APPENDIX B

Economic Impact Analysis

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ECONOMIC-FISCAL IMPACT ANALYSIS
Seaside State Park Development, Waterford, CT

Prepared Under Contract to:

GZA GEOENVIRONMENTAL, INC

For:

STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

By:

AMS CONSULTING, LLC.
Lafayette Square
881 Lafayette Boulevard
Bridgeport, Connecticut 06604

April, 2017

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AMS CONSULTING, LLC
Real Estate & Marketing Consultants

MEMORANDUM

April, 18, 2017

TO: Steve Lecco, GZA

FROM: Lawrence Kenney, Senior Vice President

RE: **Economic - Fiscal Impact Analysis**
Seaside State Park Development
Waterford, CT

Pursuant to your request, we have prepared the following Economic-Fiscal Impact Analysis pertaining to the proposed redevelopment-upgrade of Seaside State Park, a State Park located on a 32 acre site in Waterford, CT.

The subject of this report is the projected economic impact on the region and state and the projected fiscal impact upon the Town of Waterford and state resulting from the redevelopment-upgrade of the Property.

This report is submitted to the Client subject to the following limiting conditions:

1. No responsibility is assumed for matters of a legal nature.

2. No responsibility is assumed for errors in information furnished by others and believed to be reliable at the time of compilation.

3. This Study is not intended to reflect the market or financial feasibility of developing the Subject Property under any of the development alternatives examined herein. Furthermore, no opinions either expressed or implied are provided herein with regard to the potential profitability of the proposed venture to its participants.

In conclusion, we are pleased to have been provided the opportunity to serve you in this capacity

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Part One: EXECUTIVE SUMMARY

1. Executive Summary

1.1 Site Description

The Subject Property presently operates as a State Park known as Seaside State Park. It is located at 36 Shore Road, Waterford Connecticut on a 32-acre site overlooking Long Island Sound. The property contains 1,500 feet of shoreline, a sandy beach, two rock jetties, woodland habitats and open lawn areas.

Although operating as a park, the Seaside Park property contains vestiges of its past use that include seven State-owned buildings on site that are vacant and closed to the public. All were built in the early 1930's as part of the Seaside Sanatorium campus for treatment of tuberculosis which operated from 1934 to 1959. All seven buildings are listed on the State and National Registers of Historic Places.

In total, the seven State-owned buildings comprise over 110,000 gross square feet[1]. A breakdown by size and description of the seven buildings is provided below.

Seaside State Park Buildings

State-Owned Seaside Park Bldgs.	Gross SF	Net Sf
Hospital Building	71,858	68,090
Nurses Residence	20,280	19,090
Superintendent House	7,185	7,085
Duplex Residence	8,320	7,900
Duplex Garage	560	560
Garage Building (multiple bays)	1,865	1,865
Old Pump House	300	300
Total	**110,368**	**104,890**
Source: WJE Associates		

1.2 Current Assessment – Seaside Park

Based on Waterford's latest revaluation (2013), Seaside Park is appraised at $48,555,760 (land & buildings), with net assessment calculating to $33,989,030[2]. If Seaside Park was under private ownership, the tax levy on Seaside Park at the current mill rate of 26.78 is estimated at $910,226.

[1] Source: WJE Associates, "Sanitorium Exterior Envelope Condition Assessment" 2015

[2] Current assessment obtained through Vision Appraisal (VA) may be slightly inflated as a number of minor (non-historic) buildings have been demolished since last reval and have yet to be recorded on VA field card.

However, as the park is State-owned, payment of property taxes for Seaside Park is made under the state's PILOT program (Payment in Lieu of Taxes) which sets a ceiling on real estate taxes paid of 45% of such taxes that could be collected by the town under private ownership[3].

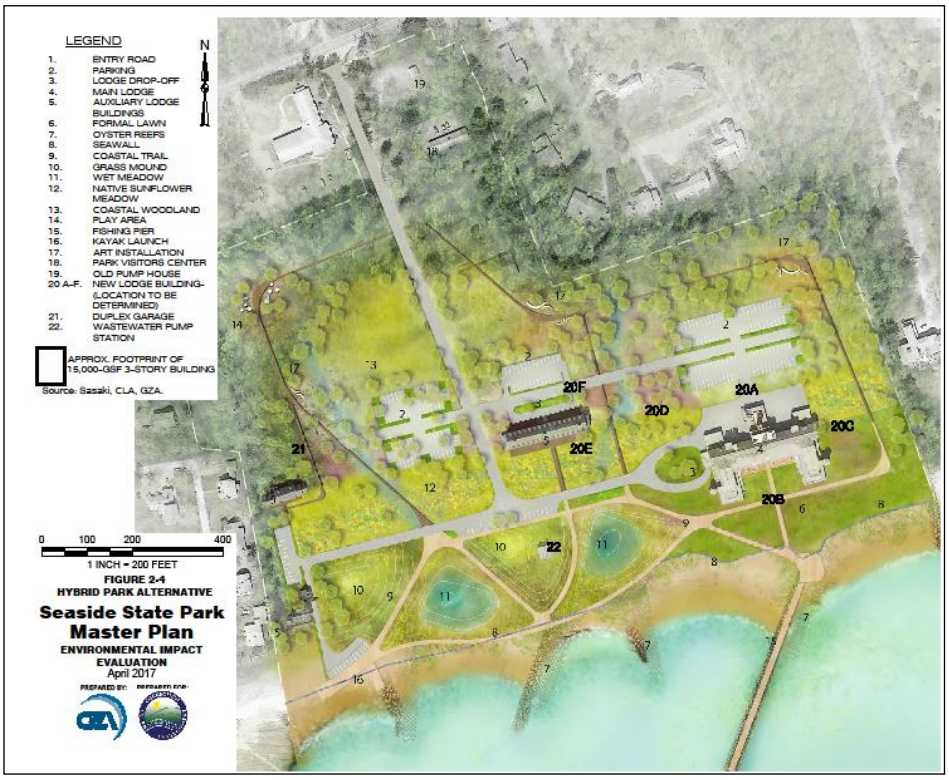
1.3 Description of Development Alternatives for Seaside State Park

Below is a short description of the four development alternatives for Seaside State Park, along explanation of the "No-Build" option.

1.2.1 Hybrid Park Alternative

Hybrid Park *– 100-room Hotel, Visitor Center-Changing Area, Site Improvements*

This alternative calls for a 100-room hotel development with 70 rooms in the four main State-owned buildings on site and construction of a new annex with 30 rooms. All seven State-owned buildings on site would be renovated and re-purposed. Site improvements are extensive and include a concrete pile- supported fishing pier, repair of seawall, a coastal trail, a Kayak Launch and the upgrade of the Garage Multi-bay Building at park entrance into a Visitor Center-Changing Area.



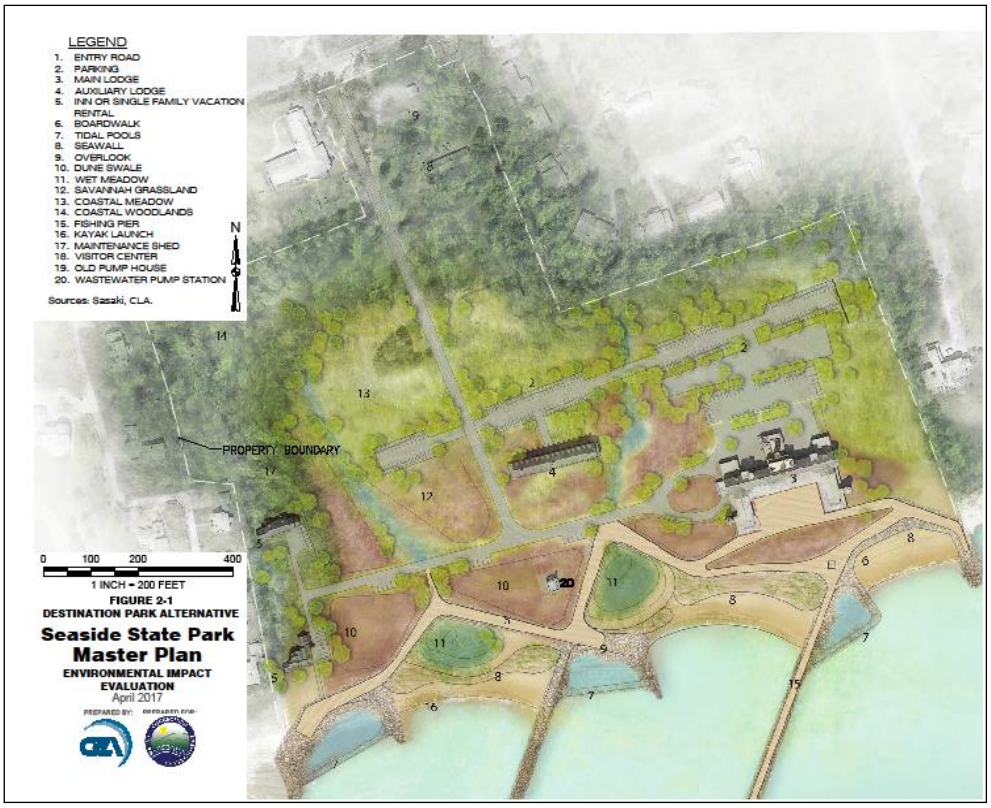
Hybrid Park – Estimated Project Cost

Building Renovation & Construction		$30.73 million
Site Improvements (includes parking)		$13.82 million
Total Estimated Cost	**(2015$)**	**$44.55 million**

[3] Actual tax payments made by the State to municipalities under the PILOT program vary from year to year based on state appropriations.

1.2.2 Destination Park Alternative

Destination Park *– 63-room Hotel, Visitor Center-Changing Area, Site Improvements*



The Destination Park alternative was one of three alternatives that evolved from a State-sponsored Master Plan public process for Seaside Park undertaken in 2015-16. This alternative calls for development of a 63-room hotel, with rooms distributed among the four main buildings on site[4] .Destination Park calls for similar site improvements as Hybrid, that include a pile-supported fishing pier, Kayak Launch, and Seawall Repair as well as a shoreline boardwalk. Additionally, like Hybrid, the Destination plan includes the re-purposing of the existing Garage Multi-bay Building at entrance to park into a Visitor Center-Changing Area.

It is to be noted that unlike the Hybrid Alternative, there is no supporting market study for this scenario.

Destination Park – Estimated Project Cost

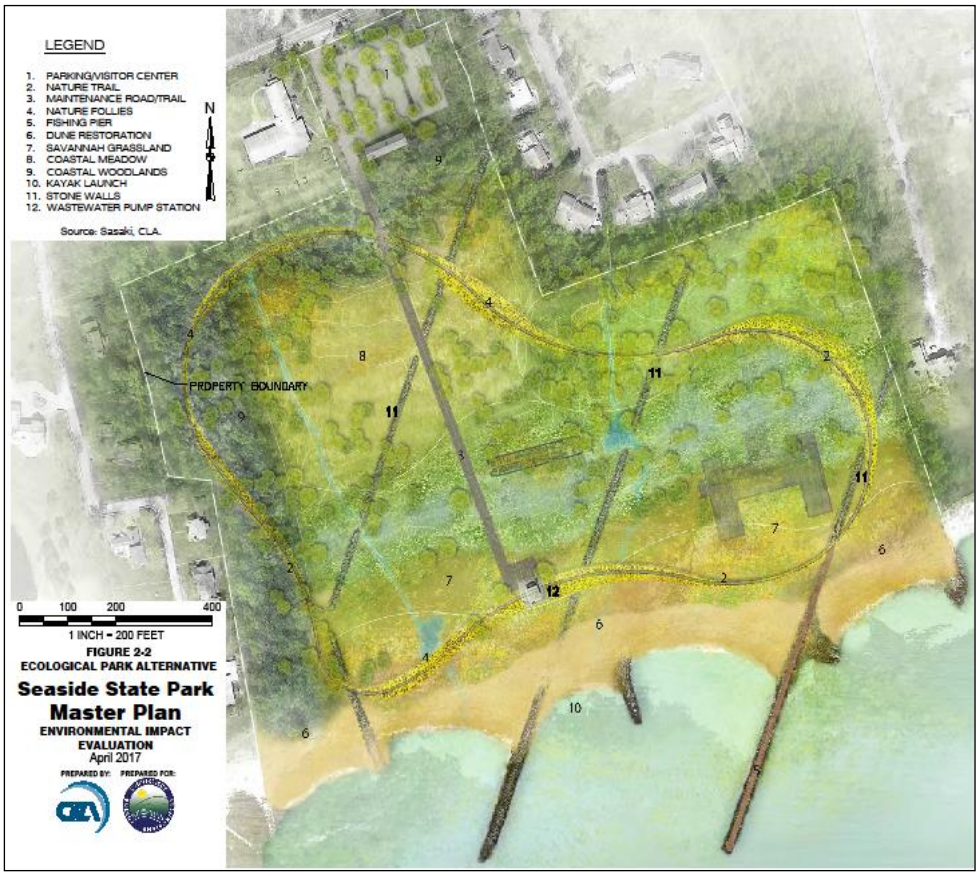
Building Renovation & Construction	$25.85 million
Site Improvements (includes parking)	$13.66 million
Total Estimated Cost (2015$)	**$39.51 million**

[4] Four main state-owned buildings on site: Hospital Building, Nurses Residence, Superintendents House, and Duplex House/Garage.

1.2.3 Eco Park Alternative

Eco Park *–Visitor Center-Changing Area, Site Improvements, Demolition*

Unlike Hybrid and Destination Park alternatives, Eco Park has no commercial component. Instead Eco Park focuses on a design highlighting the diverse ecological and waterfront features of the park. Under this scenario, all existing buildings on site would be demolished, with exception of the Garage Building located at the entrance to the park. The garage building, similar to the Hybrid and Destination Park option, would be converted into a visitor center-changing room.



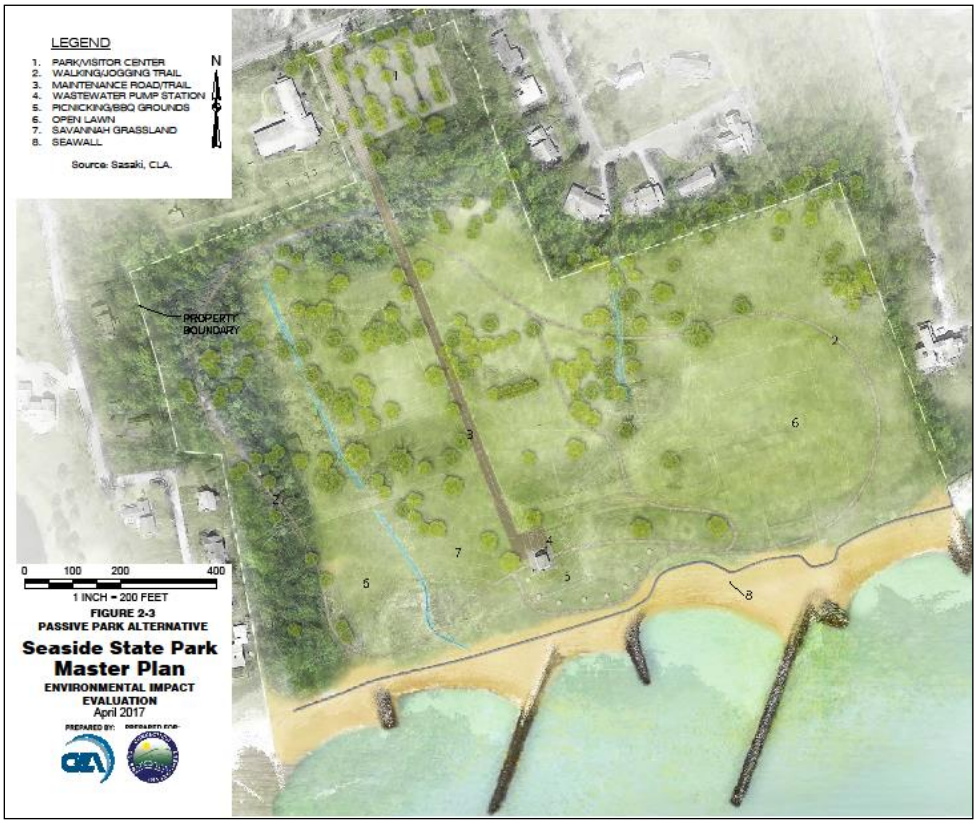
Eco Park – Estimated Project Cost

Building Renovation & Demolition	$1.59 million
Site Improvements (includes parking)	$6.71 million
Total Estimated Cost (2015$)	**$8.30 million**

1.2.4 Passive Park Alternative

Passive Park *– Demolition, Site Improvements*

The Passive Park concept represents an understated approach to park development with no commercial component and modest site improvements. Main focus is on repair of the seawall, creation of a waterfront pathway, and improvement-upgrade of open grounds and lawn now present on site. Under this scenario, all State-owned buildings on site would be demolished, including the Garage Building located at the entrance to the park.



