

**Woodmont Commons
2019 Annual Fiscal Update**

Town of Londonderry
Londonderry School District

Submitted to
Pillsbury Realty Development, LLC.

Submitted by
Development Planning & Financing Group, Inc.

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Contents

Introduction	4
Annual Fiscal Update	4
Woodmont Commons New Population and Employment.....	5
Town of Londonderry	6
Real Property Tax Revenue	6
Motor Vehicle Permit Fees.....	6
Incremental Operating Expenditures	7
Incremental Capital Expenditures	8
Town Revenues and Incremental Town Expenditures.....	8
Londonderry School District	8
Real Property Tax Revenue	9
Incremental Operating and Capital Expenditures.....	9
Fiscal Impact Methodology and Significant Assumptions.....	10
Constant Dollar Approach	10
Property Tax Rates	10
GENERAL LIMITING CONDITIONS.....	11
Appendix	12

Table 1: Real Property Tax Revenue - Town 6

Table 2: Town Filled Positions Report Comparative Summary 7

Table 3: Town Revenues and Incremental Town Expenditures 8

Table 4: School District Revenues and Incremental School District Expenditures 9

Table 5: Real Property Tax Revenue – School District 9

Appendix Table 1: Woodmont Commons Assessed Value at April 1 13

Appendix Table 2: FY 2019 Capital Asset Additions – Depreciable Assets 14

Appendix Table 3: FY 2019 Capital Asset Additions – Assets Not Being Depreciated 15

Introduction

In 2013, Pillsbury Realty Development, LLC. (“Developer”) petitioned the Town of Londonderry (“Town”), New Hampshire to rezone approximately 600 acres within the Town's jurisdiction for a sustainable, multi-phased, mixed use commercial, industrial and residential planned unit development to be known as Woodmont Commons. The property generally straddles Interstate 93 between existing exits 4 and 5 in the location of Pillsbury Road and its intersection with Gilcrest Road. The development of Woodmont Commons presents a unique opportunity for the Town to secure exemplary planning and development, to protect the environment, to strengthen and enhance the tax base, and to achieve growth in a managed, positive and beneficial manner.

The Developer and the Town entered into a Master Plan and Development Agreement for the purpose of: 1) confirming the potential maximum amount of, and the permitted types of, uses and associated development and design standards for Woodmont Commons; 2) coordinating the construction, apportionment of use, and design of infrastructure that will serve the Development and the community at large; 3) confirming the regulations relating to the dedication and/or provision of public facilities by the Developer as described herein; and 4) providing assurances to the Developer that it may proceed with the Development, in good faith reliance upon the Woodmont planned used development master plan as an approved PUD and without encountering future changes in ordinances and regulations that would materially impact its ability to develop Woodmont Commons as contemplated in the approved planned-unit development zoning and under the terms of this Agreement.

Annual Fiscal Update

Section VIII, “Fiscal Matters,” of the Woodmont Commons Development Agreement (“Development Agreement”) requires the Developer/Owner to reassess cumulative fiscal impacts annually and report the same to the Town. The Agreement further states that the annual update of the Woodmont Commons fiscal impact analysis will rely upon the transparency

established in the Woodmont Commons Fiscal Impact Analysis dated May 17, 2013 (“2013 Report”), using the following:

- Real property tax revenues shall be calculated by the Town of Londonderry Tax Assessor for all real property within the PUD area based on the assessed value as of April 1 of the previous year.
- The Town of Londonderry Town Clerk shall calculate the motor vehicle permit fees based on the motor vehicles registered to addresses within the PUD area.
- Incremental general fund expenditures generated by Woodmont Commons based on methodologies employed in the 2013 Report with inputs updated to reflect (a) current data and costs and (b) current budgeting.

The Development Agreement further stipulates that should said reporting indicate that Woodmont Commons, taken cumulatively and as a whole, has placed a negative impact upon the financial resources of the Town in the years from inception to the year of review, the Developer shall make payment to the Town, to correct the deficiency. Said payment to the Town shall be in the amount necessary to bring Woodmont Commons back to cumulative financial neutrality for the years assessed.

