

Proposed Syosset Park Development Update

- Comments on DEIS

Syosset CSD Board of Education
Public Board Meeting
August 28, 2018

Syosset Park Update

Timeline

- November 14, 2016:
 - Developer Presentation to Syosset Board of Education
 - BOE directs administration to meet with developer to understand proposal in more detail
 - The District staff critiqued assumptions made by Developer
 - District staff pursued independent enrollment projections
- January 22, 2018:
 - District staff and attorney present preliminary list of concerns to Board of Education arising from these conversations with Developer
- April 17, 2018
 - District staff and attorney present preliminary list of concerns to Board of Education arising from initial review of DEIS
- May 1, 2018
 - Town of Oyster Bay Department of Environmental Resources Public Hearing
 - Board of Education officers enumerate list of concerns to Town of Oyster Bay
- May 7, 2018
 - Board of Education instructs District administration to prepare comments in opposition

Syosset Park Update

Timeline (cont.)

- May 15, 2018
 - Town of Oyster Bay extends deadline to submit formal public comments to July 31, 2018
- June 15, 2018
 - District requests an additional extension to ensure preparation of a fully comprehensive comment
- July 18, 2018:
 - Town of Oyster Bay extends deadline to submit formal public comments on DEIS to August 31, 2018
 - Town concurrently extends deadline to submit formal public comments on upcoming independent testing efforts to January 31, 2019

Conclusions from District Analysis of DEIS

IMPACT OF THE PROPOSED PROJECT

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5 Key Areas of District Impact:

- 1) Enrollment Projections
- 2) Impact on District Facilities
- 3) Operating Costs to the District
- 4) Revenue Projections
- 5) Environmental and Construction Impacts

