

TOWN OF SUDBURY

Office of the Town Manager
www.sudbury.ma.us

278 Old Sudbury Road
Sudbury, MA 01776-1843
978-639-3381
Fax: 978-443-0756

Email: townmanager@sudbury.ma.us

Melissa Murphy-Rodrigues, Esq.
Town Manager

To: Honorable Board of Selectmen

From: Dennis Keohane, Finance Director and Melissa Rodrigues, Town Manager

RE: Melone proposals

Date: UPDATED AUGUST 14

Dear Honorable Board,

Thank you for the opportunity to review the three proposals for the re-use of the Melone property. We looked at these proposals in a vacuum and considering the limited information that we currently have. Please remember that these are all estimates. These numbers and assumptions will change as we move through this process.

In order to be fair to the three proposals and to compare the items in the most logical way possible, we used the 25-year lease offered by EDF as our benchmark for determining value over a period of time. We used the \$4,000,000 sale price offered by Cavicchio as our benchmark for current land value.

We assumed a discount rate of 5%. We also assumed that taxes would increase each year by 2.5% and Town costs would increase 3% annually.

The summary of the proposals, in alphabetical order, is as follows:

Cavicchio

Cavicchio has an offer price of \$4,000,000.

Taxes in the first two years would be approximately \$97,000 and \$99,000. Once the property has been converted to an agricultural use, the taxes would be approximately \$800 per year, with an assumed 2.5% annual increase. The current proposal would generate no personal property tax or excise tax.

This proposal would require little to no municipal resources.

The total estimated value of the proposal at the end of the 25-year period is \$4,220,893, with a net present value of \$4,004,436.

EDF Renewable

EDF Renewable proposes a twenty-five-year lease with two separate payments: a lease payment of \$292,000 and a payment in lieu of taxes of \$84,280. We did not build in any escalation of payments due to the nature of the PILOT.

The current proposal would generate no real estate tax, personal property tax, or excise tax. This proposal would require little to no municipal resources.

The total estimated value of the proposal at the end of the 25-year period is \$13,412,000, with a net present value of \$6,487,299. Note this includes the \$4,000,000 of land value because we retain the property.

Quarry North (Exhibit C)

Quarry North offers both a \$1,000,000 cash payment and a land swap. According to Quarry North, that land is valued at \$6,885,478, however, we have assumed the value of \$4,346,000 based on the Cavicchio's offer. We used Cavicchio's price per acre as a baseline to compare the properties.

Estimated real estate tax payments over 25 years to the Town of Sudbury would equal \$50,168,908. Excise tax payments are estimated to be \$3,222,650. Note that real estate taxes are calculated using the estimated values presented by the Developer.

Estimated Town costs associated with this development are \$31,315,190 over 25 years. In order to calculate the cost to the Town, we used the fiscal analysis for the Weston Quarry project. That analysis was done in February 2017. We applied the formulas used in that analysis to not only the Quarry North project, but also the Sudbury Station Project. The Weston Quarry project is comprised of 345 units on 73 acres. It has a commercial component, which we backed out when doing our analysis. We made these assumptions based on the limited information currently available, but hope this helps with the conversation. We recognize that these are different assumptions than we used in the Meadow Walk project. We thought it was important to use the Weston Quarry analysis because it accounted for Concord Mew's actual impacts.

The total value of the proposal is \$27,422,368, with a net present value of \$17,101,568.

Based on comments from the Board, we did an additional analysis using the fiscal review completed for the Meadow Walk project. That analysis was completed in 2016. We again applied the formulas used in the Meadow Walk Analysis to both Sudbury Station and the

Quarry North project. The Meadow Walk project has 250 rental apartments and 60 age restricted condos on 50 acres.

We took the FY16 costs and inflated it to represent the FY19 costs. The excise tax payments in this scenario are \$116,736 per year, with a total of \$2,918,400. Estimated town costs are \$42,983,103. The total value of the proposal is \$15,450,206 with a net present value of \$10,822,323.

