

Economic and Fiscal Impact
of the
Proposed
Sugarbush Lincoln Peak
Base Area Development - Phase II
Lincoln Peak Village

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Executive Summary

Sugarbush Ventures NE, LLC proposes to construct Phase II of its Lincoln Peak Base Area Development. Phase II will consist of seven buildings housing 64 residential units and one building housing 30 residential units configured as a hotel.

Construction of Phase IIA is assumed to occur in 2012 and operations are planned to begin in 2013. The remainder of Phase II will be constructed in the following 3 to 5 years. For purposes of this analysis, we constructed a timeline that has all of Phase II constructed from 2012 through 2017. Full operation of all of Phase II begins in 2018. The construction of the project is estimated to cost \$29,750,000. When the project is in full operation, average annual employment of this project will equal 27 people. There will be no highway-oriented secondary development from the project.

The general economic and demographic impact of Phase II was estimated by use of a dynamic forecasting and simulation model constructed for this purpose. We estimate that Phase II will add a total of 33 jobs and \$1,034,000 in annual wages to the region during the first five years of its full operation. Population will increase by 5 region-wide by 2018 to 2022.

We found that Phase II will have a limited fiscal impact on the host Town of Warren.

- Only one new school child will be entering the Warren school system because of this project. The school system has the physical capacity to absorb this student. Act 60/68's funding mechanism protects Warren from any adverse fiscal impacts to its school system operating budget from new school enrollment generated by the project. Therefore, Phase II will not present any burden to Warren taxpayers.
- The impact on the municipal budget will also not be a burden to Warren taxpayers. The facility will represent a substantial increase in the Grand List, which will more than offset the cost increases anticipated from it. Therefore, Phase II will be a net fiscal benefit to the Town of Warren.
- The growth and rate of growth in population, housing, and employment from Phase II will be easily accommodated by the towns in the region. Phase II will cause no measurable change in the region's compound annual growth rate of population, housing, or employment.

In conclusion, it is our finding that Phase II is in conformance with Criteria 6, 7, and 9A.

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I. Purpose and Outline of this Report

Summit Ventures NE, LLC seeks approval for Phase II of the Lincoln Peak Base Area Development Project. The project consists of eight building sites with a mix of townhouse, condominium style, and mixed-use buildings. The proposed buildings will house approximately 94 residential units. Underground parking will be provided for all new buildings. Additional project components include the completion of the Hotel Brook reconstruction; stormwater and utility infrastructure; Village Double lift relocation and replacement, improvements in skier traffic management at the approach to the Village Double; improvements to beginner skier terrain and children's ski school terrain; a reconfiguration of the Sugarbush Village parking lot; and the creation of five new parcels to accommodate the proposed buildings. Building sites and associated site improvements will be constructed in phases over several years. Implementation of each phase will be based on market demand.

As part of its Act 250 application, Sugarbush Resort requested Northern Economic Consulting to provide a detailed economic and fiscal impact analysis of the project. The purpose of this report is to present the findings of that analysis.

This report begins in Section II with a detailed description of Phase II. Section III presents the basic methodology of this analysis. Section IV briefly describes the secondary growth expected from the project. Section V presents and explains the general economic and demographic impacts of the project.

This analysis then turns to measuring the fiscal impact of the proposed development. Section VI presents measures of the impact of the project on the school system of towns in the region (Criterion 6 of Act 250). Section VII measures the impact of the project on the municipal budgets of the towns in the region (Criterion 7). Section VIII shows the impact of this project on the growth and rate of growth in the region and discusses the financial capacity of the town and region to accommodate the growth caused by the project (Criterion 9A). Finally, Section IX summarizes the major conclusions of this analysis.

II. Description of the Lincoln Peak Base Area Development - Phase II

Phase II of the Lincoln Peak Base Area Development will consist of the following.

- Eight buildings located between the Clay Brook Hotel & Residences to the south and Sugarbush Village to the north. The eight buildings will house 64 whole ownership condominium units and a 30 unit hotel. The building footprints will total approximately 173,000 square feet.

