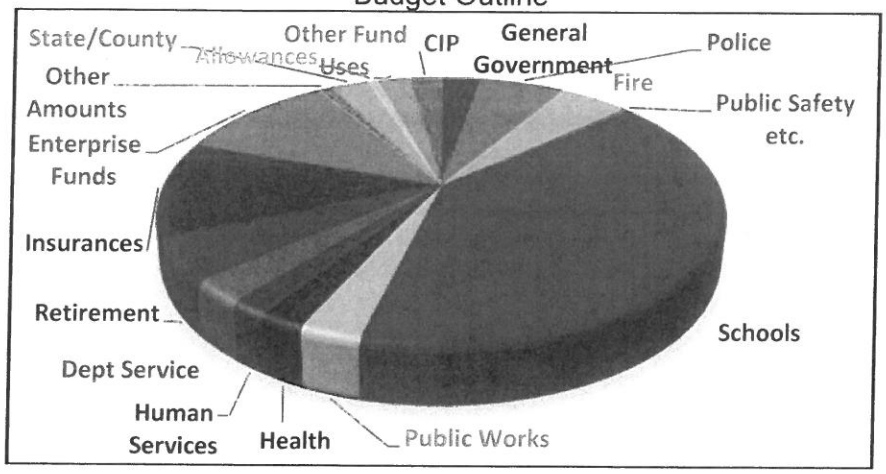
Figure One
Housing Unit Breakdown



Budget

Based upon the proposed use, the Fire and Police departments will realize the most direct and measurable increase in service demands. As detailed in Table Two, these departments are some of the largest cost centers in the community and therefore will be the focus of this analysis.

Figure Two
Budget Outline



III. Per Capita Methodology & Marginal Cost Approach

There are a number of methodologies available 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. The basic premise of this method is that current revenue/cost ratios per person and per unit is a potential indicator of future revenue/cost impacts occasioned by 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 the methodology calculates the "average" cost as being the expected cost, which is often not the case and costs can be understated or exaggerated; significantly in some instances. 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 would be noted as $18,000/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.

Given the nature of the proposed development project, as will be shown by the analysis below, few significant impacts will be felt by City departments. Solid waste generated by this project will be removed by a private hauler. Any construction related or operating utility

expenses will be offset through user fees. All on-site improvements will be private and all maintenance expenses will be paid for by this project owner. This report does not intend to infer that few costs will be incurred as a result of this project. Measurable impacts may be felt by some City departments, most notably the Police and Fire Departments. Other City agencies will see little or no measurable impacts.

IV. Woburn Zoning Code Requirements

As outlined by Section 18 of the Woburn Zoning Code, Section 18.5 Development Impact Statement, d. Fiscal Impact Assessment, this Report will evaluate the fiscal and economic impacts of the proposed development on the City as follows:

1. Project costs arising from increased demand for public services (such as schools, police and fire (including ambulance service), trash and waste disposal; administrative and inspection services);
2. Project benefits from increased tax revenues, employment (construction and permanent), and value of public infrastructure to be provided;
3. Project impacts of the proposed development on the values of abutting properties;
4. Note consistency or conflicts with the City's Master Plan; and
5. Provide a five-year projection of increased City revenues versus costs resulting from the proposed development.

In addition, Section 18.5 Development Impact Statement, c. Other Public Facilities Impact Assessments, as noted here, will be addressed.

4. Parks, playgrounds, and other recreational and open spaces, including all public and privately-owned open space parcels and trails, public parks and playgrounds and athletic facilities such as pools, running tracks, walking paths and ballfields within five hundred (500) feet of the project site.

6. Trash and recycling. If the project will request public trash service, include estimated tonnage of refuse and recycling to be generated by the development on a weekly basis and any private or public provision(s) for collection of trash and recycling.

V. Local Revenues from Development

1) Property Taxes

Local property taxes provide the bulk of General Fund Revenue for the City, with Fiscal Year 2021 figures showing that 76.3% is generated from this revenue source, with the remaining income being received from State Aid, Local Receipts and other sources. The Fiscal Year 2022 Industrial and Personal Property Tax Rate is $22.77.

