



camoin associates
ECONOMIC DEVELOPMENT

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VIA CERTIFIED MAIL

Town of Tuxedo Town Board
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**RE: Tuxedo Reserve Draft Supplemental Environmental Impact Statement
Comments on Chapter 3: Economic and Fiscal Analysis**

Dear Members of the Board:

Camoin Associates, Inc. was commissioned by the Tuxedo Land Trust to conduct a peer review ("Peer Review") of the Economic and Fiscal Analysis and associated appendices (collectively, the "Analysis") of the proposed Tuxedo Reserve development (the "Project") as set forth in the Draft Supplemental Environmental Impact Statement ("DSEIS") dated September 14, 2009. We have performed our review of the Analysis, including previous versions of the Analysis incorporated by reference into the Analysis, and have summarized them for your consideration. On behalf of the Tuxedo Land Trust, we hereby request that this Peer Review and all exhibits be entered into the official record of public comment for the DSEIS.

CAMOIN ASSOCIATES QUALIFICATIONS

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, non-profit organizations and private enterprises since 1999. We specialize in economic and fiscal impact studies, including large scale residential, commercial, industrial and mixed-use developments. We have participated in many SEQRA-related coordinated reviews and have been retained on multiple occasions to provide peer review services. Camoin Associates has presented on the subject of fiscal impact analysis at various events, including annual conferences of the New York State Economic Development Council, and has authored a white paper titled, "The Importance of Fiscal Impact Analysis in Economic Development & Planning."

PURPOSE AND LIMITATIONS

The purpose of this investigation is to provide an opinion on the validity or non-validity of the Analysis in general terms and, if applicable, to identify any concerns with the Analysis' methodology and assumptions.

Camoin Associates did not attempt to undertake a full fiscal impact analysis of the Project through additional data collection or data manipulation. This Peer Review is not itself a fiscal impact assessment and Camoin Associates makes no representations as to whether the proposed project will have a positive or negative fiscal impact on the affected jurisdictions.

SUMMARY OF FINDINGS

There are a number of omissions and material errors in the Analysis. Camoin Associates therefore finds that the Analysis does not accurately reflect the fiscal impacts of the proposed Project. As such, Camoin Associates recommends that the Town of Tuxedo, as Lead Agency for the DSEIS:

- (a) require that revisions be made by the Applicant to address the material deficiencies outlined below,
- (b) ensure that such revisions are reviewed by an expert party and that the revisions are made to the satisfaction of the Lead Agency, and
- (c) provide the general public the opportunity to comment on the revised version of the Analysis.

For the purposes of presenting our findings, we have divided our Peer Review comments into the following categories:

- General Deficiency of Analysis – a discussion on the report as a whole with respect to the presentation of the Analysis and completeness of methodology.
- Specific Material Deficiencies – items Camoin Associates identified of a material nature that could substantially alter the conclusions of the Analysis.
- Additional Deficiencies – items that may or may not present a material deficiency but cannot be determined at this juncture due to insufficient information.

GENERAL DEFICIENCY OF ANALYSIS

The Analysis is one of a series of fiscal analyses conducted on the Project, each building on or modifying the previous analysis. Our understanding is that the Project was first reviewed under SEQRA, with corresponding fiscal analysis, as a Draft Generic Environmental Impact Statement in 1996, followed by a Draft Supplemental Environmental Impact Statement in 1999, a Final Environmental Impact Statement in 2003 and this latest Draft Supplemental Environmental Impact Statement in 2009. Additional correspondence and discussion occurred outside of those documents, substantially in the form of a separate analysis by the Government Finance Group as to the validity of the impact modeling assumptions and methodology for the 1999 DSEIS. Additional reports and discussion may also have occurred that influenced the findings of the various EIS analyses.

Since the current Analysis relied on the various other documents listed above and, because some of these documents were difficult or impossible for Camoin Associates to retrieve and review, we find the current Analysis to be deficient in a general manner because the methodology and assumptions are not adequately explained and justified. We are presented with a fiscal impact report that is quite specific in its results but not specific in the discussion of methodology. Furthermore, some of the assumptions used are questionable and it is not possible, with the materials available, to determine how the authors came to those assumptions and what basis the authors used to choose such assumptions. A reasonable person could have used assumptions of a substantially different nature and thus come to a separate and distinct conclusion on the fiscal impacts of the Project.

