

MarketStreet Advisory Committee (MSAC) Feb 8th, 2018

Finance Subcommittee Interim Report

Agenda

1. Objective
2. National Development and the Connery Report
3. Actuals to Date
4. Summary & Open Issues

Objective

- To provide a comprehensive review of Market Street's financial impact on the town of Lynnfield. This review compares revenue projections, which were part of the planning phase, to actual revenue receipts and what those receipts have meant to the tax payers of Lynnfield. In addition, we will discuss some of the financial challenges, concerns and opportunities, as we look into the future.

National Development and the Connery Report

- Goals from National Development March 26, 2007 presentation # 3. (slide 5)

Goals

Same as when we started....

- Enhance the character valued by residents by creating a “Main Street” village designed uniquely for Lynnfield
- Be sensitive to the community at large and the neighborhood by mitigating impacts of the project
- Create a major long-term fiscal benefit for the Town
- Assist the Town in managing its long term housing goals
- Provide numerous other benefits (such as permanent open space, community space, jobs and partnering with local organizations)

M e a d o w
W a l k

at Lynnfield

Summary from Connery Report

- **Net Benefit to the Town of 1,013,000** (full report at _____)

1.0 Summary of Findings

This Fiscal Impact Analysis is based on a program of 450,000 square feet of retail space, 50,000 square feet of office space, and 220 residential units, as detailed in Table 1 of this report. This has been reduced from an earlier version of the project that included 600,000 square feet of retail space.

- **Summary of Annual Fiscal Impacts (current dollars):**

<i>Total Annual Revenues</i>	<i>\$ 1,873,000</i>
<i>Total Annual Costs</i>	<i><u>708,000</u></i>
<i>Net Annual Fiscal Benefit from Project</i>	<i>\$ 1,165,000</i>

<i>Less Current Taxes from Site</i>	<i><u>152,000</u></i>
<i>Net Annual Fiscal Benefit to Town</i>	<i>\$ 1,013,000</i>

- Meadow Walk will add approximately \$149,000,000 to Lynnfield's total assessed valuation.
- Meadow Walk will generate approximately \$900,000 in permit fees and said fees will accrue to the Town prior to opening of the proposed development.

- Meadow Walk has an opportunity to receive \$572,000 in Chapter 40R funding.
- Meadow Walk will generate 18 school aged children per year, of which approximately 11 will attend various elementary grades.
- As-of-Right Development Scenario
 - An as-of-right development of 75 single family homes will generate 98 school aged children and produce an annual net fiscal loss of approximately \$355,000

Summary from Connery Report (cont.)

- Additional 2.5 Police
- Additional 2 Fire, primarily ambulance
- Meals Tax was NOT included in the Connery analysis. Adopted in 2011
- Estimated 18 students per year

Summary to Date

Connelly Report (2007)		One time	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total	Notes
Area	Revenue										
	Meals Tax			109,664	277,937	429,803	503,980	531,227	146,052	1,998,663	
	Real Estate Taxes Market St		219,777	349,730	718,802	2,418,882	3,368,109	3,462,171	3,954,710	14,492,181	
	Valuation		14,124,500	21,469,000	43,327,400	139,981,600	190,503,900	206,081,600	231,540,400		
	Real Estate Taxes Arbor Point				270,044	375,898	453,905	466,764	466,087	2,032,698	
	Valuation				18,283,300	25,941,900	31,303,800	33,872,600	33,872,600		
	Permit Fees	900,000								900,000	
	Chapter 40R funding		572,000							572,000	
	Development Agreement	1,000,000								1,000,000	
											400,000-700,000 loss, will be borne by homeowners. At State
	Abatement						-500,000	-500,000	-500,000	-1,500,000	Appellate Tax Board
	Abatement Valuation										
	Total Revenue (Bold)	1,873,500	2,472,000	219,777	459,394	1,266,783	3,224,583	3,825,994	3,960,162	4,066,849	19,495,542
Expenses											
school children - 18											
								16	14		
	Cost per pupil - source DESE					13,900	14,502	14,502	14,502		using fy2016 till other years are available
	Total School Costs	196,250				0	0	232,031	203,027	435,059	
	Public works and Traffic	0									Maint costs
	Police (3 new)	230,000					230,000	230,000	230,000	690,000	verify - # of incidents
	Fire Dept (3 new)	210,000					210,000	210,000	210,000	630,000	# of calls- staffing / day / night
	Culture	17,000								0	
	Human Services - Health	30,000								0	
	Human Services	5,000								0	
	Recreation Committee				3,800	2,150	5,400	1,600		12,950	
	General Govt	20,000								0	
	Other									0	
	Total Expenses	708,250	0	0	0	3,800	2,150	445,400	673,631	643,027	1,768,009
	Less Current Taxes	152,000		152,000	152,000	152,000	152,000	152,000	152,000		1,064,000
	Net Benefit	1,013,250	2,472,000	67,777	307,394	1,110,983	3,070,433	3,228,594	3,134,531	3,271,822	16,663,534

