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**ATTACHMENT VIII.B.3.b-1**

**SUMMARY OF DIRECT AND INDIRECT  
ECONOMIC IMPACTS ANALYSIS OF THE  
GAMING FACILITY AT ADELAAR  
TOWN OF THOMPSON, NY**

**Prepared for:**

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

**Prepared by:**



**June 20, 2014**

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## A. INTRODUCTION

This Attachment presents the results of economic impact studies completed by independent experts showing the proposed Gaming Facility's positive and negative impacts on the local and regional economy, and on the host and nearby municipalities, including impacts on incremental job creation, unemployment rates, cultural institutions and small businesses.

The Attachment draws from two independent reports: 1) Attachment VIII.B.3.b-2 *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar* prepared by AKRF, Inc. (AKRF), which presents estimates of direct and indirect jobs, employee compensation, and total economic output generated by the construction and annual operations of the proposed Gaming Facility within the Town of Thompson, Sullivan County, Region One, and New York State; and 2) Attachment IX.A.2a *Impact of Proposed Gaming Facility at Adelaar on Community Services*, prepared by HR&A Advisors, Inc. (HR&A), which estimates the costs of the proposed Gaming Facility on the Town of Thompson, Sullivan County, and New York State. This exhibit also draws upon the fiscal impact analysis prepared by AKRF in support of Exhibit VIII.B.4.

This Attachment reports the economic impacts of the Gaming Facility, which will include the Montreign Resort Casino, Entertainment Village, the Indoor Waterpark Lodge, and the Monster Golf Course. In addition, there will be roadway and other infrastructure improvements within and outside of the Project Site. As per the RFA, the studies include analysis of the low-, average-, and high-revenue cases analogous to the same used for the revenue and tax exhibits. The study also includes an alternative "With Regional Competition" scenario with separate low-, average, and high-revenue cases in which a second casino is awarded a license within Region One.

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

- **Section B. Methodology**, data sources and assumptions - summarizes the methodology of the attached *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar* independent report prepared by AKRF.
- **Section C. Economic Benefits** - summarizes the findings of the attached *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar* independent report prepared by AKRF.
- **Section D. Overall Effects on Unemployment Rates, Cultural Institutions, and Small Businesses** - describes how economic activities associated with the proposed Gaming Facility are expected to affect these interests.
- **Section E. Estimated Fiscal Benefits** - summarizes the findings of the tax revenue analysis found in Exhibit VIII.B.4.
- **Section F. Local Impacts and Costs** - summarizes the findings of HR&A's analysis of the impact of the proposed Gaming Facility on the cost of providing community services for the Town of Thompson, Sullivan County, and New York State.
- **Section G. Conclusion** - presents findings of the relative costs and benefits of the proposed Gaming Facility in light of the independent reports described above.

## **B. METHODOLOGY, DATA SOURCES AND ASSUMPTIONS**

This section summarizes the methodology, data sources and assumptions for AKRF's attached report *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar*. A more detailed description of the methodology used to develop that report can be found within the report. The methodology, data sources and assumptions for HR&A analysis of municipal costs can be found within Exhibit IX.A.2.a. The methodology, data sources and assumptions for AKRF's fiscal impact analysis can be found within Exhibit VIII.B.4.

The principal economic model used by AKRF to estimate the effect on the economy of constructing and operating the Gaming Facility was IMPLAN (IMpact Analysis for PLANning), which was originally developed by the U.S. Department of Agriculture Forest Service in 1979 and was subsequently privatized by the Minnesota IMPLAN Group (MIG). The model uses the most recent economic data from sources such as the U.S. Bureau of Economic Analysis, the U.S. Bureau of Labor Statistics, and the U.S. Census Bureau to predict effects on the local economy from direct changes in spending. The operations analysis was modeled in Sullivan County, Region One, and New York State. The IMPLAN model contains data for 440 economic sectors, showing how each sector affects every other sector as a result of a change in the quantity of its product or service.

The construction analyses are based on the construction schedule provided by Empire and EPR. Construction is expected to start in November 2014. The Gaming Facility is expected to open by November 2016, with 2017 representing the first full year of operations. This analysis therefore assumes 30 months from start of construction in November 2014, to full opening of the final Gaming Facility amenities in April 2017. The construction period effects for the "No Regional Competition" scenario are not influenced by the low-, average, and high-revenue cases. For the "With Regional Competition" scenario, there is a high-revenue/average-revenue case and a low-revenue case. All dollar amounts in the construction section are in today's dollars (constant 2014 dollars). In future years, the actual dollar amounts are expected to increase with inflation.

The operations analyses are based on the first full year of operations for the Gaming Facility, which is 2017. This analysis is conservative since it is expected that there will be a ramp-up period and does not account for increases in economic activity associated with fully stabilized operations. Furthermore, 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.

### **MEASURES OF ECONOMIC IMPACT**

Using IMPLAN terminology, economic impacts are broken into three components: direct, indirect, and induced.

**Direct effects** represent the initial benefits to the economy of a specific new investment, e.g., a construction project or changes in employment.

**Indirect effects** represent the benefits generated by industries purchasing from other industries as a result of the direct investment, e.g., indirect employment resulting from construction expenditures would include jobs in industries that provide goods and services to the contractors. A direct investment triggers changes in other industries as businesses alter their production to meet the needs of the industry in which the direct impact has occurred. These businesses in turn purchase goods and services from other businesses, causing a ripple effect through the economy. The ripple effect continues until leakages from the region (caused, for example, by imported goods) stop the cycle. The sum of these iterative inter-industry purchases is called the indirect effect.

**Induced effects** represent the impacts caused by increased income in a region. Direct and indirect effects generate more worker income by increasing employment and/or salaries in certain industries. Households spend some of this additional income on local goods and services, such as food and drink, recreation, and medical services. Benefits generated by these household expenditures are quantified as induced effects.

## C. ECONOMIC BENEFITS

### ***ECONOMIC BENEFITS FROM CONSTRUCTION***

Construction of the Gaming Facility will result in significant economic benefits as summarized below and as shown in the attached bar charts. The attached bar charts show economic benefits associated with the “No Regional Competition” Scenario, the “With Regional Competition” scenario for the average/high-revenue case, and the “With Regional Competition” scenario for the low-revenue case. The summary below presents the range of economic benefits associated with the scenarios, with the low-end being benefits associated with the “With Regional Competition” scenario for the low-revenue case. The upper limit presents benefits associated with the “No 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 at between 1,793 to 3,029 person-years<sup>1</sup> of employment in Sullivan County (see Figure 1).
- Including indirect and induced employment, construction of the Gaming Facility will support between 1,839 and 3,104 person-years of direct, indirect, and induced employment in Sullivan County (see Figure 1).
- In Region One, construction of the Gaming Facility will support between 2,604 and 4,364 direct, indirect, and induced person-years of employment (see Figure 2).
- In New York State, construction of the Gaming Facility will support between 2,873 and 4,870 direct, indirect, and induced person-years of employment (see Figure 3).

