



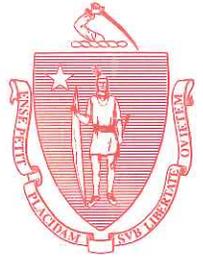
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To: Millis Planning Board

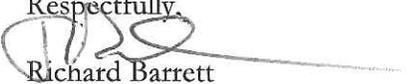
Attn: Brutus Cantoreggi Chairmen

Reg; Proposed Dover Rd Residences

Mr. Cantoreggi,

I wanted to make you aware that the Builder for the proposed Dover Rd Residences hired a company to prepare a Fiscal Impact Analysis. In April we met to discuss the findings and ask any questions that we may have had. The study found that we would see an increase of calls by 77 for EMS and 15 for fire service calls per year. We felt that these numbers were low compared to other facilities in communities near us and after some discussion they agreed that the response numbers would be closer to 100 EMS calls and 35 fire service calls per year. With those numbers we believe we will see an increase of 3-4 calls per week. The Fire Department has taken steps to prepare for these increases with the purchase of the second ambulance and the addition of staff over the next three years. In addition I have worked with the builder to ensure that entrances and turning radius' meet the requirements of our apparatus. I have attached a copy of the Fiscal Impact Analysis for your records. Please feel free to contact me at any time and I look forward to working with you on this project.

Respectfully,


Richard Barrett

Fire Chief

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Fiscal Impact Analysis **107 Unit Assisted Living / Memory Care Facility** **Bridge Street** **Millis, Massachusetts**

April 25, 2016

1.0 Preface

This report is designed to identify the key fiscal factors and the long term fiscal impacts and benefits associated with a proposal to construct a 107 unit assisted living / memory care facility located on an eight acre (8) site on Bridge Street in Millis Massachusetts (the Proposal).

Specifically, the applicant, Barberry Homes of Framingham Massachusetts is proposing a 100,000 square foot building to accommodate 40 memory care units and 53 assisted living units. In addition, the site plan includes seven (7) duplex cottages (14 total units) for assisted living. Accordingly, 37% of the proposed units will be for memory care and 63% for assisted living. The median age of the residents is anticipated to be over eighty years old.

2.0 Summary of Methodology

In considering the fiscal impacts of any Proposal, there are two broad cost categories to consider: (i) education costs and (ii) general service costs (i.e. all non-education costs). For obvious reasons, the proposed assisted living / memory care (Proposal) will not generate school aged children to the public school system. General Service costs encompass a wide range of municipal service costs but in this instance, given the nature of the Proposal and its site plan characteristics general service costs will be related to public safety costs i.e. police, fire, and ambulance services.

Certain operational budget categories that are not included in general service costs such as existing debt payments (a pre-existing non-related condition) and annual services costs to be paid directly by the owner such as water and wastewater disposal costs. Items such as trash collection, lighting and snow plowing of internal roadways and parking areas will remain the responsibility of the private owner and therefore are not included as an increased service cost. Finally, short-term costs related to building department reviews will be addressed through the fees assessed by the Building Department.

Therefore, additional police and fire demand are the only identifiable and measurable municipal services that will be impacted by this Proposal.

This report employs local police and fire operational data as the basis of estimating additional departmental costs. Further, since there is no comparable land use in Millis similar to the Proposal this report examined three senior oriented developments in Millis and five existing living facilities in nearby towns to provide the closest local experience for our service cost estimates.

2.3 Revenue Projections

Municipal service cost represents only one part of the fiscal equation. To generate an annual cost-to-revenue ratio the annual revenue side of the equation needs to be estimated and compared to annual service costs. In this instance the annual revenue is represented by the estimated annual property taxes.

The Town of Millis does not have a comparable assisted living / memory care within the community. Therefore, the report employs an estimate of assessed valuation based primarily on the concept of replacement cost. However, at some point in time after project stabilization the Town of Millis will likely employ an income method approach appropriate to assisted living development.

2.4 Fiscal Profile

This report compares the estimated municipal service costs with anticipated total annual revenue sources to arrive at an estimated annual cost-to-revenue ratio, or annual fiscal profile. The findings are also expressed in terms of current dollars gained or lost annually commencing at stabilization. The cost to revenue ratio is designed as a type of short hand to provide the Town of Millis with an understanding of the long-term fiscal implications of the Proposal.

Accordingly, the most important finding presented in this report is the estimated cost-to-revenue ratio at project stabilization. While the ratio will likely vary slightly from year to year due to regional or national economic factors, it is the Town's best measure of the long-term fiscal performance of the Proposal.

