

Town of Penfield

Shadow Lake/Shadow Pines Community Advisory Committee

Final Report to the Penfield Town Board

Date Submitted - September 2, 2016

Committee Members

Jim Almstead	Craig Kalkman
Mike Ciavarri	Don Crumb
Lora Downie	Jim Froom
Ray Hutch	Kerry Ivers
Jack Kench	Neal Madden
Dan McCusker	Todd Mihaly
Sam Ogie	Robert Peterson
Art Petrone	John Piper
Tom Putnam	Heidi Rasmussen
Thomas Rocco	Bob Sercu
Wayne Smith	Ann Ziki

Facilitators

Supervisor R. Anthony LaFountain
Town of Penfield

Ron Peckham
The C&S Companies

Technical Assistance and Information Provided by Town Staff

Moratorium Overview and Background Information

In early 2016, Shadow Lake and Shadow Pines golf courses were placed on the market for sale as continuing golfing operations or as currently zoned, half-acre residential development.

On March 23, 2016 the Penfield Town Board adopted a one-year moratorium on development of both properties to allow for time to study potential land uses and associated impacts on town infrastructure.

On April 6, 2016 following an open call for volunteers, the Penfield Town Board named a citizen advisory committee to identify and review all land use options for the Shadow Lake and Shadow Pines properties. This chosen group was known as the Shadow Lake/Shadow Pines Community Advisory Committee (and referred to herein as “the Committee”).

The Committee will report back to the Penfield Town Board with findings on possible land uses, opportunities and constraints, zoning, and how potential land uses might be supported, implemented, and funded.

The Committee is made up of a cross-section of Penfield residents and representatives from the school district and the Town’s historic preservation and conservation boards. Representatives from the New York State and Monroe County departments of transportation and other subject matter experts will support the group as needed. The Committee will be led by a professional facilitator appointed by the Penfield Town Board.

Committee Charge

The purpose of the Committee is to identify and review all land-use options for both properties and report findings and prioritized recommendations to the Penfield Town Board.

Although the moratorium period is in place until March 31, 2017, the Penfield Town Board will be looking for the Committee’s recommendations by late summer/early fall to allow time for the board to review and schedule any appropriate proceedings, if necessary.

The Penfield Town Board charged the Committee to study and issue a written report on the following attributes for BOTH properties:

Identify:

- land-use opportunities
- land-use constraints
- community suggestions for use
- what the community does NOT want to see

Findings for each possible use should include:

- Description of use
- How use would be supported
- How use would be funded
- How use would be implemented
- Opportunities and constraints
- Zoning needs

Committee Assumptions and Objectives

During the Committee's exploration of potential redevelopment and preservation scenarios, there were universal observations, assumptions and objectives that emerged as committee members discussed their own preferences and/or thoughts about the possible future of these properties.

Although it's likely that the committee members' opinions about how these concepts should shape the Town's actions going forward vary across the group, these ideas provide a common ground from which the prioritized recommendations have been developed.

Observations and Assumptions:

- a. The Committee needs to provide its input to the Town Board about the best course(s) of action to address future use/redevelopment of both Shadow Lake and Shadow Pines.
- b. The Committee will make prioritized recommendations to the Town Board regarding future actions related to Shadow Lake and Shadow Pines.
- c. Shadow Lake has recently been purchased and will continue to operate as a golf and racquet club with associated amenities for the foreseeable future.
- d. Although Shadow Lake is currently slated for golf and racquet use, the committee needs to contemplate future use/redevelopment at this time to avoid future moratoriums and/or similar circumstances at some point in the future.
- e. Shadow Pines is slated for sale.
- f. Although, no specific buyer was identified/determined, the Town knows that there is interest from the development community.
- g. The quarry will continue to operate as such for the duration of its economic viability in accordance with current and future permits issued by NYSDEC. It is expected that the economic life of the quarry will be in excess of 25 years, at which time reclamation will occur and the quarry pit will be allowed to naturally fill with water forming a deep, clear-water lake approximately 150 acres in area.
- h. The Town of Penfield's current efforts to have Shadow Pines appraised will help the Town determine whether direct town purchase is an option.
- i. The "do nothing" alternative would likely result in private sale of land with applicable current R-1-20 zoning in place.
- j. There is a concern that the current underlying zoning does not provide legally binding controls to limit the type or extent of development.
- k. There are several legal impacts to consider if the Town Board were to pursue the act of rezoning the properties.
- l. SEQRA regulations would apply to any future scenarios being contemplated for the parcels under review during the moratorium.