Seven of the eight buildings will house the condominium units. The usage of the condominium units will depend on the preferences of the future owners. Some may choose to put them in the rental pool managed by Sugarbush when they are not being occupied by the owner. Sugarbush estimates that management of these buildings will take 6 to 10 staff during the peak winter period, with 4 to 6 being year-round employees.

The eighth building will house the 30 unit hotel on the upper floors and approximately 30,000 square feet of commercial space on the ground floor. Sugarbush estimates operation of the hotel will call for 7 to 9 employees in the peak season (existing staff will handle some of the work). The commercial space will be formatted to meet demand. As of today, it is estimated that this space will consist of meeting rooms, a spa, and dining and retail uses.

We estimate new average annual employment from operations of all of Phase II will equal 27 with wages at the state average for the various tasks.

- The other project components include the completion of the Hotel Brook reconstruction; stormwater and utility infrastructure; Village Double lift relocation and replacement; improvements in skier traffic management at the approach to the Village Double; improvements to beginner skier terrain and children's ski school terrain; and a reconfiguration of the Sugarbush Village parking lot.

These improvements will not lead to employment creation beyond that which may occur during their construction.

Sugarbush Resort anticipates receiving a permit for this project by the spring of 2012 and plans to begin construction immediately. Phase IIA (Rice Brook Residences) is slated to begin construction in spring 2012 with a late 2012 or early 2013 opening (exterior building and site work would be finished in 2013). Phase IIB-IIE will come later and will be driven by market demand. For purposes of this report we assume that Phase IIB-IIE will be completed in 3 to 5 years. The other project components are assumed to occur from 2013 through 2016.

The cost of construction is currently estimated at \$29.75 million of which \$6.75 million is expected for Phase IIA alone.

For purposes of this report and the requirements of our method of analysis, we assume the following timeline for all of Phase II.

Lincoln Peak Base Area Development - Phase II					
Building	Description	Number of Residential Units	Construction	Operations Begin	Cost
A	Condos	15	2012	2013	\$6,750,000
B1-B3, C1-C3, and D	Condos	49	2013-2016	2014-2017	\$15,000,000
E	Hotel and Commercial	30	2015-2016	2017	\$7,000,000
Other project components	See page 3 for description. ¹	0	2013-2016	2013-2016	\$1,000,000

¹ Only the cost of the Village Double Lift relocation/upgrade is included in the cost for this line item in the table above. Other costs are included in the previous two line items. Construction of the Village Double Lift is assumed to occur in 2014.

III. Basic Study Methodology

We estimate the economic impact of the Lincoln Peak Base Area Development - Phase II based on construction cost data and employment estimates obtained directly from Sugarbush. Some of the impact from this project will be felt quickly as construction of the project unfolds in 2012. Construction workers from inside and outside the region will experience increased employment opportunities and enjoy rising incomes. The operation of Phase IIA will begin in 2013 and all of Phase II will be operational in 2018 according to our timeline. The additional regional spending generated from its operation will continue indefinitely into the future. Through the income multiplier process additional employment and income will be generated in the region.

To fully measure the economic impacts of Phase II, Northern Economic Consulting, Inc. had a model of the regional economy constructed specifically for this study by Regional Dynamics Inc. (REDYN). A detailed description of the model is included in Appendix A to this report. This model allowed us to estimate the employment, income, demographic 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 made the following four key assumptions:

- We define the region to be Washington County. This is the county that will house most of the employees generated from this project. As communicated to the Mad River Valley Planning District, the percentage of Sugarbush's employees from the 2010-2011 season that lived in the neighboring towns was: 26% in Warren, 12% in Waitsfield, and 12% in Fayston.
- We expect that local subcontractors from throughout Vermont will be hired to work on the project. The vast majority of construction workers will commute to the site from their current homes, as is the practice today, rather than move their families to Warren or Waitsfield.

- The relevant period of analysis for this application includes the construction period and the first five full years of operation of Phase II. Therefore, estimates of the impact of the project will be presented from 2012 to 2022. This is more than sufficient to capture the impacts of this project from the multiplier effect.

