

EXHIBIT **VIII.B.3.a.**

MUNICIPALITY, REGION AND STATE
ECONOMIC BENEFIT IMPACT STUDIES



The following pages contain a cover memo and an economic and fiscal impact study of the Applicant's proposed Gaming Facility, produced by Camoin Associates.



MEMORANDUM

To: New York State Gaming Commission
From: Michael N'dolo, Vice President, Camoin Associates
Date: 6/23/2014
Re: **Exhibit VIII.B.3.a Benefit to Region**

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Exhibit VIII.B.3.a Benefit to Region

Submitted for consideration of the proposed Rensselaer casino.

Camoin Associates was commissioned by NYS Funding, LLC to conduct an independent analysis of the overall economic incremental benefit to the Region and the State of New York from the proposed Rensselaer casino (the "Project"). The Project is proposed to be built on approximately 24 acres of land located along the Hudson River in the City of Rensselaer (the "Site" or "Project Site"). The Project will include the creation of a 100-room hotel, three restaurants, and a casino featuring 1,650 slot machines and 50 table games.

Camoin Associates prepared the attached report titled "Economic Impact Analysis of the Proposed Rensselaer Casino on the Capital Region & New York State" for submission as Exhibit VIII.B.3.a.

The tables on the following pages summarize the projected economic impact to the State of New York and the Capital Region.



The following table summarizes the projected economic impact to the State of New York.

Total Annual Economic Impact Through Year 20+				
Year	Jobs	Inflation Factor	Sales	Earnings
1	680	1.000		\$59,136,265
2	680	1.030		\$59,136,265
3	964	1.061		\$33,799,809
4	964	1.093		\$34,813,803
5	964	1.126		\$35,858,217
6	964	1.159		\$36,933,964
7	964	1.194		\$38,041,983
8	964	1.230		\$39,183,242
9	964	1.267		\$40,358,740
10	964	1.305		\$41,569,502
11	964	1.344		\$42,816,587
12	964	1.384		\$44,101,085
13	964	1.426		\$45,424,117
14	964	1.469		\$46,786,841
15	964	1.513		\$48,190,446
16	964	1.558		\$49,636,159
17	964	1.605		\$51,125,244
18	964	1.653		\$52,659,001
19	964	1.702		\$54,238,771
20+	964	1.754		\$55,865,934
20 yr Total	-	-		\$909,675,976

Source: Camoin Associates



The table below summarizes the projected economic impact to the Capital Region.

Total Annual Economic Impact - Construction Through Year 20+ of Operation				
Year	Jobs	Inflation Factor	Sales	Earnings
1	638	1.000		\$40,987,870
2	638	1.030		\$42,217,506
3	1,638	1.061		\$65,602,723
4	1,638	1.093		\$67,570,804
5	1,638	1.126		\$69,597,928
6	1,638	1.159		\$71,685,866
7	1,638	1.194		\$73,836,442
8	1,638	1.230		\$76,051,536
9	1,638	1.267		\$78,333,082
10	1,638	1.305		\$80,683,074
11	1,638	1.344		\$83,103,566
12	1,638	1.384		\$85,596,673
13	1,638	1.426		\$88,164,574
14	1,638	1.469		\$90,809,511
15	1,638	1.513		\$93,533,796
16	1,638	1.558		\$96,339,810
17	1,638	1.605		\$99,230,004
18	1,638	1.653		\$102,206,904
19	1,638	1.702		\$105,273,111
20+	1,638	1.754		\$108,431,305
20-yr Total				\$1,619,256,085

Source: Camoin Associates

Economic Impact Analysis of the Proposed Rensselaer Casino on the Capital Region & New York State

June 2014

Prepared for:

NYS Funding, LLC



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About Camoin Associates

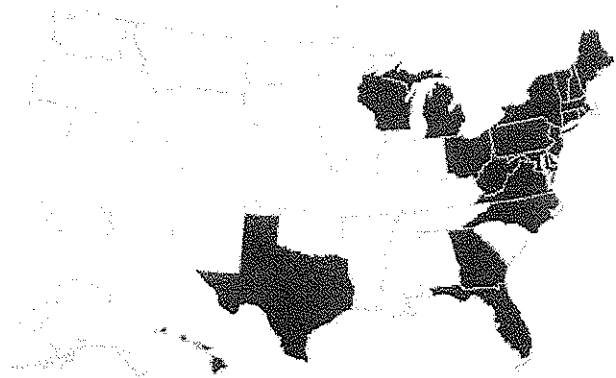
Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty states and garnered attention from national media outlets including *Marketplace (NPR)*, *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

The Project Team

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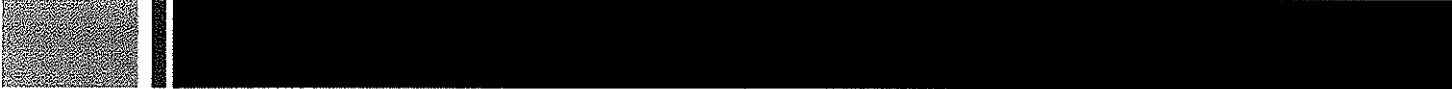
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Executive Summary

Camoin Associates was commissioned by NYS Funding, LLC (the “Company”) to conduct an economic impact study of the proposed Rensselaer Casino development project (the “Project”) on the economy of the State of New York and the regional economy (the “Region” or “Capital Region”).¹

The Project is proposed to be built on approximately 24 acres of land located along the Hudson River in the City of Rensselaer (the “Site” or “Project Site”). The Project will be constructed in two years and will include the creation of a 100-room hotel, three restaurants, and a casino featuring 1,650 slot machines and 50 table games.

To account for both construction and operation phases of the Project, this analysis breaks down the anticipated economic and fiscal impacts by year:

- **Years 1-2:** Construction Phase
- **Year 3+:** Completion of construction and full operation of Project

The expected economic impacts are summarized below.

Statewide Economic Impact

The table below summarizes the economic impact of the Project on the State of New York’s economy. This impact is the result of new jobs at the Project (the direct effects) and also a result of spending recirculating throughout the state’s economy as local businesses make additional purchases and employees spend their wages (the indirect effects). Impacts were estimated based on spending by out-of-state gaming visitors coming into New York and in-state residents who would otherwise leave the state to visit gaming facilities elsewhere. Therefore, the figures below include only those dollars that are “new” to New York State from the Project capturing the gaming market. That is, the figures below specifically exclude resident gamer spending that would have occurred at other gaming establishments in the state regardless of the Project.

¹ For the purpose of this analysis, the “regional economy” is defined as the counties of Rensselaer, Albany, Fulton, Montgomery, Saratoga, Schenectady, Schoharie, and Washington. This geography is based on Region 2 as defined in the Upstate New York Gaming Economic Development Act.



