

MEMORANDUM

TO: Ross Moldoff, Planning Director
Town of Salem, NH

FROM: RKG Associates, Inc.

DATE: January 20, 2021

SUBJECT: Peer Review of Tuscan Village FIA - Revised Master Plan

The Town of Salem provided RKG with a revised master plan for the 120 acres of the proposed Tuscan Village development.¹ This revised plan reflects several changes in the development program, previously analyzed by RKG from the plan dated May of 2018, with a net addition of 929,990 square feet (SF) inclusive of the garage components.

The proposed changes in the program components include the addition of 867,700 SF of life science manufacturing and office uses, a proposed increase of the number of residential units in two buildings and additional structured parking. In light of the changing market dynamics brought about by the COVID-19 pandemic,² many elements have been downsized or eliminated (refer to Table 1).

The purpose of this memorandum is to present the estimated fiscal and economic impacts associated with the proposed change in program components and updates the real estate taxes to reflect current FY 2020 rates.

Table 2 presents a fiscal reconciliation of the NEW plan as compared with the OLD plan. In summary, the NEW plan results in estimated positive annual net fiscal benefits (adjusted for FY 2020 tax rates) as follows:

- Increase to the Town's general fund of nearly \$1.10 million, representing an approximate 28.4 percent increase from the OLD at \$853,274 (net \$242,550).
- A positive contribution of nearly \$4.88 million for education, representing an approximate 8.8 percent increase from the OLD at \$4.49 million (net \$392,774).
- The combined annual contribution from the NEW plan is \$5.97 million or an 11.9 percent increase from the OLD plan at \$5.34 million (net \$635,325).

Cautionary Note – It is possible that some uses at Tuscan Village, for example medical related office space or R & D laboratory facilities, may be owner-occupied and operated by hospitals or some other non-profit entity. If so, these uses would not be subject to property taxes and therefore not make a tax contribution to the Town's general fund or the local education fund. Nonetheless, these entities would still require Town services and represent a cost for providing these services. As a result, consideration may be given to possible impact fees or a payment-in-lieu of taxes (PILOT) to mitigate these costs, if feasible.

¹ As presented by Greenman-Pedersen, Inc. (GPI) dated November 2020.

² The GPI memorandum, dated November 30, 2020 states "due to the recent Covid-19 pandemic and the restrictions that are imposed for these types of uses."

Table 1 – Proposed Program Component Changes for Tuscan Village – Salem, NH

FISCAL IMPACT ANALYSIS - TUSCAN VILLAGE - NOV 2020 vs MAY 2018					
NEW vs OLD SF Metrics		OLD - reflects May 2018 Plan	OLD Total	NEW - Reflects memo of NOV 23, 2020	NEW Total
n/a	25,000	Anchor Retail	-	Anchor Retail	25,000
-23.65%	(133,055)	Other Retail	562,500	Other Retail	429,445
-20.83%	(2,500)	Tuscan Retail	12,000	Tuscan Retail	9,500
-19.28%	(25,829)	Tuscan Hotel	134,000	Tuscan Hotel	108,171
3.13%	5	keys	160	keys	165
-60.60%	(348,442)	Office	575,000	Office	226,558
-9.88%	(19,750)	Medical Office	200,000	Medical Office	180,250
448.45%	287,008	Residential Village	64,000	Residential Village	351,008
328.00%	246	units	75	units	321
119.77%	321,594	Residential Outparcel	268,500	Residential Outparcel	590,094
96.73%	266	units	275	units	541
-100.00%	(180,000)	Assisted Living	180,000	Assisted Living	-
-100.00%	(165)	units	165	units	-
-100.00%	(30,000)	Senior Housing Duplexes	30,000	Senior Housing Duplexes	-
-100.00%	(20)	units	20	units	-
50.00%	9,000	Maintenance Garage	18,000	Maintenance Garage	27,000
n/a	867,700	Life Sciences	-	Life Sciences	867,700
		R&D - Manufacturing	-	R&D - Manufacturing	672,700
		R&D - Office	-	R&D - Office	155,000
		Warehousing	-	Warehousing	40,000
37.71%	770,726	subtotal - components	2,044,000	subtotal - components	2,814,726
		Structured Parking		Structured Parking	
24.59%	504	spaces	2,050	spaces	2,554
24.59%	159,264	SF	647,800	SF	807,064
34.55%	929,990	TOTAL SF (OLD)	2,691,800	TOTAL SF (NEW)	3,621,790

