



Environmental, Planning, and Engineering Consultants

34 South Broadway
Suite 300
White Plains, NY 10601
tel: 914 949-7336
fax: 929 284-1085
www.akrf.com

October 11, 2022

Supervisor Ken English
Town of Tuxedo Town Board
1 Temple Drive
Tuxedo, NY 10987

Re: Response to Letter from TUFSD Regarding Potential Impacts of Tuxedo Farms

Dear Supervisor English and Members of the Town Board:

AKRF is in receipt of the letter from David Shaw, Esq. to Larry Wolinsky, Esq., dated September 19, 2022, Re: "Education Impact of Tuxedo Farms Project." The following letter provides responses to the comments raised in the letter and is intended to supplement the Technical Memorandum prepared by AKRF dated October 11, 2022.

A. INTRODUCTION

The information provided by the Tuxedo Union Free School District (TUFSD) did not provide sufficient source information or back-up to establish the validity of the estimated costs. In particular, the TUFSD asserts an annual debt service of \$2,613,500 for an elementary school and \$527,650 for fields. However, the backup information did not include the total costs, interest rate assumptions, or number of years the debt would be bonded. It also did not provide the total square feet of the new elementary school or the estimated cost per square foot for construction. Furthermore—and most importantly—it appears that the TUFSD is attributing the entire cost of the elementary school to the Tuxedo Farms project.

Backing into the total costs from the limited information provided, it appears that the school is estimating the total costs as follows (assuming a 15-year bond with a 5% interest rate):

New Elementary School: \$27 million

New Sports Fields: \$5.5 million

Land Clearing Cost: \$27.5 million

Total Cost: \$60 million

B. RESPONSE TO COMMENTS

Comment 1: *Costs Attendant to Serving 377 New Students.* The data attached to this letter as Appendix A1 includes [1] Information regarding the added enrollment of students, with attendant annual costs based upon projected additional teachers' salaries with benefits (\$960,000.00) to service an additional 343 students to be educated in-District and [2] the placement of 18 special education students at a cost of \$100,000.00 per student (\$1,800,000 annually). The additional hirings of faulty members are projected at eight (8) regular education teachers and two (2) special education teachers.

Response: The TUFSD has overestimated the number of students anticipated to attend public school and has not provided back-up data or census-based multipliers to support their estimate.¹ The anticipated number of School Age Children (SAC) and Public School Age Children (PSAC) that would be generated by the project are based on the 2018 study, *Who Lives in New Jersey Housing? Updated New Jersey Demographic Multipliers* (see Tables 13A and 13B in the Technical Memorandum). The SAC and PSAC generation rates presented in the Technical Memorandum are based on the occupancy of newer housing units (constructed between 2000 and 2016) with above median housing values. These multipliers, while based on US Census data specific to New Jersey, reflect the regional trends of the declining number of school age children residing in new housing units. They are also particularly relevant to Orange County due to its proximity to New Jersey. Furthermore, the study provides multipliers that focus on the occupants of new housing units above the median housing values, which is relevant to the Proposed Project as it would comprise an entirely new development. Using the above referenced multipliers, the Tuxedo Farms project is expected to generate 404 school age children, of which 319 are expected to enroll in public school. Of the 319 public school children, approximately 150 would be expected to be in elementary school (kindergarten through fifth grade). However, these estimates are likely high due to the actual number of students within the district that attend private school. As shown in Table 4 below, currently 59% of eligible school age children are enrolled in the TUFSD. If this percentage were applied to the 404 school age children anticipated to be generated by the project, roughly 238 students would be expected to enroll in the TUFSD. As such, the 319 students used in the analysis is conservative and was determined by accepted methodology. The TUFSD did not provide back-up for its higher projections.

As disclosed in the Technical Memorandum, the TUFSD is currently at 37 percent of its previous student capacity. Overall, the TUFSD is substantially under its physical capacity and has been accepting students from other districts on a tuition basis to reach the economies of scale necessary to sustain the array of support services for the students. The TUFSD has commented that the excess capacity is primarily at the high school (which includes the middle school), and that the elementary school is near capacity. With the Proposed Project at full build-out, the total TUFSD enrollment would be approximately 560 students—which was roughly the enrollment during the 2012-13 school year and substantially less than the peak enrollment of 655 in the 2006-07 school year. Based on

¹ 377 was the SAC figure presented in the June 2022 Technical Memorandum. The TUFSD took a 9% reduction off this figure to arrive at 343 PSAC. The September 2022 Technical Memorandum increased the SAC estimate to 404 to account for shifts within the development program that added 30 single family homes and increased the total bedroom count by 60. The estimate of 319 PSAC is based on the September 2022 development program.

these enrollment projections, there is physical capacity within the TUFSD to accommodate the Project as there would be approximately 95 fewer students at full build-out than were enrolled in the district in 2006. A fairly common practice in school systems to balance capacity is to relocate the upper elementary school grades to the middle/high school buildings when more space is needed for elementary classrooms and other space.

