



Municipal Fiscal Impact Analysis

Site Plan Application: Industrial Warehouse

25 Talbot Lane

South Windsor, Connecticut

August 10, 2021

Prepared by:

Donald J. Poland, PhD, AICP
Managing Director, Urban Planning & Strategy
Goman + York Property Advisors, LLC
1137 Main Street
East Hartford, CT 06108
dpoland@gomanyork.com
www.gomanyork.com

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Bart Pacekonis, Chair
Town of South Windsor
Planning & Zoning Commission
Town Hall
1540 Sullivan Avenue
South Windsor, CT 06074

RE: 25 Talbot Land – Industrial Spec Building (Warehouse) Site Plan Application

Dear Chairman, Pacekonis:

I submit this report as expert testimony for the proposed site plan application at 25 Talbot Land. The site plan application is for a 359,640 square foot industrial warehouse spec building. In accordance with Article 4 (Commercial and Industrial Zones, Table 4.1.1A (Permitted Commercial and Industrial Uses), Warehouses and Distribution Centers are permitted through the as-of-right site plan approval process. As-of-right uses that comply with the standards set forth in the Zoning Regulations must be approved. This report provides a municipal fiscal and economic impact analysis of the proposed application.

As I am sure you are aware, commercial economic sectors and real estate asset classes are being disrupted by advances in technology, the increasing popularity of ecommerce, and shifts and changes in consumer behaviors. These changes have result in new and increased demand for industrial space, especially warehousing and distribution. South Windsor with good access to I-291, I-84, and I-91, is well positioned to capitalize on this increased demand for warehouse and distribution facilities. Most important, such facilities provide meaningful opportunities for economic development (i.e., attracting investment and creating wealth) and growing the commercial and industrial Grand List—reducing residential property tax burden.

This report will explore the demographic and socio-economic changes that are driving demand for industrial space, while providing a professional planning analysis of the economic and municipal fiscal impact of the proposed industrial warehouse at 25 Talbot Lane.

I look forward to discussing this report further with you and the Commission, as I will be available at the public hearing(s) to present this report and to answer any questions you or the Commission may have. I thank you for your time and consideration.

Respectfully submitted,



Donald J. Poland, PhD, AICP
Planning Consultant

Summary of Findings – Municipal Fiscal & Economic Impact

25 Talbot Lane: Industrial Spec Building – 359,640 Square Feet

Municipal Fiscal Impact

Revenues: Real Property Taxes & User Fees

Real Property Taxes (359,640 Sq. Ft. Industrial Buildings)	=	\$701,298
Personal Property Taxes (Commercial Equipment)	=	\$70,129
Estimated Projection – Total Revenues	=	\$771,427

Expenditures: Municipal Government

General Government Services – Commercial (27% of taxes paid)	=	(\$208,285)
Estimated Positive Fiscal Impact/Year	=	\$563,142

One-Time Development Fees

Land Use Permitting Fees	=	\$10,730
Building Permitting / Fire Marshal Fees	=	\$417,192
Sewer Connection Fees	=	\$210,699
Estimated One-Time Development Fees	=	\$638,549

Economic Impact

Job Creation – Construction and Trucking Jobs

Jobs	Jobs
<i>Construction Jobs – Temporary During Construction</i>	109
Warehouse Jobs – Permanent	300
Truck Driving – Freight – Permanent	108
Total Jobs – Permanent	408

Wealth Creation – Hartford Metropolitan Region

Jobs	Average Salary/Year ¹	Wealth Creation
<i>Construction (109)</i>	\$57,200	\$6,234,800
Warehouse (300)	\$35,000	\$10,500,000/yr.
Truck Driving – Freight (108)	\$51,900	\$5,605,200/yr.
Total Wealth/Year		\$16,105,200

¹ Bureau of Labor Statistic, 2020

I. Introduction

The Assignment

Goman+York was asked to provide an independent review and analysis of the municipal fiscal and economic impacts of the proposed development at 25 Talbot Lane. The municipal fiscal impact study evaluates the proposed development regarding future tax revenue and future costs/services. The economic impact analysis evaluates job and wealth creation.

The Proposed Development

- 25 Talbot Lane: located on the west side of town in the Route 5 industrial corridor.
- 30.37-acre site in the I (Industrial) Zone.
- Proposed construction of a single-story (40 feet) 359,640 square foot industrial warehouse with 54 loading docks, 118 trailer spaces, and 269 automobile parking spaces.
- As-of-right site plan application.

Background: Economic and Demographic Trends

Demographics and socioeconomics help to inform as to why and how change occurs. In additions, such trends provide context to understanding real estate asset classes, real estate development, and the market conditions that drive real estate investment. The following is a summary of trends at the national and state scale.

