

Impact of Proposed Gaming Facility at Adelaar on Community Services

Prepared for:
Montreign Operating Company, LLC
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Prepared by:
HR&A Advisors, Inc.
99 Hudson St, Third Floor
New York, NY 10013



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9. Many of the figures presented in this report will be rounded. HR&A disclaims any and all liability relating to rounding errors.
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I. Executive Summary

HR&A Advisors, Inc. (HR&A) was retained to conduct an independent analysis of the impact of the proposed Gaming Facility at the Adelaar on the cost of providing community services for the Town of Thompson, Sullivan County, and New York State. This effort is in support of Montreign Operating Company, LLC's application to the New York Gaming Facility Location Board to obtain a Gaming Facility License in New York State. This analysis serves as an update to and extension of information included as a part of the Draft Generic Environmental Impact Statement (DGEIS) and Draft Environmental Impact Statement for Phase 1 (DEIS) for the EPT Concord Resort in the Town of Thompson, Sullivan County, New York.

The Gaming Facility includes a multi-use gaming and entertainment complex. In addition to the casino developed by Montreign Operating Company, LLC, a casino resort with 2,150 slot machines and 58 table games, the Gaming Facility also includes a 391 room hotel, restaurants, a spa, and conference facilities, the Gaming Facility includes a 175,000-square foot Entertainment Village, and an Indoor Waterpark Lodge with its own 400-room hotel, and an 18-hole Monster Golf Course. EPR Properties is developing these, as well as future, non-gaming amenities at Adelaar.

The Key Findings of this report include:

Households in Catskills Region generally, and in Sullivan County particularly, have lower incomes and face higher rates of unemployment than New York State as a whole.

- The median household income in Sullivan County (\$50,598) was 17% lower than the statewide median (\$59,437) in 2012. From 2000 to 2012, inflation-adjusted wages in Sullivan County fell by 2% as they remained stable throughout the state, meaning that this gap has grown in recent years.
- The unemployment rate of Sullivan County has been approximately a percentage point higher than the statewide average since 1995. As of April 2014, the County's unemployment rate was 6.9% compared to 6.1% statewide.

Driven primarily by residents between 60 and 69 years of age, the population of Sullivan County is growing at a faster rate than both New York State and the rest of the Catskills Region.

- From 2000 to 2012, Sullivan County's population grew by 4.6%. Over that period, the populations of New York State and the Catskills Region as a whole grew by 2.2% and 2.4%, respectively.
- The greatest difference in growth rates was in the 60 to 69 years age bracket. From 2000 to 2012, this cohort grew by more than 3,000 people (a 48% increase) in Sullivan County while growing by only 30% in the state as a whole. The growth of the 60 to 69 year old cohort was equivalent to 90% of the County's overall growth during this period.

The Gaming Facility will generate moderate one-time impacts on government services as some services will need to be provided during construction and/or departments will need to ramp up to provide services upon Gaming Facility opening.

- HR&A drew upon input interview data from key local officials and publicly available data on budgets, wages, and capacity to estimate one-time cost impacts from the development of the Gaming Facility.
- HR&A estimates that the Monticello Fire District and Sullivan County Sheriff's Office and will need to make investments in the training and equipping of new employees.
- HR&A estimates that the total cost of these required upfront investment is approximately \$520,000.
- One-time costs by department studied are summarized in Figure 1 and explained in more detail in Section IV of this report.

Figure 1: Summary of One-Time Upfront Expenses

	Upfront Costs
State of New York	
Public Health	<i>negligible impact</i>
General Government Administration	<i>covered by industry</i>
State of New York- Subtotal	negligible impact
Region One	
Regional School Districts (excluding MCSD)	<i>negligible impact</i>
Sullivan County	
Sullivan County Sheriff's Office	\$360,000
General Government Administration	<i>negligible impact</i>
Monticello Fire Department	\$60,000
Monticello Central School District	<i>negligible impact</i>
Sullivan County- Subtotal	\$420,000
Town of Thompson	
Building Inspection	\$100,000
General Government Administration	<i>negligible impact</i>
Town of Thompson- Subtotal	\$100,000
Total	\$520,000

After opening, the Gaming Facility will also add incremental annual costs to the various departments providing fire, police, building inspection, general government, and education services at or near the Gaming Facility site. HR&A estimates that the Gaming Facility will generate an incremental increase of \$1,165,000 to \$2,005,000 in annual public service costs, spread across Town, County, State, and local District agencies.

- HR&A drew upon input interview data from key local officials and publicly available data on budgets, wages, average costs to estimate on-going cost impacts from the development of the Gaming Facility.
- In the low revenue scenario, the largest ongoing cost impact is to police protection services, which are estimated at \$640,000; in that scenario, no category of public services has ongoing cost impacts exceeding \$200,000. However, with a significantly greater number of households projected to move to the immediate area, cost impacts to local school districts are estimated to be as much as \$1,025,000 in the high revenue scenario.

- According to AKRF estimates, included as Exhibit IX.A.4 Housing Analysis, only 1% to 5% of the projected 2,072 to 2,145 jobs on-site will be filled by people relocating from outside of the region. Depending on the revenue scenario, AKRF further estimates that this would generate a total of approximately 8 to 45 new public school students, the majority of whom would enroll in the Monticello Central School District (MCSD). This would increase the funding burden somewhat for all affected Districts. However, because there is excess capacity in MCSD schools and operating impacts will likely be limited to additional labor costs, the following estimates represent a **worst case scenario and actual impacts are likely to be significantly less.**
- Estimated ongoing costs by department studied are summarized in Figure 2 and described in more detail in Section IV of this report.

Figure 2: Summary of On-Going Expenses

	Low Revenue Scenario	High Revenue Scenario
<u>State of New York</u>		
Public Health	<i>negligible impact</i>	<i>negligible impact</i>
General Government Administration	<i>covered by industry</i>	<i>covered by industry</i>
Sullivan County- Subtotal	<i>negligible impact</i>	<i>negligible impact</i>
Region One		
Regional School Districts (Excluding MSCD)	\$25,000	\$425,000
<u>Sullivan County</u>		
Sullivan County Sheriff's Office	\$640,000	\$640,000
General Government Administration	<i>negligible impact</i>	<i>negligible impact</i>
Monticello Fire Department	\$200,000	\$200,000
Monticello Central School District	\$160,000	\$600,000
Sullivan County- Subtotal	\$1,000,000	\$1,440,000
<u>Town of Thompson</u>		
Building Inspection	<i>negligible impact</i>	<i>negligible impact</i>
General Government Administration	\$140,000	\$140,000
Town of Thompson- Subtotal	\$140,000	\$140,000
Total	\$1,165,000	\$2,005,000

Source: HR&A Advisors

While detailed local break downs are not yet available, New York State estimates that Sullivan County will receive an additional \$2.1 million in school aid, property tax relief, and local government aid as a result of casino expansion. This is in addition to property taxes from new households. As such, it is estimated that the fiscal revenue generated by the Gaming Facility at Adelaar will exceed its induced costs of public services, even in the high revenue scenario.