Source: AER, GPI, Town of Salem and RKG (revised 2020)

Table 2 – Reconciliation of NEW Plan versus OLD Plan

FACTORS for Tuscan Village (120 acres)	RECONCILIATION			
	NEW	OLD	NEW vs OLD #	NEW vs OLD %
commercial SF (1A)	978,924	1,483,500	(504,576)	-34.01%
maintenance garage SF (2)	27,000	18,000	9,000	50.00%
residential SF	941,102	542,500	398,602	73.48%
life sciences (6)	867,700	-	867,700	n/a
Total SF	2,814,726	2,044,000	770,726	37.71%
commercial FTE (1B)	4,700	4,625	76	1.63%
residential units (all)	862	535	327	61.12%
hotel keys	165	160	5	3.13%
FISCAL (FY 2020) - note that estimated property taxes are less "as is"				
TAXES				
Town (5)	\$ 3,410,231	\$ 2,836,110	\$ 574,121	20.24%
less commercial costs \$	\$ (1,504,127)	\$ (1,479,936)	\$ (24,191)	1.63%
less residential costs \$	\$ (810,280)	\$ (502,900)	\$ (307,380)	61.12%
NET Town impacts	\$ 1,095,824	\$ 853,274	\$ 242,550	28.43%
Education (3) (5)	\$ 5,539,245	\$ 4,606,698	\$ 932,546	20.24%
students (4)	86	70	16	22.65%
less education costs \$ (4A)	\$ (661,085)	\$ (121,313)	\$ (539,772)	444.94%
NET Education impacts	\$ 4,878,160	\$ 4,485,385	\$ 392,774	8.76%
NET TOTAL fiscal impacts	\$ 5,973,984	\$ 5,338,659	\$ 635,325	11.90%

Source: AER, Town of Salem and RKG (2018 and revised 2020)

(1A) Reflects retail, entertainment, hotel and office/medical office square feet (SF)

(1B) Reflects estimated employment based on SF metrics (*inclusive of life sciences*)

(2) Reflects maintenance garage only

(3) AER included \$2.39 per \$1,000 as State school component, RKG has excluded

(4) RKG SAC multiplier of 0.0996/unit or one-half of original AER

(4A) NEW at \$7,700/student. OLD at \$1,740/student

(5) NEW includes 1,930 space structured garage, **as opposed to 2,050 spaces in OLD**

(6) Includes R&D manufacturing (672,700 SF); R&D office (155,000 SF); and, warehousing (40,000 SF).

While RKG's prior peer review of the fiscal and economic impacts³ provided by Applied Economic Research (AER)⁴ noted some questions and concerns, in general, RKG concurred that the inputs and assumptions used by AER were reasonable and as such they have been applied in this current analysis (NEW), ***unless otherwise noted***.⁵

The results of this reconciliation (refer to Table 2) indicate that the development of the 120 acres (Phase II) continues to render a net positive fiscal impact for the Town of Salem and

³ Memorandum to Ross Moldoff, Planning Director, Town of Salem, NH – Review of Tuscan Village – Revised Master Plan MHF # 404016 – by RKG, dated June 14, 2018.

⁴ Tuscan Village Phase II Fiscal and Service Impacts Interim Analysis dated August 11, 2017 – prepared by AER for the Salem NH Planning Board.

⁵ RKG adjustments or refinements to AER inputs and assumptions are ***bold and italicized*** in the narrative and shaded in grey in tabular format.

for education that is approximately 11.9 percent, or \$635,325 greater, than the OLD plan (as reflected in large part by an approximate 34.6 percent increase in SF of development).

All fiscal impacts reflect FY 2020 tax rates⁶ and assume that the project is “fully built” and contributing to the Town’s assessed values and resulting taxes. RKG notes that while this is a standard practice in preparing a fiscal impact analysis, in reality projects, particularly of this scale and scope, are likely to be developed over a multi-month period – indicating that there is a “timing lag” of when a project is built, stabilized, when property taxes are levied and when property taxes are received. As a result, RKG suggests that the Town continue to work with the Developer to obtain a construction phasing schedule, by component and use, to further understand, and potentially quantify, this “timing lag”.

