

Crebilly Farm: Fiscal Impact Analysis Associated with Plan A Build-Out

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Study Overview: Crebilly Farms Fiscal Impact Analysis

Westtown Township retained 4ward Planning to perform a fiscal impact analysis (FIA) associated with Toll Brother's proposed Crebilly Farm Plan A residential development, for the purpose of identifying the projected service and capital costs, as well as tax revenues and fees the proposed build-out program might generate.

In addition to performing a FIA, 4ward Planning is also charged with providing a peer review of the FIA commissioned by Toll Brothers and performed by David C. Babbitt and Associates. Accordingly, this report contains a peer review and attendant comments.

At full build-out, estimated to take up to eight years, the proposed Plan A development will contain 200 four-bedroom single-family detached housing units and 117 three-bedroom town house units (also referred to as carriage homes). The projected private real estate value at full build-out is estimated at approximately \$125 million (based on 2016 dollars).

The projected net number of new residents at full build-out is approximately 960. A combined 172 public school-age children are estimated at full build-out; and, based on current capacity within the West Chester Area School District, there is an expectation that new capital facilities (both temporary and permanent) will be warranted to accommodate these new students, once full build-out is achieved.

At full build-out, the annual net fiscal impact (annual project related revenues minus annual project related costs) is estimated to be a positive \$1,033,001. The complete build-out metrics and associated values are provided on the following page.

Build-Out Summary: Metrics

	960	172	\$125 MILLION in
	<u>RESIDENTS</u>	<u>PUBLIC</u>	<u>ASSESSED VALUE</u>
		<u>STUDENTS</u>	

200 Single-Family
Detached Houses

700

150

\$87.2MM



Four-bedroom single-family homes are projected to have an average selling price of \$810,000.

117 Townhouses

260

22

\$37.8MM



Three-bedroom carriage homes are projected to have an average selling price of \$600,000.

Peer Review: David Babbitt Associates Fiscal Impact Analysis

As part of its charge on behalf of Westtown Township, 4ward Planning conducted a peer review of the October 13, 2016 fiscal impact analysis (FIA) report, produced by David C. Babbitt and Associates (Babbitt), on behalf of Toll Brothers and associated with the proposed Crebilly Farm housing development project.

The Babbitt FIA report states the objective of examining “the fiscal impact to the Township and School District during any given year after the completion of the proposed project and full occupancy, based on 2016 levels of revenue, expenditures, and taxation.” While two distinct development scenarios were examined in the Babbitt report (Plan A – 317 units of total dwelling units and Plan B – 395 units of total dwelling units), Westtown Township requested that 4ward Planning limit its review to Plan A.

4ward Planning’s peer review of the Babbitt FIA study concerns itself with the methods employed, data sources and the accuracy of data inputs incorporated into the analysis. Subsequently, we offer our opinion on the soundness of the FIA study.

Data Input Metrics, Sources and Methods

4ward Planning’s review finds the data metric inputs to be accurate and based on the latest available data from municipal, county and school district published sources. 4ward Planning verified the input metrics and sources for said data by both reviewing municipal and school district websites, as well as confirming metric values through its interviews with municipal and school district officials.

Peer Review: David Babbitt Associates Fiscal Impact Analysis

FIA Methods

There are a number of methods government analysts and private consultants may use to perform FIA. However, the two most prevalent are the Per Capita Method and the Case Study Method. Below, we provide a summary of what each method entails, in terms of an approach:

Per Capita Method – Quite simply, this FIA approach determines public service costs on an average unit basis – per pupil for the school district and per capita and per employee for the township. It is, generally, a straightforward division of known annual service costs divided by either total students, residents or workers. This method is the most widely used FIA approach due to both its simplicity and its low cost to perform. The recommended multipliers for population and enrollment changes can be derived using US Census data.

Case Study Method – The case study approach relies on intensive site-specific interviews of public officials knowledgeable of local service and capacity conditions as the primary means of determining the effects of population growth on public services and costs. The interviews identify the anticipated marginal costs of growth given conditions of excess or deficient service capacity. In the case of excess capacity (capacity beyond that needed to accommodate the existing population at current service levels), development induced growth will add to costs at lower-than-average per capita/student/employee levels. In the case of deficient capacity (capacity below that needed to accommodate the existing population at current service levels), development induced growth will add to costs at higher-than-average per capital/student/employee levels.

