

## **STUDIES AND REPORTS**

### **Exhibit VIII. B.3.b**

As required pursuant to Exhibit VIII. B.3.b, the company engaged an independent expert, Louis Berger Group, to perform a study that analyzes “overall economic incremental benefit to the Region, the State, the Host Municipality and nearby municipalities including the manner in which the facility will generate new revenues as opposed to taking revenues from other New York business.” Accordingly, please see the report on the following page for impacts on local and regional economy, and on host and nearby municipalities, including impacts on incremental job creation, unemployment rates, cultural institutions and small businesses.

# IMPACTS ON LOCAL AND REGIONAL ECONOMY

## 1 Introduction

Following the Request for Application (RFA) to Develop and Operate a Gaming Facility in New York State, Exhibit VIII.B.3b of the Application for RW Orange County LLC presents 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.

### 1.1 Project Description

The proposed Sterling Forest Resort is a luxury gaming and resort facility in Tuxedo, New York that will consist of 775,403 square feet of lodging area, 146,189 square feet of gaming area, 68,913 square feet of restaurant space, 11,167 square feet of bar space, 37,823 square feet of meeting space and 3,731 square feet of retail. The resort will include outdoor activities, including more than 90 acres of ski slopes, Sterling Forest Gardens (24 acres) and fairgrounds (18 acres).

The Proposed Project will be a year-round tourist attraction, operating seven days per week. Transient lodging-related development includes the Resorts World Grand Hotel building with 1,000 rooms, gaming facility (casino) and ancillary hotel uses (dining and lodging-related commercial). Recreational development includes world fairgrounds and seasonal fairgrounds in the current location of the NY Renaissance Faire, a Ski Village in the current location of the Tuxedo Ridge Ski Center and the rebirth of the Sterling Forest Gardens, as well as stables, an arboretum, amphitheater, mountain biking and hiking trails, a funicular incline railway, zip lines, toboggan run, snowboard pipes and rails, and a riverfront walk along the Indian Kill Creek.

### 1.2 Approach

The proposed project will have a positive economic impact on the Town of Tuxedo, Orange County and other Catskills communities. This Exhibit examines the following effects:

- **Incremental Job Creation** – As described in Exhibit VIIB7a, once operational Sterling Forest Resort will offer a total of approximately 4,080 full-time equivalent positions, in Tuxedo. The spending by the Resort on goods and service at regional businesses and household spending by employees residing in the region will create additional jobs in the region through the multiplier effect. The multiplier effect was estimated with the IMPLAN input-output modeling system as presented in Exhibit VIII B 3a. The analysis takes into account that some of the gaming spending by local residents will displace spending at other local businesses and presents the net, or incremental, effect.
- **Unemployment Reduction** – It can be reasonably expected that many of the jobs at Sterling Forest Resort will be filled by currently unemployed people living in the surrounding area. Sterling Forest will establish employment recruiting centers in areas of high unemployment including Newburgh and Sullivan and Ulster counties to recruit

employees. This exhibit estimates the place of residence distribution of employees of Sterling Forest Resort and the resulting decrease in unemployment rate. The analysis conservatively does not take into account the effect of the indirectly generated jobs (i.e., multiplier effect), which will further reduce the unemployment rate.

- **Opportunities for Local Businesses** – Sterling Forest Resort will make a strong effort to purchase the goods and services required for the operations of the resort and casino at local businesses. The portion of this new demand that will be met by local businesses is estimated with the IMPLAN input-output modeling system as presented in Exhibit VIII B 3a.
- **Travel Time Savings** – The improvements to the 17A interchange will generate travel time savings for local commuters. Average travel time savings per commuter was estimated by comparing travel time on the current routes with hypothetical travel time given a direct connection onto I-87 from Route 17A. Using the latest Census Longitudinal Employer-Household Dynamics (LEHD) residential to workplace locations, an estimate of the number of commuters who would most likely use the new facility based on their residential location and their final destination was estimated. Annual travel time savings were estimated by multiplying the number of commuters by the average travel time saving by the annual number of workdays.
- **Property Tax** - Local residents will benefit from property tax reductions as Sterling Forest Resort will increase property tax revenues significantly. The property tax analysis relies on the most current (2014) tax assessment for the properties being developed. The first step defined the base condition by aggregating the current tax roll data for all of the properties that will be developed. The second step is to change the properties overall market values to reflect the new investment in improvements on the land. The third step is to translate the new investment values into the taxable amount by using the Town’s assessment ratio. The next step is to apply the tax rates for the various entities (schools, town, county, so on). The final step is to compare the two to quantify the difference and estimate the property tax savings on a per capita basis.

