



**camoin associates**  
ECONOMIC DEVELOPMENT

March 14, 2008

**VIA CERTIFIED MAIL**

Town of Pine Plains Planning Board  
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**RE: Carvel Property Development DEIS  
Peer Review of Chapter 14 "Community Services and Fiscal Impacts"**

Dear Members of the Board:

Camoin Associates, Inc. was commissioned by Pines Plains United to conduct a peer review ("Peer Review") of Chapter 14 and associated appendices (collectively, "Chapter 14") of the Carvel Property Development's Draft Environmental Impact Statement ("Carvel DEIS") dated January 11, 2008 describing the community services and fiscal impacts of a large proposed residential development project ("Project") in the Towns of Pine Plains and Milan. This letter is a summary of our findings and we hereby request that this Peer Review and all exhibits be entered into the official record of public comment for the Carvel DEIS.

**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 Chapter 14 in general terms and, if applicable, to identify any issues with Chapter 14's methodology or assumptions.

Camoin Associates did not perform any calculations or attempt to corroborate or refute the findings of Chapter 14 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 Chapter 14 that render it invalid. Camoin Associates finds that Chapter 14 does not meet the requirements of the Carvel DEIS Final Scoping Document because it does not accurately reflect the fiscal impacts of the proposed project. As such, Camoin Associates recommends that the Town of Pine Plains Planning Board, as Lead Agency for the Carvel DEIS:

- (a) reject Chapter 14 in its current incomplete form,
- (b) require that substantial revisions be made by 1133 Taconic, LLC/Landmark Land Company, Inc. ("Project Sponsor"),
- (c) ensure that such revisions are reviewed by an expert party and that the revisions are made to the satisfaction of the Lead Agency, and
- (d) provide the general public the opportunity to comment on the revised version of Chapter 14.

## METHODOLOGY

Camoin Associates conducted an objective review of Chapter 14 using standard practices and assumptions in the field of fiscal analysis. We consulted the following sources of information:

- Carvel DEIS Appendix 1.5 "Final Scoping Document."
- Carvel DEIS Chapter 14 "Community Services and Fiscal Impacts" and associated appendices:
  - a. Appendix 14.0 – "Community Services and Fiscal Impact Interim Scope Submission."
  - b. Appendix 14.1 – "Resident Population Projections Methodology."
  - c. Appendix 14.2 – "State Aid to the Pine Plains Central School District (PPCSD) Projection Methodology."
  - d. Appendix 14.3 – "Inventory of Golf Courses in the Region."
  - e. Appendix 14.4 – "Market Support Evaluation."
- Carvel DEIS Chapter 16 – "Growth Inducing Aspects."
- A previous version of Chapter 14 subtitled "Revised August 2006 / Draft #2" ("Draft #2") with extensive comment-and-responses from the original June 28, 2005 Chapter 14 submission ("Original Draft").
- An existing critique of Draft #2 of Chapter 14 performed by The Hudson Group, LLC, consultants to the Town of Pine Plains, titled "Highlights and Summary of Findings for

August 2006 Revised Submission of Chapter 14” (“Hudson Report”), attached and incorporated herein by reference as Exhibit 1.

- A memo provided by Morris Associates, P.S., LLC, consultants to the Town of Pine Plains, that critiques sections of Draft #2 of Chapter 14 pertaining to highway maintenance (“Morris Report”), attached and incorporated herein by reference as Exhibit 2.
- General information provided on the <http://www.carvelpropertydevelopment.com/> website.
- Phone conversation with Nan Stolzenburg, planning consultant for the Town of Pine Plains.
- Phone conversation with Ron Miller of The Hudson Group, LLC., principal author of the Hudson Report.
- Phone conversation with Kate Mance of Elan Planning & Design, Inc., a landscape architect who is familiar with the proposed development.
- Phone conversation with Dorothy Sprague, member of Pine Plains United.
- Brief phone conversation with Harrall-Michalowski Associates, principal author of Chapter 14 (“Author”), who directed us to address all questions and inquiries to Matthew D. Rudikoff Associates, Inc.
- Camoin Associates made several attempts to contact Matthew D. Rudikoff Associates, Inc. We were informed by administrative staff that the messages were received by the appropriate parties. However, Camoin Associates received no response.

#### GENERAL DEFICIENCIES OF CHAPTER 14

The principal failure of Chapter 14 (also referred to hereafter as “Final Draft”) is its nearly complete disregard for the numerous substantive critiques of the Hudson Report. To understand this omission, it is important to be aware of the history of edits to Chapter 14 of the Carvel DEIS.

The Project Sponsor submitted its Original Draft of Chapter 14 in June 2005. The Hudson Group, LLC provided a number of comments on the Original Draft, which were transmitted to the Project Sponsor in November 2005. The Project Sponsor submitted its Draft #2 of Chapter 14 in August 2006 with comment-and-responses to a number of reviewers, including the Hudson Group, LLC. The Hudson Group, LLC then commented on Draft #2 through the Hudson Report with twenty-eight pages of substantive critiques to Draft #2 and with detailed factual and methodological objections.

Curiously, a few changes were made to Draft #2 for the preparation of the Final Draft of Chapter 14, but the bulk of the Hudson Report was simply ignored. Camoin Associates spoke very briefly with the Author but was not able to ascertain why the majority of the critiques were ignored. Furthermore, during our conversation with the Author, it appeared that the Author was unaware that the Final Draft of Chapter 14 had been issued with changes to the Author’s Draft #2.

Because of the above, this Peer Review is essentially a restatement and amplification of the objections presented in the Hudson Report on Draft #2, which Camoin Associates has determined continue to apply to Chapter 14, virtually in their entirety. In our experience, this series of events is somewhat unusual. In other such coordinated reviews, the project sponsor is typically required to adequately address comments from the lead agency prior to the DEIS being deemed complete,

which triggers the beginning of the public review process. However, for all intents and purposes, Chapter 14 is incomplete and not ready for public review.

It is unclear how the public can provide its 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 Carvel DEIS has terminated before a complete version of Chapter 14 is made available.

#### SPECIFIC MATERIAL DEFICIENCIES OF CHAPTER 14

Irrespective of the above, we have noted in summary format the following material deficiencies in the Final Draft of Chapter 14. We again refer the reader to an excellent and exhaustive critique of Draft #2, the Hudson Report, attached.

- **Material Deficiency 1:** We agree with the Hudson Report that the 50/50 scenario (where half the units are occupied by seasonal residents and half by full time residents) is the most appropriate scenario to be studied. The 90/10 “proposed action”, while technically possible, is not a certain outcome and the Project Sponsor cannot guarantee that 90% of property owners will only occupy their homes on a seasonal basis. A more conservative estimate would be 50/50, which substantially alters the fiscal impacts.
- **Material Deficiency 2:** The Final Draft describes how the proposed project could affect police services, causing the department to transition from a part-time to a full-time department and requiring a new facility. However, the costs associated with the transition to a full-time department are grossly understated and the capital costs of equipment and facilities do not appear to be taken into consideration. Both are substantial in nature and are not reflected in the net fiscal impacts.
- **Material Deficiency 3:** The Final Draft likewise describes affects on the fire department which could require a new facility, an additional tanker truck and a conversion from volunteer to paid staff. None of those costs appear to be included in the net fiscal impacts.
- **Material Deficiency 4:** The metric used in extrapolating new costs to the Department of Public Works is the increase in full time resident population. This is a serious methodological error and counter-intuitive. As corroborated by the Morris Report, the metric should be the number of new road-miles that the proposed project would create. That metric would not be affected by whether the property owners are full-time or seasonal residents. Using the road miles metric would substantially increase the anticipated expenses associated with the Project.
- **Material Deficiency 5:** The Final Draft also describes likely capital investments needed by the Department of Public Works, including a sweeper truck, plow/sander truck, small truck and pickup truck. The Morris Report identifies possible new facility needs, including a new salt/sand shed and additional garage space. None of these capital costs appear to be adequately accounted for in the net fiscal impacts.

- **Material Deficiency 6:** The calculation of loss of state aid to the Pine Plains Central School District has a number of methodological errors. The calculations in Chapter 14's appendix 14.2 do not adequately weigh changes in the average income and property valuation during the period studied. While the formulas for the calculation of state aid to school are extremely complex, this calculation of average incomes and property values compared to state averages (called the Combined Wealth Ratio) is a principal factor. The higher the Combined Wealth Ratio (ie. the more affluent a community), the lower the total state aid. By substantially understating the increase in the Combined Wealth Ratio, the Hudson Report found that the Author, "[...] grossly understates the reduction in state aid that will occur." The exact nature of the deficiencies is too complicated to enumerate here and we refer the reader to the Hudson Report for more information.
- **Material Deficiency 7:** Case studies of comparative communities are used to estimate costs imposed on the Town of Pine Plains by the Project. As the Hudson Report lays out in exhaustive detail, the case studies are seriously flawed in that they do not include budget items related to debt service and capital costs, which could raise anticipated expenditures by 30%.

Any of the above deficiencies individually would compromise the integrity of the Final Draft. Collectively, they unquestionably invalidate Chapter 14 in its current form.

#### ADDITIONAL DEFICIENCIES

There are numerous other criticisms of Chapter 14 by Camoin Associates, the Hudson Report and the Morris Report. A non-exhaustive list of these issues is below:

- There are a number of issues with the calculation of total assessed and taxable values for the proposed project.
- The calculation of historical expenditure trends used data that was out of date when more appropriate expenditure data was readily available. The difference between the data used and the data available is material.
- It is unclear whether additional capital investment (other than those already described above for police, fire and public works) will be required by the Towns of Pine Plains and Milan.
- The statement regarding an increase in property tax revenue resulting from a reassessment is untrue and reflects a misunderstanding of how the property tax collection system works.

#### CONCLUSION

A substantial number of material deficiencies exist in the Final Draft of Chapter 14. Furthermore, because the net fiscal impacts of the "50/50 scenario" (ie. where 50% of owners are seasonal residents and 50% are full-time residents) are not completely enumerated in the Final Draft and because the chapter summary matrix (Table 14.0.1C) does not even contemplate the "50/50 scenario," it is not possible to evaluate the likely fiscal impacts in a complete manner in the context of this Peer Review. We strongly recommend that the Planning Board of the Town of Pine Plains, as Lead Agency in the Carvel DEIS, require that these deficiencies be addressed to its

satisfaction. At that point, Chapter 14 can be deemed complete and only then will the public have the proper information with which to provide comment in a manner consistent with the intentions of SEQRA.