Objectives:

- a. To recognize that very different courses of action could result in positive outcomes for the Town now and in the future.
- b. To ensure the proposed action(s) address the community's long-term, best interests.
- c. To explore and recommend future land uses and development scenarios that will minimize or eliminate adverse impacts to community character, traffic, infrastructure operation and maintenance, other negative environmental impacts, and current and future tax burden.
- d. To provide sufficient buffer for existing residential properties bordering Shadow Pines and Shadow Lake.
- e. To understand the modifications to the underlying zoning that may be required to achieve the prioritized outcomes.
- f. To be cognizant of the potential upfront and long-term costs associated with each prioritized recommendations.
- g. To minimize the Town's exposure to costly, resource-intensive law suits.

Preferred Outcomes

During the course of the Committee's efforts to explore many potential options, the committee members developed a series of criteria by which to evaluate and prioritize the options advanced in this report.

- Land use and community character
- Consistency with town plans
- Community support
- Impact to Penfield School District
- Impact to tax burden

The Committee reviewed data provided by town staff, the Penfield Central School District, and other agencies during the development of potential outcomes. The Committee engaged in several internal surveys and in-person votes to determine the preferred options to present to the Town Board, which convey the Committee's preferred outcomes.

Shadow Pines Recommendations

The options outlined in the subsequent sections of this report reflect the Committee's selected options in the order of preference. It is important to note that Option 1 received the highest majority of votes when committee members were polled. Option 2 was determined to be the best alternative if Option 1 could not be implemented.

If the Town Board chooses not to pursue the Committee's first option of a combination of active and passive open space, or its second option, a combination of open space and senior citizen single family residences, then the Committee's third option is the development of Shadow Pines through Cluster Development. The support for each option decreased significantly as the alternatives descended from Option 1 to Option 3.

Option 1 (Preferred):

The Committee recommends that the Town of Penfield purchase the Shadow Pines property to preserve open space and recreational opportunities for the community.

The Committee believes that the best use of the Shadow Pines property is a combination of “active” and “passive” recreational uses and that the Town Board should determine the specific uses based on an assessment of Town needs, financial implications and the potential impact on the adjacent neighborhoods. The following list describes the kinds of uses that the Committee discussed while making our recommendation:

- Lodges/Pavilions
- Playgrounds
- Sports fields
- Trails (foot and/or bicycle)
- Wild space

The above list should not be considered exhaustive nor should it be used to exclude other potential uses that also preserve open space and public recreational opportunities while minimizing negative impact on the quality of life for adjacent neighborhoods. Some members of the Committee also believe that the Shadow Pines property, due to special features (e.g., topography and wooded areas), may lend itself to potential uses that could set this “park” or recreational space apart from others in Monroe County. A toboggan run (such as the one at Chestnut Ridge Park in Erie County) or a zip-line course (such as those operated by Go Ape) were mentioned by committee members. The Committee recognizes that such uses may be beyond the current capabilities of the Town and suggest that the Town consider partnerships with private enterprises.

The Committee also recommends that the best use for the Clark House is as a restaurant, special events facility, or similar and that the Town Board should pursue the sale or lease of the Clark House and adjacent buildings to a private enterprise. Doing so will maintain the Clark House as a resource for the community, minimize the Town’s burden for maintenance of a historic structure, help recoup some of the costs of purchasing the Shadow Pines property, and add to the Town’s tax base (if sold).

The Committee recommends this preferred option after nine committee meetings, many hours of information review and discussion, and careful consideration because open space/recreational use:

1. **Maintains the existing use of the land and the character of the surrounding community.** The property has been in use as a public golf course for in excess of 30 years and was farm land prior to that.
2. **Is in concert with existing plans.**
 - a. The Town of Penfield has highlighted the Shadow Pines property for public purposes for 50 years. The 1966 Master Plan designated part of the property for an elementary school and another section as a Conservation Area (see Attachment 1 image titled *1966 Master Plan Map*). The 1979 Master Plan again identified sections of the property as Conservation/Open space and another section as Recreation space (see Attachment 2 image titled *1979 Master Plan Map*). Most recently, the

2010 Master Plan (current master plan) identified the property as Recreation/Sanctuary land on the Future Land Use map (see Attachment 3 image titled *2010 Comprehensive Plan, Future Land Use Map*).

