

Economic, Demographic and Fiscal Impact
of the Proposed
Killington Village Master Plan
in Killington, Vermont

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Executive Summary

SP Land Company, LLC (“**SPLC**”) has prepared the Killington Village Master Plan that proposes to construct 2,300 individually occupied residential units, commercial space, and a replacement skier services building over the next twenty years as part of its conceptual master plan for the lands at the base of Killington Mountain in the area of the Killington Resort (“**Resort**”). This analysis measured the economic, demographic, and fiscal impact of this project and examined the project’s impact in light of Criteria 6, 7, 9(A), and 9(H) of Act 250. We found:

- SPLC’s Village Master Plan will lead to the creation of 974 jobs in Rutland County by 2017. This will lead to a payroll increase in the county of more than \$33 million in 2017. Then from 2021 through 2034 the number of new jobs in the county will average 1,564 with an average payroll increase of \$60 million.
- The Village Master Plan will have a limited demographic impact on the host town and region. By 2017 there will be 161 new residents in Rutland County because of the project. The Town of Killington (“**Town**”) will see 29 new residents. The City of Rutland will gain 40 new residents. All other towns in the region will see no significant increase in population.
- The proposed project will have no impact on education property tax bills in the host Town. There exists adequate space in the school for the limited number of new students generated from this project. No municipality will see a measurable impact on school finances from the proposed project.
- The Village Master Plan will have a significant, positive impact on the municipal finances of the Town. No city or town in the county will see a material impact from the project on its tax bills.
- The total growth and rate of growth in the Town and region will be essentially unchanged from this project. The rate of population, housing, and employment growth with the project is nearly the same as it would have been in the absence of the project.
- The Village Master Plan will be a net benefit to the region. The combined net impact on municipal budgets plus the job and payroll growth are clearly net benefits to the region.
- Therefore, SPLC’s Village Master Plan conforms to all requirements and standards of Criteria 6, 7, 9(A), and 9(H) of Act 250.

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I. Purpose and Outline of this Report

The Village Master Plan proposes 2,300 individually occupied residential units, commercial space, and a replacement skier services building in the Village Core over the next twenty years as part of its conceptual master plan for the lands at the base of the Killington Mountain in the area of the Killington Resort.

SPLC must secure an Act 250 land use permit before beginning construction. Several of the criteria of Act 250 are best answered with a detailed economic, demographic, and fiscal impact analysis of the project. The purpose of this report is to present the findings of such an analysis as performed by Northern Economic Consulting, Inc.

This report begins in Section II with a description of the proposed Village Master Plan. Section III discusses secondary growth that may accompany the project. Section IV presents the methodology behind this analysis. Then Section V presents the basic economic and demographic impacts of this project

This analysis then turns to measuring the fiscal impact of the Village Master Plan. Section VI discusses the impact of the project on the school system of towns and cities in the region (Criterion 6 of Act 250). Section VII measures the impact of the project on the municipal budgets of the towns and cities in the region (Criterion 7). Section VIII shows the impact of this project on the growth and rate of growth in the region (Criterion 9(A)). Section IX discusses the concept of scattered development and the costs and benefits of the project (Criterion 9(H)). Finally, Section X summarizes the major conclusions of this analysis.

II. Details of SPLC’s Killington Village Master Plan

The Village Master Plan will contain 2,300 individually occupied residential units which will be constructed as demand for them unfolds in several phases over the next two or three decades. The project is set to be developed in the following phases.

Killington Village Master Plan Details					
Phase	Residential Units	Residential SF	Commercial SF	Skier Services SF	Timing
I	253	443,700	31,500	76,500	2013-2014
II	250	334,375	35,000	---	2015-2016
III	200	400,000	5,000	---	2017-2019
IV-IX	1,597	2,624,871	69,042	---	2020-2034
	2,300	3,802,946	140,542	76,500	

Phase I will consist of 253 residential units covering a total of 443,700 square feet of residential area. These units are all either in the Village Core or Ramshead Brook Subdivision. In addition to the residential units, there will be 31,500 square feet of commercial/retail space consisting of retail stores, restaurants, bars and similar services to visitors to the Village Core. Finally, the existing skier services buildings will be replaced with a new 76,500 square foot facility. At the completion of Phase I there will be in place approximately one-third of the Village Center envisioned by SPLC. For purposes of this report, Phase I is assumed to run from 2013 through 2014.¹

Phase II will add 35,000 square feet of commercial space to the Village Core. The vast majority of this commercial area is anticipated to be located within the planned hotel for the Village Core. Approximately 250 residential units will be constructed as well that includes an approximate 155 unit hotel.

Phase III will finish the commercial aspect of the Village Core with a final, small additional space. Phase III will see an additional 200 built in the Village Core and other subdivisions within the Village Master Plan.

¹ The model used to estimate the impacts from this projects operates on an annual basis. For that reason, the project’s timing has been adjusted to fit into yearly phases.

The remainder of the project will be finished in Phases IV through IX totaling 1,597 residential units with 2,624,871 square feet. For purposes of this analysis, these phases are assumed to be carried out with a constant annual construction rate over fourteen years from 2020 through 2034.

The estimated total cost of construction is estimated at \$1.12 billion. This includes \$320 million in project and land development costs and \$800 million in building construction costs.

