



Fiscal and Economic Impact Study

1737-1761 Route 12 Ledyard, CT

October 2024

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Executive Summary

Conclusions and Recommendations

Executive Summary

Goman+York received a request to prepare a Fiscal & Economic Impact Study (FEIS) from The Town of Ledyard regarding a 10-year extraction encompassing 40 acres of land, which will yield 26 acres of developable industrial land on the Gales Ferry Intermodal Site. (1737-1761 Route 12)

Goman+York reviewed the applicant's submissions of the extraction process timeline and future conceptual developments. The general approach of our methodology is to make conservative assumptions, given the high-risk nature of real estate development and the current market volatility.

The request before the Commission is unique due to the necessary extraction process as well as the attractiveness of the site due to its location on the Thames River and accessibility to the Providence and Worcester Railroad.

Economic Impact – Summary of Findings

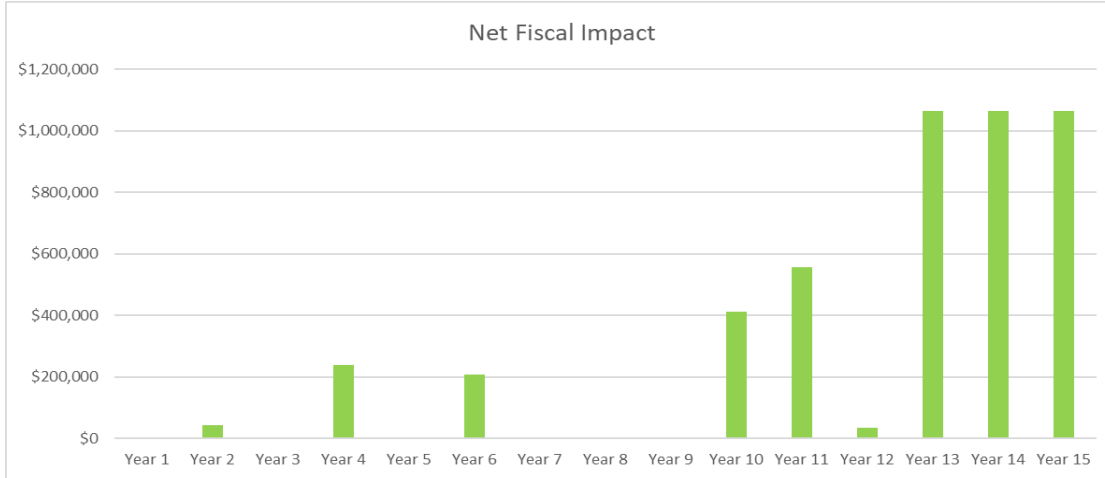
From the perspective of economic impact, the proposed excavation and conceptual future warehouse/industrial buildings are projected to create and/or sustain approximately 32 FTE site preparation jobs, 45 FTE Construction Jobs, 130 permanent warehouse jobs, and approximately \$5,700,630 in wealth creation in the Norwich-New London Region per year after completion. In short, the proposed development will have a meaningful positive economic impact in the Norwich-New London Region.

Municipal Impact Summary of Findings

Based upon the entirety of our municipal fiscal impact analysis, Goman+York concludes that the Fee in Lieu of Taxes throughout the extraction process, as well as the conceptual 260,000 sq. ft. of industrial warehouse, will generate a net positive fiscal impact for the Town of Ledyard. In addition to the Payment in Lieu of Taxes (PILOT), the one-time permitting fees will result in approximately \$522,798 in permit revenue, offsetting the costs associated with administering the entitlement process. Once occupied, we estimate that the warehouses will generate approximately \$1,282,159 in real and personal property tax revenues annually, of which approximately \$1,064,192 will be net fiscal positive tax revenue after the estimated expenses incurred for general government services.

Municipal Impact of Site Preparation and Development

Executive Summary



Net Fiscal Impact: Fee-in-Lieu of Taxes & Future Tax Revenue

This graph indicates that the town will continue to receive, at a minimum, the baseline tax equal to the Current Assessed Value of the Land as-is throughout the extraction and development period. The town will also collect the fee-in-lieu of tax payments in years 2, 4, 6, and 10. Years 11 and 12 are assumed to be the construction period for the proposed 260,000 square feet of industrial space; years 13, 14, and 15 represent the projected future tax revenue from the newly constructed industrial space. When the Development is Stabilized in Year 13, the site is projected to be net positive at approximately \$1,064,192.

Detailed Fiscal Impact Analysis of Proposed Extraction Site

Revenue	Extraction Period										Development		Stabilized			
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Current Assessment	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$517,602	\$33,104,212	\$33,104,212	\$33,104,212	
Real Property	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$40,000	\$40,000	\$1,165,599	\$1,165,599	\$1,165,599	
PILOT		\$40,000		\$237,500		\$206,250				\$408,750						
Personal Property	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822			\$116,560	\$116,560	\$116,560	
Total	\$20,047	\$60,047	\$20,047	\$257,547	\$20,047	\$226,297	\$20,047	\$20,047	\$20,047	\$20,047	\$428,797	\$562,798	\$40,000	\$1,282,159	\$1,282,159	\$1,282,159

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+
General Gov. Serv.	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 6,800 \$ 6,800 \$ 217,967 \$ 217,967 \$ 217,967
Total	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$6,800 \$6,800 \$217,967 \$217,967 \$217,967

Net Fiscal Impact	\$1,467	\$41,467	\$1,467	\$238,967	\$1,467	\$207,717	\$1,467	\$1,467	\$1,467	\$1,467	\$410,217	\$555,998	\$33,200	\$1,064,192	\$1,064,192	\$1,064,192
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Assignment & Project Overview

The Assignment

Introduction

The Assignment

Goman+York was engaged to provide a preliminary analysis to determine the municipal fiscal and economic impact of the proposed excavation of 40 acres and the future development of 26 acres of industrial land. This analysis also considers the costs and benefits to the Town of Ledyard related to this proposal.

Our analysis includes:

- An industrial market overview of the site's unique location;
- The Developer's current investment in the site;
- A detailed economic impact analysis of the proposed development;
- A detailed municipal fiscal analysis of the proposed development, including the proposed payment in lieu of taxes; and
- A review of the Pro Forma Development Costs and any related information provided by the developer.