Sincerely,

R. Michael N'dolo  
*Associate Principal*

att: Exhibit 1 – Hudson Report  
Exhibit 2 – Morris Report

# EXHIBIT 1 - HUDSON REPORT

## **A. Highlights and Summary of Findings for August 2006 Revised Submission of Chapter 14 Submitted by The Hudson Group, LLC: Carvel Project Review -**

Previously in a September 6, 2006 Memorandum to Nan Stolzenburg we found that these revisions meet the sufficiency standards for public comments.

The following documents include a summary of our comments, followed by a detailed analysis for:

Revised Chapter 14.0: Community Services and Fiscal Impacts

-New Appendices:

14.1 Resident Population Projections

14.2 State Aid to Pine Plains Central School District-Projections Methodology

14.4 Market Support Evaluations

-Revised Chapter 16: Growth Inducing Aspects

The review and comments that follow are organized into three major sections: brief Major Highlights; Summary of Findings, and; Detailed Technical Comments and Findings.

### Major Highlights

1. We believe that for fiscal and other impact analysis purposes, the most reasonable planning assumption for the Carvel Project should be 50 percent primary homes and 50 percent secondary homes.
2. The overall demographic analyses and projections are acceptable. Those specified for the 50/50% split between and primary and secondary homes is, in our view the most reasonable basis for the fiscal impact analysis assessment.
3. While we find that there are both over estimates and under estimates of the property tax revenues for the Carvel Project, the bottom line result for the property tax revenue projections for the two municipalities and for the Pine Plain Central School District are close to those of the DEIS statement.
4. We do not accept the Net Fiscal Impact results shown in Chapter 14, because of: significant analytical shortcomings in the calculation of State School Aid, and its implications for the local share of school district costs and property tax revenues that must be raised; the school aid analysis had inconsistencies in projecting out 10 years the current property valuation and adjusted gross income for the Pine Plains School District, but not making a similar projection for the valuation and household income of the Carvel project; the inclusion of the Parkview Estates and Village Green pupils in the enrollment calculations, but the exclusion of the property wealth and income of the Parkview Estates and Village Green residents in the state aid calculations; and the use of minimum household income rather than average household income in determining the income to be added to the school aid calculation.

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5. Also regarding the Net Fiscal Impact, a series of analytical and data shortcomings influence the validity of the municipal expenditure projections for Pine Plains. We feel that the ten year municipal expenditure projections as presented for the town of Pine Plains are significantly understated for the second home scenario and will not produce as favorable a fiscal impact as portrayed. For the primary home scenario, rather than a slightly negative fiscal impact we project a negative impact on the town of \$ 700,000-800,000. Use of a 50/50 second and primary home scenario will likely result in a positive impact for the town of Pine Plains of approximately \$ 600,000-700,000 (see pages 4-14 in Detailed Technical Review). No determination, however, can be made about the fiscal impact for the Pine Plains School District, because of the points we raised in 4 above.
6. The extensive functional review and analysis of municipal service impacts, such as for police, fire, emergency services and public works in Chapter 14 shows a lot of effort by the Carvel Project consultants. However, additional work should be done to integrate key potential capital costs and potential new personnel costs, especially for police and fire protection, in the fiscal impact analysis. This analysis should be done in a manner that enables an assessment of when in the during the 10 year build-out proposed for the Carvel Project there may be pressures to expand the physical facilities and staffing capabilities for key municipal services. This assessment should include an evaluation of these implications for the towns' municipal finances.
7. Overall the analysis of the Regional Economic Impact Analysis is acceptable. However, there are still issues related to the regional/local spending projections for Carvel residents.
8. We feel it is not possible to fully evaluate the Mitigation Analysis portion of this revised submittal due to the inaccuracies included relating to the State aid to the School District and municipal expenditures projections. The Mitigation Analysis can be further evaluated when these numbers are corrected.
9. Overall, the analyses and findings presented in the *Growth Inducing Aspects* (Chapter 16) are quite satisfactory. However, we feel that the estimation of additional commercial space needed in Pine Plains and the hamlet areas of the Town of Milan, along Rt.199 that are zoned for commercial users, are uncertain because of some flaws in the methodology for projecting Carvel resident spending (see 7 above).

### Summary of Findings and Recommendations

#### ***Topic: Market Analysis and Primary Versus Secondary Homes Mix (Appendix 14.4 and Chapter 14)***

The revised Appendix 14.4: Market Support Evaluation report demonstrates that there is a strong base of demand for the second homes/resort of the type proposed for the Carvel project. However, a persuasive case against the presumption that a substantial portion of the dwelling units proposed for the project could also be primary homes is not made.

We do not agree with the report's findings that the Carvel area is too distant a commute to serve as a primary residence location. It overlooks the concentration of high paying jobs in southern

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Dutchess County, in and near East Fishkill, and the fact that telecommuting and commuting business trips by those employed in Manhattan are growing more common from locations throughout the lower and mid-Hudson Valley. Not included in the Carvel Project is any consideration of families that may make their primary residence in PinePlains/Milan and their secondary residence in New York City, and commute to New York City the first part of the week and then return before the weekend. The 2000 Census also demonstrates that people are increasingly willing and do drive longer and longer distances to work from Dutchess County.

Most of the case studies presented in this report of other resort communities are of warm climate and beach/shore-front communities that are relatively far removed from large metropolitan centers. The case study most comparable to Carvel is the Bentwater in Montgomery, Texas, close to the City of Houston. This community consists of 40 percent primary residential units and 60 percent second homes.

Based upon our own assessment and absent new evidence to the contrary, we believe that for fiscal and other impact analysis purposes the most reasonable planning assumption for the Carvel project should be 50 percent primary homes and 50 percent secondary homes.

### ***Topic: Demographics (Appendix 14.1 and Chapter 14)***

The overall demographic analyses and projections are acceptable.

### ***Topic: Fiscal Impact Analysis (Chapter 14, Appendix 14.2)***

We have differences in the calculation of elements for the property tax revenues compared to the Carvel Development Project consultants. These differences both increase and decrease the estimates so that in the aggregate their property tax revenues result in acceptable projections. However, we do not accept the Net Fiscal Impact results shown in Chapter 14, because of issues related to the calculation of State School Aid, as we noted earlier, and its implications for the local share of school district costs and real property tax revenues that would need to be raised; and 2) a series of analytical and data issues which result in the municipal expenditure projections for both the *Burchell Per Capita Expenditures* and *Comparative Case Study Approach* methods being under stated.

We recommend that the projections of estimated State School Aid be corrected to treat the property wealth and income from the Carvel Project in the way as that of the other residents of the Pine Plains School District (either all calculations should be done for the most recently available year with data or all data should be projected out 10 years) and that the all aspects of the Parkview Estates and Village Green developments be either wholly included or wholly excluded from the analysis. These corrections are expected to reduce significantly the projected State Aid shown in Chapter 14.0 and Appendix 14.2.

Trend data used for the *Per Capita Municipal Expenditures projections* are too low - based upon our review of actual expenditures reported by the Town to the State Comptroller for the years 2004 and 2005, versus the estimates/projections used from Town Budget documents in Chapter 14 for 2004 and 2005. Actual expenditures by Pine Plains are much higher than the budgeted figures used in the Carvel Project DEIS. We both used State Comptroller's actual expenditure

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data for 2001, 2002, and 2003. The result is an understatement of estimated expenditures when the per capita method is used.

For the primary home scenario, the revised report employs the *Comparative Case Approach*, as we previously recommended, to estimate the fiscal impact on municipal services in the Town of Pine Plains. However, the DEIS's comparative data for the towns selected does not include capital outlays and debt service costs. All of the other expenditure data used in the report does include capital outlays and debt service. We feel that a proper comparison must include expenditures for capital outlay and debt service and that the application needs to be corrected to show the result from including this data. The result of this problem is that the ten year municipal expenditure projections for Pine Plains presented in revised Chapter 14 could be as much as 30 percent too low.

Because only a small proportion of the Carvel Project is in Milan, we felt that the per capita analysis used in the DEIS statement is reasonable. The use of improved and more accurate data for Milan did not significantly change the bottom line results, unlike the result for Pine Plains. With minor tinkering we can accept the per capita analysis results for Milan. There does not seem to be a big direct cost impact on Milan Town services versus any added tax revenues. The net fiscal impact quantitatively appears to be a very small negative. However, there are some potential concerns – see community services below.

### ***Topic: Community Services Costs (Chapter 14)***

This topic, which covers functional areas of municipal government such as police, fire and emergency services, public works and other basic town service functions, is updated and expanded from the original Chapter 14 submittals, which included extensive local interviews.

While there is discussion of certain potential capital facilities and equipment expansion/improvement needs associated largely with the primary homes scenario, these needs are not costed out in the revisions to the DEIS. It would significantly improve the impact analysis if these potential needs were costed out, and incorporated into the aggregate municipal expenditure projections methodologies. Most important, the analysis for police and fire protection identifies the potential need for some full-time policemen for Pine Plains (from the current all part-time force) and the possibility of requiring some paid full-time firemen. Expenditures for these needs were not fully taken into account. We recommend that these scenarios be cost quantified in an organized framework for both operations and debt service cost implications.

The same holds for the Town of Milan with respect to Fire and Emergency Services provided by the Town of Milan. The town suffers the same concern as Pine Plains about erosion of volunteers, with a residential project (seasonal or primary or in between) that is not likely to generate many volunteers.

The analysis of potential community services impacts should be done in a manner that enables an assessment of when in the 10 year build-out cycle proposed for the Carvel Project there may be pressures to expand the physical facilities and staffing capabilities for key municipal services, such as police and fire protection and emergency services. This should be done for both Pine

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Plains and Milan, and this type of assessment should include an evaluation of the implications for these towns' municipal finances.

### ***Topic: Regional Economic Impact (Chapter 14)***

Overall, the analysis and findings for the revised regional economic impacts are improved. However, one of our key previous recommendations from the first review, namely the proper definition and measurement of regional/local impact spending for prospective residents of the Carvel Project was not carried through in the revised Chapter 14. The DEIS still uses the criteria of discretionary versus non-discretionary spending, which we originally found fault with, as the basis to estimate local spending from project residents and visitors. While the spending impact results are indeed revised, it is not clear whether these revised results overstate or understate the economic impacts, for both primary and secondary home scenarios, because of this unfixed fault.

### ***Topic: Mitigation Measures (Chapter 14)***

We feel that it is not appropriate at this time to fully evaluate this topic of the revised submittal, pending a correction of data regarding State Aid to the School District and municipal expenditures projections as we have noted above.

We do want to comment on one new matter raised in the revised Chapter 14 submission. Table 14.0.1A (page 14-3 of the revised document) states "Recreation fee- \$2,000/unit", with a figure of almost \$1.8 million in this table. Page 140 offers a brief discussion on this as follows "...the Town of Pine Plains could require a recreation fee of \$2000 per housing unit for units development as part of the CPD."