Finally, employment will be generated at the site during construction and then during the ongoing operation of the new facilities. The construction employment is estimated based on the construction expense listed above. The employment at the new commercial/retail spaces and the various types of residential housing is estimated as shown below.

Killington Village Master Plan New Employment (Non-construction)			
Phase	Employment Type	# of Employees	Payroll (2010 \$)
I	Retail	130	\$2,790,970
“	Restaurant/bar	125	\$1,931,250
‘	Property Mgmt	20	\$595,700
II	Retail	143	\$3,070,067
“	Restaurant/bar	138	\$2,132,100
“	Hotel	93	\$2,014,194
“	Property Mgmt	15	\$446,775
III	Retail	21	\$450,849
	Restaurant/Bar	20	\$309,000
	Property Mgmt	18	\$536,130
IV - IX	Retail	22 additional per year	\$472,318 additional per year
	Restaurant/Bar	21 per year	\$324,450 additional per year
	Hotel	120 in Phase V or VI	\$2,598,960 in Phase V or VI
	Property Mgmt	9 per year	\$268,065 additional per year

The wages are based on average Vermont wages per industry.

III. Secondary Growth

The Environmental Board and District Commissions have indicated that fiscal impact analyses should include measures of the impact of any secondary growth which is caused by a project. We discuss the Board's view of secondary growth and explain how it has been incorporated into our analysis. Secondary growth is defined by the Environmental Board in a 1995 decision.² Its definition is very different from secondary growth or induced growth as typically used by economists. Throughout this report, the term "secondary growth" refers to that growth as defined below by the Environmental Board.

40. The proposed project is a large retail project which is likely to encourage and accelerate the development of other highway-oriented businesses in the area. The Board will refer to the additional development to be caused by the project as "secondary growth."

*41. In other New England communities, as well as in other communities across the country, Wal*Mart stores have been a catalyst for secondary growth in the vicinity of the stores. These types of stores are generally highway-oriented development, and typically can include fast-food franchises such as Burger King and Kentucky Fried Chicken, pizza and sandwich shops, gas stations, banks, video rental stores, new shopping centers, and expansion of existing shopping centers.*

We find that the highway-oriented development that the Board considers secondary growth will not occur with the proposed Village Master Plan, for three reasons:

First, the Killington Road already has a wide range of highway-oriented food services, gas stations, and banks that have the capacity to meet the needs of new visitors to the Village Master Plan.

Second, the Village Master Plan will add nearly 140,000 square feet of commercial space that will include restaurants, bars, and retail shopping opportunities that visitors can access without using their vehicles.

² Findings of Fact, Conclusions of Law, and Order, St. Albans Group and Wal-Mart Stores, Inc., Application #6F0471-EB, page 18, #41 and #42.

Third, the formal, statistically-based, input-output model used in this analysis shows little to no additional retailing and service jobs in the types of business the Environmental Board is concerned about being created by the St. Albans Wal-Mart. Specifically, the model estimated a gain of eight jobs in the food services industry (outside of the Village Master Plan restaurants) and three jobs at gasoline stations in Rutland County from the proposed project. This level of employment would most likely occur within existing stores and businesses and not come from the creation of new businesses.

Therefore, we conclude that no secondary development of the type defined by the Environmental Board is expected from the proposed Village Master Plan.

IV. Basic Study Methodology

We measure the economic impact of the Village Master Plan based on estimates of the construction spending and employment referenced in the previous section of this report. The construction impact is large and continues through 2034. The impact from the commercial/retail part of the development is small due to the limited commercial/retail space proposed.

To fully measure the economic impacts of the proposed development a dynamic forecasting and simulation model of the economy of the region can be used. Northern Economic Consulting, Inc. had such a model of the regional economy constructed specifically for this study by Regional Dynamics, Inc. (REDYN).³ This model allowed NEC to estimate the employment, income and other impacts of the proposed development in a manner which captured the full interrelationships in the Vermont economy.

For purposes of this analysis we reached the following three conclusions:

- Rutland County will feel the most direct impacts of this development. There will be some spillover into the other three southern Vermont counties. For this reason, we constructed an economic model that will prepare estimates of the impact on Rutland County alone and the three remaining southern Vermont counties of Bennington, Windham, and Windsor as a group.
- Nearly 80% of the future employees of the Village Master Plan will likely live in Rutland County. This is based on commuting patterns determined from the 2000 U.S. Census.⁴ In 2000, 82% of the employees of businesses located in the Town of Killington lived in Rutland County. Rutland City alone was home to 25% of the Town's business employees. The Town of Killington was home to 18% of the local employees.
- The relevant period of analysis for this application includes the construction years which run from 2014 through 2034.

³ See Section XIII or go to www.redyn.com for further details.

⁴ See Journey to Work and Place of Work data at www.census.gov.

V. Basic Economic and Demographic Impacts of the Village Master Plan

As proposed, the Village Master Plan will directly affect the economy of Rutland County through (1) the construction jobs and payroll created when the project is built, and (2) through the jobs and payroll created at the project's retail shops, restaurants, and bars. The net impact depends not only on the employment and wages paid directly at the site but also on the multiplier process by which the incomes of the employees and the spending of the new businesses create jobs and wages at other area businesses.

