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An Evaluation of the Fiscal Impact of the Development of The Preserve in Old Saybrook, Connecticut

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INTRODUCTION

A. OBJECTIVE

This report presents the results of an analysis of the fiscal impacts on the town of Old Saybrook resulting from the development of 248 residences and an 18-hole golf course complete with a clubhouse. This development, dubbed "The Preserve", is to be built on 1000 acres of forestland on the outskirts of town.

This study differs from usual fiscal impact analyses due to this physical separation of The Preserve from the town itself. This creates a need not only for capital investments in such facilities as dedicated wastewater management systems, roadways, bridges, and fire and police protection, but also for their long-term, ongoing operation, maintenance and repair. It also creates a need for possible remediation of any environmental damage that might result from construction of this development and its golf course. Costs for these long-term effects will be borne by the town unless appropriate arrangements are made for a Homeowners Association and/or a Wastewater Management Municipality, comprised of property owners of The Preserve, to manage and pay these future costs. They are difficult (if not impossible) to evaluate at this time, but they could impose a measurable financial burden on Old Saybrook over the long run.

Old Saybrook, Connecticut is a prosperous, small town on the shores of Long Island Sound at the mouth of the Connecticut River. It has a total area of 21.6 square miles, of which 15 square miles are land and 6.6 square miles are water. The town's population was 10,485 as of July 1, 2002 (up from 10,367 people as of the year 2000 Census). According to that Census, in 2000 there were 5,357 housing units of which 4,184 were occupied and 1,173 were vacant. Of these latter, 900 – or 17% -- were used for seasonal, recreational or occasional use. There were 2,922 family households with an average household size of 2.41 persons in that year. The median household income was $62,742 while the median income for families was $72,868. In June 2004 the unemployment rate in Old Saybrook was 4.6 percent.

River Sound Development, LLC, a wholly owned subsidiary of Lehman Brothers Holdings Inc., has petitioned the Old Saybrook Zoning Commission for approval of a subdivision affecting 1000 acres of forest land on which it proposes to build 248 single-family

residences and an 18-hole championship golf course. This development, referred to as "The Preserve", is described as "... an environmentally sensitive residential and golf community with conservation of a large portion of the land."[1] This petition has been opposed by at least two citizen groups on a number of grounds. The Connecticut Fund for the Environment states that "...this development will fragment and likely impair the existing rich fabric of forested wetlands in this home to many species of conservation concerns." It further states that, while cluster zoning (as proposed here) can have substantial environmental benefits, this proposal incorporates a very large community septic system and paying for its maintenance may become a burden on the town.[2] Also important is the fact that this 1000 acres of open space contains the region's "...last large contiguous forest and wetland complex between the Connecticut River and New York City."[3] It protects clear running streams and is home to a vast array of wildlife.

Real estate developments of this size have environmental, water supply and water treatment, highway traffic, and fiscal impacts on the communities in which they are built. Commonwealth Research Group, Inc. (CRG) was retained by the Connecticut Fund for the Environment to determine the fiscal impacts of this development upon the Town of Old Saybrook, including costs of community services and consideration of the possible other costs. CRG has been a leading investigator into such fiscal impacts for the past 15 years, examining their effects on a number of New England communities. The study prepared here, however, is unique in its need to consider the magnitude of possible environmental and long-term fiscal effects posed by this development due to its isolation.

B. METHOD OF APPROACH

In order to determine this fiscal impact, we first collected both qualitative and quantitative data and then analyzed it. Such analyses can be either marginal cost or average cost analyses of the costs of the proposed development. Here we used a combination of both approaches -- an average cost approach to evaluate future additional non-educational operating

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1 Robert Charles Lesser & Co., LLC, "Analysis of the Fiscal Impact of The Preserve On the Town of Old Saybrook", prepared for River Sound Development, LLC, March 18, 2003.

2 Curtis P. Johnson, Senior Staff Attorney, Connecticut Fund for the Environment, "Comments..."July 7, 2003.

3 Richard Blumenthal, Attorney General, as quoted in a News Release by the Connecticut Fund for the Environment dated Friday, Aug. 29, 2003.

expenses, and a marginal cost approach for the evaluation of additional educational operating and capital costs, and for other incremental capital requirements. This method of analysis allocates all costs resulting from the 248 residences in The Preserve to those residences alone.

Our data sources included the data published in Town Reports for the Town of Old Saybrook for the Fiscal Years 1999 through 2003, and discussions with a number of town officials and citizens. We also collected housing price data from real estate industry sources and demographic data from Census Bureau surveys. We took the developer's proposal as presented in the Robert Charles Lesser & Co., LLC report and selected new house price data and quantities of the new housing by type. We compared this report's assumption of 0.41 students per new household with Census Bureau data on family size and found them to be almost identical, so we used this statistic. Since the Town, in its planning process, assumes that new developments will contribute 0.7 school-age children per residence, we also determined the fiscal impact assuming 0.7 students per household[4]. Without more accurate build out data, we assumed a constant rate of build out over five years, starting in the year 2008.[5]

Much has been written about the extent to which new dwellings in a community are purchased by existing residents and the effect that this has on the fiscal impacts of new developments. We take the position that this is irrelevant: if existing residents buy a new dwelling, then a nonresident buys their old dwelling, and the fiscal impact is the same as if a nonresident had purchased the new dwelling. The major cost of new residential development to a town, of course, usually is the cost of education. Here, the school system has shown little long-term growth, either in costs or in enrollment, but its almost $10,000 per-student expenditure is much higher than the norm, reflecting the town's desire for high quality education[6]. This new development will contribute between a 6.4 percent increase in the number of students (at 4.1 students per new residence), and a 10.95 percent increase (at 0.7 students per new residence.)