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<sup>1</sup> A person-year is the equivalent of one person working full time for a year. A person-year is technically not equivalent to one “job” since construction work, by its nature, is temporary, and workers work on a site for varying lengths of time. For instance, a person-year can represent a single person who works 40 hours a week, or it could represent two workers who work 20 hours each per week.

## Gaming Facility at Adelaar

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Figures 4 through 6 present employee compensation generated from construction activities for the “No Regional Competition” scenario and “With Regional Competition” scenario in Sullivan County, Region One, and New York State. As shown in these figures, construction of the Gaming Facility will result in between \$174.38 million and \$294.74 million in direct, indirect, and induced employee compensation in New York State (see Figure 6), of which between \$107.32 million and \$180.79 million will be in Sullivan County (see Figure 4).

Figures 7 through 9 present economic output<sup>1</sup> generated from construction activities for the “No Regional Competition” scenario and “With Regional Competition” scenario in Sullivan County, Region One, and New York State. As shown in these figures, construction of the Gaming Facility will result in between \$606.22 million and \$1.02 billion in direct, indirect, and induced economic output in New York State (see Figure 9), of which between an estimated \$365.17 million and \$610.08 million will be in Sullivan County (see Figure 7).

For the full description of economic benefits resulting from construction of the “No Regional Competition” scenario, please see Section B of the AKRF report *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar*. Economic benefits associated with construction of the Gaming Facility for the “With Regional Competition” scenario under the high-, average-, and low-revenue cases are presented in Section C. The Appendix of the AKRF report presents a detailed breakdown of the economic benefits generated from construction of each component of the Gaming Facility (i.e., the Montreign Resort Casino, Entertainment Village, Indoor Waterpark Lodge, and Monster Golf Course).

### **ECONOMIC BENEFITS FROM ANNUAL OPERATIONS**

Annual operations of the Gaming Facility will result in significant economic benefits as summarized below and as shown in the attached bar charts. The bar charts show economic benefits associated with the “No Regional Competition” scenario and the “With Regional Competition” scenario.

Below presents a summary of economic benefits associated with annual operations of the “No Regional Competition” scenario. The summary presents the range of economic benefits associated with annual operations, with the low end being benefits associated with the low-revenue case. The upper end presents benefits associated with the high-revenue case.

- Under the “No Regional Competition” scenario, direct employment from annual operations of the Gaming Facility is estimated at between 2,077 and 2,420 full- and part-time jobs (see Figure 10).
- Including indirect and induced employment, operations of the Gaming Facility will support between 2,354 and 2,728 full- and part-time direct, indirect, and induced jobs in the Town of Thompson (see Figure 10).

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<sup>1</sup> Economic output is a measure of the total value of all goods produced. Output is defined as the total value of production, including intermediate goods and services (raw materials, transportation, utilities, and contracted services) and value added (employee compensation, proprietary income, and indirect business taxes).

Figures 11 and 12 present employee compensation and output generated from annual operations in the Town of Thompson for the “No Regional Competition” scenario. As shown in Figure 11, annual operations of the Gaming Facility will result in between \$73.40 million and \$84.20 million in direct, indirect, and induced employee compensation in the Town of Thompson (see Figure 11). Annual operations of the Gaming Facility will result in between \$356.33 million and \$385.54 million in direct, indirect, and induced economic output in the Town of Thompson (see Figure 12).

- In Sullivan County, the Gaming Facility will support between 2,896 and 3,329 full- and part-time direct, indirect, and induced jobs under the “No Regional Competition” scenario (see Figure 13).
- In Region One, the Gaming Facility will support between 2,945 and 3,384 full- and part-time direct, indirect, and induced jobs under the “No Regional Competition” scenario (see Figure 14).
- In New York State, the Gaming Facility will support between 2,990 and 3,433 full- and part-time direct, indirect, and induced jobs under the “No Regional Competition” scenario (see Figure 15).

Figures 16 through 18 present employee compensation generated from annual operations under the “No Regional Competition” scenario in Sullivan County, Region One, and New York State. As shown in these figures, annual operations of the Gaming Facility will result in between \$92.96 million and \$105.96 million in direct, indirect, and induced employee compensation in New York State (see Figure 18), of which between an estimated \$87.89 million and \$100.29 million will be in Sullivan County (see Figure 16).

Figures 19 through 21 present the estimated economic output generated from annual operations under the “No Regional Competition” scenario in Sullivan County, Region One, and New York State. As shown in these figures, annual operations of the Gaming Facility will result in between \$453.09 million and \$492.88 million in direct, indirect, and induced economic output in New York State (see Figure 21), of which between an estimated \$437.02 million and \$474.88 million will occur in Sullivan County (see Figure 19).

For the full description of economic benefits resulting from annual operations of the “No Regional Competition” Scenario, please see Section D of the AKRF report *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar*.

Employment, employee compensation, and output that would result from annual operations of the Gaming Facility under the “With Regional Competition” scenario are shown in Figures 22 through 33. For the full description of economic benefits resulting from annual operations of the “With Regional Competition” scenario, please see Section E of the AKRF report *Direct and Indirect Economic Impacts of the Gaming Facility at Adelaar*. The Appendix of the AKRF report presents a detailed breakdown of the economic benefits generated from annual operations of each component of the Gaming Facility (i.e., the Montreign Resort Casino, Entertainment Village, Indoor Waterpark Lodge, and Monster Golf Course).

#### **D. OVERALL EFFECTS ON UNEMPLOYMENT RATES, CULTURAL INSTITUTIONS, AND SMALL BUSINESSES**

The proposed Gaming Facility will generate a substantial level of short- and long-term economic activity in the Town of Thompson, Sullivan County, Region One, and New York State. These economic benefits result from the large capital investment during the construction period as well as annual operations of the resort once operational. Economic activity in terms of the wages and salaries paid to workers as well as from the purchase of goods and services is expected to have overwhelmingly positive impacts on the local and regional economy including incremental job creation, lowering overall unemployment rates, and benefits to area cultural institutions and small businesses.

