

September 25, 2009

Ms. Barbara Gerrard, Supervisor  
Town of New Castle  
200 S. Greeley Avenue  
Chappaqua, New York 10514

Dear Ms. Gerrard,

The Chappaqua Central School District (CCSD or “the district”) submits this letter and report in response to the Draft Environmental Impact Study (DEIS) for Summit Greenfield's (SG) proposed Chappaqua Crossing (CC) residential development at the former Reader’s Digest Association (RDA) property. The CCSD thanks you and the Town of New Castle for the opportunity to make these comments.

In the district’s submission regarding the scoping document dated January 1, 2008 (attached), we noted several areas of concern. Specifically, we were concerned with the additional costs associated with increased enrollment, with the possible strains put on the district’s infrastructure, with the costs and disruptions associated with the redistricting the project may require the CCSD to undertake in order to maintain class size guidelines and avoid overcrowding in the schools, with the additional costs associated with an increase in students requiring special education, with the increase in related costs such as additional staffing and additional buses, and the significant anticipated increase in traffic, both during construction and after completion, that would have a direct detrimental impact on Horace Greeley High School.

With this submission, we reiterate those concerns but seek to emphasize the potential financial burden associated with student enrollment resulting from the development of Chappaqua Crossing. That enrollment includes school-age children residing in Chappaqua Crossing units and from new families moving into homes in the CCSD where previous owners have relocated to Chappaqua Crossing. We are concerned that, to the extent that Chappaqua Crossing units do not pay their "fair share", this financial burden will be borne by all other CCSD taxpayers.

Sincerely,

Jeffrey S. Mester  
President  
CCSD Board of Education

## **Introduction**

In this submission, the district provides its analysis and review of the potential impact of the development of the Chappaqua Crossing (formerly Reader's Digest) property on the school district. This document provides a cost analysis of various project configurations and associated demographic projections as well as a discussion of the impacts that are either too speculative to quantify or do not have tangible costs associated with the impact.

In the DEIS submitted by Summit Greenfield in support of their Chappaqua Crossing development, there are alternative options (Section IV) addressed regarding the configuration and restrictions at the site and the impact each scenario would have on school enrollment. Additionally, SG makes numerous projections and assumptions regarding district physical capacity, future district personnel needs and the appropriate beneficiary of the projected enrollment decreases. The district sought to verify those enrollment projections in order to quantify the cost impact on the district of developing the former Reader's Digest property.

The CCSD engaged the Office of School Planning and Research of Western Suffolk BOCES (BOCES) to analyze the potential enrollment impact that various project configurations would have on the district. BOCES has considerable expertise and experience projecting demographics and enrollment. BOCES was engaged by the district on at least three previous occasions as indicated in the DEIS (Section III D 1(a)4 ). The estimates on enrollment and demographics previously provided have been statistically accurate within an acceptable range of error.

The district used the BOCES projections, projections made by the town regarding incremental tax revenue as well as our own internal cost numbers and analysis to produce the report.

## **BOCES Report<sup>1</sup>**

BOCES, in their analysis provided to the district, projected student demographics and enrollment under four (I-IV) alternative development configuration options and one alternative demographic scenario (V). Those five alternatives are:

- Scenario I: 278 units: 246 age-restricted, senior and 32 affordable, non-age restricted units (Current SG proposal).
- Scenario II: 278 units: no age restrictions - with 46 affordable units (All unit buyers new to district).
- Scenario III: Reuse of existing building with 13 multi-family dwellings per floor totaling 26 2-bedroom units (in Building 600).
- Scenario IV: 26 Single Family Homes -no affordable or age- restricted units.
- Scenario V: 278 units: 246 age-restricted, senior and 32 affordable, non-age restricted units. 222 Chappaqua Homes sold to "new-to-the-community" families; Original owners move to Chappaqua Crossing (Uses current SG proposal).

While these five do not cover all the possible scenarios for the site's development, the district believes that they cover the most likely scenarios. The BOCES projections of student yields in scenarios I, II and V, do not address any changes in bedrooms per dwelling, a primary driver of the projection. It is important to note, were any changes to be made in the number of bedrooms per unit from those in this report, it would impact our analysis.

The district also notes that while the "best case" scenario to the district's taxpayer is any scenario where the costs associated with new students, if any, is less than the increase in tax revenue generated by the site's improvements, the district is unable to quantify a "worst case" scenario where the costs of new students in the district as a result of the development of the site exceeds any additional tax revenue. In the "worst case" scenario, the entire risk of the demographic study underestimating new students is borne by the district's taxpayers as is the risk that the incremental tax revenue estimates are overstated.