Many of our “specific deficiencies” listed below result from this lack of access to existing but unavailable information and documents. It is unclear how the public, in the context of the current DSEIS, can provide comments on the fiscal impacts of the proposed Project since the public does not have the necessary substantive information on which to base its comments. It is further unclear how the public will be afforded the opportunity to provide its comments if the official comment period on the DSEIS has terminated before a complete version of Analysis is made available.

SPECIFIC MATERIAL DEFICIENCIES OF ANALYSIS

- **Deficiency #1: Projections of School Aged Children**

On page 3-18 of the Analysis, Tuxedo Reserve Owner, LLC (the “Developer”) provides Table 3-18 entitled “Estimated Project-Generated Student Population by Phase” in which projections of new school aged children are given for the Tuxedo Union Free School District (the “School District”). This table refers back to Table 3-8 on page 3-7 of the Analysis, the notes to which state only that: “[t]he school-age children generation rates presented in the FEIS were based on the 1990 Public Use Microdata Samples (PUMS) data from the U.S. Census Bureau ... [and updated in the DSEIS] with the 2000 Census data...” However, the Analysis does not state the geography used to generate the rates. We attempted to ascertain this by consulting the documents made available to us from the FEIS (Appendix H “Updated Fiscal Analysis” dated October 2003) which simply states that “[a]s described in the main text of the FEIS, the Project will generate approximately 427 students on average”. We cannot determine if the geography used to estimate rates was appropriate for the Analysis. It is entirely possible that the geography used was not appropriate since the Project is a significant departure from the existing land development patterns in the immediate vicinity of the Project.

We contacted the Orange County Planning Commissioner to determine what rates the County uses to determine projections of new school aged children. The Commissioner directed us to a report issued by Rutgers University’s Center for Urban Policy Research that provides New York State-specific multipliers (see Exhibit 3 of this Peer Review). We compare those rates to the rates provided by the Analysis in the table below.

School Aged Children per Housing Unit				
	Rates from Analysis	Rates from Rutgers University	Difference (#)	Difference (%)
Single Family Detached				
1-Bedroom	0.489	*	-	-
2-Bedroom	0.145	0.25	0.105	72%
3-Bedroom	0.519	0.58	0.061	12%
4-Bedroom	0.869	1.05	0.181	21%
Single Family Attached				
1-Bedroom	0.197	*	-	-
2-Bedroom	0.073	0.14	0.067	92%
3-Bedroom	0.331	0.39	0.059	18%
4-Bedroom	0.643	*	-	-

* Insufficient data.

Source: DSEIS. Rutgers University, June 2006. Camoin Associates.

As shown, the rates from the Rutgers University report are consistently higher than the rates used in the Analysis. Adjusting upwards the rates of school aged children the Project would produce by 21% (ie. the median value percent difference from the table above) would have a substantial

impact on the results of the Analysis, adding approximately \$1.9 million of costs to the projections provided in the Analysis on an annual basis once Phase III is complete.

- **Deficiency #2: Projections of State Aid to Schools**

As with Deficiency #1, the Analysis does not provide sufficient information as to how its authors calculated changes to state aid for the School District. It appears that the Analysis assumed that the School District would receive a flat allotment of \$1,728 per new school pupil¹. A review of the FEIS showed that the assumption used there was a flat allotment of \$400 per new school pupil. The Analysis does not explain why the amounts differ by such a large margin nor does it provide a basis for either assumption. The assumption, however it was drawn or justified, is patently incorrect and misleading for this Project.

The various methods by which aid to school districts is allocated by New York State are extremely complex. We attach hereto as Exhibit 2 the “2009-2010 State Aid Handbook” subtitled “State Formula Aids and Entitlements for Schools in New York State as Amended by Chapters of the Laws of 2009” published by the Office of State Aid, State Education Department of the University of the State of New York dated October 2009. Rather than a single method of distributing state aid to schools, New York has dozens of categories of state aid, ranging from foundation aid, building aid, transportation aid, technology aid, “excess cost” aid (for private school placements, special education, high cost, BOCES placements, etc.), textbook aid, library materials aids, and so on and so forth. A number of the categories of aid do, in fact, correlate directly to changes in the number of pupils enrolled in a school district as the DSEIS suggests. However, those categories of aid actually comprise only a small percentage of total state aid to schools. Below is a table of information provided to us by the TUFSD Business Office that breaks down state aid by major category for the 2009-2010 school year. Of the aid categories, only the “Textbooks/Software/Library” aid of \$39,556 is provided on a purely per-pupil basis. Since this is only 4% of the normal state aid² the School District is provided in a typical year, using a per-new-pupil method of escalating state aid to the School District will not provide an accurate representation of the fiscal impacts in the Analysis.

