

Economic, Demographic and Fiscal Impact of the Proposed Hinesburg Hannaford Supermarket Development

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Executive Summary

Martin's Foods of South Burlington, Inc. is proposing a new 36,000 square foot building for a Hannaford Supermarket and Pharmacy store located on Lot 15 in Commerce Park in the Town of Hinesburg. The project includes a new driveway, 128 parking spaces, new and infill sidewalks, extensive new landscaping, municipal water and wastewater, new storm water facilities, and a space for a Town farmer's market. Construction is planned to begin in the fall of 2014, with an opening in 2016. This analysis measured the economic, fiscal, and demographic impact of this project. We then examined the project's impact in light of Criteria 6, 7, and 9(A) of Act 250. We found:

- During the construction year, the proposed Hinesburg Hannaford Supermarket project will lead to the creation of 21 jobs and a payroll of approximately \$1.2 million in Chittenden County. Then during the first five years of its operation, the proposed project will create a total of 49 jobs and a payroll of approximately \$1.3 million.
- The proposed Hinesburg Hannaford Supermarket will have a limited demographic impact on the host town and region. We estimate five new people in two new households will locate in the county because of the project. The Town of Hinesburg will see one of these new households with only one new school-age child.
- The proposed project will have no impact on education property tax bills in the host Town of Hinesburg or any other town in the county. The current trend of declining school enrollments means adequate space is available for the one new student. Act 68 (the current school financing system in Vermont) ensures there will be no adverse impact on school property taxes.
- The proposed project will have a small, positive impact on municipal property tax bills in the host Town of Hinesburg. Overall, the project will be a net fiscal benefit to the Town. No other municipality in the county will see a measurable fiscal impact from the project.
- The total growth and rate of growth in the town and region will be essentially unchanged from this project. The rate of population, housing, and employment growth with the project is essentially the same as it would have been in the absence of the project.
- The project conforms to all requirements and standards of criteria 6, 7, and 9(A) under Act 250.

Table of Contents

I.	Purpose and Outline of this Report.	1
II.	A Brief Synopsis of this Analysis.	2
III.	Description of the Hinesburg Hannaford Supermarket Development.....	3
IV.	A Note on Secondary Growth.	5
V.	Basic Study Methodology.	7
VI.	Basic Economic and Demographic Impacts of the Project.	8
VII.	Fiscal Impact on the Region’s Educational Services (Criterion 6).	10
VIII.	Fiscal Impact on the Region’s Municipal Services (Criterion 7).....	12
IX.	Impact of Growth on the Town and Region (Criterion 9A).....	17
X.	Conclusion to Impact Study.....	26
XI.	Appendix One - The REDYN Model.	27
XII.	Appendix Two - Replacement Business Impact.	28

I. Purpose and Outline of this Report

Martin's Foods of South Burlington, Inc. is proposing a new 36,000 square foot building for a Hannaford Supermarket and Pharmacy store located on Lot 15 in Commerce Park in the Town of Hinesburg. The project will be accessed from Commerce Street Extension and includes a new driveway, 128 parking spaces, new and infill sidewalks, extensive new landscaping, municipal water and wastewater, new storm water facilities, and a space for a Town farmer's market. Construction is planned to begin in the fall of 2014, with an opening in 2016.

Martin's Foods must secure an Act 250 land use permit before beginning construction. This report addresses the economic criteria of Act 250. The concerns of the criteria are best addressed with a detailed economic, demographic, and fiscal impact analysis of the project. The purpose of this report is to present the findings of such an analysis as performed by Northern Economic Consulting, Inc.

This report begins in Section II with a brief synopsis of the analysis for the reader not familiar with Act 250's requirements.

Section III follows with a detailed description of the proposed Martin's Foods project. Section IV briefly discusses the secondary growth expected from the project. Section V presents the methodology behind this analysis. Section VI presents the basic economic and demographic impacts of this project

The analysis then turns to measuring the fiscal impact of the proposed development. Section VII discusses the impact of the project on the school systems of towns and cities in the region (Criterion 6 of Act 250). Section VIII measures the impact of the project on the municipal budgets of the towns and cities in the region (Criterion 7). Section IX presents 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). Section X summarizes the major conclusions of this analysis.