##### **INCREMENTAL JOB CREATION**

As detailed in Exhibit VIII.B.7.a, the Town of Thompson and Sullivan County have had many decades of economic stagnation that has limited the growth in employment opportunities. This is evidenced by overall declines in population and workforce participation and persistent high levels of unemployment for the remaining workforce. With a local economy that continues to be heavily oriented towards tourism and seasonal visitors (even many decades after its peak in the Golden Age of the Catskills), the labor force is also subject to high seasonality where the two peak summer months of July and August provide employment that is typically twice the level of shoulder and off-season periods (see Exhibit VIII.B.3.a, Figure 11). Low household incomes and high unemployment led to the 1999 and current designation of Sullivan County as a Rural Economic Area Partnership Zone seeking opportunities to enhance economic opportunity.

The proposed Gaming Facility will immediately introduce demand for employment during the construction period, where over 1,240 workers, on average, would be involved during the construction effort. On completion, the diverse employment operations generated by the gaming and non-gaming elements of the proposed Gaming Facility are expected to introduce over 2,000 full and part time workers. Thus, beginning almost immediately, there is a sizeable increase in local and regional employment opportunities to the Town of Thompson's approximately 5,800 households and Sullivan County's aggregate workforce estimate of about 33,000 workers.

##### **UNEMPLOYMENT**

The most likely outcome of the increased employment generated by the proposed Gaming Facility is a pronounced reduction in unemployment rates, most notably in Sullivan County where current unemployment remains well above regional and state rates. As detailed in Exhibit VIII.B.7.a, existing labor market conditions and trends indicate that there is a capacity in the Town of Thompson, Sullivan County and other Region One areas (within expected commuting distances) to meet the labor demand generated by the proposed Gaming Facility.

With the proposed Gaming Facility, 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, particularly considering the indirect economic effects. In fact, the unemployment rate

in Sullivan County was approximately 4.6 percent at the end of 2000, before the 2001 economic recession occurred in the U.S. It is assumed that many of the positions at the proposed Gaming Facility will be filled by unemployed workers who are searching for employment. In addition, there are “underemployed” people who hold part-time jobs and who may be looking for additional work. The unemployed and underemployed would be the primary labor pool from which the employment for the proposed Gaming Facility would be drawn. Nevertheless, even with hiring unemployed persons and under-employed workers, there could be an additional demand for employees not met by the existing labor force within the Catskills Region.

### **CULTURAL INSTITUTIONS AND SMALL BUSINESSES**

The direct investment generated by the facility, as well as the indirect and induced effects of the proposed Gaming Facility are anticipated to result in positive impacts on other cultural and tourism resources as well as small businesses in the Town of Thompson and the surrounding region.

#### *CULTURAL RESOURCES*

There are numerous cultural and tourism resources in the region that will benefit from the increased visitation to the region and the cross-selling of events and points of interest to visitors.

For example, the proposed Gaming Facility has already made agreements with the Bethel Woods Center for the Arts to incorporate cross-marketing efforts. These efforts include the coordination of entertainment events to avoid adverse impacts to entertainment offered by Bethel Woods Center for the Arts as well as the minimization of any pricing of tickets impact that may be felt by Bethel Woods Center for the Arts. The proposed Gaming Facility would sell hotel packages that would include tickets and transportation to events at Bethel Woods Center for the Arts. The proposed Gaming Facility would also provide space for Bethel Woods Center for the Arts to sell tickets, list their schedule of events on the in-house TV marketing system, and include their location on the map featuring regional attractions. In addition, the proposed Gaming Facility has agreed to be a major sponsor of Bethel’s program of the arts for under-privileged children in Sullivan County. Ultimately, such cross-marketing efforts would result in positive impacts to Bethel Woods Center for the Arts, a cultural institution within the region.

There is a considerable variety of other cultural and arts-related activities and organizations active in Sullivan County that can benefit from similar common interests. While the proposed Gaming Facility is a destination resort that will retain much of the activities and spending by visitors, part of the area’s unique attribute and physical setting is the ability to offer a range of on-resort and off-resort experiences for its own customers as well as existing visitors to the region. This is a diverse offering, ranging from the 700,000-acre state Catskill Park, the regional destination of places such as Bethel Woods, to a variety of smaller museums and attractions. Visitors are likely to integrate one or more experiences to any single visit to the area, and that could vary with return visits based on the area’s proximity to its major customer base.



*SMALL BUSINESSES*

Like most rural economies, the Town of Thompson, Sullivan County, and the region as a whole have many small businesses that represent a large portion of the employment and economic base of the region. Large developments and major employers such as the proposed Gaming Facility provide substantial opportunities to small business to benefit from increased economic activity in the local economy in several key ways:

Direct spending on goods and services—The proposed Gaming Facility is expected to spend over \$100 million per year when the facility is in full operation. A portion of this will find its way to local small businesses based on convenience and immediate supply resources and the increasingly important marketing value of local resources to resort visitors. The proposed Gaming Facility has already met with, and identified, potential local suppliers including energy, custodial, food and beverage suppliers, local farms, local artisans, building supplies, and taxi and limousine services. Furthermore, Empire anticipates utilizing its existing relationships with over 150 vendors and local organizations in the area.

Wages and salaries to local and regional workers—Based on the large potential increases in full and part time employment in Thompson and Sullivan County, a wide range of small businesses will benefit from spending derived from new wages and salaries that, as presented in the attached economic benefits analysis of the Attachment, are expected to reach up to \$75 million per year in direct wages and up to \$84 million per year including indirect and induced employment. Typical expenditure patterns would indicate that a large portion of those wages are spent locally on everyday household expenses such as housing, purchases of goods (i.e., groceries), meals purchased outside the home, and services. These expenditures are the basis for much of the indirect and induced economic activity estimated in this benefits analysis.

Visitor spending—additional direct and indirect growth effects would arise as visitors spend money in the local and regional economies. These range from incidental expenses such as local gasoline purchases and more discretionary expenditures such as visiting other cultural activities in the local area. For example, in the 2011 update to the Bethel Woods economic summary, it was noted in comments from local business leaders and elected officials that the Arts Center has substantially added economic activity in terms of new visitors and more business for many sectors of the local economy, local hiring and new business start-ups, and other benefits.

*SUMMARY*

Overall, the proposed Gaming Facility is expected to bring an overall strengthening of the regional economy through job creation and the resulting decrease in the unemployment rate, the purchase of goods and services from small businesses, and offsite spending by visitors and employees.