3.0 Summary of Findings

- **The Proposal will generate approximately \$326,000 in annual revenues and approximately \$99,000 in annual service costs. Accordingly, the Proposal has a very strong positive cost to revenue ratio of 0.30.**
- **In terms of an annual fiscal benefit, the Proposal will generate approximately \$225,000 at stabilization and thereafter (current dollars).**
- **The estimated assessed valuation and new growth value will be approximately \$18,688,000.**
- **The Proposal's assessed valuation is 97 times larger than the existing assessed value and it will generate 99 times the current tax yield.**
- **The Proposal will generate approximately \$375,000 in building permit fees.**
- **The Proposal will add an additional dimension to senior living options in Millis while generating a significant annual and sustainable fiscal benefit for the Community as a whole.**

4.0. General Service Costs

4.1 Fire Department

Based on discussions with Fire Chief, the Millis Fire Department will likely respond to approximately 1,500 calls for service in 2016. The large majority (approximately 65%) of all calls are for Emergency Medical Services (EMS). It should be noted that the approximately 500 non-EMS calls include a wide range of services and that building fires represent a small minority of the 500 service calls. This operational characteristic is consistent with Fire Departments throughout the region.

Given that residential development is clearly the predominant land use in Millis, for the purposes of this report, we will assume that 90% of all non-EMS calls are related to residential land use and 10% are related to fire services associated to commercial development, public buildings, schools and vehicles. Given the approximately 3,150 dwelling units in Millis and approximately 450 residentially generated fire service calls we can estimate a rate of 0.14 per dwelling unit.

At said rate (0.14) the 107-unit Proposal would generate 15 fire service calls per year. It should be noted that the Proposal will have state of the art fire alarm and fire suppression equipment and that the majority of service calls will not be actual fires but issues such as suspicious odors, or smoke, resetting fire alarms and other non-building fire responses.

The anticipated 1,000 ambulance service calls for service for 2016 are not differentiated by land use type. While ambulance calls are also generated by traffic accidents and commercial/public uses; for the purposes of this report, we have assumed that all EMS calls for service are residentially oriented. Accordingly, we can estimate an ambulance call rate of 0.31 per dwelling unit. At said rate we could estimate the 107-unit proposal will generate 34 additional EMS calls for service.

Combining the EMS and non-EMS estimates the Proposal could generate 49 additional fire service calls (all types) or a rate of 0.46 calls per unit. However, the 0.46 rate is a town wide average and does not necessarily reflect the specific demands of assisted living and memory care units. As a point of comparison we examined three (3) senior oriented and nursing home type developments in Millis. While we understand that said units are not completely analogous to the Proposal we believe that Table 1 provides a local context that is useful for the purposes of this report.

The data shown in Table 1 was provided by the Millis Fire Department in February of 2016 for the year 2015.

Table 1. Fire Department Calls to Selected Senior Developments-2015

Development	Units	EMS Calls	Non-EMS Calls	Total Calls	Calls per Unit
Willowbrook Manor	37	35	2	37	1.00
Harry King Terrace	32	21	18	39	1.20
Kennedy Terrace	34	18	11	37	0.85
Totals	103	74	31	105	1.02

Table 1 above indicates an average of approximately one fire department service call per dwelling unit per year (1.02) for the older established senior housing in Millis. In our experience the call rate shown above is at the high end of the range for senior housing in the region.

Another local perspective is provided by the recently submitted Toll Brother’s fiscal report regarding the Glen Ellen Country Club Senior Community Proposal. Using the Regency at Methuen as a comparable they noted that the 240-unit facility had 45 fire service calls in 2015 (27 non-EMS and 18 EMS) for an overall rate of 0.1875 calls per unit; a rate significantly lower than the Millis rate of 1.02 per unit. It has been our experience that the health characteristics of the resident/client coupled with the services provided (staff capability) has a major effect on fire service demands, particularly EMS and that said factors may explain the wide divergence in fire department service demand.

While the developments shown in Table 1 are not directly comparable to assisted living and we believe it is prudent to be conservative in the Town’s favor. Accordingly, if we pro-rate the 74 EMS calls for the 103 units shown in Table 1 to the 107 units of the Proposal we can estimate 77 EMS calls per year. Similarly, the non-EMS calls expand from 31 to 32 calls. Therefore, using Table 1 data we can estimate 109 calls per year of which 107 will be EMS related and 32 fire service calls.

However, we are cognizant of the fact that EMS calls vary from year to year and can be different for development more analogous to the Proposal. Accordingly, Barberry Homes, with the assistance of neighboring fire departments, compiled EMS call data from five assisted living facilities for neighboring communities. Table 2 below illustrates their findings.