II. A Brief Synopsis of this Analysis

This report addresses the specific criteria of Act 250 that call for economic analysis. Some of this analysis can be difficult to follow for a person not familiar with Act 250's requirements. In this section we present a brief, non-technical explanation of this report.

First, we determined that after subtracting the employment and payroll at Lantman's Market the proposed Hinesburg Hannaford Supermarket will result in the net gain of 18 employees in supermarkets in Hinesburg with a net payroll increase of about \$400,000 once the project is up and running. The new replacement businesses in the closed Lantman's Market building will hire approximately 24 employees with a payroll of \$560,000.

Second, through the use of a computer-based model of the regional economy we estimate that Chittenden County will see a net gain of 49 jobs once the Hannaford Supermarket project is up and running. We also estimate that regional payrolls will rise by a net of \$1.3 million. This will occur because of the ripple effect of the local purchases by the Hannaford supermarket and its employees (the economic multiplier).

In addition, we estimate this project will at its peak attract only five new residents to Chittenden County. Hinesburg will see three of these new residents living in one new household.

We then estimated the impacts of the new project and the new residents on:

- Local school systems: Hinesburg will see one new student in its school system. Given that school enrollments have declined and given the workings of Vermont's education finance system, the Hinesburg schools can easily absorb this one student with no fiscal impact. No other school system is expected to see any new students.
- Local municipal budgets: Hinesburg will see an increase in the demand for municipal services. The proposed project (and the one new household in town) will cause an increase in municipal expenditures. These expenditures will be covered by the new property taxes levied on the project and the new residence. We estimate that the resulting impact will be a small decrease in the Hinesburg municipal property tax rate.

In sum, the proposed Hinesburg Hannaford Supermarket increases employment and payrolls in the region. No negative impacts will be felt on local school and municipal budgets. The project is clearly a net economic and fiscal benefit to the town and region.

III. Description of the Hinesburg Hannaford Supermarket Development

Martin's Foods of South Burlington, Inc. is proposing a new 36,000 square foot building for a Hannaford Supermarket and Pharmacy store located on Lot 15 in Commerce Park in the Town of Hinesburg. The project will be accessed from Commerce Street Extension and includes a new driveway, 128 parking spaces, new and infill sidewalks, extensive new landscaping, municipal water and wastewater, new storm water facilities, and a space for a Town farmer's market.

The Hinesburg Hannaford Supermarket will create jobs and salaries for residents of Chittenden County.¹ The operation of the supermarket will employ 94 people, with 31 full time and 63 part time positions. We estimate the annual payroll of the supermarket would be \$2,050,000 in 2013 if it was fully operational.² When this store begins operating, Lantman's Market will cease operating. We understand the employment today at Lantman's is 76 people, with 21 full time and 55 part time positions. We estimate the annual payroll of the Lantman's would be \$1,650,000 if it operated all of 2013.

The building which currently houses the Lantman's Market then will be free to host new businesses which wish to locate in its facility. The downstairs of the building, which is where the Market operates, is approximately 15,000 square feet in size. The future tenants of this space are unknown at this time. For purposes of this report, we assume that there will be six new establishments in the building. Based on the mix of businesses in Hinesburg, we conclude there will be retail three retail stores and three offices in the professional business and service industry. The three retail stores will have a total of 15 employees and a 2013 payroll of \$335,000. The three professional business services establishments will have a total of 9 employees and a 2013 payroll of \$225,000.

In Appendix Two, we examine our findings in this report if no replacement tenants for the Lantman building are considered.

¹Data from the 2000 U.S. Census showed that 78% of the employees of Hinesburg businesses lived Chittenden County and 15% in Addison County.

² Payrolls at all the businesses referenced in this report have been estimated based on annual wage data from the Quarterly Census of Employment and Wages for 2011 published by the Vermont Department of Labor.

For purposes of separating the temporary construction impacts from the on-going operational impacts of this development, it is assumed that all of construction of this project occurs in 2015 and that the opening of the Hinesburg Hannaford Supermarket, the closing of Lantman's Market, and the opening of the replacement retail and professional business services establishments all occur on January 1, 2016. The estimated cost of construction at today's costs is \$5,115,000.

