

# TRADITIONS RESORT AND CASINO FISCAL IMPACT REPORT



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FINAL REPORT SUBMITTED BY:  
Econsult Solutions  
1435 Walnut Street  
Philadelphia, PA 19102



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## 1.0 INTRODUCTION

### 1.1 ABOUT THE PROPOSED CASINO PROJECT

Traditions Resort and Casino is the proposed gaming addition to Traditions at the Glen, a Johnson City, New York resort that currently boasts a boutique hotel, golf course, spa, and event center. The proposed casino project will be located in Broome County in the Town of Union, adjacent to the Village of Johnson City and geographically proximate to the Village of Endicott and the Hamlet of Endwell.



Traditions Resort and Casino will be a \$150 million facility and is projected to employ the equivalent of 842 full-time employees. It will attract 1.43 million visitors per year at full capacity. It will offer 1,200 slot machines and 50 tables within the casino, as well as three new restaurant options representing 370 new seats. A future \$40 million phase is expected to add expanded hotel capacity and additional amenities.

### 1.2 ABOUT THE CURRENT APPLICATION PROCESS

The New York State Gaming Commission is currently accepting applications for casino licenses across the State of New York. Traditions Resort and Casino is applying to receive the casino license for the Binghamton region. Applications will be evaluated based on economic activity and business development, local impacts, and workforce enhancement.

### 1.3 OVERVIEW OF REPORT

This report addresses three components of the casino application submission: incremental effect on host municipality public services (Section IX.A.2 of the application), incremental effect on host municipality housing market (Section IX.A.4), and incremental effect on host municipality schools (Section IX.A.5).

In order to properly and sufficiently address these components, an analysis was undertaken to estimate the extent to which the proposed casino project will increase the number of households within the Town of Union (Section 2 of this report). This informs the three subsequent analyses:

- The extent to which the proposed casino project will increase general fund expenditures by the Town of Union as a result of additions in the number of people living in the Town of

Union, in the number of employees working in the Town of Union, and the number of visitors coming into the Town of Union (Section 3).

- The extent to which the proposed casino project will increase school district expenditures by the school districts in the Town of Union as a result of additions in the number of households (and therefore the number of school-aged children) in the Town of Union (Section 4).
- The extent to which the proposed casino project will affect the Town of Union housing market by increasing the demand for housing as a result of any additions in the number of households in the Town of Union (Section 5).

## 1.4 HOST MUNICIPALITIES

The host municipality for the proposed casino project is the Town of Union, which provides a number of municipal services and which is comprised of a number of smaller municipalities that provide many of their own municipal services. For the purposes of this report, the municipality expenditures of interest are those of the Town of Union, the Village of Johnson City, the Village of Endicott, and the Hamlet of Endwell, as these are the jurisdictions that are geographically closest to the proposed casino project. Other jurisdictions within the Town of Union are far enough away from the proposed casino project that they will not be adversely burdened and are therefore excluded. Throughout the report, unless otherwise noted, these jurisdictions are referred to collectively as the Town of Union.

For the purposes of this report, the school district expenditures of interest are those of the three school districts that are located within the Town of Union, which are Union-Endicott Central School District, Maine-Endwell Central School District, and Johnson City Central Schools. For the purposes of this report, the housing market of interest is that contained within the Town of Union.

## 1.5 ABOUT ECONSULT SOLUTIONS, INC.

Econsult Solutions, Inc. is a Philadelphia-based economic consulting firm. It provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, and planning, as well as expert witness services in support of litigation.

Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, and business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process, and extensive consulting experience.



## 2.0 POPULATION IMPACT

### 2.1 OVERVIEW

The purpose of this section is to estimate the extent to which the proposed casino project will increase the number of households within the Town of Union. The number of households within the Town of Union may increase if some of the people who will be directly employed by the proposed casino project for its ongoing operations choose to move into the Town of Union as a result of their new job. To the extent that this happens:

1. This may have an effect on the Town of Union’s general fund expenditure levels, since new households may require increases in various municipal operating expenditure categories (Section 3 of this report).
2. This may also have an effect on the Town of Union Central Schools’ operating expenditure levels, since new households may have school-aged children who will need to be educated (Section 4).
3. Finally, this may also have an effect on the Town of Union’s housing market, since the increased demand for housing represented by these new households may result in rising house prices and/or additional housing supply (Section 5).

### 2.2 SUMMARY OF HOST MUNICIPALITY POPULATION

As of 2013, the population in the Town of Union was about 56,000, which represents about 25,000 households and an average household size of about 2.2. Average household income is currently about \$59,000. There are currently about 23,000 jobs located within the Town of Union. As of 2013, the Town of Union had an unemployment rate of 7.8 percent.