Passive Park – Estimated Project Cost

Demolition	$1.19 million
Site Improvements (includes parking)	$1.48 million
Total Estimated Cost (2015 $)	**$2.67 million**

1.2.5 No Build Alternative

"No Build" *– Maintain Status Quo*

The No Build Alternative represents a concept which calls for no changes to be made at Seaside State Park in terms of upgrades or operations. In essence, it is an alternative that maintains the present status quo with no changes to park. Given there is no new investment to park there is no economic or fiscal impact to measure.

1.3 Methodology & Approach

1.3.1. What is covered in the Economic Impact Analysis

The economic impact analysis uses a regional input-output modeling system referred to as RIMS II developed by U.S. Department of Commerce, Bureau of Economic Analysis. The RIMS II system is a widely accepted and applied economic impact model used throughout the country for measuring the indirect, or multiplier impacts which occur as the dollars associated with initial, direct economic input are recycled as future inputs within a specified geographic area.

For the purpose of this analysis, the economic impact measures both impact associated with construction phase under each alternative, and once completed the on-going operations occurring within the park, including operations within both hotel options and maintenance of park by the state.

Under the RIMS II model, economic impact is an umbrella term for three subsets of specific impacts described below.

***Jobs**:* represents employment levels sustained by an entity's current existence, or anticipated to be created by investment, such as construction. Jobs represent a combination of full and part time jobs. The impact analysis does not distinguish between the two

***Earnings**:* represents salaries and wages paid to employees (not corporate earnings or net profit); the second type of impact calculated. Construction phase earnings are spread over the life of the project and not repeated. Operational earnings and jobs are considered ongoing, annual impacts.

Output: represents the sum of economic activity or investment associated with the development. In the case of the construction phase, output is the total development budget. In the operational phase, output is a projection of the sum of all operations expenditure associated with commercial use on site and maintenance and upkeep of the park, inclusive of wages linked to these activities.

1.3.2 What is covered in the Fiscal Impact Analysis

The fiscal impact analysis undertaken as part of this study estimates any changes in fiscal revenue or cost associated with the four development alternatives specific to Town of Waterford and State of Connecticut. This includes an estimate in change in real and personal property taxes to Town of Waterford under the four development options as well as estimate of fiscal cost to the town resulting from operations occurring in the park .

For the state, fiscal impact analysis measures both estimated revenue from State lodging tax and sales & use tax associated with operation of hotel in the Hybrid and Destination option, as

well as parking fee income at the park (considered possible, but not conclusive by the State). In the Eco and Passive Park scenarios, there is no commercial component and thus no State tax to compute. State fiscal costs include both the expense in maintenance and operation of the park as well as cost of site improvements in each development alternative, with cost on the latter expressed annually in the form of a State General Obligation Bond for payment of improvements.

1.4 Economic-Fiscal Impact Highlights

Summarized below are tables comparing results from the economic impact analysis linked to the four development alternatives for Seaside Park. Economic impact is presented for both construction and operation phase and expressed in terms of jobs, output and earnings.

The summary on economic impact results is followed by results of the fiscal impact analysis for each development alternative on the State of Connecticut and Town of Waterford.

1.4.1 Economic Impact Results

Economic Impact - Jobs

Not surprisingly, job generation is much more extensive under the Hybrid and Destination Alternatives with both including a hotel concept. Meanwhile, Eco and Passive Park are mainly focused on site improvements and landscaping with no commercial use. In both of these latter concepts, job creation is low, particularly for operations.

Construction Phase - Jobs

Total Direct and Indirect Full and Part time construction jobs in the Hybrid option amounts to six times what is generated in construction jobs for Eco Park and to 20 times for Passive Park. Destination Alternative is similar at 5 times Eco Park and 17 times Passive park.

	Jobs Impact - Construction Phase			
	Hybrid	***Destination***	***Eco***	***Passive***
Direct	229	195	34	10
Indirect/induced	126	107	24	7
Total (Constr. Period)	**355**	**302**	**58**	**17**

Operation Phase - Jobs

Total Direct and Indirect jobs associated with operations in the Hybrid and Destination option calculates to 75 and 51 jobs, respectively – virtually all associated with hotel management. By comparison, Eco and Passive generate an estimated 3 new jobs – with no impact measured in terms of indirect or induced jobs. This represents a level of job creation equaling 25 times higher in Hybrid and 17 times higher in Destination compared to Eco and Passive relative to operations.

	Jobs Impact - Operations			
	Hybrid	***Destination***	***Eco***	***Passive***
Direct	59	40	3	3
Indirect/Induced	16	11	0	0
Total (annual)	**75**	**51**	**3**	**3**

Economic Impact - Output

Output refers to direct and indirect/induced investment, whether a one-time construction cost or ongoing annual operation expenses associated with a development.

Construction Phase - Output

Relative to construction phase, estimated total economic impact ranges from $60.3 million (Destination) to $68.1 million (Hybrid). This compares to $4.0 million at Passive Park to $12.4 million at Eco Park.

	Output Impact - Construction Phase			
	Hybrid	*Destination*	*Eco*	*Passive*
Direct	$44,543,000	$39,508,000	$8,301,000	$2,670,000
Indirect/induced	$23,597,000	$20,835,000	$4,080,000	$1,331,000
Total (Constr. Period)	**$68,140,000**	**$60,343,000**	**$12,381,000**	**$4,001,000**

Operation Phase - Output

In terms of on-going operations, total estimated annual output falls between $5.5 million and $7.9 million for Destination and Hybrid, respectively – well above the estimated cost of park operations for Eco and Passive Park. Again, due to the small size in operation output for Eco and Passive Park, no meaningful indirect or induced impact was measured.

	Output Impact - Operations			
	Hybrid	*Destination*	*Eco*	*Passive*
Direct	$5,508,990	$3,846,000	$115,000	$100,000
Indirect/Induced	$2,406,626	$1,648,000	0	0
Total (annual)	**$7,915,666**	**$5,494,000**	**$115,000**	**$100,000**

Economic Impact – Earnings

As noted earlier, earnings are simply the salaries and wages paid to employees-contractors which in this case represents a mix of part and full time employees.

Construction Phase - Earnings

During construction phase, total direct and indirect earnings for the four alternatives range from an estimated $910,000 (Passive Park) to $19.3 million (Hybrid Park).

	Earnings Impact - Construction Phase			
	Hybrid	***Destination***	***Eco***	***Passive***
Direct	$12,765,000	$12,091,000	$1,856,000	$602,000
Indirect/induced	$6,566,000	$4,822,000	$928,000	$308,000
Total (Constr. Period)	**$19,331,000**	**$16,913,000**	**$2,784,000**	**$910,000**

Operation Phase - Earnings

Total estimated earnings – direct and indirect – for operations at the two hotel alternatives fall between $1.5 million annually (Destination) to $2.2 million (Hybrid). In contrast, staff operations for park maintenance at Eco and Passive is projected to be small and seasonal, with both reflecting estimated annual earnings of under $45,000. Neither alternative generate indirect impacts.

	Earnings Impact - Operations			
	Hybrid	***Destination***	***Eco***	***Passive***
Direct	$1,560,771	$1,040,000	$42,000	$37,500
Indirect/Induced	$618,127	$425,000	0	0
Total (annual)	**$2,178,898**	**$1,464,000**	**$42,000**	**$36,500**

1.4.2 Fiscal Impact Results

Fiscal Impact - State of CT & Town of Waterford

State of Connecticut – Fiscal Impact

The table below presents a comparison of projected public revenue and cost on an annual basis to the State from each of the four development alternatives reviewed.

The biggest revenue contributor to the State in the Hybrid and Destination alternative is the lodging tax. For Eco and Passive Park alternatives, which have no commercial component, it is parking fees which might be considered at Seaside State Park.

State cost is largely impacted by the size of the General Obligation Bond needed to pay for improvements to the park under each alternative (refer to Executive Summary sheets at end of this section for more detailed info on fiscal impact to state). This cost does not include the $10.1 million state contribution for exterior improvements on State-owned historic buildings in the Hybrid and Destination option. For purposes of this analysis, it is assumed this cost will be offset by hotel developer-operator via ground lease and-or other developer contribution.

It is noted that all four development alternatives for Seaside State Park generate a negative fiscal impact to the state. Lowest negative impact is associated with Passive Park which has the smallest construction budget. This is followed by Hybrid Park which has the highest revenue potential of the four alternatives due mainly to lodging tax on a 100-room hotel.

	Estimated Fiscal Impact - State of CT			
Development Alternative	***Hybrid***	***Destination***	***Eco***	***Passive***
State Revenue (annual)	$901,032	$641,865	$83,877	$83,777
State Cost (annual)	$1,170,203	$1,162,396	$679,487	$280,916
Net Estimated Impact	**($269,171)**	**($520,531)**	**($595,610)**	**($197,139)**

Town of Waterford – Fiscal Impact

As shown in table on the following page, the Town of Waterford shows a net positive fiscal impact under both the Hybrid and Destination Park alternatives ranging from $225,000 to nearly $300,000 annually. Given presence of a commercial component in both scenarios, a small fiscal cost to the town was calculated based on possible use of town services involving public health, safety and security.

The bulk of the revenue shown for Waterford under Hybrid and Destination alternatives is derived from projected property taxes on commercial leasehold improvements undertaken by chosen developer of hotel. It is assumed the State will select and enter into a long term lease with a hotel developer-operator involving hotel management and improvements of hotel properties.

Along with projected real property taxes on hotel leasehold improvements in the Hybrid and Destination alternative, Waterford would also be able to collect taxes on personal property associated with the operation of the hotel.

It is to be noted that any real property or personal taxes paid by Hotel entity is in addition to PILOT taxes (Payment In Lieu of Taxes) paid by the State on land and improvements in Seaside State Park not controlled by hotel operator. However, PILOT taxes paid by State on Seaside State Park vary from year to year based on state appropriations, and thus for purposes of this study have not been included in calculations on fiscal impact to Town of Waterford other than to reflect estimated rise or decrease in net real property assessment between each alternative.

In contrast to the two hotel scenarios, a net decline by as much of as -21% in the property assessment of the Seaside State Park property is projected under the Eco and Passive Park alternatives

Neither Eco nor Passive Park has a private commercial component while both call for demolition of either all, or nearly all state-owned building improvements in the park which would sharply reduce property value of the park. Moreover, neither adds any meaningful property value associated with new building improvements[5]. Instead, the development programs under Eco and Passive involve mostly landscaping and site improvements that are projected to have little net impact on net increase on property assessment.

Under the Eco and Passive Park, all property taxes on Seaside Park would be paid by the State under the PILOT program which by statue is limited to 45% what could be collected by the town if owned privately. As noted above, actual State Pilot payments can vary from year to year.

	Estimated Fiscal Impact - Town of Waterford			
Development Alternative	***Hybrid***	***Destination***	***Eco***	***Passive***
Town Revenue (annual)	$325,405*	$245,197*	20% decline**	21% decline**
Town Cost (annual)	$27,278	$20,456	$0	$0
Net Estimated Impact	**$298,127**	**$224,741**	**20% decline***	**21% decline***
* Commercial RE & Personal Taxes only. State PILOT taxes not included.	** Represents estimated % decline in current assessment resulting from demolition of State-owned buildings on site			

[5] It is noted under that under the Eco Park alternative a minor increase in real property value is generated with the repurposing of Garage Building to a 2,500 sf Visitors Center-Changing Room.

1.4.3 Comparison of Estimated Development Assessments

The table below presents estimates of new assessment associated with the four alternative developments once construction and site development is completed as compared with the current assessment of the "No Build" alternative.

Comparison of Estimated Net Assessment on Development Alternatives to "No Build" Alternative

No Build Alternative	Current Assessment* $33,989,030	
Development Alternatives	**Improvements & Land Estimated New Assesment****	**% Change**
Hybrid	$46,372,571	36.4%
Destination	$43,877,771	29.1%
Eco Park	$27,252,071	-19.8%
Passive Park	$26,936,336	-20.7%
* Source: Town of Waterford, Vision Appraisal	** Excludes Site Improv. other than parking	

Seaside State Park - Seawall

1.5 Summary Reports – Projected Economic-Fiscal Impact

1.5.1 Hybrid Park Alternative

Economic Impact – Hybrid Park (100 Room Hotel & Park)

Construction Phase *– Initial Output $44.5 Million Hotel & Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$44,543,000	$12,765,000	225
Indirect/Induced	$23,597,000	$6,566,000	122
Total (18 months)	**$68,140,000**	**$19,331,000**	**347**

Operation Phase*– Initial Output $5.5 Million Hotel and Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$5,508,990	$1,560,771	59
Indirect/Induced	$2,406,626	$618,127	16
Total (Annual)	**$7,915,666**	**$2,178,898**	**75**

*Annual

Fiscal Impact – Hybrid Park (100 Room Hotel & Park)

Town of Waterford *

Local Revenue *(Current $)***		***Local Cost*** *(Current $) **	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes on Leasehold Improv.**	$250,608	Municipal Serv. & Support Cost	$27,278
Personal Property Taxes (hotel)***	$ 74,797		
Total Local Revenue (Annual)	**$325,405**	**Total Local Cost (Annual)**	**$27,278**

*It is assumed that the State PILOT for Seaside State Park will continue to be funded at levels similar or higher to previous year allotments. ** Annual *** First Year

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Hotel Occupancy Tax	$657,000	Park & Bldg Maintenance & Operation	$201,010
Sales & Use Tax (Food & Beverages)	$139,700	Bond Repayment – Capital Exp***.	$969,193
Sales & Use Tax (Spa Services)	$ 20,955		
Park Entrance Fees **	$ 83,337		
Total State Revenue (Annual)	**$901,032**	**Total State Cost (Annual)**	**$1,170,203**

*Annual **Parking Fees possible but not conclusive per DEEP *** $14.4 Million General Obligation Bond, 3.125% interest, 20 year term

1.5.2 Destination Park Alternative

Economic Impact – Destination Park (63 Room Hotel & Park)

Construction Phase *– Initial Output $39.5 Million Hotel & Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$39,508,000	$12,091,000	195
Indirect/Induced	$20,835,000	$4,822,000	108
Total (18 months)	**$60,343,000**	**$16,913,000**	**303**

Operation Phase* *– Initial Output $3.8 Million Hotel and Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$3,846,000	$1,040,000	40
Indirect/Induced	$1,648,000	$425,000	11
Total (Annual)	**$5,494,000**	**$1,464,000**	51

*Annual

Fiscal Impact – Destination Hotel (63 Room Hotel & Park)

***Town of Waterford** **

Local Revenue *(Current $)*		***Local Cost*** *(Current $) **	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes on Leasehold Improv.**	$197,401	Municipal Serv. & Support Cost	$20,456
Personal Property Taxes (hotel)***	$ 47,796		
Total Local Revenue (Annual)	**$245,797**	**Total Local Cost (Annual)**	**$20,456**

*It is assumed that the State PILOT for Seaside State Park will continue to be funded at levels similar or higher to previous year allotments. ** Annual *** First Year

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Hotel Occupancy Tax	$470,477	Park & Bldg Maintenance & Operation	$ 201,010
Sales & Use Tax (Food & Beverages)	$ 88,011	Bond Repayment – Capital Exp***.	$ 961,386
Park Entrance Fees **	$ 83,337		
Total State Revenue (Annual)	**$641,865**	**Total State Cost (Annual)**	**$1,162,396**

*Annual ** Parking Fees possible but not conclusive per DEEP. ***$14.3 million General Obligation Bond, 3.125% interest, 20 year term

1.5.3 Eco Park Alternative

Economic Impact – Eco Park

Construction Phase *– Initial Output $8.3 Million (2015 dollars)*

	Output	Earnings	Jobs
Direct	$8,301,000	$1,856,000	29
Indirect/Induced	$4,080,000	$ 928,000	20
Total (12 months)	**$12,381,000**	**$2,784,000**	**49**

Operation Phase* *– Initial Output $115,000 (2015 dollars)*

	Output	Earnings	Jobs
Direct	$115,000	$42,000	3
Indirect/Induced	0	0	0
Total (Annual)	**$115,000**	**$42,000**	3