Below is a table (Table 1) indicating the projected additional new students under the above five alternative development scenarios. We have included both the BOCES projections as well as those of Summit Greenfield.

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<sup>1</sup> The BOCES report and its Appendix is attached. It includes a review of past projections and an assessment of demographic and historical enrollment trends in order to prepare and present new projections through the year 2018 as well as an analysis section projecting enrollment changes under five scenarios associated with the development of the Chappaqua Crossing property.

**Table 1**

Alternative Configuration	Additional Students Summit Greenfield	Additional Students BOCES	Difference
Scenario I (as Proposed)	11	14	3
Scenario II (D.1)	66	61	-5
Scenario III (D.2a)	4	5	1
Scenario IV (D.4)	33	41	8
Scenario V	92	214	122

Note: Alternatives D.2b, D.3a and D.3b were not considered by the district as they will not affect enrollment.

As the above table indicates, the BOCES analysis for Scenarios I-III is in substantial agreement with the student estimates provided in the DEIS by Summit Greenfield. The BOCES analysis indicates that in Scenario IV (D.4) (26 single family homes) SG has underestimated the number of new students by approximately 24%. In the event that Scenario V were to occur, the BOCES analysis indicates that there will be a substantial influx of new students into the district.

### **Cost Analysis**

Using the BOCES demographic analysis, the district has prepared the following cost analysis. The analysis includes the district's good faith effort to estimate actual costs as well as the district's efforts to identify potential costs, and a discussion of the ramifications to the district other than cost.

### **Per Pupil Costs**

The district has prepared a breakeven analysis for each of the five scenarios studied by BOCES. For all cost analyses, we use fiscal year ended June 30, 2008 numbers in order to be consistent with the incremental tax revenue estimates. In the 2008 school year, the district's cost per pupil was \$25,246.

"Breakeven" is defined simply as the number of projected new students multiplied by the expected average cost per student. At breakeven, the new enrollment would have no impact on the tax rate paid by district tax payers outside of Chappaqua Crossing. The district would need to have the CC development pay to the district the breakeven cost in additional or incremental tax revenue in order for the district to breakeven.

**Table 2** shows the breakeven cost to the district of the five scenarios, the town consultant's estimated increase in tax revenue and the estimated surplus or deficit under each scenario.

**Table 2**

<b>Alternative Configuration</b>	<b>Additional Students per BOCES Analysis</b>	<b>Total Additional Cost/Breakeven Cost (\$25,246/student)</b>	<b>Town of NC Estimated Incremental Tax Revenue<sup>2</sup></b>	<b>Surplus (Deficit) to District Taxpayer</b>
Scenario I (as Proposed)	14	\$353,444	\$1,286,704	\$933,260
Scenario II (D.1)	61	\$1,540,006	\$1,286,704	(\$253,302)
Scenario III (D.2a)	5	\$126,230	\$1,286,704	1,160,474
Scenario IV (D.4)	41	\$1,035,086	\$1,286,704 <sup>3</sup>	\$251,618
Scenario V	214	\$5,402,644	\$1,286,704	(\$4,115,940)

Alternatively, the financial impact of enrollment from the CC development can be viewed as a function of the breakeven enrollment number for each scenario. Dividing the estimated amount of incremental revenue to the district by the cost per pupil determines a breakeven number of students. If the development results in enrollment greater than the breakeven number, student costs will be subsidized by all other district taxpayers. Every student over the breakeven number would increase the burden on the existing CCSD taxpayers by the \$25,246 per pupil cost.

Using the Town consultant's incremental tax projection, the breakeven number of students is 51. Scenario I, as proposed with age restrictions, scenario III, reuse of the existing buildings, and scenario IV, 26 single family homes, would result in a benefit to CCSD taxpayers.

<sup>2</sup> The SG incremental tax revenue is presented in the DEIS as \$2,826,344. SG used a 2015 estimated tax year number while NC believes a 2008 (current) number is the appropriate comparison. The SG 2008 dollar adjusted estimate for incremental tax revenue is \$1,307,881, or \$21,177 greater than the NC estimate as per table 7 in the HR&A memo to the Town re: Fiscal Impact Review dated September 15, 2009.