The purpose of this analysis is to compare the revenues and incremental general fund expenditures generated by Woodmont Commons for the first measurement period, July 1, 2018 to June 30, 2019.

Woodmont Commons New Population and Employment

Occupancy of the new apartments in Woodmont Commons began in October 2019, so the incremental impact of the new residents will be evaluated in the 2020 Annual Fiscal Update. According to the New Hampshire Office of Strategic Initiatives Data Center, the Town had approximately 25,324 residents in 2019.

At June 30, 2019, the only operating tenant in Woodmont Commons was the 603 Brewery. The 17,000 square foot restaurant and brewery received its certificate of occupancy and opened to

the public in June 2019. The brewery employs 60 workers or 5 full-time equivalent workers for the 2019 fiscal year (60 workers divided by 12 months times 1 month = 5). In comparison, there were 14,793 total private and governmental workers in the Town during June 2019 according to the New Hampshire Economic and Labor Market Information Bureau.

Town of Londonderry

Real Property Tax Revenue

Real property tax revenues were calculated by applying the 2019 millage rates to the April 1, 2019 assessed value of the real property within the PUD area. The Town of Londonderry Tax Assessor provided the parcel cards for all tax parcels within Woodmont Commons. A supporting schedule is included in Appendix Table 1.

Town property tax revenues generated by Woodmont Commons from 2013 (base year) to 2019 are shown in Table 1.

Table 1: Real Property Tax Revenue - Town

Year	Assessment as of April 1	Millage per \$1,000 Value	Annual Property Tax Revenue	Cumulative Property Tax Revenue
2019	\$ 51,512,113	4.56	\$ 234,895	\$ 1,299,430
2018	\$ 44,650,115	4.99	\$ 222,804	\$ 1,064,535
2017	\$ 38,384,954	4.91	\$ 188,470	\$ 841,731
2016	\$ 38,740,154	4.77	\$ 184,791	\$ 653,261
2015	\$ 30,792,594	4.94	\$ 152,115	\$ 468,470
2014	\$ 30,527,596	5.17	\$ 157,828	\$ 316,355
2013	\$ 30,544,697	5.19	\$ 158,527	\$ 158,527

Source: Town of Londonderry, DPFG 2020

Motor Vehicle Permit Fees

According to the Londonderry Town Clerk, motor vehicle permit fees for the motor vehicles registered to addresses within the PUD area totaled \$1,674 for the 2019 fiscal year.

Incremental Operating Expenditures

DPFG worked closely with Town staff to identify potential incremental operating and capital expenditures allocable to Woodmont Commons under the terms of the Development Agreement. DPFG reviewed all published financial information of the Town, including annual budgets and financial statements. DPFG also performed an in-depth analysis of the Town’s “filled positions” reports which include all full-time and part-time employees. The filled positions report reflects the actual number of employees on the Town’s payroll, and therefore, correlates to actual personnel expenditures incurred. A comparative summary is shown in Table 2.

Table 2: Town Filled Positions Report Comparative Summary

Town of Londonderry Filled Positions					
Department	6/30/17	12/31/17	6/30/18	12/31/18	6/30/19
02 - Town Manager	4	4	4	4	4
05 - Town Clerk	6	6	6	5	7
06 - Checklist	3	3	3	3	3
08 - Finance	6	6	6	6	6
09 - Assessing	4	4	4	4	4
20 - Police	81	81	81	83	79
23 - Fire	55	57	56	55	57
24 - Building	5	5	5	5	5
26 - Public Works	15	18	18	20	20
27 - Solid Waste	2	1	2	2	2
30 - Recreation	3	3	4	3	4
31 - Library	16	14	15	13	14
32 - Senior Affairs	1	1	1	1	2
33 - Economic Development	7	4	5	4	4
50 - Sewer	1	1	1	1	1
55 - Cable	3	3	3	3	2
Total	212	211	214	212	214

Source: Town of Londonderry, DPFG 2020

No allocable incremental personnel costs were identified. The Town Clerk’s office added an intern during the six months ended June 30, 2019. That position will be examined for applicability during the preparation of the 2020 Annual Fiscal Update. The new Senior Affairs position is unrelated to Woodmont Commons as there were no residents during the 2019 fiscal year.

