

DDEB Finance Committee

Executive Summary – Financial Model and Scenario Analysis Report

Model Version 7.5

April 5, 2006

NOTE: This is the MOU “**DRAFT**” report. Final analysis and reporting are not currently complete and may change before the final report is published.

Members:

Mike Boucher (Chair)
Bill Marinelli
Lynn Cheney
Kelly Winn
Larry Keenan
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Introduction

The DDEB Finance Committee was tasked with evaluating and reporting financial conditions of alternate jurisdiction scenarios. To that end the committee has developed, over the last 3 years, a financial model. The model is designed to analyze the impact of future development at Devens by forecasting changes in municipal revenues and expenses that would likely occur under various scenarios. The information reported shows the impact of development at Devens on the towns of Ayer, Harvard and Shirley and/or the residents of Devens.

In order to gauge the accuracy of the model and the methodology applied independent consultants Vanasse Hangen Brustlin Inc (VHB) and RKG Associates (RKG, Craig Seymour) were hired by the Devens Disposition Executive Board to perform a review on the accuracy and design of the model. The conclusions of the VHB-RKG report indicated the model was sound and some minor changes were recommended that the committee determined were basically cosmetic.

The model is "driven" by 3 major item sets: (a) DDEB assumptions from the working groups of the DDEB subcommittees; (b) revenue-expense projections based on reasonable estimates of tax levy and comparable municipal budgets, including the stakeholder communities and; (c) metric multipliers, such as population estimates, number of students per household and projections for commercial and residential development.

Base expenses in the "Current" period such as General Government, Public Safety, Education and Public works were taken directly from published town budgets and from the State Department of Revenue database for 2003. Multiplier metrics used within the model such as population per household and students per household were taken or calculated from published State and Federal sources. The critical metrics used are explained in the text accompanying each Scenario spreadsheet and also listed in a comprehensive Financial Model Assumptions sheet at the end.

The projected assumptions used for the 1A scenarios within the model, such as the size and costs of public safety departments and public works, were derived from interviews with the heads of each department in the towns of Ayer, Harvard, Shirley. Devens projected expenses were derived from an analysis of the current amounts being spent by MassDevelopment, comparable municipal budgets, and input from Rich Montuori, Sr. VP MassDevelopment, based on his experience as Town Manager in Billerica.

Commercial and Industrial absorption assumptions were defined using historical build out information on Devens as well as analysis from a VHB study on economic impact in this region. Housing absorption assumptions were defined from an analysis performed by a MassDevelopment consultant for the region. The DDEB Fin Com makes no judgment on the accuracy of absorption rates and appreciates that market conditions will drive build out.

In December 2005, each town was asked to provide expenses specific to the 2B scenario under consideration as well as review and confirm their original 1A inputs. It should be noted that the DDEB Finance Committee believes that the expenses identified by the towns are low for both scenarios 1 and 2. (Indeed, we were unable to obtain estimated expenses from Harvard and Shirley for scenario 2B.) We did "plug" in some increased transition amounts in an attempt to correct for this concern.

Lastly, the model is static or a point-in-time model. This means that it measures changes as if they all occur at once. The results are not intended to provide an answer accurate to the last dollar but to provide a reasonable approximation of future revenues and expenses based on the inputs provided. We also do not use an inflation factor and all projections are made at 2003 values. In order to show net revenue/loss, we have used an "inferred" tax rate equal to the current tax rate in each town.

Scenario Analysis

In order to determine what the different scenarios will look like in the future, the “drivers” (assumptions, revenue-expense projections and multipliers) may be adjusted to reflect future scenarios. For example, if we wanted to get a snapshot of what the revenues and expenses might look like for each of the towns or Devens in 2015 the model is adjusted to reflect the anticipated changes that would occur. The adjustments would include how many new homes will be built and on which parcels and how much new commercial or industrial development will take place. As these adjustments are made, a number of items are automatically updated such as the increase in number of students and expenses associated with them, as well as new revenues derived from housing and commercial-industrial development and additional expenses for services.

Once the model “drivers” are updated to reflect the anticipated changes we expect for a period in time, we can report many important financial pieces of information. The model will calculate specific changes in revenues and expenses, broken down by department. These are categorized in a similar manner to most municipal budgets.

The Finance Committee has calculated numerous scenarios based on various assumptions and different points in time. Some of the drivers that have the most effect on the results, such as students per household and cost per student have been adjusted to provide a range of solutions. Again, please refer to the individual scenario comments and Financial Model Assumptions sheet at the end of this report for the specific metrics used for the reports.

Conclusions

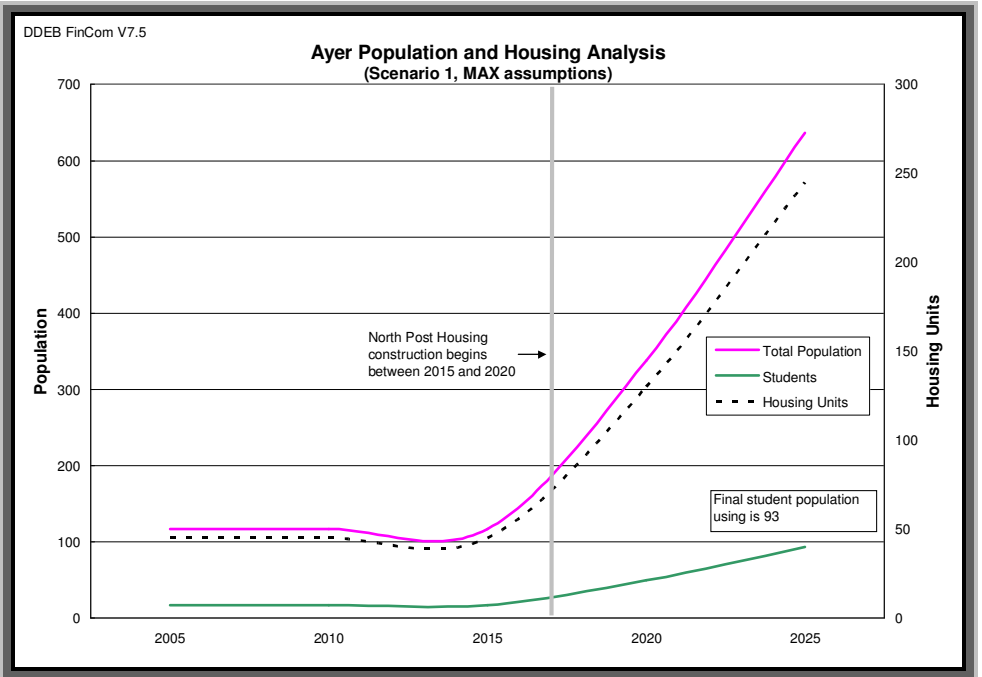
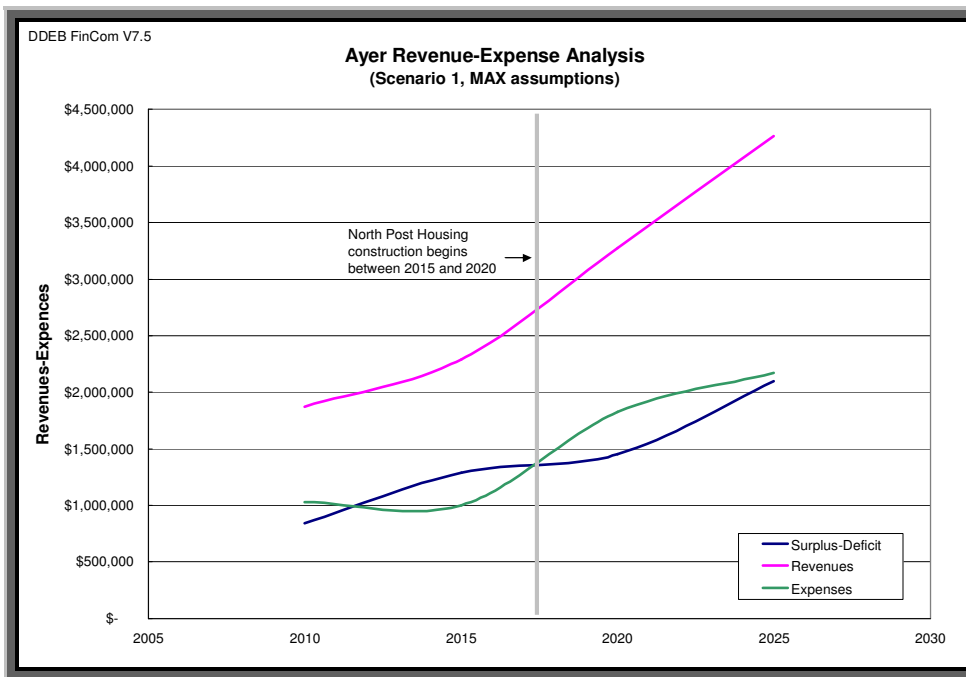
In an effort to provide information to residents and help them view what potential scenarios might look like from a revenue and expense perspective the Finance Committee has prepared a forecast report for Ayer, Harvard, Shirley and Devens, summarized in the condensed tables that follow. It uses assumptions and metrics that have been agreed to by a majority of stakeholders. This table presents two scenarios: 1A) Jurisdiction returns to the historical town boundaries and 2B) Devens becomes a town with certain out parcels reverting back to the towns of Ayer, Harvard and Shirley. (See maps.)



