



APPENDIX A

TOWN OF WINDHAM, NEW HAMPSHIRE
OFFICE OF THE SELECTMEN AND TOWN ADMINISTRATOR
4 NORTH LOWELL ROAD, WINDHAM NH 03087

MEMORANDUM

Date: April 12, 2019
To: Board of Selectmen
Cc: Department Heads
From: David Sullivan, Town Administrator

Re: **Cost of Services Study – 2018 Update - Amended**

Please be advised that staff has analyzed the town's revenues and expenses for 2018 for the purpose of updating the Cost of Services Study numbers last updated for the year 2016.

As noted by in the original 2009 Cost of Services report "*a cost of services study provides a simplified view of the revenue and expenditure by land use type for a particular locality for a particular time period. The outcome of such a study is a set of ratios showing revenue to expenditure for the selected land uses within the community. The study shows only the situation for the time period of the study. It does not predict the impact of a change in land use...*"

Methodology:

The methodology we followed to develop the results herein for 2018 was the same as that used for 2016:

1. We have "broken out" the 55+ housing properties from the other residential properties to ascertain their independent ratio as a land use type;
2. "Open Space" for valuation purposes is based on only those parcels that are in the current use program. It does not include any town or state conservation land or open space as they are not assessed for tax purposes. "Open Space" for revenue and expenses does include impacts to and of town conservation land.
3. The valuations used for each land type do not include any exempt properties, such as, town, state, and school properties or non-profits as they are not assessed. Further total valuations shown are net of all elderly, blind, disabled, and deaf exemptions, as well as the value of property improvements made to assist persons with disabilities.

Allocation Percentages:

Unless a revenue or expenditure allocation can be specifically attributed to a specific land use type (*ie Conservation related is allocated to the Open Space use type, and School numbers are allocated to non-55+ Housing*), we distribute expenses and revenues based on a "Default Land Use Allocation" (see Table 1). The data for Table 1 was derived from the Summary of Valuation Report shown in the 2018 Annual Report. Calculations of the default percentages are shown in the attached detailed spreadsheets.

TABLE 1 - 2018 LAND USE DEFAULT PERCENTAGES*

Residential	Commercial	Open Space	55+ Housing
88.728%	8.444%	.004%	2.824%

**These percentages compare to 89.400% residential, 2.534% 55+ Residential, 8.062% commercial, and .004% open space in 2016.*

Note – If you combine 55+ with other residential properties the overall residential percentage would be 91.552% which compares to 91.934% from the 2016 study.

Ratio Results:

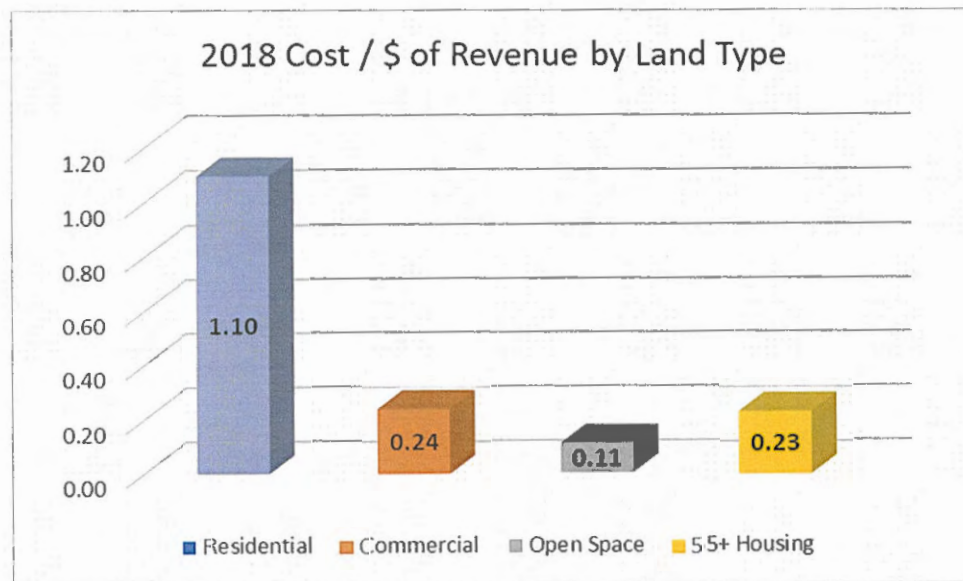
In 2018 for every dollar of revenue received from all non 55+ residential properties in 2018 the town provided \$1.10 worth of services. Similarly, the town provided \$0.23 worth of services for every dollar raised from 55+ housing residential properties, \$0.24 in services to commercial properties and \$0.11 to open space (see Table 2 below)

