

**Woodmont Commons
2020 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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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 Gilcreast 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 (“Project”), 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 measurement period, July 1, 2019 to June 30, 2020.

Woodmont Commons New Population and Employment

Occupancy of the new apartments in Woodmont Commons began in October 2019, so the incremental impact of the Project’s first new residents is evaluated in the 2020 Annual Fiscal Update. At June 30, 2020, approximately 97 new residents were living in Woodmont Commons. According to the New Hampshire Office of Strategic Initiatives Data Center, the Town had approximately 25,434 residents in 2020.

As shown in Table 1, several Woodmont Commons tenants were operating at June 30, 2020. Full-time equivalent employment calculations were performed for those businesses in operation less than a year. According to the New Hampshire Economic and Labor Market Information Bureau, on average there were 14,895 total private and governmental workers in the Town during 2020.

Table 1: Woodmont Commons Employment

Tenant	Employment	Mos in Operation	Mos in Year	FTE Employment
600 Brewery	50	12	12	50
Orange Theory Fitness	4	6	12	2
HarborOne Mortgage	11	1	12	1
Total	65			53

Source: Pillsbury Realty Development LLC, DPGF 2021

Town of Londonderry

Real Property Tax Revenue

Real property tax revenues were calculated by applying the 2020 millage rates to the April 1, 2020 assessed values of the real property within the PUD area. A detailed schedule of the Woodmont Commons tax parcels and the respective April 1, 2020 assessed value is provided in Appendix Table 2.

Town property tax revenues generated by Woodmont Commons from 2013 (base year) to 2020 are shown in Table 2.

Table 2: Real Property Tax Revenue - Town

Year	Assessment as of April 1	Millage per \$1,000 Value	Annual Property Tax Revenue	Cumulative Property Tax Revenue
2020	\$ 61,421,812	4.66	\$ 286,226	\$ 1,585,656
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, DPGF 2021

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 \$21,551 for the 2020 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 3.

Table 3: Town Filled Positions Report Comparative Summary

Department	Town of Londonderry Filled Positions					Occupancy	12/31/19	6/30/20
	6/30/17	12/31/17	6/30/18	12/31/18	6/30/19			
02 - Town Manager	4	4	4	4	4	June 2019 603 Brewery opened	4	4
05 - Town Clerk	6	6	6	5	7		6	7
06 - Checklist	3	3	3	3	3		2	3
08 - Finance	6	6	6	6	6		6	6
09 - Assessing	4	4	4	4	4		4	3
20 - Police	81	81	81	83	79		81	82
23 - Fire	55	57	56	55	57		56	57
24 - Building	5	5	5	5	5		5	5
26 - Public Works	15	18	18	20	20		17	17
27 - Solid Waste	2	1	2	2	2		1	2
30 - Recreation	3	3	4	2	3	Oct 2019 Occupancy of new apartments began.	2	4
31 - Library	16	14	15	14	15		16	16
32 - Senior Affairs	1	1	1	1	2		2	2
33 - Economic Development	7	4	5	4	4		4	4
50 - Sewer	1	1	1	1	1		1	1
55 - Cable	3	3	3	3	2	2	2	
Total	212	211	214	212	214		209	215

Source: Town of Londonderry, DPFG 2021

Public Works departmental costs are not allocable to Woodmont Commons as the streets in the development are private and snow removal is privately contracted.

No allocable incremental personnel costs were identified, and no allocable incremental operating costs were identified as a result of our analysis.

Incremental Capital Expenditures

DPFG performed an in-depth analysis of the capital assets acquired during the 2020 fiscal year as shown in Appendix Tables 2 and 3. Initial debt service for the new Central Fire Station began in FY 2020. A functional population per capita approach was used to allocate the proportionate share of debt service to Woodmont Commons. Based on discussions with the Fire Chief, it is appropriate to assume the new station has the capacity to serve the Town’s population through 2040; therefore, the projected 2040 Town functional population was used as the allocation base. Supporting functional population tables are provided Appendix tables 4 and 5.

Table 4: Allocation of FY 2020 Central Fire Station Debt Service

Description	Amount
FY 2020 Central Fire Station Debt Service	
Principal	\$320,376.91
Interest due July	142,327.76
Interest due January	133,477.50
Total FY 2020 Debt Service	<u>\$596,182.17</u>
2040 Projected Town Functional Population	27,203
Debt Service Cost per Capita	\$ 21.92
Woodmont Commons Functional Population	96
FY 2020 Central Fire Debt Service Allocation	<u>\$ 2,101.88</u>

Source: Town of Londonderry, DPFG 2021

No other qualifying capital asset acquisitions were identified for the 2020 Annual Fiscal Update.