The summary observations and comments of note, within this analysis and as prepared, include the following:

- The sum of the proposed program components for commercial uses⁷ reflect a 504,575 SF reduction in uses, led by a decline of 348,440 SF in office (not life sciences/R&D related) and 110,555 SF in retail uses.
- Despite a modest 25,830 SF reduction in hospitality uses, the proposed key-count (rooms) increases by five.
- The maintenance garage has increased from 18,000 SF (OLD) to 27,000 SF (NEW).
- The residential SF increased by approximately 398,600 SF and 327 units – noting that the assisted living (180,000 SF) and the senior housing (30,000 SF) components have been dropped.
- The proposed 867,700 SF of life science uses is a new program component which includes R&D manufacturing (672,700 SF); R&D office (155,000 SF); and warehousing (40,000 SF).
- The total estimated commercial full-time equivalent employment (or FTE) count increases by 76 from 4,625 (OLD) to 4,700 (NEW), or by 1.6 percent. This includes a reduction in commercial sector employment that is offset by an increase in life sciences employment.⁸
 - The OLD plan did not include a proposed life sciences use and as such AER’s metrics did not offer a factor for estimating FTE employment. RKG developed a blended average from the three component uses⁹ to arrive at a factor of approximately 2.25 employees per 1,000 SF, which has been applied in this current (NEW) analysis.

⁶ Reflecting FY 2020 tax rates of \$7.16/\$1,000 for Town and \$11.63/\$1,000 for local education.

⁷ In both the NEW plan and the OLD plan, commercial SF is represented by the sum of entertainment, retail, office/medical office (not R&D related) and the hotel program components.

⁸ The estimated employment is a function of the average SF per employee metric that has been used in both the NEW analysis and the OLD analysis. As the program mix changes, in terms of SF by use/type, so follows the estimate of resulting employment.

⁹ These include R&D manufacturing (672,700 SF); R&D office (155,000 SF); and warehousing (40,000 SF).

- Utilizing the RKG revised student factor of 0.0996 students per unit, the estimated number of students (NEW) is 86, reflecting an increase of 16 students (OLD).
 - RKG was provided a copy of the Salem Schools budget (as of November 2020) indicating a total budgeted expense nearly \$73.11 million. Of this, RKG estimates that approximately \$27.05 million is variable and would change with a change in enrollment. The enrollment (October 2020) was 3,517 indicating an approximate variable cost per student of \$7,700 which RKG has applied in this reconciliation (NEW). The previously estimated cost, from AER of \$1,740 per student, remains the same (OLD).
- Representatives of the Applicant indicated an approximate assessed value based on a cost of \$17,000 per space for the garage, which is in the lower range of costs/values per space for other parking structures that RKG has reviewed.¹⁰
 - RKG has applied this factor¹¹ to the NEW proposed parking structures, one at 1,930-spaces and another at 624-spaces, and for comparison purposes to the OLD 2,050-space parking structure. In this manner the NEW garage and the OLD garage are reflected in the FY 2020 fiscal impact reconciliation (Table 2).
- The estimated Town property tax revenues (FY 2020), at \$7.16 per \$1,000 (adjusted for the existing taxes of \$305,958), increase by 20.2 percent or by \$574,121, from \$2.84 million (OLD) to \$3.41 million (NEW).
 - The estimated net Town taxes, adjusted for existing taxes and less associated costs for providing municipal services (commercial and residential), increased from \$853,274 (OLD) to nearly \$1.10 million (NEW), or approximately 28.4 percent or \$242,550. This reflects increased municipal costs associated with an increase in the estimated FTE employment (76 employees) and the number of residential units (327 units).
- The estimated local education tax revenues (FY 2020) at \$11.63¹² per \$1,000 (adjusted for existing taxes of \$496,967) increase by 20.2 percent or \$932,546 from \$4.61 million (OLD) to \$5.42 million (NEW).
 - The estimated net education tax receipts, as adjusted for costs, increase by 17.4 percent, from \$4.49 million (OLD) to \$5.54 million (NEW).
- The estimated **combined** and overall net tax impacts increase approximately 11.9 percent, or \$635,325, from \$5.34 million (OLD) to \$5.97 million (NEW).