Economic Impact of Project to New York State			
Off-Site	Direct	Indirect	Total
Jobs	43	14	57
Sales	[REDACTED]		
Earnings	\$946,959	\$823,855	\$1,770,814
On-Site	Direct	Indirect	Total
Jobs	583	324	907
Sales	[REDACTED]		
Earnings	\$20,482,416	\$9,606,332	\$30,088,748
Total	Direct	Indirect	Total
Jobs	626	338	964
Sales	[REDACTED]		
Earnings	\$21,429,376	\$10,430,186	\$31,859,562

Source: Camoin Associates, EMSI, Company

The table above shows impacts in the first year the Project is operational (year 3, following a 2-year construction period) expressed in 2014 dollars. As shown, the Project's impact comprises **964 jobs** for New York State, nearly [REDACTED] million in sales and approximately **\$31.9 million in earnings** in the first year of operations (2014 dollars).

The following table shows those impacts over time, adjusted for inflation, over the next twenty years. Note that impacts in year 1 and 2 are associated with the construction of the project itself, whereas operations commence in year 3.



Total Annual Economic Impact Through Year 20+

Year	Jobs	Inflation Factor	Sales	Earnings
1	680	1.000		\$59,136,265
2	680	1.030		\$59,136,265
3	964	1.061		\$33,799,809
4	964	1.093		\$34,813,803
5	964	1.126		\$35,858,217
6	964	1.159		\$36,933,964
7	964	1.194		\$38,041,983
8	964	1.230		\$39,183,242
9	964	1.267		\$40,358,740
10	964	1.305		\$41,569,502
11	964	1.344		\$42,816,587
12	964	1.384		\$44,101,085
13	964	1.426		\$45,424,117
14	964	1.469		\$46,786,841
15	964	1.513		\$48,190,446
16	964	1.558		\$49,636,159
17	964	1.605		\$51,125,244
18	964	1.653		\$52,659,001
19	964	1.702		\$54,238,771
20+	964	1.754		\$55,865,934
20 yr Total	-	-		\$909,675,976

Source: Camoin Associates

By year 20, the total sales impact will rise to [redacted] million and earnings to \$55.9 million annually. The total economic impact over the 20-year period is [redacted] billion in sales and \$910 million in earnings.

The above impacts represent the expected "average" case. The low-case and high-case scenarios are provided in the following table (calculated as a 5% range around the average).



Low-Average-High Case: Total Annual Economic Impact to NYS Through Year 20+

Year	Jobs			Economic Impact			Earnings		
	Low	Average	High	Low	Average	High	Low	Average	High
1	646	680	713				\$ 56,179,452	\$ 59,136,265	\$ 62,093,078
2	646	680	713				\$ 56,179,452	\$ 59,136,265	\$ 62,093,078
3	916	964	1,012				\$ 32,109,819	\$ 33,799,809	\$ 35,489,800
4	916	964	1,012				\$ 33,073,113	\$ 34,813,803	\$ 36,554,494
5	916	964	1,012				\$ 34,065,307	\$ 35,858,217	\$ 37,651,128
6	916	964	1,012				\$ 35,087,266	\$ 36,933,964	\$ 38,780,662
7	916	964	1,012				\$ 36,139,884	\$ 38,041,983	\$ 39,944,082
8	916	964	1,012				\$ 37,224,080	\$ 39,183,242	\$ 41,142,405
9	916	964	1,012				\$ 38,340,803	\$ 40,358,740	\$ 42,376,677
10	916	964	1,012				\$ 39,491,027	\$ 41,569,502	\$ 43,647,977
11	916	964	1,012				\$ 40,675,758	\$ 42,816,587	\$ 44,957,416
12	916	964	1,012				\$ 41,896,030	\$ 44,101,085	\$ 46,306,139
13	916	964	1,012				\$ 43,152,911	\$ 45,424,117	\$ 47,695,323
14	916	964	1,012				\$ 44,447,499	\$ 46,786,841	\$ 49,126,183
15	916	964	1,012				\$ 45,780,924	\$ 48,190,446	\$ 50,599,968
16	916	964	1,012				\$ 47,154,351	\$ 49,636,159	\$ 52,117,967
17	916	964	1,012				\$ 48,568,982	\$ 51,125,244	\$ 53,681,506
18	916	964	1,012				\$ 50,026,051	\$ 52,659,001	\$ 55,291,951
19	916	964	1,012				\$ 51,526,833	\$ 54,238,771	\$ 56,950,710
20+	916	964	1,012				\$ 53,072,638	\$ 55,865,934	\$ 58,659,231
20 yr Total							\$ 864,192,177	\$ 909,675,978	\$ 955,159,775

Source: Camoin Associates



Regional Economic Impact

The table below summarizes the economic impact of the Project on the Capital Region's economy. The impact is a result of the new employment at the Project (the direct effects) and also a result of spending re-circulating throughout the economy, as local businesses make additional purchases and employees spend their wages locally (the indirect effects). The impacts have been projected out over 20 years using a 3% annual inflation factor.

Total Annual Economic Impact - Construction Through Year 20+ of Operation				
Year	Jobs	Inflation Factor	Sales	Earnings
1	638	1.000		\$40,987,870
2	638	1.030		\$42,217,506
3	1,638	1.061		\$65,602,723
4	1,638	1.093		\$67,570,804
5	1,638	1.126		\$69,597,928
6	1,638	1.159		\$71,685,866
7	1,638	1.194		\$73,836,442
8	1,638	1.230		\$76,051,536
9	1,638	1.267		\$78,333,082
10	1,638	1.305		\$80,683,074
11	1,638	1.344		\$83,103,566
12	1,638	1.384		\$85,596,673
13	1,638	1.426		\$88,164,574
14	1,638	1.469		\$90,809,511
15	1,638	1.513		\$93,533,796
16	1,638	1.558		\$96,339,810
17	1,638	1.605		\$99,230,004
18	1,638	1.653		\$102,206,904
19	1,638	1.702		\$105,273,111
20+	1,638	1.754		\$108,431,305
20-yr Total				\$1,619,256,085

Source: Camoin Associates

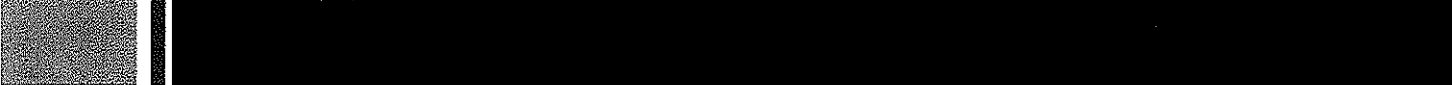


The above regional economic impacts represent the expected "average" case. The low-case and high-case scenarios are provided in the following table (calculated as a 5% range around the average scenario).