Indicating the recreation fee as a potential mitigation measure is not appropriate, especially since Pine Plains already requires a recreation fee for new subdivision lots. A full discussion of possible new revenue raising needs and options and other potential mitigation measures should be conducted, if necessary, after the new Net Fiscal Impact analysis is revised by the CDP consultants to address the corrections we have recommended.

### ***Topic: Growth Inducing Aspects (Chapter 16)***

Overall, the analyses and findings presented in the revised Chapter 16 are quite satisfactory and responsive to our initial assessment of the application. Our major issue revolves around the section dealing with *Commercial Development Demand*. The revised document projects additional local commercial space needed as a result of added local spending from the Carvel Project. We feel that this estimate, however, is uncertain because of the need to redo the residential spending estimates and because of methodology shortcomings noted above under the *Regional Economic Impact*. Please note that we have also found some technical data inconsistencies that need to be explained. These are noted in our Detailed Technical Review comments on page 22.

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## B. Detailed Substantive Comments

A Market Support Evaluation (Appendix 14.4) analyzes the Dutchess County housing market and uses case studies of other development projects to support the premise that a second home market is the basis for the Carvel Project. This report is professionally crafted and well presented. It makes a strong case that there is a demand for a second home golf report community like Carvel on the fringes of the NY Metro area. However, we feel that it does not make a firm case that the Carvel project would not have a very large proportion of primary home buyers, as discussed below.

### Appendix 14.4 Executive Summary – page 4 (middle)

The Report states that, "...its (Carvel) market potential as a primary home community is extremely limited. The distance to relevant employment centers, particularly New York (City) and southern Westchester County, is beyond the acceptable driving times..."

This finding overlooks the concentration of a major employment center in Southern Dutchess County, in the Town of the East Fishkill and nearby communities. The 2004 Census Bureau *County Business Patterns* shows the following zip code based data:

	<u>2004 Employment</u>
12524 Fishkill	7,983
12533 East Fishkill	11,927
12590 Wappingers Falls	<u>7,400</u>
	27,310

IBM has a major high tech complex in east Fishkill employing high paid professionals, scientists and managers near the Taconic Parkway and within easy commuting distance (+/-40 minutes) of the Carvel Project. Some of these people and others in this area in high paid positions could find Carvel a good fit for them for primary housing because of the range of upscale housing choices and the development's amenities.

### Census Data on Commuting

This Appendix presents Census data from the 1990 and 2000 Census (page 7) that clearly demonstrates that work flow patterns are changing and that people are driving (or using other means of transportation) longer and longer distances to work.

The percent of Dutchess County residents commuting out of Dutchess County has risen from 24% to 31% between 1990 and 2000. This increase is occurring throughout the metropolitan New York area and not just for the counties immediately adjacent to Dutchess. The percentage increases reported for commuters in the 10 year period for the counties in the surrounding areas are as follows: Albany-31%, Columbia-71%, Putnam-43%, Westchester-32%, Orange-67%, Rockland-65%, Bronx-71%, Queens-104%, Manhattan-41%, Bergen-18%, Litchfield-15%, and Fairfield-79%. Only Ulster at -10% and Brooklyn at -17% had declines. Within Dutchess County itself the number of in-county commuters declined by 7%, while the number of Dutchess County residents increased by 2.5%.

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This data strongly indicates a willingness of Dutchess County residents to commute long distances if they deem it in their best interests. Rising gas prices could, however, affect this trend of residents being willing to commute significant distances to employment. It is still unlikely that the Carvel Project's location will be a major deterrent to persons buying a primary home there who works within 45 minute commute.

### Another Scenario Supporting the Notion of Primary Homes Development

There is a third scenario involving potential buyers of Carvel Project residences that is not discussed in the Lesser study. This study assumes that most primary home owners will not want to commute long distances and that primary home owners will have no other housing available to them. Given its location to the New York City job market another type of living arrangement is quite possible. The family could own a small apartment in New York City and have their primary residence in Pine Plains or Milan. This is a phenomena occurring as far north as Chatham in Columbia County. The primary breadwinner would commute to New York City on Monday and return on Friday. The children would live in Pine Plains/Milan and attend the Pine Plains School District. Also, with the advent of the internet and today's telecommunications possibilities, it is possible to do more work from home and to perhaps limit one's commute to another work site to only a few days a week.

### Dutchess County Primary Home Market –Price of Homes

We also do not totally accept the premise stated on page 13 of Appendix 14.4, "That one can purchase a new, less expensive home in Southern Dutchess (compared to the Carvel higher priced homes) solidifies the notion that the only reasonable market for housing at the Carvel property is the affluent second home buyer." We did some limited online research on the real estate market in Dutchess County and found a somewhat different depiction of the real estate market. Homes within the price range contemplated by the Carvel Project can also be found elsewhere in Dutchess County.

## **National Case Studies**

The revised DEIS presents six case studies of existing resort second home communities to analyze the economic and fiscal impact, and demographic (second homes, versus primary and families with children, versus other types) characteristics of resort communities such as being proposed for the Carvel Project.

The six are located and characterized as follows:

Carmel, California: Coastal community, 2 hours south of San Francisco, 65% secondary, 35% primary

Indian Wells CA: Desert retirement area – about 2 hours east of LA, 98% second homes

Montgomery Texas: 1 hour from Houston, 60% secondary and 40% primary.

Bluffton, South Carolina: ½ hr. on waterfront, north of Savannah GA.90% second homes

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Cape Charles, Virginia: On shoreline, 30 minutes north of Norfolk, and 4 hours from DC, with 80% second homes.

Millsboro, Delaware: Beach resort, 2-3 hours from DC and Philadelphia , 80 percent second homes.

Many of the case studies presented are of projects quite dissimilar to the one the Carvel project and we are concerned about drawing conclusions from such dissimilar locations. Three of them: Palmetto Bluff in Bluffton, South Carolina; Bay Creek Resort & Club in Cape Charles, Virginia; and The Peninsula in Millsboro, Delaware have a predominantly retirement orientation.

Naturally, given their climate and focus, the number of school children in these developments is minimal and the number of primary homes limited. The data presented indicates that even with their retirement focus two of the projects have 20% permanent residents and one of them 10%. The Carvel Project, unlike these communities, is projected to have only 10% retirees. The Market Support Evaluation does not do a direct projection of primary residents, but projects that only 3% of the total annual local demand for primary housing would be met by the Carvel Project.

The Reserve at Indian Wells, California is extremely exclusive with expensive housing. Their average age of 64 makes them quite different than the Carvel Project. Based on the estimated ages projected for the Carvel Project, the approximate median household age in the Carvel Project would be 47. Closer to the CPD in intent and composition are The Santa Lucia Preserve in Carmel, California and the Bentwater in Montgomery, Texas. These developments have 35% and 40% primary residents, respectively. The closest comparison to Carvel is the Bentwater community near Houston, Texas. This facility is the case study with the highest proportion of primary homes.

It is noted in Appendix 14.4 that over time, the Bentwater development has an increasing number of primary residents. Given the location of the Carvel Project it could be expected to have at least as many, if not more, primary residents than these two developments.

### In Chapter 14: Community Services and Fiscal Impacts

The Chapin Estate development in nearby Sullivan County, New York is cited on page 49 of Chapter 14 as being comparable to that of the CPD. Since it is in-state and is attracting persons from some of the same overall market area and has similar housing prices (between \$ 300G and \$ 1.2 M.) as that projected for the Carvel Project, this development should have been included as one of the case studies in Appendix 14.4. It would have been valuable in understanding the prospective local fiscal and economic impact of the Carvel Project if this project could have been more thoroughly reviewed in chapter 14.

### **Overall Findings on Appendix 14.4 (Lesser Report)**

The Carvel Project intent is to develop a second home community. Under this scenario 90% of the residential property would be owned by second home buyers and 10% by permanent home buyers. An analysis is also provided of a reverse breakdown of home owners – with 90% being primary and 10% being secondary home buyers.

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The Carvel Project documents have adequately demonstrated that there is a market for second home buyers, but not necessarily for a ratio of 9 to 1. It is the findings of The Hudson Group that the Town of Pine Plains in considering the fiscal impact of the Carvel Project Development that neither a 90-10 primary to seasonal residential mix, nor a 90-10 seasonal to primary residential mix is probable. The Pine Plains School District in doing projections for future student enrollment uses a scenario of 50% second homes and 50% primary homes. While the ultimate relationship of primary to seasonal homes is viewed as hard to predict, the 50-50 relationship used by the School District is not illogical. The ultimate result could be 60-40 or 40-60, or some other relationship. Given the inability to predict a precise relationship, The Hudson Group advises that the town of Pine Plains would be well advised to at least do what the School District has done and assume a 50-50 relationship. In the analysis that follows, The Hudson Group has used a 50-50 relationship in conducting the fiscal analysis.

## **Topic: Net Fiscal Impact (Chapter 14)**

### Overview: Town of Pine Plains Net Fiscal Impact (see later for Milan and School District)

The probable fiscal impacts on the Town of Pine Plains are, in our opinion, much less positive than portrayed in the Carvel Project report. The Hudson Group, using the same basic approach as the Chapter 14 methodology, estimates a net positive fiscal impact of \$ 1.0-1.2 million under the 90-10 second home scenario; a net negative impact of \$ 700,000 to 800,000 under the 90-10 primary home scenario; and a net positive fiscal impact of \$ 600,000-700,000 under the 50-50 secondary/primary home scenario. The positive numbers may, however, be over stated and the negative number under stated given the omission of any recognition of inflation and program enhancements in the years 2001-2005 (see this point later on).

The differences in the fiscal impacts for the different primary/seasonal scenarios relate to the expected service and expenditure requirements of primary residents in contrast with those of seasonal residents. It is expected that the property tax revenues from any of the primary/seasonal scenarios will be roughly the same. However, the services and expenditures provided for primary residents will be significantly higher than for seasonal residents (who may demand relatively few town services), as demonstrated by the case studies developed in the DEIS statement.

A comparison of the Net Fiscal findings for Pine Plains by The Hudson Group with those presented in the revised DEIS chapter at the end of year 10, when the project is presumed complete, are as follows:

	<u>Carvel Project*</u>	<u>The Hudson Group**</u>
Secondary Home Scenario	+\$ 1,465,275	+\$ 1.0-1.2 million
Primary Home Scenario	- 12,878	-700-800 thousand
50/50 Scenario	+ 1,045,69	+ 600-700 thousand

\*Sources: Chapter 14, tables 14.90, 14.91, and 14.92

\*\* See discussion later on.

## **Topic: Towns Fiscal Impact Analysis – Expenditures (Chapter 14)**

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The town expenditure data presented by the Carvel Project report substantially understates the expenditures and per capita expenditures used in the analysis to determine the fiscal impact on Pine Plains and Milan.