- b. The 2006 Open Space Plan Update emphasized public access in the future acquisition of open space. The Open Space Update Committee also articulated sixteen criteria for selecting open space to acquire. The Shadow Pines property would seem to satisfy the majority of those criteria, including: few equivalent sites, recreation potential, wildlife habitat, aesthetic beauty, vulnerability to development, water features, cultural/historic, woodlots, steep slopes, and reclamation.
 - c. Since 1984, Dolomite, the current owner of the property, has consistently indicated in publicly available DEC filings that they expected the Shadow Pines property would become a Town park when the quarry is eventually closed. This includes the most recently filed reclamation plan in 2013.
3. **Is in concert with clearly expressed community expectations.**
 - a. Community reaction to reports of the potential development of the property was immediate and public comments were overwhelmingly in favor of the development moratorium. This includes virtually all of the speakers at the meeting on March 2, 2016 and 97% of 366 related comments submitted to the Town website.
 - b. All of the residents who spoke at the public information meeting on June 22, 2016 were in support of open space/recreational use, as were 88% of 48 related comments submitted to the Town website.
4. **Minimizes the impact on Penfield School District.** Although the precise financial impact on the school district cannot be calculated, it is widely accepted that most residential housing in Penfield does not cover the cost of educating the associated children. The financial analysis prepared by Penfield School District (see Attachments 4 titled *PCSD Financial Estimate S. Ogie Memo*, and Attachment 5 titled *PCSD Responses to S. Ogie Financial Estimate Memo Questions*) supports the conclusion that construction of houses on the property could create a significant budget shortfall for the district (perhaps in the range of \$1,000,000 annually) requiring a combination of property tax increases and spending reductions.
5. **Does not exacerbate existing traffic issues on surrounding roads.** Traffic on Atlantic Avenue in the vicinity of the Whalen Road and Five Mile Line Road intersection already faces significant backups during peak periods. Clark Road and Huntington Meadow are used as a “cut through” from Atlantic Avenue to Whalen Road and Panorama Trail and do not have sidewalks for pedestrian traffic. The 25 m.p.h. speed limit on Clark Road is routinely ignored with traffic speeds often double the limit. Increased traffic associated with residential or commercial development of the property will add to all of these existing

issues. Furthermore, some members of the Committee expressed concern about egress from the property onto Clark and Whalen Roads given the existing road turns, intersections, and the hill at the intersection of Clark and Whalen Roads.

There are several options for the Town to achieve the uses outlined above, including purchasing the land, purchasing the development rights, and rezoning from residential to recreational use. The Committee endorses purchasing the land as the best of the alternatives.

- Purchasing development rights would maintain open space, but likely would not maintain public recreational use of the land. The 2006 Open Space Update Plan recognized this shortcoming of purchasing development rights and focused on the acquisition of land instead.
- Although the designation of the property as Recreation/Sanctuary in Town Master Plans offers support for rezoning the property, the Committee believes that litigation would be likely with significant cost to the Town and an uncertain outcome.

The Committee recognizes that there are challenges, chiefly financial, associated with this recommendation, including:

1. **Purchase cost.** Information provided to the Committee by Town staff suggests that financing the purchase through a municipal bond would cost Town residents approximately \$194,100 per year for the 25-year life of the bond at a principal amount of \$3,000,000.00. This cost could be somewhat higher or lower depending on the exact purchase cost.
2. **Operating and maintenance costs.** Precise operating costs cannot be calculated until the Town Board determines which uses will be pursued. These costs would be relatively low if most of the land is designated as “passive” open space. The costs would increase as more land is used for “active” uses and/or more structures are built.
3. **Transaction costs.** Purchasing the land requires a public referendum, appraisals, environmental reviews, etc., all of which will require spending on the part of the Town. It is important to recognize these costs, but they are one-time costs that are quite small in comparison to the purchase cost and ongoing operating and maintenance costs.

Option 2 (alternative):

The Town purchases the four Shadow Pines parcels to develop an independent senior living environment featuring significant expanses of green spaces. This would result in a privately owned mixed-use development of single-family homes and open spaces located on the front nine of Shadow Pines. It is anticipated that this option will be attractive to middle and upper income seniors who want to downsize and simplify their housing requirements while maintaining their independent lifestyle. The back nine of Shadow Pines would remain as undeveloped Town owned open space.

The intent is to provide approximately 50 acres of well-designed, seniors-only, cottages, patio homes, and/or town houses combined with approximately 50 acres of low intensity open spaces. This 100 acre development would be located on the current front nine holes of the Shadow Pines golf course with the open spaces concentrated on the western portion in order to buffer the existing residential areas of Clark Road, Skyview Lane and Harwood Circle. The cottages, patio homes, and/or town houses would be located on the eastern portion providing traffic access to Whalen Road. The site could include support facilities typical of a retirement community such as an activity center and swimming pool. A home owners association would be established to provide for maintenance of the structures, roads, and contiguous open spaces. Potential uses of the open spaces might include handicapped-accessible walking trails, community gardens, 4 or 5 senior oriented golf holes, croquet, and bocce courts.

It is expected that the resulting population of independent seniors will provide a sufficient body of clientele to justify re-opening and maintaining the Clark House as a public restaurant and party house.

