SCHOOL POPULATIONS ANALYSIS FOR THE PROPOSED GAMING FACILITY AT ADELAAR TOWN OF THOMPSON, NEW YORK

ATTACHMENT IX.A.5.-1

FINAL DRAFT

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June 27, 2014

A. INTRODUCTION

AKRF, Inc. was retained to assess whether there will be any impacts on school populations in districts located in the Town of Thompson (the Host Municipality) and nearby municipalities due to expected growth in school-aged children in households migrating to these areas as a result of the proposed Gaming Facility. The analysis compares the expected growth in school-aged population for high-, average-, and low-revenue cases under the "No Regional Competition" scenario to that of student enrollment trends in each potentially-affected school district. The analysis also considers the potential effects under a "With Regional Competition" scenario that assumes a second licensed casino within Region One.

Following this introduction, this Attachment is organized into the following sections:

- **B. Methodology and Data Sources** – This section describes the methodology, data sources, and assumptions behind the regional employment model used to identify the number of in-migrating households and growth in school-aged populations in the Town of Thompson and nearby municipalities, and the associated school districts.

- **C. Analysis Findings** – This section compares the existing conditions and trends in student enrollment for potentially affected school districts in Town of Thompson and surrounding municipalities with the modeled growth in student population, and determines whether the proposed project will have any potential impacts on school populations in each district.

B. METHODOLOGY AND DATA SOURCES

REGIONAL EMPLOYMENT PROJECTION METHODOLOGY

This analysis relies on the regional employment gravity model described in detail in Exhibit VIII.B.7.a, as well as the in-migration analysis described in detail in Exhibit X.A.4. Regional employment projections were developed with the use of a gravity model that includes data on existing labor supply, projected labor demand, unregistered unemployment, and stable unemployment for each area. These elements would determine the number of jobs generated by the proposed project that can be captured within the region, as well as any labor shortages. For the purpose of this analysis, children between the ages of 4 and 17 living in households of projected in-migrating Gaming Facility workforce were considered. It was further

conservatively assumed that all students would attend public school in their respective municipalities.

The capacity of the existing labor supply of each residence origin to meet the estimated labor demand generated by the proposed project for each employment category was measured by comparing the available pool of workers with the number of positions that would likely need to be filled from each residence origin in the regional model. If the available pool of workers of a given origin does not meet the labor demand for an employment category, then a shortage of workers exists for that origin, indicating that those positions would need to be filled by an influx of workers migrating into the area. If the available pool of workers exceeds labor demand, then a surplus of workers exists for that origin, indicating that those positions can be sufficiently filled from the existing labor pool in that origin. These shortages and surpluses were determined by subtracting the labor demanded and stable unemployment from the unemployed workers for each origin radius and employment category in the model:

(Unemployed Workers + Unregistered Unemployed + New Labor Force Entrants – Stable Unemployment – Labor Demand)

Place of residence origins were based on typical one-way driving times, calculated using ESRI Business Analyst, for the following average driving time segments:

1. Less than 10 Minutes;
2. Between 10 and 19 Minutes;
3. Between 20 and 29 Minutes;
4. Between 30 and 44 Minutes;
5. Between 45 and 60 Minutes; and
6. More than 60 Minutes (Between 1 and 2 Hours).

These origin radius boundaries were used to compare the labor demand from the Gaming Facility with the existing local labor supply using the methodology described above, and to assess whether the local labor pool can sufficiently fill the new jobs that would be created by the proposed Gaming Facility. These radius boundaries were then modified to conform to the geographies of the Town of Thompson, surrounding municipalities, the seven-county area of Region One, and New York State to determine the number of positions that were anticipated to be filled by residents from each of those areas, and if any in-migration to these areas would be needed to meet the labor demand generated by the proposed Gaming Facility. The total number of job positions that would be filled by residents of each of these areas was determined by subtracting any labor shortages by the estimated labor demand for each residence origin.

The distribution of place of residence by municipality was determined by the populations of census blocks living within each driving time radius, within 45 minutes of the project site. This resulted in the following place of residence distribution for the total labor demand generated by the proposed project, summarized in **Table 1**.

Table 1
Distribution of Labor Demand by Place of Residence

Place of Residence	Percent of Project Labor Demand
Town of Thompson	**19%**
Nearby Municipalities	63%
Town of Fallsburg	*13%*
Town of Mamakating	*8%*
Town of Wallkill	*7%*
Town of Liberty	*7%*
Town of Bethel	*3%*
Town of Middletown	*3%*
Town of Wawarsing	*2%*
Town of Montgomery	*2%*
Town of Crawford	*2%*
Town of Monroe	*2%*
Town of Mount Hope	*2%*
Town of Deerpark	*2%*
All Other Nearby Municipalities	*10%*
Region One	87%
New York State	92%

Notes: Host Municipality indicated in **bold**.
Sources: ESRI Business Analyst; 2010 Census; 2008-11 American Community Survey.