Town Revenues and Incremental Town Expenditures

Table 5 reflects the Town revenues generated by Woodmont Commons and the incremental operating and capital expenditures from 2013 (base year) to 2020.

Table 5: 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
2020	\$ 286,226	\$ 21,551	\$ -	\$ 307,777	\$ 2,102	\$ 305,675	\$ 2,177,481
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, DPGF, 2021

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

Londonderry School District

Table 6 reflects the School District revenues generated by Woodmont Commons and the incremental operating and capital expenditures from 2013 (base year) to 2020. According to School District officials, there were only 2 public school children living in Woodmont Commons during the 2020 fiscal year, and there were no incremental operating and capital expenditures.

Table 6: School District Revenues and Incremental School District Expenditures

Year	Annual Property Tax Revenue	Incremental Operating and Capital Expenditures	Annual Net Revenues	Cumulative Net Revenues
2020	\$ 777,600	\$ -	\$ 777,600	\$ 4,227,788
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, DPGF 2021

Real Property Tax Revenue

School District property tax revenues generated by Woodmont Commons from 2013 (base year) to 2020 are shown in Table 7.

Table 7: 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
2020	\$ 61,421,812	12.66	\$ 777,600	\$ 4,227,788
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 2021

Incremental Operating and Capital Expenditures

According to the School District, there were no incremental operating or capital expenditures generated by the Project for the School District in FY 2020.

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 2021 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 2020 millage rates (per \$1,000 assessed value) were applied to the April 1, 2020 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 April 2021 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. 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, 2020

Account	Location	4/1/2020 Assessment
830	34 NASHUA RD	\$ 3,958,100
833	5 GARDEN LN	30,729,500
811	15 PILLSBURY RD	8,447,136
637	44 PILLSBURY RD	8,911
837	6 BUYCK AVE	133,500
838	4 BUYCK AVE	235,800
842	22 ASH ST	303,600
813	36 PILLSBURY RD	142,994
836	8 BUYCK AVE	595,100
9129	32 A TROLLEY CAR LN	220,000
9476	32 B TROLLEY CAR LN	227,600
738	34 HOVEY RD	4,321
817	42 ASH ST	799,300
822	2 ASH ST	774,700
823	2 ASH ST	135,200
824	2 ASH ST	2,250
827	60 A SEASONS LN	535,100
10923	42 MAIN ST	1,668,300
10924	30 MAIN ST	9,908,200
11040	1 CATESBY LN	100,200
11038	2 CATESBY LN	97,700
11041	3 CATESBY LN	98,100
11037	4 CATESBY LN	89,700
11042	5 CATESBY LN	98,300
11036	6 CATESBY LN	89,600
11043	7 CATESBY LN	76,600
11035	8 CATESBY LN	92,200
11044	9 CATESBY LN	87,500
11034	10 CATESBY LN	96,900
11045	11 CATESBY LN	82,700
11033	12 CATESBY LN	96,200
11046	13 CATESBY LN	77,500
11032	14 CATESBY LN	97,900
11047	15 CATESBY LN	76,400
11031	16 CATESBY LN	95,500
11048	17 CATESBY LN	77,600
11060	19 CATESBY LN	82,500
11049	21 CATESBY LN	82,500
11059	23 CATESBY LN	79,200
11050	25 CATESBY LN	82,000
11051	27 CATESBY LN	84,300
11052	29 CATESBY LN	88,700
11053	31 CATESBY LN	75,000
11054	33 CATESBY LN	95,500
11055	35 CATESBY LN	98,800
11056	37 CATESBY LN	99,500
11057	39 CATESBY LN	96,800
11058	41 CATESBY LN	96,800
	Total	\$ 61,421,812

