

Orchard Industrial Development

Caernarvon Township, Berks County, Pennsylvania

Community and Fiscal Impact Assessment Report

CFIA Report Prepared For:

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CFIA Report Dated: January 9, 2018

Orchard Industrial Development, LLC

Caernarvon Township, Berks County, Pennsylvania

Community and Fiscal Impact Assessment Report

Section 1: Purpose and Objective

The purpose of this Community and Fiscal Impact Assessment (CFIA) Report is to provide a comprehensive assessment on the community and fiscal impacts of a land development project on a municipality considering short and long term implications. This CFIA Report is based upon factual information that has been provided and confirmed through available resources to the landowner and their representative for this land development project. The analysis is based upon: the fiscal characteristics; land use composition; community facilities and services; economic development variables; and the municipal budgets. The analysis provides an estimate of the difference between the costs of providing services to the revenues that will be generated by the land development project.

This CFIA Report has been prepared to identify potential community and development impacts that are relative to Caernarvon Township, the Twin Valley School District and Berks County. The CFIA Report shall also assess the impact of the proposed development and the ability for local government to provide emergency management services, administration services, public works, transportation improvements, and utility services to the development without creating an adverse fiscal impact on the budget.

Section 2: Project Overview and Concept Plan

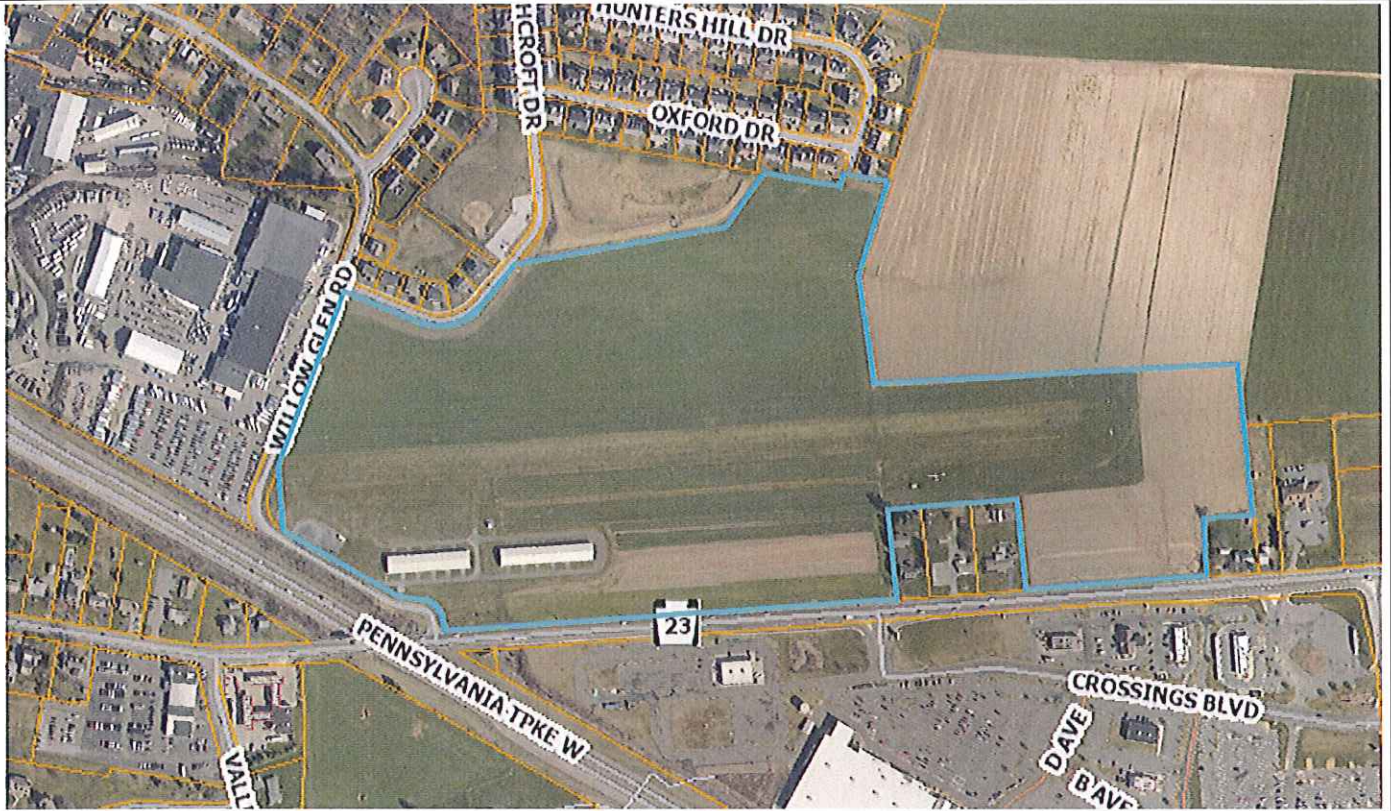
Orchard Industrial Development, LLC (OID or Developer) is seeking to develop two (2) parcels of land within Caernarvon Township (Berks County) as a unified industrial development that will initially include two (2) warehouse buildings with accessory components and uses. The properties to be developed are described as follows:

Property 1: This is a 56.41 acre tract of land, which is currently owned by Vernon and Betty Beiler (Berks County Tax Parcel 35 5320 0255 2777). The property is located along the north side of Pennsylvania Route 23 and east side of Willow Glenn Road. The current use is the Morgantown Airport. This tract of land is contained within the Industrial Office Park (IOP) Zoning District.

Property 2: This is a 0.12 acre tract of land, which is currently owned by Vernon and Betty Beiler (Berks County Tax Parcel 35 5320 0145 3650). The property is located along the east side of Willow Glen Road, approximately 900 feet north of Pennsylvania Route 23. This tract of land is contained within the Industrial Office Park (IOP) Zoning District.

