

Fiscal Impact Analysis

Planned Mixed-Use Redevelopment of Wellesley Office Park

January 17, 2019

Prepared For John Hancock Real Estate

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

FOUGERE PLANNING & DEVELOPMENT, Inc.

Mark J. Fougere, AICP

Phone: 603-315-1288 Email: Fougereplanning@comcast.net

FISCAL IMPACT ANALYSIS

Wellesley Office Park Redevelopment

January 17, 2019

I. Introduction

Fougere Planning and Development has been engaged by John Hancock Real Estate to undertake a Fiscal Impact Analysis to assess the estimated new revenue the Town of Wellesley may realize while taking into account the potential service demands that may result from the proposed redevelopment of the Wellesley Office Park into a mixed-use development pursuant to the adoption of a 40R “Smart Growth” overlay zoning district that will provide the flexibility to enable the redevelopment of the Wellesley Office Park for a mix of uses.

This analysis is based upon a phased conceptual master-planned redevelopment of the property. The initial phase of the redevelopment consists of a new 350 unit apartment community in place of the existing 76,000+/- square foot office building at 40 William Street, which is planned to be razed to accommodate this project. This initial phase will include a new parking garage to be shared with the existing office building at 20 William Street and may also include approximately 5,900 square feet of new amenity retail space. Twenty-five percent of the apartments in this initial residential development will be “affordable”, thereby advancing a key goal of the Town’s newly-adopted Housing Production Plan by producing affordable housing units available to local Wellesley residents and by ensuring that all 350 units will count on the Town’s Subsidized Housing Inventory. It is anticipated that this initial phase will be completed within 3 years.

The master plan for the Wellesley Office Park contemplates further redevelopment that could be realized under the new 40R zoning regulations. Any such further redevelopment will proceed in discrete phases, depending on market conditions, and is unlikely to commence sooner than the completion of Phase I, so as not to adversely impact existing uses within the office park. Despite this uncertainty, this analysis studies a potential

“completed” master plan redevelopment scenario to provide an understanding of the potential municipal impacts that could be realized by approval of the 40R overlay zoning.

This scenario, which shall be described as the “Master Plan,” contemplates a redevelopment of additional parcels on the site resulting in (i) up to 250 additional multifamily residences (also 25% affordable), (ii) a new, select service hotel, (iii) 5,600 additional square feet of amenity retail space and (iv) a new 240,000+/- square foot Class A office building. In terms of site impacts, as shown conceptually on the Master Plan, these potential new uses would likely require razing additional existing buildings on the site; an additional multifamily community could replace the 31,207 square foot office building fronting the Charles River at 65 William Street. A new Class A office building of approximately 240,000 square feet could be developed in the place of the existing office buildings located at 60 and 80 William Street containing, in total, 125,002 square feet of office space.. Table One outlines this project mix contemplated by the Master Plan.

Table One
Phase One¹
(removes 76,000+/- sf office at 40 William St)

Unit Type	Market	Affordable	Total
Studio	26	9	35
One Bed	131	44	175
Two Bed	79	26	105
Three Bed	26	9	35
Totals	262	88	350
Amenity Retail	5,900 Sq. Ft.		

Later Phases of the Master Plan¹
(would replace 156,000+/- sf of office by razing 3 buildings at 60, 65 and 80 William St)

Unit Type	Market	Affordable	Total
Studio	19	6	25
One Bed	94	31	125
Two Bed	56	19	75
Three Bed	19	6	25
Totals	188	62	250
Amenity Retail	5,600 Sq. Ft.		
Hotel	120 Rooms		
Office Space	241,200 Sq. Ft. ²		

¹ Unit mix is preliminary and subject to change.

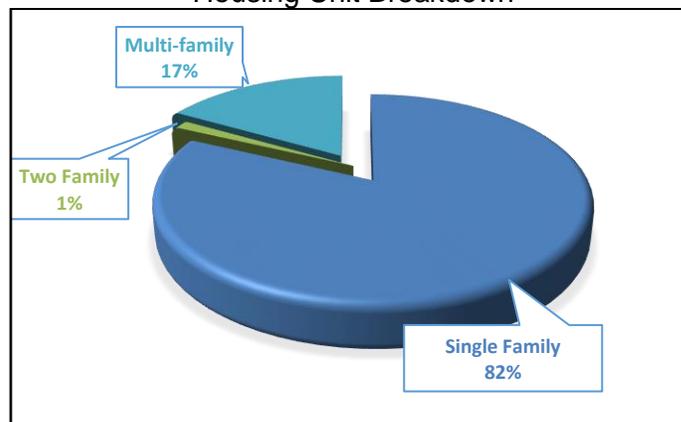
² Net “new” office area will be 116,198 Sq. Ft. as two office buildings presently exist that total 125,002 Sq. Ft.