Table 14.31 on Page 56 presents expenditure data for Pine Plains and Milan. Three years of actual data are used and two years of projected and budgeted data are used. The actual expenditure data for 2001, 2002, and 2003 includes expenditures for current operations, capital outlay, and debt service. The Hudson Group believes this is the correct expenditure data to use and similar data should be used for 2004 and 2005. It is assumed that the Carvel Project used total budget data for 2004 and 2005, but it is not known.

It is not clear why projected expenditure data is used for 2004 when actual expenditure data is readily available from the Office of State Comptroller in the same format as that for 2001, 2002, and 2003. The actual data for 2004 for both Pine Plains and Milan are substantially different than that used in the analysis in chapter 14.

	<u>2004 Estimated</u>	<u>2004 Actual</u>	<u>Difference</u>
Pine Plains	\$ 1,128,581	\$ 1,587,543	\$ +458,962
Milan	1,338,581	1,265,358	- 73,223

The Hudson Group was able to obtain unpublished 2005 data for Pine Plains and Milan from the Office of the State Comptroller. A comparison of the estimated data in Chapter 14 and the actual data is as follows:

	<u>2005 Estimated</u>	<u>2005 Actual</u>	<u>Difference</u>
Pine Plains	\$ 1,483,982	\$ 1,849,127	\$ +365,145
Milan	1,434,246	1,482,361	+ 48,115

As can be seen for Pine Plains, the expenditure data has been grossly understated for both 2004 and 2005. This leads to erroneous per capita expenditure calculations which are used throughout Chapter 14.

Average expenditures for the five year period studied thus change as follows:

	<u>Chapter 14</u>	<u>Actual</u>	<u>Difference</u>	<u>%</u>
<u>Difference</u>				
Pine Plains	\$ 1,408,761	\$ 1,573,582	\$ +164,821	+ 11.7
Milan	1,531,360	1,526,338	- 5,022	-0.3

While the five-year average calculations for Milan are quite close, use of actual expenditure data for Pine Plains results in a 11.7% higher average, which has a very significant effect when projecting the probable fiscal impact for Pine Plains.

The following table has been developed to show the five-year expenditure patterns for Pine Plains and Milan.

Table 1

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## ANNUAL EXPENDITURE DATA FOR PINE PLAINS AND MILAN

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Pine Plains</b>					
Current Operations	848,684	964,628	916,001	969,603	1,321,965
Capital Outlay	222,139	581,677	234,562	242,272	224,115
Principal	102,174	62,174	57,290	41,690	23,216
Interest	<u>27,953</u>	<u>23,479</u>	<u>22,248</u>	<u>20,009</u>	<u>18,261</u>
Total Expenses	1,200,950	1,631,958	1,230,311	1,273,574	1,587,557
<b>Pine Plains Fire District</b>					
Current Operations	90,614	81,524	127,200	87,336	86,381
Capital Outlay	0	0	0	212,991	135,647
Principal	30,005	12,816	13,681	14,604	35,590
Interest	<u>5,393</u>	<u>3,827</u>	<u>2,962</u>	<u>2,038</u>	<u>3,952</u>
Total Expenses	126,012	98,167	143,843	313,969	261,570
<b>Pine Plains-Total Town</b>					
Current Operations	909,298	1,046,152	1,043,201	1,056,939	1,408,346
Capital Outlay	222,139	581,677	234,562	455,263	359,762
Principal	132,179	74,990	70,971	58,094	58,806
Interest	<u>33,346</u>	<u>27,306</u>	<u>25,210</u>	<u>22,047</u>	<u>22,213</u>
Total Expenses	1,326,962	1,730,125	1,374,154	1,587,543	1,849,127
<b>Milan</b>					
Current Operations	992,199	921,178	1,145,412	1,057,333	1,243,881
Capital Outlay	92,580	477,047	1,194,627	117,354	145,458
Principal	20,400	0	20,600	55,600	60,600
Interest	<u>951</u>	<u>0</u>	<u>18,977</u>	<u>34,871</u>	<u>32,422</u>
Total Expenses	1,106,130	1,398,225	2,379,616	1,265,358	1,482,361

This table demonstrates that it is never advisable to use a single year's data to do projections. Any given year may not be consistent with adjacent years, (witness the 2002 data for Pine Plains and the 2003 data for Milan)

The limitation, and a very important one which was not taken into consideration in Chapter 14, is that expenditures are rising over time as a result of inflation, program enhancements, and other factors. When the five years are averaged for 2001 to 2005, this produces a result that understates the current expenditure level. The actual five year average expenditure for Pine Plains is \$ 1,573,582 (Chapter 14 uses \$ 1,408,761) in contrast to the actual latest 2005 expenditure of \$ 1,849,127, 17.5% higher than the five year average..

The expenditure data used in Chapter 14 for 2004 and 2005 understates reality and fails to recognize effects of inflation and program enhancements, which then leads in the subsequent analysis to an erroneous determination of the fiscal impact of the Carvel Project on Pine Plains. The result is a much too positive statement about the fiscal impact of the Carvel Project on the Town of Pine Plains.

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## Per Capita Expenditure Methodology

We find that the per capita methodology (Burchell) used to project the fiscal impact for Pine Plains can be used with some degree of accuracy for projects with a limited impact on a community and perhaps for seasonal properties, but has extremely serious limitations and cannot be expected to produce good results when significant amount of new primary housing is added to a small community. In Chapter 14, the Carvel Project acknowledges that the Burchell methodology has shortcomings and a case study approach has been added to the August 2006 Chapter 14, but only for the Town of Pine Plains under the 90-10 permanent home scenario

It is stated in Chapter 14 (page 54) that the Carvel Project was directed to use the per capita methodology prescribed in The New Practitioner's Guide to Fiscal Impact Analysis authored by Robert W. Burchell et al., and published by the Center for Urban Policy Research. This method is a simple aggregate statistical method that says the total demand/cost for future public services from increased population in a municipal jurisdiction, like a town, can be estimated by calculating the current per capita expenditures and applying this number to the future total population.

The Burchell method is premised on several assumptions that do not pertain to the Carvel Project. It assumes that the composition of the Carvel Project population will be similar to that of the current population and will have the same cost and service demands. The proposed population of the Carvel Project, under either the second home or permanent home scenario, is not similar to the existing population. Another premise is that the distribution of expenditures among the various municipal services will remain unchanged. This is not a valid premise for projecting service costs and future expenditures in Pine Plains as a result of the Carvel Project.

The June 25, 2005 DEIS statement for the Carvel Project, in part, acknowledged the limitations of the Burchell methodology. The statement is made that "A key assumption of the Per Capita Fiscal Impact Methodology is that over the long run, current average operating costs per capita and per pupil are the best estimates of future operating costs occasioned by growth. However, experience elsewhere suggests that per capita costs may in fact increase in occasions where population growth places service demands on the community that necessitates an expansion of facilities, staffing, and other requirements." The Hudson Group concurs with this statement and believes it pertains to the Pine Plains in any scenario where there are a substantial proportion of primary residents. It is for this reason, and those stated above, that the Carvel Project agreed to do a case study of other towns within Dutchess County, which was then used in the 90%-10% primary/secondary home scenario and the 50-50 scenario.

The Hudson Group believes that the Burchell approach can be used with reasonable confidence for small scale development projects, where the population and income levels will be quite similar to those of the existing population. The per capita approach is used, and accepted by The Hudson Group, for the 90-10 secondary/primary home scenario and for the town of Milan.

A concern of The Hudson Group is the separation of commercial/industrial properties from residential and other properties in deriving a per capita expenditure number in the methodology employed under the Burchell approach.. Under this methodology the assessed value of commercial/industrial property is separated from all other properties (primarily residential). Average assessed values are then determined for all properties and for commercial/industrial

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properties. When the average for commercial/industrial property exceeds the average for all property a greater proportion of town expenditures is assigned to the commercial/industrial properties. This situation will always occur.

Put more simply, the methodology employed results in commercial/industrial properties demanding more in town services and expenditures than they pay in town taxes. Conversely, residential property owners demand less in services and expenditures than they pay in property taxes to support the town. In the case of Pine Plains, this methodology indicates the commercial/industrial sector pays 6.65% of the property taxes and receives 11.31% of the town's services. Residents and other properties pay 93.35% of the property taxes, but receive only 88.69% of the services. Generally, commercial properties are thought to contribute more in property taxes than they demand in services.

The Hudson Group believes it more appropriate to not make this distinction between commercial/industrial properties and residential/other properties. In both Pine Plains and Milan the commercial portion of the tax base is rather small, with neither town having large commercial properties. Accordingly, The Hudson Group believes within the context of the overall Burchell approach it more appropriate to divide total expenditures by total population in deriving per capita expenditure numbers.

The Burchell methodology when applied to the expenditure data in Chapter 14 by the Carvel Project produces a per capita expenditure in Pine Plains of \$ 469 and in Milan of \$ 587.

### Per Capita Expenditure Comparisons

The Carvel Project uses actual data for the years 2001, 2002, and 2003 and budgeted data from the towns for 2004 and 2005. It is always preferable to use actual data. Published 2004 actual data has been available for some time and The Hudson Group was able to obtain unpublished actual 2005 data from the Office of the State Comptroller (as will subsequently shown it makes a very significant difference in Pine Plains) The data used by the Carvel project and The Hudson Group is identical for 2001-2003. The data then used by The Hudson Group for 2004-2005 is consistent with the 2001-2003 data. The Hudson Group calculations are done using the latest five years of actual data; and dividing townwide expenditures by total population, without attempting to separate out commercial/industrial properties. Some logic might exist for separating out commercial/industrial town service requirements if the commercial/industrial enterprises were large and had abnormal effect on a town's expenditure patterns. This is not the case in Pine Plains or Milan.

The Hudson Group accepts and uses the population data and projections of the Carvel Project. Utilizing the five-year actual total all costs expenditure data and the population projections of Carvel Project produces a per capita expenditure figure of \$ 591 for Pine Plains and \$ 605 for Milan.

	<u>CPD Per Capita</u>	<u>THG Per Capita</u>	<u>% Difference</u>
Pine Plains	469	591	26.0
Milan	591	605	2.4

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The Hudson Group data does use a five year average for expenditures and population. As indicated earlier, both sets of data understate the results as they fail to take into consideration rising expenditures that result from inflation, program enhancements, and other factors.

