

# **HUDSON LOGISTICS CENTER**

**SITE PLAN APPLICATION #04-20**

**SUBDIVISION APPLICATION #11-20**

**CONDITIONAL USE PERMIT APPLICATION #02-20**

**SITE:** 43 Steele Road; Map 234 Lots 5, 34 & 35 and Map 239 Lot 1

**ZONING:** General – 1 (G-1) and Business (B)

**PURPOSE OF PLANS:** Proposed commercial development consisting of three (3) new distribution and logistics buildings with associated access ways, parking, stormwater/drainage infrastructure and other site improvements.

**ATTACHMENTS:**

- A. Supplemental Responses, Fiscal Impact Study prepared by the Barrett Planning Group, dated September 1, 2020, received September 3, 2020.
- B. Public comment received August 20 – September 2, 2020.

**CURRENT STATUS:**

The applicant's Fiscal Impact consultant, Barrett Planning Group, submitted a response letter addressing the comments and recommendations made by the town's peer review consultant, Applied Economic Research, and the Chief Assessor. This letter was received on Thursday, September 3, 2020, thus staff has not fully reviewed this submittal at the time of writing this staff report.

***Schedule***

Staff is currently coordinating the schedule of deliverables, peer review, staff review and potential subsequent revisions. While staff is still awaiting some input, a proposed schedule will be presented at the September 9, 2020 meeting to provide the Planning Board with a recommended critical path forward, including projected future meeting dates.

At this time, Staff recommends that the next Planning Board meeting related to this application should focus on traffic impacts and mitigation strategies prior to revisiting all other issues. It is recommended that the following tasks be completed at minimum one week prior to this meeting:

- 1. NH DOT review,
- 2. Peer review by VHB,
- 3. Town staff review, and
- 4. Any potential revisions resulting from these reviews have been made and reviewed to the satisfaction of the above parties.

A revised traffic study was electronically submitted to NH DOT and VHB on September 3, 2020. Hard copy submission was received by the Town on Friday, September 4, 2020.

NH DOT has indicated that their review will take approximately 3-4 weeks.

Peer review by VHB will take approximately 2-3 weeks. VHB has indicated that their review does not require the results of DOT's review.

Depending on the outcome of these reviews, revised submittals may be required.

In light of these tasks, the recommended continuance date may be in October. An ultimate determination and recommendation will be provided to the Board in advance of the September 9<sup>th</sup> meeting. Finalizing this recommendation requires information that is not available at this time, but is expected to be received by no later than Tuesday, September 8, 2020.

**RECOMMENDATIONS:**

1. The next Planning Board meeting for this application should address traffic. The following items should be completed prior to this meeting:
  - NH DOT review,
  - Peer review by VHB,
  - Town staff review, and
  - Any potential revisions resulting from these reviews have been made and reviewed to the satisfaction of the above parties.
2. The applicant should make every effort to provide the necessary deliverables two (2) weeks in advance of the meeting, but no later than one (1) week, not including the date of the meeting.
3. VHB and NH DOT should both attend the traffic meeting and be prepared to make testimony as necessary.



September 1, 2020

Planning Board  
 Town of Hudson  
 Attn: Brian Groth, Town Planner  
 12 School Street  
 Hudson, NH 03051

RE: Hudson Logistics Center – Site Plan, Subdivision and Conditional Use Permit Applications  
 Fiscal Impact Report – Supplemental Responses

Dear Brian,

On behalf of the Applicant, Hillwood Enterprises, L.P., I am pleased to provide this response to comments on the fiscal impact report we prepared for the proposed Hudson Logistics Center. My response focuses on comments provided to the Planning Board by Mr. James Michaud, the Town’s Chief Assessor, and Mr. Russ Thibeault, peer review consultant for the Planning Board.

The main issues we were asked to address involve the estimated or projected revenue the development will provide, and the estimated cost of municipal services. The first part of this response addresses the revenue estimate and the second part, municipal service costs.