ENROLLMENT ANALYSIS

ENROLLMENT PROJECTIONS

HISTORY

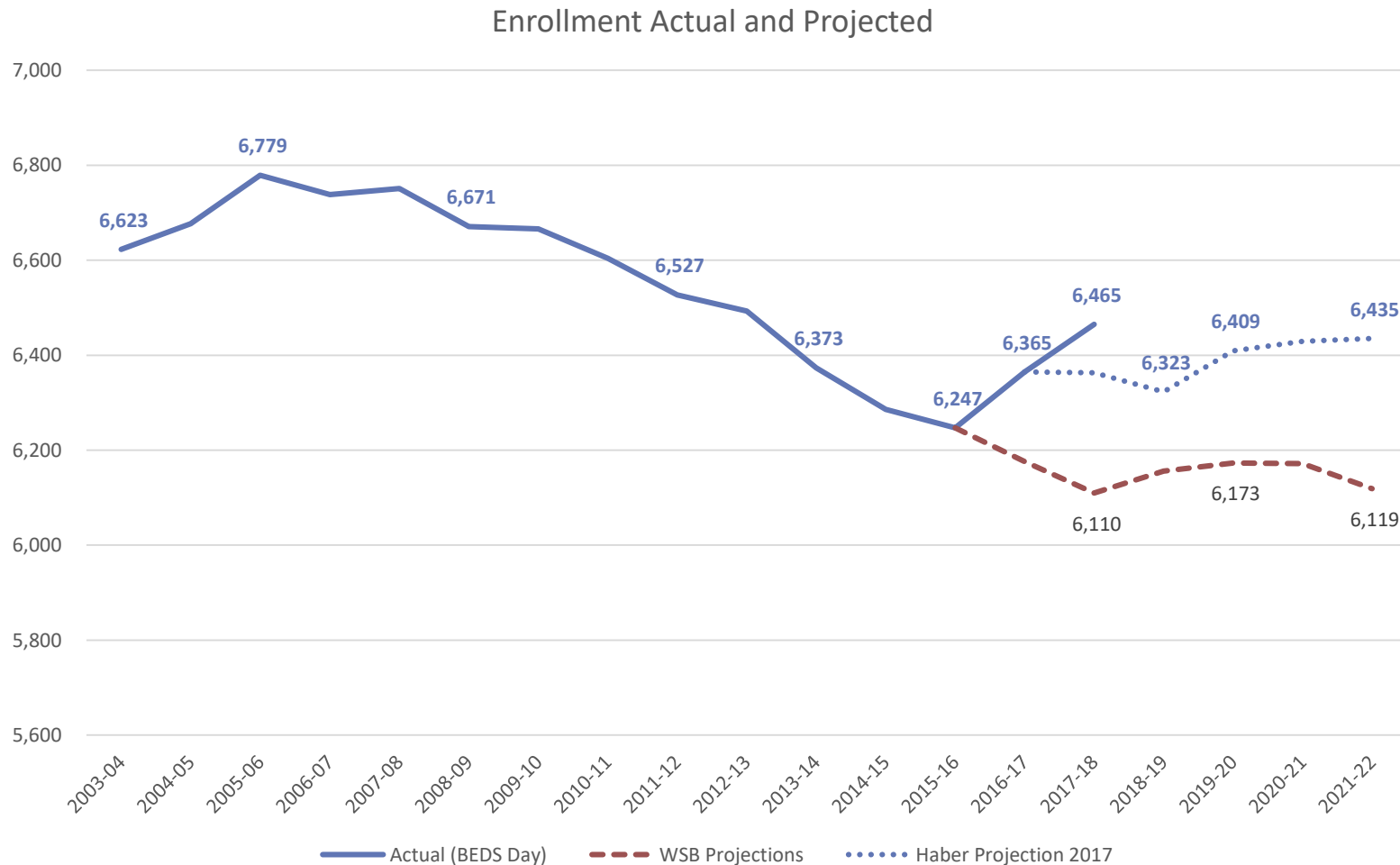
DEVELOPER

- Initial Developer Projection:
 - 139 new students (DEIS)
- Revised Developer Projection:
 - 243 students (CGR Report)