In Sections V of this report we present the estimated total economic and demographic impacts from Phase II as derived from the above methodology and assumptions. The economic and demographic impacts are then used to calculate the fiscal impact on the region's ability to provide educational and municipal services.

The demographic impact on the region is estimated based on Sugarbush employee residence data and recent housing trends in the region. The educational impact is estimated based on Vermont's education finance law, Act 60/68. The municipal impact is estimated by use of a per capita expenditure method commonly used in impact analysis.²

² *Development Impact Assessment Handbook*, Robert W. Burchell, David Listokin, William R. Dolphin, Lawrence Q. Newton and Susan J. Foxley, Urban Institute, 1994, page. 129.

IV. Secondary Growth

A. Defining Secondary Growth

Secondary growth is defined by the Environmental Board in a 1995 decision.³

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.*

B. Analysis of the Expected Secondary Growth

We note the following four observations about the area surrounding the Sugarbush Resort.

1. The area near but outside of Sugarbush Resort has not seen any secondary growth such as that defined by the Board for at least a decade, even with the recent improvements including Clay Brook and new skier services buildings.
2. The area adjacent to the Resort does not appear conducive to secondary growth as there are no highway-oriented businesses (as defined by the Board) along the two roads leading to Sugarbush resort.
 - The Sugarbush Access Road from Route 100 up to the resort is host to approximately fourteen commercial businesses serving the needs of visitors to the resort. They include lodging establishments, full service restaurants (no fast food

³ Findings of Fact, Conclusions of Law, and Order, St. Albans Group and WalMart Stores, Inc., Application #6F0471-EB, page 18, #41 and #42.

establishments), and retail establishments providing skier services. Finally, there is one deli-market and the Sugarbush Resort administration complex.

- The first half-mile of German Flats Road off of the Sugarbush Access Road is home to three commercial businesses including lodges and full service restaurants.

These commercial establishments are not the highway-oriented development (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) that concerns the Environmental Board.

3. A restaurant will be constructed in part of Phase II in order to meet any rise in demand for food services from visitors to Sugarbush Resort. This will reduce the possibility that highway-oriented development providing food services will arise near the site.
4. Finally, the zoning ordinance of the Town of Warren restricts commercial development outside of the Sugarbush Resort to only that which is essentially compatible with existing development. For example, while a new restaurant could be allowed as a conditional use in either the German Flats Commercial District or Sugarbush Village Commercial District, a restaurant is defined by Warren as an establishment where the food or drink is consumed primarily at the location. This does not allow drive-through fast food restaurants. See www.warrenvt.org for details.⁴

C. Conclusion on Secondary Growth

For the reasons discussed above, we conclude that the proposed project will generate no highway-oriented secondary growth.

⁴ <http://www.warrenvt.org/ordinance/WLUDR.03.25.08/ZoningRegs..03.25.08.Effective04.15.08.htm>

V. General Economic and Demographic Impacts

Based on the description of the Lincoln Peak Base Area Development discussed above, we estimated the economic and demographic impacts of the project on the surrounding region of Washington County, Vermont. We show the major economic and demographic impacts that are of interest to this analysis in the table below for selected years from 2012 to 2017 and the average for the first five years of full operation of Phase II (2018-2022).

Economic Impacts of the Lincoln Peak Base Area Development - Phase II (Impacts on Washington County, Vermont)				
Variable	2012	2015	2017	Average 2018-2022
Employment	42	33	53	33
Wages	\$1,706,000	\$1,172,000	\$1,894,000	\$1,034,000
State Taxes	\$151,000	\$103,000	\$165,000	\$89,000
Total Population	3	6	8	5
Population Ages 5-17	1	1	1	1

During the construction phase (2012-2017) annual employment will peak at 53 workers in 2017. Then in 2018 and the following four years, the operation of Phase II will generate an average of 33 jobs in Washington County. This includes 27 jobs at Sugarbush itself and 6 additional jobs created throughout the county by the multiplier process.