#### **PROPERTY TAX REVENUE**

We were asked to revise our estimate of the project’s assessed value by applying equalization ratios to bring the comparison communities and Hudson to a consistent year. We have done so. Our methodology can be found in **Attachment A**. We also were asked to report a breakdown of *total* tax revenue, including the county share. After equalizing the values and recalculating the tax revenue, we arrive at the following estimate:

|                                      |             |
|--------------------------------------|-------------|
| Hudson Logistics Center Tax Revenue: | \$5,124,342 |
| <i>Schools</i>                       | \$3,431,389 |
| <i>Municipal</i>                     | \$1,402,372 |
| <i>County</i>                        | \$290,582   |

*\*Numbers may not total due to rounding*

We believe the most important tax revenue component is that which directly supports the Town’s operating budget, i.e., the municipal share, \$1,402,372. Having been asked by Mr. Michaud to report all of the tax revenue, including the county share (which we originally omitted), we will do so in this supplemental memo.

We asked Mr. Michaud or Mr. Thibeault to review the equalization methodology presented in Attachment A. To the best of my knowledge, the methodology is acceptable to them. That said, I realize that questions remain about the comparability of the logistics centers in Londonderry to the proposal in Hudson. Since the Londonderry projects are smaller and the buildings are not as tall, the cubic volume in the F.W. Webb and UPS facilities is less than what would exist in Hudson. These differences could make my assessed value estimate in Hudson lower than it should be. However, I have worked with the closest comparables I could find in New Hampshire, and I would rather make a conservative estimate than an inflated one.

### **ESTIMATED SERVICE COSTS**

Mr. Thibeault recommended that I present the estimate of municipal service costs as a range (high-low) rather than as a fixed number. He also suggested that I use a second fiscal impact methodology and compare the results to the model I used in our original report.

### **Proportional Valuation**

First, I need to adjust our first estimate of municipal service costs. The revised, higher assessed value we arrive at once we equalize the values has an impact on the estimated service costs. This is because the Proportional Valuation (PV) model we used for this analysis is sensitive to the value of new development. PV is specifically used to estimate the impact of *nonresidential* development. It consists of three parts. First, it holds that what a community spends on services for nonresidential land uses (commercial and industrial) can be inferred from the proportion of the tax base that is comprised of commercial or industrial property. Second, after establishing what the community currently spends to serve nonresidential land uses, PV provides analysts with a tool for estimating what the community would spend to serve a new commercial or industrial project. In both steps – determining the existing condition and estimating the cost-of-services impact of a new development – the model has some built-in mechanisms to account for differences in scale of nonresidential projects. Third, after estimating the cost of services for a new project, PV provides working assumptions for dividing the new costs among municipal departments. The analyst has to decide how best to apply those assumptions, which means it is a judgment call based on available information.

Most of the scholarship on PV comes from the Center for Urban and Regional Policy (CURP) at Rutgers. We follow the Rutgers approach, which is one of the generally accepted fiscal impact models for commercial and industrial land uses. It calls for adjusting the straight proportional value when the nonresidential base is quite large or quite small relative to the overall assessed value of the community. This is where the concept of a *refinement coefficient* comes into play. In his memo to the Planning Board, Mr. Michaud asked why we used a coefficient of 0.740 as opposed to some other number. I apologize for being unclear. It is because 0.740 is based on the coefficients from CURP for the PV model. To avoid a lengthy technical report on the PV model here, I think the more important item is not the coefficient Mr. Michaud asked about. Instead, it was the *second* coefficient in our June 23, 2020 report – the one that appears in Row T of the chart we have recreated here in **Attachment B**. This number adjusts for scale for the *new project*.

Increasing the estimated value of the Hillwood development also increases the estimated cost of services. If you turn to Attachment B, you will see that the top part of the chart – down to Row P – has not changed. This is the analysis of Hudson's existing tax base and our estimate of what the Town currently spends to

serve nonresidential development, using the proportional valuation model.<sup>1</sup> The change happens in the lower part of the chart. The refinement coefficient changes because the project’s estimated value, adjusted for equalization, has changed. The revised estimate of service costs using proportional valuation is \$320,700, an increase of \$79,900 over our original projection (\$240,800). The cost-to-revenue ratio – 6 cents of spending for every \$1.00 in revenue – has not changed.