**TABLE 2.1 – SELECTED DEMOGRAPHIC CHARACTERISTICS OF THE TOWN OF UNION, NEW YORK**

	Town of Union	Endwell	Endicott	Johnson City	Other Villages in the Town of Union	New York State	United States
Population	55,974	11,352	13,085	15,263	16,274	19,552,714	314,467,933
# Households	24,898	5,162	5,922	6,783	7,031	7,390,108	118,979,182
Average HH Size	2.2	2.2	2.1	2.2	-	2.6	2.6
Average HH Income	\$59,189	\$70,429	\$46,628	\$48,075	-	\$82,510	\$71,842
# Jobs	23,151	3,629	8,958	6,383	4,181	7,091,812	121,387,434
Unemployment Rate	7.8%	3.1%	11.0%	10.0%	-	9.3%	8.6%

Source: ESRI (2014), American Community Survey (2013)



## 2.3 SUMMARY OF DIRECT EMPLOYMENT REPRESENTED BY PROPOSED CASINO PROJECT

Traditions Resort and Casino is anticipated to directly employ 842 full-time equivalents, representing somewhere between 850 and 1,150 unique employees. For the purpose of this report, 1,000 unique employees, the midpoint of that range of unique employees, is assumed. This would represent about a 4 percent increase in the number of jobs located within the Town of Union. These jobs will span a wide range of skill sets and wage levels, and include such job types as food services, casino gaming roles, security, and a number of managerial positions.

The upfront construction of Traditions Resort and Casino is anticipated to create new jobs, but those jobs will be temporary as they are only available during the construction period. Therefore, it is assumed that no one taking one of the jobs created by upfront construction of Traditions Resort Casino will change their residential location, and therefore there will be no net new households as a result of construction.

## 2.4 HOUSEHOLD IMPACT METHODOLOGY

The proposed casino project is expected to directly employ 1,000 people at full capacity. Since it is possible that multiple members of the same household may work at the same work location, it is possible that the 1,000 people taking new jobs at the proposed casino project will represent fewer than 1,000 households. To be conservative, it is assumed that the 1,000 new employees represent 1,000 distinct households.

Some of the 1,000 people who will be directly employed by the proposed casino project will represent households that move into the Town of Union and will therefore represent a net new increase in the number of households in the Town of Union. This is an important number for estimating the cost impact on the Town of Union, the cost impact on the School Districts in the Town of Union, and the impact on the Town of Union's housing market.

At this juncture, it is impossible to know the number of net new households in the Town of Union that will result from the arrival of the proposed casino project, since the project does not yet exist and there is no ability to predict who will take the new jobs and whether they will move as a result of their new jobs. However, a reasonable estimate can be determined by making conservative assumptions based on existing data points.

To begin with, consider that there are currently six types of households who may have some intersection with the new jobs associated with the proposed casino project, which are grouped into six groups, labeled from A to F (see Table 2.2):

A – Lives and works in the Town of Union

B – Lives in the Town of Union, works outside of the Town of Union

C – Lives in the Town of Union, unemployed

D – Lives outside of the Town of Union, works in the Town of Union

E – Lives and works outside of the Town of Union

F – Lives outside of the Town of Union, unemployed

**TABLE 2.2 – CURRENT CATEGORIZATION OF HOUSEHOLDS IN AND AROUND THE TOWN OF UNION**

	Works in the Town of Union	Works Outside of the Town of Union	Unemployed
Lives in the Town of Union	A – Lives and works in the Town of Union	B – Lives in the Town of Union, works outside of the Town of Union	C – Lives in the Town of Union, unemployed
Lives Outside of the Town of Union	D – Lives outside of the Town of Union, works in the Town of Union	E – Lives and works outside of the Town of Union	F – Lives outside of the Town of Union, unemployed

Source: Econsult Solutions, Inc. (2014)

Any of these six types of households can take a new job at the proposed casino project. Anyone in Groups A,B, and C already live in the Town of Union, so no one in those groups who take a new job at the proposed casino project will represent net new households in the Town of Union. People in Groups D, E, and F do not live in the Town of Union, so if anyone in those groups takes a new job at the proposed casino project, they may possibly represent net new households in the Town of Union. But this will only be the case if they decide to move into the Town of Union. It is also possible that some will decide not to move into the Town of Union or to move at all, but simply to commute to their new job from their current residential location.

In fact, according to the US Census Bureau, about 30 percent of people who work in the Town of Union also live in the Town of Union. If this ratio holds true for the 1,000 employees represented by the proposed casino project, then 300 employees who take new jobs at the proposed casino project will also live in the Town of Union.

Among those 300 employees, some will already be living in the Town of Union and so will not represent net new households. For example, there are many unemployed people residing within the Town of Union who may take these jobs, so they will not represent net new households in the Town of Union. Also, there are many people living in the Town of Union who have a job but will switch to this new job; they too will not represent net new households in the Town of Union.

Thus, it is likely that the number of net new households in the Town Union that result from the new jobs at the proposed casino project will be far less than 300. In fact, it is possible that the number of net new households resulting from the new jobs at the proposed casino project is zero. People change jobs all the time without changing their residential location. Also, there are a relatively high number of residential communities outside of the Town of Union that are within short commuting distance of the Town of Union, so even if households move in response to the

new jobs at the proposed casino project, it is not necessarily true that they will move into the Town of Union.

