
ATTACHMENT VIII.B.3.a-1

**MUNICIPALITY, REGION AND STATE ECONOMIC BENEFIT
IMPACT STUDIES FOR
GAMING FACILITY AT ADELAAR
TOWN OF THOMPSON, NEW YORK**

Prepared for:

Empire Resorts, Inc.
Montreign Resort Casino
Gaming Facility at Adelaar

Prepared by:



June 19, 2014

Municipality, Region and State Economic Benefit Impact Studies

A. INTRODUCTION

This Attachment and the related report, Attachment VIII.B3.a-2 is in support of Montreign Resort Casino and the Gaming Facility application to the New York Gaming Facility Location Board to be granted a Gaming Facility License, and addresses the economic benefits of the Proposed Gaming Facility. This attachment summarizes the analysis in the attached Municipality, Region, and State Economic Benefits Analysis of the Gaming Facility at Adelaar (Attachment VIII.B.3.a-2) prepared by AKRF, Inc. (AKRF).

A major goal of the Upstate New York Gaming Economic Development Act of 2013 (the Act) is to enhance the financial condition of localities that have suffered from economic hardships. This study presents the proposed Gaming Facility's overall economic incremental benefit to the Town of Thompson (the Host Municipality), nearby municipalities, Sullivan County, Region One, and New York State. It includes a description of existing conditions and background conditions in the comparable year, assuming development continues as to trend without the proposed Gaming Facility. Using these conditions as a baseline for comparison, the study then projects economic conditions in the future with the proposed Gaming Facility.

Following this introduction, the analysis is organized as follows:

- **Section B. Methodology, Data Sources and Assumptions** - This section describes the study areas examined, the data sources used and the assumptions applied for this analysis.
- **Section C. Background Conditions** - This section presents existing and future social and economic conditions in the areas that will be affected by the proposed Gaming Facility.
- **Section D. Future Conditions without the Proposed Gaming Facility** - This section presents a future baseline condition that is used to compare and evaluate the incremental changes expected as a result of the proposed Gaming Facility. Using background conditions as the starting point, this section adds in planned projects that are known or expected to be built in the near future without the proposed Gaming Facility.
- **Section E. Future Conditions with the Proposed Gaming Facility ("No Regional Competition" Scenario)** - This section builds on the previous analysis, presenting the economic conditions projected in the future with the proposed Gaming Facility, enabling the assessment of the proposed Gaming Facility's incremental economic impacts. This section presents analysis assuming no other gaming license is awarded within Region One.
- **Section F. Future Conditions with the Proposed Gaming Facility ("With Regional Competition" Scenario)** - This section presents the same analysis as described immediately above, but considers a scenario in which a second gaming license awarded

within Region One, at locations that vary depending on the high-, average- and low-revenue case assumed for the analysis.

- **Section G. Conclusion** - This section presents a conclusion of the findings of the analysis.

B. METHODOLOGY, DATA SOURCES AND ASSUMPTIONS

METHODOLOGY

The analysis of economic benefits of the proposed Gaming Facility focuses in the first instance on a study area that is most likely to be affected by the proposed Gaming Facility, defined as the Host Municipality—the Town of Thompson. The analysis also considers a broader area within which vast majority of new employees will be drawn, and within which a vast majority of new employees will establish residence. These areas include municipalities in Sullivan County surrounding the proposed site, Sullivan County as a whole, as well as other counties in Region One. Surrounding municipalities include the towns of Bethel, Callicoon, Cocheton, Delaware, Fallsburg, Forestburgh, Fremont, Highland, Liberty, Lumberland, Mamakating, Neversink, Rockland, and Tusten (see Figure 1). Region One is defined as Columbia, Delaware, Dutchess, Greene, Orange, Sullivan, and Ulster Counties (see Figure 2). Where relevant, the analysis also includes comparative data for New York State as a whole.

DATA SOURCES

Various sources were used in this analysis. Demographic and income data were obtained from the US Census Bureau’s Decennial Census and the 2008-2012 American Community Survey (ACS). Population projections for Sullivan County were obtained from the Cornell Program on Applied Demographics, produced on September 8, 2011. Information about second home owners in Sullivan County was collected from the October 2008 Second Home Owner Study prepared by the Sullivan County Division of Planning and Environmental Management. Labor force data were obtained from the New York State Department of Labor and ESRI Business Analyst Online, a commercial data provider. Unless otherwise indicated, all dollar values are 2014 adjusted dollars, based on US Department of Labor Bureau of Labor Statistics Consumer Price Index for all urban consumers in the Northeast.

Additional data were obtained from the following independent reports and analyses prepared by other consultants: Global Gaming & Hospitality, LLC and Morowitz Gaming Advisors, LLC’s June 2014 Gaming Market Assessment for Proposed Montreign Casino (“the GGH/Morowitz Market Assessment”); Global Gaming & Hospitality, LLC and Morowitz Gaming Advisors, LLC’s June 2014 Gaming Market Assessment for Proposed Montreign Casino – Supplemental Analysis, Alternative Development Scenarios (“the GGH/Morowitz Market Assessment Supplement”); Global Gaming & Hospitality, LLC and Morowitz Gaming Advisors, LLC’s June 2014 Montreign Market Analysis for RFA Exhibit VIII.B.1 (“the GGH/Morowitz Incremental Gaming Revenue Analysis”); Hotel & Leisure Advisors’ January 2014 Market Feasibility Study Report for the Proposed Indoor Waterpark Resort, 84 Chalet Road, Thompson, Sullivan County, New York (“the H&LA report”); and the SUNY Sullivan Draft report A Game Changer for the Landscape of Sullivan County: Workforce Enhancement Opportunities through the Empire Resorts Project (“the Draft SUNY Sullivan Report”). Information about planned projects in the

area was collected from the December 2012 EPT Concord Resort FGEIS, communications with municipal officials and staff in April 2014, and internet searches.

ASSUMPTIONS

It is assumed that the proposed Gaming Facility will open by the end of 2016, and that the first full year of operations will be 2017. Construction benefits presented in this Attachment are based on economic activities estimated to occur during an approximately 24-month construction period that is assumed to commence by the end of 2014. Operational employment benefits presented in this Attachment are based on economic activities estimated to occur during 2017, the first full year of operations and a period during which employment is expected to reflect near-stabilized operating conditions. For the gross and net revenue analyses presented in this Attachment, estimates are based on revenue projections for year 2019 operations, as this reflects a condition approaching stabilized operating conditions for revenues.

Future development is planned for Adelaar Resort, including residential, commercial, and hospitality uses as described in the Comprehensive Development Plan, which was adopted by the Town of Thompson in 2013 and is included in Exhibit VIII.C.3.a. This analysis does not account for economic activity and associated benefits that will result from this future development at Adelaar.

C. BACKGROUND CONDITIONS

This section presents existing and future population, housing, household income, employment, and tourism and regional attraction conditions for the Town of Thompson (the Host Municipality), municipalities surrounding the Town of Thompson (see Figure 1), Sullivan County, Region One, and New York State. The Town of Thompson is located approximately 90 miles northwest of New York City in Sullivan County. Sullivan County comprises the southwestern portion of the Catskills region, which also includes Delaware, Greene, and Ulster Counties. As illustrated in Figure 2, Sullivan County is located in the western portion of Region One.

POPULATION TRENDS

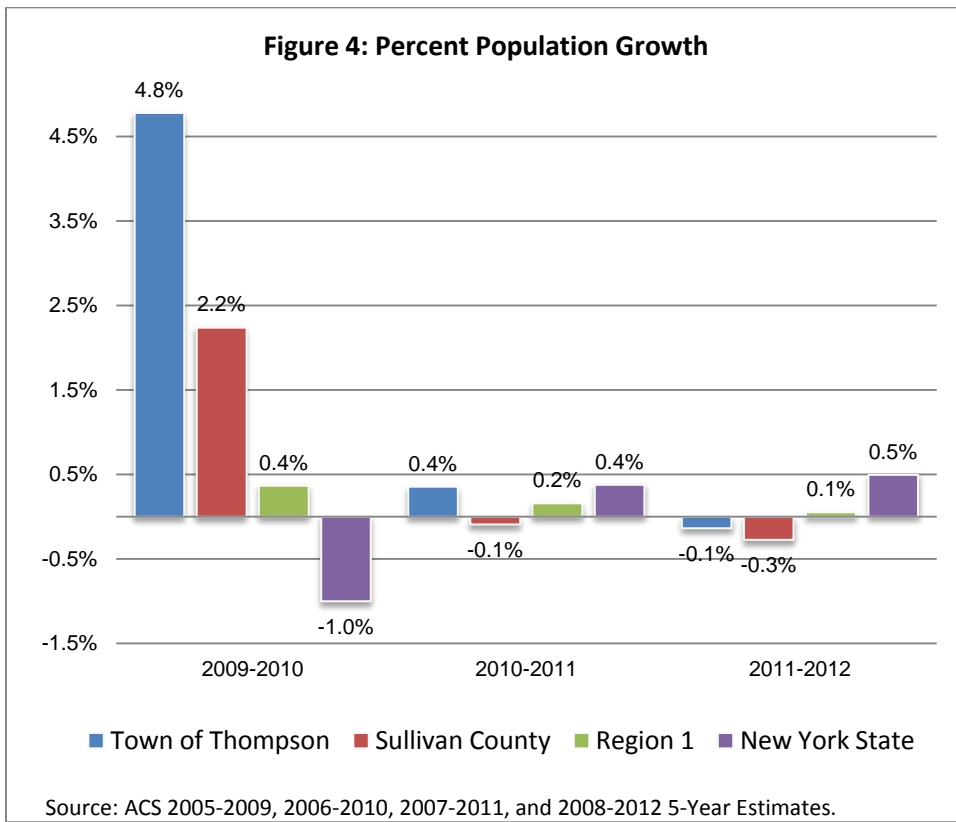
The Town of Thompson is the most populous municipality in Sullivan County (see Figure 3). Within the more populous towns, population is densest in several villages and hamlets, such as the Village of Monticello in Thompson, and the hamlet of South Fallsburg within the Town of Fallsburg. Other than these few communities, Sullivan County is largely rural.