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4 Telephone conversation between Julie Pendleton, Business Manager, Old Saybrook Public Schools (860-395-3157), and Ernest T. Kendall and Lisa G. Baker, Commonwealth Research Group, Inc. (617-879-3151) on November 3, 2004.

5 Note that our results are quite different from those contained in the Lesser report. We found that this report contains both incorrect methodology and data.

6 Telephone conversation between Julie Pendleton, Business Manager, Old Saybrook Board of Education, and Ernest Kendall and Lisa Baker, Commonwealth Research Group, Inc., November 4, 2004.

Therefore we performed a marginal analysis of educational costs, incorporating a sensitivity analysis with respect to the number of new students per new residence.

We are also concerned with the isolation of this development from the other town dwellings, incurring possible costs for highway maintenance and repair and presenting a problem in wastewater management and fire protection, and we investigated these aspects of future cost in some detail. These matters are all discussed in the following chapter.

Lack of accurate knowledge regarding tax rates, water requirements, environmental effects of fertilizer use, and similar possible costs items associated with the golf course made it impossible for us to incorporate the golf course in this analysis at this time. Given further resources and knowledge, we will be pleased to do so at some future date.

C. CONCLUSION

Our marginal cost analysis shows that The Preserve could impose sizable educational capital and operating costs upon the town of Old Saybrook. Further, it may impose additional costs over time for the operation and maintenance of its wastewater management and highway systems unless appropriate arrangements are made to ensure that the buyers of the properties in The Preserve assume these costs.

The net cash flow fiscal impact to Old Saybrook for the next 20 years is presented in Table 9A (0.41 students per residence) and Table 9B (0.7 students per residence). There it can be seen that the 20-year present value as of December 31, 2004 of this fiscal impact, net of the tax revenues from these residences, is a cost of $847,300, and $9,474,611 in 2004 dollars respectively, depending on the number of students per residence. The school system is currently planning to float a $10-$12 million bond issue to cover the cost of enlarged classroom space and upgraded school facilities. It is doing this independently of any requirement that might come from The Preserve, however. In fact, at 0.41 students per residence, the 102 additional students from The Preserve will require at least additional classroom space, to be built for the cost of $1.7 million. If there will be 0.7 students per residence (or 174 additional students), the cost of building additional classroom space will amount to a little over $3 million[7].

[7] See discussion on page 11.

While we expect that property taxes from these residences will cover the additional costs for their police protection, fire protection presents another problem. With 98 townhouses in close proximity, rapid fire response is a necessity. The costs of a firehouse annex and associated equipment should be about $1.5 million, with associated operating costs of at least $150,000 to $200,000 a year, primarily for full-time firefighters. Further, the isolation of The Preserve requires the construction of entry roadways, bridges and internal roads. While it is normal for the developer to cover the costs of their construction, their future maintenance and repair costs could be a burden on the town.

II

FISCAL IMPACT ANALYSIS

A. GENERAL FISCAL IMPACT

Two previous fiscal impact analyses have been performed to determine the effect of this development on the town of Old Saybrook, both of which were performed on behalf of the developers. The first was a simple analysis performed by East Wharf Architects, Inc. on November 11, 2002. Using approximate assumptions it determined that the net yearly revenue to the town would be $430,568. A second, more detailed, analysis was carried out by Robert Charles Lesser & Co., LLC and was published on March 18, 2003. Using the 2002 mill rate of 20.57, this analysis purports to show that The Preserve will have a net positive fiscal effect in every year of development, and will accumulate a fiscal benefit of $19.9 million by the year 2025. Our results disagree.

B. AVERAGE COST ANALYSIS

Determination of the fiscal impact of the new developments on a town can be done either on a population basis or on a household basis. Since we expect to have students per residence from The Preserve, we have chosen to use a per student basis for this analysis, assuming 0.41 and 0.7 students per household in determining the increased load on the educational system, in accordance with the Census 2000 data.

1. Housing Units Over Time[8]

It is difficult to determine the number and growth of housing units over time. The 2000 Census indicated that there were a total of 5,357 housing units in Old Saybrook in that year, of which 4,184 were occupied and 1,173 were vacant, of which 900 were for seasonal, recreational, or occasional use. On the other hand, data from the town reports indicate that there were 5,744 dwellings and condos in 1999, and that that number had decreased to 5,376 in 2003. Obviously, neither of these sources is precisely accurate, so we calculated a feasible number of units in each year: we added the number of new residential building permits granted in year 2000 to the number of housing units reported in the Census for that year to obtain the number of units

[8] http://www2.census.gov/census_2000/dataset/PUMS/OnePercent/Connecticut/PUMEQ1/CT.TXT

in 2001. We then added the number of new residential building permits granted in year 2001 to the number of housing units calculated for 2001 to obtain the number of housing units in 2002. We follow the same procedure to obtain the number of housing units in 2003 and, by subtracting the number of new building permits granted in 1999 from the number of housing units reported in the Census for 2000, we calculated the number of housing units in 1999.