## 2 Incremental Job Creation

This Exhibit estimates the employment impact of the proposed Sterling Forest Resort on the State, the Catskills, and Orange County. The proposed facility will create on-site employment and will generate additional economic activity through purchasing goods and services at state, regional and local businesses.

Purchases made during the operations phase from regional vendors generate a “multiplier effect” which is the additional economic activity that occurs when these vendors make purchases from other vendors within the region, who in turn make purchases from other vendors within the

region, and so on. Similarly, purchases at regional businesses made by Resort employees or by vendor employees generate a multiplier effect.

To determine the magnitude of the multiplier effect, we used input-output modeling techniques. The multiplier effect consists of three distinct effects:

- **Direct** – Employees at Sterling Forest Resort
- **Indirect** – Jobs at vendors that supply goods and services to the Resort, but do not work directly for the Resort.
- **Induced**- Jobs supported by additional household spending by resort employees and employees at the indirectly affected businesses.

Area-specific multipliers were created with the IMPLAN input-output modeling system and take into account inter-industry relationships and the relationship between industries and consumers and trade flow patterns.

## 2.1 Base Conditions

There are a little less than 350,000 employees in the Catskills region, with 36% of that employment residing in Orange County. The average wage in Orange County in 2012 was \$41,221, which was 3 percent below the regional average. The average of the area is skewed upward due to the high employment and wages in Dutchess County.

Table 1 - Payroll Employment and Wages by Region

County/Region	Employment	Average Annual Wages
Columbia County	20,384	\$37,719
Delaware County	15,320	\$38,129
Dutchess County	109,883	\$49,355
Greene County	14,029	\$38,544
Orange County	130,605	\$41,221
Sullivan County	24,947	\$36,657
Ulster County	57,120	\$38,435
<i>Catskills Region</i>	<i>372,288</i>	<i>\$42,469</i>

Source: Bureau of Labor Statistics QCEW 2012

The Town of Tuxedo has a little over 1,000 employees, most of which work in manufacturing, public administration, or waste management industries. According to the State’s Department of Labor data the average wage for Tuxedo in 2012 was \$45,000, 9% higher than Orange County’s average wages.

Many of the residents living in Tuxedo work in Orange County, 51%, or neighboring Rockland and Bergen Counties (14% and 5% respectively). Although Tuxedo may be considered

an extensive commute to the Metro area, over 9% of Tuxedo residents commute to a New York City location. The high commuter volume to New York City may be attributable to the Tuxedo rail station on the Port Jervis line whose end destination is mid-town. The average commute time in Tuxedo is 37 minutes and nearly 52% of commuters in Tuxedo commute more than 30 minutes.

According to the State's 2012 payroll data the employment in Tuxedo is 1,070. Approximately 44% of those employees work in either the recreation and leisure industry or local government. Retail and wholesale only account for 15% of the total employment. From this data it can be assumed that tourism is a major portion of the town's economy.

The tables below provide the current employment by broad industries in Tuxedo, Orange County and the wider Catskills Region. It is good to note that in these areas accommodation and food services are below 5.5% of the total employed. A portion of this amount also contains fast food services as well.

Table 2 Tuxedo Employment by Industry

Tuxedo Town Employment By Industry	Employment	% of Total
Total	1,049	
Manufacturing	166	15.8%
Public Administration	158	15.1%
Administrative Support & Waste Management	144	13.7%
Construction	119	11.3%
Professional, Scientific & Tech Services	78	7.4%
Wholesale Trade	77	7.3%
Management of Companies & Enterprises	60	5.7%
Retail Trade	49	4.7%
Other Services (except Public Administration)	42	4.0%
Real Estate, Rental & Leasing	39	3.7%
Health Care & Social Assistance	35	3.3%
Information	23	2.2%
Accommodation & Food Services	20	1.9%
Other Industries	39	3.7%

Source: 2012 Dun & Bradstreet, Inc.

