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## MEMORANDUM

TO: Merrick Turner  
FROM: Judi Barrett  
RE: University Station Fiscal Impact Analysis  
DATE: February 9, 2012  
CC: Jeff Donohoe

The purpose of this memo is to update the Westwood Planning Board, through you, about our review of the fiscal impact analysis (FIA) for University Station. We have reviewed the developer's approach and assumptions,<sup>1</sup> researched and located a considerable amount of data, interviewed town staff, consulted with department heads in four towns with large-scale retail developments, and explored "what-if" scenarios for this project. Jeff Donohoe and I met with Westwood's key department heads in November 2012, and we met with several again, individually or together, in January 2013. Under a separate "Assignment 2" scope, our firm also prepared estimates of University Station's school-age population for the Westwood Public Schools. Since we are still working with school officials on the tasks they requested of us, this report focuses on municipal (non-school) services.

### Project Description

University Station is a proposed multi-use development for a 135-acre site near the University Avenue train station. The project components have changed somewhat since we began our work for the Planning Board in September 2012. As we understand it, University Station will consist of the mix of uses and floor space allocations shown in Table 1.

Land Use	Sq. Ft.	Land Use	Sq. Ft.
Retail		Hotel	115,000
Grocery	140,000	Residential	Units
Target	140,000	Apartments	up to 450
General Retail	370,000	Condominiums	up to <u>200</u>
Small Retail	70,000	Total Multifamily Units	up to 650
Restaurants, Banks	30,000	Assisted Living/Memory Care Units	100
Office	325,000		

Sources: Nora Loughnane, Westwood Town Planner (February 5, 2013), and Paul Cincotta, New England Development (February 8, 2013).

<sup>1</sup> See Connery Associates, *Fiscal Impact Analysis: University Station, Westwood, Massachusetts* (November 8, 2012), and Connery Associates to Westwood Planning Board, "Additional School Enrollment Data" (November 15, 2012). We acknowledge that Connery Associates prepared a more recent report (January 31, 2013), but we did not receive a copy until February 9, 2013. As a result, we did not have time to review it before our own deadline for filing this update with the Planning Board.

According to the developer, University Station will be constructed in two or more phases. The first phase calls for 350 apartments and approximately 560,000 sq. ft. of retail/restaurant space.<sup>2</sup> This includes two large stores: Wegman's and Target, each with 140,000 sq. ft. of floor area. The developer is an entity composed of New England Development, National Development, and Eastern Real Estate LLC. In addition, Hanover Development recently joined the project team to develop the 350 apartments planned for Phase 1.

### Understanding Fiscal Impact

FIA measures the relationship between local government revenues and service costs associated with a given land use. Most cities and towns use FIA to evaluate the impact of new development, e.g., a proposed project or growth that may be triggered by a zoning change, but sometimes FIA is used to explain the effects of a community's existing land use pattern on local revenues and expenditures. Ultimately, fiscal impact is expressed in a ratio of costs to revenue. The **cost-revenue ratio** for new development usually differs from the ratio for a community's established land uses.

*To a fiscal impact practitioner, a land use is "revenue positive" if it generates more revenue than the cost of services used by its residents or businesses. A "revenue-neutral" land use represents the break-even point, and a revenue-negative land use costs more to serve than the amount of revenue it produces. For example, a cost-revenue ratio of 0.35 for a given land use means that for every dollar of revenue it generates, the community spends 35 cents to provide it with services – meaning the use is revenue positive. A cost-revenue ratio of 1.14 for another land use means that for every dollar of revenue it generates, the community spends \$1.14 to service it; in other words, revenue negative.*

Local government's dependence on property taxes to pay for municipal and school services has made FIA a popular tool for strategic planning, promoting nonresidential development, or purchasing open space. However, FIA is not limited to a single "tool." In fact, there are several FIA models in use today. Methodology choices, time, and the adequacy, accuracy and availability of data contribute to different estimates of fiscal impact. These factors probably explain the difference in our net revenue estimates.

It is important to note that unless modified by the analyst, most FIA models fail to account for financial or capacity weaknesses that may exist in a community today, yet these problems partially determine the real fiscal impact of new growth. In addition, all fiscal impact models rely on present costs and revenues to forecast the fiscal outcome of a future development event, yet current costs are not always indicative of long-term trends because one-year aberrations do happen. In addition, changes in federalism, state aid policies, or

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<sup>2</sup> Paul Cincotta, New England Development, to Judi Barrett, Community Opportunities Group, Inc. (February 8, 2013).

voter priorities can alter the relationship between service costs and revenues. Accordingly, we advise communities to interpret cost-revenue ratios as general indicators of the relationship between land use and town finance.