Peer Review: David Babbitt Associates Fiscal Impact Analysis

Babbitt's FIA employs the Per Capita Method and does a reasonable job in identifying data sources used and the conventional methods in deriving per capita/student/employee costs associated with the proposed development. However, 4ward Planning believes that Babbitt's FIA approach would have greatly benefited from incorporating Case Study Method elements – specifically, the performance of interviews with local municipal officials to gain insights into service delivery capacities and how the introduction of 317 residential units might impact said capacities, as well as operating and capital costs to the township and school district. Absent such interviews, the Per Capita Method is simply an academic exercise which is vulnerable to inexact assumptions – that is, either over- or under-estimating likely service costs and revenues). Indeed, and as will be identified in 4ward Planning's FIA, there are township and school district capital investment costs and operating expenses likely to result from the Crebilly Farm build-out which are not accounted for in Babbitt's FIA – information which 4ward Planning received through its interviews with municipal and school district officials.

Below are the key FIA findings associated with Plan A at full-building out and stabilization, identified within the Babbitt FIA report:

317 Housing Units

Annual Net Township Fiscal Impact:	\$512,803
Annual Net School District Fiscal Impact:	\$(128,949)
Annual Net Combined Fiscal Impact:	\$383,854

Additionally, the Babbitt FIA report identifies a total of \$1,161,000 in real estate transfer tax revenues, associated with the initial sales of the 317 housing units. It should be understood that these revenues would occur over a period of up to eight years.

Peer Review: David Babbitt Associates Fiscal Impact Analysis

Babbitt correctly utilizes the residential multipliers published by the Rutgers University Center for Urban Policy Research (CUPR), as this is the most widely used and recognized source for performing FIAs. 4ward Planning also reviewed the multipliers employed to ensure they are reflective of the subject housing proposed to be developed. However, we note that while Babbitt's FIA report estimates the total number of public school age children (PSAC) associated with full build-out, nowhere does the report identify the breakout of these students (approximately 172) along grade level – of particular importance where there may be limited capacity in a given school or grade level.

Secondly, 4ward Planning agrees with Babbitt's analysis decision to reduce the 2016 Westtown Municipal Budget expenditures by spending associated with capital projects, pass-through and capital reserve funds (see page 5 of the Babbitt FIA report), “[i]n order to find a more accurate measure of the average annual expenditures for the proposed development....”

Babbitt then, correctly, identifies three additional categories of municipal funds which are appropriate to subtract from the \$8.5 million annual budget expenditure balance: \$996,170 in pass through funds (so called as expenditures and funding revenues balance, irrespective of new development); \$120,762 in development/construction related funds (these funds and their associated expenditures are considered one-time fees associated new development activity. However, in recognition that there will likely be ongoing development activity for many completed buildings, Babbitt has chosen to deduct only 90 percent of the development/construction related funds); \$540,100 in excluded government transfer funds (e.g., internal capital fund transfers). Based on the above additional exclusions, totaling \$1,657,032, Babbitt correctly arrives

Peer Review: David Babbitt Associates Fiscal Impact Analysis

at a net township operating budget of \$6,874,379.

Babbitt is also correct to employ the “proportional valuation method,” which permits the analyst to isolate residential and non-residential expenditures (municipal expenditures associated with servicing residential and non-residential properties). 4ward Planning examined the proportional valuation steps employed in Babbitt’s FIA report, to ensure methodological soundness, and found that the method employed is incorrect, insofar as it is only taking into consideration a portion of the methodology. Specifically, and per the stated method for apportioning residential municipal service outlays, *“[t]he residential share of all residential and non-residential service costs is estimated by dividing the residential property value and number of parcels by the residential and non-residential property values and the number of parcels, respectively. The calculation produces the residential percent of the residential/nonresidential parcels and the residential percent of the residential/non-residential property value. The two results are averaged, and the combined value is then applied to the total local municipal costs (annual expenditures) to derive the estimated residential-associated share.”*¹ Babbitt’s method only employs the proportion of non-residential property value (\$196,406,458 in 2016 assessed non-residential value divided by \$902,803,813 in 2016 total assessed property value, resulting in non-residential assessed value share of 21.8 percent). While Babbitt’s report does identify the total number of land parcels (3,690) and the number of parcels which are categorized as non-residential (211), no ratio is derived for either the number of residential or non-residential parcels, as is required in the above mentioned apportioning method. As a consequence, the derived non-residential ratio is higher than it otherwise would be (and, conversely, the residential ratio would then be understated) resulting in an understatement of the per capital residential cost shown.