Scenario 2

	Ayer Current BASE		Ayer Incremental 2010		Ayer Incremental 2015		Ayer Incremental 2020		Ayer Incremental 2025	
Revenues										
Industrial	\$ 2,716,807	12.3%	\$ 1,397,363	17.4%	\$ 1,538,497	17.7%	\$ 1,736,085	17.8%	\$ 1,905,447	17.6%
Commercial	\$ 1,499,176	6.8%	\$ 167,513	7.0%	\$ 496,826	8.3%	\$ 957,865	9.8%	\$ 1,353,042	11.0%
Residential	\$ 3,994,743	18.1%	\$ 140,476	15.6%	\$ 132,610	14.6%	\$ 376,321	14.9%	\$ 705,280	15.5%
Personal Property	\$ 2,779,012	12.6%	\$ 54,721	11.9%	\$ 62,829	11.6%	\$ 84,317	11.2%	\$ 107,513	10.6%
Local Receipts	\$ 1,214,000	5.5%	\$ 19,688	5.3%	\$ 19,688	5.3%	\$ 56,875	5.3%	\$ 107,188	5.3%
State Aide	\$ 5,440,785	24.7%	\$ 46,125	23.6%	\$ 19,812	23.5%	\$ 31,821	22.6%	\$ 44,644	22.1%
Free Cash	\$ 850,625	3.9%	\$ -	3.7%	\$ -	3.7%	\$ -	3.5%	\$ -	3.4%
Stabilization Fund Transfers	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Enterprise Fund Revenues	\$ 2,580,381	11.7%	\$ -	11.1%	\$ -	11.1%	\$ -	10.7%	\$ -	10.4%
Community Preservation Funds	\$ 634,236	2.9%	\$ -	2.7%	\$ -	2.7%	\$ -	2.6%	\$ -	2.6%
Other Revenue	\$ 330,698	1.5%	\$ 46,125	1.6%	\$ 19,812	1.5%	\$ 31,821	1.5%	\$ 44,644	1.5%
<i>Total Revenues</i>	\$ 22,040,463	100.0%	\$ 1,872,011	100.0%	\$ 2,290,075	100.0%	\$ 3,275,105	100.0%	\$ 4,267,757	100.0%
Expenses										
General Government	\$ 1,137,594	5.2%	\$ -	4.9%	\$ 20,250	5.0%	\$ 40,500	4.9%	\$ 40,500	4.9%
Public Safety										
Police	\$ 1,227,394	5.6%	\$ 322,750	6.7%	\$ 323,000	6.7%	\$ 323,000	6.5%	\$ 322,750	6.4%
Fire	\$ 705,828	3.2%	\$ 286,806	4.3%	\$ 236,806	4.1%	\$ 525,675	5.2%	\$ 475,675	4.9%
EMS	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Dispatch	\$ 58,940	0.3%	\$ -	0.3%	\$ -	0.3%	\$ -	0.2%	\$ -	0.2%
Public Works	\$ 853,729	3.9%	\$ 85,750	4.1%	\$ 85,750	4.1%	\$ 171,500	4.3%	\$ 257,250	4.6%
Education	\$ 8,966,663	40.7%	\$ 210,956	39.8%	\$ 210,956	39.8%	\$ 513,932	39.7%	\$ 930,524	40.9%
Human Services, Culture & Recreation	\$ 600,290	2.7%	\$ -	2.6%	\$ -	2.6%	\$ -	2.5%	\$ -	2.5%
Insurance & Benefits	\$ 2,502,378	11.4%	\$ -	10.8%	\$ -	10.9%	\$ -	10.5%	\$ -	10.3%
Inspectors	\$ -	0.0%	\$ 30,000	0.1%	\$ 30,000	0.1%	\$ 30,000	0.1%	\$ 30,000	0.1%
Reserve Fund Appropriations	\$ 256,202	1.2%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%
Stabilization Fund Appropriations	\$ 250,000	1.1%	\$ -	1.1%	\$ -	1.1%	\$ -	1.0%	\$ -	1.0%
Enterprise Fund Expenses	\$ 3,442,000	15.6%	\$ -	14.9%	\$ -	14.9%	\$ -	14.4%	\$ -	14.2%
Cherry Sheet Charges	\$ 948,003	4.3%	\$ -	4.1%	\$ -	4.1%	\$ -	4.0%	\$ -	3.9%
Recurring Capital	\$ 1,036,222	4.7%	\$ 45,000	4.5%	\$ 45,000	4.5%	\$ 170,000	5.1%	\$ 63,750	4.5%
Other	\$ 55,220	0.3%	\$ -	0.4%	\$ -	0.4%	\$ -	0.2%	\$ -	0.2%
Annualized Transition	\$ -	0.0%	\$ 50,000	0.2%	\$ 50,000	0.2%	\$ 50,000	0.2%	\$ 50,000	0.2%
<i>Total Expense</i>	\$ 22,040,463	100.0%	\$ 1,031,262	100.0%	\$ 1,001,762	100.0%	\$ 1,824,607	100.0%	\$ 2,170,449	100.0%
<i>Net (Deficit) / Surplus</i>	\$ -		\$ 840,749		\$ 1,288,313		\$ 1,450,498		\$ 2,097,308	

Industrial	1,187,617	1,237,617	1,362,617	1,537,617	1,687,617
Commercial	13,584	63,584	188,584	363,584	513,584
<i>Total sqft</i>	1,201,201	1,301,201	1,551,201	1,901,201	2,201,201
Number of housing units	45	45	45	130	245
Population (total)	117	117	117	338	637
Students	17	17	17	49	93



Ayer Scenario 1: Key assumptions used in this analysis for Ayer in scenario 1 include the build-out of an additional 1M square feet of commercial and industrial development on the North Post and 200 additional residential units by the year 2025. Development of the commercial and industrial area will take place over 20 years and, at the conclusion of this period, there would be an additional capacity for another half million square feet. Forecasting development on all Devens parcels considers absorption rates for the region. It was determined a reasonable assumption for commercial and industrial build-out absorption for the North Post would be 60 to 70K per year beginning in 2009-2010 period and the proportion of commercial to industrial developed would be 50-50. This scenario assumes the McPherson Road construction is well under way in 2009-2010 periods and allows for development on the North Post. An additional 200 units of housing would also be constructed on the North Post. This analysis assumes the housing would begin in 2020 and be completed by 2025.

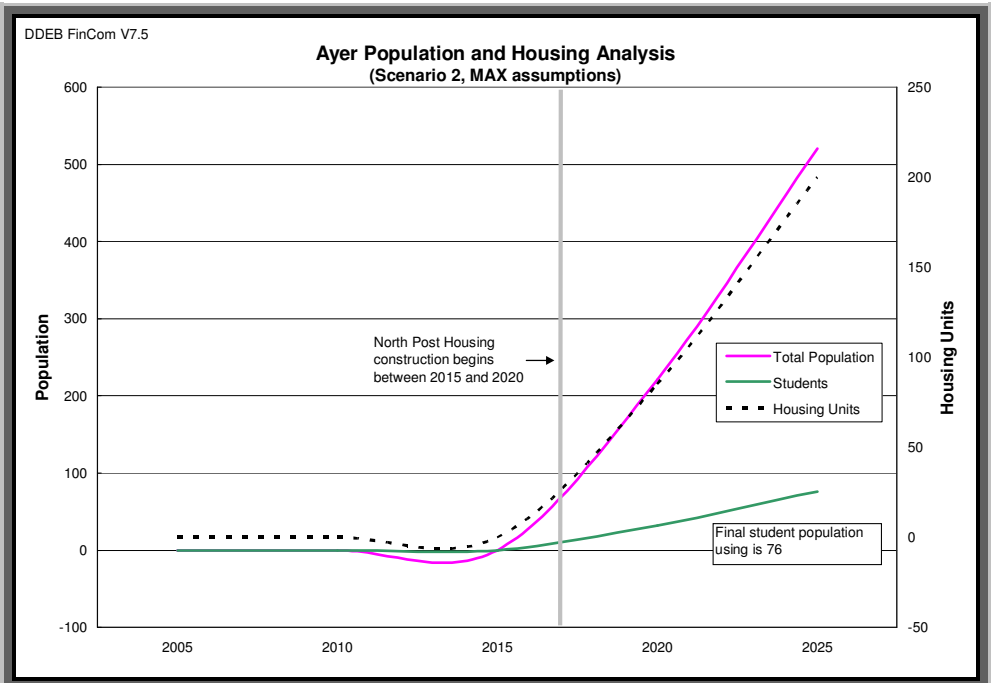
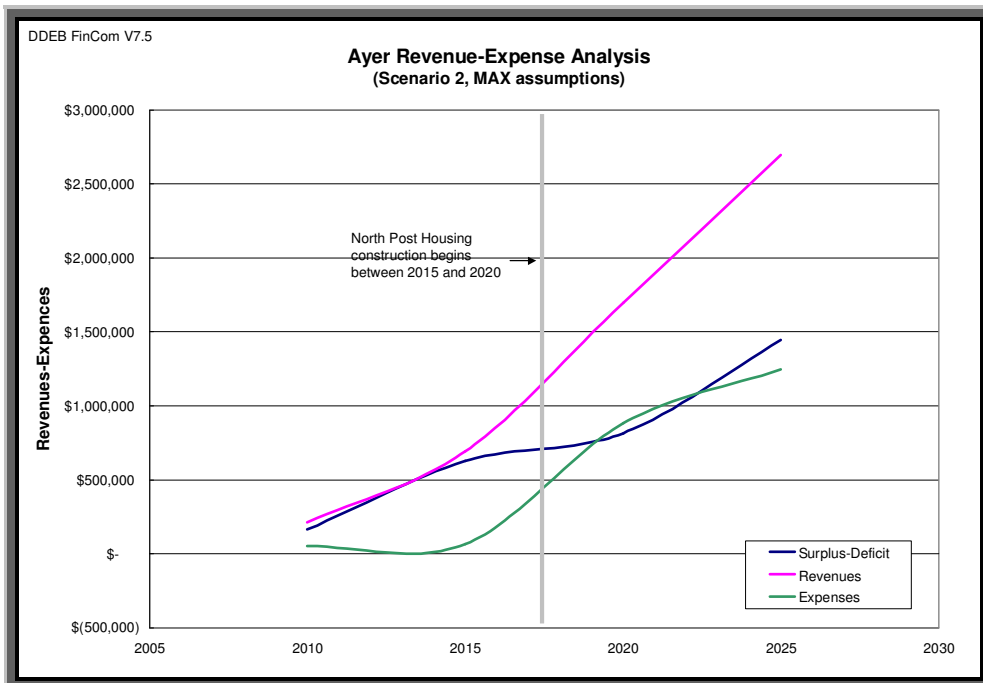
Existing housing on Auman & Bates, 45 units, are incorporated throughout the analysis beginning in 2010. It is important to note that this analysis does not include Vicksburg Square housing units that were identified in Ayer's Success Criteria. A reasonable assumption for additional housing for the Vicksburg Square area would be 50-100 housing units. Considering the Vicksburg housing units, these additional units could increase expenses by up to \$375K in additional educational costs and would increase the total incremental housing for Ayer to 345.