In summary, the estimated net fiscal impacts for the Town of Salem and for education remain positive for the NEW plan and reflect an increase from the OLD plan.

¹⁰ For comparative purposes, RKG also reviewed the FY 2020 assessment of a 126,280 SF parking garage at the Pease Tradeport in Portsmouth, NH (parcel 305/5) indicating an assessment of approximately \$57/SF, similar to the estimated \$54/SF for the 807,064 SF garage(s) for Tuscan Village – as well as to an average Class B parking structure, at \$56/SF, as indicated by Marshall & Swift Valuation Services.

¹¹ This is the estimated “cost” per parking space (\$17,000) for the proposed garage facility and serves as a proxy for “value”. In RKG’s experience, assessors often utilize a modified cost approach to value prior to stabilization and reporting of actual leasing revenues and expenses by the owner,

¹² This excludes the State property tax component of \$2.20 per \$1,000 (FY 2020).

Other considerations of note include the following:

- RKG's analysis for the NEW plan does not include other potential revenue calculations such as building permit fees, vehicle excise taxes or impact fees, as examples. As a result, these have also been excluded in this reconciliation and were also not a part of the OLD plan summaries presented in this memorandum.
- RKG has not allocated any employment or municipal costs to the proposed structured parking facility. RKG understands from conversations with representatives of the Applicant that this garage will be maintained by the Applicant and will be offered as an amenity to Tuscan Village tenants. While it is reasonable to assume that some municipal costs may be incurred, such as responses to locked cars, fender benders and the like, RKG considers these to be negligible on the whole.

Input from Town of Salem Departments

Like the previous analysis, RKG completed a series of interviews (December 2020) and correspondence with Town of Salem Department representatives, which are summarized as follows:

Finance – in an e-mail correspondence (dated December 10, 2020) the Town of Salem Finance Director indicated that *“the only item that would impact Finance is the increased water and sewer customers. In the budget for 2021, (the department) is increasing a part time utility billing clerk to full time. If the operating budget passes at the ballot in March, Finance will not have any other impact as a result of the Tuscan Development.”*

Municipal Services – representatives of Municipal Services indicated that a primary concern associated with Tuscan Village, as now proposed, would relate to water and sewer impacts, in terms of usage and required infrastructure and capacities. Salem residents recently approved \$1.5 million for improved infrastructure for a new (regional) water line supporting a maximum average flow of 300,000 gpd (gallons per day) which has been in use since June of 2020.

Of concern is how this may be impacted by Tuscan Village, noting that other factors, such as this past summer's draught has (and will) impact utilization. The proposed life sciences facility and the increased residential development will impact demand, use and a likely need for additional personnel although unspecified until a more definitive understanding of these uses is provided. RKG understands that Municipal Services has requested from the developer a comparative breakdown of OLD water and sewer impacts relative to the NEW water and sewer impacts.

Fire/EMS - as referenced in a prior AER analysis (dated August 11, 2017) it was indicated that there was a need for an additional 4.5 Fire/EMS personnel as a direct function of the then proposed 1.96 million SF Tuscan Village Phase II development. This equates to an average of 2.30 personnel per 1.0 million SF. Applying this metric to the now proposed Tuscan Village results in a need for 6.5 personnel, rounded to 7.

These estimates exclude any additional Fire/EMS personnel that may be necessitated by existing staffing shortfalls. As of 2018, Salem Fire/EMS had brought their staffing to 17 total personnel on duty, an increase from 16 in 1990 indicating that existing staffing shortfalls still exist regardless of Tuscan Village.

Current (December 2020) discussions with Salem Fire/EMS representatives indicate that the call volume and activity from Tuscan Village to-date is as expected and has not required additional mutual aid response support from Fire/EMS of neighboring communities. However, the expected call volume and activity, moving forward, is likely to increase given the proposed change in uses as a result of the increase in residential units and the life sciences facility, although the impact is unquantified at this time.

The increase in housing and population is likely to necessitate increased staffing demands, particularly from an increase in response to medical assistance. The overall increase in the density of development at Tuscan Village, and the scale of the development with large multi-story buildings, could result in another level of response as Fire/EMS is required to plan for any possible “worst case” scenario and must be responsive to state and federal standards and guidelines. In short, the response to a multi-storied and multi-tenanted structure is vastly different than the response to a single-family residential use.