The approximate 100 acres that comprise the Shadow Pines back nine holes (the area south of Clark and Whalen roads) will remain essentially undeveloped Town-owned open space suitable for low intensity recreational activities such as hiking, bird watching, cross-country skiing. It is anticipated that little or no town maintenance will be required. This area may not be suitable for significant development due to the presence of steep slopes and the lack of suitable traffic access points to Clark and Whalen roads. There is compelling reason to preserve this land for future possible conversion to town parkland when the Dolomite mining and asphalt operations terminate and the quarry pit is transformed into a 150 acre clear-water lake.

Implementation of this option will likely entail:

- a. Conducting a town-wide referendum to authorize the Town to purchase the four Shadow Pines parcels for the intended use as described above.
- b. Using an RFP process to inform and select a suitable developer(s) to purchase the Shadow Pines front nine property from the Town and build out an independent senior living community and open spaces on the front nine parcel in compliance with the Town's specifications.
- c. The Town Board will need to consider and decide the best alternatives for the Clark House and barn. For example, the Town could retain ownership and lease the operations to a suitable restaurant/party-house operator. On the other hand, the Town could sell the property with deed restrictions relating to acceptable uses and maintenance of its historical landmark status.

Anticipated Positive Outcomes:

- Provides some additional property tax revenue to the town with minimal impact on schools, traffic, and town maintenance of roads and grounds.
- Retains a buffer space for the existing residents of Clark Road, Skyview Lane, and Harwood Circle.
- The sale of the Shadow Pines front nine parcel to a developer and the sale or lease of the Clark House will substantially reduce the net cost to the town.

- Having a well-executed independent senior living community on the front nine and Town owned open space for public use on the back nine would provide a significant enhancement to the quality of life for the current neighbors as well as the town-wide residents of Penfield. It is a more desirable alternative than a 255 +/- single-family home development.

Anticipated Challenges:

- There is a chance the referendum fails to receive public approval if the intended use concept is not adequately defined and communicated.
- The Town will need to attract qualified developers to bid on the senior housing component. Prior to any town referendum the Town Board should consider informal contacts with potential developers to determine the feasibility of a joint venture approach.
- The Town Board will need to consider the legal and administrative issues related to the Town's purchase of the Shadow Pines property and the subsequent transfer of the front nine portion to a selected developer(s) for the build-out of the senior living and open space component.
- The Town Board will also need to consider the legal and administrative issues related to the Town's purchase of the Clark House property and the subsequent sale or lease to a private operator.

Option 3 (alternative):

The Cluster Development pursuant to Town Law Section 278 means the allowable number of single family residences allowed by R-1-20 of the Zoning Code without the burden of R-1-20 Zoning Code lot sizes. The result will be to create buffer lands desired by neighbors and as mandated by the current seller.

Whether purchased by the Town or a developer, the Town should drive toward concentrating density and maximizing open space.

The positive points of this option are:

- Maximizing buffers between the new development and existing homes
- Opportunities for developer donations of land to the Town
- Creation of tax producing parcels
- The Town will reap the benefits of incentive zoning which encourage open space opportunities
- Consistent with current Zoning Code
- Minimizes the probability of a lawsuit

The negative points of this option are:

- Increases traffic
- Lowers the tax proceeds based on smaller lot sizes and possibly smaller residences
- Loss of portion of open space
- Increased load on the school system
- Increased load on infrastructure
- Change to the look of the actual property although not to the community
- Inconsistent with the current comprehensive plan
- Contrary to public sentiment expressed to date

Shadow Lake Recommendations

The Committee was also charged with making recommendations related to the future use of the Shadow Lakes property. That property was purchased for continued operation as a golf course after the Committee was launched. The Committee endorses operation as a golf course as the best use for the property. While Shadow Lake is likely to continue operation as a golf course for the foreseeable future (it was profitable prior to its sale and the closure of Shadow Pines golf course reduces local competition), the Town should consider options to ensure future use for open space/recreational in the event the current owners decide to close the golf course or sell the property.

The Committee also recognizes that there may be other properties in Penfield similar to Shadow Pines and Shadow Lake which are also currently zoned residential. Consequently, the Committee recommends that the Town Board:

- Add an open space/recreational zone to the town code.
- Evaluate options to ensure future use of Shadow Lake as open space/recreational. These options include: purchase of the right of first refusal, purchase of development rights, and rezoning from residential to open space/recreational.
- Explore whether action is justified to ensure future use as open space/recreational for other properties in the Town.

There was considerable discussion amongst committee members regarding rezoning Shadow Lake to open space/recreational. The following arguments in support of and in opposition to rezoning were articulated:

Support for Rezoning:

- Ensures future open space/recreational use at minimal cost to the Town.
- Is consistent with Town Master Plans, which lends legal support to rezoning.
- Moratorium was in place when Shadow Lake was purchased and the current owner assumed some level of risk because the potential for rezoning was known at the time of purchase.
- The golf course presumably profitable and there is no indication that economic failure is anticipated.