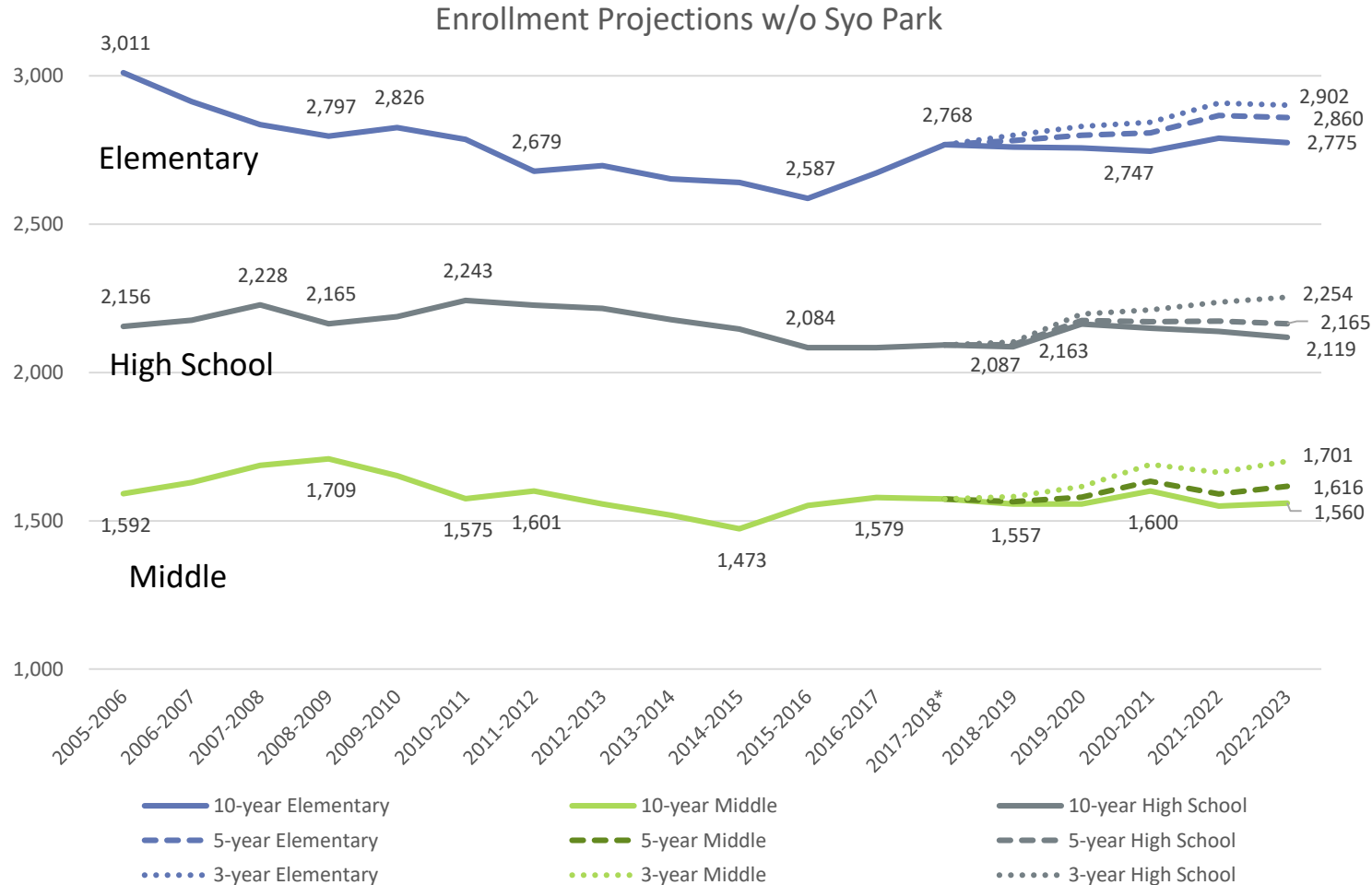
DISTRICT

- Initial District Projection:
 - 355 new students (Ross Haber, September 2017)
- Revised District Projection:
 - 381 new students (Ross Haber, 2018)

Enrollment History/Projections



Enrollment Projections: 10-year avg. vs. 5-year avg. vs. 3-year avg.



Note: Includes ungraded students. Numbers differ from Haber 2018 due to rounding.

New Syosset Park Estimates

- 381 total students (Haber & Associates, DRAFT May 2018)
 - 38 high school
 - 76 middle school
 - 267 elementary school
- Developer's estimated rate of residential buildout (DEIS p.466):

	2019	2020	2021	2022	2023	2024	2025	Net New Students
Developer's Est. Buildout	6.6%	22.6%	25.9%	18.9%	16.0%	9.1%	0.8%	
Haber Enrollment Projection	25	86	99	72	61	34	3	381

Enrollment Considerations

- Factors that could impact projections:
 - Changing housing market
 - Impact of reduced SALT (State and Local Tax) deductibility
 - Increasing mortgage interest rates
 - Nassau County property tax re-assessment

Conclusion - Enrollment

- Enrollment growth from pre-existing housing stock may have rebounded from a 10-year decline
- District projections for Syosset Park significantly exceed Developer's estimates (381 vs. 243 students)
 - District elementary schools do not have adequate additional capacity
 - Over time, District secondary (middle and high) schools may face capacity concerns as a result of the Proposed Project
- **Conclusion**: The District does not have excess capacity at the elementary level to absorb a large number of new students from Syosset Park. The new students would necessitate creation of excess facility capacity or else risk overcrowding or redistricting of existing facilities

FACILITIES ANALYSIS

Syosset Park Update

Impact to District Facilities

Developer's Comments

- DEIS (p.465)
 - Enrollment would only increase 243 students.
 - The District could “evaluate the potential school-aged population from Syosset Park annually”
- Appendix M – CGR Report p. 4
 - “District enrollment fell by nearly a third... 29%” ... “two elementary schools ... dropped by a third... 32%”

District Response

- Regardless of the enrollment estimate used, insufficient elementary school capacity exists to accommodate this influx of students
- School facilities require long-range planning (for example, assume a 4-year lead time for new school construction –actual construction)
- Enrollment conclusion based on flawed data. Actual 10-year enrollment change at South Grove = + 9.2%

Facilities Options

- If no additional facilities are added at the elementary level, the District would be forced to sacrifice the quality of the learning experience by:
 - Increasing class size;
 - Eliminating classrooms used for academic enrichment; or
 - Redistricting to redistribute students at the elementary level**THE DISTRICT DOES NOT CONSIDER ANY OF THESE OPTIONS TO BE VIABLE OR DESIRABLE**
- Facilities expansion could include:
 - Building an entirely new school building
 - Infeasible without any identifiable land to purchase
 - Expanding on our current elementary schools
 - District fully analyzed this option for purposes of the public comment on the DEIS