To be conservative, it is assumed that 10 percent of the estimated 300 new employees who will live in the Town of Union will be moving into the Town of Union as a result of the new job. This yields 30 net new households in the Town of Union, which would represent a 0.1 percent increase in the number of households in the Town of Union.

**TABLE 2.3 – ESTIMATED NET NEW HOUSEHOLDS IN THE TOWN OF UNION REPRESENTED BY NEW EMPLOYEES OF PROPOSED CASINO PROJECT**

# New Jobs	% New Employees Who Will Live in the Town of Union	# New Employees Who Will Live in the Town of Union	% New Employees Who Will Live in the Town of Union Who Are Moving from Outside the Town of Union	# New Employees Who Will Live in the Town of Union Who Are Moving from Outside the Town of Union
1,000	30%	300	10%	30

*Source: Econsult Solutions, Inc. (2014)*

## 2.5 HOUSEHOLD IMPACT ESTIMATE

The estimated 30 net new households in the Town of Union may have an impact on the Town of Union’s general fund expenditure burden, to the extent that they consume or require various public services (Section 3 of this report). They may also have an impact on the Town of Union Central Schools’ operating expenditure burden, to the extent that they have school-aged children that need to be educated (Section 4). Finally, they may have an impact on the Town of Union’s housing market, to the extent that they represent new demand for housing and create upward house price pressure or inducement to produce new housing supply (Section 5). These potential impacts are explored in the following three sections.



## 3.0 MUNICIPAL COST IMPACT

### 3.1 OVERVIEW

The purpose of this section is to estimate the extent to which the proposed casino project will increase the Town on Union's general fund expenditure levels. The Town on Union's general fund expenditure levels may increase for one or more of the following three reasons:

1. First, the new ongoing jobs at the proposed casino project may represent new households living in the Town on Union.
2. Second, the new ongoing jobs at the proposed casino project may represent new employees commuting into and working in the Town on Union.
3. Third, the proposed casino project will result in a significant increase in the number of visitors coming into and spending time in the Town on Union.

In all three cases, the Town on Union's general fund expenditure levels may increase as a result of the need to provide more public services in a variety of expenditure categories.

Note that this report only concerns itself with expenditure side impacts. The proposed casino project will also generate revenue side impacts through various taxes and fees paid to local and state government. These additional revenues may be used to partially or fully offset any additional expenditure.

### 3.2 MUNICIPAL COST IMPACT METHODOLOGY

Typically, municipalities bear expenditure burdens in a predictable set of expenditure categories. For most municipalities, the major expenditure categories tend to be public safety (e.g. police, fire, EMS), transportation (road maintenance, streetscape improvements, snow removal), and recreation (parks, centers, special events). These expenditure categories can be considered variable in nature, in that they increase in amount commensurate with increased activity within the municipality.

However, the relationship between increased activity and increased expenditure burden in these expenditure categories is not one-for-one: a 10 percent increase in activity within a municipality, for example, is likely to require an increase in public safety, transportation, and recreation expenditures that is far less than 10 percent. This is because some of these expenditures are essentially fixed in nature. For example, with more activity, a municipality may need to pay for more overtime, hire more police officers, or deploy more walkie-talkies, but it probably still only needs to pay one police chief and maintain the same amount of communications infrastructure.

Other municipal expenditure categories may be completely fixed, which is to say that even with more activity those expenditure amounts will stay the same. Executive and overhead staff, for example, will remain the same even if activity levels increase.

In short, municipal expenditures in some categories will not increase at all, and municipal expenditures in other categories will increase with as a result of increased activity levels, but those expenditure increases will not be proportionate with the increase in activity levels.

### 3.3 SUMMARY OF HOST MUNICIPALITY OPERATING EXPENDITURES

The major townships within the Town of Union have annual general fund expenditure budget of about \$65 million, of which public safety, transportation and infrastructure, culture and recreation, and home and community services represent about 45 percent (see Table 3.1). The remaining 55 percent is in the form of government administration (including employee benefits) and debt service.

**TABLE 3.1 – DISTRIBUTION OF GENERAL FUND EXPENDITURES FOR THE VILLAGE OF THE TOWN OF UNION, NEW YORK (ALL \$ IN \$M)**

Expenditure Category	Village of Endicott	Hamlet of Endwell <sup>1</sup>	Johnson City	The Town of Union	Total	% of Total
Public Safety	\$8.3	\$0	\$5.9	\$0.4	\$14.6	22.3%
Street Infrastructure	\$2.2	\$0	\$2.0	\$4.2	\$8.4	12.8%
Culture and Recreation	\$0.2	\$0	\$0.4	\$2.7	\$3.3	5.0%
Home and Community Services	\$0.1	\$0	\$0.1	\$2.7	\$2.9	4.4%
Administration	\$0.5	\$0	\$1.7	\$2.4	\$4.6	7.0%
Employee Benefits	\$6.8	\$0	\$6.3	\$5.4	\$18.5	28.3%
Debt Service	\$9.0	\$0	\$1.0	\$3.2	\$13.2	20.2%
<b>Total</b>	<b>\$27.1</b>	<b>\$0</b>	<b>\$17.4</b>	<b>\$20.9</b>	<b>\$65.4</b>	<b>100.0%</b>