State Aid to TUFSD '09-'10		
General Aid	\$408,996	44%
BOCES	\$242,900	26%
Excess Cost	\$240,559	26%
Textbooks/Software/Library	\$39,556	4%
Subtotal	\$932,011	100%
ARRA	\$101,530	
Total	\$1,033,541	

Source: TUFSD Business Office, Camoin Associates

¹ We divided the projected new state aid listed in Table 3-19 for each of the phases by the projections of new pupils in each of the phases, rendering amounts of ranging from \$1,727-\$1,729, the discrepancy likely due to rounding.

² In 2009-2010, the School District is slated to receive \$101,530 in funds from the American Recovery and Reinvestment Act. We ignore this source of funds because it is a one-time, non-recurring revenue.

Perhaps more importantly, the “General Aid” and “Excess Cost” major categories of aid, representing 70% of the School District’s state aid revenues, are highly dependent on factors that were clearly not presented in the Analysis. Furthermore, we believe that the effects of those factors mean that the new state aid of \$741,862 projected in the Analysis likely overstates the actual amount of new state aid that the School District would receive.

A discussion of the formulas used to determine these categories of state aid are beyond the scope of analysis of this Peer Review. However, we direct the reader to Exhibit 2 and provide a highly simplified understanding of the process below.

“Foundation Aid” (contained in the “General Aid” line in the table, above) and the majority of “Excess Cost” aid to school districts are controlled to a large extent by the “Combined Wealth Ratio” or similar ratios that compare the related wealth of the school district in question to various average wealth data in New York State. The Combined Wealth Ratio³ (and similar state aid ratios) is a combination of:

- Property Values – Assessed Valuation in the School District per pupil as a percentage of the New York State average assessed valuation per pupil.
- Income Values – Adjusted Gross Income (“AGI”) of School District residents per pupil as a percentage of the New York State average AGI per pupil.

To determine the amount of Foundation Aid, New York State calculates the following:

- Foundation Amount (base amount, with regional adjustments) per pupil, minus
- The Expected Local Contribution (based on the Combined Wealth Ratio or similar wealth-related ratio) per pupil, times
- The number of applicable pupils⁴.

So, if the local wealth factors used in calculating the Combined Wealth Ratio of the School District go up, the amount of the Expected Local Contribution goes up and the amount of state aid per pupil goes down.

To do a very preliminary evaluation of whether this scenario may result from the Project, we collected information from proprietary data sources⁵ regarding the approximate AGI of Town residents and the approximate average value of residential properties in the Town of Tuxedo. ESRI estimates that average household income in the Town of Tuxedo in 2009 is \$122,966 and the average owner-occupied housing unit value is \$614,727. We compute from Table 3-13 of the Analysis that the average market value per unit is approximately⁶ \$814,315. This means

³ For a more exact discussion of the Combined Wealth Ratio and other wealth factors that contribute to foundation aid, see Pages 9 and 10 of Exhibit 2.

⁴ This factor is referred to as the “Total Aidable Foundation Pupil Units” and includes resident pupils of the School District. This excludes non-resident pupils such as those from Greenwood Lake.

⁵ ESRI Business Analyst and Economic Modeling Specialists data services.

⁶ Computed from the total residential assessed value from Table 3-13, divided by the equalization rate, divided by the number of units from Table 3-11.

that the average value of units in the Project will be approximately 32.5% higher than the average value of current units⁷ in the Town. This would lead us to believe that, if the same holds true for the School District, the Project may increase the Combined Wealth Ratio and therefore decrease the per-pupil Foundation Aid.

What could this mean for the School District? We do not have adequate information on the projected changes to the school district AGI and assessed valuations and therefore cannot determine how the Project may affect the Combined Wealth Ratio for the School District. **For illustrative purposes only**, we provide the reader with a **hypothetical** example of how our calculations would differ from the Analysis' methodology assuming a school district whose increase in Combined Wealth Ratio (or Income Wealth Index) causes the "Expected Minimum Local Contribution per Pupil" of the School District to rise and the corresponding amount of Foundation Aid per Pupil amount to fall by 10%.