United States:

- Like many developed countries, the median age in the U.S. is getting older. Median Age:
 - *United States = 37.8*
- The expected increase in the U.S. population in the coming years will be mostly the result of immigration as fertility (birth) rates have been in decline for over a half century.
- Traditional 'Blue collar' jobs are being replaced with jobs for 'knowledge workers' and 'service workers.'
- Rental housing has seen significant growth in recent years and the newly constructed multi-family rental residential asset class continues to be one of the most desirable investments for institutional investors.
- Commercial space (office, retail, and industrial) markets vary greatly by metropolitan region depending on demand drivers (i.e., employment/job and population growth). Medical office space, especially in aging suburban metropolitan markets, has been robust. Retail space has experienced disruption from ecommerce and changes in consumer behavior, but newly constructed retail as part of mixed-use developments have fared better than older and conventional retail space. Industrial space, especially warehouse, distribution, and procurement centers, is robust and growing.

Connecticut:

- Connecticut will reflect overall trends in the U.S., as described above.
- Will continue to be older than U.S. median age:
 - *Connecticut = 40.8*
 - *South Windsor = 42.3*
- The U.S. Northeast and New England, especially, are in an extended period of slow or no growth in terms of job creation, population, and business formation (other than the Boston metropolitan area that

has experienced moderate growth). Connecticut has been a slow- to no-growth state for three decades and has suffered the slowest economic recovery of any state since 2009 Great Recession.

- Changing demographics, socioeconomics, and consumer preference/behaviors will continue to drive changes in demand across all real estate asset classes.
- A more diverse housing stock will continue to be critical to attracting and retaining talent, including younger workers, and working empty nesters.
- Commercial office demand has been mostly stagnant for decades. Medical office was the most robust category of office space in suburban markets. However, this has slowed considerably in the past few years.
- Retail space is not so much overbuilt, as it is under demolished. This means quality newly constructed retail space in strong locations competes favorably in the overall market. However, newly constructed, and well-located retail continues to create vacancy in obsolete or poorly located facilities. Restaurants have been the most robust segment of the retail sector.
- Industrial space, especially warehouse and distribution space, is experiencing considerable growth and robust demand. This is, in part, the result of Connecticut's location between the New York and Boston markets, continued increases in ecommerce, and changing needs and requirements for modern warehouse and distribution space. The Great Hartford market is well positioned to benefit from this renewed demand in industrial space—and has benefited from this renewed demand.

COVID-19 – Market Considerations:

- The global pandemic continues to disrupt the overall economy—nationally and in Connecticut.
- The economic impacts of COVID-19 have harmed the tourism, hospitality, retail, and restaurants sectors the most. Declines in retail that would have occurred over many years have been accelerated and exacerbated by the pandemic, resulting in higher vacancies and little demand for new construction.
- Remote working will persist in the near term and increase over pre-pandemic percent of workforce in the long term. Even with marginal shifts of 10% new remote workers will soften demand for commercial office space.
- Social distancing, stay-at-home orders, and less activity outside the home accelerated our shift to ecommerce, creating new and intensive demand for logistics (i.e., warehousing, distribution, and procurement centers). Such demand will persist as more consumers have become comfortable with ecommerce—in addition to generational shifts. This will continue to perpetuate the increasing demand for industrial space.

Review of Related Documents and Information

Our review included the following material provided by the Developer:

- Site plan application submission materials, including traffic study.
- Preliminary construction cost estimates.
- Estimates of employment numbers based on similar projects.

Additionally, we reviewed overall economic conditions, municipal finances, property assessments, taxes, zoning, and a variety of municipal fiscal impact and economic impact methodologies.

II. The Changing Landscape of Commercial Space

The form and function of our settlement patterns are forever shifting changing around technological and transportation innovations, economics, and our social-cultural ways of living in our environment. The way we live, and work is also changing. For example, our first industrial mills and factories were located alongside rivers (their source of power) and towns and cities were constructed around them. Riverside locations were later abandoned once electricity was invented and electric power sources provided. The arrival of rail resulted in the abandonment of many ports, as manufacturing relocated along the rail lines. Later, interstate highways further transformed and reorganized the location and site of industry at interchanges and access ramps (i.e., the industrial park) and large single-story buildings that consolidated production, assembly, warehouse, and distribution on a single floor.

With these changes in the location, form, and function of industry we have also see changes in how we perform production and consumption. Fordism, the stockpiling of raw materials and finished products, gave way to just-in-time manufacturing, a process where raw materials are delivered and used for scheduled manufacturing runs and finished products are shipped to the end user when they come off the production line. With technological advances, we have also seen changes in the way work is performed. Automation in manufacturing and telecommuting in business are forever changing employment and the location of jobs.