The analysis indicates that the existing commercial and industrial development on Devens, along with the current 45 units of residential, provide a net surplus of approximately \$800K in 2010. Expenses begin to ramp up in the 2015 to 2020 period as commercial and industrial development increase. Housing construction on the North Post beginning around 2020 will show increased expenses in education and municipal services during this period. The later forecast periods continue to show a net surplus of revenues.

Comments: As mentioned above it is reasonable to consider the effects of additional housing from the Vicksburg Square area. This analysis does not attempt to reset the split tax rates. Over all forecast periods, the residential tax rate (\$9.50) and commercial-industrial tax rate (\$21.12) are inferred to derive valuations and potential revenues. Key metrics used are 2.6 people per household and .38 students per household. There is concern that the expenses identified for assuming jurisdiction in CORE Devens are low. The DDEB FinCom, at a minimum, added a transition expense in the Ayer line items to address this concern by \$50K.

	Ayer Current BASE		Ayer Incremental 2010		Ayer Incremental 2015		Ayer Incremental 2020		Ayer Incremental 2025	
Revenues										
Industrial	\$ 2,716,807	12.3%	\$ 56,454	12.4%	\$ 197,588	12.7%	\$ 395,176	13.0%	\$ 564,538	13.0%
Commercial	\$ 1,499,176	6.8%	\$ 131,725	7.3%	\$ 461,039	8.6%	\$ 922,078	10.3%	\$ 1,317,254	11.4%
Residential	\$ 3,994,743	18.1%	\$ -	17.6%	\$ -	16.5%	\$ 246,056	16.6%	\$ 575,738	17.0%
Personal Property	\$ 2,779,012	12.6%	\$ 24,488	12.6%	\$ 32,909	12.3%	\$ 54,491	11.8%	\$ 77,715	11.2%
Local Receipts	\$ 1,214,000	5.5%	\$ 0	5.5%	\$ 0	5.5%	\$ 37,188	5.4%	\$ 87,500	5.5%
State Aide	\$ 5,440,785	24.7%	\$ -	24.6%	\$ -	24.6%	\$ 20,806	23.7%	\$ 36,444	23.2%
Free Cash	\$ 850,625	3.9%	\$ -	3.9%	\$ -	3.8%	\$ -	3.7%	\$ -	3.6%
Stabilization Fund Transfers	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Enterprise Fund Revenues	\$ 2,580,381	11.7%	\$ -	11.7%	\$ -	11.7%	\$ -	11.2%	\$ -	10.9%
Community Preservation Funds	\$ 634,236	2.9%	\$ -	2.9%	\$ -	2.9%	\$ -	2.8%	\$ -	2.7%
Other Revenue	\$ 330,698	1.5%	\$ -	1.5%	\$ -	1.5%	\$ 20,806	1.5%	\$ 36,444	1.6%
<i>Total Revenues</i>	\$ 22,040,463	100.0%	\$ 212,668	100.0%	\$ 691,537	100.0%	\$ 1,696,600	100.0%	\$ 2,695,635	100.0%
Expenses										
General Government	\$ 1,137,594	5.2%	\$ -	5.1%	\$ -	5.1%	\$ 20,250	5.1%	\$ 20,250	5.0%
Public Safety										
Police	\$ 1,227,394	5.6%	\$ 30,000	5.7%	\$ 30,000	5.7%	\$ 80,908	5.7%	\$ 80,908	5.6%
Fire	\$ 705,828	3.2%	\$ -	3.2%	\$ -	3.2%	\$ 286,806	4.3%	\$ 236,806	4.0%
EMS	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Dispatch	\$ 58,940	0.3%	\$ -	0.3%	\$ -	0.3%	\$ -	0.3%	\$ -	0.3%
Public Works	\$ 853,729	3.9%	\$ 15,000	3.9%	\$ 30,000	4.0%	\$ 90,750	4.1%	\$ 90,750	4.1%
Education	\$ 8,966,663	40.7%	\$ -	40.6%	\$ -	40.6%	\$ 352,976	40.7%	\$ 769,568	41.8%
Human Services, Culture & Recreation	\$ 600,290	2.7%	\$ -	2.7%	\$ -	2.7%	\$ -	2.6%	\$ -	2.6%
Insurance & Benefits	\$ 2,502,378	11.4%	\$ -	11.3%	\$ -	11.3%	\$ -	10.9%	\$ -	10.7%
Inspectors	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 30,000	0.1%	\$ 30,000	0.1%
Reserve Fund Appropriations	\$ 256,202	1.2%	\$ -	1.2%	\$ -	1.2%	\$ -	1.1%	\$ -	1.1%
Stabilization Fund Appropriations	\$ 250,000	1.1%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%
Enterprise Fund Expenses	\$ 3,442,000	15.6%	\$ -	15.6%	\$ -	15.6%	\$ -	15.0%	\$ -	14.8%
Cherry Sheet Charges	\$ 948,003	4.3%	\$ -	4.3%	\$ -	4.3%	\$ -	4.1%	\$ -	4.1%
Recurring Capital	\$ 1,036,222	4.7%	\$ 45,000	4.7%	\$ 45,000	4.7%	\$ 14,850	4.6%	\$ 14,850	4.5%
Other	\$ 55,220	0.3%	\$ -	0.2%	\$ -	0.2%	\$ -	0.2%	\$ -	0.2%
Annualized Transition	\$ -	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%
<i>Total Expense</i>	\$ 22,040,463	100.0%	\$ 50,000	100.0%	\$ 65,000	100.0%	\$ 881,540	100.0%	\$ 1,248,132	100.0%
<i>Net (Deficit) / Surplus</i>	\$ -		\$ 162,668		\$ 626,537		\$ 815,060		\$ 1,447,503	

Industrial	0	50,000	175,000	350,000	500,000
Commercial	0	50,000	175,000	350,000	500,000
<i>Total sqft</i>	0	100,000	350,000	700,000	1,000,000
Number of housing units	0	0	0	85	200
Population (total)	0	0	0	221	520
Students	0	0	0	32	76



Ayer Scenario 2: Key assumptions used in this analysis for Ayer in scenario 2 include the build-out of an additional 1M square feet of commercial and industrial development on the North Post and 200 additional residential units. Development of the commercial and industrial area will take place over 20 years and, at the conclusion of this period, there would be an additional capacity for another half million square feet. Forecasting development on all Devens parcels considers absorption rates for the region. It was determined a reasonable assumption for commercial and industrial build-out absorption for the North Post would be 60 to 70K per year, beginning in 2009-2010 period, and the proportion of commercial to industrial developed would be 50-50. This scenario assumes the McPherson Road construction is well under way in 2009-2010 and allows for development on the North Post. An additional 200 units of housing would also be constructed on the North Post. This analysis assumes the housing would begin in 2020 and be completed before 2025.

As stated above, commercial and industrial development is assumed to begin 10 years before residential units are added. This is anticipated to provide a net surplus in revenues throughout all periods in the analysis. (\$162,6668 in 2010 and \$1,447,503 in 2025.)