TABLE 2 - 2018 REVENUE AND EXPENDITURE BY LAND USE TYPE

	Residential	Commercial	Open Space*	55+ Housing
Total Revenue	\$54,724,709	\$4,978,105	\$388,035	\$1,620,754
Total Expenditures	\$59,976,683	\$1,195,293	\$43,032	\$371,672
Ratio	1:1.10	1:0.24	1:0.11	1:0.23

*These ratios compare to 1:1.07 residential, 1:0.35 commercial, 1:0.96 open space, and 1:0.22 55+ Housing in 2016.

Note – If you combine 55+ with other residential properties the overall residential ratio would be 1:1.07 which compares to 1:1.05 from the 2016 study.



The detailed analysis which generated the above ratios is attached to this cover memorandum in a series of spreadsheets which show the following:

1. Property Valuation Breakdown and Percentage Allocation
2. 2018 Revenue by Land Use Type based on the “reason for allocation” shown
3. 2018 Expenses by Land Use Type based on the “reason for allocation” shown

On behalf of the staff, I am confident that the above information and the accompany details will be helpful to the Board and others as you review future land use decisions. We would be pleased to discuss our findings with you in greater detail or to address any questions or request for additional information you may have.

: attachments

PROPERTY VALUATION BREAKDOWN AND PERCENTAGE ALLOCATION ANALYSIS

includes 55+ housing as independent use type

Using the 2018 Town Report information:				Default %
Residential Property Valuation (land, buildings, and manufactured housing):	\$	2,092,802,250.00		
Deductions for exemptions (deaf, blind, disabled, and elderly):	\$	8,547,700.00		
Deductions for Improvements for People with Disabilities:	\$	489,430.00		
Net Total Taxable Residential Value:	\$	2,083,765,120.00		88.7281%
55+ Housing	\$	69,502,400.00		
Deductions for exemptions (deaf, blind, disabled, and elderly):	\$	3,173,700.00		
Net Total Taxable Residential Value:	\$	66,328,700.00		2.8243%
Commercial/Industrial/Utility Valuation:	\$	198,301,040.00		8.4438%
Current Use Valuation:	\$	89,700.00		0.0038%
Total Taxable Property Valuation:	\$	2,348,484,560.00		100.0000%

Windham Valuation by Land use Type and Default Percentages				VALUE	PERCENT
Residential Land	\$	879,091,800.00			
Residential Buildings	\$	1,213,661,650.00			
Manufactured Housing	\$	48,800.00			
Total Actual Residential			\$	2,092,802,250.00	
Less Exemptions:					
Deaf	\$	-			
Blind	\$	(60,000.00)			
Disabled	\$	(461,400.00)			
Elderly	\$	(8,026,300.00)			
Total Exemptions	\$	(8,547,700.00)			
Improvements for People with Disabilities	\$	(489,430.00)			
Total Deductions			\$	(9,037,130.00)	
NET TAXABLE RESIDENTIAL VALUE			\$	2,083,765,120.00	88.7281%
55+ Developments	<i>Note - all 55+ values are subtracted from Residential Building Values in formula</i>			\$	69,502,400.00
Less Exemptions:					
Deaf	\$	-			
Blind	\$	(15,000.00)			
Disabled	\$	-			
Elderly	\$	(3,158,700.00)			
Total Exemptions	\$	(3,173,700.00)			
Total Deductions			\$	(3,173,700.00)	
NET TAXABLE 55+ HOUSING VALUE			\$	66,328,700.00	2.8243%
Commerical/Industrial Land	\$	76,897,100.00			
Commerical/Industrial Buildings	\$	91,869,140.00			
Public Utilities	\$	29,534,800.00			
TOTAL COMMERCIAL/INDUSTRIAL/UTILITY VALUE			\$	198,301,040.00	8.4438%
CURRENT USE LAND	\$	89,700.00	\$	89,700.00	0.0038%
TOTAL TAXABLE VALUE			\$	2,348,484,560.00	100.0000%