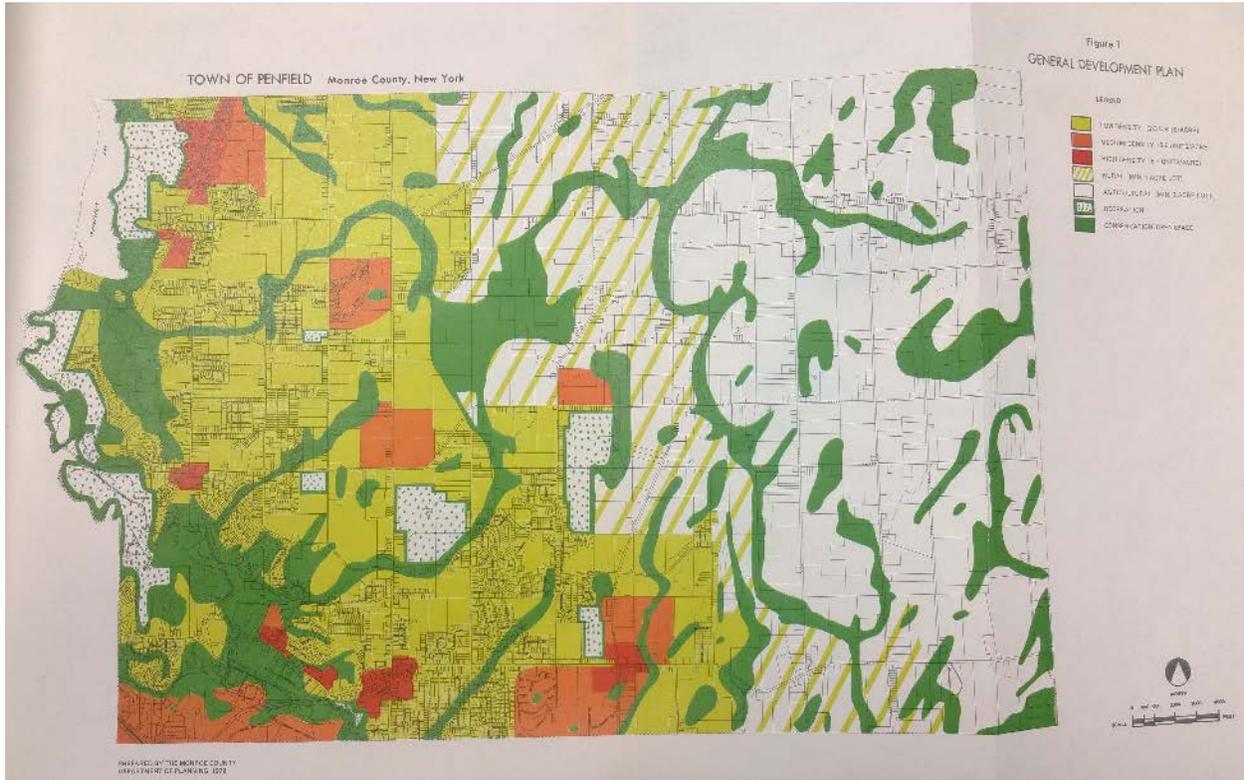
Opposition to Rezoning:

- Rezoning may impact the value of the property, based on the future redevelopment potential under a different zoning designation than is currently in place on the parcels.
- If operation as a golf course is no longer desirable/viable, the potential to develop the property would be altered. Limiting the future use of private property without compensation may be problematic.
- Despite identification as open space/recreational in the Town Master Plan, it was still zoned as residential. This disagreement leads to a risk of litigation for spot zoning.

At the Committee's final meeting, four (4) of the committee members voted in favor of the rezoning option for the Shadow Lake property.

