

**TOWN OF MADISON**  
**CONNECTICUT 06443**  
**ECONOMIC DEVELOPMENT COMMISSION**

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**A REPORT ON THE ECONOMIC IMPACT  
OPTIONS TO DEVELOP THE GRISWOLD  
AIRPORT PROPERTY**

**January 26, 2004**

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### INTRODUCTION

Madison's Long Range Financial Plan (LRFP) projects that the growth in town services, capital investment and salary costs will result in a level of expenses that exceed projected revenues based on the tax rate forecast set by the 2001 Fiscal Impact Plan. A substantial fraction of Town expense growth is tied to factors beyond Town control—such as arbitrated labor contracts, State cost-sharing formulas, and debt service costs. These forecasts have been given even greater urgency as the growing public concern with the property revaluation and increased taxes create burdens for every citizen.

The LRFP projected a shortfall in revenue to expenses between \$6 million and \$9 million annually by 2011. There is a window of opportunity to identify actions that could increase the rate of Town revenue growth from the historical trends, and to provide choices for Madison residents as to which actions are most consistent with quality of life objectives.

The Economic Development Commission (EDC) is actively reviewing several opportunities to create net revenue for the Town. The largest single current opportunity is the redevelopment of the existing 42-acre site known as the Griswold Airport.

The Town of Madison's Economic Development Commission (EDC) has reviewed the economic impact on the Town of developing the existing Griswold Airport Property. At present there is an active proposal to construct an Active Adult Community of 131 residential units on the 42-acre site. The charge to the Commission was to:

- a. To determine the possible fiscal impact of the proposed project to the Town; and
- b. To assess how this development may compare with other options.

To complete this assessment, the EDC engaged the Regional Growth Partnership and Scillia Dowling and Natarelli Advisors to complete an economic impact study on the proposed use of the site. In addition, the Regional Growth Partnership was charged with assessing several alternative theoretical uses for the site in order to understand the array of possible use impacts. Finally, the EDC evaluated the indirect impact of the proposal on the Town Schools.

**OVERVIEW OF FINDINGS – REGIONAL GROWTH PARTNERSHIP**

The Regional Growth Partnership and Scillia Dowling and Natarelli Advisors was retained by the EDC to complete an economic impact assessment of the proposed active adult community, Madison Landing.

The Regional Growth Partnership updated a previous fiscal impact analysis for the Madison Landing Project completed in 2002. All their work was performed in conformance with national standards in the New Practitioner’s Guide to Fiscal Impact Analysis (Burchell, Listokin and Dolphin).

**The Current Madison Landing Project**

The developer’s current proposal has the following characteristics (with the potential selling prices provided by the developer):

- 131 units on 42 acres
- Approximately ten acres in wetlands
- 38 SINGLE FAMILY ATTACHED units at a selling price of \$475,000
- 49 SINGLE FAMILY DETACHED units at a selling price of \$575,000
- 20 PREMIUM SINGLE FAMILY DETACHED units at a selling price of \$750,000
- 24 CONDOMINIUM units at a selling price of \$425,000


The developer is establishing a home-owner’s association and will continue to maintain roads, sanitary and storm water and street lighting. Therefore, the direct cost impacts on the community are police, fire and public works.

The following chart illustrates the cost factors that will be borne by the town. The costs for the town have been forecast on a per capita basis conservatively using Madison’s average of 2.73 occupants per household even though in an adult community the likely population is lower. The revenue is estimated at projected mil rates provided by the Town’s Long Range Financial Plan.

The impact plan calculated the revenues and costs by year and in summary for the five-year build out period. Although the five-year totals are informative, the final “build-out” forecast may be more instructive as to the on-going impact on the Town’s revenue and cost profiles.

<b>AREAS OF FISCAL IMPACT ON MADISON FINANCES</b>		
	APPLICABLE	NON-APPLICABLE
FIRE	X	
POLICE	X	
ROADS		X
SANITARY/SEWER		X
STORM WATER/DRAINS		X
STREET LIGHTING		X
TRAFFIC LIGHTING	X	
WATER DISTRIBUTION		X
SCHOOLS		X
RECREATION		X

SOURCE: RGP, SCILLIA DOWLING & NATARELLI



In 2008, the fifth year of the project, the total grand list growth for this project is \$52.3 million – a market value of \$74.8 million. The revenue generated – at the forecast mil rate of 24.78 mils - totals \$1.43 million of which \$299 thousand is estimated for personal property. The costs of Town services for police, fire and public works total \$462 per capita – a total of \$165.4 thousand per year.