**E. ESTIMATED FISCAL BENEFITS**

As detailed in Exhibit VIII.B.4.-1 and summarized in Table 1, tax revenue from operations of the Gaming Facility would be significant. Under the “No Regional Competition” scenario, in 2017 the project would generate between \$95.91 million and \$120.44 million in incremental tax revenues (i.e., above the amount currently generated by the property on which the Gaming

Facility will be located), depending on the revenue case. By 2021, the project would generate between \$124.40 million and \$158.88 million in incremental tax revenues, depending on the revenue case.

Under the “With Regional Competition” scenario, in 2017 the project would generate between \$41.67 million and \$83.57 million in incremental tax revenue, depending on the revenue case. By 2021, the project would generate between \$53.36 million and \$110.66 million in incremental tax revenue, depending on the case.

Not reported in Table 1 are tax revenues from construction activities, which would be generated immediately upon award of a Gaming License starting in 2014. 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. Based on AKRF estimates, the construction period would generate \$5.9 million in income tax revenue from direct construction jobs under the “No Regional Competition” scenario, and between \$4.4 million and \$3.4 million under the “With Regional Competition” scenario.

**Table 1**  
**Tax Projection Summary**  
**(millions of 2014 dollars)**

Jurisdiction	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021
<b>“No Regional Competition” Scenario</b>					
(\$ millions)					
Town of Thompson	\$0.40	\$0.42	\$0.45	\$0.47	\$0.49
Sullivan County	\$8.12 - \$8.85	\$8.83-\$9.63	\$9.54-\$10.34	\$9.83-\$10.65	\$10.10-\$10.94
New York State	\$87.39-\$111.19	\$96.74-\$122.41	\$103.24-\$134.21	\$108.58-\$141.05	\$113.81-\$147.45
<b>“With Regional Competition” Scenario</b>					
(\$ millions)					
Town of Thompson	\$0.40	\$0.42	\$0.45	\$0.47	\$0.49
Sullivan County	\$6.25-\$7.30	\$6.82-\$7.96	\$7.36-\$8.52	\$7.58-\$8.74	\$7.81-\$9.05
New York State	\$35.02-\$75.87	\$38.49-\$83.65	\$40.99-\$92.07	\$42.56-\$96.27	\$45.06-\$101.12
<b>Notes:</b> Tax revenue projection ranges are based on low-revenue to high-revenue cases under both scenarios. Tax revenue projections include “direct” and “indirect” tax revenues; additional breakdown of revenues and sources for estimates are provided in Exhibit VIII.B.4.					

It is important to note that Table 1 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, under the “No Regional Competition” scenario the Town of Thompson would receive between \$4.95 million and \$3.83 million in State-allocated gaming tax revenues in 2017, and the amount is projected to increase annually.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 1 above.

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The above tax projections also do not include tax revenues to the Monticello Central School District (MCSD). Under either scenario the Monticello Central School District is projected to receive approximately \$1.0 million in 2017, increasing to approximately \$1.6 million by 2021. This projected revenue is well above the project-generated school cost to MCSD of \$600,000 under the worst case scenario (see below and Exhibit IX.A.2.a).

## F. LOCAL IMPACTS AND COSTS

HR&A conducted an independent analysis of the impact of the proposed Gaming Facility on the cost of providing community services for the Town of Thompson, Sullivan County, and New York State. The full report is found in Attachment IX.A.2.a. The following summarizes key findings from HR&A's reporting.

***The Proposed Project 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 project 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 project.
- 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 investments is approximately \$520,000.
- One-time costs by department studied are summarized in Table 2.

**Table 2: Summary of One-Time Upfront Expenses**

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

Source: HR&A Advisors

**After opening, the Project will also add incremental annual costs to the various departments providing fire, police, building inspection, general government, and education services at or near the project site.** HR&A estimates that the project 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 proposed project.
- In the low revenue scenario, the largest ongoing cost impact is to police protection services, which are estimated at \$640,000; in that scenario, no category of public services has ongoing cost impacts exceeding \$200,000. However, with a significantly greater number of households projected to move to the immediate area, cost impacts to local school districts are estimated to be as much as \$1,025,000 in the high revenue scenario.
- According to AKRF estimates, only 1% to 5% of the projected 2,072 to 2,145 jobs on-site will be filled by people relocating from outside of the region. Depending on the revenue scenario, AKRF further estimates that this would generate a total of approximately 8 to 45 new public school students, the majority of whom would enroll in the Monticello Central School District. 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 Table 3.

**Table 3: Summary of On-Going Expenses**

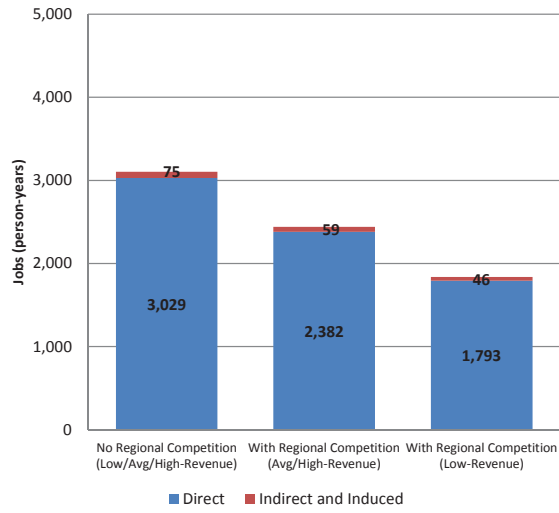
	Low Revenue Scenario	High Revenue Scenario
<u>State of New York</u>		
Public Health	negligible impact	negligible impact
General Government Administration	covered by industry	covered by industry
Sullivan County- Subtotal	negligible impact	negligible impact
<u>Region One</u>		
Regional School Districts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

Source: HR&A Advisors

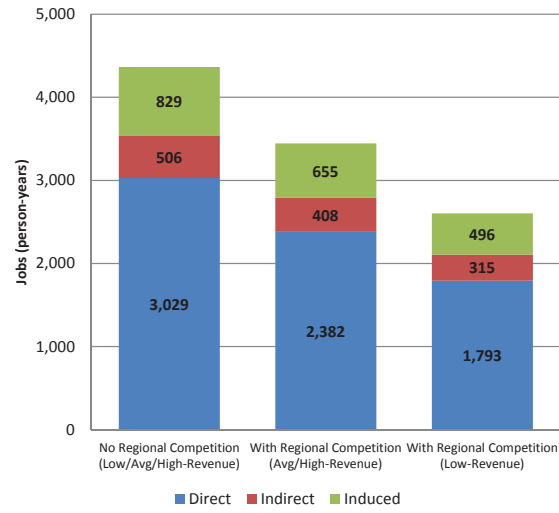
**G. CONCLUSION**

Based on the substantial local and regional economic benefits of the proposed Gaming Facility (detailed in Sections C and D, above) and the fiscal benefit and cost projections (presented in Sections E and F, respectively), it is estimated that the economic and fiscal benefits associated with the project will far exceed its costs to the host and nearby municipalities.