### **Key Issues**

A large development situated at the far end of any town is likely to affect all kinds of community services. However, for some services the impact will be *de minimis* and for others, measurable and permanent. As the developer's consultant has acknowledged, University Station will have a significant impact on public safety services - the Westwood Fire Department, Police Department, and Building Department. Although the project will affect other town services as well (discussed below), the impacts on public safety will begin early in the development process and become a permanent "driver" in the operation of all three agencies (albeit in different ways). In the interests of encouraging everyone to focus on priorities, we begin with a look at public safety.

### **FIRE DEPARTMENT**

In 2007, the Town hired Emergency Services Consulting, Inc. (ESCI) to study the Westwood Fire Department and evaluate how then-proposed Westwood Station would affect fire and emergency medical services.<sup>3</sup> Westwood Station was twice the size of the current proposal for University Station, so presumably it would have placed more demands on the Town. Still, if the "tipping point" for hiring more employees, purchasing new apparatus, or building another fire station occurs under lesser circumstances than construction of a 4 million sq. ft. project, the basic findings and conclusions of ESCI's report may be valid today. Furthermore, the existing conditions profile in ESCI's report largely reinforces what we learned by reviewing Fire Department data, meeting with Chief Scoble and others, and conducting both field and GIS analysis.

University Station will require Westwood to reconsider its staffing policies for the Fire Department. First, the property will change from an industrial/office site to a new activity center that attracts both employees (as it has in the past) and residents and consumers. Second, the extent of activity on the site will change the nature and frequency of public safety incidents in a section of Westwood that has not placed much pressure on town services. For example, most calls to the Fire Department occur weekday mornings, and there are more incidents in the fall and winter months than during the summer. One might imagine that simply ramping up the daytime shift would be sufficient to handle growth in demand from University Station. Unfortunately, this is not the case. Evening and nighttime calls – though fewer – also tend to be longer in duration; statistically, the incidence of serious medical emergencies involving seniors, frail elders, and people with disabilities is higher at night. Similarly, multifamily housing tends to generate fire suppression calls more frequently at night than during the day. The inclusion of residential uses in the project will trigger nighttime calls in an area that currently generates little if any nighttime activity for the Fire Department.

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<sup>3</sup> Emergency Services Consulting, Inc., *Fire Department Infrastructure Analysis: Westwood, Massachusetts* (May 2007).

Third, according to ESCI'S 2007 report and Chief Scoble, Westwood's Fire Department already needs more capacity to handle moderate-risk incidents and concurrent calls, and to provide for first apparatus arrival within five minutes 90 percent of the time. Like other affluent suburbs in Eastern Massachusetts, Westwood has found it increasingly difficult to rely on callback response (callback of off-duty firefighters) because many of its employees live outside of town. While University Station is hardly responsible for this condition, the Town and developer still need to account for it in evaluating what will be required for the Fire Department to service University Station's residents and businesses. Mutual aid – assistance from nearby fire departments - provides extra capacity for extraordinary events, but it cannot be relied upon for day-to-day activity. Fourth, Westwood's unusual shape (geography) and limited internal road connections to the University Station area complicate the delivery of public safety services in that part of town.

Quantifying the fire/EMS demands of University Station is challenging due to the number of unknowns associated with the project. Nevertheless, working with information we received from the Town for this review, we developed some working estimates of fire/EMS calls.

- Under current conditions, the Westwood Fire Department responds to about 3,000 incidents per year. The 2007 study separated commercial and residential calls and arrived at an average residential volume of 0.15 calls per person per year. We note that when ESCI prepared the 2007 fire department study, calls from then-existing senior housing seem to have been included in the total number of residential calls. If so, the average of 0.15 calls per person may be a slightly inflated multiplier when used to project calls related to non-senior housing units. However, absent specific data for calls to non-senior housing units in Westwood, we believe the use of this multiplier is warranted. Assuming an average household size of 2.11 people per unit,<sup>4</sup> excluding units in the assisted living facility, it is reasonable to assume that at buildout, University Station will generate about 210 additional calls per year (1,372 people x 0.15, rounded).
- Using commercial impact multipliers that are readily available in Westwood's 2007 study, one can estimate the number of additional calls that University Station's businesses will probably generate. Arguably, it is hard to forecast retail and office incidents because the developers do not know how many business tenants will occupy the site. Dividing the propose floor space by some working averages – such 20,000 sq. ft. for retail (net of space allocated to Wegman's and Target) and 30,000 sq. ft. for office – it is reasonable to assume that as many as many as forty retailers and ten office tenants will eventually lease space at University Station. Data presented in the 2007 study show that on average, the Fire Department responded to 1.84 calls per retail and office business per year. We have no evidence that the average has changed significantly in the past five years. Assuming current conditions are approximately the same, University

