Draft Municipal Fiscal Impact Analysis

Proposed Logistics Parking Facility

10 Victoria Drive

Monroe, CT

September 30, 2020

Prepared by:

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John W. Knuff, Esq.
Hurwitz Sagarin Sloffberg & Knuff, LLC
147 North Broad Street
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Dear Attorney Knuff:

The proposed development at 10 Victoria Drive is for a single-story logistics building, 400 logistics delivery van parking spaces, and 41 car parking spaces. The logistics building totals approximately 10,030 square feet. The property is approximately 24.75 acres, of which approximately half will be developed.

The applicant/owner has asked Goman+York Property Advisors LLC to provide a fiscal and economic impact statement for the proposed development. The following pages are our analysis and findings of the municipal fiscal and economic impacts of the proposed development. The report is presented in four sections organized around our areas of analysis:

- Executive Summary
- Section I. Introduction
- Section II. Municipal Fiscal Impact
- Section III. Economic Impact

Our findings for the proposed project are favorable. The development represents a good fiscal opportunity for the Town of Monroe, constituting a project which will ultimately result in substantial personal and real property taxes being paid to the Town. In addition, our analysis concludes that the proposed development will have a positive economic impact on the overall community.

We thank you for your time and consideration. If you have any questions or concerns regarding our analysis, please do not hesitate to contact us.

Respectfully submitted,

Donald J. Poland, PhD, AICP
SVP and Managing Director, Urban Planning

R. Michael Goman, CRX, CLS, CSM
Principal

Executive Summary

Summary of Findings

This report is prepared to provide a municipal fiscal impact and economic impact analysis of the proposed logistics parking facility at 10 Victoria Drive in Monroe, Connecticut. To accomplish this, the report analyzes the proposed development and demonstrates that the logistics parking facility will result in a positive fiscal impact for the Town of Monroe, yielding approximately $597,962 in yearly tax revenue after the cost of municipal services. In addition, the proposed development will create a positive economic impact in the community as the result of job and wealth creation, as well as the consequential additional consumer spending.

In summary, the proposed logistic parking facility will generate the following municipal fiscal and economic impacts that will benefit the Town of Monroe:

- $682,947 in local property tax revenue—real and personal property taxes,
- **$597,962 (year-three) in net positive local personal and real property tax revenue after municipal services/expenditures,**
- $23,043 in one-time development fees,
- 8 full-time equivalent jobs during construction,
- 400 new permanent jobs (approximately 350 full-time and 50 part-time jobs), and,
- $550,000 in new economic activity.

The table on the following page provide detailed summaries of the municipal fiscal impacts for year three of the logistics parking facility—the year the facility becomes fully operational.[1] Most importantly, the proposed development is a substantial investment in Monroe. The proposed development will create additional wealth, attract new investment, generate net new tax revenue, and result in a more vibrant and prosperous local economy. The following report walks the reader through the methods and assumptions used to calculate the municipal fiscal impacts and overall economic impacts of the proposed development.

[1] See appendix for year one and two fiscal impact summary.

Monroe Logistics Parking Facility

Year Three Fiscal Impact

Revenues: Real Property Taxes & User Fees		
Real Property Taxes (building, improvements, and land)[2]	=	$128,640
Personal Property Taxes (commercial equipment)[3]	=	$3,587
Personal Property Taxes (motor vehicles)[4]	=	$496,720
Estimated – Total Taxes		**$628,947**
Expenditures: Municipal Government		
General Government Services (27% of real property tax revenue)[5]	=	-$34,727
General Government Services (10% of personal property revenue)[6]	=	-$50,031
Estimated – Total Expenditures		**-$84,758**
Fiscal Impact Summary		
Total Revenue (Real & Personal Property Taxes)	=	$628,947
Total Expenditures (General Government Services)	=	-$84,758
Estimated – Positive Fiscal Impact/Year		**$544,189[7]**
One-Time Development Fees		
Land Use Permitting Fees[8]	=	$6,363
Building Permitting Fees[9]	=	$16,680
Estimated – One-Time Development Fees	=	**$23,043**

[2] *Real Property Taxes:* Based on estimated construction costs of $240/sq. ft. for the 10,030 sq. ft. building ($240 x 10,030 sq. ft. = $2,407,200). Appraised value is estimated at 75% of construction costs ($1,805,400). Assessed value is 70% of appraised value ($1,263,780). The assessed value multiplied by the mill rate (35.48 mils) equals $44,838/year in taxes for the building. Land value, based on Town assessment records, has an appraised value of $2,781,800 and assessed value of $1,947,200 for $69,086/year in taxes. The paved areas are appraised at $1/sq. ft (544,500 sq. ft.) and lighting is appraised $600/fixture (estimated at 80 fixtures) and based on 7 Victoria Drive assessment records. Improvements appraised value equals $592,500, assessed value equals $414,750, and taxes on improvements equal $14,715.

[3] *Personal Property Taxes – Commercial Equipment:* Based on fixtures, furnishing, and equipment (FF&E), estimated to be 6% of construction costs and equals $144,432.

[44] *Personal Property Taxes – Motor Vehicles:* The motor vehicles associated with the logistics parking facility are assumed to be Mercedes-Benz Sprinter Cargo vans with standard features. Based on data from NADA, we estimate the appraised value of each van at $50,000 and the assessed value at $35,000. Assessed value multiplied by the mill rate (35.48 mils) equals $1,242 in taxes per van/year. Year three estimates 400 vehicles (400 x $1,242 = $496,800).

[5] *General Government Services – Real Property:* The cost of government services is estimated at 27% of real property tax revenue ($129,690). This is based on research by American Farmland Trust and the Connecticut Conference of Municipalities, (2012): *Planning for Agriculture: A Guide for Connecticut Municipalities* that found, on average, commercial development costs $0.27 in municipal services for each $1 collected in tax revenues.