Professional Team



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Principal



Don Poland
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Brad Senft
SVP & Managing
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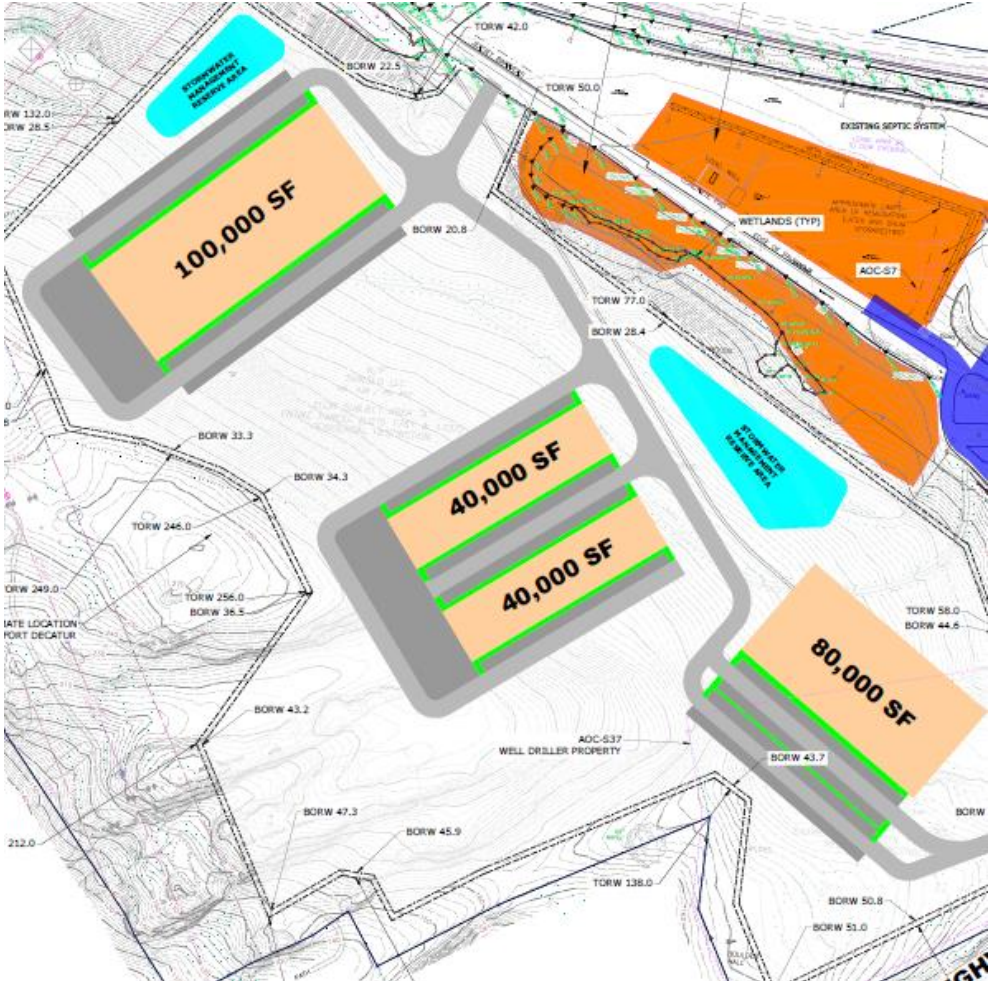
Derek O'Connor
Research & Data
Analyst

Development Proposal

Project Overview



- ### Potential Construction Key Facts
- 26 acres
 - 260,000 SF
 - 1 Warehouse – 100,000 SF
 - 1 Warehouse – 80,000 SF
 - 2 Warehouse – 40,000 SF

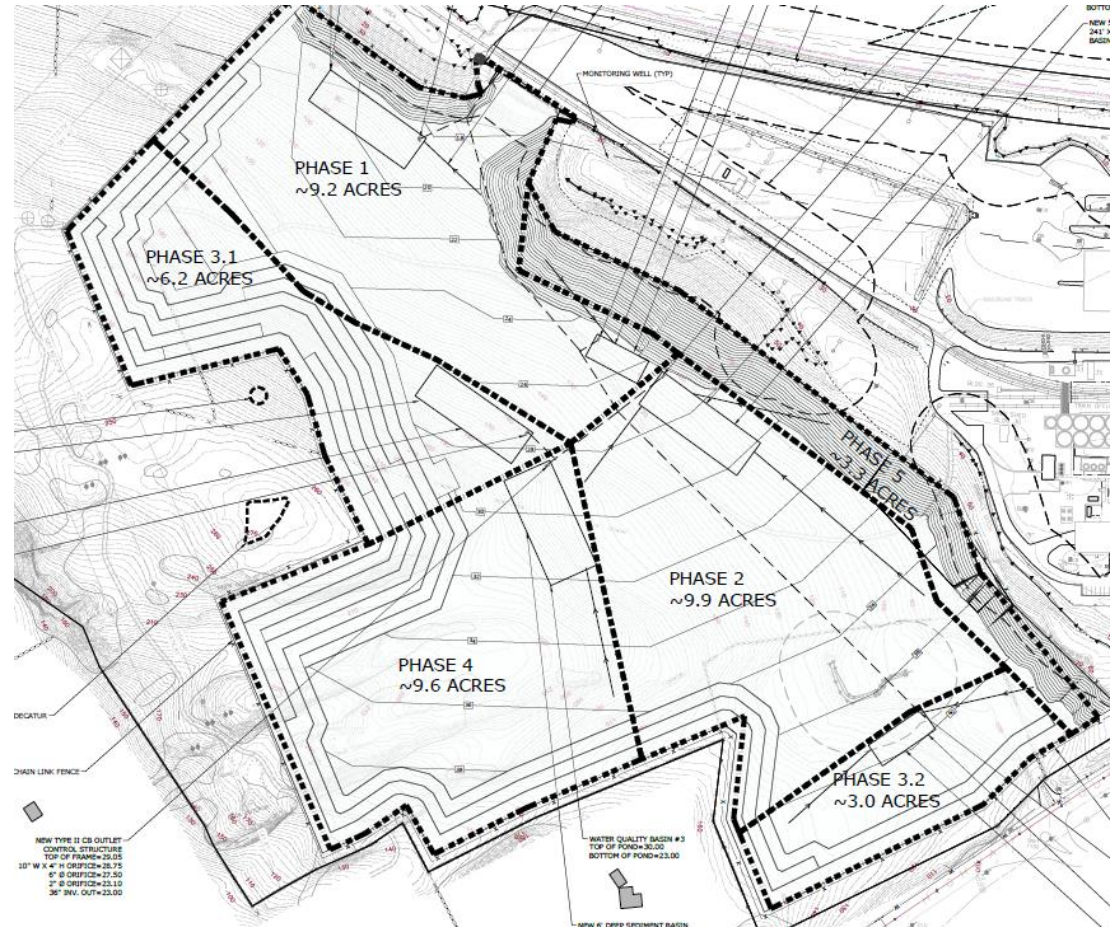


Development Proposal

Project Overview

Proposed Work Key Facts

- Extraction of 40 acres of land to create 26 acres of Developable Industrial Land
- Extraction of an estimated 3,570,000 cubic yards of marketable stone
- Completed in four phases over 10 years





Market Overview

Site Location

Market Overview

Site Location

The site at 1737-1761 Route 12 is strategically located at the center of the stable and thriving Norwich Market, which is strengthened by a significant manufacturing presence. It borders the strong capital market of Hartford, an area that has experienced considerable industrial growth as a connector between New York and Boston. Both Connecticut submarkets are centrally positioned in New England, making them valuable logistics assets for the surrounding economies and providing them easy access to the economic opportunities of New York and Boston. Robust transportation networks directly link central Connecticut to these major cities through interstate highways and rail systems, with proximity to Long Island Sound and Bradley International Airport enhancing connectivity. The Norwich Market serves as a key employment hub, with major employers such as General Dynamics Electric Boat and the Naval Submarine Base New London, each creating thousands of jobs. The Norwich Market benefits from the longevity provided by these institutions, as well as the economic vitality of the previously mentioned surrounding market areas.