To show this effect in Pine Plains the per capita costs of current operations have been calculated (adjustments have been made in the population counts used). Capital outlays and debt service have been excluded as they often vary widely year to year. The results are as follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Pine Plains	351	399	391	391	515

The actual per capita expenditures in Pine Plains for all costs in 2005 are \$ 676, substantially higher than the Carvel Project per capita expenditure and the THG five year average expenditure of \$ 587. The town of Pine Plains needs to be aware of expenditure trends in the Town as it contemplates the fiscal impact of the Carvel Project. The Hudson Group believes that the current per capita costs of the Carvel Project have been understated by at least 25%, which dramatically changes the fiscal impacts projected in Chapter 14.

Had the Burchell methodology been employed for The Hudson Group's actual expenditure data, the per capita figures would have been \$ 526 for Pine Plains (12.2% higher than the Carvel Project per capita) and \$585 for Milan.

### Case Study Method - Other Towns in Dutchess County

The Hudson Group in our first round comments recommended the addition of the Case Study Method, as an alternative indirect method of determining the likely fiscal impact of the Carvel Project on Pine Plains. Underlying this method is the presumption that other larger towns in Dutchess County may serve as comparative examples of the level of expenditures to be expected in Pine Plains after the Carvel Project is complete.

The Case Study analysis (see below) included the expenditures for current governmental operations, but left out for the selected comparison towns the expenditures for capital outlay and debt service, which are a significant part of town expenditures. The earlier expenditure analysis in Chapter 14 had included all municipal expenditures, including capital outlays and debt service.

### *Municipalities Selected*

The towns of Union Vale, Pawling, Dover, and Pleasant Valley were selected by CPD as comparison towns. The exclusion of data for the Village of Pawling from the analysis understates the budget information for the town of Pawling. There is also a question as to why the Town of Washington, next to Pine Plains, was not included in the case study, although it too has a Village –Millbrook.

The comparison towns in 2000 ranged in population from 4,546 to 9,066. Pine Plains has a 2000 population of 2,569. The Carvel Project will add 2,598 residents, with the number of permanent

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residents dependent on the percentage of primary homes. If one assumes a 50-50 split between primary and second homes, 1,299 permanent residents would be added to Pine Plains' population, bringing the number of permanent residents in Pine Plains to 3,868 (still less than the comparison towns).

Within the town of Pawling is the Village of Pawling. An argument can be made that the village of Pawling's budget appropriation (or expenditures) should be combined (or at least some portion) with the town's data, as has been done with fire districts. If the village did not exist, many village functions, such as highways and streets, would have to be undertaken by the town. In 2004, the town expenditures for Pawling were \$ 4,973,773 and for the Village of Pawling \$ 1,988,426.

Within the population range of the four towns selected for comparisons, there is also one not selected -the Town of Washington with a population of 4,740. This town, by dint of population and geography, would seem like a natural to have been included among those selected. It, like the town of Pawling, has a village (Millbrook) which would put constraint on the data. Of the four towns selected, Pleasant Valley is by far the largest, and is something of an outlier. It appears from the available fiscal data on the five towns, that inclusion of Washington would have increased the per capita expenditure findings. Exclusion of Pleasant Valley would have decreased the per capita expenditure findings.

### Municipal Costs – Second Home Scenario

Under this scenario, the Carvel Project uses the Burchell per capita method exclusively. The projected increase in municipal costs in Pine Plains is \$ 1,218,462. A more accurate result using a five year per capita average expenditure results in a Pine Plains increase in municipal costs of \$ 1,535,400. If only 2005 financial data is used, the additional town cost resulting from the Carvel Project would be \$1,756,200. Using a per capita methodology, the probable real cost to the town of Pine Plains under the second home scenario is between \$ 1.5 and \$ 1.7 million (which does not take into consideration inflation and programmatic enhancements in the five year base period). The projected revenues from the Carvel Project project by year 10 are \$ 2.7 million, which more than covers the additional expenditures by \$ 1.0-1.2 million.

For Milan, the Burchell per capita methodology is used for all second and primary home scenarios. Thus, the results in additional expenditures for the town are the same regardless of the mix of second and primary homes. Because of the Carvel Project's smaller impact on Milan, the per capita approach is more defensible, but there will still be a difference in service demands related to whether the residences are primarily second homes or permanent homes.

The additional property tax revenue for Milan for year 10 is probably \$ 120,000-130,000. The five year average for total expenditures is \$ 1,526,338. Using the Carvel Project's per capita methodology produces an expected expenditure in year 10 of \$ 1,579,619. The bottom line result is a slightly favorable fiscal situation for Milan of around \$ 70,000-75,000. It is likely that with a permanent home scenario this positive balance would be reduced or disappear.

### Municipal Costs – Primary Home Scenario

Under this scenario, the case study methodology is used. The 2006 budgets for the four comparison towns were used. As stated on page 144 of Chapter 14, the average adopted total

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budget appropriations for these municipalities “excludes any costs associated with capital improvements and debt service”. This is a very serious omission and gravely distorts the fiscal impact determinations in the subsequent tables. The information presented is only for current operations. Table 14.75 on page 145 does show debt service numbers.

The seriousness of the omission is evident when one looks at the data for 2001 to 2005 for Pine Plains and Milan, and for 2001-2004 for the comparison towns. For the 5 year period in Pine Plains the expenditures for current operations were 69.8% of total expenditures; with those for capital outlay 23.5% and debt service 6.7%. In Milan for this same five year period the expenditures for current operations were 70.2% of total expenditures, for capital outlay 26.6%, and for debt service 3.2%.

Data for the expenditures for the four comparison towns obtained from the Office of the State Comptroller for current operations, capital outlay, and debt service. The tables below show the significance of capital outlays and debt service in the overall expenditures of the comparison towns and why it should not be left out of a fiscal analysis attempting to determine the fiscal impact of the Carvel Project on Pine Plains.

Table 2  
ANNUAL EXPENITURE DATA FOR COMPARISON MUNICIPALITIES

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Dover</b>				
Current Operations	2,110,537	2,368,394	2,788,560	3,322,414
Capital Outlay	455,658	624,413	421,630	272,551
Principal	171,764	202,458	206,389	210,445
Interest	<u>65,333</u>	<u>64,644</u>	<u>55,803</u>	<u>46,759</u>
Total Expenses	2,803,292	3,259,909	3,472,382	3,852,169
<b>Pawling</b>				
Current Operations	2,893,886	2,869,520	3,342,933	3,961,983
Capital Outlay	132,303	458,846	8,270,029	387,400
Principal	43,739	42,411	42,383	42,407
Interest	<u>32,680</u>	<u>27,611</u>	<u>24,573</u>	<u>531,983</u>
Total Expenses	3,102,608	3,398,388	11,679,918	4,923,773
<b>Pawling Fire District</b>				
Current Operations	112,844	120,577	121,894	172,725
Capital Outlay	31,909	18,686	614,717	295,657
Principal	70,000	70,000	70,000	30,000
Interest	<u>25,500</u>	<u>21,950</u>	<u>18,400</u>	<u>14,850</u>
Total Expenses	240,453	231,213	825,011	512,232
<b>Pawling-Town Total</b>				
Current Operations	3,006,730	2,990,097	3,464,827	4,134,708
Capital Outlay	164,212	477,532	8,884,746	683,057
Principal	113,739	112,411	112,383	72,407
Interest	<u>58,180</u>	<u>49,561</u>	<u>42,973</u>	<u>546,833</u>

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Total Expenses	3,343,061	3,629,601	12,504,929	5,436,005
Pleasant Valley				
Current Operations	2,298,016	2,440,566	2,671,058	2,691,702
Capital Outlay	746,564	1,025,223	790,628	212,923
Principal	152,519	152,519	198,554	112,536
Interest	<u>55,235</u>	<u>37,767</u>	<u>24,835</u>	<u>18,591</u>
Total Expenses	3,252,334	3,656,075	3,685,075	3,035,752
Pleasant Valley Fire District # 1				
Current Operations	446,384	557,618	597,646	640,100
Capital Outlay	205,959	75,958	106,409	152,146
Principal	100,000	100,000	100,000	105,000
Interest	<u>86,295</u>	<u>80,420</u>	<u>74,545</u>	<u>68,670</u>
Total Expenses	838,638	813,996	878,600	965,916
* Part of Pleasant Valley Fire District # 1 in Hyde Park				
Pleasant Valley-Total Town				
Current Operations	2,744,400	2,998,184	3,268,704	3,331,802
Capital Outlay	952,523	1,101,181	897,037	365,069
Principal	252,519	252,519	298,554	217,536
Interest	<u>141,530</u>	<u>118,187</u>	<u>99,380</u>	<u>87,261</u>
Total Expenses	4,090,972	4,470,071	4,563,675	4,001,668
Unionvale				
Current Operations	1,486,827	1,511,746	1,656,284	2,232,300
Capital Outlay	77,968	402,571	201,246	135,821
Principal	80,000	80,000	20,000	20,000
Interest	8,481	15,839	4,315	4,956
Total Expenses	1,653,276	2,010,156	1,881,845	2,393,077
Unionvale Fire District				
Current Operations	0	165,373	194,085	294,454
Capital Outlay	0	35,983	30,204	43,258
Principal	0	25,000	26,000	22,000
Interest	0	2,476	1,550	700
Total Expenses	0	228,832	251,839	360,412
Unionvale-Total Town				
Current Operations	1,486,827	1,677,119	1,850,369	2,526,754

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Capital Outlay	77,968	438,554	231,450	179,079
Principal	80,000	105,000	46,000	42,000
Interest	8,481	18,315	5,865	5,656
Total Expenses	1,653,276	2,238,988	2,133,684	2,753,489

The percent of total expenditures in each of these towns spent for current operations, capital outlay, and debt service during the four year periods are as follows:

Table 3  
Percentage Expenditure Breakdowns by Category

	<u>Current Operations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>
Dover	79.1	13.3	7.6
Pawling	54.6	41.0	4.4
Pleasant Valley	72.1	19.3	8.6
Union Vale	85.9	10.5	3.6

This expenditure data for Pine Plains, Milan, and four comparison towns indicates significant disparities among expenditures for current operations, capital outlay, and debt service. The average expenditures for current operations for the four towns were 72.9% of total expenditures. Pine Plains average expenditure for current operations was 69.8%. This data indicates an understatement of projected expenditures for Pine Plains in the case study data of 25-30%.

The per capita expenditure data on page 146 of Chapter 14 and the per capita calculations contain a number of problems. First, too large a population number is used for Pine Plains. A population count of 5,161 is used. This is composed of the 2,338 primary residents in the Carvel Project and an estimated population of 2,823 in 2015 by the Dutchess County Planning Department. In the earlier per capita fiscal analysis a five year average population of 2,664 and a 2005 population of 2,734 was used. In this analysis it is incorrect to use a 2015 population number - 2,734 and not 2,823 should be used. Thus, the total population count should be 5,072, which has the effect of slightly understating the per capita calculations.