With changes in industry and business we have also seen changes in consumption and the way we live. For example, in the not so distance pass, grocery shopping was a weekly activity of large purchases for the week. However, today grocery shopping has evolved into a form of foraging, multiple stops per week at the grocery store to pick up prepared foods for tonight’s dinner or the few things we need for our next few meals. While such changes are slow moving and often unnoticeable as they occur, these slow-moving changes are transforming our social-cultural ways of living, settlement patterns, and land uses.

The location of retail stores provides a means of thinking through how our lives, settlement patterns, and land uses have changed over time. For example, in the early to mid-1900s the primary location of retail was in city centers (i.e., downtown and main street) and multi-story department stores. Over time department stores (and other retailers) shifted outward to suburban centers and retail strips. Later, the enclosed American mall came into vogue, located miles outside the central city, downtowns, and suburban centers, at interstate highway interchanges and access ramps, and anchored by large single- and two-story department stores. Next, the big box discount department stores and specialty retailers (i.e., category-killers) emerged on the scene, often favoring locations proximate to malls and other retail clusters.

Today, with the arrival of ecommerce, the retail sector continues to change the landscape of retail. However, ecommerce retailing is not simply a spatial shift in the physical location of retail, it is a shift to a virtual space that captures market share, while rendering physical locations and physical spaces of past and present bricks and mortar retailing functionally obsolete. With all these shifts and changes in industry, business, and consumption, the one constant is a continued increased need for logistics, the distribution and transportation of goods and services to end users. Most important, in addition to the traditional ecommerce of companies such as Amazon, new virtual products and services, such as meal delivery services (i.e., Daily Harvest, Hello Fresh, and Blue Apron) are further increasing the demand for logistics.

The ever increase demand for logistics has given rise to the global logistics and delivery firms such as DHL, UPS, and FedEx. The rise in the need for and importance of logistic has created new demand for fulfilment centers, processing facilities, warehouse, and distribution centers. Most important regarding this specific land use application, is that the need for warehouse and distribution centers with good access to the regional market is driving demand for industrial land uses. In addition, with limited land available in the urban core of metropolitan regions is resulting in greater suburban demand for such facilities—where appropriately zoned industrial land is available with good access to the road and highway network.

From the perspective of land use and community planning, we are continually confronted with changing demand for new land uses, even though they often appear uninteresting and mundane. For example, the restaurant pad-site on shopping center parcels, the drive-thru window, the standalone drive-thru only coffee shop. Now, state-of-the-art distribution centers are finding new life in older industrial areas. The challenge faced by community planning is not to resist change, but to embrace and manage change.² Adaptation is the foundation to resilience. Foresight and intentional action are the remedies to complacency, uncertainty, and obsolescence. Those who act now—will stay ahead of the curve and capture new opportunities. “New products and...services are generated...by knowledge, imagination, innovation, risk, trial and effort...”³ and who are first to “innovate and is lucky will take the market.”⁴ South Windsor has already adapted and positioned the community to capture new economic opportunities by encouraging such industrial uses in the Industrial zone, as-of-right.

This application, for as-of-right site plan in the Industrial Zone (I) at 25 Talbot Lane will further adaptation to ever-changing demand, land use, and economic development. While entrepreneurial spirit and efforts are often constrained by governance structures, government can also be entrepreneurial in its efforts, allowing market-driven uses as a means of moving the community forward.

III. Municipal Fiscal Impact Analysis

The Assignment

Goman+York Property Advisors was asked to conduct a municipal fiscal impact analysis of the proposed industrial spec building at 25 Talbot Lane, South Windsor, Connecticut. The proposed development consists of a single-story (40 feet) 359,640 square foot industrial warehouse with 54 loading docks, 118 trailer spaces, and 269 automobile parking spaces on a 30.37 acres site. Our analysis is designed to determine the fiscal impact (revenues and expenditures) of the proposed development on the Town of South Windsor.

Land Use and Municipal Fiscal Impacts

It is commonly understood that commercial and industrial land uses are fiscal positives regarding municipal tax revenue. For example, a 2012 study published by the American Farmland Trust and Connecticut Conference of Municipalities explained that commercial land uses in Connecticut require, on average, only \$0.27 in community services for every \$1.00 generated in tax revenue. The primary reason for this—commercial properties paying more in taxes than the services they require and receive—is the significant portion of municipal budgets allocated to public education and the fact that commercial properties do not utilize education related services. For example, the Town of South Windsor 2021-22 budget totals \$128,305,641, \$78,958,844 (or 61.5%) of which is Board of Education expenditures. Municipal operations—general government services—total only \$49,346,797 (or 38.5%).