WINDHAM 2018 REVENUE BY LAND USE TYPE (Unaudited)

<u>ITEM</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>OPEN SPACE</u>	<u>55+ HOUSING</u>	<u>2018 TOTALS</u>	<u>REASON FOR ALLOCATION</u>
Property Taxes	\$ 48,093,418.15	\$ 4,576,804.92	\$ 2,059.72	\$ 1,530,859.34	\$ 54,203,142.13	Default
Land Use Change Tax	\$ -	\$ -	\$ 76,000.00	\$ -	\$ 76,000.00	100% Open Space
Yield Tax	\$ -	\$ -	\$ 3,286.31	\$ -	\$ 3,286.31	100% Open Space
Interest	\$ 65,214.89	\$ 6,206.17	\$ 2.79	\$ 2,075.85	\$ 73,499.70	Default
Penalties/Fees	\$ 3,064.22	\$ 291.61	\$ 0.13	\$ 97.54	\$ 3,453.50	Default
Overpayments/Refunds	\$ 200,692.28	\$ 19,098.86	\$ 8.60	\$ 6,388.23	\$ 226,187.96	Default
Miscellaneous (inc Pilot)	\$ 21,306.68	\$ -	\$ -	\$ -	\$ 21,306.68	100% Residential
Motor Vehicle Permits	\$ 3,680,997.11	\$ 194,662.48	\$ -	\$ 33,225.52	\$ 3,908,885.11	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
State Motor Vehicles	\$ 43,141.63	\$ 2,281.46	\$ -	\$ 389.41	\$ 45,812.50	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Titles	\$ 6,053.25	\$ 320.11	\$ -	\$ 54.64	\$ 6,428.00	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Town Clerk Misc	\$ 14,567.63	\$ 770.38	\$ -	\$ 131.49	\$ 15,469.50	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Dog Licenses	\$ 21,727.00	\$ -	\$ -	\$ -	\$ 21,727.00	100% Residential
Revenue from Dog Officer	\$ 525.00	\$ -	\$ -	\$ -	\$ 525.00	100% Residential
Sale of Town Information	\$ 113.88	\$ -	\$ -	\$ -	\$ 113.88	100% Residential
Boats	\$ 16,506.61	\$ -	\$ -	\$ -	\$ 16,506.61	100% Residential
UCC Filings and Misc	\$ -	\$ 3,138.00	\$ -	\$ -	\$ 3,138.00	100% Commercial
Vital Records	\$ 10,867.00	\$ -	\$ -	\$ -	\$ 10,867.00	100% Residential
OHRV/Hunting and Fishing	\$ 505.00	\$ -	\$ -	\$ -	\$ 505.00	100% Residential