Source: Village of Johnson City (2014), Town of Union (2014), Village of Endicott (2014), Econsult Solutions, Inc. (2014)

### 3.4 ESTIMATE OF MARGINAL IMPACT OF PROPOSED CASINO PROJECT

In the case of the proposed casino project, increased activity levels will come from net new households, new employees, and new visitors. As noted above, it is estimated that the proposed casino project will represent 30 new households (a 0.1 percent increase in households in the Town of Union), 1,000 new employees (a 4 percent increase in jobs in the Town of Union), and 1.43 million visitors per year.

<sup>1</sup> The Hamlet of Endwell does not have any of its own municipal expenditures.

The villages that compose The Town of Union’s public safety expenditures may increase as a result of this new activity, since these new households, employees, and visitors may represent an increase in the need for various public safety resources. However, this may be partially or fully offset by the fact that the proposed casino project will provide its own public safety staffing and resources for the inside and the perimeter of the site.

In fact, Traditions Resort and Casino has obtained letters of support from representatives of local police, fire, and EMS services, stating that the proposed casino project will generate no net new public safety expenditures for this very reason (see Table 3.2).<sup>2</sup> Nevertheless, to be conservative, it is estimated that public safety expenditures will increase by 2 percent, commensurate with an amount that represents half of the percentage increase in jobs in The Town of Union. This represents an increase of about \$290,000 per year.

**TABLE 3.2 – LETTERS OF SUPPORT OBTAINED BY TRADITIONS RESORT AND CASINO REGARDING WHETHER THE PROPOSED CASINO PROJECT WILL GENERATE NET NEW LOCAL MUNICIPAL EXPENDITURES**

Public Service	Entity and Representative	Geography Served	Verdict
Police	Broome County Office of the Sheriff David E. Harder, Sheriff	Broome County	No adverse impact on public safety expenditures because (1) casino will provide its own event security, and (2) any new expenditures to be offset by net new revenue generated by casino
Fire	Endwell Fire Department Jeffrey C. Winchell, Fire Chief	Village of Endwell, including areas represented by Traditions Resort and Conference Center and by the future Traditions Resort and Casino	No adverse impact on fire expenditures because (1) project not large enough to represent material increases in expenditures, and (2) any new expenditures to be offset by net new revenue generated by casino
EMS	Superior Ambulance Kenneth Rounds, General Manager	Broome County	No adverse impact on EMS expenditure because any new expenditures to be offset by new patient revenue generated by the service provision
Other public services	Village of Johnson City Gregory W. Deemie, Mayor	Village of Johnson City	No adverse impact on public safety expenditures because any new expenditures to be offset by net new revenue generated by casino

Source: Econsult Solutions, Inc. (2014)

The Town of Union’s street infrastructure expenditures may increase as a result of this new activity, since these new households, employees, and visitors may impose additional wear and tear on roads, sidewalks, and sewers. However, these expenditures are largely fixed in nature; a certain amount of increased activity levels will impose a far lower increase in these kinds of

<sup>2</sup> As noted above, these are the industries and services that may be more directly impacted by the arrival of the proposed casino project. Other industries and services are not likely to be affected and so were excluded. See Appendix A for letters of support.

expenditures. Furthermore, this may be partially or fully offset by the fact that the proposed casino project will provide its own snow removal, trash removal, streetscape maintenance, and other services. Nevertheless, to be conservative, it is estimated that street and infrastructure expenditures will increase by 1 percent, commensurate with half of the increase in public safety expenditures in the Town of Union. This represents an increase of about \$80,000 per year.

The Town of Union’s recreation and culture expenditures and home and community services expenditures may increase as a result of this new activity, since these new households, employees, and visitors may impose additional expenditures associated with wear and tear on recreational facilities, required home and community services, and usage of libraries. However, these expenditures are largely fixed in nature; a certain amount of increased activity levels will impose a far lower increase in these kinds of expenditures. Furthermore, this may be partially or fully offset by the fact that the proposed casino project represents a competing venue for recreation that users will use instead of other resources. Nevertheless, to be conservative, it is estimated that recreational and culture expenditures, and home and community services expenditures will increase by 1 percent, commensurate with half of the increase in public safety expenditures in the Town of Union. This represents an increase of about \$60,000 per year.

The proposed casino project is not likely to have a material effect on the Town of Union’s administrative expenditures, employee benefits, or debt service obligations. Therefore, no increase is assumed for these expenditure categories.

All told, then, the increase in households, employees, and visitors are estimated to impose an additional expenditure burden on the Town of Union of about \$430,000 (see Table 3.3). This represents about a 0.7 percent increase from the town of Union’s general fund expenditure levels.