Figures 1 and 2 of this CFIA Report include photographs of the Beiler/OID property. Appendix A of this CFIA Report includes the Berks County Parcel Reports for the properties.

Figure 1: Aerial Photograph of Beiler / OID Property



Source: Berks County Mapping Department (2016 Aerial Photograph)

Figure 2: Ground Photographs of Beiler / OID Property and PA Route 23



Source: Google Maps (2016 Aerial and Ground Photographs)

The OID project will be a unified industrial development that will initially include two (2) warehouse buildings that will be serviced by public sanitary sewage disposal facilities and public water supply facilities. Warehouse Building 1 will contain 613,312 square feet of gross floor area and Warehouse Building 2 will contain 144,000 square feet of gross floor area. Both buildings will be designed to accommodate the principal use (warehouse facility) and subordinate uses (offices, meeting rooms and common areas). The external improvements shall include: 192 loading spaces; 419 parking spaces; stormwater management facilities; utilities; and common open space. The required site improvements for the project will be designed in accordance with the provisions established by Caernarvon Township and the Commonwealth of Pennsylvania. A Concept Plan has been prepared at the direction of OID and has been included as Appendix B of this CFIA Report.

The OID project shall be subject to real estate tax revenues that are currently levied by Caernarvon Township, the Twin Valley School District and Berks County. These real estate taxes fund community facilities and services including emergency management services, administration, public works, road improvements, parks and recreation facilities, utilities and other community needs that benefit the residents and landowners. In addition, Caernarvon Township and the Twin Valley School District also collect a real estate transfer tax, per capita tax and earned income tax.

Section 3: Planning and Zoning Analysis

OID intends to develop 56.53 acres of land in Caernarvon Township as a unified industrial development containing 757,312 cumulative square feet of gross floor area for a warehouse and distribution facility. OID has an agreement of sale to purchase the Beiler property (refer to Appendices A and B) in order to accommodate the proposed warehouse and distribution use. The following planning and zoning analysis has been provided to assess both properties in terms of land use plans and zoning provisions:

Existing Land Use: The current use of the properties is the Morgantown Airport, which includes: a communication and operational center; grass runway; garage or hanger facilities; and other related site improvement. Portions of the property are also utilized for agricultural uses. The Beiler property is currently not served by public sanitary sewer facilities or public water supply facilities. However, sewer and water services are located within close proximity to the Beiler property and could be extended to accommodate the proposed warehouse development.

Berks County Comprehensive Plan (2030): The Berks County Comprehensive Plan of 2030 contains a policy plan and future land use plan to guide growth and development through the design year 2030. The functional components include a plan for land use, housing, transportation and community facilities. According to the policy plan, future growth areas should be established and designated considering the following factors: availability of sewer and water capacity; proximity to areas of existing development; land use compatibility; and transportation capacity and accessibility. Given these factors, the Beiler property should be designated as a future growth area in order to accommodate existing uses as well as future development opportunities that have been zoned by the municipality. The Berks County Planning Commission has endorsed that future growth areas should be zoned to permit development and redevelopment opportunities.

Southern Berks Regional Comprehensive Plan: Caernarvon Township in conjunction with Birdsboro Borough, Robeson Township and Union Township prepared and adopted the Southern Berks Regional Comprehensive Plan (SBRCP), which was adopted by the participating municipalities in 2004. The SBRCP contains a series of goals and community development objectives relative to: land use, zoning and development; community facilities and services; economic development; utilities; natural features and resource; and transportation. The functional components of the SBRCP recommend that the Beiler property be developed with light industrial uses that can be served by infrastructure (sewer, water and transportation) to support future development opportunities. The Future Land Use Plan identifies that Beiler property should be designated as a light industrial zone, which should permit the inclusion of “warehousing and wholesale trade establishments” by conditional use. The SBRCP was adopted by the participating municipalities based upon the understanding that the Southern Berks Region has the capacities to accommodate all uses in accordance with the Pennsylvania Municipalities Planning Code.

Caernarvon Township Zoning Ordinance (1995): The previous Zoning Ordinance and Zoning Map were adopted in 1995. Pursuant to Ordinances 151 and 163, the Industrial Office Park (IOP) Zoning District was established, which included “wholesaling establishments, warehousing of merchandise or sales of building materials”, as a permitted use by right in the IOP Zoning District.

Caernarvon Township Zoning Ordinance (2007): The current Zoning Ordinance and Zoning Map identify the Beiler property as being contained within the Industrial Office Park (IOP) Zoning District. Pursuant to Section 579B.19 of the Zoning Ordinance, the IOP Zoning District included “wholesaling establishments, warehousing of merchandise or sales of building materials”, as a permitted use by right in the IOP Zoning District. This option was removed via Ordinance 289.

Caernarvon Township Zoning Amendment (2017): Caernarvon Township passed an amendment to the Zoning Ordinance of 2007 via Ordinance 289 on November 28, 2017. This zoning amendment removed warehousing establishments as a permitted use within the Industrial Office Park (IOP) Zoning District. This amendment appears to be in conflict with the recommendations that were specified by the Southern Berks Regional Comprehensive Plan. This action also occurred at the time the landowner (Beiler) and developer (OID) submitted a Concept Plan to Caernarvon Township.

Caernarvon Township Sewage Facilities Plan: The Caernarvon Township Act 537 Plan identifies the Beiler property as a parcel of land that is served by public sanitary sewage disposal facilities and on-site water supply facilities. However, the property is located within a future service area for public sewer and public water facilities. The wastewater treatment plant has satisfactory capacity to accommodate the wastewater flow from the OID project.

