



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).

An independent local cost study was conducted by HR&A Advisors, Inc. The study shows the proposed Gaming Facility’s cost to each the Town of Thompson, nearby municipalities and the State for the proposed Gaming Facility including, without limitation, the incremental effect on local government services. An Executive Summary and key findings of the study are included below, and the full report is attached as Attachment IX.A.2.a.-1.

Executive Summary

HR&A Advisors, Inc. (HR&A) was retained to conduct an independent analysis of the impact of the proposed Gaming Facility at 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 a casino resort with 2,150 slot machines and 58 table games, a 391 room hotel, restaurants, a spa, and

conference facilities, the Gaming Facility includes a 175,000-square foot Entertainment Village, 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.

Key Findings

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 92% 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 proposed 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 HR&A's 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

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.

- 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). However, because there is excess capacity in MCSD and other school districts, and operating impacts will likely be limited to additional labor costs, the following estimates represent a **worst case scenario**. Actual costs are likely to be significantly lower.
- Estimated ongoing costs by department studied are summarized in Figure 2 and described in more detail in Section IV of HR&A's 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 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 the Gaming Facility at Adelaar will exceed its induced costs of public services, even in the high revenue scenario.