IV. A Note on Secondary Growth

The Environmental Board and District Commissions have indicated that fiscal impact analyses should include measures of the impact of any secondary growth which is caused by a project. We discuss the Board's view of secondary growth and explain how it has been incorporated into our analysis. Secondary growth is defined by the Environmental Board in a 1995 decision.³ The definition is very different from secondary growth or induced growth as typically used by economists.

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.*

We find that the highway-oriented development that the Board considers secondary growth will not occur with the proposed Hinesburg Hannaford Supermarket for three reasons:

First, the proposed Hinesburg Hannaford Supermarket on net (it is a small net increase over Lantman's Market) is a small commercial development and, therefore, holds limited potential to attract much secondary development.

Second, much of the development that is considered secondary development already exists at or very near the site of the proposed supermarket. The Hinesburg Commercial Park currently hosts a café, a Chinese restaurant, a hardware store and a sandwich shop. In addition the park is home to a bank with drive-through services. At the entrance to the park there exists a gasoline service station with a convenience store. Directly across the street from the park there is a drug store and a restaurant.

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

Third, the REDYN model used to estimate the economic and demographic impact of this project forecasts employment growth following the Hinesburg Hannaford Supermarket that suggests no secondary growth will accompany this project. There is no significant growth in those businesses considered to be highway-oriented developments.

Therefore, in this analysis we assume no secondary development will follow this proposed development.

V. Basic Study Methodology

We estimate the economic impact of the Hinesburg Hannaford Supermarket based on estimates of construction spending and employment referenced in the previous section of this report. Some of the impact from this project will be felt quickly as construction of the project unfolds. Construction workers from inside and outside the region will experience increased employment opportunities and enjoy rising incomes beginning in 2015. The additional regional spending generated from the operation of the Hinesburg Hannaford Supermarket will begin in 2016. Through the economic multiplier process additional employment and income in the region is created.

To fully measure the economic impacts of the proposed development a dynamic forecasting and simulation model of the economy of the region can be used. Northern Economic Consulting, Inc. (NEC) had such 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 One to this report. This model allowed NEC to estimate the employment, income 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 reached the following two conclusions:

- We define the primary impact region to be Chittenden County. Hinesburg is centrally located in the county. Supermarkets traditionally draw most of their customers from within a very narrow area (that's why there are so many supermarkets). In addition, data from the 2000 Census show that 78% of the employees of firms located in Hinesburg live in Chittenden County. A little less than half (42%) of the employees of Hinesburg businesses live in the Town of Hinesburg itself.
- The relevant period of analysis for this application includes the construction year (2015) and the first five full years of operation of the new facility after its completion, 2016 to 2020. Estimates of the impact of the project will be presented from 2015 to 2020. Five years is more than sufficient to capture the impacts of this project from the multiplier effect.

The employment and payroll estimates plus the construction costs presented in Section III were used as the inputs in the REDYN model.

VI. Basic Economic and Demographic Impacts of the Project

The proposed project will directly affect the economy of Chittenden County, first during the construction period and then in the following years through the operation of the planned supermarket. The net impact during operation of the Hinesburg Hannaford Supermarket project depends not only on the employment and wages paid at the site but on the multiplier process by which the incomes of the employees of the Hinesburg Hannaford Supermarket stores are spent at other area businesses, thereby generating jobs and income at those businesses. By use of the REDYN model, we are able to take into account all of these effects and estimate the total economic impact of the proposed Hinesburg Hannaford Supermarket. That impact is presented below.

A. Jobs and Payroll

We estimate that the proposed Hinesburg Hannaford Supermarket will increase the total number of jobs in Chittenden Counties by 21 during the construction year (2015) and by 49 during its operation (from 2016 to 2020). Chittenden County payrolls will rise by \$1,212,000 in the construction year (2015) and by approximately \$1.3 million during the operation of the supermarket in 2016 to 2020 (in constant 2013 dollars).

Hinesburg Hannaford Supermarket: Jobs and Payroll Impact		
Year	Job Gain	Payroll Increase (in 2013 \$)
2015 (Construction year)	21	\$1,212,000
2016 (First year of operation)	49	\$1,294,000
2017	49	\$1,308,000
2018	49	\$1,325,000
2019	49	\$1,340,000
2020	49	\$1,357,000

The net job gain of 49 is accounted for by the 42 direct jobs plus 7 indirect jobs created through the multiplier process.⁴

⁴ The 42 direct jobs are the 94 at the Hannaford Supermarket minus the 76 at Lantman's Market plus the 24 at the replacement businesses in the Lantman Market's vacated space ($83 = 94 - 73 + 24$).