II. Introduction

HR&A Advisors, Inc. (HR&A) was retained to conduct an independent analysis of the impact of the proposed Gaming Facility at the Adelaar resort on the cost of providing community services for the Town of Thompson, Sullivan County, and New York State, and affiliated government entities (e.g., school and fire districts). This effort is in support of Montreign Operating Company, LLC's response to the New York Gaming Facility Location Board's Request for Applications to Develop and Operate a Gaming Facility in New York State. This analysis was primarily based on the Draft Generic Environmental Impact Statement (DGEIS) and Draft Environmental Impact Statement for Phase 1 (DEIS) for the EPT Concord Resort in the Town of Thompson, Sullivan County, New York completed by AKRF in 2012. In addition, HR&A relied on data from consultant reports by Morowitz Gaming Advisors, LLC and Global Gaming & Hospitality and conducted additional outreach and interviews with local officials as necessary.

Specifically, this study is being conducted to address Evaluation Criteria in Section B: "Local Impact and Siting Factors," Subsection 1, "mitigating potential impacts on host and nearby municipalities that might result from the development or operation of the Gaming Facility," to be included as Submit as Exhibit IX. A.2.a: Studies completed by independent experts showing:

- The proposed Gaming Facility's cost to
 - Each host municipality,
 - Nearby municipalities, and
 - The State

- For the proposed Gaming Facility including, without limitation, the incremental effect on local government services:
 - Police,
 - Fire,
 - EMS,
 - Health and building inspection,
 - Schools,
 - Public health and addiction services, and
 - General government services.

HR&A is an industry leader in economic development, real estate and public policy consulting. Headquartered in New York City, HR&A has served a diversity of clients since 1976, and the firm's professionals play a critical role in many of the leading public-private and economic development projects throughout the country. HR&A's core capabilities include the development of models to measure the impact of development projects and policies in terms of job creation, wages, tax revenues, and overall economic activity. HR&A has conducted economic and fiscal impact studies for over \$50 billion in development since 2006, including studies related to casino development efforts in Springfield, MA (on behalf of MGM Resorts International) as well as Milford and Taunton, MA (on behalf of the respective municipalities).

PURPOSE OF PROJECT

Montreign Operating Company, LLC (Montreign) is proposing to build a destination resort casino (on leased property in the Town of Thompson, Sullivan County, New York. It would be built on a 1,700-acre

site located near Kiamesha Lake and near the intersection of State Routes 42 and 17. The Village of Monticello is just south of the site.

Montreign, a wholly-owned subsidiary of Empire Resorts, is pursuing development of the Montreign Resort Casino in conjunction with EPR Concord II, LLC (EPR II) and EPT Concord II, LLC (EPT II), wholly-owned subsidiaries of EPR Properties. EPT II is the master leaseholder of the property and will join EPR II in the development of the non-gaming components of the Gaming Facility at Adelaar.

PROGRAM STUDIED

The Gaming Facility at the Adelaar Resort (referred to as the "Gaming Facility" throughout this study) will include:

- The Montreign Resort Casino, including
 - Gaming area with 2,150 slot machines and 58 table games;
 - 391-room hotel;
 - Spa, salon, and pool;
 - Fine dining restaurant;
 - 170-seat food court;
 - Grab-and-go restaurant;
 - Noodle bar;
 - Sports and entertainment bar/restaurant;
 - Casino bar and two casino service bars;
 - 150-seat coffee shop;
 - 40,000 to 50,000 square foot flexible banquet/event center including support space
 - 2,950 parking spots (1,600 structured and 1,350 spots); and
 - Space for back-of-the-house and administrative operations.
- A 175,000 square-foot Entertainment Village, including
 - Cinema,
 - Bowl Alley,
 - Comedy club,
 - Restaurants,
 - Retail outlets, and
 - Children's activity center and day care;
- An Indoor Waterpark Lodge with
 - 400 hotel rooms,
 - Indoor and outdoor waterpark
 - Restaurants,
 - Bars
 - Fitness Center/Spa, and
 - Meeting and conference space;
- 18-hole redesigned Monster Golf Course by "The Open Doctor" Rees Jones

The projected visitor counts for the Gaming Facility at Adelaar are wide-ranging, depending largely on what other proposed sites are granted gaming licenses in Region One. If no other proposed casinos in Region One) are awarded a license, Morowitz Gaming Advisors, LLC and Global Gaming & Hospitality

("the Market Consultants") project that the Gaming Facility would attract 2.6 million to 3.3 million visitors annually. If a license is awarded to another site in Sullivan County or to a site in Newburgh, the impact would be moderate, dropping projected annual visitor counts to 2.1 to 2.2 million. The Market Consultants estimate that if it a license were awarded in Southern Orange County in Woodbury area (only 50 miles from New York City), a Gaming Facility in the Town of Thompson would only be able to attract 1 million visitors annually.

Figure 3: Gaming Facility Site and Surrounding Region



Sources: ESRI; HR&A Advisors

III. Demographic and Employment Conditions

Though once thriving as a resort destination, Sullivan County’s economy has been in decline for several decades. Despite this economic decline, however, from 2000 to 2012, the full-time population of Sullivan County grew at a higher rate than in the surrounding region¹ and State, as shown in Figure 4. As shown in Figure 5, the largest driver of this phenomenon is the growth of the population of residents age 60 to 69, which increased by 3,000 over this period, a growth rate 60% higher than that of the state as a whole. This is equivalent to 90% of Sullivan County’s overall growth during this period. A secondary, but significant source of population growth is among those age 18-29. This figure grew by 20% in Sullivan County, compared to only 9% in the State overall.