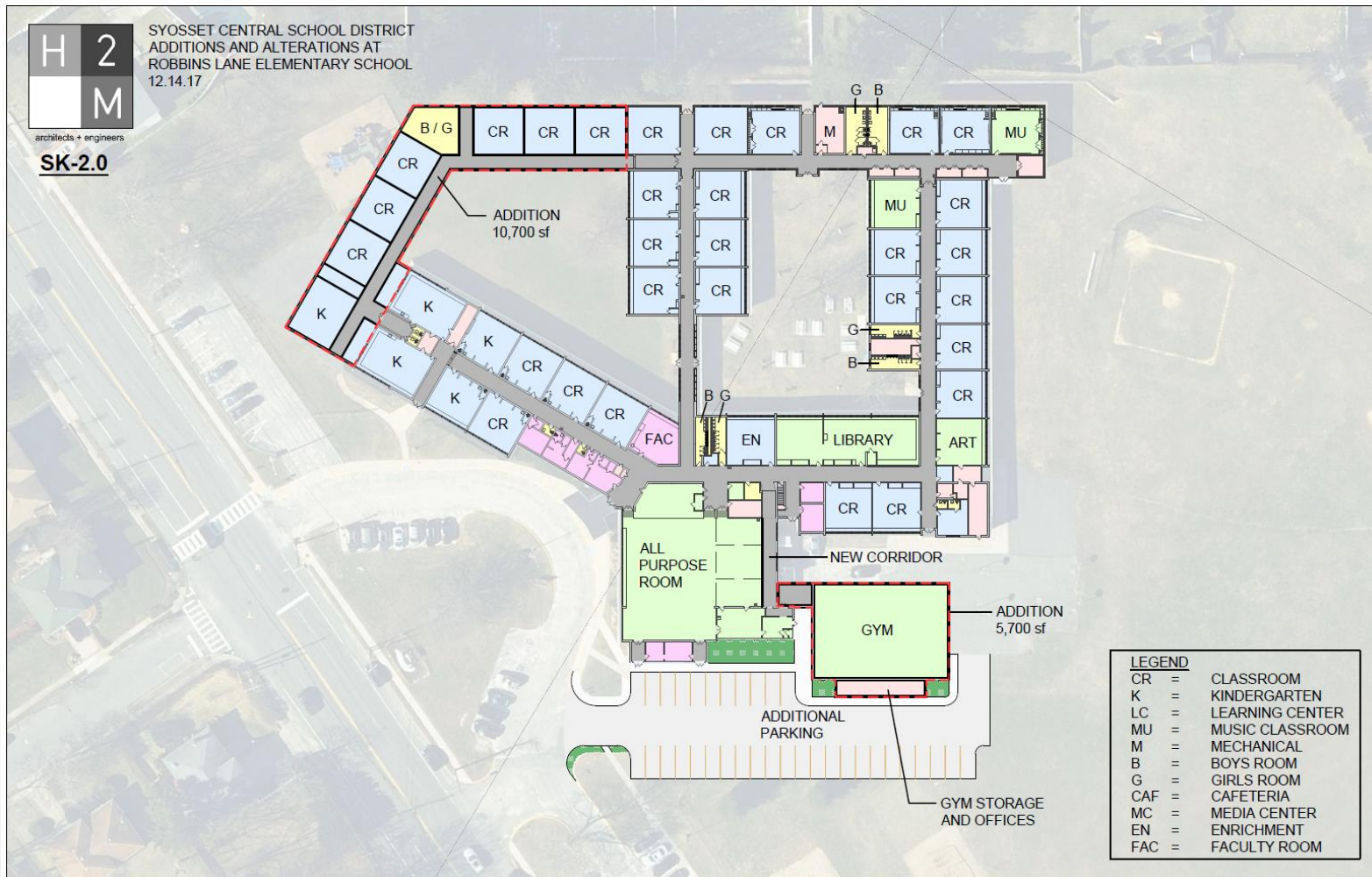
Potential Facilities Needs

- Elementary Facilities Needed
 - 267 projected elementary students
 - Maximum class size of 25, per Board resolution
 - 14 classrooms required (1 per grade at each elementary school, plus special education)
- Configuration needed
 - Minimum of 7 classrooms per wing (1 section x 6 grades [K-5], plus special education)
 - Necessary additions to and/or expansions of the common areas (cafeteria, media center, gymnasiums, auditoriums and additional parking)
- Approximate square footage needed:
 - Robbins Lane – 10,700 square feet classrooms, 5,700 square feet gymnasium
 - South Grove – 17,000 square feet classrooms + relocated media center, 1,000 square feet cafeteria addition
 - Total – 34,400 square feet