B. Population and New Households

The creation of the jobs discussed above will attract some new residents to the area. The REDYN model has a demographic component which gave an estimate of the population impact of the project in question.

Hinesburg Hannaford Supermarket: Total Population Impact			
Year	Population Gain	Household Increase	Note: School-Age Children
2015	2	1	0
2016	4	2	1
2017	5	2	1
2018	5	2	1
2019	5	2	1
2020	5	2	1

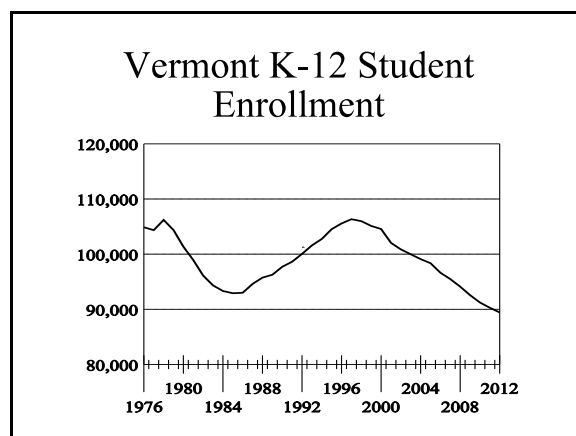
The Hinesburg Hannaford Supermarket project will add up to five new residents to Chittenden County from 2015 to 2020. They will live in two new households, based on an average household size in Chittenden County of 2.36 people. Only one new school-age child is estimated to be added to the county's schools. For purposes of this report, we will assume one of the new households will live in Hinesburg and that it will have one school-age child (for a gain of three people in total in Hinesburg).

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

A. School Demographic Trends and Act 68

Before we begin the analysis required under Criterion 6, it is helpful to review the basic demographic trends impacting the region's schools and the financing mechanism of Act 68.

- The number of Vermont public school children has decreased substantially in the last fifteen years and will continue to do so in the foreseeable future. The latest annual reports from the Vermont Department of Education show that between 1997 and 2012 the number of students in Vermont fell from 106,341 to 89,428, a decline of nearly 17,000 students or 16%. Enrollment now stands at a lower level than anytime in recent history.



The latest U.S. Census Bureau population projection for Vermont shows the number of school-age children in Vermont will continue to fall through at least 2015 and not rise much in the near term after that.

In the host town of Hinesburg, the Hinesburg Community School (K-8) enrollment has fallen from 612 to 486 in the last ten years.⁵ High school enrollment at Champlain Valley Union High School has ranged from 1,301 to 1,395. In school year 2011-12 it was at 1,323.

- Under Vermont's current education financing formula (Act 68) the local town school tax rate is determined solely by the spending level per pupil. If spending per pupil rises, the school tax rate rises. This presents a difficult problem for school districts facing declining enrollments. School districts find it hard to reduce teachers and staff (the major cost of schools) as enrollments decline. If staffing levels don't decline as enrollments decline, per pupil spending will rise. And, as a result, school tax rates rise.

⁵ K-8 enrollment information is presented in the 2012 *Hinesburg Annual Report*. High school enrollment is from the Vermont Department of Education's school reports.

This gives rise to a counterintuitive fiscal impact for a school district with declining enrollments. Since additional students from new residents can be accommodated relatively easily with the enrollment declines, the additional students have the effect of lowering the per pupil costs in the school district. Therefore, additional students lower the school tax rate, not raise it.

B. Impact on School Enrollment

Our estimate using the REDYN model concluded that one new child would attend the public K-12 schools in Hinesburg.

Based on recent enrollment trends, the school system of Hinesburg has the room to accommodate one new student. In addition, Act 68 guarantees that there would be financial impact the school tax rate from the addition of one more student.

The new student will not cause any fiscal burden on the local school system.

C. Conclusion to Criterion 6

The proposed project will not cause any burden on the ability of the Town of Hinesburg or any other regional town to provide educational services to its residents.