The Census reported that 900 of the 5,357 housing units reported in the year 2000, were seasonal, recreational, or occasional use. That is, only 83 percent of the residences in the town had year-round occupancy. It is only these 4,457 houses that contribute students to the school system, and we took this into consideration in determining the costs of education for residents and per student. These data are presented in Table 1 of the Appendix.

2. *Costs of Community Services Over Time*

The costs of community services in Old Saybrook have stayed fairly constant over the past five years, increasing from just under $22 million in 1999 to just under $25.8 million in 2003. This very gradual increase in expenditures is more apparent in constant dollars: in 2003 dollars, the town's total expenditures increased from $24.8 million in 1999 to $25.8 million in 2003, for a yearly rate of growth of only 0.79 percent. This performance is illustrated in Tables 2 and 3 – which itemize historical educational costs -- and, in Table 4, several of the community services along with Total Expenditures for the years 1999 through 2003. These tables show that nominal education costs increased at the rate of 3.57 percent per year in these years, while real education costs increased at a rate of only 0.47 percent per year.

The total costs of community services on a per residence basis confirm the stability of costs over time: they increased from $3,815 in 1999 to $4,799 in 2003 (or $4,309 in 1999 to $4,799 in 2003, in 2003 dollars.) Property taxes also increased only very modestly between 1999 and 2002, before increasing by about 10 percent in 2003. Old Saybrook, like many Connecticut towns, revalued its property every ten years until 1999, at which time it initiated a four-year time interval for reassessments. With constant property valuations, it was necessary to adjust the mill rate in order to generate sufficient tax revenue to cover increasing costs. The mill rate, which had been $16.14 per thousand dollars on assessed value in 1999, increased by 20 percent in 2000, to $19.30, and grew to a maximum value of $21.57 in 2003 before dropping to $13.80 in 2004 as assessed values increased. This is scheduled to decrease to

$13.30 in 2005. The average mill rate over the 1999 to 2003 time period is $18.53 per thousand dollars of assessed value. William Peace, Selectman, Old Saybrook, states that the town expects to have a $13.30 mill rate in 2005, which will give an average mill rate of $17.78.

This average mill rate of $17.78 per thousand dollars of assessed value is representative now of the four-year revaluation cycle and should be representative of future tax rates. Therefore, we have accepted this value in determining future property taxes. The other variable in determining property taxes -- the assessed value of property -- depends to a great extent on its sales price. Table 5 summarizes the types of residences that will be built, their quantity, and their sales price in 2004 dollars. This table shows the average sales price of these 248 properties is $518,750; the sales weighted average price is $441,583. We determined the reasonableness of this value by comparing it to the sales values published by Prudential Connecticut Realty.[9] This market survey showed that 87 properties were sold in Old Saybrook in the year 2003, after an average of 71 days on the market, at an average sales price of $457,755. In 2004, the average sales price was $444,458. Seventy-seven properties were sold after an average of 87 days on the market. The sales weighted average price for residences in The Preserve, as shown in Table 5, is $441,583. This is sufficiently close to the market price and we therefore accepted the prices for these properties as estimated by the developer.

We have made the following schedule assumptions in order to project future values of tax revenues: (1) it will take at least two years to obtain permits for this development; (2) it will take another year to construct the roads, water supplies, and wastewater management system, and to install electricity and telephone facilities; and (3) five years to construct a golf course and 248 residential dwellings. Thus, construction of dwellings will start in 2008 and be completed in 2012. We are taking a 20-year time horizon for our projection, which therefore ends in the year 2027.

Without data regarding tax rates for improved but not built upon land, we have assumed that the tax revenues to the town will remain the same in constant dollars until the dwellings are completely built. Table 5 shows the assumed rate of build out for these residences and their total assessed value, taken as 70% of the sales price, on a year by year basis. Their

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[9] Petrie G. Helie and Candace Adams, *Real Estate Report: January 1, 2004 through June 30, 2004.* July 30, 2004.

fiscal impact is the present value of the net of future tax receipts less costs of community services. Therefore, we have assumed constant values (i.e., 2003 values) over the projected time horizon and used a real (i.e., an inflation-adjusted) discount rate of 2.53 percent per year. This is the average return to 3-year Treasury Notes over the past 30 years. For this marginal cost analysis therefore, we have assumed costs of community services of $2,068 per year per residence, exclusive of education costs, a $17.78 mill rate; and initial total assessed values as shown in Table 6. These assessed values remain the same in total, at $76,658,750, after the year 2012.

We have been unable to determine the probable tax revenues from a golf course and clubhouse since we have been unable to obtain valid estimates of assessed valuation and tax rates. Therefore, for the time being, we are not including the effects of the golf course on this fiscal impact analysis.