	Weston Quarry	Sudbury Station	Quarry North
Acres	73 acres	39.87 acres	36.7 acres
Population estimate	704	510	673
units	345 units	250 units	330 units
% affordable	25%	25%	25%
excise	\$134,675	\$97,656	\$128,906
Number of public safety calls	183	132	175
cost of each call	\$360	\$360	\$360
Total cost police	\$65,880	\$47,520	\$63,000
Number of fire calls	87	62	83
cost per fire call	\$2,145	\$2,145	\$2,145
Total cost fire and ambulance	\$186,615	\$132,990	\$178,035
recreation	\$28,864 (\$41 per capita)	\$20,910	\$27,593
Health	\$48,273 (\$68.57 per capita)	\$34,971	\$46,148
number of students*	110	77	105
cost students	\$435,000	\$304,500	\$415,227
COST	\$764,632	\$540,891	\$730,003
*60% of units x .518			

	Meadow Walk	Sudbury Station	Quarry North
Acres	50	39.87 acres	36.7 acres
Population estimate	537	461	608
units	358	250 units	330 units
% affordable	25%	25%	25%
excise	\$103,300	\$88,512	\$116,736
Cost municipal services (nonschool)	\$380,968	\$255,399	\$338,306
number of students*	65	65	78
cost students	\$700,524	\$700,524	\$840,629
COST	\$978,192	\$867,411	\$934,705

Weston

Proposal	NPV
Cavicchio	\$4,004,436.09
EDF	\$6,487,299.34
Quarry North	\$17,101,567.51

Town of Sudbury
 Melone RFP - EDF
 Net Present Value Estimate

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
2	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
3	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
4	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
5	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
6	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
7	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
8	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
9	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
10	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
11	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
12	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
13	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
14	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
15	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
16	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
17	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
18	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
19	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
20	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
21	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
22	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
23	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
24	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
25	-	4,000,000.00	292,000.00	-	-	-	84,480.00	-	-	4,376,480.00
Total	-	4,000,000.00	7,300,000.00	-	-	-	2,112,000.00	-	-	13,412,000.00

Discount Rate

5.00%

Net Present Value

\$6,487,299.34

Town of Sudbury
 Melone RFP - Quarry North
 Net Present Value Estimate
 Weston assumption

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1	2020	1,000,000.00	4,346,000.00	-	1,468,741.00	128,906.00	-	-	(858,909.00)	6,084,738.00
2	2021	-	-	1,505,459.53	128,906.00	-	-	-	(884,676.27)	749,689.26
3	2022	-	-	1,543,096.01	128,906.00	-	-	-	(911,216.56)	760,785.46
4	2023	-	-	1,581,673.41	128,906.00	-	-	-	(938,553.05)	772,026.36
5	2024	-	-	1,621,215.25	128,906.00	-	-	-	(966,709.65)	783,411.60
6	2025	-	-	1,661,745.63	128,906.00	-	-	-	(995,710.94)	794,940.69
7	2026	-	-	1,703,289.27	128,906.00	-	-	-	(1,025,582.26)	806,613.01
8	2027	-	-	1,745,871.50	128,906.00	-	-	-	(1,056,349.73)	818,427.77
9	2028	-	-	1,789,518.29	128,906.00	-	-	-	(1,088,040.22)	830,384.07
10	2029	-	-	1,834,256.25	128,906.00	-	-	-	(1,120,681.43)	842,480.82
11	2030	-	-	1,880,112.65	128,906.00	-	-	-	(1,154,301.87)	854,716.78
12	2031	-	-	1,927,115.47	128,906.00	-	-	-	(1,188,930.93)	867,090.54
13	2032	-	-	1,975,293.36	128,906.00	-	-	-	(1,224,598.86)	879,600.50
14	2033	-	-	2,024,675.69	128,906.00	-	-	-	(1,261,336.82)	892,244.87
15	2034	-	-	2,075,292.58	128,906.00	-	-	-	(1,299,176.93)	905,021.65
16	2035	-	-	2,127,174.90	128,906.00	-	-	-	(1,338,152.24)	917,928.66
17	2036	-	-	2,180,354.27	128,906.00	-	-	-	(1,378,296.80)	930,963.47
18	2037	-	-	2,234,863.13	128,906.00	-	-	-	(1,419,645.71)	944,123.42
19	2038	-	-	2,290,734.70	128,906.00	-	-	-	(1,462,235.08)	957,405.63
20	2039	-	-	2,348,003.07	128,906.00	-	-	-	(1,506,102.13)	970,806.94
21	2040	-	-	2,406,703.15	128,906.00	-	-	-	(1,551,285.19)	984,323.95
22	2041	-	-	2,466,870.73	128,906.00	-	-	-	(1,597,823.75)	997,952.98
23	2042	-	-	2,528,542.50	128,906.00	-	-	-	(1,645,758.46)	1,011,690.03
24	2043	-	-	2,591,756.06	128,906.00	-	-	-	(1,695,131.22)	1,025,530.84
25	2044	-	-	2,656,549.96	128,906.00	-	-	-	(1,745,985.15)	1,039,470.81
Total	1,000,000.00	4,346,000.00	-	50,168,908.36	3,222,650.00	-	-	-	(31,315,190.26)	27,422,368.10