**TABLE 3.3 – MARGINAL INCREASE IN MUNICIPAL EXPENDITURES FOR THE TOWN OF UNION, NEW YORK**

Expenditure Category	Current Expenditures (\$M)	% Increase	Net New Expenditures (\$M)
Public Safety	\$14.6	2%	\$0.29
Street Infrastructure	\$8.4	1%	\$0.08
Culture and Recreation	\$3.3	1%	\$0.03
Home and Community Services	\$2.9	1%	\$0.03
Administration	\$4.6	0%	\$0.00
Employee Benefits	\$18.5	0%	\$0.00
Debt Service	\$13.2	0%	\$0.00
<b>Total</b>	<b>\$65.4</b>		<b>\$0.43</b>

Source: Village of Johnson City (2014), Town of Union (2014), Village of Endicott (2014), Econsult Solutions, Inc. (2014)



## 4.0 SCHOOL DISTRICT COST IMPACT

### 4.1 OVERVIEW

The purpose of this section is to estimate the extent to which the proposed casino project will increase the operating expenditure levels of school districts part of the Town of Union. The operating expenditure levels of Maine-Endwell Central School District, Union-Endicott Central School District, and Johnson City Central School District may increase if the new ongoing jobs at the proposed casino project translate into new households living in the Town of Union, and if these new households have school-aged children who will need to be educated. The purpose of this section is to articulate a defensible methodology by which the incremental increase in households in the Town of Union can be translated into a commensurate incremental increase in the three school districts' operating expenditure levels.

Note that if the proposed casino project translates into new households living in the Town of Union, it may increase the Town of Union's property tax base, which will therefore generate property tax revenues for the three school districts that can be used to partially or fully offset these expenditure increases. This report only explores the existence and magnitude of school district expenditure impacts; it does not explore the existence and magnitude of school district property tax impacts or at whether net new school district revenues will exceed net new school district expenditures.

### 4.2 SCHOOL DISTRICT COST IMPACT METHODOLOGY

School district operating expenditures can be divided into two main categories: instruction and overhead. Expenditures related to instruction tend to rise and fall based on how many children are being educated, whereas expenditures related to overhead tend to be fixed no matter how many children are about educated.

Most school districts readily publish information on average operating costs per child. This figure is easily obtained by dividing all operating costs by the total number of children in the school district. But there is a difference between average cost and marginal cost. Average cost is total cost divided by number of children. Marginal cost is the cost associated with adding one more child.

The marginal cost of adding one more child depends on the current capacity levels of the school district. If classrooms and schools have excess capacity, school-age children can be added without the need for new teachers or new buildings. In this case, the marginal costs may be very small if not zero. Conversely, if classrooms and schools are close to capacity, additional school-age children may necessitate hiring new teachers or building new buildings. In this case, the marginal costs may be extremely high.

### 4.3 SUMMARY OF SCHOOL DISTRICT OPERATING EXPENDITURES

The three school districts serving the Town of Union have a combined current operating expenditure budget of about \$171 million for about 9,000 students, which works out to about \$19,000 per student. Over 70 percent of its operating expenditures are for instruction, with the remaining 30 percent for administration and capital (see Table 4.1).

**TABLE 4.1 – DISTRIBUTION OF OPERATING EXPENDITURES FOR THE THREE TOWN OF UNION SCHOOL DISTRICTS**

School District	Current Expenditures (\$M)	Expenditures Related to Instruction (\$M)
Maine-Endwell	\$45.8	\$31.6
Union-Endicott	\$75.9	\$54.3
Johnson City	\$49.0	\$35.6
Total	\$170.7	\$121.5

Source: Johnson City Central School District (2014), Maine-Endwell Central School District (2014), Union-Endicott Central School District (2014), Econsult Solutions, Inc. (2014)

### 4.4 ESTIMATE OF MARGINAL IMPACT OF PROPOSED CASINO PROJECT

In order to determine the marginal impact of the proposed casino project on the three school districts, one must estimate two numbers. The first is the number of school-aged children that will be added to the school districts. The second is the marginal cost of adding each of these school-aged children to the school districts.

To estimate the first, recall that it is estimated that the proposed casino project will add 30 new households to the Town of Union. Based on the current ratio in the region of public school K-12 enrollment to households, it is estimated that those 30 new households to the Town of Union will represent 12 new school-aged children between the three school districts (see Table 4.2).

**TABLE 4.2 – ESTIMATE OF NUMBER OF NEW SCHOOL-AGED CHILDREN REPRESENTED BY NEW HOUSEHOLDS FROM PROPOSED CASINO PROJECT**

Metric	#
Net New Households	30
# Households in MSA	100,543
Public School K-12 Enrollment in MSA	39,414
Ratio of Public School K-12 Enrollment to # Households	39%
Estimated Public School K-12 Enrollment from Net New Households	12

Source: American Community Survey (2012), Econsult Solutions, Inc. (2014)



To estimate the second, it was assumed that expenditures associated with administration and capital improvements are completely fixed in nature, and that expenditures associated with instruction were partially fixed and variable. From a review of the operating expenditures for instruction, about 63 percent were considered to be variable in nature, meaning that they were related to enrollment levels such that increased enrollment levels would result in increases in those expenditures. Hence, for each 1 percent increase in student enrollment, instruction expenditures would increase by 0.63 percent.