Figure 4: Population Growth by Geographic Area, 2000-2012

	2000	2012	% Growth
Sullivan County	73,966	77,340	4.6%
Catskills Region	441,223	451,593	2.4%
New York State	18,976,457	19,398,125	2.2%

Sources: US Census Bureau; HR&A Advisors

Figure 5: Percentage Change in Population by Age Group and Geographic Area, 2000-2012

	Age Group						Total
	< 18	18 - 29	30 - 44	45 - 59	60 - 69	70+	
Sullivan County	-6%	20%	-17%	18%	48%	-2%	4.6%
Catskills Region	-13%	13%	-20%	17%	46%	5%	2.4%
New York State	-8%	9%	-14%	18%	30%	4%	2.2%

Sources: US Census Bureau; HR&A Advisors

While population in Sullivan County has grown more quickly than the State and Catskills Region, household incomes have been in decline. While median incomes rose slightly in real dollar terms from 2000-2012 in the Catskills Region and were flat in New York State as a whole, they fell in Sullivan County. While lower wages may play a role in this trend, Figure 7 and Figure 8 suggest that a higher rate of unemployment also plays a factor.

Sullivan County’s unemployment rate was 6.9% as of April 2014.² This rate is somewhat higher than both New York State and the Catskills region as a whole. Before 2005, Sullivan County’s unemployment rate was below the statewide average, but since 2005 it has experienced consistently higher unemployment than the State. This relatively high rate of unemployment in the Catskills region and in Sullivan County in particular suggests that a new Gaming Facility may be able to draw a large share of its workforce from the population already residing in the area. Specifically, AKRF projects that 95% to 99% of the Gaming Facility’s employment base would come from the existing labor force, including re-training and increasing the workforce participation rate for those not currently working in related occupations. As such, the impact

¹ Following the definition used in the Environmental Impact Statement, the Catskills region is defined here as Delaware County, Greene County, Otsego County, Schoharie County, Sullivan County, and Ulster County

² New York State Department of Labor

on the cost of providing local services would be less than if a larger number of workers would be relocating from outside of the immediate region and increasing the local population.

Figure 6: Inflation Adjusted Household Income Growth by Geographic Area, 2000-2012 (Real 2014\$)

	2000	2012	% Growth
Sullivan County	\$ 50,598	\$ 49,492	-2.2%
Catskills Region	\$ 52,528	\$ 53,313	1.5%
New York State	\$ 59,437	\$ 59,413	0.0%

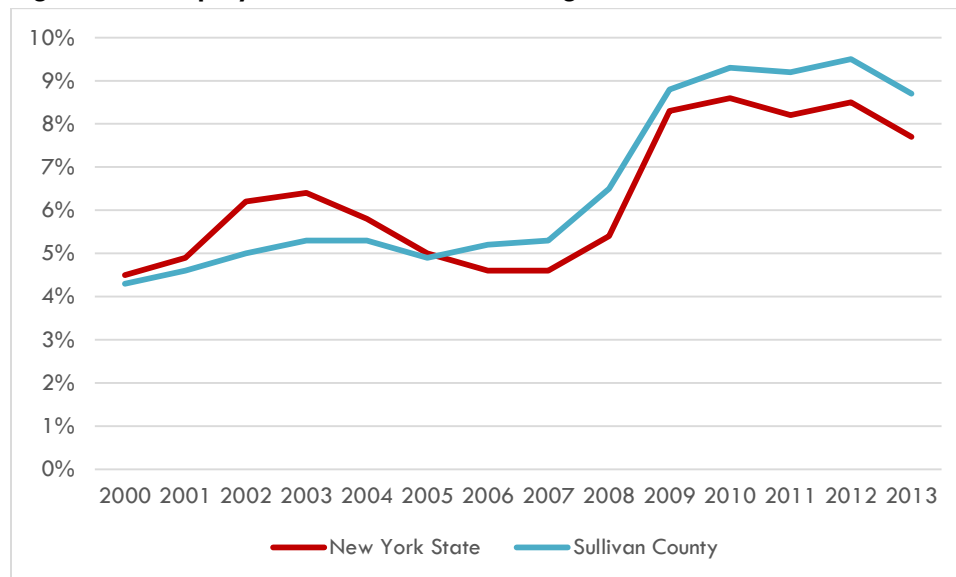
Sources: US Census Bureau; HR&A Advisors

Figure 7: Employment Statistics by Geographic Area, April 2014

	Labor Force	Employed Workers	Unemployed Workers	Unemployment Rate
Sullivan County	31,700	29,500	2,200	6.9%
Catskills Region	172,500	162,500	10,000	5.8%
New York	9,518,800	8,934,100	584,700	6.1%

Sources: New York State Department of Labor; HR&A Advisors

Figure 8: Unemployment Rate, Annual Average, 2000-2013



Sources: New York State Department of Labor; HR&A Advisors

IV. Municipal Costs

HR&A estimated incremental municipal costs for the Town of Thompson, Sullivan County, and the State of New York. This analysis considers both one-time, capital and operating expenses that these jurisdictions would be required to make to provide services to the Gaming Facility and incremental costs they will incur on an annual basis as a result of the ongoing Gaming Facility operations. HR&A examined the impacts on the following departments:

- Fire,
- Police,
- EMS,
- Public health,
- Building inspection,
- General government services, and
- School district.

Detailed assessments of the impact on traffic and the water and sewer system were conducted by AKRF and other outside consultants. Much of the data and many of the findings below are drawn from the draft environmental impact statement previously conducted for the Gaming Facility by AKRF. Where necessary, HR&A updated and expanded this analysis, using a marginal cost approach and relying on conversations with public sector officials and case study analyses to estimate the incremental impacts. Data on projected visitors, employees, and household migration, which indirectly underlie many of these cost impacts, are shown in Figure 9. It is assumed that, with the exception of impacts on schools, which are most directly related to the number of employees hired (and new area households created from relocating employees) as a part of the Gaming Facility, services impact will be constant across the low, average, and high revenue scenarios. The findings from HR&A’s analysis are summarized in the following sections and totaled at the end.