Old Saybrook also has other sources of income. In 2003, these included the following:[10]

Personal Property Taxes	$1,276,461
Motor Vehicle Taxes	$1,562,768
Motor Vehicle Supplemental	$231,809
Total Motor Vehicle	$1,794,577
Intergovernmental Transfers	$1,864,989
Interest & Dividend Income	$244,726
Other Local Income	$975,111

Of these, we considered that the personal property taxes and motor vehicle taxes and supplements are a function of the number of residential dwellings, the former being a function of all dwellings and the latter being a function of dwellings with year-round occupancy. In 2003, the town thus obtained an average of $235 per residence in personal property taxes, and $398 per residence in motor vehicle revenues, for a total of $633 per residence. We have included this income in this fiscal impact study. Total revenue to Old Saybrook from The Preserve is shown

[10] Old Saybrook *Annual Report-2004.*

in Table 7. Total costs assuming 0.41 students per residence are shown in Table 8. The fiscal impact of The Preserve is then presented in Table 9, where it is shown that the yearly cost to the town is $82,384 in 2008 and is $54,058 per year over the long run.

3. Conclusions

We determined the net fiscal impact of construction of 248 dwellings in The Preserve in Table 9. That table shows that the total revenue from the first 50 houses built in 2008 will be $310,129 in 2003 dollars. Total cost of services will be $392,513, leaving a deficit of $82,384. The November 30, 2004 present value of that amount is $74,391. This yearly net impact increases for the next two years before declining in the year 2011, due to the changing mix in dwellings size, resulting in a decrease in the yearly addition of assessed value from almost $16 million to slightly less than $13.8 million in 2012. The total net fiscal impact through the year 2027, assuming 0.41 students per residence, is a cost that has a present value as of November 30, 2004 of $2,036,000 in 2003 dollars. If we assume that each residence will have 0.70 students, then the cost to Old Saybrook has a present value of $11,510,610. These results are presented in Tables 9A and 9B.

C. MARGINAL COST ANALYSIS

1. Education Costs

This year (2004) the School Department is proposing a building project involving both the Middle School and High School. This building project is proposed to account for anticipated increases in current enrollments, programmatic changes in curricular needs, modernization of facilities, improvement of safety and security, lack of adequate space for instruction, storage and athletic fields, and technological advancements and changes. The proposal involves a 6,000 square foot addition to the middle school with renovation of an additional 3,700 square feet, and a 17,200 square foot addition to the high school with an additional 12,000 square feet of renovation. This proposal is based on the known factors of current enrollments and normal growth, and on the unknown factors of "The Preserve" and Affordable Housing. It projects that enrollment will increase from 1,580 students in the 2004-05 school year, to a high of 1,640 students in the 2011–12 school year, and does not account for an additional 102 to 174 students from The Preserve. The cost of this project is estimated at between $15.2 and $16.7 million, with the State of Connecticut picking up 28 percent of the cost

-- leaving the town's share to be $10.69 million to $11.75 million (or roughly $7500 per existing student).

While the above improvements may enhance the facilities available to students from The Preserve, these students will need additional classrooms at least. Using data from the Connecticut State Department Of Education, the mean costs for new facilities in Connecticut amount to $24,641 per student.[11] If we will have 0.41 students per residence, or 102 students from The Preserve, the cost for constructing new classrooms will be $2,505,497. If there will be 0.70 students per residence, construction costs will amount to $4,277,678. The State of Connecticut will pay for 29.64 percent of these costs[12], leaving Old Saybrook to pay for $1,762,868 or $3,009,774, depending on the number of students per residence from The Preserve. We assume that the town will float 20 year bonds of five percent per year to obtain these funds.

2. *Wastewater Management System Costs*

In May 1977, the Connecticut State Legislature enacted Public Act 77-31 which established a Sewer Avoidance Program which is available to all municipalities and towns in the state on a voluntary basis. Under this program, in areas where sewers do not exist or are not planned, on-site or small community sewerage facilities may be used. These will be controlled by a mandated Water Pollution Control Authority (WPCA), established by the community.[13] To avoid the creation of a pollution problem, a full range of alternative solutions are to be considered, in addition to the installation of sewers, when a community pollution problem does exist. This program is implemented by the community's Water Pollution Control Authority (WPCA) and is subject to approval by the State of Connecticut Department of Environmental Protection (DEP).

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11 Connecticut State Department Of Education, School Facilities Unit, Recently Completed or Substantially Completed Major School Construction Projects, February, 2003. http://www.state.ct.us/sde/dgm/sfu a half a/majors.

12 Connecticut State Department Of Education, Division of Grants Management, 2002 -- 2003 Reimbursement Percentages. November 8, 2004. http://www.csde.state.ct..us/public/dgmeports/viewallperc.asp

13 Malcolm. Pirnie, Inc., Consulting Environmental Engineers, 10 Corporate Park Drive, White Plains, NY 10602 (914-694-2100), "Wastewater Facilities Planned for a Sewer Avoidance Program for the Town of Old Saybrook Connecticut" Revised March 1980.