This is likely far too high. For example, a 1 percent increase in student enrollment would likely necessitate an increase in the number of teachers on the payroll (the largest component of instructional expenditures) of far less than 0.63 percent. At small enough numbers, the marginal increase in instruction expenditures may in fact be close to zero, if classrooms and buildings are far enough away from full capacity that new students can be absorbed without the addition of teachers, administration, or capital expenditures.

This is substantiated by the fact that the three school districts combined have seen an enrollment decline in recent years – from 2008-2009 to 2013-2014, enrollment fell by 5.2 percent from 9,450 to 8,956 – which suggests that classrooms and buildings are not all at maximum capacity such that the addition of new students would result in a disproportionately large increase in operating expenditures. In fact, given these enrollment trends, it is possible and perhaps likely that new students – especially a relatively small number – can be absorbed into the school districts with little if any operating expenditure impact.

To be conservative, it is still assumed that adding new students will increase instruction expenditures. Based on this approach and these assumptions, the average marginal cost per student for the three school districts is about \$8,600 (see Table 4.3), which equates to an aggregate increase in the three school districts’ operating expenditures of about \$100,000 from the 12 new school-aged children (see Table 4.4).

**TABLE 4.3 – DISTRIBUTION OF OPERATING EXPENDITURES FOR THE THREE TOWN OF UNION SCHOOL DISTRICTS**

School District	Current Expenditures (\$M)	Expenditures Related to Instruction (\$M)	Instruction Expenditures Considered Variable (\$M)	2013-2014 Enrollment	Marginal Cost per Student
Maine-Endwell	\$45.8	\$31.6	\$18.0	2,402	\$7,494
Union-Endicott	\$75.9	\$54.3	\$36.1	3,900	\$9,256
Johnson City	\$49.0	\$35.6	\$22.9	2,654	\$8,628
Total	\$170.7	\$121.5	\$77.0	8,956	\$8,598

Source: Johnson City Central School District (2014), Maine-Endwell Central School District (2014), Union-Endicott Central School District (2014), Econsult Solutions, Inc. (2014)

**TABLE 4.4 – ESTIMATED COMBINED NET NEW EXPENDITURES FOR THE THREE SCHOOL DISTRICTS IN THE TOWN OF UNION FROM PROPOSED CASINO PROJECT**

Marginal Cost per Student	# New Students	Aggregate Net New Expenditures (\$M)
\$8,598	12	\$0.10

*Source: Johnson City Central School District (2014), Maine-Endwell Central School District (2014), Union-Endicott Central School District (2014), Econsult Solutions, Inc. (2014)*





## 5.0 POTENTIAL FISCAL IMPACT

### 5.1 OVERVIEW

The purpose of this section is to estimate the extent to which the proposed casino project will affect the Town of Union housing market by increasing the demand for housing as a result of any additions in the number of households in the Town of Union. As with any market, the market for housing is subject to the law of supply and demand. An increase in demand, as produced by the subset of the new employees of the proposed casino project who move into the Town of Union, may have one or both of the following effects. First, the demand increase may result in an increase in housing prices, as the higher number of buyers or renters bids up the price of existing for sale or for rent units. Second, the demand increase may result in an increase in housing supply, as builders of for sale or for rent units decide to add units in response to the higher number of buyers or renters. The purpose of this section is to articulate a defensible methodology by which the incremental increase in households in the Town of Union can be translated into a commensurate impact on the Town of Union’s housing market.

### 5.2 SUMMARY OF HOST MUNICIPALITY HOUSING MARKET

Over 90 percent of housing units in the Town of Union are occupied, half by owners and the other half by renters (see Table 5.1). The majority of owner-occupied housing units are worth less than \$100,000, with the median value is over \$120,000 (see Table 5.2).

**TABLE 5.1 – HOUSING UNITS BY OCCUPANCY STATUS**

Occupancy Status (Number of Units)	% of Total	Town of Union	Endwell	Endicott	Johnson City	Other Villages in Union
Vacant	8.38%	2,278	333	809	730	406
Own	54.56%	14,828	3,684	2,437	3,563	5,144
Rent	37.05%	10,070	1,478	3,485	3,220	1,887
Total	100.00%	27,176	5,495	6,731	7,513	7,437

Source: Esri (2014), American Community Survey (2013), Econsult Solutions, Inc. (2014)