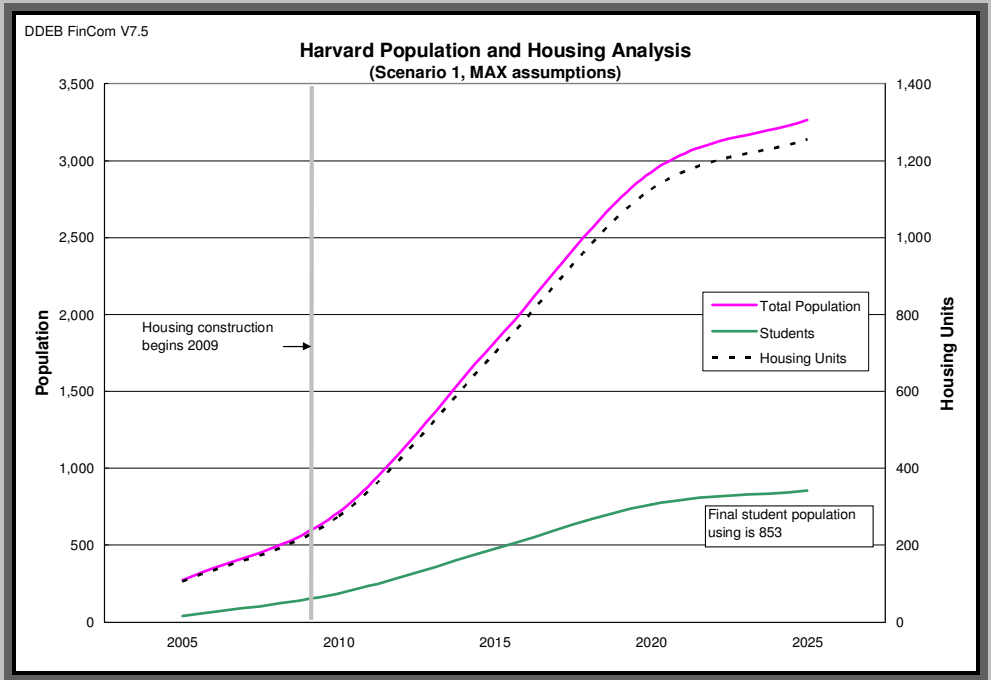
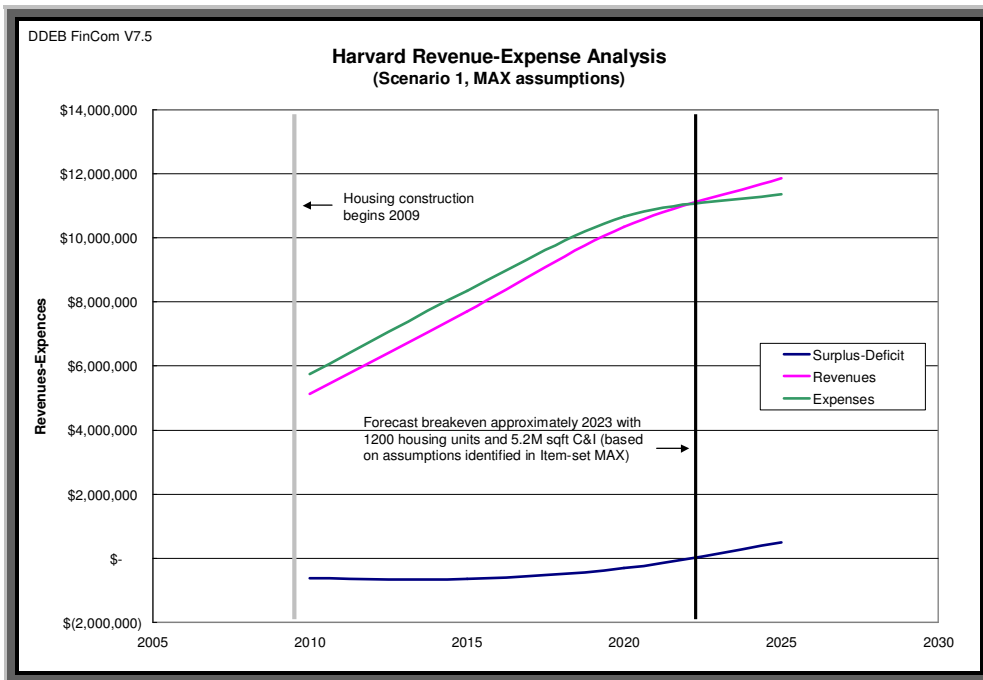
Comments: This analysis does not attempt to reset the split tax rates. Over all forecast periods, the residential tax rate (\$9.50) and commercial-industrial tax rate (\$21.12) are inferred to derive valuations and potential revenues. Key metrics used are 2.6 people per household and .38 students per household. In each scenario, and for all towns, there is concern that the expenses identified are low. The DDEB FinCom, at a minimum, added a transition expense in the Ayer line items to address this concern by \$5K.

	Harvard Current BASE		Harvard Incremental 2010		Harvard Incremental 2015		Harvard Incremental 2020		Harvard Incremental 2025	
Revenues										
Industrial	\$ 45,672	0.3%	\$ 794,201	3.6%	\$ 977,836	3.9%	\$ 1,192,077	4.4%	\$ 1,283,895	4.5%
Commercial	\$ 281,967	1.6%	\$ 2,520,675	12.0%	\$ 3,306,225	13.9%	\$ 3,948,948	14.9%	\$ 4,805,912	17.2%
Residential	\$ 9,691,694	54.2%	\$ 1,034,678	47.5%	\$ 2,486,247	48.3%	\$ 3,925,088	48.5%	\$ 4,354,324	46.9%
Personal Property	\$ 95,038	0.5%	\$ 89,307	0.8%	\$ 132,639	0.9%	\$ 173,733	1.0%	\$ 198,400	1.0%
Local Receipts	\$ 1,402,480	7.8%	\$ 0	6.0%	\$ 0	5.4%	\$ 0	4.9%	\$ 0	4.8%
State Aide	\$ 4,494,957	25.1%	\$ 286,375	20.4%	\$ 312,688	18.5%	\$ 434,973	17.4%	\$ 471,009	16.8%
Free Cash	\$ 736,667	4.1%	\$ -	3.1%	\$ -	2.8%	\$ -	2.6%	\$ -	2.5%
Stabilization Fund Transfers	\$ 450,000	2.5%	\$ -	1.9%	\$ -	1.7%	\$ -	1.6%	\$ -	1.5%
Enterprise Fund Revenues	\$ 14,137	0.1%	\$ -	0.1%	\$ -	0.1%	\$ -	0.0%	\$ -	0.0%
Community Preservation Funds	\$ 125,600	0.7%	\$ 110,243	1.0%	\$ 171,441	1.1%	\$ 229,480	1.3%	\$ 264,317	1.3%
Other Revenue	\$ 537,991	3.0%	\$ 286,375	3.5%	\$ 312,688	3.3%	\$ 434,973	3.4%	\$ 471,009	3.4%
<i>Total Revenues</i>	\$ 17,876,203	100.0%	\$ 5,121,854	100.0%	\$ 7,699,764	100.0%	\$ 10,339,273	100.0%	\$ 11,848,866	100.0%
Expenses										
General Government	\$ 1,009,294	5.6%	\$ 423,250	6.1%	\$ 423,250	5.5%	\$ 423,250	5.0%	\$ 423,250	4.9%
Public Safety										
Police	\$ 774,370	4.3%	\$ 526,758	5.5%	\$ 526,758	5.0%	\$ 526,758	4.6%	\$ 526,758	4.5%
Fire	\$ 206,071	1.2%	\$ 842,781	4.4%	\$ 842,781	4.0%	\$ 842,781	3.7%	\$ 842,781	3.6%
EMS	\$ -	0.0%	\$ 99,860	0.4%	\$ 99,860	0.4%	\$ 99,860	0.4%	\$ 99,860	0.3%
Dispatch	\$ 129,104	0.7%	\$ 61,367	0.8%	\$ 61,367	0.7%	\$ 61,367	0.7%	\$ 61,367	0.7%
Public Works	\$ 1,169,471	6.5%	\$ 383,249	6.6%	\$ 690,299	7.1%	\$ 690,299	6.5%	\$ 690,299	6.4%
Education	\$ 8,812,315	49.3%	\$ 1,588,520	44.0%	\$ 3,888,960	48.4%	\$ 6,189,400	52.6%	\$ 6,889,880	53.7%
Human Services, Culture & Recreation	\$ 498,426	2.8%	\$ 5,000	2.1%	\$ 5,000	1.9%	\$ 5,000	1.8%	\$ 5,000	1.7%
Insurance & Benefits	\$ 1,595,993	8.9%	\$ -	6.8%	\$ -	6.1%	\$ -	5.6%	\$ -	5.5%
Inspectors	\$ -	0.0%	\$ 52,500	0.2%	\$ 52,500	0.2%	\$ 52,500	0.2%	\$ 52,500	0.2%
Reserve Fund Appropriations	\$ 705,000	3.9%	\$ 80,000	3.3%	\$ 80,000	3.0%	\$ 80,000	2.8%	\$ 80,000	2.7%
Stabilization Fund Appropriations	\$ 393,051	2.2%	\$ 80,000	2.0%	\$ 80,000	1.8%	\$ 80,000	1.7%	\$ 80,000	1.6%
Enterprise Fund Expenses	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Cherry Sheet Charges	\$ 516,821	2.9%	\$ -	2.2%	\$ -	2.0%	\$ -	1.8%	\$ -	1.8%
Recurring Capital	\$ 1,734,076	9.7%	\$ -	7.3%	\$ -	6.6%	\$ -	6.1%	\$ -	5.9%
Other	\$ 332,211	1.9%	\$ -	1.4%	\$ -	1.3%	\$ -	1.2%	\$ -	1.1%
Annualized Transition	\$ -	0.0%	\$ 1,597,030	6.8%	\$ 1,597,030	6.1%	\$ 1,597,030	5.6%	\$ 1,597,030	5.5%
<i>Total Expense</i>	\$ 17,876,203	100.0%	\$ 5,740,314	100.0%	\$ 8,347,804	100.0%	\$ 10,648,244	100.0%	\$ 11,348,724	100.0%
<i>Net (Deficit) / Surplus</i>	\$ -		\$ (618,460)		\$ (648,040)		\$ (308,971)		\$ 500,142	

Industrial	997,466	1,297,466	1,597,466	1,947,466	2,097,466
Commercial	1,214,841	1,764,841	2,314,841	2,764,841	3,364,841
<i>Total sqft</i>	2,212,307	3,062,307	3,912,307	4,712,307	5,462,307

Number of housing units	105	275	700	1,125	1,255
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Population (total)	273	715	1,820	2,925	3,263
Students	40	187	476	765	853



Harvard Scenario 1: Key assumptions used in this analysis for Harvard in scenario 1 include the build-out to 5.4M square feet of commercial and industrial development and up to 1255 residential units. The 1255 housing units reflect the target in Mass Development’s success criteria. In 2015, the housing forecasts of 700 housing units reflect an estimate of Harvard’s success criteria. Development of the commercial and industrial area will take place over 20 years and, at the conclusion of this period, would have additional capacity for another 2 to 3 million square feet (this committee made no judgment on the marketability of the later parcels). Forecasting development on all Devens parcels considers absorption rates for the region. It was determined a reasonable assumption for commercial and industrial absorption for the CORE Devens parcels to be approximately 150K per year beginning in 2006. The actual build out is slightly greater to accommodate parallel development in the Barnum Road area.