Hypothetical Case - Per Pupil Foundation Aid Falls 10%			
	Current Information	Hypothetical Values	
		Projections using Methodology from Analysis	Projections Using Revised Methodology
Current Foundation Aid	\$408,996	\$408,996	\$408,996
Aidable Pupils	310	739	739
Foundation Aid Per Pupil	\$1,319	\$1,319	\$1,187
Calculated New State Aid		\$565,998	\$468,498
Difference - \$			(\$97,499.37)
Difference - %			-17.2%

Note: Hypothetical case only assuming Foundation Aid per pupil drops 10% due to change in Combined Wealth Ratio. "Aidable pupils" includes only resident pupils of the School District.

So we see that, even though the per-pupil Foundation Aid might fall 10%, the overall effect would be to decrease total Foundation Aid by 17.2%. Again, this is a hypothetical case but it illustrates that a relatively small change in the Combined Wealth Ratio could be magnified since it affects the per-pupil aid received for all new and existing pupils.

This same exercise for calculating changes to Foundation Aid should be replicated for changes to Excess Cost aid, since those calculations are also impacted by some of the same factors that are used in the Foundation Aid formulas.

⁷ We recognize that the Town of Tuxedo is not coterminous with the TUFSD. We are using Town data because it is readily available and the Analysis does not provide similar values specific to the School District. These values are shown just to provide an indication of how the Combined Wealth Ratio might change and additional School District-specific information would have to be gathered to get a true picture of the change.

In instances where a proposed project would have a *de minimus* effect on the overall assessed value per pupil and AGI per pupil⁸, the methodology used in the Analysis would be appropriate. That is, in such a case, using a flat state-aid-per-pupil might be appropriate since the project in question would likely not have a material impact on the calculation of the per-pupil aid amount. However, the Project in question is one that clearly could have a substantial effect on these values and it is essential that any fiscal analysis capture this change.

- **Deficiency #3: Calculation of New Sales Tax Revenue, New State Aid and Revenues from Other Governments for the Town**

The Analysis projects new non-property tax revenues⁹ that the Town would receive due to changes in population, households, assessed value and miles of Town roads over the course of the Project. These non-property tax revenues would help offset expenditures in the various Town funds and therefore would help offset any new costs that the Project might cause for the Town.

The Analysis includes three errors that overstate the amount of non-property tax revenue that the Town will enjoy as a result of the Project. Those errors relate to estimates of new sales tax revenues received from Orange County, anticipated new state aid, and revenues from “Other Governments” in the Highway Outside of Village fund.

Sales Tax Revenue Error: On Table 3-16 of the Analysis, line “Non-prop Tax Items” of the “General O/V” fund is listed as \$340,000 for 2009. In reviewing the Town’s budget for 2009, we found two budget items (B1120 and B1170) that correspond to \$310,000 in sales tax distribution by Orange County and franchise fees of \$30,000. The Analysis takes the entire amount of \$340,000 in revenues and escalates it through each of the phases by the proportional increase in population. This methodology would only be appropriate for the franchise fees, which represent less than 10% of the amount of the line item. The remaining 90% is sales tax revenue distribution by Orange County.

We spoke with the Orange County Finance Commissioner regarding the sales tax distribution. While the distribution formula does take into consideration population, it is only updated following the applicable decennial US census following the change in population. Therefore, there will be a lengthy delay between the increase in Town population (and thus increase in Town costs) and the proportional increase in County sales tax distribution to the Town.

In concrete terms, the Analysis states that, upon completion of Phase 1, the Town will enjoy an increase of \$181,401 in new sales tax distributions from the County resulting from the increase in population. However, we observe from Table 1-4 of the DSEIS that Phase 1 will be complete in 2017. The Town will not see any increase in sales tax revenue distribution in 2017. If fact, the Town will not see any change to the distribution formula until 2021, well into Phase 2 of the Project and fully 4 years after the completion of Phase 1. Likewise, the Analysis states that the Town will have a cumulative total of \$296,519 in sales tax revenue from Orange County at the

⁸ For example, a project which might add less than 1% to the number of households in the school district and less than 1% to the total taxable assessed value of the school district’s tax base.