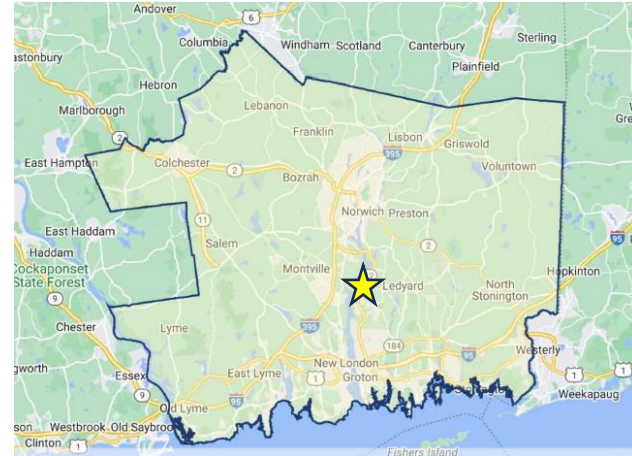


Industrial Market and Submarket Overview

Market Overview

Norwich Industrial Market

The Norwich Industrial Market stands out among surrounding markets. The market is in southeastern CT, bordering Rhode Island and the Long Island Sound. The market is relatively small, with a total inventory of 21.5 million square feet, of which approximately 13M SF (60%) is specialized industrial space. The vacancy rate is currently 2.8%, a decrease of 1.1% over the past 12 months, while the national average increased by 1.7%. Rents are approximately \$9.7/SF, reflecting a 3.6% growth over the past year and a 19.9% cumulative increase over the past three years.



New London Industrial Market

The New London Industrial submarket is distinctive due to its location along the Thames River and New London Harbor. The market has a total inventory of 11.1M SF, with 8.7M SF (79%) being specialized industrial space. The vacancy rate is currently 0.3%, with no significant change over the past year. Rents are approximately \$11.50/SF and have grown at nearly the same rate as the greater Norwich market. This submarket has also seen recent new construction, notably by General Dynamics (Electric Boat), which built a 200K SF facility in Groton.



Source: CoStar

Absorption and Vacancy

Market Overview

Norwich Industrial Market

- Norwich's Vacancy has continued to decrease over the last 5 years and currently sits slightly over **3%**.
- The absorption of approximately **1.1M SF** over the past five years has driven the downward trend in vacancy rates.

New London Industrial Market

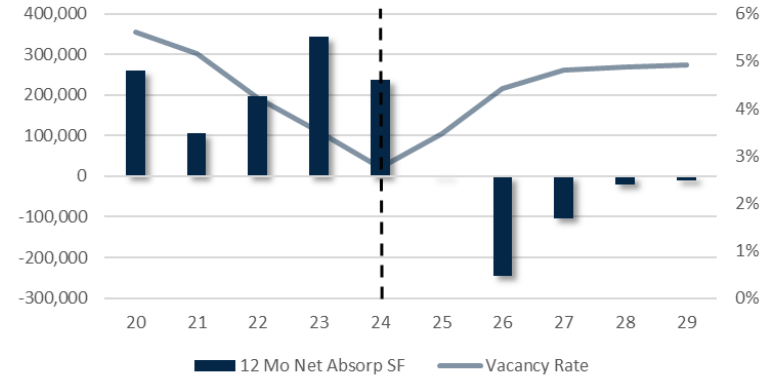
- New London's Vacancy rate has remained under **1%** over the last 5 years.
- The uniqueness of inventory along the Thames River, with access to ports and rail, creates an attractive environment for prospective tenants.
- The absorption spike in 2023 can be attributed to General Dynamics (Electric Boat) completion of a new 200,000 SF facility in 2022.

Forecast

- The outlook for New London and the greater market of Norwich is similar, predicting negative absorption and leading to an increase of approximately **2%** in vacancy over the next 5 years. This is likely due to the assumption that the market will normalize as the vacancy levels of both markets are historically low.

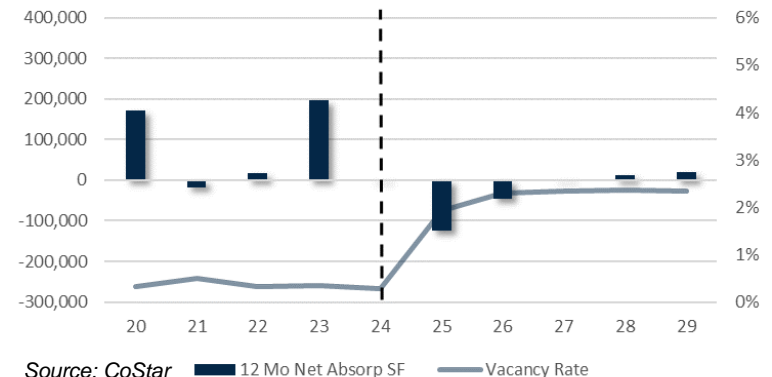
Norwich Industrial Market

12 Mo Net Absorption SqFt and Vacancy



New London Industrial Market

12 Mo Net Absorption SqFt and Vacancy



Source: CoStar

Market Rent

Market Overview

Norwich Industrial Market

- Norwich's Market Asking Rent has increased from **\$7.71** in 2020 to **\$9.68** in 2024 YTD.
- Rent Growth was very strong to start the decade and has since settled down to typical percentages of around **3.57%** 2024 YTD.

New London Industrial Market

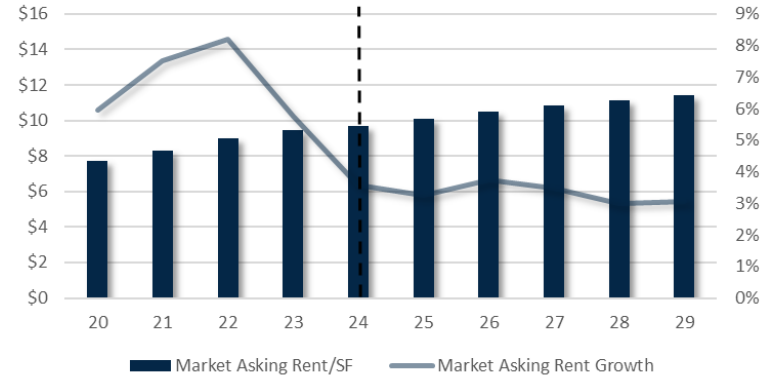
- New London Market Asking Rent has gone from **\$9.13** in 2020 to **\$11.47** in 2024 YTD.
- Rent growth was notably strong at the beginning of the decade but has since stabilized to an average rate of approximately 3.57%, following a similar trend to the greater Norwich market.

Forecast

- The economic outlook for New London is comparable to the broader Norwich market, with both expected to grow at similar rates. However, New London is projected to maintain an approximate \$2.00 premium through 2029, reflecting its strategic location along the Thames River and its multimodal transport advantages.