Table 3 Orange County Employment by Industry

Orange County Employment By Industry	Employment	% of Total
Total	130,605	
Retail Trade	19,460	14.90%
Health Care & Social Assistance	14,236	10.90%
Public Administration	11,624	8.90%
Manufacturing	9,534	7.30%
Educational Services	9,404	7.20%
Administrative Support & Waste Management	9,142	7.00%
Other Services (except Public Administration)	8,098	6.20%
Professional, Scientific & Tech Services	7,706	5.90%
Construction	7,444	5.70%
Wholesale Trade	7,053	5.40%
Accommodation & Food Services	6,922	5.30%
Real Estate, Rental & Leasing	5,485	4.20%
Transportation & Warehousing	5,355	4.10%
Other Industries	9,273	7.10%

Source: Bureau of Labor Statistics, 2012 Dun & Bradstreet, Inc.

Table 4 - Catskills Region Employment by Industry

Catskills Region Employment By Industry	Employment	% of Total
Total	372,288	
Retail Trade	52,865	14.20%
Health Care & Social Assistance	42,813	11.50%
Public Administration	37,973	10.20%
Educational Services	32,389	8.70%
Manufacturing	27,922	7.50%
Administrative Support & Waste Management	23,826	6.40%
Construction	21,965	5.90%
Other Services (except Public Administration)	21,593	5.80%
F.I.R.E. (Finance, Insurance, Real Estate)	21,220	5.70%
Professional, Scientific & Tech Services	21,220	5.70%
Accommodation & Food Services	20,476	5.50%
Wholesale Trade	14,892	4.00%
Transportation & Warehousing	11,913	3.20%
Other Industries	21,220	5.70%

Source: Bureau of Labor Statistics, 2012 Dun & Bradstreet, Inc

## 2.2 Impact

It is anticipated that the new Casino would generate approximately 4080 full-time equivalent jobs (FTE) which corresponds to 4,840 full and part-time jobs. This would increase the accommodation and food services industry in Tuxedo dramatically. Currently figures show only 20 jobs in that industry in Tuxedo. Other major employment that may not be fully covered by statistics, such as seasonal employment at the ski facility, will be increased as the facility is being expanded to include non-ski season improvements such as mountain biking, zip lines, and other amenities.

The total economic impact of the Resort includes the direct jobs at Sterling Forest Resort as well as at other New York State businesses created by the multiplier effect. The total impacts are summarized in Table 5. A detailed description of job creation is presented in Exhibit VIII B4a.

Table 5 - Incremental Economic Impact of Operations, 2018 (in \$ millions)

	Impact Type	Employment	Labor Income (in \$ millions)	Output (in \$millions)
New York State	Direct Effect	4,840	\$ 397.5	\$ 1,198.4
	Indirect and Induced Effect	1,810	\$ 73.9	\$ 205.7
	Total Effect	6,650	\$ 471.4	\$ 1,404.1
Catskills	Direct Effect	4,840	\$ 397.5	\$ 1,198.4
	Indirect and Induced Effect	1,531	\$ 58.9	\$ 181.7
	Total Effect	6,371	\$ 456.4	\$ 1,380.2
Orange County	Direct Effect	4,840	\$ 397.5	\$ 1,198.4
	Indirect and Induced Effect	1,618	\$ 74.9	\$ 224.4
	Total Effect	6,458	\$ 472.4	\$ 1,422.8

Source: The Louis Berger Group, IMPLANv3

## 3 Unemployment Reduction

The direct employment created by the Sterling Forest Resort is estimated to be 4,080 annual full-time equivalent (FTE) positions in 2018. Sterling Forest will establish employment recruiting centers in areas of high unemployment including Newburgh and Sullivan and Ulster counties to recruit employees Sub-County (township and City level) employment was reviewed to assess current employment and workforce levels to estimate employment and underutilized labor force.