Over the past year, OID has been conducting background studies to determine if the warehouse option would be a viable use from a local and regional perspective. These studies included: a Preliminary Marketing Study, as prepared by JJI in April 2017; a Phase I Environmental Site Assessment Report, as prepared by Liberty Environmental in August 2017; a Wetlands Assessment Report, as prepared by Liberty Environmental in August 2017; and other research to satisfy the due diligence requirements contained within the agreement of sale between the landowner and developer.

Section 4: Community Impact Assessment

The following documentation is provided to assess community facilities and services that are provided by Caernarvon Township, the Twin Valley School District and Berks County. The CFIA Report shall also include corresponding conclusions and recommendation under Section 10 of this CFIA Report.

- (1) **Land Development:** OID shall submit a land development plan to Caernarvon Township in accordance with the prevailing requirements established by Caernarvon Township and the Pennsylvania Municipalities Planning Code. As part of the land development plan application, OID shall pay the required application fees for the review and processing of the plan by the professional consultants and administration staff of Caernarvon Township. Therefore, there will be no community or financial impact to Caernarvon Township.
- (2) **Municipal Site Improvements:** Upon final approval of the land development plan, OID will be required to establish a municipal escrow account with Caernarvon Township in order to guarantee that the proposed municipal site improvements are constructed in accordance with the provisions of Caernarvon Township. The amount of the escrow account is typically 110% of the improvements cost plus administration and inspection fees. Therefore, there will be no community or financial impact to Caernarvon Township.
- (3) **Sanitary Sewage Disposal:** As part of the conditions of approval for the land development plan, OID will be required to complete and construct all sanitary sewage disposal improvements to accommodate the projected wastewater flows, as specified on the approved final plan. Upon completion, OID will offer the new sanitary sewer improvements associated with this project for dedication to Caernarvon Township. The total cost to construct the new sanitary sewage disposal improvements shall be paid by OID. Prior to the issuance of a Certificate of Use and Occupancy, OID shall also be responsible for the payment of mandatory connection fees and user fees. Therefore, there will be no community or financial impact to Caernarvon Township.
- (4) **Water Supply:** As part of the conditions of approval for the land development plan, OID will be required to complete and construct all water supply improvements to accommodate the water supply needs, as specified on the approved final plan. Upon completion, OID will offer the new water supply improvements associated with this project for dedication to Caernarvon Township. The total cost to construct the new water supply improvements shall be paid by OID. Prior to the issuance of a Certificate of Use and Occupancy, OID shall also be responsible for the payment of mandatory connection fees and user fees. Therefore, there will be no community or financial impact to Caernarvon Township.
- (5) **Stormwater Management Facilities:** As part of the conditions of approval for the land development plan, OID will be required to complete and construct all stormwater management facilities specified on the approved final plan. Upon completion of these improvements, OID will offer the new stormwater management facilities within the right-of-way of the public roads for dedication to Caernarvon Township. The stormwater management facilities located outside the road right-of-way will be owned and maintained by OID or a designated management group. The total cost to construct the stormwater management system shall be paid by OID. Therefore, there will be no community or financial impact to Caernarvon Township.

- (6) **Permits and Code Enforcement:** Upon final approval of the land development project, OID will be able to obtain building permits for the construction of the warehouse and distribution facilities. As part of the building permit application, OID will be required to pay a fee for the review and processing of the building permits by the professional consultants and administration staff of Caernarvon Township. The fee schedule should account for all building code requirements that are specified by the Uniform Construction Code. Therefore, there will be no community or financial impact to Caernarvon Township.
- (7) **Transportation and Circulation:** The regional transportation system serving the OID project is considered efficient in terms of accessibility and mobility. Interstates 76, 78, 80, 81, 83, 95, 176, 276, 283 and 476 in conjunction with other expressways and arterial highways should have adequate capacities to accommodate large volumes of vehicular traffic in all directions. Local transportation impacts will apply to PA Routes 10 and 23 as well as Morgan Way, Willow Glen and Twin Valley Road. A Traffic Impact Study shall be prepared by a qualified traffic consultant in order to address transportation and circulation issues that are relevant to the OID project. Further discussion on transportation issues is included under Section 6 of this CFIA Report.
- (8) **Administration and Municipal Services:** Caernarvon Township allocates 18.56 percent of its budget to fund general administrative and municipal services including: salaries and compensation; consultant fees; auditing and financing services; tax collector services; operating expenses; utilities; building maintenance and replacement; emergency management services; and other miscellaneous funds. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for municipal services and administration. Therefore, there will be no community or financial impact to Caernarvon Township.
- (9) **Public Works and Maintenance:** Caernarvon Township currently allocates 26.52% of its budget to fund public works services including: road improvements maintenance; stormwater management and infrastructure; building maintenance and replacement; vehicles, equipment and fuel; salaries and compensation; operating expenses; utility expenses; and other public works expenses. The OID land development project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for municipal services and administration. Therefore, there will be no community or financial impact to Caernarvon Township.
- (10) **Police Protection:** Caernarvon Township currently allocates 44.19 percent of its budget to public safety and police protection. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply the additional tax revenues to provide funding for addition staff, public safety projects, equipment, community support and/or to expand its coverage capacities within Caernarvon Township. The Pennsylvania State Police also provides police protection and coverage within Caernarvon Township at no direct charge to the taxpayers of Caernarvon Township. In addition, OID shall require its future tenants to install an integrated security system for their use and protection. Therefore, there will be no community or financial impact to Caernarvon Township.