*Annual

Fiscal Impact – Eco Park

Town of Waterford

Local Revenue *(Current $)*		***Local Cost*** *(Current $)*	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes – State Pilot.*	**TBD, 20% Decline***	Municipal Serv. & Support Cost	$0
Total Local Revenue (Annual)*	**TBD, 20% Decline***	**Total Local Cost (Annual)**	**$0**
One-Time Revenue**	$11,600		

*The demolition of all State-owned buildings but the Garage Building in Seaside State Park in the Eco Park alternative could result in an estimated 20% decline in net assessment on the property that would lead to lower PILOT payments. **One-time Demolition Permit Fees only

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Park Entrance Fees**	$ 83,377	Park & Bldg Maintenance & Operation	$115,000
		Bond Repayment – Capital Exp***.	$564,487
Total State Revenue (Annual)	**$ 83,377**	**Total State Cost (Annual)**	**$679,487**

*Annual ** Parking Fee possible, but not conclusive per DEEP. *** $8.39 million General Obligation Bond, 3.125% interest, 20 year term

1.5.4 Passive Park Alternative

Economic Impact – Passive Park

Construction Phase *– Initial Output $2.7 Million (2015 dollars)*

	Output	Earnings	Jobs
Direct	$2,670,000	$602,000	10
Indirect/Induced	$1,331,000	$308,000	7
Total (6 months)	**$4,001,000**	**$910,000**	**17**

Operation Phase* *– Initial Output $100,000 (2015 dollars)*

	Output	Earnings	Jobs
Direct	$100,000	$37,500	3
Indirect/Induced	0	0	0
Total (Annual)	**$100,000**	**$37,500**	3

*Annual

Fiscal Impact – Passive Park

Town of Waterford

Local Revenue *(Current $)*		***Local Cost*** *(Current $)*	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes – State Pilot.*	**TBD–21% Decline***	Municipal Serv. & Support Cost	$0
Total Local Revenue (Annual)*	**TBD–21% Decline***	**Total Local Cost (Annual)**	**$0**
One-Time Revenue**	$12,000		

*The demolition of all State-owned buildings in the Passive Park alternative, combined with no new construction, could result in an estimated 21% decline in net assessment of the Seaside State Park property that would likely lead to lower PILOT payments.
**One-time Demolition Permit Fees Only

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Park Entrance Fees	$ 83,377	Park & Bldg Maintenance & Operation	$100,000
		Bond Repayment – Capital Exp**.	$180,916
Total State Revenue (Annual)	**$ 83,377**	**Total State Cost (Annual)**	**$280,916**

*Annual ** $2.69 million General Obligation Bond, 3.125% interest, 20 year term

Part Two: INTRODUCTION

2. Introduction

2.1 Nature of Assignment

This is an Economic and Fiscal Impact Analysis.

Seaside State Park (Subject Property) is a State Park located at 36 Shore Road in Waterford, Connecticut. It consists of 32 acres with direct frontage to Long Island Sound. The property has been under state ownership since 1930. It initially served as a Sanatorium Treatment Center in the early 1930s for young persons with tuberculosis (referred to as *Seaside Sanitorium*). In 1959, it was converted into a geriatric hospital, and in 1961 re-used as a State mental health facility before being closed in 1996. In 2014, Connecticut designated the site as a State Park, its first such designation since the 1960s. Existing improvements on site consist of seven vacant and boarded-up properties that date back to its original use as a Sanatorium. The town of Waterford also owns and maintains a wastewater pump station and building on the Seaside State Park site.

The primary purpose of this Study is to analyze both the economic impact on the region and state and the projected fiscal impact upon the Town of Waterford and State of Connecticut resulting from proposed development alternatives of the subject property. There are four development scenarios for the site and a "No Build" alternative described as follows:

1. ***Hybrid Park*** – 100-room Hotel, Visitor Center-Bathhouse, Site Improvements
2. ***Destination Park*** – 63-room Hotel, Visitor Center-Bathhouse, Site Improvements
3. ***Eco Park*** – Visitor Center-Bathhouse, Site Improvements
4. ***Passive Park*** – Minor Site Improvements
5. ***No Build*** – Maintain Status Quo, No Changes to Park

Specific economic impacts evaluated as part of the study include determination of initial investment, jobs and earnings associated with each development alternative and its projected ripple effect in the region and state in terms of added output, earnings and jobs. Fiscal impacts analyzed include projection of annual revenue and costs upon the Town of Waterford and State under each scenario as well as an estimate of the up-front, non-recurring revenues to the town in the form of demolition fees.

Factors considered in the course of this analysis include, but are not limited to, the following: the projected construction costs and market values of the proposed development; anticipated employment and salary associated with the use of the property; an analysis of the direct tax base contribution and tax revenue generated by each of the proposed concepts; and an analysis of the direct impact on municipal and state services expenditures, including capital expenditures, resulting under each development concept.

2.2 Site Location & Description

As previously noted, the Subject Property presently operates as a State park known as Seaside State Park. It is located at 36 Shore Road, Waterford Connecticut on a 32-acre site overlooking Long Island Sound. The property contains 1,500 feet of shoreline, a sandy beach, two rock jetties, woodland habitats and open lawn areas. Visitors to the park partake in a number of activities including swimming (unguarded), sunbathing, fishing, bird watching and picnicking. A small parking area is located at the entrance to the park located just off Shore Road.

The immediate area adjacent to the park is primarily single family residential consisting of a mix of older and newer homes. Located at the entrance to the property is a state-operated group home on property that once was part of the Seaside complex. The highly popular Harkness Memorial State Park, which features a 42-room mansion built in 1907, is less than a mile east of Seaside State Park situated on 230 acres fronting Long Island Sound.

Although operating as a park, the Seaside property contains vestiges of its past use with seven State-owned buildings on site that are vacant and closed to public. All were built in the early 1930's as part of the Seaside Sanatorium campus for treatment of tuberculosis which operated from 1934 to 1959. Two of the main buildings of the campus were designed by noted architect Cass Gilbert, who also designed New Haven's Union Station. All seven buildings on site are State-owned and are listed on the State and National Registers of Historic Places.

In total, the seven State-owned buildings comprise over 110,000 gross square feet[6]. A breakdown by size and description of the seven buildings is provided below.

Seaside State Park Buildings

State-Owned Seaside Park Bldgs.	Gross SF	Net Sf
Hospital Building	71,858	68,090
Nurses Residence	20,280	19,090
Superintendent House	7,185	7,085
Duplex Residence	8,320	7,900
Duplex Garage	560	560
Garage Building (multiple bays)	1,865	1,865
Old Pump House	300	300
Total	**110,368**	**104,890**
Source: WJE Associates		

In addition to the seven State-owned buildings, the town of Waterford also owns and operates a wastewater pump station and building on the Seaside State Park site.

[6] Source: WJE Associates, "Sanitorium Exterior Envelope Condition Assessment" 2015

2.3 Description of Development Alternatives

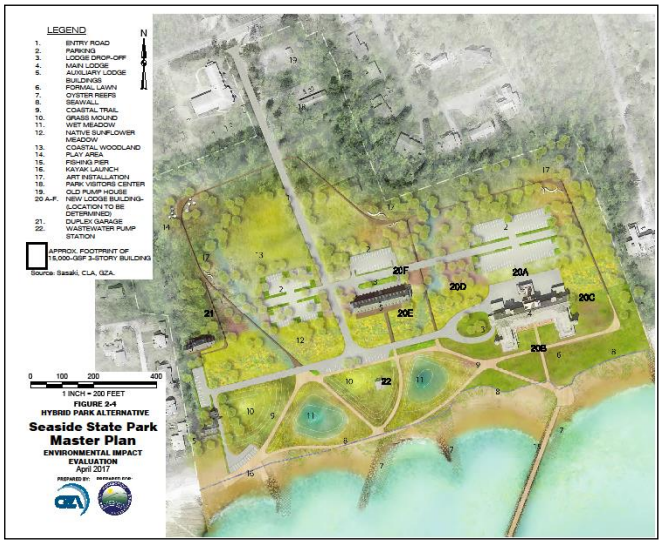
Four development alternatives have been identified for the Seaside State Park site representing concepts evolving from an 18-month Master Plan process. Provided below is a short description of each development alternative and estimated project cost. More detailed information on program elements for each alternative is provided in Economic/Fiscal Impact chapters.

2.3.1 Hybrid Alternative

Seaside Hybrid is one of four development alternatives identified as a proposed use for the former Seaside Sanatorium site. It features both extensive site improvements to the park and a 100-room high-end boutique hotel inclusive of dining facilities, spa and other related amenities. As presently conceived, the hotel complex would house 70 units among the 4 main historic buildings located on site[7], plus an additional 30 units in a new 15,000 sf hotel annex built on site[8].

Under this scenario, all seven historic buildings on site would be fully restored. This includes the renovation of the 4 main buildings targeted for use as a hotel. Site Improvements targeted for the Hybrid Alternative amount to $13.9 million and include parking and roadway improvements, a pile supported fishing pier, seawall repair, new coastal park trail, and kayak launch. Additionally, the multi-bay Garage Building located at the entrance to the park is to be converted by the State into a small Park Visitor Center/Changing area. (*Construction Budgets for each Alternative can be found in the Appendix*)

Estimated Project Cost – Seaside Hybrid Park: $44.7 million (Current $)[9]



[7] The four main state-owned buildings in Seaside Park include the Hospital, Nurses Residence, Superintendents House and Duplex Residence. Accessory buildings are: Duplex Garage, Multi-bay Garage, and Old Pump House.

[8] Concept for Seaside Hybrid 100-room hotel configuration is presented in PKF Consulting report: "Feasibility Study of the Former Seaside Sanitorium", April 2016.

[9] It is assumed $20.2 million of project cost would be paid by hotel developer-operator. It is additionally assumed that $10.1 million contribution by state for building restoration would be repaid by hotel developer.

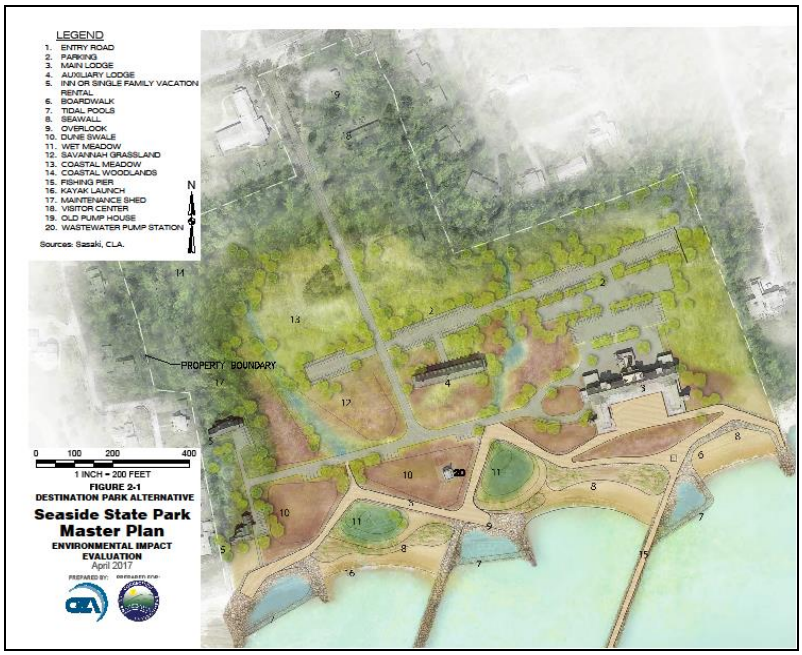
2.3.2 Destination Park Alternative

Destination Park Alternative is similar in many ways to the Hybrid option, but calls for a smaller 63-room hotel as opposed to the 100-room hotel shown for the Hybrid alternative. Under Destination scenario, there is no new construction of a hotel annex such as included in Hybrid. Instead, all 63 rooms in the hotel would be located in the 4 main State-owned historic buildings located on site[10].

Additionally, while Destination Park includes dining, meeting and banquet space, there are no plans for a spa facility as proposed under Hybrid. It is further noted that in contrast to the Seaside Hybrid alternative which is supported by a market study, the feasibility of Destination Park Alternative was not subject to such an analysis, but was one of several plans that emerged from a public Master Plan process.

In the Destination alternative all state-owned buildings on site would be restored to functional condition. Site improvements under the Destination Alternative would be similar to the Hybrid alternative with the main difference that Destination calls for a shoreline boardwalk and Hybrid does not. Like Hybrid, the Garage Building would be converted to a Visitor Center/Changing Room. (*Construction Budgets for each Alternative can be found in the Appendix*)

Estimated Project Cost – Destination Park: $39.7 million (Current $)[11]



[10] The four main buildings that exist on site include the Hospital Building, Nurses Residence, Superintendent's house and Duplex Residence/Garage. In addition there are two accessory buildings: Garage Building and Old Pump House.

[11] It is assumed that $20.2 million of project cost would be paid by hotel developer-operator. It is additionally assumed that $10.1 million contribution by state for building restoration would be repaid by hotel developer.

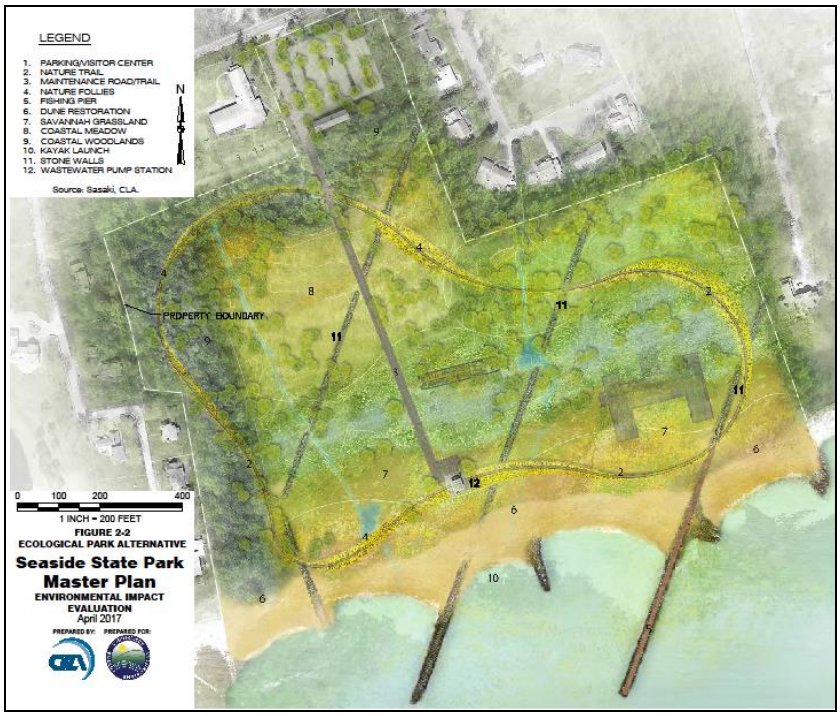
2.3.3 Eco Park Alternative

Unlike the Hybrid and Destination alternatives, the Eco Park alternative has no commercial component. Instead Eco Park focuses on a design highlighting the diverse ecological and natural waterfront features of the park.

Under this scenario, all State-owned buildings on site would be demolished, with exception of the multi-bay Garage Building located at the entrance to the park. The Garage building would be converted into a Visitor Center/Changing room, similar to plan for building in the Hybrid and Destination Park options. Unlike Hybrid and Destination, all parking for visitors would be restricted to the Visitor Center area, thus limiting vehicular access into the park itself.