Figure 9: Projections for High, Average, and Low Revenue Scenarios

	High Revenue	Average Revenue	Low Revenue
Annual Visitors	3,310,000	2,940,000	2,560,000
Annual Gaming Revenue	\$359,000,000	\$319,000,000	\$277,000,000
Total Employees	2,415	2,155	2,072
Net New Households	129	34	26
Net New Public School Children	45	11	8

Sources: AKRF; Morowitz Gaming Advisors, LLC and Global Gaming & Hospitality

FIRE DEPARTMENT

Existing Capacity

The Monticello Fire Department operates one station, located at 23 Richardson Avenue in the Village of Monticello, 2.8 miles from the Gaming Facility site. Although the Gaming Facility site is located just outside of the Village limits of Monticello, this Department is the primary fire protection services provider for this

area. The busiest department in Sullivan County, the department responds to all over 1,000 calls annually. In 2011, the department responded to 1319 calls, of which 51% were within the Village of Monticello, 47% were elsewhere in the Town of Thompson, and 2% were for the provision of aid to other nearby fire departments.³

While Emergency Medical Services (EMS) are primarily handled by a private contractor (Mobilemedic EMS), the Fire Department also responds to all life-threatening medical calls. In 2011, rescue and EMS response was the most common cause for calls (43%).⁴

In 2014, the Fire Department has a \$1.6 million budget and employs four career professional firefighters, all of whom are certified as emergency medical technicians.⁵ Working in teams of two for most calls, this staffing does not permit the department to respond to multiple simultaneous calls for service during a normal shift. The efforts of these full-time employees are supplemented by a roster of approximately 50 volunteer firefighters, of whom approximately 30 participate actively.⁶ The department currently owns and operates four pumper trucks, one ladder truck, and two rescue vehicles, all of which are in good working condition.⁷

One-Time Costs to Monticello Fire Department from Gaming Facility Opening

To address the expected impacts from the Gaming Facility, the Monticello Fire Department would require two additional team of two career professional firefighters.⁸ This 50% increase in professional staffing does not directly mirror the anticipated increase in calls for service by the gaming facility, but instead reflects the resulting need to be able to respond multiple simultaneous calls in the Fire Department's service area. A single team of two professionals is the minimal effective increment of growth and a conservatively high estimate of increased costs.

Additionally, an expansion of the roster of volunteers by approximately 10 firefighters would be necessary to prevent additional strain on fire protection services.⁹ Because there tends to be a high variability in the hours worked and participation rates of volunteers, this also is not a direct reflection of anticipated call volume. Instead, this is an acknowledgement of the need to have a deeper roster of volunteers that can be called upon in the event of a fire emergency. Hiring these new firefighters would incur one time upfront costs associated with outfitting and training. Training costs for 2 new career firefighters have been estimated by department officials to be approximately \$10,000 each (\$20,000 total), while the cost of training volunteers was said to be negligible.¹⁰ The Fire Department would have

³ Monticello Fire Department, <http://www.monticellofd.com/pdfs/MFD-AnnualStats2011.pdf>

⁴ Ibid

⁵ Conversation with Carl Houman, Deputy Chief and Director of Fire Safety, Monticello Fire Department 5/21/14

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ Ibid

¹⁰ Ibid

outfit to all new hires (both career and volunteer) with firefighting protective equipment, at a cost of \$3,200 per person (\$40,000).¹¹

Fire Department officials do not anticipate that the current building design and uses associated with the Gaming Facility would necessitate additional capital expenditures by the department.

Figure 10: One-Time Upfront Costs (2014\$)

Items	Units	Per Unit Cost	Total Public Cost
Training	2	\$10,000	\$20,000
Protective Equipment	12	\$3,200	\$40,000
Total			\$60,000

Sources: Monticello Fire Department; HR&A Advisors

Ongoing Annual Operating Impacts

As noted above, officials from the Monticello Fire Department recommend that increasing staffing by two full-time career firefighters and approximately 10 volunteer firefighters would provide sufficient capacity to handle additional service requirements from the Gaming Facility. This would allow the Monticello Fire Department to adequately service the Gaming Facility while also providing capacity to handle other service requests in the Village and elsewhere in Thompson, should an incident occur at the Gaming Facility site.

The approximate salary for a career fire fighter in Monticello is \$45,000.¹² Salaries and overtime constitute a cost of an additional \$55,000 per fire fighter, for a total compensation package of \$100,000 per year.¹³ Volunteer firefighters do not receive any wages, but have the option of participating in a retirement program if they work a minimum number of hours.¹⁴ However, officials from the Monticello Fire Department report that volunteers very rarely avail themselves of this benefit.¹⁵

Using the estimated staffing needs of the Department and the assessment that there will be no additional capital needs, HR&A estimates that, at build-out, the Gaming Facility would necessitate an additional \$200,000 in incremental spending by the Monticello Fire Department to provide services.

Figure 11: Incremental Annual Operating Expenses (2013\$)

Incremental Operating Costs	New Hires	Cost per Hire	Total Public Cost
Salary, Benefits and Overtime	2	\$100,000	\$200,000
Total Annual Operating Costs			\$200,000

¹¹ Ibid

¹² Ibid

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

PUBLIC SAFETY

Existing Department Capacity

Police services in the vicinity of the Gaming Facility are provided by both the Sullivan County Sheriff's Office and the New York State Police, as there is no dedicated police force associated with the Town of Thompson. These two entities operate cooperatively, with coordination provided by the local 911 operator/dispatcher, and respond to incidents based on availability and proximity, rather than based on the type of call.

Sullivan County Sheriff's Office

Sullivan County Sheriff's Office headquarters are located at 4 Bushnell Avenue in Downtown Monticello, within 3 miles of the Gaming Facility Site. Operating with a force of 35 officers, including both patrolmen and detectives, the Sheriff's Office has one patrol unit assigned full-time to the Town of Thompson.¹⁶ To keep up with the dramatic increase in population and service calls during the summer months, the Sheriff's Office usually brings on an additional 6 officers from other counties in New York on a seasonal basis.¹⁷

In Fiscal Year 2014, the Sheriff's Office has a total budget of \$19 million, of which \$5 million was devoted to its patrol functions; most of the remainder was expended on the operation of the Sullivan County Jail.¹⁸ According to Department officials, staffing for patrols is only 30% of what it was during the peak of the region's resort economy.¹⁹

Figure 12 Fiscal Year 2014 Budget, Sullivan County Sheriff's Office- Patrol

Budget Category	Amount	Officers²⁰	Cost Per Officer
Personal Services	\$3,190,000	37	\$85,000
Equipment	\$290,000	37	\$10,000
Contract Services	\$620,000	37	\$15,000
Employee Benefits	\$1,550,000	37	\$40,000
Total	\$5,650,000		\$150,000