In addition to education, there are other government services, such as social services, senior centers, parks and recreation, and so on that commercial and industrial properties do not utilize. Based on the limited services utilized by commercial uses, the \$0.27 per \$1.00 in tax revenue from the study above, and the fact that general

² Walker, Brian, and Salt, David, (2006): *Resilience Thinking: Sustaining Ecosystems and People in a Changing World*. Island Press. Washington, D.C. Walker, Brian, and Salt, David, (2012): *Resilience Practice: Building Capacity to Absorb Disturbance and Maintain Function*. Island Press. Washington, D.C.

³ Deming, W. Edwards, (1984): *Out of the Crisis*, The MIT Press. Cambridge, MA. (P. 182.)

⁴ Deming, W. Edwards, (1993): *The New Economics: For Industry, Government, Education*. Second Edition, The MIT Press. Cambridge, MA. (P. 10).

government (less education spending) only accounts for 38.5% of the total municipal budget, it is reasonable to assume that approximately 27% of the municipal expenditures support and provide services to commercial and industrial properties. Stated another way, to estimate the cost of commercial and industrial development we assume that only \$0.27 of every \$1.00 paid in taxes by commercial and industrial properties are used to provide general government services for those properties. Therefore, we assume that \$0.73 of every \$1.00 paid in taxes by commercial and industrial properties are fiscally positive revenue that helps fund other government services.

It is important to emphasize that the foregoing represents a highly conservative and generalized estimate of the additional expenses which could be generated by the subject project. A more realistic estimate of the actual expenses to the Town is derived utilizing a marginal cost approach which attempts to estimate the actual expenses generated by an operation of the specific size and scope. In this example, we would expect the proposed project to add little additional burden to the town’s scope of services and therefore a more likely estimate would be that the marginal increase in expenses would likely be in the range of 10% to 15% of revenues. For this specific project and use, we would still consider this to be a conservative range, in favor of the town’s position.

The Existing Undeveloped Property and Tax Revenue

The first step in assessing the municipal fiscal impact is to establish the baseline of current property value and taxes paid by the subject property. The table provides the existing conditions and estimated tax revenues paid by the four undeveloped parcels that make up the proposed development site. The data presented is sourced from the Town of South Windsor assessment records.⁵

Existing Property Tax Value

Address	Acres	Appraised Value	Assessed Value ⁶	Tax Value/Year ⁷	Taxes /Acre
5 Talbot Lane	1.29	\$102,900	\$72,000	\$2,727	\$2,114
25 Talbot Lane	2.28	\$108,800	\$76,200	\$2,886	\$1,266
475 Governor’s Highway	3.87	\$122,800	\$86,000	\$3,258	\$842
551 Governor’s Highway	22.93	\$286,400	200,500	\$7,595	\$331
Total	30.37	\$620,900	\$434,700	\$16,466	\$542

The proposed development site consists of four undeveloped properties totaling 30.37 acres. The property is appraised value (market value) is \$620,900 and the assessed value (70% of appraised value) is \$434,700. Multiplied by the Mill Rate (37.88), current year tax value (taxes paid) is \$16,466, of which \$12,020 (or 73%) of the total taxes paid, after general government service (27%), are deemed to be net positive revenue. Simply put, the undeveloped land pays more in taxes than the services it requires from local government.

⁵ Town of South Windsor, Assessment Records, August 2021

⁶ Assessed value is 70% of appraised value.

⁷ Tax value is determined by multiply the assessed value by the 2021 Mill Rate (37.88 or 0.03788)

Property and Tax Value – Anticipated Municipal Tax Revenue

To estimate the initial property value for the 359,640 square foot industrial spec building, we utilized the construction cost approach to value, adjusted down for soft costs.⁸ In addition, we then tested our construction cost approach to value against the assessed and appraised value of five comparable (warehouse and distribution) properties in South Windsor. This allows to compare the taxes per square foot from comparable properties to our projected taxes per square foot for the proposed industrial spec building (warehouse).

The following table provides a comparative analysis of the appraised and assessed value of comparable properties to the proposed industrial warehouse. In addition, utilizing the current mill rate, the table provides the estimate taxes paid based on assessed value and the taxes per square foot. Evident in the comparative data is that key determinants of property value (and ultimate taxes) are the condition and age of property.