A key programmatic element under the Eco Park alternative involves the creation of a nature trail circling the park. This trail would offer various overlooks and nature stops along the way that key in on the site's ecological diversity. Other important features include dune restoration, modest art installations and creation of a fishing pier over an existing rock jetty. (*Construction Budgets for each Alternative can be found in the Appendix*)

Estimated Project Cost - Eco Park: $8.39 million (Current $)



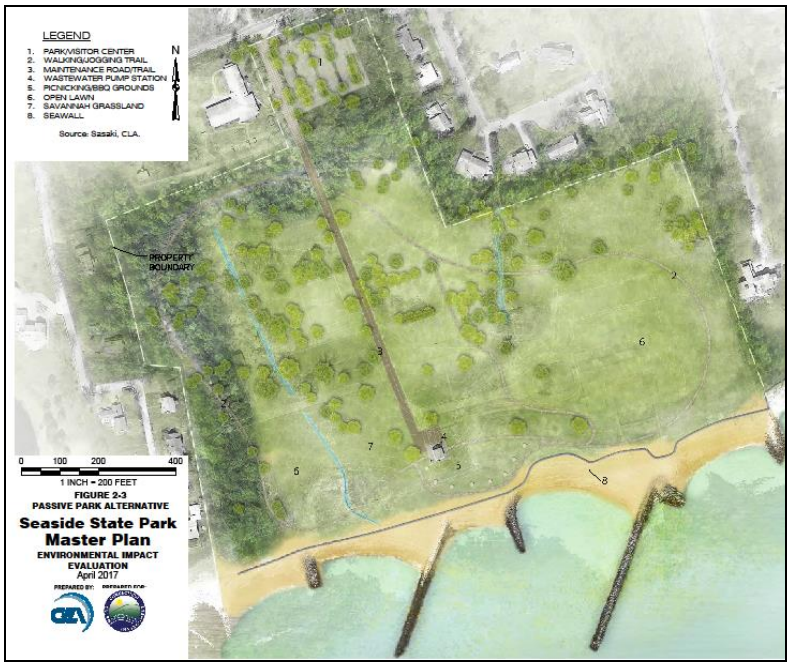
2.3.4 Passive Park Alternative

The Passive Park concept represents an understated approach to park development with no commercial component and modest site improvements.

Main focus is on repair of the seawall, creation of a waterfront pathway, and improvement-upgrade of open grounds and lawn now present on site. Existing roadways and paved walkways would remain as is or repaired as necessary, while parking for visitors would be created at the park entrance. Under the Passive Park scenario, however, there would be no Visitor Center/Changing Room facility.

Similar to Eco Park, site preparation would be extensive with all State-owned buildings on the site demolished, including the Garage Building at the entrance to the park. (*Construction Budgets for each Alternative can be found in the Appendix*)

Estimated Project Cost - Passive Park: $2.69 million (Current $)



2.3.5 No Build Alternative

The No Build Alternative represents a concept which calls for no changes to be made at Seaside State Park in terms of upgrades or operations. In essence, it is an alternative that maintains the present status quo as follows:

- The site continues to operate as a state park.
- All buildings on site remain "as is" in their current condition[12].
- No repairs or upgrades are undertaken on buildings or site, other than those required to maintain stability of properties and provide for safety and security of visitors.
- Site conditions including beach, jetties and seawall remain "as is".
- Designated parking at entrance to park remain "as is".

Under this alternative there is no economic or fiscal impact to measure.

[12] While no repairs or upgrades are called for under "no build" It is noted that the state is in the process of undertaking an environmental remediation program targeting all buildings.

Part Three: Methodology & Assumptions

3. Methodology & Assumptions

3.1 Methodology & Assumptions – Economic Impact

Economic impacts have been calculated for both the construction and operational phases of the four alternatives shown for Seaside State Park. For purposes of these calculations, we have employed the RIMS II model (Regional Input-Output Modeling System) developed by the U.S. Department of Commerce, Bureau of Economic Analysis. The RIMS II system is generally accepted and widely used model for measuring the indirect, or multiplier impacts which occur as the dollars associated with initial, direct economic input (or change in final demand) are recycled as future inputs within a specified geographic area. The mode takes into consideration the inevitable leakage which occurs as a portion of these dollars flow outside the local market area.

RIMS II has several advantages for use in impact analysis. RIMS II multipliers can be estimated for any region composed of one or more counties or states and for any of the 406 industries or 62 industry aggregates in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that the estimates based on the RIMS II modeling system and estimates based on relatively expensive surveys are similar in magnitude.

The Economic Impact analysis using RIMS II takes into consideration both the construction and operation phase of the development. The *construction* impacts for the hotel development in the Hybrid and Destination alternative are estimated over an eighteen month period and will have a significant short term impact on the regional and state economy. Construction phases of 12 months or less are estimated for the Eco and Passive Park alternatives.

The ongoing *operational* phase impacts of the two hotel alternatives, which will begin upon completion of the development and will continue indefinitely, will also have significant economic impacts when accounting for ripple effect (indirect impact) this use will have on the economy. A more muted impact is expected from the Eco and Passive Park developments which call for no commercial development on site. As noted, the operational economic impact of the development will be determined chiefly by the jobs and businesses to be based on-site in the project and the income and expenditures associated with them.

In order to properly measure economic impact using RIMSII, it is important to select the region that best reflects likely source of most workers for both construction and operation phase as well as source of expenditures for goods and services. Based on review of commutation data as well as the scale of development anticipated under each alternative, we have selected a three county study area that includes New London, Middlesex and Windham Counties. Data generated for Economic Impact under RIMS II is benchmarked to 2015, representing RIMS II most recent update of multipliers.

Definitions and Methodology – Economic Impact

Economic impact is the "umbrella" term for three subsets of specific impacts: jobs created, earnings generated and output.

***Jobs**:* employment levels sustained by an entity's current existence, or anticipated to be created by investment, such as construction. Jobs represent a combination of full-time and part time equivalent.

***Earnings**:* salaries and wages paid to employees (not corporate earnings or net profit); the second type of impact calculated. Construction phase earnings are spread over the life of the project and not repeated. Operational earnings and jobs are considered ongoing, annual impacts.

Output: the sum of economic activity or investment associated with the development. In the case of the construction phase, output is the total development budget. In the operational phase, output is a projection of the sum of all operations expenditure associated with commercial use on site and maintenance and upkeep of the park, inclusive of wages linked to these activities.

The three types of economic impacts are calculated as direct, indirect and total:

***Direct Impact**:* the annual amount of money put into the economy and jobs created by the project itself. Direct jobs impacts include, for example, construction workers in the construction phase and hotel workers during the operational phase.

***Indirect Impact**:* the continuing annual flow of money as transactions take place after initially being put into the economy, sometimes informally referred to as the "ripple effect". In order to calculate indirect impact, we used **multipliers** specific to the regional economy from the RIMS II Regional Input-Output Modeling System, as described above.

Induced Impact: represents the effect of when payrolls increase and workers in affected industry sectors spend more on local goods and services (household spending effect). RIMSII model also accounts for induced impacts.

***Total Impact**:* the sum of the direct and indirect-induced calculations for the three types of economic impact - output, earnings and jobs.

Methodologies for calculations of economic impact were made in accordance with Development Impact Assessment Handbook, Robert W. Burchell, Urban Land Institute, 1994.

Sources and assumptions on budget data used for Economic Impact Analysis are provided in the body of the report in footnotes.

3.2 Methodology & Assumptions – Fiscal Impact

For the purposes of analyzing the potential fiscal impact of the proposed development it is assumed that all of the required building/engineering, transportation and environmental approvals are granted and that the project is successfully and fully developed. It is also assumed that the development achieves reasonable market value and/or sales results in accordance with current prevailing conditions.

All fiscal impact figures in this report are presented in constant 2016 dollars based on *current* tax rates, municipal expenditures and assessment basis; no inflationary nor real increases in tax rates or municipal wages/expenditures has been assumed. Additionally, we have assumed total build-out development scenario under examination.

Sources of Information

In conducting this fiscal impact analysis we obtained and examined information relative to Waterford's property tax assessment basis, municipal services and expenditures, and demolition fees, town budget, and zoning issues. This data was obtained from numerous Town of Waterford sources including the following: Tax Assessor's Office, Planning Department, Tax Collector's Office, Town Clerk, and Building Department.

Property Tax Revenues Methodology

For the purpose of projecting the property tax revenues to the Town of Waterford under the proposed uses, all property assessments are benchmarked to 2013 values; the year of the last revaluation. Assessments noted in the report reflect full phased in values. In this report, all figures relative to real property tax revenues are based on the current tax rate (FY 2017) of $26.78 per thousand of assessed value and an assessment ratio of 70%. Personal Property tax (only associated with commercial property) is similarly taxed at the rate of $26.78 per thousand of assessed value, but is not indexed to 2013. Property tax revenues associated with the Subject Site as currently improved are based on the current assessment of the property as indicated by records in Waterford's Tax Assessor's office.

Our analysis of the property tax revenues associated with the development of a *commercial-hotel* on the Subject Site employed both *cost and comparative approach* in order to determine the assessed value of the project's building and improvements. The estimated assessment of the commercial development was further confirmed by comparing it against the assessment indicated shown by comparable facilities in the region for newer hotel properties. Meanwhile, the personal property tax assessment for a commercial use was based on estimated budget for furniture, fixtures and equipment for each hotel alternative.

Non-Recurring Revenue Methodology

Non-recurring or one-time revenues which would result from any new development on the Subject Property include demolition permits. Demolition permit fees are assessed at $10 per $1,000 of estimated cost. There may be other less significant non-recurring fees but they have not been calculated due to uncertainty on nature of construction and exact phasing of project. State of Connecticut is exempt from paying building permit fees.

Municipal Expenditures Methodology

For the purpose of projecting the municipal costs which would result from the development of a *commercial* facility on the Subject Property, we have employed the *Proportional Value Method* as outlined in Robert Burchell's *New Practitioners Guide to Fiscal Impact Analysis*. This approach allocates public costs associated with a commercial development based on the ratio of the project's value to the total real estate value within the community (excluding vacant land). Refinement coefficients developed by Robert Burchell are used to adjust for overstating or understating costs. The premise behind this methodology is that all new development within a community results in increased municipal expenditures for general government support, public works and public safety.

Although government operation costs are calculated for commercial, there are no incremental education costs assigned to the commercial use under consideration for the Subject Property given this use does not directly produce schoolchildren.

It should be noted that even with the use of refinement coefficients the Proportional Value Method is a relatively conservative approach. This methodology tends to overstate the incremental municipal expenditures resulting from new commercial development in established communities like Waterford where much of the public infrastructure, capital equipment and personnel required to support the new development is already in place.

Part Four: Economic-Fiscal Impact – Hybrid Park

4. Economic & Fiscal Impact Analysis –Hybrid Park (100 room Hotel)

Hybrid Park is one of four development alternatives identified as a proposed use for the former Seaside Sanatorium site located on a 32-acre waterfront parcel in Waterford, Connecticut (exclusive of No Build Alternative). The central feature of this scenario is the development of a high-end boutique hotel totaling 100 rooms inclusive of dining facilities, spa and other related amenities. As presently conceived, the hotel complex would be divided into two segments with 70 units distributed among the 4 main State-owned historic buildings located on site[13], while an additional 30 units would be located in a new 15,000 sf hotel annex built adjacent to former Hospital Building[14].

Under this scenario, all seven historic buildings located in the park would be restored to functional condition[15]. This includes the renovation of the 4 main buildings targeted for use as a hotel. Additionally, the multi-bay Garage Building located at the entrance to the park is to be converted into a small Park Visitor Center and changing area. Lastly, a small historic pump house also located at the entrance would be restored for multi-purpose use.

In addition to the hotel, the Hybrid alternative also calls for extensive site improvements highlighted by a new seaside walking trail, improved beachfront, kayak launch and construction of a pile-supported fishing pier.

Under the Hybrid Alternative, the state of Connecticut would continue to maintain ownership of the waterfront site, as well as all existing and added improvements. It is assumed that at the appropriate time, the state would solicit and select a hotel developer-operator for the purpose of managing and operating a hotel. It is further assumed that the state would enter into long term lease arrangement with a hotel developer-operator. While such a lease would be subject to negotiation, for purpose of this impact analysis, it is assumed that the hotel-developer will be responsible for the development costs associated with build-out of the main existing buildings for hotel use, as well as construction and build-out of a new hotel annex.

Project Cost (2015 $) & Programmatic details for Seaside Hybrid Alternative are provided below.

[13] Four Main State-owned buildings on site include the Hospital Building, Nurses Residence, Superintendent's house and Duplex Residence/Garage. In addition there are two accessory State-owned buildings: Garage Building and Old Pump House. Refer to Appendix for further description of State –owned buildings in Seaside Park.

[14] Concept for Seaside Hybrid 100-room hotel configuration is presented in PKF Consulting report: "Feasibility Study of the Former Seaside Sanitorium", April 2016.

[15] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior of state-owned buildings (source: WJE Associates) – but excludes building fit-out and repair of the interior.

Project Costs - Hybrid Park (100 Room Hotel & Park)[16]

Building Renovation & Construction	$30.73 million
Site Improvements	$13.82 million
Total Cost (2015$)	**$44.55 million**[17]

Building Programmatic Elements - Hybrid Park

100-room Luxury Boutique Hotel

- 100 Room Luxury Boutique hotel split between 70 rooms in the existing main buildings on site (65,000 sf) and 30 rooms in a new hotel annex (15,000 sf).
- Meeting and Conference Space
- Full and Fast Casual restaurant and dining
- Spa Facility
- Flexible -Multi-purpose space (18,800 sf) in existing buildings
- Fitness Center and other amenities

Park Visitor Center

- Visitor Center in former Garage Building (2500 sf)

Site Improvement Elements - Hybrid Park

- Site Improvements
- Seawall Repair
- Fishing Pier (Pile Supported)
- Grass Mound
- Coastal Trail
- Creation of Oyster Reefs
- Overlook
- Dune Swale
- Wet Meadow
- Savannah Grasslands
- Coastal Meadow
- Kayak Launch
- Reef Balls
- Art Installation
- Roadway improvements & Parking

[16] Refer to Appendix on break-out of project costs for each of the four Seaside Park alternatives and sources of data on construction estimates.
[17] Costs are in 2015 dollars. Excludes Financing costs & Contingency fees.

4.1 Economic Impact – Hybrid Park

4.1.1 Economic Impact - Construction Phase/Hybrid Park

The construction phase for Seaside Hybrid includes both development of the 100-room hotel and a comprehensive site and landscaping program for the park. For purposes of this analysis, the economic impacts of the two components are aggregated into a single projection of economic impact for construction phase.

During the construction period, on-site and off-site activity associated with the project will entail employment impacts, or jobs produced in on- and off-site construction, trade, transportation, manufacturing and services in support of construction. These jobs will in turn generate earnings impacts, which are calculations of the wages and salaries generated by the jobs. From earnings flow personal expenditures, which extend the income earned by project related workers into the local and regional economy.

Calculations for this phase of the project were based on a construction estimate of hard and soft costs for both building and site improvements totaling $44.6 million[18]. The total budget for construction of the 100 room hotel only, including soft costs, is estimated at $30.3 million[19].

For purposes of this analysis, it is assumed that the construction phase will cover 18 months. Finally, all calculations reflect total impacts and in terms of jobs, both full and part time equivalents. Earnings and output are reflected in 2015 dollars.

Economic Impact Construction – Hybrid Park - Jobs

Of the total full and part time jobs generated during construction phase, 225 are projected to be direct on-site/off-site construction jobs. Meanwhile, another 122 indirect or induced jobs are expected to be created during the construction cycle resulting in total impact of 347 jobs. Many of the indirect jobs created will not be "visible": for example some jobs could be created through manufacturing of materials or in the trade, transportation and services sectors. While most of the construction jobs will be Connecticut based, other jobs will arise across the multi-state region and nationally in addition to in Connecticut and region.

Jobs

Direct Construction Jobs	225
Indirect & Induced	122
Total	**347**

[18] Expenses not included under RIMS II in the construction budget for economic impact include financing costs and contingency fees.
[19] Source: PKF Consulting

Economic Impact Construction – Hybrid Park - Output

Based on the original investment of $44.5 million in the development, we anticipate indirect output of $23.6 million based on the 18 month construction time frame. Total construction output, both direct and indirect/induced, is estimated to aggregate $68.1 million.

Output

Direct	$44,543,000
Indirect & Induced	$23,597,000
Total	**$68,140,000**

Economic Impact Construction – Hybrid Park - Earnings

Gross total salaries and wages (earnings) arising from construction budget are projected to total $19.3 million. On site construction wages contribute $12.8 million to the total earnings shown below.

Earnings

Direct	$12,765,000
Indirect & Induced	$ 6,566,000
Total	**$19,331,000**

4.1.2. Economic Impact - Operation Phase/ Hybrid Park

Once the 100-room luxury boutique hotel is operational its economic impact will be largely a function of the operations of jobs associated with running the hotel, restaurant and spa facility. Impacts are presented on an annual basis.

Economic Impact Operation – Hybrid Park - Jobs

Direct jobs (full and part time) will be generated from hotel (18 jobs) restaurant (33 jobs), spa facility (5) and on-going maintenance & upkeep of park and its buildings (3). It is projected that an additional 16 indirect or induced jobs will be generated in the region and state as the result of business activities primarily associated with hotel giving an overall total of 75 jobs annually.