Sources: 2014 Adopted Budget for Sullivan County; Sullivan County Sheriff's office; HR&A Advisors

New York State Police

In addition, police protection services are provided to the Gaming Facility site by the New York State Police Troop F – Zone 1. This Zone includes four stations, of which the one in the Town of Liberty is closest to the Gaming Facility site (12 miles). The State Police also maintain a State Police Office in the Town of Thompson Town Hall, from which Troopers can conduct business. The State Police contingent assigned to

¹⁶ Conversation with Chief Blake Muthig, Sullivan County Sheriff's Office, 5/29/14

¹⁷ Ibid

¹⁸ 2014 Adopted Budget for Sullivan County, Sullivan County Office of Management and Budget

¹⁹ Conversation with Chief Blake Muthig, Sullivan County Sheriff's Office, 5/29/14

²⁰ This number reflects the average of 35 year-round plus 6 seasonal officers

Zone 1 consists of one Captain (Zone Commander), one Lieutenant, nine Sergeants, approximately 50 Troopers, two Senior Investigators, and 10 Investigators. Unlike with the Sheriff's Office, Zone 1 has a similarly sized force as when Sullivan County's resort hotels were still operational.²¹

In 2009, 2010, and 2011, the New York State Police Troop F responded to 1,554, 1,214, and 1,263 service calls, respectively, in the Town of Thompson.

Precedent Study: Impact of Casinos on Crime

Assessing the impact of new casinos on crime rates can be challenging due to the difficulty of distinguishing correlation versus causality. Several studies have attempted to discern the effect casinos have on the structure and amount of crime that occurs in a host community. Generally the findings indicate that crime does not inevitably increase due to the development of casinos, but the introduction of a casino may impact other exogenous factors that could either increase or decrease the local crime rate.

A study by the Rappaport Institute for Greater Boston at the Harvard Kennedy School of Government reviewed data associated with 365 casino developments built from 1990-2000 (Baxandall & Sacerdot, 2005). Overall, they found that although total crime increases slightly in counties with casino developments, this only occurs because total population increases as well. In several cases, crime rates per thousand people decreased in these host communities. Additionally, nearly all of the increase in crime occurs on site at the casino, consisting mostly of property crime. The National Opinion Research Center conducted a study of 100 communities, finding that those communities within a 50 mile radius of a casino development did not experience a statistically significant increase in crime within the 1990-1997 study period. In general, no consistent trend exists for communities subject to casino development. While some communities experience increased crime, others experience no change or in some cases, a decrease in the crime rate.

One-Time Impacts

While Police officials interviewed anticipate that the development of a Gaming Facility will be associated with an increase in property crime and traffic violations, they expected that they would be commensurate with those that would be expected for any business or entertainment attraction of the Gaming Facility's size.

In the draft environmental impact statement, AKRF estimated that an additional six officers would be necessary to conform to national police staffing standards following the development of the gaming facility. HR&A confirmed this estimate through and supported through communication with the Sullivan County Office of Management and Budget, the Sullivan County Sheriff's Office, and State Police officials. While this demand could be addressed through hires by either local law enforcement agency, conversations with officials from these departments indicate that Sheriff's Office has the greatest need for

²¹ Voice Mail from Captain Jamie Kaminsky, New York State Police, Troop F- Zone 1

additional staff. One-time costs associated with these hires include training, salary during training, and the purchase of additional vehicles and equipment necessary to outfit the new officers.

Sheriff's Office officials indicate that the cost of training each new officer includes the cost of the academy (\$5,000), six months of trainee's salary (\$25,000), and overtime for trainees (\$10,000). In addition, every 2-3 additional patrolmen hired necessitates the purchase of a new, fully-outfitted patrol car. The cost of each vehicle ranges from \$16,000 to \$30,000 while the cost of new equipment for each vehicle ranges from \$30,000 to \$50,000.

Figure 13: One-Time, Upfront Costs (2014\$)

Items	Units	Cost per Unit	Total Cost
Training	6	\$40,000	\$240,000
Vehicles and Equipment	2	\$60,000	\$120,000
Total Cost			\$360,000

Sources: Sullivan County Sheriff's Office; HR&A Advisors

Ongoing Annual Impacts

The entry level wages for a deputy in the Sullivan County Sheriff's Office include \$50,000 in salary plus \$5,000 - \$10,000 in overtime.²² According to the Sullivan County Office of Management and Budget, benefits constitute an additional \$40,000 in cost to the County, bringing the total annual compensation to as much as \$100,000.²³ Maintenance and gas for each of the two purchased vehicles will cost \$20,000 annually.

HR&A estimates the Gaming Facility would require an additional \$640,000 in incremental annual spending by the two local law enforcement agencies to provide services. HR&A's estimates for police officers assumes that police will be responding to traffic violations, drunk driving, and other criminal activities that would not take place without the Gaming Facility. In addition, the recommended staffing presumes Sullivan County and State police assistance would be requested by the Gaming Facility's security to handle any arrests, criminal investigations, or other situations requiring police involvement.

Figure 14: Incremental Operating Expenses (2014\$)

Incremental Operating Costs	New Hires	Cost per Hire	Total Cost
Wages including Overtime	6	\$60,000	\$360,000
Benefits	6	\$40,000	\$240,000
Vehicle Gas and Maintenance	2	\$20,000	\$40,000
Total Operating Costs			\$640,000

Sources: Sullivan County Sheriff's Office, New York State Department of Labor; HR&A Advisors

²² Electronic Communication with Joshua Potosek, Deputy County Manager and Commissioner of Management and Budget, Sullivan County Office of Management and Budget, 6/12/14

²³ Ibid

EMERGENCY MEDICAL SERVICES

As noted above, emergency medical services (EMS) at the Gaming Facility Site are provided by a private entity, Mobilemedic, with the support of the Monticello Fire Department.²⁴ Mobilemedic's services are funded by user fees at no cost to public agencies. EMS-related impacts on the cost of operations for the Monticello Fire Department is included within the estimate for impacts on fire protection services. As such, HR&A does not estimate that the Gaming Facility will generate any additional costs to the Town, County, or State associated with EMS services that are not accounted elsewhere.

Precedent: Current Use of Services at Monticello Raceway

At its existing facility at Monticello Raceway, Empire Resorts has on-going relationships with the Village of Monticello Police Department and Monticello Fire Department that include significant coordination, direct communication, and annual inspections. Monticello Raceway makes an average of 50 calls to the police department and 60 calls for emergency medical services annually, but also provides on-site security and EMS services.