By use of the REDYN model, we are able to take into account all of these effects and estimate the economic impact of the proposed Village Master Plan. The model was estimated with two regions. The first region was the host county of Rutland. The second region consisted of three neighboring southern Vermont counties: Bennington, Windham, and Windsor. The impact of the Village Master Plan is presented below.

A. Employment and Payroll Impacts

We estimate the proposed Village Master Plan will increase the total number of jobs in Rutland County as shown in the table below.⁵

Village Master Plan: Total Employment Impact in Rutland County	
Selected Years	Jobs
2013 - first year of construction	396
2015 - first year of operation of Phase I	613
2017 - first year of operation of Phase II	974
2020 -first year of operation of Phase III	1,098
2021-2034 average	1,564

⁵ Note that the job impacts are not cumulative. That is, there is a gain of 396 jobs in 2013. The gain increases to 613 in 2015. It is not correct to count the job gain in 2015 as the sum of 396 and 613. The gain is just 613.

The distribution of jobs in 2017 is typical of that from 2015 through 2034. The jobs in 2017 are primarily in retail trade, food services, and construction.

Village Master Plan: Total Employment Impact in Rutland County 2017	
Industry	Jobs
Retail trade	302
Food services	273
Construction	171
Accommodations	99
Real estate, renting and leasing	41
Health care and social assistance	21
All else	67

There will also be small employment increases in the neighboring counties during this period, averaging a gain of 56 new jobs from 2013 to 2034.

The impact of the Village Master Plan on area payrolls follows the employment impact. (See the table below.) In the first construction year (2013) payrolls in Rutland County will increase by about \$16.2 million, then rise to \$60 million per year from 2021 through 2034.

Village Master Plan: Payroll Impact in Rutland County (in \$ millions of 2011\$)	
Selected Years	Payroll
2013	\$16.2 million
2015	\$22.2 million
2017	\$33.3 million
2020	\$39.5 million
2021-2034 average	\$60.0 million

B. Population Impacts

The creation of over 900 new jobs by 2017 in Rutland County will increase employment opportunities for residents of the region. The new employees will come from existing area residents, including ones who presently commute to other jobs outside the county, and some new residents attracted to the area. The jobs will be a mixture of full time and part time jobs.

We estimate that the population (and school-age population) of Rutland County will increase as shown in the table below.⁶

Village Master Plan: Population Impact		
Selected Years	All Ages - Rutland County	School-age Rutland County
2013	37	5
2015	119	16
2017	161	21
2020	205	28
2021-2034 average	275	39

We assume that these 161 new people (for 2017) will locate in Rutland County in the same distributional pattern that existing employees of Town businesses have chosen to locate. See the following table. Data on this distribution are supplied by the U.S. Census.

⁶ Note that the population impacts are not cumulative. That is, there is a gain of 37 people in 2013. The gain increases to 119 in 2015. It is not correct to count the population gain as the sum of 37 and 119 in 2015. Rather there is just an additional 119 people in 2015 compared to what would have been in the county in absence of the project.

2017 Town of Residence of New Households From the Village Master Plan			
Town	Percent	New People	New School-age Children
City of Rutland	25%	40	5
Town of Killington	18%	29	4
Rutland Town	6%	10	1
Mendon	5%	8	1
Pittsford or Castleton	4%	6	1

In the 2000 Census, 25% of employees at businesses in the Town of Killington reported commuting from Rutland City. Therefore, we assume 25% of the 161 new people in 2017 in Rutland County will live in Rutland City. That is 40 new people, of whom 5 will be school-age children. The Town itself will see 18% of the 161 new county residents. That equals 29 new people with just 4 school-age children. All other towns will see ten or fewer new people and at most one new school-age child, too small of a number to significantly impact any town.

The potential impact of this project (on the two towns with a significant impact) is limited as shown in the table below. The City of Rutland will see 40 new people by 2017. The U.S. Census Bureau counted the population of the City in 2010 to be 6,009 people. If 40 new residents locate in the City, the number of residents would rise by just 0.2% from what it would otherwise be. That is a small increase, especially given that the City's population is declining and still will decline with these new residents.

New People from the Village Master Plan as a Percent of Total Population			
Town	Total New People	People in 2010	Percent Total Increase
City of Rutland	40	16,495	0.2%
Town of Killington	29	811	3.6%

The impact on the Town of Killington will be discussed in detail in the following two sections of this report.

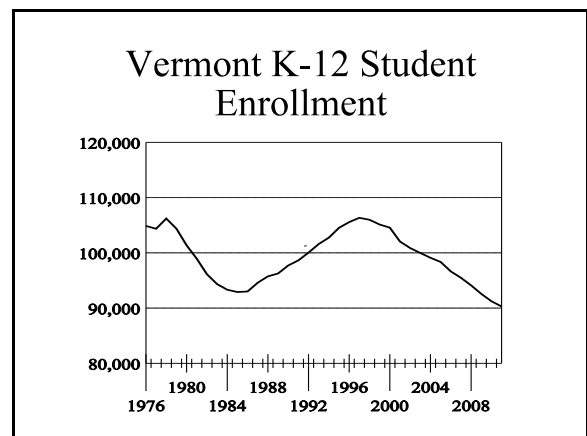
VI. Fiscal Impact on Educational Services (Criterion 6)

A. School Demographic Trends and Act 60/68

Before we begin the analysis required under Criterion 6, it is helpful to review the basic demographic trends impacting the region's schools and the financing mechanism of Act 60/68.