HOUSEHOLD GROWTH PROJECTION

If a labor shortage were determined for a given employment classification in a given area, such as management, professional, service, or blue-collar/maintenance, the existing labor supply of that area was considered to be insufficient in meeting the labor demand generated by the proposed Gaming Facility. New in-migrating workers, as well as members of the existing workforce with transferable skills, were assumed to fill job positions where a shortage of labor exists locally. This influx in working population was assumed to reside in available housing units in Thompson and surrounding municipalities, as described in Exhibit IX.A.4.

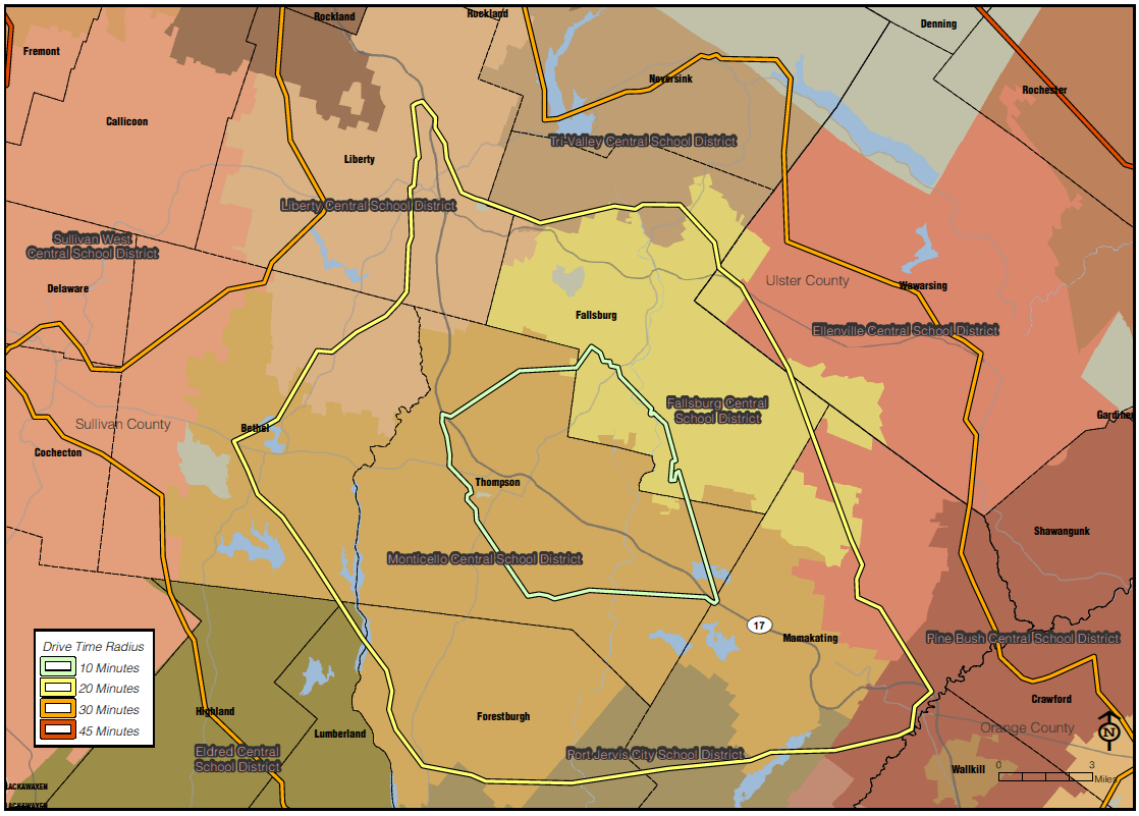
SCHOOL POPULATION GROWTH PROJECTION

To assess the impact that the projected employment and working population growth would have on school populations in public school districts serving the Town of Thompson and surrounding municipalities, an assumption of 0.58 schoolchildren per single-family housing unit, 0.14 schoolchildren per townhouse unit, and 0.35 children per multi-family unit was developed to project the increase in school population associated with the expansion in the local workforce. These ratios were based on a composite average of estimated schoolchildren per residential unit in New York State, developed in 2006 by the Rutgers Center for Urban Policy Research. The increase in housing units demanded was multiplied by these ratios to determine the expected overall increase in schoolchildren generated by the proposed project.

This school population was then distributed into school districts based on the population living in each district within the areas with an expected growth in the number of new households.

Figure 1 shows a map of the school districts that are expected to experience an increase in school population due to the proposed project. Year 2005 to 2012 New York State Education Department (NYSED) school enrollment data for each district were compared with the expected increase in student population for each of the districts to determine whether the proposed Gaming Facility will have any negative impacts on school populations.