Discount Rate

5.00%

Net Present Value

\$17,101,567.51

Town of Sudbury
 Melone RFP - Cavicchio
 Net Present Value Estimate

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1	2020	4,000,000.00	-	97,000.00	-	-	-	50,000.00	(50,000.00)	4,097,000.00
2	2021	-	-	99,425.00	-	-	-	50,000.00	(50,000.00)	99,425.00
3	2022	-	-	800.00	-	-	-	50,000.00	(50,000.00)	800.00
4	2023	-	-	820.00	-	-	-	50,000.00	(50,000.00)	820.00
5	2024	-	-	840.50	-	-	-	50,000.00	(50,000.00)	840.50
6	2025	-	-	861.51	-	-	-	50,000.00	(50,000.00)	861.51
7	2026	-	-	883.05	-	-	-	50,000.00	(50,000.00)	883.05
8	2027	-	-	905.13	-	-	-	50,000.00	(50,000.00)	905.13
9	2028	-	-	927.75	-	-	-	50,000.00	(50,000.00)	927.75
10	2029	-	-	950.95	-	-	-	50,000.00	(50,000.00)	950.95
11	2030	-	-	974.72	-	-	-	-	-	974.72
12	2031	-	-	999.09	-	-	-	-	-	999.09
13	2032	-	-	1,024.07	-	-	-	-	-	1,024.07
14	2033	-	-	1,049.67	-	-	-	-	-	1,049.67
15	2034	-	-	1,075.91	-	-	-	-	-	1,075.91
16	2035	-	-	1,102.81	-	-	-	-	-	1,102.81
17	2036	-	-	1,130.38	-	-	-	-	-	1,130.38
18	2037	-	-	1,158.64	-	-	-	-	-	1,158.64
19	2038	-	-	1,187.60	-	-	-	-	-	1,187.60
20	2039	-	-	1,217.29	-	-	-	-	-	1,217.29
21	2040	-	-	1,247.73	-	-	-	-	-	1,247.73
22	2041	-	-	1,278.92	-	-	-	-	-	1,278.92
23	2042	-	-	1,310.89	-	-	-	-	-	1,310.89
24	2043	-	-	1,343.67	-	-	-	-	-	1,343.67
25	2044	-	-	1,377.26	-	-	-	-	-	1,377.26
Total		4,000,000.00	-	220,892.54	-	-	-	500,000.00	(500,000.00)	4,220,892.54

Discount Rate

5.00%

Net Present Value

\$4,004,436.09

Meadow walk

Proposal	NPV
Cavicchio	\$4,004,436.09
EDF	\$6,487,299.34
Quarry North	\$10,822,322.80

Town of Sudbury
 Melone RFP - EDF
 Net Present Value Estimate

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1 2020	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
2 2021	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
3 2022	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
4 2023	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
5 2024	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
6 2025	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
7 2026	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
8 2027	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
9 2028	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
10 2029	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
11 2030	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
12 2031	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
13 2032	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
14 2033	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
15 2034	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
16 2035	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
17 2036	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
18 2037	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
19 2038	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
20 2039	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
21 2040	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
22 2041	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
23 2042	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
24 2043	-	-	292,000.00	-	-	-	84,480.00	-	-	376,480.00
25 2044	-	4,000,000.00	292,000.00	-	-	-	84,480.00	-	-	4,376,480.00
Total	-	4,000,000.00	7,300,000.00	-	-	-	2,112,000.00	-	-	13,412,000.00

Discount Rate

5.00%

Net Present Value

\$6,487,299.34

Town of Sudbury
 Melone RFP - Quarry North
 Net Present Value Estimate
 Meadow walk assumptions