- The number of Vermont public school children has decreased substantially and will continue to do so in the foreseeable future. The latest annual reports from the Vermont Department of Education show that between 1997 and 2011 the number of students in Vermont fell from 106,341 to 90,289, a decline of nearly 16,000 students or 15%.

The latest U.S. Census Bureau population projection for Vermont shows the decline continuing over the forecast horizon of this project. From 2005 to 2017, the Census Bureau projects the number of school-age children in Vermont will decline by an additional 11%.



- Vermont's current education financing formula was enacted as Act 60 and Act 68. The local town school tax rate is determined solely by the spending level per pupil. If spending per pupil rises, the school tax rate rises. This presents a difficult problem for school districts facing declining enrollments. School districts find it hard to reduce teachers and staff (the major cost of schools) as enrollments decline. If staffing levels don't decline as quickly as enrollments decline, per pupil spending will rise. As a result, school tax rates rise. With new development, additional students can be accommodated relatively easily due to declining enrollments and therefore, the additional students have the effect of lowering the per pupil costs in the school district. This is a counterintuitive fiscal impact that occurs in school districts with declining enrollments. The additional students can lower the local school tax bills, not raise them.

B. Impact on School Enrollments from the Village Master Plan

In Section V of this report, we presented an estimate of the number of new school-age children likely to reside in each of the area towns due to SPLC's Village Master Plan. For the host Town of Killington only four new school-age children are expected in the peak year. In the City of Rutland only six new school-age children are expected from the proposed project in the peak year.

1. Impact on Killington Schools

The Town of Killington has a Kindergarten through 6th Grade elementary school. The Killington Elementary School is part of the Windsor Central Supervisory Union. As part of the WCSU, Town students attend the Woodstock Middle School (Grades 7 and 8) and the Woodstock High School (Grades 9-12). The Vermont Achievement Center runs an independent pre-school program for ages 3 and 4 at the Killington Elementary School.

In school year 2010-11 the Killington Elementary School (pre-school through 6th grade) had an enrollment of 98 students.⁷ This has fluctuated from 88 to 98 in the last six years. Woodstock Middle School had a 2010-11 enrollment of 187 and Woodstock High School had a 2010-22 enrollment of 372. Both of the Woodstock schools have seen declining enrollments in the last ten years, down by more than 20%.

As a consequence, the Town of Killington school system has the physical capacity to easily educate the four new students from the Village Master Plan.

In addition, there will be no impact on local school taxes from the addition of these four students. Under Act 60/68 the school tax rate depends on the level of *spending per pupil* in the Town. There is no reason to expect this level to change with the addition of 4 new students in the Town.

⁷ Enrollment data are from the Vermont Department of Education's annual "Public School Enrollment Report."

2. Impact on City of Rutland Schools

The City of Rutland has five schools in its education system. There are two elementary schools, one intermediate school, one middle school, and one high school. In school year 2010-11 the five elementary schools had a combined enrollment of 2,426 students. This has declined steadily from 2,806 students in school year 2002-03. That's a decline of 380 students or 14% of the total enrollment.

As a consequence, the City of Rutland school system has the physical capacity to easily educate the six new students from SPLC's Village Master Plan.

In addition, there will be no impact on local school taxes from the addition of these four students. Under Act 60/68 the school tax rate depends on the level of *spending per pupil* in the town. There is no reason to expect this level to change with the addition of 5 new students in Rutland City.

C. Conclusion to Criterion 6

We find that the proposed Village Master Plan will not cause an unreasonable burden on the ability of any municipality in the region to provide educational services.

VII. Fiscal Impact on Municipal Services (Criterion 7)

In this section of the report, we present measures of the fiscal impact of the proposed SPLC's Village Master Plan on the municipal budgets of the two municipalities that will see a measurable number of new residents. We focus on the impact in 2017 (end of Phase II) with the host Town of Killington having 29 new residents in 14 new households and the City of Rutland with 40 new people in 18 new households.⁸ All other towns will see an increase in population too small to hold the potential to be a burden on municipal services. We measure the impact by assuming all the new construction, new employees, and new households that will exist in 2017 were in place in the current budget year (2011).

A. Fiscal Impact on Municipal Services in the Town of Killington

The Village Master Plan will impact the municipal budget of the Town of Killington by minimally increasing the demand for Town services and by greatly increasing the Town tax base to pay for these services. The demand for municipal services will be driven largely by the increase in the Town's population. The Village Master Plan will put relatively small demands on local services. Therefore, the potential for a negative impact on the Town's fiscal balance will occur in 2016, the year of the peak population impact on the Town. The best and simplest way to measure that impact is to take the current budget and municipal tax rate and change it for the circumstances that will be in effect in 2016. That is, add the new residents to the Town and the development of the SPLC's Village Master Plan that will be in place then as well.

For that reason, we estimate the demand for municipal services by direct examination of the Town of Killington's municipal expenses in the following table. Expenses are as budgeted for fiscal year 2011. (Note: contingency spending and employee benefits are allocated across departments based on total spending and salaries, respectively.)