Wage gains in Washington County will follow the employment pattern. During the construction years, the wage gain peaks in 2017 at \$1,894,000. With the operation of Phase II the wage gain will average \$1,034,000.

Phase II will generate new tax revenues from its construction and operation and from the economic activity it creates elsewhere in the county. The REDYN model estimates that tax payments to the state will increase by as much as \$165,000 in 2017. This includes sales taxes, income taxes, corporate income taxes, and other state taxes. Then, with the operation of Phase II, new tax payments to the state will average \$89,000 per year.

Most of the employment will be filled by existing residents of Washington County and workers from elsewhere in Vermont. During the construction period, the population of Washington County will rise by a maximum of 8 people. However, with the ongoing operation of Phase II, the population increase in Washington County will average only 5 new people. In addition, the student-age population (from ages 5 to 17) will only rise by 1 child in 2018-2022.

(Note: The population increase estimates are not cumulative. That is, the numbers presented in the table are the total population increase at each point in time.)

Based on residence patterns of Sugarbush employees, we expect Warren as well as Fayston and Waitsfield will each see a population increase of just one person. For purposes of this analysis, we assume a greater (but still very small) impact of one new household in Warren consisting of 3 people, one of which is a school-age child. Fayston and Waitsfield are each assumed to see one new person added to the population.

Finally, we note that the timeline we used for this analysis may prove to be more accelerated than what actually may occur. If construction of Phase II occurs at a slower pace than we assumed, the total economic impacts are the same, but they are spread out over a longer period of time.

VI. Fiscal Impact on the Region's Educational Services (Criterion 6)

A. Impact on Warren's Educational Services

Warren is the host community for the proposed Lincoln Peak Base Area Development - Phase II. In our analysis above, we calculated that only one new student will enroll in the Town of Warren school system as a result of the proposed project. We can safely conclude the school district can absorb this student because physical capacity exists in the school system.

- School enrollment has been increasing at the Warren Elementary School (K-6) in recent years after declining earlier in the decade. As recently as 1999, enrollment at the elementary school peaked at 192 before declining steadily to 138 in 2004. The school reversed this decline by expanding the early education program (including preschool for 3 year-olds, full-day kindergarten, and an in-house parent-run day care) and by attracting tuition students from two small districts to the south which had closed their schools due to low enrollment. Enrollment in October 2011 was 175 students, but is expected to reach 180 in January 2012.⁵
- Enrollment at Harwood Union Middle School fell from 176 to 156 during this period, as did enrollment at Harwood Union High School (down from 667 to 628).

In addition, there will be no financial impact on the Town of Warren school system from one new student. Act 60/68 protects the operating budget of the town from any financial burden as long as the operating costs *per pupil* do not rise because of a project. There is no reason to expect Phase II will raise operating costs per pupil.

Therefore, we conclude the proposed project will not cause any burden on the ability of the Town of Warren to provide educational services.

⁵ This information was provided by Andreas Lehner, principal of the elementary school.

B. Impact on Educational Services in Fayston and Waitsfield

We estimate that there will be no financial impact on the Fayston or Waitsfield school system from the proposed project as no additional students will be enrolled in either Town's school system. If we are incorrect, and a student or two is actually enrolled, we note that both the Fayston and Waitsfield school system can absorb that impact.

The number of students in the Fayston and Waitsfield elementary schools has been falling in recent years.

	Fayston	Waitsfield
2004/05	119	180
2005/06	112	183
2006/07	114	188
2007/08	122	160
2008/09	141	152
2009/10	128	164
2010/11	120	150
2011/12	108	144

Therefore, Phase II will present no fiscal burden to the Fayston or Waitsfield school system.

VII. Fiscal Impact on the Region's Municipal Services (Criterion 7)

The proposed Lincoln Peak Base Area Development - Phase II will be constructed in the Town of Warren. We can expect some new demand for municipal services from the development itself. In addition, the one new household that locates in Warren will also demand town services. Both the Phase II development and the new employee housing will pay municipal property taxes to the Town.