⁹ See Table 3-16 “Non-Property Tax Revenues Generated by Tuxedo Reserve”.

completion of Phase 3 in July 2022. However, this incremental increase in sales tax revenue will not be achieved until 2031, meaning that the Town will shoulder 9 years of increased expenses related to the new residents of Phase 3 before the sales tax distribution increase occurs as a result of the 2030 US census and is formalized into the 2031 calculations by Orange County.

New State Aid Revenue Error: On the “State Aid” line of Table 3-16 under the “General O/V” fund, the Analysis reports an amount of \$15,000 in the 2009 Town budget. This corresponds to Line B3001 of the Town budget as “State Aid – State Revenue Sharing”. The Analysis assumes an increase of \$13,082 by Phase 3 resulting from an increase in population. However, this assumption is not correct. Below is an excerpt from a report from the Office of the Comptroller regarding state revenue sharing¹⁰.

“General Purpose Local Government Aid (GPLGA) is the largest unrestricted aid category available to municipalities in the State, accounting for between 74 and 92 percent of allocations over the last 17 years. GPLGA was originally established in 1970 to distribute aid to all classes of government based on per capita amounts prescribed in statute. However, statutory aid formulas have not been utilized for decades and counties have not received GPLGA since 1988-89. Cities, towns and villages currently receive GPLGA amounts which have been frozen at 2000-01 levels totaling \$561.6 million.”

The Town has clearly recognized this reality and has likewise frozen its estimate of state revenue sharing at \$15,000 for all budget years we reviewed (2008, 2009 and 2010). It is therefore unlikely that any of the projected increase of \$13,082 will materialize for the Town.

Revenues from Other Governments Error: On the “Revenues from Other Govt” line of Table 3-16 under “Highway Fund/Townwide”, the Analysis reports an amount of \$53,000 for the Town in 2009. This corresponds to line DA2302 of the Town’s budget. The Analysis projects that the Project will result in an additional \$46,222 in this line. However, the entire amount of \$53,000 in the 2009 Town budget is for “Snow Removal – Other Governments”. These are reimbursements by Orange County (and/or New York State) for snow removal by the Town on non-Town roads.

Since the Project will not result in new snow plowing by the Town of County/State roads, there will be no change in the line “Revenues from Other Govt” on Table 3-16.

- **Deficiency #4: Calculation of New Property Tax Revenues for the Town and School District**

The standard methodology of a fiscal impact study requires that the analysis focus on the increase in both revenues and expenses that result from a particular project. This is the assumption and methodology used by the Analysis with one major exception that has a material impact on the conclusions. The authors did not properly calculate the increase in property tax revenues for either the Town or the School District.

¹⁰ Source: “Revenue Sharing in New York State”, Division Of Local Government Services, & Economic Development, Office Of The New York State Comptroller

On Table 3-3, the Analysis states that the property on which the Project will occur (the “Property”) currently generates \$194,153.31 in property tax revenue for the Town and \$336,020.69 in property tax revenue for the School District. Table 3-14, titled “Estimated Town Property Taxes from the Tuxedo Reserve Development, 2009”, lists the entire amount of property tax to be generated, not just the incremental increase above the \$194,153.31 that the Property is already generating for the Town. Likewise, on Table 3-19, the amount of property tax revenues for the School District is incorrectly listed as the entire amount of property tax revenues from the Property, failing to net out the current \$336,020.69 in payments made. In effect, the Analysis is overstating the amount of new property tax revenue the Town and School District will enjoy on an annual basis by well over half a million dollars per year.

- **Deficiency #5: Calculation of New Costs to the Police Department**

The Analysis appears to omit the cost of employee benefits related to the new police officers required to service the Project.

On page 3-11 of the Analysis, it states that “[t]he annual cost of providing police services to the Project with Proposed Modifications is estimated at approximately \$605,000, including the cost of additional staff and uniforms, police vehicles, and facility improvements.” On page 3-13, the discussion further states that, “[w]ith annual salaries for police officers and dispatchers at approximately \$60,000 and \$40,000, respectively, the additional salary for 8 new staff would be approximately \$466,000.” The Analysis then goes on to enumerate costs for patrol cars and facility upgrades.