To further review the TUFSD's assertion that at least 7 more elementary classrooms are required to support the project, Tables 1 through 4 present the current, anticipated, historic enrollment trends within the elementary school, and historic Special Education (SPED) enrollment trends within the district. According to the TUFSD, the elementary school has 14 classrooms. At near peak enrollment in the 2005-2006 school year, the elementary school had 186 students, which required 11 classrooms. At full build-out, the Proposed Project is expected to generate 150 elementary school students which would bring the total enrollment to 245. Based on New York State Education Department (NYSED) guidelines of no more than 27 pupils per classroom, this would require approximately 12 classrooms. As noted, the existing elementary school building has 14 classrooms. As such, the TUFSD's claim that 7 more classrooms are required (for a total of 22 classrooms) is not supported by historic or projected enrollment trends and cannot be verified.

Table 1
Existing Elementary School Enrollment in the TUFSD

Grade	Number of Students	Number of Classrooms Required per NYSED*
K	15	1
1	26	1
2	9	1
3	17	1
4	19	1
5	9	1
TOTAL	95	7
Notes: *Maximum students per classroom is 27 Sources: https://www.p12.nysed.gov/facplan/publicat/building_aid_guidelines_072804.html https://data.nysed.gov/enrollment.php?year=2020&instid=800000040171		

Table 2
Anticipated Elementary School Enrollment in the TUFSD at Full Build-Out

Grade	Number of Students	Number of Classrooms Required per NYSED*
K	40	2
1	51	2
2	34	2
3	42	2
4	44	2
5	34	2
TOTAL	245	12
Notes: *Maximum students per classroom is 27 Sources: https://www.p12.nysed.gov/facplan/publicat/building_aid_guidelines_072804.html https://data.nysed.gov/enrollment.php?year=2020&instid=800000040171		

Table 3

Historic Elementary School Enrollment Trends in TUFSD

	2000-2001		2005-2006		2010-2011		2015-2016		2020-2021	
Grade	Pupils	Classrooms	Pupils	Classrooms	Pupils	Classrooms	Pupils	Classrooms	Pupils	Classrooms
Kindergarten	20	1	34	2	19	1	17	1	17	1
1	21	1	34	2	25	1	11	1	15	1
2	22	1	37	2	21	1	26	1	27	1
3	23	1	30	2	19	1	19	1	9	1
4	22	1	28	2	27	2	24	1	17	1
5	25	1	23	1	30	2	16	1	16	1
TOTAL	133	6	186	11	141	8	113	6	101	6

Source: <https://data.nysed.gov/profile.php?instid=800000040171>

Table 4

Historic Special Education Enrollment Trends in TUFSD

School Year	Total School Age Children In District	Total School Age Children with Disabilities in District	Percent of SPED Children in District	Total Children Enrolled in TUFSD	Percent of Children Enrolled in TUFSD	Total SPED Enrollment in District	Percent of SPED Children Enrolled in District
2005-06	736	107	15%	653	89%	NA	NA
2010-11	845	131	16%	623	74%	NA	NA
2015-16	471	64	14%	247	52%	42	17%
2020-21	384	49	13%	225	59%	35	16%

Source: <https://data.nysed.gov/profile.php?instid=800000040171>

Moreover, the TUFSD has noted deferred maintenance and underperformance of existing spaces within the district's buildings, including the lack of gymnasium space, the need for additional cafeteria space, additional special education facilities, and other support services. The TUFSD has expressed a desire for a new elementary school to serve its existing students. As such, the analysis must distinguish between existing TUFSD wants, and the proportional need that would be generated by the Proposed Project.

However, as detailed in Response to Comments 4 and 9, AKRF has considered the costs provided by the TUFSD to educate the additional students generated by the project, inclusive of SPED and other support services.