II. Local Trends

Census figures³ report that from 2000 to 2010 Wellesley's population increased from 26,613 to 27,982, showing a 5.1% growth rate over the 10-year period. The Census Bureau estimates the 2016 population to be 28,909, indicating a continued – but more modest -- increase (only 3.3%) in the Town's population. From 2000 to 2016, children under 5 years of age have decreased from 7.3% of the community's population to 4.9%, highlighting the decreasing school enrollment trend which will be further discussed later in this Report.

As identified in the Housing Production Plan, the Town's housing stock is critically lacking in rental housing options (and affordable units in particular), as a majority of Wellesley's housing stock consists of single family homes, with the most recent Census data (2016) reporting 7,490 units out of a total housing stock of 9,134 units as outlined in Figure 1.

Figure 1
Housing Unit Breakdown



Budget

Education, along with the Public Safety departments, are some of the largest cost centers in the community as outlined in Table Two and therefore will be the primary focus of this analysis as they relate to the potential redevelopment of the office park.

³ US Census, Factfinder 2012-2016.

Table Two
Town Budgets 2017 - 2019

Department	2017	2018	2019
Education	\$69,524,634	\$71,950,648	\$74,428,918
General Government	\$10,497,893	\$7,770,662	\$7,415,274
Facilities Maintenance	\$7,063,089	\$7,649,404	\$8,029,259
Public Works	\$6,976,624	\$6,763,669	\$7,027,888
Public Safety	\$11,752,898	\$11,858,251	\$12,503,493
Library & Recreation	\$2,717,840	\$2,785,937	\$2,890,485
Employee Benefits	\$26,304,938	\$28,406,725	\$30,049,712
Debt Service	\$16,522,953	\$16,740,608	\$16,554,172
Reserve & Insurance	\$696,651	\$715,454	\$710,679
Cash Capital	\$5,152,079	\$6,703,374	\$5,305,108

III. Per Capita Methodology & Marginal Cost Approach

There are a number of methodologies that are used to estimate fiscal impacts of proposed development projects. The Per Capita Multiplier Method is the most often used analysis to determine municipal cost allocation. This method is the classic “average” costing method for projecting the impact of population growth on local spending patterns and is used to establish the costs of existing services for a new development. The basic premise of this method is that current revenue/cost ratios per person and per unit are 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 that the methodology calculates the “average” cost as being the expected cost, which is often not the case and costs are exaggerated - significantly in some instances. (For example, if one student is added to a school system, limited cost impacts will occur; however based on an “average” cost to educate one student the cost could be noted as \$15,000/year, which includes such costs as existing debt, building maintenance, administrative and other factors, all of which will be minimally impacted by the addition of one student. The “true cost” could be significantly less, especially in those communities with declining enrollment.)

The Marginal Cost Approach is a more realistic methodology that can be used to estimate and measure developmental impacts based on actual costs that occur in the community. At this time, a “level of service” exists in Wellesley to serve the community. This existing

service level, for the most part, addresses the needs of the community through existing tax collections. As new development occurs, pressures are placed on some departments to address increased demands, while other departments experience negligible, if any impacts. In reviewing the potentially impacted town departments specifically, a truer picture of anticipated cost impacts can be determined.

Given the nature of the contemplated redevelopment of the Wellesley Office Park, as will be shown by the analysis below, measurable impacts will be limited to a few Town departments. Any required off-site traffic and roadway improvements are expected to be addressed during the approval processes with the Town and MassDOT, and may be documented in a development agreement with the Town. Solid waste generated by new buildings within the office park will be removed by a private hauler, consistent with existing practices. Any ongoing sewer and water expenses associated with potable water use and sewage generated by new uses within the office park will be offset through user fees, and the costs of any required municipal utility upgrades are in the process of being assessed and are expected to be addressed in a development agreement between the Town and the property owner. All on-site property improvements will be private and all maintenance expenses will be paid for by this project owner. The existing sewer pump station may be upgraded with the initial phase of redevelopment and the property owner is prepared to take sole responsibility for its future maintenance costs, thereby relieving the community of any associated cost burden. This report does not intend to imply that no costs will occur as a result of this project. Measurable impacts of the redevelopment are expected to result to a few Town departments, most notably the School Department along with the Police and Fire Departments. Other Town agencies are projected to experience little or no measurable impacts from the redevelopment of the office park.

IV. Local Revenues from Development

1) Revenue

Local property taxes provide the bulk of general fund revenues for the Town, with fiscal year 2018 figures showing that 75.2% will be generated from this revenue source, with the remaining income being received from state aid and local receipts. The 2018 tax rate for the Town is \$11.95.