In 2008-2012, the population of the Town of Thompson was 15,263. Between 2000 and 2012, the Town of Thompson experienced more population growth than Sullivan County, Region One, and New York State as a whole (see Table 1). However, the majority of this growth occurred before 2010. In recent years the Town's population has stagnated, similar to trends in Sullivan County, Region One, and the State (see Figure 4).

Table 1
Population, 2008-2012

Area	2000	2008-2012	Percent Change
Town of Thompson	14,189	15,263	7.6%
Sullivan County	73,966	77,340	4.6%
Region One	1,032,576	1,089,952	5.6%
New York State	18,976,457	19,398,125	2.2%

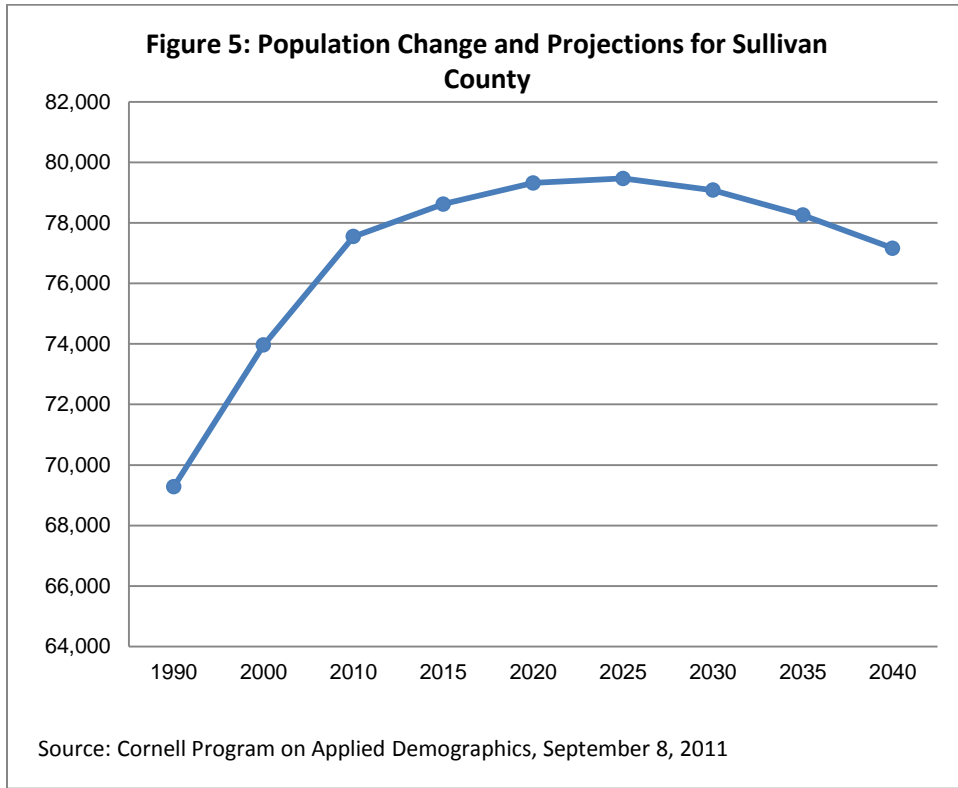
Sources: 2000 Census; ACS 2008-2012.

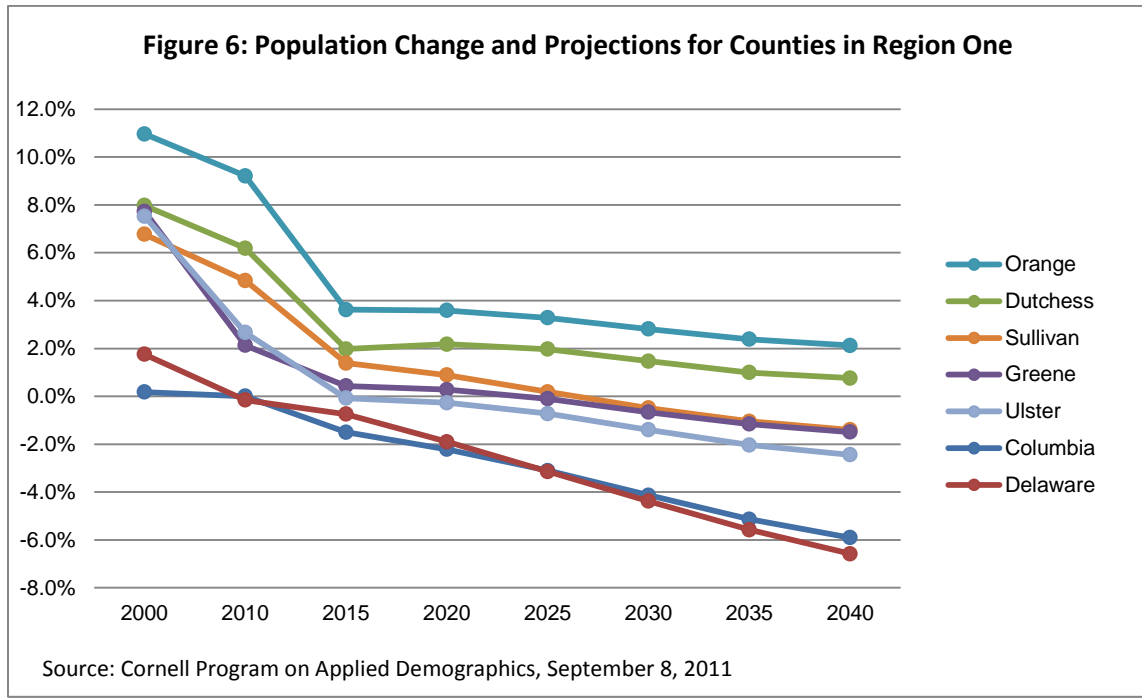


These population numbers represent permanent, year-round residents only, and therefore do not include seasonal residents or second-home owners whose primary residence is elsewhere. The Catskill mountain region—which includes the western portion of Region One—is an area where seasonal and second-home ownership is common. According to the H&LA Report, in 2012 Sullivan County had the highest total visitor spending on second homes of all the counties in the Catskills and Hudson Valley regions. The Town of Thompson accounted for the second highest percentage of second-home locations of all Sullivan County municipalities.

By the time the proposed Gaming Facility will be built, population growth in Sullivan County is projected to slow (see Figure 5). The population is projected to increase slightly until 2015, and

then level off and remain stable through 2030, before declining slightly through 2040. Overall, population change and projections in the other counties that comprise Region One mirror the trends described for Sullivan County, though Orange and Dutchess counties are projected to experience more dramatic growth and Columbia and Delaware Counties are projected to decline more rapidly (see Figure 6).





While there are over 3,300 residential units planned in Thompson and neighboring municipalities in the future, recent trends indicate that financing is not necessarily available and that these plans may not lead to construction. While the Town of Thompson and Sullivan County have experienced some population growth since 2000, this growth is expected to level off in the future. As described in detail below, economic trends have not improved with recent residential growth.

HOUSEHOLDS AND HOUSING TRENDS

According to 2008-2012 ACS data, there are 5,883 households in the Town of Thompson, and the average household size is 2.47 persons, which is similar to that of Sullivan county as a whole (2.46 persons per household), and slightly smaller than the average household size for Region One and New York State.

There were 9,391 housing units in the Town of Thompson in 2008-2012, representing approximately 19.1 percent of housing units in Sullivan County (see Table 2). The Town of Thompson has a lower owner-occupancy rate than the County, Region One, and the State, with approximately 34.7 percent of housing units owner-occupied.

Table 2
Housing Characteristics, 2008-2012

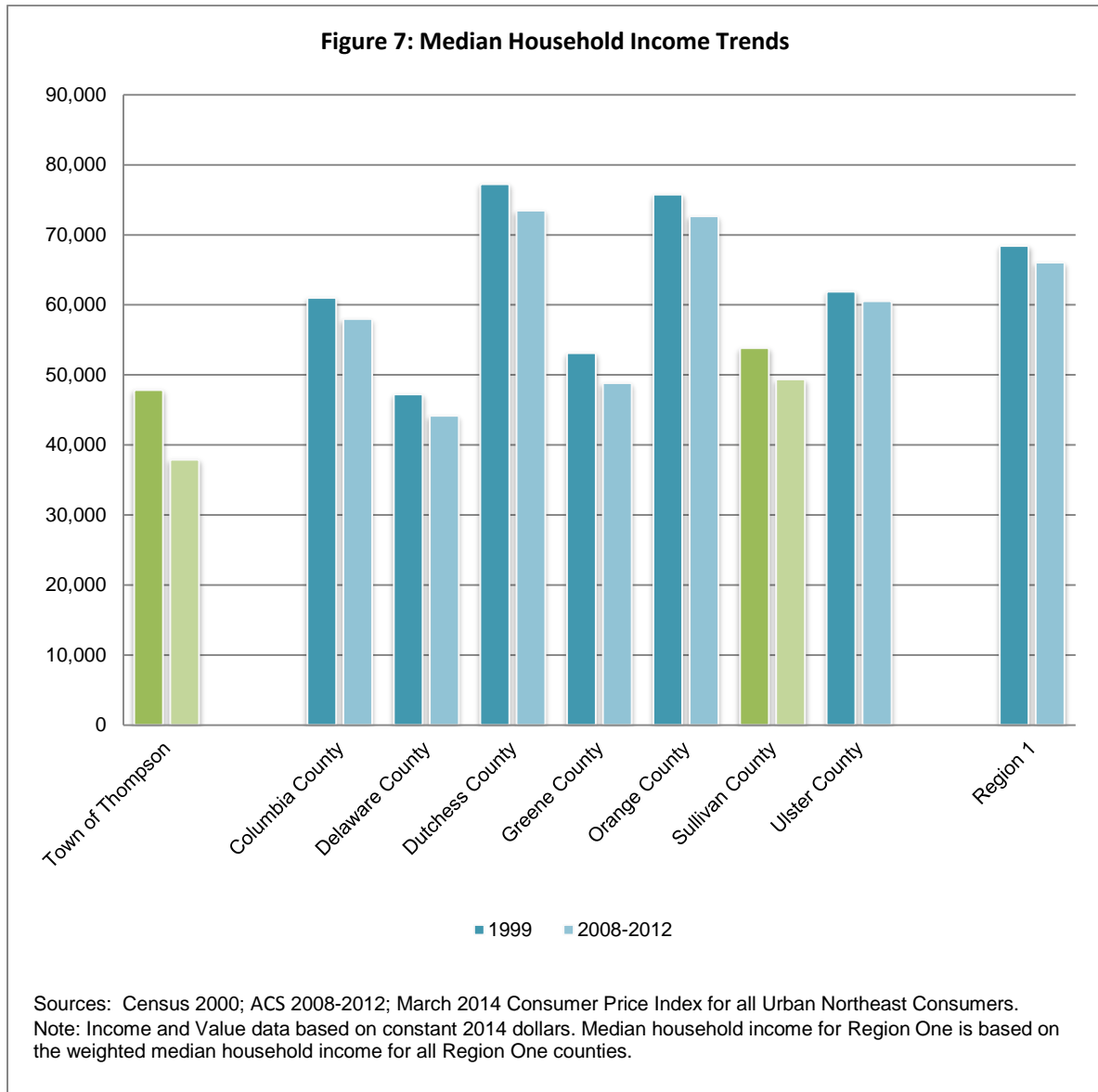
Area	Housing Units	Occupancy Rate	Vacancy Rate	Owner-Occupied	Renter-Occupied
Town of Thompson	9,391	62.6%	37.4%	34.7%	27.9%
Sullivan County	49,179	60.3%	39.7%	40.1%	20.2%
Region One	481,173	82.4%	17.6%	57.7%	24.7%
New York State	8,102,223	89.2%	10.8%	48.6%	40.6%
Sources: ACS 2008-2012.					