Peer Review: David Babbitt Associates Fiscal Impact Analysis

Further, Babbitt's analysis relies upon dividing the average value of non-residential property in Westtown (\$930,836) by the average value of residential property in Westtown (\$244,662) to derive ratio of 3.80. 4ward Planning is unfamiliar with this methodology or the merits of employing it. Babbitt then goes on to introduce the "refinement coefficient," a term which is also unfamiliar to 4ward Planning. Babbitt states that the refinement coefficient (in this case, a metric valued at 1.28 and multiplied against the non-residential assessed value ratio of 21.8 percent, resulting in a new (and greater) non-residential assessed value ratio of 27.8 percent) is derived via the use of a "graph in the New Practitioner's Guide," the CUPR handbook outlining FIA techniques. Based on Babbitt's aforementioned technique, the resultant operating expenditures associated with residential services is \$4,963,302 (77.2 percent multiplied by \$6,874,379; in the Babbitt FIA report, it erroneously identifies \$4,960,097 as the residential services value). When dividing the residential services cost (\$4,963,302) by the estimated total number of Westtown residents (Babbitt estimates this figure at 10,898 in 2016), the residential per capita township operating expenditure is \$455.43 (only slightly different from Babbitt's figure of \$455.16). However, and based on the fact that the methodology used to derive the apportionment of municipal residential service costs has been identified as deficient, we believe the accurate municipal residential cost is higher and would, necessarily, result in a higher per capita municipal service cost. We will identify the accurate cost within FIA performed in a later section of this report.

Finally, and as no interviews were performed with local municipal or school district officials, we believe the identified fiscal impacts provided by the Babbitt report understate the likely estimated municipal and school costs in that there are no estimates for capital costs within the report – whether associated with municipal capital outlays for equipment or capital outlays associated with the construction of new school classrooms.

Methodology: 4ward Planning Fiscal Impact Analysis

The Preview Fiscal Impact Model (an Excel based algorithm developed by urban planning professors at Rutgers University and widely used, nationally), was utilized, incorporating current municipal revenue and expenditure figures provided by Westtown Township – **the Per Capita method**. 4ward Planning analyzed inputs (land-use types, sales prices, occupants per dwelling unit, estimate of public school age children based on dwelling unit type, bedroom count, etc.) to calculate the various service and capital costs associated with the proposed new development as well as revenues relating to local taxes, allowing for an examination of their relationship to existing land-use and population factors. The impact model was then used to evaluate the fiscal impacts associated with the proposed development.

Further, the above quantitative modeling analysis was supplemented with interviews of local municipal officials, representing police (Chief Bernot), finance (JoAnne Grube), and public works (Mark Gross), so as to gain a better understanding of how the proposed build-out might impact the delivery of local municipal services - **the Case Study method**. 4ward Planning also interviewed the West Chester Area School District superintendent, Dr. James R. Scanlon, so as to understand how the proposed Crebilly Farm project might impact the school district operationally.

The proposed development is expected to be built-out over a six to eight-year period. As such, it should be understood that the proposed land-uses, building/unit quantities and pricing are subject to market fluctuations and associated risks (including financial risks) and, therefore, may change in the future. The fiscal impact analysis presented in this report is strictly based on factors known, today, and should not be considered absolute or final.

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Assumptions and Inputs: Residential Multipliers

Single Family Detached Housing Multipliers

Pennsylvania Housing Multipliers

Structure Type

Bedrooms

		Total Person Factors	Total PSAC ¹	Public School Grade		
				K-6	7-9	10-12
Single-Family Detached: 3BR						
All Values		2.95	0.56	0.33	0.12	0.11
Less than:	\$168,000	3.07	0.7	0.40	0.16	0.15
Between:	\$168,000 to \$242,500	2.96	0.57	0.36	0.12	0.10
More than:	\$242,000	2.82	0.41	0.22	0.09	0.09
Single-Family Detached: 4BR						
All Values		3.59	0.84	0.50	0.19	0.16
Less than:	\$280,000	3.71	1.00	0.59	0.21	0.20
Between:	\$280,000 to \$410,000	3.58	0.81	0.47	0.19	0.15
More than:	\$410,500	3.50	0.75	0.46	0.17	0.12
Single-Family Detached: 5BR						
All Values		4.25	1.08	0.55	0.28	0.25
Less than:	\$410,500	4.47	1.35	0.46	0.34	0.35
Between:	\$410,500 to \$672,000	4.23	1.03	0.50	0.29	0.24
More than:	\$672,000	4.02	0.83	0.49	0.20	0.14

¹ Public School Age Children, which are distinguished and accounted for separate from all school age children.