Table Three outlines the estimated municipal tax revenue that may be generated by the redevelopment, based upon the anticipated assessed value⁴ for both Phase I & the remainder of a completed Master Plan. To arrive at this estimated value, local and regional properties were analyzed in order to estimate assessments (see list of properties in Appendix). In addition, discussions took place with Town Assessing officials. Based upon these values, Phase I will generate \$1,237,602 in gross annual property tax revenue and the completion of the Master Plan could generate an additional \$2,164,480 annually. For planning purposes, assuming the completion of both the Phase I project and the remainder of the Master Plan, the total property tax revenue realized to the Town would amount to \$3,402,081 annually.

Table Three
Estimated Property Tax Revenue

Phase 1	Value/Unit	Total Value	Tax Revenue
350 Apt. Units	\$290,000	\$101,500,000	\$1,212,925
Comm. Space 5,900 Sq. Ft.	\$350/sq. ft.	\$2,065,000	\$24,677
Phase I Annual Revenue⁵			\$1,237,602
Phase II	Value/Unit	Total Value	Tax Revenue
250 Apt. Units	\$290,000	\$72,500,000	\$866,375
Hotel 120 Keys	\$105,000	\$12,600,000	\$150,570
Office - 241,200 sq. ft.	\$390 Sq. Ft	\$94,068,000	\$1,124,113
Comm. Space - 5,600 Sq. Ft.	\$350/Sq. Ft.	\$1,960,000	\$23,422
Phase II Annual Revenue⁶			\$2,164,480
Total Revenue Phase I & II			\$3,402,081

2) Miscellaneous Yearly Revenues

Another major revenue source for the community is from motor vehicle excise taxes. In fiscal year 2017, the Town received a total of \$5,451,064⁷ from this revenue source. Table Four outlines the projected excise tax revenue stream for the redevelopment project, which is estimated to be \$210,000 annually from Phase I and \$150,000 from the remaining elements of the Master Plan.

⁴ Assessments are based on current market conditions and assume high occupancy rates for all uses.
⁵ The existing office space at 40 William Street currently generates \$277,407 in property tax payments; its replacement with Phase I project will result in a net increase in property taxes of \$709,245 annually.
⁶ The buildings at 60, 65 and 80 William Street currently generate \$568,688 in property tax payments; replacement of these buildings with a redevelopment comparable to the Master Plan will result in an additional net increase in property taxes of \$1,595,792.
⁷ Town Report.

Table Four
Motor Vehicle Excise Taxes

	Phase I	Master Plan
Avg. Car Value	\$20,000	\$20,000
Total Cars ⁸	420	300
Total Value	\$8,400,000	\$6,000,000
Excise Rate	\$25/\$1,000	\$25/\$1,000
Est. Excise Taxes	\$210,000	\$150,000

3) Occupancy Tax

The Town of Wellesley assesses a 4% Occupancy Tax on hotel rooms and collected \$92,998 from this revenue source in 2017. Based on area market conditions and the assumptions outlined in Table Five, it is estimated that a 120 room hotel as contemplated in the Master Plan would generate \$306,600 in annual revenue.

Table Five
Estimated Annual Occupancy Tax Revenue

Hotel Tax	Occupancy Rate	Ave. Rate/Night	Yearly Income	Occupancy Tax
4.00%	70%	\$200	\$7,665,000	\$306,600

4) Total Revenues from Redevelopment

The planned redevelopment of the office park is expected to generate \$1,447,602 in annual tax revenue at the completion of Phase I, along with \$12,364 in CPA revenues. An additional \$2,621,080 could be generated annually upon the completion of the Master Plan, along with \$21,633 in CPA revenues; see Table Six. In this scenario, upon completion of the redevelopment contemplated by the Master Plan, total revenues (Phase I plus the remainder of the Master Plan) are estimated to be \$4,068,681 annually.

⁸ 1.2 cars per unit.

Table Six
Estimated Gross Revenues

Phase 1	Value/Unit	Total Value	Tax Revenue
350 Apt. Units	\$290,000	\$101,500,000	\$1,212,925
Vehicle Excise			
420 Vehicles	\$20,000/car	\$8,400,000	\$210,000
Comm. Space 5,900 Sq. Ft.	\$350/sq. ft.	\$2,065,000	\$24,677
Phase I Annual Revenue			\$1,447,602
CPA Surcharge 1%	\$1,236,407		\$12,364
<hr/>			
Master Plan	Value/Unit	Total Value	Tax Revenue
250 Apt. Units	\$290,000	\$72,500,000	\$866,375
Vehicle Excise			
300 Vehicles	\$20,000/car	\$6,000,000	\$150,000
Hotel 120 Rooms	\$105,000	\$12,600,000	\$150,570
Hotel Occupancy Tax 4%			\$306,600
Office - 241,200 Sq. Ft.	\$390 Sq. Ft.	\$94,068,000	\$1,124,113
Comm. Space - 5,600 Sq. Ft.	\$350/Sq. Ft.	\$1,960,000	\$23,422
Master Plan Annual Revenue			\$2,621,080
CPA Surcharge 1%	\$2,163,285		\$21,633
<hr/>			
Total Phase I & Master Plan			\$4,068,681
Total CPA Surcharge			\$33,997