While the proposed facility is somewhat larger than that of Monticello Raceway, and will likely produce a greater number of calls to local police, Empire will continue to provide on-site security, medical, and fire-protection services. Similarly, although the proposed facility lies outside of the Village of Monticello's boundaries, it is expected that similar relationships will be forged and maintained with the Sheriff's Office and State Police.

PUBLIC HEALTH

As an activity that is often associated with addictive behavior, the introduction of a casino may have impacts on the public health of the surrounding community. However, as noted in AKRF's Draft Environmental Impact Statement, casinos have many safeguards including employee training on the issues of problem and pathological gambling, self-exclusion programs, posting of helpline numbers, and prohibitions on underage gambling and gambling by employees. New York State has numerous prevention and treatment services and has the most successful Gambling Court in the country which is a therapeutic, intervention, and rehabilitative approach — within the criminal justice system and under judicial supervision — for defendants who commit non-violent crimes because of gambling addiction. Casinos support New York State's prevention and treatment programs as well as the Gambling Court and urge the government to address the issue of problem gambling.

²⁴ Conversation with Carl Houman, Deputy Chief and Director of Fire Safety, Monticello Fire Department 5/21/14

Due to the availability of and support for programs such as these, HR&A estimates that the Gaming Facility will generate no cost-impacts on public health services in the Town of Thompson or Sullivan County. Impacts on the cost of New York State to provide these services will be marginal and are not calculated.

BUILDING INSPECTION

Existing Capacity

The Building Department of the Town of Thompson operates out of Thompson Town Hall at 4052 Route 42 in the Village of Monticello. The Department is tasked with the enforcement of codes, regulations, and laws of the Town relating to building, zoning and other real property uses. The Department conducts inspections; issues reviews of building plans, building permits, and certificates of occupancy; and assists with zoning applications. The department currently consists of three full-time employees, a part-time employee, and an engineer that is contracted from a local firm to work part-time from the Department's offices. However, Department officials report that these staffing levels are insufficient to perform vital services, such as conducting fire and operations inspections, even in current conditions.²⁵

The Town of Thompson budget includes \$200,000 for staff salaries in the Building Department, with additional funding for staff benefits and payroll taxes. An additional \$50,000 is included for expenses, office equipment, and activities related to the demolition of unsafe buildings.

One-Time Impacts

The Gaming Facility will place additional burden on the Building Department's fire inspection unit during its planning and construction phase. The Gaming Facility will likely require a moderate amount of a fire inspector's time during the construction process. Based on comparable studies, HR&A estimated that 50% of one inspector's time may be required for the Gaming Facility for the duration of the pre-development and construction process (currently assumed to last 3 years). Using a base salary of \$55,000, as reflected in the Town of Thompson's 2014 adopted budget, plus an estimated cost of benefits of 25%, the fully burdened FTE for a fire inspector is estimated at \$65,000. At ½ FTE over the course of 3 years, this is equivalent to 1.5 FTE and a total one-time costs of \$100,000. The cost of these impacts may be addressed through an escrow account, funded by the Gaming Facility sponsor at the start of construction.

Figure 15: One-Time, Upfront Costs (2014\$)

Items	Units	Cost per Unit	Total Cost
Temporary Fire Inspector	1.5	\$65,000	\$100,000
Total Cost			\$100,000

Sources: Town of Thompson; HR&A Advisors

²⁵ Conservation with Logan Ottino, Code Enforcement Officer and Fire Inspector, Town of Thompson Building Department, 5/30/14

Ongoing Annual Impacts

Ongoing annual impacts will likely include regular inspections consistent with current practices. Costs for this work are included in HR&A's estimate of impacts on general government services.

GENERAL GOVERNMENT SERVICES

Ongoing Annual Impacts

While it is not possible to predict the exact strains that additional employment and visitation will place on the local government, additional impacts will be felt by various government departments in addition to those studied in detail in this and other consultant reports. While some of these may come in the form of one-time impacts, the majority will be related to the added costs of administrating governmental services on an ongoing, annual basis.

Assuming that new pressures will lead to a 5% increase in the costs of services for departments that fall under the Town of Thompson's Town-Wide General Fund Expenses, the Gaming Facility will have an additional impact of \$140,000 on the Town's budget. Conversation with officials with the Sullivan County Office of Management and Budget suggest that, aside from those accounted elsewhere (e.g. the Sheriff's Office and the Department of Public Works), the impacts of the Gaming Facility on the County's operations will be negligible.²⁶

In addition to these local impacts, in the addition of a casino will have an impact the State, primarily through the cost of regulation. However, as specified in section 1350 of the Upstate New York Gaming Economic Development Act of 2013, all costs associated with the regulation of the gaming industry will be assessed as fees to each casino. Thus having no net impact on the State operating budget, these costs are not included in this analysis.

Figure 16: Incremental Annual General Government Expenses (2013\$)

Incremental Operating Costs	General Fund (less costs accounted elsewhere)	Expected Increase	Total Public Cost
Town of Thompson	\$2,730,000	5%	\$140,000
Sullivan County	\$138,410,000	negligible	negligible
State of New York	\$133,000,000,000	covered by industry	covered by industry

Sources: Town of Thompson; Sullivan County; HR&A Advisors

²⁶ Conversation with Joshua Potosek, Deputy County Manager and Commissioner of Management and Budget, Sullivan County Office of Management and Budget, 6/6/14

SCHOOLS

Impact of New Employment on School Enrollment

Upon stabilization, AKRF estimated that the Gaming Facility will employ a total between 2,072 and 2,415 people, depending on revenue scenario. Of these, AKRF estimates in the attached analysis that, while 95% to 99% of employment demand will be met by the region's existing labor force (including through retraining and workforce re-entry). The remaining 20 to 113 of these new jobs will be filled by workers induced to move from outside of the area. AKRF generated estimates of housing demand for the households associated with these jobs, disaggregated by housing type (single-family, townhouses, and multi-family). Based on research conducted by Rutgers Center for Urban Policy Research on New York State households, AKRF assumed that there will be an average of 0.58 schoolchildren per single-family housing unit demanded, 0.14 schoolchildren per townhouse unit, and 0.35 children per multi-family unit.