Based on a review of area market conditions for lab/office space, it is estimated that the proposed development will have an estimated assessed value of $69,809,415. As outlined in Table Two, annual property tax revenues are anticipated to total $1,589,560.

Table Two
Anticipated Property Tax Revenue

Manufacturing (GMP) Space		**Blg. Area**	**Est. Assessment**
Estimated Property Value	$90/Sq. Ft.	33,514 Sq. Ft.	$3,016,260
Estimated Property Taxes	FY2022 $22.77 / $1,000		
GMP Taxes	**$68,680**		
Lab Space			
Estimated Property Value	$320/Sq. Ft.	159,429 Sq. Ft.	$51,017,280
Estimated Property Taxes	FY2022 $22.77 / $1,000		
Lab Taxes	**$1,161,663**		
Office Space			
Estimated Property Value	$110/Sq. Ft.	106,285 Sq. Ft.	$11,691,350
Estimated Property Taxes	FY2022 $22.77 / $1,000		
Office Taxes	**$266,212**		
Parking Garage			
Estimated Property Value	$18.17/Sq. Ft.	224,795 Sq. Ft.	$4,084,525
Estimated Property Taxes	FY2022 $22.77/$1,000		
Garage Taxes	**$93,005**		
Total Estimated Property Taxes	**$1,589,560**		**$69,809,415**

The existing properties are assessed for $5,225,000 and generate $119,443 in property tax revenue. Once completed, the proposed development program will increase the site's property tax revenues by 1,230%.

2) Personal Property Taxes

Personal property taxes are another source of income for the community. Lab space includes a wide range of equipment which is taxable under Massachusetts General Laws. Based upon a review the local lab market, it is estimated that the lab space will generate $143,486 in annual personal property tax payments at outlined in Table Three.

Table Three
Estimated Personal Property Taxes

Building Square Footage[1]	95,657
Tax Revenue Per Sq. Ft.	$1.50
Estimated Revenue	**$143,486**

3) Total Project Revenues

The proposed development is expected to generate $1,733,046 in annual revenue from both property and personal property taxes detailed in Table Four.

Table Four
Estimated Gross Revenue

Annual Property Taxes	$1,589,560
Personal Property	$143,486
Total	**$1,733,046**

The anticipated new employees will create demand for local retail and other services, thereby creating a positive impact on the local economy. In addition, one- time building permit fees are estimated to be $1,500,000. In addition, there will be significant stimulation to the local construction sector as a result of the Project.

VI. Municipal Departments

As noted above, the Police and Fire Department's account for a significant percentage of the City's operating expenses. These Departments employ a large number of personnel and have significant budgets. Given the large budgetary impact these Departments have on the City, they are closely analyzed in this Assessment.

[1] To be conservative, only 60% of the lab space is accounted for to determine personal property value.

Police & Fire

Both the Police and Fire Departments will realize a minor upturn in activity from the proposed development, with increased demand for services being attributed to the new project. To gain a firm understanding of the degree of impact this project may have on these departments, we reviewed emergency call data from 675,531 square feet of office/lab space in the region. Extrapolating from the comparable call data, increases are projected in the City's Police and Fire Departments call volume. Table Five outlines the Police call findings from this research.

Table Five
Estimated Annual Police Emergency Calls[2]

Project	Town	Area	Avg. Police Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
195 Presidential Way	Woburn	129,028	5.00	0.00004	
33 Hayden Ave.	Lexington	198,000	6.00	0.00003	
45 - 55 Hayden Ave.	Lexington	180,407	10.75	0.00006	
65 Hayden Ave.	Lexington	66,000	6.75	0.00010	
113-115 Hartwell Ave.	Lexington	102,096	13.50	0.00013	
Totals		675,531	42.00	**0.00006**	
Proposed		**294,227**			**19**

Police Department

Police Department calls are estimated to increase by 19 calls annually, translating into an average less than 1 call per week. To put the call volume into perspective, the Department responds to approximately 30,000 calls[3] a year (574 per week). The Police Department's Fiscal Year 2022 Budget was $9,604,081.