The average of the operations budget for the four towns should be increased to \$ 5.3 million (from \$4.1 million to include capital outlays and debt service. The earlier fiscal analysis for the second home scenario was based on total expenditures (current operations, capital outlay, and debt service). This higher expenditure level results in a per capita expenditure of \$ 1,063 per capita, much higher than Carvel Project's estimate of \$ 792.

A more relevant analysis is to focus on the expected increase in total expenditures for Pine Plains and the increase in revenues. Based on the Carvel Project case study data, with recognition of capital outlay and debt service costs, the projected total expenditure level for Pine Plains under a primary resident scenario is approximately \$ 5.3 million. The five year average for total expenditures for 2001-2005 was \$1,573,582 (which does not take into consideration inflation and

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programmatic enhancements in the five year base period). The 2005 expenditure data was \$ 1,849,127, the latest year with available expenditure data. The growth in expenditures as a result of the Carvel Project would thus be in the area of \$ 3.5-3.7 million.

Additional property tax revenues for the Town of Pine Plains are projected to be around \$ 2.7 million, which is insufficient to cover the additional expenditures projected for Pine Plains. The shortfall under the case study method between anticipated revenues and anticipated expenditures is \$ 750,000 to \$ 1 million.

### 50% Second Home/50% Primary Home Scenario

The Hudson Group believes this is the most appropriate scenario to use in determining fiscal impact, and is one that has been used by the Pine Plains School District in estimating enrollment projections.

In making the computations for this fiscal impact for this scenario, The Hudson Group believes the Carvel Project has made a number of errors similar to those discussed in the primary home scenario. The five year average for Pine Plains population is 2,664. The projected population for Pine Plains in 2005 is 2,734. The projected population from the CPD is 2,598, of which 1,299 would be seasonal and 1,299 would be permanent residents under the 50/50 scenario.

In deriving the expected additional expenditures in the Town of Pine Plains, The Hudson Group can not accept the \$ 792 used on the basis of an incorrect 2015 projected population numbers and a failure to include costs for capital outlay and possibly debt service. The Hudson Group proposes that the population used should be the 2005 estimate of 2,734, plus the 2,598 total residents in the Carvel Project in Pine Plains, for a total population count of 5,334. Adjusting the total operations budget for capital outlay and debt service produces a total expenditure budget of about \$ 5.3 million. The per capita expenditure result is \$ 997.

The expenditure impact on Pine Plains for the Carvel Project under the 50-50 scenario is done computing the added expenditure costs separately for the primary residents and seasonal residents, and then combining them. Application of the \$ 997 per capita figure to the 1,299 primary residents produces an additional expenditure of \$ 1,295,103 for Pine Plains. The per capita cost for the secondary homes was earlier projected to be \$ 591, which yields an additional expenditure of \$ 767,709 (which does not take into consideration inflation and programmatic enhancements in the five year base period). The combined additional expenditure for both primary and seasonal residents is \$ 2,062,812. The projected property tax revenue increase is \$ 2.7 million. Thus, the 50/50 scenario would have a positive fiscal impact on the town of Pine Plains of about \$ 600,000.

### **Topic: Town Community Services - Cost Impact Analysis (Chapter 14, sections 14.2 and 14.3)**

#### Overview of Findings

The cost data found in the functional analysis of town services is almost exclusively staffing related. There is little or no information on potential major capital costs for facilities and

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equipment, which is a major flaw that must be addressed in order to accurately evaluate fiscal impacts.

### Selected Functional Technical Review

#### *Police –Town of Pine Plains (Pages 14-60-61, 177-178, 200-201)*

It is noted that the Town currently (April 2006) has 8 part-time police officers and a budget of \$51,000 (another figure cited is \$58G). Regarding the impact of a Primary Home Scenario, the estimate is that, using ULI standards, 4.7 additional part-time officers to accommodate a proportionate population rise with the Carvel Project increase will be needed. This is a budget increase of \$34G, a cost of only \$7,200 per/PT officer.

On page 14-201 there is a discussion of the manpower costs of transitioning to a full-time police force. This discussion is confusing and appears to only deal with salaries, not fringe costs like health and retirement. Also, the part-time per officer costs of \$4,375 conflicts with above figure of \$7,200.

Mention is made of the potential need for a new police station, but this new facility need is not costed out. Therefore, the Net Fiscal Impacts, absent this and other potential municipal capital costs, could be worse than shown in the Carvel Project findings in Chapter 14.

#### *Fire Protection – Town of Pine Plains (Pages 14-62-63, 179-184, and 202-204)*

There is an extensive in-depth discussion of issues facing the current all volunteer fire department. Against the backdrop of the Carvel Project, issues that were identified, include: problems with recruitment; the possibility of a need to shift to some paid firemen; the potential need for another fire station facility, and the added personnel that would be needed reflective of the Carvel Project. Information is also presented on what the four other Dutchess County towns included in the Case Study Approach (noted earlier) appropriated for their fire districts in FY 2006, as an example of the level increased costs that could be needed for fire protection in Pine Plains, given the Carvel Project.

All this discussion and information is well and good. However, it should have taken a key step further - estimating all operating costs, under the reasonable presumptions already presented in this section, for a combination of volunteer and paid fire personnel, as well as all major capital costs for added/upgraded and new facilities and equipment associated with such a scenario.

These issues for Pine Plains also are relevant for the Town of Milan's volunteer based fire protection. The town suffers the same concern as Pine Plains about erosion of volunteers, with a residential project (seasonal or primary or in between) that is not likely to generate many volunteers. So, this issue needs to be addressed in more depth by the Carvel Project consultants.

#### *Public Works*

A significant distinction is made in the additional costs of roads. Under the second home scenario the additional cost in Pine Plains is \$ 44,914 and under the primary home scenario

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between \$ 144,721 and \$ 360,525. Roads are roads, and these costs should be close regardless of whether residents are seasonal or permanent.

### *Tax Assessor*

The assessment function is discussed on pages 75, 194, and 217, of Chapter 14. It is stated that “no published planning standards or service levels regarding tax assessor operations have been identified”. The International Association of Assessing Officers does publish standards for assessment offices. The key element in the functioning and funding of the assessors’ office is the effort to keep assessments current and accurate. Regular physical inspections and update of assessments require more staff and effort than managing exemptions and copying last year’s assessment roll. The advent of the Carvel Project will put great pressure on Pine Plains to do a townwide reassessment. The costs of the office will necessarily rise considerably, with a one or two year blip for the reassessment followed by a leveling out of expenditures. The 10 year construction phase will create a significant amount of additional work for the Assessors’ office. Taxable status in New York is March 1, so that all properties must be valued as of that date even though they may only be partially completed. The additional work for the assessors will be the same under both the second home and primary home scenarios.

### *Reassessment Effect*

On page 76 it is stated that “Should the Town of Pine Plains conduct a revaluation and begin assessing property at 100% of market value as the Town of Milan currently does, potential tax revenue from the Carvel Project would increase substantially”. A similar statement is also made on Page 164. This statement is blatantly untrue. Budgets determine tax levies and not assessments. Were a revaluation to be completed in Pine Plains, assessments would rise and tax rates would fall proportionately. Only a change in the local budgets would affect this result. All the property tax calculations done in Chapter 14 correctly utilize the equalization rate to arrive at a full market value. None of the tables indicate that the Town of Pine Plains would receive more money if it were assessing at 100% instead of 52%.

### *Other Comments*

On page 77, table 14.38, which is the Town of Pine Plains 2006 Budget, the “other” line item accounts for 30.3 percent of the total budget, but is not dealt with adequately in the Summary of Mitigation Impacts narrative and tabular materials - See table14.102 on page 222.

Also on page 77, and 78 of Chapter 14, 2006 budget information is provided for selected departments. It is, however, not clear what is contained within this information. Are capital outlays and debt service included or excluded? For Pine Plains it appears like they are excluded, since the total budget comes to \$ 1,392,738. Actual expenditures for 2005 were \$ 1,849,127, including \$ 1,408,346 for current operations, \$ 359,762 for capital outlay, and \$ \$ 81,019 for debt service.

A similar, but different dichotomy exists for Milan. The 2006 budget numbers total \$ 1,612,683. The total 2005 expenditure was \$ 1,482,361, with \$ 1,243,881 for current operations, \$ 145,458 for capital outlays, and \$ 93,022 for debt service.

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The percentage calculations for various functional areas differ substantially between the actual 2005 expenditures and the 2006 budget figures presented. The transportation share of 2005 expenditures was 33.3%, but 42.8% of the 2006 budget data presented. Fire services were 19.8% of actual 2005 expenditures, but only 10.6% of the 2006 budget data. General government costs were 19.2% of the 2005 actual expenditures.

### General Note

The analysis of potential community services impacts should be done in a manner that enables an assessment of when in the 10 year build-out cycle proposed for the Carvel Project there may be pressures to expand the physical facilities and staffing capabilities for key municipal services, such as police and fire protection and emergency services. This should be done for both Pine Plains and Milan, and this type of assessment should include an evaluation of the implications for these towns' municipal finances.

### **Topic: Pine Plains School District Impact Analysis (Chapter 14 and Appendix 14.2)**

#### Overview of Findings

It is impossible to make a determination of the likely fiscal impact of the Carvel Project on the Pine Plains School District because of an inability to determine the probable impact on state aid for the school district. The analysis done in this chapter of the DEIS for the Carvel Project submission grossly understates the reduction in state aid that will occur. A revised state aid analysis should be undertaken.

#### School Facilities, Capacity, and Enrollment

A School Building Pupil Capacity Analysis Study and an Enrollment Projection/Demographic Study have been done by Dr. Paul M. Seversky for the Pine Plains School District (Chapter 14 page 83 forward). These enrollment projections are accepted by the Carvel Project and are also accepted by The Hudson Group. These studies demonstrate that the Pine Plains School District has adequate physical capacity, due to its past declining enrollment and projected future declines to absorb the additional students from the Carvel Project even under the 90% primary home scenario.

Within the Pine Plains School District service area approximately 10% of all children are enrolled in private or parochial schools. The DEIS statement that 15% of the pupils from the Carvel Project will enroll in private or parochial schools, and this seems like a realistic assumption.

#### State Aid Analysis

The comments that follow directly relate to the findings in Appendix 14.2-State Aid to the Pine Plains Central School District Projection Methodology. The Hudson Group acknowledges that understanding and making state aid estimates for education is not easy and that the existing formulas are exceedingly complex. The Hudson Group does not quarrel with the methodology

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used by the Carvel Project, but has problems with inadequate, incomplete, or missing data in the analysis.

The enrollment projections used in the analysis are accepted as accurate. Based on the enrollment data, The Hudson Group concludes that the School District will not have a physical facilities problem under any of the scenarios. A 90/10 primary home scenario, along with the Village Green and Parkview Estates communities, would push the School District to close to its full physical capacity. Also, other development may occur incrementally in the Pine Plains School District over time.