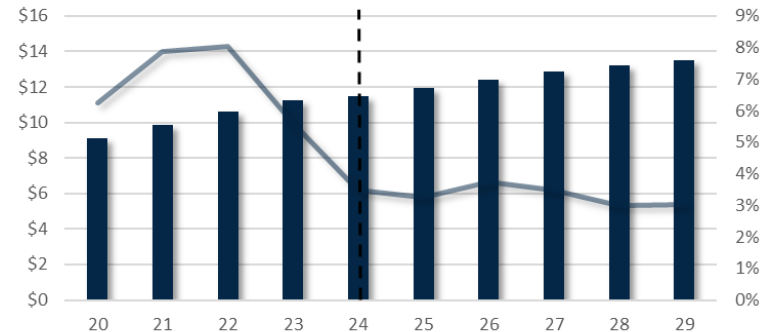
Norwich

Market Asking Rent



New London

Market Asking Rent



Source: CoStar Market Asking Rent/SF Market Asking Rent Growth

1737-1761 Site Specific Analysis

Market Overview

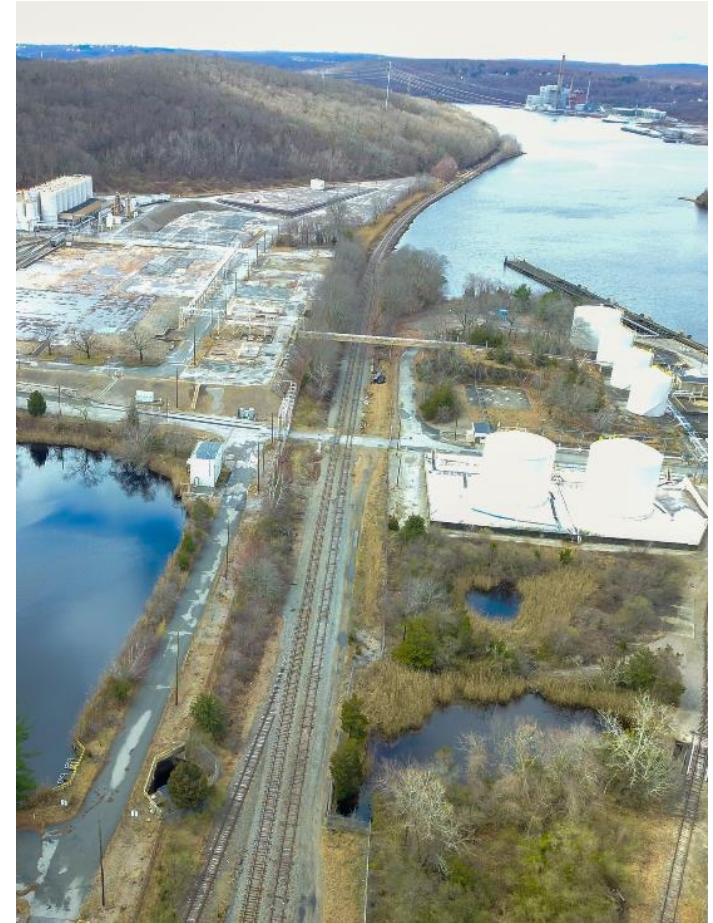
Multimodal Industrial Site

- **Railroad:** The Providence/Worcester Railroad crosses through the site with multiple rail sidings, allowing for direct access to rail freight transport.
- **Interstates:** The site has signalized entry to CT-12, which is 6 miles from access to I-95, as well as 6 miles from I-395 access, making it easily accessible by truck from any direction.
- **Deep Water Port:** The site has an 850 linear feet deep-water pier with bulkhead space in the Thames River which opens into the Long Island Sound, providing significant barge loading and offloading capacity.

Site 1737-1761 Rte. 12 has a unique intermodal quality, providing a strong position in a volatile market. With added transportation potential, the site is able to increase connectivity and efficiency, reducing transit times and costs. This makes the site functional for a diverse range of businesses and uses, maximizing its potential. The combination of lower transportation costs and hurdles, with increased accessibility, allows for a site like 1737-1761 Rte. 12 to shift uses in response to changes in a market. This creates increased demand and potential value for multimodal industrial sites and, historically, commands a higher rent than current market rates.

The study, 'Job Creation Factors for Inland and Near Dock Intermodal Facilities' published by the University of Memphis' Intermodal Freight Transportation Institute, states, "Intermodal facilities and logistics parks have been shown to be major catalysts for economic development. They attract warehousing and distribution companies, as well as transportation service businesses, including brokers and freight forwarders. The resulting establishment of adjacent industrial areas has significant employment and income effects."ⁱ Sites like 1737-1761 Rte. 12 have the potential to not only sustain a high value but also offer a catalytic economic impact to surrounding sites and areas by creating and sustaining commerce and jobs.

i. [research_job_creation_factors.pdf \(memphis.edu\)](https://www.memphis.edu/research/job_creation_factors.pdf)





Sterling Site Analysis

Intro

Sterling Site Analysis

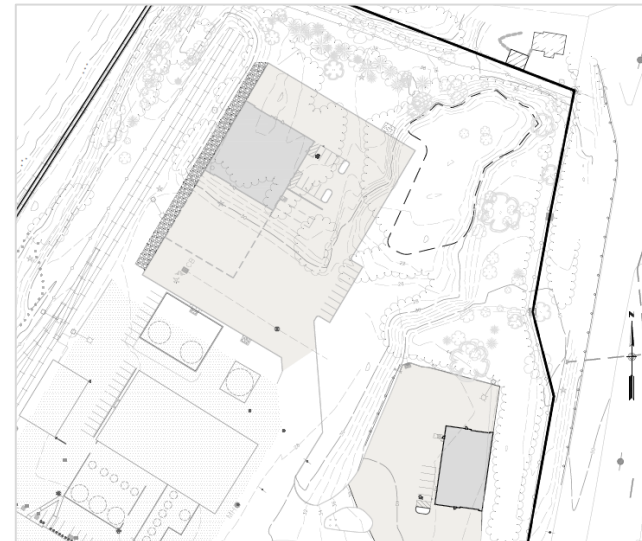
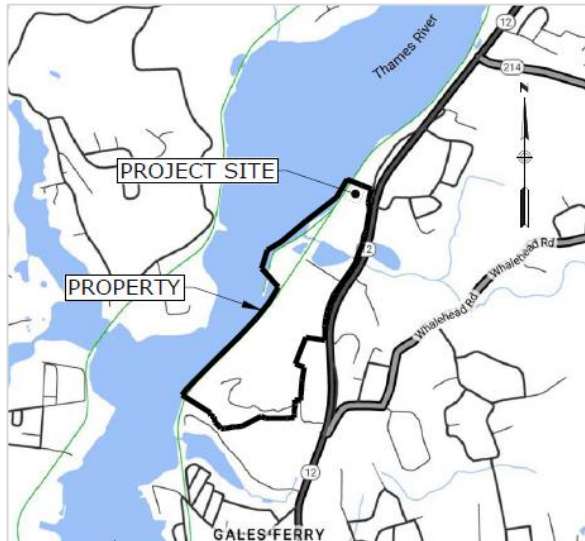
Sterling Building Site Plans

This report presents the Fiscal and Economic Impact of the extraction site. However, it would be remiss to overlook the additional investments Gales Ferry Intermodal LLC is planning to make as a result of recent approvals. Recognizing these investments highlights the developer's commitment to the town of Ledyard and the effort to maximize the property's potential.