The Town of Thompson and Sullivan County both have high vacancy rates (37.4 and 38.7 percent, respectively), which is largely due to the concentration of seasonal/second homes in the Catskills region. Almost three-quarters of the vacant housing units in Sullivan County are for seasonal, recreational, or occasional use. The Town of Thompson has a similar share of vacant housing for seasonal, recreational, or occasional use (69.7 percent), but a slightly higher share of vacant housing that is for rent (7.9 percent versus 4.4 percent). Overall, the Town, County, and Region One have high vacancy rates relative to that of New York State (10.8 percent).

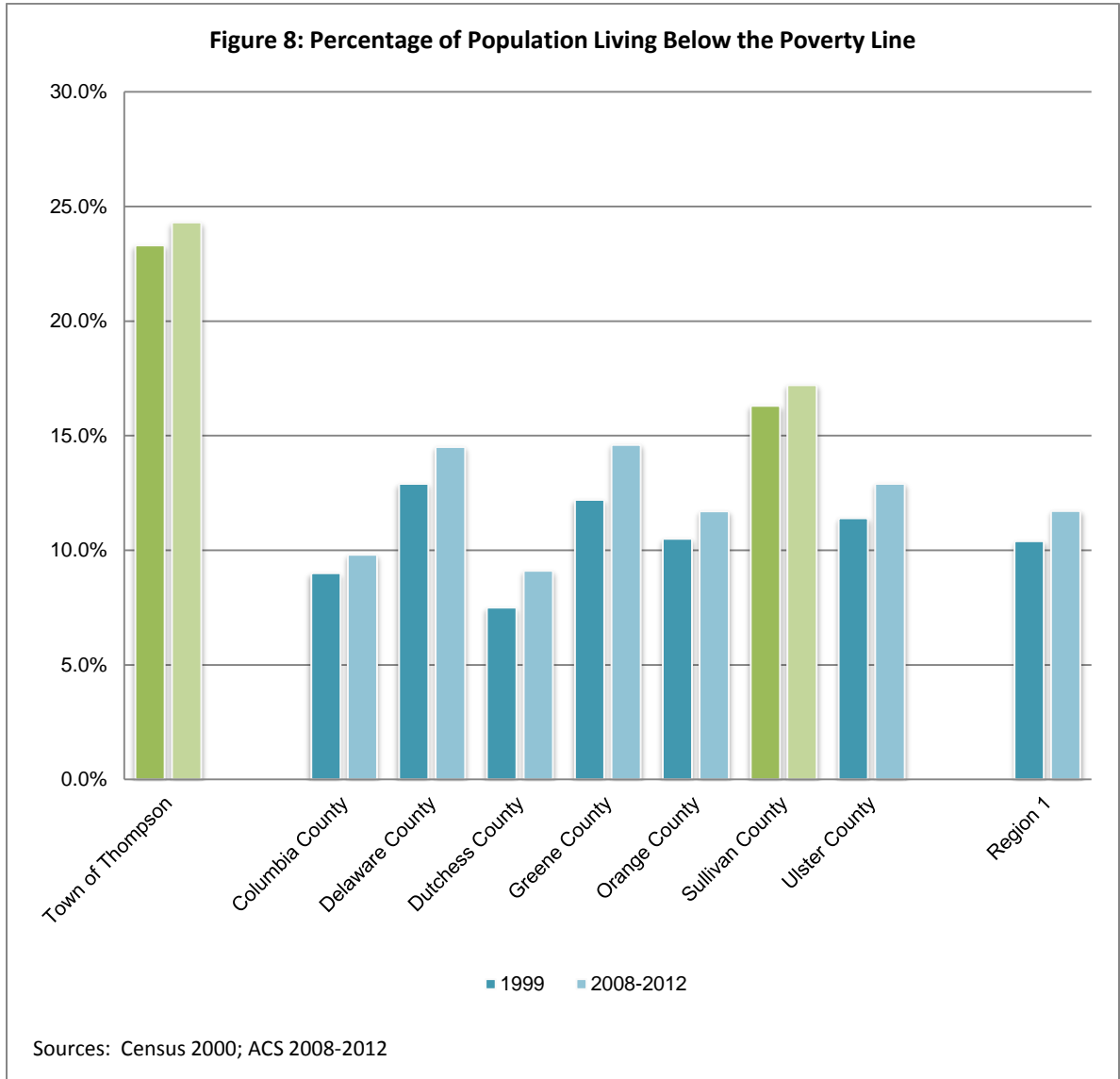
HOUSEHOLD INCOME TRENDS

The Town of Thompson lags behind the County, the Region, and the State in terms of income and poverty. Median household income in Thompson was \$37,885 in 2008-2012, which was lower than the median income for Sullivan County, Region One and the State. While all areas were more similar in terms of per capita income, again the Town of Thompson had the lowest, with \$21,851. While median household income and per capita income were slightly higher in the whole of Sullivan County than the town, they were lower than for Region One and the state.

Median household income in the Town of Thompson decreased by 20.8 percent between 1999 and 2008-2012, and was the lowest of all the surrounding municipalities (see Figure 7). Median household income decreased in all of the counties in Region One during this time, and Sullivan County experienced the most dramatic decrease (8.3 percent).



Almost one-quarter of Thompson residents were living below the poverty line in 2008-2012 in the Town of Thompson—a poverty rate higher than in Sullivan County and more than double that of Region One as a whole. Poverty rates rose in all of the counties in Region One between 2000 and 2008-2012, and Sullivan County maintained the highest poverty rate in the region throughout this time (see Figure 8).



While the percentage of households receiving public assistance in the Town of Thompson and Sullivan County has decreased between 2000 and 2008-2012, this percentage is higher in the town and the county than in Region One. The Town of Thompson currently has a higher share of households receiving public assistance than in Sullivan County, Region One, and the State as a whole (3.9 percent). New York State Department of Education School Report Cards indicates that in 2012-13, 48% of school children within Sullivan County were eligible for the free or reduced lunch program.

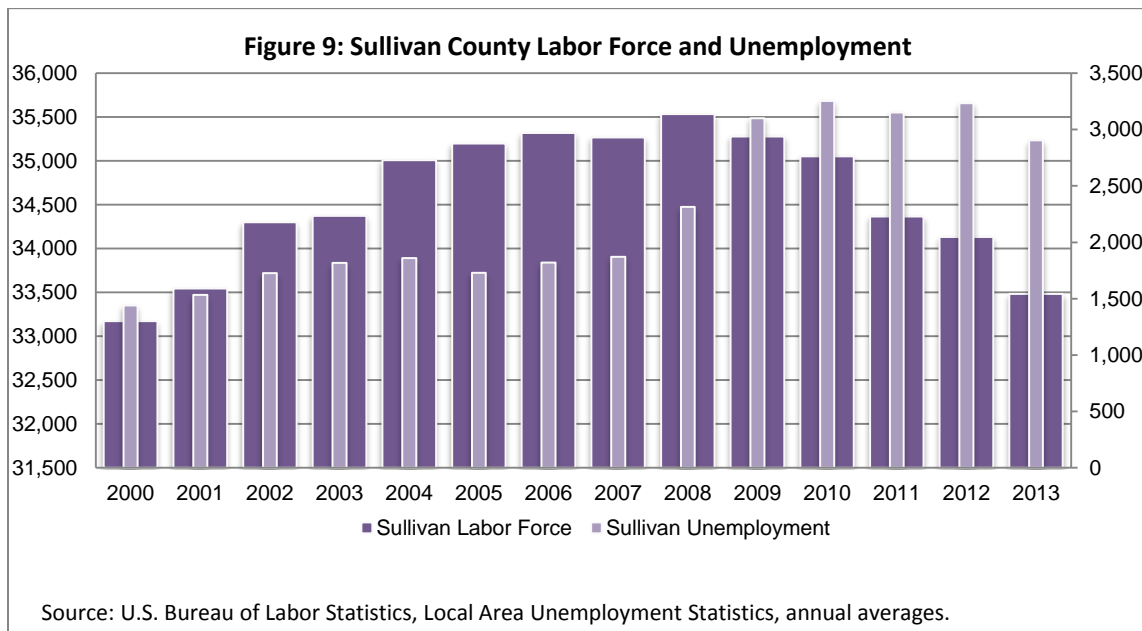
EMPLOYMENT TRENDS

Sullivan County’s economy experienced a boom in the mid-20th century due to the success of the tourism industry in the area. This boom was followed by a decline beginning in the 1970s

Gaming Facility at Adelaar

that it has yet to recover from. In the late 1980s and early 1990s, job losses in the hotel industry alone were so devastating that in 1999 the United States Department of Agriculture (USDA) designated the county, along with the Town of Wawarsing in neighboring Ulster County, one of five of the newly-established Rural Economic Area Partnership (REAP) Zones in the United States. The REAP Initiative was established to address critical issues related to constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance. Due to continuing economic decline, Sullivan County’s designation as a REAP Zone was extended in 2009 and again in 2014 Farm Bill, maintaining the designation through September 2018.

