



Memorandum

To: Jon Reiner, Director of Planning and Community Development, North Kingstown
 From: Amy Pivak, 4ward Planning Inc.
 Through: Todd Poole, 4ward Planning Inc.
 CC: Nate Kelly, Horsley Witten
 Date: November 20, 2013
 Re: Wickford Junction: Fiscal Impact Analysis

Wickford Junction Study Area Full Build-Out Program

<u>Land Use</u>	<u>Amount</u>	<u>Metric</u>	<u>New/Existing</u>
Residential (Apartment)	170	Units	New
Residential (Cottage)	58	Units	New
Retail/Dining/Entertainment	104,050	SF	New
Retail/Dining/Entertainment	180,000	SF	Existing
Office	205,000	SF	New

Source: 4ward Planning Inc., 2013

4ward Planning performed a fiscal impact analysis for the town of North Kingstown, comparing revenues and expenditures associated with the Wickford Junction development scenario provided by Horsley Witten Group (HW). The steps are as follows:

- Residential unit counts were provided by HW. 4ward Planning assumes that all units will be rented and that 85 percent will be market value, 7.5 percent will be affordable to low-income households, and 7.5 percent will be affordable to moderate-income households. 4ward Planning also assumes that 60 percent of the units will have one bedroom, 30 percent will have two bedrooms, and ten percent will have three bedrooms (for an average of 1.5 bedrooms, as provided by HW). Given market norms, a one-bedroom unit is assumed to be 800 square feet, a

two-bedroom unit 1,100 square feet, and a three-bedroom unit 1,400 square feet. Market norms also dictate that average market monthly rent is \$1.50 per square foot for a two-bedroom unit, \$1.60 for a one-bedroom unit, and \$1.40 for a three-bedroom unit. Low-income units are reduced by a factor of 0.4, and moderate-income units by a factor of 0.25.

- Population multipliers are applied to prospective new housing units (renter- and owner-occupied) to estimate the number of new residents and school-age children, all of whom will affect town expenditures. Rhode Island-based residential multipliers are sourced from David Listokin and Robert Burchell (Rutgers University Bloustein School of Planning and Public Policy), who have developed such population multipliers for various states, nationally, on behalf of the U.S. Census Bureau. However, all multipliers pertaining to two- and three-bedroom units are sourced from the New Jersey (a comparable state, in terms of demographic make-up) multiplier data set, as the sample size for two- and three-bedroom units is too small in Rhode Island.
- Data from the Urban Land Institute is used to estimate the number of employees per 1,000 square feet of retail and office space (a grocery store is assumed to have one employee per 1,000 square feet, general retail uses are assumed to have an average of 2.5 employees per 1,000 square feet, restaurants and cafes are assumed to have 3 employees per 1,000 square feet and office/research facilities are assumed to have 6 employees per 1,000 square feet). 4ward Planning calculated associated full-time equivalency, as new employment contributes to town service costs. Not all of the jobs in the new development are expected to be jobs that are new to the town (some will pull workers from existing area businesses). 4ward Planning applied a non-resident new jobs factor of 15 percent for retail (it is assumed that most of the retail employees will live in North Kingstown) and a non-resident jobs factor of 40 percent for office (assuming that 60 percent of office workers will live in North Kingstown).
- North Kingstown local tax rates come from the North Kingstown Assessor's website and the town budget. The town property tax rate is 1.88 percent (e.g., millage rate of \$18.80 per \$1,000 of assessed value). Additionally, there is a motor vehicle tax of 2.204 percent and a tangible and personal property tax of 1.88 percent. Retail and wholesale inventory is exempt from this tax.
- 4ward Planning analyzed a number of inputs to calculate the various service and capital costs associated with the proposed new development.
 - The estimated 2013 population of North Kingstown is 27,103 (Source: Esri Community Analyst). Total estimated municipal expenditures for the North Kingstown general fund (\$26,199,621) are taken from the North Kingstown 2012-2013 adopted budget. In order to derive per capita budget expenditures, 4ward Planning divides the 2013 budget expenditures by the 2013 population, resulting in per capita spending of approximately \$967. Town spending, however, also applies to those who work in North Kingstown but do not live there, and it is assumed that 67 percent of the spending is attributed to residents whereas 33 percent is attributed to non-residents.
 - As some of the residents in the new development will, likely, relocate from somewhere within North Kingstown, not every resident in the development will be a new resident (for

example, new household formation in North Kingstown, as with many other communities, nationally, can occur because of divorce, room-mates seeking their own apartment, local homeowners looking to downsize, etc.). 4ward Planning estimates the percentage of those who are new to North Kingstown as approximately 33 percent.