5) Community Preservation Surcharge

In 2002 the Town adopted the Massachusetts Community Preservation Act (CPA), agreeing to a 1% surcharge on the total property taxes paid. Based on the estimated taxes from the proposed redevelopment, the CPA surcharge revenue is estimated to be \$12,364 annually from Phase I and \$21,633 from the completion of the remainder of the Master Plan as outlined in Table Seven. Upon completion of both Phase I and the remainder of the Master Plan, the total estimated revenue is estimated to be \$33,997 annually. As these funds are designated for a number of specific uses including preservation and affordable housing, they are not allocated to the general fund revenue but set aside for specific purposes outlined under the Act.

Table Seven
Estimated CPA Revenue

CPA	Property Tax Revenue	Estimated CPA Revenue
1% CPA Surcharge	Phase I \$1,236,407	\$12,364
1% CPA Surcharge	Phase II \$2,163,285	\$21,633

Other income sources were reviewed for this analysis but not included in the income figures. The Town receives state aid from a number of sources based upon the Town's population and school enrollments. The anticipated new residents will create demand for local services, thereby creating a positive impact on the local economy. In addition, one-time building permit fees will be paid to the Town, and the construction economy will be enhanced from this new development project.

6) 40R Payments

Also, to incentivize the adoption of zoning with greater housing density through the 40R overlay zoning process, the Massachusetts Department of Housing and Community Development (DHCD) provides communities one-time direct incentive payments in the form of so-called zoning incentive payments and bonus payments based on the number of residential units permitted as of right beyond the number permitted under existing zoning. Should the 40R overlay zoning district contemplated for the Wellesley Office Park allow for more than 500 multifamily housing units as-of-right, the town can expect to receive zoning incentive payments totaling \$600,000. In addition, the Town would be paid "bonus" payments of \$3,000 per unit by DHCD upon issuance of building permits for particular projects. If 600 total residential units were developed within the office park, these "bonus" payments would total approximately \$1,725,000 (this figure assumes that 25 housing units are permitted under existing zoning). For Phase I alone (350 units), the Town can expect zoning incentive payments and bonus payments to total approximately \$1,325,000. For the remainder of 250 residential units contemplated the Master Plan, the Town could realize an additional \$1,000,000 in incentive payments and bonus payments. Under c. 40R, these one-time 40R payments are intended to help the municipality defray municipal costs associated with resulting development, whether for deferred maintenance or capital costs associated with municipal infrastructure upgrades or for any other municipal purposes.

V. Department Impacts

As noted above, the Police, Fire and School Departments account for a significant percentage of the Town's operating expenses. These Departments employ the largest number of personnel and have the most dramatic impact on Wellesley's municipal budget. Given the large budgetary impact these Departments have on the Town, they are closely analyzed in this Report.

1) **Police & Fire**

Both the Police and Fire Departments will see a measurable increase in demand for services which can be attributed to the planned redevelopment of the office park. To gain a firm understanding of the degree of impact this redevelopment would have on these departments, over 2,400 units of housing within 40B apartment complexes were reviewed to collect the emergency call volume generated by these land uses. In addition, call data was obtained from office space and hotels to estimate demands from these uses. The data was analyzed to arrive at an average emergency call ratio per unit, which was then used to generate projected emergency calls for each department. Extrapolating from the comparable call data, increases in calls are projected for both the Town’s Police and Fire Departments. Table Eight and Nine outline the findings from this research.

Table Eight
Estimated Annual Police Emergency Calls⁹

	Use	Net New Calls: New Use – Existing Use¹⁰
Phase One	350 Apartments	141 - 7 = 134 New Calls
Remainder of Master Plan		
	250 Apartments	101 - 3 = 98 New Calls
	Hotel – 120 Rooms	32 New Calls
	Office – 116,198 Sq. Ft.	10 New Calls
	Total Remainder of Master Plan	140 New Calls

Table Nine
Estimated Annual Fire Emergency Calls

	Use	Net New Calls: New Use – Existing Use
Phase One	350 Apartments	64 - 5 = 59 New Calls
Remainder of Master Plan		
	250 Apartments	46 - 2 = 44 New Calls
	Hotel – 120 Rooms	13 New Calls
	Office – 116,198 Sq. Ft.	7 New Calls
	Total Remainder of Master Plan	64 New Calls

2) **Police Department**

Police Department calls are estimated to increase by up to 134 calls annually or 2.6 calls per week for Phase I and up to an additional 140 calls at the completion of the Master Plan.