However, the salary cost of new employees to the municipal payroll must be accompanied by a proportional cost increase related to employee benefits since the new employees will enjoy such benefits and since those costs will become Town costs. From our general experience in municipal finance, we find that the cost of employee benefits¹¹ for police officers represent between 40% and 55% of the salary cost. So, in this case, the Analysis omits additional costs totaling between \$186,400 and \$279,600.

- **Deficiency #6: Calculation of Benefit to School District from the Track and Field Complex**

On Table 3-19, the Analysis implies that the Developer’s contribution of the Track and Field Complex (the “Complex”) valued at \$4.95 million would benefit the School District in the amount of \$412,500 per year. The explanation for this allocation can be found in the notes associated with Table 3-10 on page 3-9, stating that the value was divided by the 12-year buildout.

However, the value of the Developer’s contribution of the Complex to the School District is what the Complex would otherwise cost the School District to build on its own. If the School District built the Complex, it would likely raise such funds through a bond issuance. Such bonds are typically tax exempt (ie. below market interest rate) with a term of 30 years. If we assume a bond rate of

¹¹ Including additional worker’s comp insurance.

4.5%, the annual cost to the School District would be \$303,888, not the \$412,500 reported, for a difference of \$108,611.

- **Deficiency #7: Calculation of Benefit to Town from Central Business District Grant**

As with Deficiency #6, the Analysis uses a 12-year time period to value the contribution by the Developer of a \$2 million grant to the Town for economic development in the Town hamlet. The Analysis calculates the benefit to be \$167,000 per year. We calculate, using the same assumptions as above, that the benefit would be \$122,783 per year, for a difference of \$44,216.

In addition, from a methodological point of view, it is questionable to include any amount as revenue to the Town, presumably available to offset costs incurred by the Town as a result of the Project. If we understand the Developer's intention correctly, the \$2 million grant is for the Town to distribute to business owners in the hamlet to expand and create jobs. As such, the Town is essentially just the fiduciary agent of the grant moneys and not the "owner" of the funds. For example, if the Project created a deficit in one of the Town's funds, the Town could not use the \$2 million to offset such a deficit.

ADDITIONAL DEFICIENCIES

There are other criticisms of Analysis whose impact on the Analysis cannot be gauged without further information. As stated under “General Deficiency of the Analysis” there are many assumptions used without adequate explanations. Since we do not have those explanations, we cannot determine if the assumption is correct or, if it is not, whether it would cause a material impact on the conclusions of the Analysis.

Below, we list two of such additional deficiencies as being of particular importance:

- **Additional Deficiency #1: Omission of school overhead costs other than Central Services**

Table 3-4 calculates the “Estimated Marginal Cost per Student” for the School District. The table calculates total costs of \$16,315,391 for the School District but then backs out over \$700,000 of general administrative costs (thereby excluding all “General Support” except the “Central Services” line) prior to calculating the marginal cost per new pupil. There is no description as to why the authors made this determination, other than that it is, “[c]onsistent with the methodology used in the FEIS...”. The FEIS document we were able to secure (“Appendix H: Updated Fiscal Analysis”) simply states that “[t]he marginal cost per student is based on the variable costs of the district and therefore does not include General Support expenditures (other than Central Services) and debt service.”

However, a reasonable person could assume that adding 429 students from the Project to the School District’s current enrollment of 617 (70% increase) would cause other costs under “General Support” to rise to some extent. For example, superintendents of large school districts tend to demand higher salaries than those of smaller school districts. It may be necessary to expand the financial arm of the administration to handle increased volume of work. The presumption of most fiscal analyses is that costs will rise as population rises and the onus of proof lies on the authors to show why this might not be the case for General Support items.

- **Additional Deficiency #2: Lack of Supporting Evidence of Anticipated Market Values**

The projected net fiscal impact of the Project relies heavily on the anticipated market values of the units to be built in the Project. The Analysis recognizes the key nature of this input in “Section E: Conclusions” on page 3-21 in its “Table 3-20: Home Value Impairment Analysis”. Table 3-20 shows how the fiscal benefit to the Town diminishes with a 5, 10, 15, 20 and 25% reduction in unit values. Specifically, it shows how a reduction of 25% in the value of Project homes would produce a negative impact for the School District if a new high school had to be built¹². And this is, of course, before any of the various Deficiencies, above, are taken into consideration.