The labor force in Sullivan County represented only 6.5 percent of the total labor force in Region One in 2013, while Dutchess and Orange Counties accounted for over half of Region One’s labor force. Of all of the counties in Region One, Sullivan County had the highest unemployment rate in 2013 (8.7 percent). Unemployment increased in Sullivan County and Region One between 2000 and 2004, and then increased sharply following the 2008 recession. While unemployment has been decreasing in both areas since 2010, the total labor force has been decreasing since the 2008 recession, indicating that the because people are giving up on looking for work and dropping out of the labor force and/or moving out of the Region. This trend is even more pronounced in Sullivan County than in Region One, where the total labor force has decreased to below 2001 levels, and the unemployment rate is the highest of all Region One counties in Region One (see Figure 9). This trend continued in Sullivan County in 2014: the unemployment rate dropped two percentage points between April 2013 and April 2014, but this decrease was coupled with a 1,000 person drop in the total labor force.



TOURISM

The economy of Sullivan County has been based on tourism since the late 1800s, driven by the natural beauty and recreational opportunities in the area, as well as its proximity to the New York City metropolitan region. In the late 19th and early 20th centuries the area began to develop as a resort community for Jewish immigrants who were unwelcome in other resort communities. Hotel development became widespread by the 1950s, during what came to be known as the Golden Age in the Catskills. Along with providing access to the countryside, these facilities provided guests a wide range of facilities, including golf, tennis, indoor and outdoor swimming pools and skating rinks, and professional entertainment. The proposed Gaming Facility will be located on the site of the former Concord Resort, which was one of the largest hotels in the country at the time, and part of a larger resort region that came to be known as the “Borscht Belt.” As travel options expanded in the 1960s and consumer preferences changed, Sullivan County’s tourism industry began a decline that has continued through the current decade. Today, tourism continues to be a primary industry in Sullivan County, but second home ownership and vacation rentals have become more popular than the resorts of the Golden Age.

SEASONAL EMPLOYMENT, LODGING, AND RECREATIONAL ATTRACTIONS

Sullivan County has more jobs in the arts, entertainment, and recreation, and accommodation and food services sector than Region One and the state as a whole, indicating the importance of tourism to a local economy. Employment trends in the Catskills region and in Sullivan County are highly seasonal in nature, reflecting the influx of tourists and second-home owners during the summer months and their departure at the end of the season.

While the lodging market in Sullivan County was once served by large, family-owned convention resorts, today it is comprised primarily of small motels and bed and breakfast businesses. Despite the decline of the resort market, 11 new hotels have opened since 2008 within 100 miles of the site of the proposed Gaming Facility, and another 3 are under construction. However, none of these new properties are located in Sullivan County.

There are several recreational and regional attractions exist within the Town of Thompson and the wider Sullivan County area, including a range of museums, family attractions, motorclubs, and theaters as well as outdoor recreational spaces. Some notable attractions include Catskill Park, the Bethel Woods Center for the Arts, Holiday Mountain Ski and Fun Park, Monticello Motor Club, the Monster Golf Club, Monticello Casino and Raceway, Apple Pond Farm and Renewable Energy Education Center, and Breezeway Farm.

D. FUTURE CONDITIONS WITHOUT THE PROPOSED GAMING FACILITY

Without the granting of the Gaming Facility License, the proposed Gaming Facility will not be constructed. While there are plans for over 3,300 new housing units in Sullivan’s core population centers (the Towns of Fallsburg and Thompson), recent trends indicate that financing is not a certainty and these plans may not lead to construction. According to local news articles, several major development projects were abandoned in recent years, including some that seemed sure to be built. Moreover, most of the planned projects are residential in nature, which is not a high employment-generating use. Of the approximately 1,800 units planned in the Town of Thompson, 189 are mobile homes and 324 depend on a rezoning,

which may or may not be approved. In the future without the proposed Gaming Facility, there are no significant projects that are expected to have a substantial positive impact on the character and economy of Sullivan County in general or the Town of Thompson specifically.

Without the proposed Gaming Facility, intersection and roadway conditions along Joyland Road, Thompsonville Road, Heiden Road, Kiamesha Lake Road, Concord Road, Broadway, and at the Route 17/Exit 6 interchange will operate at a similar, acceptable service levels as existing conditions. Some intersection and roadway conditions along New York State Route 42 between Broadway and Kiamesha Lake Road could deteriorate due to background growth and planned developments.

E. FUTURE CONDITIONS WITH THE PROPOSED GAMING FACILITY “NO REGIONAL COMPETITION” SCENARIO

The proposed Gaming Facility will be located on approximately 710 acres of a more expansive 1,695-acre Project Site that is the Adelaar development. In addition to the Montreign Resort Casino, the Gaming Facility will include several other resort attractions, namely: the reconstructed and renovated famed Monster Golf Course; a 400-room, four-season Indoor Waterpark Lodge with an 80,000-square-foot (sf) indoor waterpark, a beginner ski hill, alpine slide as well as other outdoor adventures currently in development; and an approximately 200,000-sf Entertainment Village consisting of shops, restaurants and entertainment venues conveniently located near the center of the Gaming Facility. Though not a part of the defined Gaming Facility, the remaining 985 acres of the site will include open spaces, walkways and trails awaiting future demand-driven mixed-use development.

CONSTRUCTION PERIOD BENEFITS

Upon award of a license, the economic benefits generated by the Gaming Facility will start immediately with construction of its facilities. As detailed in Exhibit VIII.B.3.b, direct employment from construction of the Gaming Facility (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture and engineering) is estimated at 3,086 person-years¹ of employment in New York State, of which 3,029 person-years are anticipated in Region One. Over the estimated construction build out, construction will generate an average of 1,746 full-time equivalent jobs in Region One and 1,948 full-time equivalent jobs in New York State each year of construction. Construction will generate an additional 506 person-years of indirect employment and 829 person-years of induced employment within the region, bringing the total number of jobs from construction to 4,364 person-years.

In the larger New York State economy, construction will generate an estimated 4,870 person-years of direct, indirect and induced employment. Based on Sullivan County’s current share of employment in Region One for each affected industry sector, construction of the Gaming Facility will support 75 indirect and induced person-years of employment in Sullivan County. Including the 3,029 person-years of direct employment associated with hard and soft costs,

¹ A “person year” of employment is the equivalent of one person working full-time for one year.

construction of the Gaming Facility will support approximately 3,104 person-years of employment within Sullivan County.

The total economic activity that will result from construction of the Gaming Facility is estimated at \$1.02 billion in New York State, of which \$882.18 million will occur in Region One. The total effect on the Sullivan County economy from construction of the Gaming Facility is estimated at \$610.08 million. **All of this economic activity will be net new to New York State.**

The economic activity and job creation generated by the proposed Gaming Facility will have substantial positive impacts on the local economy and the larger economy of Sullivan County. As detailed in Exhibit VIII.B.7.a, the Town of Thompson, Sullivan County and other areas Region One have the labor market capacity to meet the labor demand generated by the proposed Gaming Facility, and as a result, Sullivan County's unemployment rate is anticipated to decrease from an annual rate of approximately 8.7 percent in 2013 to levels at or below 4.5 percent as a result of the proposed Gaming Facility. It is assumed that many of the positions at the proposed Gaming Facility will be filled by unemployed workers who are searching for employment as well as "underemployed" people who hold part-time jobs and may be looking for additional work.

Similarly, the indirect and induced effects of the proposed Gaming Facility—including effects created through the purchase of goods and services—are anticipated to result in positive impacts on small businesses in Thompson and the surrounding region. There are over 150 vendors and local organizations that have been active with the applicant since 2011 as well as at least additional 14 potential vendors who have expressed interest and with which the applicant could partner with. Overall, the vendors provide services ranging from retail, transportation, to manufacturing as well as an array of other services. Induced effects, created through increased spending of wages, will result in further benefit to local businesses. For example, employees of the proposed Gaming Facility will spend a portion of their take-home income on food, housing, and other goods and services—many of which are available in Thompson.

OPERATING PERIOD BENEFITS

As described in Exhibit VIII.B.3.b, **the Gaming Facility "Without Regional Competition" scenario, high-revenue case** will have an estimated 2,420 full- and part-time employees on-site in 2017 and will generate an estimated 3,433 full- and part-time direct, indirect, and induced employees in New York State, of which 3,329 jobs will be in Sullivan County and 3,384 jobs will be in Region One. Including the 2,420 direct full- and part-time jobs, there will be an estimated 2,728 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility's annual operations in 2017 is estimated at \$492.88 million in New York State, of which \$474.88 million will occur in Sullivan County and \$483.05 million will occur in Region One. The total effect on the Town of Thompson's economy from annual operations in 2017 is estimated at \$385.54 million.