⁹ Complete list of emergency calls located in Appendix.

¹⁰ Calls to existing office buildings have been credited in the analysis.

To put the call volume into perspective, the Department received approximately 32,441 calls for service in 2017 (623 per week).

To gain an understanding of the impact of the contemplated redevelopment of the office park on the Police Department, we met with both Police Chief Pilecki and Deputy Chief Whittemore. The planned redevelopment and estimated call data was discussed. Both the Chief and Deputy concurred that the estimated calls provided an accurate representation of the impact from the planned redevelopment. However, it was pointed out that the type of calls that will be received will be different, because of the residential use, from calls currently generated from the office park. The category of calls to residential uses involve matters that may require more of an officer's time and resources. In some cases, more than one officer may become involved with a specific call, which might include following up on details over time. Introducing these new uses into the office park may change the complexity of responses and alter activities in comparison to those that exist today. This is not a unique consideration to the planned residential use within a redeveloped Wellesley Office Park but will be a consideration wherever multifamily development is to occur in Wellesley; it is noteworthy that the Housing Production Plan calls for at least 45 new Subsidized Housing Inventory units be developed annually at locations within the Town.

The Chief believes that should the redevelopment contemplated by the Master Plan be completed, staffing levels will be impacted with the proposed new uses resulting in staffing demands making a new police officer position necessary. Although new staffing would not be required for Phase I, we have taken a conservative approach in accounting for these potential costs and included in our cost profile the full yearly expense of a police officer (\$100,000), with such cost split 50% for Phase I and 50% for the remainder of the Master Plan.

In addition, to improve radio communications in this area, the Department has requested the installation of a satellite receiver with two antennas (police/fire). The installation cost is estimated to be approximately \$20,000 and can be considered as a commitment within the development agreement between the property owner and the Town.

3) **Fire Department**

A much more modest call volume increase is anticipated for the Fire Department, with 59 estimated calls from Phase I and an additional 64 from the remainder of the Master Plan. In 2017 the Department responded to 4,221 incidents (81 calls per week), with a majority of the calls (1,792) being emergency medical.

We met with both Fire Chief DeLorie and Deputy Chief Peters to review the planned redevelopment and estimated call data. The Chief believes the calls presented in this Report are a reasonable estimate of the potential impacts to his Department. He shared the same concerns as the Police Department that the type of response calls will be different as compared to the character of calls presently seen at the Wellesley Office Park. In addition, he observed, more generally, that the Department has already experienced an increase in call volume in this particular area of the community created by new land uses and changing traffic patterns. As a result of this activity, the Chief is considering undertaking a response analysis, for planning purposes, to better understand future demands of service and how best to allocate resources moving into the future.

Given the Chief's observed increase in current call volume from other uses in the general area of the Office Park, in considering the potential impacts of a completed Master Plan development, the Chief is assessing the need to increase staffing levels with a new shift of four firefighters to account for both current needs and this potential additional redevelopment. At an annual cost of \$80,000 for each firefighter position, the total cost associated with a new shift would be \$320,000. The Chief believes much of this cost is attributable to more recent increases in call volumes associated with growth trends in the area which are projected to increase through the full redevelopment of the office park; there is some degree of uncertainty at this time as to the percentage of these cost that is appropriate to allocate to the potential redevelopment reflected in the Master Plan.

Therefore, to determine an estimate of costs to fire departments associated with development, we often derive a cost per call to generate an estimated impact. The Department's 2019 budget is \$5,481,195; dividing this figure by the annual call volume of 4,221, derives a cost of \$1,299 per call. Multiplying this cost figure by the estimated 123 total new fire calls associated with the full redevelopment of the Master Plan, results in an estimated cost of \$151,167. For the purposes of this Report, similar to the police staffing cost allocation associated with the Phase I and the Master Plan, while Phase I and the

Master Plan may not, in and of themselves, implicate new staffing needs, to be conservative, we will carry the full cost of two firefighters, with \$80,000 allocated for Phase I and \$80,000 carried for the remainder of the Master Plan for a total cost impact of \$160,000.

4) **Other Departments**

Given the minimal impacts associated with the proposed apartment community planned as Phase I or other elements of the Master Plan on other Town Departments; few financial impacts are expected. Permits will be required by the Health Department for any food related business, pools or health clubs. All on site trash and snow removal will continue to be privately maintained. Water and sewer use will be addressed through the current fee structure and responsibilities for any upgrades to existing infrastructure will be addressed in a development agreement, separate from this analysis that may involve both private commitments and use of some proceeds of 40R payments from DHCD. No new public roads are proposed in association with the redevelopment and any roadway improvements are expected to be addressed in the course of review and approval by MassDOT and in a development agreement between the Town and the property owner, which is beyond the scope of this Report. To assign some costs to miscellaneous expenses that may incur to the Town, we have allocated a general government impact of \$20,000 for this redevelopment assuming the completion of the Master Plan.