- (11) **Fire Protection:** Caernarvon Township currently allocates approximately 7.32 percent of its budget to fire protection. As part of this allocation, a municipal contribution by Caernarvon Township is provided to the Twin Valley Fire Department. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for fire protection and emergency management services. The OID project will also be designed with an internal fire protection system and suppression apparatus to assist the local fire departments. Therefore, there will be no community or financial impact to Caernarvon Township.
- (12) **Ambulance Service:** Caernarvon Township currently allocates approximately 1.70 percent of its budget to fund the local ambulance service. As part of this allocation, a municipal contribution by Caernarvon Township is provided to the Elverson Ambulance Service. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for ambulance service. The OID project will also consider a separate financial contribution to the Elverson Ambulance Service. Therefore, there will be no community or financial impact to Caernarvon Township.
- (13) **Parks and Recreation and Library:** Caernarvon Township allocates 1.24 percent of its budget to fund its community public parks and recreation facilities. This contribution is relatively low compared to the funding contributions designated by other municipalities. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for parks and recreation facilities. Since there are no recreation impact fees required, the OID project will consider a contribution to assist with the funding for parks and recreation facilities and programs within Caernarvon Township. Therefore, there will be no community or financial impact to Caernarvon Township.
- (14) **Library:** Caernarvon Township allocates 0.47 percent of its budget to fund the community library system. The OID project should generate approximately \$46,018.04 in local tax revenues per year. Caernarvon Township could apply additional tax revenues to provide funding for library services. The OID project may consider a contribution to assist with the funding for local library programs. Therefore, there will be no community or financial impact to Caernarvon Township.
- (15) **Public Education:** Twin Valley School District should receive an estimated \$570,793.35 per year from the OID project, as part of their payment for real estate taxes for the local school district. Therefore, there will be no community or financial impact to Caernarvon Township.
- (16) **Berks County Services:** Upon build-out of the OID project, Berks County should receive an estimated \$136,698.62 per year as tax revenues to be utilized for a variety of countywide facilities and services. Therefore, there will be no additional financial impact to Berks County.
- (17) **Special Assessments and Fees:** Caernarvon Township and the Twin Valley School District could also collect real estate transfer taxes, per capita taxes, earned income taxes, and other local fees. These special assessments and fees have not been accounted for in this CFIA Report.

Section 5: Environmental Impact Assessment

The following documentation is provided to assess environment, ecological, historic and cultural resources within this immediate area of Caernarvon Township. The CFIA Report shall also include corresponding conclusions and recommendation under Section 10 of this CFIA Report.

- (1) **Geology:** The OID project site is principally underlain by the Buffalo Springs Formation (Cbs), which consists of light-gray to pinkish-gray, fine to coarsely crystalline limestone, and inclusions of dolomite. The medium groundwater yield is approximately 10 gallons per minute. Although the ease for excavation may be difficult, the foundation and stability factors are good. There are no environmental impacts associated with the geologic formation.
- (2) **Soils:** The OID project site contains soils that are classified as Duffield silt loam (DbB), which are deep, well-drained soils with medium permeability that are located on moderate slopes. There are no environmental impacts associated with the surface or sub-surface soils.
- (3) **Floodplain:** The OID project site is located within Zone X, which is considered to be outside of the 100-year floodplain and outside the 0.2 percent annual chance floodplain as designated by FEMA. There are no environmental impacts associated with the flooding or flood waters.
- (4) **Wetlands:** Liberty Environmental has conducted a wetlands investigation on the OID project site in August of 2017. A report was issued and there are no wetlands found on the 56.53 acre site. There are no environmental impacts associated with the wetlands.
- (5) **Topography:** The site contains elevations that range between 570 feet to 605 feet above sea level. The slopes are considered moderate that should not present any stormwater management and/or stabilization problems. There are no environmental impacts associated with topography.
- (6) **Natural Areas and Wildlife Habitats:** There are no known unique natural areas and/or endangered wildlife habitats on the OID project site. This statement will be verified as part of the permitting requirements through the state and federal agencies with jurisdiction.
- (7) **Historic and Cultural Resources:** There are no known historic or cultural resources contained on the OID project site. This statement will be verified as part of the permitting requirements through the state and federal agencies with jurisdiction.
- (8) **Noise and Lighting:** The OID project is located within the Industrial Office Park (IOP) Zoning District of Caernarvon Township. The IOP Zoning District permits commercial, industrial and office park uses. It is anticipated that there will be additional noise and lighting for this project as compared to the current use. OID shall work with the authorized Caernarvon Township and the adjacent landowners to develop a reasonable plan to mitigate noise and lighting impacts.

ESA Report: OID has conducted a Phase I Environmental Site Assessment (ESA) Report through Liberty Environmental in August 2017 as well as a Wetlands Assessment Report through Liberty Environmental in August 2017. Additional studies, reports and permits shall be required to support the OID project as part of the land development plan application and building permit application.

Section 6: Transportation Impact Assessment

Commercial and industrial development is dependant upon many variables relative to location, including: land values; zoning of undeveloped land; the transportation network; utility provisions; community facilities and services; and major employment centers. This section will provide a brief overview of the local and regional transportation system that is pertinent to the OID project.

Regional Transportation System: The regional transportation system serving the OID project is considered efficient in terms of capacity, accessibility and mobility. Interstates 76, 78, 80, 81, 83, 95, 176, 276, 283 and 476 in conjunction with other expressways and arterial highways should have adequate capacities to accommodate large volumes of vehicular traffic in all directions.