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

The fiscal impact of this project on Hinesburg's municipal services will be calculated in four steps.

- Step 1 - We present the municipal expenses of the Town of Hinesburg.
- Step 2 - We calculate the above municipal expense per residence and per employee in town.
- Step 3 - We calculate the increase in municipal expenditures from the proposed project.
- Step 4 - We then compare the expenditure increase to the increase in municipal property taxes from the project and calculate its net fiscal impact on Hinesburg's municipal budget and tax rate.

A. (Step 1) Impact on the Demand for Municipal Services in the Town of Hinesburg

In an effort to quantify the potential impact, we estimate the municipal demand from the proposed project by direct examination of the Town of Hinesburg municipal expenses and revenues as budgeted for fiscal year 2012-13. The budget is given below.

Town of Hinesburg Municipal Budget: 2012-13	
Item	Budgeted Spending
General Government	\$1,259,354
Highway Department	\$898,786
Police Department	\$579,606
Library	\$192,425
Other	\$37,250
Total =	\$2,967,421

B. (Step 2) Municipal Cost Per Employee and Per Household in Hinesburg

Next, 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. The method divides municipal expenditures into residential and nonresidential expenditures based on data from Hinesburg's grand list. The table which follows shows the calculations for municipal cost per new employee (excluding highway costs) and per new residence in Hinesburg.

Town of Hinesburg Municipal Impact Parameter Calculation		
1. Municipal (non-highway budgeted expenditures (FY13))		\$2,967,421
2. Total Taxable Parcels		1,900
	Residential parcels	1,683
	Percent of total	88.6%
	Nonresidential parcels	217
	Percent of total	11.4%
2. Total Assessed Value		\$501,572,729
	Residential parcels	\$432,449,588
	Percent of total	86.2%
	Nonresidential parcels	\$69,123,141
	Percent of total	13.8%
3. Expenditure parameters		
Residential		
	Share residential	87.4%
	Estimated residential expenditure	\$2,593,491
	Cost per residence	\$1,365
Non-residential		
	Share nonresidential	12.6%
	Estimated nonresidential expenditure	\$283,132
	Total employees in Hinesburg (2011)	1,114
	Cost per employee	\$254

The cost of municipal services per new residence and per new employee is estimated at \$1,365 and \$254, respectively. The cost is based on the average share of the parcel total and assessed value represented by residences and employment.

C. (Step 3) Net Fiscal Impact of the Hinesburg Hannaford Supermarket

Next, we calculate the total cost, total tax revenue, and net benefit or cost from both the new residences and the project itself. Our calculations are shown in the following table. First, consider the fiscal impact on the municipal budget from the Hinesburg Hannaford Supermarket project itself. We estimate the assessed value of the project will be \$4,946,205.⁶ This would generate \$23,311 in tax revenue for the town.⁷ Using the per employee spending parameter developed above, the cost of new municipal services to the project (based on 42 direct employees) will be \$10,668. Therefore, the net impact on the municipal budget from this project alone will be a benefit of \$12,643 (\$23,311 less \$10,668).

Town of Hinesburg Municipal Impact Analysis Expenditure and Revenues		
Hinesburg Hannaford Supermarket		
	Assessment	\$4,946,205
	Municipal tax rate FY13	\$0.4713
	Taxes	\$23,311
	Cost from the direct employees	\$10,668
	Net benefit/cost from project	\$12,643
New residences		
	Assessment of 1 new residences	\$248,660
	Town Tax Rate	\$0.4700
	Taxes	\$1,169
	Cost from all new residences	\$1,365
	Net benefit/cost from new residences	(\$196)
Net benefit or cost	Total net benefit =	\$12,447

⁶ The cost of construction of the project is estimated today at \$5,115,000, not including off-site improvements. Commercial properties are listed at 96.7% of their fair market value on the town's grand list. This implies a listed value of \$4,946,205.

⁷ The municipal tax rate set for FY13 is \$0.4713.

Second, we assume the one new household that moves into Hinesburg will live in the most common type of dwelling, an R1 home, with an average listed value of \$248,660. This would generate \$1,169 in municipal property tax revenue. The cost from the one new residence will be \$1,365 based on the spending parameters determined above. Therefore, the town will see a net fiscal cost from the one new residence of \$196 (\$1,169 less \$1,365).