The Gaming Facility "Without Regional Competition" scenario, average-revenue case will have an estimated 2,160 full- and part-time employees on-site in 2017 and will generate an estimated 3,121 full- and part-time direct, indirect, and induced employees in New York State, of which 3,023 jobs will be in Sullivan County and 3,075 jobs will be in Region One. Including

Gaming Facility at Adelaar

the 2,160 direct full-and part-time jobs, there will be an estimated 2,452 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility's annual operations in 2017 is estimated at \$477.32 million in New York State, of which \$460.42 million will occur in Sullivan County and \$468.00 million will occur in Region One. The total effect on the Town of Thompson's economy from annual operations in 2017 is estimated at \$375.40 million.

The Gaming Facility "Without Regional Competition" scenario, low-revenue case will have an estimated 2,077 full- and part-time employees on-site in 2017 and will generate an estimated 2,990 full-and part-time direct, indirect, and induced employees in New York State, of which 2,896 jobs will be in Sullivan County and 2,945 jobs will be in Region One. Including the 2,077 direct full-and part-time jobs, there will be an estimated 2,354 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility's annual operations is estimated at \$453.09 million in New York State, of which \$437.02 million will occur in Sullivan County and \$444.25 million will occur in Region One. The total effect on the Town of Thompson's economy from annual operations in 2017 is estimated at \$356.33 million.

Exhibit VIII.B.3.b provides similar detail on direct, indirect and induced jobs and total economic output for the "With Regional Competition" Scenario.

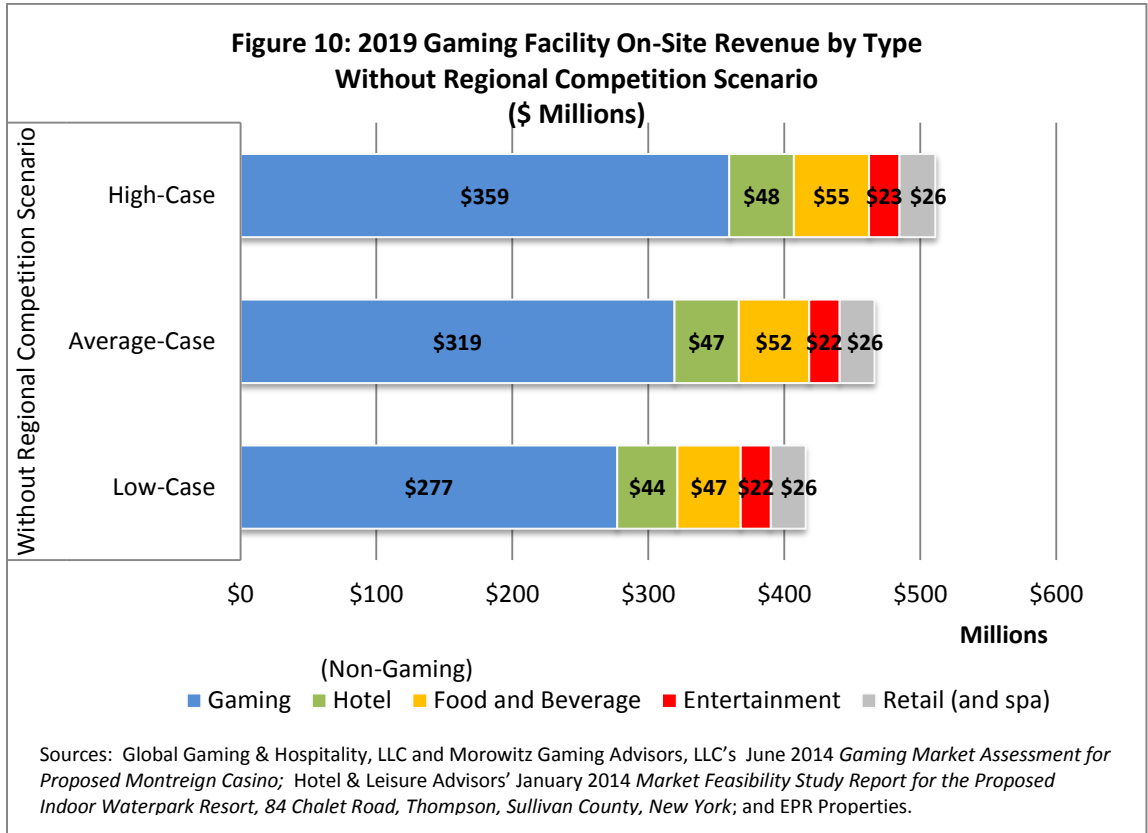
GROSS REVENUES GENERATED BY THE GAMING FACILITY

This section provides estimates of the direct revenues generated by visitation to the various elements of the proposed Gaming Facility. Estimates of revenues draw from analysis conducted by AKRF, as well as reports and analyses prepared by other consultants, as specified below.

On-Site Revenues

Based on gaming revenue projections provided by Global Gaming & Hospitality, LLC and Morowitz Gaming Advisors, LLC, and non-gaming revenue projections provided by Hotel & Leisure Advisors and EPR Properties, total gross on-site revenues in 2019 generated by the proposed Gaming Facility in the Without Regional Competition Scenario are an estimated \$511.03 million under the high-revenue case assumption; \$466.37 million under the average-revenue case assumption; and \$415.66 million under the low-revenue case assumption (see Figure 10).

As illustrated in Figure 10, gaming revenues account for between 67 and 70 percent of total 2019 estimated revenues for the Gaming Facility, depending upon the revenue-case assumption. Conversely, non-gaming components—including hotel, food and beverage, entertainment and recreation, and retail elements—account for between 30 and 33 percent of total estimated revenues.



The proposed Gaming Facility’s substantial percentage of total revenues attributable to non-gaming amenities is an industry-wide trend that is being borne out throughout the United States. For average big strip casinos in Las Vegas, gaming has steadily declined as a percentage of total revenues, from 41 percent in 2007 to 37 percent in 2013. Food and beverage revenues increased during that time, from 19 percent to 23 percent.¹ This trend toward the inclusion of more non-gaming attractions in casino developments has evolved as casinos have been developed in more and more states, and regional markets have matured. As a result, casino patrons are increasingly looking for other attractions, and new casinos have evolved to become larger, mixed-use developments with a variety of offerings and attractions. In addition, as a result of the recent recession, consumers are spending less on gaming, creating more opportunity to generate revenue through non-gaming activities.

Off-Site Revenues

Not accounted for in the reporting above are substantial off-site revenues that will be generated by the proposed Gaming Facility. Off-site revenues will be generated from two primary sources:

- 1) Indirect and induced activity associated with the operations of the Gaming Facility, including the sale of goods and services to the project’s casino, hotels, retail establishments

¹ University of Nevada, Las Vegas Center for Gaming Research.

Gaming Facility at Adelaar

- (indirect), as well as the sale of goods and services to Gaming Facility workers through their day-to-day consumer purchases (induced); and
- 2) Off-site spending of Gaming Facility visitors.

Additional revenues from both sources will be substantial. Exhibit VIII.B.3.b provides an indication of the scale of indirect and induced economic activity compared with direct (on-site) activity. Off-site spending will generate revenues within both the local and regional economies. For example, based on off-site hotel room night estimates found in the *GGH/Morowitz Market Assessment* (Attachment VIII.A.3), Gaming Facility patrons will spend between \$6.8 million and \$13.5 million on off-site hotel room nights annually, depending on the revenue case. In addition, Gaming Facility patrons will spend money off-site traveling to/from the Gaming Facility, and for overnight guests, during their stays – for example, at nearby gas stations, restaurants and bars, retail shops, and local attractions.

NET REVENUE GENERATED BY THE GAMING FACILITY

Not all of the gross revenues reported above, and economic activities associated with those revenues, will be “net new” to New York State. There will be some amount of gaming revenues that otherwise would be captured by the existing Monticello Raceway and Casino as well as other existing casinos within New York State. Similarly, a portion of the non-gaming revenues (e.g., retail or food and beverage sales) will be a transfer of consumer spending that otherwise would have occurred within the region or within New York State more broadly. However, given that the proposed Gaming Facility will include a Class III casino complimented by an array of world-class amenities that individually and collectively will draw from a broad market area, there will be substantial net new revenues and associated economic activity occurring within the local area, Region One, and New York State.

Net New Gaming Revenues

As detailed in the *GGH/Morowitz Incremental Gaming Revenue Analysis*, net new gaming revenues within New York State will be derived from three primary incremental revenue sources:

- 1) Growth in spending from visitors to the Gaming Facility who reside in New York State;
- 2) Recapture of spending from visitors who reside in New York State and—were it not for the proposed Gaming Facility—would travel and spend out-of-state; and
- 3) Out-of-state visitors to the Gaming Facility who would—in the absence of the proposed facility—spend gaming dollars out-of-state.

Estimates of net new gaming revenues as provided by Morowitz—which work from the incremental gaming revenue estimates found in the *GGH/Morowitz Incremental Gaming Revenue Analysis* and further deduct revenues that will be captured by other New York State casinos—are reported for all revenue cases under the “No Regional Competition” scenario in Tables 3 through 5, below. Overall, net new gaming revenues that will be generated within New York State are approximately \$231 million, \$202 million, and \$172 million for the high-, average-, and low-revenue cases, respectively. These estimates represent from approximately 64 percent (under the high-revenue case) to 62 percent (under the low-revenue case) of gross gaming revenues under the “No Regional Competition” scenario.