Local Transportation Systems: The OID project site will be primarily served by the following roads within Caernarvon Township:

- (1) **PA Route 23:** This is arterial road owned and maintained by PennDOT, which provides traffic circulation in an east-west direction between Lancaster and Philadelphia. PA Route 23 has the capacities to accommodate truck traffic from a warehouse use within the IOP Zoning District.
- (2) **PA Route 10:** This is arterial road owned and maintained by PennDOT, which provides traffic circulation in a north-south direction between Reading and Coatesville. PA Route 82 has the capacities to accommodate truck traffic from a warehouse use within the IOP Zoning District.
- (3) **Morgan Way:** This is a collector road that is owned and maintained by Caernarvon Township, which provided a connection between PA Route 10, PA Route 23 and the PA Turnpike. Morgan Way should have the capacities to accommodate truck traffic from a warehouse use within the IOP Zoning District. OID shall evaluate the accessibility, mobility and functional capability issues along Morgan Way between PA Route 10 and PA Route 23.
- (4) **Willow Glen:** This is a collector road that is owned and maintained by Caernarvon Township, which provided a connection between PA 23 and Morgan Way. Willow Glen should be evaluated to consider a direct connection or access point for a warehouse use within the IOP Zoning District. OID shall evaluate the accessibility, mobility and functional capability issues along Willow Glen between PA Route 23 and Morgan Way.
- (5) **Twin Valley Road:** This is a collector road that is owned and maintained by Caernarvon Township, which provided a connection between PA Route 23 and the PA Route 82. Twin Valley Road should have the capacities to accommodate truck traffic from a variety of uses within Caernarvon Township. OID shall evaluate the accessibility, mobility and functional capability issues along Twin Valley Road between PA Route 23 and PA Route 82.

Public Transportation: OID shall meet with representatives from PennDOT and the Berks County Planning Commission to discuss public transportation opportunities that could improve accessibility and mobility within the region. A regional effort should also be promoted by Caernarvon Township.

TIS Report: OID has initiated efforts to conduct a Traffic Impact Study (TIS) to address transportation related impacts that pertain to accessibility, mobility and capacity for a warehouse use within the IOP Zoning District. The TIS will be submitted as part of the land development plan application.

Section 7: Marketing and Employment Assessment

OID has initiated a comprehensive evaluation of economic development opportunities through Jones Lang and LaSalle (JLL) and the Greater Reading Economic Partnership (GREP). As this project progresses, OID will invest time and resources on marketing, employment and community development issues with JLL, GREP and other partners to ensure that this project is a success. Section 7 of the CFIA Report will briefly assess the existing conditions and projected economic development assets.

Regional Proximity: Berks County is a segment of the Lehigh Valley Submarket, which has been recently identified as an Inland Port. Caernarvon Township is located within close proximity to major retail markets, which include Reading, Philadelphia, Lancaster, Lebanon Harrisburg, Allentown, Bethlehem, Easton, Scranton, New York, Baltimore, Washington and Richmond. In addition, aviation service (commercial and private) and freight rail service is available within the regional service area.

Marketing Factors: The regional transportation system provides opportunities for economic development within Caernarvon Township. There are also a significant number of major employers within the region (refer to Appendix C of this CFIA Report) that are located within one hundred (100) miles from the OID site within Caernarvon Township. From a local and regional prospective, the leading marketing and employment sectors include manufacturing, health care, educational services, transportation, warehousing and whole trade. Therefore, the OID project should provide a positive impact upon the local and regional economy. OID will work with Caernarvon Township, JLL and GREP in order to bring a qualified tenant to Morgantown that will be considered as a community asset.

OID Employment: The opportunities for employment are essential to support the need for commercial and industrial development within a given area. Based upon local and regional economic development statistics, JLL has determined that the OID project should have the capacities to create and maintain 300 to 400 new full-time jobs plus an addition 200 to 300 part-time or season employees. OID anticipates that there will be opportunities for skilled and unskilled employees. Depending upon the needs of the permanent tenant(s), the warehouse facility could be designed with corporate offices, meeting rooms and common areas. In order to compete with other facilities, the OID project may need to provide higher salaries and employment incentives. JLL has also determined that most of the employees at the OID warehouse facility will reside within a 30 minute commute to and from Morgantown.

Community Investment: The OID project will be successfully implemented through a cooperative effort that will consist of representative from the public and private sectors. OID anticipates that a great deal of time and effort along with financial investment will be required to obtain the desired results. OID is prepared to logistically analyze and resolve all adverse community, economic and environment issues. However, all development projects must consider several implications and/or financial limitations.

Economic Benefits: Based upon projected fair market and assessed values for real estate revenues for the OID site, the tax revenues should significantly increase by an estimated 40 times from the current values. The property values within the immediate area should also see an increase since the local infrastructure (sewer, water and roads) will be improved as a result of the OID project. Therefore, the tax base for the Caernarvon Township, Twin Valley School District and Berks County will be directly and indirectly enhanced by the OID project (refer to Sections 8 and 9 of this CFIA Report).

