

### Engagement Letter/Proposal

**TO:** Philip Eugene, Town of Lancaster Economic Development Committee

**FROM:** Eric Halvorsen, AICP, Vice President and Principal

**DATE:** June 18, 2021

**SUBJECT:** Fiscal Impact Analysis – Lancaster, MA

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Based on our discussion on June 14, 2021, it is our understanding that the Town of Lancaster (Client) is seeking an analysis of the projected fiscal impacts associated with the planned development of an industrial facility and a 40R district located in Lancaster, Massachusetts. RKG's role in this project would be to develop a fiscal impact analysis report that accounts for the property tax revenues to be generated by the proposed development and the estimated municipal costs to service the development. RKG's model will be structured by development phase and estimate potential revenues and impacts for each proposed phase. RKG will calculate the fiscal impacts of the proposed project using an incremental cost approach.

To complete this project, RKG is proposing the following tasks which comprise the overall scope work.

#### Fiscal Impact Analysis

Fiscal impact analysis, as applied in this proposal, encompasses the identification and comparison of both municipal service costs related to the project, and the potential public revenues resulting from the proposed development, most of which is typically generated from property tax payments. The "net" fiscal impact is the difference in revenues less costs measured in current dollars. RKG's fiscal impact analysis will be conducted using an incremental cost approach on a per square foot and per household basis and consist of the following subtasks:

- Gather and organize all town-related revenue sources and town-related expenditure information, as well as establish multipliers for revenues and expenditures related to the land uses proposed. RKG will likely request permission from the Client to contact key department heads in Lancaster for additional information or clarity on budget items.
- Construct a phased fiscal impact model to estimate the incremental costs of the proposed development with all fiscal impacts measured at full build out of each development phase. For this contract, RKG's model will include up to **three** phases or points in time.

- Use construction cost estimates as a proxy for future assessed value with information provided by the developer. RKG can also develop construction cost estimates if needed, but that approach will incur additional cost to the Client.
- Undertake an incremental cost approach fiscal impact analysis on a per square foot and per household basis to estimate municipal service costs applicable to the proposed development.
- Reconcile the estimated property tax revenues and associated estimated services costs net of the tax contribution from the property as currently valued.
- Compile findings and conclusions into a narrative report for your review and submission. This proposal cost covers one round of revisions per your review of the draft. This proposal does not cover any meetings with the Town. If needed, those can be billed on an hourly basis or per meeting basis.

#### Additional Considerations

In addition to the fiscal impact analysis and modeling work, RKG will also help the Town answer questions around the impact of the proposed 40R District, which include:

- What are the projected number of students from the residential portion of the project, and the associated incremental cost of educating those students?
- What are the fiscal impacts or benefits to the Town of implementing the 40R district?
- Does 40S come into play, or not?

#### Cost Proposal and Timeline

RKG can complete this report in 45-60 days from the date of signing this agreement for a total cost of \$15,000. RKG will issue invoices on a percent complete basis with all payments due on invoices within 30-days. If this proposal/engagement letter is satisfactory, please have it signed by an authorized representative and return a copy to me by e-mail, and the original by regular mail.





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Approved

Town of Lancaster  
701 Main Street  
Lancaster, MA 01523

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Signature

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Please print name and title

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Date

RKG Associates, Inc.  
76 Canal Street, Suite 401  
Boston, MA 02114

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Signature

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Please print name and title

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Date