Finally, the combined net cost to the municipal budget from the Hinesburg Hannaford Supermarket project and the one new household is estimated to be \$12,447 (the net benefit of \$12,643 plus the net cost of \$196).

This added benefit will lower the municipal tax rate by about six-tenths of one percent. This will lower the annual municipal tax bill of the average single family home in Hinesburg by \$6.65 per year (from \$1,221.58 to \$1,214.93).

D. Other Fiscal Benefits to the Town of Hinesburg

Martin's Foods Inc. will be providing additional benefits to the Town of Hinesburg which are not captured in this analysis. Specifically, the developer will be:

- granting an easement to the Town of Hinesburg to operate a farmer's market on the grounds the supermarket.
- improving the traffic flow at the intersection of Charlotte Street/Route 116.
- improving pedestrian amenities at the supermarket in order to complete a walkable downtown.
- These additional benefits add to the net benefit of the project to the Town of Hinesburg estimated in section C above.

E. Summation: Impact on Municipal Services in the Town and Region

We find there is no town in the region, including the host Town of Hinesburg, where the proposed project will place an unreasonable burden on the ability of any local government to provide municipal services.

IX. 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.

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:⁸

- 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 will provide and prove all of the above in this section of the report.

⁸ The Town of Hinesburg does not have a duly adopted capital improvement program.

A. Growth in Population Experienced by the Town and Region

1. Growth in Population

Based on the 2000 and 2010 decennial censuses of the U.S. Census Bureau, we present the following population information for the host Town of Hinesburg, Chittenden County, and the state of Vermont.

Growth in Population Experienced by the Town and Region: 2000 to 2010				
	2000 Census	2010 Census	Total Growth	Compound Annual Rate of Growth
Town of Hinesburg	4,340	4,396	56	0.1%
Chittenden County	146,615	156,545	9,930	0.7%
State of Vermont	608,613	625,741	17,128	0.3%

In the past decade, the state of Vermont saw population growth of just 0.3% per year (compared to the 0.9% annual rate for the U.S.). The population of Chittenden County grew slowly as well, increasing at just a 0.7% rate. The Census Bureau reports that the population of Hinesburg barely increased in the last decade, rising from 4,340 to 4,393. This was a gain of 56 residents and an annual growth rate of just 0.1%.

In sum, there has been little population growth in the host town, region, and state since 2000.

2. Growth in Housing

Below we present the total number of housing units as reported in the decennial censuses of 2000 and 2010.

Growth in Housing Experienced by the Town and Region				
Area	2000	2010	Total Growth	Compound Annual Rate of Growth
Town of Hinesburg	1,693	1,847	154	1.1%
Chittenden County	58,864	65,722	6,858	1.6%
State of Vermont	294,382	322,539	28,157	1.3%

From 2000 to 2010 the number of housing units in the Town of Hinesburg grew from 1,693 to 1,847. This is a gain of 154 units. The compound annual growth rate was 1.1%. The state as a whole saw the number of housing units increase at a compound annual rate of 1.3%, gaining 28,157 units. Chittenden County saw its housing stock grow slightly faster (at 1.6% rate per year).

The housing stock grew faster than the population for two reasons. First, this is the total housing stock which includes vacation homes. Second, even as the population of these regions grew little, more people chose to live in smaller households—leading to more households and the demand for more housing units.

3. Growth in Employment

The Vermont Department of Labor prepares estimates of employment in Vermont based on the state's unemployment insurance program. We present the following employment data for the Town of Hinesburg, the region, and the state.

Growth in Employment Experienced by the Town and Region: 2000 to 2010				
	2000	2010	Total Growth	Compound Annual Rate of Growth
Town of Hinesburg	854	1,114	260	3.4%
Chittenden County	95,354	93,253	(2,101)	-0.3%
State of Vermont	296,468	293,088	(3,380)	-0.1%

From 2000 to 2010 the number of employees working at firms located in the Town of Hinesburg increased from 854 to 1,114. This a total growth of 260 jobs and a compound annual growth rate of 3.4%. Nearly half the growth was in professional and business services followed by solid growth in manufacturing.