There is an existing demand for aerial service firefighting equipment as a result of the scale of Tuscan Village. Fire/EMS indicated that required firetruck staffing is three (3) personnel and ambulance staffing is two (2) personnel per shift, operating in four (4) shifts over a 24-hour period. The resulting need for personnel on a 24-hour basis is 20, or four shifts at five personnel per shift.

With regard to inspection services, Fire/EMS has experienced a double-digit increase in permitting activity over the last three to four years, coincidental with Tuscan Village. While costs of actual building permits and fees have been borne by the developer, and allowances made for third party independent review of building plans, the actual completion and costs of on-site inspections has been the responsibility of the Town.

As with call and response volumes, Fire/EMS anticipates an increased demand for inspectional services, reflecting the sheer volume and density of Tuscan Village, although unquantified to date. By way of example, Fire/EMS indicated that the Rockingham Mall requires an average of 300 to 325 inspections annually. If this extrapolated to the now proposed Tuscan Village it could result in an additional 1,000 inspections annually.

In summary, given the proposed change in the mix of uses with a large residential component, and the density and scale of development including the life sciences facility, Fire/EMS representatives anticipate an unquantified increase in required services and activity from their expectations for the prior proposed Tuscan Village development and from their experiences to date.

- **Follow-Up** – a follow-up discussion (December 29, 2020) with Chief Best reaffirmed the concern over the possibility that calls for service and responses to Tuscan Village, reflecting the scale of the development and possibly the duration (time on site) could result in “tying up” the manpower of the department, likely hindering their capacity to respond elsewhere, throughout Salem, and thereby requiring mutual aid assistance. The Chief noted that approximately 65.0 percent of his department’s calls are simultaneous, two or three calls at a time, across all of Salem, affecting not only available manpower but utilization of existing equipment. The Chief further commented that a “cost” for a call, or an additional fireperson, would not reflect the “cost” of training or general department time.

RKG understands, from discussions with the Town Planning Director, a separate memorandum is being prepared by Chief Best to further discuss any issues and

concerns as they may impact his department and which were not otherwise summarized and offered in this report.

School – actual student enrollment in Salem schools from Tuscan Village residents to date (built and occupied) has been 22 students, well below the originally estimated 70 students¹³ – noting that there has been no increase in student enrollment as a result of the townhouses on Milano Way, Cortona Way and Montalcino Way, or at the Hanover Apartments on Artisan Drive. As a result, RKG discussed whether decreasing the previous SAC (school age children) metric by half would be appropriate moving forward with this current analysis. The Superintendent considered this a reasonable approach providing the mix of bedroom counts for the new housing were similar to the then proposed housing.¹⁴

The Superintendent indicated that there is capacity in Salem schools for additional enrollment unless such enrollment were concentrated in one or two grade levels. The current enrollment from Tuscan Village is spread across all grade levels and the reasonable expectation is that future enrollment will be similarly distributed.

Both the Superintendent and RKG considered that the previously utilized education cost per student, of \$1,740, may be understated, which is addressed in this reconciliation.

Police - as referenced in a prior AER analysis (dated August 11, 2017) it was indicated that there was a need for an additional five (5) Police personnel as a direct function of the then proposed 1.96 million SF Tuscan Village Phase II development. This equates to an average of 2.55 personnel per 1.0 million SF. Applying this metric to the now proposed 2.82 million SF results in a need for seven personnel.

These estimates exclude any additional Police personnel that may be necessitated by existing staffing shortfalls. The Salem Police Department has added six additional personnel (three in 2017 and three in 2018) and anticipates the addition of one more in 2021.

Current (December 2020) discussions with Salem Police representatives indicate that the call volume and activity from Tuscan Village to-date is as expected overall, although perhaps somewhat higher during construction periods. Salem Police representatives indicated that while the call volume and activity may be diminished to some extent, given some decline in retail and entertainment related uses. This is likely to be offset by the proposed increase in residential development, as the former presents a need for services from a transient population while the latter represents a need from a resident population. In short, the increase from the latter is not balanced out by the decline in the former.