Property Valuation and Taxes – Comparative Analysis to Comparable South Windsor Properties

Property	Year ⁹	Sq. Ft.	Appraised	Appr/SF	Assessed	Taxes ¹⁰	Taxes/SF
301 Governors Hwy. – Macys	1972	416,640	\$15,903,600	\$38.17	\$11,132,600	\$421,702	\$1.01
295 Rye St. – Aldi	2007	659,693	\$40,300,400	\$61.08	\$28,210,400	\$1,068,609	\$1.62
40 Kennedy Rd. – FedEx	2013	301,011	\$24,777,900	\$82.31	\$17,344,400	\$657,005	\$2.18
135 Sullivan Ave. – Mobis	2015	302,270	\$16,844,300	\$55.73	\$11,791,000	\$446,643	\$1.47
175 Sullivan Ave. – Performance Foods	2015	168,000	\$11,328,300	\$67.43	\$7,929,900	\$300,384	\$1.78
359 Ellington Rd. – Coca Cola	2019	209,744	\$19,336,600	\$92.19	\$13,535,600	\$512,728	\$2.44
25 Talbot Ln. – Industrial Warehouse	2022	359,640	\$35,244,720 ¹¹	\$98.00	\$24,671,304	\$934,549 ¹²	\$2.59 ¹³

Projecting the property value of a proposed building can be challenging to say the least. Different approaches, such as construction cost, income, and comparable sales can and do result in different values. In addition, when the aim is to determine the municipal fiscal impact of a proposed building, the task of projecting property value is further complicated by the aim of getting the taxes right, when value of commercial property is, in part, subjective based on investor behavior. In the table above, we estimate the proposed industrial warehouse to be valued at \$35,244,720 based on the construction cost approach to value. This results in an assessed value \$24,671,304 that generates approximately \$934,549 in real property taxes per year. However, as explained in footnote 11, the taxes per square foot (\$2.59) are higher than we would anticipate and higher than we are

⁸ In utilizing the construction cost approach to value, we recognize that once the property is developed, occupied, and stabilized, it is likely that the Town of South Windsor’s Assessor will utilize the income approach to value. At this preliminary point in the approval process, we do not have detail of development costs and operating income needed to estimate the income approach. Soft costs are those costs that do not contribute to the value of the property.

⁹ Building age, building condition, and the associated depreciation of value set by the Assessor are the primary factors influencing property and tax value.

¹⁰ Mill Rate: 37.88. Please note, per the Town assessment database, the “assessed values do not reflect any exemptions or abatements, which will be applied to the final assessments prior to tax billing.”

¹¹ We use a construction cost approach to value based on the Hartford market construction costs and trends and estimate \$140/sq. ft. for total construction costs (\$50,349,600). Value is derived from the hard construction costs. Therefore, we deduct soft costs (estimated at 30% of total costs) to determine the hard construction cost (\$35,244,720) or market value.

¹² This value is too high and adjusted to \$715,683 in the discussion and narrative on page 9 and 10.

¹³ Based on the construction cost approach to value, we find the estimated taxes per square as excessively high and an unreasonable projection of taxes. This not an uncommon finding that we have when making these calculations and projections.

comfortable projecting for municipal fiscal impacts—we never want to overpromise the tax revenues to the municipality.

This challenge, balancing projected property value with the tax value of a proposed property, is a common problem we face when conducting a municipal fiscal impact analysis. The primary reason for this is that in Connecticut, construction costs are high, while rents are relatively low, and returns on investment are marginal. Therefore, we test our construction cost to value approach against comparable properties to adjust the total taxes paid to taxes paid per square foot. In addition, when doing so, we give due consideration to the Town's assessment information related to property age, building condition, and depreciation value. This allows use to refine our numbers and better estimate the tax value of the proposed property.

When conducting the analysis of the property age, condition, and depreciation for the six comparable properties in the table above, our findings resulted in 301 Governors Highway being removed from consideration as viable comparable for tax value based on the age of the property and poor conditions resulting from deferred maintenance. In addition, two properties other properties, 135 Sullivan Avenue and the 359 Ellington Road appeared to be outliers. For example, with per square foot taxes at \$1.47, the 135 Sullivan Avenue property tax value appeared to be too low. Furthermore, the 359 Ellington Road property with per square foot taxes at \$2.44 appeared to be high.

The remaining three properties, with taxes ranging from \$1.62 to \$2.18 per square foot are more in line with what we anticipate the taxes per square foot to be based on our experience. More important, those three properties have an average tax value of \$1.80 per square foot.¹⁴ Therefore, recognizing the proposed industrial warehouse at 25 Talbot Lane will be newer than the comparable properties with average tax value of \$1.80 per square foot—and knowing that building age, condition, and depreciation influence property value—we *estimate the proposed industrial spec building to have a taxes per square foot value of \$1.95. This results in a tax value of \$701,298 per year.*