[6] *General Government Services – Personal Property:* The expenditures (cost of government services) for the personal property taxes on motor vehicles is estimated at 10% of the tax revenues collected. This lower cost of government services is utilized since it is unlikely that a motor vehicle will require the same level of government services that a commercial property requires—assessment and tax collections are the primary required services.

[7] The $544,189 positive fiscal impact is $475,103 more per year in taxes than the $69,086 paid in taxes this year.

[8] *Land Use Fees:* Fees are based on the Town of Monroe permit application forms. Individual fees are: Zoning Permit ($4,513), Special Exception ($675), Zone Change ($675), and Wetlands ($500).

[9] *Building Permit Fees:* The fees calculation is $30/$1,000 for first $1,000 in construction costs and $10/$1,000 for additional construction costs ($14,680). The fee for the Certificate of Occupancy ($2,000).

Section I. Introduction

The Assignment

Goman+York was asked to provide an independent review and analysis of the municipal fiscal and economic impacts of the proposed development at 10 Victoria Drive. The municipal fiscal impact study evaluates the proposed development regarding future tax revenue and future costs/services. The economic impact analysis evaluates job creation, wealth, and consumer spending.

Background: Economic and Demographic Trends

Socio-economic and demographic help to inform us as to why and how change occurs. In additions, such trends provide context to understanding real estate development and market conditions that drive investment. The following is a summary of trends at the national and state scale.

United States:

- Like many developed countries, the median age in the U.S. is getting older. Median Age:
    - *United States = 37.8*
- The expected increase in the U.S. population in the coming years will be mostly the result of immigration.
- Traditional 'Blue collar' jobs are being replaced with jobs for 'knowledge workers' and 'service workers.'
- Rental housing has seen significant growth in recent years and the newly constructed multi-family rental residential asset class continues to be one of the most desirable investments for institutional investors.
- Commercial space (office, retail, and industrial) markets vary greatly by metropolitan region depending on demand drivers (i.e. employment/job and population growth). Medical office space, especially in aging suburban metropolitan markets, has been robust. Retail space has experienced disruption from online sales and changes in consumer preferences, but newly constructed retail as part of mixed-use developments have fared better than older and conventional retail space (i.e. malls and strip centers). Industrial space, especial distribution space, is robust and growing.

Connecticut:

- Connecticut will reflect overall trends in the U.S., as described above.
- Will continue to be older than U.S. median age:
    - *Connecticut = 40.8*
    - *Monroe = 42.7*
- The U.S. Northeast and New England, especially, are in an extended period of slow or no growth in terms of job creation, population, and business formation (other than the Boston metropolitan area that has experienced moderate growth). Connecticut has been a slow- to no-growth state for three decades and has suffered the slowest economic recovery of any state over the past 10 years.

- Changing demographics, socioeconomics, and consumer preference will continue to drive demand for smaller, multi-family, and rental housing.
- A more diverse housing stock will continue to be critical to attracting and retaining talent, including younger workers, and working empty nesters.
- Commercial office demand has been mostly stagnant for decades. Medical office was the most robust category of office space in suburban markets. However, this has slowed considerably in the past few years.
- Retail space is not so much overbuilt, as it is under demolished. This means quality newly constructed retail space in strong locations competes favorably in the overall market. However, newly constructed, and well-located retail continues to create vacancy is obsolete or poorly located facilities. Restaurants have been the most robust segment of the retail sector.
- Industrial space, especially warehouse distribution space, is experiencing considerable growth and robust demand. This is, in part, the result of Connecticut's location between the New York and Boston markets, continued increases in ecommerce, and changing needs and requirements for modern distribution space.

COVID-19 – Market Considerations:

- The global pandemic will continue to have adverse impacts on the overall economy—nationally and in Connecticut—until a vaccine is found. Full recovery could take 5 to 10 years depending of the depth of negative impact experienced over the next year.
- The economic impacts have most harmed the tourism, hospitality, retail, and restaurants. Declines in retail that would have occurred over many years have been accelerated and exacerbated by the pandemic and will result in high vacancies and little demand for new construction.
- Remote working will persist in the near term and increase over pre-pandemic percent of workforce in the long term. Even with marginal shifts of 10% new remote workers will soften demand for commercial office space.
- Social distancing, stay-at-home orders, and less activity outside the home are driving up ecommerce activity, creating new and intensive demand for logistics. Such demand for logistics will likely persist beyond the pandemic as more consumers become comfortable with ecommerce. This will continue to perpetuate the increasing demand for industrial space and uses—for logistics.

The Project

- 10 Victoria Drive: Located at the southern end of town off Main Street (Route 25) on Victoria Drive (next to the Victorinox Swiss Army facility).
- 24.75-acre site in the I-3 (Industrial) Zone.
- Proposed construction of a single-story 10,030 square foot logistics building with associate parking facilities. The parking facilities include 400 delivery van parking spaces and 41 car parking spaces.
- Land use applications for a zoning map amendment, site plan, and special exemption permit.

Review of Related Documents and Information

Our review included the following material submitted by the Developer:

- Estimated construction costs
- Projected estimates of employment numbers
- Conceptual site development plan

Additionally, we reviewed overall economic conditions, municipal finances, taxes, and zoning, and a variety of municipal fiscal impact and economic impact methodologies.

II. The Changing Landscape of Commercial Space

The form and function of our settlement patterns are forever shifting changing around technological and transportation innovations, economics, and our social-cultural ways of living in our environment. The way we live, and work is also changing. For example, our first industrial mills and factories were located alongside rivers (their source of power) and towns and cities were constructed around them. Riverside locations were later abandoned once electricity was invented and electric power sources provided. The arrival of rail resulted in the abandonment of many ports, as manufacturing relocated along the rail lines. Later, interstate highways further transformed and reorganized the location and site of industry at interchanges and access ramps (i.e. the industrial park) and large single-story buildings that consolidated production, assembly, and distribution on a single floor.