Low-Average-High Case: Total Annual Economic Impact to Regional Economy Through Year 20+									
Year	Jobs			SICs			Earnings		
	Low	Average	High	Low	Average	High	Low	Average	High
1	606	638	669				\$38,938,476	\$40,987,870	\$43,037,263
2	606	638	669				\$40,106,630	\$42,217,506	\$44,328,381
3	1,556	1,638	1,719				\$62,322,587	\$65,602,723	\$68,882,859
4	1,556	1,638	1,719				\$64,192,264	\$67,570,804	\$70,949,345
5	1,556	1,638	1,719				\$66,118,032	\$69,597,928	\$73,077,825
6	1,556	1,638	1,719				\$68,101,573	\$71,685,866	\$75,270,160
7	1,556	1,638	1,719				\$70,144,620	\$73,836,442	\$77,528,264
8	1,556	1,638	1,719				\$72,248,959	\$76,051,536	\$79,854,112
9	1,556	1,638	1,719				\$74,416,428	\$78,333,082	\$82,249,736
10	1,556	1,638	1,719				\$76,648,920	\$80,683,074	\$84,717,228
11	1,556	1,638	1,719				\$78,948,388	\$83,103,566	\$87,258,745
12	1,556	1,638	1,719				\$81,316,840	\$85,596,673	\$89,876,507
13	1,556	1,638	1,719				\$83,756,345	\$88,164,574	\$92,572,802
14	1,556	1,638	1,719				\$86,269,035	\$90,809,511	\$95,349,986
15	1,556	1,638	1,719				\$88,857,106	\$93,533,796	\$98,210,486
16	1,556	1,638	1,719				\$91,622,819	\$96,339,810	\$101,156,800
17	1,556	1,638	1,719				\$94,268,504	\$99,230,004	\$104,191,504
18	1,556	1,638	1,719				\$97,096,559	\$102,206,904	\$107,317,250
19	1,556	1,638	1,719				\$100,009,456	\$105,273,111	\$110,536,767
20+	1,556	1,638	1,719				\$103,009,740	\$108,431,305	\$113,852,870
	20 yr. Total:						\$1,538,293,281	\$1,619,256,085	\$1,700,218,889

Source: Camoin Associates





Introduction

Camoin Associates was commissioned by NYS Funding, LLC (the “Company”) to conduct an economic impact study of the proposed Rensselaer Casino development project (the “Project”) on the economy of the State of New York and the regional economy (the “Region” or “Capital Region”).²

Project Description

The Project is proposed to be built on approximately 24 acres of land located along the Hudson River in the City of Rensselaer (the “Site” or “Project Site”). The Project will be constructed over two years and will include the creation of a 100-room hotel, three restaurants, and a casino featuring 1,650 slot machines and 50 table games.

Data Sources

The objective of this study is to analyze the impact of the Project on the state and regional economy. Various resources provided information for this study, as detailed below:

- The Company provided all information regarding the Project itself, including a description of the planned uses at the Site, construction costs, on-site revenue, property tax records, etc.
- Camoin Associates used the economic input-out model provided by Economic Modeling Specialists Intl. (EMSI) to determine the economic impact of the Project on the local economy.
- A report prepared by Union Gaming provided the economic impact analysis with gross gaming revenue projections.
- Off-site visitor spending estimates were generated by Camoin Associates based on local tourism studies and a survey of local visitors.

Statewide vs. Regional Analysis – Explanation of Assumptions

The economic impact analysis for the state and for the region rely on a different set of assumptions for what classifies as “new” visitor spending and the proposed Rensselaer Casino’s gaming market capture potential.

The model developed to estimate visitation and visitor spending is based on the proposed Rensselaer casino being the only resort-style casino in the Region and this type of visitor spending would be “new” to the region. This means that in addition to “gamer” spending, the model also includes spending by non-gamers who would visit and spend money at the restaurants and other “new” amenities developed as part of the Project.

Considering impacts of the Project on the State as a whole requires a slightly different series of baseline assumptions. The focus of this analysis is on revenue generated by “new” gamers and excludes spending at the site by non-gamers. This is because it is reasonable to assume that if the project did not occur, these non-gamers would spend their recreational dollars at other locations in the state. The two types

² For the purpose of this analysis, the “regional economy” is defined as the counties of Rensselaer, Albany, Fulton, Montgomery, Saratoga, Schenectady, Schoharie, and Washington. This geography is based on Region 2 as defined in the Upstate New York Gaming Economic Development Act.



of gaming visitors that are considered net new are gamers from out of state (“out-of-state visits”) and New York State residents that would otherwise leave the state to visit out-of-state casinos (“in-state repatriation visits”). Spending by gaming visitors in both of these categories would not otherwise occur in the State of New York, but for the Project.

The assumptions described above are summarized in the following chart:

Difference in Economic Impact Scenarios		
Assumption Category	Regional Analysis	Statewide Analysis
Spending by non-gamers	Included	Excluded
Spending by gamers	Included	Only includes in-state repatriation and out-of-state gamers



Statewide Economic Impact Analysis

The purpose of this economic impact analysis is to determine the amount of new spending that would occur in New York State as a result of the Project and specifically exclude any spending that would occur irrespective of the Project. In other words, the question is "How much spending would not occur in New York State if the Project did not happen?" This spending is defined as "net new" and is the foundation for the subsequent impact modeling.

While the Project will likely attract some non-gamers, the focus of the analysis is strictly on economic impacts driven by spending by gamers (i.e. "net new" spending). Spending at the site by non-gamers is not considered "net new" to the State because, if the Project did not occur, this spending would likely occur at other existing recreational amenities in the state.

Please refer to Attachment A for additional information on economic impact analysis methodology.

Impacts of Construction



Anticipated Net New Construction Spending
[Redacted]

Source: Company

In addition to the direct spending on construction of the Project, there will also be indirect impacts as dollars from the direct impact cycle through the economy. In other words, construction spending will create new jobs beyond workers at the construction site. Those employees will receive wages, and in turn, spend a portion of those dollars in the state economy for daily needs, housing, and other expenses. A proportion of those dollars are again re-spent in the local economy. The following table summarizes the economic impacts of Project construction.



Annual Economic Impact of Construction on NYS			
	Direct	Indirect	Total
Jobs			
Year 1	331	348	680
Year 2	331	348	680
Total	662	696	1359
Sales			
Earnings			
Year 1	\$29,568,133	\$29,568,133	\$59,136,265
Year 2	\$29,568,133	\$29,568,133	\$59,136,265
Total	\$59,136,265	\$59,136,265	\$118,272,530

Source: Company, Camoin Associates, EMSI

As shown above, construction spending in the State of New York is expected to generate approximately 1,360 jobs over the [REDACTED] construction period. Construction of the proposed Rensselaer casino will also generate nearly [REDACTED] million in total spending and \$118 million in total earnings over the construction phase of the Project.