Jobs

Direct	59
Indirect & Induced	16
Total	**75**

Economic Impact Operation – Hybrid Park - Output

Business operations at the 100-Room hotel development are projected to generate an estimated $5.5 million in direct annual output, while total direct and indirect output is projected to be $7.9 million.

Output

Direct	$5,508,990
Indirect & Induced	$2,406,626
Total	**$7,912,666**

Economic Impact Operation – Hybrid Park - Earnings

Annual total gross direct earnings arising from employment at Hybrid Park development are projected at $2.2 million. Much of the spending associated with these earnings will occur regionally.

Earnings

Direct	$1,560,771
Indirect & Induced	$ 618,127
Total	**$2,178,898**

4.2 Fiscal Impact –Hybrid Park

4.2.1 Fiscal Impact -Town of Waterford

A. Waterford Public Revenues - Hybrid Park

Estimated Real Estate Taxes on Leasehold Improvements[20]

As indicated earlier, the Hybrid Park alternative calls for a 100-room hotel, with 70 units located in the 4 main historic buildings on site, plus 30 rooms in a new hotel annex. It is assumed that the selected hotel developer-manager, operating under a long term lease with the state, will underwrite both the buildout of the historic buildings and construction of the new hotel annex. Thus for the purposes of this impact analysis, it is assumed that this will lead to a leasehold interest in such improvements that are subject to real property tax.

Not included in this number is the cost of remediation and restoration of the historic buildings to a functional condition level[21] which under this alternative plan would be borne by the state. Taxes on these improvements, as well as the land, would be covered under the state PILOT program (Payment in Lieu of Taxes) which vary from year to year depending on state appropriations and are not included in the estimated taxes on leasehold improvements to the town shown below.

Based on current mill rate of 26.78 in Waterford and an estimated hard cost of $13.4 million (leasehold interest) for the Hybrid Park alternative, the development of the hotel portion of the site at total build-out is projected to generate annual real estate tax revenues to the Town of Waterford of approximately $250,600 as shown below:

Total Leasehold Value - Hybrid Hotel	$13,368,600
Total Assessed Value (70%)	$9,358,020
Tax Rate (per $1,000 Assessment)	26.78
Annual Real Estate Taxes (Leasehold Interest only)	**$250,608**

Estimated Personal Property Taxes

Our projection of annual personal property tax revenues associated with the hotel development is based on estimates of first year cost of furniture, fixtures and equipment for

[20] While terms of long term lease between state and selected hotel operator are subject to negotiation, for the purpose of this analysis It is assumed that the lessee (hotel operator) will be responsible for both cost of build-out improvements of main buildings and construction of new 15,000 sf hotel annex, as well as the real estate property taxes associated with these improvements.

[21] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior, and basic repair and upgrade of property's building systems – but excludes building fit-out of the interior.

a 100-room hotel estimated at nearly $40,000 per room[22]. At the current tax rate this would generate annual personal property taxes in first year of $74,797 as indicated below:

Market Value – Personal Property (Hybrid Hotel)	$3,990,000
Assessed Value (70%)	$2,793,000
Tax Rate (per $1,000 Assessment)	26.78
First Year - Personal Property Taxes	**$74,797**

B. Waterford Public Costs - Hybrid Park

Seaside State Park is currently a state-owned facility and will continue under this status, inclusive of all buildings, with Hybrid Park alternative. Thus the town of Waterford will incur no public cost impact in the care, maintenance, upkeep or oversight of the park grounds or its buildings. However as the Hybrid alternative does call for a 100-room hotel, the town on occasion could be required to respond to issues concerning public health, safety and security.

In order to assess the possible fiscal impact cost on the Town of Waterford with the development of a 100-room hotel, we have used the Proportional Valuation Method to assign a share of the Municipal Budget associated with public health and security with the incoming hotel investment. According to information provided by the Waterford Tax Assessor, non-residential commercial property represents approximately 37% of total assessed value in the Town. A refinement coefficient (0.68) is used to avoid overstating or understating costs in communities where nonresidential assessed value departs significantly from the average local real property assessment. The refinement coefficients were developed by Burchell and Listokin (*Practitioners Guide to Fiscal Impact Analysis, 1985*) for application in Proportional Valuation Method and were generated through retrospective analyses on actual expenditures generated by non-residential uses.
Based on this analysis, we arrive at an assigned share of the municipal budget attributable to non-residential commercial uses linked to public health and safety of $2,435,567 calculated as follows: $9,680,314 (municipal budget associated with public health and security) * 0.37 (proportion of non-residential real estate value) * 0.68 (refinement coefficient) = $2,435,567 (see above for explanation of refinement coefficient).

The share of these costs attributable to the proposed new commercial 100-room hotel development is calculated by multiplying total non-residential commercial costs in Waterford associated with public health and security ($2,435,567) by the ratio between real property valuation of the new non-residential space ($29,260,000) to total local non-residential commercial valuation ($804,535,280) to produce a ratio of 0.04 times a refinement coefficient

[22] Estimate provided by PKF Consulting "Feasibility Study of the Redevelopment of the former Seaside Sanitorium" April 2016

of 0.28. The result of this calculation is a projected public cost to town of Waterford of approximately $27,278 annually assigned to the incoming hotel space within the park.

Municipal Public Cost Annually – 100 room hotel	**$27,278**

4.2.2 Fiscal Impact – State of Connecticut

A. State of CT - Public Revenues- Hybrid Park

CT Hotel Occupancy Tax – 100 Rooms

The State of Connecticut levies a Hotel Lodging Tax of 15% for lodging for stays of up to 30 days or less. Based on average occupancy rate of 60% and room rate of $200 per night[23], hotel revenue under the Seaside Hybrid alternative is estimated at $4,380,000 (2015$). Application of the Hotel Tax would generate annual estimated room occupancy tax to the State of approximately $657,000 as shown below:

Est. Annual Revenue – 100 Room Hotel	$4,380,000
CT Hotel Lodging Tax Rate	15.00%
Est. Annual Hotel Lodging Taxes	**$657,000**

CT Sales & Use Tax – Food & Beverage

Under the Hybrid alternative, food and beverage revenue associated with the 100-room hotel is projected to total $2.2 million annually[24]. Based on current state sales tax rate of 6.35%, the estimated annual sales tax on food and beverage sales is projected to be $139,700.

Est. Annual Revenue – Food & Beverage	$2,200,000
CT Sales & Use Tax Rate	6.35%
Est. Annual Sales & Use Tax – Food & Beverage	**$139,700**

[23] Estimates for Hotel Room service obtained from PKF Consulting report: "Feasibility Study of the Redevelopment of the Former Seaside Sanitorium" 2016.
[24] Source: PKF Consulting

CT Sales & Use Tax – Spa Services

Revenue associated with Spa Services offered at the hotel under the Seaside Hybrid Alternative is estimated at $330,000[25]. At the current CT sales and use tax rate of 6.35% this would generate annual taxes to the state of $20,955 as indicated below:

Est. Annual Revenue – Spa Services	$330,000
CT Sales & Use Tax Rate	6.35%
Est. Annual Sales & Use Tax – Spa Services	**$20,955**

Park Entrance Fees

State of Connecticut Department of Energy & Environmental Protection (DEEP), which oversees management and operation of state parks and forests, estimate total day use visitation of 50,000 visitors per year at Seaside following completion of improvements with most occurring during the core months of June through August.

According to DEEP, it is possible, but not conclusive, that parking fees will be assessed for day use of park during in-season period. Based on estimation of 21,500 visitors during the in-season period (June-August)[26] and a split of 82% in-state visitation versus 18% out of state, Parking Fee income is estimated at $83,337 per year as indicated below. This fee does not include walk-in visitors or bikers, nor does it comprise hotel employees, guests or attendees to business meetings, banquets or conferences who presumably would be supplied with designated parking or parking passes during their time or stay at hotel[27]. Parking fee revenue also does not account for visitors with Charter Oak or Veteran park passes, nor discounts associated with visitors with seasonal park passes.

Park Visitation Parking Fee Estimate

Est. # of Visitors (June-August)	21,500
Est. # of Visiting Cars (3.5 persons/car)	6,143
% In-state Visitors	82%
% Out-State Visitors	18%
Est. Annual Parking Fee Income	**$83,377**

B. State of CT - Public Costs – Hybrid Park

State Operation and Maintenance Costs

The State of Connecticut's Department of Energy and Environmental Protection (DEEP) will be responsible for the operation and maintenance of the Seaside State Park facility. For the

[25] Source: PKF Consulting
[26] Source: CT DEEP
[27] Please Refer to Appendix for more complete detail on methodology for calculating Parking Fee Income.

purposes of this study, it is also assumed that the state will also be responsible for exterior maintenance and care of all buildings in the park including the hotel.[28] Based on feedback from DEEP, it is estimated that annual operating costs for Seaside State Park would be approximately $100,000 per year. Building Maintenance and Repair charges for seven buildings on site are estimated at 1% of total restoration cost of $10,101,000, or $101,010 per year.

Operation & Maintenance - Park	$100,000
Building Maintenance & Repair	$101,010
Total	**$201,010**

Connecticut Site & Building Improvement Expense

Under the Seaside Hybrid Park alternative, it is assumed the state would contribute funding for the restoration of seven historic buildings (six properties) on site to a functional condition level[29] at an estimated cost of $10.10 million. Subject to negotiation, this contribution would ultimately be offset by ground lease payments paid by selected developer-operator of hotel. It is assumed therefore for the purposes of this study that full payback of $10.10 million contribution would be accomplished by a ground lease or some combination of lease payments and capital contributions by lessee and thus this state expense is not included in the fiscal impact analysis, but is part of the economic impact.

Site improvement costs, demolitions and modest building improvement costs linked to public buildings such as the Visitor Center, are assumed to be the obligation of the state. Under the Hybrid Park alternative, this cost is estimated at a cost of $14.4 million (refer to appendix for breakdown of construction costs). Assuming the state goes to the bond market to cover these costs, annual payments are estimated at $969,200 based on an interest rate of 3.125% and a 20 year term. This figure does not include legal and underwriting fees[30].

CT Site & Bldg Improvement Expense	$14,400,00
3.125% Interest, 20 year term	
Estimated Cost of State Bond- Annually	**$969,193**

[28] It is to be noted that responsibility of care and maintenance of hotel facilities called for in the Hybrid Alternative has not been determined at this time and would be subject to negotiation with any selected hotel developer-operator.

[29] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior, (Source: WJE Associates)– but excludes building fit-out of the interior.

[30] Estimated $ amount for bond repayment is a broad estimate to be used for comparative purposes only with other alternatives. Its inclusion in this analysis is largely to reflect order of magnitude on possible state cost for underwriting capital improvements within Seaside State Park. Actual cost and funding for such improvements will vary depending on state funding appropriations, availability of grants, and ultimate use of park.

Seaside State Park – Hospital Building

4.3 Summary – Projected Economic & Fiscal Impact –Hybrid Park

Economic Impact – Hybrid Park (100 Room Hotel & Park)

Construction Phase *– Initial Output $44.5 Million Hotel & Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$44,543,000	$12,765,000	225
Indirect/Induced	$23,597,000	$6,566,000	122
Total (18 months)	**$68,140,000**	**$19,331,000**	**347**

Operation Phase*– Initial Output $5.5 Million Hotel and Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$5,508,990	$1,560,771	59
Indirect/Induced	$2,406,626	$618,127	16
Total (Annual)	**$7,915,666**	**$2,178,898**	**75**

*Annual

Fiscal Impact – Hybrid Park (100 Room Hotel & Park)

Town of Waterford *

Local Revenue *(Current $)***		***Local Cost*** *(Current $) **	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes on Leasehold Improv.**	$250,608	Municipal Serv. & Support Cost	$27,278
Personal Property Taxes (hotel)***	$ 74,797		
Total Local Revenue (Annual)	**$325,405**	**Total Local Cost (Annual)**	**$27,278**

*It is assumed that the State PILOT for Seaside State Park will continue to be funded at levels similar or higher to previous year allotments. ** Annual *** First Year

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Hotel Occupancy Tax	$657,000	Park & Bldg Maintenance & Operation	$201,010
Sales & Use Tax (Food & Beverages)	$139,700	Bond Repayment – Capital Exp***.	$969,193
Sales & Use Tax (Spa Services)	$ 20,955		
Park Entrance Fees **	$ 83,337		
Total State Revenue (Annual)	**$901,032**	**Total State Cost (Annual)**	**$1,170,203**

*Annual **Parking Fees possible but not conclusive per DEEP *** $14.4 Million General Obligation Bond, 3.125% interest, 20 year term

Part Five: Economic-Fiscal Impact – Destination Park

5. Economic & Fiscal Impact Analysis – Destination Park (63 Room Hotel)

Destination Park Alternative is similar in many ways to the Seaside Hybrid option, but calls for a 63-room hotel instead of a 100 room hotel in the Hybrid Alternative. Under this scenario, there would be no new construction of hotel annex as called for in Hybrid. Instead, all 63 rooms in the hotel would be located in the 4 main state-owned historic buildings on site.

Additionally, while Destination Park calls for dining and meeting and banquet space, there are no plans for a spa facility as proposed under Seaside Hybrid. It is also to be noted that unlike the Seaside Hybrid which is supported by a market study, the feasibility of Destination Park Alternative was not subject to such an analysis, but was one of several plans that emerged from a public Master Plan process.

All State-owned buildings on site in the Destination alternative would be restored to functional condition[31]. This includes the renovation of the 4 main buildings targeted for use as a hotel. In addition, both the Garage Building and the small historic Pump House located at the entrance to the park are to be renovated for use. The Garage Building is planned as a Visitor Center /Changing Room similar to Hybrid plan.

Destination Park alternative contains many of the same site improvement elements listed in Hybrid Park including improved beachfront, kayak launch and development of a pile-supported fishing pier. Unlike Hybrid, however, Destination Park calls for construction of a shoreline boardwalk as opposed to a crushed gravel walkway listed in Hybrid.

Management and ownership of the site and buildings would remain with the State of Connecticut. It is assumed that at the appropriate time, the state would enter into a lease arrangement with a selected hotel developer–operator. While such a lease would be subject to negotiation, it is assumed for the purpose of this impact analysis that the hotel developer-operator will be responsible for all development costs and assessment of any taxes associated with build-out of the main existing buildings used for hotel.

Project Costs and Programmatic details for Destination Park Alternative are provided below.

Project Costs - Destination Park (63 Room Hotel & Park)

Building Renovation & Construction	$25.85 million
Site Improvements	$13.66 million
Total Cost (2015$)	**$39.51 million**

[31] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior – but excludes building fit-out and repair of the interior. The four main State-owned buildings on site include the Hospital Building, Nurses Residence, Superintendent's house and Duplex Residence/Garage. In addition there are two accessory buildings: Garage Building and Old Pump House. Refer to Appendix for further description of State-owned properties In Seaside Park.

Building Programmatic Elements - Destination Park

63-room Luxury Boutique Hotel

- 63 Room Luxury Boutique hotel in the existing main buildings on site
- Meeting, Banquet and Conference Space
- Restaurant/Bar

Park Visitor Center

- Visitor Center/Changing Room in former Garage Building (2500 sf)

Site Improvement Elements - Destination Park

- Site Improvements – Beach
- Seawall Repair
- Fishing Pier (Pile Supported)
- Boardwalk – Coastal Trail
- Overlook
- Tidal Pools
- Overlook areas
- Dune Swale
- Wet Meadow
- Savannah Grasslands
- Coastal Meadow
- Kayak Launch
- Roadway Improvements & Parking

5.1 Economic Impact – Destination Park – 63 Room Hotel

5.1.1 Economic Impact - Construction Phase/Destination Park

The construction phase for the Destination Alternative calls for restoration of the main existing buildings on site into a 63-room hotel. Unlike the Hybrid option, no additional new construction is planned for under this scenario. A similar site improvement and landscaping program called for under the Hybrid option is also included in the Destination Park plan. For purposes of this analysis, the economic impacts of the two components are aggregated into a single projection of economic impact for construction phase.

Calculations for this phase of the project were based on a construction estimate of hard and soft costs for both building and site improvements totaling $39.5 million[32]. The total budget for construction of the 63 room hotel including soft costs is estimated at $25.4 million.

For purposes of this analysis, it is assumed that the construction phase will cover 18 months**.** Finally, all calculations reflect total impacts and in terms of jobs, both full and part time equivalents. Earnings and output are reflected in 2015 dollars.

Economic Impact Construction – Destination Park - Jobs

Of the total jobs generated during construction phase, 195 are projected to be direct on-site/off-site construction jobs. Meanwhile, another 108 indirect or induced jobs are expected to be created during the construction cycle resulting in total impact of 303 jobs.