Table 6 - Sub-County Unemployment Levels Rates (as of 2012)

<i>Sub-County Area with 30 Minute Drive</i>	Unemployed	Unemployment Rate	Estimated Drive Time in Minutes (From population Centers)
Blooming Grove town, Orange County	422	4.3%	15.4
Chester town, Orange County	409	6.2%	10.5
Clarkstown town, Rockland County	2,888	6.4%	22.4
Cornwall town, Orange County	397	6.1%	20.4
Goshen town, Orange County	495	7.5%	15.4
Haverstraw town, Rockland County	1,829	9.3%	15.9
Highlands town, Orange County	310	8.7%	22.1
Middletown town, Delaware County	174	9.8%	22.1
Monroe town, Orange County	782	5.1%	7.1
New Windsor town, Orange County	822	6.0%	24.2
Newburgh city, Orange County	1,128	8.7%	29.8
Newburgh town, Orange County	1,291	8.0%	27.8
Orangetown town, Rockland County	1,705	6.9%	25.6
Ramapo town, Rockland County	4,555	7.9%	17.2
Stony Point town, Rockland County	594	7.4%	15.3
Tuxedo town, Orange County	74	3.7%	1
Wallkill town, Orange County	1,478	10.0%	21.7
Warwick town, Orange County	1,548	8.8%	11.3
Woodbury town, Orange County	275	4.5%	13.2
<i>Total Unemployment</i>	<i>21,176</i>	<i>7.3%</i>	

Source: Census American Community Survey 2008-1012

For this analysis it is assumed that 30% of the overall underutilized workforce does not have the matching skill sets to complete all of the work required by the new facility. This estimate is conservative as The Bureau of Labor Statistics 2013 industry-specific occupational data states that 68% of employed in the Casino Hotel industry (NAICS 721120) works in either food preparation and serving related occupations, building and grounds cleaning and maintenance occupations, or personal care and service occupations. These occupations have low barriers to entry and require minimal skills to be considered a viable candidate for employment.

### 3.1 Base Conditions

According to the Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS) 2013 the Catskills region had a 7.2% unemployment rate, lower than the State's 7.7% rate. Orange County's unemployment rate during this same period was 7.2%, in line with the broader Catskills region. According to the 2012 Census American Community Survey the communities immediately bordering Tuxedo had a collective unemployment rate of 7.7%. All of these unemployment rates are above the Region's 10 year average of 6.1%.

In terms of unemployed levels, Orange County has the *highest* amount of unemployed. The County with the highest unemployment rate, Sullivan has nearly 4 times less unemployed than Orange County. The statistics below in the table below shows that Orange County's



unemployment levels are significantly higher than other more rural counties. This may increase the full participation of Orange County’s underutilized labor force.

Table 7 - Catskill Region Counties and Unemployed Levels and Rates

	Unemployed	
	Level	Rate
Columbia County	1,949	6.3%
Delaware County	1,691	8.0%
Dutchess County	9,786	6.8%
Greene County	1,896	8.2%
Orange County	12,503	7.2%
Sullivan County	2,903	8.7%
Ulster County	6,667	7.8%
<b>Total</b>	<b>37,395</b>	<b>7.3%</b>

Source: Bureau of Labor Statistics, 2013 LAUS

### 3.2 Impact

As the Region’s unemployment rates are still significantly higher than the average, the impact on unemployment for the build and no build scenario can be gauged as if they facility was full functional today. If the facility was opened tomorrow, and 100% of the unemployed were used to fill the positions, the unemployment rate for the Catskills area would drop from 7.2% to 6.2%, a 1.0 % drop which represents the nearly 4,000 full time equivalent direct hires for the Casino (Table 8). Although some of the newly employed may come from other employers in the region, it is assumed that their positions will be filled by other applicants thereby maintaining a more robust employment market.