Parkview Estates & Village Green The enrollment data (page 6) includes the pupils expected from Village Green (205 pupils in year 10) and Parkview Estates (31 pupils in year 10). The pupil enrollments from these developments are used in the per pupil calculations. At the same time, the property wealth added by these developments and the income earned by their residents has not been included in the valuation and adjusted gross income projections. This inconsistency needs to be corrected. For a consistent analysis, either the pupils should be removed from the enrollment calculations or the property wealth and income created by these new developments added to the valuation and adjusted gross income data.

The combined wealth ratio calculated of 2.066 in reality would be significantly higher regardless of the approach used. Therefore, a completely different set of school districts would be selected for comparison purposes to estimate state aid. The result of this inconsistency in the treatment of data for Parkview Estates and Village Green results in a significant understatement of the estimated state aid reduction in the Chapter 14 submission.

Revised Combined Wealth Ratio Calculations All of the fiscal analysis in Chapter 14 has been done using either actual expenditures and revenues or budgeted dollars, with the exception of school aid calculations in Appendix 14.2. The Pine Plains School District calculations, however, use a mixture of current valuations, expenditures, and income and projected future valuations and income. This confused mixture – of apples and oranges - leads to erroneous results.

The analysis first projects property wealth and income for the Pine Plains School District out 10 years based on the School District as it now exists (without the presence of the Carvel Project or Parkview Estates and Village Green. In making these calculations for property wealth and income the 2004-2005 base year is used (the property wealth and income data comes from years prior to 2004-2005). The Carvel Project in projecting out 10 years for property valuation growth, uses an average annual growth rate of 7.5% and for adjusted gross income, an annual average growth of approximately 13%.

However, when the property valuation and adjusted household income data resulting from the Carvel project are factored into the School District analysis for 10 years out they are done with no forward adjustments for growth in property values or income of the Carvel Project residents. The result is an understatement of the property wealth and adjusted gross income used in the calculations to determine school aid. There must be consistency in the approach used. If the data used in the 2004-2005 calculations is used in making 10 year then projections must also be used for the Carvel Project data. This will make an extremely significant difference in the state aid calculations.

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The data on Table B.9 on page 12 under estimates the Carvel Project full valuation and income. The \$ 659.7 million projection of full value is estimated to be \$ 677.0 by The Hudson Group (see next section on revenue estimates).

More importantly, the average household income figure is based on minimum anticipated household incomes for the Carvel Project residents. Table B.9 on page 12 of Chapter 14.2 uses the term “average household income”, with a figure of \$ 215,000. In reality this is not an average income figure, but a minimum income figure. In tables 14.64 and 14.65 on page 129 expected minimum household income data is provided by estimated sales price for the “primary” home scenario. When the minimum household income data is aggregated for the various housing units, the total minimum income for the Carvel Project is \$205, 117,600 which when divided by 951 housing units produces \$ 215,686 per housing unit. Thus it appears that the data presented in table B.9 on page 12 of Chapter 14.2 is really minimum income data. If the minimum household income is \$ 215,000, the average or median household incomes would be substantially higher than the minimum.

Residential Scenarios The problems discussed above are contained in both the secondary home and the primary home scenarios. The school districts used for comparison purposes are the wrong ones used in both scenarios. Until the needed corrections are made, the data presented for projected total aid per pupil and projected property taxes per pupil is meaningless. When corrections are made, it is recommended that a 50/50 scenario should also be incorporated in the analysis.

### Fiscal Impact on School District

The focus of the discussion in the ensuing paragraphs is pages 148 to 177 on schools. The Hudson Group accepts and does not question the data presented on enrollments and building capacities. Also, there is not a question about total projected property tax revenues of approximately \$ 7.1 million. However, there are major problems with the state aid per pupil calculations as discussed in above in our review of Appendix 14.2 on State Aid. The materials from page 153 through 177 cannot be accepted until the data involving the state aid projections is corrected.

For the state aid analysis, it would have been simpler and more direct to have not have done 10 year projections for property valuations and adjusted gross income for the Pine Plains School District. A preferable approach would have been to add the projected growth in pupils to existing school enrollment, add the full value of the Carvel Project to that of the Pine Plains School District, add the household income of the primary residents (with the minimum household income data adjusted to an average household income) to the adjusted gross income data, and make calculations using the current state aid formulas. This avoids the necessity of introducing the Parkview Estates and Village Green developments. It also avoids the use of a 7.5% annual appreciation rate for property valuation and 13% for adjusted gross income. It is highly unlikely that the next 10 years will be a replica of the past 10 years.

## **Topic: Fiscal Impact Analysis – Taxes and Other Revenues (Chapter 14)**

### Overview of Findings

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It appears that the Carvel Project has both over estimated and under estimated the property tax payments that would be received from the project. The over estimation of property taxes is approximately offset by the additional property taxes resulting from the full inclusion of the costs associated with the project. The Hudson Group believes \$ 2.7 million is a valid estimate of the additional property tax revenues to be received by Pine Plains.

### Technical Review

Estimated property taxes are detailed on pages 138 and 139 of Chapter 14. Part of the data base for the property tax calculations comes from the construction cost table on page 110 (table 14.51). The data used in the property tax analysis is based on 2004 information. At the time the analysis was done, this was the latest data available. As Pine Plains has not reassessed in several years assessments are significantly below full value. The equalization rate for Pine Plains, which measures the relationship of assessed value to market value in 2004 was 52.00. The 2006 equalization rate is 37.50. This indicates that there has been very significant market appreciation in Pine Plains in the July 2003 to July 2005 time frame, in fact it would appear to be in excess of 25%.

The first issue of concern is an overstatement of estimated taxes in Table 14.70 on Page 138. The estimated taxes in year 10 for Pine Plains are \$ 11,066,583. This includes property tax payments of \$190,130 received currently on the Carvel Project properties and \$ 37,581 received from the sand and gravel mining operation and Antique & Vintage Woods of America (which continue as commercial operations after the project is completed.) These taxes should be subtracted out in determining the new property taxes to be received by Pine Plains. This adjustment reduces the estimated property taxes in year 10 to \$ 10,838,872.

A similar adjustment is needed in Milan. Current taxes on existing Carvel Project properties are \$ 90,758. Removing this sum from the \$ 880,402 shown in Table 14.70 produces estimated property taxes for Milan of \$ 789,644. The combined reduction in the property tax estimates for Pine Plains and Milan is \$ 318,469.

The Carvel Project's estimates of assessed value are contained in Tables 14.68 and 14.69 on pages 135 and 136. The estimates of assessed value for the residential portion of the Carvel Project are correct. Similarly, the estimates of assessed value for the Championship Course, the Golf Clubhouse, the Homeowners' Association Complex, and the Homeowners' Club Sports Park are correct.

Problems exist, however, with the Site Development Costs and the Utility and Infrastructure Costs of the Non-residential portion of the Carvel Project. Table 14.51 on page 110 indicates that the Utility Lots and Infrastructure Costs will be \$ 32,638,683 in year 10. Of this amount, \$17,692,460 has been allocated to Pine Plains for assessment purposes and \$ 3,122,199 to Milan. This leaves an unallocated residual amount of \$ 11,524,024. No reason is given for not including this sum in the assessed value calculations for Pine Plains and Milan. The Hudson Group believes it should be included.

Table 14.51 on page 110 shows the non-residential site development costs to be \$ 6,154,860. None of these costs have been allocated to the assessed value base of Pine Plains or Milan. The Hudson Group believes they should be.

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In combination, these two items total \$17,678,884. It is not known what portion is in Pine Plains and what portion in Milan. Depending on whether the Pine Plains tax rate or the Milan tax rate is used, the additional property tax revenue would be between \$ 285,337 and \$ 323,294.

A further problem exists in Table 14.68 on page 135 for Pine Plains. The estimates of full value do not add up to the totals at the bottom of the page for either year 5 or year 10. The 5 year total is \$ 175,858,330, not \$ 170,113,873; and the 10 year total is \$ 324,882,312, not \$ 314,682,233. It is not clear whether the problem is in the addition or incorrect data for one or more of the individual items.

The gains in estimated property tax revenues from including all construction costs are offset by the over statement of the estimated property taxes of \$ 318,469. The net effect is probably a small reduction in the estimated property taxes presented in Table 14.70.

### Building Permit Fees and Recreation Fees

These fees are discussed on pages 137-140. The building permit fees for Pine Plains are projected to be \$ 792,076 and for Milan \$ 52,050. It must be remembered that these are one-time fees and will be spread over a 10 year building period. Each town may bear additional costs which consume some or all of the fees received. Accordingly, these fees have not been factored into the overall fiscal analysis.

We do want to comment on one new matter raised in the revised Chapter 14 submission. Table 14.0.1A (page 14-3 of the revised document) states “Recreation fee- \$2,000/unit”, with a figure of almost \$1.8 million in this table. Page 140 offers a brief discussion on this as follows “the Town of Pine Plains could require a recreation fee of \$2000 per housing unit for units development as part of the CPD.”

Indicating the recreation fee as a potential mitigation measure is not appropriate, especially since Pine Plains already requires a recreation fee for new subdivision lots. A full discussion of possible new revenue raising needs and options and other potential mitigation measures should be conducted, if necessary, after the new Net Fiscal Impact analysis is revised by the CDP consultants to address the corrections we have recommended.

### **Topic: Regional Economic Impact (Chapter 14, pages 108-130)**

This analysis still suffers from confusion by what is considered a valid definition and measurement of *local spending*, versus the Carvel Project use of “household discretionary spending”, as we noted in our comments on the initial version of Chapter 14. We still take issue with their categorization of what is “necessities,” versus the “discretionary spending” line items that the Carvel Project consultants selected from the BLS 2003 CES data, as summarized in their table 14.61 on page 14-127.

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Their emphasis on using “discretionary spending” makes the local and county economic impact analysis of spending conceptually weak. For example, their Food category is listed as a necessity. It composes 9.6 percent of expenditures, but is omitted from local impacts using their discretionary spending criteria. However, the food category includes two major subsets – *Food at home* and *Food away from home*. The latter accounts for 5.4 percent of all expenditures, and since it covers local restaurants and fast food places, should be part of a local impact analysis- for both the primary and second homes scenarios.

Alternatively, expenditures for personal insurance and pension costs, amounting to on average 16 percent of all annual high income house household expenditures, is treated as having a local impact, since it is classified as discretionary spending. It is hard to imagine any significant local economic impacts of this “spending”, which is largely paid to entities not in Dutchess County.

With all the analytical adjustments that the Carvel Project submission makes to estimate the economic impacts from “discretionary spending,” it is not clear whether their revised results overstate or understate the economic impacts for both the primary and secondary home scenarios.