Table 3
Net New Gaming Revenues to New York State
“No Regional Competition” Scenario
High-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$108,970,854	\$(44,121,826)	\$64,849,028
NYS Gamers that Game Out-of-State	\$69,012,993	--	\$69,012,993
Out-of-State Gamers that Game at NYS Casinos	\$103,031,260	\$(5,604,947)	\$97,426,313
Total	\$281,015,107	\$(49,726,773)	\$231,288,334
Source: Morowitz Gaming Advisors, LLC			

Table 4
Net New Gaming Revenues to New York State
“No Regional Competition” Scenario
Average-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$101,641,535	\$(36,792,507)	\$64,849,028
NYS Gamers that Game Out-of-State	\$54,443,091	--	\$54,443,091
Out-of-State Gamers that Game at NYS Casinos	\$87,169,544	\$(4,285,214)	\$82,884,330
Total	\$243,254,170	\$(41,077,721)	\$202,176,449
Source: Morowitz Gaming Advisors, LLC			

Table 5
Net New Gaming Revenues to New York State
“No Regional Competition” Scenario
Low-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$93,952,316	\$(29,103,288)	\$64,849,028
NYS Gamers that Game Out-of-State	\$38,939,182	--	\$38,939,182
Out-of-State Gamers that Game at NYS Casinos	\$70,831,115	\$(2,923,317)	\$67,907,798
Total	\$203,722,613	\$(32,026,605)	\$171,696,008
Source: Morowitz Gaming Advisors, LLC			

Net New Non-Gaming Revenues

Given the substantial overlap in visitation between Montreign visitors and visitation at other Gaming Facility amenities (including the Indoor Waterpark Lodge, Entertainment Village and Monster Golf Course) and the destination-oriented nature of the amenities in their own right, the percentage of gross non-gaming revenues that will be new to New York State is expected to be similar to the percentage for gaming revenues estimated above. However, unlike the net new gaming revenue analysis, the analysis of net new non-gaming revenues conservatively excludes growth in non-gaming revenue spending from visitors to the Gaming Facility who reside in New York State.¹ Therefore, net new non-gaming revenues are reported for two primary net new revenue sources:

- 1) Recapture of spending from visitors who reside in New York State and—were it not for the proposed Gaming Facility—would travel and spend non-gaming consumer dollars out-of-state; and
- 2) Out-of-state visitors who—in the absence of the Gaming Facility—would spend their non-gaming consumer dollars out-of-state.

Based on these two sources, the net new non-gaming revenues expected to be generated on-site at the Proposed Gaming Facility are shown in Table 6 for each of the revenue cases under the “No Regional Competition” scenario. Overall, net new non-gaming revenues that will be generated within New York State are approximately \$70 million, \$63 million, and \$53 million for the high-, average-, and low-revenue cases, respectively. These estimates represent from approximately 46 percent (under the high-revenue case) to 39 percent (under the low-revenue case) of gross non-gaming revenues under the “No Regional Competition” scenario.

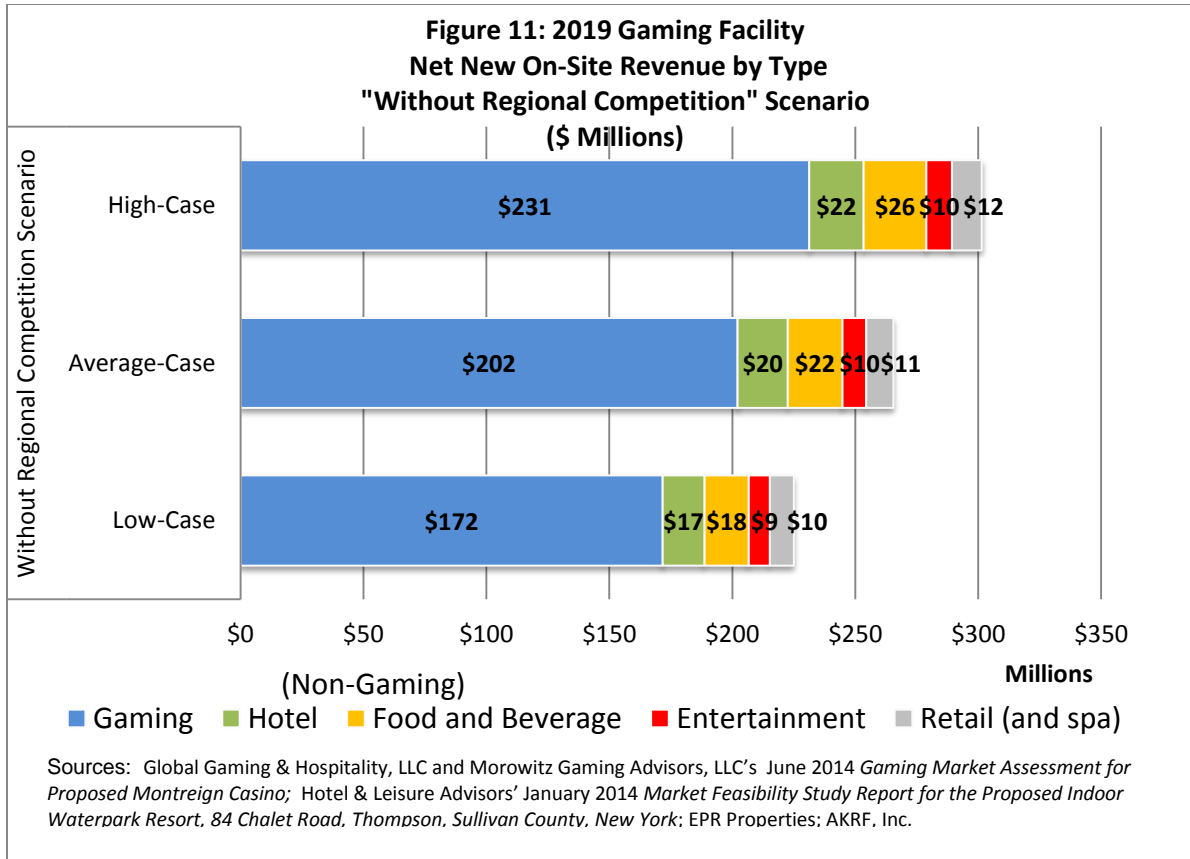
Table 6
Net New On-Site Non-Gaming Revenues to New York State
“No Regional Competition” Scenario

On-Site Revenue Source	High-Revenue Case	Average-Revenue Case	Low-Revenue Case
Hotel	\$22,091,638	\$20,343,290	\$17,001,433
Food and Beverage	\$25,543,442	\$22,272,924	\$17,971,104
Entertainment	\$10,424,027	\$9,622,305	\$8,554,404
Retail (and Spa)	\$12,146,236	\$11,090,405	\$9,864,505
Total	\$70,205,343	\$63,328,923	\$53,391,447
Source: AKRF, Inc., based on incremental gaming revenue estimates from Morowitz Gaming Advisors, LLC.			

¹ Unlike gaming expenditure potential, growth in non-gaming expenditure potential of New York State residents could more readily be captured by existing and planned hotel, food and beverage, entertainment and retail opportunities in the region. However, there will be a net increase in non-gaming expenditure within the local area that is not accounted for in this analysis.

Total Net New Revenues

As illustrated in Figure 11, the net new revenues within New York State associated with the proposed Gaming Facility are substantial. There are an estimated \$301.5 million in net new revenues with the high-revenue case; \$265.5 million with the average-revenue case; and \$225.1 million with the low-revenue case. Under each revenue case gaming revenues comprise approximately three-quarters of the overall net new revenues.



**F. FUTURE CONDITIONS WITH THE PROPOSED GAMING FACILITY
"WITH REGIONAL COMPETITION" SCENARIO**

This section presents estimates of economic benefits for an alternative "With Regional Competition" scenario in which a second Region One applicant is awarded a gaming license. The location of the second Region One casino varies by revenue case:

- **Low-revenue case** – assumes a second Region One casino would be located in the southern portion of Orange County.
- **Average-revenue case** – assumes a second Region One casino would be located in Newburgh, Orange County.
- **High-revenue case** – assumes a second Region One casino would be located in Liberty, Sullivan County.

Under the “With Regional Competition” scenario, low-revenue case, the proposed Gaming Facility would include a 120-room hotel; an approximately 50,000-sf gaming floor with 900 slots and 42 tables; an approximately 10,000-sf even space, 800-sf executive conference room and 1,500 sf of breakout space; a 100-seat restaurant, two bars with a total of 150 seats, and a 120-seat food court; and an 800-space parking garage and 500-space surface parking lot.

Under the “With Regional Competition” scenario, average- and high-revenues cases, the proposed Gaming Facility would include a 232-room hotel; an approximately 70,000-sf gaming floor with 1,750 slots and 58 tables; an approximately 40,000- to 50,000-sf multi-purpose banquet and event center; several restaurants, a sports bar and a main casino bar, a 225-seat buffet and a 150-seat coffee shop; and 2,950 parking spaces.

CONSTRUCTION PERIOD BENEFITS

Upon award of a license, the economic benefits generated by the Gaming Facility will start immediately with construction of its facilities. Timing of entry-to-market for the two Region One casinos—and the timing of associated economic benefits— will 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.

As detailed in Exhibit VIII.B.3.b, under the “With Regional Competition” scenario, direct employment from construction of the Gaming Facility (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture and engineering) is estimated to range from 1,811 to 2,389 person-years of employment in New York State, for the low-revenue and the average- and high-revenue cases, respectively. Of these jobs, between 1,793 and 2,382 person-years are anticipated in Region One. Over the estimated construction build out, construction will generate an average of between 1,042 and 1,378 full-time equivalent jobs in Region One and between 1,437 and 1,509 full-time equivalent jobs in New York State each year of construction. Construction will generate an additional 315 to 408 person-years of indirect employment and 496 to 655 person-years of induced employment within the region, bringing the total number of jobs from construction to 2,604 to 3,446 person-years.

In the larger New York State economy, construction will generate an estimated 2,873 to 3,773 person-years of direct, indirect and induced employment. Based on Sullivan County’s current share of employment in Region One for each affected industry sector, construction of the Gaming Facility will support 46 to 59 indirect and induced person-years of employment in Sullivan County. Including the 1,793 to 2,382 person-years of direct employment associated with hard and soft costs, construction of the Gaming Facility will support approximately 1,839 to 2,441 person-years of employment within Sullivan County.