Jobs

Direct Construction Jobs	195
Indirect & Induced	108
Total	**303**

Economic Impact Construction – Destination Park - Output

Based on the original investment of $39.5 million in the development, we anticipate indirect output of $20.8 million based on the 18 month construction time frame. Total construction output, both direct and indirect/induced, is estimated to aggregate $60.3 million.

Output

Direct	$39,508,000
Indirect & Induced	$20,836,000
Total	**$60,343,000**

[32] Expenses not included in the construction budget for economic impact under RIMS II are financing costs and contingency fees.

Economic Impact Construction – Destination Park - Earnings

Gross total salaries and wages (earnings) arising from construction budget are projected to total $16.9 million. On site construction wages contribute $12.1 million to the total earnings shown below.

Earnings

Direct	$12,091,000
Indirect & Induced	$ 4,822,000
Total	**$16,913,000**

5.1.2. Economic Impact - Operation Phase/ Destination Park

Once the 63-room luxury hotel is operational its economic impact will be a function of the operations of jobs associated with running the hotel and related facilities including restaurant and meeting rooms. A minor economic impact will also be registered from the maintenance and operation of the park by the state. Impacts are presented on an annual basis.

Economic Impact Operation – Destination Park - Jobs

Direct jobs (full and part time) will be generated from hotel (14 jobs) restaurant (23 jobs), and on-going maintenance & upkeep of park and its buildings (3). It is projected that an additional 11 indirect or induced jobs will be generated in the region and state as the result of business activities primarily associated with hotel giving an overall total of 50 jobs annually.

Jobs

Direct	40
Indirect & Induced	11
Total	**51**

Economic Impact Operation – Destination Park - Output

Business operations (purchases of goods and services) at the 63-Room hotel development are projected to generate an estimated $3.8 million in direct annual output, while total direct and indirect output is projected to be $5.5 million.

Output

Direct	$3,846,000
Indirect & Induced	$1,684,000
Total	**$5,494,000**

Economic Impact Operation – Destination Park - Earnings

Annual total gross direct earnings arising from employment at Destination Park are projected at $1.04 million. The ripple effect associated with employment growth from hotel expenditures and spending by hotel households is projected to produce an additional $424,000 in income. Much of the spending associated with these earnings will occur regionally.

Earnings

Direct	$1,040,000
Indirect & Induced	$ 424,000
Total	**$1,464,000**

Seaside State Park – Nurses Residence

5.2 Fiscal Impact – Destination Park – 63 Room Hotel

5.2.1 Fiscal Impact -Town of Waterford

A. Waterford Public Revenues- Destination Park

Estimated Real Estate Taxes on Leasehold Improvements[33]

Like Seaside Hybrid alternative described earlier, it is assumed that the selected hotel developer-manager, operating under a long term lease, will underwrite the buildout of the historic buildings in the Destination Park alternative. It is further assumed for the purposes of this impact analysis that this will lead to a leasehold interest in such improvements that are subject to real property tax by the Town of Waterford.

Not included in this number is the cost of remediation and restoration of the historic buildings to a functional condition level which under this alternative plan would be borne by the state[34]. Taxes on these upgrades and improvements, as well as the land, would be covered under the state PILOT program (Payment in Lieu of Taxes) which vary from year to year depending on state appropriations and are not included in the estimated taxes to the town on leasehold improvements shown below.

Based on current mill rate of 26.78 in Waterford and an estimated hard cost of $10.5 million (leasehold interest) for the Seaside Hybrid Park alternative, the development of the hotel portion of the site at total build-out would generate annual real estate tax revenues to the Town of Waterford of approximately $197,400 as shown below:

Total Leasehold Value – Destination Hotel	$10,530,305
Total Assessed Value – (70%)	$7,371,214
Tax Rate (per $1,000 Assessment)	26.78
Annual Real Estate Taxes (Leasehold Interest only)	**$197,401**

Estimated Personal Property Taxes

Our projection of annual personal property tax revenues associated with the hotel development is based on estimates of first year cost of furniture, fixtures and equipment of nearly $40,000 per room[35]. At the current tax rate this would generate annual personal property taxes in first year of $47,796 as indicated below:

[33] While terms of a long term lease between state and selected hotel operator are subject to negotiation, for the purpose of this analysis It is assumed that the lessee (hotel operator) will be responsible for both cost of build-out improvements and real property taxes levied with such improvements on of main buildings.
[34] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior – but excludes building fit-out and repair of the interior.
[35] Estimate provided by PKF Consulting "Feasibility Study of the Redevelopment of the former Seaside Sanitorium" April 2016

Market Value – Personal Property-Destination Hotel	$2,549,673
Assessed Value (70%)	$1,784,771
Tax Rate (per $1,000 Assessment)	26.78
First Year-Personal Property Taxes	**$47,796**

B. Waterford Public Costs- Destination Park

Given Seaside State Park is currently a state-owned facility, and will continue to remain under state ownership, including buildings, with Destination Park alternative, the town of Waterford will incur no public cost in the care, maintenance, upkeep or oversight of the park grounds or its buildings. However as the Destination Park Hotel alternative does call for a 63-room hotel, the town on occasion could be required to respond to issues concerning public health, safety and security.

In order to assess the possible fiscal impact cost on the Town of Waterford with the development of a 63-room hotel, we have used the Proportional Valuation Method to assign a share of the Municipal Budget associated with public health and security with the incoming hotel investment. According to information provided by the Waterford Tax Assessor, non-residential commercial property represents approximately 37% of total assessed value in the Town. A refinement coefficient (0.68) is used to avoid overstating or understating costs in communities where nonresidential assessed value departs significantly from the average local real property assessment. The refinement coefficients were developed by Burchell and Listokin (*Practitioners Guide to Fiscal Impact Analysis, 1985*) for application in Proportional Valuation Method and were generated through retrospective analyses on actual expenditures generated by non-residential uses.

Based on this analysis, we arrive at an assigned share of the municipal budget attributable to non-residential commercial uses linked to public health and safety of $2,435,567 calculated as follows: $9,680,314 (municipal budget associated with public health and security) * 0.37 (proportion of non-residential real estate value) * 0.68 (refinement coefficient) = $2,435,567 (see above for explanation of refinement coefficient).

The share of these costs attributable to the proposed new commercial 100-room hotel development is calculated by multiplying total non-residential commercial costs in Waterford associated with public health and security ($2,435,567) by the ratio between real property valuation of the new non-residential space ($21,026,000) to total local non-residential commercial valuation ($804,535,280) to produce a ratio of 0.03 times a refinement coefficient of 0.28. The result of this calculation is a projected public cost to town of Waterford of approximately $20,456 annually assigned to the incoming hotel space within the park.

Municipal Public Cost Annually – 63 room hotel **$20,456**

5.2.2 Fiscal Impact – State of Connecticut

A. State of CT - Public Revenues-Destination Park

CT Hotel Occupancy Tax – 63 Rooms

The State of Connecticut levies a Hotel Lodging Tax of 15% for lodging stays of up to 30 days or less. Based on average occupancy rate of 62% and room rate of $220 per night[36], hotel revenue under the Destination Park alternative is estimated at $3,136,518 (2015$). This would generate an annual estimated Hotel Lodging tax to the State of approximately $470,500 as shown below:

Est. Annual Revenue – 63 Room Hotel	$3,136,518
CT Hotel Lodging Tax Rate	15.00%
Est. Annual Hotel Lodging Taxes	**$470,478**

CT Sales & Use Tax – Food & Beverage

Under the Destination Park alternative, food and beverage revenue associated with the 63-room hotel is projected to total $1,386,000 annually[37]. Based on current state sales tax rate of 6.35%, the estimated annual sales tax on food and beverage sales is projected to be $88,011.

Est. Annual Revenue – Food & Beverage	$1,386,000
CT Sales & Use Tax Rate	6.35%
Est. Annual Sales & Use Tax – Food & Beverage	**$88,011**

Park Entrance Fees

State of Connecticut Department of Energy & Environmental Protection (DEEP), which oversees management and operation of state parks and forests, estimates a total day use visitation level of 50,000 visitors per year at Seaside State Park following completion of improvements with most occurring during the core months of June through August.

According to DEEP, it is possible, but not conclusive, that parking fees will be assessed for day use of park during in-season period. Based on estimation of 21,500 visitors during in-season period (June-August)[38] and a split of 82% in-state visitation versus 18% out of state, Parking Fee income is estimated at $83,337 per year as indicated below. This fee does not include walk-in visitors or bikers, nor does it contain hotel employees, guests or attendees to

[36] Source: PKF Consulting.
[37] Source: PKF Consulting
[38] Source: CT DEEP

business meetings, banquets or conferences who presumably would be supplied with designated parking or parking passes during their time or stay at hotel[39]. Parking fee revenue also does not account for visitors with Charter Oak or Veteran park passes, nor discounts associated with visitors with seasonal park passes.

Est. # of Visitors (June-August)	21,500
Est. # of Visiting Cars (3.5 persons/car)	6,143
% In-state Visitors	82%
% Out-State Visitors	18%
Est. Annual Parking Fee Income	**$83,377**

B. State of CT - Public Costs - Destination Park

Connecticut Operation and Maintenance Costs

The State of Connecticut's Department of Energy and Environmental Protection (DEEP) will be responsible for the operation and maintenance of the Seaside State Park facility. For the purposes of this study, it is also assumed that the state will also be responsible for exterior maintenance and care of all buildings in the park including the hotel.[40] Based on feedback from DEEP, it is estimated that annual operating costs for Seaside State Park would be approximately $100,000 per year. Building Maintenance and Repair charges for seven building on site (six properties) are estimated at 1% of total restoration cost of $10,101,000, or $101,010 per year.

Operation & Maintenance - Park	$100,000
Building Maintenance & Repair	$101,010
Total	**$201,010**

Connecticut Site Improvement Expense

Under the Destination Park alternative, it is assumed that the state would contribute funding for the restoration of seven historic buildings on site to a functional condition level[41] at an estimated cost of $10.10 million. Subject to negotiation, this contribution would ultimately be offset by ground lease payments paid by selected developer-operator of hotel. It is assumed therefore for the purposes of this study that full payback of $10.10 million contribution would be accomplished by a ground lease or some combination of lease payments and capital contributions by lessee and thus this state expense is not included in the fiscal impact analysis, but is part the economic impact.

[39] Please Refer to Appendix for more complete detail on methodology for calculating Parking Fee Income.

[40] It is to be noted that responsibility of care and maintenance of hotel facilities called for in Destination Alternative has not been determined at this time and would be subject to negotiation with any selected hotel developer-operator.

[41] As defined herein, restoration to functional condition refers to upgrades and repairs of the physical exterior (source: WJE Associates) – but excludes building fit-out of the interior.

Site improvement costs, including demolitions, plus building improvement costs linked to public buildings such as the Visitor Center, are assumed to be the obligation of the state. Under the Destination Park alternative this cost is estimated at $14.3 million (refer to appendix for breakdown of costs). Assuming the state goes to the bond market to cover these cost, annual payments are estimated at $961,400 based on 3.125% interest rate and a 20 year term. This figure does not include legal and underwriting fees[42].

CT Site & Bldg Improvement Expense	$14,284,000
3.125% Interest, 20 year term	
Estimated Cost of State Bond- Annually	**$961,386**

[42] Estimated $ amount for bond repayment is a broad estimate to be used for comparative purposes only with other alternatives. Its inclusion in this analysis is largely to reflect order of magnitude on possible state cost for underwriting capital improvements within Seaside State Park. Actual cost and funding for such improvements will vary depending on state funding appropriations, availability of grants, and ultimate use of park.

5.3 Summary – Projected Economic & Fiscal Impact – Destination Park

Economic Impact – Destination Park (63 Room Hotel & Park)

Construction Phase *– Initial Output $39.5 Million Hotel & Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$39,508,000	$12,091,000	195
Indirect/Induced	$20,835,000	$4,822,000	108
Total (18 months)	**$60,343,000**	**$16,913,000**	**303**

Operation Phase* *– Initial Output $3.8 Million Hotel and Park (2015 dollars)*

	Output	Earnings	Jobs
Direct	$3,846,000	$1,040,000	40
Indirect/Induced	$1,648,000	$425,000	11
Total (Annual)	**$5,494,000**	**$1,464,000**	51

*Annual

Fiscal Impact – Destination Hotel (63 Room Hotel & Park)

***Town of Waterford** **

Local Revenue *(Current $)*		***Local Cost*** *(Current $) **	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes on Leasehold Improv.**	$197,401	Municipal Serv. & Support Cost	$20,456
Personal Property Taxes (hotel)***	$ 47,796		
Total Local Revenue (Annual)	**$245,797**	**Total Local Cost (Annual)**	**$20,456**

*It is assumed that the State PILOT for Seaside State Park will continue to be funded at levels similar or higher to previous year allotments. ** Annual *** First Year

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Hotel Occupancy Tax	$470,477	Park & Bldg Maintenance & Operation	$ 201,010
Sales & Use Tax (Food & Beverages)	$ 88,011	Bond Repayment – Capital Exp***.	$ 961,386
Park Entrance Fees **	$ 83,337		
Total State Revenue (Annual)	**$641,865**	**Total State Cost (Annual)**	**$1,162,396**

*Annual ** Parking Fees possible but not conclusive per DEEP. ***$14.3 million General Obligation Bond, 3.125% interest, 20 year term

Part Six: Economic-Fiscal Impact – Eco Park

6. Economic & Fiscal Impact Analysis – Eco Park

The Eco Park Alternative calls for establishing a park without a commercial component such as presented in Hybrid and Destination Alternative. Instead, Eco Park alternative focuses on a design highlighting the ecological and waterfront diversity and features of the park. Under this scenario, all State-owned buildings on site would be demolished, with exception of the Garage Building at the entrance to the park. Similar to Hybrid and Destination Park option, the Garage Building would be converted into a Visitor center/Changing room. Parking for visitors would also be located here, limiting car access into the park itself.

A key programmatic element under the Eco Park alternative involves the creation of a nature trail surrounding the park. This trail would offer various overlooks and nature stops along the way that key in on the site's ecological diversity. Other important features under this alternative include dune restoration, kayak launch and creation of a fishing pier over an existing rock jetty.

Project Costs and Programmatic details of the Eco Park Alternative are provided below.

Project Costs - Eco Park

Building Renovation & Demolition	$ 1.59 million
Site Improvements	$ 6.71 million
Total Cost (2015$)	**$ 8.30 million**

Building Programmatic Elements - Eco Park

Park Visitor Center

- Visitor Center/Changing Room in former Garage Building (2500 sf)

Demolition

- Main Hospital
- Nurses Residence
- Superintendents Residence
- Duplex Residence & Garage
- Old Pump House

Site Improvement Elements - Eco Park

- Site Improvements
- Fishing Pier (Concrete walkway on existing rock jetty)
- Nature Trail
- Dune Restoration

- Savannah Grasslands
- Coastal Meadow & Woodlands
- Art Installation
- Kayak Launch

Seaside State Park - Shoreline

6.1 Economic Impact – Eco Park

6.1.1 Economic Impact - Construction Phase/Eco Park

Very little building construction is planned for under the Eco Park alternative outside the restoration of the Garage building into a Visitor Center/Changing Room. Visitor parking will also be provided for at the Center.

Extensive site preparation work is involved under Eco plan involving the demolition of all existing buildings on site, with exception of the Garage Building. The demolition of targeted buildings is estimated at $1.145 million[43].

However, the most expensive element of the Eco Park Plan is associated with site improvements to the park ($6.7 million) which includes creation of a nature trail and construction of fishing pier over existing rock jetty.

For purposes of this analysis, the economic impacts of all three components (construction of Visitor Center, site preparation, and site improvements) are aggregated into a single projection of economic impact for construction phase. All calculations for construction phase reflect total impacts and in terms of jobs, both full and part time equivalents. Earnings and output are reflected in 2015 dollars.

Economic Impact Construction – Eco Park - Jobs

Building and site development associated with Eco Park is expected to create 29 direct on-site/off-site construction jobs during construction phase. An additional 20 indirect and induced jobs will be during the construction cycle resulting in total impact of 49 jobs.

Jobs

Direct Construction Jobs	29
Indirect & Induced	20
Total	**49**

[43] Estimates for renovation and demolition estimates of existing buildings on site provided by WJE Associates.

Economic Impact Construction – Eco Park - Output

Based on the original investment of $8.3 million in the development, we anticipate indirect output of $4.1 million. Total construction output, both direct and indirect/induced, is estimated at $12.4 million.