⁸ The 2010 Census reports the average household size of the Town is 2.09 and the City is 2.23. We used these figures to calculate the number of households from the new population.

Town of Killington Municipal Budget — FY11	
Item	Budgeted Spending
General Government	\$1,450,924
Public works - highways	\$1,229,692
Special events	\$303,231
Fire	\$264,435
Library	\$226,580
Economic development	\$186,487
Recreation	\$171,079
Constable	\$79,537
Total =	\$3,911,965

General government consists of the activities of the budgets for the general administration of the Town, the Town clerk, the Town administrator, the listers, planning and zoning, and similar activities. The total expenditure in the budget for FY11 as shown above is \$3,911,965.

We estimate the current municipal costs per employee and per household by use of a per capita expenditure method commonly used in conducting an impact analysis.⁹ The method divides municipal expenditures into residential and nonresidential based on grand list data. The following table shows the calculations for municipal cost per new employee and per new residence in the Town of Killington.

⁹ *Development Impact Assessment Handbook*, Robert W. Burchell, David Listokin, William R. Dolphin, Lawrence Q. Newton and Susan J. Foxley, Urban Institute, 1994, page. 129.

Town of Killington Municipal Impact Parameter Calculation		
1a. Municipal budgeted expenditures (FY11)		\$3,911,965
2. Total Taxable Parcels		3,029
	Residential parcels	930
	Percent of total	30.7%
	Seasonal housing	1,531
	Percent of total	50.5%
	Nonresidential parcels	568
	Percent of total	18.8%
2. Total Assessed Value		\$693,302,048
	Residential parcels	\$267,538,594
	Percent of total	38.6%
	Seasonal housing	\$255,385,047
	Percent of total	36.8%
	Nonresidential parcels	\$170,378,407
	Percent of total	24.6%
3. Expenditure parameters		
	Residential	
	Share residential	34.6%
	Estimated residential expenditure	\$1,355,344
	Cost per residence	\$1,457
	Seasonal	
	Share seasonal	43.7%
	Estimated seasonal expenditure	\$1,709,153
	Cost per seasonal unit	\$1,116
	Nonresidential	
	Total employees at Town businesses	1,694
	Estimated nonresidential expenditure	\$847,468
	Cost per employee	\$500

The cost of municipal services per new residence, per new seasonal residence, and per new employee is calculated in the table to be \$1,457, \$1,116, and \$500, respectively. The cost is based on the average share of the parcel total and assessed value represented by residences, seasonal residences, and nonresidential properties.

Next, we calculate the total cost, total tax revenue and net tax benefit (or cost) from both the project itself and the new residences. Our calculations are shown in the table on the following page.

First, we consider the fiscal impact on the municipal budget from the Village Master Plan itself. We estimate the new assessed value would be \$186 million for FY11 for the development in place in 2017. Municipal property taxes would be \$729,120. Using the per employee spending parameter developed above, the cost of supplying new municipal services to the Village Master Plan (using 974 employees) would be \$487,000. Therefore, the net impact on the municipal budget from project itself will equal a net tax benefit to the Town of \$235,710.

Next, we assume that because of the project the fourteen new households that move into new residences in the Town of Killington with a listed value equal to the average for homes in the Town, which equaled \$262,673.¹⁰ The total assessed housing value of the fourteen new households would be \$3,677,422. This will generate \$14,415 in municipal tax revenue. The cost from the fourteen residences would be \$20,398 based on the spending parameters determined above. Therefore, the Town will see a net fiscal cost from the fourteen new residences alone of \$5,983.

Finally, the combined net tax benefit to the Town municipal budget from the Village Master Plan and the fourteen new households is estimated to be \$236,137. The municipal tax rate for the Town would therefore decrease with the proposed Village Master Plan.

SPLC's Village Master Plan is clearly a fiscal benefit to the Town of Killington in 2017. We did this calculation for every year of the project (2013 to 2034) and it is always a net fiscal benefit to the Town of Killington.

¹⁰ Based on the Final Computation Sheet from PVR

Town of Killington Municipal Impact Analysis Expenditure and Revenues		
Village Master Plan	(as of 2017)	
	Assessment ¹¹	\$186,000,000
	Town Tax rate ¹²	\$0.3920
	Taxes	\$729,120
	Cost from the 974 employees	\$487,000
	Net tax benefit from project	\$242,120
New residences		
	Assessment of 14 new residences	\$3,677,422
	Town Tax Rate	\$0.3920
	Taxes	\$14,415
	Cost from 14 new residences	\$20,398
	Net cost from new residences	(\$5,983)
	Total net tax benefit to town =	\$236,137

¹¹ Commercial properties in the Town of Killington were listed at 75.97% of fair market value according to the Certified Final Computation Sheet for the Town dated December 15, 2010. The \$245 million of construction in place at the end of 2017 would be listed at \$186 million based on the cost approach to assessing.

¹² Budgeted municipal property taxes for FY11 equal \$2,346,682. With expenditures of \$3,911,965 and non-property tax revenues of \$1,194,450, property tax will need to equal \$2,717,515. With a grand list of \$693,302,048, the implied tax rate would equal \$0.392 per \$100 of value.