Gaming Market Capture

The first step in the economic impact analysis is to estimate the number of net new gaming visits the Project would generate. Two types of gaming visitors are considered net new:

1. Gamers from out of state (“out-of-state visits”)
2. New York State residents that would otherwise leave the state to visit out of state casinos (“in-state repatriation visits”)

Spending by gaming visitors in both of these categories would not otherwise occur in the State of New York, but for the Project, and so are considered “direct effects” of the Project.

An analysis prepared by Union Gaming estimates gross gaming revenue capture for three gaming markets defined by their drive radius to the Project Site. Working with these baseline figures, Camoin Associates projected total visitor days, in-state visits, and out-of-state visits. Total visits were calculated by assuming an industry standard [redacted] win per visit. Gamers traveling under 60 minutes to the site are considered in-state visits. Based on the 60 to 120 drive radius it is expected that [redacted] of gamers from within this zone will be from out-of-state.

The following table summarizes total gaming visits generated by the Project and associated gaming revenue.

Local Play Revenues	Gaming Visits			
	Revenue	Total Visits	In-State Visits	Out-of-State Visits
Induced Local Demand (30-min Drive Radius)	[redacted]	[redacted]	[redacted]	[redacted]
Induced Local Demand (30 to 60-min Drive Radius)	[redacted]	[redacted]	[redacted]	[redacted]
Induced Regional Demand (60 to 120-min Drive Radius)	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]

Source: Camoin Associates, Union Gaming, Company

On-Site Spending

Economic impacts associated with the operation of the Project are determined by visitor spending both on-site and, to a limited extent, off-site. The combined visitor spending—referred to as “direct” spending—is used as the inputs for the EMSI economic impact model. The EMSI model allows the analyst to break down the total direct spending by NAICS code to get an accurate read for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

Most of the visitor spending associated with the Project will occur on-site. We consider all out-of-state gaming revenue ([redacted] of total gaming revenue) to be “new spending.” Based on our analysis of similar casino projects we expect that [redacted] of total gaming revenue will be from in-state repatriation. Therefore, gross new gaming revenue is expected to total approximately [redacted] million, or [redacted] of total gaming revenue.





New On-Site Spending at the Project by Gamers			
	Out of State	In State	Total
Total Gaming Revenue			
New Revenue % of Total Revenue			
Gross New Gaming Revenue			

Source: Camoin Associates, Company

Off-Site Spending

New off-site spending primarily includes spending on transportation (fuel) by gaming visitors to the Project. It is also expected that some gamers will patronize local restaurants and perhaps other entertainment venues during their visit. The initial estimates described below are conservative as it is expected that in the first several years of operation, most visitors to the Project will spend most, if not all, of their time taking part in on-site activities. However, as the proposed Rensselaer casino grows in popularity and the local business community responds to the new demand for tourism amenities and attractions, the local area and the City of Rensselaer will gain new businesses and attractions catering to Project visitors.

Considering the nature of the Project, it is unlikely that many day-trip visitors to the casino will make off-site purchases other than to fill up their vehicles with gas. Therefore, to calculate the transportation spending, the total visitor day figures were multiplied by the spending estimate. For the balance of the spending categories described below, per person spending figures were multiplied by the total number of overnight visitors. Overnight visitors are expected to total approximately [redacted] based on the Project's hotel capacity and expected occupancy rate. We apply the [redacted] ratio, discussed above, to this figure to estimate 45,100 "new" overnight visitors.

New Overnight Gamers
[redacted]

Source: Camoin Associates

Visitor spending baskets for off-site spending were developed using base data from a 2010 report entitled "The Economic Impact of Tourism in New York State: Hudson Valley Focus," as well as results of a visitor survey conducted by volunteers at the Walkway Over the Hudson. This information was used to estimate that the average visitor to the region spends approximately [redacted] on transportation, [redacted] on food and drink, [redacted] on entertainment, and [redacted] on retail per day.³ For the purpose of this analysis, we assume that while the on-site visitor spending will likely be much higher than the average visitor to the region, off-site spending by visitors to the Project will likely be much lower than existing per-capita tourism

³ Per-capita per-day visitor estimates are an average for all visitors to the Hudson Valley region and inclusive of all visitor types - hikers and boaters, families and tour groups, etc.



spending, as many visitors will come by bus and the Site offers food and drink, entertainment, and other options on-site. Therefore, the off-site spending estimates shown in the table below were used.

The following table summarizes the estimated off-site spending expected to occur as a result of the Project.

Average Annual Off-Site Spending by Gamers						
Spending Category	Spending per Visit	Out-of-State		In-State Repatriation		Total
		Day	Overnight	Day	Overnight	
Transportation						
Food & Drink						
Entertainment						
Retail						
Total Off-Site Spending						

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

Projected Statewide Jobs, Sales & Earnings

The following table summarizes the total spending by visits for-out-state and “new” in-state gamers.

Total Spending by Gaming Visits (i.e. Direct Sales)			
	Out-of-State	In-State Repatriation	Total
On-Site Spending			
Off-Site Spending			
Total Spending			

Source: Camoin Associates

Spending figures are known as direct spending and are the input into the EMSI economic impact model. The EMSI model allows the analyst to break down the spending by NAICS code to get an accurate account of how one dollar spent in a specific industry sector multiplies throughout the local economy (in this case, the State of New York). The table below shows the total annual impacts of the Project in terms of jobs, sales, and earnings (unadjusted and expressed in 2014 dollars).



Economic Impact of Project to New York State			
Off-Site	Direct	Indirect	Total
Jobs	43	14	57
Sales			
Earnings	\$946,959	\$823,855	\$1,770,814
On-Site	Direct	Indirect	Total
Jobs	583	324	907
Sales			
Earnings	\$20,482,416	\$9,606,332	30,088,748
Total	Direct	Indirect	Total
Jobs	626	338	964
Sales			
Earnings	\$21,429,376	\$10,430,186	\$31,859,562

Source: Camoin Associates, EMSI, Company

Applying an inflation factor of 3% annually, the following table illustrates the projected total economic impacts through Year 21.

Total Annual Economic Impact Through Year 20+				
Year	Jobs	Inflation Factor	Sales	Earnings
1	680	1.000		\$59,136,265
2	680	1.030		\$59,136,265
3	964	1.061		\$33,799,809
4	964	1.093		\$34,813,803
5	964	1.126		\$35,858,217
6	964	1.159		\$36,933,964
7	964	1.194		\$38,041,983
8	964	1.230		\$39,183,242
9	964	1.267		\$40,358,740
10	964	1.305		\$41,569,502
11	964	1.344		\$42,816,587
12	964	1.384		\$44,101,085
13	964	1.426		\$45,424,117
14	964	1.469		\$46,786,841
15	964	1.513		\$48,190,446
16	964	1.558		\$49,636,159
17	964	1.605		\$51,125,244
18	964	1.653		\$52,659,001
19	964	1.702		\$54,238,771
20+	964	1.754		\$55,865,934
20 yr Total	-	-		\$909,675,976

Source: Camoin Associates

Background Conditions Statewide

The RFA requests a discussion of background conditions assuming economic conditions continue to trend without the proposed project. The economic impacts are driven by anticipated “net new” visitor spending in New York State as a result of the Project. While the Project will undoubtedly attract some non-gamers, the focus of the analysis is strictly on economic and fiscal impacts driven by spending by gamers (i.e., “net new” spending). Spending at the site by non-gamers is not considered “net new” to the State because, if the Project did not occur, this spending would likely occur at other existing recreational amenities in the State.

