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# Fiscal Impact of O'Brien Proposal

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**Town of Shelburne**  
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# Introduction

At the request of the Town Manager I have conducted the following analysis to address questions that have been raised about the impact the O'Brien proposal will have on municipal revenues. I want to stress that there are many caveats to this analysis as trying to predict all of the potentialities is an impossibility. Absent a crystal ball, these are the most educated findings I can make. They are based on credible statistical data, standard professional practices, and the professional opinions of Town department heads.

## Methodology

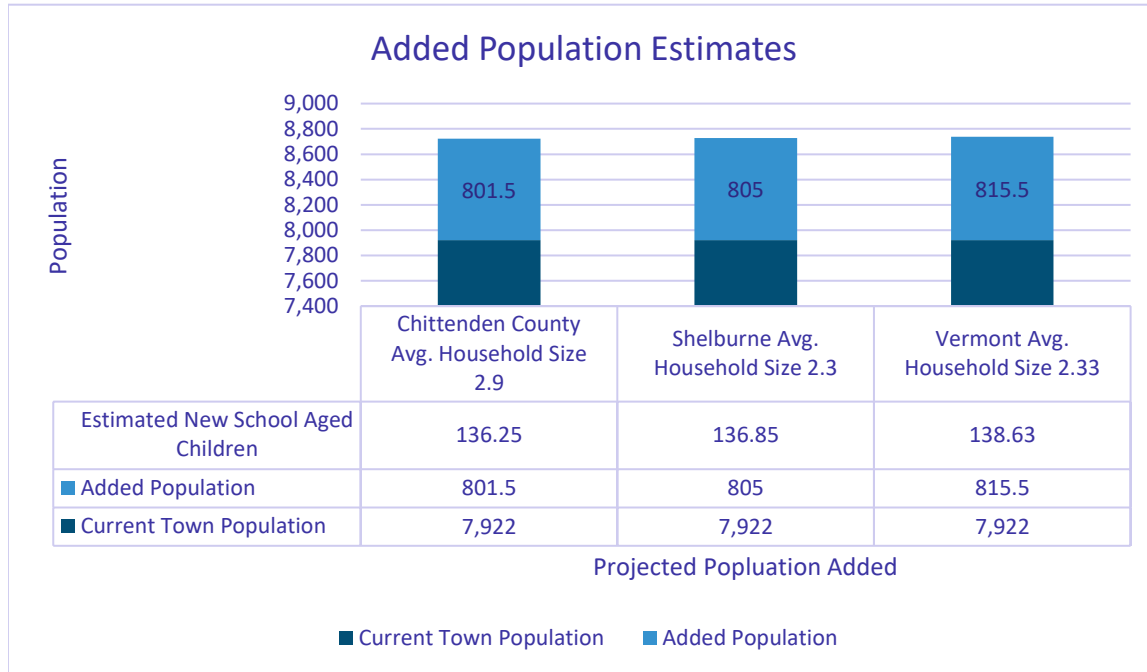
Current U.S. Census data was used to estimate the total number of new residents and school aged children that this development would bring to Shelburne using a conservative estimate of 350 total units. Then, each department head was consulted in order to provide an informed estimation of the impacts on their budgets that would be caused by the development based on these numbers and data provided by the O'Brien team (linear square feet of road, etc.). Total one-time revenue from fees was then calculated based on 350 total units and an estimated average of 2,000 square feet per unit.

## Findings

### Demographic Impacts

Census data indicates that in 2022 the average household size for Chittenden County was 2.29, 2.3 for Shelburne, and 2.33 for the state of Vermont. As of 2023 the population of Shelburne is estimated at 7,922. Of that population, 2.9% are under the age of 5 and 19.9% are under the age of 18. This would mean that about 17% of the town population are school aged children.

If we assume that average household size will likely remain somewhere near where it is now we can provide 3 possible scenarios for added population from this development. These are shown in the below graph. These are calculated using the conservative estimate of 350 added dwelling units. One caveat to keep in mind is that this does not address the fact that it's very possible some of the new school aged children would be home schooled or attend a private school, therefore not having an impact on CVSD.



## One-Time Fee Revenues

Zoning permit fees are currently calculated at 50 cents per square foot. Certificates of Occupancy (required for each dwelling-unit) cost \$85 each. 350 units at an average of 2,000 sf each comes to \$350,000 in zoning permit fees and \$29,750 in fees for Certificates of Occupancy for a total of \$379,750. Spread out over the 7 years (conservative estimate) it is predicted to take to build the project in phases this comes to \$54,250 per year. This is assuming that zoning office fees do not increase at all over this time period (it is very likely that they would).

It is the professional opinion of the Water Quality Superintendent that a conservative estimate for sewer allocation fees would total \$1,198,785. Staying with the 7-year phased build out brings this to \$171,255 a year in one-time sewer allocation fees.