Goman+York conducted an analysis based on the Sterling Buildings site plans to evaluate the potential impact of future investments on the site. While this development is smaller in size and scope compared to the extraction proposal, the numbers indicate a significant potential increase in tax revenue from the site as a whole.

The approved Sterling buildings, located on the northern portion of the parcel (as shown in the image on bottom right), include:

- 2 Industrial buildings, each consisting of 10,000 SF
- 1 Industrial/Office building, consisting of 6,000 SF



Impact & Overview

Sterling Site Analysis

Development Costs & Impact

Goman+York utilized industry-standard software to estimate construction costs for the Sterling Building site plans. The estimated cost of \$8,035,943 includes \$6,192,495 in construction or "hard costs", representing the value of the site improvements.

By deducting costs that do not qualify as improvements, Goman+York was able to calculate potential property taxes from the development. Based on these calculations, the potential stabilized property taxes amount to \$142,160 annually.

To put this figure into perspective, Goman+York also assessed the current land value. Using the current land assessment and total parcel acreage, a per-acre value of \$12,940 was derived.

As shown in the table on the bottom right, an estimate of the acreage of the Sterling Building site was used to calculate the tax revenue increase, highlighting the significant contribution this portion of the parcel could generate.

Sterling Site Plans Tax Impact	
Total Acreage	157.97
Land Value	\$ 2,044,140
Value Per Acre	\$ 12,940
Sterling Site Acres	4.50
Current Value	\$ 58,230.23
Current Taxes	\$ 2,050.29
Potential Property Taxes	\$ 142,160.00

Development Estimates	\$	\$/SF	% Total
Land Costs	\$556,820	\$21.42	6.9%
Construction Costs	\$6,192,495	\$238.17	77.1%
Soft Costs	\$576,184	\$22.16	7.2%
Financing & Leasing Costs	\$371,282	\$14.28	4.6%
Developer Fees	\$339,162	\$13.04	4.2%
Total Development Cost	\$8,035,943	\$309.07	100.0%



Municipal Fiscal Impact Analysis

Introduction and Revenues

Municipal Fiscal Impact Analysis

Changing Landscape of Commercial Space

The form and function of settlement patterns are forever shifting and changing around technological and transportation innovations, economics, and our social-cultural ways of living in our (built) environment. For example, the first industrial mills and factories were located alongside rivers (their source of power and transportation), and towns and cities were constructed around them. Riverside locations were later abandoned once electricity was available. The arrival of rail resulted in the abandonment of many ports as manufacturing relocated along the rail lines. Later, interstate highways further transformed and reorganized the location and site of industry at interchanges and access ramps (i.e., the industrial park) and large single-story buildings that consolidated production, assembly, warehouse, and distribution on a single floor.

With these changes in the location, form, and function of industry, there have also been changes in how industrial production was and is performed. Fordism, the stockpiling of raw materials and finished products, gave way to just-in-time manufacturing, a process where raw materials are delivered and used for scheduled manufacturing runs, and finished products are shipped to the end-user when they come off the production line.

Industrial uses adjust and adapt to these shifts and changes. The Gales Ferry Intermodal site has existed through these many eras of industrial production, and the site itself has shifted and changed in form, function, and use over time—the site has adapted to changes in market and economics, including industrial decline. The proposed application is yet another example of this process of industrial adaptation.



Introduction and Revenues

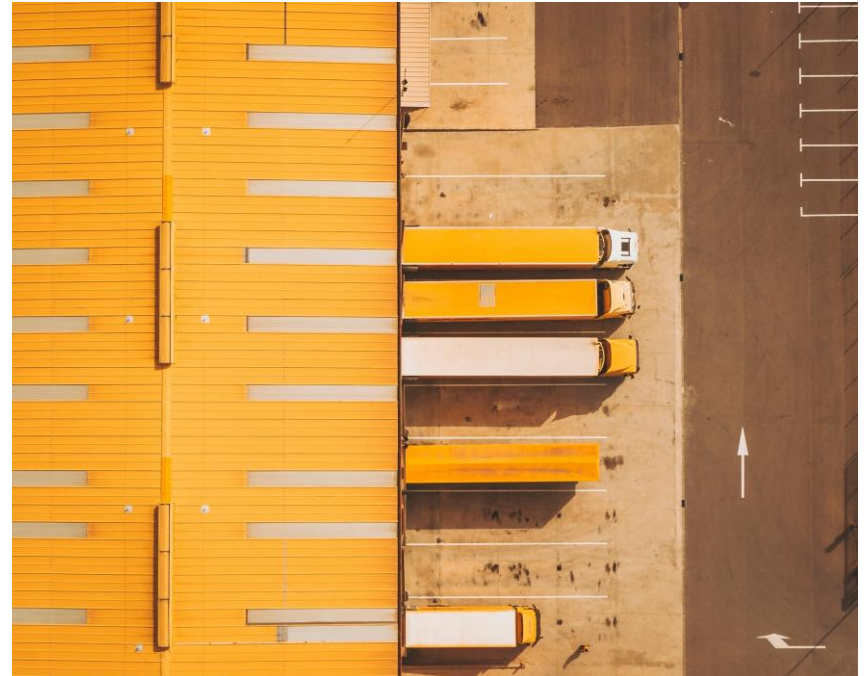
Municipal Fiscal Impact Analysis

Changing Landscape of Commercial Space (continued)

From the perspective of land use and community planning, communities and planning and zoning commissions are continually confronted with changing markets, demand for new land uses, and the reuse of existing sites. For example, in the retail sector, it is now common to see restaurant pad-site on shopping center parcels, to have residential apartments added to shopping mall sites, and to see the proliferation of drive-thru windows—even standalone drive-thru-only coffee shops. Today, in the office sector—a commercial real estate asset class that has been decimated by the pandemic and the shift to hybrid and remote work—it is now common to see the conversion of office buildings into self-storage and residential apartments.

The industrial sector is no different. Older mills have been converted to residential housing and other uses for decades. In recent years, the industrial sector has seen the proliferation of large state-of-the-art distribution centers—driven by the rise of e-commerce—that breathe new life into some industrial areas. The Gales Ferry Intermodal site is not immune to these shifts and changes in industrial forms, functions, and use. In fact, for the site to remain economically viable, it must adapt to changes in markets, economics, and industrial production. In addition, due to the site's prime location and unique situation as an industrial site, it will remain industrial.

The challenge community planning faces is not to resist change, but to embrace and manage change. Adaptation is the foundation of resilience. Foresight and intentional action are the remedies to complacency, uncertainty, and obsolescence. The proposed application presents an opportunity for adaptation, to reposition the site to better compete for investment and development.



Introduction and Revenues

Municipal Fiscal Impact Analysis

Fiscal Impact Analysis – Introduction

Goman+York Property Advisors was asked to conduct a municipal fiscal impact analysis of the proposed improvements to the Gales Ferry Intermodal Site. The site is approximately 165 acres, located on the banks of the Thames River, and has a long history of intensive industrial use. In addition, the site is well positioned regionally in the I-395 corridor and midway between New York and Boston. The site is proximate to the Hartford market and part of the Norwich-New London market—a market positioned to grow with the expansion of Electric Boat's military contracts. Furthermore, the site is exceptionally accessible via a deepwater pier, a rail line, and a state highway.