Table 9 - Projected Unemployed Levels

Scenario	County	Base	Unemployment Impact			Place of Residence Assumption
			0% to New Residents	10% to New Residents	20% to New Residents	
Scenario 1: 3666 Jobs	Orange County	7.2%	6.2%	7.0%	6.9%	45%
	Catskills	7.3%	7.0%	7.2%	7.2%	70%
	New York State	7.7%	7.6%	7.6%	7.6%	95%
Scenario 2: 3995 Jobs	Orange County	7.2%	6.1%	7.0%	6.9%	45%
	Catskills	7.3%	6.9%	7.2%	7.2%	70%
	New York State	7.7%	7.6%	7.6%	7.6%	95%
Scenario 3: 4324 Jobs	Orange County	7.2%	6.1%	7.0%	6.9%	45%
	Catskills	7.3%	6.9%	7.2%	7.2%	70%
	New York State	7.7%	7.6%	7.6%	7.6%	95%

Source: Louis Berger Group, 2013 LAUS

The Sterling Forest Casino will make a concerted effort to recruit and retain employment from Ulster and Sullivan County. Based on planned employment efforts it is anticipated that nearly 25% of the total employment for the Resort will come from these Counties with

significant portion coming from Sullivan. Table 9 shows the impact on the unemployment rates due to hiring at the Resort.

Table 9 - Projected Impacts on Unemployed Rates for Ulster and Sullivan Counties

	2013 Rate	Projected Unemployment Rate		
		Low Scenario	Base Scenario	High Scenario
Sullivan County, NY	8.7%	6.8%	6.6%	6.4%
Ulster County, NY	7.8%	7.4%	7.4%	7.4%

Source: Louis Berger Group, 2013 LAUS

As with the previous table, changes in new residents can reduce the impact on the reduction of the unemployment rate. This is due to the new employed entering into the workforce, but the unemployed are retained. This adds to the labor force and employment, but does not remove the unemployed from the counts. On a more localized basis the estimated impact on select Townships within Orange County is presented in Table 10.

Table 10 - Projected Impacts on Unemployed Rates for Select Cities and Townships in Orange County

<b>Low Scenario Unemployment Impact</b>				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.00%	8.00%	8.40%	8.70%
Newburgh city	8.00%	5.30%	5.60%	5.80%
Wallkill town	9.10%	7.10%	7.30%	7.50%
Warwick town	8.10%	6.30%	6.40%	6.60%
Port Jervis city	11.00%	10.00%	10.10%	10.20%
Deerpark town	7.80%	7.00%	7.00%	7.10%
Newburgh town	7.30%	6.50%	6.50%	6.60%
<b>Base Scenario Unemployment Impact</b>				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.00%	7.70%	8.10%	8.50%
Newburgh city	8.00%	5.10%	5.40%	5.60%
Wallkill town	9.10%	6.90%	7.10%	7.30%
Warwick town	8.10%	6.10%	6.30%	6.50%
Port Jervis city	11.00%	9.90%	10.00%	10.10%
Deerpark town	7.80%	6.90%	7.00%	7.10%
Newburgh town	7.30%	6.40%	6.50%	6.60%
<b>High Scenario Unemployment Impact</b>				
Select Orange County City/Town	Base Unemployment Rate Estimate	0% to New Residents	10% to New Residents	20% to New Residents
Middletown city	12.00%	7.30%	7.70%	8.20%
Newburgh city	8.00%	4.80%	5.10%	5.40%
Wallkill town	9.10%	6.70%	6.90%	7.20%
Warwick town	8.10%	6.00%	6.20%	6.30%
Port Jervis city	11.00%	9.80%	9.90%	10.00%
Deerpark town	7.80%	6.80%	6.90%	7.00%
Newburgh town	7.30%	6.30%	6.40%	6.50%

Source: Louis Berger Group

### 3.3 Observed Impacts from Other Areas

A Federal Reserve Bank study, *Casino Gaming and Local Employment Trends*,<sup>1</sup> concluded that the empirical analysis presented reveals that, in three of four cases, rural counties that adopted casino gaming experienced increases in household and payroll employment. This analysis holds even though casino employment is dispersed over several counties rather than just the home county. Also, employment gains are much greater in rural counties that have adopted casino gaming as a major or predominant industry. It is harder to detect the impact of casino gaming in more-metropolitan counties, where employment is highly variable and casino gaming constitutes a small portion of total employment. The following table shows the impacts of casino openings in various locations around the country.