Based upon past discussions with Captain Jolly, he noted there has been a lot of new development constructed recently, with additional projects in the pipeline. Although this one project may not create an issue, the combination of all of the recent developments has and will increase demands on the Department and therefore potentially create the need for additional staffing.

As emergency calls are a reliable metric that provides a more realistic measure of demand for service, we will use this average costing method to allocate costs to the proposed

[2] Data supplied by Police Departments.
[3] Data supplied by Police Department.

lab/office and manufacturing uses. Dividing the Police Budget by annual calls generates a cost per call. This cost is then multiplied by the estimated calls from the proposed office complex, resulting in a projected cost of $6,080 as outlined in Table Six. To be conservative, we will carry a cost of **$20,000** for the Police Department.

Table Six
Estimated Police Department Costs

Budget	Police Calls	Cost Per Call	Est. Calls	Est. Cost
$9,604,031	30,000	$320	19	$6,080

Fire Department

A much more modest call volume increase is anticipated for the Fire Department, with 5 fire calls and 2 EMS calls projected, for a total of 7 calls annually as detailed in Table Seven. In 2019 the Department responded to 6,182 incidents[4] (119 calls per week), with 4,315 being noted as EMS. The Departments 2022 operating Budget was $8,550,484.

Table Seven
Estimated Annual Fire Emergency Calls

Project	Town	Area	Avg. Fire Calls Per Year	Avg. Call Per Sq. Ft.	Projected Yearly Calls
195 Presidential Way	Woburn	129,028	3.50	0.00003	
33 Hayden Ave.	Lexington	198,000	1.33	0.00001	
45 - 55 Hayden Ave.	Lexington	180,407	0.67	0.00000	
65 Hayden Ave.	Lexington	66,000	3.00	0.00005	
113-115 Hartwell Ave.	Lexington	102,096	3.33	0.00003	
Totals		675,531	11.83	**0.00002**	
Proposed		**294,2247**			**5**
Project	**Town**	**Area**	**Avg. EMS Call Per Year**	**Avg. Call Per Sq. Ft.**	**Projected Yearly Calls**
195 Presidential Way	Woburn	129,028	1.00	0.00001	
33 Hayden Ave.	Lexington	198,000	0.66	0.00000	
45 - 55 Hayden Ave.	Lexington	180,407	1.00	0.00001	
65 Hayden Ave.	Lexington	66,000	0.66	0.00001	
113-115 Hartwell Ave.	Lexington	102,096	1.33	0.00001	
Totals		675,531	4.67	**0.00001**	
Proposed		**294,227**			**2**

[4] 2020 figures supplied by Fire Department.

As with the Police Department, in order to account for some cost impacts, we calculated the cost per Fire Department call to arrive at an estimated annual operational cost of $9,681 as outlined in Table Eight.

Table Eight
Estimated Fire Department Costs

Budget	Fire Calls	Cost Per Call	Est. Calls	Est. Cost
$8,550,484	6,182	$1,383	7	$9,681

Ambulance income is a source of revenue generating $1,798,512 in FY2020, or $416 per call[5]. As outlined above, the new life science complex is estimated to generate 2 annual EMS calls, resulting in $832 in revenue. To be conservative we will account for a Fire Department cost of **$20,000.**

Other City Departments

During past discussions with Building Commissioner Mr. Thomas Quinn, relative to his Department's work load and capacity to inspect a new development proposals, the Commissioner acknowledged that their office continues to respond to the market based on the current demand. The Commissioner felt his Department will be adequately staffed to oversee inspections required new development. It should be noted that building permit fees are estimated to be $1,500,000 ($15 per $1,000), which will more than offset cost impacts to the Building Department.

Given the minimal impacts associated with the proposed office complex on other City Departments, few additional financial impacts are anticipated. All trash and snow removal will be privately maintained. To assign some costs to miscellaneous City administrative expenses that may incur, we have allocated a general government impact of **$25,000** for this project.