Community Development	\$ 350,570.71	\$ 33,362.02	\$ 15.01	\$ 11,159.00	\$ 395,106.75	Default
Solid Waste Disposal	\$ 52,492.30	\$ -	\$ -	\$ -	\$ 52,492.30	100% Residential
Fire Department*	\$ 402,656.93	\$ 73,095.74	\$ -	\$ 22,548.11	\$ 498,300.78	80.81% residential; 14.67% commercial; 4.53% 55+ Housing - based on call volume
Police - Contracted Services*	\$ -	\$ 18,423.15	\$ -	\$ -	\$ 18,423.15	100% Commercial
Police - General Revenues*	\$ 5,971.80	\$ 568.31	\$ 0.26	\$ 190.09	\$ 6,730.45	Default
Cable Franchise Fees	\$ 297,831.09	\$ -	\$ -	\$ -	\$ 297,831.09	100% Residential
State NH Meals and Rooms	\$ 742,470.20	\$ -	\$ -	\$ -	\$ 742,470.20	100% Residential
State NH Highway Block Grant	\$ 321,149.02	\$ 16,983.35	\$ -	\$ 2,898.76	\$ 341,031.14	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
State NH Bridge Aid	\$ -	\$ -	\$ -	\$ -	\$ -	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Other Intergovernmental*	\$ 10,306.41	\$ 980.81	\$ 0.44	\$ 328.06	\$ 11,615.72	Default
Sale of Town Property & Rent	\$ 35,579.12	\$ -	\$ -	\$ -	\$ 35,579.12	100% Residential
Cash Donations/Contributions*	\$ 26,280.34	\$ 2,500.97	\$ 1.13	\$ 836.53	\$ 29,618.96	Default
Insurance and Other Reimbursements(includes welfare)	\$ 127,134.40	\$ 12,098.73	\$ 5.44	\$ 4,046.81	\$ 143,285.39	Default
Transfers in from other funds (Trust/Prop/ET)*	\$ 114,013.53	\$ 10,850.09	\$ 4.88	\$ 3,629.16	\$ 128,497.66	Default
Bond Proceeds*	\$ -	\$ -	\$ -	\$ -	\$ -	100% Open Space
Current Use Funds*	\$ -	\$ -	\$ 306,647.74	\$ -	\$ 306,647.74	100% Open Space
Admin, Treasure, Beach and Misc	\$ 29,612.88	\$ 2,818.11	\$ 1.27	\$ 942.61	\$ 33,374.86	Default
Interest on Investments	\$ 29,940.24	\$ 2,849.26	\$ 1.28	\$ 953.03	\$ 33,743.81	Default
TOTALS	\$ 54,724,709.31	\$ 4,978,104.51	\$ 388,035.00	\$ 1,620,754.17	\$ 61,711,603.00	