Old Saybrook established a Water Pollution Control Authority soon after it became a legal method of implementing such control, and has been negotiating with the DEP for approval of its existing and proposed systems ever since. The DEP apparently filed a lawsuit against the Town – in the 2002 Town Report, the WPCA reported that both the Connecticut Supreme and Superior Courts issued opinions in this matter and a Stipulated Judgment was entered that governs the efforts of the WPCA in development of a wastewater treatment plant for the town.[14]

The construction of 248 residences will create a sizable wastewater management problem. While the size of this system poses a question regarding the ability of a septic system to handle this flow, such a system has been used in Goshen, Connecticut for the last 25 years, for over 600 houses. There are potential environmental problems posed here is well. The site of The Preserve includes three watersheds: the Oyster River watershed which flows southeast, the Trout River watershed which flows west-southwest, and the Mudd Creek watershed which flows northerly towards Essex. The wastewater management system chosen for use in this development must protect these watersheds as well as the aquifers and other subterranean water sources that exist on and adjacent to this land. In order to install septic systems in this ground it will be necessary to remove the existing soil and replace it with septic permeable soil. This will be an expensive procedure whose costs, of course, should be borne by the developer. [15]

The developer here has proposed the use of Zenon membrane technology – a technology it reportedly previously has installed successfully at the Clinton Crossing Mall. In general, in this technology the discharge is filtered through immersed membranes that allow clean water to pass through while rejecting impurities that remain in a process tank until being discharged. Any treated wastewater that will not be used to irrigate the golf course will then go into the ground after having been subjected to ultraviolet disinfection. Use of this technology has been generally approved by the Coordinator of the Old Saybrook WPCA.[16]

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14 Town of Old Saybrook, "Annual Report - 2002". Page 82.

15 Telephone conference between Steven Luckett. Coordinator, Water Pollution Control Authority, and Ernest Kendall and Lisa Baker, CRG, on September 16, 2004.

16 Ibid.

The costs of operation, maintenance and repair of such a system are a matter of concern: While its installation costs should be borne by the developer, its ongoing maintenance and repair requirements could become a future burden on the town. The establishment of a Homeowners Association that would assume responsibility to pay these costs, however, would reduce these risks and the long-range financial burden to the town would be alleviated.

3. *Highway Maintenance and Repair*

We received large-scale plans and highway/bridge specifications for this proposed development only after we completed our initial report. Therefore, we had no knowledge of the miles of roadways and number of bridges involved until after we completed our analysis. Now we understand that this development will involve 4.9 miles of roads and three bridges totaling 405 feet in length.

Average expenditure for Public Works in Old Saybrook between 1999 and 2003 was $633,799 per year ($2003) 472 miles of existing roads, for $8,803 per mile per year. Dividing that by the 4,849 residences gives a per residence tax receipt of $130.71. Multiplying that by the 248 residences in The Preserve gives a total tax allocation of $32,415 per year from the development for highway maintenance and repair. The cost for the highways in the development, however, will be 4.9 miles times $8,803 per mile, for $43,135 per year. Subtracting the above tax allocation gives us a net deficit of $10,720 per year ($2003) for highway maintenance and repair.

4. *Bridges Maintenance and Repair*

Costs for bridge maintenance and repair will depend upon the size of the bridges, their surfacing materials, and the extent of their exposure to ocean salt. Inspection and maintenance yearly costs for the three bridges on The Preserve will be $2,112 per year. Future rehabilitation items will be required 30 to 50 years in the future. In order to have the funds needed for these items we will have to save $9,308 per year in 2004 dollars. Thus, the total yearly costs for bridge maintenance, repair and future rehabilitation amounts to $11,420 per year.[17]

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[17] Anand Rao, Project Analyst, *Bridge and Highway Maintenance: the Changing Infrastructure.* Volume One. College Avenue Bridge Analysis -- Appendix G.: Typical Bridge Maintenance Costs and Schedules. http:// www.buscom.com/archive/E059A.html

5. *Fire and Police Protection*

The isolation of The Preserve presents additional problems. Because of it, response times by the fire and police departments may become unacceptably long. This is particularly true for fire protection: the 98 town houses in The Preserve are attached and fire could spread rapidly among them. While the police department is well staffed with full-time police, the Old Saybrook Fire Department is manned by volunteers. It is unlikely that residents of The Preserve would either volunteer or be available for fire duty. If it were to become necessary to build a fire department annex and staff it with a one full-time member equivalent, the capital costs could easily be more than $1.5 million for building and equipment, and the operating costs could be over $200,000 per year.[18]

Police protection would be easier to provide and may well not impose additional costs on the town. Currently, each dwelling in the town contributes $431.38 for police protection expenses. At that rate, The Preserve would contribute almost $107,000 per year from its property tax payments and that should be sufficient to pay for the patrolling of this property.

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[18] This is based upon the yearly median wage of $49,110 for firefighters Connecticut in 2003. Occupational to Employment Statistics (OES) Survey, Bureau of Labor Statistics, U.S. Department of Labor. http:/stat.bls.gov/oes/home.htm.

III

CONCLUSION\

The fiscal impact of the 248 houses planned for The Preserve[19] shows that they will have a net negative impact (cost to) Old Saybrook over 20 years, having a present value as of November 30, 2004 of $847,300 if we expect 0.41 students per residence, or $9,474,611 if we expect 0.70 students per residence. These amounts include the capital costs for additional school rooms, but do not include a possible $1.5 million capital cost for an on-site fire department annex, with associated operating costs estimated at $200,000 per year; and yearly deficits of $10,720 for highway maintenance and repair and $11,420 for bridge maintenance and repair. Nor does it include the costs for amelioration of the possible environmental impacts of nutrients, herbicides and pesticides run off from the golf course. We assume that the wastewater management system will be competent and will not discharge environmentally hazardous effluents.

[19] Lack of data has made it necessary for us to ignore the golf course in this analysis.

