



***Town of Littleton, Massachusetts
Department of Finance and Budget***

***Bonnie-mae Holston, Assistant Town Administrator/Finance Director
Michelle Reynolds, Assistant Town Accountant***

To: Keith Bergman, Town Administrator

From: Bonnie Holston, Asst Town Administrator for Finance and Budget

Date: May 4, 2011

Re: Omni Properties LLC proposal for 15 Great Road, Littleton

As requested, I have reviewed the financial projections in the Fiscal Benefits section of the Omni presentation slides and have the following comments:

Taxes/Fees

The residential real estate tax is estimated at \$306,000 annually based on the current residential rate of \$15.33 per thousand and a value of \$100,000 per unit. I would comment that the income approach used on a development of this type would factor vacancy percentages, and once taxes were assessed there could be abatement applications filed based on the vacancy rate. This could be significant in the first year of development.

The water fees of \$43,000 are paid directly to the Water Department. Even if paid to the Town, they are fees for a commodity and service and do not add to the Town's coffers. This figure should not be included as annual revenue in the calculations on the "School Cost Impact" slide.

Student Costs

No impact to bus routes have been included in these estimates. Depending on the number of students residing in the development, an additional bus may be needed to manage the volume.

The estimated incremental cost per student of \$5,000 is low, as this assumes that the students will be absorbed within the existing staffing and facilities. There are contractual obligations within the agreement with the LEA regarding maximum classroom size that has not been factored in these estimates. Each additional teacher added for increased enrollment would add an estimated \$40,000 annually plus benefits. For these reasons I am using the Average Cost of \$10,083 referenced in the report.

The slide detailing the Student/Unit Break Even Ratio should have the water revenue removed as mentioned previously. With that change the break even number of students is 36 under the Average Cost of \$10,083 per student.

Under the Unit Examples referenced, I have reviewed the Bedford Heritage Information and the report - **Summary of Key Findings of Five 40B Fiscal Impact Analysis Prepared by Alicia Cleary**.

The information contained in the report on page 20 shows that the actual student population was 26% higher than the original estimates presented. Additionally, there are three times more 3 bedroom units (generating more students) being planned for in Littleton. If I overlay this information over the Omni presentation (see spreadsheet attached) I show a potential impact of 65 to 69 students in Littleton. At these levels the negative fiscal impact would be closer to (\$300,000) without adding for other municipal services such as public safety.

Please do not hesitate to contact me with any questions you may have regarding this information.