Once a prosperous site of Dow/Chevron, the site has experienced industrial decline since its departure—the result of shifts and changes in the industrial section. As part of Dow/Chevron's departure, approximately 300,000 square feet of industrial buildings were demolished, negatively impacting Ledyard's commercial and industrial grand list. From 2005 to 2020, the Dow/Chevron site depreciated from nearly \$9,000,000 in assessed value to \$3,790,000, a loss of approximately \$5,180,000 in assessed value. Over the last 10 years, the Town has lost \$1,110,975 in property taxes, an average of \$111,097 annually. This loss of industrial property value and tax revenue results in a tax burden shift to the residential side of the grand list and residential taxpayers. In other words, the residential taxpayers have had to make up the \$1,110,975 in lost tax revenue. This shift is compounded by long-term and short-term trends in commercial and industrial property values stagnating or declining while residential property values rising—a shift that has affected many Connecticut towns.



Introduction and Revenues

Municipal Fiscal Impact Analysis

Fiscal Impact Analysis

Today, the Gales Ferry Intermodal Site is experiencing new investment as the owners work to better position the site for success in future markets. This new investment is evidenced by the recent application and approval of three buildings totaling 26,000 square feet of new construction industrial space. The owner's efforts to reposition the site are also evidenced by this proposed application for 260,000 square feet of new construction industrial space.

The preparation of the site involves substantial grading and extraction of surface and subsurface material to create a level site suitable for the development of the potential 260,000 square feet of industrial space. Therefore, the application proposes to extract an estimated 3,570,000 cubic yards of marketable stone from the site in 4 phases over a 10-year extraction period. During this site extraction period, the applicant has proposed a fee-in-lieu of taxes at the rate of \$0.25 per cubic yard of removed stone—in addition to the existing property taxes being paid on the land.

The fee-in-lieu of tax payments, based on the estimated amount of marketable stone extracted for each of the 4 phases, is estimated to total \$892,500 or an average of \$89,250 per year in revenue for the Town—an amount that is equal to 80% of the \$111,097 in yearly tax losses over the past 10 years. The payments will vary annually based on the amount of stone extracted each year.



Expenditures – General Government

Municipal Fiscal Impact Analysis

General Government Services Methodology

To estimate the impact on general government services and expenditures associated with the proposed application for the Gales Ferry Intermodal Site, we review the Town Budget and isolate sources of revenues and expenditures to determine the proportionate amount of services and expenditures that can be attributed to the proposed application and site.

As a starting point for thinking carefully about municipal fiscal impacts, it is important to recognize that it is commonly understood that commercial and industrial land uses are fiscal positives regarding municipal tax revenue. For example, a 2012 study published by the American Farmland Trust and Connecticut Conference of Municipalities explained that commercial land uses in Connecticut require, on average, only \$0.27 in community services for every \$1.00 generated in tax revenue. The primary reason for this—commercial properties pay more in taxes than the services they require and receive—is the significant portion of municipal budgets allocated to public education and the fact that commercial/industrial properties do not utilize education-related services.

Our review of the Town Budget revealed that the Board of Education budget accounts for \$38,369,823 or 57% of the total budget of \$67,430,573. General Government Services account for the balance, \$29,060,750 or 43% of the total budget. This is consistent with other municipal budgets in Connecticut, where education expenditures typically account for 50% to 60% of total expenditures.

However, the Town's budget narrative explains that the General Government Service budget also carries \$8,828,000 in expenditures that are attributed directly to education costs. Therefore, the General Government is inflated as a share of the total, and the Education budget is underrepresented. To account for this, the \$8,828,000 in education expenditure in the General Government is shifted to the Education portion of the Total Budget. This increases the Education budget to \$47,197,823 or 69.9% of the Total Budget and reduces the General Government budget to \$20,232,750 or 30.1% of the Total Budget.

The increase in actual Education expenditures from 57% of the Total Budget to 69.9% is important to understand. The 69.9% in Education spending is high when compared to other Connecticut towns. Therefore, the fiscal cost of commercial and industrial properties on the cost of general government services will be less than \$0.27 in community services for every \$1.00 generated in tax revenue, as discussed above. This is because commercial and industrial land uses do not impact education expenditures.

Another consideration when thinking through the municipal fiscal impacts is that the site of the proposed 260,000 square feet of industrial space and the location of the material extraction is part of an existing and developed industrial site that is already using General Government service and paying taxes for those services. Therefore, it is imperative to consider the marginal costs of General Government services. For example, the proposed development site and future development would not utilize services from the Library, Parks & Recreation, Probate, Senior Center, Registrar of Voters, and Social Services.

Expenditures – General Government

Municipal Fiscal Impact Analysis

General Government Services Methodology

Recognizing the high percentage of Education expenditures, the low percentage of General Government expenditures, and the marginal costs of General Government services, require that the \$0.27 in community services for every \$1.00 generated in tax revenue be discounted. In addition, the discount recognizes that the site's access via water, rail, and state highway reduces impacts on local roads and public works services. The discount also recognizes that industrial uses typically require less in public safety services than commercial retail and office, which generate more traffic on public roads and greater occurrences of loss prevention. Therefore, the \$0.27 in community services for every \$1.00 generated in tax revenue is discounted to \$0.17 in community services for every \$1.00 generated in tax revenue.

For years 1 through 10 the assessed land value and the fee-in-lieu of taxes are assumed as the total assessed value (\$109,297). The \$109,297 is then multiplied by the \$0.17, which results in an estimated \$18,580 per year in General Government service expenditures.

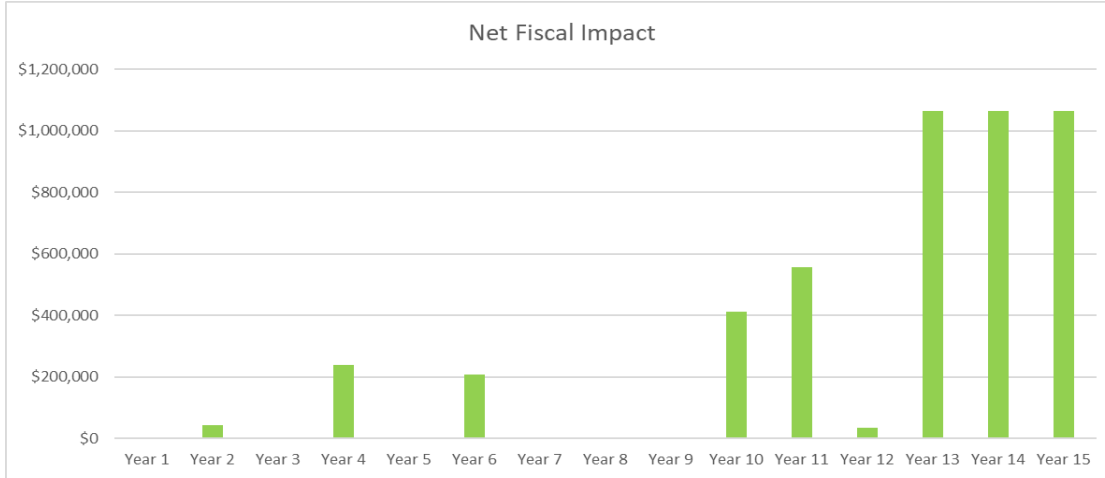
For years 11 through 12, the property taxes are increased from the assessed land value of \$18,225 to \$40,000 to account for the land having development potential. The \$40,000 is then multiplied by the \$0.17, which results in an estimated \$6,800 per year in General Government service expenditures.