APPENDIX

Table 1

Reported and Calculated Number of Residences: 1999 - 2003

Year	*1999*	*2000*	*2001*	*2002*	*2003*
Number of Dwellings as Shown in the Town Reports					
Dwellings	4749	5210	5210	5210	4899
Condos	995	570	570	570	477
Total	5744	5780	5780	5780	5376
New Building Permits Granted					
New Residential	27	17	26	30	28
Business/Industrial	7	9	1	4	6
Condominiums					2
Renovations	710	80	821	934	937
Projected No. of Residences	4749	4776	4793	4819	4849
Calculated No. of Residences					
Calculated No. of Residences	5330	5357	5374	5400	5430
Projected Year-round Residences	4424	4446	4460	4482	4507
2000 Census		**5357**			

Source: 1. Old Saybrook Annual Town Reports from 1999 to 2003.

2. Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data
Tables: GCT-PH1. Population, Housing Units, Area, and Density: 2000

Table 2

Old Saybrook Educational Expenses & Student Enrollment: 1999 – 2004

	1999	*2000*	*2001*	*2002*	*2003*	*2004*
	(current dollars)					
Board of Education						
Operating Expense	$11,526,015	$11,908,827	$12,697,327	$13,633,972	$14,679,330	
Capital Expense	$62,186	$38,409	$115,879			
Total Education Expense	$11,588,201	$11,947,236	$12,813,206	$13,633,972	$14,679,330	
School Enrollment						
K-3	482	526	555	555	561	546
4-8	559	544	574	584	568	601
9-12	403	408	439	463	469	442
Total	1444	1478	1568	1602	1598	1589

Source: 1. Old Saybrook Annual Town Reports from 1999 to 2003.

2. Old Saybrook Town Data Sheets 2004

Table 3

Total and Educational Costs Per Residence

	1999	*2000*	*2001*	*2002*	*2003*
	(current dollars)				
Total Expenditure per Residence	$3,815	$3,819	$4,111	$4,203	$4,799
Education Cost per Residence	$2,017	$2,067	$2,217	$2,359	$2,731
(Total Expenditure less Education Costs) per Residence	$1,797	$1,752	$1,894	$1,844	$2,068
Students per Household	0.25	0.26	0.27	0.28	0.30

Note: 1. Total expenditures divided by total number of residents.

2. Total number of residents divided by total number of students enrolled.

Table 4
Cost of Community Services: 1999-2003

	1999	*2000*	*2001*	*2002*	*2003*
	(current dollars)				
Fire Dept.	$151,419	$133,539	$147,178	$157,246	$161,536
Fire Marshal	$64,845	$74,202	$80,880	$86,714	$92,614
Total Fire Dept.	$216,264	$207,741	$228,058	$243,960	$254,150
Police Dept.	$1,899,655	$2,008,906	$2,151,548	$2,304,680	$2,342,376
Water Pollution Control	$383,253	$181,336	$206,883	$214,347	$225,214
Transfer Station	$593,501	$656,927	$396,307	$509,721	$512,253
Public Works	$448,337	$502,851	$743,830	$612,835	$725,611
Parks & Recreation	$234,719	$224,473	$227,560	$246,092	$252,253
Fort Saybrook	$3,822	$3,022	$4,552	$3,970	$3,734
Total - Parks & Recreation	$238,541	$227,495	$232,112	$250,062	$255,987
Capital Expense - Genl. Govt.	$625,157	$663,718	$451,403	$539,650	$496,257
Board of Education					
Operating Expense	$11,526,015	$11,908,827	$12,697,327	$13,633,972	$14,679,330
Capital Expense	$62,186	$38,409	$115,879		
Total Education Expense	$11,588,201	$11,947,236	$12,813,206	$13,633,972	$14,679,330
Total Expenditures	$21,911,574	$22,072,235	$23,762,514	$24,294,120	$25,797,655
Expenditure per Residence	$3,815	$3,819	$4,111	$4,203	$4,799
Education Expenditure/Residence	$2,017	$2,067	$2,217	$2,359	$2,731
Expenditure per Residence, less Education Costs	$1,797	$1,752	$1,894	$1,844	$2,068
Property Taxes	$19,214,685	$19,573,513	$20,754,739	$21,109,938	$23,278,682
Mill Rate	16.14	19.3	19.77	20.57	21.57

Source: 1. Old Saybrook Annual Town Reports from 1999 to 2003.

Table 5

Determination of Average Sales Price

Type of House	Total No. (1)	Sales Price (2) --(2004 $)--
Large Lot	27	$825,000
1-Family detached golf	49	$537,500
1-family village detached	80	$387,500
1-family village attached	92	$325,000
Total	248	
Average		$518,750
Sales-weighted average		$441,583

Source: 1. Robert Charles Lesser & Co., LLC report for River Sound Development, LLC, March 18, 2003. Pg. 6

Table 6

Buildout Schedule of Appraised Values

Type of House	Projected No. Of Units Built Per Year 2008	2009	2010	2011	2012	Total Assessed Value
	(Units per year)					-(2003 dollars)-
	(1)	(2)	(3)	(4)	(5)	(6)
Large Lot	6	6	6	6	3	$15,592,500
1-Family detached golf	10	10	10	10	9	$34,028,750
1-family village detached	16	16	16	16	16	$55,728,750
1-family village attached	18	18	18	19	19	$76,658,750