Personal Property Taxes

The value of personal property taxes (not including motor vehicle property taxes) fluctuates with the type of business occupying a property. This fluctuation is the result of type, amount, and value of fixtures, furnishings, and equipment associated with a given business. Based on our experience, we typically expect the personal property taxes for warehousing and distribution business to be approximately 10% of the real property tax value. This finding and assumption is consistent with the Grand List breakdown for the Town of South Windsor—personal property taxes account for approximately 10.11% of the total Grand List.¹⁵

While we assume personal property taxes at 10% of real property taxes, it is important to note that the percent of personal property taxes may be much higher. For example, the property at 295 Rye Street (Aldi) is the number three taxpayer in South Windsor and approximately 22% of the taxes paid by Aldi are personal property taxes on commercial equipment (i.e., fixtures, furnishing, and equipment).¹⁶

¹⁴ The mid-point value between \$1.47 and \$2.44 (low and high) per square foot values is \$1.89 per square foot. The average per square foot value of all five properties \$1.82. Therefore, the \$1.80 per square foot as an average per square foot value is reasonable.

¹⁵ See Town of South Windsor, Assessors 2020 Grand List totals at: <https://www.southwindsor-ct.gov/assessor/pages/grand-list-top-taxpayers>. Also see Town of South Windsor 2018-2019 Annual Report.

¹⁶ See Town of South Windsor, Assessors 2020 Top Ten Taxpayers 2020 Grand List at: <https://www.southwindsor-ct.gov/assessor/pages/grand-list-top-taxpayers>.

The real property taxes for the proposed industrial spec building (anticipated warehouse) at 25 Talbot Lane are estimated at approximately \$701,298 per year. Therefore, we estimate the personal property taxes to total approximately \$70,129 per year.

Total Property Taxes – Real and Personal Property Taxes

The following table provides estimates for real and personal property taxes generated by the proposed industrial spec building at 25 Talbot Lane.

Real and Personal Property Tax Estimates

25 Talbot Lane – Industrial Warehouse Spec	Property Taxes
Real Property Taxes	\$701,298
Personal Property – Commercial Equipment ¹⁷	\$70,129
Total Property Taxes	\$771,427

We estimate the combined real and personal property tax payments will total approximately \$771,298 per year and may be higher of there are delivery vehicles associated with the facility.

Municipal Fiscal Impact - Findings

The fiscal impact findings, based on the analysis and assessment presented above, are straight forward. The existing undeveloped property is a fiscal positive for the Town of South Windsor. The property pays approximately \$16,466 in property taxes per and uses approximately \$4,446 (27% of total taxes) in local government services—a net positive fiscal impact of \$12,020 in taxes per year.

The property owners are seeking to develop the property at 25 Talbot Lane into a 359,640 square foot industrial warehouse—a \$50,000,000 investment in South Windsor. When completed and occupied, the property will generate approximately \$701,298 in real property taxes and \$70,129 in personal property taxes for a total \$771,427 per year in property taxes. The property, as discussed above, will use approximately \$208,285 (27% of total taxes) in local government services—a net positive fiscal impact of \$563,142 in taxes per year.

The table below (Municipal Fiscal Impact – Revenues & Expenditures) provides a summary of calculation for the fiscal impact of the proposed 359,640 square foot industrial warehouse at 25 Talbot Lane. The calculations for revenues include real property taxes and personal property taxes. The expenditures include general government services. General government service expenditures are estimated at 27% of commercial real property tax revenue.

¹⁷ Personal Property – Commercial Equipment: 295 Rye Street (Aldi) is the number three taxpayer in South Windsor and approximately 22% of the taxes paid by Aldi are personal property taxes on commercial equipment (i.e., fixtures, furnishing, and equipment). We find the 22% to be high—likely resulting from refrigeration units—compared to the 10% of the real property assessed value that we use for personal property tax estimates (multiplied by the mill rate).

Municipal Fiscal Impact – Revenues & Expenditures

Revenues & Expenditures	Total
Revenues	
Real Property Taxes (359,640 Sq. Ft. Warehouse)	\$701,298
Personal Property Taxes	\$70,129
Total Revenue	\$771,427
Expenditures	Total
General Government Services – Commercial (27% taxes paid)	(\$208,285)
Municipal Fiscal Impact	\$563,142

The municipal fiscal impacts are projected to be a fiscal positive. We find that the proposed 359,640 square foot warehouse will generate approximately \$563,142 in net positive revenues per year.

One-Time Development Fees and Revenue

In addition to the yearly-recurring revenues from property taxes and user fees, land use applications and developments generate (pay) several one-time permitting fees. These fees are designed to off-set the cost of government costs services (i.e., permitting, inspections, and other related municipal expenses) directly related to the development. These fees (revenues) come primarily from four sources: land use permit fees, building permit fees, fire marshal review fees, and the sewer connection charges. The calculations for these fees are different for each category and extensive, therefore, the table below (One-Time Development Related Revenues) provides a summary of each of these permits/fees and the basis for calculations to estimated fees. The ‘Total’ column provides the estimated fees to be paid for each category and the total one-time development related fees to be paid by the proposed industrial development. The proposed development will pay approximately \$638,549 in permitting fees and WPCA connection fees.