5) **School Department**

The School Department's budget is the largest in the Town, with a fiscal year 2019 budget of \$74,428,918 representing 45.1% of the total Town budget.

To allocate expected costs associated with the development, the number of children that may live in a multi-family community must be calculated. As outlined in Table 1 above, the proposed apartment community planned for Phase I is expected to be comprised of 35 studio units, 175 one bedroom units, 105 two bedroom units and 35 three bedroom units. To obtain a local understanding of the potential of school age children residing in apartments, 1,503 comparable 40B apartment units in the region were reviewed (see list in Table Nine below) Studio and one bedroom units typically do not generate school age children. By reviewing the number of two and three bedroom units in each comparable

apartment community, a refined School Age Children (SAC) ratio can be calculated. Based on this methodology, an average per unit SAC ratio of .463 was derived and when applied to the proposed 140 two and three bedroom units, results in an estimated 65 new school children in Phase I and 46 school children in the potential additional multifamily project within the Master Plan as outlined in Table Ten. However, while these numbers will be used for this Report, other evidence suggests these projections (and SAC ratio) may overestimate the actual school impact; for comparative purposes, Hastings Village, a 53 unit 40B apartment complex (which was excluded because all units are two bedroom) in Wellesley was reviewed and 14 school age children presently reside there, resulting in a per unit SAC ratio of .269 (14/52).

Table Ten
Apartment School Enrollments

Complex	Total Units	# Two/Three Bedrooms Units	Total SAC	SAC per 2/3 Unit Apt.
Concord Mews	350	176	85	0.483
Newton (Three Complexes)	678	467	239	0.512
Charles River Landing (Needham)	350	105	28	0.267
Lincoln Woods	125	85	34	0.400
Average:	1,503	833	386	0.463
Wellesley Office Phase One	350	140		
		Est. School Age Children	65	
Wellesley Office Phase Two	250	100	46	

Based upon the grade enrollment profile of the apartment complexes noted above, the estimated grade level profiles are outlined in Table 11.

Table 11
Grade Enrollment Profile¹¹

Grade Level	%	Est. SAC Phase I	Est. SAC Phase II
K - 5	56%	36	26
6 - 8	20%	13	9
9 - 12	24%	16	11

¹¹ Although Hastings Village was not used in Table Nine as a comparable project (because it contains all two bedrooms units) it should be noted that the grade profile for Hastings Village indicated 50% of the students were high school, 36% elementary and 14% middle school grades. If enrollments from the proposed apartments follows this profile, more high school children will be present, potentially reducing cost impacts

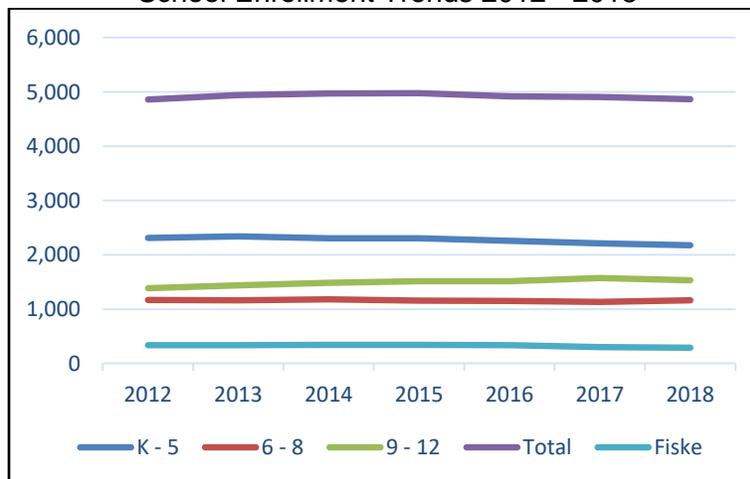
Schools

As outlined above, the proposed multifamily apartment development planned for Phase I may result in up to approximately 65 school age children within residences in Phase I, a majority of which will be enrolled in the elementary grades. Upon completion of the additional multifamily development as contemplated by the Master Plan up to an additional 46 school age children might reside in new residences. Table 12 illustrates a seven-year enrollment trend for the schools along with total school enrollment, shown in Figure Two below. Elementary students residing within any residences within a redeveloped office park are currently within the Fiske School District. Enrollments have shown a general declining tendency over the last seven years in the Elementary Schools, with the Middle School remaining relatively flat and the High School increasing. Current enrollment projection estimates indicate a declining enrollment at all grade levels moving into the future.