Therefore, without the Project, the 964 jobs for New York State, over \$326 million in sales, and approximately \$33.8 million in earnings in the year 3 (2014 dollars) would not occur.

To represent the economic background condition without the Project, we examine the number of jobs expected in the State economy as projected by EMSI. EMSI combines employment data from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with data from the Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA) and augmented with County Business Patterns (CBP) and Non-Employer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry, national growth rates of industries (Bureau of Labor Statistics), and projections and data from the State Department of Labor. The data includes all employment covered by unemployment insurance. Some self-employed workers, student workers, unpaid family workers, and some agricultural workers are excluded. Unlike the decennial Census, QCEW measures jobs by place of work, not place of residence. This is a strong measure of economic activity taking place in a particular region. Visit www.economicmodeling.com for additional information.

EMSI job projections for New York State as a whole are provided in the following tables. The “Background” column represents the number of jobs in New York State expected if the Project did not occur. The “New Gaming & Other Jobs” column represents the number of jobs generated as a result of the Project. We assume construction occurs over 2015 and 2016 and the Project opens in 2017.

Total Jobs Projection, NYS				
Year	Background	New Gaming & Other Jobs	Total Jobs	% Increase
2014	9,690,702	0	9,690,702	0.000%
2015*	9,773,331	680	9,774,011	0.007%
2016*	9,851,597	680	9,852,277	0.007%
2017	9,926,674	964	9,927,638	0.010%
2018	9,993,164	964	9,994,128	0.010%
2019	10,083,861	964	10,084,825	0.010%
2020	10,170,779	964	10,171,743	0.009%
2021	10,254,419	964	10,255,383	0.009%

Source: Camoin Associates, EMSI

* Construction year



Regional Economic Impact Analysis

The purpose of this economic impact analysis is to determine the amount of new spending that would occur in the regional economy (i.e., the Capital Region) as a result of the Project and specifically exclude any spending that will occur irrespective of the Project. In other words, the question is “How much spending would not occur in the Capital Region if the Project did not happen?” This spending is defined as “net new” and is the foundation for the subsequent impact modeling. Please refer to Attachment A for additional information on economic impact methodology.

As with the Statewide analysis, the analysis of regional economic impacts estimates the onetime and permanent (annual) economic impacts of the Project on the regional economy resulting from new jobs being created at the Site. Permanent impacts are those that occur as a result of visitor spending associated with operations at the Site.

Impacts of Construction

[REDACTED]

We also assume that all materials are purchased from within the region and all labor sourced from within the region.

Anticipated Net New Construction Spending

[REDACTED]

Source: Company

In addition to the direct spending on construction of the Project, there will also be indirect impacts as dollars from the direct impact cycle through the economy. In other words, construction spending will create new jobs beyond workers at the construction site. Those employees will receive wages and in turn spend a portion of those dollars in the state economy for daily needs, housing, and other expenses. A proportion of those dollars are again re-spent in the local economy. The following table summarizes the economic impacts of Project construction on the Capital Region.



Annual Economic Impact of Construction on Region			
	Direct	Indirect	Total
Jobs			
Year 1	377	260	638
Year 2	377	260	638
Total	754	521	1275
Sales			
Total	\$125,000,000	\$61,031,285	\$186,031,285
Earnings			
Year 1	\$29,487,676	\$11,500,194	\$40,987,870
Year 2	\$29,487,676	\$11,500,194	\$40,987,870
Total	\$58,975,352	\$23,000,387	\$81,975,739

Source: Company, Camoin Associates, EMSI

Impacts of Operation

Economic impacts associated with the operation of the Project will be determined by visitor spending both on-site and, to a limited extent, off-site. The combined visitor spending – referred to as “direct” spending – is used as the input for the EMSI economic impact model. The EMSI model allows the analyst to break down the total direct spending by NAICS code to get an accurate read for how one dollar spent in a specific industry sector multiplies throughout the local economy in terms of sales, jobs, and earnings.

On-Site Spending

On-site visitor spending includes entertainment spending at the casino; food and drink spending at full-service restaurants; lodging at the hotel; and other miscellaneous spending. An analysis done by Union Gaming provided the total gaming revenue amount. The company provided on-site spending estimates for the hotel, food and drink, and other categories.

Methodology Notes: Year 3+ spending is equal to year 2019 estimates in the pro-forma material provided by the Company as the company anticipates a “ramp-up” period during the first two years of operation. Note that promotional allowances (equal to [REDACTED] shown in the pro-forma were subtracted from the total sales figures as they do not represent “actual” spending that would cycle through the regional economy.

On-Site Spending at Project	
Spending Category	Total Sales Year 3+
Casino (Gaming)	[REDACTED]
Hotel	[REDACTED]
Food and Drink	[REDACTED]
Other	[REDACTED]
Total Annual Sales	[REDACTED]

Source: Company, Camoin Associates



Spending figures are known as direct spending and are the input into the EMSI economic impact model. The EMSI model allows the analyst to break down the spending by NAICS code to get an accurate account of how one dollar spent in a specific industry sector multiplies throughout the local economy (in this case, the Capital Region). The table below shows the total annual impacts of the Project in terms of jobs, sales, and earnings.

Economic Impact of On-Site Spending			
	Direct	Indirect	Total
Jobs	896	647	1,543
Sales			
Earnings	\$ 31,463,005	\$ 27,971,031	\$ 59,434,036

Source: Company, Camoin Associates

Off-Site Spending

New off-site spending primarily includes spending on transportation (fuel) by gaming visitors to the Project. It is also expected that some gamers will patronize local restaurants and perhaps other entertainment venues during their visit. The initial estimates described below are conservative as it is expected that in the first several years of operation, most visitors to the Project will spend most, if not all, of their time taking part in on-site activities. However, as the proposed Rensselaer casino grows in popularity and the local business community responds to the new demand for tourism amenities and attractions, the local area and the City of Rensselaer will gain new businesses and attractions catering to Project visitors. For a detailed description of existing retail businesses and cultural amenities in the City of Rensselaer and Rensselaer County and a discussion of the anticipated impacts to the local tourism industry, please refer to the section entitled Regional Retail and Cultural Profile near the end of this report.