In this section of the report, we present a calculation of the net fiscal impact of the proposed project on the municipal budget of the host Town of Warren. The fiscal impact of this project on municipal services will be calculated in two steps.

Step 1 - We calculate the above municipal expense per residence and per employee in town.

Step 2 - We calculate the increase in municipal expenditures using the information from Step 1. We then compare this to the increase in municipal property taxes to determine the net fiscal impact of the proposed project on the municipal budget.

A. (Step 1) Municipal Cost Per Employee and Per Household in Warren

First, 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 such as this. The method divides municipal expenditures into residential, vacation, commercial, condominium, and other expenditures based on data from Warren's grand list. The table which follows shows the calculations for municipal cost per new residence and per new employee in Warren.

Town of Warren Municipal Impact Parameter Calculation		
1. Municipal voted expenditures (FY11)		\$2,928,199
2. Total Taxable Parcels		3,111
	Residential parcels	708
	Percent of total	22.8%
	Vacation parcels	320
	Percent of total	10.3%
	Condominium parcels	1,134
	Percent of total	36.5%
	Commercial parcels	42
	Percent of total	1.4%
	All other parcels	907
	Percent of total	29.2%
2. Total Assessed Value		\$778,327,645
	Residential parcels	\$282,565,325
	Percent of total	36.3%
	Vacation parcels	\$126,580,000
	Percent of total	16.3%
	Condominiums parcels	\$236,954,707
	Percent of total	30.4%
	Commercial parcels	\$77,274,900
	Percent of total	9.9%
	All other parcels	\$54,952,713
	Percent of total	7.1%
<i>Continued on next page</i>		

3. Expenditure parameters		
Residential		
	Share residential	29.5%
	Estimated residential expenditure	\$864,728
	Cost per residence	\$1,221
Commercial	Share commercial	5.6%
	Estimated commercial expenditure	\$165,127
	Total employees in Warren in 2010	\$1,064
	Cost per employee	\$155

The cost of municipal services per new residence and per new employee is estimated at \$1,221, and \$155, respectively. The cost is based on the average share of the parcel total and assessed value represented by residences, and employees.

B. (Step 2) Net Fiscal Impact of Phase II

Next, we calculate the total cost, total tax revenue and net benefit or cost from both the project itself and the one new residence. Our calculations are shown in the following table.

First, consider the fiscal impact on the municipal budget from Phase II itself. We estimate the assessed value of the project will be \$28,381,500.⁶ This would generate \$96,497 in tax revenue for the town.⁷ Using the per employee spending parameter developed above, the cost of new municipal services to the project (using 27 employees) will be \$4,185. Therefore, the net impact on the municipal budget from this project alone will equal a benefit of \$92,312 (\$96,497 less \$4,185).

Town of Warren Municipal Impact Analysis Expenditure and Revenues		
Lincoln Peak Base Area Development - Phase II		
	Assessment	\$28,381,500
	Municipal tax rate FY12	\$0.3400
	Taxes	\$96,497
	Cost from the 27 employees	\$4,185
	Net benefit (cost) from project	\$92,312
New residence		
	Assessment of 1 new residence (R1)	\$333,376
	Town Tax Rate	\$0.3400
	Taxes	\$1,133
	Cost from one new residence	\$1,221
	Net benefit (cost) from one new residence	(\$88)
	Total net benefit (cost) =	\$92,225

⁶ The cost of construction of the project is estimated today at \$29,750,000. Commercial properties are listed at 95.40% of their fair market value on the town's grand list (Certified Final Computation Sheet - 12/15/10). This implies a listed value of \$28,381,500.

⁷ The municipal tax rate set for FY12 was \$0.3400.

Second, we assume the one new household that moves into Warren will live in the most common type of dwelling (an R1 home) with an average listed value of \$333,376. This would generate \$1,133 in tax revenue at the current tax rate. The cost from the one new residence will be \$1,121 based on the spending parameters determined above. Therefore, the town will see a net fiscal cost from the one new residence of \$88 (\$1,133 less \$1,121).