<sup>3</sup> The incremental tax revenue estimate is not differentiated for the various site configurations. Scenario IV in particular could have a materially different calculation because of the nature of tax assessment on single family homes versus condominiums.

Scenario II, the project as proposed without age restrictions, would negatively affect the CCSD taxpayers as would scenario V. As the table indicates, scenario II would result in approximately \$253,000 negative impact to current CCSD taxpayers and scenario V would result in a \$4.1 million negative impact to current CCSD taxpayers.

The impact of any projected enrollment increase resulting from development of the site can be estimated by dividing an anticipated incremental tax revenue figure by the \$25,246 per pupil cost to reach a breakeven number of students. The number of students above or below the breakeven number of students would be multiplied by \$25,246 to determine the net effect to CCSD taxpayers. As noted above, using the NC incremental tax estimate, the breakeven number of students is 51.

### **Tax Certiorari**

The above incremental tax revenue estimate does not address Summit Greenfield's pending tax certiorari petition to lower their current taxes by as much as 56%. In the event that petition is partially or completely successful, the district's breakeven number will rise by the amount of that reduction. By way of example, should SG be successful in reducing their tax obligation by the requested 56% or \$578,226 it will require that the project generate 23 fewer new students than projected for there to be no impact on the tax rate paid by district taxpayers vis-a-vis the 2007-08 school year.

### **Other Factors**

#### **District Physical Capacity**

As noted in the BOCES report, the district expects an enrollment decline of 169 students through the year 2015, the anticipated year of the proposed project's completion. As such, the district should be able to accommodate the students that would result from this project in any of the scenarios discussed above within the district's existing facilities.

#### **Redistricting**

Given the above projected declines in district-wide enrollment by BOCES and the likelihood that much of the additional enrollment resulting from CC will come from housing turnover scattered throughout the district, the reconfiguration of school attendance zones is not expected to be required. However, should enrollment declines and projected increases become concentrated in a particular geographic area in the district, redistricting may be required.

Although the CCSD has successfully redistricted in the past, in the event it does occur, we note that it is a disruptive process with extensive ramifications to operations and impact on students. Alternatives to redistricting include reviewing class size guidelines or, more likely, the hiring of additional teaching staff. The average teacher salary, not including benefits is \$104,029 for the 2009-2010 school year.

While the potential financial impacts other than estimated per pupil costs of new enrollment cannot be specifically known in advance, those potential costs may include

the need for new grade level sections and staff as noted above, additional specialized staff due to specific student needs, additional bus routes, modifications to union contracts and building/classroom reconfiguration.

### **Traffic**

As detailed in our comments on the scoping document, the district is concerned with safety issues presented by increased congestion in the morning that may result from developing this property. As is, the current back up along Roaring Brook Road down to and across the rail tracks and the Saw Mill River Parkway presents a safety as well as an operational concern for the district. We would expect, as part of any development, particular concern be placed in alleviating the traffic congestion and its associated safety concerns.

The district does recognize and is grateful that the Chappaqua Crossing property has provided the high school with overflow parking capacity for major school events. We would appreciate the formalization of this parking provision in any redevelopment plan.

### **Construction**

The district is also concerned with the short-term immediate impact of the proposed demolition and construction on both pedestrian safety and vehicular traffic around Horace Greeley High School. We anticipate greater safety and security concerns as well as the disruption of traffic at times during the construction process.

### **Summary**

The CCSD is aware that the incremental increase in taxes generated by the development of the Chappaqua Crossing site will either be a benefit, or detriment, to all taxpayers to the extent that those incremental taxes exceed, or are less than, the district's costs associated with new students resulting from development. Further, the district is aware that SG's pending tax cert petition will also have an effect on CCSD tax rates. SG is requesting a 56% reduction in the assessed value.

The district has sought to provide a breakeven incremental tax revenue number under various alternative development scenarios. In order to provide these breakeven estimates, we utilized the demographic and enrollment analysis provided by BOCES in its Long Range Planning Study Update and the district's internal per pupil cost estimates. Those numbers are provided in Table 2.

The Town of New Castle has provided the district its estimate of the incremental tax revenue to be generated by developing the site. The district has no opinion as to the correctness or accuracy of those estimates. We do note that the accuracy of those estimates is critical to determining the net effect to district taxpayers. The district also notes that 100% of the risk of all enrollment estimates and tax projections being inaccurate falls to the CCSD taxpayer.