To estimate the degree of off-site spending, an off-site-spending-per-day basket was applied to the total number of visitor days. See Statewide Economic Impact Analysis section for the methodology of how visitor days were calculated. A visitor day is considered to be one visitor spending one day at the Project. Visitor days were estimated by type: casino and other (non-casino). "Other (non-casino)" visitor days include visitors that visit a restaurant at the Project Site but do not spend time at the casino. The Company anticipates that "Other (non-casino)" visitor days will equal approximately [redacted] of total casino visitor days.

Annual Visitor Days	
Visitor Type	Visitor Days
Casino	
Other (non-casino)	
Total Visitor Days	

Source: Company, Camoin Associates

Visitor spending baskets for off-site spending were developed using base data from a 2010 report entitled "The Economic Impact of Tourism in New York State: Hudson Valley Focus," as well as results of a visitor survey conducted by volunteers at the Walkway Over the Hudson. This information was used to



estimate that the average visitor to the region spends approximately [redacted] on transportation, [redacted] on food and drink, [redacted] on entertainment, and [redacted] on retail per day.⁴ [redacted]

Therefore, the off-site spending estimates shown in the table below were used.

Average Off-Site Spending per Person per Day	
Spending Category	Spending
Transportation	[redacted]
Food & Drink	[redacted]
Entertainment	[redacted]
Retail	[redacted]

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

[redacted] See Statewide Economic Impact Analysis section for the methodology for determining overnight visitors.

Unique Visitor Days & Overnight Visitor Days	
Total Visitor Days	[redacted]
Overnight Visitor Days	[redacted]

Source: Company, Union Gaming, Camoin Associates

The following table summarizes the estimated off-site spending expected to occur as a result of the Project. As shown, visitors to the Project are expected to generate nearly [redacted] million in off-site sales.

Average Annual Off-Site Spending	
Spending Category	Spending
Transportation	[redacted]
Food & Drink	[redacted]
Entertainment	[redacted]
Retail	[redacted]
Total	[redacted]

Source: Camoin Associates, Walkway Over the Hudson Visitor Survey, The Economic Impact to Tourism in NYS

Just as with the on-site spending, the off-site spending estimates are the input into the EMSI model. The following table summarizes the expected impact of the off-site spending.

⁴ Per-capita per-day visitor estimates are an average for all visitors to the Hudson Valley region and inclusive of all visitor types - hikers and boaters, families and tour groups, etc.



Economic Impact of Off-Site Spending			
	Direct	Indirect	Total
Jobs	78	17	95
Sales	[REDACTED]		
Earnings	\$1,634,573	\$768,249	2,402,822

Source: EMSI, Camoin Associates

The sum of on-site and off-site impacts is shown in the table below. These figures represent the total annual impact expected as a result of the new Project visitor spending.

Economic Impact of Operation			
	Direct	Indirect	Total
Jobs	973	664	1638
Sales	[REDACTED]		
Earnings	\$33,097,578	\$28,739,280	\$61,836,858

Source: EMSI, Camoin Associates

Projected Regional Jobs, Sales & Earnings

A summary of the total annual economic impacts of the proposed Rensselaer casino, from the construction phase through the first year of full operation, is provided in the table below. As shown, once construction is complete and all of the proposed amenities are operational, the Project is expected to generate [REDACTED] million in sales supporting nearly 1,640 jobs earning \$61.8 million annually.

Annual Impact of Proposed Rensselaer Casino - Construction & First Year of Operation (Year 3)									
Year	Construction			Operation			Total Impact		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Jobs									
1	377	260	638	0	0	0	377	260	638
2	377	260	638	0	0	0	377	260	638
3+	0	0	0	973	664	1638	973	664	1,638
Sales									
1	[REDACTED]								
2	[REDACTED]								
3+	[REDACTED]								
Earnings									
1	\$29,487,676	\$11,500,194	\$40,987,870	\$0	\$0	\$0	\$29,487,676	\$11,500,194	\$40,987,870
2	\$29,487,676	\$11,500,194	\$40,987,870	\$0	\$0	\$0	\$29,487,676	\$11,500,194	\$40,987,870
3+	\$0	\$0	\$0	\$33,097,578	\$28,739,280	\$61,836,858	\$33,097,578	\$28,739,280	\$61,836,858

Source: Camoin Associates, EMSI



Applying an inflation factor of 3% annually, the following table illustrates the projected total economic impacts through project Year 20.

Total Annual Economic Impact - Construction Through Year 20+ of Operation				
Year	Jobs	Inflation Factor	Sales	Earnings
1	638	1.000		\$40,987,870
2	638	1.030		\$42,217,506
3	1,638	1.061		\$65,602,723
4	1,638	1.093		\$67,570,804
5	1,638	1.126		\$69,597,928
6	1,638	1.159		\$71,685,866
7	1,638	1.194		\$73,836,442
8	1,638	1.230		\$76,051,536
9	1,638	1.267		\$78,333,082
10	1,638	1.305		\$80,683,074
11	1,638	1.344		\$83,103,566
12	1,638	1.384		\$85,596,673
13	1,638	1.426		\$88,164,574
14	1,638	1.469		\$90,809,511
15	1,638	1.513		\$93,533,796
16	1,638	1.558		\$96,339,810
17	1,638	1.605		\$99,230,004
18	1,638	1.653		\$102,206,904
19	1,638	1.702		\$105,273,111
20+	1,638	1.754		\$108,431,305
20-yr Total				\$1,619,256,085

Source: Camoin Associates

Note: The inflation adjustment applies to sales and earnings only, not jobs.



Background Conditions in the Region

The RFA requests a discussion of background conditions assuming economic conditions continue to trend without the proposed project. The economic impacts are driven by anticipated “net new” visitor spending in the region as a result of the Project.

Therefore, without the proposed Rensselaer casino, the 1,638 jobs for the Capital Region, over million in sales, and over \$65.6 million in earnings in Year 3 would not occur.

To represent the economic background condition without the Project, we examine the number of jobs expected in the regional economy as projected by EMSI. EMSI combines employment data from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with data from the Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA) and augmented with County Business Patterns (CBP) and Non-Employer Statistics (NES) published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry, national growth rates of industries (Bureau of Labor Statistics), and projections and data from the State Department of Labor. The data includes all employment covered by unemployment insurance. Some self-employed workers, student workers, unpaid family workers, and some agricultural workers are excluded. Unlike the decennial Census, QCEW measures jobs by place of work, not place of residence. This is a strong measure of economic activity taking place in a particular region. Visit www.economicmodeling.com for additional information.

EMSI job projections for the eight-county Capital Region are provided in the following tables. The “Background” column represents the number of jobs in the region expected if the Project did not occur. The “New Gaming & Other Jobs” column represents the number of jobs generated on-site during construction and operation and off-site at businesses in the region as a result of the Project. We assume construction occurs over 2015 and 2016 and the proposed Rensselaer casino opens in 2017.