Although the Public Works department added two drivers, the costs are not allocable to Woodmont Commons as the streets in the development are private, and snow removal is privately contracted.

No allocable incremental operating costs were identified as a result of our analysis.

Incremental Capital Expenditures

DPCFG performed an in-depth analysis of the capital assets acquired during the 2019 fiscal year as shown in Appendix Tables 2 and 3. Debt service for the Central Fire Station renovations began July 15, 2019, so the potential allocation of the station’s costs will be considered in the 2020 Annual Fiscal Update. No other qualifying capital asset acquisitions were identified for the 2019 Annual Fiscal Update.

Town Revenues and Incremental Town Expenditures

Table 3 reflects the Town revenues generated by Woodmont Commons and the incremental operating and capital expenditures from 2013 (base year) to 2019.

Table 3: Town Revenues and Incremental Town Expenditures

Year	Annual Property Tax Revenue	Annual Motor Vehicle Permit Fees	Land Use Change Tax Payments	Total Revenues	Incremental Operating and Capital Expenditures	Annual Net Revenues	Cumulative Net Revenues
2019	\$ 234,895	\$ 1,674	\$ -	\$ 236,569	\$ -	\$ 236,569	\$ 1,869,704
2018	\$ 222,804	\$ -	\$ -	\$ 222,804	\$ -	\$ 222,804	\$ 1,633,135
2017	\$ 188,470	\$ -	\$ 568,600	\$ 757,070	\$ -	\$ 757,070	\$ 1,410,331
2016	\$ 184,791	\$ -	\$ -	\$ 184,791	\$ -	\$ 184,791	\$ 653,261
2015	\$ 152,115	\$ -	\$ -	\$ 152,115	\$ -	\$ 152,115	\$ 468,470
2014	\$ 157,828	\$ -	\$ -	\$ 157,828	\$ -	\$ 157,828	\$ 316,355
2013	\$ 158,527	\$ -	\$ -	\$ 158,527	\$ -	\$ 158,527	\$ 158,527

Source: Town of Londonderry, DPCFG, 2020

Based on the findings in this report, no amounts are due the Town under the terms of the Development Agreement.

Londonderry School District

Table 4 reflects the School District revenues generated by Woodmont Commons and the incremental operating and capital expenditures from 2013 (base year) to 2019. There were no public school children living in Woodmont Commons during the 2019 fiscal year, so there were no incremental operating and capital expenditures.

Table 4: School District Revenues and Incremental School District Expenditures

Year	Annual Property Tax Revenue	Incremental Operating and Capital Expenditures	Annual Net Revenues	Cumulative Net Revenues
2019	\$ 620,206	\$ -	\$ 620,206	\$ 3,450,188
2018	\$ 605,456	\$ -	\$ 605,456	\$ 2,829,982
2017	\$ 518,581	\$ -	\$ 518,581	\$ 2,224,526
2016	\$ 524,542	\$ -	\$ 524,542	\$ 1,705,945
2015	\$ 398,456	\$ -	\$ 398,456	\$ 1,181,403
2014	\$ 391,364	\$ -	\$ 391,364	\$ 782,947
2013	\$ 391,583	\$ -	\$ 391,583	\$ 391,583

Source: Town of Londonderry, Londonderry School District, DPFPG 2020

Real Property Tax Revenue

School District property tax revenues generated by Woodmont Commons from 2013 (base year) to 2019 are shown in Table 5.