**Modified Marginal Cost**

A second option for estimating the impact of nonresidential development is a type of marginal cost analysis very similar to the approach Mr. Thibeault used when he reviewed the then-proposed Prologis-UPS facility in Londonderry (2014). This approach requires the analyst to take the following steps:

- Identify departments that are most likely to experience a direct impact from a proposed development;
- Determine the components of their budgets that may be directly affected by the project (since some types of costs are more sensitive to growth than others); and
- Using a method very similar to the PV model I explained above, allocate portions of these departmental budgets both to the existing nonresidential base and the new project. This procedure helps to determine how much of a community’s current spending on municipal services is necessary to support commercial and industrial development, and how much a new project might change the existing condition.

This second approach, as shown in **Attachment C**, produces an estimate of new service costs of \$503,690 (rounded). The projected revenue does not change, but the net revenue is less than the amount we arrive at with the PV model. The modified marginal cost approach produces a cost-to-revenue ratio of 10 cents of spending for every \$1.00 in revenue.

**Summary**

The following table compares the results of these two approaches to estimating municipal service costs. We provide these totals as the high and low estimate of fiscal impact.

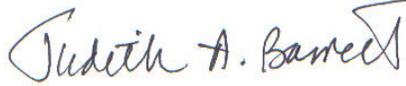
| Estimated Costs and Net Revenue |                       |                   |             |                    |             |
|---------------------------------|-----------------------|-------------------|-------------|--------------------|-------------|
| Revenue Component               | Estimated Tax Revenue | Lower Range Costs | Net Revenue | Higher Range Costs | Net Revenue |
| Total Taxes                     | \$5,124,300           | \$322,700         | \$4,801,600 | \$503,700          | \$4,620,600 |
| Municipal                       | \$1,383,600           | \$322,700         | \$1,060,900 | \$503,700          | \$879,900   |
| <i>School/State</i>             | <i>\$563,700</i>      |                   |             |                    |             |
| <i>School /Local</i>            | <i>\$2,869,600</i>    |                   |             |                    |             |
| <i>County</i>                   | <i>\$307,500</i>      |                   |             |                    |             |

<sup>1</sup> Mr. Michaud asked about the operating budget figure we used in our analysis, \$33,131,290. That is the sum of all the budget items in the budget spreadsheet we received from Hudson’s finance director on May 13, 2020. We have retained that number in our analysis. If we used the lower operating budget number Mr. Michaud mentioned in his memo, \$28,232,697, our cost projection would be lower as well. We usually do not include warrant article appropriations in this kind of analysis. If we did, and we adopted Mr. Michaud’s higher figure of \$34,105,621, it would have virtually no impact on this report. This is because the higher figure includes already-planned water and sewer projects that one would not include in a fiscal impact study.

Please let me know if you have any questions. I look forward to discussing this project at the Planning Board's meeting next week. I also want to thank Mr. Thibeault and Mr. Michaud for their ongoing and invaluable assistance.

Sincerely,

**BARRETT PLANNING GROUP LLC**

A handwritten signature in cursive script that reads "Judith A. Barrett". The signature is written in black ink and is positioned above the printed name and title.

Judith A. (Judi) Barrett  
Owner and Managing Director

**ATTACHMENT A**  
**Equalized Value Analysis**

|                                            | Equalization Adjustment                       | Original Estimate | Adjusted for Equalization |
|--------------------------------------------|-----------------------------------------------|-------------------|---------------------------|
|                                            | <b>Part. I. Londonderry Sites</b>             |                   | <b>0.981 EQ</b>           |
| F.W. Webb                                  | Value per sq. ft.                             | \$60.08           | \$61.24                   |
|                                            | Land value per sq. ft.                        | \$3.38            | \$3.44                    |
| UPS                                        | Value per sq. ft.                             | \$62.92           | \$64.14                   |
|                                            | Land value per sq. ft.                        | \$4.04            | \$4.12                    |
| Equalized Values (Average)                 | Value per sq. ft.                             |                   | \$62.69                   |
|                                            | Land value per sq. ft.                        |                   | \$3.78                    |
| Application to Hudson Logistics Facilities | Hillwood Bldgs sq. ft.                        | 2,602,400         | \$163,140,889             |
|                                            | Hillwood Land (acres)                         | 367.4             | <u>\$60,480,531</u>       |
|                                            | Total                                         |                   | \$223,621,420             |
|                                            | <b>Part II. Hudson Equalization</b>           |                   | <b>0.885 EQ</b>           |
| Revenue Projection                         | Equalized Value, Hudson (\$223,621,420/0.885) |                   | \$252,679,571             |
|                                            | Existing tax rate                             |                   | \$20.28                   |
|                                            | Revised tax revenue estimate                  |                   | \$5,124,300               |
|                                            | <i>Municipal</i>                              |                   | \$1,383,600               |
|                                            | <i>Schools</i>                                |                   | \$3,433,300               |
|                                            | <i>County</i>                                 |                   | \$307,500                 |