*Therefore, the fiscal impact forecast by the Regional Growth Partnership and Scillia Dowling and Natarelli Advisors for the Madison Landing Project is \$1.253 million net benefit for the Town of Madison. To place this in context, the Long Range Financial Plan estimates that the Town’s financial exposure in fiscal 2008 will be approximately \$3 million. This project therefore would offset about 40% of this need.*

**EDC ISSUES AND COMMENTARY**

Although clear evidence of a large and continuing positive economic impact for Madison Landing exists, the Commission felt compelled to assess this forecast further. Therefore, in addition to the assessment of the Madison Landing Project, we asked for a review of alternative uses in order to place in context the results of the current proposal as to the “highest and best” economic use of the site.

**Alternative Uses - The Economic Assessment**

The study by the Regional Growth Partnership and Scillia Dowling and Ntarelli Advisors evaluated the following additional options beyond Madison Landing. As an aside, this is an economic assessment and these theoretical scenarios are not current options. In fact, these options may not even be feasible given the current zoning and other limitations. Nonetheless, the EDC believes that such further review provides a strong context as to alternative use of the site and provides validation if in fact the current proposal is the “best” economic use for the site. As a result, the following options were also evaluated:

- Building 29 upscale homes on the property
- Government purchase of the property to be used for recreational purposes
- Development of the property for mixed use office and retail development
- Development of the property for “Big Box” retail use

The Regional Growth Partnership’s report details the assumptions and calculations. Upon close review, we believe that these estimates are professionally completed and fairly present each scenario. For the purposes of this report, we have summarized the findings in tabular form.

This comparative assessment demonstrates that the current Madison Landing proposal generates a positive impact to the Town of 2.4 times the next closest economic alternative – 29 homes (if the educational indirect costs are excluded), 3.5 times greater than the 150,000 square foot office / retail and 4.3 times greater than the 150,000 square foot large retail (box store) alternative.

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The following table presents in summary these findings.

**Town of Madison - Economic Development Commission  
Comparative Summary - Alternative Economic Use Griswold Airport**

	Madison Landing 131 Units	Home Construction 29 Units	Town Purchase for Recreational Use	Mixed Use Office & Retail - 150,000 gsf	Large Retail "Box" Store - 150,000 sf
<b>Grand List Value (\$ million)</b>	\$ 52.33	\$ 20.59	\$ -	\$ 14.74	\$ 12.60
<b>Personal Property Value (\$ million)</b>	\$ 5.23	\$ 2.06	\$ -	\$ 3.57	\$ 2.52
<b>Forecast 2008 Mil Rate</b>	24.78	24.78	24.78	24.78	24.78
<b>Revenue Generated - 2008 (\$)</b>	\$ 1,426,469	\$ 561,351	\$ -	\$ 453,800	\$ 374,674
Less Existing Taxes Collected	\$ (8,197)	\$ (8,197)	\$ (8,197)	\$ (8,197)	\$ (8,197)
<b>Net New Revenue Generated</b>	<b>\$ 1,418,272</b>	<b>\$ 553,154</b>	<b>\$ (8,197)</b>	<b>\$ 445,603</b>	<b>\$ 366,476</b>
<b>Less Town Costs Created</b>					
Town Services	\$ 165,375	\$ 36,610	\$ 368,807	\$ 89,120	\$ 73,295
Schools	\$ -	*	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 165,375</b>	<b>\$ 36,610</b>	<b>\$ 368,807</b>	<b>\$ 89,120</b>	<b>\$ 73,295</b>
<b>Net Positive (Negative) Impact</b>	<b>\$ 1,252,896</b>	<b>\$ 516,544</b>	<b>\$ (377,004)</b>	<b>\$ 356,483</b>	<b>\$ 293,181</b>