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<sup>4</sup> 2011 American Community Survey Five-Year Estimates, Average Household Size, Renter-Occupied Units, Units in Structures with 10+ Units, Public User Microdata Samples, PUMA 3500 (including Westwood), and PUMAs 2400, 2500, and 2600.

Station's future retail and office businesses would generate about 92 calls per year (50 businesses x 1.84, rounded). However, this could underestimate University Station's impact because major retail establishments like Wegman's and Target, or larger regional retailers with 20,000 sq. ft. stores, usually generate more calls than the smaller stores and restaurants found in Westwood today.<sup>5</sup> Nevertheless, an estimate of 92 calls per year is adequate for planning purposes.

- Assuming an overall vacancy rate of 35 percent and a multiplier of 1.03 for on-site population (guests and staff), the proposed 160-room hotel would generate three or four calls per year (104 occupied units x 1.03 people x 0.032 incident per person).
- Chief Scoble reports, and many of his colleagues in other towns agree, that senior housing is a significant generator of EMS calls. Based on Westwood's experience and that of fire departments we consulted in other towns, it is reasonable to assume an average of one call per unit per year.

As we understand it, the number and types of residential units for the elderly have increased in Westwood since 2007. Unfortunately, technical issues with the computerized incident response log have made it difficult for the Fire Department to provide us with recent residential incident data that includes a breakdown of senior residence calls. The Fire Department study that is currently underway (also by ESCI) should classify and report residential calls by type of land use so the Town has a clear picture of different types of residential demand. Based on all that we have learned from Chief Scoble and fire chiefs in other towns with similar facilities, we believe a multiplier of one call per unit is an appropriate multiplier for assisted living facilities, and would thus estimate 100 calls per year related to the proposed assisted care facility

- The total new call volume, using the estimates provided above, is at least 406 per year, or a 13.5 percent increase, which converts to 1.1 additional calls per day (rounded) outside the primary service areas of Westwood's existing fire stations.

Despite the public safety benefits of current codes, fire suppression in commercial buildings and multifamily structures involves a higher category of risk to people (including firefighters) and property than traditional single-family homes. We do not see how the Fire Department can absorb the additional risks associated with University Station with the existing three-person shifts at Headquarters/Station 1 and Station 2 (Islington). Whether a third fire station is built in the vicinity of University Avenue or Station 2 moves to a better site for serving both Islington and University Avenue, the Town needs to anticipate hiring more firefighter/emergency medical services (EMS) personnel. The study that Westwood

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<sup>5</sup> Note: in December 2012, our team interviewed Dedham department heads about the impact of Legacy Place on municipal services. Among other things, fire and police staff noted that the Dedham Mall generates many more calls than Legacy Place, and they attributed the difference, in part, to the difference in retail mix.

already commissioned five years ago indicates that under either scenario, the Town should assume a need for twelve firefighter/EMS positions: enough to support an additional three-person team per shift. This is consistent with information we received from Chief Scoble and policies we have observed in other fire departments.

After conducting an extensive literature search for this report, we agree that despite the smaller scale of University Station, the additional firefighter/EMS predictions for Westwood Station still provide relevant guidance. At minimum, we believe the Town will be looking at eight additional firefighter/EMS personnel (an addition of two firefighter/EMS positions per shift, so that the Fire Department might be staffed with one 4-person team per station per shift). We believe that the addition of twelve firefighter/EMS positions (to allow for the establishment of a third 3-person team per shift) might better meet current and projected service demand, but we defer to the needs analysis that will be presented in ESCI's upcoming report. Using current base salary figures for firefighter/EMS positions (\$60,000), a benefits multiplier of 25 percent, and personnel expenses for equipment (\$3,000 per firefighter), the additional Fire Department costs could range from \$624,000 to \$936,000 per year (excluding capital costs). However, we underscore that University Station is *not* the only cause of Westwood's need to improve 24/7 staffing in the Fire Department. Even though University Station will significantly increase the amount of activity in that part of town, the site had about 1.4 million sq. ft. of office and industrial space as recently as a decade ago. Chief Scoble reports that his department found it challenging to serve the site when it was actively used as an industrial park. Issues of adequate staffing, response capability, and response times pre-date plans for University Station and its predecessor, Westwood Station.