Source: Rutgers University, Center for Urban Policy Research, 2006

Assumptions and Inputs: Residential Multipliers (continued)

Single Family Attached Housing Multipliers

Pennsylvania Housing Multipliers

Structure Type

Bedrooms

		Total Person Factors	Total PSAC ¹	Public School Grade		
				K-6	7-9	10-12
Single-Family Attached: 2BR						
All Values		1.86	0.15	0.09	0.03	0.03
Less than:	\$129,500	2.06	0.30	0.18	0.07	0.06
Between:	\$129,500 to \$168,000	1.75	0.09	0.05	0.02	0.03
More than:	\$168,000	1.76	0.05	0.03	0.02	0.01
Single-Family Attached: 3BR						
All Values		2.47	0.36	0.22	0.08	0.06
Less than:	\$165,500	2.72	0.57	0.34	0.13	0.09
Between:	\$165,500 to \$205,500	2.46	0.32	0.19	0.08	0.05
More than:	\$205,500	2.22	0.19	0.11	0.03	0.05
Single-Family Attached: 4BR						
All Values		3.67	0.97	0.53	0.31	0.13
Less than:	\$168,000	4.34	1.51	0.82	0.42	0.26
Between:	\$168,000 to \$280,000	3.69	1.04	0.61	0.35	0.09
More than:	\$280,000	2.95	0.31	0.10	0.12	0.09

¹ Public School Age Children, which are distinguished and accounted for separate from all school age children.

Source: Rutgers University, Center for Urban Policy Research, 2006

Assumptions and Inputs: Tax and Fee Inputs

Tax and Fee Rates

Key Tax Instruments	Rate	Jurisdiction
Real Estate Tax	0.02098	School
Real Estate Tax	0.00350	Township
Realty Transfer Tax	0.5%	Township
Realty Transfer Tax	0.5%	School District
Wage Tax (ETI)	0.5%	School District
Wage Tax (ETI)	0.5%	Township

Source: Westtown Township

Assumptions and Inputs: Fiscal Impact Analysis

- All residential units will be sold at estimated market rates indicated in the Babbitt FIA report. 4ward Planning utilized the estimated annual turnover rate in the Babbitt FIA report for calculating real estate transfer tax revenue.
- Population multipliers are applied to prospective new housing units to estimate the number of new residents and public school-age children, all of whom will affect municipal and school district expenditures. Pennsylvania-based residential multipliers are sourced from David Listokin, Robert Burchell and William Dolphin (Rutgers University, Center for Urban Policy Research: Residential Demographic Multipliers – Pennsylvania, 2006), who have developed such population multipliers for various states, nationally, on behalf of the U.S. Census Bureau.
- 4ward Planning used the estimated Westtown Township population (10,898) identified in the Babbitt FIA report. Estimated municipal residential expenditures for the Township are derived by analyzing the 2016 ratio of residential parcels and taxable values against the sum of total residential and non-residential parcels and taxable values, respectively. This weighted average percentage was then multiplied against the net 2016 township budget expenditure (see Page 7 of this report for detail) and the product divided by the 2016 municipal population to yield an estimated \$542 per capita budget expenditure (approximately \$97 greater than the per capita budget expenditure identified in the Babbitt FIA report).
- 4ward Planning assumes 100 percent of all occupants of new development within the project will be new to the township.