For years 13 through 15, after the 260,000 square feet of industrial space have been constructed, the taxes per year are estimated at \$1,282,159 and multiplied by the \$0.17, which results in an estimated \$217,967 per year in General Government service expenditures.

The graph and table on the following page provide the yearly Net Fiscal Impact. In the table and graph, the fee-in-lieu of taxes (PILOT) is shown as it will be received in four payments at the end of each phase of extractions. However, for the fiscal impact calculations, the total PILOT fee is averaged over the 10 years of all 4 phases, to provide a combined value of taxes on the land value and the fee-in-lieu of taxes, which is used to estimate the fiscal impact.

Municipal Impact of Site Preparation and Development

Executive Summary



Net Fiscal Impact: Fee-in-Lieu of Taxes & Future Tax Revenue

This graph indicates that the town will continue to receive, at a minimum, the baseline tax equal to the Current Assessed Value of the Land as-is throughout the extraction and development period. The town will also collect the fee-in-lieu of tax payments in years 2, 4, 6, and 10. Years 11 and 12 are assumed to be the construction period for the proposed 260,000 square feet of industrial space, years 13, 14, and 15 represent the projected future tax revenue from the newly constructed industrial space. When the Development is Stabilized in Year 13, the site is projected to be net positive by approximately \$1,064,192.

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Real Property	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$18,225	\$40,000	\$40,000	\$1,165,599	\$1,165,599	\$1,165,599	
PILOT		\$40,000		\$237,500		\$206,250				\$408,750						
Personal Property	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822	\$1,822			\$116,560	\$116,560	\$116,560	
Total	\$20,047	\$60,047	\$20,047	\$257,547	\$20,047	\$226,297	\$20,047	\$20,047	\$20,047	\$20,047	\$428,797	\$562,798	\$40,000	\$1,282,159	\$1,282,159	\$1,282,159

Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11+
General Gov. Serv.	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 18,580	\$ 6,800 \$ 6,800
Total	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$18,580	\$6,800 \$6,800

Net Fiscal Impact	\$1,467	\$41,467	\$1,467	\$238,967	\$1,467	\$207,717	\$1,467	\$1,467	\$1,467	\$1,467	\$410,217	\$555,998	\$33,200	\$1,064,192	\$1,064,192	\$1,064,192
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Summary – Revenue Table

One Time Municipal Impact Fees

One-Time Development Fees

In addition to the yearly recurring revenues from property taxes and the fee-in-lieu of taxes offered by the applicant, the proposed 260,000 square of industrial construction will pay one-time permitting fees. These fees are designed to offset the cost of government costs services (i.e., permitting, inspections, and other related municipal expenses) directly related to the development. These fees (revenues) come primarily from land use permit fees and building permit fees. The land use fees are nominal, while the building permit fees are substantial.

Per the Town of Ledyard Building Department webpage, the building permit fees are charged at a rate of \$15 for every \$1,000 (or part thereof) of estimated value (Materials and labor). In addition, the fee includes a State Fee of \$0.26 per \$1,000 of estimated value. Therefore, the fee received by the Town is \$14.74 per \$1,000 in estimated value.

To calculate the building permit fee, the hard costs of construction, or \$47,291,732 for the conceptual 260,000 square feet of industrial space, were used and reduced by 25% to \$35,468,799 to account for construction costs not covered by code. Therefore, the estimated value (material and labor) for the building fee is \$35,468,799. The \$35,468,799 is then divided by 1,000 (= 35,468) and multiplied by \$14.74 for a total building permit fee of \$522,798.

The Town of Ledyard will receive approximately \$522,798 in a one-time development fee for the building permits, in addition to other nominal fees.





Economic Impact Analysis

Multipliers and Calculations

Economic Impact Analysis

Economic Impact – Multipliers & Calculations

Our economic impact assessment aims to provide the Town of Ledyard with a reasonable and conservative estimate of the economic impact of the proposed site preparation (material extraction) and proposed 260,000 square feet of industrial space.

Site Preparation Jobs

The applicant provided a list of 32 jobs, by position title, associated with the site preparation (material extraction). We believe this list of jobs to be reasonable. Using the U.S. Bureau of Labor Statistics, *Occupational Employment and Wages in Norwich-New London-Westerly, May 2022*, the average hourly wage for construction and extraction is \$31.83. Assuming a 40-hour work week, \$31.83 per hour equals an annual salary of \$66,206. Multiplied by **32** jobs, \$2,118,592 of income and \$1,588,944 in discretionary spending are estimated to be generated per year in the Norwich-New London Region.

Construction Jobs

To calculate the construction jobs created by the conceptual 260,000 square feet of industrial space, we use a formula based on the labor hour and construction cost multipliers to estimate employment.

Per our estimates, the hard costs of construction are \$47,291,732. The calculation, total hard construction costs of \$47,291,732 x 1.9 (labor hour multiplier) = \$89,854,290 / \$1,000 (per \$1,000 of construction cost) = 89,854 hours / 2,000 (1-year full-time employment hours) = **45** full-time equivalent (FTE) construction jobs to be created and/or sustained during the construction period.

Based on the BLS average annual construction salary of \$66,206, the 45 construction jobs will result in \$2,979,270 of income and \$2,234,452 in discretionary spending is estimated to be generated per year in the Norwich-New London Region during the construction phase.

Permanent Jobs

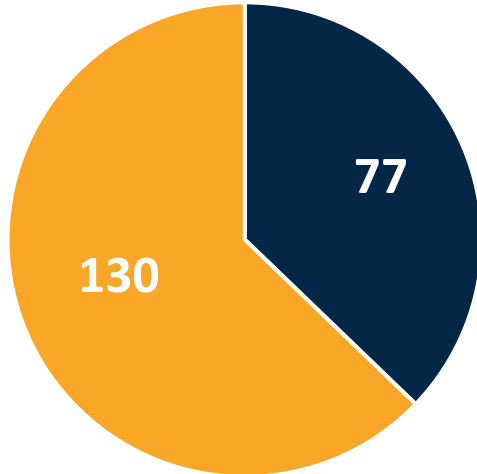
To calculate the permanent jobs created by 260,000 square feet of industrial space, we start by considering the industry standard of between one employee per 1,000 square feet and one employee per 2,000 square feet. To be conservative, one employee per 2,000 square feet is used. Therefore, we estimate that 260,000 square feet of industrial space will result in **130** jobs.

Based on the BLS average annual production worker salary of \$58,468, the **130** permanent jobs will result in \$7,600,840 of income, and \$5,700,630 in discretionary spending is estimated to be generated per year in the Norwich-New London Region once construction is completed.