It takes approximately one year to hire and train new firefighters. If the Town plans to staff up to handle University Station Phase 1 and meet existing needs as well, the hiring process should be initiated well ahead of the commencement of construction. However, the Town cannot simply hire new people; town meeting needs to be asked to authorize the additional salaries and expenses as well as funding for additional apparatus. In this case, the Town also has to decide if its existing complement of fire stations is adequate for the task at hand. This is why there is often a lag between costs and revenues for new development: the municipality needs to staff up before the new revenue is actually available for use. As RKG noted in the original Westwood Station study, the project will have a favorable fiscal impact *by the end of a given construction phase*;<sup>6</sup> at that point, the Town would have captured the benefits of new growth revenue and closed what could be first-year funding gap.

#### **POLICE DEPARTMENT**

The Westwood Police Department employs 28 sworn officers, seven full-time dispatchers, and administrative support staff. Unlike firefighter/EMS personnel who respond to calls from a fixed location, suburban police officers usually respond from the road – that is, while on patrol. Westwood, like other towns, deploys police officers within geographically defined

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<sup>6</sup> RKG Associates, Inc., *Fiscal Impacts of Westwood Station* (March 2007), 3.

patrol zones. The zone that currently includes University Station is roughly coterminous with Precinct 4.

When we interviewed department heads in other towns, we heard mixed reviews about the impact of large-scale retail on police operations. For example:

- The **Burlington** police chief said that a recently built lifestyle center, Wayside, had virtually no impact on his department. This is because the project is surrounded by 3 million sq. ft. of office space and located very close to the Burlington Mall in South Burlington, a well-defined patrol zone. Introducing another commercial development in the same area did not require the police department to alter its existing operations. Burlington's police department employs 64 uniformed officers.
- **Dedham** is dividing a very large patrol zone – all of the Providence Highway – into two zones due to the amount of activity there, including but not limited to Legacy Place. Overall, though, the Dedham police say Legacy Place is not a major generator of public safety calls. Ironically, they say the Dedham Mall (opposite end of Providence Highway ) generates more calls than Legacy Place, perhaps because of the particular mix of businesses there. The Dedham Police Department currently employs 56 uniformed officers, but the operating budget provides for 60. (Dedham is in the process of filling four positions.)
- In **Hingham**, the police department routinely patrols the commercial areas in the south part of town. Hingham officials say that for Derby Street Shoppes, managing special events and holidays is very difficult. The developer provides detail police inside the project, e.g., to direct traffic, but the actual traffic problems triggered by Derby Street Shoppes occur on the main roads and intersections around the site. Derby Street's success has presented Hingham's police department with two challenges: traffic control, and difficulty meeting the project's demand for detail officers. The Hingham police department has 50 FTE uniformed personnel.
- **Wrentham's** police chief says the Wrentham Premium Outlets Mall has imposed relentless demands on his department (19 full-time and two-part-time uniformed personnel). He reports that the mall remains the largest generator of 911 calls in Wrentham, which explains the town's decision to add a new patrol zone in the vicinity of the mall. Since the mall opened, Wrentham has witnessed a 45 percent increase in service calls. While the host community agreement authorizes the police chief to require detail officers at the mall's expense, finding enough officers to fill the detail assignments has been a major challenge because the department is small and understaffed.

It seems almost certain that by the time Westwood begins to issue certificates of occupancy for uses at University Station, the Town will need to divide the existing patrol zone into two zones, one focused on University Station. It is important to note that Phase 1 will include approximately 75 percent of the proposed retail space and 54 percent of the proposed multifamily units. While the entire project will not be constructed at once, Westwood has to

decide what it considers an acceptable level of service for the new residents and businesses (and their employees and customers) that University Station will introduce to the community.

Though not as small as Wrentham's police department, Westwood does not have the same kind of deployment flexibility as a department with 50 or 60 officers, even after adjusting for population differences. The addition of one officer per shift (to staff a new patrol zone) requires hiring four officers in order to provide 24/7 coverage. Using this estimate as a guide, the additional cost of police services would be approximately \$360,000 per year. [(Police base salary of \$50,000/year x 4 officers) plus 25 percent benefits multiplier per employee, plus \$17,500 per employee for training and personnel expenses, plus one cruiser.] Due to the time required to hire and train new officers (as long as two years), the hiring process will need to begin soon.