This analysis assumes the housing would begin in 2009, likely in the Grant Road area, and be completed approximately 2023. Existing housing on Walnut, Elm and Sylvia’s Haven include 105 units and are incorporated throughout the analysis beginning in 2010. It is important to note that this analysis includes all Vicksburg Square housing units. No agreement on the town boundary and placement of the projected housing units were determined and, for the purposes of this financial model, the DDEB Fin COM chooses to place the 150 Vicksburg units in Harvard.

The analysis indicates that the existing commercial and industrial development on Devens along with the current 105 units of residential create a net deficit of approximately \$600K in 2010 to \$300K in 2020. Positive revenues occur in 2025 due primarily to continued commercial-industrial development and a completion of the housing plan. The breakeven period appears to be around 2023 when revenues equal expenses.

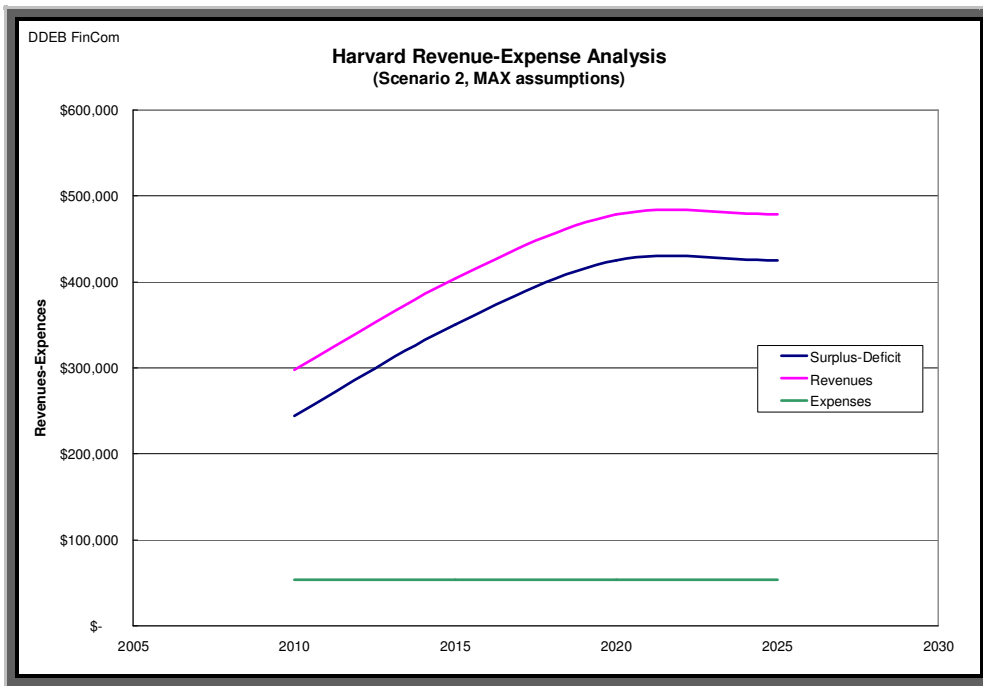
Comments: The analysis for Harvard uses the metric of .68 students per household since this is the actual experienced rate in the town. (Ayer and Shirley scenarios are pegged at a .38 rate - closer to the state average.) Also, this analysis does not attempt to reset the tax rates. Over all forecast periods the residential and commercial-industrial tax rate (\$11.45) is inferred to derive valuations for future revenues. A split rate was not considered under this analysis as it was not part of the charge of the committee. However such a study might provide insightful information. The DDEB Fin COM has indicated that, in each scenario and for each town, the total expenses defined by the towns are lower than the Fin Com’s estimates of the actual costs to operate Devens - and this is the case with Harvard. There was an expectation by the DDEB Fin COM that, in order to continue to attract development on CORE Devens, the levels of municipal service are required to be similar to those that exist today. For example, the 2010 DPW expense indicated from Harvard (\$383,243) are significantly less than those projected as required by the DDEB Fin COM (\$1,330,664) - primarily due to widely different personnel estimates.

	Harvard Current BASE		Harvard Incremental 2010		Harvard Incremental 2015		Harvard Incremental 2020		Harvard Incremental 2025	
Revenues										
Industrial	\$ 45,672	0.3%	\$ 162,600	1.2%	\$ 193,206	1.3%	\$ 193,206	1.3%	\$ 193,206	1.3%
Commercial	\$ 281,967	1.6%	\$ 102,836	2.1%	\$ 174,249	2.5%	\$ 245,663	2.9%	\$ 245,663	2.9%
Residential	\$ 9,691,694	54.2%	\$ -	52.8%	\$ -	52.2%	\$ -	51.8%	\$ -	51.8%
Personal Property	\$ 95,038	0.5%	\$ 16,201	0.6%	\$ 18,027	0.6%	\$ 19,306	0.6%	\$ 19,306	0.6%
Local Receipts	\$ 1,402,480	7.8%	\$ 0	7.8%	\$ 0	7.8%	\$ 0	7.8%	\$ 0	7.8%
State Aide	\$ 4,494,957	25.1%	\$ 4,500	25.1%	\$ 4,500	25.1%	\$ 4,500	25.1%	\$ 4,500	25.1%
Free Cash	\$ 736,667	4.1%	\$ -	4.1%	\$ -	4.1%	\$ -	4.1%	\$ -	4.1%
Stabilization Fund Transfers	\$ 450,000	2.5%	\$ -	2.5%	\$ -	2.5%	\$ -	2.5%	\$ -	2.5%
Enterprise Fund Revenues	\$ 14,137	0.1%	\$ -	0.1%	\$ -	0.1%	\$ -	0.1%	\$ -	0.1%
Community Preservation Funds	\$ 125,600	0.7%	\$ 6,995	0.7%	\$ 9,574	0.8%	\$ 11,379	0.8%	\$ 11,379	0.8%
Other Revenue	\$ 537,991	3.0%	\$ 4,500	3.0%	\$ 4,500	3.0%	\$ 4,500	3.0%	\$ 4,500	3.0%
<i>Total Revenues</i>	\$ 17,876,203	100.0%	\$ 297,632	100.0%	\$ 404,057	100.0%	\$ 478,554	100.0%	\$ 478,554	100.0%
Expenses										
General Government	\$ 1,009,294	5.6%	\$ -	5.6%	\$ -	5.6%	\$ -	5.6%	\$ -	5.6%
Public Safety										
Police	\$ 774,370	4.3%	\$ -	4.3%	\$ -	4.3%	\$ -	4.3%	\$ -	4.3%
Fire	\$ 206,071	1.2%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%	\$ -	1.1%
EMS	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Dispatch	\$ 129,104	0.7%	\$ -	0.7%	\$ -	0.7%	\$ -	0.7%	\$ -	0.7%
Public Works	\$ 1,169,471	6.5%	\$ -	6.5%	\$ -	6.5%	\$ -	6.5%	\$ -	6.5%
Education	\$ 8,812,315	49.3%	\$ -	49.1%	\$ -	49.1%	\$ -	49.1%	\$ -	49.1%
Human Services, Culture & Recreation	\$ 498,426	2.8%	\$ -	2.8%	\$ -	2.8%	\$ -	2.8%	\$ -	2.8%
Insurance & Benefits	\$ 1,595,993	8.9%	\$ -	8.9%	\$ -	8.9%	\$ -	8.9%	\$ -	8.9%
Inspectors	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Reserve Fund Appropriations	\$ 705,000	3.9%	\$ -	3.9%	\$ -	3.9%	\$ -	3.9%	\$ -	3.9%
Stabilization Fund Appropriations	\$ 393,051	2.2%	\$ -	2.2%	\$ -	2.2%	\$ -	2.2%	\$ -	2.2%
Enterprise Fund Expenses	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Cherry Sheet Charges	\$ 516,821	2.9%	\$ -	2.9%	\$ -	2.9%	\$ -	2.9%	\$ -	2.9%
Recurring Capital	\$ 1,734,076	9.7%	\$ -	9.7%	\$ -	9.7%	\$ -	9.7%	\$ -	9.7%
Other	\$ 332,211	1.9%	\$ -	1.9%	\$ -	1.9%	\$ -	1.9%	\$ -	1.9%
Annualized Transition	\$ -	0.0%	\$ 53,360	0.3%	\$ 53,360	0.3%	\$ 53,360	0.3%	\$ 53,360	0.3%
<i>Total Expense</i>	\$ 17,876,203	100.0%	\$ 53,360	100.0%	\$ 53,360	100.0%	\$ 53,360	100.0%	\$ 53,360	100.0%
<i>Net (Deficit) / Surplus</i>	\$ -		\$ 244,272		\$ 350,697		\$ 425,194		\$ 425,194	