The total economic activity that will result from construction of the Gaming Facility is estimated to range from \$606.22 to \$792.08 million in New York State, of which \$529.75 to \$698.73 million will occur in Region One. The total effect on the Sullivan County economy from construction of the Gaming Facility is estimated to range from \$365.17 to \$482.40 million. **All of this economic activity will be net new to New York State.**

OPERATING PERIOD BENEFITS

As described in Exhibit VIII.B.3.b, the **Gaming Facility “With Regional Competition” scenario, high-revenue case** will have an estimated 1,624 full- and part-time employees on-site in 2017 and will generate an estimated 2,468 full-and part-time direct, indirect, and induced employees in New York State, of which 2,385 jobs will be in Sullivan County and 2,427 jobs will be in Region One. Including the 1,624 direct full-and part-time jobs, there will be an estimated 1,882 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility’s annual operations in 2017 is estimated at \$443.20 million in New York State, of which \$428.75 million will occur in Sullivan County and \$435.01 million will occur in Region One. The total effect on the Town of Thompson’s economy from annual operations in 2017 is estimated at \$353.30 million.

The Gaming Facility “With Regional Competition” scenario, average-revenue case will have an estimated 1,624 full- and part-time employees on-site in 2017 and will generate an estimated 2,430 full-and part-time direct, indirect, and induced employees in New York State, of which 2,351 jobs will be in Sullivan County and 2,392 jobs will be in Region One. Including the 1,624 direct full-and part-time jobs, there will be an estimated 1,870 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility’s annual operations in 2017 is estimated at \$420.92 million in New York State, of which \$407.01 million will occur in Sullivan County and \$413.11 million will occur in Region One. The total effect on the Town of Thompson’s economy from annual operations in 2017 is estimated at \$335.00 million.

The Gaming Facility “With Regional Competition” scenario, low-revenue case will have an estimated 1,558 full- and part-time employees on-site in 2017 and will generate an estimated 2,159 full-and part-time direct, indirect, and induced employees in New York State, of which 2,096 jobs will be in Sullivan County and 2,130 jobs will be in Region One. Including the 1,558 direct full-and part-time jobs, there will be an estimated 1,740 full- and part-time jobs generated in the Town of Thompson. The total economic activity that will result from the Gaming Facility’s annual operations in 2017 is estimated at \$305.69 million in New York State, of which \$294.81 million will occur in Sullivan County and \$299.89 million will occur in Region One. The total effect on the Town of Thompson’s economy from annual operations in 2017 is estimated at \$241.40 million.

GROSS REVENUES GENERATED BY THE GAMING FACILITY

This section provides an estimate of direct revenues generated by visitation to the various elements of the proposed Gaming Facility under the “With Regional Competition” scenario. Estimates of visitation and revenues draw from analysis conducted by AKRF, Inc., as well as reports and analyses prepared by other consultants.

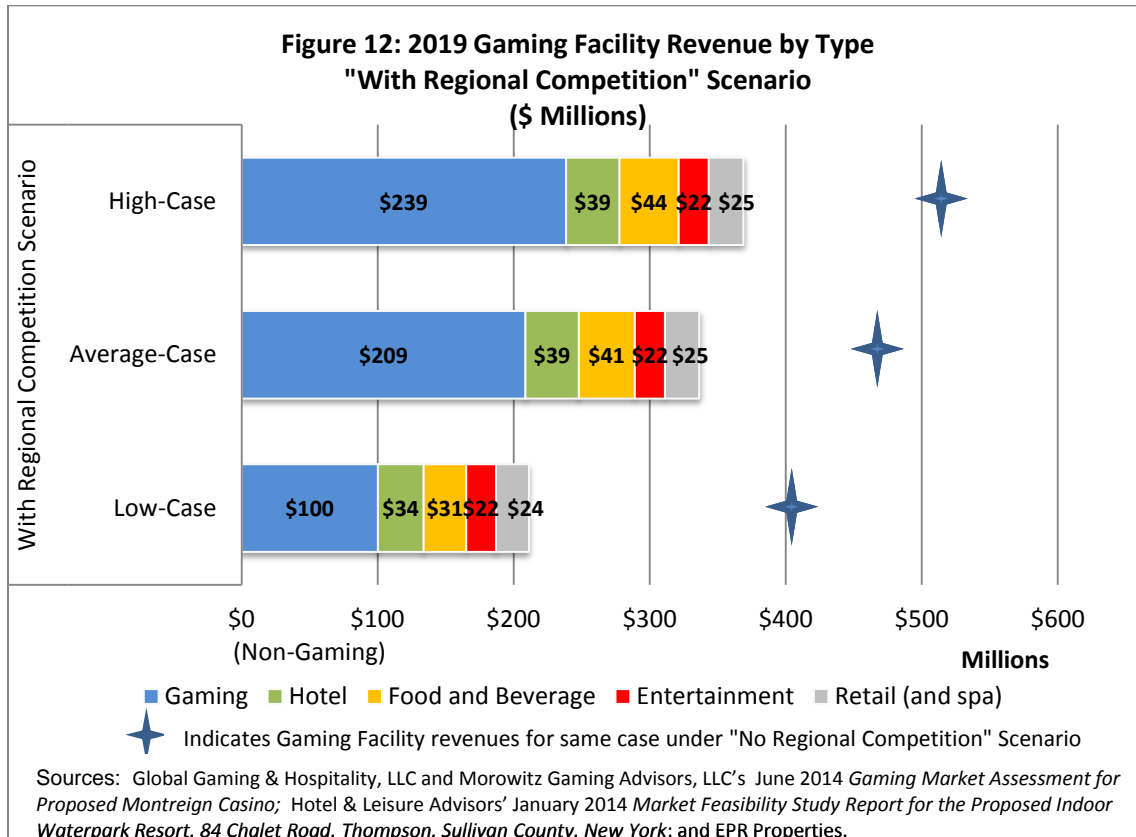
On-Site Revenues

Based on gaming revenue projections provided by Global Gaming & Hospitality, LLC and Morowitz Gaming Advisors, LLC, and non-gaming revenue projections provided by Hotel & Leisure Advisors and EPR Properties, total gross on-site revenues in 2019 generated by the proposed Gaming Facility are an estimated \$368.86 million under the high-revenue case assumption; \$336.56 million under the average-revenue case assumption; and \$211.27 million

Gaming Facility at Adelaar

under the low-revenue case assumption (see Figure 12). Revenues are expected to increase notably during a multi-year ramp-up, and are estimated to reach a stabilized condition by 2019 with more normalized growth rates thereafter.

As illustrated in Figure 12, gaming revenues account for between 47 and 65 percent of total 2019 estimated revenues for the Gaming Facility, depending upon the revenue-case assumption. Non-gaming components—including hotel, food and beverage, entertainment and recreation, and retail elements—account for between 35 and 53 percent of total estimated revenue.



As described above, the inclusion of more non-gaming attractions in casino developments is an industry-wide trend that is being borne out throughout the United States. Under the “With Regional Competition” scenario the diversification of revenue sources within the proposed Gaming Facility is all the more important. The greater differentiation in product and amenity-rich package offered at the Gaming Facility will enable the project to attract and maintain a deep customer base.

Off-Site Revenues

Not accounted for in the reporting above are substantial off-site revenues that will be generated by the proposed Gaming Facility. Off-site revenues will be generated from two primary sources:

- 1) Indirect and induced activity associated with the operations of the Gaming Facility, including the sale of goods and services to the project's casino, hotels, retail establishments (indirect), as well as the sale of goods and services to Gaming Facility workers through their day-to-day consumer purchases (induced); and
- 2) Off-site spending of Gaming Facility visitors.

Additional revenues from both sources will be substantial. Exhibit VIII.B.3.b provides an indication of the scale of indirect and induced economic activity compared with direct (on-site) activity. Off-site spending will generate revenues within both the local and regional economies. Gaming Facility patrons will spend money off-site traveling to/from the Gaming Facility, and for overnight guests, during their stays – for example, at nearby gas stations, restaurants and bars, retail shops, and local attractions.

NET REVENUE GENERATED BY THE GAMING FACILITY

Not all of the gross revenues reported above, and economic activities associated with those revenues, will be “net new” to New York State. There will be some amount of gaming revenues that otherwise would be captured by the existing Monticello Raceway and Casino as well as other existing casinos within New York State. Similarly, a portion of the non-gaming revenues (e.g., retail or food and beverage sales) will be a transfer of consumer spending that otherwise would have occurred within the region or within New York State more broadly. However, given that the proposed Gaming Facility will include a Class III casino complimented by an array of world-class amenities that individually and collectively will draw from a broad market area, there will be substantial net new revenues and associated economic activity occurring within the local area, Region One, and New York State.

Net New Gaming Revenues

As detailed in the *GGH/Morowitz Incremental Gaming Revenue Analysis*, net new gaming revenues within New York State will be derived from three primary incremental revenue sources:

- 1) Growth in spending from visitors to the Gaming Facility who reside in New York State;
- 2) Recapture of spending from visitors who reside in New York State and—were it not for the proposed Gaming Facility—would travel and spend out-of-state; and
- 3) Out-of-state visitors to the Gaming Facility who would—in the absence of the proposed facility—spend gaming dollars out-of-state.

Estimates of net new gaming revenues as provided by Morowitz—which work from the incremental gaming revenue estimates found in the *GGH/Morowitz Incremental Gaming Revenue Analysis* and further deduct revenues that will be captured by other New York State casinos—are reported for all revenue cases under the “With Regional Competition” scenario in Tables 7 through 9, below. Overall, net new gaming revenues that will be generated within New York State are approximately \$123 million, \$95 million, and \$26 million for the high-, average-, and low-revenue cases, respectively. These estimates represent from approximately 52 percent (under the high-revenue case) to 26 percent (under the low-revenue case) of gross gaming revenues under the “With Regional Competition” scenario.