Both Chittenden County and the state of Vermont as a whole saw a decrease in employment from 2000 to 2010. Chittenden County lost 2,101 jobs and the state as a whole lost 3,380 jobs.

B. Total Growth and Rate of Growth Otherwise Expected

1. Population Total Growth and Rate of Growth Otherwise Expected

In the table below we present the projected populations of the Town of Hinesburg, the region, and the state in *absence* of the proposed Hinesburg Hannaford Supermarket development. The population projections are based on the average growth for each region over the five year period 2005 to 2010.⁹

Expected Population Growth in Absence of the Proposed Hinesburg Hannaford Supermarket Development				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Town of Hinesburg	4,396	4,440	44	0.1%
Chittenden County	156,545	166,195	9,650	0.6%
State of Vermont	625,741	638,369	12,628	0.2%

From 2010 through 2020, the Town of Hinesburg's population is expected to increase, gaining 44 residents and rising to 4,440. The compound annual growth rate is 0.1%.

The population of Chittenden County is forecasted to grow at a 0.6% annual rate. The population count will rise to 166,195, a gain of 9,650 people. The state is expected to continue to grow slowly, at a 0.2% annual growth rate. The population of Vermont will rise to 638,369 by 2020.

⁹ The existing population projections for Vermont prepared either by the Census or MISER are out of date and have proven to be too high. The recent forecast of the Chittenden County population presented by the Chittenden County Regional Planning Commission is seriously flawed.

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 household size will remain essentially unchanged between 2010 and 2020, 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

Since the depth of the recent recession, employment has grown at a compound annual rate of less than 1.0% in the entire state of Vermont. We expect this to continue over the coming decade, largely due to the lack of growth expected for the state's labor force. For purposes of this report only, we forecast employment growth statewide at 0.5% for 2010 to 2020.

Employment Total Growth and Rate of Growth Expected for Vermont			
2010	2020	Total Growth	Compound Annual Rate of Growth
293,088	308,100	15,012	0.5%

No employment forecast is prepared for Vermont's counties. However, based on recent trends we expect employment growth will be somewhat higher in Chittenden County than in the state as a whole. The difference with the state growth rate will be small.

Economic forecasts of employment at the town level cannot be reliably prepared.

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

The economic and demographic analysis presented in Section VI described the impact from the proposed Hinesburg Hannaford Supermarket development. The analysis showed a maximum gain of five residents in two households in Chittenden County. The Town of Hinesburg alone would see three new residents in one new household.

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

The growth in population that could be expected in the town and region with the addition of the proposed Hinesburg Hannaford Supermarket is shown below.

Expected Population Growth Resulting From the Proposed Hinesburg Hannaford Supermarket Development				
	2010	2020	Total Growth	Compound Annual Rate of Growth
Town of Hinesburg	4,396	4,443	47	0.1%
Chittenden County	156,545	166,200	9,655	0.6%
State of Vermont	625,741	638,377	12,636	0.2%

From 2010 through 2020, the Town of Hinesburg's population will be 47 people with the Hinesburg Hannaford Supermarket being constructed, just three more people than otherwise expected. (Compare the above table with that on page 21.) The compound annual growth rate will remain unchanged.

The population of Chittenden County will grow by five more residents than otherwise. This is such a small change that the growth rate will not change. The same will happen for the state of Vermont as a whole.

The project has a very small population impact.

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

The small population increase will lead to an insignificant increase in the number of housing units in Hinesburg, Chittenden County, and in the State of Vermont. The annual growth rate of housing will be unaffected by this small change.

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

Finally, as explained earlier in this report we expect employment in the Chittenden County to increase by 49 as a result of the proposed Hinesburg Hannaford Supermarket project. Therefore, the number of jobs in all of Vermont will only increase slightly with the proposed project as shown below. The growth rate does not change.

Employment Total Growth and Rate of Growth Resulting from the Proposed Project			
2010	2020	Total Growth	Compound Annual Rate of Growth
293,088	308,149	15,061	0.5%

D. Anticipated Costs and Revenues for Educational and Municipal Services

The proposed Hinesburg Hannaford Supermarket development will not affect the financial capacity of the Town of Hinesburg or any other town in the region to accommodate both the total growth and rate of growth of population. In this analysis of the total growth and rate of growth, we have shown that the project will cause only a very small increase in the population, housing, and employment expected in the region.