\*Numbers may not total due to rounding

**ATTACHMENT B**  
**Proportional Valuation Analysis, Updated**

|   | Input                                                              | Original 6/23/20 | Revised 9/1/20   |
|---|--------------------------------------------------------------------|------------------|------------------|
| A | Municipal Operating. Budget                                        | \$33,131,300     | \$33,131,300     |
| B | Non-Residential Real Property Value                                | \$384,101,400    | \$384,101,400    |
| C | Total Real Property Assessed Value                                 | \$3,128,960,800  | \$3,128,960,800  |
| D | Ratio (C / D)                                                      | 0.123            | 0.123            |
| E | Non-Residential Parcels                                            | 714              | 714              |
| F | Total Parcels                                                      | 9,662            | 9,662            |
| G | Average Value: Non-Residential Parcel (B / E)                      | \$538,000        | \$538,000        |
| H | Average Value: All Parcels (C / F)                                 | \$323,800        | \$323,800        |
| I | Ratio (G / H)                                                      | 1.66             | 1.66             |
| J | Refinement Coefficient                                             | 0.740            | 0.740            |
| K | Non-Residential Expenditures (A * D * J)                           | \$3,009,600      | \$3,009,600      |
| L | Residential Expenditures (A – K)                                   | \$30,121,600     | \$30,121,600     |
|   | Estimated Expenditure by Function for Nonresidential Development   |                  |                  |
| M | Public Safety (Police, Fire, EMS, Inspections) 45%                 | \$1,354,300      | \$1,354,300      |
| N | Public Works (Roads, Drainage, Equipment Maintenance) 30%          | \$902,900        | \$902,900        |
| O | Other (Admin & Finance, Other Services) 25%                        | <u>\$752,400</u> | <u>\$752,400</u> |
| P | Total (K)                                                          | \$3,009,600      | \$3,009,600      |
|   | <b>Impact of Proposed Facility</b>                                 |                  |                  |
| Q | Estimated Assessed Value                                           | \$221,824,400    | \$252,679,571    |
| R | Ratio, New Value to Total Existing Nonresidential Value (Q / B)    | 0.58             | 0.66             |
| S | Ratio, New Value to Existing Average Nonresidential Value ( Q / G) | 412.35           | 469.70           |
| T | Refinement Coefficient                                             | 0.1386           | 0.163            |
| U | Increased Cost of Services (P * R* T)                              | \$240,800        | \$322,700        |
|   | Estimated Expenditure by Function for Proposed Facility*           |                  |                  |
| W | Public Safety (Police, Fire, EMS, Inspections)                     | \$168,600        | \$225,900        |
| X | Public Works (Roads, Drainage, Equipment Maintenance)              | \$24,100         | \$32,300         |
| Y | Other (Admin & Finance, Assessor, Other Services)                  | \$48,200         | \$64,500         |
|   | Development Tax Revenue                                            | \$4,243,500      | \$5,124,300      |
|   | Cost-revenue ratio                                                 | 0.06             | 0.06             |