Section 8: Caernarvon Township Budget

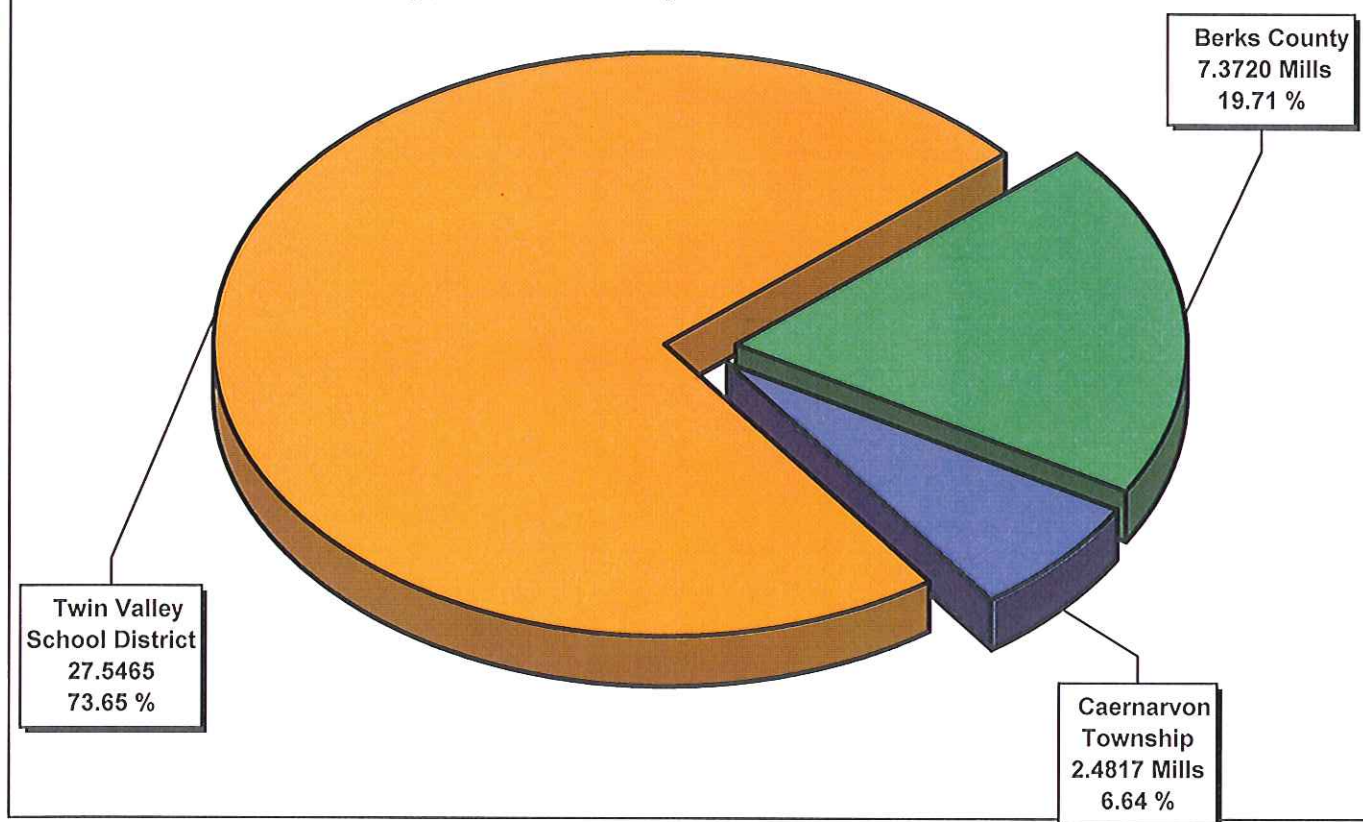
Proper management of municipal finances is essential to ensure that the municipal officials meet the needs and expectations of the community. This is generally accomplished through the municipal budget process, which involves estimating revenues and preparing an annual expenditure plan, which is essentially the plan for spending money over a given period of time.

The following chart represents the projected list of revenues and expenditures for the 2018 municipal budget of Caernarvon Township. The expenditures are categorized by specific categories, which provide an itemized value for spending during the budget year. In order to finance the projected expenditures, revenues are gained by Caernarvon Township through a variety of means such as taxes, service charges, fees, transfers, interest and other miscellaneous proceeds. A copy of the Caernarvon Township Budget for 2018 has been included in Appendix D of this CFIA Report. Figure 3 provides a summary of the Caernarvon Township Budget for 2018.

Figure 3: Caernarvon Township Budget For 2018			
Expenditures for Specific Services		Revenues for Specific Activities	
Itemized Expenditures	Budget Amount	Itemized Revenues	Budget Amount
General Government Expenses	\$ 142,055.00	Real Estate Taxes	\$ 683,600.00
Administrative Services	\$ 319,190.00	Real Estate Transfer Tax	\$ 165,000.00
Police and Public Safety	\$ 1,098,175.00	Earned Income Tax	\$ 793,000.00
Fire Protection and Response	\$ 181,905.00	Local Services Tax	\$ 210,000.00
Ambulance Service	\$ 42,192.00	License, Permits, Fines, Fees	\$ 58,800.00
Public Works: Maintenance	\$ 370,110.00	Interest, Rents and Royalties	\$ 3,000.00
Public Works: Streets and Traffic	\$ 288,960.00	State Revenue and Entitlements	\$ 109,600.00
Parks and Recreation	\$ 30,913.00	General Government	\$ 360,570.00
Library	\$ 11,670.00	Reimbursements and Transfers	\$ 101,600.00
Total of Expenditures	\$ 2,485,170.00	Total of Revenues	\$ 2,485,170.00
Local Tax Assessments		Projected Revenues over Expenses for 2018	
Caernarvon = 2.4817 per \$1,000 of Assessed Value		Total Revenue for 2018	\$ 2,485,170.00
School = 27.5465 per \$1,000 of Assessed Value		Total Expenditures for 2018	\$ 2,485,170.00
County = 7.3720 per \$1,000 of Assessed Value		Projected Budget Balance	\$ 0.00
<i>Sources: Caernarvon Township and Berks County Assessment Office</i>			

In the overall tax structure, the real estate taxes collected by Caernarvon Township are 6.64 percent of the overall real estate taxes collected. This is a relatively small amount as compared to the real estate taxes collected by the Twin Valley School District (73.65 percent of the overall real estate taxes) and Berks County (19.71 percent of the overall real estate taxes). As depicted on Figure 4, it can be concluded that the municipal fees, service charges and taxes, that are collected by Caernarvon Township are utilized in an efficient manner.