Table 12
School Enrollments

Grades	2012	2013	2014	2015	2016	2017	2018
K - 5	2,309	2,341	2,305	2,307	2,256	2,209	2,175
6 - 8	1,165	1,164	1,178	1,153	1,147	1,130	1,159
9 - 12	1,383	1,435	1,486	1,515	1,514	1,569	1,529
Total	4,857	4,940	4,969	4,975	4,917	4,908	4,863
Fiske	335	334	343	342	335	298	291

Figure Two
School Enrollment Trends 2012 - 2018



To obtain a full understanding of potential school system impacts, the Consultant met with Superintendent David Lussier and Assistant Superintendent Cynthia Mahr to discuss the planned redevelopment. A host of issues were reviewed, including the estimated number of school children that may reside within both Phase I and subsequent phases of the Master Plan, teacher needs, busing, school assignments, capacity, enrollment trends and other topics.

Given the estimated enrollment impact, the Superintendent believes that between Fiske and Schofield Elementary Schools, the facilities could easily absorb the proposed total number of students anticipated through the completion of the Master Plan, using current enrollment trends. He estimates that, should the new student impacts projected by this Report be realized, the department would have to hire two new teachers and a teacher's aide to accommodate the students from Phase I (\$227,500¹²). In addition, two new bus routes would have to be added at an annual cost of \$180,000. For potential additional children within the additional residences contemplated in the Master Plan, two additional teachers may have to be hired (\$190,000).

¹² Costs include benefits, \$95,000 per teacher and \$37,500 for aide.

SUMMARY

As outlined in Table 13, this fiscal impact analysis indicates that there will be a net positive annualized impact related to construction of the proposed development, in both Phase I and the remainder of the Master Plan.

Table 13
Fiscal Summary

	Phase 1	Remainder of Master Plan
Gross Projected Revenues	\$1,447,602	\$2,621,080
Estimated Municipal Costs		
Police	-\$50,000	-\$50,000
Fire	-\$80,000	-\$80,000
Schools	-\$407,500	-\$190,000
Other General Fund Impacts	-\$10,000	-\$10,000
Total Costs	-\$547,500	-\$330,000
Net Positive Fiscal Impact	+\$900,102	+\$2,291,080
CPA Revenue	+\$12,364	+\$21,633

This summary does not take into consideration the one-time zoning and bonus payments to the Town from DHCD associated with the 40R overlay zoning process.

Key findings supporting this development include:

- + The planned redevelopment of the Wellesley Office Park will generate approximately \$1,447,602 in gross taxes per year at the completion of Phase I and an additional \$2,621,080 if the remaining elements of the Master Plan are subsequently completed. Taking into consideration estimated municipal costs, the redevelopment will yield \$900,102 in positive net tax revenue from Phase I and, if redevelopment along the lines of the remainder of the Master Plan is completed, an additional \$2,291,080 annually. In addition, \$12,364 in CPA revenue will be realized from Phase I and \$21,633 from the completion of the remainder of the Master Plan;

- + One time 40R DHCD payments will be realized, with an estimated \$1,325,000 in zoning and incentive payments paid to the Town upon construction of Phase I and up to an additional \$1,000,000 in payments associated with any subsequent residential component within the Master Plan. As intended by c. 40R, these funds can be used to help minimize municipal development costs, such as addressing infrastructure in need of replacement or for other municipal purposes.

- ✚ All on-site property maintenance and trash collection will remain private, no new public roads are proposed. Infrastructure upgrades and project sequencing are to be addressed in a development agreement.
- ✚ The property owner is prepared to assume responsibility for operational costs associated with the existing sewer pump station resulting in cost savings to the Town, as may be documented in a development agreement.
- ✚ Calls to the Police Department are projected to increase by 134 in Phase I and 140 calls for the remainder of the Master Plan, compared with an annual Town wide call volume of 32,461.
- ✚ The Fire Department is expected to receive approximately 59 calls a year from Phase I and 64 calls from the remainder of the Master Plan, adding to the 4,221 calls a year that are presently received by the Department.
- ✚ It is estimated that up to 65 school age children may reside in the Phase I residential apartment community and up to 46 in the residences contemplated in the remainder of the Master Plan;
- ✚ The property owner is prepared to install necessary communications equipment at the site, at a cost of \$20,000, to improve emergency call signals in the area. Such a commitment may be reflected in a development agreement with the Town.
- ✚ Both short-term and long-term positive economic benefits are anticipated to occur, with construction related jobs being created and local business activity enhanced by new residential community. Additional community benefits will be realized through proactive planning to make progress in the goals of the Town's Housing Production Plan thereby enabling the community to take greater control over future development.
- ✚ The building costs associated with the construction of Phase I are anticipated to be \$90,000,000 which will generate \$900,000 in building permit fees. Additional fees will be collected for electrical and plumbing permits. Subsequent redevelopment projects following completion of Phase I will result in additional significant municipal permit fees.