Industrial	0	265,636	315,636	315,636	315,636
Commercial	0	72,000	122,000	172,000	172,000
<i>Total sqft</i>	0	337,636	437,636	487,636	487,636

Number of housing units	0	0	0	0	0
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Population (total)	0	0	0	0	0
Students	0	0	0	0	0

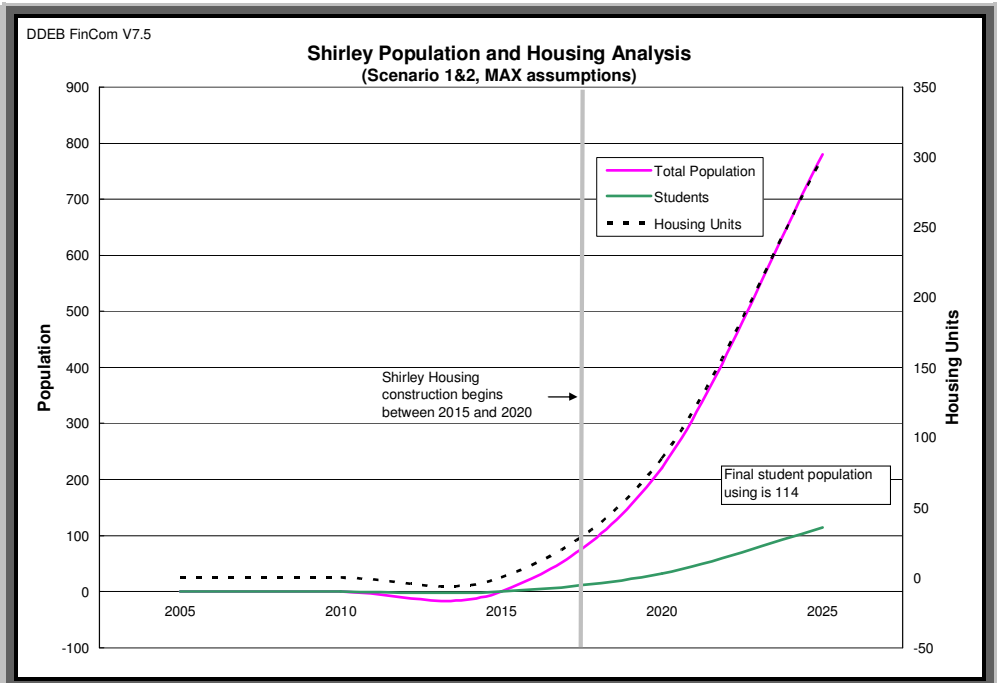
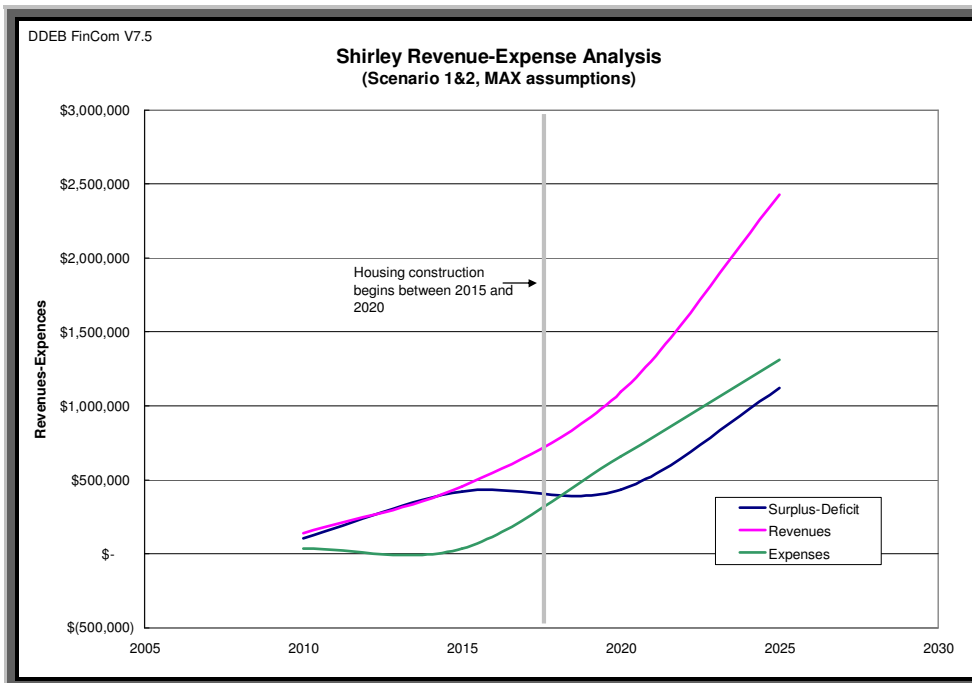


Harvard Scenario 2: Key assumptions used in this analysis for Harvard in scenario 2 include the assumption of jurisdiction over the existing 337K sq. ft. of commercial and industrial build-out on Barnum Road east of the railroad tracks, with potential of an additional 150K sq. ft. by 2015. This would be the limit of the build out unless 83 acres of land currently owned by the state and federal governments reverts back to private use. There is no housing planned for the Barnum Road area. Net revenues to Harvard are expected to reach \$244K in 2010 and climb to \$425K by 2020.

Comments: Over all forecast periods the residential and commercial-industrial tax rate (\$11.45) is inferred to derive valuations for future revenues. A split rate was not considered under this analysis as it was not part of the charge of the committee and the amount of future commercial development does not appear to be a compelling reason to perform this analysis. Since Harvard did not provide any incremental expenses for the Barnum Road area, the DDEB Fin COM assigned a transition cost in an attempt to show some level of expense.

	Shirley Current BASE		Shirley Incremental 2010		Shirley Incremental 2015		Shirley Incremental 2020		Shirley Incremental 2025	
Revenues										
Industrial	\$ 225,662	1.6%	\$ 37,262	1.8%	\$ 130,416	2.4%	\$ 186,308	2.7%	\$ 260,831	2.9%
Commercial	\$ 182,670	1.3%	\$ 86,944	1.9%	\$ 304,303	3.3%	\$ 434,719	4.1%	\$ 608,606	4.8%
Residential	\$ 4,745,117	33.7%	\$ -	32.9%	\$ -	31.1%	\$ 361,055	32.5%	\$ 1,267,230	34.2%
Personal Property	\$ 228,512	1.6%	\$ 16,163	1.7%	\$ 21,721	1.7%	\$ 31,519	1.7%	\$ 52,186	1.6%
Local Receipts	\$ 906,500	6.4%	\$ 0	6.4%	\$ 0	6.4%	\$ 37,188	6.3%	\$ 131,250	6.5%
State Aide	\$ 5,905,214	41.9%	\$ -	41.8%	\$ -	41.7%	\$ 20,806	39.8%	\$ 54,667	37.6%
Free Cash	\$ 761,734	5.4%	\$ -	5.4%	\$ -	5.4%	\$ -	5.1%	\$ -	4.8%
Stabilization Fund Transfers	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Enterprise Fund Revenues	\$ 878,488	6.2%	\$ -	6.2%	\$ -	6.2%	\$ -	5.9%	\$ -	5.5%
Community Preservation Funds	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Other Revenue	\$ 263,671	1.9%	\$ -	1.9%	\$ -	1.9%	\$ 20,806	1.9%	\$ 54,667	2.0%
<i>Total Revenues</i>	\$ 14,097,569	100.0%	\$ 140,369	100.0%	\$ 456,440	100.0%	\$ 1,092,401	100.0%	\$ 2,429,438	100.0%
Expenses										
General Government	\$ 751,934	5.3%	\$ -	5.3%	\$ -	5.3%	\$ 7,500	5.1%	\$ 7,500	4.9%
Public Safety										
Police	\$ 803,546	5.7%	\$ 20,000	5.8%	\$ 20,000	5.8%	\$ 80,908	6.0%	\$ 80,908	5.7%
Fire	\$ 359,926	2.6%	\$ -	2.5%	\$ -	2.5%	\$ 200,000	3.8%	\$ 200,000	3.6%
EMS	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Dispatch	\$ 234,325	1.7%	\$ -	1.7%	\$ -	1.7%	\$ -	1.6%	\$ -	1.5%
Public Works	\$ 971,224	6.9%	\$ 10,000	6.9%	\$ 10,000	6.9%	\$ 75,000	7.1%	\$ 75,000	6.8%
Education	\$ 6,983,320	49.5%	\$ -	49.4%	\$ -	49.4%	\$ 254,720	49.1%	\$ 907,440	51.2%
Human Services, Culture & Recreation	\$ 242,352	1.7%	\$ -	1.7%	\$ -	1.7%	\$ -	1.6%	\$ -	1.6%
Insurance & Benefits	\$ 1,448,923	10.3%	\$ -	10.3%	\$ -	10.3%	\$ 20,000	10.0%	\$ 20,000	9.5%
Inspectors	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Reserve Fund Appropriations	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Stabilization Fund Appropriations	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Enterprise Fund Expenses	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Cherry Sheet Charges	\$ 848,387	6.0%	\$ -	6.0%	\$ -	6.0%	\$ -	5.7%	\$ -	5.5%
Recurring Capital	\$ 892,999	6.3%	\$ -	6.3%	\$ -	6.3%	\$ 14,850	6.2%	\$ 14,850	5.9%
Other	\$ 560,633	4.0%	\$ -	4.0%	\$ -	4.0%	\$ -	3.8%	\$ -	3.6%
Annualized Transition	\$ -	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%	\$ 5,000	0.0%
<i>Total Expense</i>	\$ 14,097,569	100.0%	\$ 35,000	100.0%	\$ 35,000	100.0%	\$ 657,978	100.0%	\$ 1,310,698	100.0%
<i>Net (Deficit) / Surplus</i>	\$ -		\$ 105,369		\$ 421,440		\$ 434,423		\$ 1,118,740	

Industrial	0	50,000	175,000	250,000	350,000
Commercial	0	50,000	175,000	250,000	350,000
<i>Total sqft</i>	0	100,000	350,000	500,000	700,000
Number of housing units	0	0	0	85	300
Population (total)	0	0	0	221	780
Students	0	0	0	32	114



Shirley Scenario 1&2 Key assumptions used in this analysis for Shirley in scenario 1&2 include the build-out to 700K square feet of commercial and industrial development and up to 300 residential units. Development of the commercial and industrial area will take place over 20 years and at the conclusion of this period may or may not have additional square footage, depending on the conclusions of various environmental studies on the specific parcels to be developed. It should be noted that, although this scenario built out to 700K square feet, future analysis of the parcels may indicate that the true build out target may be much less depending on the studies referred to earlier. Forecasting development on all Devens parcels considers absorption rates for the region. It was determined a reasonable assumption for build-out absorption for the commercial-industrial zoned area of Shirley to be approximately 50K per year beginning in 2010.