Note - Default Percentages = 88.728% residential; 8.444% commercial; .004% open space; and 2.824% 55+ Housing;

WINDHAM 2018 EXPENDITURES BY LAND USE TYPE

<u>ITEM</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>OPEN SPACE</u>	<u>55+ HOUSING</u>	<u>2018 TOTALS</u>	<u>REASON FOR ALLOCATION</u>
Departments						
Town Officer's Salaries	\$ 2,946.46	\$ 280.40	\$ 0.13	\$ 93.79	\$ 3,320.77	Default
Administration	\$ 542,636.30	\$ 51,639.92	\$ 23.24	\$ 17,272.63	\$ 611,572.10	Default
Town Clerk	\$ 262,452.16	\$ 24,976.23	\$ 11.24	\$ 8,354.10	\$ 295,793.73	Default
Tax Collector	\$ 127,687.53	\$ 12,151.37	\$ 5.47	\$ 4,064.42	\$ 143,908.78	Default
Election and Registration	\$ 23,883.97	\$ -	\$ -	\$ -	\$ 23,883.97	100% Residential
Cemetery	\$ 32,832.32	\$ -	\$ -	\$ -	\$ 32,832.32	100% Residential
General Government Buildings	\$ 368,111.56	\$ 35,031.30	\$ 15.77	\$ 11,717.34	\$ 414,875.96	Default
Property Appraisal/Assessing	\$ 164,576.62	\$ 15,661.92	\$ 7.05	\$ 5,238.63	\$ 185,484.21	Default
Information Technology	\$ 232,770.11	\$ 22,151.54	\$ 9.97	\$ 7,409.29	\$ 262,340.92	Default
Searles Building	\$ 10,868.96	\$ -	\$ -	\$ -	\$ 10,868.96	100% Residential
Museum	\$ 2,647.99	\$ 252.00	\$ 0.11	\$ 84.29	\$ 2,984.39	Default
Legal	\$ 53,651.18	\$ 10,864.43	\$ -	\$ -	\$ 64,515.61	83.16% residential, 16.84% commercial per analysis of cases and costs
Retirement Service Charge	\$ 798.55	\$ 75.99	\$ 0.03	\$ 25.42	\$ 900.00	Default
Insurance	\$ 312,130.37	\$ 29,703.85	\$ 13.37	\$ 9,935.41	\$ 351,783.00	Default
Police Department*	\$ 2,842,554.53	\$ 270,511.39	\$ 121.74	\$ 90,481.22	\$ 3,203,668.88	Default
Dispatching	\$ 412,405.88	\$ 39,246.56	\$ 17.66	\$ 13,127.27	\$ 464,797.37	Default
Fire Department*	\$ 2,691,180.48	\$ 488,539.54	\$ -	\$ 150,701.58	\$ 3,330,421.60	80.81% residential; 14.67% commercial; 4.53% 55+ Housing - based on call volume
Emergency Management	\$ 4,390.51	\$ -	\$ -	\$ -	\$ 4,390.51	100% Residential
Community Development	\$ 436,497.95	\$ 41,539.28	\$ 18.69	\$ 13,894.15	\$ 491,950.07	Default
Town Maintenance/Highways	\$ 1,072,414.24	\$ 56,712.57	\$ -	\$ 9,679.86	\$ 1,138,806.67	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Street Lights	\$ 18,064.31	\$ -	\$ -	\$ -	\$ 18,064.31	100% Residential
Solid Waste Disposal	\$ 928,433.02	\$ -	\$ -	\$ -	\$ 928,433.02	100% Residential
Health and Human Services	\$ 45,826.55	\$ -	\$ -	\$ -	\$ 45,826.55	100% Residential
General Assistance	\$ 52,720.49	\$ -	\$ -	\$ -	\$ 52,720.49	100% Residential
Library	\$ 1,124,218.86	\$ -	\$ -	\$ -	\$ 1,124,218.86	100% Residential
Recreation	\$ 219,041.14	\$ -	\$ -	\$ -	\$ 219,041.14	100% Residential
Historic Commission	\$ 5,764.38	\$ -	\$ -	\$ -	\$ 5,764.38	100% Residential
Conservation Commission	\$ -	\$ -	\$ 1,447.76	\$ -	\$ 1,447.76	100% Open Space
Senior Center	\$ 5,613.53	\$ -	\$ -	\$ -	\$ 5,613.53	100% Residential
Cable Television	\$ 112,268.40	\$ -	\$ -	\$ -	\$ 112,268.40	100% Residential
Long Term Note - Prncpal and Interest	\$ 161,752.53	\$ 15,393.16	\$ 6.93	\$ 5,148.74	\$ 182,301.36	Default
Long Term Note - PI - Conservation	\$ -	\$ -	\$ -	\$ -	\$ -	100% Open Space
Interst - TAN's	\$ -	\$ -	\$ -	\$ -	\$ -	Default

Note - Default Percentages = 88.728% residential; 8.444% commercial; .004% open space; and 2.824% 55+ Housing;