With these changes in the location, form, and function of industry we have also see changes in how we perform production and consumption. Fordism, the stockpiling of raw materials and finished products, gave way to just-in-time manufacturing, a process where raw materials are deliver and uses for scheduled manufacturing runs and finished products are shipped to the end user when they come off the production line. With technological advances, we have also seen changes in the way work is performed. Automation in manufacturing and telecommuting in business are forever changing employment and the location of jobs.

With changes in industry and business we have also seen changes in consumption and the way we live. For example, in the not so distance pass, grocery shopping was a weekly activity of large purchases for the week. However, today grocery shopping has evolved into foraging, multiple stops per week at the grocery store to pick up prepared foods for tonight's dinner or the few things we need for our next few meals. While such changes are slow moving and often unnoticeable as they occur, these slow-moving changes are transforming our social-cultural ways of living, settlement patterns, and land uses.

The location of retail stores provides a means of thinking through how our lives, settlement patterns, and land uses have changed over time. For example, in the early to mid-1900s the primary location of retail was in city centers (i.e. downtown and main street) and multi-story department stores. Over time department stores (and other retailers) shifted outward to suburban centers and retail strips. Later, the enclosed American mall came into vogue, located miles outside the central city, downtowns, and suburban centers, at interstate highway interchanges and access ramps, and anchored by large single- and two-story department stores. Next, the big box discount department stores and specialty retailers (i.e. category-killers) emerged on the scene, often favoring locations proximate to malls and other retail clusters.

Today, with the arrival of ecommerce, the retail sector continues to change the landscape of retail. However, ecommerce retailing is not simply a spatial shift in the physical location of retail, it is a shift to a virtual space that captures market share, while rendering physical locations and physical spaces of past and present bricks and mortar retailing functionally obsolete. With all these shifts and changes in industry, business, and consumption, the one constant is a continued increased need for logistics, the distribution and transportation of goods and services to end users. Most important, new virtual products such as meal delivery services (i.e. Daily Harvest, Hello Fresh, and Blue Apron) are further increasing the demand for logistics.

The ever increase demand for logistics has given rise to the global logistics and delivery firms such as DHL, UPS, and FedEx. The rise in the need and importance for logistic has created new demand for fulfilment centers, processing facilities, and distribution centers. Most important regarding this specific land use application, is that the new demand for logistics facilities is creating demand for new land uses. For example, the logistics parking facilities being considered in this application. The fact is logistic fleets have grown so diverse in types of vehicles and so large in total numbers that the co-location of such fleets with fulfilment centers and distribution facilities has become impractical. Therefore, standalone logistics parking facilities with parking as the primary land use are emerging as new and meaningful land use. In addition, with limited land available in core of metropolitan regions, such facilities are most likely to locate on the fringe of metropolitan regions where large tracts of land are available with good access to the road and highway network. It should also be noted that it is not only logistics that is creating demand for such standalone parking facilities, in the not-too-distant future as autonomous vehicles enter the market, new vehicle fleets will emerge that will also require similar standalone parking facilities. Parking as a primary use will continue to become more and more common.

From the perspective of land use and community planning, we are continually confronted with new and innovative land uses, even though they often appear mundane. For example, the restaurant pad-site on shopping center parcels, the drive-thru window, the standalone drive-thru only coffee shop. Now, the logistics parking facility emergence a new use. The challenge faced by community planning is not to resist change, but to embrace and manage change.[10] Adaptation is the foundation to resilience. Foresight and intentional action are the remedies to complacency, uncertainty, and obsolescence. Those who act now—will stay ahead of the curve and capture new opportunities. “New products and…services are generated…by knowledge, imagination, innovation, risk, trial and effort…”[11] and who are first to “innovate and is lucky will take the market.”[12]

This application, for a zone change to the I-2 Industrial Zone to allow a Commercial Vehicle Facility[13] at 10 Victoria Drive will encourage adaptation to the ever-changing land use and economic environment. While entrepreneurial spirit and efforts are often constrained by governance structures, government can be entrepreneurial in its efforts, allowing novel uses as a means of moving the community forward. Changing the zoning of this parcel to I-2 Industrial will embrace change and continue to more the community forward.

[10] Walker, Brian, and Salt, David, (2006): *Resilience Thinking: Sustaining Ecosystems and People in a Changing World*. Island Press. Washington, D.C. Walker, Brian, and Salt, David, (2012): *Resilience Practice: Building Capacity to Absorb Disturbance and Maintain Function*. Island Press. Washington, D.C.

[11] Deming, W. Edwards, (1984): *Out of the Crisis*, The MIT Press. Cambridge, MA. (P. 182.)

[12] Deming, W. Edwards, (1993): *The New Economics: For Industry, Government, Education*. Second Edition, The MIT Press. Cambridge, MA. (P. 10).

[13] The Monroe Planning and Zoning Commission should be recognized to their progressive regulations that already allow commercial vehicle facilities—logistics parking facilities—as a primary use.

Section II. Municipal Fiscal Impact Analysis

The Assignment

Goman+York Property Advisors was asked to conduct a municipal fiscal impact analysis of the proposed logistics parking facility at 10 Victoria Drive, Monroe, Connecticut. The proposed development consists of a single-story logistics building (10,030 square feet), 812 delivery van parking spaces, and the associated on-site improvements. Our analysis is designed to determine the fiscal impact (revenues and expenditures) of the proposed development on the Town of Monroe.