B. Impact on the Demand for Municipal Services in the City of Rutland

We estimated that as a result of this project, the City of Rutland would see a peak impact of 40 new residents in 18 new households in 2017. This will have an impact on municipal spending and municipal tax revenues. We note that with the long run decline in population in the City (see Section VIII) any offsetting increase in the population should probably be viewed as a desirable event.

We use the same methodology here to estimate the municipal impact on the City of Rutland that we used above on the Town of Killington. The table below shows the calculations for municipal cost per new residence in City of Rutland.

City of Rutland Municipal Impact Parameter Calculation		
1. Municipal expenditures (FY12)		\$17,044,898
2. Total Taxable Parcels		5,940
	Residential parcels	4,858
	Percent of total	81.8%
	Nonresidential parcels	1,082
	Percent of total	18.2%
2. Total Assessed Value		\$1,006,411,546
	Residential parcels	\$640,676,700
	Percent of total	63.7%
	Nonresidential parcels	\$365,734,846
	Percent of total	36.3%
3. Expenditure parameters		
	Residential	
	Share residential	72.7%
	Estimated residential expenditure	\$12,395,393
	Cost per residence	\$2,087

The cost of municipal services per new residence equals \$2,087. The cost is based on the average share of the parcel total and assessed value represented by residences.

Next, we calculate the total cost, total tax revenue and net cost from the new residences. We assume the 18 new households that move into new residences in the City of Rutland will live in homes of average listed value, which equals \$136,653. Each would pay \$1,792 in municipal property taxes.¹³ This is \$295 less than the cost of services estimated above. Therefore, the city will see a net fiscal cost from the 18 new residences of approximately \$5,310 in total. The municipal tax rate would have to rise from \$1.3117 to just \$1.3123 to raise the needed revenue, a five-hundredths of one percent increase. The increase in the municipal tax bill of the average home in the City would be just 81¢ per year.

The potential increase in municipal taxes from the Village Master Plan is well below the threshold of causing an unreasonable burden on the City of Rutland.

C. Summation: Impact on Municipal Services in the Town and Region

There is no town in the region where the proposed Village Master Plan will cause an unreasonable burden on the ability of the local governments to provide municipal or governmental services.

¹³ The FY12 municipal tax rate is \$1.3117.

VIII. Impact of Growth on the Town and Region (Criterion 9(A))

Criterion 9(A) of Act 250 concerns the impact of growth.

*In considering an application, the district commission or board shall take into consideration the growth in population experienced by the town and region in question and whether or not the proposed development would significantly affect their existing and potential financial capacity to reasonably accommodate both the total growth and rate of growth otherwise expected for the town and region and the total growth and rate of growth which would result from the development if approved.*¹⁴

In the Environmental Board's Decision in RE: St. Albans Group and Wal*Mart Stores, Inc. Findings of Fact and Conclusions of Law and Order #6F0471-EB (Altered), June 27, 1995 the board states that applicants in towns with duly adopted capital improvement programs must provide and prove all the following:

- a. The growth in population experienced by the town and region in question.
- b. The *total* growth and *rate* of growth which is otherwise expected for the town and region.
- c. The *total* growth and *rate* of growth for the town and region which will result from the proposed project if approved.
- d. The anticipated costs for education, highway access and maintenance, sewage disposal, water supply, police and fire services and other factors relating to the public health, safety and welfare.
- e. Based on (a) through (d), that the proposed project will not cause an undue burden on the existing and potential financial capacity of the town and region in accommodating growth caused by the project.

While some of this information has already been presented, we repeat it here to clearly show compliance with Criterion 9(A).

¹⁴ Act 250 Criterion 9(A), codified at 10 V.S.A. Section 6086 (a)(9)(A).

A. Growth in Population Experienced by the Town and Region

1. Growth in Population

We present the following population information for the host Town of Killington, the City of Rutland, and all of Rutland County.

Growth in Population Experienced by the Town and Region: 2000 to 2010				
	2000 Census	2010 Census	Total Growth	Compound Annual Rate of Growth
Town of Killington	1,095	811	(284)	-3.0%
City of Rutland	16,630	16,495	(135)	-0.1%
Rutland County	63,400	61,642	(1,758)	-0.3%

The U.S. Census reports that in the last ten years population of the host Town of Killington has dropped from 1,095 to 811. This is not consistent with other data from the Town. We remain skeptical about the accuracy of the 2000 and 2010 population counts.

Population in nearby Rutland City has essentially remained unchanged in the last decade, posting just a small one-tenth of a percent (135 person) decline.

The population of Rutland County decreased by 1,758 people in the last ten years.

2. Growth in Employment

The Vermont Department of Labor prepares counts of employment by county and town in Vermont through its unemployment insurance program. We present the employment data for the Town of Killington, the City of Rutland, and all of Rutland County.

Growth in Employment Experienced by the Town and Region: 2000 to 2010				
	2000	2010	Total Growth	Compound Annual Rate of Growth
Town of Killington	2,158	1,694	(464)	-2.4%
City of Rutland	12,930	13,448	518	0.4%
Rutland County	28,930	27,438	(1,492)	-0.5%

From 2000 to 2010 the number of employees working at firms located in Rutland County decreased by 1,492, yielding a compound annual growth rate of negative 0.5%.

The official statistics for the Town of Killington show employment growth was substantially weaker than that of the county. Employment in the Town decreased at a 2.4% annual rate.