Total Jobs Projection, Capital Region				
Year	Background	New Gaming & Other Jobs	Total Jobs	% Increase
2014	621,608	0	621,608	0.000%
2015*	631,360	638	631,998	0.101%
2016*	639,742	638	640,380	0.100%
2017	647,163	1,638	648,801	0.253%
2018	653,873	1,638	655,511	0.250%
2019	658,845	1,638	660,483	0.249%
2020	665,166	1,638	666,804	0.246%
2021	671,078	1,638	672,716	0.244%

Source: Camoin Associates, EMSI

* Construction year

Background includes all sectors, all industries in the regional economy.



Regional Retail Profile

In a survey of gamers conducted by the American Gaming Association, approximately 53% reported that they “always/usually/sometimes” visit other attractions in the area outside of the casino property.⁵ With over 1 million new visitors attracted to the area annually as a result of the proposed Rensselaer casino, there will undoubtedly be a positive impact on the local retail establishments. This section provides a brief summary of the role the Project will play in spurring local economic activity, thereby benefitting local and regional businesses. While it is expected that the majority of spending by visitors to the Project will occur on-site, there will be a portion of spending occurring off-site at local restaurants, convenience stores, gas stations, and at various retailers. This spending will occur as visitors to the Project drive through the City, are directed to local and regional retailers by the concierge, and begin to explore the region on their own. What follows is a summary of the current retail offerings in the region and how they will be impacted by the development of the proposed Rensselaer casino.

Retail Profile & Anticipated Impact

The following table illustrates the total number of establishments and the total annual sales as provided by Environmental Systems Research Institute (ESRI). The tables include information for the City of Rensselaer and Rensselaer County.

Retail Profile - Number of Establishments		
Retail Sector	City of Rensselaer	Rensselaer County
Motor Vehicle & Parts Dealers	1	74
Furniture & Home Furnishings Stores	2	37
Electronics & Appliance Stores	3	28
Bldg. Materials, Garden Equip. & Supply Stores	2	54
Food & Beverage Stores	7	158
Health & Personal Care Stores	1	51
Gasoline Stations	3	26
Clothing & Clothing Accessories Stores	4	49
Sporting Goods, Hobby, Book & Music Stores	1	60
General Merchandise Stores	0	20
Miscellaneous Store Retailers	11	168
Nonstore Retailers	2	38
Food Services & Drinking Places	10	195
Total	47	958

Source: ESRI and Dun & Bradstreet

⁵ 2013 State of the States, The AGA Survey of Casino Entertainment
http://www.americangaming.org/sites/default/files/uploads/docs/aga_sos2013_fnl.pdf



Retail Profile - Annual Sales

Retail Sector	City of Rensselaer	Rensselaer County
Motor Vehicle & Parts Dealers	\$132,576	\$159,063,907
Furniture & Home Furnishings Stores	\$397,476	\$20,285,566
Electronics & Appliance Stores	\$411,982	\$8,031,857
Bldg. Materials, Garden Equip. & Supply Stores	\$3,173,663	\$42,044,773
Food & Beverage Stores	\$8,330,979	\$315,959,872
Health & Personal Care Stores	\$7,576,716	\$194,929,753
Gasoline Stations	\$4,443,737	\$187,381,547
Clothing & Clothing Accessories Stores	\$441,550	\$21,130,399
Sporting Goods, Hobby, Book & Music Stores	\$1,867,114	\$11,966,679
General Merchandise Stores	\$0	\$167,694,203
Miscellaneous Store Retailers	\$1,482,749	\$41,695,816
Nonstore Retailers	\$185,041	\$29,079,285
Food Services & Drinking Places	\$2,591,700	\$117,205,063
Total	\$31,035,283	\$1,316,468,720

Source: ESRI and Dun & Bradstreet

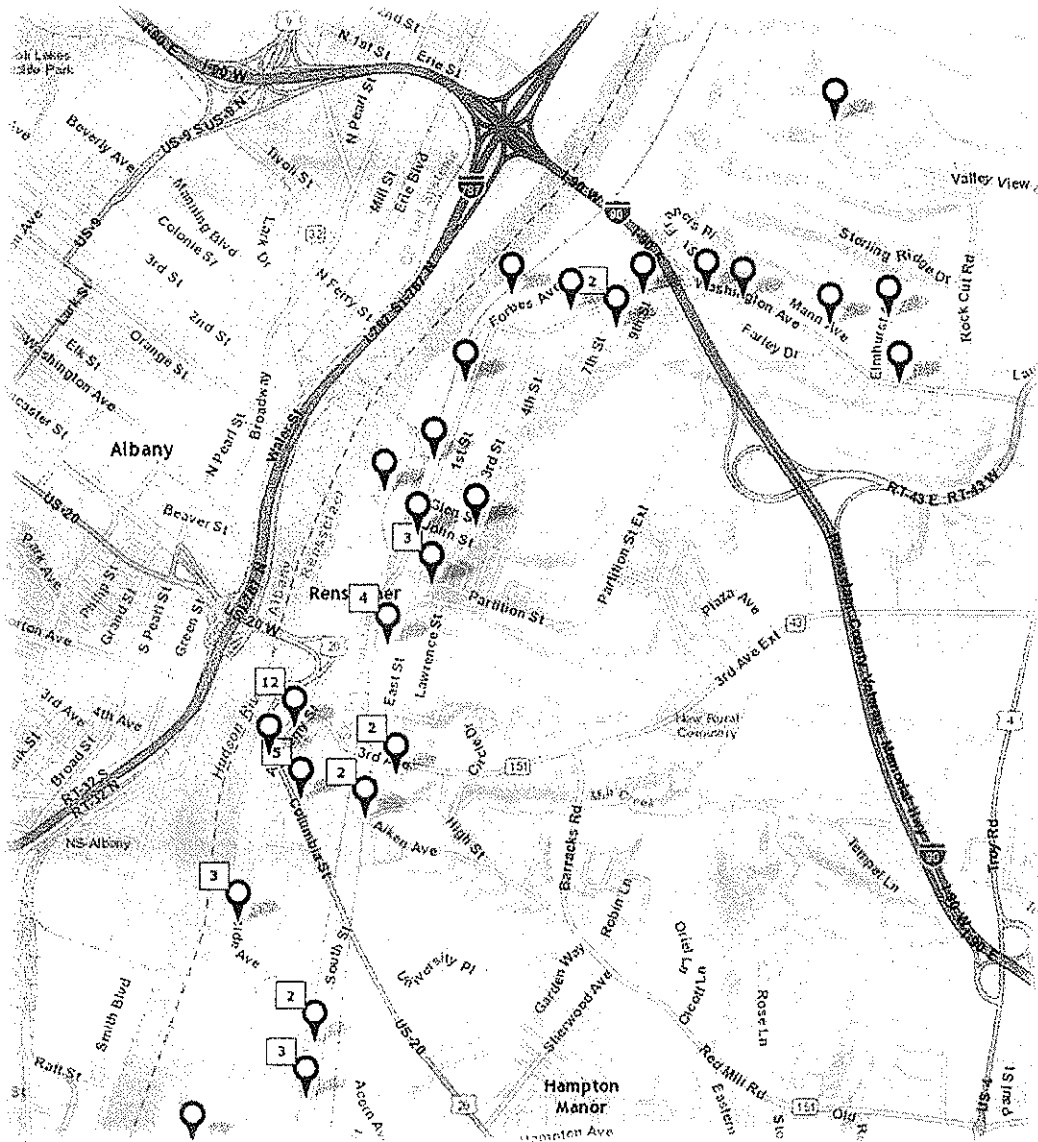
The City of Rensselaer is host to 47 retail and service businesses totaling over \$31 million in annual sales. The sector with the largest number of establishments in the City is Miscellaneous Store Retailers, which includes florists, office supply and gift stores, used merchandise stores, and other miscellaneous store retailers. These stores account for nearly \$1.5 million in sales annually. Food and Beverage Stores bring in the highest total annual sales with \$8.3 million in 2013. Health and Personal Care Stores ranked second with \$7.6 million in annual sales. The City also has 3 Gasoline Stations, which will be able to service visitors to the proposed Rensselaer casino along with the other convenience retailers.