**ATTACHMENT C**  
**Modified Marginal Cost**

Part I. Services Potentially Affected by Hudson Logistics Center

|   | <b>Budget Component/Department</b>                                                   | <b>FY20 Budget &amp; Adjustments<sup>2</sup></b> | <b>Variable Cost</b> | <b>Variable Budget</b> |
|---|--------------------------------------------------------------------------------------|--------------------------------------------------|----------------------|------------------------|
| A | Administration                                                                       | \$633,290                                        | 10%                  | \$63,300               |
| B | Assessing                                                                            | \$431,642                                        | 10%                  | \$43,200               |
| C | Public Works                                                                         | \$4,128,976                                      | 10%                  | \$412,900              |
| D | Land Use                                                                             | \$724,147                                        | 10%                  | \$72,400               |
| E | Police                                                                               | \$8,379,220                                      | 50%                  | \$4,189,600            |
| F | Fire                                                                                 | \$6,661,477                                      | 50%                  | \$3,330,700            |
| G | Recreation                                                                           | \$491,959                                        | 5%                   | \$24,600               |
| H | Shared Costs                                                                         | \$2,643,923                                      | 10%                  | \$264,400              |
| I | Total Variable Costs                                                                 |                                                  |                      | \$8,401,100            |
| J | Allocable to Nonresidential Development (%) <sup>3</sup>                             |                                                  |                      | 9.08%                  |
| K | Allocable to Nonresidential Development (\$)                                         |                                                  |                      | \$763,160              |
| L | Hudson Logistics Center est. value percent of existing nonresidential assessed value |                                                  |                      | 66%                    |
| M | Est. costs allocable to Hudson Logistics Center                                      |                                                  |                      | \$503,700              |

<sup>2</sup> Figures are from “FY20 Actual v Budget” (Excel), from Finance Department, May 13, 2020. Police, Fire, other departmental budgets include amounts reported by Town for union contracts settled.

<sup>3</sup> From Attachment B, Proportional Valuation. 9.08% is the PV-adjusted nonresidential share of total municipal expenditures (Rows K and L).

**Groth, Brian**

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**From:** Lisa <lrdmba17@gmail.com>  
**Sent:** Monday, August 24, 2020 11:28 AM  
**To:** Groth, Brian; Planning; Malizia, Steve; McGrath, Marilyn

Bert & Lisa Masse  
7 Moose Hill Rd.  
Hudson, NH 03051

August 24, 2020

Dear Board of Selectmen,

I attended the meeting on August 12th regarding the Proposed Hudson Logistics Center. My husband and I are **100% against** this venture. We have lived in Hudson for over 20 years at different locations. Lowell Road is already heavily congested. The Planning Board denied Walmart's request to make it a Super Walmart. They also denied the request for the concert venue/casino at the same location, where Amazon wants to build. The logistics center is far worse than those other two proposals combined. We hope they deny this request as well. The peer review representative said this is the largest proposal that N.H. has ever seen. Hudson doesn't need more air and noise pollution. The wildlife in that area will suffer as well.

The environment will suffer, the pollution will increase, the frustration from the traffic will be unbelievable, the noise level from all the extra activity will be "city life at it'sworst"! There is not one good reason why this Proposed Center should be considered in our eyes.

We are both registered voters here in Hudson and we certainly hope you will consider all of the above before making a decision for this proposed nightmare.

Respectfully submitted,

Bert & Lisa Masse

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## Groth, Brian

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**From:** Arlene Campbell <aschwcamp@yahoo.com>  
**Sent:** Tuesday, August 25, 2020 12:00 PM  
**To:** Groth, Brian  
**Subject:** Upcoming Amazon project

Greetings Mr. Groth,

I was reading in the Union Leader about the Amazon plan at the Green Meadow Golf area. I wanted to tell you that, from my perspective, this looks like a really good plan. They are taking every precaution to preserve the area and respect the abutters. They are leaving conservation land and a large space between their warehouses and the road. This is an opportunity for our town to provide many types of jobs, at many different educational levels. It is also a tax resource. I am hopeful that the town did not cut a deal with Amazon to reduce their tax to the town and the state. New York continues to regret that they did not snatch up this opportunity when it came to them. I hope we will not do the same.