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Due to the way one-time water connection fees are calculated there are too many unknown variables at this point to give an estimate that I feel confident in. This is because we do not know how many multi-unit buildings with only one water meter there might be (this is key for calculating water connection fees). However, just to provide an example of possibilities, if we assume there would be 300 units with their own water meters then that alone would bring in \$900,000 in one-time water connection fees (\$3,000 per water meter). This does not include any additional fees from any multi-family structures.

## Long-Term Revenues

Using standard practices, the Water and Water Quality Superintendents have provided the below rough calculations for annual revenue from the development.

Projected annual Water revenue: \$181,660

Projected annual Wastewater revenue: \$280,000

Projected annual Stormwater revenue: \$20,280

It is important to note, both for these revenues and one-time fees, that this is assuming none of the Town's fees and rates increase anytime between now and the completion of the development. It is very unlikely that this would be the case but it is also difficult to predict what those increases would look like.

Due to the complexities of the Vermont tax system and uncertainty about future increases or new legislation it is a challenge to give precise numbers for projected tax revenue both for the Town and the state education tax. Keeping that in mind, management believes that the following numbers represent a defensible estimate.

Added annual Town real estate taxes: \$717,500

Added annual state education taxes: \$3,750,000

Added annual Local Option taxes: \$51,000

These numbers represent a 28,000% increase from current tax revenues collected from the property which are approximately \$16,000, about 81% of which is going to the state

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education tax and not the Town. The projected addition to the Grand List is \$250 million, current total Grand List value is about \$1.6 billion.

## Long-Term Costs

Each Town department head was consulted to determine the projected impact on their budgets from this proposed development.

Fire: It is Chief Dickerson's professional opinion that the immediate budget impact is likely to be negligible though we must recognize that continued significant development will eventually lead to a reevaluation of the current staffing model for the department.

Rescue: Chief Leopold shared the same opinion as Chief Dickerson. Adding this many residents over a several-year period will have a de minimis impact on Rescue's staffing and budget.

Police: Chief Thomas indicated that he had the same opinion as the other emergency services chiefs concerning the impact on the police budget.

Water: Superintendent Sherman stated that this development alone would not require him to add staffing to his department. If the water infrastructure is built properly then it would not require significant maintenance costs for 20-40 years. He would be involved during the approval and construction phases to ensure that the infrastructure is built to Town standards. It is also up to the Town to decide whether we would take ownership of this infrastructure.

Wastewater: Superintendent Robinson had the same opinion for wastewater staffing and infrastructure costs as that expressed by Superintendent Sherman. It is also the case that it would be up to the Town to decide whether we would take ownership of the sewer infrastructure. I will note that it is common practice for us to do so both for water and wastewater.

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Pierson Library: Library Director Mike Hibben stated that the library is looking for increased growth and use of the facility and to increase staffing whether this development occurs or not. Impact on the library budget would be negligible but it may mean a small increase in Town revenue from space rental.

Parks and Recreation: Director Betsy Cieplicki shared that their programming and services cannot grow beyond current levels without more staff and facilities regardless of whether this development occurs or not. Should the Town choose to increase program offerings or capacity that would require more staffing and funding.

Highway: After consulting Superintendent Goodrich and experienced engineers that the Town works with regularly I have used the following to estimate the impact to Highway's budget.

If we divide the \$1.6236 million highway budget by the 52.74 miles of Town roads that are currently maintained by the Highway Department we arrive at an annualized cost of \$30,785 per mile or \$5.83 per foot of road. O'Brien Bros. provided an estimate of 11,450 linear feet of added road from the development. So, if we carry over this number, we arrive at an estimate of \$66,753 per year of added maintenance costs for the Highway's budget.

Two caveats I'll add for Highway are, 1) The argument could be made that new roads will cost less to maintain than older ones and 2) Highway has expressed the need for another staffer regardless of whether this development occurs or not.

## Conclusions

Total Projected One-Time Revenues: \$1,578,535 excluding those from water connection fees. Assuming a likely minimum of \$900,000 in water fees brings the estimate to \$2,478,535.

Total Projected Annual Revenues: \$1,250,440

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Total Projected Annual Costs: \$66,753

Total Projected Change in Annual Town Revenues: +\$1,183,687

As can be seen, these findings show a substantial net-positive impact on Town revenue with a wide margin should the costs to the Town be higher than projected.

Looking beyond the fiscal impact shows us that there are additional benefits to the Town. The development will bring many new homes into the local market, helping to alleviate the market imbalance we are currently experiencing. It will bring more customers for local businesses, especially given its proximity to the Village. Any affordable housing built as part of the development will bring a potential pool of much needed employees for local businesses and institutions.

Concerns such as traffic, noise, screening, etc. would be addressed at the DRB and during the Act 250 process, not by the Selectboard. Additionally, this project would not qualify for Act 250 exemption under the newly adopted reform found in Act 181. It is too far from our designated Village Center, would have far too many units, and is located on much more than 10 acres. Due to this, it would not qualify for the exemptions established in this new legislation.