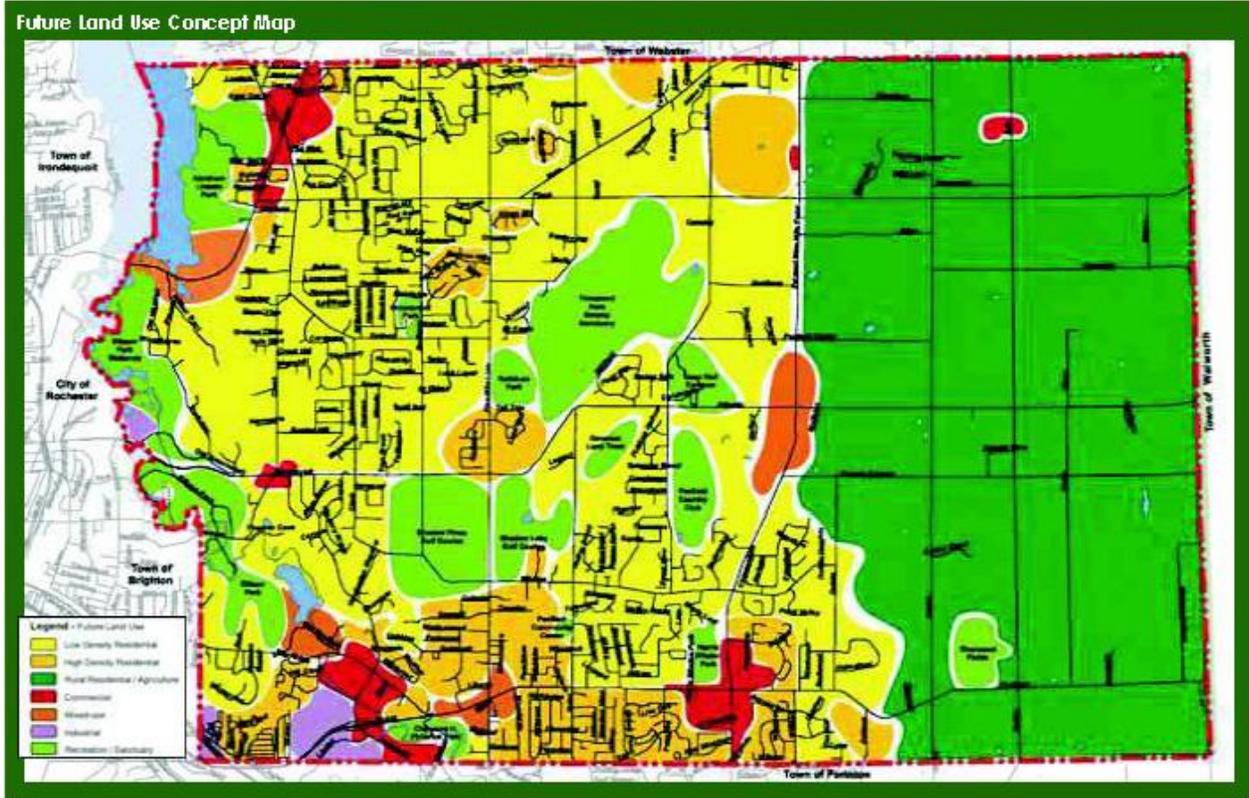
The Committee focused its effort on the immediate challenge related to Shadow Pines and did not gather sufficient information to fully evaluate costs and benefits related to rezoning and the other options listed above.

Option 1, Attachment 2 titled *1979 Master Plan Map*



Option 1, Attachment 3 titled *2010 Penfield Comprehensive Plan, Future Land Use Map*

Future Land Use



Option 1, Attachments 4 titled *PCSD Financial Estimate S. Ogie Memo*

Thanks to PCSD for developing their estimate of the financial impact of 255 homes on Shadow Pines and for their response to the questions that I submitted. The PCSD financial analysis leads me to the following conclusions:

- The development proposal from Ryan Homes would not generate sufficient tax revenue to cover the increased District costs, yielding a budget shortfall of between \$675k and \$1.9 million dollars annually, according to the PCSD estimates, depending on whether the district accommodates growth through additions to existing schools or builds a new school.
- While the District analyzed the “worst case” if all new students were elementary school age, the District’s analysis also assumes that there will be no growth in administrative costs or other overhead. The cost to existing District taxpayers could be much higher than projected if overhead costs grow significantly.
 - These overhead costs may increase at some point as enrollment grows and development of Shadow Pines will contribute to that growth.
 - PCSD’s 2016-17 budget projects a 0.6% increase in students, but a 1.2% increase in the tax levy and a 2.7% increase in spending. Spending per student is increasing as enrollment grows, not decreasing.
- Based on enrollment and space limitations, the District may choose to build a new school at a much higher cost to District taxpayers in order to meet class size expectations and requirements.
- This budget shortfall would have to be eliminated through some combination of program cuts and tax increases on existing District taxpayers.

Samuel Ogie

Option 1, Attachment 5 titled *PCSD Responses to S. Ogie Financial Estimate Memo Questions*
PCSD Responses in Red Text

Tom,

Thank you for working with your staff to estimate the financial impact on the District of the “baseline” proposal of 255 homes on SP. After reviewing the memo, I have the following questions (ordered from most specific to most general):

1. Is there a rounding issue in the table of Salaries and Benefits? There are three dollar amounts that differ when I calculate them in Excel: General Education Teachers Total Salary (I get \$760,279 rather than \$790,279 when I multiply 13 teachers by \$58,483), Bus Drivers Total Salary, and Bus Drivers Total Benefits. The differences are small for the Bus Driver calculations.