**TABLE 5.2 – DISTRIBUTION OF OWNER OCCUPIED HOUSING BY VALUE**

House Value	Town of Union	Endwell	Endicott	Johnson City
<\$50K	6.4%	4.1%	6.9%	12.6%
\$50K-\$99K	40.0%	21.5%	58.4%	62.9%
\$100K-\$150K	31.8%	41.5%	28.0%	16.5%
>\$150K	21.8%	32.9%	6.7%	8.0%
Median Value	\$120,072	\$140,050	\$99,046	\$90,553
Average Value	\$105,662	\$129,398	\$86,921	\$79,710

Source: Esri (2014), American Community Survey (2013), Econsult Solutions, Inc. (2014)

### 5.3 HOUSING MARKET IMPACT METHODOLOGY

As noted above, it is estimated that the proposed casino project will represent 30 new households. This would be a 0.1 percent increase in the number of households within the Town of Union. Given the relatively small number of households being added to the Town of Union, and the relatively high current vacancy level in the Town of Union, it does not seem likely that the influx of new households will either put upward pressure on house prices or induce new development in response.

The new jobs at the proposed casino project will have an average annual salary of about \$35,000. Based on standard definitions of housing affordability, this means that new households will seek to pay no more than \$960 per month in rent<sup>3</sup> or buy a house for no more than \$210,000.<sup>4</sup> There does not appear to be a dearth of such housing options in the Town of Union.

<sup>3</sup> \$35,000 x spending no more than 33 percent on housing ÷ 12 months per year = monthly rental payment of ~\$960.

<sup>4</sup> \$35,000 x spending no more than 33 percent on housing ÷ 12 months per year = monthly rental payment of ~\$960 monthly mortgage payment for 30-year fixed rate of 4.2 percent, with 10 percent down = ~\$210,000 house.



## 6.0 CONCLUSION

An important criterion by which the New York State Gaming Commission will be evaluating casino applicants is their impact on their host municipality, and in particular their impact on the host municipality general fund expenditures, school district expenditures, and housing market. These additional expenditure burdens arise from the fact that a new casino may result in net new households and school-aged children living in a jurisdiction, net new employees who are commuting to and working in a jurisdiction, and net new visitors who are coming into and spending time in a jurisdiction.

The purpose of this report has been to explore the extent to which the proposed Traditions Resort and Casino will impact the Town of Union. This report has reached the following conclusions:

1. It conservatively estimates that the proposed casino project will produce 30 net new households and 12 net new school-aged children within the school districts in the Town of Union.
2. It calculates that the proposed casino project may result in as much as \$430,000 more in general fund expenditures by the Town of Union and as much as \$100,000 more in operating expenditures by the school districts in the Town of Union.
3. It also concludes that there will be no material effect on the Town of Union's for sale or for rent housing markets.

As noted earlier in the report, it is possible that the net new expenditure burden from the proposed casino project is zero or close to zero. This report has, to be conservative, overstated the possible net new expenditure burden and arrived at the figures summarized in the paragraph above.

It is also possible that, even if the net new expenditure burden is not zero or close to zero, it will be some number at or below the figures generated in this report. If that is the case, it is likely that any net new expenditure burden to any of the local jurisdictions is exceeded by the net fiscal benefits generated to those local jurisdictions, in the form of property tax revenues and other net new revenues and as described in the Innovation Group economic impact report.

It is possible that the net new expenditure burden to the local jurisdictions is not exceeded by the net fiscal benefits generated to those local jurisdictions. If that is the case, Traditions Resort and Casino is prepared to discuss with any and all local jurisdictions a mitigation plan for any net new expenditure burden the proposed casino project will impose on them, which would take the form of additional payments to these local jurisdictions and/or additional services borne directly and privately by Traditions Resort and Casino.

## APPENDIX A – LETTERS OF SUPPORT FROM POLICE, FIRE, AND EMS PROFESSIONALS

Broome County Office of the Sheriff  
David E. Harder, Sheriff

Endwell Fire Department  
Jeffrey C. Winchell, Fire Chief

Superior Ambulance  
Kenneth Rounds, General Manager

Village of Johnson City  
Gregory W. Deemie, Mayor



# Broome County Office of the Sheriff



David E. Harder  
Sheriff

Alex J. Minor  
Undersheriff

155 Lt. VanWinkle Drive  
Binghamton, New York 13905

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June 23, 2014

Lee Huang  
Econsult Solutions, Inc  
1435 Walnut Street, Suite 300  
Philadelphia, PA 19102

Dear Mr. Huang:

I am writing to express my assessment of the cost implications for the provision of public safety both during construction and once the proposed Traditions Resort and Casino project in the Town of Union, New York is fully operational.

The existing Traditions Resort and Conference Center is located where the new Casino project is proposed. It is patrolled and protected by the Broome County Sheriff's Office. Traditions currently has its own event security and this security force is anticipated to expand during construction and again prior to beginning anticipated operations in 2014.

It is my professional opinion that the arrival of the proposed casino project will not result in material increases in public safety expenditure levels borne by the Town of Union. The size of this project in this community is not anticipated to have a significant, if any, operational impact on public safety. Any increase in public safety as a result of the proposed casino project bringing new employees and visitors into the Town of Union will be offset by the additional revenue generated through this project.