In Rensselaer County, Food and Beverage Stores are the most numerous retail establishments, with a total of 158. These establishments account for nearly \$316 million in annual sales in 2013, the greatest total of all retail sectors in the County. The County also has gasoline stations and convenience shop retailers that would benefit from visitors to the Project.

Retail and service businesses in the City of Rensselaer are well positioned to benefit from an influx of visitors. Visitors taking I-90 and getting off at exit 8 will travel down the main thoroughfares of Washington Ave and Broadway past many local businesses. Other visitors using I-90 West that use the US-4N/Troy Road exit will pass through a major concentration of businesses around the intersection of Troy Road and Third Avenue Extension. These visitors, along with those from Albany and others coming to the Project Site via the Dunn Memorial Bridge, will find a concentration of retail establishments including gasoline stations and convenience stores in the general area where bridge traffic merges with Broadway.



Retail & Service Businesses in the City of Rensselaer, NY



Note: Map includes only establishments in the Retail Trade sector (NAICS 44-45)

Over time, the Broadway corridor will likely see an increase in the number of successful establishments opening. Examples of the types of stores that are expected to open include convenience stores, limited-service restaurants, hobby and novelty gift stores, gas stations, boutiques, and other similar types of stores to meet the demand of patrons and employees of the proposed Rensselaer casino.

This increased economic activity will be seen not only in the City of Rensselaer but throughout Rensselaer County and, to some extent Albany, as visitors will travel for unique stores, restaurants, and experiences to accompany their visit to the Project. It is also important to note that the increased economic activity will not only benefit the visitors to the Project and the business owners, but the



residents of the City and County will also benefit from increased retail options, a more vibrant commercial corridor, and an overall improved economic climate.

Comparison of Results to Observed Conditions

Per the RFA, findings from the economic and fiscal impact analysis of the Project were compared to a report prepared by the Center for Governmental Research (CGR) on the Seneca Niagara Casino, Fiscal & Economic Impact on Niagara Falls, NY (hereafter, the "CGR report").

Overall, the CGR report found that costs of the casino on the City of Niagara Falls is minimal:

*"Costs imposed on the City of Niagara Falls as a consequence of the Casino are also small. While additional traffic for Casino-sponsored events has increased the burden on the Niagara Falls Police Department, a substantial portion of additional staffing costs is reimbursed through an agreement with Seneca Gaming Corporation. The City appears to be earning offsetting revenue from parking violations, however."*⁶

And that the net benefits, greatly outweigh the costs:

*"The Casino has affected the City of Niagara Falls in a number of ways. The Success of the Casino itself highlights the fact that total traffic to the community has increased substantially. Overall, the Casino compliments the Falls and other community attractions, broadening the appeal of the community. The most demonstrable economic impact in the community is the increased employment."*⁷

The following table summarizes the economic and fiscal impacts of the Seneca Casino, as described in the CGR report, to the proposed Project. We note that this is not a straight "apples-to-apples" comparison as different assumptions were used for each analysis. Please refer to the footnotes below the table for clarification.

Comparison of Results to Observed Conditions		
	Casino	Seneca Casino
Slot Machines		3,238
Table Games		97
Annual Patrons (Gamers)		4,300,000
Net Gaming Revenue		\$366,685,000
Net Employment		1,500
Onsite Wages		\$55,935,000
Average Earnings per Worker (onsite)		\$37,290
Net New Total Jobs (onsite & offsite) ²		2,600
Income Tax Revenue to State		\$3,107,500
Total Sales Tax		\$8,701,000
Sales Tax to Local Governments		\$3,853,300
Sales Tax to State		\$4,350,500

1. Shown in 2014 dollars, where applicable.

2. Assumes new jobs in NYS as a whole, Seneca case assumes new jobs in adjacent counties.

Source: Camoin Associates, Company, CGR Report: Seneca Niagara Casino Fiscal & Economic Impact on Niagara Falls, NY

⁶ Source: http://www.cgr.org/reports/05_R-1418_SenecaNiagaraCasinoEcon.pdf

⁷ Source: http://www.cgr.org/reports/05_R-1418_SenecaNiagaraCasinoEcon.pdf



Attachments

A: What is an Economic Impact Analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the “Indirect Effects” of the change in final demand.

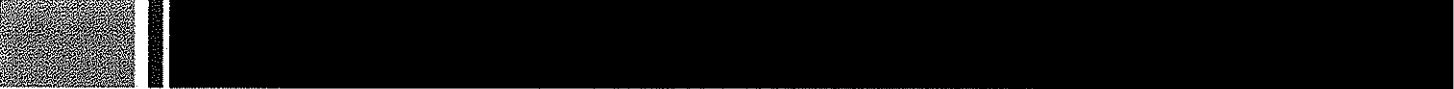
Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will “leak out” of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the “Induced Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect and induced economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD





players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.



B. About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty states and garnered attention from national media outlets including *Marketplace* (NPR), *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT.

Our work experience includes economic and fiscal impact studies of:

- Proposed MGM Casino on the City of Northampton, MA
- Erie County Raceway & Casino
- NYS Sire Stakes
- Nassau Coliseum
- Walkway Over the Hudson
- Friends of Old 7 Pedestrian Bridge
- Adirondack Rail Corridor
- Oak Mountain Ski Area
- Fort Stanwix
- Catskill Mountain Rail Trail
- Erie County National Heritage Corridor
- Select County Fairgrounds across New York State (Erie, Dutchess, Washington, Saratoga, and Jefferson)
- And more...

To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.



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