**Figure 4: Real Estate Tax Structure for 2018
Caernarvon Township, Berks County**



The values in the chart reference above are the actual percentage of the tax structure for real estate within Caernarvon Township. The total millage value on real estate is 37.4002, which accounts for the taxes assessed by Caernarvon Township (2.4817 mills), the Twin Valley School District (27.5465 mills), and Berks County (7.3720 mills). The formula for calculating real estate taxes is as follows:

The Fair Market Value is multiplied by the Common Level Ratio of 72.3 equals the Total Assessed Value, which is then divided by 1,000 and multiplied by the millage rates levied by Caernarvon Township, Twin Valley School District and Berks County.

The anticipated tax revenues to be appreciated from the OID project have been analyzed in further detail as part of Section 9 of this CFIA Report.

Section 9: Current and Projected Tax Revenues

The Beiler properties are currently utilized as the Morgantown Airport, which includes: a communication and operational center; grass runway; garage or hanger facilities; and other related site improvement. Portions of the property are also utilized for agricultural uses. Figure 4 provides an overview of the tax revenues that are currently assessed to the Beiler properties without the OID project considered as a viable land development plan.

Figure 5: Current Tax Revenues without OID Land Development Project (2018)

Property / Use	Fair Market Value	Total Assessed Value	Current Annual Tax Revenues by Authority		
			Caernarvon	Twin Valley SD	Berks County
Beiler Property 1 TPID 35532002552777 Area: 56.41 acres	\$ 529,100.00	\$ 412,500.00	\$ 1,023.70	\$ 11,362.93	\$ 3,040.95
Beiler Property 2 TPID 35532001453650 Area: 0.12 acres	\$ 5,800.00	\$ 5,800.00	\$ 159.77	\$ 159.77	\$ 42.76
Total Current Values	\$ 534,900.00	\$ 418,300.00	\$ 1,183.47	\$ 11,522.70	\$ 3,083.71

Note 1: The current tax revenues are predicated upon that the agricultural uses shall remain with no further improvements.

Note 2: The Beiler properties are enrolled in Clean and Green and receive a preferential tax assessment under PA Act 319.

OID intends to develop the Ulrich and Fox properties within Caernarvon Township as a unified industrial development containing 1,346,000 square feet of warehouse and distribution space. Figure 6 provides an overview of the projected tax revenues, which is based upon ultimate build-out conditions and the real estate tax structure established for the 2018 calendar year.

Figure 6: Projected Tax Revenues with OID Land Development Project (2018)

Property / Use	Fair Market Value	Total Assessed Value	Projected Annual Tax Revenues by Authority		
			Caernarvon	Twin Valley SD	Berks County
Land Value with approved OID Project with Site Improvements	\$ 1,413,250.00	\$ 1,021,779.70	\$ 2,535.75	\$ 28,146.45	\$ 7,532.56
Building Value with approved OID Project with Site Improvements	\$ 24,233,984.00	\$ 17,521,170.00	\$ 43,482.29	\$ 482,646.90	\$ 129,166.06
Total Projected Values for approved OID Site (Land + Buildings)	\$ 25,647,234.00	\$ 18,542,949.70	\$ 46,018.04	\$ 510,793.35	\$ 136,698.62

Note 1: The projected tax revenues are predicated upon the OID project being approved by Caernarvon Township.

Note 2: The projected tax revenues are predicated upon the property being zoned to permit a warehouse facility and use with approved municipal site improvements and sanitary sewer improvements.

Note 3: The projected tax revenues are based upon ultimate build-out conditions utilizing conservative construction costs, current fair market values and the real estate tax structure established for the 2018 calendar year.

Section 10: Conclusions and Recommendations

This CFIA Report provides background documentation to support the following conclusions and recommendations regarding the community and fiscal impacts of the OID project:

- (1) **Community Development Objective:** The OID project will be a unified industrial development that will initially include two (2) warehouse buildings that will be serviced by public sanitary sewage disposal facilities and public water supply facilities.
- (2) **Site Improvements:** Warehouse Building 1 will contain 613,312 square feet of gross floor area and Warehouse Building 2 will contain 144,000 square feet of gross floor area. Both buildings will be designed to accommodate the principal use (warehouse facility) and subordinate uses (offices, meeting rooms and common areas). Depending upon the needs of the tenant, the external site improvements shall include: 192 loading spaces; 419 parking spaces; stormwater management facilities; utilities; and common open space.
- (3) **Land Use:** The Berks County Comprehensive Plan (2030) and the Southern Berks Regional Comprehensive Plan (2004) have recommended that this site should be zoned to accommodate a variety of industrial uses and developments, including warehouse and wholesale distribution uses.
- (4) **Zoning:** The OID site has been included within the Office Industrial Park (IOP) Zoning District since Caernarvon Township enacted Ordinances 151 and 163 in 1995. Over the past 22 years, the IOP Zoning District has included warehousing and wholesale distribution uses as a permitted use by right. On November 28, 2017, Caernarvon Township enacted Ordinance 289, which removed warehouse and wholesale distribution uses as a use permitted by right in the IOP Zoning District. This amendment to the Zoning Ordinance is not consistent with the recommendations for zoning and land use contained within the Southern Berks Regional Comprehensive Plan.
- (5) **Land Development:** A Concept Plan was initially prepared by OID in November of 2017, which demonstrated that OID was committed to pursue a warehouse development on the 56.53 acre property currently owned by the Beiler family. OID is prepared to submit a complete land development plan in accordance with the provisions established by Caernarvon Township. However, the warehouse and wholesale distribution uses should be reinserted as a permitted use in the IOP Zoning District. OID is prepared to discuss this matter with Caernarvon Township.
- (6) **Planning and Engineering:** The OID project shall develop a plan that complies with the planning and engineering requirements of Caernarvon Township, including: sanitary sewage disposal; water supply; stormwater management; erosion and sedimentation control; utilities; transportation and circulation; landscaping and lighting; and other design requirements.
- (7) **Environmental Compliance:** As part of its due diligence, OID has initiated efforts to complete a Phase I Environmental Impact Assessment Report and a Wetlands Assessment Report. These documents demonstrate that the OID site can be developed considering known and potential environment factors: geology; soils; floodplains; wetlands; topography; natural features; noise; exterior lighting; historic and cultural resources; and other environmental resources. OID shall comply with resolve all environment impacts associated with this development.