A previous buyer of that property had spoken of putting their own on and off ramps to Route 3. If Amazon were willing to do that, our citizens would have no gripes left. Many of the people who live around that area of town are friends and people I respect a great deal. And I understand their concerns. I feel they are somewhat unfounded. As far as property value, I do not see this as having any influence. If anything, it may enhance it. Having jobs for teenagers that would otherwise be idle, is a sell point for me!

Anyway, I wanted to share a yes vote for this project. If I have sent this to the wrong person, I would respectfully ask that you forward it appropriately.

Sincerely,

Arlene Campbell  
3 Jeremy Lane  
Hudson, NH 03051

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ACQUISITION & DEVELOPMENT  
ASSET MANAGEMENT  
PROPERTY MANAGEMENT

August 27, 2020

**Via Overnight Mail and Electronic Mail:**

Brian Groth  
Planning Director; Town of Hudson NH  
12 School Street  
Hudson, NH 03051  
E-mail: bgroth@hudsonnh.gov

**RE: 267 Lowell Road, Hudson, NH**

Dear Brian,

Thank you for taking the time to meet with me and the representatives of our tenant at 267 Lowell Road, Mercury Systems, to discuss the proposed development adjacent to our property.

Both the tenant and our property currently enjoy unimpeded access to the light at Lowell Road as well as operational privacy. And we certainly understand that the easement that allows our access and egress also allows use and reconfiguration by others. However, I am reasonably confident that the easement was not originally given with the intent that it would be used for the level of heavy, 24/7, 365 day traffic that the Amazon/Hillwood development will certainly generate.

I know that both Hudson and the State of New Hampshire are closely evaluating the various traffic studies connected with this proposal as well as all of the other aspects of this development and their potential impact on the community. Until and unless we can be satisfied that the project will not interfere with the normal operation of our building and tenant, including access and egress to our building and privacy, we cannot support this project and will continue to participate in active opposition to this development.

Suzanne Leblanc from Mercury Systems has copied me on her correspondence to you and the Planning Board and we are in complete agreement with Mercury's position regarding this project.

Very truly yours,

Howard A. Goldenfarb

Manager

267 Lowell Rd Hudson LLC

CC: Suzanne Leblanc; Mercury Systems

## Groth, Brian

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**From:** Linda Zarzatian <zarzatian@gmail.com>  
**Sent:** Wednesday, September 2, 2020 1:30 PM  
**To:** Groth, Brian; ~BoS; Planning  
**Subject:** hillwood

I would like to state that it is quite interesting to me that we had to hire a part time planner to assist with this proposed project of hillwood. That is another confirmation that this proposed project will be costing the town of Hudson additional funds in every single way. Hiring another planner now?

I would also like to address the extreme noise on rte 3A in southern Hudson. it has drastically gotten worse and worse since I purchased the house in 1976. The road has been widened and people have lost part of their land. To even think this may happen again is so concerning. We have had enough reconstruction at the Pete's Gun Shop intersection. To change this up again for the ease of 18 wheelers to come and go into this monstrous facility would be horrible for all of us trying to live here.

I am pretty sure the noise here is of the highest level and probably already exceeding the limits. We can not have more noise! It will be beyond difficult to live with 18 wheelers, never mind all the other traffic going and coming to and from this facility and still be safe. Impossible!

God forbid this project is approved and I repeat, God forbid it is approved, and by the way it will be at your hand if it is approved, I can not imagine what we can do. We will not be able to live with all the horror it brings. We will not be able to sell our home and find something we could afford for the pennies we will get for said homes.

If it is approved we will need town sewerage also, Hillwood can pick up that expense. If they can torchure us for years they can supply us with town sewerage, like they will have.

I trust you will do whatever it takes to keep us safe from this life changing project. Keep all of Hudson and surrounding towns safe from hillwood.

I trust you want to keep Hudson on the list of one of the top places to live in this entire country. Hillwood will take that well acquired rating from us, that's for sure! Do not let that happen, I beg you!

As always, sorry I can not be present, due to the coronavirus pandemic, pandemic, This is a terrible time to try and allow us to be involved with our own lives, yet not! I continually thank all who are strong and brave enough to go and try to save us from this horrible facility.

Sincerely,  
Linda Zarzatian  
603-759-2738  
4 Bruce Street

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