Output

Direct	$ 8,301,000
Indirect & Induced	$ 4,080.000
Total	**$ 12,381,000**

Economic Impact Construction – Eco Park - Earnings

Gross total salaries and wages (earnings) arising from construction budget are projected to total $2.8 million. On site construction wages contribute $1.9 million to the total earnings shown below.

Earnings

Direct	$ 1,856,000
Indirect & Induced	$ 928,000
Total	**$ 2,784,000**

6.1.2. Economic Impact - Operation Phase/ Eco Park

Without a commercial component, there is very little operational activity associated with the Eco Park concept other than maintenance and care of the park by the state. Estimates provided by the state indicate operational and maintenance costs of the park of up to $100,000 per year. A budget of $15,000 has also been included for maintenance and care of the Visitor Center – representing a total operational budget of $115,000.

Economic Impact Operation – Eco Park - Jobs

It is estimated that up to 3 Direct jobs (full and part time) will be generated from maintenance activity involving the park and visitor center. Most or all of these positions will be seasonal according to state. Due to the small size of the operational budget, no indirect or induced jobs are anticipated as a result of the investment. .

Jobs

Direct	3
Indirect & Induced	0
Total	**3**

Economic Impact Operation – Eco Park - Output

Maintenance operations at Eco Park are projected to be $115,000 annually. No indirect or induced impact is anticipated due to the relatively small initial output

Output

Direct	$ 115,000
Indirect & Induced	$ 0
Total	**$ 115,000**

Economic Impact Operation – Eco Park - Earnings

Annual total gross direct earnings arising from maintenance and operation is projected at $42,000 annually. No meaningful spin-off in indirect or Induced earning are expected to occur in the region given the small scale of initial earnings.

Earnings

Direct	$ 42,000
Indirect & Induced	$ 0
Total	**$ 42,000**

6.2 Fiscal Impact – Eco Park

6.2.1 Fiscal Impact -Town of Waterford

A. Waterford Public Revenues - Eco Park

Estimated Real Estate Taxes

Under the Eco Park Alternative there is no commercial component with a leasehold interest on improvements as presented in Hybrid and Destination Park. Thus the only form of taxes to be paid on Eco Park will be in the form of PILOT taxes (Payment in Lieu of Taxes) paid by the state which vary from year to year based on state appropriations. Moreover, as the Eco Park plan calls for demolition of all State-owned buildings on site with exception of the Garage Building, it is estimated that net assessment on the property could fall by as much as $7.0 million based on latest valuation, or 20%, to essentially the assessed value of the land[44]. While it is difficult to calculate the impact of lower assessment on state PILOT payments, under a private ownership scenario, the demolition of buildings called for in Eco Park would result in an estimated annual tax loss to the town of $170,418, based on current mill rate[45].

Real Estate Tax Impact resulting from Demolition of Buildings	
Estimated % Reduction in Net Assessment ……. -20%	

One Time Revenues

While the state is not required to obtain and pay building permit fees issued by local municipalities, it is required to pay demolition fees. Under the Eco Park alternative five properties are slated for demolition at a cost of $1.145 million[46]. In Waterford, demolition fees are calculated based on total cost of demolition, similar to building permit fees, and would total an estimated $11,600 for the five properties[47].

Demolition Cost – five properties	*$1,145,000[48]*
Total Non-Recurring Fees (Demolition Permit)	**$11,600**

[44] Current assessment of Seaside State Park in Waterford is $33,989,030 with land assessed at $26,794,270 and Improvements at $7,194,760 (Source: Vision Appraisal – Town of Waterford).
[45] Under the state PILOT program (Payment In Lieu of Taxes), state tax payments could drop by as much as 20% under this scenario based on latest revaluation. It is to be noted that State tax payments under PILOT on public property are set at 45% of taxes that the municipality would otherwise collect on the property. However, actual payments are subject to state appropriations on funding PILOT.
[46] Source: WJE Associates "Seaside Sanitorium: Exterior Envelope Condition Assessment", July 2015
[47] Properties targeted for demolition under Eco Park: Hospital Building, Nurses Residence, Superintendents residence, Duplex residence and garage, and Old Pump House.
[48] Source: WJE Associates

B. Waterford Public Costs - Eco Park

Under the Eco Park alternative, the State would assume all costs for maintenance, care, repair, upgrades, safety and security at the park. More to the point, there are no commercial (or residential) components in Eco Park Alternative whose operations could result in a fiscal cost on town resources. Accordingly, under this alternative, no public cost impact is anticipated on Town of Waterford from the on-going operation of the park[49].

Estimated Municipal Public Cost Annually – Eco Park…….$0

6.2.2 Fiscal Impact – State of Connecticut

A. State of CT - Public Revenues - Eco Park

Park Entrance Fees

State of Connecticut Department of Energy & Environmental Protection (DEEP), which oversees management and operation of state parks and forests, estimate a total day use visitation of 50,000 visitors per year at Seaside following completion of improvements with most occurring during the core months of June through August.

According to DEEP, it is possible, but not conclusive, that parking fees will be assessed for day use of park during in-season period. Based on estimation of 21,500 visitors during in-season period (June-August)[50] and a split of 82% in-state visitation versus 18% out of state, Parking Fee income is estimated at $83,337 per year as indicated below. This fee does not include walk-in visitors or bikers[51]. Parking fee revenue also does not account for visitors with Charter Oak or Veteran park passes, nor discounts associated with visitors with seasonal park passes.

Est. # of Visitors (June-August)	21,500
Est. # of Visiting Cars (3.5 persons/car)	6,143
% In-state Visitors	82%
% Out-State Visitors	18%
Est. Annual Parking Fee Income	**$83,377**

[49] No direct fiscal costs are assigned to Waterford on operations and maintenance inside the park under this scenario. It is possible however, but hard to calculate, that some level of fiscal cost to the town could occur outside the park due to activity inside the park.
[50] Source: CT DEEP
[51] Please Refer to Appendix for more complete detail on methodology for calculating Parking Fee Income.

B. State of CT - Public Costs - Eco Park

State Operation and Maintenance Costs

The State of Connecticut's Department of Energy and Environmental Protection (DEEP) will be responsible for all maintenance and operation costs at Seaside State Park under the Eco Park alternative. Based on feedback from DEEP, it is estimated that annual operating costs for Seaside State Park would approximate $100,000 per year. Building Maintenance, Clean-up and Repair expenses of the Visitor Center is estimated at $15,000 annually.

Operation & Maintenance - Park	$100,000
Building Maintenance & Repair	$15,000
Total - Annual	**$115,000**

Connecticut Site Improvement Expense

Site improvement costs, including demolitions, and building improvement expenses linked to public buildings such as the Visitor Center, are assumed to be the obligation of the state. This cost under the Eco Park alternative is estimated at a cost of $8.39 million (refer to appendix for breakdown of construction costs). Assuming the state bonds for this cost, annual payments are estimated at $564,500 annually based on an interest rate of 3.125% and a 20 year term. This figure does not include legal and underwriting fees[52].

CT Site Improvement Expense	$8,387,000
3.125% Interest, 20 year term	
Estimated Cost of Bond- Annually	**$564,487**

[52] Estimated $ amount for bond repayment is a broad estimate to be used for comparative purposes only with other alternatives. Its inclusion in this analysis is largely to reflect order of magnitude on possible state cost for underwriting capital improvements within Seaside Park. Actual cost and funding for such improvements will vary depending on state funding appropriations, availability of grants, and ultimate design and use of park.

6.3 Summary – Projected Economic & Fiscal Impact – Eco Park

Economic Impact – Eco Park

Construction Phase *– Initial Output $8.3 Million (2015 dollars)*

	Output	Earnings	Jobs
Direct	$8,301,000	$1,856,000	29
Indirect/Induced	$4,080,000	$ 928,000	20
Total (12 months)	**$12,381,000**	**$2,784,000**	**49**

Operation Phase* *– Initial Output $115,000 (2015 dollars)*

	Output	Earnings	Jobs
Direct	$115,000	$42,000	3
Indirect/Induced	0	0	0
Total (Annual)	**$115,000**	**$42,000**	3

*Annual

Fiscal Impact – Eco Park

Town of Waterford

Local Revenue *(Current $)*		***Local Cost*** *(Current $)*	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes – State Pilot.*	**TBD, 20% Decline***	Municipal Serv. & Support Cost	$0
Total Local Revenue (Annual)*	**TBD, 20% Decline***	**Total Local Cost (Annual)**	**$0**
One-Time Revenue**	$11,600		

*The demolition of all State-owned buildings but the Garage Building in Seaside State Park in the Eco Park alternative , combined with only minor new construction-renovation, could result in an estimated 20% decline in net assessment on the Seaside State Park property that would likely lead to lower PILOT payments. **One-time Demolition Permit Fees only

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Park Entrance Fees**	$ 83,377	Park & Bldg Maintenance & Operation	$115,000
		Bond Repayment – Capital Exp***.	$564,487
Total State Revenue (Annual)	**$ 83,377**	**Total State Cost (Annual)**	**$679,487**

*Annual ** Parking Fee possible, but not conclusive per DEEP. *** $8.39 million General Obligation Bond, 3.125% interest, 20 year term

Part Seven: Economic-Fiscal Impact –Passive Park

7. Economic & Fiscal Impact Analysis – Passive Park

The Passive Park concept represents an understated approach to park development with no commercial component and modest site improvements that center on repair of the seawall, creation of a waterfront pathway, and improvement-upgrade of open grounds and lawn now present on site. Existing roadways and paved walkways would remain as is or repaired as necessary, while parking for visitors would be created at the park entrance. Under the Passive Park scenario, however, there would be no Visitor Center-Changing Room facility.

Similar to Eco Park, demolition would be extensive with all existing buildings on the site demolished, including the Garage Building at the entrance to the park.

Project Costs and Programmatic details for Passive Park Alternative are provided below.

Project Costs - Passive Park

Demolition	$ 1.19 million
Site Improvements	$ 1.48 million
Total Cost (2015$)	**$ 2.67 million**

Building Programmatic Elements - Passive Park

Demolition

- Main Hospital
- Nurses Residence
- Superintendents Residence
- Duplex & Garage
- Old Pump House
- Garage Building

Site Improvement Elements - Passive Park

- Site Improvements – including seawall restoration & parking
- Walking Trail
- Picnicking/BBQ Grounds
- Open Lawn Restoration
- Savannah Grasslands

7.1 Economic Impact – Passive Park

7.1.1 Economic Impact - Construction Phase/Passive Park

Passive Park has no restoration or building construction component. Instead the overall budget is divided between demolition of all six properties on site and modest site improvements designed to improve existing open grounds, seawall and beach and add visitor parking.

Site preparation costs involving the demolition of all existing buildings on site is estimated at cost of $1.185 million[53]. Overall site improvements are estimated at $1.5 million. Under this scenario there is no Fishing Pier, Kayak Launch and no enhancement of wetlands and wooded areas on site.

For purposes of this analysis, the economic impacts of both site preparation and site improvement components are aggregated into a single projection of economic impact for construction phase. All calculations for construction phase reflect total impacts and in terms of jobs, both full and part time equivalents. Earnings and output are reflected in 2015 dollars.

Economic Impact Construction – Passive Park - Jobs

Demolition and site development associated with Passive Park is expected to create 10 direct on-site/off-site construction jobs during construction phase. An additional 7 indirect and induced jobs will be during the construction cycle resulting in total impact of 17 jobs.

Jobs

Direct Construction Jobs	10
Indirect & Induced	7
Total	**17**

[53] Estimates for renovation and demolition estimates of existing buildings on site provided by WJE Associates.

Economic Impact Construction – Passive Park - Output

Based on the original investment of $2.67 million in the development, we anticipate indirect output of $1.3 million. Total construction output, both direct and indirect/induced, is estimated at $4 million.

Output

Direct	$ 2,670,000
Indirect & Induced	$ 1,331,000
Total	**$ 4,001,000**

Economic Impact Construction – Passive Park - Earnings

Gross total salaries and wages (earnings) arising from construction budget are projected to total $910,000. On site construction wages contribute $602,000 to the total earnings shown below.

Earnings

Direct	$ 602,000
Indirect & Induced	$ 308,000
Total	**$ 910,000**

7.1.2. Economic Impact - Operation Phase/ Passive Park

Without a commercial component, there is very little operational activity associated with the Eco Park concept other than maintenance and care of the park by the state. Estimates provided by the state indicate operational and maintenance costs of the park of up to $100,000 per year.

Economic Impact Operation – Passive Park - Jobs

It is estimated that up to 3 Direct jobs (full and part time) will be created from maintenance and operation activity involving the park. Most or all of these positions will be seasonal according to state. Due to the small size of the operational budget, no indirect or induced jobs are anticipated as a result of the investment. .

Jobs

Direct	3
Indirect & Induced	0
Total	**3**

Economic Impact Operation – Passive Park - Output

Maintenance operations at Passive Park are projected to be $100,000 annually. This budget is slightly lower than Eco Park which has a visitor center/bathhouse to maintain and operate. No indirect or induced impact is anticipated due to the relatively small initial output

Output

Direct	$ 100,000
Indirect & Induced	$ 0
Total	**$ 100,000**

Economic Impact Operation – Passive Park - Earnings

Annual total gross direct earnings arising from maintenance and operation is projected at $37,500 annually. No meaningful spin-off in indirect or Induced earning are expected to occur in the region given the small scale of initial earnings.

Earnings

Direct	$ 37,500
Indirect & Induced	$ 0
Total	**$ 37,500**

7.2 Fiscal Impact – Passive Park

7.2.1 Fiscal Impact -Town of Waterford

A. Waterford Public Revenues - Passive Park

Estimated Real Estate Taxes

Under the Passive Park Alternative there is no commercial component with a leasehold interest on improvements as presented in Seaside Hybrid and Destination Park. Thus the only form of taxes to be paid on Passive Park will be in the form of PILOT taxes (Payment in Lieu of Taxes) paid by the state which can vary from year to year based on state appropriations. Moreover, as the Passive Park plan calls for demolition of all buildings including the Garage Building, it is estimated that net assessment on the property could fall by as much as $7.0 million based on latest valuation, or 21%, to essentially the assessed value of the land[54]. While it is difficult to calculate impact on state PILOT payments, under a private ownership scenario, the demolition of buildings called for in Passive Park would result in an estimated annual tax loss to the town of $178,667 based on current mill rate[55].

Real Estate Tax Impact resulting from Demolition of Buildings	
Estimated Reduction in Net Assessment…….-21%	

One Time Revenues

While the state is not required to obtain and pay building permit fees to local municipalities, it is required to pay demolition fees. Under the Passive Park alternative six properties (seven buildings) are slated for demolition at an estimated cost of $1.185 million[56]. Based on demolition cost, demolition permit fees would total an estimated $12,000 for the six properties[57].

Demolition Cost – six properties	*$1,185,000*
Total Non-Recurring Fees (Demolition Permit)	**$12,000**

[54] Current assessment of Seaside State Park in Waterford is $33,989,030 with land at $26,794,270 and improvements at $7,194,760.

[55] Under the state PILOT program (Payment In Lieu of Taxes), state tax payments could drop by as much as 21% under this scenario based on latest revaluation. It is to be noted that State tax payments under PILOT on public property are set at 45% of taxes that the municipality would otherwise collect on the property. However, actual payments are subject to state appropriations on funding PILOT.

[56] Source: WJE Associates, "Seaside Sanitorium: Exterior Envelope Condition Assessment", July 2015

[57] Properties targeted for demolition under Passive Park: Hospital Building, Nurses Residence, Superintendents residence, Duplex residence and garage, Garage Building and Old Pump House.

B. Waterford Public Costs - Passive Park

Under the Passive Park alternative, the State would assume all costs for maintenance, care, repair, upgrades, safety and security at the park. More to the point, there are no commercial (or residential) components in the Passive Park Alternative whose operations could result in a fiscal cost on town resources. Accordingly, no public cost impact is anticipated on Town of Waterford from the on-going operation of the park[58].

Municipal Public Cost – Passive Park……$0 – no cost impact

7.2.2 Fiscal Impact –State of Connecticut

A. State of CT - Public Revenues - Passive Park

Park Entrance Fees

State of Connecticut Department of Energy & Environmental Protection (DEEP), which oversees management and operation of state parks and forests, estimate a total day use visitation of 50,000 visitors per year at Seaside following completion of improvements with most occurring during the core months of June through August.