Land Use and Municipal Fiscal Impacts

It is commonly understood that commercial and industrial land uses are fiscal positives regarding municipal tax revenue. For example, a 2012 study published by the American Farmland Trust and Connecticut Conference of Municipalities explained that commercial land uses in Connecticut require, on average, only $0.27 in community services for every $1.00 generated in tax revenue. The primary reason for this—commercial properties paying more in taxes than the services they require and receive—is the significant portion of municipal budgets allocated to public education and the fact that commercial properties do not utilize education related services. For example, the Town of Monroe 2020-21 budget totals $90,043,475, $58,501,901 (or 64.9%) of which is Board of Education expenditures. Municipal operations—general government services—total only $23,175,334 (or 25.7%).

In addition to education, there are other government services, such as social services, senior centers, parks and recreation, and so on that commercial and industrial properties do not utilize. Based on the limited services utilized by commercial uses, the $0.27 per $1.00 in tax revenue from the study above, and the fact that general government (less education spending) only accounts for 25.7% of the total municipal budget, it is reasonable to assume that less than 27% of the municipal expenditures support and provide services to commercial and industrial properties. Stated another way, to estimate the cost of commercial and industrial development we assume that only $0.27 of every $1.00 paid in taxes by commercial and industrial properties are used to provide general government services for those properties. Therefore, we assume that $0.73 of every $1.00 paid in taxes by commercial and industrial properties are fiscally positive revenue that helps fund other government services.

It is important to emphasize that the foregoing represents a highly conservative and generalized estimate of the additional expenses which could be generated by the subject project. A more realistic estimate of the actual expenses to the Town is derived utilizing a marginal cost approach which attempts to estimate the actual expenses generated by an operation of the specific size and scope. In this example, we would expect the proposed project to add little additional burden to the town's scope of services and therefore a more likely estimate would be that the marginal increase in expenses would likely be in the range of 10% to 15% of revenues. For this specific project and use, we would still consider this to be a conservative range, in favor of the town's position.

The Existing Undeveloped Property and Tax Revenue

The existing undeveloped property is raw land and is valued by the Town of Monroe at an appraised (fair market) value of $2,781,800. The assessed value (70% of appraised or fair market value) is $1,947,200. Using the 2020-21 Mill Rate of 35.48 mils, the existing property pays approximately $69,086 in real property taxes per

year, of which $50,433 (or 73%) of the total taxes paid are deemed to be net positive revenue (*marginal cost approach estimates of 10% to 15% = $6,908 to $10,323*). Simply put, the undeveloped land pays more in taxes than the services it requires from local government.

The Proposed Development, Future Property Tax Revenue & Expenditures

To estimate and calculate the approximate future tax revenue to be paid by the proposed development, we use a combination of known and estimated values. These include estimated construction costs, the existing land value based on the Town assessment records, estimated value of fixtures and furnishings, and the estimated value of site improvements (based on the neighboring property at 7 Victoria Drive). Our estimates, based on the development proforma, our experience, and existing Town records are as follow:

- +/- $2,407,200 total cost for construction (based $240 per square foot of new building construction).
- +/- $144,432 for fixtures, furnishing, and equipment (FF&E), estimated to be 6% of construction costs.
- +/- $3,267,000 in site improvements (drainage, lighting, and pavement).
- $2,781,800 for land value costs (based on the Monroe Town Assessor data).
- Total Development/Investment = $8,600,432.

The following table provides a summary of real property value and taxes (building and land) and personal property value and taxes (fixtures, furnishings, and equipment). Based on this analysis, the subject property, once developed and fully operational in year three, will pay approximately $628,947 per year in real and personal property taxes. Therefore, the net increase in property taxes—over the existing undeveloped property—is approximately $544,189 in additional property tax revenue per year. The table below provides a detailed breakdown of the real and personal property taxes estimated for the fully operational logistics parking facility in year three.

Real and Personal Property Tax Revenue

Property Taxes	Total Sq. Ft.	Cost/ Sq. Ft.	Appraised Value (FMV)	Assessed Value (70% FMV)	Local Tax Revenue (35.48 Mils)
Real Property – Buildings[14]	10,030	$240	$1,805,400	$1,263,780	$44,839
Real Property – Land[15]	---	---	$2,781,800	$1,947,200	$69,086
Real Property – Improvements[16]	---	---	$592,500	$414,750	$14,715

[14] *Real Property – Building:* The building value and taxes are based on market estimates for construction costs at $240 per square foot for the 10,030 square foot logistics building ($240 x 10,030 sq. ft. = $2,407,200). Appraised value is estimated at 75% of construction costs ($1,805,400). This reduction accounts for soft costs that do not contribute to property value. The assessed value is 70% of appraised value ($1,263,780). The assessed value multiplied by the Town of Monroe 20120-21 mill rate (35.48 mils) results in estimated taxes of $44,839 per year for the building.

[15] *Real Property – Land:* The property land value is based on the Town of Monroe assessment records. The appraised value of the property is $2,781,800 and assessed value of $1,947,200. Assessed value multiplied by the Town mill rate (35.48 mils) results in estimated taxes of $69,086 per year in taxes for the land.

[16] Real Property – Improvements: The real property improvements estimate the value of the paved parking facilities and lighting. For these estimates, the Town assessment records for the neighboring property at 7 Victoria Drive were used to create per square foot of pavement and per light fixtures values. The pavement appraised value is estimated at $1/sq. ft (544,500 sq. ft.) and the lighting appraised value is estimated at $600 per fixture (assumed 80 light fixtures).