Table 11 - Examples of Casino Employment Impacts from Around the Country  
**Statistics for Counties with Casinos**

	Warren County, MS	Tunica County, MS	Massac County, IL	St. Clair County, IL	Lee County, IA	St. Louis County, MO
Casino employment	2,443	12,689	883	1,184	367	2,050
Number of casinos in county	4	9	1	1	1	1
County employment	25,030	5,636	7,665	108,270	16,708	540,981
County population	49,343	9,635	15,081	256,599	33,313	1,015,417
Percent (number) of casino employees from home county	75 (1,832)	30 (3,807)	44 (389)	80 (947)	45 (165)	32 (656)
County unemployment rate, pre-casino (%)	8.8	10.7	9.5	9.4	3.7	3.1
County unemployment rate, post-casino (%)	4.2	7.1	4.4	5.9	3.3	3.9
State unemployment rate, pre-casino (%)	8.2	8.2	7.5	7.5	3.7	4.2
State unemployment rate, post-casino (%)	5.5	5.5	5.4	5.4	3.3	4.7
Employment/population ratio, pre-casino	0.430	0.302	0.381	0.400	0.477	0.534
Employment/population ratio, post-casino	0.507	0.591	0.509	0.418	0.449	0.531
First casino opened	2/93	8/92	2/93	7/93	11/94	3/97

NOTE: All employment data are from December 2001, and population data are from 1999. Home-county casino employment was obtained from contacting casinos. For multiple casinos in a county, the above figure represents the county average.

Source: Federal Reserve Bank of St. Louis Review, January/February 2004, 86(1), pp. 9-22.

<sup>1</sup> Federal Reserve Bank of St. Louis Review, January/February 2004, 86(1), pp. 9-22.

## **4 Opportunities for Local Small Businesses and Cultural Institutions**

### **4.1 Base Conditions**

Town of Tuxedo has several local recreation areas and attractions including Harriman State Park, Sterling Forest State Park, the Appalachian Trail, and Sterling Forest Ski Resort. Events include the New York Renaissance Faire (RenFaire) and the Spartan Race which are short-term events. The Ski Resort operates on a limited seasonal schedule. The Region currently has limited facilities that can host cultural events such as concerts. Currently one of the only theatres in the region is the Paramount Theatre in Middletown which is a performing arts center owned by the Arts Council of Orange County. The theatre hosts a variety acts and events, as well as art exhibits, lectures, civic fundraisers, dance recitals, business receptions, school theatre series, performing arts summer camp and some film features.

The closest downtown area is in Warwick, an 18 minute drive west of the Resort. As with many downtown areas, the variety of goods and services make it an attractive shopping area for the local community.

### **4.2 Impact**

As with any large new business moving into a region, the impact on existing small businesses can be varied. As most of the businesses in town do not directly compete with the new facility, there will be little negative impact to the local economy. However, for other local community retailers, such as Warwick's downtown, there are several scenarios that can impact local small retailers. First, casino gambling can serve as part of an overall tourist industry. Under this scenario, casinos attract non-local players who inject new money into the economy via the casino and other entertainment activities. A second possibility is that gambling can function as an import substitution activity that serves only local customers who, without the casino, would have spent their income outside of the local area. That is, the casino keeps local income local. Finally, the third possibility is that a casino functions as a local service only, just like any other business, and simply results in a redistribution of income from one business to another as local consumers choose where to spend their income. In the case of Sterling Forest Resort, the resort and casino will attract visitors to the Catskills as well as provide an opportunity for the New York residents to visit a casino with table games within the state and generate economic activity in the Catskills and State. To the extent that local residents replace spending at existing local businesses with spending at a new casino, local businesses will be negatively affected.<sup>2</sup>

However, local businesses will benefit from the increased number of visitors to the area. Furthermore, casino patrons will be able to redeem Sterling Forest points and rewards at local retailers. In addition, Sterling Forest Resort will make a strong effort to purchase the goods and services required for the operations of the resort and casino at local businesses.

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<sup>2</sup> Public Policy and the Displacement Effects of Casinos: A Case Study of Riverboat Gambling in Missouri, Gary Anders and Donald Siegel, *Journal of Gambling Studies*, 1999, pages 105-121

The Sterling Forest Resort will enhance local, cultural and recreational events by making direct investments in to Renaissance Faire and Ski Resort thereby creating a more rich cultural experience that can be enjoyed year round. The Ski Resort improvements will include non-skiing activities such as hiking and mountain biking, while the Faire will be enhanced and include a year round professionally maintained garden, a greenhouse area, and arboretum. The cultural impacts of the investments will also include two amphitheaters on the RenFaire properties in which to stage shows and events. The size and scale of these shows will not compete with local event areas.