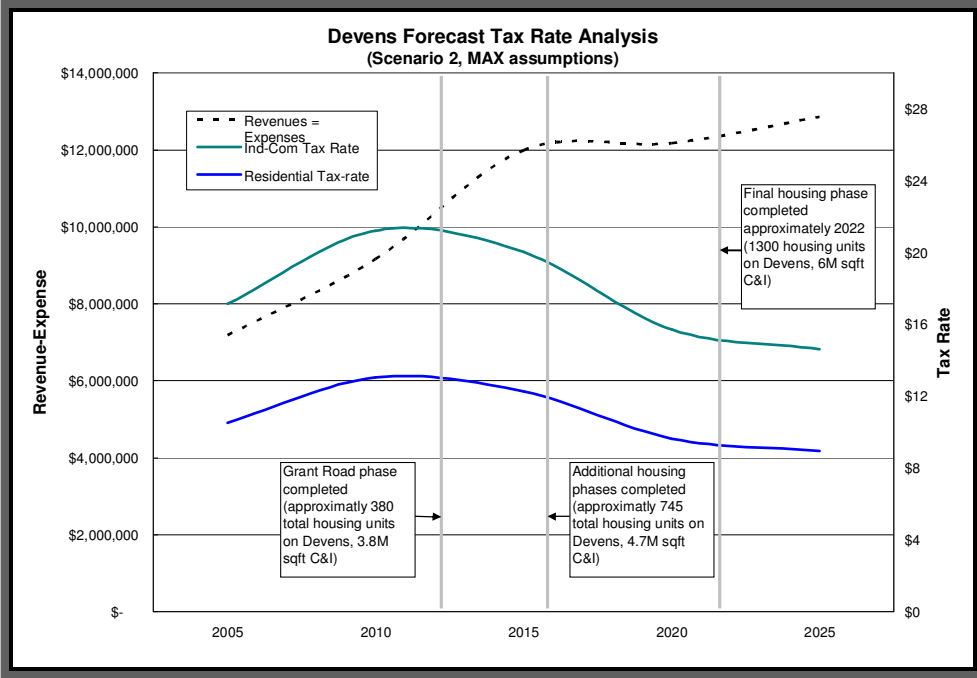
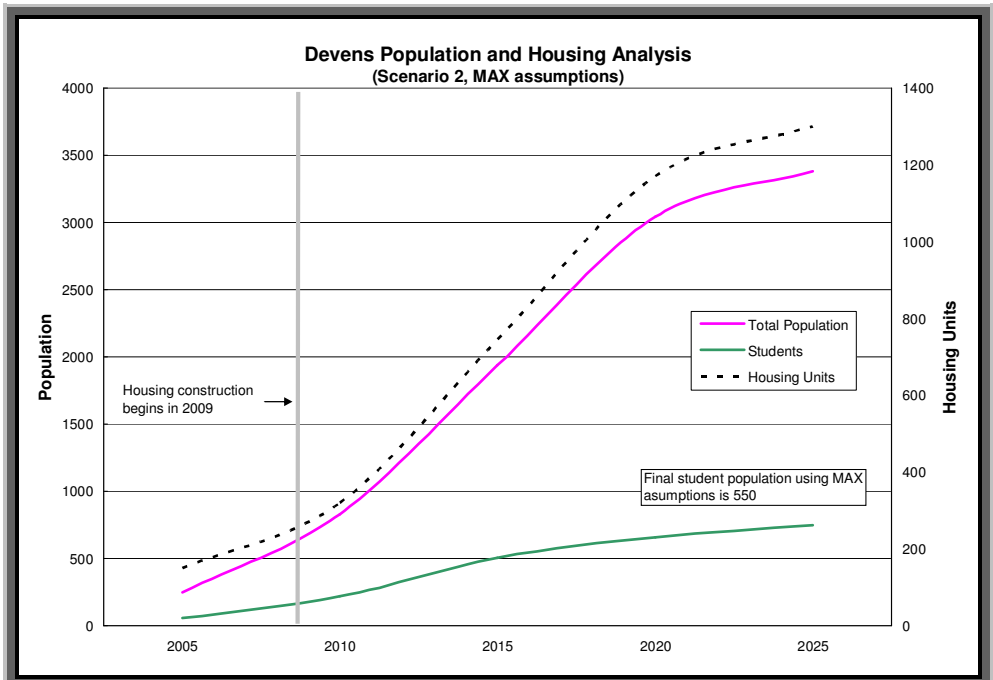
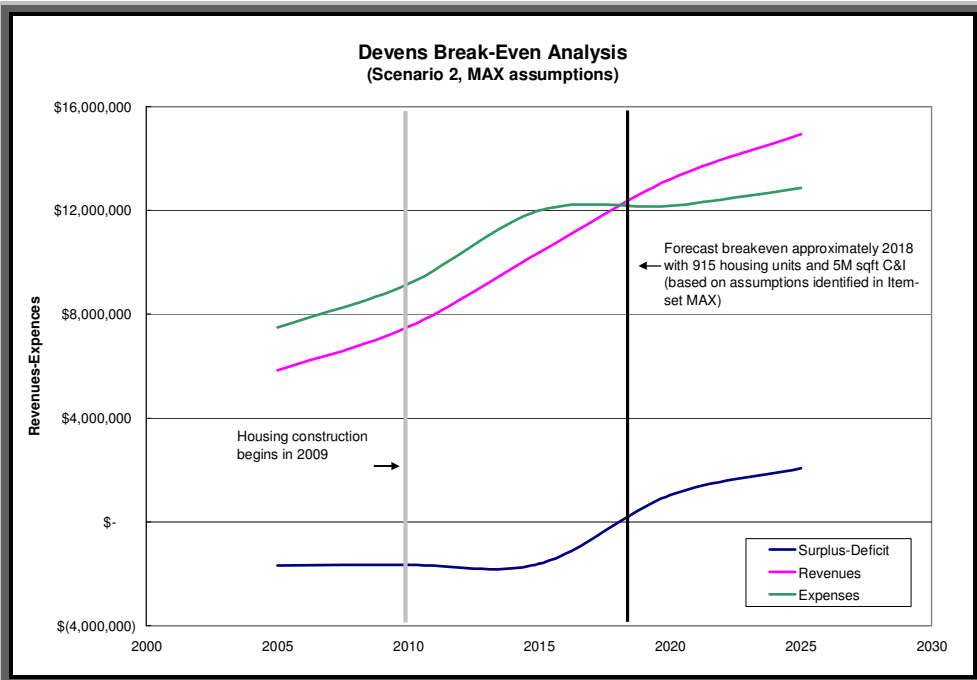
This analysis assumes the housing would begin in 2020, likely in the Village Growth area, and be completed approximately 2025. There are no existing housing units or developed commercial and industrial buildings on any of the Shirley parcels; however municipal buildings were constructed on parcels purchased from MassDevelopment after the base closure.

The analysis indicates that new commercial and industrial development, beginning in 2010, will create a net surplus of approximately \$100K in 2010 - growing to \$1.1M in 2025. The rate of the revenue surplus is flat from 2015 to 2020, with new housing developed at the end of this period. In 2025, at the end of the housing construction period with a total of 300 units, revenues continue to outpace expenses.

Comments: This analysis does not attempt to reset the tax rates. Over all forecast periods the residential and commercial-industrial tax rate (\$13.94) is inferred to derive valuations for future revenues. A split rate was not considered under this analysis as it was not part of the charge of the committee and the amount of future commercial development does not appear to be a compelling reason to perform this analysis. The DDEB Fin COM has indicated that, in each scenario and for each town, the expenses defined by the towns are lower than the Fin Com's estimates and this is the case with Shirley. Assumptions were made by the DDEB Fin COM as to what reasonable expenses might be. Small incremental expenses for police and DPW were used between 2010 and 2015. In the later periods between 2020 and 2025 larger expenses relating to equipment and personnel for DPW and Fire service were also added. Education costs were also calculated by the model in the later periods of the scenario, using a metric of .38 students per household. The key concern with this scenario lies in not knowing how much build out can actually take place - questioning the accuracy of the 700K sq. ft. C&I assumption.