ITEM	RESIDENTIAL	COMMERCIAL	OPEN SPACE	55+ HOUSING	2018 TOTALS	REASON FOR ALLOCATION
<i>CIP and other Special Expenses</i>						
Road Improvements	\$ 282,510.00	\$ 14,940.00	\$ -	\$ 2,550.00	\$ 300,000.00	94.17% residential; 4.98% commercial; and .85% 55+ Housing - based on vehicle registration revenue
Ambulance*	\$ -	\$ -	\$ -	\$ -	\$ -	80.81% residential; 14.67% commercial; 4.53% 55+ Housing - based on call volume
Town Vault Project	\$ 22,888.73	\$ -	\$ -	\$ -	\$ 22,888.73	100% Residential
Rail Trail	\$ -	\$ -	\$ -	\$ -	\$ -	100% Residential
Highway Truck	\$ -	\$ -	\$ -	\$ -	\$ -	Default
Fire Quint Engine	\$ 11,779.91	\$ 2,138.45	\$ -	\$ 659.65	\$ 14,578.01	80.81% residential; 14.67% commercial; 4.53% 55+ Housing - based on call volume
Phone System Replacement	\$ 2,417.49	\$ 230.06	\$ 0.10	\$ 76.95	\$ 2,724.61	Default
Dispatch Command Center	\$ 247,849.06	\$ 23,586.53	\$ 10.61	\$ 7,889.27	\$ 279,335.47	Default
Fire Department Radios	\$ 150,849.70	\$ 14,355.59	\$ 6.46	\$ 4,801.69	\$ 170,013.44	Default
Town Common Beautification I	\$ 19,818.31	\$ 1,886.01	\$ 0.85	\$ 630.84	\$ 22,336.00	Default
Castle Hill Rd Bridge	\$ 50,397.56	\$ 4,796.08	\$ 2.16	\$ 1,604.20	\$ 56,800.00	Default
Library Roof	\$ 55,277.61	\$ 5,260.49	\$ 2.37	\$ 1,759.54	\$ 62,300.00	Default
Town Forest Improvements	\$ 1,197.76	\$ -	\$ -	\$ -	\$ 1,197.76	100% Residential
275th Anniversary Celebration	\$ 719.00	\$ -	\$ -	\$ -	\$ 719.00	100% Residential
Consultant Services - Water Line	\$ 10,283.59	\$ 978.64	\$ 0.44	\$ 327.34	\$ 11,590.00	Default
Property Maintenance Trust	\$ 44,364.05	\$ 4,221.90	\$ 1.90	\$ 1,412.15	\$ 50,000.00	Default
Earned Time Trust	\$ 26,618.43	\$ 2,533.14	\$ 1.14	\$ 847.29	\$ 30,000.00	Default
Facilities & Grounds Improvement Fund	\$ 53,418.75	\$ 5,083.59	\$ 2.29	\$ 1,700.37	\$ 60,205.00	Default
Searles Revenue Fund	\$ 30,216.44	\$ -	\$ -	\$ -	\$ 30,216.44	100% Residential
Other Reimbursable Grants	\$ -	\$ -	\$ -	\$ -	\$ -	Default
Disaster Assistance Grants	\$ 6,045.72	\$ -	\$ -	\$ -	\$ 6,045.72	100% Residential
Donations/Gifts	\$ 24,618.96	\$ -	\$ -	\$ -	\$ 24,618.96	100% Residential
Refunds and Abatements	\$ 5,791.69	\$ 551.17	\$ 0.25	\$ 184.36	\$ 6,527.46	Default
Conservation Fund Expenses	\$ -	\$ -	\$ 38,266.29	\$ -	\$ 38,266.29	100% Open Space
School	\$ 44,130,183.00	\$ -	\$ -	\$ -	\$ 44,130,183.00	100% Residential
County	\$ 2,528,296.40	\$ -	\$ 3,037.60	\$ -	\$ 2,531,334.00	99.88% residential, 0.12% open space - based on review of County budget
TOTALS	\$ 59,976,683.02	\$ 1,195,293.10	\$ 43,031.62	\$ 371,671.77	\$ 61,586,679.51	

Note - Default Percentages = 88.728% residential; 8.444% commercial; .004% open space; and 2.824% 55+ Housing;

COST OF SERVICES ANALYSIS SUMMARY - WINDHAM 2018 REVENUE AND EXPENDITURES BY LAND USE TYPE

	Residential	Commercial	Open Space	55+ HOUSING	TOTALS	
Total Revenue	\$ 54,724,709.31	\$ 4,978,104.51	\$ 388,035.00	\$ 1,620,754.17	\$	61,711,603.00
Total Expenditure	\$ 59,976,683.02	\$ 1,195,293.10	\$ 43,031.62	\$ 371,671.77	\$	61,586,679.51
RATIO	1:1.10	1:0.24	1:0.11	1:0.23	1:0.99	
	1.096	0.240	0.111	0.229		0.998
in 2016 Ratios were	1:1.07	1:0.35	1:0.96	1:0.22	1:0.99	
in 2014 Ratios were	1:1.08	1:0.27	1:1.31	1:0.23	1:0.99	
in 2009 Ratios were	1:1.05	1:0.28	1:0.57	N/A		