Assumptions and Inputs: Fiscal Impact Analysis

- According to the Superintendent of the West Chester Area School District, Dr. James Scanlon, there are currently 11,423 students enrolled in the school district, as of the 2016-17 academic year. According to the most recent school district budget, average expenditures amount to approximately \$21,000 per student. However, it should not be inferred that every new student enrolling in the district burdens the school district by such an amount, given that there are many sunk costs within the operating budget, such as salaries for teachers, heating and cooling, books, desks, etc. Based on an extensive interview with Dr. Scanlon, the estimated annual tuition per new student attributed to the Crebilly housing development is \$11,762 – a much lower per pupil cost than identified in the Babbitt FIA report.
- Further, and based on 4ward Planning’s interview with Dr. Scanlon, it is assumed that 12 percent of district students will be in need of some level of special educational services (individual educational program or IEP). While the cost of such services can vary widely on a per student basis, from a few hundred dollars per pupil, annually, to tens of thousands of dollars per pupil, annually, Dr. Scanlon has estimated the average annual cost for a student having an IEP to be approximately \$29,727.
- As some of the students in the new development will, likely, relocate from somewhere within Westtown Township, not every student in the development will be a new student (as explained on the previous page). However, and so as to be conservative in our fiscal impact projections, this analysis assumes 100 percent of the school age children generated by the development will be new to the district.

Assumptions and Inputs: Fiscal Impact Analysis

Below, we have listed those township revenue sources and values identified in the Babbitt FIA Report that have been incorporated into this analysis, based on our review and concurrence with the methodology employed and accuracy of data. We indicate where we have either adjusted the revenue data, based on our independent analysis or omitted the use of the data, if it not deemed material to the FIA:

Township Annual Estimated Revenues

- **Annual Real Estate Tax Revenue:** \$437,239 (*a relatively slight increase over the \$437,233 identified within the Babbitt FIA Report*)
- **Annual Earned Income Tax Revenue:** *Accepted*
- **Annual Real Estate Transfer Tax Revenue:** *Accepted*
- **Annual Refuse Collection Fee Revenue:** *Accepted (as this is a pass through cost, revenues and expenses associated with refuse collection are, generally, equivalent, save for minor local administrative expenses which would be covered under general real property tax collections.*
- **Annual Franchise Fees and Miscellaneous Revenue:** *Accepted*
- **Annual State Highway Aid Revenue:** *Accepted*

Assumptions and Inputs: Fiscal Impact Analysis

Below, we have listed those school district revenue sources and values identified in the Babbitt FIA Report that have been incorporated into this analysis, based on our review and concurrence with the methodology employed and accuracy of data. We indicate where we have either adjusted the revenue data, based on our independent analysis or omitted the use of the data, if it not deemed material to the FIA:

School District Annual Estimated Revenues

- **Annual Real Estate Tax Revenue:** \$2,621,186 (*more than \$100,000 greater than the annual value identified in the Babbitt FIA Report, and based on a difference in base assessed valuation*)
- **Annual Earned Income Tax Revenue:** *Accepted*
- **Annual Real Estate Transfer Tax Revenue:** *Accepted*
- **Annual State and Federal Revenue:** *Accepted (however, 4ward Planning did not seek Dr. Scanlon's opinion on this data and, consequently, we recommend his review before accepting this revenue estimate)*
- **Interest Revenues:** *Omitted (4ward Planning does not believe this particular revenue source to material enough to include in this analysis.*

Projected Township and School District Costs

Based on 4ward Planning's interviews with municipal and school district officials and their identification of where their respective operations would require either additional staffing and/or capital investment, the below operating expenses and capital costs are incorporated into the FIA:

Municipal Personnel Costs Associated with Crebilly Farm Project

- **Finance Department:** Indicated an additional full-time staff person (\$45,000 annual cost, inclusive of benefits) and one part-time staff person (\$15 per hour) would be required.
- **Public Works:** Indicated an additional full-time staff person (\$95,000 annual cost, inclusive of benefits) and one part-time employee (no estimate of cost was provided).
- **Police:** No additional personnel are considered necessary.
- **Fire:** 4ward Planning was unable to secure an interview with Mike McDonald, Fire Chief of the Fame Fire Department

Municipal Capital and Equipment Costs

- **Finance Department:** While there is acknowledgement that the existing facility space is too cramped to add even one additional staff member, there was no request for needing to construct additional office space.
- **Public Works:** Identified the need to purchase additional equipment costing \$250,000. The equipment will have an eight-year useful life. Additionally, \$50,000 to \$100,000 per year for road maintenance and snow removal associated with additional streets/roads
- **Police:** No additional capital investment or equipment costs are considered necessary.
- **Fire:** 4ward Planning was unable to secure an interview with Robert Hall, President of the Goshen Fire Department

Projected Township and School District Costs (continued)