Finally, the combined net cost to the municipal budget from Phase II and the one new household is estimated to be \$92,225 (the net benefit of \$92,312 plus the net cost of \$88, allowing for rounding).

This added net benefit will either allow the Town to spend more at the current tax rate or to spend the same as today (plus that demanded by Phase II and the one new household) but with a tax rate reduced by 3.4%. This would lower the annual municipal tax bill of the average single family (R1) home in Warren by \$38 (from \$1,133 to \$1,095).

C. Impact on Municipal Services in the Town and Region

We find there is no town in the region where the proposed project will place an unreasonable burden on the ability of any local government to provide municipal services. The project will result in a net fiscal benefit to the Town of Warren. No other town in the region will see a significant fiscal impact.

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

Criterion 9A 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.⁸

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.

We provide and prove all of the above in this section of the report. While some of this information has already been presented, We repeat it here to clearly show compliance with criterion 9A.

⁸ Act 250 Criterion 9A, 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

Based on the decennial U.S. census data, we present the following population information for the towns of Warren and Waitsfield and all of Washington County.

Growth in Population Experienced by the Town and Region				
	2000	2010	Total Growth	Compound Annual Rate of Growth
Fayston	1,141	1,353	212	1.7%
Waitsfield	1,659	1,719	60	0.4%
Warren	1,681	1,705	24	0.1%
Washington County	58,039	59,534	1,495	0.3%

From 2000 to 2010 the host Town of Warren’s population grew from 1,681 to 1,705. This is a growth of 24 people. The compound annual rate of growth is 0.1%.

From 2000 to 2010 the Town of Fayston’s population grew from 1,141 to 1,353. This is a growth of 212 people. The compound annual growth rate was 1.7%. During the same period the Town of Waitsfield’s population grew from 1,659 to 1,719. This is a growth of 60 people. The compound annual growth rate was 0.4%.

From 2000 to 2010 the regional population grew from 58,039 to 59,534. This is a gain of 1,495 people. The compound annual growth rate was 0.3%.

The compound annual rate of growth is the growth rate which, if applied each year, will raise the 2000 population total to the 2010 total.

2. Growth in Housing

The U.S. Census Bureau provided a count of the occupied housing units in Vermont's towns in 2000 but not in 2010. After the 2000 Census the Bureau only provided estimates through its American Community Survey program. The latest estimates are for the period 2005 to 2009. We present that information below.

Growth in Occupied Housing Units Experienced by the Town and Region				
	2000	2005-2009	Change	Compound Annual Rate of Growth
Fayston	484	408	(76)	-2.4%
Waitsfield	734	779	45	0.9%
Warren	742	635	(107)	-2.2%
Washington County	23,659	24,275	616	0.4%

From 2000 to 2007 (the midyear of the 2005 to 2009 period) the number of occupied housing units in the host Town of Warren fell from 742 to 635. This is a decline of 107 units. The compound annual growth rate was negative 2.2%. Given that population was essentially unchanged over this period, we believe that the drop was due to the change in the procedures adopted by the Census Bureau and not something that actually occurred in Warren. Rather, we believe it is best to assume the housing growth was near that of the county's growth rate.

From 2000 to 2007 the number of occupied housing units in the Town of Fayston decreased by 76, yielding a -2.4% compound annual growth rate. Given that the population grew in Fayston, we doubt that this happened.

The number of occupied housing units in the Town of Waitsfield grew from 734 to 779 during this period. This is a gain of 45 units. The compound annual growth rate was 0.9%.

In the region, from the number of occupied housing units in the region grew from 23,659 to 24,275. This is a gain of 616 units. The compound annual growth rate was 0.4%.

3. Growth in Employment

The Vermont Department of Labor prepares estimates of employment by county and town in Vermont based on the state's unemployment insurance program (called QCEW employment). We present the following employment data for the Town of Waitsfield, Warren, and the region.