Although, the majority of these new households are projected to reside within the MCSD catchment area, AKRF further estimates that there is also estimated to be some impact on the Ellenville Central, Fallsburg Central, Pine Bush Central, and Port Jervis City School Districts in the high revenue scenario. However, in the average and low revenue scenarios, AKRF projects that impacts will be limited to MCSD and Fallsburg Central School District. The estimated distribution of school age children by school district and revenue scenario is as shown in Figure 17.

Figure 17: New School Children Generated by Net New Households

School District	High	Average	Low
Ellenville Central	2	0	0
Fallsburg Central	10	1	1
Monticello Central	26	10	7
Pine Bush Central	4	0	0
Port Jervis City	3	0	0
Total	45	11	8

Source: AKRF

It is estimated that 58% to 91% of school children that move into the area as a consequence of the new employment at the gaming facility will be within MCSD's catchment area. Even in the high revenue scenario, it is estimated that no more than 10 additional children will enroll in one of the other nearby school districts. As such, the potential impacts to Ellenville Central, Fallsburg Central, Pine Bush Central, and Port Jervis City School Districts will be analyzed at a higher level than those to MCSD, discussed below. Thus, the following sections first focus on the Monticello Central School District impacts and then the impacts on other districts combined.

Monticello Central School District: Existing Conditions

The Gaming Facility site is within MCSD, which includes portions of the Towns of Thompson, Bethel, Fallsburg, Forestburgh, and Mamakating. The district includes three elementary schools (grades K-5), one middle school (grades 6-8), and one high school (grades 9-12). In the 2012-2013 school year, it had a total enrollment of 3,070 and a total staff and faculty count of 438 (including 282 teachers, five principals, six assistant principals, 45 other professional staff, and 100 paraprofessionals).

After the 2009-10 school year, the district closed Duggan Elementary School and distributed its population among Chase, Cooke, and Rutherford Elementary Schools. As a part of this consolidation, both Cooke and Rutherford were expanded to K-5 schools (from K-2 and 3-5, respectively). This coincided with a large, one-year spike in student enrollment: from 2009-10 to 2010-11, enrollment grew by 23% before falling by 20% between 2010-11 and 2011-12. Overall, district-wide enrollment fell by 5% from 2009-10 to 2012-13. With this decline in enrollment, four out of the five schools in MCSD are operating with excess capacity. MCSD as a whole can accommodate an additional 521 students within the capacity of its existing facilities.

Per pupil spending in Monticello for 2012-13 was \$23,128, including an average of \$13,048 for general education students and \$40,758 for special education students. The district's student-to-teacher ratio is approximately 10.9 to 1. Of the 3,070 students enrolled in 2012-13, 61% were categorized as economically disadvantaged, with 52% eligible for free lunch and another 7% eligible for reduced lunch. Students with limited English proficiency represented 4% of enrollment while 14% of students were categorized as having a disability.

Figure 18: Historical School Enrollment, Monticello Central School District, 2009-2013

	2009-2010	2010-2011	2011-2012	2012-2013
Emma C. Chase Elementary	218	434	370	367
George L. Cooke Elementary	495	761	578	571
Cornelius Duggan Elementary	222	CLOSED	CLOSED	CLOSED
Kenneth L. Rutherford Elementary	554	634	518	499
Robert J. Kaiser Middle School	724	882	755	739
Monticello High School	1,013	1,244	933	894
Total	3,226	3,955	3,154	3,070

Source: New York State Department of Education; HR&A

Monticello Central School District: One-Time Impacts

As illustrated in Figure 19, MCSD has excess capacity of more than 500 students in its existing facilities. At a school level, there is available capacity at two of its three elementary schools, as well as at its middle school and high school. This is more than sufficient to accommodate the additional 7 to 26 school age children projected to be induced by employment in the Gaming Facility. As such, the one-time costs associated with additional demand for capital resources will be minimal. Because most employees of MCSD will be trained prior to being hired and do not require a significant amount of new equipment, there will also be few one-time costs associated with expansion of MCSD's labor force.

Figure 19: School Enrollment and Capacity, Monticello Central School District, 2012-2013

	2012-2013		
	Capacity	Enrollment	% Capacity
Emma C. Chase Elementary	322	367	114%
George L. Cooke Elementary	582	571	98%
Kenneth L. Rutherford Elementary	657	499	76%
Robert J. Kaiser Middle School	1,050	739	70%

Monticello High School	980	894	91%
Total	3,591	3,070	85%

Source: New York State Department of Education; MCSD; AKRF HR&A

Monticello Central School District: Ongoing Annual Impacts

As noted above, average per pupil spending in MCSD for 2011-12 was \$23,128. It is estimated that the Gaming Facility will induce the enrollment of an additional 7 to 26 children in MCSD's schools and, using an average cost method, this translates into an ongoing annual impact of \$160,000 to \$600,000. However, because there is excess capacity in MCSD schools and operating impacts will likely be limited to additional labor costs, these estimates represent a **worst case scenario** and actual costs are likely to be significantly less.

Figure 20: MCSD Incremental Annual Operating Expenses (2012\$)

	High Scenario	Average Scenario	Low Scenario
Number of Pupils	26	10	7
Cost per Pupil	\$23,128	\$23,128	\$23,128
Total Annual Operating Impact	\$600,000	\$230,000	\$160,000

Source: New York State Department of Education; AKRF; HR&A

Other School Districts: Existing Conditions

In addition to MCSD, AKRF estimates that there is the potential for limited impacts on adjacent school districts, including Ellenville Central, Fallsburg Central, Pine Bush Central, and Port Jervis City. Key operating statistics for these school districts are as outlined in Figure 21. Even in Fallsburg Central School District, which has both the smallest current enrollment and the largest potential impact, the Gaming Facility is projected to increase the student population by a maximum of 0.7%. As such, one-time costs associated with capital investments are projected for of these districts are estimated to be negligible.