Personal Property – Commercial Equipment[17]	---	---	$144,432	$101,102	$3,587
Personal Property – Motor Vehicles[18]	---	---	$20,000,000	$14,000,000	$496,720
Total	---	**---**	**---**	**---**	**$628,947**

Utilizing the 27% allocation for the cost of government services for real property tax revenue ($128,621 x 0.27 = $34,727) and the 10% all allocation for the cost of government services for personal property tax revenue ($500,307 x 0.10 = $50,031), the combined total revenues to fund government services for the proposed logistic parking facility is $84,758 of the $628,947 in total tax revenue. The remaining $544,189 would be a net fiscal positive to the Town of Monroe. More accurately, if we utilize a marginal cost approach to the expenses likely to be incurred by the Town, we estimate that expenses are likely to range from $68,295 to $102,442, resulting in a net revenue gain to the Town of between $614,652 and $580,505, respectively. ***Therefore, we conservatively conclude that the proposed development, from the perspective of taxes paid versus costs/expenditures to the Town, would yield a positive municipal fiscal impact of approximately $544,189 per year—at a minimum.***

One-Time Development Fees and Revenue

The following table provides summary estimates of the one-time permitting fees and revenues that will be generated through the entitlement and construction phases of the proposed development.

One-Time Development Revenues – Estimated Permit Fees

Permit Fees	Rate	Total
Building Permits	$30 for first $1,000 and $10 per each $1,000 of construction cost	$14,680
Certificate of Occupancy	$0.20 per square foot, maximum of $2,000	$2,000
PZC Applications	Zone Change = $675 – Special Exception = $675	$1,350
Zoning Permit	Zoning Permit = $0.45 per square foot	$4,513
In-Land Wetlands Application	Wetlands	$500
	Total one-Time Development Fees	**$23,043**
Note: Building permit fees are based on 75% of total construction cost of the building.		

Based on our analysis the estimated permitting fees for the proposed development will generate approximately $23,043 in one-time development fees. These fees typically cover the cost of the Town staff to process permitting applications. ***Therefore, assuming the cost of those government services equal the fees paid by the applicant, we conclude that the entitlement process is fiscally neutral, creating no additional cost for the Town.***

[17] Personal Property – Commercial Equipment: The value of commercial equipment (i.e., fixtures, furnishing, and equipment) are estimated to be 6% of building construction costs or $156,468.

[18] Personal Property – Motor Vehicles: To calculate the estimate personal property taxes to paid on the motor vehicles that will be associated with the logistics parking facility, it was assumed to vehicles will be Mercedes-Benz Sprinter Cargo vans with standard features. Based on data from NADA, we estimate the appraised value of each van at $50,000 and the assessed value at $35,000. Assessed value multiplied by the mill rate (35.48 mils) equals $1,242 in taxes per van/year. Therefore, 400 812 vans at $1,242 each equal approximately $496,800 per year in personal property taxes.

Summary of Findings

Based upon the entirety of our municipal fiscal impact analysis, we believe that the proposed logistics parking facility at 10 Victoria Drive will generate a net positive fiscal impact for the Town of Milford in year three. The one-time development fees will result in $23,043 in permit revenue, offsetting the costs associated with administering the entitlement process. ***Once occupied and fully operations in year three, the logistics parking facility will generate approximately $628,947 in real and personal property tax revenues per year, of which approximately $544,189 per year will be net fiscal positive tax revenue after the estimated expenses are incurred for general government services.***

Section III. Economic Impact Analysis

The Assignment

Goman+York Property Advisors was also asked to conduct an economic impact analysis of the proposed logistics parking facility 10 Victoria Drive, Monroe, Connecticut. The proposed development consists of a single-story logistics building (10,030 square feet), 400 delivery van parking spaces, and the associated on-site improvements. Our analysis is designed to determine the economic impact (specifically, job creation, wealth, and consumer spending) of the proposed development.

Economic Development

The work of economic development is the practice and process of attracting investment and creating additional wealth in a community. The proposed application for a distribution center 161 Marsh Hill Road is economic development—it represents new investment and the creation of additional wealth within Orange. In addition, this proposed development signals to other investors that the Town of Orange is successful in attracting investment, and experience shows that investment attracts additional investment.

Estimating Jobs, Wealth, and Consumer Spending

Estimating the impacts (economic and other) of commercial development can be challenging. However, research has shown that we can utilize commercial construction costs to estimate the number of construction jobs that will be supported or created by a given development. To accomplish this, we apply a multiplier of 4.2 labor hours for every $1,000 of commercial construction costs. Using this multiplier, we can estimate the full-time equivalent (FTE) construction jobs that will be supported (or created) by the proposed development, based on the construction costs.

To start, the total investment for the proposed development is approximately $5,546,068. The construction costs are estimated to total $4,159,551. To calculate the FTE construction jobs supported or created, we will utilize the 9.4 labor hours for every $1,000 of construction costs. The calculations are as follows:

$$\frac{\$4{,}159{,}551\ (\text{construction costs})}{\$1{,}000} = 4{,}159$$

$$4{,}159 \times 4.2\ (\text{labor hours per } \$1{,}000 \text{ construction costs}) = 17{,}467\ (\text{labor hours})$$

$$\frac{17{,}467\ (\text{labor hours})}{2{,}000\ (\text{hours or FTE for 1 job})} = 8.73 \sim 8\ \textbf{FTE construction jobs}$$

The economic impacts of 8 FTE construction jobs is meaningful. The 8 FTE jobs equate to income and wealth creation for those employed in the construction process. In addition, the construction jobs will result in spendable income, including consumer spending, during the construction period. For example, assume each of

the 8 workers spends $25 per week in Monroe for 52 weeks of construction, that would total $10,400 spent in stores, restaurants, gas stations, and other businesses in Monroe—a positive economic benefit to the community.