According to DEEP, it is possible, but not conclusive, that parking fees will be assessed for day use of park during in-season period. Based on estimation of 21,500 visitors during in-season period (June-August)[59] and a split of 82% in-state visitation versus 18% out of state, Parking Fee income is estimated at $83,337 per year as indicated below. This fee does not include walk-in visitors or bikers[60]. Parking fee revenue also does not account for visitors with Charter Oak or Veteran park passes, nor discounts associated with visitors with seasonal park passes.

Est. # of Visitors (June-August)	21,500
Est. # of Visiting Cars (3.5 persons/car)	6,143
% In-state Visitors	82%
% Out-State Visitors	18%
Est. Annual Parking Fee Income	**$83,377**

[58] No direct fiscal costs are assigned to Waterford on operations and maintenance inside the park under this scenario. It is possible however, but difficult to calculate, that some level of fiscal cost to the town could occur outside the park due to activity inside the park.
[59] Source: CT DEEP
[60] Please Refer to Appendix for more complete detail on methodology for calculating Parking Fee Income.

B. State of CT - Public Costs - Passive Park

State Operation and Maintenance Costs

The State of Connecticut's Department of Energy and Environmental Protection (DEEP) will be responsible for all maintenance and operation costs at Seaside State Park under the Passive Park alternative. Based on feedback from DEEP, it is estimated that annual operating costs for Seaside State Park would approximate $100,000 per year. Under Passive Park alternative there are no structures or buildings to maintain.

Operation & Maintenance - Park	$100,000
Building Maintenance & Repair	$0
Total - Annual	**$100,000**

Connecticut Site Improvement Expense

Site improvement costs, including demolitions, called for in Passive Park alternative are assumed to be the obligation of the state. This cost under the Passive Park alternative is modest with an estimated cost of $2.69 million (refer to appendix for breakdown of costs). Assuming the state bonds for this cost, annual payments are estimated at $180,900 annually based on an interest rate of 3.125% and a 20 year term. This figure does not include legal and underwriting fees[61].

CT Site Improvement Expense	$2,688,000
3.125% Interest, 20 year term	
Estimated Annual Cost of Bond- Annually	**$180,916**

[61] Estimated $ amount for bond repayment is a broad estimate to be used for comparative purposes only with other alternatives. Its inclusion in this analysis is largely to reflect order of magnitude on possible state cost for underwriting capital improvements within Seaside Park. Actual cost and funding for such improvements will vary depending on state funding appropriations, availability of grants, and ultimate design and use use of park.

7.3 Summary – Projected Economic & Fiscal Impact – Passive Park

Economic Impact – Passive Park

Construction Phase *– Initial Output $2.7 Million (2015 dollars)*

	Output	Earnings	Jobs
Direct	$2,670,000	$602,000	10
Indirect/Induced	$1,331,000	$308,000	7
Total (6 months)	**$4,001,000**	**$910,000**	**17**

Operation Phase* *– Initial Output $100,000 (2015 dollars)*

	Output	Earnings	Jobs
Direct	$100,000	$37,500	3
Indirect/Induced	0	0	0
Total (Annual)	**$100,000**	**$37,500**	3

*Annual

Fiscal Impact – Passive Park

Town of Waterford

Local Revenue *(Current $)*		***Local Cost*** *(Current $)*	
Revenue Type	Revenue $	Cost Type	Cost $
RE Taxes – State Pilot.*	**TBD-21% Decline***	Municipal Serv. & Support Cost	$0
Total Local Revenue (Annual)*	**TBD- 21% Decline***	**Total Local Cost (Annual)**	**$0**
One-Time Revenue**	$12,000		

*The demolition of all State-owned buildings in the Passive Park alternative, combined with no new construction, could result in an estimated 21% decline in net assessment of the Seaside State Park property that would likely lead to lower PILOT payments.
**One-time Demolition Permit Fees Only

State of Connecticut

State Revenue *(Current $)**		***State Cost*** *(Current $)**	
Revenue Type	Revenue $	Cost Type	Cost $
Park Entrance Fees	$ 83,377	Park & Bldg Maintenance & Operation	$100,000
		Bond Repayment – Capital Exp**.	$180,916
Total State Revenue (Annual)	**$ 83,377**	**Total State Cost (Annual)**	**$280,916**

*Annual ** $2.69 million General Obligation Bond, 3.125% interest, 20 year term

Part Eight: Economic-Fiscal Impact –No Build

8.0 Economic & Fiscal Impact Analysis – No Build Alternative

8.1 Economic Impact – No Build Alternative

The No Build Alternative represents a concept which calls for no changes to be made at Seaside State Park in terms of upgrade or operations. In essence, it is an alternative that maintains the present status quo as follows:

- Site continues to be maintained and operated as a state park.
- All buildings on site remain "as is" in their current[62].
- No repairs or upgrades are undertaken on buildings or site, other than those required to maintain stability of buildings and provide for safety and security of visitors .
- Site conditions including beach, jetties and seawall remain "as is".
- Designated parking at entrance to park remain "as is".

As there is no initial construction investment involved under the "No Build", nor operational change, there is no economic impact to measure.

8.2 Fiscal Impact – No Build Alternative

Fiscal Impact - Waterford

Based on Waterford's latest revaluation (2013), Seaside State Park is appraised at $48,555,760 (land & buildings), with net assessment calculating to $33,989,030[63]. If Seaside State Park was under private ownership, the tax levy on Seaside State Park at the current mill rate of 26.78 is estimated at $910,226.

However, as the park is State-owned, including all but one property on-site, payment of property taxes for Seaside State Park is made under the state's PILOT program (Payment in Lieu of Taxes) which sets a ceiling on real estate taxes paid of 45% of such taxes that could be collected by the town under private ownership[64].

The chart below compares the local estimated tax impact of the four development concepts for the park as measured by estimated change in net assessment compared to the No Build

[62] While no maintenance or upgrade expenses are incurred under no build, It is noted that the state is in the process of undertaking a remediation program targeting all buildings.

[63] Current assessment obtained through Vision Appraisal (VA) may be slightly inflated as a number of minor (non-historic) buildings have been demolished since last reval and have yet to be recorded on VA field card.

[64] Actual tax payments made by the state vary from year to year based on state appropriations. In latest fiscal year, the state's PILOT payment to Waterford for Seaside Park is estimated at $83,482, well under the 45% ceiling.

alternative. Not surprisingly, the two hotel concepts show a marked increase in estimated assessment, while Eco Park and Passive Park, which called for demolition of all or nearly all State-owned buildings on site, reflect a net decline in estimated assessment of 20 to 21% from "No Build" current assessment. *Note this comparison of assessment does not include site improvements proposed for each alternative, much of which is landscaping, but does include the impact on assessment from parking and paving, and in the case of Eco and Passive Park – demolitions of existing improvements*.

Comparison of Estimated Net Assessment on Development Alternatives to "No Build" Alternative

No Build Alternative	Current Assessment* $33,989,030	
Development Alternatives	**Improvements & Land Estimated New Assesment****	**% Change**
Hybrid	$46,372,571	36.4%
Destination	$43,877,771	29.1%
Eco Park	$27,252,071	-19.8%
Passive Park	$26,936,336	-20.7%
* Source: Town of Waterford, Vision Appraisal	** Excludes Site Improv. other than parking	

Fiscal Impact - State of Connecticut

Under the No Build alternative, the state accrues no additive revenue in the form of taxes or fees, nor incurs any additional capital or operational costs associated with new site or building improvements.

Appendix

APPENDIX

ECONOMIC – FISCAL IMPACT

SEASIDE PARK DEVELOPMENT

Appendix

Construction Budget – Hybrid Park Alternative

Hybrid -100 Room Hotel/Visitor Ctr-Changing Rm/Park Construction v6

Building HardCosts - Seaside Hybrid

Hybrid - 100 Unit Luxury Hotel & Visitor Center	Building SF	# of Hotel Rooms	Cost $/SF or total	Hard Cost-Bldg ($million)	Source
1. Main Lodge & Auxilliary Bldgs					
Functional Bldg Renovation*				$10.101	WJE
Interior Build-Out (Hotel space)	65,000	70	$125.75	$8.174	PKF
Interior Build-Out (Storage/Other)	18,800	0	$100.00	$1.880	RS Means
2. New Hotel Auxillary Building	15,000	30	$221.40	$3.321	PKF
3. Park Visitor Center					
Functional Bldg Renovation*				$0.095	WJE
Interior Build-Out (Visitor space)	2,500		$120.00	$0.300	GZA
Total	**101,300**	**100**		**$23.871**	

*. Functional Renovation includes Hospital, Nrs Resid,, Superintendent Housing, and Duplex, Duplex Garage,Pump House and Garage Bldg

Building Soft Costs (excludes financing + contingency) - Seaside Hybrid

Hybrid - 100 Unit Luxury Hotel		$ Per Room		Bldg Soft Costs ($million)	Source
Hotel & Non-defined Use space					
FF&E		$38,571		$3.857	PKF
Pre-Opening Expenses		$5,500		$0.300	PKF
Operating Sup & Equip		$3,800		$0.380	PKF
Working Capital		$3,500		$0.100	PKF
Legal, Taxes, Insurance, Fees		$4,500		$0.750	PKF
A & E Fees (3% of Hard Costs)				$0.704	PKF
Developer Fees (3% of Hard Costs)				$0.704	PKF
Park Visitor Center					
Soft Costs (15% of Hard Costs)				$0.06	
Total				**$6.855**	

Site Development Hard & Soft Costs - Seaside Hybrid

Hybrid - 100 Unit Luxury Hotel				Site Costs ($million)	Source
1. Site Improvements				$8.40	Sasaki
2. Seawall Repair				$0.30	COWI
3. Fishing Pier -Pile Supported				$5.10	COWI
4. Oyster Bed Creation (oyster bed cost in site Improve)					COWI
5. Other Site Development				$0.143	DEEP
Total				**$13.94**	

Total Development Costs - Seaside Hybrid

Hybrid - 100 Unit Luxury Hotel	($million)
1. Building & Improvements	$30.73
2. Site Development	$13.94
Total	**$44.67**

* Note: Budget Modified for use in Economic Impact Model - Excludes financing and contingency fees

Appendix

Construction Budget – Destination Park Alternative

Destination Alternative - 63-room Hotel/ Visitor Ctr-Changing Rm/Park Construction v6

Building HardCosts - Destination Park

Destination - 63 Unit Luxury Hotel & Visitor Center	Building SF	# of Hotel Rooms	Cost $/SF or total	Hard Cost-Bldg ($million)		Source
1. Main Lodge & Auxilliary Bldgs						
Functional Bldg Renovation*				$10.101		WJE
Interior Build-Out (Hotel space)	83,740	63	$125.75	$10.530		PKF
3. Park Visitor Center						
Functional Bldg Renovation*				$0.095		WJE
Interior Build-Out (Visitor space)	2,500		$120.00	$0.300		GZA
Total	**86,240**	**63**		**$21.026**		

*Functional Renovation includes
Hospital, Nrs Resid,, Superintendent
Housing, and Duplex, Duplex Garage ,Pump House
Garage Building

Building Soft Costs (excludes financing + contingency) - Destination Park

Destination - 63 Unit Luxury Hotel		$ Per Room		Bldg Soft Costs ($million)		Source
Hotel & Non-defined Use space						
FF&E		$38,571		$2.430	63	PKF
Pre-Opening Expenses		$5,500		$0.347		PKF
Operating Sup & Equip		$3,800		$0.239	63	PKF
Working Capital		$3,500		$0.221		PKF
Legal, Taxes, Insurance, Fees		$4,500		$0.284		PKF
A & E Fees (3% of Hard Costs)				$0.619		PKF
Developer Fees (3% of Hard Costs)				$0.619		PKF
Park Visitor Center						
Soft Costs (15% of Hard Costs)				$0.059		Means
Total				**$4.817**		

Site Development Hard Costs & Soft Costs - Destination Hotel

Destination - 63 Unit Luxury Hotel				Site Costs ($million)		Source
1. Site Improvements				$8.188		Sasaki
2. Seawall Repair				$0.300		COWI
3. Fishing Pier - Pile Supported				$5.100		COWI
4. Tidal Pool Creation				$0.100		COWI
5. Other Site Improvement				$0.141		DEEP
Total				**$13.829**		

Total Development Costs

Destination 63-Unit Luxury Hotel				($million)		
1. Building & Improvments				$25.84		
2. Site Development				$13.83		
Total				**$39.67**		

* Note: Budget Modified for use in Economic Impact Model - Excludes financing and contingency fees

Appendix

Construction Budget – Eco Park Alternative

Eco Park Alternative - Visitor Ctr-Changing Room/ Site Development v6

Building HardCosts - Eco Park

Eco Park -Building Hard Costs & Demolition	Building SF		Cost $/SF or total	Hard Cost-Bldg ($million)	Source
1. Demolition (all but Garage Bldg)				$1.145	WJE
Site Preparation					
2. Park Visitor Center					
Functional Bldg Renovation*				$0.095	WJE
Interior Build-Out (Visitor space)	2,500		$120.00	$0.300	GZA
Total	**2,500**			**$1.540**	

*Renovation to Functional Cond cost source: WJE

Building Soft Costs (excludes financing and contingency) - Eco Park

Eco Park-Visitor Center				Bldg Soft Costs ($million)	Source
Park Visitor Center					
Soft Costs (15% of Hard Costs)				$0.06	Means
Total				**$0.059**	

Site Development Hard & Soft Costs - Eco Park

Eco Park Site Improvements				Site Costs ($million)	Source
1. Site Improvements -parking				$4.505	Sasaki
2. Seawall Demolition				$0.300	COWI
3. Fishing Pier				$1.400	COWI
4. Sand Beach Improvements				$0.500	COWI
5. Other Site Improvements				$0.0830	DEEP
Total				**$6.788**	

Total Development Costs - Eco Park*

Eco Park with Visitor Center				($million)	
1. Demolition				$1.145	
2. Building & Improvements				$0.454	
3. Site Development				$6.788	
Total				**$8.387**	

* Note: Budget Modified for use in Economic Impact Model - Excludes financing and contingency fees

Appendix

Construction Budget – Passive Park Alternative

Passive Park Alternative - Site Improvements v6					
Building HardCosts - Passive Park					
Passive Park -Demolition Only	Building SF		Cost $/SF	Hard Cost-Bldg ($million)	Source
1. Demolition (All 7 BLdgs)				$1.185	WJE
Site Preparation					
(No Visitor Center/Changing Room)					
Total				$1.185	
Site Development Hard & Soft Costs - Passive Park					
Passive Park - Site Improvements				Site Costs ($million)	Source
1. Site Improvements				$1.30	Sasaki
(No Fishing Pier)					
2. Parking - 90 spaces					
Hard cost	184,500			$0.185	Sasaki
soft cost - 10%	18,450			$0.018	
Total				$1.503	
Total Development Costs - Passive Park*					
Passive Park - Site Improvments				($million)	
1. Demolition				$1.185	
2. Site Development				$1.503	
Total Development Cost				$2.69	
* Note: Budget Modified for use in Economic Impact Model - Excludes financing and contingency fees					

Appendix

State-Owned Buildings in Seaside State Park

State-Owned Seaside Park Bldgs.	Gross SF	Net Sf
Hospital Building	71,858	68,090
Nurses Residence	20,280	19,090
Superintendent House	7,185	7,085
Duplex Residence	8,320	7,900
Duplex Garage	560	560
Garage Building (multiple bays)	1,865	1,865
Old Pump House	300	300
Total	**110,368**	**104,890**

Source: WJE Associates

Estimated Cost to Upgrade Exterior of Buidlings to Functional Condition

State-Owned Seaside Park Bldgs.	Gross SF	Functional Upgrade
Hospital Building	71,858	$6,854,000
Nurses Residence	20,280	$1,661,000
Superintendent House	7,185	$808,000
Duplex Residence	8,320	$447,000
Duplex Garage	560	$156,000
Garage Building (multiple bays)	1,865	$95,000
Old Pump House	300	$80,000
Total	**110,368**	**$10,101,000**

Source: WJE Associates

Estimated Cost to Demolish State-Owned Properties

State-Owned Seaside Park Bldgs.	Gross SF	Demolition Cost
Hospital Building	71,858	$700,000
Nurses Residence	20,280	$250,000
Superintendent House	7,185	$75,000
Duplex Residence	8,320	$80,000
Duplex Garage	560	$20,000
Garage Building (multiple bays)	1,865	$40,000
Old Pump House	300	$20,000
Total	**110,368**	**$ 1,185,000**

Source: WJE Associates