You are correct- there was an error in the table. A corrected table is below:

Positions Needed	Qty.	Average Salary	Estimated Total Salaries	Average Benefits	Estimated Total Benefits	Estimated Total Salaries & Benefits
General Ed Teachers	13	\$ 58,483	\$ 760,279	\$ 23,393	\$ 304,109	\$ 1,064,388
Special Ed Teachers	2	\$ 57,600	\$ 115,200	\$ 23,040	\$ 46,080	\$ 161,280
Special Area Teachers	8	\$ 58,483	\$ 467,864	\$ 23,393	\$ 187,144	\$ 655,008
School Counselor	1	\$ 53,974	\$ 53,974	\$ 21,590	\$ 21,590	\$ 75,564
Psychologist	1	\$ 57,331	\$ 57,331	\$ 22,932	\$ 22,932	\$ 80,263
Teaching Assistants	4	\$ 15,218	\$ 60,872	\$ 6,087	\$ 24,348	\$ 85,220
Bus Drivers	7	\$ 16,786	\$ 117,502	\$ 18,663	\$ 130,641	\$ 248,143
Bus Attendants	2	\$ 9,062	\$ 18,124	\$ 16,757	\$ 33,514	\$ 51,638
Cleaners	2	\$ 27,814	\$ 55,628	\$ 21,384	\$ 42,768	\$ 98,396
Estimated Total Cost			\$ 1,706,774		\$ 813,126	\$ 2,519,900

2. Can the district produce a rough estimate of the additional costs associated with “utilities, administration, maintenance, etc.” for the newly constructed building or classrooms (as noted at the bottom of page 3)? An order of magnitude estimate would be sufficient, e.g., are we talking about \$10,000 per year, \$100,000, etc.

This comment was intended to emphasize the significant additional costs that would come with an entirely new building. For example, an entirely new building would require a principal, clerical staff, cleaners, custodian, furniture, utilities, etc. This would be in addition to the construction costs. It would be significant.

We included the discussion of a new building because we know it has been mentioned during community discussions about Shadow Pines and we thought we should address that possibility. However, unless something else happens, additions to our existing buildings are clearly more feasible.

3. Can the district produce a rough estimate of the additional costs of “supplies, materials, textbooks, and equipment...[and] BOCES services based on the number of students in the District” (as noted on the bottom of page 4)? Again, order of magnitude would be sufficient.

The addition of 300 students would increase our BOCES per pupil costs by about \$102,000. Supplies, material, equipment, etc. would be about \$100,000.

4. Won't there be some expense associated with purchasing, storing and maintaining additional buses? Wouldn't the seven additional bus drivers need additional buses to drive?

Please see the discussion below regarding the overall projection. The seven bus estimate was a worst case based on all three hundred students being at one level (elementary). 300/60 passengers = five big buses plus 2 mini buses for special needs students. (We estimated 2 special needs classes in the overall mix)

However, we use the same buses to transport elementary, middle and secondary student by adjusting the bell times. For example, in the morning buses transport high school students, then middle, then elementary. If the students end up evenly split between the three levels we could need as few as three buses $300/3=100/60=2$ buses plus a mini bus.

In the short term we would increase our fleet as needed by not trading in during our normal replacement schedule. This is not a long term solution, however. Purchasing the buses would cost about \$115,000 per 60 passenger bus less about \$74,000 in state aid for a net cost of \$41,000 each.

5. Using the numbers in your memo, I calculate a budget shortfall for PCSD of between \$675,000 annually and \$1,890,000 annually (rounded to the nearest \$10k. Is this a correct conclusion?
- Additional classrooms scenario: \$2,160,000 in additional tax revenue, minus \$285,000 local share of building costs and \$2,550,000 in additional salaries and benefits.
 - New building scenario: \$2,160,000 in additional tax revenue, minus \$1,500,000 local share of building costs and \$2,550,000 in additional salaries and benefits.

Please see below.

6. Are the salary and benefits costs shown net of state aid? The memo indicates that state aid associated with building has been included, but does not specify for salaries and benefits. If state aid has not been included, is 27% the correct proportion of state aid that the district would expect?
- The memo clearly states that it may take several years to receive increased state aid. Is that applicable to both building costs and salary and benefits?
 - If these costs are net of state aid, then the actual budget shortfalls would be larger than shown in the memo for the first several years, correct?
 - I seem to recall either you or John Piper telling me that state aid is relatively generous for building costs as compared to operating costs. This suggests that aid for salaries and benefits would be significantly lower than 27%.

The state aid system is complicated. There is state aid directly tied to capital costs for buildings and for bus purchase. There is also expenditure based aid for certain categories such as transportation (transportation costs including salaries are aidable) and BOCES. However, instructional salaries are NOT directly aidable. Rather, instructional costs are aided through a block grant type formula (Foundation Aid). This formula is based on numerous factors including pupil counts.