School District Personnel Costs

- Six additional teachers would need to be hired for Starkweather Elementary School (\$77,000 average compensation package per teacher, inclusive of benefits for a total of \$462,000 annually)
- Three aides for special education students (\$30,000 average compensation package per aide, inclusive of benefits for a total of \$90,000 annually)
- One additional full-time teacher at Stetson Middle School (\$77,000 average annual compensation package, inclusive of benefits)

School District Capital and Equipment Costs

- Construction of four classrooms at Starweather Elementary School (estimated at \$325,000 per classroom for a total cost of \$1,300,000). This cost would be bonded for with a 20-year debt instrument.
- Lease of two modular classrooms for Stetson Middle School (\$30,000 per unit, per year, for a four-year term - \$240,000 over the four year lease period)

Projected Township & School District Service Cost Summary

Development Generated Estimated Service Costs: Crebilly Farm Housing Development - Plan A

	Resident Percent	Worker Non-Resident Percent	Estimated Per Resident Service Cost	Est. per Worker Non-Resident Service Cost		
Estimated 2016 Per Capita Municipal Service Cost:	\$631	86%		\$542		\$88
Estimated 2016 Per Pupil Public School Expenditure:	\$11,762					
		Estimated Percent New	Estimated Number New	Est. New Service Costs	New School Expenditures	Sub Totals
Development Generated Population:	960	100%	960	<u>\$520,782</u>		\$3,145,935
					<u>\$2,625,153</u>	
Total Public School Age Children:	172	100%	172		\$2,025,787	
Total Public Elementary School Children:	105	100%	105		\$1,233,490	
Total Public Junior High School Children:	38	100%	38		\$441,197	
Total Public High School Children:	30	100%	30		\$351,100	
Total Special Needs Children:	21	100%	21		\$599,366	
		Non-Resident Jobs Factor	Estimated Non-Resident Jobs	Est. New Service Costs		
Development Generated Employment:	0	1.00	0	<u>\$0</u>		\$0
Retail/Dining/Entertainment:	0	1.00	0	\$0		\$0
Office:	0	1.00	0	\$0		\$0
Light Industrial/Mfg.:	0	1.00	0	\$0		\$0
Lodging:	0	1.00	0	\$0		\$0
Non-Market/Health Club:	0	1.00	0	\$0		\$0
Projected Total Annual Public Service Costs:						\$3,145,935

Net Fiscal Impacts: Crebilly Farm – Plan A Development

Based on the foregoing analysis, and shown in the table at right, at the end of build-out (and based on stabilized occupancy of units), there is a projected positive annual net fiscal impact of approximately **\$1,033,001** related to the proposed development.

It should be noted that this net positive impact is significantly larger than that identified in the Babbitt FIA Report (Plan A net impact is \$383,854) and chiefly due to the fact that the Babbitt FIA Report uses a much higher per pupil annual expenditure (\$20,569), as compared to the \$11,762 (as supplied by the West Chester Area School District Superintendent).

Summary of Annual Net Fiscal Impact Findings:

Net Fiscal Impacts	\$1,033,001
Projected Service Costs	\$3,145,935
Public Schools	\$2,625,153
Municipal Services	\$520,782
Other Costs: Debt Service and Operating Expenses	\$270,000
Schools	\$160,000
Public Works	\$35,000
Roads	\$75,000
Projected Net New Revenues	\$4,448,936
Township Property Tax Revenue	\$437,239
Earned Income Tax Revenue	\$284,402
Real Estate Transfer Tax Revenue	\$75,600
Franchise Fees and Miscellaneous Revenue	\$21,550
State Highway Aid Revenue	\$29,413
<i>Total Township Revenues</i>	<i>\$848,204</i>
School District Property Tax Revenue	\$2,621,186
Earned Income Tax Revenue	\$284,402
Real Estate Transfer Tax Revenue	\$75,600
State and Federal Revenue	\$619,544
<i>Total School District Revenues</i>	<i>\$3,600,732</i>



WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

TO: Todd J. Poole

FROM: Jim Scanlon, Superintendent West Chester Area School District

RE: Impact on the West Chester Area School District of a Complete Build Out at Crebilly Farms

DATE: January 25, 2017

I am responding to your request of the estimated cost and impact of a complete build out of the Crebilly farm site being proposed by Toll Brothers. The estimates are based on the numbers you have provided me with e assumption that Toll will construct 317 homes.