- There are approximately 4,390 students enrolled in the North Kingstown school district (greatschools.org). School district operating expenditures for the FY2013-2014 North Kingstown Superintendent's Final Budget are \$57,401,279. This amounts to a per student expenditure of approximately \$13,075. However, it should not be inferred that every new student enrolling in the district burdens the school district by such an amount, given that (a) there is currently sufficient capacity to accommodate additional students within the North Kingstown School District and (b) there are many sunk costs within the operating budget, such as salaries for teachers, heating and cooling, books, desks, etc. Consequently, additional cost per student enrollment may be as little as several hundreds of dollars, annually, as opposed to the mathematically derived \$13,075 spending average.
- The North Kingstown budget provides the number of police officers (56) as well as total expenditures on police personnel (\$6,008,087). The average cost of salary and fringe benefits for a police officer in North Kingstown is \$107,287. North Kingstown's fire department is comprised of 68 employees, and outlays for the fire department are \$8,031,628. This translates to a cost of \$118,112 per firefighter, which is inclusive of salary and benefits. 4ward Planning divides operating expenditures by the number of police and fire personnel, respectively, to estimate the incremental cost associated with adding said personnel, as North Kingstown's residential and business employment populations expand. However, by the numbers, the current development scenario does not generate an increase in either residential or employment population sufficient to warrant the addition of new police officers or firefighters. Standard policing and fire personnel metrics for communities nationally range from 1.8 to 2.2 police personnel (sworn and not) per 1,000 population and 2.0 to 2.5 fire personnel (sworn and not) per 1,000 population. North Kingstown currently has approximately 2.1 police personnel per 1,000 population and 2.5 fire personnel per 1,000 population. The estimated residential impact of the development is an additional 137 people; adding this number to the 2013 population of North Kingstown (27,103) does not affect the number of police or fire personnel per 1,000 population (i.e., these numbers remain 2.1 and 2.5).
- 4ward Planning assumed no new capital costs (for example, for schools, wastewater, or roads). It is assumed that there is no need for new classroom space and that future infrastructure improvements will be financed almost exclusively by the state (for roadway improvements) or by property owners (for wastewater infrastructure).
- Estimated new school costs are approximately \$26,902, estimated new resident service costs are approximately \$88,468, and estimated new non-resident worker service costs are approximately \$167,697, summing to \$283,066 in projected new public costs.

Wickford Junction: Fiscal Impact Analysis

- New revenues for North Kingstown consist of the town real estate property tax, (which is levied on residential, retail, and office properties) and the motor vehicle tax. 4ward Planning assumes there will be approximately 1.75 new vehicle units per new dwelling unit and that each vehicle will be assessed at approximately \$6,845.¹ The breakdown of total revenues is given in the table below.
- Finally, 4ward Planning calculates the net fiscal impact by comparing new town costs to new town revenues for a net positive impact of \$1,230,914 to North Kingstown.

Summary of Net Fiscal Impact Findings	
Net Fiscal Impacts	\$1,230,914
Projected Service Costs	\$283,066
Public Schools	\$26,902
Town Services	\$256,165
Projected Capital Costs	\$0
Schools	\$0
Wastewater	\$0
Roads	\$0
Projected New Revenues	\$1,513,980
Real Estate Property Tax Revenues	\$1,453,786
<i>Town</i>	<i>\$1,453,786</i>
<i>School</i>	<i>\$0</i>
Motor Vehicle Tax Revenue	\$60,195

¹ There is an additional tangible personal property tax, but as this only makes up 3.21 percent of North Kingstown's 2013 revenue (and given the difficulty of accurately assuming the assessed value of new tangible personal property), this tax is disregarded in this analysis. As such, the new revenue given above is a conservative figure, as there will likely be additional revenue due to the tangible personal property tax.

Wickford Junction: Fiscal Impact Analysis

Development Generated Estimated Service Costs						
	Resident Percent	Worker Non-Resident Percent	Estimated Per Resident Service Cost	Est. per Worker Non-Resident Service Cost		
Estimated 2013 Per Capita Municipal Service Cost:	\$967	67%	33%	\$648	\$319	
Estimated 2013 Per Pupil Public School Expenditure:	\$4,315					
		Estimated Percent New to North Kingstown	Number New to North Kingstown	Est. New Service Costs	New School Expenditures	Sub Totals
Development Generated Population:	414	33%	137	\$88,467.86		\$115,370
Total Public School Age Children:	22	29%	6.2		\$26,901.95	
Total Public Elementary School Children:	12	28%	3.3		\$14,049	
Total Public Junior High School Children:	6	30%	1.9		\$8,065	
Total Public High School Children:	4	30%	1.1		\$4,788.64	
		Non-Resident Jobs Factor	Estimated Non-Resident Jobs	Est. New Service Costs		
Development Generated Employment:	1,455	0.36	526	\$167,696.65		\$167,696.65
Retail/Dining/Entertainment:	225	0.15	34	\$10,748		\$10,748
Office:	1,230	0.40	492	\$156,948		\$156,948
				Projected Total New Public Costs:		\$283,066

Source: 4ward Planning Inc., 2013