Growth in Employment Experienced by the Town and Region				
	2000	2010	Total Growth	Compound Annual Rate of Growth
Fayston	148	193	45	2.7%
Waitsfield	1,268	1,242	(26)	-0.2%
Warren	823	1,064	241	2.6%
Washington County	32,079	31,750	(329)	-0.1%

From 2000 to 2010 the number of employees working at firms located in the host Town of Warren grew from 823 to 1,064. This is a gain of 241 employees. The compound annual growth rate was 2.6%. Two-thirds of the growth was in the Leisure & Hospitality sector.

From 2000 to 2010 the number of employees working at firms located in the Town of Fayston increased from 148 to 193. This is an increase of 45 employees. The compound annual growth rate was 2.7%. During the same period the number of employees working at firms located in the Town of Waitsfield decreased from 1,268 to 1,242. This is a decline of 26 employees. The compound annual growth rate was negative 0.2%.

From 2000 to 2010 the number regional wide employees decreased from 32,079 to 31,750. This is a decline of 329 employees. The compound annual growth rate was negative 0.1%.

B. Total Growth and Rate of Growth Otherwise Expected

1. Population Total Growth and Rate of Growth Otherwise Expected

We present estimates below of the expected population growth of the Town of Warren, Waitsfield, and the region in *absence* of Phase II. The existing forecasts from the State of Vermont for population growth in Vermont and its towns are outdated. We prepared the forecasts below based on the population forecast for Vermont prepared by the New England Economic Partnership (NEEP) in the fall of 2011 and the historical experience of the two local towns and region in 2000 to 2010.

Expected Population Growth in Absence of the Lincoln Peak Base Area Dev'l - Phase II				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Fayston	1,353	1,633	280	1.9%
Waitsfield	1,719	1,825	106	0.6%
Warren	1,705	1,739	34	0.2%
Region	59,534	62,579	3,045	0.5%

From 2010 through 2020, the host Town of Warren’s population is expected to grow from 1,705 to 1,739 in absence of the proposed project. This is an increase of 34 people. The compound annual growth rate will be 0.2%. This is slightly more than the growth rate witnessed in the 2000 to 2010 period.

During the same period, the Town of Fayston’s population is expected to grow from 1,353 to 1,633 in absence of the proposed project. This is an increase of 280 people. The compound annual growth rate will be 1.9%. And the Town of Waitsfield’s population is expected to grow from 1,719 to 1,825 in absence of the proposed project. This is an increase of 106 people. The compound annual growth rate will be 0.6%.

Finally, during the same period the regional population is expected to grow from 59,534 to 62,579 in absence of the proposed project. This is a gain of 3,045 people. The compound annual growth rate will be 0.5%.

2. Housing Total Growth and Rate of Growth Otherwise Expected

There is no officially prepared housing forecast for the State of Vermont. Because most demographers expect that the household size decline of the past three decades has stabilized, the population trend will largely dictate the housing trend. Therefore, housing growth trends will follow population growth trends presented in the previous tables.

3. Employment Total Growth and Rate of Growth Otherwise Expected

In the absence of the proposed project, We expect employment in the region to increase at a compound annual rate of 1.2% per year. Total employment will rise by 4,022. This is derived from the employment forecast of NEEP for all of Vermont from 2010 to 2015 and the relationship between employment grow in the region and the state in the previous decade.

Employment Growth and Rate of Growth Otherwise Expected in the Region			
2010	2020	Total Growth	Compound Annual Rate of Growth
31,750	35,772	4,022	1.2%

The State of Vermont does not prepare economic forecasts of employment at the town level nor do we attempt to do so in this analysis.

C. Total Growth and Rate of Growth Resulting from the Proposed Project

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

We previously presented our estimates of the growth in population that could be expected in the region from the proposed Lincoln Peak Base Area Development - Phase II. (See pages 8-9.) The forecasts below are the sum of those estimates added to the growth otherwise expected as presented on page 21.