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Additional Space at Robbins Lane



Cost Analysis of Construction

Item	Analysis
Architect Drawings	34,400 square feet
Cost/Sq Ft	\$500 per square foot
Construction Cost	\$17,200,000
Contingency	+10%
Design Contingency	+5%
Subtotal	\$19,780,000
Soft Costs	10%
Total Estimate	\$21,758,000

Note: The District is not suggesting this course of action as a solution to overcrowding caused by Syosset Park. The analysis was done to demonstrate how we arrived at our estimate of the cost of the most logical approach.

Conclusion - Facilities

- Regardless of the enrollment estimate used, insufficient elementary school capacity exists to accommodate this influx of students
- Additional capacity would have to be constructed in advance of the new students arriving
- Public/state approval processes require 3-5 years of lead time before new space can be available for use
- District would have to build new wings on 2 buildings with sufficient space to accommodate the growth at an overall estimated cost of almost \$22 million, and an annual net budget impact of \$1.2 million of debt service
- **Conclusion:** The District would have to undertake a significant capital campaign well in advance of the projected enrollment in order to ensure adequate space for new students and to minimize impact on existing students

COST ANALYSIS

Annual Cost Estimates

- Operating Costs
 - NYS Education Department estimate of annual per pupil educational cost:
 - General Education - \$20,130 (2016-17)
 - Special Education - \$64,321 (2016-17)
 - Syosset Park Enrollment Estimate 381 Students (11.3% special education)
 - General Education Cost 338 students @ \$20,130 = \$6.80 million
 - Special Education Cost 43 students @ \$64,231 = \$2.76 million
 - Total Annual Cost = \$9.56 million
- Facilities Costs
 - \$ 1.2 million in annual debt service (\$22 million new construction)
- Transportation and Central Services Cost
 - \$1.65 million annually
- Total = In excess of \$12 million annually*

*Does not include potential secondary school construction or additional staffing costs that may be incurred by the District as a result of the Project

Cost Summary

	CGR Report	District Estimates
Enrollment	243	381
Instructional Costs	\$6,200,000	\$ 9,565,873
Transportation & Central Services	-	\$ 1,448,799
Annual Debt Service for New Construction	\$ 300,000	\$ 1,200,000
Estimated Annual Additional Costs	\$6,500,000	\$12,214,672

REVENUE ANALYSIS

Developer's Assertions

- Developer estimates \$12 million in new revenue (2018 dollars) to school district at completion
- Based on several optimistic presumptions:
 - High tax levy increases adopted by the public annually over multiple years,
 - PILOT tax abatements not granted by the IDA,
 - Property assessments equal to or higher than those calculated prior to the County's reassessment initiative, and
 - Class tax rates that maximize revenues from the properties outside Class 1.
- Assumes that the School District could fully capture the taxes generated
- The Developer projects that this new revenue would be sufficient to offset the costs of the additional enrollment that might result

Potential PILOTs

- The revenue projections in the DEIS assume no tax abatements
 - The Developer has indicated that it would seek tax abatements (PILOTS*) for, at a minimum, the office space components of the proposed development.
 - If the Developer's application for a PILOT on a portion of the development is successful, the annual increases in tax revenue projected in the DEIS would be decreased accordingly
 - Some analysis concerning projected PILOTs is included at Appendix M of the DEIS – the CGR Study
- Under the tax cap, school districts must account for anticipated PILOTs when setting the tax levy
- Once the levy is lowered by virtue of received and anticipated PILOT revenue, it can never be fully recaptured
- Conclusion Regarding PILOTS:
 - The Tax Cap law does not account for increases to the tax base of a community if that increase in tax base occurred under a PILOT agreement
 - Legislation to incorporate new PILOTs into the TBGF was vetoed by Governor Cuomo