	Devens Current BASE		Devens 2010		Devens 2015		Devens 2020		Devens 2025	
Revenues										
Industrial	\$ 2,001,033	34.3%	\$ 2,032,503	27.1%	\$ 2,261,445	21.8%	\$ 2,490,387	18.9%	\$ 2,719,330	18.2%
Commercial	\$ 2,624,894	45.0%	\$ 3,646,282	48.6%	\$ 4,714,681	45.4%	\$ 5,783,079	43.8%	\$ 6,851,477	45.9%
Residential	\$ 595,337	10.2%	\$ 1,106,197	14.7%	\$ 2,431,156	23.4%	\$ 3,750,533	28.4%	\$ 4,144,104	27.8%
Personal Property	\$ 117,286	2.0%	\$ 151,023	2.0%	\$ 212,864	2.1%	\$ 274,542	2.1%	\$ 309,236	2.1%
Local Receipts	\$ 65,625	1.1%	\$ 140,000	1.9%	\$ 325,938	3.1%	\$ 511,875	3.9%	\$ 568,750	3.8%
State Aide	\$ 428,000	7.3%	\$ 428,000	5.7%	\$ 428,000	4.1%	\$ 386,388	2.9%	\$ 336,889	2.3%
Free Cash	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Stabilization Fund Transfers	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Enterprise Fund Revenues	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Community Preservation Funds	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Other Revenue	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Total Revenues	\$ 5,832,176	100.0%	\$ 7,504,005	100.0%	\$ 10,374,083	100.0%	\$ 13,196,805	100.0%	\$ 14,929,786	100.0%
Expenses										
General Government	\$ 1,159,250	15.5%	\$ 1,159,250	12.7%	\$ 1,159,250	9.7%	\$ 1,159,250	9.5%	\$ 1,159,250	9.0%
Public Safety										
Police	\$ 954,973	12.7%	\$ 954,973	10.4%	\$ 954,973	8.0%	\$ 954,973	7.8%	\$ 954,973	7.4%
Fire	\$ 1,301,419	17.4%	\$ 1,301,419	14.2%	\$ 1,301,419	10.9%	\$ 1,301,419	10.7%	\$ 1,301,419	10.1%
EMS	\$ 90,300	1.2%	\$ 90,300	1.0%	\$ 90,300	0.8%	\$ 90,300	0.7%	\$ 90,300	0.7%
Dispatch	\$ 62,367	0.8%	\$ 62,367	0.7%	\$ 62,367	0.5%	\$ 62,367	0.5%	\$ 62,367	0.5%
Public Works	\$ 1,330,664	17.7%	\$ 1,330,664	14.5%	\$ 1,330,664	11.1%	\$ 1,330,664	10.9%	\$ 1,330,664	10.3%
Education	\$ 1,177,500	15.7%	\$ 2,308,000	25.2%	\$ 5,140,900	42.9%	\$ 5,321,000	43.7%	\$ 6,010,000	46.7%
Human Services, Culture & Recreation	\$ 117,000	1.6%	\$ 117,000	1.3%	\$ 117,000	1.0%	\$ 117,000	1.0%	\$ 117,000	0.9%
Insurance & Benefits	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Inspectors	\$ 109,000	1.5%	\$ 109,000	1.2%	\$ 109,000	0.9%	\$ 109,000	0.9%	\$ 109,000	0.8%
Reserve Fund Appropriations	\$ 100,000	1.3%	\$ 100,000	1.1%	\$ 100,000	0.8%	\$ 100,000	0.8%	\$ 100,000	0.8%
Stabilization Fund Appropriations	\$ 100,000	1.3%	\$ 100,000	1.1%	\$ 100,000	0.8%	\$ 100,000	0.8%	\$ 100,000	0.8%
Enterprise Fund Expenses	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Cherry Sheet Charges	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Recurring Capital	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Other	\$ 495,000	6.6%	\$ 495,000	5.4%	\$ 495,000	4.1%	\$ 495,000	4.1%	\$ 495,000	3.8%
Annualized Transition	\$ 502,278	6.7%	\$ 1,032,768	11.3%	\$ 1,032,768	8.6%	\$ 1,032,768	8.5%	\$ 1,032,768	8.0%
Total Expense	\$ 7,499,751	100.0%	\$ 9,160,740	100.0%	\$ 11,993,640	100.0%	\$ 12,173,740	100.0%	\$ 12,862,740	100.0%
Net (Deficit) / Surplus	\$ (1,667,575)		\$ (1,656,735)		\$ (1,619,557)		\$ 1,023,064		\$ 2,067,045	

Industrial	2,185,083	2,219,447	2,469,447	2,719,447	2,969,447
Commercial	1,228,425	1,706,425	2,206,425	2,706,425	3,206,425
Total sqft	3,413,508	3,925,872	4,675,872	5,425,872	6,175,872
Number of housing units	150	320	745	1,170	1,300
Population (total)	250	832	1,937	3,042	3,380
Students	57	160	373	485	550



Devens Scenario 2: Key assumptions used in this analysis for Devens in scenario 2 include the build-out to 6.2 M square feet of commercial and industrial development and up to 1300 residential units. The 1300 housing units reflect the target in Mass Development's success criteria. Development of the commercial and industrial area will take place over 20 years and, at the conclusion of this period, would have additional capacity for another 2 to 3 million square feet (this committee made no judgment on the marketability of the later parcels). Forecasting development on all Devens parcels considers absorption rates for the region. It was determined a reasonable assumption for commercial and industrial absorption for the CORE Devens parcels to be approximately 150K per year beginning in 2006. A key driver for this analysis is the "age-restricted" or over-55 housing units. This analysis assumed they would be constructed in the 2015-2020 period. The net revenues derived from this set of units offset somewhat the education expenses from the other housing units allowing the breakeven point to occur sooner.

This analysis assumes the housing would begin in 2009, likely in the Grant Road area, and be completed approximately 2023. Existing housing on Walnut, Elm and Sylvia's Haven include 105 units and are incorporated throughout the analysis beginning in 2010.

The analysis indicates that the existing commercial and industrial development on Devens along with the current 105 units of residential create a net deficit of approximately \$1.7M in 2010 and a "breakeven" approximately in 2018. Positive revenues in 2020 and 2025 are due primarily to continued commercial-industrial development and a completion of the housing plan.

Comments: The analysis for Devens uses what the DDEB Fin COM believes to be "Maximum" (or worst case) assumptions. We use a metric of .50 students per household in Devens, which is a midpoint between Harvard, Ayer and Shirley. We factored in transition costs, although it is possible that these could be minimized if Devens were to obtain municipal buildings at no cost. We also assumed initial cost per student of \$13,300 to reflect recent contract costs from the "current" period to 2015. Cost per student is lowered to \$10,600 as more students enter the system and the average trends toward the State average. The inferred tax rates used to determine the breakeven forecast was \$10.52 for the residential rate and \$17.13 for the C&I rate. There was an expectation by the DDEB Fin COM that, in order to continue to attract development on CORE Devens, similar levels of municipal service are required to those that exist today. To this end, Devens projected expenses were derived from an analysis of the current amounts being spent by MassDevelopment, comparable municipal budgets, and input from Rich Montuori, Sr. VP MassDevelopment, based on his experience as Town Manager in Billerica.

MAX Assumptions	Scenario 1 and Scenario 2 - (Financial Model Assumptions)
1	Housing at 85 units per year beginning in 2009, based on Mass Development and VHB absorption studies
2	Commercial and Industrial build out at 150K per year target, based on historical build out via Mass Development projections and VHB absorption studies
3	Over 55 housing, 200 units, developed between 2015 and 2020, Devens-Mass Development housing plan
4	Students per housing unit, Ratio=0.68 (Harvard), Ratio=0.50 (Devens), Ratio=0.38 (Ayer and Shirley)
5	Population per housing unit = 2.6 (generally accepted metric across Massachusetts and local region)
6	Assumes the town of Devens would purchase most municipal facilities from Mass Development (Fire station, police, town hall and equipment for these facilities).
7	Bonding period for acquisition items is 10 years. 4.6%
8	Devens breakeven point forecast using "inferred" tax rate base of (residential=\$10.53, commercial-industrial=\$17.13)
9	Most municipal services on Devens at incorporation are deemed at build out levels
10	Ayer, Harvard, and Shirley build out ratio of 50% Ind and 50% Comm
11	Devens build out ratio 66.66% Comm and 33.33% Ind
12	Expense projections are not cumulative but that amount for the specific forecast year.
13	Inferred rates used to derive Net (deficit) surplus amounts, Ayer(9.50,21.12) Shirley(13.94) Harvard(11.45) and Devens(10.53, 17.13)
14	The average housing unit is derived using a blended formula of market rate and affordable units, approximately \$303K per unit.
15	Calculated tax rates for Devens keeps Residential to Commercial-Industrial ratio equivalent over entire forecast period (approximately .614) CIP adjustment
16	Cost per student (Ayer 9468, Shirley 7960, Harvard 7960) (Devens 13300 from current to 2015, 10600 for all later periods)
17	School construction costs based on 400 students (\$13.9M acquisition cost, school plus land) Cost projected using Massachusetts School Building Assistance formula.
18	Minimum State Aid Base assumed for Devens
19	Current forecast period refers to 2003 base budget values
20	Assumes mixed use plan on North Post (200 units)
21	Assumes North Post housing construction between 2015 and 2020
22	Vicksburg housing is included in Harvard totals (Ayer could increase by 100 units and Harvard decrease by 100)
23	School transportation costs are not increased over time, it's reasonable to forecast greater costs in later periods.
24	Industrial valuation rate per square foot \$53.46.
25	Commercial valuation rate per square foot \$124.74.
26	Expense and revenue values in 2003 dollars