

Office of the Superintendent of Schools  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

August 23, 2012

MEMORANDUM

To: Members of the Board of Education

From: Joshua P. Starr, Superintendent of Schools

Subject: 2012–2016 Subdivision Staging Policy

**Background**

On August 1, 2012, the Montgomery County Planning Board (Planning Board) transmitted the recommended *2012–2016 Subdivision Staging Policy* to the Montgomery County Council. The Subdivision Staging Policy (formerly known as the County Growth Policy) now is reviewed on a four-year cycle in order to coincide with the second year of a County Council term in office. The county executive and the Board of Education are required to comment on the Planning Board’s recommended Subdivision Staging Policy to the County Council by September 15, 2012.

This memorandum includes a review of the Planning Board’s recommendations for the school test portion of the policy and proposed resolutions for the Board of Education’s consideration. The County Council will review the growth policy this fall and is scheduled to act on the policy on November 15, 2012.

The current school test methodology was adopted by the County Council on November 13, 2007, and was not changed when the policy was last reviewed in 2009. In 2007, the County Council significantly tightened the school test by using Montgomery County Public Schools program capacity, instead of the previous use of the “growth policy” capacity. In 2007, the County Council also set the utilization thresholds—still in use—in which clusters with more than 105 percent utilization require the school facility payment, and clusters with more than 120 percent utilization require residential moratorium.

**Montgomery County Planning Board Recommendations**

The Planning Board has recommended maintaining most of the existing provisions of the school test and the school facility payment. A brief summary of the Montgomery County Planning Board’s recommendations follows (see Attachment A for a more detailed description of school

test elements). The Planning Board's recommended school test would take effect with the Fiscal Year 2014 school test.

### *School Test*

- Retain the five-year timeframe for the school test (equivalent to the sixth year of the Capital Improvements Program).
- Retain the testing of school adequacy at the cluster level—for elementary school, middle school, and high school adequacy.
- Retain the use of Montgomery County Public Schools program capacity.
- Retain the following two-tiered thresholds:
  - In clusters in which projected enrollment exceeds 105 percent of program capacity, require a school facilities payment to be paid by the developer to obtain preliminary plan approval.
  - In clusters in which projected enrollment exceeds 120 percent of program capacity, place the cluster in a residential development moratorium.
- Retain the calculation of students generated by subdivision approvals during the year and add these students to the school test cluster utilization figures. Under the provision, if a cluster is close to one of the two thresholds when the school test is adopted on July 1, at some point during the year it may begin exceeding that threshold, which would trigger the need to charge the school facility payment or place the cluster in moratorium.
- Enable the Planning Board to make a mid-cycle finding of school adequacy to respond to any County Council approved “placeholder” capital project that may occur during the year. (This is the only recommendation that is different from the current school test.)
- Retain the *de minimis* exemption for subdivisions of three or fewer housing units.

### *School Facility Payments*

- Retain the calculation of school facility payments based on 60 percent of the per-student cost to construct elementary schools, middle schools, and high schools. (Recent legislation delayed the time the payment is made, from issuance of building permit to final inspection of housing units.) Attachment B illustrates how the school facility payment is calculated.
- Retain the targeting of revenue from school facility payments to capital projects that add capacity in the cluster where the payment is collected.
- Retain the period for updating school construction costs—that are the basis of the school facility payment—on the same four-year schedule as review of the Subdivision Staging Policy.

### **Superintendent's Recommendations**

I recommend the Board of Education support the recommendations of the Planning Board regarding the school test and school facility payments. I am especially pleased that the Planning Board continues to support the use of Montgomery County Public Schools program capacity in

the school test and the same thresholds for the school facility payment (105 percent) and moratoria (120 percent).

I recommend the Board of Education supports the ongoing monitoring of subdivision approvals during the year so that the school test may be updated continually. This provision allows the school test to initiate either school facility payments by the developer or moratoria as more units are approved during the year. I also recommend the Board of Education supports the only change to the school test proposed by the Planning Board—the provision for the Planning Board to make a mid-cycle finding of school adequacy. This is a reasonable complement to the ongoing update of the school test during the school year and a fair way to recognize new capacity that is approved by the County Council outside of the usual Capital Improvements Program timeline.

I recommend the Board of Education supports the Planning Board's recommendation for the school facility payment—with one exception. I do not support continuing the reservation of the school facility payment revenue to the cluster where it is collected. I believe the school system needs the flexibility to apply these funds more broadly. In addition, the small amount of revenue collected in a given cluster is insufficient to construct a school capacity project.