Table 5: Real Property Tax Revenue – School District

Year	Assessment as of April 1	Millage per \$1,000 Value	Annual Property Tax Revenue	Cumulative Property Tax Revenue
2019	\$ 51,512,113	12.04	\$ 620,206	\$ 3,450,188
2018	\$ 44,650,115	13.56	\$ 605,456	\$ 2,829,982
2017	\$ 38,384,954	13.51	\$ 518,581	\$ 2,224,526
2016	\$ 38,740,154	13.54	\$ 524,542	\$ 1,705,945
2015	\$ 30,792,594	12.94	\$ 398,456	\$ 1,181,403
2014	\$ 30,527,596	12.82	\$ 391,364	\$ 782,947
2013	\$ 30,544,697	12.82	\$ 391,583	\$ 391,583

Source: Town of Londonderry, Londonderry School District, DPFPG 2020

Incremental Operating and Capital Expenditures

Occupancy of the new Woodmont Commons apartments began in October 2019. Because no public school students were generated by Woodmont Commons during the 2019 fiscal year, there were no incremental operating and capital expenditures for the School District generated by the project.

Fiscal Impact Methodology and Significant Assumptions

The fiscal impact analysis of the Woodmont Commons annual fiscal update uses a case study methodology to determine the project's impact on revenues and incremental capital and operating costs on the tax-supported General Funds of the Town and School District. The functional population methodology applied in the 2013 report will be used as the basis for allocating eligible incremental capital and operating expenditures unless a more appropriate basis of allocation is identified.

The methodology applied in this report was approved by the Town prior to the commencement of the engagement.

Constant Dollar Approach

All revenues and expenditures are based on constant 2020 dollars, and the analysis assumes no inflation over the study period. A constant dollar approach is commonly used in fiscal impact analysis to avoid the difficulty of forecasting and interpreting results expressed in inflated dollars. Consideration of inflation in fiscal impact analysis requires local governments to perform sophisticated financial modeling in order to produce credible assumptions, and most local governments do not have the resources to conduct such modeling.

Property Tax Rates

Based on the agreed-upon methodology, the 2019 millage rates (per \$1,000 assessed value) were applied to the April 1, 2019 assessed values of the parcels located in Woodmont Commons to compute real property tax revenues for purposes of this analysis.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report is accurate as of the date of this study; however, factors exist that are outside the control of DPFPG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFPG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the Town of Londonderry and its staff and representatives and with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of March 2020 and DPFPG has not undertaken any update of its research effort since such date. Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFPG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFPG in any manner without first obtaining the prior written consent of DPFPG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFPG. Further, DPFPG has served solely in the capacity of consultant and has not rendered any expert opinions. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFPG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFPG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFPG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Appendix

Appendix Table 1: Woodmont Commons Assessed Value at April 1

Account	Parcel Address	4/1/2019 Assessment	4/1/2018 Assessment	4/1/2017 Assessment	4/1/2016 Assessment	4/1/2015 Assessment	4/1/2014 Assessment	4/1/2013 Assessment
637	44 Pillsbury Road	\$ 8,911	\$ 7,605	\$ 7,605	\$ 7,605	\$ 7,601	\$ 8,911	\$ 8,911
738	34 Hovey Road	4,321	4,128	4,128	4,128	3,863	4,320	4,321
811	15 Pillsbury Road	8,447,136	7,096,540	1,719,173	1,719,173	1,718,982	1,718,982	1,718,982
812	15 Appletree Lane	132,400	113,700	379,200	379,200	379,200	113,700	113,700
10175	7 Pillsbury Road	4,126,600	1,164,000	10,706	10,706	10,706	10,706	10,706
813	36 Pillsbury Road	142,994	124,256	124,256	124,256	125,177	125,177	125,177
817	42 Ash Street	799,300	807,000	807,000	807,000	807,000	807,000	807,000
822	2 Ash Street	774,700	745,400	745,400	745,700	745,400	745,400	745,400
823	2 Ash Street	135,200	130,800	130,800	130,800	130,800	130,800	130,800
824	2 Ash Street	2,251	1,886	1,886	1,886	1,665	-	-
827	60 A Seasons Lane	535,100	530,700	530,700	530,700	530,700	530,700	530,700
830	34 Nashua Road	3,958,100	3,798,300	3,798,300	4,153,200	5,422,400	5,422,400	5,422,400
833	10 Michels Way/5 Garden	30,729,500	28,847,600	28,847,600	28,847,600	19,630,900	19,630,900	19,630,900
836	8 Buyck Ave	595,100	399,000	399,000	399,000	399,000	399,000	399,000
837	6 Buyck Ave	133,500	106,700	106,700	106,700	106,700	106,700	123,800
838	4 Buyck Ave	235,800	184,700	184,700	184,700	184,700	184,700	184,700
842	22 Ash Street	303,600	222,500	222,500	222,500	222,500	222,900	222,900
9129	32 A Trolley Car Lane	220,000	180,100	180,100	180,100	180,100	180,100	180,100
9257	32 B Trolley Car Lane	227,600	185,200	185,200	185,200	185,200	185,200	185,200
Total Value		\$ 51,512,113	\$ 44,650,115	\$ 38,384,954	\$ 38,740,154	\$ 30,792,594	\$ 30,527,596	\$ 30,544,697