Similar to discussions with Fire/EMS, the Police indicated that the overall density of the development, including the life sciences facility, which adds a daytime on-site population (employees) component, the call volume and activity is likely to increase, although unquantified as to how this may translate into a need for additional personnel. Additionally, the AM and PM rush hour traffic, as a result of on-site employment and activity, could result in additional traffic call and response activity (accidents, etc.)f which could impact the department's capacity to provide services throughout all of Salem during these peak hours.

¹³ Based on 350 residential units, built and stabilized, and excluding assisted living units and senior housing units.

¹⁴ Discussions with representatives of the developer indicated that this is so, noting that slightly more than one-third of the proposed units are 2- and 3-bedrooms, with the remainder as studio or one-bedroom units.

The Police did note that the typical and average annual cost of an entry level patrol person was in the range of \$125,000 including salary, insurance and benefits but not a uniform allowance nor costs associated with training. Police representatives further indicated that given the overall scope and size of Tuscan Village it may represent its own patrol area which could include a need, as identified by Police, for a bicycle patrol officer although uncertain at this time and not accounted for in this current fiscal impact review.

In summary, given the proposed change in the mix of uses with a large residential component, and the density and scale of development including the life sciences facility, Police representatives anticipate an unquantified increase in required services and activity as a result of the Tuscan Village project as now proposed. Police indicated that they may be able to better identify this need for additional personnel if provided with a better understanding of the likely use (tenants) associated with the life sciences facility in general and the proposed 672,700 SF of R&D – Manufacturing uses in particular.

- **Follow-Up** - a follow-up discussion (December 29, 2020) with Chief Dolan noted that his department generally experiences more call and response activity from commercial uses, as compared to residential uses, although not minimizing the latter. As a result, concerns were reaffirmed over the type of calls for Tuscan Village noting the scale of the development along with an unspecified, at present, more definitive mix of commercial entities.

RKG understands, from discussions with the Town Planning Director, a separate memorandum is being prepared by Chief Dolan to further discuss any issues and concerns as they may impact his department and which were not otherwise summarized and offered in this report.

Supporting Tables

The following tables present the summary comparisons and metrics that were developed for the NEW versus OLD analyses. These are then followed by the conceptual rendering of the NEW plan for the 120-acre portion of Tuscan Village as was provided for this review.

- Table 3 presents the employment per SF, by type of use, and other metrics that were used in estimating the FTE employment and student factors.
- Table 4 presents the change in Town and education costs. Under the NEW plan, Town costs are up due to an increase in estimated employment and households. The estimated education costs are also up due to a student increase and an **RKG revised cost factor** (NEW).

Table 3 – Comparison of Selected Input Metrics

Employment / 1,000 SF	AER Factors	NEW	OLD	NEW vs OLD
retail	2	878	919	(41)
entertainment (1)	3	-	345	(345)
conventional office	4	906	2,300	(1,394)
medical office	5	901	1,000	(99)
hotel per key	0.38	63	61	2
life sciences (2)	2.25	1,952	-	1,952
Total		4,700	4,625	76
% Δ NEW vs OLD				1.63%
Residential Units		NEW	OLD	NEW vs OLD
village		321	75	246
outparcel		541	275	266
assisted living		-	165	(165)
senior		-	20	(20)
Total		862	535	327
% Δ NEW vs OLD				61.12%
Hotel Keys		NEW	OLD	NEW vs OLD
		165	160	5
				15.63%
Students per Unit		NEW	OLD	NEW vs OLD
Residential Units	0.0996	86	70	16
% Δ NEW vs OLD				22.65%

Source: AER, Town of Salem and RKG (revised 2020)

(1) RKG input of three employees per 1,000 SF - similar to Hub on Causeway (new Boston Gardens)

(2) RKG input as a blended average of each component use = 2.25 employees per 1,000 SF