Source: 1. Robert Charles Lesser & Co., LLC report for River Sound Development, LLC, March 18, 2003. Pg. 6

Table 7

Old Saybrook Total Revenue for The Preserve

End of Year	Property Tax Revenue	Personal Property Tax Revenue	Motor Vehicle Tax Revenue	Total Revenue	December 31, 2004 Present Value	December 31, 2004 Sum of Present Values
	(2003 dollars)					
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(7)	(8)
2008	$278,479	$11,750	$19,900	$310,129	$280,743	$280,743
2009	$556,959	$23,500	$39,800	$620,259	$547,684	$828,426
2010	$835,438	$35,250	$59,700	$930,388	$801,332	$1,629,758
2011	$1,117,962	$47,235	$79,998	$1,245,195	$1,046,110	$2,675,868
2012	$1,362,993	$58,280	$98,704	$1,519,977	$1,245,570	$3,921,438
2013	$1,362,993	$58,280	$98,704	$1,519,977	$1,214,953	$5,136,391
2014	$1,362,993	$58,280	$98,704	$1,519,977	$1,185,089	$6,321,480
2015	$1,362,993	$58,280	$98,704	$1,519,977	$1,155,959	$7,477,439
2016	$1,362,993	$58,280	$98,704	$1,519,977	$1,127,545	$8,604,984
2017	$1,362,993	$58,280	$98,704	$1,519,977	$1,099,829	$9,704,813
2018	$1,362,993	$58,280	$98,704	$1,519,977	$1,072,795	$10,777,608
2019	$1,362,993	$58,280	$98,704	$1,519,977	$1,046,425	$11,824,033
2020	$1,362,993	$58,280	$98,704	$1,519,977	$1,020,703	$12,844,736
2021	$1,362,993	$58,280	$98,704	$1,519,977	$995,614	$13,840,350
2022	$1,362,993	$58,280	$98,704	$1,519,977	$971,141	$14,811,491
2023	$1,362,993	$58,280	$98,704	$1,519,977	$947,270	$15,758,760
2024	$1,362,993	$58,280	$98,704	$1,519,977	$923,985	$16,682,746
2025	$1,362,993	$58,280	$98,704	$1,519,977	$901,273	$17,584,019
2026	$1,362,993	$58,280	$98,704	$1,519,977	$879,119	$18,463,138
2027	$1,362,993	$58,280	$98,704	$1,519,977	$857,510	$19,320,649

Note: 1. Assumes an average mill rate of $17.78 per $1,000 Assessed Value.

Table 8A

Old Saybrook Education Costs for The Preserve
Assuming 0.41 Students per Residence

	Year	*Capital Cost*	*Operating Cost*	*Total Education Cost*	*Other COCS Costs*	*Total Cost*	*November 30, 2004 Present Value*	*November 30, 2004 Sum of Present Values*
		(2003 dollars)					(2004 dollars)	
		(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)	(6)	(7)
1	2008	$92,050	$188,313	$280,363	$103,400	$383,763	$258,933	$258,933
2	2009	$92,050	$376,626	$468,676	$206,800	$675,476	$422,170	$681,103
3	2010	$92,050	$598,835	$690,886	$310,200	$1,001,086	$606,974	$1,288,077
4	2011	$92,050	$757,018	$849,069	$415,668	$1,264,737	$727,538	$2,015,615
5	2012	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$857,520	$2,873,135
6	2013	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$836,360	$3,709,495
7	2014	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$815,722	$4,525,217
8	2015	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$795,594	$5,320,811
9	2016	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$775,962	$6,096,773
10	2017	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$756,815	$6,853,588
11	2018	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$738,140	$7,591,727
12	2019	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$719,926	$8,311,653
13	2020	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$702,161	$9,013,814
14	2021	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$684,835	$9,698,648
15	2022	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$667,936	$10,366,584
16	2023	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$651,454	$11,018,038
17	2024	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$635,379	$11,653,417
18	2025	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$619,700	$12,273,117
19	2026	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$604,409	$12,877,526
20	2027	$92,050	$934,032	$1,026,083	$512,864	$1,538,947	$589,495	$13,467,021

Notes: 1 Assumes 20-year bond for $1,762,868 at 5%/yr. Loan amount based on 70.36% of $24,641 per student for 102 students (0.41 students per residence.)

Table 8B

Old Saybrook Education Costs for The Preserve
Assuming 0.7 Students per Residence

	Year	Capital Cost	Operating Cost	Total Education Cost	Other COCS Costs	Total Cost	November 30, 2004 Present Value	November 30, 2004 Sum of Present Values
		(2003 dollars)					(2004 dollars)	
		(1)	(3)	(4)=(1)+(2)	(5)	(6)=(4)+(5)	(7)	(8)
1	2008	$157,159	$321,510	$478,669	$103,400	$582,069	$537,577	$537,577
2	2009	$157,159	$643,020	$800,179	$206,800	$1,006,979	$907,058	$1,444,635
3	2010	$157,159	$964,530	$1,121,689	$310,200	$1,431,889	$1,257,978	$2,702,613
4	2011	$157,159	$1,292,470	$1,449,629	$415,668	$1,865,297	$1,598,309	$4,300,923
5	2012	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,892,670	$6,193,593
6	2013	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,845,967	$8,039,560
7	2014	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,800,417	$9,839,977
8	2015	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,755,990	$11,595,967
9	2016	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,712,660	$13,308,627
10	2017	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,670,399	$14,979,026
11	2018	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,629,181	$16,608,206
12	2019	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,588,979	$18,197,186
13	2020	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,549,770	$19,746,956
14	2021	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,511,529	$21,258,485
15	2022	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,474,230	$22,732,715
16	2023	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,437,853	$24,170,568
17	2024	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,402,373	$25,572,941
18	2025	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,367,768	$26,940,709
19	2026	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,334,018	$28,274,726
20	2027	$157,159	$1,594,690	$1,751,849	$512,864	$2,264,713	$1,301,100	$29,575,826