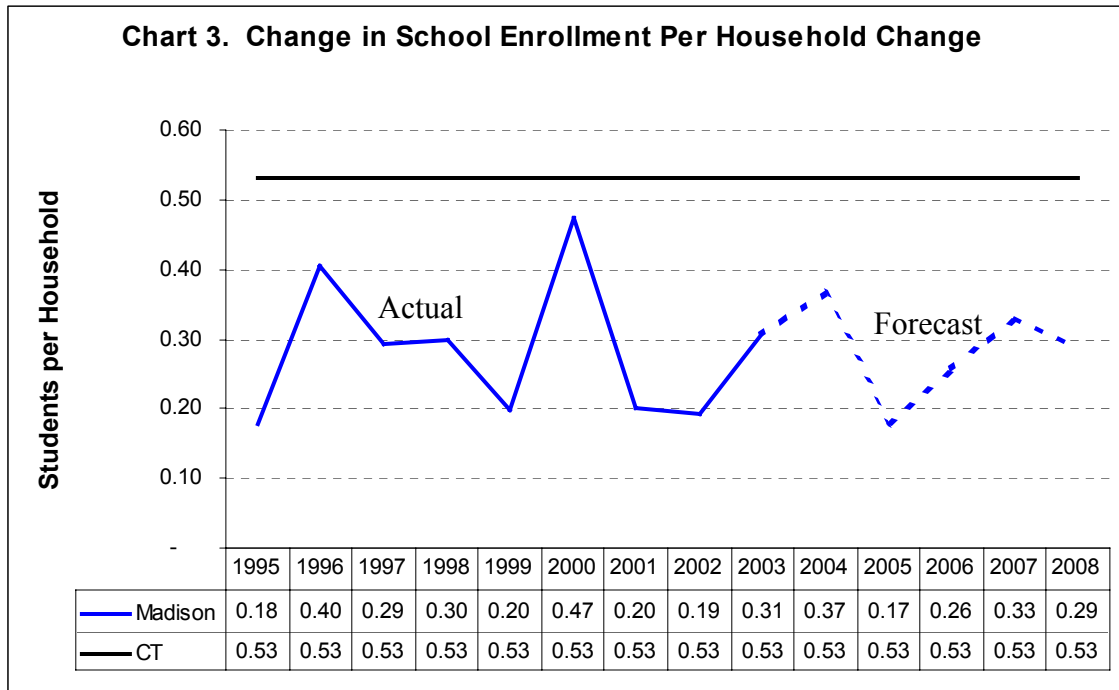
*\* Note - RGP's study included the costs for schools in their analysis. The EDC has excluded this cost to affect a more comparable initial comparison*

**Forecast of Indirect Cost Impact**

The EDC took the analysis a step further. The Regional Growth Partnership estimated the economic impact for these projects in conformance with the principles and national standards in the New Practitioner’s Guide to Fiscal Impact Analysis (Burchell, Listokin and Dolphin). This approach does not calculate any “indirect” revenue and cost implications. The EDC believes that indirect impacts must still be reviewed.

Obviously no one knows and no one can definitively determine what such an impact may be if there will be any such impact at all. The EDC does believe that local businesses will profit from the spending patterns of some 200 affluent Madison Landing homebuyers and that this would be a substantial economic impact to Madison. The EDC has also recognized that there may be indirect costs created by some Madison seniors selling their homes to families with school age children in order to move to Madison Landing. *Therefore, to present the most conservative assessment of the indirect economic impacts, the EDC decided to **exclude** calculations of economic spending in the local economy but **include** the cost impact of school enrollments created by families occupying homes vacated by Madison residents for the specific reason of relocating to Madison Landing.*

*Therefore, to present the most conservative assessment of the indirect economic impacts, the EDC decided to **exclude** calculations of economic spending in the local economy but **include** the cost impact of school enrollments created by families occupying homes vacated by Madison residents for the specific reason of relocating to Madison Landing.*



Over the last 4 months, the EDC subcommittee on analytical metrics, with the assistance of the School Department, the Assessor’s Office, and the First Selectman’s Office, completed a study that reconciled property sales to the change in the school population. All of the property transactions between 1995 and 2003 were analyzed and compared to the annual change in school population. The detailed report is submitted as a separate technical appendix.

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In summary, the findings are that Madison’s change in property ownership is between 170 and 270 units per year. The change in the school population is between 28 and 113 students. The statistical correlation of these trends is extremely positive as measured by the covariance analysis. Therefore forecasting this trend forward estimates that between 0.26 and 0.38 students per household would be added to the school system for each true housing sale (one family to another) in the years ahead. As the chart illustrates, the state average is 0.535 students per household. In no year over the past nine has the Madison number exceeded the state average.

We applied the change in school enrollment to household transaction to the Madison Landing Project estimates and the 29 new homes options. This analysis was conducted for two assumptions – that 50% of the units in Madison Landing are purchased by Madison homeowners and that 25% of the units in Madison Landing are purchased by Madison homeowners. The table to the right illustrates the indirect cost impact to the Madison Landing project as the result of the indirect costs of expanding school enrollments.