Comment 2: *Constructing a New Elementary School. The cost of constructing a new elementary school to relieve inadequate space in the current elementary school building, given the projection that 70% of the new students to be arriving via the Tuxedo Farms development over the next five years would yield an annual additional expense of \$2,613,500.00 in debt service costs of bonding that would be subject to voter approval. The educational impact of Tuxedo Farms will first and foremost fall upon the elementary school grades. There are fourteen (14) classrooms in the current elementary building and at least seven (7) more will be needed as a result of the increased elementary student population.*

Response: As noted above, the TUFSD cost estimates for a new elementary school building, fields, and land clearing equate to a total cost of approximately \$60 million. Since the Proposed Project would represent 61% of the student enrollment, then only 61%—or \$36.6 million—would be attributable to the Proposed Project (assuming this estimate is accurate as no

back-up was provided). Table 5 below presents Tuxedo Farm's proportional share of a new elementary school, fields, and land clearing based on the TUFSD's cost estimates.

Table 5
Annual Debt Service

Improvement	Annual Cost	Annual Cost Attributable to Proposed Project ¹
New Elementary School	\$2,613,500	\$1,594,235
Fields	\$527,650	\$321,867
Land clearing and grading	\$2,657,375	\$1,620,999
TOTAL	\$5,798,525	\$3,537,100
Notes: ¹ 61 percent of the total based on projected number of elementary school students expected to attend public school. It is noted that district wide, Tuxedo Farms represents 59 percent of the total projected number of elementary and secondary students expected to attend public school. As such, this analysis conservatively overestimates Tuxedo Farm's proportional share of the cost of the fields that would be expected to be used by all grade levels. Source: TUFSD		

It is noted that \$27 million for an elementary school is assuming exceptionally high construction costs. Assuming NYSED guidelines of 80 square feet per student, a new elementary school for 245 pupils would require 19,600 square feet. At \$27 million, this represents a cost of \$1,377 per square foot. This is substantially over the northeast region suburban elementary school average of \$325 to \$350 per square foot.²

Previous analyses of the Proposed Project analyzed the costs of a new high school using the NYSED guidelines of 150 square feet per student and construction costs of \$306³ per square foot (in 2022 dollars, the per square foot cost would be \$421). At 150 square feet per student, a new elementary school for 245 pupils would require 36,750 square feet. Using \$421 per square foot, the total costs would be \$15.5 million. The \$27 million estimate for a building this size represents a cost of \$734 per square foot. In short, the TUFSD's estimates appear to consider an oversized building with exceptionally high construction costs and no back-up for their calculations or assumptions has been provided. See Response to Comments 1 and 9.

Comment 3: *Fields. The District will be in desperate need of additional fields facilities based upon the increased enrollments of elementary and secondary students. With suitable lands for the use in developing new fields, the estimated annual debt service cost of preparing the same for use would be \$527,650.00. This cost estimate is based upon property that does not require clearing and excavation.*

Response: See Response to Comments 2 and 9.

Comment 4: *Transportation Costs. The transportation requirements based upon the increased student enrollment attributable to Tuxedo Farms would require two (2) new buses (\$135,402.00) and four (4) vans (\$259,000.00).*

² https://njsda.gov/Content/public/Biannual_Report/2022_1.PDF and <https://www.levelset.com/blog/cost-to-build-a-school/>

³ This per square foot estimate was provided by the school district's Superintendent in July, 2008.

Response: The Technical Memorandum considered transportation costs as part of the marginal cost per student analysis. The Technical Memorandum utilized a similar methodology as the 2010 FSEIS to derive the marginal cost per student, utilizing current (2020/2021) TUFSD budget data. Specifically, the analysis considered the current TUFSD expenditures by district function (e.g., general support services, instruction, transportation, employee benefits) and considers whether the estimated project-generated student population would be expected to generate incremental (marginal) costs associated with these functions. Consistent with the 2010 FSEIS, this analysis included costs associated with Central Services, Pupil Transportation, Employee Benefits, Interfund Transfer, and Undistributed costs in estimating a marginal cost per student. One notable departure from the 2010 FSEIS methodology was the exclusion in this analysis of Instructional Costs. Given that the TUFSD is substantially under capacity, with a student-teacher ratio of 7:1 (compared to the New York State average of 14:1), it is reasonable to assume that the instructional demands of project students could largely be met by existing staff. Utilizing these assumptions, the Technical Memorandum concluded that the marginal cost per student is an estimated \$24,423 annually.⁴ This estimate results in a total cost of \$7.78 million per year for the 319 children expected to enroll in public school.