In addition, and more important and meaningful than the construction jobs, the distribution facility will bring a significant number of permanent jobs. The facility today employs 400 persons: 350 full-time positions and 50 part-time positions. As with constructions jobs, the permanent jobs equate to income and wealth creation for those employed at the facility and will result in spendable income, including ongoing consumer spending in Monroe. Once again, assuming each of the 400 workers spends $25 per week in Monroe that would total $520,000 of yearly spending in stores, restaurants, gas stations, and other businesses in Monroe—a positive economic benefit to the community. In fact, economic impact studies show that for every new job created, approximately 0.25 additional jobs are created. Therefore, the 350 full-time positions should generate approximately 87 additional jobs in the community. Similar multipliers have also been determined for overall economic activity. For example, for every dollar in new investment, approximately $0.30 in new economic activity is created. ***Therefore, if the total new investment in the proposed facility is $5,546,068, we can anticipate an additional $1,663,820 in economic activity as the result.***

Summary of Findings

From the perspective of economic impact, the proposed logistics parking facility at 10 Victoria Drive will create 8 FTE construction jobs, 350 permanent jobs, an additional 87 indirect jobs and approximately $550,000 in new economic activity in Monroe. **In short, the proposed facility will have a significant positive economic impact on the Town of Monroe and the community.**

Sources: Supportive Material

AdvanceCT, Town Profile – *Monroe 2019*.

American Farmland Trust and the Connecticut Conference of Municipalities, (2012): *Planning for Agriculture: A Guide for Connecticut Municipalities*. Connecticut.

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Appendix

Monroe Logistics Parking Facility

Year One Fiscal Impact Summary

Revenues: Real Property Taxes & User Fees		
Real Property Taxes (building, improvements, and land)[19]	=	$128,621
Personal Property Taxes (commercial equipment)[20]	=	$3,587
Personal Property Taxes (motor vehicles)[21]	=	$248,400
Estimated – Total Taxes		**$380,608**
Expenditures: Municipal Government		
General Government Services (27% of real property tax revenue)[22]	=	-$34,727
General Government Services (10% of personal property revenue)[23]	=	-$24,840
Estimated – Total Expenditures		**-$59,567**
Fiscal Impact Summary		
Total Revenue (Real & Personal Property Taxes)	=	$380,608
Total Expenditures (General Government Services)	=	-$59,567
Estimated – Positive Fiscal Impact/Year		**$321,041[24]**
One-Time Development Fees		
Land Use Permitting Fees[25]	=	$6,363
Building Permitting Fees[26]	=	$16,680
Estimated – One-Time Development Fees	=	**$23,043**

[19] *Real Property Taxes:* Based on estimated construction costs of $240/sq. ft. for the 10,030 sq. ft. building ($240 x 10,030 sq. ft. = $2,407,200). Appraised value is estimated at 75% of construction costs ($1,805,400). Assessed value is 70% of appraised value ($1,263,780). The assessed value multiplied by the mill rate (35.48 mils) equals $44,838/year in taxes for the building. Land value, based on Town assessment records, has an appraised value of $2,781,800 and assessed value of $1,947,200 for $69,086/year in taxes. The paved areas are appraised at $1/sq. ft (544,500 sq. ft.) and lighting is appraised $600/fixture (estimated at 80 fixtures) and based on 7 Victoria Drive assessment records. Improvements appraised value equals $592,500, assessed value equals $414,750, and taxes on improvements equal $14,715.

[20] *Personal Property Taxes – Commercial Equipment:* Based on fixtures, furnishing, and equipment (FF&E), estimated to be 6% of construction costs and equals $144,432.

[21] *Personal Property Taxes – Motor Vehicles:* The motor vehicles associated with the logistics parking facility are assumed to be Mercedes-Benz Sprinter Cargo vans with standard features. Based on data from NADA, we estimate the appraised value of each van at $50,000 and the assessed value at $35,000. Assessed value multiplied by the mill rate (35.48 mils) equals $1,242 in taxes per van/year. Year one estimates 200 vehicles (200 x $1,242 = $248,400).

[22] *General Government Services – Real Property:* The cost of government services is estimated at 27% of real property tax revenue ($129,690). This is based on research by American Farmland Trust and the Connecticut Conference of Municipalities, (2012): *Planning for Agriculture: A Guide for Connecticut Municipalities* that found, on average, commercial development costs $0.27 in municipal services for each $1 collected in tax revenues.

[23] *General Government Services – Personal Property:* The expenditures (cost of government services) for the personal property taxes on motor vehicles is estimated at 10% of the tax revenues collected. This lower cost of government services is utilized since it is unlikely that a motor vehicle will require the same level of government services that a commercial property requires—assessment and tax collections are the primary required services.

[24] The $321,041 positive fiscal impact is $251,955 more per year in taxes than the $69,086 paid in taxes this year.

[25] *Land Use Fees:* Fees are based on the Town of Monroe permit application forms. Individual fees are: Zoning Permit ($4,513), Special Exception ($675), Zone Change ($675), and Wetlands ($500).

[26] *Building Permit Fees:* The fees calculation is $30/$1,000 for first $1,000 in construction costs and $10/$1,000 for additional construction costs ($14,680). The fee for the Certificate of Occupancy ($2,000).