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1	2020	1,000,000.00	4,346,000.00	-	1,468,741.00	116,736.00	-	-	(1,178,935.00)	5,752,542.00
2	2021	-	-	-	1,505,459.53	116,736.00	-	-	(1,214,303.05)	407,892.48
3	2022	-	-	-	1,543,096.01	116,736.00	-	-	(1,250,732.14)	409,099.87
4	2023	-	-	-	1,581,673.41	116,736.00	-	-	(1,288,254.11)	410,155.31
5	2024	-	-	-	1,621,215.25	116,736.00	-	-	(1,326,901.73)	411,049.52
6	2025	-	-	-	1,661,745.63	116,736.00	-	-	(1,366,708.78)	411,772.85
7	2026	-	-	-	1,703,289.27	116,736.00	-	-	(1,407,710.04)	412,315.23
8	2027	-	-	-	1,745,871.50	116,736.00	-	-	(1,449,941.35)	412,666.16
9	2028	-	-	-	1,789,518.29	116,736.00	-	-	(1,493,439.59)	412,814.70
10	2029	-	-	-	1,834,256.25	116,736.00	-	-	(1,538,242.77)	412,749.47
11	2030	-	-	-	1,880,112.65	116,736.00	-	-	(1,584,390.06)	412,458.60
12	2031	-	-	-	1,927,115.47	116,736.00	-	-	(1,631,921.76)	411,929.71
13	2032	-	-	-	1,975,293.36	116,736.00	-	-	(1,680,879.41)	411,149.95
14	2033	-	-	-	2,024,675.69	116,736.00	-	-	(1,731,305.79)	410,105.90
15	2034	-	-	-	2,075,292.58	116,736.00	-	-	(1,783,244.97)	408,783.62
16	2035	-	-	-	2,127,174.90	116,736.00	-	-	(1,836,742.32)	407,168.58
17	2036	-	-	-	2,180,354.27	116,736.00	-	-	(1,891,844.59)	405,245.68
18	2037	-	-	-	2,234,863.13	116,736.00	-	-	(1,948,599.92)	402,999.20
19	2038	-	-	-	2,290,734.70	116,736.00	-	-	(2,007,057.92)	400,412.78
20	2039	-	-	-	2,348,003.07	116,736.00	-	-	(2,067,269.66)	397,469.41
21	2040	-	-	-	2,406,703.15	116,736.00	-	-	(2,129,287.75)	394,151.40
22	2041	-	-	-	2,466,870.73	116,736.00	-	-	(2,193,166.38)	390,440.35
23	2042	-	-	-	2,528,542.50	116,736.00	-	-	(2,258,961.37)	386,317.12
24	2043	-	-	-	2,591,756.06	116,736.00	-	-	(2,326,730.21)	381,761.84
25	2044	-	-	-	2,656,549.96	116,736.00	-	-	(2,396,532.12)	376,753.84
Total										
		1,000,000.00	4,346,000.00	-	50,168,908.36	2,918,400.00	-	-	(42,983,102.78)	15,450,205.57

Discount Rate

5.00%

Net Present Value

\$10,822,322.80

Town of Sudbury
 Melone RFP - Cavicchio
 Net Present Value Estimate

Year	Contributed Cash	Contributed Property	Lease Payments	Real Estate Taxes	Excise Taxes	Personal Property Taxes	Payments In Lieu of Taxes	Other Contributions	Associated Costs	Annual Total
1	2020	4,000,000.00	-	97,000.00	-	-	-	50,000.00	(50,000.00)	4,097,000.00
2	2021	-	-	99,425.00	-	-	-	50,000.00	(50,000.00)	99,425.00
3	2022	-	-	800.00	-	-	-	50,000.00	(50,000.00)	800.00
4	2023	-	-	820.00	-	-	-	50,000.00	(50,000.00)	820.00
5	2024	-	-	840.50	-	-	-	50,000.00	(50,000.00)	840.50
6	2025	-	-	861.51	-	-	-	50,000.00	(50,000.00)	861.51
7	2026	-	-	883.05	-	-	-	50,000.00	(50,000.00)	883.05
8	2027	-	-	905.13	-	-	-	50,000.00	(50,000.00)	905.13
9	2028	-	-	927.75	-	-	-	50,000.00	(50,000.00)	927.75
10	2029	-	-	950.95	-	-	-	50,000.00	(50,000.00)	950.95
11	2030	-	-	974.72	-	-	-	-	-	974.72
12	2031	-	-	999.09	-	-	-	-	-	999.09
13	2032	-	-	1,024.07	-	-	-	-	-	1,024.07
14	2033	-	-	1,049.67	-	-	-	-	-	1,049.67
15	2034	-	-	1,075.91	-	-	-	-	-	1,075.91
16	2035	-	-	1,102.81	-	-	-	-	-	1,102.81
17	2036	-	-	1,130.38	-	-	-	-	-	1,130.38
18	2037	-	-	1,158.64	-	-	-	-	-	1,158.64
19	2038	-	-	1,187.60	-	-	-	-	-	1,187.60
20	2039	-	-	1,217.29	-	-	-	-	-	1,217.29
21	2040	-	-	1,247.73	-	-	-	-	-	1,247.73
22	2041	-	-	1,278.92	-	-	-	-	-	1,278.92
23	2042	-	-	1,310.89	-	-	-	-	-	1,310.89
24	2043	-	-	1,343.67	-	-	-	-	-	1,343.67
25	2044	-	-	1,377.26	-	-	-	-	-	1,377.26
Total										
4,000,000.00										
220,892.54										
500,000.00										
(500,000.00)										
4,220,892.54										

Discount Rate

5.00%

Net Present Value

\$4,004,436.09