The TUFSD provided a different approach to marginal cost. Instead, they identified the specific annual expenditures which are presented in Table 6 below. As shown in Table 6, the total additional costs outlined by the school district would be \$3.7 million, or a marginal cost of \$11,625 per student. As such, the marginal cost per student analyzed in the Technical Memorandum was overly conservative.

Table 6

Annual Educational and Administrative Costs Attributed to the Project

Line Item	Cost
8 Teachers	\$960,000
2 SPED Teachers	\$240,000
18 out of district SPED	\$1,800,000
2 school buses	\$135,402
4 vans	\$259,200
1 cleaner	\$65,000
1 nurse	\$95,000
Landscaper	\$75,000
Utilities	\$38,742
Specials	\$40,000
TOTAL	\$3,708,344
Marginal Cost Per Student*	\$11,625
Notes: *Assumes 319 public school students. If the analysis assumed 377 students per the TUFSD letter, the marginal cost per student would be \$9,836.	
Source: TUFSD	

⁴ The estimated \$24,423 marginal cost by TUFSD budget category includes approximately \$4,604 in General Support, \$3,752 in Pupil Transportation, and \$16,067 in Undistributed. See page 20 of the Technical Memorandum.

Comment 5: *Operations Costs.* The Tuxedo Farms development will also require additional annual expenditures for a cleaner, a nurse, a landscaper, additional utilities costs and specials area instructional costs, totaling \$313,742.00.

Response: These costs were factored into the overly conservative marginal cost per student analysis contained in the Technical Memorandum. See Response to Comments 4 and 9.

Comment 6: *Transportation Aid.* The Tuxedo UFSD gets reimbursed at the rate of 6.5% of its transportation costs. Accordingly, of the \$359,000.00 annual additional expenses, only \$25,649.13 would be offset by additional state transportation aid.

Response: Comment noted. See Response to Comments 4 and 9.

Comment 7: *No Additional State Aid:* The state aid status of the District is such that the additional students would not generate additional state aid. There would be no special education or Foundation aid supplements. The total additional state aid attributable to the development of Tuxedo Farms is solely the Transportation Aid referenced above.

Response: Comment noted. State Aid was removed from the analysis contained in the Technical Memorandum. See Response to Comment 9.

Comment 8: *Tax Levy Implications.* The Developer's assumption regarding the future equalization rates is based upon a dated equalization rate that when applied to the market value of the property assumed in the Technical Report generated by AKRF would yield \$9,266,797.10 in annual property taxes. The District, using that market valuation from the Developer's Technical Report, as prepared by AKRF, estimates that a more current equalization rate (e.g., 12) would generate \$8,194,605.70, or \$1,072,191.40 less in annual revenues. The assumption that the market valuation relied upon by the Developer, generated by AKRF in its Technical Memo dated June 9, 2022 at page 9, is accurate has not, to the School District's knowledge, been verified by any other source, including a market valuation by the assessor for the Town of Tuxedo. Such verification should be part of the proceedings of the Town in considering the educational impact/tax payer impact of the proposed project.

Response: It is unclear where the TUFSD sourced an equalization rate of 12. The equalization rates for 2021 and 2022 as published by the New York State Office of Real Property Tax Services were 16.2 and 13.5 respectively.⁵ The 2023 rates have not been published yet. Property tax revenues for the Proposed Project were estimated based on: March 2022 market values provided by Lennar and the Related Companies and 2021 equalization and Town tax rates from the Town of Tuxedo 2021 Adopted Budget. Multifamily market values were estimated using an income-based approach to valuation, assuming an 8 percent capitalization rate. In addition, the rental unit valuation assumes a 3 percent vacancy rate. All multifamily units and stacked townhomes were evaluated using an income-based

⁵ <https://www.tax.ny.gov/research/property/assess/eqratescounty.htm>

approach, and all remaining townhomes and single-family units were evaluated as fee-simple ownership units. The Proposed Project would have market value of approximately \$895.33 million and an assessed value of approximately \$145.04 million (see Table 8 in the Technical Memorandum).