Elementary (K-5): 105
 Middle School (6-8): 38
 High School (9-12): 30

Special Needs Students: 21

Total Students: 172

I would estimate the expenses to the school district to be between \$2.3 million and \$2.4 million. Sustainable revenue generated from this development is estimated to be \$1.8 million.

With 21 students requiring special education services and 151 requiring regular education services, I consulted with our Business Department to estimate costs to the school district. The state of Pa does not recognize a per pupil cost by district but it does recognize a tuition rate to reimburse charter schools. The tuition rate for a regular education student is approximately \$11,762, and \$29,727 for each special education student. Using this as a reference point, the cost to the district will be approximately \$2.4 million.

21 x \$29,727 = \$624,267
 151 x 11,762 = \$1,776,062
TOTAL: \$2,400,329

Starkweather Elementary School will be impacted the greatest. We may need an additional teacher at each grade level (6 teachers). This will require the school district to purchase 3-4 modular classrooms to accommodate the growth. It has a building capacity of 550 students, but currently is using three modular classrooms to expand capacity to 625. Its current enrollment is 583. With 105 new students, its enrollment will grow to 688. Depending on what grade level the children fall, we could be looking at 3-4 additional classrooms.

Stetson Middle School has a capacity of 965 students, so it may not be able to accommodate the additional 38 students. It has a current enrollment of 973 students so it is already scheduled beyond capacity. With 38 more students it will go over capacity it may need 1-2 modular classrooms because the capacity will be exceeded by 46 students, or the equivalent of two sections. We may be able to accommodate those students on the core team of teachers (math, science, English, social studies), but the electives will require additional space, most likely one or two modular classrooms.

Rustin High School has a capacity of 1350 and should be able to accommodate the additional students. Its current enrollment is 1286.

The school district completed a demographic study in 2014 to estimate enrollment projections and growth. This data was used to redistrict students. That study can be found at http://home.wcasd.net/files/OJKkM/b52f6b9733f854f73745a49013852ec4/Report_3-1_Final_WCASD_5.8.2014.pdf

We redistricted approximately 526 students to accommodate growth as outlined in our demographic study conducted in 2014: 342 elementary, 76 middle and 108 high school, primarily out of Starkweather, Stetson and Rustin to other schools in the district. I have attached a copy of that final report approved by our school board in December, 2014. Barring any other large developments in the area, we are projecting enrollment to begin to decline in 2021 at Stetson and Starkweather.

If we cost out the 172 students by looking at specific costs, I would estimate the following:

Construction of four classrooms at Starkweather Elementary School -	\$1,300,000 (\$325,000 x 4)
Lease of two modular classrooms at Stetson -	\$240,000 (30,000x 4 years)
Six teachers at Starkweather - (\$77,000 salary and benefits x 6)	\$462,000
One additional Full Time equivalent Teacher at Stetson	\$77,000
Two buses -	\$100,000 (2x \$50,000)
Three aides for special education students -	\$90,000 (\$30,000 x 3)
Utilities -	\$4,000
School supplies for 172 students -	\$51,600 (\$300 x 172)
TOTAL:	\$2,324,600

The sustainable revenue generated from this development is estimated to be \$1,592,782. With 317 single family and carriage homes at an average assessed value of \$250,000 (250,000 x 317 x .0200982)

The median household income in our school district is approximately \$102,141. This would generate approximately \$161,893 in Earned Income Tax (102,141 x 317 x .01 / 2) for the school district.

In summary, the net financial impact would be estimated at:

Expenses:	\$2,400,329
Revenue generated:	\$1,754,675
TOTAL:	(645,654)

This is an analysis of just the Crebilly Development. It does not take into consideration of another Toll Brother's development going through land development process in East Bradford Twp. While that development is smaller and consists of 76 homes, it is located in the Starkweather/Stetson/Rustin feeder pattern, which will increase the numbers I have provided in this analysis of the Crebilly property.

While the township only needs to be concerned about approval of development in its boundaries, the school district must consider development in eight municipalities. I believe your estimated number of students generated from this development is low. For each regular education student coming from the development, we can add an additional expense of \$11,762, and for each special needs child we can add an additional \$29,727.

PC: WCASD School Board
WCASD Central Office Cabinet
Dr. Mike Marano, Principal, Rustin HS
Dr. Charles Cognato, Principal, Stetson Middle School
Mr. John Meanix, Principal, Starkweather Elementary School