I recommend the Board of Education support all other provisions of the school test and school facility payment that the Planning Board has recommended for retention. The following resolutions are provided for the Board's consideration:

WHEREAS, A comprehensive review of the *2012–2016 Subdivision Staging Policy* has been conducted by the Montgomery County Planning Board during the past few months, and this review has included consideration of the school test in the policy; and

WHEREAS, The Montgomery County Planning Board's recommended *2012–2016 Subdivision Staging Policy* school test continues to incorporate the use of the Montgomery County Public Schools program capacity as the appropriate measure of school adequacy, which aligns with Montgomery County Public Schools facility planning and capital programming; and

WHEREAS, The Montgomery County Planning Board's recommended *2012–2016 Subdivision Staging Policy* school test continues the cluster utilization thresholds of 105 percent for triggering the school facilities payment and 120 percent for triggering residential moratorium; and

WHEREAS, The Montgomery County Planning Board's recommended *2012–2016 Subdivision Staging Policy* includes a new provision for a mid-cycle finding of school adequacy to take account of school capacity projects that may be acted on by the County Council during the year; and

WHEREAS, All other elements of the current school test are retained in the Montgomery County Planning Board's recommended *2012–2016 Subdivision Staging Policy*; now therefore be it

Resolved, That the Board of Education supports the Montgomery County Planning Board's recommendations for *2012–2016 Subdivision Staging Policy* school test, including the use of Montgomery County Public Schools program capacity as the basis for calculations used for the imposition of the school facilities payment (when cluster facility utilization is more than 105 percent) and imposition of moratorium (when cluster facility utilization is more than 120 percent); and be it further

Resolved, That the Board of Education supports the Montgomery County Planning Board's recommendations for the *2012–2016 Subdivision Staging Policy* school test, including the retention of current school test provisions, which include the testing of cluster utilization five years in the future at the elementary school, middle school, and high school levels; the monitoring of preliminary plan approvals during the year; the factoring in of the student impact of these approvals in the school test during the year; and the exemption of subdivisions of three or fewer housing units from the school test; and be it further

Resolved, That the Board of Education supports the inclusion of a mid-cycle finding of school adequacy when school capacity projects are adopted by the County Council during the year; and be it further

Resolved, That the Board of Education supports the Montgomery County Planning Board's recommendations for calculation of the school facilities payment; and be it further

Resolved, That the Board of Education requests the County Council place the school facility payment revenue in the general fund and not in separate funds that apply to the cluster where it is collected; and be it further

Resolved, That a copy of this resolution be forwarded to the County Council, the county executive, and the Montgomery County Planning Board; and be it further

Resolved, That a copy of this resolution be forwarded to mayors and councils of Montgomery County municipalities.

JPS:imt

Attachments

**Montgomery County Planning Board**  
**Recommended 2012–2016 Subdivision Staging Policy—School Test**  
August 1, 2012

There are eight basic elements to the Montgomery County Planning Board’s (Planning Board) recommended school test. A description of these elements follows:

- Time Period—The Planning Board’s recommendation retains the five-year timeframe for the school test (equivalent to the sixth year of the Capital Improvements Program [CIP]). Projected enrollment five years in the future is compared to capacity five years in the future. Capacity includes capital improvements that are funded for construction in the most recently adopted CIP. The recently adopted school test (for Fiscal Year [FY] 2013) factors in capacity improvements in the *FY 2013–2018 CIP*.
- Geographic Area—The Planning Board’s recommendation retains the testing of school adequacy at the cluster level for elementary school, middle school, and high school adequacy. No “borrowing” of capacity from adjacent clusters is allowed at any school level.
- Formulation of Capacity—The Planning Board’s recommendation retains the use of Montgomery County Public Schools (MCPS) program capacity, which makes the test conform to actual school system capacity ratings that are the basis for facility planning and capital programming.
- Test Thresholds for Action—The Planning Board’s recommendation retains the threshold for the school facility payment at the current 105 percent utilization level and the threshold for moratorium at the current 120 percent utilization level.
- Ongoing Updating of Cluster Utilizations—The Planning Board’s recommendation retains the provision for monitoring subdivision approvals during the year and the addition of students that will be generated by these plans to the cluster utilization levels in the school test. A cluster that is slightly below one of the two thresholds of the school test when it was enacted (July 1, each year) could by midyear exceed that threshold. At that point, either a school facility payment requirement or a moratorium would be enacted.
- Mid-Cycle Finding of School Adequacy—The Planning Board’s recommendation includes a new provision to allow it to adopt a mid-cycle finding of school adequacy. This could occur if the Montgomery County Council adopts a school capacity project during the year after the July 1 adoption of the school test each year.
- School Facility Payment—The Planning Board’s recommendation retains the calculation of school facility payments based on 60 percent of the per-student cost to construct elementary schools, middle schools, and high schools. In addition, the Planning Board’s recommendation retains the targeting of revenue to school capacity projects in the cluster where the payment is collected.
- De minimis—The Planning Board’s recommendation retains the exemption of subdivisions of three or fewer units from the school test.

