

January 30, 2007

Mr. Andrew Gala, Town Administrator
Foxborough Town Hall
40 South Street
Foxborough, MA 02035

Mr. Larry Koff
Larry Koff & Associates
20 Harrison Street
Brookline, Ma. 02446

Re: Draft Peer Review Initial Comments

Dear Andy and Larry:

We have had the opportunity to read the January 25, 2007 draft Peer Review Report prepared by Larry Koff & Associates of our original Fiscal Impact Analysis of September 22, 2006 for Patriot Place. While there are general areas of agreement, the draft report presents a number of issues that will require further careful analysis and discussion with you. We anticipate working collectively with Larry and the Town in the near term to address these concerns, per the agreement of the Town and the developer, before the draft report is finalized. In the meantime, to provide a "status report," we offer the following initial comments and observations on the draft report relative to the original analysis:

1. There is Overall Agreement That the Fiscal Impact of the Project Would be Very Positive For the Town of Foxborough: The original analysis showed that the project would create an annual positive benefit to the Town of between \$1.8 and \$2.0 million (rounded). The draft report indicates a positive benefit to the Town, after costs, ranging from \$768,800 to \$870,900 annually. Both the original analysis and the draft report essentially agree on the gross revenue estimates associated with the project. The difference in the forecasted size of the annual net revenue benefits relates directly to differing opinions on the likely amount of increased municipal costs associated with the project.
2. The Major Difference in the Report is Related to Forecasted Municipal Cost Increases Is With Police and Fire Department Staffing Levels: The original analysis forecasts an increase in municipal service costs of \$258,900 annually, which equates to the likely need to hire an additional 3 to 4 full time personnel (likely police and fire positions) as a result of this project. The draft report forecasts a likely increase in municipal service costs of \$1,295,300 annually, primarily as a direct result of the need to hire an additional 15 police and fire department personnel (7 policemen and 8 firemen). The draft report asserts that the police and fire departments are currently understaffed and "this development will force the town to reach a tipping point, where it can no longer function without bringing the staff-

ing up to a higher level of coverage". As noted in 3 and 4 below, this assertion raises several issues.

3. The Forecasted Increase in Staffing Should be Based upon Forecasted Increases in Call Volume: The Town may opt to hire the 15 additional full time police and fire department personnel with some of the significant annual revenue that the project will provide. However, the draft report needs to reconcile the forecasted need for 15 new staff positions with current call and response activity in these departments.

To place these forecasts into perspective, the police department's 24 officers currently respond to an average of 15,000 calls annually. For purposes of comparison, this would suggest that in the course of a year, the typical police officer responds to an average of 625 calls. The draft report concludes that the project could generate, at a maximum, 600 new calls per year. Based on existing experience of the police department, this would suggest that such new demand could be addressed by adding one officer. However the draft report concludes, without reconciling current call and response activity, that there is a need for another 7 police positions.

Similarly, the draft report indicates that the 24 full-time staff of the fire department currently responds to 2,800 calls per year. For comparative purposes, this would suggest that in the course of a year, the typical fireman responds to 120 calls, on average. The draft report concludes that the project could generate, at a maximum, 495 calls per year (including ambulance calls for which the Town is reimbursed). Without discounting this forecast for such reimbursable calls (which the chief has indicated are profitable), the existing experience of the fire department would suggest that such new demand could be addressed by the addition of 4 new firemen. However, the draft report concludes, without reconciling existing call and response activity, that there is a need for 8 such positions. In summary, the addition of a total of 15 additional personnel as suggested in the draft report would result in a 25% increase in town employees in these two departments. In our experience, this dramatic level of staffing increase is unprecedented for a 1.35 million square foot development and as such overcompensates for the estimated impacts of this project. Furthermore, such numbers contradict the Town's own Review Committee Report, which concludes that the project would have lesser impacts on staffing needs.

4. Clarification is Needed as to Project Costs Versus Omitted Project Benefits: While the draft report suggests numerous potential scenarios based on construction and potential build-out of the project, it omits a substantive development issue confronting the town at this time, specifically, "Chestnut Green", the Foxborough State Hospital redevelopment project currently under construction, will result in hundreds of housing units and a retail component coming online imminently, with certain and significant municipal service needs. While the draft report makes mention of this development in passing, it does not factor this project's impacts into the analysis of the Town's needs, particularly if the Patriot Place project were not built. Based on statements made in the draft report that the town services are in a precarious state and are presently understaffed, presumably then, without the significant funding afforded by the Patriot Place revenue, the Chestnut Green project (or any other

similar development) will likely serve as the imminent “tipping point,” leaving the town “no longer function[ing]”. Assuming the situation is as dire as stated in the draft report, it would follow that the findings of the draft report confirm that the Patriot Place project can provide the Town the means to confront this existing problem. The draft report does not appear to acknowledge this and other important real municipal fiscal benefits of the project.

5. The Net Fiscal Windfall From the Permit Fees Do Not Appear To Be Factored Into the Review: The original analysis forecasted one time building permit fees to the Town of approximately \$2.3 Million. After accounting for one time costs associated with inspections during the building phase of this project, these fees will leave the Town with a significant fiscal windfall. However, these benefits do not appear to have been factored into the draft report. Instead there is only considerable discussion about a possible temporary cash shortfall during the construction phase of the project, yet it is unclear how this observation and costs attributable to this short-term period was developed.

In summary, both of our firms have concluded that upon completion, the proposed 1.35 million square foot development known as Patriot Place, will have a sizeable positive fiscal impact to the Town of Foxborough. The size of the net benefit to the Town, from a cash perspective, will depend on how many additional police and fire department personnel the Town ultimately decides to hire. If the full compliment of 15 additional personnel are hired, as the draft report suggests, the project then offers the town the opportunity to bringing both their police and fire department to among the highest staffing ratios found in other comparable Massachusetts communities. If the Town were to decide to raise staffing levels more conservatively, the proposed development offers the opportunity to do so to address an existing municipal problem, while also providing significant tax relief to the average tax payer.

We look forward to working with you to review and address numerous specific issues that are present in the draft report (for example, employee numbers, traffic assumptions, municipal costs, etc.). While there is general agreement that the project will generate significant annual revenue to the Town (while also providing a means address existing staff shortcomings), the draft report presents a number of assumptions and issues that must be cooperatively studied and addressed before it is finalized. Please call me to discuss how to commence further analysis.

Sincerely,



Richard Gsottschneider
President

cc: Robert H. Hickey, Jr.
Daniel Krantz
John E. Twohig, Esq.