Monroe Logistics Parking Facility

Year Two Fiscal Impact Summary

Revenues: Real Property Taxes & User Fees		
Real Property Taxes (building, improvements, and land)[27]	=	$128,621
Personal Property Taxes (commercial equipment)[28]	=	$3,587
Personal Property Taxes (motor vehicles)[29]	=	$372,600
Estimated – Total Taxes		**$504,808**
Expenditures: Municipal Government		
General Government Services (27% of real property tax revenue)[30]	=	-$34,727
General Government Services (10% of personal property revenue)[31]	=	-$37,260
Estimated – Total Expenditures		**-$71,987**
Fiscal Impact Summary		
Total Revenue (Real & Personal Property Taxes)	=	$504,808
Total Expenditures (General Government Services)	=	-$71,987
Estimated – Positive Fiscal Impact/Year		**$432,821[32]**
One-Time Development Fees		
Land Use Permitting Fees[33]	=	$6,363
Building Permitting Fees[34]	=	$16,680
Estimated – One-Time Development Fees	=	**$23,043**

[27] *Real Property Taxes:* Based on estimated construction costs of $240/sq. ft. for the 10,030 sq. ft. building ($240 x 10,030 sq. ft. = $2,407,200). Appraised value is estimated at 75% of construction costs ($1,805,400). Assessed value is 70% of appraised value ($1,263,780). The assessed value multiplied by the mill rate (35.48 mils) equals $44,838/year in taxes for the building. Land value, based on Town assessment records, has an appraised value of $2,781,800 and assessed value of $1,947,200 for $69,086/year in taxes. The paved areas are appraised at $1/sq. ft (544,500 sq. ft.) and lighting is appraised $600/fixture (estimated at 80 fixtures) and based on 7 Victoria Drive assessment records. Improvements appraised value equals $592,500, assessed value equals $414,750, and taxes on improvements equal $14,715.

[28] *Personal Property Taxes – Commercial Equipment:* Based on fixtures, furnishing, and equipment (FF&E), estimated to be 6% of construction costs and equals $144,432.

[29] *Personal Property Taxes – Motor Vehicles:* The motor vehicles associated with the logistics parking facility are assumed to be Mercedes-Benz Sprinter Cargo vans with standard features. Based on data from NADA, we estimate the appraised value of each van at $50,000 and the assessed value at $35,000. Assessed value multiplied by the mill rate (35.48 mils) equals $1,242 in taxes per van/year. Year two estimates 300 vehicles (300 x $1,242 = $372,600).

[30] *General Government Services – Real Property:* The cost of government services is estimated at 27% of real property tax revenue ($129,690). This is based on research by American Farmland Trust and the Connecticut Conference of Municipalities, (2012): *Planning for Agriculture: A Guide for Connecticut Municipalities* that found, on average, commercial development costs $0.27 in municipal services for each $1 collected in tax revenues.

[31] *General Government Services – Personal Property:* The expenditures (cost of government services) for the personal property taxes on motor vehicles is estimated at 10% of the tax revenues collected. This lower cost of government services is utilized since it is unlikely that a motor vehicle will require the same level of government services that a commercial property requires—assessment and tax collections are the primary required services.

[32] The $432,821 positive fiscal impact is $363,735 more per year in taxes than the $69,086 paid in taxes this year.

[33] *Land Use Fees:* Fees are based on the Town of Monroe permit application forms. Individual fees are: Zoning Permit ($4,513), Special Exception ($675), Zone Change ($675), and Wetlands ($500).

[34] *Building Permit Fees:* The fees calculation is $30/$1,000 for first $1,000 in construction costs and $10/$1,000 for additional construction costs ($14,680). The fee for the Certificate of Occupancy ($2,000).

Statement of Qualifications – Expert Witness

My name is Donald J. Poland, PhD and I am an urban geographer and professional planner with twenty-five years' experience in land use planning, community and economic development, and market and development feasibility. I have worked in public, private, non-profit, and academic sectors as a municipal planning director, zoning enforcement official, planning consultant, executive director/CEO, and as a university lecturer and professor in human geography, urban planning, and tourism.

I earned my PhD in the Department of Geography, *Cities and Urbanization* program at UCL, London, England. My doctoral dissertation explored the remaking of urban space through the utilization of urban-ecological theory and metaphors to better understand how places change. I also earned a Master of Science in Geography, concentrating in planning, from Central Connecticut State University (CCSU) and a Bachelor of Arts degree, majoring in both Psychology and Geography, from CCSU.

As a planning professional, I'm a member of the American Institute of Certified Planners (AICP) and a Certified Zoning Enforcement Official (CZEO). I have been accepted as an *expert witness* in the areas of *land use planning, neighborhood redevelopment, and community development* in the United States District Court, Eastern District of Louisiana. I have also been accepted as an expert witness in the Circuit Court of St. Louis County, State of Missouri. Over the course of my career, I have held the positions of Zoning Enforcement Official for the Town of East Hartford (1996-1998), Director of Planning and Development for the Town of East Windsor (2000-2004), and Executive Director/CEO for the Neighborhoods of Hartford, Inc.

Since 2008, I operate a boutique planning consulting practice and have worked on assignments in 15 states and over 100 local jurisdictions. This work includes post-Katrina planning, zoning, and redevelopment strategies in St. Bernard Parish, Louisiana; an HUD NSP-2 application and reinvestment strategy for Venango County, Pennsylvania; zoning regulation modernization and updates as part of the 2016 Comprehensive Plan for Canton, Ohio, Canton, Ohio; a downtown economic investment strategy for Oswego, New York, and countless municipal planning and zoning assignments in Connecticut. In addition, I have also represented dozens of real estate developers before public agencies for commercial, residential, industrial, and mixed-use development projects—including market research, financial feasibility, project viability, and municipal fiscal impact analysis.

I'm a Past-President of the Connecticut Chapter of the American Planning Association (CCAPA) and Past Chairman of the CCAPA Government Relations Committee. I have also served on APA's Chapter Presidents Council, the Executive Committee for the CT Association of Zoning Enforcement Officials, the Board of Trustees for the CT Trust for Historic Preservation, the Board of Trustees for the Bushnell Park Foundation, and was a public member of the State Board of Examiners for Professional Engineers and Land Surveyors. In addition, I have assisted the CT General Assembly's Planning and Development Committee with bill screening and drafting legislation. I also participated in the creation of the American Planning Association's development of a *smart growth policy guide* and was a member of the National Delegates Assembly (for the *Smart Growth Policy Guide*).

