

HUDSON LOGISTICS CENTER

H HILLWOOD
A PEROT COMPANY®

MAKING
COMMUNITIES
WORK BETTER

PREPARED FOR:
PLANNING BOARD
SEPTEMBER 2020



FISCAL IMPACT



What is a fiscal impact analysis?

- The revenues and cost of services **directly associated** with a proposed development
- Key question: can the proposed development pay for itself?
- An **estimate** based on **best available information**
- Is **one component** of analyzing the development's impact on Hudson

FISCAL IMPACT ANALYSIS

Approach

- Interviews: Hudson Police, Fire, Public Works, Town Administrator, Planner, Finance Director, Assessor (in some cases, twice)
- Reviewed and analyzed municipal budget by department, gathered departmental data
- Conducted site visit on weekend, weekday rush hour
- Sought public safety data, observations/experience, thoughts about logistics center pros and cons from Londonderry and Raymond even though sites have comparability limitations
- With no similar project operating in Hudson, we employed an “average cost” fiscal impact model known as proportional valuation to estimate new cost of services in Hudson

WHAT IS PROPORTIONAL VALUATION?

- Model for estimating the fiscal impact of nonresidential land uses
- **Models** help to quantify information that isn't readily available or knowable
- Proportional valuation tries to answer the “unknown” – the cost of serving commercial or industrial development – with a “known,” or the assessed value of those land uses
- Theory: the relative contribution of commercial and industrial property to total assessed valuation is indicator of what the town spends to serve them
- The higher the value, the higher the cost of services
- Proportional valuation = proportional cost of municipal services – with some adjustments for scale

FISCAL IMPACT ANALYSIS

Our original estimate

Estimate of Assessed Value	\$221,824,400
Estimated Property Taxes	\$4,243,500
Estimated Community Service Costs	\$240,800
<i>Public Safety (Police, Fire, Inspectional Services)</i>	\$168,600
<i>Public Works</i>	\$24,100
<i>General Government</i>	\$48,100
Net Revenue	\$4,002,700

Cost-Revenue Ratio: 0.056

State Code	Dept #	DEPARTMENT	FY 2019
General Fund			
4199	5020	Trustees of Trust Funds	2,124
4195	5025	Cemetery Trustees	5
4140	5030	Town Clerk/Tax Collector	374,689
4140	5041	Moderator	19,799
4140	5042	Supervisor of The Checklist	4,364
4199	5050	Town Treasurer	8,074
4199	5055	Sustainability Committee	966
4520	5063	Benson Park Committee	53
4199	5070	Municipal Budget Committee	242
4140	5077	IT - Town Clerk/Tax Collector	2,353
4199	5080	Ethics Committee	0
TOTAL TOWN OFFICERS			412,668
4130	5110	Board of Selectmen/Administration	365,578
4194	5115	Town Facilities	0
4194	5120	Town Hall Operations	99,804
4194	5125	Hudson Community Center (transfer to 5814)	71,677
4194	5135	Senior Center Facility (transfer to 5814)	19,883
4442	5151	Town Poor	47,101
4130	5177	IT - Town Admin	832
TOTAL ADMINISTRATION			604,875
4153	5200	LEGAL	113,323
4150	5310	Finance Administration	180,990
4150	5320	Accounting	258,221
4150	5377	IT - Finance	1,419
TOTAL FINANCE			440,630

Received written comments from Russ Thibeault, peer review consultant, and Jim Michaud, chief assessor

Peer Review, Assessor Comments

Main points:

- Equalize the comparison property values in Londonderry with Hudson
- Source of budget numbers
- Consider second model for comparison purposes

EQUALIZATION ADJUSTMENT

	Equalization Adjustment	Original Estimate	Adjusted for Equalization
	Part. I. Londonderry Sites		0.981 EQ
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
	Part II. Hudson Equalization		0.885 EQ
	Equalized Value, Hudson (\$223,621,420/0.885)		\$252,679,571
Revenue Projection	Existing tax rate		\$20.28
	Revised tax revenue estimate		\$5,124,300
	Municipal		\$1,383,600
	Schools		\$3,433,300
	County		\$307,500

*Numbers may not total due to rounding

COST ANALYSIS ADJUSTMENT

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

SECOND FIA MODEL

	Budget Component/Department	FY20 Budget & Adjustments	Variable Cost	Variable Budget
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 (%)			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

¹ 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.

² From Attachment B, Proportional Valuation. 9.08% is the PV-adjusted nonresidential share of total municipal expenditures (Rows K and L).

MODEL COMPARISONS

Revenue Component	Estimated Tax Revenue	Estimated Costs and Net 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
School/State	\$563,700				
School /Local	\$2,869,600				
County	\$307,500				

First model: net revenue ratio 6 cents per dollar of tax revenue

Second model: net revenue ratio of 10 cents per dollar of tax revenue

FISCAL IMPACT ANALYSIS

- Potential Economic Development Benefits: Hudson Area
 - Direct Jobs Estimate: 1,400
 - Direct Wages: \$81,536,000
 - Indirect Jobs Estimate: 420
 - Induced Jobs Estimate: 574
 - Construction Jobs Estimate: 833

THANK YOU

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Amazon workers pay starts at a minimum of \$15/hr.

5% of the jobs are management and tech-related that earn higher salaries.

TENANT

AMAZON AT HUDSON LOGISTICS CENTER

Regular full-time employee benefits:

- Health
- Amazon's 401(k) plan
- Company-paid basic Life and Accidental Death and Dismemberment Insurance
- Restricted Stock Units (RSUs)
- Maternity and Parental Leave
- Time Off
- Amazon.com Employee Discount
- Career Choice

The Amazon Career Choice Programme is an innovative programme offered to hourly employees that pre-pays 95% of the cost of tuition, textbooks, and related fees so employees can focus on their studies and not the expense.