Job Creation Estimates

Economic Impact Analysis

New Jobs (FTE)



- Temporary Site Prep & Construction Jobs
- Permanent FTE Jobs



Total FTE Jobs Created Directly from the Development:

77

New, Permanent, FTE Jobs Created On-Site and in the Surrounding Area:

130

Type	Jobs	Income (Per Year)	Discretionary Spending (Per Year)
Site Preparation	32	\$2,118,592	\$1,588,944
Construction FTE	45	\$2,979,270	\$2,234,452
Permanent	130	\$7,600,840	\$5,700,630



Grand List and CIP Impact Analysis

1761 Route 12 Historical Assessment Analysis

Grand List and CIP Impact Analysis

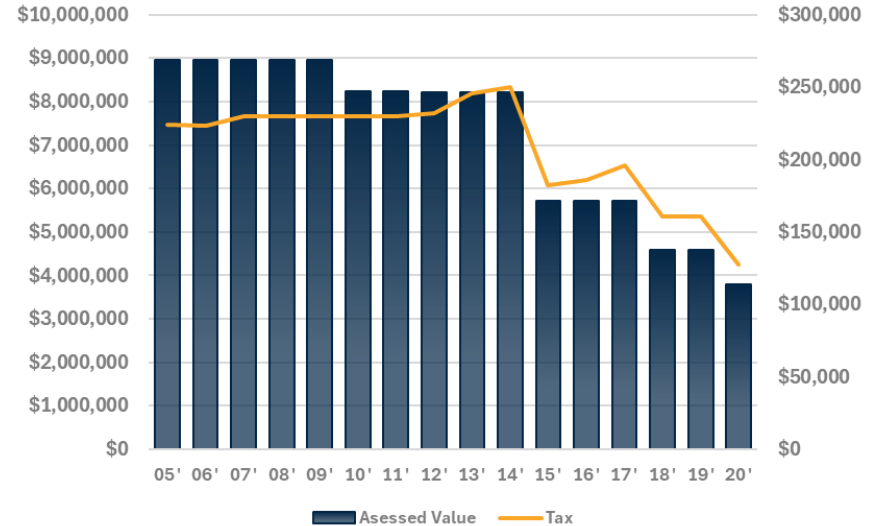
Decline in Assessed Value and Tax Revenue

The chart above illustrates the steady decline in both the assessed value and tax revenue generated from this parcel over the past decade. Between 2005 and 2020, the property lost 58% of its value, resulting in a 43% reduction in tax revenue.

Key Points:

- **2005:** The property’s assessed value was nearly \$9 million, generating \$224,022 in tax revenue.
- **2020:** The assessed value has dropped to \$3.79 million, with tax revenue declining to \$127,234.
- **10 Year loss:** Over the last 10 years, the parcel’s assessed value has declined by more than **\$4.4 million**. Assuming the assessed value in 2014 remained constant through 2023, the total loss of taxes equaled **\$1,110,975 or \$111,097** per year.
- **Mill Rate Impact:** Despite a 35% increase in the mill rate, tax revenue has decreased due to Dow Chemicals’ departure in 2015, and Trinseo’s departure in 2015.

Assessed Value and Taxes by Revaluation Year



Year	Assessed Value	Tax	Mill Rate
2005	\$8,968,050	\$224,022	24.98
2010	\$8,227,800	\$229,802	27.93
2015	\$5,716,690	\$182,362	31.9
2020	\$3,786,720	\$127,234	33.6
\$ Loss	-\$5,181,330	-\$96,788	8.62
% Loss	-58%	-43%	35%

Grand List Impact

Grand List and CIP Impact Analysis

Summary

The development of Gales Ferry Intermodal LLC has the potential to significantly boost the town's tax revenue and reduce the burden on residential taxpayers. As shown in the tables, the development will move Gales Ferry from 4th to 2nd place among top taxpayers, dramatically increasing its assessed value and contribution to the town's tax base.

Key Points

- **Current Contribution (2023 Grand List)**
 - Gales Ferry Intermodal is currently ranked 4th, contributing 0.30% of the grand list.
- **Post-Development Impact:**
 - After development, its assessed value will rise to \$36.89 million, making it the 2nd largest taxpayer and contributing 2.80% of the total grand list.
- **Real Estate Taxable Property Table Explanation:**
 - The future assessments for the categories were projected using recent years' growth rates, while the assessed value of the development was added to the industrial category, significantly boosting its share from 0.5% to 3.0%.
- **Tax Base Shift:**
 - The industrial sector's growth in Ledyard will help to reduce the residential tax burden, which drops by 2.3% over time (pending future mill rate changes and revaluations).

2023 Grand List		
Top Tax Payers	Total Assessed	G/L Ratio
CONN LIGHT & POWER CO	\$91,031,549.00	6.91%
TRIBAL NATION & GAMING ENTERPRISE	\$21,084,481.00	1.60%
FOX RUN-LEDYARD LLC	\$7,649,890	0.58%
GALES FERRY INTERMODAL LLC	\$3,954,580.00	0.30%
NS RETAIL HOLDINGS	\$3,072,020.00	0.23%

Post Extraction Site Development		
Top Tax Payers	Total Assessed	G/L Ratio
CONN LIGHT & POWER CO	\$91,031,549.00	6.91%
GALES FERRY INTERMODAL LLC	\$36,890,932.39	2.80%
TRIBAL NATION & GAMING ENTERPRISE	\$21,084,481.00	1.60%
FOX RUN-LEDYARD LLC	\$7,649,890	0.58%
NS RETAIL HOLDINGS	\$3,072,020.00	0.23%

Real Estate Taxable Property

Year	2023		2037		Delta
	Assessment	%	Assessment	%	%
Residential	\$949,888,667	90.9%	\$1,026,686,986	88.6%	-2.3%
Commercial	\$53,570,278	5.1%	\$57,901,425	5.0%	-0.1%
Industrial	\$5,013,540	0.5%	\$34,331,032	3.0%	2.5%
Misc	\$36,472,391	3.5%	\$39,421,177	3.4%	-0.1%
Total	\$1,044,944,876	100.0%	\$1,158,340,620	100.0%	N/A

CIP Impact

Grand List and CIP Impact Analysis

Summary

The table shows the projected PILOT (Payment In Lieu of Taxes) payments that will directly fund the town's Capital Improvement Plan (CIP) budget, as proposed by the applicant. This contribution is compared to the portion of the CIP budget derived from taxes, illustrating the significant impact of the PILOT payments over time.

Key Takeaways:

- **Growing Impact:** In 2026, the PILOT covers just 2% of the CIP, but in 2034, it will cover a substantial 23% of the town's CIP budget if the CIP budget remains consistent.
- **Predictable Revenue:** These PILOT payments provide reliable funding that reduces the town's reliance on tax revenues to support crucial capital improvement projects.
- **Major Financial Relief:** As the excavation removes more significant amounts of stone, the PILOT contribution increases, reaching \$237,500 in 2028, covering 13% of the taxes that CIP, offering substantial financial relief to the town.
- **Long-Term Benefits:** As the payments increase over the term, they offer a growing share of the CIP budget, ensuring sustainable development without overburdening residential taxpayers.

Year	2026	2028	2030	2034
PILOT	\$40,000	\$237,500	\$206,250	\$408,750
2025 Tax \$ to CIP	\$1,791,098	\$1,791,098	\$1,791,098	\$1,791,098
PILOT % of CIP	2%	13%	12%	23%