Table 2. EMS Calls-Comparable Assisted Living Facilities

Facility	Town	# Units	Calls/yr.	Calls/Unit/yr.	Calls/week.
Waterstone	Wellesley	134	65	0.49	1.25
Golden Pond	Hopkinton	134	65	0.49	1.25
Avita	Needham	62	33	0.53	0.63
Avery	Needham	60	37	0.62	0.71
Bridges	Westwood	64	40	0.63	0.77

As shown, the five assisted living facilities have an EMS calls per unit per year rate that varies from 0.49 to 0.63. To be conservative in the Town’s favor we will assume the highest call rate of 0.63 (the Bridges in Westwood). Accordingly, we estimate that the

Proposal will generate 68 EMS calls per year based on data from assisted living facilities in surrounding towns. However, using the Millis data for roughly similar development (See Table 1) we derived an estimate 77 EMS calls per year or a rate of 0.72 per unit. However, after discussions with the Fire Chief and the information he has assembled in discussions with other fire chiefs in the region we concur that the EMS call rate may reach as high as 1.0 calls per unit.

Therefore, to maintain the conservative (higher) service cost approach, this report will use the higher estimate of 107 EMS calls per year. Accordingly, the combined EMS and non-EMS call rate will be 139 per year (107 EMS and 32 non-EMS).

Estimated Fire Service Cost.

The FY16 Fire Department budget is approximately \$1,250,000, including the budget for dispatch services. Adding an additional 37% to cover retirement, employee and retiree health insurance brings the total to approximately \$1,713,000. In this instance we cannot assign budget values to individual fire department functions but our experience in the region indicates that between 50% to 75% of all fire department costs can be linked to residential services depending on the nature of the community. Given the strong residential nature of the community we will employ the high end of the range of 75%. Accordingly, 75% of the estimated budget of \$1,250,000 equates to \$1,284,750. Given 3,150 dwelling units we can estimate an average fire service cost of \$408 per dwelling unit. Therefore, the 107 units of the Proposal would generate an annual cost of \$43,656 (\$43,700). However, ambulance service costs are likely to add to overall annual costs.

Ambulance Service

The Millis Fire Department has one ambulance to service the community. While training is ongoing to upgrade ambulance service advanced life services (ALS) currently the system operates at Basic Life Support (BLS). We are aware of local discussions to add another ambulance in the near to mid-term. While the Proposal, like any future development, will add to ambulance service demand it will not be the sole cause of adding a new ambulance, if the Town decides it is warranted.

Millis, like all communities, receives an insurance reimbursement for each ambulance run and it is highly likely that all residents of the proposed facility will have insurance coverage. As noted, the Town operates at BLS service levels, once ALS certification is attained the Town will receive a higher insurance reimbursement level for each ambulance run. However, based on our experience it is likely that at BLS service levels \$100 to \$200 of each run may not be covered. Again to be conservative, this report will assume that up to \$200 of each ambulance run will not be covered by insurance reimbursement. Accordingly, the 107 additional ambulance runs may generate an additional cost of cost of \$21,400.

Adding the potential \$21,400 to the overall per dwelling unit cost estimate of \$43,700 brings the total estimated fire department service cost to \$65,100.

4.2 Police Department

The Millis Police Chief indicated that the annual calls for service fluctuate between 9,000 and 10,000 calls per year and that said number reflects a wide variety of recorded police activity. Recorded activity includes directed patrols, calls for service, traffic related incidents and services provided for commercial and institutional uses. Arrests and crime incidents represent a small percentage of annual police activities a characteristic common to all area police departments.

The Police chief estimated that removing traffic related incidents would remove about 1,000 recorded incidents from the annual total, but the remaining number would be related to residential use and or the local population. Therefore, for the purposes of this report we will assume up to 8,500 recorded incidents/activities related to residential land use could occur in 2016, including police responses to approximately 1,000 EMS calls annually (see the discussion of fire service calls above).

However, if we attempt to relate police service calls to dwelling units (like the fire services analysis) we run the risk of obfuscating the nature of police calls relative to the Proposal. For example, given the 3,150 dwelling units in Millis such a comparison we could yield an annual rate of 2.7 a rate of police calls / per dwelling unit per year. Obviously, the police do not send personnel to each house almost three times per year. The example illustrates why for estimating police cost, particularly for specialized housing like assisted living, the per capita cost approach is the more traditional and appropriate way of approaching the cost issue i.e. police actions are more directly related to population than structures.