Appendix Table 2: FY 2020 Capital Asset Additions – Depreciable Assets

FY 2020 Capital Asset Additions for Assets Being Depreciated	Amount	Department	Capacity-Adding AND Allocable to Woodmont Commons per Dev. Agree.
Building and Building Improvements			
Central Fire Station	\$ 6,880,839	Buildings	Yes
Total Buildings & Building Improvements	<u>\$ 6,880,839</u>		
Machinery, Vehicles, and Equipment			
Ford F-350 - 2019	\$ 75,783	Public Works	No
Video Transmitter	15,415	Cable	No
Video Server	36,675	Cable	No
Camera System	22,485	Police	No
Caterpillar 926 M Loader	139,600	Public Works	No
Mobark Chipper	74,660	Public Works	No
AEV Ambulance - 2019 (replacement)	231,444	Fire	No
Ford Expedition - 2020 (replacement)	42,587	Fire	No
Freightliner 108SD 6-Wheeler	80,407	Public Works	No
Freightliner 108SD 6-Wheeler	82,407	Public Works	No
Tricaster TC1	18,393	Cable	No
Console Furniture	71,889	Fire	No
Pierce Pumper (replacement)	678,602	Fire	No
Total Machinery, Vehicles, and Equipment	<u>\$ 1,570,346</u>		
Infrastructure			
Town Common Drainage	\$ 183,638	Sewer	No
Sewer Forcemain Structures	30,313	Sewer	No
	<u>\$ 213,951</u>		
Improvements Other			
Front Exterior Repairs	\$ 65,090	Senior Affairs	No
Utica 115 Gallon Indirect Tank	12,596	Police	No
Hazardous Material Containment Storage	25,000	Fire	No
Mini Split System - Town Hall	11,489	Town Hall	No
HALOLIT 18" Sign	11,050	Police	No
Fire Alarm Panel	11,013	Town Hall	No
Exhaust System - Grenier Station	21,900	Fire	No
Exhaust System - Young Road Station	21,900	Fire	No
Exhaust System - Central Fire	72,320	Fire	No
Improvements Other	<u>\$ 252,358</u>		
Intangibles			
Assessing Software	<u>\$ 60,000</u>	Intangible	No
Total Capital Assets Being Depreciated	<u>\$ 8,977,493</u>		

Appendix Table 3: FY 2020 Capital Asset Additions – Assets Not Being Depreciated

FY 2020 Capital Asset Additions for Assets Not Being Depreciated			Amount	Department
Construction in Process (1)				
Addition to Asset 2537 (Emergency Comm. System)	\$	87,353		Fire
Addition to Asset 2303 (Pillsbury Cemetery Exp)		43,989		General Govt.
Total Construction in Process			\$ 131,342	
Total Capital Assets Not Being Depreciated			\$ 131,342	

(1) To be evaluated in the 2021 Annual Fiscal Update

Appendix Table 4: Londonderry Functional Population

	2040 Town of Londonderry	24/7 Functional Population Coefficient	2040 24/7 Functional Population
Londonderry Central Fire Functional Population (2040)			
Working $\frac{(24*7)-(9*5)}{(24*7)}$	15,329	0.7321	11,223
Non-Working [24/24]	11,707	1.0000	11,707
Permanent Population	27,036	0.8481	22,930
Functional Residential Population Coefficient Adjustment: Contra Working Population 1 - 24/7 Coefficient: $\frac{(9*5)}{(24*7)}$		0.2679	
Employment Population - Weighted Average 24/7 Coefficient		<u>(0.4017)</u>	
Functional Consumer Coefficient Adjustment: Functional Consumer Coefficient Adjustment Times Lesser of Town of Londonderry Functional Residential Population	15,329	(0.1339)	(2,052)
Town of Londonderry Existing Employment Population By Sector:	27,036	0.7722	20,878
Agriculture	79	0.3002	24
Construction	1,014	0.3002	304
Manufacturing	3,455	0.2904	1,003
Wholesale Trade	1,631	0.3095	505
Retail	1,833	0.9812	1,799
Transportation and Warehousing	1,449	0.3002	435
Information	109	0.3002	33
Finance and Insurance	149	0.3064	46
Real Estate and Rental and Leasing	269	0.3064	82
Professional and Technical Service	480	0.3064	147
Management of Companies/Enterprises	337	0.3064	103
Administration and Waste Services	1,135	0.3064	348
Education Services	138	0.2679	37
Health Care and Social Assistance	907	0.4747	431
Arts, Entertainment and Recreation	0	0.3064	0
Accommodation and Food Services	1,074	0.3714	399
Other Services Except Public Administration	520	0.3002	156
Government	1,166	0.4066	474
Total	15,745	0.4017	6,325
Functional Population Full-Time Equivalents			27,203

Appendix Table 5: Woodmont Commons Functional Population

Woodmont Commons Functional Population	Employees or Residents	24/7 Functional Population Coefficient	24/7 Functional Population
Residents:			
Apartments	97	0.7722	75
Total Residential	97	0.7722	75
Employees:			
Retail/Service	2	0.9812	2
Office	1	0.3064	0
Brewery	50	0.3714	19
Total Employees	53	0.3962	21
Total Population Full-Time Equivalents			96