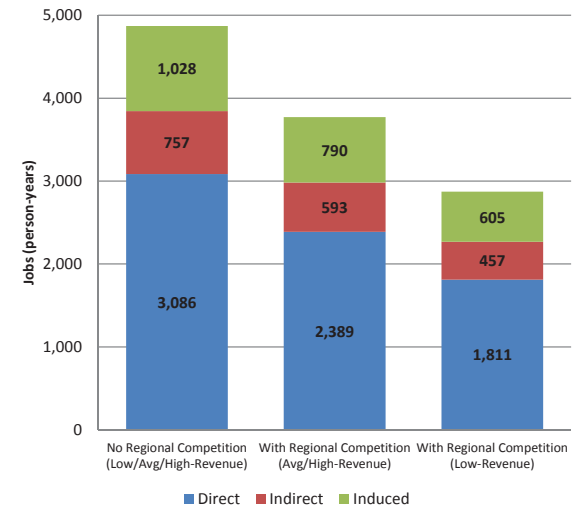
**Figure 1. Employment from Construction Activities  
Sullivan County  
(Jobs in Person-Years)**



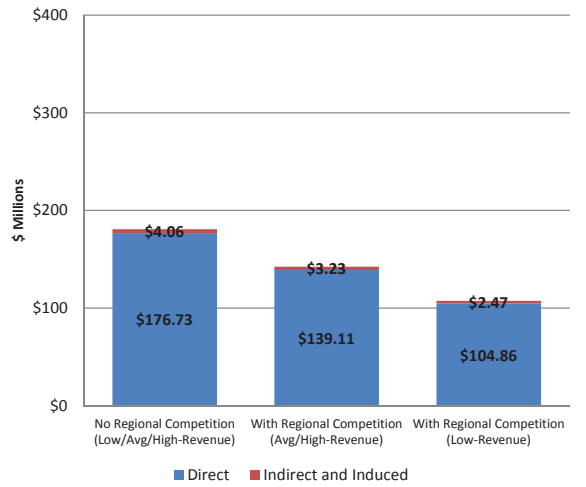
**Figure 2. Employment from Construction Activities  
Region One  
(Jobs in Person-Years)**



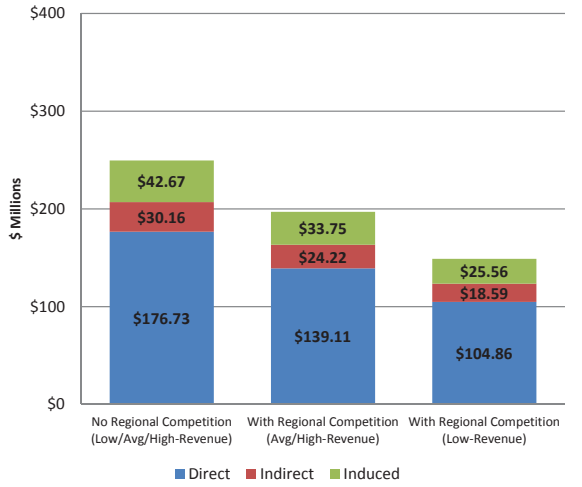
**Figure 3. Employment from Construction Activities  
New York State  
(Jobs in Person-Years)**



**Figure 4. Employee Compensation From Construction Activities Sullivan County (\$ Millions)**



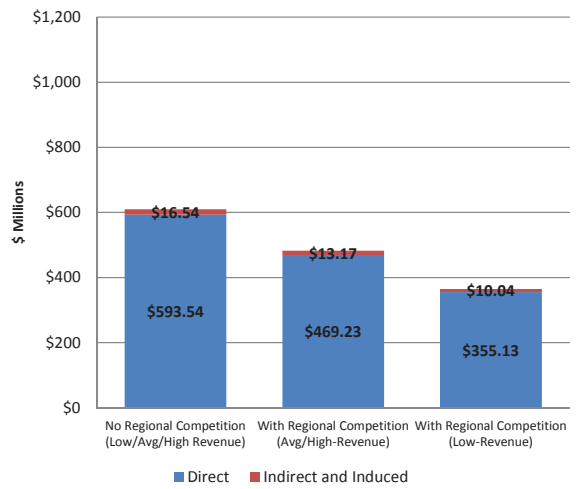
**Figure 5. Employee Compensation From Construction Activities Region One (\$ Millions)**



**Figure 6. Employee Compensation From Construction Activities New York State (\$ Millions)**



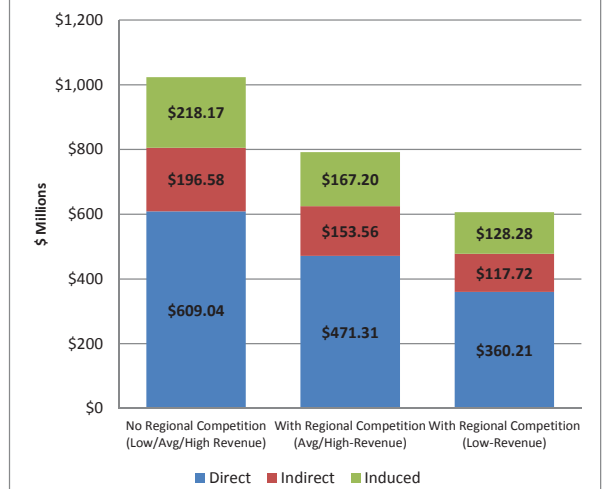
**Figure 7. Economic Output From Construction Activities Sullivan County (\$ Millions)**