VII. Employment & Public Infrastructure

The Applicant is estimating that 250 +/- construction related jobs will be created with the proposed $150 million dollar development and once complete, the lab/office complex could employ up to 400 on-site employees.

[5] 2020 EMS calls 4,315.

VIII. Property Value Impacts

It is anticipated that the proposed project will not negatively impact surrounding property values, many of which are non-residential. In fact, based upon the significant investment proposed, increased area property values may occur.

IX. Consistency or conflicts with the City's Master Plan

One of the stated Land Use – Vision 2020 Goals for Industrial/Commercial Areas is to: *"Retain and promote this area for revitalization of existing sites, redevelopment of underutilized sites, and development of properly zoned sites."* The redevelopment of the subject site adheres to this community Goal.

X. Five-year Projection Revenues & Costs

At project completion and full occupancy, it is anticipated the office/lab development will generate $1,733,414 in total revenues and with City costs estimated to total $65,000, the project will have a positive fiscal impact of $1,668,414. Reviewing revenues and costs over the next five years demonstrates the project will remain fiscally positive into the future as detailed in Table Nine.

Table Nine
Five Year Projections[6]

	2021	2022	2023	2024	2025
Property Taxes	$1,589,928	$1,629,676	$1,670,418	$1,712,179	$1,754,983
Personal Property Taxes	$143,486	$143,486	$143,486	$143,486	$143,486
Total Revenues	$1,733,414	$1,773,162	$1,813,904	$1,855,665	$1,898,469
City Costs	$65,000	$67,925	$70,642	$73,468	$76,406
Positive Fiscal Finding	**$1,668,414**	**$1,705,237**	**$1,743,262**	**$1,782,197**	**$1,822,063**

XI. Section 18.5 Development Impact Statement

c. Other Public Facilities Impact Assessments:

4. Parks, playgrounds, and other recreational and open spaces, including all public and privately-owned open space parcels and trails, public parks and playgrounds and athletic facilities such as pools, running tracks, walking paths and ballfields within five hundred (500) feet of the project site.

[6] Increases in revenues and expenditures based upon assumptions used in FY2021 Budget document, pages 228, Summary of Revenue and Expenditure Projections.

There are no parks or playgrounds within 500 feet of the project site.

6. Trash and recycling. If the project will request public trash service, include estimated tonnage of refuse and recycling to be generated by the development on a weekly basis and any private or public provision(s) for collection of trash and recycling.

All trash and recycling will be private.

XII. Summary

As outlined below in Table Ten, this fiscal impact analysis indicates that there will be a net positive revenue impact related to construction of the proposed development.

Table Ten
Fiscal Summary

Gross Projected Revenues	$1,733,046
Total Municipal Costs	
Police	-$20,000
Fire	-$20,020
Other General Fund Impacts	-$25,000
Total Costs	-$65,000
Net Positive Fiscal Impact	**+$1,668,046**

Key findings supporting this development include:

- The proposed lab/office complex will generate approximately $1,733,046 in gross revenues per year. Taking into consideration estimated municipal costs, the proposed project will yield a positive net revenue of $1,668,046 annually.
- The site's estimated assessed value will increase substantially from $5,225,000 to $69,809,000.
- Site property taxes will increase 1,230%; rising from $119,443 to $1,589,5601.
- The proposed program will dramatically improve the quality of the neighborhood, with a state of the art life science campus attracting high quality tenants and employees.
- All on-site maintenance and trash collection will be private.
- Calls to the Police Department are projected to increase by 19 calls, compared with an annual City wide call volume of 30,000.
- The Fire Department is expected to receive approximately 7 calls a year from the proposed life science complex, adding to the 6,182 calls a year that are presently received by the Department.
- Both short-term and long-term positive economic benefits are anticipated to occur, with construction related jobs being created and local business activity enhanced with new employees visiting the community.
- Building permit fee revenue is estimated to be $1,500,000. I&I contributions are estimated to total $86,000.