Top 10 Commercial Properties

Name	Business	Assessed Valuation	Pct of Town Total
Market Street South LLC	Retail Mall	231,540,000	7.13%
Lynnfield Commons II LLC	Apartments	34,034,000	1.05%
Arborpoint AT Market St LLC	Apartments	33,872,600	1.04%
Ship Mall LLC	Retail Condominiums	14,554,300	0.45%
Herb Chambers of Lynnfield	Auto Dealership	14,434,300	0.44%
JRT Realty Trust	Office	11,992,500	0.37%
LIM Partnership BLA	Industrial	8,661,800	0.27%
Sunrise Lynnfield Senior	Assisted Living	7,941,800	0.24%
Salem St 50 RT	Office	7,327,900	0.23%
SSNMI LLC	Mixed Use Self Storage	6,627,600	0.20%
	Total	370,986,800	11.42%

Financial Flexibility:

Market Street's property, meals and business tax receipts, have enabled Lynnfield the financial flexibility to undertake many capital improvements that would not have been possible without a proposition 2.5% override or other very meaningful budget cuts elsewhere. Some of these improvements have been:

1. The major fields project, centered around the state of the art High School sports complex
2. The towns purchase of the Centre Farm property
3. Town wide full-day kindergarten
4. Many additional infrastructure and public safety improvements to neglected roads and equipment.

Some examples of these upgrades and improvements include:

- a. New state of the art Fire Truck (replacing a 30 year old model)
 - b. Upgrades to police cruisers and equipment
 - c. Replacement of DPW trucks and equipment, that had exceeded useful life
 - d. Road, sidewalk and drainage work - This work is ongoing and long overdue.
5. Creation of Trust to address Lynnfield's long term obligation to provide Other Post-Employment Benefits (OPEB)

Financial Flexibility

Market Street Incremental Revenue vs. Operational and Capital Expenditures

Market Street Incremental \$ Benefit for life of the project

\$16,663,534

Operational/Capital Expenditure Highlights	FY15	FY16	FY17	FY18	Totals
Fields Project				\$ 9,056,000	\$ 9,056,000
Roads		\$ 600,000	\$ 500,000	\$ 500,000	\$ 1,600,000
DPW trucks & equipment			\$ 360,000	\$ 500,000	\$ 860,000
OPEB		\$ 100,000	\$ 200,000	\$ 300,000	\$ 600,000
Full day Kindergarten	\$ -	\$ -	\$ 113,000	\$ 178,000	\$ 291,000
Center Farm (Net Cost)	\$ 500,000				\$ 500,000
Fire Dept			\$ 489,000		\$ 489,000
School Security and Technology		\$ 475,000			\$ 475,000
School Technology	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,000,000
Police Cruisers(2)	\$ 30,000	\$ 60,000			\$ 90,000
Total	\$ 780,000	\$ 1,485,000	\$ 1,912,000	\$ 10,784,000	\$ 14,961,000

Fields Projects (over several years)	Amount
Summer St	\$45,000
Huckleberry Hill	\$105,000
Newhall Park	\$334,000
Middle School	\$2,221,000
Glen Meadow	\$151,000
Sub TOTAL	\$2,856,000
High School	\$6,200,000
Total	\$9,056,000

Sources: Lynnfield Finance Committee, Lynnfield Fields Committee

Long Term Items that remain for subcommittee to complete

1. MarketStreet is near completion for current retail space (395,000 sq. ft.)
2. Net Benefit, while substantially larger than predicted has leveled off.
3. Some financial impacts still unknown.
 1. Abatements – impacts on homeowners
 2. Fire and police after day time hours response costs
 3. Real Estate valuation strength comparison, between Market Street abutters vs. non-abutters

Other Benefits

1. Market Street Development donated the land for the Senior Housing Development. Market Street Development donated the 9 hole King Rail Golf course to the town.
2. Market Street businesses currently employ 90 to 110 Lynnfield residents either part time or full time.
3. Market Street and its businesses currently support at least 25 local Charities and make their property available to them.
4. Market Street Development donated and built out the Al Merritt Center.
5. Market Street Development donated an on-site Lynnfield Police sub-station.

General

- The town Budget has grown from \$33.6 Million in FY 2007 to \$49.5 Million in FY 2016 a 48% increase.
- The education budget has grown from \$17.3 Million in FY 2007 to \$26.0 Million in FY 2016 a 50% increase.
- School enrollment has gone from 2,339 in the 2007/2008 year to 2,207 in the 2016/2017 year down 6%

Average Single Family home tax bill 2009-2017

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009 to 2017
Single Family Home Values	2,167,894,700	2,046,049,550	2,008,176,475	1,973,376,275	1,950,466,575	2,021,581,175	2,122,890,575	2,179,356,775	2,381,240,750	
Single Family Parcels	3,794	3,798	3,809	3,813	3,817	3,823	3,835	3,845	3,849	
Average Single Family Value	571,401	538,718	527,219	517,539	510,995	528,794	553,557	566,803	618,665	
Single Family Tax Bill*	6,411	6,917	7,112	7,380	7,573	7,810	8,021	8,219	8,525	
Rank**	39	38	39	38	38	38	39	39		
Pct Diff Value of Home	0%	-6%	-2%	-2%	-1%	3%	5%	2%	9%	8%
Pct Diff Tax Bill	0%	8%	3%	4%	3%	3%	3%	2%	4%	33%