One-Time Development Related Revenues - Permit and Other Fees

Building and Land Use Permits	Fees/Rate	Base ¹⁸	Total
Building Permit	\$60 first \$2,000; \$18 each additional \$1,000	\$25,174,800	\$417,192
Fire Marshal Review	\$7/\$1,000 building permit fee	\$417,192	\$2,920
Commercial Site Plan	\$350 + \$20/1,000 sq. ft. + \$200 Wetlands	359,640 sq. ft.	\$7,730
Zoning Permit/CO/Sign	\$25/\$30/\$25	---	\$80
WPCA (Connection)	Per Frontage, Acres, & Lateral	---	\$210,699
Total			\$638,549

¹⁸ The base fee utilized for these calculations is 50% of total construction cost (\$50,349,600). The 50% reduction is to account for soft costs and constructions costs that don’t require permits.

Municipal Fiscal Impact – Summary of Findings

Based upon the entirety of our municipal fiscal impact analysis, we believe that the proposed 359,640 industrial warehouse at 25 Talbot Land will generate a net positive fiscal impact for the Town of South Windsor. The one-time development fees will result in \$638,549 in permit revenue, offsetting the costs associated with administering the entitlement process. ***Once occupied, the industrial warehouse center will generate approximately \$771,427 in real and personal property tax revenues per year, of which approximately \$563,142 per year will be net fiscal positive tax revenue after the estimated expenses are incurred for general government services.***

IV. Economic Impact Analysis

The Assignment

Goman+York Property Advisors was also asked to conduct an economic impact analysis of the proposed industrial spec warehouse at 25 Talbot Lane, South Windsor, Connecticut. The proposed development consists of a single-story (40 feet) 359,640 square foot warehouse with 54 loading docks, 118 trailer spaces, 269 automobile parking spaces, and the associated on-site improvements. Our analysis is designed to determine the economic impact (specifically, job and wealth creation) of the proposed development.

Economic Development

The work of economic development is the practice and process of attracting investment capital and creating wealth in a community. The proposed application for an industrial warehouse center 25 talbot Lane is economic development—it represents new investment and the creation of additional wealth within South Windsor and metropolitan Hartford. In addition, this proposed development signals to other investors that the Town of South Windsor is successful in attracting investment, and experience shows that investment attracts additional investment.

Estimating Job and Wealth Creation

Estimating the impacts (economic and other) of commercial development can be challenging. However, research has shown that we can utilize commercial construction costs to estimate the number of construction jobs that will be supported or created by a given development. To accomplish this, we apply a multiplier of 6.2 labor hours for every \$1,000 of commercial hard construction costs. Using this multiplier, we can estimate the full-time equivalent (FTE) construction jobs that will be supported (or created) by the proposed development, based on the construction costs.

To start, the total investment for the proposed development is approximately \$50,349,600. The construction hard costs are estimated to total \$35,244,720. To calculate the FTE construction jobs supported or created, we will utilize the 6.2 labor hours for every \$1,000 of construction costs. The calculations are as follows:

$$\frac{\$35,244,720 \text{ (construction costs)}}{\$1,000} = 35,244$$
$$35,244 \times 6.2 \text{ (labor hours per } \$1,000 \text{ construction costs)} = 218,512 \text{ (labor hours)}$$

$$\frac{218,512 \text{ (labor hours)}}{2,000 \text{ (hours or FTE for 1 job)}} = 109.25 \sim 8 \text{ FTE construction jobs}$$

The economic impacts of 109 FTE construction jobs is meaningful. The 109 FTE jobs equate to income and wealth creation for those employed in the construction process. In addition, the construction jobs will result in spendable income, including consumer spending, during the construction period. For example, assume each of the 109 workers spends \$25 per week in South Windsor for 52 weeks of construction, that would total \$141,700 spent in stores, restaurants, gas stations, and other businesses in South Windsor—a positive economic benefit to the community.

In addition, and more important and meaningful than the construction jobs, the warehouse facility will bring a significant number of permanent jobs. The industry standard for an industrial warehouse is between one employee per 1,000 square feet and one employee per 2,000. Based on recent trends and employment levels in similar facilities in metropolitan Hartford, we anticipate the proposed warehouse will create one job per 1,200 square feet, a total permanent 300 jobs. In addition, based the number of loading docks, we estimate 109 permanent trucking jobs.