**Figure 8. Economic Output From Construction Activities Region One (\$ Millions)**

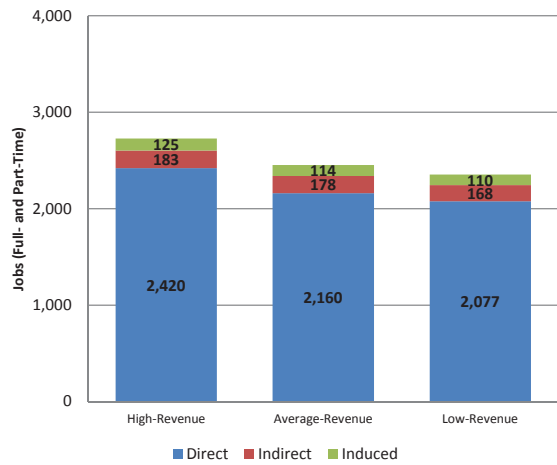


**Figure 9. Economic Output From Construction Activities New York State (\$ Millions)**

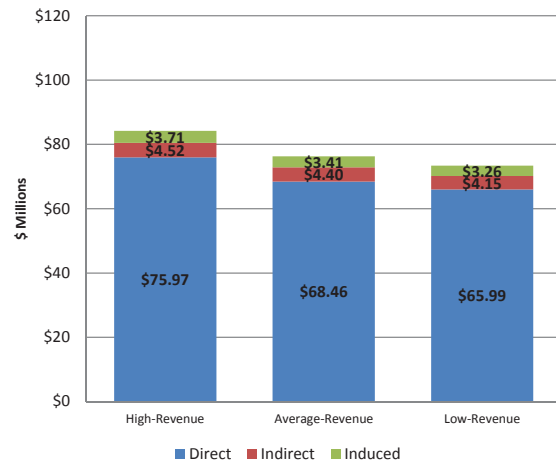




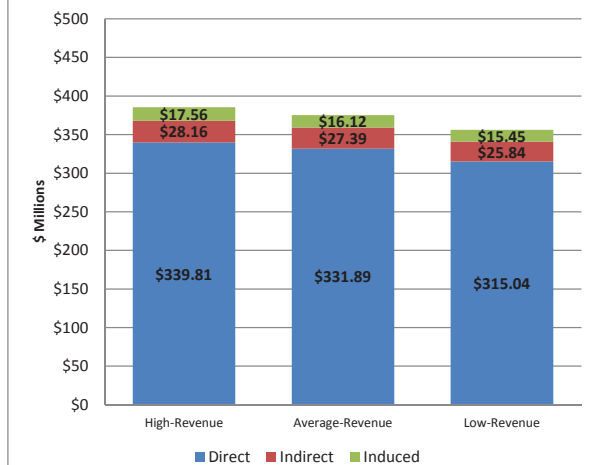
**Figure 10. Employment from Annual Operations No Regional Competition Town of Thompson (Full- and Part-Time Jobs)**



**Figure 11. Employee Compensation from Annual Operations No Regional Competition Town of Thompson (\$ Millions)**



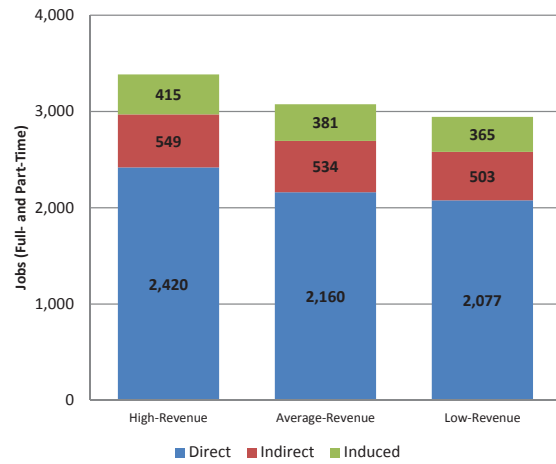
**Figure 12. Economic Output from Annual Operations No Regional Competition Town of Thompson (\$ Millions)**



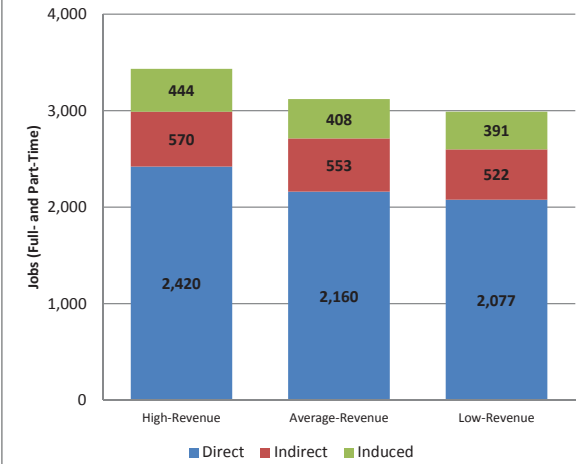
**Figure 13. Employment from Annual Operations No Regional Competition Sullivan County (Full- and Part-Time Jobs)**



**Figure 14. Employment from Annual Operations No Regional Competition Region One (Full- and Part-Time Jobs)**



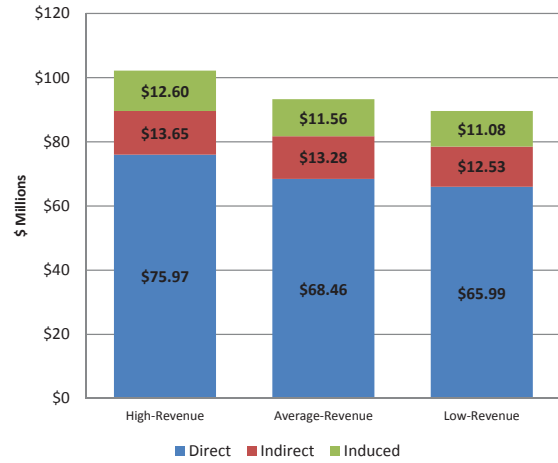
**Figure 15. Employment from Annual Operations No Regional Competition New York State (Full- and Part-Time Jobs)**



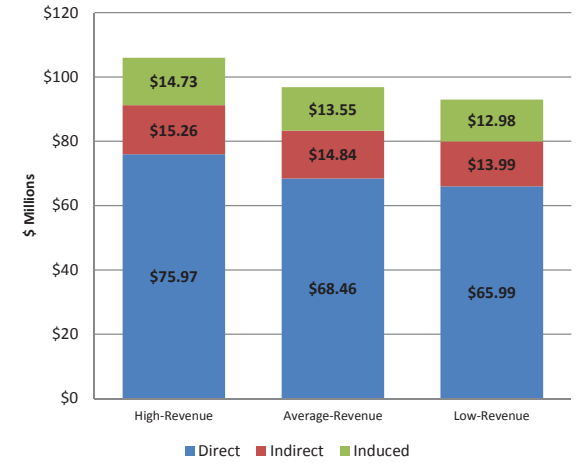
**Figure 16. Employee Compensation from Annual Operations  
No Regional Competition  
Sullivan County  
(\$ Millions)**