Table 4 – Comparison of Costs

Program Components	Costs per Employee at \$320 (AER)		
	NEW	OLD	NEW vs OLD
retail/entertainment	\$ 280,925	\$ 404,480	\$ (123,555)
conventional office	\$ 289,994	\$ 736,000	\$ (446,006)
medical office	\$ 288,400	\$ 320,000	\$ (31,600)
hotel	\$ 20,064	\$ 19,456	\$ 608
life sciences	\$ 624,744	\$ -	\$ 624,744
Total	\$ 1,504,127	\$ 1,479,936	\$ 24,191
% Δ NEW vs OLD			1.63%
	Costs per Unit at \$940 (AER)		
	NEW	OLD	NEW vs OLD
village	\$ 301,740	\$ 70,500	\$ 231,240
outparcel	\$ 508,540	\$ 258,500	\$ 250,040
assisted living	\$ -	\$ 155,100	\$ (155,100)
senior	\$ -	\$ 18,800	\$ (18,800)
Total	\$ 810,280	\$ 502,900	\$ 307,380
% Δ NEW vs OLD			61.12%
	Costs per Student RKG (1) and AER (2)		
	NEW (1)	OLD (2)	NEW vs OLD
	\$ 149,388	\$ 121,800	\$ 27,588
Total	\$ 149,388	\$ 121,800	\$ 27,588
% Δ NEW vs OLD			22.65%

Source: AER, Town of Salem and RKG (2020)

(1) RKG costs reflect variable costs (NOV 2020 budget) - at \$7,700/student

(2) AER costs reflect transportation and student support services, only - at \$1,740/student

- Table 5 offers current student enrollment, by grade level, in the Salem school system and as result Tuscan Village residents. Current enrollment is 22 students, spread across all grade levels, and reflects a significant decline from the prior (OLD) projection of 70 students developed from a mix of apartment and townhome units (350 units in total built and stabilized and excluding assisted living units and senior housing units).¹⁵

As a result, ***RKG has decreased*** the original AER student factor of 0.1992 students per unit to ***0.0996 students per unit*** for this revised (NEW) analysis and this then is applied to the proposed unit count (NEW) for apartments at 862 units in total.

Table 5 – Student Enrollment Metrics

Student Enrollment from Tuscan Village Residents	# of Students
Pre-School and Kindergarten	2
Grades 1 through 5	5
Middle School	7
High School	8
TOTAL	22

Source : Office of Salem Schools Superintendent (2020)

- Table 6 presents the estimated changes, by program component, for the NEW plan versus the OLD plan. As previously noted, the overall SF of the program mix increases by 929,990 SF (as in Table 1).
 - The estimated assessed value of the NEW plan exceeds that of the OLD plan, reflecting a different program mix (SF), but mostly reflecting the inclusion of the life sciences uses and increased residential components.¹⁶
The estimated assessed value under the NEW plan exceeds the OLD plan by approximately \$80.18 million, or from \$396.10 million (OLD) to \$476.29 million (NEW). This includes the adjustment to remove the existing land value prior to development of approximately \$42.73 million.
 - The estimated Town taxes (FY 2020) under the NEW plan exceed the OLD plan by \$574,121, prior to adjustments for service costs (Table 1) increasing from \$2.84 million (OLD) to \$3.41 million (NEW).
 - The estimated education taxes (FY 2020) under the NEW plan exceed the OLD by \$932,546, prior to adjustments for student costs (Table 1) increasing from \$4.61 million (OLD) to \$5.54 million (NEW).

¹⁵ Correspondence from representatives of the School Superintendent, confirmed their records do not indicate any students living at the townhouses on Milano Way, Cortona Way and Montalcino Way, or at the Hanover Apartments on Artisan Drive. As a result, the 22 Tuscan Village students (Table 5) are from apartment residents, only.

¹⁶ Both the OLD and NEW plans have been adjusted to reflect the inclusion of the parking structure(s).