Figure 1
School Districts Serving the Town of Thompson and Nearby Municipalities



C. ANALYSIS FINDINGS

"NO REGIONAL COMPETITION" SCENARIO

This section presents the findings of the modeling analysis and compares the increase in school population with existing enrollment levels in each of the potentially affected school districts. This analysis concludes that the proposed Gaming Facility will not have a negative impact on the school districts serving the Town of Thompson and neighboring municipalities.

The estimated increase in school population generated by the proposed project is summarized in **Table 2** below, for each of the potentially-affected public school districts. In the high Gaming Facility revenue scenario, five school districts are expected to experience an increase in student population. In the average and low Gaming Facility revenue scenarios, only the Monticello and Fallsburg school districts are expected to experience an increase in students.

Table 2
Projected School Population by Gaming Facility Revenue Case
"No Regional Competition" Scenario

School District	Projected school-children by revenue scenario		
	High-Revenue Case	Average-Revenue Case	Low-Revenue Case
Ellenville CSD	2	0	0
Fallsburg CSD	10	1	1
Monticello CSD	26	10	7
Pine Bush CSD	4	0	0
Port Jervis City SD	3	0	0
Total	**45**	**11**	**8**

Sources: AKRF, Inc.; School-aged children per household ratios developed from Rutgers University Center for Urban Policy Research.

These projected increases in public school-aged population can be compared to the existing enrollment figures for each of the potentially affected school districts, summarized in **Table 3**. All five school districts have experienced a decline in student population between 2005 and 2012. Overall, the student population in all of these districts has declined by 1,483. Given that the greatest number of schoolchildren generated by the proposed project in any of the Gaming Facility revenue scenarios is 45 for all five districts combined, it is expected that there is sufficient capacity in the public school systems serving the Town of Thompson and nearby municipalities to accommodate new school-aged children associated with the in-migrating households. Any additional cost on individual school districts in the area, due to the shrinking student population in these districts, is expected to be minimal.

Table 3
School Enrollment Trends by District, 2005-2012

School District	Enrollment								
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Change 2005-2012
Ellenville CSD	1,743	1,740	1,739	1,692	1,762	1,705	1,693	1,680	-63
Fallsburg CSD	1,404	1,460	1,454	1,403	1,348	1,347	1,388	1,366	-38
Monticello CSD	3,491	3,430	3,379	3,276	3,226	3,955	3,154	3,070	-421
Pine Bush CSD	6,174	6,115	6,068	5,884	5,850	5,696	5,649	5,589	-585
Port Jervis City SD	3,212	3,224	3,118	3,104	3,064	2,957	2,888	2,836	-376
Total	**16,024**	**15,969**	**15,758**	**15,359**	**15,250**	**15,660**	**14,772**	**14,541**	**-1,483**

Source: NYSED State Report Cards

The Gaming Facility is projected to generate between 8 (low-revenue case) and 45 (high-revenue case) school-aged children from families of in-migrating workforce. The average-revenue case is projected to generate 11 school children. Given the declining school attendance numbers in all potentially-affected schools districts, it expected that the incremental demand can be absorbed by the existing educational infrastructure. While Exhibit IX.A.2.a addresses municipal costs associated with increased demand on public school systems potentially affected by the project, overall, economic and fiscal benefits associated with the project, including tax revenues for schools, are expected to be positive for the school systems.

"WITH REGIONAL COMPETITION" SCENARIO

Similar to the above findings for the "No Regional Competition" Scenario, it is expected that with the "With Regional Competition" scenario there will not be adverse effects on public school systems serving the Town of Thompson and nearby municipalities. Detailed gravity modeling was not performed for the "With Regional Competition" scenario because the specific employment demands of a second Region One casino are unknown at this time. However, for the following reasons it is reasonable to conclude that the housing market could absorb demand generated by the in-migrating workforce of two casinos within Region One:

- With additional competition in Region One, individually the casinos would have a smaller demand for labor, and collectively could fall within the maximum demand of 2,036 FTE employees modeled for the high-revenue "No Regional Competition" scenario, above. The reduced labor demand would reduce the potential for in-migrating workforce and new demands on local schools.
- For the low-revenue and average-revenue cases, in which a second licensed casino is located within Orange County, geographically the labor pools from which the two casinos draw would differ substantially. An Orange County casino would draw labor

principally from within the New York metropolitan area, reducing overall in-migration of workforce and lessening the demand overlap in schools systems surrounding the casinos.