The City of Rutland saw a small change in employment in the last decade. Jobs grew by 518, yielding a 0.4% annual growth rate.

B. Total Growth and Rate of Growth Otherwise Expected

1. Population Total Growth and Rate of Growth Otherwise Expected

In the table below we present the projected populations of the Town of Killington and the region in *absence* of the proposed Village Master Plan. The population projections assume the trends of the last decade will continue through the current decade.¹⁵

Expected Population Growth in Absence of the Village Master Plan				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Town of Killington	811	811	0	0.0%
City of Rutland	16,495	16,282	(213)	-0.1%
Rutland County	61,642	59,281	(2,361)	-0.3%

The population of the host Town of Killington is projected to remain at the level of 2010 over the next ten years. The City of Rutland is forecasted to continue posting slight population declines this decade, averaging negative 0.1% per year. Population will decline by 213 residents in ten years. The city’s population will have declined with every census count since 1970.

From 2010 through 2020, Rutland County is projected to see an annual decline in its population of 0.3% per year. The county’s population will decline by 2,361 person during this ten year period.

¹⁵ There is no up-to-date population forecast that has been prepared for Vermont by either the U.S. Census, state government, or private forecasting firms. The most recent forecasts are dated and have proven to be too high, missing the stagnation of Vermont’s population. Because of this, we believe simply forecasting this decade’s population growth based on the last decade’s growth (or lack of it) is a prudent methodology.

2. Employment Total Growth and Rate of Growth Otherwise Expected

In the absence of the proposed project, we expect employment in Rutland County to increase at a compound annual rate of 0.4% per year in the current decade. This is derived from the future employment increase forecasted for the State of Vermont in the latest *Economic Outlook* prepared by the New England Economic Partnership and the relationship between employment growth in the state and Rutland County in from 2005 to 2010.¹⁶

Employment Growth and Rate of Growth Otherwise Expected in Rutland County			
2010	2020	Total Growth	Compound Annual Rate of Growth
27,438	28,555	1,117	0.4%

From 2010 through 2020, Rutland County's employment is forecasted to grow from 27,438 to 28,555 in absence of the proposed project. This is an increase of 1,117 jobs.

Economic forecasts of employment at the town level are not prepared by the New England Economic Partnership nor by the State of Vermont.

¹⁶ From 2005 to 2010 employment in the state of Vermont as a whole and in Rutland County fell at a 2.7% and 7.6% rate, respectively. We assume Rutland County will grow at one-third the state rate in the near future. NEEP forecasts employment growth in Vermont to equal 6.6% from 2010 to 2015 in its Spring 2011 outlook. This suggests an annual growth rate of 0.4% for Rutland County in the current decade.

C. Total Growth and Rate of Growth Resulting from the Village Master Plan

The economic and demographic analysis presented in Section V of this report described the impact from SPLC’s Village Master Plan in the Town of Killington. The analysis showed a peak gain of 183 residents in all of Rutland County in 2016. This declined to an average of 162 net new residents from 2019 to 2028.

1. Population Total Growth and Rate of Growth Resulting from the Project

The growth in population that could be expected in the Town of Killington, City of Rutland, and all of Rutland County with the addition of the Village Master Plan is shown below.

Expected Population Growth Resulting From the Proposed Village Master Plan				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Town of Killington	811	848	37	0.3%
<i>instead of</i>	<i>811</i>	<i>811</i>	<i>0</i>	<i>0.0%</i>
City of Rutland	16,495	16,333	(162)	-0.1%
<i>instead of</i>	<i>16,495</i>	<i>16,282</i>	<i>(213)</i>	<i>-0.1%</i>
Rutland County	61,642	59,486	(2,156)	-0.3%
<i>instead of</i>	<i>61,642</i>	<i>59,281</i>	<i>(2,361)</i>	<i>-0.3%</i>

From 2010 through 2020, the Town of Killington’s population is expected to increase slightly with the proposed Village Master Plan, with 37 more people than otherwise expected. The compound annual growth rate will rise from 0.0% to 0.3%, still a very low rate.

The same occurs with the City of Rutland and Rutland County. The annual population growth rate remains unchanged in the city and county even with the addition of the Village Master Plan. The demographic impact of the project is too small to significantly affect population growth.

2. Employment Total Growth and Rate of Growth Resulting from the Project

Finally, we expect employment in Rutland County to increase by 1,098 jobs in 2020 as a result of the Village Master Plan. Therefore, the number of jobs in the county will increase to 29,393 in 2020 with the project. The total growth will be 2,215. The compound annual rate of employment growth will rise slightly from 0.4% to 0.6% as a result of the proposed project. Again, this is still a modest rate of growth.

Employment Total Growth and Rate of Growth Resulting from the Proposed Village Master Plan				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Rutland County	27,438	29,653	2,215	0.6%
<i>Instead of</i>	<i>27,438</i>	<i>28,555</i>	<i>1,117</i>	<i>0.3%</i>

D. Anticipated Costs and Revenues for Educational and Municipal Services

The Village Master Plan will not significantly affect the financial capacity of the host Town of Killington or any other town in the region to accommodate both the total growth and rate of growth of population. In this analysis of the total growth and rate of growth, we have shown that the project will cause only a very small increase in the population and employment expected in the region.