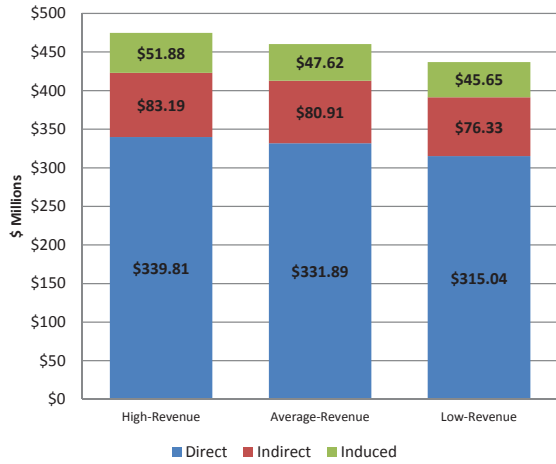
**Figure 17. Employee Compensation from Annual Operations  
No Regional Competition  
Region One  
(\$ Millions)**



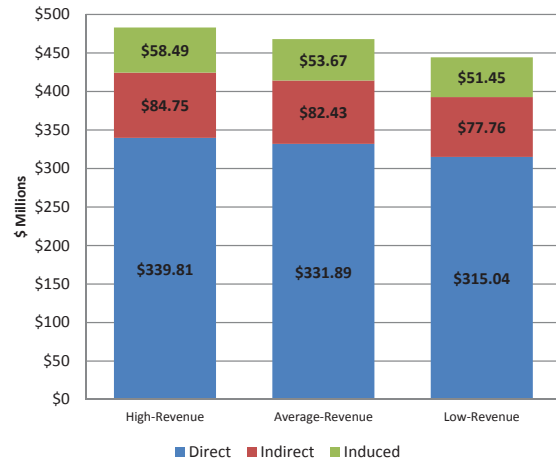
**Figure 18. Employee Compensation from Annual Operations  
No Regional Competition  
New York State  
(\$ Millions)**



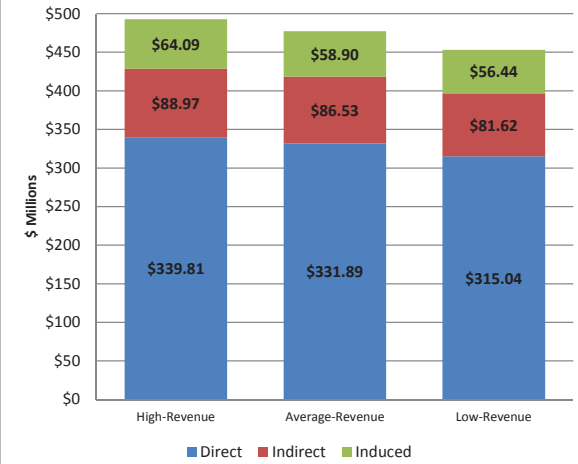
**Figure 19. Economic Output from Annual Operations  
No Regional Competition  
Sullivan County  
(\$ Millions)**



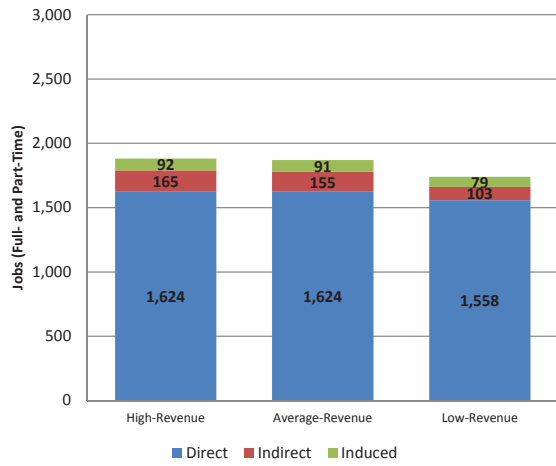
**Figure 20. Economic Output from Annual Operations  
No Regional Competition  
Region One  
(\$ Millions)**



**Figure 21. Economic Output from Annual Operations  
No Regional Competition  
New York State  
(\$ Millions)**



**Figure 22. Employment from Annual Operations With Regional Competition  
Town of Thompson  
(Full- and Part-Time Jobs)**



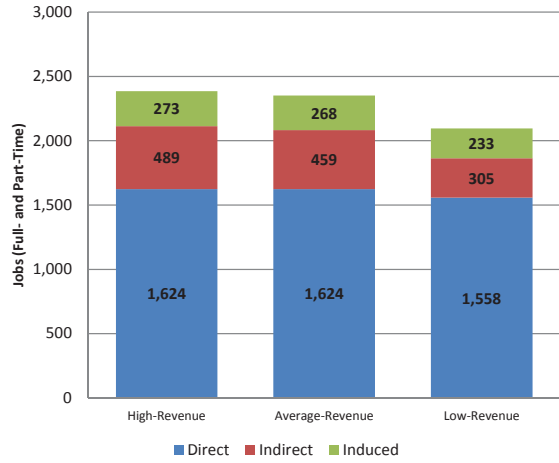
**Figure 23. Employee Compensation from Annual Operations With Regional Competition  
Town of Thompson  
(\$ Millions)**



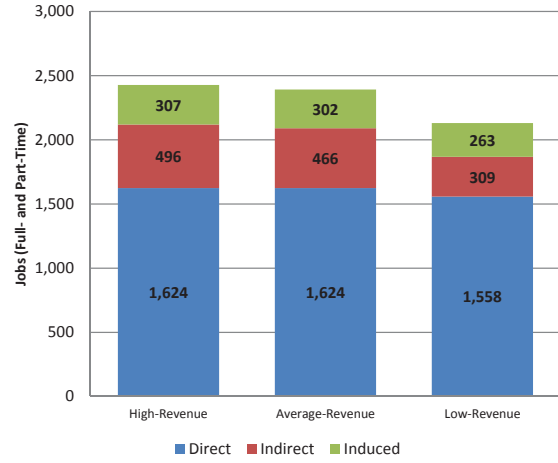
**Figure 24. Economic Output from Annual Operations With Regional Competition  
Town of Thompson  
(\$ Millions)**