## Calculation of School Facility Payment

The Montgomery County Planning Board's (Planning Board) recommended *2012–2016 Subdivision Staging Policy* retains the current approach to calculate the school facility payment and target it to school capacity projects in clusters where it is collected. The recommendation also retains the threshold to collect school facility payments as a condition of preliminary plan approval in clusters that exceed 105 percent utilization but are not more than 120 percent utilization. Clusters exceeding the 120 percent utilization level are placed in residential moratorium unless a “placeholder” school capacity project has been approved by the Montgomery County Council. In this case, the cluster continues to exceed the 105 percent utilization level and a school facility payment is required.

School facility payment rates are set according to 60 percent of the per-student cost to construct elementary school, middle school, and high school capacity. This impact is determined by the number of students the development would generate, multiplied by the per-student construction cost.

The Planning Board recommends updating school facility payment rates on the same schedule as the Subdivision Staging Policy reviews—every four years. The rates shown below currently are in use and were based on the 2007 costs to construct elementary schools, middle schools, and high schools.

The example below illustrates how the school facility payment rates would be applied to a hypothetical subdivision.

The per student costs of construction listed below represent 60 percent of the total construction costs in 2007:

- Construction cost per elementary school student generated—\$19,514
- Construction cost per middle school student generated—\$25,411
- Construction cost per high school student generated—\$28,501

## Application of School Facility Payment Rates

- If a cluster is more than 105 percent capacity at the elementary school level, the charge is \$19,514 per elementary school student generated.
- If a cluster is more than 105 percent capacity at the middle school level, the charge is \$25,411 per middle school student generated.
- If a cluster is more than 105 percent capacity at the high school level, the charge is \$28,501 per high school student generated.
- If a cluster is more than 105 percent capacity at more than one school level, charges are added for all levels affected.

## Student Generation Rates

Countywide student generation rates are applied to calculate the number of students that would be generated by a subdivision. The generation rates are based on the Montgomery County Planning Department 2008 Census Update Survey. The rates are listed below:

Type of Housing	Number of Students Generated per Housing Unit:		
	<u>Elementary School</u>	<u>Middle School</u>	<u>High School</u>
Single family detached unit	.334	.127	.133
Townhouse unit	.188	.106	.147
Multifamily, garden unit	.142	.069	.071
Multifamily high/mid-rise with structure parking	.042	.039	.033

### *Example*

A subdivision plan with 100 single family, detached housing units would generate the following number of students:

- 33 elementary school students (.334 x 100)
- 13 middle school students (.127 x 100)
- 13 high school students (.133 x 100)

Depending on which school level exceeds the threshold for the school facility payment, the charges would be calculated as follows:

- If the cluster exceeds 105 percent capacity at the elementary school level, in order to proceed, the developer would commit to a school facility payment of \$643,962 (33 students x cost per student of \$19,514).
- If the cluster exceeds 105 percent capacity at the middle school level, in order to proceed, the developer would commit to a school facility payment of \$330,343, (13 students x cost per student of \$25,411).
- If the cluster exceeds 105 percent capacity at the high school level, in order to proceed, the developer would commit to a school facility payment of \$370,513 (13 students x cost per student of \$28,501).
- If the cluster exceeds 105 percent capacity at more than one school level, then school facility payments for both or all three levels would be required to proceed.

### **Updated Per-student School Construction Costs**

The Planning Board's recommended *2012–2016 Subdivision Staging Policy* recommends updating the per-student school construction costs when the updated policy is adopted by the County Council in mid-November 2012. Below are the updated figures using the latest school construction cost information from 2012. Due to the change in the construction market, the figures are lower than the 2007 rates currently in use.

- Charge per elementary school student generated—\$19,439
- Charge per middle school student generated—\$21,250
- Charge per high school student generated—\$24,375