¹² In passing, we note that the text in the Conclusions section is incorrect. It states that the table shows that there would be a positive impact for the Town under all but one of the scenarios. However, the table only shows values for the School District and not the Town.

However, the Analysis lacks a clear justification for the market values used. The only evidence presented is in Volume II of II, Appendix B. The evidence in question is itself titled, “Residential Market Update and Strategic Development Recommendations for Tuxedo Reserve, Tuxedo, New York” prepared by Robert Charles Lesser and Co. (the “RCLCO Report”). The RCLCO Report as included in Appendix B is clearly an abridged version of a larger report, as the report numbers pages consecutively from 0-26 but is missing pages 5-24.

The RCLCO Report included in Appendix B does not provide any actual market data but rather simply states recommendations as to how the Developer should price units. It seems to reference market data the RCLCO Report authors may have used and other studies that may provide information as to price premiums for planned luxury developments, but none of that data is included or attached to our knowledge. This is in contrast to the retail market analysis also included in Appendix B which lays on the data in a convincing manner that the reader can review and verify.

In itself, therefore, the RCLCO Report included in Appendix B is not sufficient to substantiate market values used in the Analysis, which, as stated above, are essential factors in calculating net impacts.

METHODOLOGY AND SOURCES

Camoin Associates conducted an objective review of the Analysis using standard practices and assumptions in the field of fiscal analysis. We consulted the following sources of information:

- 2009-2010 State Aid Handbook. State Formula Aids and Entitlements for Schools in New York State as Amended by Chapters of the Laws of 2009. Office of State Aid, University of the State of New York. October 2009.
- Tuxedo Reserve Supplemental Environmental Impact Statement. AKRF, Inc. September 2009.
- Appendix H, October 2003 Update by Tim Miller Associates to the 1999 DSEIS Fiscal Analysis prepared by Allee, Rosen, King, Fleming, Inc.
- Phone interview and email correspondence (various) with Bonnie Franson of Tim Miller Associates and author of the October 2003 Update to the 1999 DSEIS.
- Phone interview with Anthony Dolan. Office of State Comptroller, Central Office. December 17, 2009.
- Phone interview with Gregory Stevens. Office of the Assessor, Town of Tuxedo. December 23, 2009.
- Phone interview with Joel Kleinman. Orange County Finance Commissioner. December 16, 2009.
- Phone interview with David E. Church, AICP. Orange County Planning Commissioner. December 21, 2009.
- Email correspondence (various) with Dawn Cupano, Joseph Zanetti, and Nancy Sanemeterio of the Tuxedo Union Free School District
- Tuxedo Union Free School District 2008-2009 budget and breakdown of various categories and amounts of state aid.
- Residential Demographics Multipliers, Estimates of the Occupants of New Housing. Rutgers University, Center for Urban Policy Research. June 2006.
- General information provided on the Town's website and the Developer's website.
- Town budget information for 2008, 2009 and 2010 in all fund categories.
- Revenue Sharing in New York State. Division Of Local Government Services, & Economic Development, Office Of The New York State Comptroller.
- Residential Market Update and Strategic Development Recommendations for Tuxedo Reserve, Tuxedo, New York". Robert Charles Lesser and Co. July 2008.

Additionally, we attempted to contact AKRF, Inc. on December 18 and December 21, 2009 regarding the Analysis and our questions and concerns. No response was received as of the date of this Peer Review.

CONCLUSION

A number of material deficiencies exist in the Analysis that, individually, would be a serious cause of concern. Collectively, they render meaningless the conclusions drawn by the authors. Furthermore, there may be additional deficiencies that are not currently known since the information from which Camoin Associates could make a determination is not currently available.

We recommend that the Town Board of the Town of Tuxedo require that these deficiencies be addressed to its satisfaction. At that point, the Analysis can be deemed sufficient to provide to the public for comment in a manner consistent with the intentions of SEQRA.

Sincerely,

/s/

R. Michael N'dolo
Associate Principal

att: Exhibit 1: Appendix H, October 2003 Update by Tim Miller Associates to the 1999 DSEIS Fiscal Analysis prepared by Allee, Rosen, King, Fleming, Inc.
Exhibit 2: 2009-2010 State Aid Handbook
Exhibit 3: Residential Demographics Multipliers, Estimates of the Occupants of New Housing. Rutgers University, Center for Urban Policy Research. June 2006.