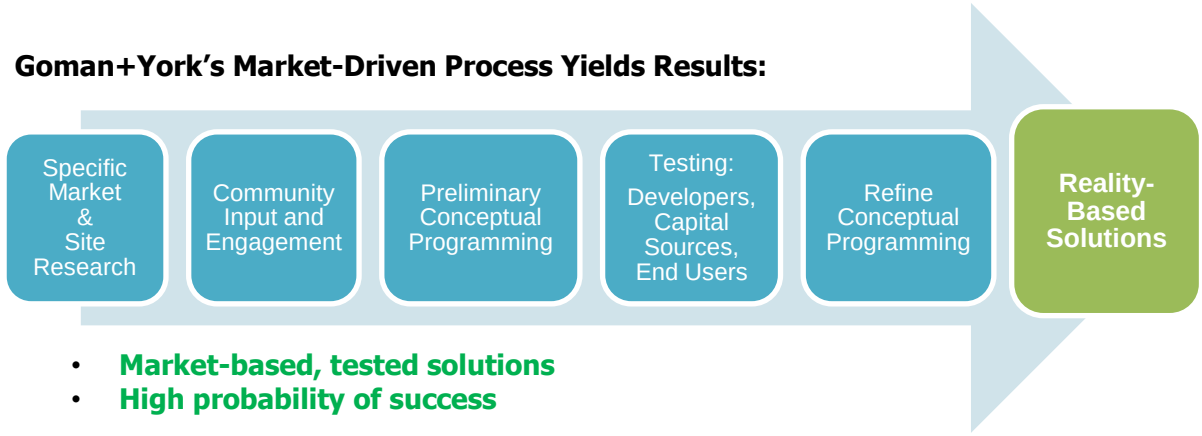
As an academic, I have taught over a dozen courses in human geography, urban planning, and tourism at Saint Joseph University, Manchester Community College, Central Connecticut State University, the University of Connecticut, and Trinity College. I held the position of *Visiting Lecturer in Public Policy,* Graduate Studies Program at Trinity College, Hartford, CT and *Associate Professor, Tourism and Hospitality*, at CCSU. I was awarded the CT Homebuilders 2003 Outstanding Land Use Official Award and am a 2004 alumnus of the Hartford Business Journal's Forty Under Forty leaders.

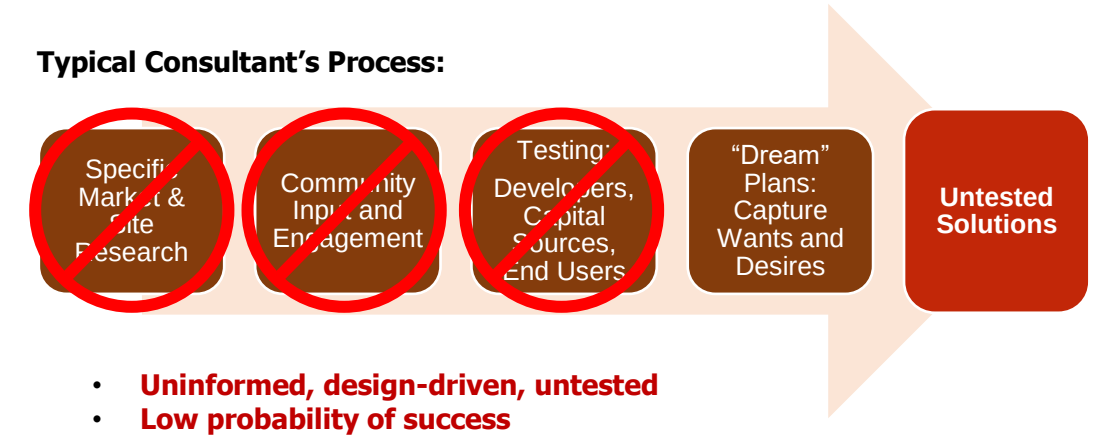
Why engage the GOMAN+YORK team?

OUR TEAM. G+Y is a consulting firm that has intentionally and strategically built our practice around the expertise of our team. Established in 2011, the team at Goman+York includes leading professionals in all areas of planning, design, economic development and real estate. It includes professional planners, urban designers, economic developers, data analysts, market researchers and real estate brokers.

OUR EXPERIENCE. We draw on decades of experience to offer you a team that spans all aspects of the planning and development profession. The Goman+York team brings the design, planning, and real estate development practice areas under one roof. Our work is based upon market reality and is capable of being taken from concept to physical implementation. We are focused upon results and are attuned to identifying and avoiding plans which are attractive but impractical.

OUR WORK. Our work includes master and comprehensive planning, special studies and plans, economic investment strategies, economic development services, market research, financial feasibility, zoning, and land use permitting. While much of our work is concentrated in the New England region, our team has extensive and ongoing work in both national and international markets. We have in-depth experience with the design and implementation of sustainable models of development which, at their core, seek to create a community that meets the needs of its residents.





Donald J. Poland, PhD, AICP
Managing Director, Urban Planning

Dr. Poland is a geographer, planner, and community strategist whose work focuses on assisting communities to compete for wealth and investment through strategic market, land use, and planning interventions that build community confidence, foster pride in place, create governance capacity, and grow market demand. With 25-years' experience the public, private, non-profit, and academic sectors, Dr. Poland offers a unique perspective and approach to the social, economic, and governance challenges of creating and maintaining resilient, vibrant, and prosperous communities.

R. Michael Goman, CRX, CLS, CSM
Principal

Prior to forming Goman+York in 2011, Mike spent 35+ years as an owner, operator and real estate professional. He has overseen the development of millions of square feet of commercial development across the United States. With Mike's keen first-hand insights and understanding of investor motivations, Goman+York determines the optimum property redevelopment models and strategies which inform tactical investment and marketing decisions.