Population Total Growth and Rate of Growth Resulting from the Proposed Project				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Fayston	1,353	1,634	281	1.9%
Waitsfield	1,719	1,826	107	0.6%
Warren	1,705	1,742	37	0.2%
Region	59,534	62,587	3,053	0.5%

With the proposed project, the Town of Warren’s population will increase from 1,705 people in 2010 to 1,742 people in 2020. This is an increase of 37 people, only 3 more than otherwise expected. The compound annual growth rate in the town will remain unchanged.

Because Fayston and Waitsfield each see a population increase of just one person from Phase II, it is not surprising that the rapid of growth is unchanged with the addition of Phase II.

During the same period the regional population will grow from 59,534 to 62,587 with the proposed Lincoln Peak Base Area Development - Phase II. This is a gain of 3,053 people. The compound annual growth rate will be 0.5%. The population gain is 8 people above that otherwise expected. The compound annual growth rate will remain at 0.5%. The project does not measurably increase the growth rate in the region.

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

The population increase will lead to an increase one housing unit in Warren, one both in Fayston and Waitsfield. In each case, this increase causes no measurable change in the rate of growth of housing in any town or the region.

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

Finally, we expect employment in the region to increase slightly as a result of the proposed project. Employment will rise to 35,805 with the operation of Phase II. That is just 33 more regional employees than otherwise expected. The compound annual rate of employment growth does not measurably increase.

Employment Total Growth and Rate of Growth Resulting from the Proposed Project			
2010	2020	Total Growth	Increase in Compound Annual Rate of Growth
31,750	35,805	4,055	1.2%

D. Anticipated Costs and Revenues for Educational and Municipal Services

The proposed Lincoln Peak base Area Development - Phase II will not affect the financial capacity of the host Town of Warren or any other town in the region to accommodate both the total growth and rate of growth of population.

In Sections VII (relating to Act 250 Criterion 6) and VIII (relating to Act 250 Criterion 7) we found:

- Warren has the financial capacity to provide educational services to the one new school-age child drawn into the region by the proposed project. See Section VII.
- Warren will receive a net fiscal benefit to its municipal budget from Phase II. See Section VIII.

In this analysis of the total growth and rate of growth we have shown that the project will cause only a small increase in the population, housing, and employment otherwise expected in the region. The project's demographic impact is very limited.

Therefore, no town in the region will be put in any financial distress because of this project.

IX. Conclusion to Impact Study

The proposed Lincoln Peak base Area Development - Phase II will create jobs and increase income in Washington County. Population will increase very slightly. The population impact on the host Town of Warren and other regional towns will be very small.

We have shown that Phase II 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 facility and the one new resident of Warren will pay more in property taxes to the town than they generate in costs.

As a result, the proposed project easily conforms to the conditions of Act 250 as given in criteria 6, 7, and 9A.

Appendix A - The REDYN Model

Regional Dynamics offers REDYN, a fundamentally new, web-based, massively multi-regional, dynamic, nonlinear New Economic Geography analysis engine with a complete economic database and baseline forecast. After subscribing to the system, users input online changes by region and year: e.g., jobs, wages, output, income, intermediate demand, and final consumption, investment, and government demand. REDYN then estimates detailed, annual, gravity-based trade flows and impacts in all US counties and industries. The model is a live, online Internet service. It's also available to run batch mode jobs to process massively multi-regional tasks (3,100+ regions) for automated or scripted work.

The REDYN model applies a fresh I-O methodology based on very detailed make-and-use tables with social accounting matrix features for all entities, a comprehensive commodity production transformation function, and impedance-based commodity trade flows by five transport modes. Oak Ridge National Laboratories developed the impedance measures. The model automatically includes an explicit extra region for all US counties outside any given simulation to identify the full US output and trade flow response. The model also automatically seeks the suppliers of suppliers to find the complete US supply chain response by region and industry in any simulation.

REDYN excels at offering a uniquely complete and consistent model-building edge that no other modeling process can replicate for configuring and assessing plans, events, and risks fully and rapidly across regions and years.

Please go to the Regional Dynamics website for further details. <www.redyn.com>