- (8) **Noise and Lighting:** OID understands that the development may have some impacts associated with elevated noise and lighting levels. OID is prepared to comply with the provisions established by Caernarvon Township and the Commonwealth of Pennsylvania. OID will also investigate other mitigation remedies that may include landscaping and buffering options that could reduce any noise and/or lighting impacts to adjacent residential properties.
- (9) **Transportation:** OID understands that the development may have some impacts associated with traffic in this area of Caernarvon Township. OID has initiated efforts with a consultant to conduct a Traffic Impact Study (TIS) to identify evaluate transportation and circulation impacts considering accessibility, mobility and capacity issues. The TIS will focus on PA Route 23, Morgan Way and other roads considered to be impacted by the OID project. The TIS and any supplemental permit requirements shall comply with the provisions established by Caernarvon Township and the Pennsylvania Department of Transportation. Where require, OID shall be responsible for the site improvement to mitigate any traffic impacts from this development.
- (10) **Municipal Improvements:** Upon final approval of the land development plan, OID will be required to establish a municipal escrow account with Caernarvon Township in order to guarantee that the proposed municipal site improvements are constructed in accordance with the provisions of Caernarvon Township. The amount of the escrow account is typically 110% of the improvements cost plus administration and inspection fees. These requirements are specified by Caernarvon Township and the Pennsylvania Municipalities Planning Code.
- (11) **Permits and Code Enforcement:** Upon final approval of the land development plan, OID will be able to obtain building permits for the construction of the building(s) required for the warehouse facility. As part of the building permit application, OID will be required to pay a fee for the review and processing of the building permits by the professional consultants and administration staff of Caernarvon Township. The fee schedule should account for all building code requirements that are specified by Caernarvon Township via the Uniform Construction Code.
- (12) **Economic Development:** OID has been coordinating efforts with marketing and economic development consultants (JJL and CREP) to ensure that the warehouse facility is successful in terms of its location, occupant(s), markets, service areas and employment. JJL has determined that the OID project should have the capacities to create and maintain 300 to 400 new full-time jobs plus an addition 200 to 300 part-time or season employees. OID anticipates that there will be opportunities for skilled and unskilled employees.
- (13) **Community Investment:** The OID project will be successfully implemented through a cooperative effort that will consist of representative from the public and private sectors. OID anticipates that a great deal of time and effort along with financial investment will be required to obtain the desired results. OID is prepared to logistically analyze and resolve all adverse community, economic and environment implications or issues. However, all development projects must consider several implications and/or financial limitations. If the zoning, land use and development issues are resolved in a reasonable, legal and ethical manor, OID pledges to support community based projects that relate to community facilities and services.

- (14) **Municipal Budget:** OID has reviewed the Caernarvon Township for 2018. The process of balancing expenditures and revenues is a challenge to most municipalities. Caernarvon Township projects that 74.51 percent of its anticipated revenues will come from real estate taxes, transfer taxes, earned income tax and local services tax. This assumption is predicated upon that the tax base will remain strong and efficiently managed by the governing body. Between 2007 and 2014 most municipalities struggled to balance their respective budgets. Those municipalities with a strong tax base managed to work through the economic recession without impacting community facilities and service. The OID project will benefit Caernarvon Township since it will provide more revenues and require less municipal services compared to most permitted uses.
- (15) **Projected Tax Revenues:** The following chart represents a side by side comparison of the real estate taxes that are generated by the Morgantown Airport versus the OID project:

Figure 7: Current and Projected Tax Revenues (2018)				
Real Estate Tax Authority	Morgantown Airport	OID Project	Difference	Percent Increase
Caernarvon Township	\$ 1,183.47	\$ 46,018.04	+ \$ 44,834.57	3,788.4 %
Twin Valley School District	\$ 11,522.70	\$ 510,793.35	+ \$ 499,270.65	4,332.9 %
Berks County	\$ 3,083.71	\$ 136,698.62	+ \$ 133,914.91	4,332.9 %
Tax Revenue Totals	\$ 15,789.88	\$ 693,510.01	+ \$ 677,720.13	4,292.1 %
<i>Sources: Caernarvon Township, Berks County Assessment Office, OID, JLL and HVA</i>				

- (16) **Other Tax Revenues:** In addition to the Real Estate Tax Revenue required for the OID project, the landowner will also be responsible for transfer taxes, earned income taxes, local service taxes and other assessments that are designated by the agencies with jurisdiction.
- (17) **Community Services:** Pursuant to the community impact assessment that was included as part of Section 4 of this CFIA Report, the OID project should not create any adverse impacts upon the: sanitary sewer system; water supply system; public utilities; municipal administrative services; public works (road maintenance); stormwater management facilities; emergency management services (police, fire and ambulance); parks and recreation; libraries; and other community related services. Where feasible, OID shall support community related projects and organizations.

Hawk Valley Associates, PC (HVA) has been retained as an independent consultant by Orchard Industrial Development (OID) to prepare this Community and Fiscal Impact Assessment (CFIA) Report. Unless otherwise specified, all information was obtained from Caernarvon Township, Southern Berks Regional Comprehensive Plan, Berks County Assessment Office, the landowner (Beiler), developer (OID) and other reliable sources. HVA has concluded that the warehouse and wholesale distribution uses should be reinstated as permitted uses within the IOP Zoning District and that the OID project should proceed as a land development application under the provisions specified by Caernarvon Township.