It is reasonable to use the 2021 equalization and tax rates for the economic and fiscal analyses in the Technical Memorandum. The 2022 equalization rates do not reflect the rates over the past decade-plus due primarily to COVID-19. The State's adjustment in the Town's equalization rate between 2021 (16.2) and 2022 (13.5) was far more pronounced than adjustments in previous years, likely to account for the pandemic's upward influence on property values (in addition to standard adjustment for passage-of-time since the Town's last full re-evaluation in 1974). For existing properties, the State's Equalization Rate adjustment results in a corresponding upward adjustment to the Town's estimate of full market value on the tax roll, leaving the taxable value of any given property constant between 2021 and 2022 (with the exception of individual cases where there may have been physical changes or potentially re-sale of a property prompting local re-assessment). The 13-year average rate (since the 2010 FEIS) was 16.2, and the 20-year average rate (since the original approval) was 15.8. The State's 2022 Equalization Rate change is an outlier, and with the waning of pandemic influence and the waxing of recession influences, it is likely to readjust upward consistent with the past twenty years. Thus, it is proper to use the 2021 equalization and tax rates for more accurate long-term projections. Furthermore, it is our understanding that the Town of Tuxedo Tax Assessor has reviewed both the market study and the equalization rates used in the Technical Memorandum and has determined that both are reasonable and appropriate.

Comment 9: *Revenue + State Aid: The Revenues plus State Aid calculation, based upon the School District's assumptions as described above, would result in in an additional amount of monies received by the District annually of \$1,370,760.83. (See Appendix A) This is assuming that it had land cleared and prepped for building and fields which is not the case regarding the 40+ acres that the Developer is to convey to the District under the current Special Use Permit. The projected net revenue/state aid increase attributable to the Tuxedo Farms development is currently unattainable based upon the land to be convey under the proposed Special Permit and would, instead, will result in a net annual deficit in funding in the amount of \$1,286,614.17. (The additional costs of massive preparation of the 40+ acre site for building and fields estimated at \$2,657,375 ,00 minus the additional annual revenues and state aid set for above of \$1,370,760.83, results in the net annual deficit of \$1,286,614.17. (See Appendix B)*

Response: For the reasons outlined above, we disagree with some of the costs attributed to the Proposed Project. In particular, the allocation of the entirety of the school and field construction costs to Tuxedo Farms. Table 7 summarizes the annual net revenues and costs to the TUFSD at Full Build-Out utilizing the TUFSD's full estimate and as adjusted above. Both columns in Table 7 utilize the full TUFSD costs estimates for operational, transportation, and instructional expenditures. As shown in Table 7, the Proposed Project is anticipated to be net tax positive to the TUFSD inclusive of the additional instructional costs, special education costs (including out of district placements), and the debt service related to a new elementary school, land clearing, and fields for both the full cost and proportional cost scenarios. Even if the debt service of \$5,798,525 for the entire school, fields, and land clearing were applied to the Proposed Project it would still be tax positive

by \$1,534,918 per year. It is important to note that this summary does not take credit for the \$2.5 million community benefit payment to the TUFSD, or the value of the approximately 40 acres of land to be donated. According to the 2022 Town of Tuxedo tax assessment rolls, the land has a market value of \$646,900.⁶

Table 7


**Summary of Annual Net Revenues/(Annual Costs) to
TUFSD at Full Build-Out of 2022 Proposed Project (in 2021 Dollars)**

	Annual Net Revenue/(Cost) of 2022 Development Program Using TUFSD Projected Costs in Full	Annual Net Revenue/(Cost) of 2022 Development Program Using Proportional Share of TUFSD Projected Costs
Projected Revenue ¹	\$11,041,787	\$11,041,787
Projected Costs ²	(\$3,708,344)	(\$3,708,344)
Net Revenue/(Annual Cost)	\$7,333,443	\$7,333,443
Annual Debt Service for Elementary School, Fields and Land ³	\$5,798,525	\$3,537,100
Net Revenue/(Annual Cost) with Debt Service on Proportional Share of Construction Costs	\$1,534,918	\$3,796,343
Notes: ¹ TUFSD revenue estimates include property tax revenues; they do not include State Aid or Transportation Aid. ² See Table 6. ³ See Table 5.		

C. CONCLUSION

As presented above, Tuxedo Farms would be tax positive to the TUFSD even when considering the unsupported construction costs provided by the TUFSD. The Tuxedo Farms project would provide much needed population stability to the district, increased tax revenues, and community benefits in the form of a one-time payment of \$2.5 million and the donation of approximately 40 acres of land—benefits which were not factored into the annual net tax revenue of \$3.8 million presented in Table 7.

Sincerely,
AKRF, Inc.



Ashley Ley, AICP
Vice President

cc: Larry Wolinsky, Esq.
 Bonnie Franson, AICP

⁶ <https://www.tuxedogov.org/sites/g/files/vyhlf5996/f/uploads/2022finalassessmentroll.pdf>