Figure 21: Key Operating Statistics of Nearby School Districts

School District	Total Enrollment (2013)	Per Pupil Spending (2012)
Ellenville Central	1,680	\$23,502
Fallsburg Central	1,366	\$25,153
Pine Bush Central	5,589	\$16,952
Port Jervis City	2,836	\$19,824

Source: New York State Department of Education; HR&A

Other School Districts: Ongoing Annual Impacts

As noted above, the largest potential impacts on a school district other than MCSD is to the Fallsburg Central School District (FCSD). As shown in Figure 22, average per pupil spending in FCSD for 2011-12 was \$25,153. Given that it is estimated that the Gaming Facility will induce the enrollment of an

additional 1 to 10 children in the District's schools, this translates into an ongoing annual impact of \$25,000 to \$250,000. In the low and average revenue scenarios, there are no projected impacts to school districts other than MCSD and FCSD. However, in the high revenue scenario, it is estimated that the Gaming Facility will draw households with a total of nine additional school-age children to the area, distributed among the Ellenville Central, Pine Bush Central, and Port Jervis City School Districts. Overall, the impacts on other School Districts range from \$25,000 in the low revenue scenario to a combined total of \$425,000 in the high revenue scenario.

Figure 22: Other School Districts Incremental Annual Operating Expenses (2012\$)

	High Scenario	Average Scenario	Low Scenario
<u>Ellenville Central</u>			
Number of Pupils	2	0	0
Cost per Pupil	\$23,502	\$23,502	\$23,502
<i>Ellenville Central: Total</i>	\$45,000	\$0	\$0
<u>Fallsburg Central</u>			
Number of Pupils	10	1	1
Cost per Pupil	\$25,153	\$25,153	\$25,153
<i>Fallsburg Central: Total</i>	\$250,000	\$25,000	\$25,000
<u>Pine Bush Central</u>			
Number of Pupils	4	0	0
Cost per Pupil	\$16,952	\$16,952	\$16,952
<i>Pine Bush Central: Total</i>	\$70,000	\$0	\$0
<u>Port Jervis City</u>			
Number of Pupils	3	0	0
Cost per Pupil	\$19,824	\$19,824	\$19,824
<i>Port Jervis City: Total</i>	\$60,000	\$0	\$0
Total Annual Operating Impact	\$425,000	\$25,000	\$25,000

Source: New York State Department of Education; AKRF; HR&A

V. Conclusion

HR&A estimates that the development of the Gaming Facility would have moderate impacts on the costs of providing public services to the Gaming Facility site and surrounding area. These are enumerated below.

While the proposed Gaming Facility will generate substantial benefits through job creation and tax generation, it will also produce significant one-time impacts on local public service providers.

- HR&A estimates that the Monticello Fire District and Sullivan County Sheriff's Office and need to make investments in the training and equipping of new employees.
- HR&A estimates that the total cost of these required upfront investment is \$520,000. In order for these agencies to be prepared for incremental increase in calls for service associated with the Gaming Facility, these should be expended prior to the Gaming Facility's completion.
- Costs by department studied are summarized in Figure 23.

Figure 23: Summary of One-Time Upfront Expenses

	Upfront Costs
State of New York	
<i>Public Health</i>	<i>negligible impact</i>
<i>General Government Administration</i>	<i>covered by industry</i>
Sullivan County- Subtotal	negligible impact
Sullivan County	
<i>Sullivan County Sheriff's Office</i>	\$360,000
<i>General Government Administration</i>	<i>negligible impact</i>
Sullivan County- Subtotal	\$360,000
Town of Thompson	
<i>Building Inspection</i>	\$100,000
<i>General Government Administration</i>	<i>negligible impact</i>
Town of Thompson- Subtotal	\$100,000
Monticello Fire Department	\$60,000
Monticello Central School District	negligible impact
Other School Districts	negligible impact
Total	\$520,000

Source: HR&A Advisors

After opening, the Gaming Facility will also add incremental annual costs to the various departments providing fire, police, building inspection, general government, and education services at or near the Gaming Facility site. HR&A estimates that the Gaming Facility will generate an incremental increase of \$1,165,000 to \$2,005,000 in annual public service costs, spread across Town, County, State, and local District agencies.

- In the low revenue scenario, the largest ongoing cost impact is to police protection services, which are estimated at \$640,000; in that scenario, no category of public services has ongoing cost impacts exceeding \$200,000. However, with a significantly greater number of households

projected to move to the immediate area, cost impacts to local school districts are estimated to be as much as \$1,025,000 in the high revenue scenario.

- According to AKRF estimates, only 1% to 5% of the projected 2,072 to 2,145 jobs on-site will be filled by people relocating from outside of the region. Depending on the revenue scenario, AKRF further estimates that this would generate a total of approximately 8 to 45 new public school students, the majority whom which would enroll in the MCSD. This would increase the funding burden somewhat for all affected Districts. However, because there is excess capacity in MCSD schools and operating impacts will likely be limited to additional labor costs, the following estimates represent a **worst case scenario** are likely to be **significantly greater than actual costs**.
- Costs by department studied are summarized in Figure 24.

Figure 24: Summary of On-Going Expenses	Low Revenue Scenario	High Revenue Scenario
State of New York		
<i>Public Health</i>	<i>negligible impact</i>	<i>negligible impact</i>
<i>General Government Administration</i>	<i>covered by industry</i>	<i>covered by industry</i>
Sullivan County- Subtotal	negligible impact	negligible impact
Sullivan County		
<i>Sullivan County Sheriff's Office</i>	\$640,000	\$640,000
<i>General Government Administration</i>	<i>negligible impact</i>	<i>negligible impact</i>
Sullivan County- Subtotal	\$640,000	\$640,000
Town of Thompson		
<i>Building Inspection</i>	<i>negligible impact</i>	<i>negligible impact</i>
<i>General Government Administration</i>	\$140,000	\$140,000
Town of Thompson- Subtotal	\$140,000	\$140,000
Monticello Fire Department	\$200,000	\$200,000
Monticello Central School District	\$160,000	\$600,000
Other School Districts	\$25,000	\$425,000
Total	\$1,165,000	\$2,005,000

Source: HR&A Advisors

New York State estimates that Sullivan County will receive an additional \$2.1 million in school aid, property tax relief, and local government aid as a result of the proposed Gaming Facility. This is in addition to property taxes from new households. As such, it is estimated that the fiscal revenue generated by gaming facility at Adelaar will exceed its induced costs of public services, even in the high revenue scenario.

VI. Key Contacts

- Joshua Potosek, Deputy County Manager and Commissioner of Management and Budget, Sullivan County Office of Management and Budget
- Carl Houman, Deputy Chief and Director of Fire Safety, Monticello Fire Department
- Blake Muthig, Chief, Sullivan County Sheriff's Office
- Logan Ottino, Code Enforcement Officer and Fire Inspector, Town of Thompson Building Department
- Captain Jamie Kaminsky, New York State Police, Troop F- Zone 1