- If this project is constructed, the annual population growth rate in the host Town of Hinesburg during the period 2010 to 2020 will remain unchanged.
- The annual population growth rate elsewhere in the region will remain unchanged by this project.

No town in the region will see its total growth or rate of growth rise much at all from this project. Therefore, no town in the region will be put in any financial distress because of this project.

We can safely conclude the proposed development will not affect the Town of Hinesburg's nor the region's 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.

E. Conclusions Based on A through D Above

In a recent decision, the Environmental Board wrote:¹⁰

*In re Wal*Mart Stores, Inc.* 167 Vt. 75 (1997), the Vermont Supreme Court held that the plain language of Criteria 9(A) requires the Board to consider the financial capacity of the town and region to accommodate growth. *Id.* at 81. Without significant growth to consider, the inquiry would be identical to that under criterion 7.

While the Board does not agree with Friends that the Project will result in many local competitors going out of business, the Board does agree with Friends' conclusion that even with the Project, the region will not experience significant growth. In fact, no party predicted that the region would experience significant growth, even with the project. Since Friends readily admits the Project will not cause growth, Friends has failed to meet its burden of demonstration any impacts from the growth. The project complies with Criterion 9(A).

The impact of the Hinesburg Hannaford Supermarket project on growth and the rate of growth in the town and region is very similar to that referenced in the decision above. In the absence of the project, the town and region have been experiencing limited growth and are projected to experience slow growth in the near term future. Even with the proposed Hinesburg Hannaford Supermarket, very little additional growth will occur in the town and region. Therefore, the Hinesburg Hannaford Supermarket project complies with Criterion 9(A).

¹⁰ The Home Depot Land Use Permit #1R0048-12-EB, pages 51-52. Note the references to "Friends" is a reference to a party opposing the granting of the permit.

X. Conclusion to Impact Study

The proposed Hinesburg Hannaford Supermarket project in the Town of Hinesburg, Vermont will have a positive economic impact on the host town and region. The project will generate a net total 49 jobs and a payroll of \$1.3 million during its operation.

We estimate that Chittenden County will see a population increase of five people living in two households from this project. Hinesburg's share of this increase will be three people in one new household.

We have shown that the proposed Hinesburg Hannaford Supermarket 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 project will only minimally affect the growth and rate of growth in the region.

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

XI. Appendix One - 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>

XII. Appendix Two - Replacement Business Impact

In the analysis we assumed replacement businesses will fill the vacated building which currently houses Lantman's Market. We estimated that those businesses would have a total of 24 employees and a payroll of \$560,000. In this section, we present our estimate of the impact of the proposed project if no replacement businesses are considered. As shown in the table below:

- Without replacement businesses, the job gain once this project is operating is 21 instead of 49.
- Without replacement businesses, the payroll increase once this project is operating is about \$550,000 instead of \$1.3 million.

Hinesburg Hannaford Supermarket: Jobs and Payroll Impact				
	With Replacements		Without Replacements	
Year	Job Gain	Payroll Increase	Job Gain	Payroll Increase
2015 (Construction year)	21	\$1,212,000	21	\$1,212,000
2016 (First year of operation)	49	\$1,294,000	21	\$536,000
2017	49	\$1,308,000	21	\$542,000
2018	49	\$1,325,035	21	\$549,000
2019	49	\$1,340,000	21	\$555,000
2020	49	\$1,357,000	21	\$563,000

In addition, the demographic impact of the project is smaller. With the replacement businesses we estimated that there would be five new people in Chittenden County living in two households, with one school-age child. Without the replacement businesses, we estimate there would just be three new people in one (maybe two) new households, with no school-age children.

Considering this reduced economic impact, there would be no change in our conclusions that the project conforms to criteria 6, 7, and 9A.

- There is no impact on Hinesburg schools either with or without replacement businesses. (Criterion 6)
- With fewer employees in Hinesburg, the net positive fiscal impact on Hinesburg's municipal budget would be greater without replacement businesses than with them. (Criterion 7)
- The impact on growth and the rate of growth without replacement businesses would be less than that with the replacement businesses, which already was estimated to be negligible. There is no significant impact on growth in either case. (Criterion 9A)