To determine wealth creation, we reviewed the Bureau of Labor Statistics data on the average salary of warehouse workers, truck drivers, and construction works in Connecticut. Warehouse workers earn approximately \$35,000 per year or a combined total of \$10,500,000 in new wealth creation per year from the 300 permanent jobs. Freight truck drivers on average earn \$51,900 per year or a combined total of \$5,605,200 for freight drivers. We estimate the industrial warehouse and freight driver job creation will generate approximately \$16,105,200 in regional wealth creation.

Wealth Creation – Hartford Metropolitan Region

Jobs	Average Salary/Year¹⁹	Wealth Creation
Industrial Warehouse (300)	\$35,000	\$10,500,000/yr.
Truck Driving – Freight (108)	\$51,900	\$5,605,200/yr.
Construction (109)	\$57,200	\$6,234,800
	Total Wealth/Year	\$16,105,200

Summary of Findings

From the perspective of economic impact, the proposed logistics parking facility at 25 Talbot Lane will create 109 FTE construction jobs, 300 permanent jobs, and approximately \$16,105,200 in wealth creation per year after year one. **In short, the proposed facility will have a significant positive economic impact on the Town of South Windsor and the community.**

¹⁹ Bureau of Labor Statistics, 2020.

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Statement of Qualifications

Donald J. Poland, PhD, AICP: I am an urban geographer and professional planner with over twenty-seven years' experience in land use planning, community and economic development, and market and development feasibility. I have worked in public, private, non-profit, and academic sectors as a municipal planning director, zoning enforcement official, planning consultant, executive director/CEO, and as a university lecturer and visiting professor in human geography, urban planning, urban studies, public policy, and tourism.

I earned my PhD in the Department of Geography, *Cities and Urbanization* program at UCL, London, England. My doctoral dissertation explored the remaking of urban space through the utilization of urban-ecological theory and metaphors to better understand how places change. I also earned a Master of Science in Geography, concentrating in urban and regional planning, from Central Connecticut State University (CCSU) and a Bachelor of Arts degree, majoring in both Psychology and Geography, from CCSU.

As a planning professional, I am a member of the American Institute of Certified Planners (AICP) and a Certified Zoning Enforcement Official (CZEO). I have been accepted as an *expert witness* in the areas of *land use planning, neighborhood redevelopment, and community development* in the United States District Court, Eastern District of Louisiana. I have also been accepted as an expert witness in the Circuit Court of St. Louis County, State of Missouri. Over the course of my career, I have held the positions of Zoning Enforcement Official for the Town of East Hartford (1996-1998), Director of Planning and Development for the Town of East Windsor (2000-2004), and Executive Director/CEO for the Neighborhoods of Hartford, Inc.

Since 2008, I have operated a boutique consulting practice and have worked on assignments in 18 states and over 100 local and regional jurisdictions. This work includes post-Katrina planning, zoning, and redevelopment strategies in St. Bernard Parish, Louisiana; an HUD NSP-2 application and reinvestment strategy for Venango County, Pennsylvania; zoning regulation modernization and updates as part of the 2016 Comprehensive Plan for Canton, Ohio, Canton, Ohio; a downtown economic investment strategy for Oswego, New York, and countless municipal planning and zoning assignments in Connecticut. In addition, I have also represented dozens of real estate developers before public agencies for commercial, residential, industrial, and mixed-use development projects—including market research, financial feasibility, project viability, and municipal fiscal impact analysis.

I am a Past-President of the Connecticut Chapter of the American Planning Association (CCAPA) and Past Chairman of the CCAPA Government Relations Committee. I have also served on APA's Chapter Presidents Council, the Executive Committee for the CT Association of Zoning Enforcement Officials, the Board of Trustees for the CT Trust for Historic Preservation, the Board of Trustees for the Bushnell Park Foundation, and was a public member of the State Board of Examiners for Professional Engineers and Land Surveyors. In addition, I have assisted the CT General Assembly's Planning and Development Committee with bill screening and drafting legislation. I also participated in the creation of the American Planning Association's development of a *smart growth policy guide* and was a member of the National Delegates Assembly (for the *Smart Growth Policy Guide*).

As an academic, I have taught over a dozen courses in human geography, urban planning, urban studies, and tourism at five universities. I currently hold the position of *Visiting Assistant Professor of Urban Studies, Graduate Studies Program* at Trinity College, Hartford, CT. I previously held the positions of *Visiting Assistant Professor of Public Policy, Graduate Studies Program* at Trinity College and *Associate Professor, Tourism and Hospitality*, at Central Connecticut State University, New Britain, CT. I was awarded the CT Homebuilders 2003 Outstanding Land Use Official Award and am a 2004 alumnus of the Hartford Business Journal's Forty Under Forty leaders.