Table 6 – Comparison of Programs

FISCAL IMPACT ANALYSIS - TUSCAN VILLAGE - NOV 2020 vs MAY 2018					Comparative Impacts / Metrics of NEW Development Program vs OLD Development Program - TUSCAN VILLAGE									
NEW vs OLD SF Metrics		OLD Total	NEW - Reflects memo of NOV 23, 2020	NEW Total	AER \$ Assess/SF (or RKG) (or RKG) (1)	NEW (unadjusted)	OLD (unadjusted)	NEW vs OLD	Local Town Tax Rates \$7.16/\$1,000 (FY 2020)			Local School Tax Rates \$11.63/\$1,000 (1)		
									NEW	OLD	NEW vs OLD	NEW	OLD	NEW vs OLD
n/a	25,000	-	Anchor Retail	25,000	\$ 175		\$ 61,250,000	\$ (61,250,000)	\$ -	\$ 438,550	\$ (438,550)	\$ -	\$ 712,338	\$ (712,338)
-23.65%	(133,055)	562,500	Other Retail	429,445	\$ 350	\$ 150,305,750	\$ 207,410,000	\$ (57,104,250)	\$ 1,076,189	\$ 1,485,056	\$ (408,866)	\$ 1,748,056	\$ 2,412,178	\$ (664,122)
-20.83%	(2,500)	12,000	Tuscan Retail	9,500	\$ 200	\$ 1,900,000	\$ 2,400,000	\$ (500,000)	\$ 13,604	\$ 17,184	\$ (3,580)	\$ 22,097	\$ 27,912	\$ (5,815)
-19.28%	(25,829)	134,000	Tuscan Hotel	108,171	\$ 150	\$ 16,225,650	\$ 19,500,000	\$ (3,274,350)	\$ 116,176	\$ 139,620	\$ (23,444)	\$ 188,704	\$ 226,785	\$ (38,081)
3.13%	5	160	keys	165										
-60.60%	(348,442)	575,000	Office	226,558	\$ 125	\$ 28,319,750	\$ 7,806,250	\$ 20,513,500	\$ 202,769	\$ 55,893	\$ 146,877	\$ 329,359	\$ 90,787	\$ 238,572
-9.88%	(19,750)	200,000	Medical Office	180,250	\$ 150	\$ 27,037,500	\$ 52,500,000	\$ (25,462,500)	\$ 193,589	\$ 375,900	\$ (182,312)	\$ 314,446	\$ 610,575	\$ (296,129)
448.45%	287,008	64,000	Residential Village	351,008	\$ 185	\$ 64,936,480	\$ -	\$ 64,936,480	\$ 464,945	\$ -	\$ 464,945	\$ 755,211	\$ -	\$ 755,211
328.00%	246	75	units	321										
119.77%	321,594	268,500	Residential Outparcel	590,094	\$ 120	\$ 70,811,280	\$ 33,600,000	\$ 37,211,280	\$ 507,009	\$ 240,576	\$ 266,433	\$ 823,535	\$ 390,768	\$ 432,767
96.73%	266	275	units	541										
-100.00%	(180,000)	180,000	Assisted Living	-	\$ 160	\$ -	\$ 19,520,000	\$ (19,520,000)	\$ -	\$ 139,763	\$ (139,763)	\$ -	\$ 227,018	\$ (227,018)
-100.00%	(165)	165	units	-										
-100.00%	(30,000)	30,000	Senior Housing Duplexes	-	\$ 115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-100.00%	(20)	20	units	-										
50.00%	9,000	18,000	Maintenance Garage	27,000	\$ 85	\$ 1,530,000	\$ -	\$ 1,530,000	\$ 10,955	\$ -	\$ 10,955	\$ 17,794	\$ -	\$ 17,794
n/a	867,700	-	Life Sciences	867,700	\$ 132	\$ 114,536,400	\$ -	\$ 114,536,400	\$ 820,081	\$ -	\$ 820,081	\$ 1,332,058	\$ -	\$ 1,332,058
		-	R&D - Manufacturing	672,700										
		-	R&D - Office	155,000										
		-	Warehousing	40,000										
			Structured Parking											
24.59%	504	2,050	spaces	2,554	\$ 17,000	\$ 43,418,000	\$ 34,850,000	\$ 8,568,000	\$ 310,873	\$ 249,526	\$ 61,347	\$ 504,951	\$ 405,306	\$ 99,646
24.59%	159,264	647,800	SF	807,064										
34.55%	929,990	2,691,800	TOTAL SF (NEW)	3,621,790		\$ 519,020,810	\$ 438,836,250		\$ 3,716,189	\$ 3,142,068		\$ 6,036,212	\$ 5,103,666	
Source: AER, GPI, Town of Salem and RKG (revised 2020)						\$ (42,731,500)	\$ (42,731,500)		\$ (305,958)	\$ (305,958)		\$ (496,967)	\$ (496,967)	
less existing						\$ 476,289,310	\$ 396,104,750	\$ 80,184,560	\$ 3,410,231	\$ 2,836,110	\$ 574,121	\$ 5,539,245	\$ 4,606,698	\$ 932,546