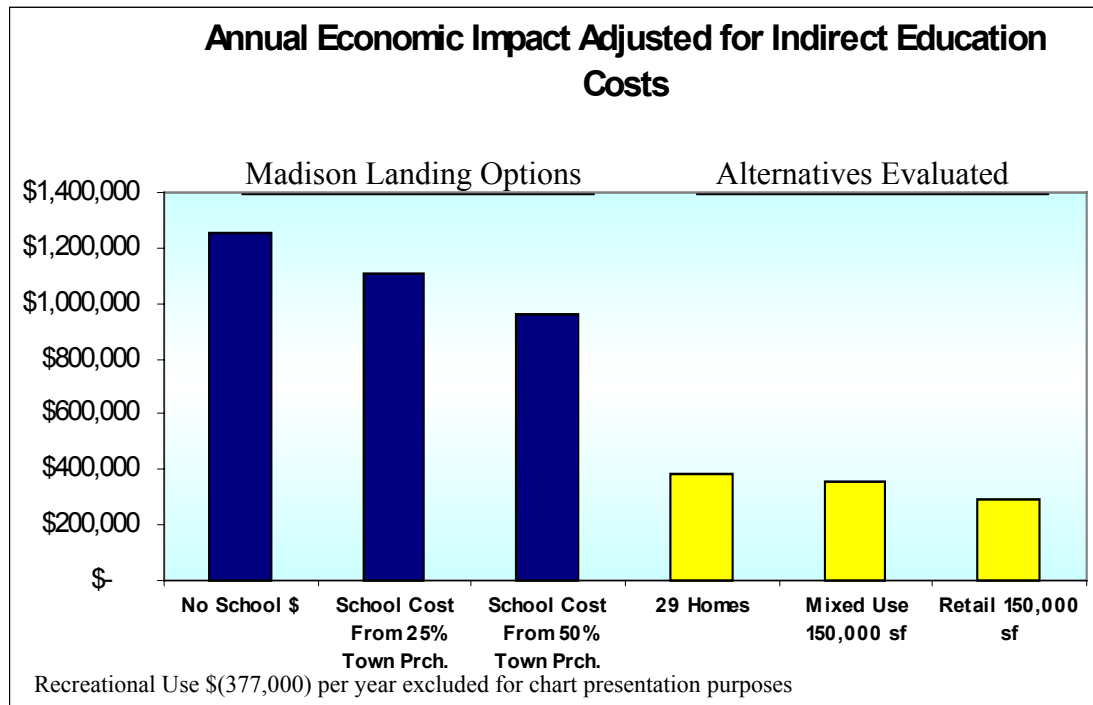
**Indirect Education Cost Impact to the Madison Landing Direct Cost Economic Assessment**

	<b>Madison Landing 50% Town Prch'd.</b>	<b>Madison Landing 25% Town Prch'd.</b>	<b>Home Construction 29 Units</b>
<b>Net New Revenue Generated</b>	\$ 1,418,272	\$ 1,418,272	\$ 553,154
<b>Town Costs Created</b>			
Town Services	\$ 165,375	\$ 165,375	\$ 36,610
Schools	<b>\$ 295,941</b>	<b>\$ 150,247</b>	<b>\$ 132,035</b>
<b>Total</b>	<b>\$ 461,317</b>	<b>\$ 315,623</b>	<b>\$ 168,645</b>
<b>Net Positive (Negative) Impact</b>	<b>\$ 956,955</b>	<b>\$ 1,102,649</b>	<b>\$ 384,509</b>

	<b>50% Madison Purchases</b>	<b>25% Madison Purchases</b>	<b>29 New Homes</b>
<b><u>Calculation of Education Costs</u></b>			
Housing Units	131	131	29
Non Madison Res. Purchases	66	98	-
Madison Purchases	65	33	-
Additions to Madison Homes	65	33	29
Students per Household	0.38	0.38	0.38
Students Added to System	24.70	12.54	11.02
Cost Per Student (2008 est)	\$ 11,981	\$ 11,981	\$ 11,981
<b>Total Education Impact</b>	<b>\$ 295,941</b>	<b>\$ 150,247</b>	<b>\$ 132,035</b>

**CONCLUSIONS**

The Economic Development Commission for the Town of Madison has reviewed the current proposed development of the Griswold Airport site for 131 housing units. This analysis was evaluated in the context of other uses of the site. Furthermore, the EDC completed an incremental analytical effort to answer the question of indirect costs created for education. The bottom line is that the Madison Landing project, as proposed, will generate between \$0.96 million and \$1.25 million in net revenue to the Town. This is between 3.2 and 4.3 times greater than other reasonable development alternatives for the site.



As this chart and all the analytical supporting information concludes - fiscally, the Leyland Alliance proposal for the Madison Landing Project is a substantial net economic gain for the Town. Furthermore, this net gain is the single greatest option currently under review by the EDC.

The Madison Landing project is good economics today and will continue to be good for the Town of Madison into the future.