## **5 Travel Time Savings for Commuters**

A new, full movement interchange will be designed and constructed allowing direct access to Route 17A for patrons travelling to the Sterling Forest Resort site via the New York State Thruway (I-87). This interchange will decrease traffic along Route 17 which parallels the Thruway and would be the primary access route without construction of the proposed interchange. The cost of the construction of the new interchange 15B is estimated at \$25 million.

The creation of the new interchange at the intersection of Interstate 87 and Route 17A can impact the residents within the immediate driving area of Route 17A. According to Census data 33% of residents living in communities that have easy access to Route 17A such as Tuxedo Park, Warwick, and Greenwood Lake would most likely use the facility based on their commuting patterns to areas such as Bergen County, New York City boroughs, and Westchester County.

### **5.1 Base Conditions and Travel Time Reduction.**

Increased access provided by the proposed interchange 15B will have minimal reductions in travel time. As the road network is currently configured, a commuter that would like to use I-87 to travel north or south bound would need to take a smaller ancillary road, Route 17 which parallels I-87, to enter onto the roadway. This additional drive time adds approximately 2 minutes to a north bound and 4 minutes south bound to anyone entering or exiting the I87 highway from 17A. However, additional time savings for commuters using Route 17 could save considerable time as the Sterling Forest Resort's traffic will be shifted on to I-87 and not Route 17.

## **6 Property Tax**

To assess the impacts of additional improvements on the Resort properties the existing property tax rates, property values, and assessment ratios were examined. To estimate the increased market value due to property improvements the construction costs for the buildings and amenities were used as they embody the potential market value. From this estimated market value, the resident assessment ratio was used to provide the total tax value of the improvements. Once this was created the town, county, and other municipal service tax rates were applied. This was then set against the current taxes being paid on the properties to show the newly generated property tax.

Although the taxation rates and values may change over time as market and fiscal conditions change, this analysis assumes that the rates will remain constant for both the build and

no-build scenarios, i.e. no property tax reductions for the new facility. As this analysis compares the build to no-build during the same time period, any changes in taxation will be reflected equally for both scenarios.

## 6.1 Base Conditions

Town of Tuxedo is a designated a “Town” by the State of New York and has 47.4 square miles of land and 1.9 square miles of it is water, the largest of which is Tuxedo Lake. The Town contains several hamlets and the Village of Tuxedo Park, a historic village along Tuxedo Lake. There are 2 public schools in Tuxedo serving approximately 600 students at the grade school and high school grade levels. The population of the Town of Tuxedo has grown by an average of 0.9% compound annual growth rate (CAGR) since 1990 and its population is now approximately 3,600 with nearly 18% of the population living in Tuxedo Park.

Town of Tuxedo’s tax base is currently made up of nearly 70% residential and 15% vacant lands only 3% commercial and industrial land. The rest of the land is either public service, preserved, or community related. Of the total area in the Tuxedo, Nearly 71% of the acreage is covered by parklands or conservation areas a majority of which include Harriman State Park, Sterling Forest State Park, and the Appalachian Trail. With nearly three quarters of the town covered by preserved State Park lands the town is limited in its potential growth and therefore has a lower ability for gaining taxes through development and the creation of new ratables.

Table 12 - Town of Tuxedo Parcel Counts by Use (as of 2012)

Type of Property	Parcel Counts	% of total
Residential Properties	1,386	70%
Vacant Land	296	15%
Commercial Properties	66	3%
Recreation and Entertainment Properties	6	0%
Community Service Properties	47	2%
Industrial Properties	3	0%
Public Service Properties	126	6%
Public Parks, Wild, and Conservation Properties	61	3%
<b>Total Parcels in All Broad Use Categories</b>	<b>1,991</b>	

Source: New York State Department of Taxation and Finance, Louis Berger Group

The base condition is based on the most current 2014 property tax roles for the Town of Tuxedo and the Monroe-Woodbury School District. The Town’s property tax rates and resident assessment ratio is applied to this analysis. Additional information concerning the County’s parcel counts is based on the New York State Department of Taxation and Finance’s tax data for 2012. The table below provides the current (no build) and estimated build scenario’s property tax information. According to the latest (2014) tentative assessment roll, there are 1,293 taxable parcels in the town and 234 exempt parcels, making a total of 1,527.