#### **BUILDING DEPARTMENT**

The Westwood Building Department currently employs a full-time building inspector, a part-time inspector, a part-time plumbing inspector, and one FTE electrical inspector. There is no in-house mechanicals inspector. On average, the department issues about 2,000 permits per year and generates \$450,000 in permit revenues. Its annual operating budget is approximately \$250,000.

We are under the impression that the town plans to hire a consultant inspector in order to ease burdens on the Building Department and expedite the inspections process. The Town needs to make a policy decision because even if a qualified specialist is contracted to conduct code inspections as the project moves forward, the Building Inspector is still required to sign off on (approve) the inspections. It would seem more beneficial for additional inspectors to be hired and supervised by the Building Inspector. According to the developer's consultant, the project is expected to build out over a period of seven years. Once completed, University Station will continue to require periodic inspections due to the types of uses that will be located there. Though the post-construction demand for inspections may not require an additional full-time inspector in the Building Department, the Town should anticipate that on an ongoing basis, the project will create needs for at least a half-time inspector, or approximately \$42,125 per year. [(Building inspector FTE salary of \$61,000 \* .50) plus 25 percent benefits multiplier plus \$4,000 for personnel expenses.] It should be noted that all Building Department costs, whether associated with outside consultant services, or with new municipal employees to perform inspections, could be fully funded with building permit fees.

#### **OTHER DEPARTMENTAL IMPACTS**

Through consultations with Westwood's health agent and public works director, and corresponding inquiries with other towns, we identified other impacts that should be accounted for in the FIA for University Station.

- **Health Department.** The Westwood Health Department will experience a significant increase in demand for inspections of food establishments. Under existing conditions,



the Health Department has one 20-hour food inspector who inspects 67 food establishments and 54 temporary food service venues each year. State guidelines call for one FTE inspector per 150 establishments or events. Wegman's alone will necessitate multiple inspections because of the number of separate food service components and kitchens that trigger annual or semi-annual inspections under state law. Every restaurant and other type of food vendor – ice cream shop, deli, pizza shop, a Starbucks concession at Target, and so forth – will require the same inspections. Other activities that may not be apparent will impose inspection demands on the health department as well, e.g., swimming pools at the proposed hotel and apartment development. In addition, the health department has a statutory role in addressing housing complaints (if any).

It is reasonable to assume that growth in demand for inspectional services will mean increasing the existing part-time inspector to a full-time position. The assisted living facility at University Station will most likely affect demands on the department's public health nurse as well. To be prudent, we recommend that the Town assume increasing the public health nurse's hours from part-time to full-time. These changes involve both salary and expense increases in the health department's operating budget. Together, these two positions (increased from part-time to full-time) involve an additional cost of approximately \$65,500 per year. [(Public health nurse FTE salary \$66,000 \*.50) plus (sanitarian FTE salary of \$61,000 x .50) plus \$1,000 personnel expenses per position.]

- **The Department of Public Works.** According to estimates provided by BETA Group, Inc., the DPW will incur approximately \$80,212 in additional costs per year due to the impact of University Station on street lighting, road maintenance and rehabilitation, and plowing. In addition, the DPW will incur approximately \$300,000 in construction-phase (non-recurring) costs. Presumably these costs will be covered by the development agreement, but we have not received the development agreement for review.

### **FIA Open Questions**

To complete our review of University Station's fiscal impact and provide approximate revenue ratios for Phase 1 and Phase 2+, the following items still need to be resolved:

- **Nonrecurring Costs:** plan review and inspections during construction for the Building Department, Health Department, and Fire Department. Although these costs will most likely be covered by the developer under a development agreement that is still being negotiated by the Town, the FIA should include them in a summary of sources and uses of funds. The development agreement is a source.
- **Recurring Costs:** the estimated range of education costs that will be incurred by the Westwood Public Schools. We have provided low-high K-12 enrollment estimates to the school superintendent and business manager. They are currently working on cost estimates for some "what-if" scenarios – conditions that reflect plausible year-to-year variations in school enrollments that may be generated by University Station's housing units.

### **Revenues**

In general, we agree with the developer's gross revenue projections. If anything, we think the projections may be conservative. This is especially true for the assisted living facility, if the Town taxes it as a commercial use. Beyond that, we have no comments on the revenue estimates unless the Town Assessor believes corrections or updates are in order.