Accordingly, given a population of approximately 8,000 and a The current police department current operating budget is approximately \$1,650,000 adding \$611,000 for retirement, employee health insurance, and retiree health insurance brings the total to \$2,261,000. Given a population of approximately 8,000 and we can estimate a per capita police cost of \$283. **Applying this value to the proposal's estimated population of approximately 120 we can generate a cost estimate of \$33,960 per year (current dollars).**

It should be noted that the annual estimated service cost of \$33,960 should be considered a high or conservative estimate given that the estimated cost is based on the *average* police cost per person in Millis. Specifically, the Proposal's residents will average over 80 years old and a significant proportion of the residents will not be leaving the facility unattended. Further, people of this advanced age are statistically less likely to commit crime, or drive a car, or otherwise require a police response except for EMS service.

4.3 Total General Service Cost

As previously noted police and fire costs will be the only identifiable and measurable service cost. Given the nature of the Proposal and the owners responsibility for internal

road maintenance, plowing and lighting there will be no additional DPW costs. Water and Sewer costs also be paid by the owner and construction monitoring will be covered by the assessment of building permit fees. Table 2 provides a summary of estimated cost.

Table 3. Estimated Service Cost

Department	Estimated Annual Cost
Fire Department	\$65,100
Police Department	\$34,960
Total	\$99,060 (\$99,000)

5.0 Municipal Revenue

The assignment of an assessed value for an assisted living proposal that includes memory care units cannot be addressed as a typical income generating property. Once stabilized Millis will most likely assign an assessed value based on income method appropriate for assisted living developments, given that more definitive income data will be available. Therefore, the assessed value determined by an income method may be somewhat higher or lower than what is projected by this report.

However, for the purposes of this report the initial assessed value has been determined by estimating replacement value of the Proposal and the value of associated site improvements. Therefore, based primarily on current internal construction cost estimates, this report estimates a construction value of \$160 per foot. Given \$116,800 gross square feet this report estimates an assessed value (current dollars) of \$18,688,000 or \$174,654 per aggregate unit.

Millis has a uniform tax rate of \$17.44; at said rate the Proposal will generate annual property taxes of approximately \$326,000.

In most instances the annual revenue stream of a residential development includes excise taxes. However, given the nature of the Proposal, the number of vehicles registered on site will be few in number and the revenue derived will be minimal. Therefore, this report will assume that the estimate of \$326,000 in property taxes represents the full annual revenue stream.

6.0 Fiscal Profile

With an annual revenue stream estimated at \$326,000 at stabilization and municipal service costs estimated at \$99,000 the Proposal generates a strong positive cost to revenue ratio of 0.30. Essentially for every revenue dollar generated it will cost thirty cents to address all associated service costs.

In terms of annual fiscal benefit, the Proposal will generate approximately \$225,000. Therefore, on an annual basis the Proposal will add approximately \$225,000 to the general fund for use for other municipal purposes.

Given the nature of the Proposal and the local regulations controlling land use the strong positive annual fiscal profile will be sustainable for the long-term. Essentially, the Proposal represents a land use that will generate a significant annual fiscal benefit and in addition to broaden the scope of senior housing opportunity in the Town of Millis. Table 3 provides a summary of the fiscal profile (current dollars).

Table 3. Estimated Annual Fiscal Profile

Proposal	Assessed Value	Revenue	Cost	Cost/ Revenue Ratio	Annual Benefit
67 assisted and 40 memory care units	\$18,688,000	\$326,000	\$99,000	0.30	\$225,000

7.0 One Time Fees

Given the current building permit fees of \$20 per \$1,000 of construction cost and a \$18,688,000 total construction cost estimate, this report estimates that by completion of construction total building fee payments will be approximately \$375,000 not including gas and electric permit fees or any other utility hook-up fees as may be required. This sum, after deducting local construction monitoring costs, will likely generate a balance of funds that represents significant one-time revenue source.

Any other fees associated with the approval process such as application filing and site development peer review fees will be paid by the applicant / owner and therefore the Town will not incur any short term or onetime costs.

8.0 Comparison to Existing Use.

The project site referenced as 0 Bridge Street in Millis has a total assessed value of \$192,000 and generates \$3,264 in annual Property taxes. Table 4 below provides a

summary comparison of assessed value and tax yield relative to the existing site and the Proposal.

Table 4. Fiscal Comparison

Items	Existing	Proposal	Difference	% Change
Assessed Value	\$192,000	\$18,688,000	\$18,496,000	9,733%
Tax Yield	\$ 3,264	\$ 326,000	\$ 322,736	9,987%

As shown above, the Proposal increases assessed value by a factor of 97.3 times and annual revenue by a factor of 99.8 times.

While the increase in assessed value and tax value is an important benefit to the community. Further, the very strong positive cost to revenue ratio of 0.22 and that the inherent nature of the Proposal will permit the strong positive fiscal profile to be maintained over the long term.