APPENDIX

Wellesley Office Park Redevelopment

Office Park Comps:

- All office properties on Williams Street
- Office buildings located at 93, 96, 110, & 110 Worcester Street, Wellesley.
- 1,265 Main Street, Waltham.
- 128 First Street, Needham.

Apartments

- Hanover Company's portfolio of apartment units.

Hotels

- Residence Inn, Needam.
- Homeward Suites, Needam.

Police Department

Apartment Calls

Project	Town	Units	Avg. Police Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	74	0.296	
Union Place	Franklin	297	73	0.247	
Fairfield Green	Mansfield	200	146	0.728	
Pembroke Woods	Pembroke	240	92	0.385	
Blue Hills	Randolph	274	148	0.540	
Avalon Newton Highlands	Newton	294	153	0.520	
Avalon Chestnut Hill	Newton	204	67	0.328	
Arborpoint Woodland	Newton	180	22	0.120	
Cloverleaf	Natick	183	82	0.448	
The Gables	Westwood	350	155	0.442	
Hastings Village	Wellesley	52	3	0.058	
Totals		2,524	1,015	0.402	
Phase I Apartments		350			141
Remainder of Apartments in Master Plan		250			101

Hotel Calls

Project	Town	Rooms	Avg. Police Call Per Year	Avg. Call Per Unit	Projected Yearly Calls
Hampton Inn	Norwood	139	44.50	0.320	
Holiday Inn Express	Norwood	85	17.00	0.200	
Courtyard Marriott	Foxborough	149	46.50	0.312	
Residence Inn	Needham	128	27.00	0.211	
Total Hotel		501	135.00	0.269	
Hotel in Master Plan		120			32

Office Calls

	Office Square Footage	Calls per Sq. Ft.	Total Fire Calls
Existing Occupied Space	500,669 Sq. Ft.	.00009	45
Existing Office Space Fully Occupied	652,306 Sq. Ft.	.00009	58
Master Plan - Net New Space 116,198 Sq. Ft.	768,504 Sq. Ft.	.00009	68

Fire Department

Apartment Calls

Project	Town	Units	Avg. Fire Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	26	0.105	
Union Place	Franklin	297	19	0.063	
Fairfield Green	Mansfield	200	43	0.213	
Pembroke Woods	Pembroke	240	9	0.036	
Blue Hills	Randolph	274	10	0.035	
Avalon Newton Highlands	Newton	294	26	0.088	
Avalon Chestnut Hill	Newton	204	11	0.053	
Arborpoint Woodland	Newton	180	12	0.064	
Cloverleaf	Natick	183	7	0.038	
The Gables	Westwood	350	17	0.049	
Hastings Village	Wellesley	52	2	0.031	
Totals		2,524	180	0.071	
Phase I Apartments		350			25
Remaining Apartments in Master Plan		250			18
Project	Town	Units	Avg. EMS Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
The Lodge	Foxborough	250	24	0.096	
Union Place	Franklin	297	44	0.148	
Fairfield Green	Mansfield	200	25	0.123	
Pembroke Woods	Pembroke	240	70	0.293	
Blue Hills	Randolph	274	28	0.101	
Avalon Newton Highlands	Newton	294	26	0.088	
Avalon Chestnut Hill	Newton	204	9	0.044	
Arborpoint Woodland	Newton	180	7	0.036	
Cloverleaf	Natick	183	24	0.131	
The Gables	Westwood	350	26	0.074	
Hastings Village	Wellesley	52	2	0.038	
Totals		2,524	284	0.112	
Phase I Apartments		350			39
Remaining Apartments in Master Plan		250.00			28

Hotel Calls

Project		Keys	Avg. Fire Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
Hampton Inn	Norwood	139	6.00	0.043	
Holiday Inn Express	Norwood	85	4.00	0.047	
Courtyard Marriott	Foxborough	149	6.00	0.040	
Residence Inn	Needham	128	7.00	0.055	
Total Hotel		501	23.00	0.046	
Proposed Hotel		120			6
			Avg. EMS Calls Per Year	Avg. Call Per Unit	Projected Yearly Calls
Hampton Inn	Norwood	139	8.00	0.058	
Holiday Inn Express	Norwood	85	8.00	0.094	
Courtyard Marriott	Foxborough	149	5.00	0.034	
Residence Inn	Norwood	128	9.00	0.070	
Total Hotel		501	30.00	0.060	
Hotel in Master Plan		120			7

Office Calls

	Office Square Footage	Calls per Sq. Ft.	Total Fire Calls
Existing Occupied Space	500,669 Sq. Ft.	.00006	28
Existing Office Space Fully Occupied	652,306 Sq. Ft.	.00006	36
Master Plan - Net New Space 116,198 Sq. Ft.	768,504 Sq. Ft.	.00006	43