Source: Town of Londonderry, DPF, 2020

Appendix Table 2: FY 2019 Capital Asset Additions – Depreciable Assets

FY 2019 Capital Asset Additions for Assets Being Depreciated	Amount	Capacity- Adding AND Allocable to Woodmont Commons per Dev. Agree.
Building and Building Improvements		
North Fire Station	\$ 33,096	No
Recreation Maintenance Building	133,883	No
Plaza 28 Pump Station	3,026,907	No
Total Buildings & Building Improvements	<u>\$ 3,193,886</u>	
Machinery, Vehicles, and Equipment		
Remote Production Equipment	\$ 11,865	No
2018 Ford Explorer	38,906	No
20KVA Galaxy 3500 UPS System	26,762	No
John Deere Gator	32,765	No
2019 Ford Explorer XLT	34,654	No
2019 Ford F-150	29,944	No
2019 Ford Transit Van	40,140	No
2019 Ford Transit Van	24,216	No
2019 Ford F-350	43,381	No
2019 Ford F-150	28,000	No
2019 Ford F-150	28,000	No
2019 Ford F-150	28,000	No
Total Machinery, Vehicles, and Equipment	<u>\$ 366,633</u>	
Infrastructure		
Sewer Forcemain Structures	\$ 1,543,923	No
So. Londonderry Interceptor	938,001	No
Total Infrastructure	<u>\$ 2,481,924</u>	
Improvements other than Buildings		
Nelson Road Field Light Replacement	<u>\$ 133,532</u>	No
Total Capital Assets Being Depreciated	<u>\$ 6,175,975</u>	

Source: Town of Londonderry, DPF, 2020

Appendix Table 3: FY 2019 Capital Asset Additions – Assets Not Being Depreciated

FY 2019 Capital Asset Additions for Assets Not Being Depreciated	Amount	Capacity- Adding AND Allocable to Woodmont Commons per Dev. Agree.
Land		
Land - Sargent Road	\$ 92,750	No
6 Evergreen Circle Land	13,200	No
101 Rear Mammoth Rd/26 Griffin Rd	720,000	No
Total Land	<u>\$ 825,950</u>	
Construction in Process		
Pillsbury Cemetery	224,011	No
Pierce Pumper	678,602	(1)
PA System for Central Fire	10,348	(1)
Central Fire Station New	2,973,870	(1)
Communications Tower - Central Fire	65,033	(1)
Console Furniture	54,539	(1)
Emergency Communications System	2,370,981	(1)
Total Construction in Process	<u>\$ 6,377,384</u>	
Total Capital Assets Being Depreciated	<u>\$ 7,203,334</u>	

(1) To be evaluated in the 2020 Annual Fiscal Update

Source: Town of Londonderry, DPF, 2020