Table 7
Net New Gaming Revenues to New York State
“With Regional Competition” Scenario
High-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$79,827,111	\$(44,117,525)	\$35,709,586
NYS Gamers that Game Out-of-State	\$31,803,421	--	\$31,803,421
Out-of-State Gamers that Game at NYS Casinos	\$62,510,992	\$(6,968,366)	\$55,542,626
Total	\$174,141,524	\$(51,085,891)	\$123,055,633
Source: Morowitz Gaming Advisors, LLC			

Table 8
Net New Gaming Revenues to New York State
“With Regional Competition” Scenario
Average-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$47,525,918	\$(46,279,900)	\$1,246,018
NYS Gamers that Game Out-of-State	\$46,610,024	--	\$46,610,024
Out-of-State Gamers that Game at NYS Casinos	\$56,295,676	\$(9,166,451)	\$47,129,225
Total	\$150,431,618	\$(55,446,351)	\$94,985,267
Source: Morowitz Gaming Advisors, LLC			

Table 9
Net New Gaming Revenues to New York State
“With Regional Competition” Scenario
Low-Revenue Case

Source	Montreign Resort Casino	Other New York State Casinos	Net New Revenues to New York State
NYS Gamers that Game at NYS Casinos	\$17,757,503	\$(15,620,498)	\$2,137,005
NYS Gamers that Game Out-of-State	\$11,353,019	--	\$11,353,019
Out-of-State Gamers that Game at NYS Casinos	\$16,355,967	\$(3,930,890)	\$12,425,077
Total	\$45,466,489	\$(19,551,388)	\$25,915,101
Source: Morowitz Gaming Advisors, LLC			

Net New Non-Gaming Revenues

Given the substantial overlap in visitation between Montreign visitors and visitation at other Gaming Facility amenities (including the Indoor Waterpark Lodge, Entertainment Village and Monster Golf Course) and the destination-oriented nature of the amenities in their own right, the percentage of gross non-gaming revenues that will be new to New York State is expected to

be similar to the percentage for gaming revenues estimated above. However, unlike the net new gaming revenue analysis, the analysis of net new non-gaming revenues conservatively excludes growth in non-gaming revenue spending from visitors to the Gaming Facility who reside in New York State.¹ Therefore, net new non-gaming revenues are reported for two primary net new revenue sources:

- 1) Recapture of spending from visitors who reside in New York State and—were it not for the proposed Gaming Facility—would travel and spend non-gaming consumer dollars out-of-state; and
- 2) Out-of-state visitors who—in the absence of the Gaming Facility—would spend their non-gaming consumer dollars out-of-state.

Based on these two sources, the net new non-gaming revenues expected to be generated on-site at the Proposed Gaming Facility are shown in **Table 10** for each of the revenue cases under the “No Regional Competition” scenario. Overall, net new non-gaming revenues that will be generated within New York State are approximately \$48 million, \$57 million, and \$26 million for the high-, average-, and low-revenue cases, respectively. These estimates represent from approximately 45 percent (under the average-revenue case²) to 24 percent (under the low-revenue case) of gross non-gaming revenues under the “With Regional Competition” scenario.

Table 10
Net New On-Site Non-Gaming Revenues to New York State
“With Regional Competition” Scenario

On-Site Revenue Source	High-Revenue Case	Average-Revenue Case	Low-Revenue Case
Hotel	\$14,376,957	\$17,634,135	\$7,964,015
Food and Beverage	\$15,930,425	\$18,438,761	\$7,390,331
Entertainment	\$8,145,388	\$9,990,771	\$5,224,956
Retail (and Spa)	\$9,239,300	\$11,326,675	\$5,714,158
Total	\$47,692,071	\$57,390,342	\$26,293,460
Source: AKRF, Inc., based on incremental gaming revenue estimates from Morowitz Gaming Advisors, LLC.			

Total Net New Revenues

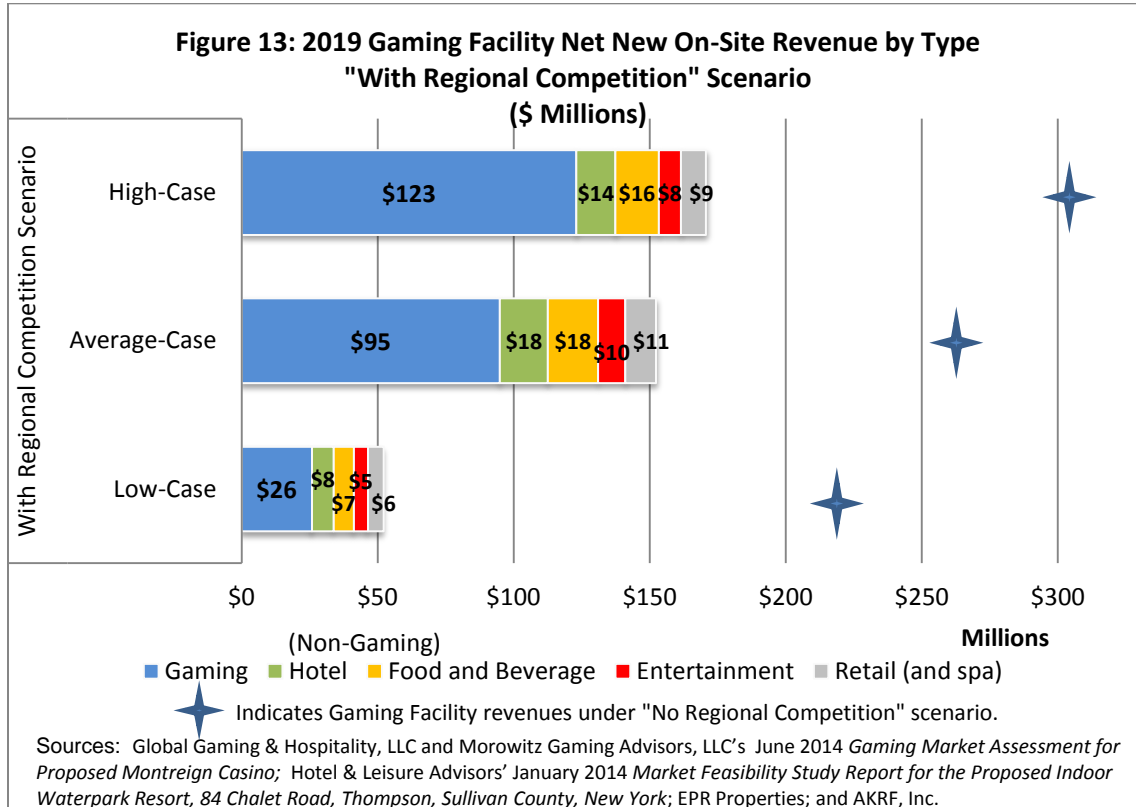
As illustrated in Figure 13, the net new revenues within New York State associated with the proposed Gaming Facility under the “With Regional Competition” scenario are still substantial, although less so as compared to the “No Regional Competition” scenario. There are an estimated \$170.7 million in net new revenues with the high-revenue case; \$152.4 million with

¹ Unlike gaming expenditure potential, growth in non-gaming expenditure potential of New York State residents could more readily be captured by existing and planned hotel, food and beverage, entertainment and retail opportunities in the region. However, there will be a net increase in non-gaming expenditure within the local area that is not accounted for in this analysis.

² The high-revenue case assumes a second licensed casino in Liberty, Sullivan County. Given the proximity of the second licensed casino, the amount of recapture is diluted between the Liberty casino and the proposed Gaming Facility, resulting in a higher net revenue amount for the average-revenue case.

Gaming Facility at Adelaar

the average-revenue case; and \$52.2 million with the low-revenue case. The percentage of net new revenues attributable to gaming varies under each revenue case, from approximately 72 percent under the high-revenue case to approximately 50 percent under the low-revenue case.



It is important to note that while these net new revenues to New York State are lower than predicted with the "No Regional Competition" scenario, much of the gross revenues will be net new to the local area and the Catskill region.

G. CONCLUSION

A major goal of the Act is to enhance the financial condition of localities in the State that have suffered from economic hardships. This analysis demonstrates that the Town of Thompson and the municipalities within Sullivan County as a whole have suffered pronounced economic hardships for many years. Within the Town of Thompson, nearly a quarter of the population lives below the poverty level, with median household income declining in real terms by over 20 percent since 1999. Sullivan County has had the lowest annual unemployment rates of any county in Region One, a nearly six percent drop in total workforce since 2008. By nearly every social and economic metric, the Town of Thompson and surrounding areas define economic hardship.

The analyses presented above also demonstrate that the proposed Gaming Facility will serve to enhance the financial conditions of the Town of Thompson, the surrounding municipalities within Sullivan County, and the region more broadly. Upon award of a license, the economic benefits

generated by the Gaming Facility will start immediately with construction of its facilities. 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. Under the “No Regional Competition” scenario construction will generate an average of 1,746 full-time equivalent jobs in Region One during each of the approximately two years of construction. Construction will generate an additional 506 person-years of indirect employment and 829 person-years of induced employment within the region. The total economic activity that will result from construction of the Gaming Facility is estimated at \$1.02 billion in New York State, of which \$882.18 million will occur in Region One. The total effect on the Sullivan County economy from construction of the Gaming Facility is estimated at \$610.08 million, all of which will be net new to the State.

Operations of the Gaming Facility will generate substantial long-term economic activities generated by millions of new visitors to the area, and hundreds of millions in visitors’ on- and off-site spending. Under the “No Regional Competition” scenario gross on-site revenues are estimated to range from approximately \$511 million to \$416 million depending on the revenue-case, with an estimated \$301 million to \$225 million of those revenues being net new within New York State. Under the “With Regional Competition” scenario gross on-site revenues are estimated to range from approximately \$369 million to \$211 million depending on the revenue-case, with an estimated \$171 million to \$52 million of those revenues being net new within New York State. Although under both scenarios there are gross gaming and non-gaming revenues that will represent a transfer of consumer spending that otherwise would have occurred within New York State, a vast majority of the gross revenues will represent net new revenues within the Town of Thompson and surrounding municipalities, and in this respect will still serve the goal of the Act—to enhance the financial condition of localities in the State that have suffered from economic hardships.

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
- 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

Gaming Facility at Adelaar

- 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.