It is the intention of the proposed casino project to have no adverse impact on the public safety expenditure burden borne by the local government, and I am confident stating that this will likely be the case.

Sincerely,

A handwritten signature in blue ink that reads "David E. Harder".  
David E. Harder  
Sheriff

DEH/bmo



## ENDWELL FIRE DEPARTMENT

3508 Country Club Road  
Endwell, New York 13760  
Business Office (607) 785-0985  
Fax (607) 785-6718

**EMERGENCIES 911**

June 20, 2014

**Econsult Solutions, Inc**  
**c/o Lee Huang**  
1435 Walnut Street, Suite 300  
Philadelphia, PA 19102

Mr. Huang,

I am writing on behalf of the Endwell Fire Department to express my assessment of the cost implications for the provision of Public Safety both during construction and once the proposed Traditions Resort and Casino project is fully operational.

The existing Traditions Resort and Conference Center, and where the new Casino project is proposed, is protected by the Endwell Fire Department. Endwell Fire Department is a well respected organization made up of dedicated volunteers who provide Fire and Rescue services to the Endwell Fire District and surrounding mutual aid districts. The department is equipped with state of the art apparatus including three engines, a tower, a quint, a rescue and several smaller specialty response vehicles. Our department trains on a regular basis and is proficient in not only fire suppression but other services including, but not limited to, vehicle extrication & rescuer, rope rescue and water rescue. Our department already protects high occupant load facilities and is well versed in large scale operations.

It is my professional opinion that the arrival of the proposed casino project will not result in material increases in public safety expenditure levels borne by any emergency services provider in the Town of Union. The size of this project in this community is not anticipated to have a significant, if any, operational impact on public safety. Any increase in public safety as a result of the proposed casino project bringing in new employees and visitors into the Town of Union will be offset by the additional revenue generated through this project through their property and sale taxes.

It is my understanding the intention of the proposed casino project is to have no adverse impact on the public safety expenditure burden borne by any Village or Town government, and I am confident stating that this will likely be the case.

Sincerely,

Jeffrey C. Winchell

Fire Chief

# SUPERIOR AMBULANCE

Proudly serving Broome County since 1964.

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**Econsult Solutions, Inc**  
c/o **Lee Huang.**  
1435 Walnut Street, Suite 300  
Philadelphia, PA 19102

June 19, 2014

Mr. Huang,

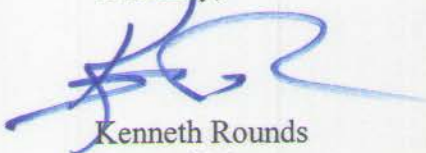
I am writing on behalf of Superior Ambulance Service to express my assessment of the cost implications for the provision of Emergency Medical Services (EMS) both during construction and once the proposed Traditions Resort and Casino project in Johnson City, New York is fully operational.

Superior Ambulance is the only ambulance company which has an operating certificate for the entire county of Broome, which includes the operating area in which the existing Traditions Resort and Conference Center is located and where the new Casino project is proposed.

It is my professional opinion that the arrival of the proposed casino project will not result in material increases in public safety expenditure levels borne by the Village of Johnson City and/or the Town of Union. EMS Services are provided by agencies who bill for their services. Any increase in EMS expenditures as a result of the proposed casino project bringing new employees and visitors into Johnson City will be offset by the additional patient revenue generated by the provision of these services.

It is the intention of the proposed casino project to have no adverse impact on the public safety expenditure burden borne by the Village government, and I am confident stating that this will likely be the case.

Sincerely,



Kenneth Rounds  
General Manager

**Superior Ambulance Service, Inc.**  
**46 Exchange Street**  
**Binghamton, New York 13901**  
Phone (607) 772-1456 • Fax (607) 772-8649  
superiorems.com



OFFICE OF THE MAYOR  
**VILLAGE OF JOHNSON CITY**

MUNICIPAL BUILDING  
243 MAIN STREET • JOHNSON CITY, NY 13790

PHONE: (607) 798-7861  
FAX: (607) 798-7865  
[www.villageofjc.com](http://www.villageofjc.com)

**Mayor Gregory W. Deemie**

Mr. Huang,

I am writing on behalf of the Village of Johnson City to express my assessment of the cost implications for the provision of public services both during construction and once the proposed Traditions Resort and Casino project in the Town of Union is fully operational.

Traditions Resort and Casino property borders the Village of Johnson City. The new casino project will be constructed outside of the Village of Johnson City.

It is my professional opinion that the completed proposed casino project will not result in any increases in expenditure levels by the Village of Johnson City. Any increases as a result of the proposed casino project will be offset by the additional revenue generated by this project within our community or be handled with our existing resources.

Traditions Resort and Casino has clearly stated the intention of the proposed casino project is to have no adverse impact on the public services expenditure burden borne by the Village government, and I am confident stating that this will likely be the case.

Sincerely,

Mayor Gregory W. Deemie