Another conceptual weakness is the lack of a clear attempt at a geographic definition of local spending in Chapter 14. It appears intended to be for the four zip codes cited and used in Chapter 16 - see below, although one can also infer it was intended to be for all of Dutchess County, when they analyze the multiplier effects of local spending, shown on table 14-63, on page 128.

### **Topic: Growth Inducing Aspects (Chapter 16)**

In this Chapter estimates of added commercial square footage demand are developed based upon local spending by Carvel Project households, both for secondary and primary home scenarios, developed in Chapter 14, as shown below.

Annual Discretionary (Local) Spending –Secondary Home Scenario= \$30.5 million (table 14.62)  
Annual Discretionary (Local) Spending - Primary Home Scenario= \$30.7 million (table 14.66).

However, we find some significant problems in using these base figures applied to what Chapter 16 defines as sales and establishments in four local (northern Dutchess County) zip codes defined in chapter 16 as the Business Study Area (BSA).

The BSA summary business inventory (table 16.1 on page 16-3) shows 523 total establishments with total sales of \$287 million. But in table 16.2 (second home scenario) they show existing total sales of almost \$1.2 Billion, with an “unspecified category of sales of \$939 million. This discrepancy is not adequately explained, and again the problem occurs in table 16.3, which has the primary home scenario. The Carvel Project consultants need to explain this matter.

The spending figures above are applied to the base data noted above in tables 16.2 and 16.3, to derive the added square footage demand due to the Carvel Project. However, as we noted earlier, since we believe the analytical framework and measurement for estimating local spending is flawed in the CPD submission, their estimated commercial square footage figures are not reliable for either the secondary or primary home scenarios for the surrounding local communities, including Pine Plains and Milan.

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Subj: **Jurkowski memo on roads**  
Date: Sunday, February 3, 2008 10:48:10 PM  
From: jmara42@gmail.com  
To: sprague770@aol.com

a.

9 Elks Lane' Poughkeepsie' New York' 12601 Phone: (845) 454-3411 Fax: (845) 473-1962 Email:  
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Morris Associates, P.S., LLC

# Memo

**Date:** 12/23/06

**Re:** Hudson Valley Club

Chapter 14 Substantive comments regarding Highway

1. This office's review of Chapter 14 was focused on the highway maintenance (also called Public Works in the DE IS) costs, but some comments are also offered on other municipal services. On page 14-8, the DEIS tries to fop the reader with the statement, "In summary, the revenue generated by the CPD (Carvel Project Development) would cover the increased cost of municipal services attributable to the development." The following comments address this conclusion.
2. The obfuscation that poses as an analysis of the revenues and costs regarding highway maintenance contains questionable data and has missing information, so that on a careful reading, the quoted summary statement is not supported.
  - b. Even accepting the DE IS assumption that the CPD will generate only 10% primary home usage and permanent residents (although the Appendix 14.4 study included in the DEIS indicates 15% primary home sales), the tax revenue and municipal cost analyses (which include highway maintenance) appear incorrect.
  - c. On page 14-3, the table shows that in year 10 of the development (2017 ?, but not stated), for Pine Plains the projected municipal tax revenue will be \$2,394,732 and the municipal costs will be \$1,218,462 (an apparent tax surplus). However, on page 14-56, the table shows that in 2005 the municipal costs were \$1,326,180. This office's expertise is engineering,

not accounting, but to a lay reader it appears highly unlikely that the municipal costs in 2017 will be less than the municipal costs were in 2005.

- d. Notspecifically related to highway, but to mitigation in general, see page 14-9. This office does not follow the reasoning that the mitigation proposed is increased municipal spending to offset the development's impacts. The DEIS would have the reader believe that there will be more than enough extra tax revenue to offset the needed extra municipal services expenses (that is not proven to the satisfaction of this office regarding highway maintenance), but that is different than saying, as the DEIS does, that the municipalities providing the extra services is the developer's mitigation for his project's impacts. The developer very specifically is proposing exactly nothing in the way of mitigation for his project's impacts on highway maintenance, and that appears to also hold true for all other municipal services.
3. The FEIS must show the fiscal impact of the proposed development on the highway maintenance costs, based on road mileage, highway department capital needs (buildings and equipment) and increased highway department staff per Town experience, not on the basis of a limited number of additional permanent residents and **ULI** standards.

- a. Additional highway maintenance costs will be incurred for the 10.2 miles of new roads that will be in place 365 days per year even if the second home users are not in town.
- b. Different costs apply for road maintenance (with relatively low expenses and no weekend work) in the summer, vs road maintenance (with relatively high expenses and overtime) in the winter. See page 14-178, first paragraph, which identifies greater summer and weekend use (Le., more people on site), but is not clear if the greater weekend use (population) occurs year around or only during the summer, and page 14-101 which also discusses seasonal residents. Page 14-106 provides the clearest statement, "weekends throughout the year, with the majority of activity occurring during the summer months of June, July and August." It appears that costs and population are not in sync.
  - ii. On page 14-189, the need for additional maintenance on the curbed roads with catch basins (presumably compared to a typical current road with no curbs and no catch basins) is stated, but there is no calculation of the fiscal impact of that additional maintenance and its impact on the highway budget needs.
  - iii. It appears that the more affluent development population (compared to the existing Town population) may bring with it an expectation, or demand, for higher levels of municipal services than the current residents have. It may not be correct to simply use the current costs, and an increase only in direct proportion to the increased population, for the fiscal analyses of highway maintenance costs. The "multiple sophisticated methodologies" (page 14-1) may have to be fine tuned.
- b. Some additional capital expense needs are identified and others need to be analyzed. Appropriate mitigation (not increased municipal spending) should be proposed.
  - i. On page 14-71, the existing facilities (9000 sf highway garage and 4800 sf sand/salt storage) are stated to be adequate. There is no analysis of what the additional sand/salt storage building needs associated with a 26% increase in road mileage may be, nor the need for additional maintenance and garage space for the extra equipment needed because of the extra road mileage.
  - ii. On page 14-209 the purchase of several pieces of equipment is mentioned, but without any cost estimate, and no concomitant additional cost is ever included in any projected highway budget amounts.
- c. On page 14-72, the DE IS makes reference to ULI planning standards, but it is not clear that the cited Urban League standard is applicable to a rural town.
  - i. It appears per Pine Plains experience, see page 14-209, that there would be a need for 2 or 3 additional full time staff.
  - ii. Thus, local experience indicates that a higher multiplier is needed than used in the comparison on page 14-189 (0.37 additional staff and \$44,914) using the ULI standard.
- 4. The highway expenditures appear to be understated.
  - a. There is no comparison of the increased highway maintenance costs to account for the new equipment and additional personnel, and only a calculation on page 14-190 of a \$144,721 increase in the highway department budget.
  - b. The DEIS should clearly state in all comparisons that the highway superintendent's salary and overheads are not included in the highway department budget, or preferably, the salary and overheads should be included in the highway maintenance cost estimates.
  - c. See, for example, page 14-57: It appears the municipal costs based on the per capita amount of \$469 do not account for the non-residential costs incurred by the town

(159,330 / 1,408,761 = 11.3%). All highway cost estimates must include all components: residential, non-residential, and the other work such as for recreation maintenance (page 14-71).

- d. The per capita basis does not appear to provide a proper cost analysis for current and future highway maintenance costs, which admittedly are not calculated separately from the lump sum municipal costs.
  - e. See, for example, on page 14-143, where the increase in total municipal spending would be \$121,940 in year 10 for the CPD proposal of 10% additional permanent residents, yet as noted in comment a above, the increase in the highway department alone (for a too low amount not accepted by this office) exceeds that amount.
    - ii. Then the non-accountant lay reader is further confused by the statement on page 14-144, that "(T)he proposed action (sic) would lead to an anticipated increase of \$565,050 in the Town's Highway Fund (sic) .... " but the cited Table 14.76 is for the all primary home scenario, not the proposed 10% primary home sales.
5. Other comments on Chapter 14 are:
- a. As an example of non-linear cost increases, see page 14-60. The police department had a 17.2% increase in budget for 2006 over 2005, but the per capita calculation was based on only up to the 2005 budget. Therefore, the per capita cost figure is demonstrably low and all analyses of future costs using that number will show a flawed cost vs revenue comparison. See also page 14-143, which says "the current [i.e. up to 2005 (comment added)] per capita costs" will be used.
  - b. The statement on page 14-127, "As occasional residents, only a portion of their discretionary spending power will be spent locally to benefit the regional economy" appears to be at odds with Table 14.o.1.A, which shows annual household spending to be nearly the same for the proposed action (seasonal homes) and the comparative primary home scenario.
  - c. The statement on page 14-142, that "The ... intermittent time in residence of second home owners should limit any major increase in the scale of current service levels .... " does not appear to apply uniformly to such services as fire and police protection. There will be an increased demand for such services from vacant as well as from occupied homes. See also page 14-164.
  - d. The comparison for additional police personnel should be based on the current Town practice, not ULI planning standards. A greater cost increase will be shown. Please also explain how and why the increased demand was fobbed off onto the State Police and County sheriff. Supporting data that those organizations will be able to actually provide the services assigned to them by the FEIS should be provided, and don't just say increased tax revenue will pay for the services.
  - e. The FE IS should better explain why (page 14-180) the project impact is only a 1% increase in the fire and rescue budget compared to the identified needs even without the project (page 14-63). See also page 14-203, first (partial) paragraph: the increase of \$128,875 is 87% of the current budget. Also, the arithmetic in the footnote should be explained. It appears ULI did not think that a proper factor could be applied to less than a 30, ODD-person block. Therefore, a small town with less than 30,000 population may not be correctly modeled by a proportional factor per 1,000 population.
  - f. The suggestion on page 14-201 shall be revisited in the FEIS. Two additional patrol vehicles bonded over 10-15 years is not realistic and not common practice for municipalities. The fiscal responsibility in bonding a vehicle with perhaps a 3-5 year life for 10-15 years should be established, or the statement should be deleted as mitigation. And the defined need for additional space, in the same paragraph, is not even addressed. The FEIS should provide reasonable, and financially sound,

mitigation. The statement, on page 14-202, that "These variables are extremely difficult to pinpoint. .. " is not accepted as an excuse for not proposing mitigation.

- g. The comparison on page 14-202 that less mitigation is required for the proposal than for an alternative is not accepted as an excuse for not providing mitigation.
- h. The statement on page 14-210 about long-term debt for the short term needs for new equipment (with a relatively short service life) is just as fiscally irresponsible for the highway department as it is for the police department. Sincere, reasonable, and cost effective mitigation shall be proposed. And don't rely on the increased tax argument.