

ECONOMIC DEVELOPMENT IN PLYMOUTH

The skyrocketing property tax rate in the Town of Plymouth requires new economic development in order to prevent a calamitous decline in the town's future viability. The Town of Plymouth is the largest town by area in the Commonwealth of Massachusetts comprising approximately 108 square miles, and is also one of the fastest growing towns in the Commonwealth. These two facts make Plymouth a significant challenge to manage and to govern. The Town's budget for fiscal year 2018 (including schools) was approximately \$225 million. Of that amount, approximately two-thirds was funded by the property tax levy. The Town has seen its tax rate increase significantly in the last several years. After 11 straight years of tax rate reductions (from \$20.22 per thousand in 1996 to \$9.71 in 2007), the tax rate has increased for ten years in a row to \$16.58 in 2017, a 70.7 percent increase. The reasons for the increases since 2007 are widely known, and include significant increases in both town and school collective bargaining agreements, increases in capital equipment expenses, and large capital improvement projects. In addition, we know that the Pilgrim Nuclear Power Plant will close in May, 2019 with the resulting loss of approximately \$9 million per year in tax revenue. While the Town has had a comfortable cushion in the recent past that keeps it below the Proposition 2½ levy limit, that cushion is fast disappearing. This is not a sustainable situation, and something needs to be done, and done now, to change this trend.

The only way to control the tax rate is to either reduce the annual budget, or raise additional revenue, or both. The town and school department annual budgets are complex and have many components. The biggest single component of the annual budget is related to manpower. Salaries and other compensation for town and school employees are more than 50 percent of the annual budget. Fixed costs related to health care, pensions, and other benefits are more than 28 percent of the annual budget. The two together are almost 80 percent of the annual operating budget. The only way to reduce the annual budget is to either reduce existing staff, or reduce compensation and benefits for the staff we have. The Board of Selectmen (BOS) and School Committee do not appear to have the discipline or willpower to do either. In fact, it was just two years ago that the School Department added 30 plus new teachers so that we could have full-day kindergarten. At the same time the Town added 20 plus new employees. This was all done with the full knowledge that Pilgrim Nuclear was planning to close in 2019, and that we would lose that source of revenue. A pattern has developed, and is being sustained by town administrators, where decisions are made based on perceived "wants" and then contrived to find ways to pay for them versus first identifying absolute "needs" and then allocating available resources to pay for them.

If reducing the annual budget is not possible, then increasing revenues should be explored, but not on the backs of already weary taxpayers who have proven to be an easy target. Several

years ago the Town formed a Revenue Ideas Task Force including many dedicated town residents. The recommendations of that Task Force have been widely discussed, but for some unknown reason none have been implemented. Another possibility is garnering additional revenue from increased economic development. The Town receives 75 percent of its annual revenue from the property tax, the largest portion of which is from residential taxpayers (80 percent). Commercial and industrial sources (non-residential) account for 16 percent of town revenues. Most of the commercial/industrial development in Plymouth is “retail” in nature, such as Colony Place, Shops at 5, Home Depot, etc. There are also small “light industrial” areas at Camelot Park off Long Pond Road, and at the Industrial Park off Commerce Way in north Plymouth.

The Industrial/Commercial Land Study adopted in June, 2012 states the following - *“With limited commercial and industrial land, Plymouth needs to adopt additional economic development strategies.”* The report suggested the following “next steps”:

1. Working with boards, committees, and citizens to build consensus on how to move forward,
2. Implementing strategies based on that consensus,
3. Conducting further study and engaging the community about possible zoning changes to the sites noted in the report,
4. Seeking capital funding requests for infrastructure, and
5. Seeking Town Meeting approval of zoning bylaw amendments and zoning map changes.

To date only one of those “next steps” has been implemented, and that was after three tedious attempts to get it approved. That one step was to increase the allowable building height in the Industrial Park (by right, and without a special permit) from 35 feet to 60 feet, which was approved by Town Meeting in October, 2017.

This document will outline a strategy for economic development that includes most, if not all, of the recommendations from the Industrial/Commercial Land Study, AND adds specific steps to that report’s recommendations. First (as recommended in the report), identify specific actions that can be taken in the existing commercial/industrial areas at Camelot Park and the Industrial Park that will increase the density of development. These actions will require specific Planning Board, Board of Selectmen, and Town Meeting approval to revise the current zoning bylaws to (1) increase allowable building heights, (2) convert special permit uses to “by right”, (3) reduce parking requirements, and (4) reduce building setbacks. All of these actions would increase the building density in the two primary commercial/industrial areas, and in that way result in higher “non-residential” tax revenues for the Town.

Second, the Industrial/Commercial Land Study identified the development potential of the so called “Thousand Acres” in south Plymouth when it stated “...given the site’s size, the site should continue to be identified as a potential site for economic development.”. While the site has significant potential to be developed as an industrial park, it also has significant challenges including (1) the need to clear titles on several parcels containing very small lots with unclear ownership, (2) no direct access to Route 25, (3) significant environmentally sensitive habitat, and (4) the need for rezoning to a higher and better use. The so-called “Thousand Acres”, which is actually only 850 acres, is surrounded by an additional thousand acres that could all be rezoned to “light industrial” if the other challenges can be adequately addressed. Once again, this could significantly increase “non-residential” tax revenues to the Town, and help reduce the tax burden on residents.

Third, when the Industrial/Commercial Land Study was completed in 2012, the Pilgrim Nuclear Power Plant was still in the process of applying for a 20-year extension to their NRC operating permit. At that time the PILOT (Payment in Lieu of Taxes) agreement between the Town and Pilgrim included a clause that prevented Pilgrim from selling the 1500 acres of land that they own between the Plant and the Pinehills ridge. So, the report did not address any future potential uses for the “Entergy property” since it was assumed that the property would be locked up for the foreseeable future by periodic amendments to the PILOT agreement. That turned out to be wrong when Entergy announced the closing of Pilgrim Nuclear in May, 2019 even though their permit extension was approved by the NRC. The latest PILOT agreement has removed the “no sale clause” and replaced it with a “right of first refusal” clause in favor of the Town. Certainly 1500 acres of prime real estate in the heart of Plymouth has significant potential for future development. Nevertheless, the “Entergy property” also has significant development challenges including (1) limited access to Route 3, which would need to be upgraded and improved, (2) location next to a defunct nuclear power plant and the nuclear waste storage facilities, (3) rezoning to allow commercial/industrial development, and (4) significant environmentally sensitive land.

It is fair to say that the Town has significant open space that could be developed in some way. The Town has also made a concerted effort, through the Community Preservation Committee, to preserve significant open space, which effectively keeps it from being developed in any way. This is as it should be. However, while it is true that the cost to maintain it is small, open space does not generate revenue for the Town.

Recently, the Plymouth Regional Economic Development Foundation commissioned an economic development study to identify potential economic development strategies for the Town of Plymouth. That study should be completed sometime in 2018, and the results are anxiously awaited.