Notes: 1 Assumes 20-year bond for $3,009,774 at 5%/yr. Loan amount based on 70.36% of $24,641 per student for 174 students (0.7 students per residence.)

Table 9A

Fiscal Impact of The Preserve Assuming 0.41 Students per Residence

Year	*Total Cost*	*Total Revenue*	*Net Fiscal Impact*	*November 30, 2004 Present Value*	*Sum of Present Values*
	(2004 dollars)				
	(1)	(2)	(3)	(4)	(5)
2008	$392,513	$310,129	-$82,384	-$74,391	-$74,391
2009	$690,877	$620,259	-$70,619	-$62,193	-$136,584
2010	$1,023,911	$930,388	-$93,523	-$80,332	-$216,916
2011	$1,293,573	$1,245,195	-$48,378	-$40,529	-$257,445
2012	$1,574,035	$1,519,977	-$54,058	-$44,171	-$301,616
2013	$1,574,035	$1,519,977	-$54,058	-$43,080	-$344,696
2014	$1,574,035	$1,519,977	-$54,058	-$42,017	-$386,714
2015	$1,574,035	$1,519,977	-$54,058	-$40,981	-$427,694
2016	$1,574,035	$1,519,977	-$54,058	-$39,969	-$467,663
2017	$1,574,035	$1,519,977	-$54,058	-$38,983	-$506,646
2018	$1,574,035	$1,519,977	-$54,058	-$38,021	-$544,668
2019	$1,574,035	$1,519,977	-$54,058	-$37,083	-$581,750
2020	$1,574,035	$1,519,977	-$54,058	-$36,168	-$617,918
2021	$1,574,035	$1,519,977	-$54,058	-$35,275	-$653,194
2022	$1,574,035	$1,519,977	-$54,058	-$34,405	-$687,599
2023	$1,574,035	$1,519,977	-$54,058	-$33,556	-$721,155
2024	$1,574,035	$1,519,977	-$54,058	-$32,728	-$753,882
2025	$1,574,035	$1,519,977	-$54,058	-$31,920	-$785,803
2026	$1,574,035	$1,519,977	-$54,058	-$31,133	-$816,936
2027	$1,574,035	$1,519,977	-$54,058	-$30,364	-$847,300

Note: 1. Assumes an average mill rate of $17.78 per $1,000 Assessed Value.

Table 9B

Fiscal Impact of The Preserve Assuming 0.7 Students per Residence

Year	*Total Cost*	*Tax Revenue*	*Net Fiscal Impact*	*November 30, 2004 Present Value*	*November 30, 2004 Sum of Present Values*
	(2004 dollars)				
	(1)	(2)	(3)	(4)	(5)
2008	$595,340	$392,513	-$202,827	-$183,148	-$183,148
2009	$1,029,938	$690,877	-$339,061	-$298,608	-$481,756
2010	$1,464,536	$1,023,911	-$440,626	-$378,480	-$860,236
2011	$1,907,826	$1,293,573	-$614,254	-$514,600	-$1,374,836
2012	$2,316,348	$1,574,035	-$742,313	-$606,539	-$1,981,374
2013	$2,316,348	$1,574,035	-$742,313	-$591,572	-$2,572,946
2014	$2,316,348	$1,574,035	-$742,313	-$576,974	-$3,149,921
2015	$2,316,348	$1,574,035	-$742,313	-$562,737	-$3,712,658
2016	$2,316,348	$1,574,035	-$742,313	-$548,851	-$4,261,509
2017	$2,316,348	$1,574,035	-$742,313	-$535,308	-$4,796,817
2018	$2,316,348	$1,574,035	-$742,313	-$522,099	-$5,318,915
2019	$2,316,348	$1,574,035	-$742,313	-$509,216	-$5,828,131
2020	$2,316,348	$1,574,035	-$742,313	-$496,650	-$6,324,781
2021	$2,316,348	$1,574,035	-$742,313	-$484,395	-$6,809,177
2022	$2,316,348	$1,574,035	-$742,313	-$472,442	-$7,281,619
2023	$2,316,348	$1,574,035	-$742,313	-$460,785	-$7,742,403
2024	$2,316,348	$1,574,035	-$742,313	-$449,414	-$8,191,818
2025	$2,316,348	$1,574,035	-$742,313	-$438,325	-$8,630,142
2026	$2,316,348	$1,574,035	-$742,313	-$427,509	-$9,057,651
2027	$2,316,348	$1,574,035	-$742,313	-$416,960	-$9,474,611

Note: 1. Assumes an average mill rate of $17.78 per $1,000 Assessed Value.