Table 13 - Estimated Current (No Build) and Build Scenario Property Tax

No Build Property Tax Impacts		Tax rate	Total	Per Parcel	Per Capita
<i>Estimated Market Valuation</i>	\$9,063,500				
<i>Taxable Amount</i>	\$1,537,193				
<i>Effective Assessment Ratio</i>	0.170				
COUNTY		22	\$34,082	\$0.42	\$0.09
TOWN		15	\$22,373	\$15	\$6.35
HIGHWAY		1	\$2,166	\$1	\$0.61
Part Town		16	\$24,624	\$16	\$6.99
Tux joint fire		4	\$6,750	\$4	\$1.92
Tuxedo Library		3	\$4,000	\$3	\$1.14
Tuxedo refuse		1	\$1,563	\$1	\$0.44
Monroe- Woodbury School		149	\$228,901	\$150	\$65
<b>No Build Property Taxation</b>			<b>\$324,460</b>	<b>\$212</b>	<b>\$92</b>
		Tax rate per \$1000	Total Taxation	Per Parcel Impact	Per Capita Impact
<i>Build Property Tax Impacts</i>					
<i>Estimated Market Valuation</i>	\$938,344,629				
<i>Taxable Amount</i>	\$165,614,604				
<i>Assumed Assessment Ratio</i>	0.176				
COUNTY		22	\$3,671,990	\$45	\$9.78
TOWN		15	\$2,410,421	\$1,579	\$684
HIGHWAY		1	\$233,384	\$153	\$66
Part Town		16	\$2,652,931	\$1,737	\$753
Tux joint fire		4	\$727,181	\$476	\$206
Tuxedo Library		3	\$430,962	\$282	\$122
Tuxedo refuse		1	\$188,089	\$123	\$53
Monroe- Woodbury School		149	\$24,661,449	\$16,150	\$6,998
<b>Build Property Taxation</b>			<b>\$34,976,407</b>	<b>\$22,905</b>	<b>\$9,925</b>

Source: Town of Tuxedo Property Tax Role 2014, New York State Department of Taxation and Finance

\*Uses Orange County parcel count \*\*Uses Orange County population, Tax Rates shown are rounded

## 6.2 Impact

As the new Casino and resort is constructed it would become the most valuable real estate property in the Town. According to the 2014 tentative assessment roll the grand total assessed amount of properties in the Tuxedo is currently \$136,987,167 with only \$77,223,909 of that amount, 56%, being taxable. The new facility would instantly double that amount of taxable values, increasing the assessed values of the town by 214%.

To quantify the changes in property tax for the town, the no build scenario is subtracted from the build scenario's tax. This produces the total property tax impacts for each of the Town's line item taxes and the total. For additional comparisons and to reflect the potential savings on property tax across the Town of Tuxedo, a per-parcel and per-capita estimate is calculated to show the impact of savings when adjusted for property counts and population.



Table 14 - Estimated Property Tax Impacts

Change In Property Tax Impacts	Total Taxation	Per Parcel Impact	Per Capita Impact
COUNTY	\$3,637,908	\$45	\$9.69
TOWN	\$2,388,048	\$1,564	\$678
HIGHWAY	\$231,218	\$151	\$66
Part Town	\$2,628,307	\$1,721	\$746
Tux joint fire	\$720,431	\$472	\$204
Tuxedo Library	\$426,962	\$280	\$121
Tuxedo refuse	\$186,525	\$122	\$53
Monroe- Woodbury School	\$24,432,548	\$16,000	\$6,933.19
<b>Change in Property Taxation</b>	<b>\$34,651,948</b>	<b>\$22,693</b>	<b>\$9,833.13</b>

There is a supplemental negotiated school tax for the Tuxedo School District that represents an additional 50% of the Monroe-Woodbury District's tax, \$12,330,725. This property tax based payment will be paid annually to the Tuxedo School District. This would bring the grand total of property tax based income for the County and Tuxedo to approximately \$47 million.