However, Foundation Aid has been frozen based on the state's fiscal condition for several years. Therefore, while it is possible that the additional students from Shadow Pines could generate additional foundation aid sometime in the future, it would not be wise to count on it.

The estimates above have taken the aid for the capital costs into consideration.

7. Can we flex these numbers for differing numbers of students? Clustering, mixed use, and other potential development options will yield differing numbers of additional students. We will need to have some basis for estimating the financial impact of differing numbers of students. I attempted to do so myself and came up with the following budget shortfalls using the additional classrooms scenario: \$570,000 for 260 students, \$525,000 for 220 students, \$381,000 for 140 students. See attached spreadsheet for details.
 - a. I calculated \$7,367 in tax revenue per student (base case \$2,210,000 for 300 students), multiplied by the number of students and subtracted \$50,000 in existing taxes in each scenario.
 - b. I calculated the number of students per position in the memo table (e.g., 13 General Education Teachers for 300 students yields 23.1 students per General Education Teacher) and used this as a guide for reducing the number of positions required as the number of students decreased.

Our intent with the discussion above was to use 306 ELEMENTARY students as a worst case scenario to explore possible costs in a simplified way. The reality will be a mix – some of the 1.2 students per household will be middle and high school students. Some families will choose private schools. Secondary students will have much smaller marginal costs – no construction would be necessary to accommodate additional students at Bay Trail or the High School. Increased secondary enrollment would be spread over numerous core courses and electives. While class sizes could rise, it is difficult to predict.

However, the mix will be important. Consider this alternative:

Private:	10
Pre-School:	20
Elementary:	92
Middle:	92
High:	92
Total:	306

With this fact set the Shadow Pines development would require about 5 new classrooms (rather than the 15 in the “worst case” scenario. Buses and drivers would be reduced. The tax revenue would not change. Further, with a smaller student load we may not need to add counselors or psychologists – the case load would increase.

To prorate –

Each new elementary class would require a 1.0 FTE Teacher

Each new class would require .2 each of 3 Specials (Art, Music and PE) for a total of .6 FTE

Our identification rate for Special Education services is about 6% - Some of those students will have mild disabilities, some will be more involved. A self-contained special education classroom could contain 12 students, 1 teacher, and 2 teaching assistants.

8. This analysis shows purely incremental costs, is that correct? That is, the costs shown here reflect costs associated with personnel and facilities in direct contact with students? If so, a more realistic estimate of cost to District taxpayers would be higher. What would the cost estimates be if the District’s fully allocated cost per student were used (all District costs less associated state aid)?
 - a. The Shadow Pines development is not happening in a vacuum. The D&C reported (May 19th) that Penfield is one of the fastest growing towns in the county (only Henrietta and Webster growing as fast). Unless the District has reason to believe that this is likely to change, then we must assume that other development will follow Shadow Pines.
 - b. Overhead costs typically behave like step functions, i.e., over some range of quantity variation they are fixed, but eventually they will have to be increased. Although an individual project may not require additional overhead, it does reduce the capacity of the existing overhead and shortens the time until additional overhead must be added.
 - c. Fully allocated cost estimates reflect the reduction in overhead capacity associated with an individual project. Assuming that there are economies of scale (e.g., the District needs only one Superintendent, one Finance Director, etc.) then fully allocated cost provides an upper bound. Alternatively, a few truly fixed costs can be subtracted from overhead when calculating fully allocated cost per student.

You are correct, this analysis shows purely incremental costs. We tried to be fairly conservative regarding those estimates – we assumed a worst case scenario and aimed high on some of the other costs, cleaners, bus drivers, etc. As our schools continue to grow from this and other developments there will be new overhead costs – the conception of a “step function” is spot on. For example, increased students could lead to increased nursing staff, clerical support, etc. However, we were focusing on the addition of the 300 students from this single property.

9. Is it correct to conclude that the budget shortfall would have to be eliminated through some combination of tax increases on existing District taxpayers and budget cuts? The memo references the tax cap and seems to suggest that a significant proportion of the shortfall would have to be reduced by budget cuts. Is that correct? Which budget cuts would be most likely if the District was forced to rely on budget cuts to eliminate the budget shortfall?

Yes, if the property generates costs in excess of the revenue generated, the only two choices are budget cuts or tax increases. As discussed above – this will ultimately depend on the number and mix of the students. However, timing is also very important. If all 300 students arrive in one year (unlikely) the impact would be greatest and the available options would be limited. If the development is spread out in phases, the longer development time would allow greater choices and could mitigate the impact. Because of the large number of variables, it would **not** be prudent to forecast specific budget cuts based on hypotheticals.

Regards,

Sam