District Property Tax Analysis

- Met with officials from Nassau County
 - Unable to confirm potential tax assessment figures forecasted by Developer because of the upcoming County-wide “systematic review reassessment”
 - Unclear whether multi-family dwellings will be in Class 1 or Class 2
 - Unclear how taxes will shift between Classes (Residential, Condo, Commercial)
- Tax abatements (PILOTs)
 - Tax revenue in DEIS (\$12 million) calculated without tax abatements
 - Developer indicates they intend to seek tax abatements which will reduce this amount
 - We have no way to independently estimate how large an abatement the Industrial Development Authority would grant

The State Tax Cap

- **Tax Cap**: The tax levy can increase by the Consumer Price Index (CPI) or 2%, whichever is less, which is then adjusted upward or downward based on a formula incorporating certain local circumstances
 - Example: may be increased by the Tax Base Growth Factor/ Quantity Change Factor, which is determined by the State
 - **Tax Base Growth Factor**: $1 + \text{Quantity Change Factor}$; only calculated if quantity change factor is a positive number. Annual Tax Base Growth Factors must be made available by February 15th
 - **Quantity Change Factor**: The percentage by which the full value of the taxable real property in the school district increases due to physical or quantity change, compared with the prior year tax roll (growth in full value due to construction, additions and improvements to real property, etc.)

Revenue Estimates – Tax Cap

- “Quantity Change” and Tax Base Growth Factor (TBGF)
 - Calculation of tax cap is based on CPI and new construction (“quantity change”)
 - NYS Tax and Finance calculates a TBGF above the 2% tax cap
 - To achieve full taxation of new property, District must propose and pass a tax levy well above 2% each year

Tax Levy Cap – Maximum Allowable		Actual Tax Levy
2018-19	3.57%	2.26%
2017-18	2.24%	2.12%
2016-17	0.30%	0.14%
2015-16	1.56%	0.91%
2014-15	1.39%	1.33%
2013-14	3.08%	2.84%
2012-13	2.26%	2.26%

The Tax Cap and Community Growth

- The State Department of Taxation and Finance can adjust the cap based on the addition of new property to the tax base
 - Example: For the 2018-2019 school year, the District could have proposed a tax levy increase of 3.57% to account for new growth based upon the “growth factor” provided by the State
 - The District proposed a tax levy increase of 2.26%
- Developer assumes District will exhaust full additional taxing authority every year for the duration of the build-out
- **Conclusions**: Growth from the proposed Syosset Park Development may be reflected in the TBGF as determined by the State; however, the amount of growth cannot be determined at this time. Further, it would require multiple years of increases to the tax levy well in excess of typical levels to realize significant additional revenue from the growth. This does not seem feasible or likely.

Conclusion - Financial

- District enrollment projections significantly exceed Developer's estimates. Operating costs are similarly higher.
- Costs of new facilities will be significant and require ample lead time (3-5 years minimum) to construct in advance of new enrollment.
- Developer's assessment of potential tax revenue to District:
 - Cannot be independently verified at this time
 - May be overstated since tax abatements were not considered
 - Likely fall short of the revenue needed for increased operating costs for students and facilities
 - Would be very difficult to fully realize due to the tax cap
 - District does not receive new, separate revenue stream
- **Conclusion**: It is unlikely that this project will result in any windfall to the District. It is more likely that there will be a shortfall, exacerbated by any of the Developer's optimistic assumptions that are not realized.

ENVIRONMENTAL/ CONSTRUCTION ANALYSIS

ENVIRONMENTAL/ CONSTRUCTION ANALYSIS

- District engaged Walden Environmental Engineering to analyze the following:
 - Existing state of the subject property based on public records
 - Sufficiency of the DEIS to address District concerns
 - Construction Impacts to the District including: Noise, Dust, Traffic, security, migration of hazardous materials.
 - Concerns with the proposal that the District should be aware of
 - Independent testing process
- Walden's analysis was presented to the Board tonight and is being incorporated into the District's comment letter

CONCLUSION

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- District Administration is prepared to submit comprehensive comments in opposition to the Proposed Project if directed by the Board
- Comments would be sent to the Town of Oyster Bay, as Lead Agency, by August 31, 2018
- The comments would address the concerns the Board laid out over the past several months, including:
 - Enrollment
 - Facilities Needs
 - Costs
 - Revenue Impact
 - Environmental/Construction