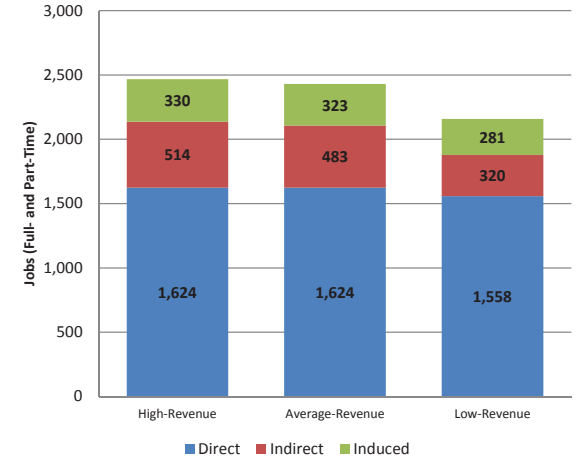
**Figure 25. Employment from Annual Operations With Regional Competition Sullivan County (Full- and Part-Time Jobs)**



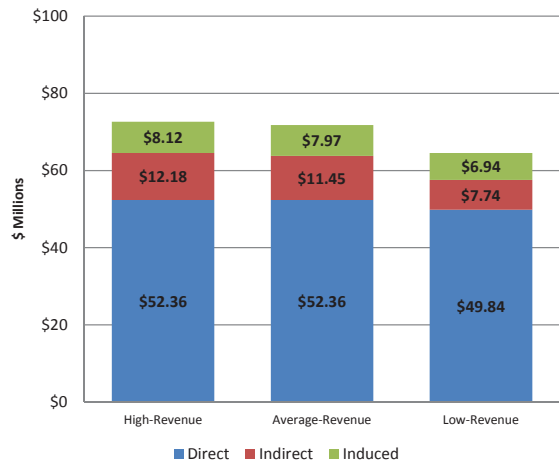
**Figure 26. Employment from Annual Operations With Regional Competition Region One (Full- and Part-Time Jobs)**



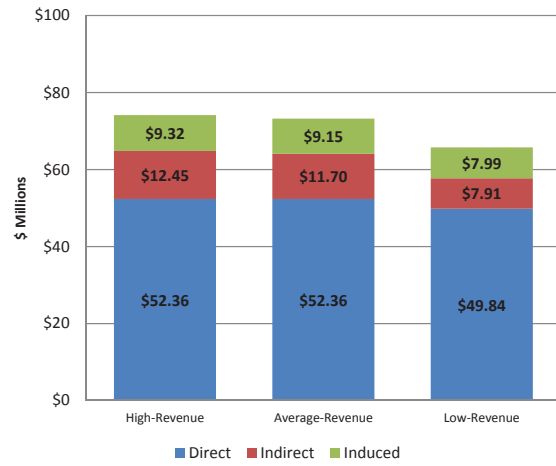
**Figure 27. Employment from Annual Operations With Regional Competition New York State (Full- and Part-Time Jobs)**



**Figure 28. Employee Compensation from Annual Operations With Regional Competition Sullivan County (\$ Millions)**



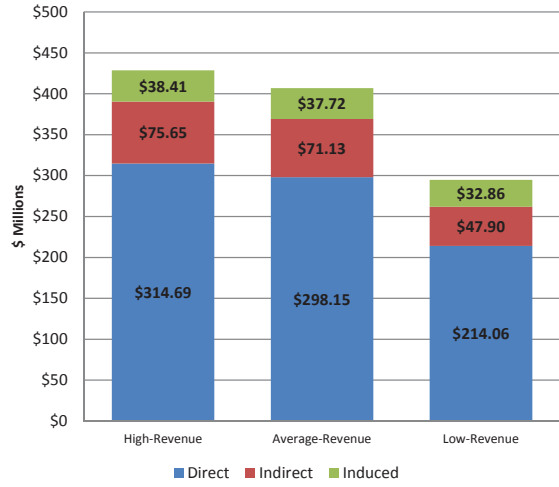
**Figure 29. Employee Compensation from Annual Operations With Regional Competition Region One (\$ Millions)**



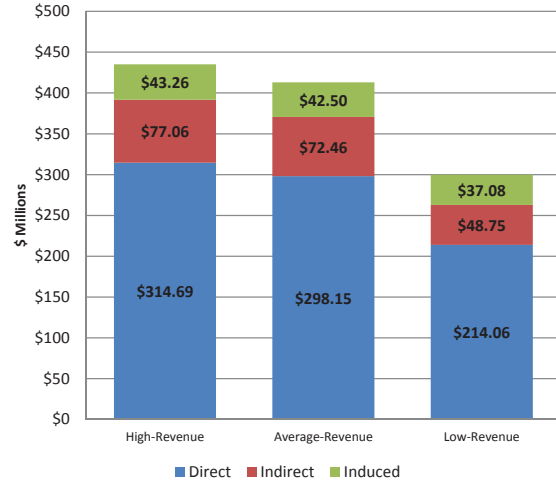
**Figure 30. Employee Compensation from Annual Operations With Regional Competition New York State (\$ Millions)**



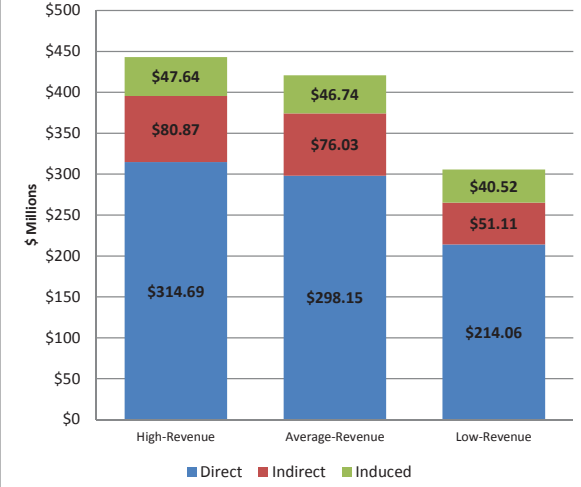
**Figure 31. Economic Output from Annual Operations  
With Regional Competition  
Sullivan County  
(\$ Millions)**



**Figure 32. Economic Output from Annual Operations  
With Regional Competition  
Region One  
(\$ Millions)**



**Figure 33. Economic Output from Annual Operations  
With Regional Competition  
New York State  
(\$ Millions)**





## ***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

- 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