- The population increase in the host Town of Killington will equal 37 people in 2020 due this project. The compound annual growth rate of the population of the Town will rise slightly from 0.0% to just 0.3%.
- The population increase in Rutland County will equal 205 people in 2020 due this project. The annual population growth rate of Rutland County with this project will, however, remain unchanged at negative 0.3%. That is, the county's population will still decrease, but not as much, with the project than without it.

No town in the region will see its total growth or rate of growth rise much at all from this project. Therefore, no town in the region will be put in any financial distress because of the growth relating to this project.

We conclude the proposed Village Master Plan will not significantly affect the host Town of Killington nor the region's existing and potential financial capacity to reasonably accommodate both the total growth and rate of growth otherwise expected for the town and region and the total growth and rate of growth which would result from the development if approved.

E. Conclusions Based on A through D Above

In a recent decision regarding a Home Depot proposed for the Town of Rutland, the Environmental Board wrote:¹⁷

*In re Wal*Mart Stores, Inc.* 167 Vt. 75 (1997), the Vermont Supreme Court held that the plain language of Criteria 9(A) requires the Board to consider the financial capacity of the town and region to accommodate growth. *Id.* at 81. Without significant growth to consider, the inquiry would be identical to that under Criterion 7.

The condition mentioned in the above decision above also exists here. The analyses shows there is no significant growth to consider in the region and that the proposed Village Master Plan causes very little additional growth and very little to no change in the rate of growth.

¹⁷ *In re The Home Depot USA, Inc.* Findings of Fact, Conclusions of Law, and Order #1R0048-12-EB, pages 51-52 (August 20, 2001).

IX. Scattered Development (Criterion 9(H))

The existing settlement of concern here is the area surrounding the Killington Resort. This project is located directly within this existing settlement.

However, should the Environmental Court conclude that SPLC's Village Master Plan constitutes "scattered development" within the meaning of Criterion 9(H), the question of costs and benefits of the project arises.

The district commission or board will grant a permitwhenever it is demonstrated that ... the additional costs of public services and facilities caused directly or indirectly by the proposed development or subdivision do not outweigh the tax revenue or other public benefits of the development or subdivision such as increased employment opportunities or the provision of needed and balanced housing accessible to existing or planned employment centers. [10 V.S.A. Section 6086(a)(9)(H)]

This analysis (in Sections VI and VII) has shown the project has:

- (1) no impact on local education taxes. The school tax rate will remain unchanged with the proposed development in the Town of Killington and the City of Rutland ;
- (2) a large net fiscal benefit cost to the region's municipal governments. We estimate the Town of Killington will see a net tax benefit of approximately \$236,000 in 2017 and a larger benefit by the end of the project in 2034. The City of Rutland will see a net cost of about \$6,000 to a budget of more than \$17 million, a very minimal increase. No other town will see a measurable impact.

The project brings many significant benefits to the region that far outweigh the costs. More than 900 jobs will be created in Rutland County with a payroll of surpassing \$33.3 million (in 2011 dollars) by 2017.

The additional costs are small and the public benefits are large. Therefore, the project will clearly be a net benefit to the region.

X. Conclusion to Impact Study

SPLC's Village Master Plan for the Town of Killington, Vermont will generate 974 jobs with a payroll of more than \$33 million by 2017 (in 2010 dollars). Then from 2021 through 2034 the number of new jobs in the county will average 1,564 with an average payroll increase of \$60 million.

We have shown that the Village Master Plan will not present a financial burden to any town in the region in its efforts to provide educational and municipal services to local residents. The proposed project will only minimally affect the growth and rate of growth in the region. Overall, the public benefits of the proposed project will outweigh the minimal municipal costs it may incur.

As a result, the proposed project conforms to the requirements of Act 250 as given in Criteria 6, 7, 9(A), and 9(H).

XI. The REDYN Model

The economic, demographic and fiscal impact of SPLC's Village Master Plan is measured by use of a dynamic, input-output model developed by Regional Dynamics Inc. ("The REDYN Model"). This model allowed the estimation of economic, fiscal and demographic impacts from 2012 through 2034.

Regional Dynamics is an economic modeling company. REDYN offers an advanced economic model by web subscription or batch services to consultants, agencies, firms, planners, and analysts (users). REDYN runs on the Internet. The model estimates the multi-regional impacts and year-by-year (dynamic) nonlinear effects on industries, consumers, and governments from changes in company sales, jobs, wages, or investments; changes in taxes or personal or government spending; or public policy changes such as energy, environment, school, health, or security measures. The results are called simulation forecasts, or simulations.

The model is a fundamental re-envisioning of economic theory applied to estimating multi-regional, dynamic effects. It reflects advances in New Economic Geography, especially gravity theory (regional attraction) and trade flow (regional imports/exports), based on a new distance impedance database from Oak Ridge National Laboratories that enables calculating trade flow by commodity by road, rail, water, air, and proxy transport. The breakthrough in design is the commodity production linkage between the trade flow process and an entity-based data structure for the economy. Entities include industries, workers, governments, investors, etc., and commodities are the goods they use and make.

REDYN is more flexible, complete, and accessible than any other modeling process available today.

Visit www.redyn.com for more information.