- For the high-revenue case, in which a second licensed casino is located in the Town of Liberty within Sullivan County, the labor pool from which the two casinos draw would substantially overlap. However, the local labor pool would have capacity to absorb additional employment demand beyond that assumed within the gravity modeling detailed in Exhibit IX.A.4 and utilized in the analysis above. The unemployment rate within Sullivan County historically has dropped well below the 4.5% residual unemployment rate assumed in the analysis; from the late 1990's through 2005 there were several period during which Sullivan County's unemployment rate was below 4.5%, dropping as low as 3.5% in 2000. Furthermore, timing of entry-to-market for the two Sullivan County casinos would differ by several years; as detailed in EXHIBIT VIII.C.4.b, the Gaming Facility is located on a Project Site that is ready for construction immediately (subject only to issuance of certain routine final approvals and permits), assuring the fastest speed-to-market of any proposed Gaming Facility in the State. The delay in introduction for a second casino would enable local school systems to better adjust budgets and staffing levels to account for any additional in-migrating workforce and school-aged children associated with that workforce.

About AKRF, Inc.

AKRF, founded in 1981, is a multidisciplinary consulting firm specializing in environmental, planning, economic, and engineering services. We bring together the talents of over 200 professionals in five locations to complete a wide variety of projects for public agencies, private clients, and municipalities, and deliver solutions with substantial, measurable value.

Our people are key to our long record of success. Our professional staff—many of whom are recognized industry leaders with many years of experience—include economists, urban planners, historians, air quality and noise analysts, civil engineers, transportation planners, and hazardous materials specialists. Our range of expertise enables us to offer our clients, from a small private developer to a large public agency, a single source to meet all their regulatory, engineering, and planning needs.

Because AKRF's growth has been from within and not through acquisition, our departments and our staff members have worked side-by-side for decades. This means that there are no barriers to communication as projects evolve and new challenges are addressed. When you work with AKRF, you have immediate and constant access to the full range of our staff expertise and we can seamlessly respond to your project's needs.

AKRF's Economic and Real Estate Advisory Services practice helps public and private clients make informed, cost-effective decisions through a broad range of services including market and demand analyses, financial feasibility analyses, economic and fiscal impact analyses and comprehensive development strategies. Our team includes economists, MBAs, input-output modelers, accredited real estate professionals, and former real estate developers. For over 30 years we have worked on award-winning, small town revitalization projects as well as some of the region's signature multi-million-dollar development projects. Our experts are well versed in analyzing markets, conducting financial pro forma assessments, assessing economic impacts, and creating economic development strategies that help not only to get things built but also unfold each project's catalytic potential.

AKRF's Economic and Real Estate Advisory Services practices areas are as follows:

Demographics & Market Conditions

We provide demographic and market studies for residential, commercial, industrial, and mixed-use projects. Private-sector clients call on AKRF to determine or test demand for their real estate developments, and to help them navigate the public approval process by forecasting potential socioeconomic impacts. Public-sector clients frequently use our services to plan for population and job growth and to verify the market for proposed real estate projects. Specific areas of expertise include:

- Market and feasibility studies and consumer spending analysis
- Capture rate/gap analysis
- Housing demand analysis
- Demographic trends and forecasts
- CEQR/SEQR/NEPA socioeconomic impact and environmental justice analyses

Tourism & Hospitality

Tourism and the hospitality industry are key contributors to the economy of an area, urban or rural. AKRF understands how attracting, entertaining, and lodging visitors provides opportunities to capture consumer expenditures. Clients who have used these services include real estate developers, state and municipal finance authorities, economic development agencies, operating corporations such as casinos and convention centers, local development corporations, and museums and cultural facilities. Specific areas of expertise include:

- Market assessments / Facility programming
- Feasibility studies and performance evaluation
- Visitation projections / Marketing strategy
- Sales and revenue projections
- Strategic development planning

Economic & Fiscal Impacts

AKRF is well-known for top-notch economic and fiscal impact modeling capabilities. Using RIMS II and IMPLAN input-out models, we help economic development agencies, public development corporations, and private-sector developers understand and communicate the value of proposed development projects in terms of direct and indirect jobs, wages and salaries, property and sales taxes, personal income and corporate taxes, and utility and special district taxes. In addition to economic and fiscal impact modeling, specific expertise includes:

- Cost-benefit analysis
- Cost of services analysis
- Employment and labor market analysis
- Tax Increment Financing (TIF) planning and analysis
- EB-5 application support

Real Estate & Economic Development

We help public development agencies and private real estate investors determine how best to generate sustainable economic development in a region, town, neighborhood, or single development parcel. Our staff works to maximize development opportunities by weighing economic, financial, environmental, and physical factors, setting priorities, and evaluating the public and private return on investment. Our services include:

- Corridor studies / Revitalization strategy / Blight studies
- Transit Oriented Development (TOD) studies
- Research & Development (R&D) studies
- Strengths Weaknesses Opportunities and Threats analysis

- Highest-and-best use analysis / Financial feasibility studies
- Urban renewal plans
- Cash-flow analysis / Site selection studies
- Public private partnership (P3) strategy.